COMMITTEE MEETING:

OVERVIEW ON DOT with

COMMISSIONER GUTIERREZ

1-28-87

STATE OF ALASKA
THE LEGISLATURE

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

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May, 1988

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Mary Van Nimwegen

House Transportation:

1/28/87

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

JANUARY 28, 1987

INSIDE YOUR FOLDERS ARE:

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* Department of Transportation and Public Safety Operating Budget and Operating Budget Summary prepared by the Governor's Office

* DOT/PF Operating Budget Comparison and Narrative Overview prepared by DOT

* An Overview of Questions asked by House Finance Committee Members during a presentation by the Department of Transportation

* * * * * DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES * * * * *

SHORT FORM PAGE	BUDGET COMPONENT	86 ACT	87 AUTH	87 REV	88 GOV	88 GOV - 87 REV COMPARISON	
	TRANSPORTATION						
	OFFICE OF THE COMMISSIONER						
2	COMMISSIONER'S OFFICE	641.6	575.8	536.9	504.1	-32.8	-6.1%
4	STATEWIDE DEPUTY COMMISSIONER	779.0	242.7	218.5	207.9	-10.6	-4.9%
6	EQUAL EMPLOYMENT & CIVIL RIGHT		704.1	704.1	681.7	-22.4	-3.2%
8	INTL ARPT REVENUE CNTRL OFFICE				228.5	228.5	100.0%
10	DATA AND WORD PROCESSING	8.3					
12	INTERNAL REVIEW	679.5	842.5	842.5	842.5		
	*** PROGRAM TOTAL ***	2108.4	2365.1	2302.0	2464.7	162.7	7.1%
	STATEWIDE MANAGEMENT & FINANCE						
16	MANAGEMENT AND FINANCE	2102.7	2124.6	2124.6	2456.6	332.0	15.6%
18	DATA AND WORD PROCESSING	72.7					
20	STATE EQUIPMENT FLEET	304.6	441.0	441.0	756.5	315.5	71.5%
	*** PROGRAM TOTAL ***	2480.0	2565.6	2565.6	3213.1	647.5	25.2%
	STATEWIDE INFORMATION SYSTEMS						
24	INFORMATION SYSTEMS	2435.4	2167.8	1911.8	1911.8		
	STATE PLANS, PROGRAMS & BUDGET						
28	PLANS, PROGRAMS & BUDGET	1769.8	1846.2	1669.3	1673.1	3.8	0.2%
30	STATEWIDE AVIATION PLANNING	274.9	250.5	245.8	245.8		
32	DATA AND WORD PROCESSING	98.4					
34	UNBUDGETED RSA'S HPR/IARP	823.3					
	*** PROGRAM TOTAL ***	2966.4	2096.7	1915.1	1918.9	3.8	0.2%
	STATEWIDE RESEARCH						
38	STATEWIDE RESEARCH	964.3	774.9	711.2	746.2	35.0	4.9%
	STATEWIDE ENG & OPS STANDARDS						
42	ENG & OPS STANDARDS	2453.0	2286.0	2050.7	1741.7	-309.0	-15.1%
44	DATA AND WORD PROCESSING	15.6					
46	CIP PROGRAM	2657.4	3497.5	3497.5	3754.8	257.3	7.4%
48	UNBUDGETED RSA'S	69.7					
	*** PROGRAM TOTAL ***	5195.7	5783.5	5548.2	5496.5	-51.7	-0.9%
	CENTRAL REGION ADMIN SERVICES						
52	ADMINISTRATIVE SERVICES	2073.9	1710.1	1618.7	1618.7		
54	STATE EQUIPMENT FLEET	5814.5	6132.1	6132.1	6116.7	-15.4	-0.3%
56	DATA AND WORD PROCESSING	20.7					
58	AIRPORT LEASING	328.2	271.2	271.2	391.9	120.7	44.5%
	*** PROGRAM TOTAL ***	8237.3	8113.4	8022.0	8127.3	105.3	1.3%
	CENTRAL REGION PLANNING						
62	PLANNING	1516.4	1113.6	1046.1	963.8	-82.3	-7.9%
64	DATA AND WORD PROCESSING	8.5					
66	UNBUDGETED RSA'S	694.3					
	*** PROGRAM TOTAL ***	2219.2	1113.6	1046.1	963.8	-82.3	-7.9%
	CENTRAL REGION DESIGN & CONST.						
70	ENGINEERING MANAGEMENT	2166.2	5233.8	5140.4	4987.3	-153.1	-3.0%
72	DATA AND WORD PROCESSING	43.7					
74	CIP PROGRAM	20282.6	23139.0	23139.0	22850.2	-288.8	-1.2%

* * * * * DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES * * * * *

SHORT FORM PAGE	BUDGET COMPONENT	86 ACT	87 AUTH	87 REV	88 GOV	88 GOV - 87 REV COMPARISON	
	*** PROGRAM TOTAL ***	22492.5	28372.8	28279.4	27837.5	-441.9	-1.6%
	CENTRAL REGION MAINT. & OPER.						
78	HIGHWAYS AND AVIATION	28462.6	26956.5	21193.8	16989.4	-4204.4	-19.8%
80	TRAFFIC SIGNAL MANAGEMENT	826.0	1126.0	1126.0	1126.0		
82	FACILITIES	3429.0	3395.7	2927.7	2901.2	-26.5	-0.9%
84	ADMINISTRATION	1283.6	1155.3	996.5	864.4	-132.1	-13.3%
	*** PROGRAM TOTAL ***	34001.2	32633.5	26244.0	21881.0	-4363.0	-16.6%
	ANCHORAGE INT AIRPORT						
88	FIELD MAINTENANCE	2661.3	3090.0	3090.0	3068.9	-21.1	-0.7%
90	BUILDING MAINTENANCE	3483.1	3647.8	3647.8	4140.4	492.6	13.5%
92	SECURITY	3879.5	4063.0	4063.0	4326.0	263.0	6.5%
94	CUSTODIAL	2797.6	3272.2	3272.2	3204.9	-67.3	-2.1%
96	EQUIPMENT MAINTENANCE	1275.8	1319.5	1319.5	1319.5		
98	ADMINISTRATION	3224.7	3661.7	3661.7	3989.6	327.9	9.0%
100	DATA AND WORD PROCESSING	1.5	60.8	60.8	60.8		
	*** PROGRAM TOTAL ***	17323.5	19115.0	19115.0	20110.1	995.1	5.2%
	NORTH REGION ADMIN. SERVICES						
104	INTERIOR DIS. ADMIN. SERVICES	2044.7	1672.8	1672.8	1540.4	-132.4	-7.9%
106	WESTERN DIS. ADMIN. SERVICES	344.5	337.0	188.1	164.1	-24.0	-12.8%
108	SOUTHCENTRAL DIS. ADMIN. SVCS	403.1	345.6	195.6	195.6		
110	DATA AND WORD PROCESSING	33.2	38.5	32.7	32.7		
112	INTERIOR DIS STATE EQUIP FLEET	6730.8	7008.6	7008.6	7008.6		
114	WESTERN STATE EQUIP. FLEET	871.3	935.2	935.2	963.2	28.0	3.0%
116	SC DISTRICT STATE EQUIP. FLEET	2141.6	2328.3	2328.3	2300.3	-28.0	-1.2%
118	AIRPORT LEASING/PROPERTY MGMT				337.8	337.8	100.0%
	*** PROGRAM TOTAL ***	12569.2	12666.0	12361.3	12542.7	181.4	1.5%
	NORTHERN REGION PLANNING						
122	PLANNING	1197.1	975.6	975.6	951.1	-24.5	-2.5%
124	UNBUDGETED RSA'S, ...R P.R. SUS	327.8					
	*** PROGRAM TOTAL ***	1524.9	975.6	975.6	951.1	-24.5	-2.5%
	NORTHERN REGION DESIGN & CONST						
128	ENGINEERING MANAGEMENT	2382.1	2967.9	2857.6	2848.3	-9.3	-0.3%
130	DATA AND WORD PROCESSING	105.5					
132	CIP PROGRAM	18732.8	21133.4	21133.4	21022.5	-110.9	-0.5%
	*** PROGRAM TOTAL ***	21220.4	24101.3	23991.0	23870.8	-120.2	-0.5%
	INTERIOR DISTRICT MAINT & OPER						
136	HIGHWAYS & AVIATION	23069.1	21060.5	16853.1	14947.3	-1905.8	-11.3%
138	FACILITIES	4709.4	4482.2	3877.4	3654.4	-223.0	-5.8%
140	ADMINISTRATION	1107.1	763.2	763.2	589.0	-174.2	-22.8%
	*** PROGRAM TOTAL ***	28885.6	26305.9	21493.7	19190.7	-2303.0	-10.7%
	WESTERN DISTRICT MAINT & OPER						
144	HIGHWAYS AND AVIATION	4122.0	3893.6	3007.6	2695.9	-311.7	-10.4%
146	FACILITIES	670.7	661.0	574.8	574.8		
148	ADMINISTRATION	306.7	159.5	135.6	135.6		
	*** PROGRAM TOTAL ***	5099.4	4714.1	3718.0	3406.3	-311.7	-8.4%
	SOUTHCENTRAL DISTRICT M & O						

* * * * * DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES * * * * *

SHORT FORM PAGE	BUDGET COMPONENT	86 ACT	87 AUTH	87 REV	88 GOV	88 GOV - 87 REV COMPARISON	
152	HIGHWAYS AND AVIATION	6728.6	6413.1	5046.5	4048.4	-998.1	-19.8%
154	FACILITIES	1719.9	1930.2	1742.4	1692.0	-50.4	-2.9%
156	ADMINISTRATION	431.8	329.1	279.7	279.7		
	*** PROGRAM TOTAL ***	8880.3	8672.4	7068.6	6020.1	-1048.5	-14.8%
	FAIRBANKS INT AIRPORT						
160	FIELD MAINTENANCE	1306.4	1694.1	1694.1	1584.1	-110.0	-6.5%
162	BUILDING MAINTENANCE	1225.5	1432.3	1432.3	1382.3	-50.0	-3.5%
164	SECURITY	2736.8	2717.9	2717.9	3032.8	314.9	11.6%
166	CUSTODIAL	619.4	683.1	683.1	658.1	-25.0	-3.7%
168	ADMINISTRATION	1049.5	1367.8	1367.8	1417.8	50.0	3.7%
	*** PROGRAM TOTAL ***	6937.6	7895.2	7895.2	8075.1	179.9	2.3%
	S.E. REGION ADMIN. SERVICES						
172	ADMINISTRATIVE SERVICES	1313.0	1039.8	898.1	953.1	55.0	6.1%
174	DATA AND WORD PROCESSING	9.8					
176	STATE EQUIPMENT FLEET	1740.0	2015.4	2015.4	1660.6	-354.8	-17.6%
	*** PROGRAM TOTAL ***	3062.8	3055.2	2913.5	2613.7	-299.8	-10.3%
	SOUTHEAST REGION PLANNING						
180	PLANNING	547.5	376.8	345.3	365.3	20.0	5.8%
182	DATA AND WORD PROCESSING	10.6					
	*** PROGRAM TOTAL ***	558.1	376.8	345.3	365.3	20.0	5.8%
	SOUTHEAST REGION DES. & CONST.						
186	ENGINEERING MANAGEMENT	1246.5	1322.4	1245.9	4012.8	2766.9	222.1%
188	DATA AND WORD PROCESSING	63.6					
190	CIP PROGRAM	8087.0	8671.2	8671.2	5833.1	-2838.1	-32.7%
192	UNBUDGETED RSA'S SCH SUR/DSGN	2.2					
	*** PROGRAM TOTAL ***	9399.3	9993.6	9917.1	9845.9	-71.2	-0.7%
	SOUTHEAST REGION M & O						
196	HIGHWAYS & AVIATION	7996.5	7611.8	6305.6	4339.6	-1966.0	-31.2%
198	FACILITIES	4890.2	4608.7	3872.4	3726.9	-145.5	-3.8%
200	ADMINISTRATION	393.1	392.6	326.2	324.7	-1.5	-0.5%
	*** PROGRAM TOTAL ***	13279.8	12613.1	10504.2	8391.2	-2113.0	-20.1%
	MARINE ADMINISTRATION						
204	ADMINISTRATION	2405.4	2226.7	2226.7	2331.7	105.0	4.7%
206	DATA AND WORD PROCESSING	46.8					
	*** PROGRAM TOTAL ***	2452.2	2226.7	2226.7	2331.7	105.0	4.7%
	MARINE FACILITIES ENGINEERING						
210	MANAGEMENT	393.5	433.0	433.0	433.0		
212	CIP	970.8	1341.5	1341.5	1393.1	51.6	3.8%
	*** PROGRAM TOTAL ***	1364.3	1774.5	1774.5	1826.1	51.6	2.9%
	MARINE MARKETING AND SERVICES						
216	MARKETING MANAGEMENT	1410.2	1363.2	1363.2	2271.2	908.0	66.6%
218	SOUTHEAST SHORE FACILITIES	2389.8	2712.9	2712.9	2359.6	-353.3	-13.0%
220	SOUTHWEST SHORE FACILITIES	650.6	678.2	678.2	468.0	-210.2	-31.0%
222	DATA AND WORD PROCESSING	258.7					
	*** PROGRAM TOTAL ***	4709.3	4754.3	4754.3	5098.8	344.5	7.2%
	MARINE OPERATIONS						

* * * * * DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES * * * * *

SHORT FORM PAGE	BUDGET COMPONENT	86 ACT	87 AUTH	87 REV	88 GOV	88 GOV - 87 REV COMPARISON	
226	MANAGEMENT	820.2	1047.8	1047.8	1201.1	153.3	14.6%
228	SOUTHEAST VESSEL OPER/OVERHAUL	47337.4	44267.1	44267.1	36571.2	-7695.9	-17.4%
230	SOUTHWEST VESSEL OPER/OVERHAUL	9416.0	9315.6	9315.6	8041.6	-1274.0	-13.7%
	*** PROGRAM TOTAL ***	57573.6	54630.5	54630.5	45813.9	-8816.6	-16.1%
232	RETIREMENT INCENTIVE PROGRAM				1143.3	1143.3	100.0%
	*** TRANSPORTATION TOTAL ***	277940.7	279857.1	262229.9	246157.6	-16072.3	-6.1%
	********** TOTAL AGENCY EXPENDITURES	277940.7	279857.1	262229.9	246157.6	-16072.3	-6.1%
	********** AGENCY FUNDING						
	FED RCPTS	3058.4	3697.6	3697.6	3697.6		
	GEN FUND	176161.1	161446.1	143380.6	120972.0	-22408.6	-15.6%
	OTHER FUNDS	98721.2	114713.4	115151.7	121488.0	6336.3	5.5%

13	* * * * * DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES * * * * *				13
14	* * * * * *	* * * * * *			14
15	STATEWIDE PROGRAMS	15,751,200	7,747,700	8,003,500	15
16	OFFICE OF THE COMMISSIONER				16
17	COMMISSIONER'S OFFICE (6 POSITIONS)	504,100			17
18	STATEWIDE DEPUTY COMMISSIONER (4 POSITIONS)	207,900			18
19	EQUAL EMPLOYMENT AND CIVIL RIGHTS (12 POSITIONS)	681,700			19
20	INTERNATIONAL AIRPORT REVENUE FUND CONTROLLER'S OFFICE (4 POSITIONS)	228,500			20
21	INTERNAL REVIEW (14 POSITIONS)	842,500			21
22	STATEWIDE MANAGEMENT AND FINANCE				22
23	MANAGEMENT AND FINANCE (42 POSITIONS)	2,456,600			23
24	STATE EQUIPMENT FLEET (9 POSITIONS)	756,500			24
25	STATEWIDE INFORMATION SYSTEMS				25
26	INFORMATION SYSTEMS (31 POSITIONS)	1,911,800			26

DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)				
		APPROPRIATION	APPROPRIATION FUND SOURCES	
	ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
STATEWIDE PLANS, PROGRAMS, AND BUDGET				
PLANS, PROGRAMS AND BUDGET (31 POSITIONS)	1,673,100			
STATEWIDE AVIATION PLANNING (4 POSITIONS)	245,800			
STATEWIDE RESEARCH				
STATEWIDE RESEARCH (12 POSITIONS)	746,200			
STATEWIDE ENGINEERING AND OPERATIONS STANDARDS				
ENGINEERING AND OPERATIONS STANDARDS (28 POSITIONS)	1,741,700			
CIP PROGRAM (58 POSITIONS)	3,754,800			
CENTRAL REGION PROGRAMS		58,809,600	24,627,300	34,182,300
CENTRAL REGION ADMINISTRATIVE SERVICES				
ADMINISTRATIVE SERVICES (36 POSITIONS)	1,618,700			
STATE EQUIPMENT FLEET (58 POSITIONS)	6,116,700			
AIRPORT LEASING (7 POSITIONS)	391,900			
CENTRAL REGION PLANNING				
PLANNING (18 POSITIONS)	963,800			
CENTRAL REGION DESIGN AND CONSTRUCTION				
ENGINEERING MANAGEMENT (75 POSITIONS)	4,987,300			
CIP PROGRAM (521 POSITIONS)	22,850,200			
CENTRAL REGION MAINTENANCE AND OPERATIONS				
HIGHWAYS AND AVIATION (241 POSITIONS)	16,989,400			
TRAFFIC SIGNAL MANAGEMENT	1,126,000			
FACILITIES (26 POSITIONS)	2,901,200			
ADMINISTRATION (18 POSITIONS)	864,400			
ANCHORAGE INTERNATIONAL AIRPORT		20,110,100		20,110,100

DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)					
			APPROPRIATION	APPROPRIATION FUND SOURCES	
		ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
	FIELD MAINTENANCE (50 POSITIONS)	3,068,900			
	BUILDING MAINTENANCE (49 POSITIONS)	4,140,400			
	SECURITY (79 POSITIONS)	4,326,000			
	CUSTODIAL (69 POSITIONS)	3,204,900			
	EQUIPMENT MAINTENANCE (15 POSITIONS)	1,319,500			
	ADMINISTRATION (24 POSITIONS)	3,989,600			
	DATA AND WORD PROCESSING	60,800			
NORTHERN REGION PROGRAMS			65,981,700	26,832,200	39,149,500
	NORTHERN REGION ADMINISTRATIVE SERVICES				
	INTERIOR DISTRICT ADMINISTRATIVE SERVICES (30 POSITIONS)	1,540,400			
	WESTERN DISTRICT ADMINISTRATIVE SERVICES (3 POSITIONS)	164,100			
	SOUTHCENTRAL DISTRICT ADMINISTRATIVE SERVICES (7 POSITIONS)	195,600			
	DATA AND WORD PROCESSING	32,700			
	INTERIOR DISTRICT STATE EQUIPMENT FLEET (56 POSITIONS)	7,008,600			
	WESTERN DISTRICT STATE EQUIPMENT FLEET (9 POSITIONS)	963,200			
	SOUTHCENTRAL DISTRICT STATE EQUIPMENT FLEET (21 POSITIONS)	2,300,300			
	AIRPORT LEASING AND PROPERTY MANAGEMENT (5 POSITIONS)	337,800			
	NORTHERN REGION PLANNING				
	PLANNING (16 POSITIONS)	951,100			
	NORTHERN REGION DESIGN AND CONSTRUCTION				
	ENGINEERING MANAGEMENT (38 POSITIONS)	2,848,300			

	DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)				
			APPROPRIATION	APPROPRIATION FUND SOURCES	
		ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
	CIP PROGRAM (484 POSITIONS)	21,022,500			
	INTERIOR DISTRICT MAINTENANCE AND OPERATIONS				
	HIGHWAYS AND AVIATION (174 POSITIONS)	14,947,300			
	FACILITIES (25 POSITIONS)	3,654,400			
	ADMINISTRATION (7 POSITIONS)	589,C90			
	WESTERN DISTRICT MAINTENANCE AND OPERATIONS				
	HIGHWAYS AND AVIATIOI (30 POSITIONS)	2,695,900			
	FACILITIES (5 POSITIONS)	574,800			
	ADMINISTRATION (2 POSITIONS)	135,600			
	SOUTHCENTRAL DISTRICT MAINTENANCE AND OPERATION				
	HIGHWAYS AND AVIATION (57 POSITIONS)	4,048,400			
	FACILITIES (16 POSITIONS)	1,692,000			
	ADMINISTRATION (6 POSITIONS)	279,700			
	FAIRBANKS INTERNATIONAL AIRPORT		8,075,100		8,075,100
	FIELD MAINTENANCE (17 POSITIONS)	1,584,100			
	BUILDING MAINTENANCE (8 POSITIONS)	1,382,300			
	SECURITY (43 POSITIONS)	3,032,800			
	CUSTODIAL (13 POSITIONS)	658,100			
	ADMINISTRATION (12 POSITIONS)	1,417,800			
	SOUTHEAST REGION PROGRAMS		21,216,100	10,228,800	10,987,300
	SOUTHEAST REGION ADMINISTRATIVE SERVICES				
	ADMINISTRATIVE SERVICES (22 POSITIONS)	953,100			
	STATE EQUIPMENT FLEET (15 POSITIONS)	1,660,600			

DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)				
		APPROPRIATION	APPROPRIATION FUND SOURCES	
	ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
SOUTHEAST REGION PLANNING				
PLANNING (5 POSITIONS)	365,300			
SOUTHEAST REGION DESIGN AND CONSTRUCTION				
ENGINEERING MANAGEMENT (67 POSITIONS)	4,012,800			
CIP PROGRAM (118 POSITIONS)	5,833,100			
SOUTHEAST REGION MAINTENANCE AND OPERATION				
HIGHWAYS AND AVIATION (55 POSITIONS)	4,339,600			
FACILITIES (26 POSITIONS)	3,726,900			
ADMINISTRATION (6 POSITIONS)	324,700			
ALASKA MARINE HIGHWAY SYSTEM		55,070,500	51,026,800	4,043,700
MARINE ADMINISTRATION				
ADMINISTRATION (46 POSITIONS)	2,331,700			
MARINE FACILITIES ENGINEERING				
MANAGEMENT (5 POSITIONS)	433,000			
CIP PROGRAM (22 POSITIONS)	1,393,100			
MARINE MARKETING AND SERVICES				
MARKETING MANAGEMENT (32 POSITIONS)	2,271,200			
SOUTHEAST SHORE FACILITIES (38 POSITIONS)	2,359,600			
SOUTHWEST SHORE FACILITIES (5 POSITIONS)	468,000			
MARINE OPERATIONS				
MANAGEMENT (16 POSITIONS)	1,201,100			
SOUTHEAST VESSEL OPERATIONS AND OVERHAUL (627 POSITIONS)	36,571,200			
SOUTHWEST VESSEL OPERATIONS AND OVERHAUL (98 POSITIONS)	8,041,600			

January 27, 1987

DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES
OPERATING BUDGET COMPARISON
AND NARRATIVE OVERVIEW
FY86 AUTHORIZED - FY88 GOVERNOR'S REQUEST
(in millions)

Source of Funding	FY86 Authorized	FY87 Authorized	FY87 Revised	FY88 Governor's Request*	$ Change FY87 Rev. to FY88
Gen. Fund	$177.8	$161.4	$143.4	$124.1	($19.3)
Other Funds	116.2	118.5	118.8	122.1	3.3
Dept. Totals	$294.0	$279.9	$262.2	$246.2	<$16.0>
% G.F. Change From Previous Year	<0.4>%	<9.2>%	<11.2>%	<13.5>%	

*Excludes $5.2 million switch to user fees for Dalton Highway toll charges.

General fund decrements totalling $21.1 million and one general fund increment for $1.8 million for Marine Highways Risk Management increases have been accepted by the Governor. This is a net reduction of $19.3 million for the Department of Transportation and Public Facilities (DOT&PF). This yields a 13.5% departmental reduction from the FY87 Revised general fund budget. Please note this includes a net reduction of approximately 14% for the Alaska Marine Highway System (AMHS) and a 13.1% cut for all remaining DOT&PF general funds.

In addition, it is proposed that $5.2 million be changed from general funds to user fees to reflect operation of the Dalton Highway as a toll road. This would bring the general fund (GF) reduction to $24.5 million, or 17.1% of the Department's FY87 Revised GF budget. However, since this proposal would require separate legislative action this funding change is being considered as a part of the proposal for new legislation rather than as a part of the Department's budget.

Excluding the AHMS, and the Dalton Toll proposal, a general fund reduction of 13.1% and $11.0 million from the FY87 Revised GF level of $84 million is proposed. This 13.1% reduction in FY88

would mean that units of the department other than AHMS have been reduced by 36.1% since the FY86 authorized GF budget.

A net reduction for the general fund portion must be viewed in light of the overall impact to revenue from cuts to the AMHS. The AMHS has a FY'87 general fund revised budget of approximately $60 million and a subsidy level of about $30 million. We have identified the impacts from reducing the subsidy level by about $6 million, which results in a total reduction to the AMHS general fund budget of about $8.4 million due to revenue cuts.

MAJOR HIGHLIGHTS

The following depicts the major impacts from adoption of these proposals:

(1) Elimination of all state maintenance on nearly 1,600 miles of roads currently on the state maintenance system that are not considered the highest priority routes, or do not require minimal maintenance efforts due to investment of federal funds;

(2) Elimination of all maintenance except for minimal safety repairs and physical highway protection (which adds a hidden cost for increased legal liability) for approximately 800 miles of highways that are not priority routes, but have federal investment requiring continued state efforts to protect this investment;

(3) Reduction of maintenance funding by another 8% on the remaining 2900 miles of roads, which means a total reduction well in excess of 25% for maintenance and operation of these facilities in less than 18 months;

(4) Elimination or reduction of airport maintenance by over 7%, with particular emphasis on daytime operations only and major reduction of winter maintenance at certain airports statewide;

(5) Substantial reductions in Marine Highway service including unmanned layup of 6 vessels for a total of 29 months. This will affect at least 230 crew members. This leaves the Southeast system with no change to summer service, but only one mainline vessel and one feeder vessel for the other 8 months of the year, and the Southwest system with single vessel service for 6 months and no service for 2 months during the winter.

(6) Institution of a toll or user fee charge of approximately $500 per trip, per 18-wheeler for commercial use of the James Dalton Highway north of the Yukon River, which

may lead to eventual closure due to inability to recover adequate fees;

(7) Elimination of maintenance for campgrounds, rest areas, turnouts and waysides, land fills, and litter pickup for state highways to preserve funds for essential M&O functions; and

(8) Reductions in facilities maintenance including janitorial services for state buildings from 5 to 3 days per week, grounds-keeping, and clearing of snow and ice from sidewalks and parking areas.

HIGHWAY MAINTENANCE & OPERATIONS

The impact to highway M&O is particularly troublesome when viewed in a longer term context. Since 1980, DOT&PF's responsibilities have grown over 10%, while available real dollars have decreased by nearly 30% under the FY'87 revised budget.

To gain additional perspective, consider the likely effects of the FY'87 reductions already taken:

(1) Little preventative maintenance anywhere on the system, which means little highway crack sealing, patching or resurfacing.

(2) Traffic services such as snow plowing, striping, and pothole patching can only be performed on a priority basis, and roads to recreational areas and low traffic rural and suburban areas can be plowed only if time permits; and

(3) Routine summer maintenance will have to be eliminated or drastically curtailed if extraordinary winter snow and ice conditions occur.

Following the M&O cuts in August 1986, it is no longer possible to cut further on the basis of a straight percentage decrease across the entire system. Instead, it has been necessary to structure further reductions on a programmatic basis by classifying the highway system as follows:

(1) Category I: Priority routes that provide the intrastate connecting system between the population and economic centers, airports, and major harbors, thereby covering Alaska's fundamental transportation links.

(2) Category II: Routes where the state has invested sufficient federal funds to contractually bind us to provide a minimum level of maintenance to realize anticipated service life of the constructed improvements.

(3) Category III: All other routes that the state currently has on the state maintenance system.

We have further differentiated the importance of state efforts for maintenance into eight groups. These are in increasing order of importance (1) snow and ice control on Category III roads within organized governmental units; (2) all activities on Category III roads within organized governmental units; (3) snow and ice control on Category II routes within organized governmental units; (4) snow and ice control for Category III routes outside governmental units; (5) snow and ice control on Category II roads outside governmental units; (6) all activities on Category III roads outside governmental units; (7) maintenance at 30% of historical levels for Category II roads within governmental units; and (8) maintenance at 30% of historical levels on Category II routes outside governmental units.

The basic assumption is that a currently organized governmental unit would be better able, and probably more likely, to assume maintenance responsibilities for routes within their boundaries than people outside of a governmental unit. Please note this may require legislative action to grant road powers in certain cases. This also recognizes that for many routes in rural areas there is not an identifiable user group to assume this responsibility. We have also assumed that while snow and ice control is important, it is less critical in the long run than basic life/safety and structural maintenance efforts, partially because of our agreement with the Federal Highway Administration (FHWA) to prevent highway deterioration.

While we tried to structure the decrements in increasing order of importance, and with as much individual selection as possible to allow decisions other than simply "take it or leave it," it is important to underscore the radical and severe nature of these proposals. First, these cuts have been prepared on top of other drastic cuts that we're currently managing, with cost data gaps regarding current performance. Second, there has been no public involvement to review and legitimize the methodology. Third, there may be administrative code and federal legal constraints hindering or preventing implementation of some of these proposals. Finally, there is probably a hidden cost of increased legal liability from implementing these proposals, which needs to be scrutinized.

AVIATION/BUILDING MAINTENANCE & OPERATIONS

The FY'87 aviation cuts have also severely curtailed preventative maintenance work, such as runway crack sealing and patching. Snow and ice removal may not always occur, depending on available manpower. Certified airports may not be open for all scheduled flights if safe operational conditions cannot be provided, or if overtime is not available to provide required crash/fire/rescue (CFR) services. Additional curtailment of routine summer maintenance efforts may also occur.

The proposed FY'88 decrements reduce these efforts further, and force more service elimination. Elimination of winter maintenance may force operators to perform their own snow control or to switch to a different airport. Reductions or elimination of CFR activities may restrict the types of aircraft now using certain runways. Specific impacts include the winter closure of Nome's North/South runway, and service reductions or eliminations at Barrow, Umiat, Northway, Bettles, Tanana, Unalakleet, Talkeetna, and Kotzebue. If significant cuts are pursued in the aviation M&O area, more work is needed to ensure an equitable level of service reductions statewide.

FY'87 reductions for building M&O have meant that efforts on heating and ventilation components have been limited to emergency repairs. Considerable deferred maintenance continues to accrue. Any FY'88 cuts would further exacerbate these problems.

ALASKA MARINE HIGHWAY SYSTEM

To date the AMHS has not incurred any substantial reductions in available general funds, although there have been service reductions to offset cost increases. Since the AMHS's portion of DOT&PF overall general fund budget is about 40%, it has become necessary to scrutinize all components carefully and to propose ways to achieve significant general fund reductions to accommodate your request.

Since the AMHS is a transportation entity that generates revenue, the true cost to the state is not the total general fund appropriation, but is the net general fund cost or subsidy. Accordingly, we have proposed three sets of decrements to reduce the net subsidy by about $6 million for FY'88. Although we have not structured our proposal in this fashion, we believe serious consideration should be given to changing the current budget method to provide program receipt authority to expend generated revenues, along with the general fund subsidy needed to achieve the selected service level. This separation in funding would make it clearer to all concerned there is a revenue aspect to the AMHS.

The following depicts the specific impacts from reducing the subsidy level by $6 million:

(1) Reduce M/V MALASPINA service by four months. Reduce M/V Taku service by six months. Both vessels would be placed in unmanned layup. In combination with the already scheduled layup of the M/V COLUMBIA for six months and the overhaul periods for every ship, this will leave only one mainline vessel in service from Seattle or Prince Rupert to Skagway for eight months of the year. This will impact approximately 164 crew members during this period.

(2) Reduce M/V AURORA service by four months resulting in single feeder vessel service in Southeast for eight months of the year versus the current four month period. The M/V CHILKAT would increase service by four months to supplement service between Ketchikan and Prince of Wales Island.

(3) Reduce M/V BARTLETT service by six months. The M/V TUSTUMENA will provide service for the entire Southwest system, resulting in general service reductions in the winter, particularly between Valdez and Cordova. There would be no service for two months during the winter.

There are several key assumptions under each scenario. The basic intent is to maximize service for Alaskans, at the expense of tourist business if necessary. Although no service or cost saving assumptions have been included for eliminating Seattle service since current data is inconclusive, we intend to continue reviewing this option as a means to improve service for Alaskans without increasing the subsidy. Another key assumption is that it would be more cost efficient to maintain the same level of summer service for the entire 1987 summer before instituting reductions. This is because of (1) the FY'87 budget authorizes initiation of this level; (2) these are the high revenue months; (3) we have already published our schedule and are accepting reservations; and (4) it would minimize the impact from implementing cuts immediately. If earlier implementation of service cuts is desired, we can analyze this further.

We have not made any assumptions regarding possible savings to minimize service cuts by fare increases. Further work is needed to ascertain what service level savings can be obtained without increasing the subsidy, although we believe there are some possibilities here. Finally, no assumptions have been made about further savings from negotiating wage and benefit concessions or

crew size reductions, or through major streamlining of the administrative side. Please also note there is an increment to fund additional risk management expenses not covered in the current base budget, which if not funded will cause a further reduction in service.

It is important to underscore that the proposed service cuts are not "set in concrete," but merely a general sense of what service levels would be by reducing the subsidy level by $6 million. On the other hand, our current review of available data suggests that changes fairly close to these would be needed to obtain the targeted level of savings. The AMHS is a difficult entity to analyze correctly to achieve the savings we believe can be made, while preserving essential service levels. Any decision to achieve major subsidy reductions will require more work together to ensure we have a rational proposal.

JAMES DALTON HIGHWAY

While the Dalton Highway remains an important transportation facility, we believe it is reasonable to consider covering all or some of the high annual M&O costs through a user fee or toll charge. This is not a new issue, as evidenced by the state's success in including the special provision in Sec. 1113 of the Alaska National Interest Lands Conservation Act, which allows the charging of tolls without facing an obligation to repay federal-aid highway money used to construct the road.

The primary user and beneficiary from continued operation are North Slope oil producers and Aleyska. While it can be argued that we'd be biting the hand that feeds us, and clearly there would be some reduction in tax receipts because of the additional costs, we know of no covenant or agreement requiring continuation of this support at our expense. The Department of Law has advised us that there may be some changes to state statutes needed prior to initiating this proposal.

The per mile M&O cost for the Dalton is higher by at least 70% than for any other major rural transportation route in Interior District. Further, it is worth noting that since state assumption of this responsibility in 1978, we have spent about $50 million in state capital dollars to support this function. While it is conceivable that the net effect over time might be closure of the road because aviation and/or marine modes are selected as the more economical means for support of North Slope oil activities, we believe these are exactly the type of hard choices Alaskans are facing under declining revenues.

Outside of the hue and cry from the oil industry, the other major group negatively impacted would be the trucking industry, particularly owner-operators. We are sympathetic to this concern in light of currently depressed conditions, but ultimately the most cost efficient means of transporting goods must be used to maintain economic stability and growth in Alaska. One answer, which incidentally might also help address the general complaints about "unfair" competition from the Alaska Railroad Corporation (ARRC), would be an interim state assisted training program to relocate trucking industry people into other job opportunities. Another entity that would be negatively impacted if the Dalton closed would be the ARRC since they now haul a fair portion of this business to Fairbanks. It might be necessary to contact them to obtain an assessment of this impact.

A toll to recover the full charge of the department's maintenance and operations costs for the Dalton Highway would mean a charge of about $500 per trip for an 18-wheeler. Our costs are estimated to be $5.2 million annually, approximately $4.3 million in Interior M & O's Highway and Aviation component and $.9 million in the Facilities component. In addition, we have requested an increment for $.4 million in user fees to cover the costs associated with collection of the toll charges (.3 million would be the

annual cost, plus a one time cost of moving and modifying the checkpoint facility). The proposed toll does not include the capital coats for resurfacing or major maintenance of this road.

ADMINISTRATION/PLANNING/DESIGN & CONSTRUCTION

During prior reduction reviews, considerable general funds reductions were obtained in these areas. A total of 30.5% of general funds have been cut in these areas between the FY'86 authorized and FY'87 revised budgets. For example, a considerable portion of the reductions made to achieve the FY'87 revised budget were in these areas, allowing AMHS and M&O cuts to be considerably less than otherwise would have been the case.

Our decrements do include some additional general fund cuts in the planning areas. Otherwise, we are not proposing any further cuts at this time. It appears that sizeable "fat" trimming has already occurred. There is also a potential problem of making reductions to the point that we face problems with the FHWA and Federal Aviation Administration as to whether we are maintaining sufficient state funded management and administration to continue qualifying for federal highway and aviation money. Finally, we do not want to propose any cuts in the administrative or accounting side at least until we have a better handle on the magnitude of those problems, and the level of resources needed to fix them.

One change in the transfer area warrants mention. We are proposing to raise the State Equipment Fleet (SEF) fixed fee rate from 51% of the budgeted FY'87 rate back to 72% of that rate. This rate was dropped as a one-time cost savings measure for FY'87, with an understanding that the rate would be re-instated to keep the Highway Working Capital Fund fiscally sound over the long term. It is our intention to maintain the 72% rate level for at least the next two years, and then reassess what, if any, additional adjustments are needed, particularly in light of possible reduced need for equipment due to other budget reductions. We project this increase will allow us to meet vehicle replacement demand, while maintaining a positive cash flow. This means increased fee costs of about $1.8 million for DOT&PF, which represents about 85% of the SEF's business.

REORGANIZATION SAVINGS

The attached budget submission includes some adjustments for organizational changes that have already been made, including the deletion of a net 5 PX positions based on already taken personnel actions. While further general fund savings are anticipated through additional reorganization and streamlining of current operations, we are not prepared to present any further proposals at this time.

The Commissioner wants to assess the overall operations for a period of time to ensure we don't destroy valuable portions of the organization that are working well. It may be that some of these savings won't materialize until mid to late FY'88 or at the start of FY'89. Accordingly, we respectfully request an understanding that any savings in these areas will be given priority consideration for use to restore reduced or deferred DOT&PF M&O activity.

REVENUE GENERATION

One way to offset some of the impact of both the proposed FY'88 and actual FY'87 reductions is to generate more revenue through our proposal to increase the motor fuel tax from 8¢ to 16¢ per gallon. We estimate this will generate approximately $20 million in additional revenue. We recommend using this increase to help local governments and communities to pay for the increased M&O costs for those roads and highways removed from the state maintenance system. There may be other ways to generate further receipts, such as airport landing and tie-down fees, to offset other reductions. We will continue to review these possibilities.

SUMMARY

DOT&PF provides the state with numerous, essential transportation services. There is no doubt that transportation serves a critical economic role in a state such as ours. We fear pursuing major cuts, particularly in highway and aviation M&O, will only exacerbate our current problems.

Accordingly, until we can develop some of these proposals more fully, including greater acceptance by local communities of many of these responsibilities, it is imperative that we carefully analyze adoption of the large reductions we have identified, and if possible, find other revenues to avoid drastic reductions.

OVERVIEW OF QUESTIONS ASKED BY HOUSE FINANCE COMMITTEE MEMBERS DURING A PRESENTATION BY THE DEPARTMENT OF TRANSPORTATION.

Tuesday, January 26 1987, Commissioner Gutierrez and staff for the Department of Transportation gave a budget presentation and overview to the House Finance Committee.

Attached please find the Department's proposed FY 88 budget from the Governor's office and an overview of the proposed budget changes and cuts.
Much of the information presented at this meeting is in the attached DOT overview report. Rather than be repetitive I felt it may be helpful to update you on some of the questions raised by House Finance Committee members at this meeting.

1. Why have such substantial cuts been made in the areas of M & O and to the Alaska Marine Highway System?

   In 1985, major cuts were made in the areas such as management and design and construction. No cuts have been made in the AMHS and very minimal cuts, have been made in M & O during the previous few years budget cuts. Another point to consider is that when looking at the cuts made to AMHS these cuts reflect cuts from the 1987 "actual" figure and not the revised figures - therefore, the cut to AMHS is actually less than in other areas.

2. How did the department go about categorizing Class 1, 11 and 111 roads - were they categorized on a user basis?

   No. The department felt that if roads were categorized on a user basis, heavily populated areas would have a great deal more Class 1 roads than rural areas. Several factors were taken into consideration including whether the road provides freight transportation needs (Valdez to Fairbanks), whether the road provides the only access to the area, how many people live in the area and numerous other factors where also taken into consideration. The department feels that this area is one that will need further consideration and will ask for community input and advice from local area DOT personnel to help prioritize the roads.

3. With the Capital Projects Cleanup, why can't we just get a computer print out of the total number of projects currently authorized? Then, compile a list of those projects that are physically under construction, complete these projects and start over again with all other projects so that are books and information would be correct and so that the problems with the Federal Government Highway on reimbursement of Federal dollars could be overcome? How long would it take to get this list?

It would be possible to compile a list and have it available in a very short time, 3-5 days. The department feels this would be very inaccurate as the problem is with billings not being made to projects. Therefore, it would take some time to figure out what monies had not been billed to projects and get the paper path moving along. Also, some projects are in the planning and design phase, some are under construction, some have been completed and require outstanding bills to be logged in before the project can be closed out. Because of the methods used for billing to the projects and the way in which project tracking has been done, the department now finds that there are currently thousands of projects that are in question.
Because of the poor accounting system information requested on projects before 1985 is difficult to provide accurately. The older the project, the harder it becomes to provide accurate information.

As of 6/30/85, the capital projects clean up list identified each project and the status of the project. When the department changed over to the new state accounting system this information was not recorded. The department is currently working on correcting the problems that exist.
Mr. Bob Poe has been hired to head up this project and the department is currently working on:

1. Correcting the Federal billing system problem. At the present time all bills submitted for Federal reimbursement receive a manual audit from the Feds before reimbursement is made. This is partly due to previous incorrect billings and also an inefficient system for compiling the bills.
   The department is in the process of requesting proposals for putting in place a system that will adequately perform all FHWA billings. The contract should be awarded within 45 days and the system should be in place in 6 months.

2. The department is also bringing on board two C.P.A.'s to help set up and administer the new accounting system.

4. Is there statutory language changes required to turn the Dalton Highway into a toll road? Is there anything that prevents turning a road that received consideral Federal funds into a toll road?

Based on discussions with the Department of law,DOT believes it advisable to amend As 19.40 to make it clear this arrangement would be legal, therefore yes, an amendment to the AS 19.40 would be required. The State of Alaska has a specific exemption from the requirements under Section 11.13 of the lands bill and relieves the state of any requirement to repay Federal monies used to build this road.

5. On the three tier maintenance program plan,is there some kind of legislation needed to establish a tier reduction program rather than the usual pro-rated reductions usually implemented?

The Department would like to investigate this further, As Mr. Hickey sees it now the statutes provide the Commissioner with a great deal of latitude to make these decisions. The department has administrative procedures in place as well as regulations which require the department to receive public input and recommendations however, at the present time it does not appear that anything legislative would be required.
This will need to be looked into further.

6. You refer to an increase in legal liability because of the reduced maintenance, could you explain further?

The Commissioner stated the department will have to state the level of service it will provide. He feels that if in fact,a road is open,there is a responsibility to provide a minimum level of maintenance on the road. The Commissioner is not sure what this level is and he feels the department will need to consult with the Attorney General's office for legal direction. However, he has raised the question and feels it must be addressed.

7. How will user fees on the Dalton Highway affect the lift axle? If the axle is on the truck would there be a toll for this axle? How is the department addressing the overall lift axle question?

In terms of the toll charge, if the axle were down and used for weight carrying purposes, it would be charged at the same level - $100/axle.
As far as the question on regulations, the department has suspended implementation of the regulation to give the department and the legislature a chance to look at some of the issues. There is considerable controversy about some of the issues and, frankly, with the rapid change in economic conditions this issue may require rethinking on how to phase in a proposal. The department still has some basic concerns. There are a lot of concerns about the safety of using the lift axle, the test performed by the department would suggest they are a problem and many drivers have stated to the department in hearings that they are a problem.

Enforcement is a problem because they are used for weight purposes at the scale houses and then in order to avoid wear and tear they are not used.
The department is looking at a new proposal that would allow for lift axles to continue under certain conditions such as Washington has just done.
Steerable as opposed to fixed
Certification from the manufacturer that they are properly guaged to carry the weight they are carrying
Controls on the outside only
The department is still looking into this but feels this type of proposal may be acceptable.

8. Do you envision the $20 million revenue from doubling the motor fuel tax coming back to municipal governments through some sort of statutory shared taxes or how do you envision this? How does the $20 million relate to the actual cost of maintaining roads today?

   The administration is going to propose legislation to provide for the pass back of this money. The total M & O cut talked about in Category 1 11 and 111 is about $10 million. With the cuts taken in the past plus this years $10 million total cuts in the past few years in M & O will total about $20 million. This therefore should be sufficient to offset these cuts.

9. Who would have to pay for use of the toll road?

   The proposal is a new proposal and has a charge for light vehicles, this charge would be less but there would be a charge for any user of the road on a structured basis.

10. Where do you place schools in the three category system?

    It would be catagorized depending on whether the school is on a route. If the school is on a category 111 route we would be looking for the schools to take on the responsibility.
    DOT may have to reconsider this categorizing and receive additional input.
    Concerns were expressed by Senator Fiscner about the roads to schools not being open and yet the constitutional requirement to provide education.
    DOT will have to consider this.

11. Why is there an increase in the total dollars for the state equipment fleet, state planning and research and yet dramatic cuts are shown for M & O. What are the philosophical goals of the department?

The administrative sections, planning, research and administration is roughly 12% of the overall general fund dollars of the department budget. In FY 87 revised a large cut was made in these areas and none in AMHS and very little in O & M. The department would be willing to look at the budget more closely as the figures shown are not set. Until the department has a better feel for things such as the Capital Project cleanup they did not want to get rid of any available personnel.

Brought by DOT

HOUSE/SENATE FINANCE COMMITTEE

BRIEFING PAPER

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

CAPITAL PROJECT CLEANUP

Excerpts from: Cowper Budget Transition Report - 12/15/86

Capital Project Clean-Up:

Description: At the present time ADOT&PF does not know the current financial status of a large number of capital projects being developed within the Department. It is likely that the appropriations for some of these projects have been over-spent or over-obligated.

Discussion: The current status of ADOT&PF CIP projects is due to insufficient accounting controls within past and present accounting systems. The previous statewide accounting system, PBA did not provide enough cost centers (collocation codes) to control the large number of capital projects which had been assigned to the Department. The problem was further compounded by pressure on the Department and project engineers to get the projects out on the "street", and a perception by state project managers that their first priority was to get the project built and secondly to build the project within budget. In fact the legislature has

historically appropriated up to 175% of the available Federal funds for a given fiscal year in capital projects to be built by ADOT&PF.

Project managers did not rely on the internal ADOT&PF system, FMS, because the quality of data provided by the system was not considered accurate for a variety of reasons. Unfortunately when the new statewide accounting system came on line, AKSAS, the same cost center problems were carried over to the new system even though this system was quite capable of handling most of ADOT&PF's needs for project financial control.

In 1983 the Sheffield Administration began to give serious attention to this problem. Numerous audits were performed to determine the actual status of the ADOT&PF CIP projects and by June 30, 1985 a fairly solid picture of the status of the projects was developed at a cost of over 1 million dollars. However nothing was done at that time to actually correct the problem. Since then the problem has grown worse due to the accounting control problems which were carried over to AKSAS. The problem still exists and will continue to represent an unknown exposure in terms of over-spent appropriations and missed Federal billings until the problem is finally cleaned up. In addition, some large amounts of general fund money may currently be committed to Federal match projects which have little chance of going into construction in the near term (within the next three years).

A further complication to the above problem is a recent decision by the FHWA not to accept any Federal billings produced by ADOT&PF's FMS system. The FHWA has determined that the FMS system is unreliable and is capable of producing and successfully passing one-sided accounting entries.

Recommendation: ADOT&PF should begin immediately to resolve the problems currently experienced with capital project balance information. Without this immediate action, ADOT&PF project managers will continue to doubt the validity of project data which they receive from the automated systems tracking their respective projects. The Department will also continue to be unable to determine whether project work is proceeding within the law and in an efficient manner. Finally, this clean-up effort may assist in identifying and receiving additional Federal dollars and in freeing up possible general fund dollars which are currently committed to projects which will not be developed in the near future.

Federal Billing System:

Description: As a result of problems experienced with the ADOT&PF FMS system the Federal Highway Administration, effective 11/28/86, suspended reimbursement of all future ADOT&PF Current Billing claims until the Department can provide assurances that project claims for reimbursement are accurate. Obviously until

this problem is cleared up the State will not be able to receive federal funds owed to it for work which could not be billed as a result of this action.

Discussion: Over the last five years the ADOT&PF has spent millions to develop financial information systems for its specific needs. Almost without exception these systems have either not been completed or when they were brought up, were not used. Based on a previous design of a financial information system (FIS) by Price Waterhouse, the Department is now considering the development of this system to address the federal billing problem and the project control issues that presently exist within ADOT&PF.

The ADOT&PF is strongly considering developing the system in conjunction with the Department of Administration so that the system can address the federal billing concerns of other departments as well as those of ADOT&PF. The current thinking on the system is that it would be developed as an integral part of the AKSAS system as opposed to a stand alone system that receives and sends data to AKSAS.

The positive points regarding developing this system as part of AKSAS is that it would be available to all other agencies who wish to perform federal billing automatically. However, from the ADOT&PF point of view there are a great many negatives. Developing a federal billing system within AKSAS is considerably more

complicated and will require some significant redesign to address the system requirements of the other agencies all of which are costly in terms of time and money. Developing FIS as part of AKSAS will also make the FIS system less responsive to changes in the way ADOT&PF is required to perform federal billing in the future.

The positive points with regard to developing FIS outside of AKSAS are that the system can be developed more quickly, for less cost, without redesign and will be more responsive to ADOT&PF's specific requirements as they may change in the future. In addition, ADOT&PF has had real success in developing systems which accurately and effectively interface with AKSAS. The negative to developing the FIS system outside of AKSAS is that it may not take the needs of all other agencies into consideration and may not be available to all other agencies.

Recommendation: The ADOT&PF should begin developing the FIS system as soon as possible. An RFP should be issued which solicits creative input from the vendor community on how to quickly, effectively and in a cost efficient manner address the Department's federal billing requirements. This RFP should not be issued with preconceived notions on the part of Department personnel on a specific solution or vendor (Price Waterhouse has received over 16 million in sole-source system development contracts in the State over the last 5 years with no involvement from their Anchorage office). The ADOT&PF should oversee the

issuance of this RFP and should contract to meet the specific federal billing needs of ADOT&PF. In the mean time, ADOT&PF should develop a manual system to run parallel to the development of FIS in order to perform continued federal billing. This manual process will also need to exist to support the Capital Project Cleanup effort.

Agency "Corporate Culture":

Description: ADOT&PF was in existence within Alaska before Statehood. As a result, this department has one of the strongest "corporate cultures" of any organization within the State Bureaucracy. Changing this culture in order to help it deal with the future changes will be key to successfully trimming down the cost of ADOT&PF and helping it run more efficiently.

Discussion: ADOT&PF engineers not only have a strong loyalty to ADOT&PF but also to their profession as engineers. When you combine this professional perspective with the previous flow of funds through ADOT&PF, it is not surprising to learn that many engineers in ADOT&PF do not consider it their responsibility to closely monitor the costs of a project as long as the project is well designed and constructed. This may also be fueled by the past pressure placed on ADOT&PF to get their appropriated capital projects out on the "street" as fast as possible. Under these types of pressures it may seem reasonable for a project manager to focus on building a project quickly and well regardless of the cost.

Project managers with ADOT&PF have complained with some real justification that the project management tools available to them to control project costs have been, at best, unreliable. The previous systems (PBA and FMS), which they have had at their disposal, provided untimely and often erroneous data.

Recommendation: Top level support from the commissioner and the Governor will be necessary to continually encourage ADOT&PF project managers to get control of project costs. The Capital Project Cleanup effort must be completed quickly so that the data the project managers currently receive from AKSAS is accurate, timely and reliable. Appropriate project management tools must also be made available to project managers to help them in getting control of project costs and maintaining control. Getting control of project budgets and expenditures should also help ADOT&PF step up its efforts to generate timely billings to the Federal government. One project management oriented system which the Department has recently brought into place in the Southeastern Region is the Project Cost Information System (PCIS) which should be examined more closely to see if it can be useful agency-wide.

Official Business

COMMITTEE: House Transportation

DATE: January 28, 1987

SIGN-IN

Subject of meeting:

Department of Transportation and Public Safety overview by DOT/PF Commissioner Rocky Gutierrez .

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Robert Poe	DOT/PF	3900		
Rocky Gutierrez	DOT/PF	3900		

COMMITTEE MEETING:

WORK SESSION

AK. MARINE HIGHWAY (FILE 1)

1-29-87

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

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People Invited to House Trans. Work Session
on Marine Highway 1/29/88

1. Bill Cullinane--Business Owner/People's Wharf Assn.
2. T. Terry Harvey--Business Owner/People's Wharf Assn.
3. J. R. McDonald--Shearson Lehman
4. Fran Rose--Business Owner & member Juneau Chamber of Commerce
5. Members--Downtown Business Association, Juneau
6. Commissioner Hickey--DOT
7. Director Davidson--Marine Highway
8. Rep. Goll
9. Jim Ayers--CBJ Lobbyist
10. Rod Mourant--Juneau Downtown Business Assn. Board of Directors
11. Jim Kohler--Juneau Economic Development Council
12. Rudy & Judy Ripley--Business Owners & member Juneau Chamber
13. Senator Duncan
14. Representatives from the Port of Bellingham

Official Business

COMMITTEE:

House Transportation Committee

DATE: January 29, 1988

SIGN-IN

Subject of meeting:

A work session only on the Alaska Marine Highway System

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	~~DO YOU WANT TO TESTIFY?~~
KEITH GERKEN	DEPUTY COMMISSIONER DOT&PF	3900		Yes
Stan McAlister	Planning Chief AK Marine Highway	2734		Yes
George Dawson	AMHS Director	3950		Question
Bellingham Delegation				

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

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Publications for House Transportation Committee
January 29, 1988 1:30 p.m.

"Alaska Marine Highway System, The Community Perspective" By Southeast Conference

"Southeast Alaska Marketing Council, 1987-88 Program Evaluation and Recommendations" By Date Decisions Group, Inc.

"High-Speed Surface Craft"

"Southeast Alaska Transportation Plan, Evaluation of Corridor Alternatives, Juneau Access (lynn/Taku Corridors" By Acres International Corporation for Alaska Department of Transportation & Public Facilities

"Southeast Alaska Transportation Plan" By Alaska Department of Transportation and Public Facilities

"Southeast Alaska Transportation Plan, Evaluation of Surface System Alternatives" Prepared by Acres International Corporation for Alaska Department of Transportation and Public Facilities

"The Alaska Marine Highway - Southeast System, A Holistic Concept" By Representative Bill Hudson

The Bellingham Report.

THE ALASKA MARINE HIGHWAY - SOUTHEAST SYSTEM

A HOLISTIC CONCEPT

BY

REPRESENTATIVE BILL HUDSON

December 10, 1987

Executive Summary

INTRODUCTION: The Alaska Marine Highway System (AMHS) is fast approaching 25 years of service in Southeast Alaska and by all accounts has served well. The system consists of seven vessels serving 18 S.E. communities via an inter and intrastate Marine highway over 1000 nautical miles long, connecting this landlocked Alaskan region to Land highways at Prince Rupert and Seattle to the South and Haines and Skagway to the North.

PURPOSE OF THIS PAPER: I have prepared this paper to stimulate discussion and debate on issues surrounding the future of this our essential Marine Highway system.

It is my belief that we must find consensus for and immediately begin the implementation of a Marine Highway plan that will carry this system into the next 20 years of service!

GENERAL CONCEPT: I am proposing a holistic concept that addresses such issues as: Bellingham vs Seattle, Roads vs. Hi-Speed Ferries, System Marketing, Thru-Haul vs. Segmentation Scheduling, and the Need for Compatibility with Regional Economic Development Plans.

TIMELINESS: Given the fact that Marine Union contracts expire March 30, 1988, any operational changes contemplated in the next three years should be established soon.

Vessel age and years of hard use dictate a need for major rehabilitation and/or costly replacement within the next 5 - 10 years.

Southeast Alaska's regional economic development growth will depend on a future system that compliments and supports local independent visitor tourism, emerging seafood production in Southeast Alaska and other businesses relying on marine transportation.

Finally, like any $60 million a year transportation system, we must assure it remains alive and progressive - growing to meet the needs of our state and this region.

CONSIDER OUR PRESENT SYSTEM: Alaska operates this seven vessel fleet at about 67% capacity with far more offline-layup than most private or public shipping companies would.

The system was tailor made to meet peak summer demands and evolved to accommodate many smaller communities over the years.

Ships largely call through Southeast communities and I believe, unknowingly, discourage stopover travel. In fact, I suspect a careful review of traffic figures would show that most of the 45,000 passengers who annually embark at Prince Rupert and Seattle do not spend much time in Southeast communities, to the economic loss of these communities.

Some value added benefits to the system are being realized in every community, especially the larger towns like Juneau, Ketchikan and Sitka, but, every community is losing value because of short docking times, time of arrival and/or the location of our terminals.

Vessel fares are marginally at the point of diminished returns and do not encourage widespread local use.

The system marketing, advertising and promotion is almost non-existent and may be a prime reason why shoulder traffic has not increased appreciably.

RECOMMENDED CHANGES: I believe it is time to implement some of the changes proposed in the 1986 Southeastern Transportation Plan and the Southeast Conference Community Perspective Report. It is time to activly seek demonstration project funds to acquire two properly configured surface effect or conventional high speed vessels to employ in the Lynn Canal corridor between Juneau, Haines and Skagway, and between Ketchikan and Prince Rupert. I intend to approach our Congressional delegation for a realistic determination of this support.

It is time to consider moving our southern terminus from Seattle to Bellingham and to implement a sound marketing and sales program to increase year around passenger, vehicle and freight sales and service.

Traffic should analyze the probable effects of operating a turnaround schedule between Bellingham and Ketchikan interconnecting with an intrastate route between Ketchikan and Juneau with as-needed trips to Sitka. Under this model all mainline traffic would end in downtown Juneau and travellers would proceed north by road and hi-speed ferries.

With this move I recommend we consider the benefits of relocating the Juneau Auke Bay operations to a site in Echo Cove, and to operate directly into downtown Haines or to a terminal site closer to Juneau on the Chilkat Peninsula. Our long-term priority must remain for a road. Realistically we will likely have to wait for significant mining development or exceptional federal funding to justify constructing a $400 million dollar road between Juneau, Skagway and Haines .

I propose that the time saved by stopping mainline traffic in Juneau and relocating to Bellingham be allocated to longer dock time at smaller communities such as Petersburg and Wrangell for sightseeing, local shopping and other such economic benefits as well as to structure more frequent trips.

As a former Director of the AMHS, I understand the many complexities of this unique system and the time honored constraints. I am confident

that vessel employees, shipping and travel agency partners would be willing to consider some changes for the improvement of the system.

I realize the problems associated with changing a system that has operated essentially the same for 25 years; yet I urge change because the present system is becoming increasingly regressive, more costly and is out of sync with the original legislative intent and the economic development needs of the very communities it was created to serve.

I urge creative marketing, such as booking on-board, off-season conventions, university and school field trips, coordinated trip sales with B.C. ferries and perhaps it is time to offer space available travel as a negotiable labor contract provision in lieu of wages. I would consider offering a once a year space available round trip to Alaska residents (at least SE residents) at a minimal charge to garner the passenger service revenue at a time when passenger loads are down. A little revenue is better than no revenue - providing costs are offset to show some profit.

I recommend all changes be coordinated with the Southeast Conference members and Legislators as well as traditional users of the system. Alaskans should be able to use their only highway at less cost.

POTENTIAL BENEFITS OF CHANGE: I believe the changes I have proposed will increase revenue to the system, appreciably increase economic benefits to Southeast communities, increase employment for Southeast crew members, provide affordable, more frequent and dependable transportation

for all Southeast residents and essentially connect the 70,000 Southeast residents with the Yukon, British Columbia, and the rest of our State. Clearly these changes will increase the value added potentials in every community we serve.

I foresee greatly increased tourism activity, less costly travel between cities in Southeast Alaska and expanded travel between Southeast and our neighbors in the Yukon as well as two way travel between Southeast and the rest of our state. Southeast benefits because our highway now supports our ecomomic development plans and the rest of Alaska benefits because Southeast, especially our Capital city, is easier to access and the 70,000 people of SE Alaska can now travel to Anchorage easier and more frequently. Haines and Skagway benefit because they would have direct and frequent, affordable access to other SE markets and legislative activities.

Orienting the ferry system more to a hub in Ketchikan and one in Juneau may encourage many of those Seattle resident employers to relocate back to Alaska.

FINALLY: This paper is meant to be constructive. It should not be construed as a detailed plan, but rather a conceptual plan to build upon. We still need much debate and a whole lot of in-depth study on this vital system.

Whatever we do, we must begin to implement some of the changes to make the system more beneficial to the inevitable growth of our region.

I welcome your comments and input. I seek your support.

Respectfully submitted,

Bill Hudson

SOUTHEAST CONFERENCE

ALASKA MARINE HIGHWAY SYSTEM

THE COMMUNITY PERSPECTIVE

"Working For All Alaska"

ALASKA MARINE HIGHWAY SYSTEM:

THE COMMUNITY PERSPECTIVE

A report regarding the importance of the Alaska Marine Highway System; containing community perspectives; recommendations for the fiscal year 1988 budget; and suggestions for improvements and efficiencies for the future.

Commissioned by the Southeast Conference

Prepared By
Ayers and Associates
April 1987

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I.

INTRODUCTION

INTRODUCTION

This report was commissioned by the Southeast Conference to provide a basic understanding of the importance of the Alaska Marine Highway System to the people of Alaska. The Southeast Conference is an organization of municipalities, chambers of commerce, groups and individuals representing the common interests of citizens, and businesses of Southeast Alaska. This year, the Conference is working on a variety of issues. They include economic development, educational services, fishing and timber enterprises, and transportation.

The general goal of the Conference is to represent the interests of the 70,000 people of Southeast Alaska on those issues where there is common accord and which significantly affect the economic well being of the entire region as well as the state.

While the Southeast Conference is working on a variety of issues, it has focused on the Alaska Marine Highway System as its top priority. This is because the economic stability and way of life of the entire region is so closely linked to the service level of the ferry system. At the time of its genesis in 1956, the establishment of the ferry system was the exclusive goal of the Southeast Conference, and the Conference does credit itself to a large degree for the birth of the ferry system in Southeast.

Now, more than twenty years have elapsed since the Malaspina, the Matanuska and the Taku were commissioned in the spring of 1963. During the past twenty-four years,

the ferry system has served the people of Southeast quite well. Sometimes, especially during recent prosperity, it was even taken for granted. But as times have changed from fat to lean, its budget attracts attention. As the ferry system is subjected to budgetary scrutiny, its crucial importance to the economy and way of life of all of Southeast and other regions is something which we implore be kept in mind. Accordingly, this report is intended to provide a basic understanding of the importance of the ferry system to Southeast and indeed to the entire state. To accomplish this, much of the report focuses on the roots of importance of the ferries in ways that are specific to each community. This perspective is developed to reveal the statewide dangers in dismantling such a broad foundation. In order to discover the particular importance of the ferries in each community, surveys and observations were conducted in each of them and inquiries made of local citizens and business people.

There have been many studies of the ferry system in the past, and there are volumes of reports, but it appears that none of these focuses attention on the critical importance of the evolved system to the communities themselves and ultimately the state.

At the same time as inquiry was made of the ways in which the system is important to each community, inquiry was also made about how the system might be improved and how it should be managed in light of the states' present revenue deficiencies. Thus, one section of the report is devoted

strictly to a set of recommendations and findings. Most of the recommendations merely reflect the views of the citizens of Southeast Alaska. Some, however, have been framed by the authors of this report as a result of their study efforts.

The Southeast Conference is well aware of the fact that the ferry system in Southeast is less than the whole; that the Southwest ferry system is also important. But for purposes of this report, and due to cost and urgency we were only able to focus on the Southeast System as representative of the state's economy as a whole.

The Conference is pleased to offer this report of important aspects of the ferry system which we submit respectfully as assistance to the Legislature and the Governor in their deliberations, and to the people of Alaska who we pray will continue to benefit from our endeavors. Further, we stand ready to serve on any taskforce, advisory board or commission which may be established to help improve the Alaska Marine Highway System.

April Lapham
1st Vice President of
the Southeast Conference,
Mayor of the City of Haines

Ernest E. Polley
President of the Southeast Conference
Mayor of the City & Borough of Juneau

II.

OVERVIEW

ALASKA MARINE HIGHWAY SYSTEM

SOUTHEAST ALASKA

OVERVIEW
ALASKA MARINE HIGHWAY SYSTEM
SOUTHEAST ALASKA

1988 marks the 25th year of service for the Alaska Marine Highway System (AMHS). While service began in 1963, the real origin of the system was a study by the W.C. Gilman Company of New York, commissioned by the U.S. Department of Commerce in 1958. The resulting report proposed the creation of a new and totally unique solution to the transportation needs of Southeast Alaska - a ferry system capable of carrying the same load that one would find on a normal stretch of asphalt highway connecting Southeast communities, if such a highway were feasible. Thus, through the sale of revenue bonds, the AMHS was born. For the first five years, the AMHS completely funded its operation out of receipts. In 1970, the State convinced the federal government that the system was indeed a "Marine Highway," and as such, began receiving federal maintenance funds on the basis of a determination that the AMHS was, by definition, a bridge 500 miles long.

Today the AMHS for Southeast Alaska is a system of seven vessels serving 18 communities in the Alexander Archipelago. The vessels consist of four "mainline" ferrys, and three vessels which serve what the managers of the system term a secondary system. The mainline vessels, consisting of the Motor Vessels Columbia, Malaspina, Matanuska, and Taku connect the large communities of southeast Alaska with each other and Prince Rupert, British Columbia and Seattle, Washington. The three smaller vessels consisting of the Motor Vessels Le Conte, Aurora, and Chilkat connect the smaller communities of southeast to each other and to the larger communities. The communities served by the mainline vessels are:

Ketchikan
Wrangell
Petersburg
Sitka
Juneau
Haines
Skagway

The communities constituting the "secondary system" are:

Metlakatla
Hollis (Hollis is the terminal for four Prince of Wales Island communities: Craig, Klawock, Hydaburg, Thorne Bay)
Hyder
Kake
Angoon
Tenakee Springs
Hoonah
Pelican

The largest vessel in the Southeast System is the M/V Columbia. It is 418 feet long, carries 1000 passengers and 180 vehicles. The M/V Matanuska and M/V Malaspina are the same size. Each is 408 feet long with a passenger capacity of 750 and a vehicle capacity of 120. The M/V Taku is 352 feet long with a passenger capacity of 500 and a vehicle capacity of 105. The M/V Le Conte and M/V Aurora are sister ships. They have identical capacities of 250 passengers and 47 vehicles. The M/V Chilkat, a smaller, aging vessel has a capacity of 75 passengers and 15 vehicles.

During the summer, the Columbia and the Matanuska are on the Seattle run, completing one round trip each week. During the winter period, from October 1 through April 30, there is only one vessel used on the Seattle run, usually either the Matanuska or the Malaspina. The Columbia is usually laid up for most of the winter due to its high operating cost. The Malaspina and the Taku operate between Prince Rupert and Skagway during the summer, completing the round trip in four days if Sitka is served once on each trip and three days if Sitka is not served. Typically each vessel stops at Sitka once each week. During much of the winter only one vessel is used on this route, due to lower traffic.

The Le Conte and Aurora serve the southeast secondary route, supplemented by the Chilkat. The Le Conte serves the northern panhandle and the Aurora serves the southern panhandle. During the summer, the Le Conte operates between Juneau, Sitka, and Petersburg, with stops at Hoonah, Tenakee Springs, Angoon, and Kake. The Le Conte is routed north to Haines and Skagway once or twice each week. The Aurora operates nearly every day between Ketchikan and Hollis, and during the summer, south to Hyder once each week. In October, 1986 the Aurora began serving Metlakatla as well. The Aurora is also used between Prince Rupert and Ketchikan once or twice each week. These vessels serve the same routes during the winter period, but on a reduced basis.

The Chilkat is used between Ketchikan, Hollis, and Metlakatla. The Chilkat makes two round trips on four days of each week during the summer. The ferry system states in its Draft System Plan dated November 1986 that the Chilkat will be retired soon.

In 1985 the Southeast System carried a total of 313,071 passengers. Of these, 235,850 passengers (75.3%) traveled between mainline ports. Tourist traffic is very heavy in the summer months. During July of 1982, a survey showed that approximately 80% of its mainline passengers live outside of Alaska. Of the remaining 20%, 12% were from S.E. Alaska and the remaining 8% were from other parts of the state. As of the time of the preparation of this report, traffic volume figures for 1986 were unavailable.

During 1985 the Southeast system carried a total of 79,780 vehicles. The largest percentage of these vehicles (17.6%) disembarked at Juneau. Of course, many of the vehicles travelling on the ferry system embarked and disembarked more than once as part of a single trip. 15.6% disembarked at Haines. 8% disembarked at Skagway.

The Alaska Marine Highway System, in its twenty-fifth year, is one of Alaska's success stories. We have in the Southeast AMHS a billion dollar infrastructure that is functioning remarkably well, considering the lack of attention it has had for fifteen years.

III.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

This report describes the importance of the Alaska Marine Highway System (AMHS) from the community perspective. It has been developed to show how the economy and way of life of the people in Southeast Alaska has evolved in concert with the ferry system. It points out that budget and other decisions regarding the AMHS should take into consideration the importance of the ferry system in other than strictly economic terms; most particularly the sense of real security, reliability, and the affordable transportation which it offers to the traveling public. It explains the reality that dismantling this billion dollar infrastructure would be a severe blow not only to Southeast Alaska but to the entire state. The report shows how the ferry system is so interwoven in the economic fabric and well-being of Alaska that it deserves a fresh look; a commitment to efficient management and direction through prudent budget decisions. Further, it offers specific recommendations and findings to improve the system.

The ferry system is a vital component of the economy of Southeast Alaska. Therefore, any decision that may result in a general service reduction should be approached with great caution. It is an unfortunate reflection of our government that the rationale to reduce service seems based on the assumption that communities must suffer before management can become effective or labor brought to the table as a full partner in resolving the problems. As a matter of fact,

in most cases it costs at least 50% of vessel expense to lay-up. For example, the Bartlett cost 90% of operating expense to be put into lay-up. Therefore, it needs to generate only 10% of costs in revenue to be more cost effective to operate.

As this study began, the focus of the effort was that of discovering the relative ways in which the AMHS is important to each respective community served by the system. The inter-relationships developed with the rest of the State as a result of the ferry system were also explored. It was learned that not only is the system important in a general way for transportion of people, vehicles, and goods, but in particular ways. That is, a particular major component of a local economy has often developed with the ferry service, and vice versa.

The major component in some communities may be a single business, such as the case with the Hoonah Cold Storage. Hoonah Cold Storage depends on the ferry to ship out 100% of its fish products. This was almost two million pounds of salmon in 1986, and the business expects a 30% increase this year. In Sitka, a winter 'turnaround' run is the primary boost to the retail trade. It is an economic convenience, as well as being key to the delivery of important human services, for those who do not live in Sitka. The economy of the City of Skagway in recent years has become almost entirely based on tourism. Of course, the ferry system plays a very important role in bringing tourists to Skagway. The

AMHS brought 36,000 visitors to Skagway in 1986. Ketchikan faces a double-edged sword when the State considers reductions in ferry service. The mainline runs are extremely important because of the tourist trade, export of fisheries products, and the import of goods and supplies to furnish the area's retail demands. But the feeder ferries are critical for retail and commercial trade, fish transport, and winter economic activity. The economies of the people of Ketchikan would be severely impacted by a reduction in either mainline or feeder ferry service. There is one community, however, which appears to have an even deeper dependence on the ferry system: the City of Haines. There are so many business functions in Haines which have evolved with, and depend upon the ferries, it clearly would suffer the most immediate and significant effects of reductions in service. Haines is still the main embarkation and disembarkation point for people and goods destined for the interior or travelling south from the interior. Without the ferry system, Haines would simply be a place at the end of a very long spur road. These are but few examples of the community perspectives of the AMHS. The more enlightening and detailed reports are found in the Community Section. Reading that section is imperative in understanding the AMHS's relationship to developing economies. The particular ways the communities have used the ferries to develop and stafilize the economy of Southeast must be recognized.

Of course, the communities served by the ferry system are dependent on it in numerous general ways. These include the delivery of food, particularly fresh produce and dairy products; mail delivery; school travel; tourist travel; and the transportation of vehicles, equipment and general freight. In some cases, practically 100% of the fresh produce is delivered by ferry. In addition, all second and third class mail and surface parcel post from the lower 48 travels by ferry. The mail is ferried to Haines, Skagway, Petersburg, Wrangell, Sitka, Ketchikan, and Juneau, then shuttled to smaller communities.

During the school year, all school districts make use of the ferry system for student travel to a remarkable degree. Petersburg, Juneau, Wrangell, and Ketchikan report that a student group (averaging 30 students) from their high schools is going somewhere on the ferry system virtually every week of the school year. For purposes of school travel, both safety and cost considerations combine so that schools schedule events around the ferry schedule. And as funding for education decreases, the cost of flying is not a reasonable alternative for student travel.

The AMHS is also important to the health, welfare and safety of Southeast residents. Residents of the smaller communities depend on the system for transportation to larger communities to meet shopping, business, medical, and recreational needs. The selection of goods and services is extremely

limited in some small communities, making travel to larger communities a necessity. Thirteen of the nineteen SE communities we surveyed have no resident doctor; fourteen have no hospital. Travel by ferry to the larger communities is often the preferred mode of transportation, due to its safety, dependability, and people's fear of flying. The senior citizens of Southeast rely on the ferry system to a great degree, perhaps more than others. For them the ferries are safer, more accessible, and more dependable; as well as providing a far less costly means of transportation.

It is safe to say that almost all Southeast communities served by the AMHS are positively affected by the ferry transport of tourists into their community. Communities as small as Pelican notice an increase in business brought about by the arrival of a ferry. The Southeast communities, through the Southeast Alaska Marketing Council (SAMC), have been doing a great deal to encourage use of the AMHS. They have invested $400,000. in advertising to encourage the 'independent traveller' to visit SE Alaska. To date they have received 12,000 responses to their ads; 57% of these were interested in ferry travel as their means of transport. The SAMC supplies travel information to the respondents based on their interest.

The degree of general dependence on the ferry system by the various communities appears to rise in inverse proportion to the size of the community. The smaller the community, the more dependent it is likely to be on the ferry system for its

transportation needs. However, a reduction in service would adversely impact elements of all local economies.

In addition to the individual and general ways in which the various Southeast communities are dependent on the ferries, the system is an important source of jobs. The system employs approximately 900 people and there are more than 5,000 other people that depend on the system for their jobs. Table 5 which is appended to this report details the number of people directly employed by the AMHS in each community. Ketchikan is home for the largest number of employees of the ferry system: 294 employees.

It is also important to note that the system is not only important to the economy of Southeast, but to the state's overall economy - more important than is generally thought. In all, the Southeast system carried 313,071 passengers during 1985, the latest year for which figures are available. That same year the system transported 79,780 vehicles. The "Alaska Tourism Handbook," published by the Division of Tourism reveals that 60% of the summer travelers on the ferry system visit Anchorage and 59% visit Fairbanks. In addition, 40% of all winter traffic on the Southeast ferries is headed for the interior. Each year the AMHS carries thousands of tons of freight and millions of dollars of visitor revenues to the northern regions of the state. Each week semi-vans loaded with goods and supplies head for interior Alaska. Even more vans flow from the rest of the state, especially Anchorage to

points in Southeast.

The efforts of this study as indicated, included inquiring of local citizens and business people about how they are affected by the ferry system. But it also elicited opinions of how the AMHS could be more efficient. There was a remarkable consensus about whether budget reductions should automatically result in a commensurate reduction in service. Most people believe that large savings could be achieved by better management, privatization or cost reductions in areas such as marketing and food service, and a very close and serious scrutiny of current labor agreements in cooperation with the unions themselves. Some also expressed opinions that procurement of supplies and fuel throughout the system could be done much more efficiently.

It is apparent that any significant progress in these areas will take time. The answer lies in effective management and sufficient time to implement strategies. Therefore, it appears that for the present, the best that can be done is to begin to direct the system toward attainable goals with clearly defined strategies, some of which are offered in the Recommendations and Findings section of this report. In the short term, the system should maintain the current level of service with an authorization of 62.6 million for FY 88. In the long term, a work plan should be developed that sets objectives and milestones that cut costs and increase revenues. However, one of the most important recommendations must be

mentioned here, namely that of establishing an advisory board or task force of professionals, users and legislators to advise the Legislature, Governor, and managers of the AMHS on various aspects of operating the system. This system is in many ways an anomaly to normal government processes; it demands separate unique attention.

The AMHS is such a pervasive part of both the economy and way of life for the 70,000 people of Southeast that the proposed, but unneccesary reduction in service could severely cripple the communities of Southeast. The impact of any significant service reduction would also affect the economy of the rest of Alaska, further exascerbating the state's current economic and social situation.

This community perspective is hopefully the beginning of a fresh look at maintaining our AMHS System with reasonable approaches that go beyond the simplistic, devastating proposal to reduce service. This report provides an interesting review of the AMHS, and proposes a direction of effective management and prudent decisions henceforth. It is intended as a symbol of the efforts of the Southeast Conference to work hard in a cooperative spirit with the AMHS, for all Alaskans.

IV.

THE COMMUNITIES' PERSPECTIVE

KETCHIKAN

Ketchikan is the second largest community in Southeast Alaska, with 14,300 residents. It is situated on the southwest side of Revillagigedo Island. Ketchikan's economy is based primarily on fishing, lumber products, and tourism. As the southern-most Alaska municipality on the ferry system's mainline, it relates closely to Seattle and the coastal communities of Britsh Columbia. As the first Alaska stop not only for the mainline ferry, but for barge, jet, and cruiseship traffic as well, Ketchikan has developed a thriving "micro-economy" servicing those transportation systems. In the past month of March, a major vessel maintenance and drydock facility has begun operation, and has already performed maintenance on the AMHS vessels Bartlett and Matanuska. The facility is owned by the state but privately operated by Ketchikan Welding Works.

In its position as the first Alaska stop for both passenger and freight service from the South, Ketchikan has become a strong regional retail center, drawing from an area population of nearly 25,000 in an area generally referred to as Southern Southeast. Because of this position, both mainline and feeder ferries are extremely important to the community. In terms of ferry traffic, Ketchikan is the second busiest port in Southeast. In 1985 51,250 passengers embarked and 50,913 passengers disembarked in Ketchikan; 13,821 vehicles embarked and 13,965 vehicles disembarked. The mainline runs from Seattle and Prince Rupert in the south, to Haines, Sitka, and Juneau in the north providing a steady, dependable system for the delivery of freight, dry goods and produce, as well as tourists and vehicular traffic. The feeder ferries running between Southeast communities provide Ketchikan with the consumers for those products, both from an "import" and "export" perspective. In the sections of this report on Metlakatla and Prince of Wales Island, we discuss the import to the outlying communities of maintaining maximum possible service to Ketchikan. But Ketchikan's health and welfare is also very much dependent on the same service. The retail economy of Ketchikan has grown to the service demands of 25,000 - 30,000 year-round consumers, nearly half of whom depend upon the AMHS for access. A decrease in service of the feeder system would indeed have a dramatic affect on Ketchikan's private sector, which has invested heavily, and confidentally in their regional responsibilities.

A study conducted by the Ketchikan Gateway Borough of economic indicators showed that while Ketchikan's tourists are extremely important to the local economy, almost 95% of sales are by area residents, and over 20% of those are by

residents of outlying island communities. The study also found that the average tourist spends $28 per day in Ketchikan. The average ferry passenger, on the other hand, spends $55. Reductions of ferry service over the past winter between Ketchikan, Metlakatla, and Hollis have already resulted in a drop in retail sales. Several businesses have responded by conducting "road trips", taking limited inventories out to the islands for "trade shows". The result is some compensation to the island consumer for the lost accessability to goods, but their purchases are from considerably less selection, and at a higher price.

The mainline ferry is extremely important to Ketchikan's regional responsibilities, especially as it relates to fresh meats, produce, and dairy products. A reduction in service between Ketchikan and Seattle could have a dramatic affect on the quality of those products; a level of quality that all of Southeast has come to expect. By utilizing the ferry system rather than barge service, three days are saved in transit. Fresh pork and chicken are especially volatile products, and a reduction in service could affect their availability. A reduction in mainline service that would force milk to be barged would, at present costs result in a 14% increase in price to the consumer due to decreased shelf life. Such a scenario could also result in an inability to get fresh dairy products to some villages, camps and communities in a reasonable time and in reasonable condition.

The timber industry in Ketchikan also utilizes the ferry system extensively for supplies and freight, but not for shipping product. Ten per cent of their incoming freight arrives by mainline ferry into Ketchikan. However, after arrival, 25% of their outgoing freight leaves Ketchikan on the feeder runs. In addition, the ferry is used for employee and vehicle transport. Any immediate freight or supply needs are sent via ferry.

The fish processing industry in Ketchikan is also a major user of both mainline and feeder ferries. Nearly three hundred linear feet in van space is utilized weekly in the summer, exclusively for fish, between Hollis and Ketchikan. Salmon, black cod, halibut, and herring all are shipped via ferry year-round. The industry is a major seasonal employer. A large on-shore processor will employ as many as 200 people during the season. Winter cutbacks on the Ketchikan-Hollis run have, on occassion, forced some companies to charter their own boats to transport the fish. Good frequency of service on the feeder runs is of utmost importance to the industry. Their need is also a year-round need, as harvest of the different species takes place at different times.

Tourism is of course a major portion of the AMHS's

business, and much of that business is channelled to Ketchikan. As Alaska's first port of entry on the mainline, and also the first stop after 40 hours of travel, almost all passengers disembark for a break. This winter and spring, Alaska Airlines, the Port of Seattle, and the AMHS have jointly contributed to a program to promote the AMHS to Seattle area travel agents. Three lunches for nearly 225 travel agents have been held on board the Matanuska in Seattle, while four familiarization trips have been held for four hundred travel agents. The trip cost each agent $295 and includes a ferry stateroom from Seattle to Ketchikan, and a return by air. The target of the program is the 650 travel agencies in the Seattle area. The program has been so successful that plans are in the works to expand the effort to cover the entire west coast, though the program has revealed some serious flaws in the reservations system, which affect the willingness of travel agents to write AMHS tickets.

System wide, one of the major off-season users of the AMHS are school districts. All inter-school activities and competitions depend heavily on ferry transportation. Cuts in the Education Foundation Funding program have already resulted in dramatic reductions in activity budgets for all of Southeast. Ketchikan, for example, has at least one group traveling every weekend of the school year. Of a $140,000 activities budget, $100,000 goes to travel costs. That budget is a 50% reduction over the past year. 50% of student travel is by air; 50% by ferry. However, the cost ratio is 70/30, air over ferries.

Ketchikan faces a double-edged sword when the State considers reductions in ferry service. The mainline runs are extremely important because of the tourist trade, export of fisheries products, and the import of goods and supplies to furnish the area's retail demands. The feeder ferries are also extremely important because they transport the fish product for the fisheries, and the consumers for the retail and commercial trade. Cutbacks in either mainline or feeder ferry service would have a potentially devastating impact on the service the other can provide. Ketchikan, perhaps more so than most other Southeast communities, is subject to economy-wide repercussions from a loss or reduction of service by the AMHS.

HYDER

Hyder is an unincorporated community of 100 people located at the head of Portland Canal in southern Southeast Alaska. The community is the only one in Southeast accessible by road. The community economy has two primary sources; tourism and retailing, both of which derive from Hyder's "sister city" of Stewart, British Columbia.

More than 60,000 visitors arrive in Hyder every summer, primarily from the Trans-Canada highway. Via that route, Hyder is just a 20 hour drive from Seattle. The tourist trade supports one motel, one inn, three restaurants, and several gift shops. In addition, Hyder is a popular destination for Canadian residents of Stewart and the surrounding area. The principal reason for this is that Britsh Columbian bars close several hours earlier than than those operating under Alaska law in Hyder. One freight line also operates in Hyder, and the community is serviced by float plane from Ketchikan.

Hyder did not begin receiving ferry service until last year, and then only by legislative mandate. The service is for summer months only, and on a weekly basis. The intent of adding service to Hyder was to create an opportunity for a drive/ferry circle from Seattle, through Canada and then return by ferry through Hyder.

Traffic counts and analysis are not available for evaluation yet for this run. The trip is 144 miles from Ketchikan with no stops in-between. The trip takes eleven hours.

METLAKATLA

Metlakatla is a Tsimpshian Indian community of 1,100 residents on Annette Island. It is the southernmost of all Alaskan communities, being 12 miles south of Ketchikan. Metlakatla is not an incorporated municipality under state law. Rather, it is a federally created reservation, created by Congress nearly 100 years ago.

The two mainstays of the Metlakatla economy are a fish trap/cannery operation and a saw mill owned by Louisiana-Pacific. Both of these operations ship their products south by barge, but do rely on the ferry for supplies and equipment. The primary traffic on the Ketchikan-Metlakatla run has always been passengers, but the community does receive two vans/week of groceries. In 1985 Metlakatla embarked 5,974 passengers and 1632 vehicles. 5,651 passengers and 1706 vehicles disembarked.

Given its close proximity to Ketchikan, Metlakatla has interacted closely with Ketchikan for many years. This close interaction was made possible primarily because of daily service that was provided by the Alaska Marine Highway System. The service resembeled a commuter service. It allowed the Metlakatla residents to go into Ketchikan in the morning, take care of their business and return in the afternoon. The service was popular and well used. Indeed, the traffic apparently warranted a larger ferry for the run. Therefore, the Metlakatla terminal was modified to accommodate the larger Aurora. Formerly the Chilkat served the Ketchikan-Metlakatla run. The terminal modifications were completed by October of last year. But now the community must share the Aurora with the Prince of Wales Island communities, and they no longer enjoy the daily, over-and-back service they had for so long.

The reduction in service has created some serious problems and inconveniences. Since the residents can no longer go round trip to Ketchikan in a single day, they must overnight in Ketchikan. Usually this means paying for a hotel room. But on the reverse perspective, there are no hotels or motels in Metlakatla. The community had launched an aggressive tourism promotional effort based on the single day turn around service. Now, however, a day trip can only be accomplished if one flies at least one way. The reduction in service has also had the effect of jeopardizing the availability of emergency medical service. There are about 25 - 30 days a year when wind, fog or snow prevents planes from reaching the community. If an emergency should arise now during one of those periods, the ferry is simply less available as an alternative. Any further reductions in service to Ketchikan would seriously impact Metlakatla.

PRINCE OF WALES ISLAND

Prince of Wales Island is the largest island in Southeast Alaska. It is the site of five incorporated municipalities: Craig, population 1200; Klawock, population 600; Hydaburg, population 500; Thorne Bay, population 400; and Kasaan, population 100. In addition, Prince of Wales Island hosts several other unincorporated communities, villages, and logging camps. They include: Rowan Bay, Hobart Bay, Camp Island, Whale Pass, Dolomi, Port Alice, Chomley, Dana Bay, Shoal Cove, Notaki, Labouchere Bay, Coffman Cove, Polk Bay, Point Baker, Port Protection, Long Island, Warm Springs, Bell Island, Waterfall, and Steamboat Cove.

The residents of Prince of Wales Island apparently have not been informed of the State's recession. Existing industries on the island are going strong and local economies are experiencing something of a "mini-boom". Timber prices have begun to rebound which has made harvesting profitable again. In addition, both regional and village native corporations have extra incentive at this time to set aggressive logging schedules in order to take advantage of their ability, for another four years, to sell operating losses. The summer commercial salmon fishing industry is doing extremely well in the southern panhandle and is expected to continue on an up cycle.

In addition, communities on Prince of Wales are pursuing very aggressive economic development plans. A black cod bottom fishery is just beginning to turn the corner in Craig and Klawock. This past winter, over forty boats took part in the opening. Several areas along the west coast of the island have been identified as the best potential areas for mariculture of salmon, oysters, and seaweed. Additionally, several mining companies have been conducting tests and taking samples for a variety of minerals along some of the island's interior roads. Prince of Wales Island has the most extensive road system in Southeast Alaska. As such, it received a great deal of camper/RV/trailer use during both the summer tourist season and the fall hunting season. In addition, this summer two cruise ships a week will off-load tourists for a two-hour tour of Klawock and the surrounding area. This will be the second summer cruise ships have visited Prince of Wales Island.

Obviously, the communities of Prince of Wales depend a great deal on the AMHS to provide transportation and freight to their thriving economies. All economic development efforts, as well as existing industries, would not function without the AMHS. The cold storage in Craig, a major employer, sends all its fish to Ketchikan via ferry, both summer and winter. They already use the service to capacity. A loss or

reduction of service for the cold storage does not just mean more expense; it means the potential loss of the business itself. Quality is the single most important factor. Fresh fish must be processed and transported as quickly as possible. There exists a fear in Craig that if ferry service is reduced, off-shore processors and tenders will move into the area to service the fishermen on the fishing grounds, and that the Craig cold storage will be by-passed completely.

The lumber camps are supplied almost excusively by the ferry. Five refrigerator vans and four dry vans of groceries come onto the island every week via the ferry. All logging equipment, materials, parts, and supplies arrive by ferry. Forest Service vehicles come by ferry. Nearly all motorized vehicles on the island come and go via the ferry. In 1985 15,881 passengers and 4,739 vehicles embarked at Hollis. 16,591 passengers and 5,116 vehicles disembarked

Mail also arrives by ferry, as does an annual convoy of state road equipment. There is no doctor or dentist on the island, so patients must go to Ketchikan, as do participants in local alcohol rehabilitation and mental health programs. The ferry system is also heavily used by the island's senior citizens. Of course, the residents rely upon Ketchikan for regional shopping for all goods and services not available on the island, and the ferry is the chief mode of transportation.

Residents of the island have long been of the opinion that they are under serviced by the ferry system, and recent developments have not seemed to help. A facility upgrade at Metlakatla last summer now prevents the state's smallest ferry, the Chilkat from docking there. The Chilkat had regularly serviced Metlakatla. As a result, the Chilkat has been switched over to the Ketchikan-Hollis run, and the larger ferry, the Aurora, is utilized for the Metlakatla run, except for Tuesdays, when it goes to Hollis. So the Chilkat serves Hollis approximately six days a week. But it is seriously undersized for the daily trip across Clarence Strait. As a result, many of its trips are delayed or cancelled due to adverse weather and sea conditions. Further, because the Chilkat has such limited vehicle capacity (15 vehicles), competition is fierce for the Tuesday sailing on the Aurora. The situation has caused problems, inconveniences and added expense this past winter.

The real concern, however, is that even without any reduction in service from budget cuts, service to the island may not be adequate to support the burgeoning economy. The situation appears to be a lost opportunity for the ferry system, as well. The demand for service is there, almost all of it freight, which should make the run highly cost-effective for the ferry system. The residents hope the situation can be improved soon, as they must depend on consistent reliable ferry service - at least at the current level.

WRANGELL

The City of Wrangell is located on the northern tip of Wrangell Island, 89 miles northwest of Ketchikan. Its population as of July 1, 1986 was 2376. Bordered by Zimovia Strait, Wrangell is situated near the mouth of the Stikine River, which reaches into the Canadian interior. As the Stikine developed into a gateway for trappers and prospectors, the northern tip of Wrangell Island became a strategic location that was the key to Wrangell's early development as a military outpost, a fur trading center, and an outfitting, support and entertainment center during three successive gold rushes. Changing interests led to several boom and bust cycles in Wrangell's early history.

Today, Wrangell's economy is structured around harvesting and processing renewable resources of the area. The Alaska Lumber and Pulp sawmill employs up to 100 workers and is Wrangell's largest private employer. Fishing is Wrangell's other major resource based industry. More than 100 residents fish commercially, and for about half of these, fishing is their principal source of income. There are two seafood processors in Wrangell, with a combined workforce of about 100 workers during peak processing months each year. Most of the fish processed in Wrangell is canned, but there is an increasing demand for fresh fish. Presently, fresh fish is flown out of Wrangell, though the entire halibut harvest in 1986 (620,000 lbs.) was shipped via ferry. Expanded use of ferries for the shipment of fresh fish south is foreseeable, especially if jet service to Wrangell is suspended.

Recently, Wrangell has begun a conscious shift to develop its tourism potential. They are trying to encourage people to discover the unique attractions of Wrangell, including its petroglyph beach, access to the Stikine River and the hot springs, Chief Shakes Island which is home of many totems and carvings, and their 2 annual community festivals - Tent Days and the 4th of July. The ferry system plays an important role in tourism development and is viewed by Wrangell businesses as a key ingredient for the future. Wrangell, along with a number of other Southeast communities is currently engaged in a promotional campaign to lure the "independent traveler" back to Southeast. The "independent traveler" is seen as the person who eschews both group trips and package tours. Studies have shown that a high percentage of independent travelers choose the ferry as their mode of transportation. Even now, Wrangell's Economic Development Director estimates that 40% of Wrangell's visitors arrive by ferry on an annual basis. Further, he advised that approximately 70% of the guests of the city's four hotels arrive via ferry. During

the summer, a steady flow of recreational vehicles disembark from the ferry and use the RV parking area provided free of charge by the City. Their average stay in Wrangell is 5 days, during which time they help support local businesses. Needless to say, any cut back in ferry service would severely curtail the most important aspects of Wrangell's tourism potential.

The ferries are used for close to 100% of student travel. A minimum of one group of Wrangell High School students travels each week of the school year to athletic events, Close-up, RSVP, band performances, or Native Education functions. The ferries are also important to the Native people of Southeast as a whole. Travel between southeast villages and communities to attend potlatches, 40-day parties, 'Celebrations' of heritage, and Native dance performances most often occurs by ferry.

Like Petersburg, Wrangell is presently threatened with a loss of jet service. Should this occur, the importance of the ferries would expand suddenly, and dramatically. Ferry travel for business and pleasure has become a way of live for Wrangell residents - a way of life which would be jeopardized by reductions in ferry service.

PETERSBURG

The City of Petersburg is a fishing community of 3252 permanent residents located on the north end of Mitkof Island where Wrangell Narrows meets Frederick Sound. By air, it lies halfway between Juneau to the north and Ketchikan to the south. Petersburg grew up around a cannery established by a Norwegian immigrant named Peter Buschmann. The cannery began operating in 1900.

Today, fishing and seafood processing continue to be the mainstay of the town's economy, though wood processing has also been important at times. During the fishing season the town's population swells by an additional 600 seasonal workers who are employed in the town's three processing plants. This does not count the fishermen themselves and their crew who make Petersburg their home base during the fishing season. Managers of the processing plants estimate that about half of the seasonal workforce arrives on the ferry and departs in the same manner. The ferry system is used to ship fresh fish south to Seattle. Last year, the second largest processor in Petersburg shipped more fresh fish in this manner than by air. The use of the ferries for the purpose of shipping fish product south (and for other purposes as well) may suddenly increase in the foreseeable future. Both Petersburg and Wrangell are presently threatened with the loss of jet service if the present federal subsidy of that service should end. Last year the number of passengers arriving by air and by ferry into Petersburg was about the same: approximately 15,000 passengers by each mode. Therefore, the amount of passenger traffic into Petersburg by ferry could possibly double unless some alternate type of airplane service is provided.

Presently, during the month of March 1987, ferry service to Petersburg consists of an average of three mainline stops per week, north and south. It also presently has two feeder stops/week, north and south. During the summer season, service expands to an average of six mainline stops per week, north and south. Feeder service remains about the same. In 1985 15,650 passengers and 3,650 vehicles embarked in Petersburg. 15,720 passengers and 3717 vehicles disembarked.

It appears that in the case of both Petersburg and Wrangell, the ferry system is often the preferred alternative for persons travelling to Juneau, Ketchikan or Sitka because of the relative cost. One way passenger fare from Petersburg to Ketchikan is $24 by ferry and $76 by air. One way fare to Juneau is $26 compared to $73 by air. To Sitka it is $16 by ferry and $69 by air.

The ferry system is also important to Petersburg in general ways. A significant amount of the food consumed in Petersburg arrives by ferry, viz. 25 - 30% of all produce, meat, and dairy products. As with virtually all other Southeast communities, it is heavily used for student travel. Petersburg school officials report that at least one group per week, averaging 30 students per group, travels on the ferry throughout the entire school year. 85 - 90% of all student travel is via ferry. Also similar to other Southeast communities, all third class and fourth class mail (parcel post) comes by ferry.

KAKE

Kake, Alaska is a Tlingit community of approximately 600 residents located on the Northwest end of Kupreanof Island in Southeast Alaska. Its direct ferry connections are to Sitka (8 1/2 hours) and Petersburg (4 hours). In addition to being linked to these two communities by air, it has two direct flights to/from Juneau daily.

Fishing and seafood processing provide the main economic base to the town's economy. It is a community where subsistence hunting and fishing are still an important part of life. Timber harvesting has been important, but recently, poor market conditions have forced operators to severely cut back or suspend operations altogether.

Kake is in the unique position of having three community links which are important to it. Petersburg, Sitka, and Juneau all play a role for Kake's residents. Of the three communities Kake is linked to, Petersburg has become the most important, mainly due to its close proximity and its one day ferry turnaround service. Residents go to Petersburg to purchase items not available in Kake, to take care of their banking needs as there is no bank in Kake, and to take care of general business which they can't do in Kake. In addition, Cuprenof Seafoods, the seafood processing company in Kake is under the same ownership as Chatham Straits Seafoods in Petersburg. There is frequent transfer of equipment between the two by ferry. All of the goods sold by the largest store in Kake (approximately 70% of all goods sold in Kake) arrive by ferry from Petersburg. Also the bookkeeping office of this store is in Petersburg. This relationship requires frequent travel of personnel between the two communities. The non-native residents of Kake generally travel to Petersburg for their medical and dental needs, as they are not eligible for service by the regional health corporation in Sitka. This travel is usually scheduled around ferry service.

Sitka is important as a regional health center for the majority of Kake residents, as well as a somewhat larger shopping center than Petersburg. Round trip travel to Sitka by ferry is difficult as the ferry usually arrives very early in the morning and does not provide same day, or even next day return service. The cost to fly back is $75, as opposed to $14 on the ferry.

Juneau maintains its importance as a regional shopping and service center with Kake. However ferry service to and from Juneau is even more difficult and expensive than Kake to Sitka. The ferry situation for Kake residents tends to add to their isolation.

As with all other Southeast communities served by the ferries, the school district utilizes the ferry system a great deal for school travel. The athletic teams using the ferry include basketball, volleyball, and wrestling. Other student organizations utilizing the ferry are RSVP, student dancers, and the student council. The principal of the high school stated that without a doubt, any reduction in ferry service would concomittantly limit activities.

In 1985, 3,490 people boarded the ferry in Kake; 3,421 people arrived in Kake by ferry. There were 830 vehicle arrivals and departures. As with all other smaller communities served by the ferries, travel to meet medical needs and travel by senior citizens is greatly dependent upon the ferries. Kake's general dependence on the ferry is such that it would suffer greatly by any overall reduction in service; indeed residents would like to see it expanded.

ANGOON

Angoon is a Tlingit Indian village located on the southwest side of Admiralty Island. By ferry, it is halfway between Juneau to the north and east, and Sitka to the west. Angoon is the only permanent community on the island, and is considered to be the most traditional of all Tlingit communities in Southeast. Angoon's 700 residents have, for the most part, maintained their subsistence lifestyle, though commercial fishing is important. Angoon consistently registers the highest level of unemployment in the state, as well as the lowest income per capita.

Angoon is served by one main store. This main store carries a large inventory of fresh produce, dairy products, and meats as well as dry goods, and a variety of other items. All fresh produce, dairy products, meats, and some frozen foods are supplied by the ferry. Prior to its weekly ferry service, Angoon had no fresh or frozen foods available. The cost of flying them in makes the consumer cost prohibitive.

Beyond its dependence on the ferries for all fresh and frozen food, there are other significant dependencies. All food for the Senior Citizens Lunch Program arrives by ferry. All building contractors operating in Angoon use the ferry exclusively to transport equipment and machinery. The ferry also allows for both students and adults to be involved in sports programs. Despite its small size, Angoon consistently produces quality sports experiences. Angoon always places well in the annual Gold Medal Basketball Tournament in Juneau, for example. The City of Angoon, incidentally benefits by serving as the local agent for the ferry system. The city receives a 7% commission on ticket sales. Last year these commissions totalled $12,000 or about half the salary of the municipal secretary. As with other Southeast communities, Angoon depends heavily on the ferries for student travel. Prior to the establishment of ferry service, this function was extremely limited. In addition, the community utilizes the ferries for a wide variety of cultural events, such as potlatches, and forty day parties (a wake forty days after the passing of a loved one).

In 1985 4,834 passengers and 458 vehicles embarked at Angoon. 5,212 passengers and 465 vehicles disembarked.

The people of Angoon appreciate the service they now receive, but express apprehension at a possible reduction in service, especially a reduction in winter service. It is during the winter that they are most dependent on the ferries. Winter weather in Chatham Strait can be most vexing.

Wind, waves, snow and fog each or together can and often do prevent planes from getting in or out often for days at a time. During such times the ferry is the only means of transportation. Additionally, Angoon's dependence on the ferries for food is somewhat greater in the winter as it is then out of season for fishing and hunting. Lastly, Angoon's barge service in winter is less frequent than in summer, by two weeks. Consequently, even goods that might otherwise be brought by barge are shipped by ferry. In winter, Angoon receives two vans (approximately 4,000 lbs) of produce, milk, and supplies by ferry each week. Angoon is a prime example of the rule that dependency on the ferry system rises as the size of the community decreases. In the case of Angoon, even a slight reduction of its present service would hurt. Angoon has already experienced some reduction of service and it has hurt. Last winter the Juneau turnaround was discontinued. This created difficulties in terms of the arrangement that had existed for getting groceries from Juneau.

SITKA

The City and Borough of Sitka, Alaska is located on the west coast of Baranof Island. It is home to 8200 people. The borough's boundaries also include a large portion of Chichagof Island. Sitka was Alaska's first capital and also served as Alaska's capital during Russian settlement. Sitka's rich Russian heritage makes it a favorite stop for tourists. The Sitka Summer Music Festival has become one of the nation's premier chamber music festivals. Sitka is also home of Sheldon Jackson College, Southeast's only privately owned and operated college, and one of only two in the state. In addition, Mt. Edgecumbe High School, the state's only public boarding high school is in Sitka, as is Mt. Edgecumbe Hospital, which provides health services to Southeast's Native population. Sitka is also home to Alaska's shortest and most unusual fishing season. The Sitka sac-roe herring fishery lasts just a couple hours, but involves over 50 teams of seine boats, power skiffs, spotter planes, and tenders, all packed into just a couple small bays and inlets.

Sitka receives both mainline and feeder service from the AMHS. In March of this year, it averages a little more than one stop/week, north and south by mainline ferries, and about three stops/week by the LeConte. In summer this changes to an average of more than two stops per week by mainline ferries and less than two stops per week, north and south by feeder ferries. In 1985 18,381 passengers and 3,536 vehicles embarked at Sitka. 18,463 passengers and 4,002 vehicles disembarked.

One run that is both convenient for the communities it serves and to Sitka's economy is the Saturday feeder turnaround. This ferry leaves Juneau late Friday afternoon and picks up passengers from Hoonah, Tenakee Springs and Angoon enroute to Sitka. It arrives in Sitka at 8:00 a.m., then sails at 4:00 p.m. on the return trip. This run allows the residents of the smaller communities an opportunity to buy supplies without having to spend money on hotels or air fares, which could make their whole trip uneconomical. It is important to Sitka's retail economy as it is the only winter "boost" for the town. Sitka's winter economy is stronger than some other communities largely because of this "turnaround" run.

This "turnaround" run is also key to some important human services provided by the Southeast Regional Health Corporation hospital in Sitka. The hospital serves Native people from all of Southeast, and the ferries are the primary means of transportation for all who do not live in Sitka.

The importance of the Saturday turnaround is demonstrated by the fact that until the service was cut this past winter, the hospital's operations were specially geared for the Saturday turnaround. It would be fully staffed by physicans and dentists for their patients who would arrive on that ferry. When the turnaround service was cut this past winter, patient visits decreased significantly.

The ferry system also serves Sitka in more general ways. The U.S. Postal Service delivers 25,000 pounds of mail each week to the city via the ferries. Nearly 100,000 pounds of meat, produce, and dairy products are delivered each week by the ferries to Sitka grocery stores. One grocery store in Sitka estimates that 40% of its groceries come by ferry.

The AMHS is thus important both as a major support to the local retail and tourist trade, and as the primary method of transportation for clients of regional human services that are provided in Sitka.

TENAKEE SPRINGS

Tenakee Springs, also known as Tenakee, is a small community of about 125 people located on the north shore of Tenakee Inlet on the east side of Chichagof Island. It is about equidistant between Sitka and Juneau, 55 miles either way, or about 45 minutes by air. It is well known for its hot springs. Indeed, the existence of the springs is the reason for its founding. Early prospectors and miners apparently discovered the springs, and began using it as a winter haven - a place to wait out the cold winters while taking advantage of the natural springs. Tenakee became a booming resort, complete with card rooms and pool halls. Later, several canneries operated in the area, with the last one closing in 1974. Today Tenakee is a significant retirement community, a seasonal home for some, and a fishing community. The extent to which it is a seasonal home is significant - of the 125 houses and cabins in Tenakee, only 64 are occupied year-round. Of the year-round population, it is estimated that 30% is over 60 years of age.

Tenakee has a special nostalgic appeal. It has no roads. The only vehicles in Tenakee are a fuel truck, a fire truck, and some ATVs. It is a safe harbor for those who would live apart from modern world. Life in Tenakee has been described as "like turning the clock back 40 years."

Tenakee has three private businesses: the Blue Moon Cafe, the Tenakee Inn and Bar, which offers ten rooms in addition to its food and beverage service, and Snyder Mercantile, a general store selling food, basic hardware, drug items, and fuel. Snyder Mercantile also has five cabins, with another four or five planned. Owners of the Inn and the cabins estimate that 85% of their customers travel to Tenakee by ferry. The expansion of Snyder Mercantile is based on the assumption of continued ferry service, especially continued weekend service from Juneau.

When ferry service was initiated less than ten years ago, its residents chose to limit loading capabilities to passengers only. No vehicles can offload at Tenakee. Thus, use of the ferry for freight purposes by the community is limited. However, its use for passenger transport is quite important. The residents depend upon the ferry for trips to Juneau and Sitka for shopping and medical care. The residents especially appreciate the availability and dependability of the ferry during the winter. Since Tenakee has no land based airstrip, all planes coming in must land on the water. Boarding float planes is quite difficult for some of the older people, as well as for the wheelchair-bound residents. Therefore these residents have a greater degree of reliance on the ferries.

The residents have found that the introduction of ferry service has not impaired their lifestyle. Indeed, they now rely upon it as their primary mode of transportation.

PELICAN

Pelican is a fishing community of 200 permanent residents located on the Northwestern corner of Chichagof Island. Fishing and seafood processing are nearly the whole of Pelican's economy. Pelican Seafoods is the primary employer. During the fishing season, Pelican's population doubles in size, partially due to the increase in Pelican Seafood workers and partially due to an increase in the fishermen themselves. Seven million pounds of seafood are processed in Pelican per year.

Pelican is not accessible to any other community by road. Juneau is Pelican's primary source of goods and services, though Sitka also serves that function. Pelican has daily scheduled flights from Juneau and scheduled flights three times/week from Sitka. Direct air time is 45 minutes from Juneau. One way air fare is $72 from Juneau, three times the cost by ferry. Pelican does not have a landbased airfield. Therefore, only seaplanes can land in Pelican.

Ferry service is very limited to Pelican. Only one ferry per month travels to Pelican in winter, and two per month in the summer. However, Pelican residents do depend upon it. Because of the town's location, it has more weather problems and planes have a more difficult time getting in and out than with communities on the inside of the Archipelago. Almost every winter Pelican experiences a period of a week at a time without air service due to weather conditions. Some residents expressed the opinion that even though the ferry probably serves more people in the summer, it is more important to them to have good ferry service in the winter, when fewer flights are getting in, and when they don't have access to local boats to take them to town.

There is only one general store in Pelican, owned by Pelican Seafoods. Prices are high in the store. Thus, local residents try to avail themselves of the once/month ferry service which delivers groceries and goods for about half the cost of the general store. There are three restaurants in town, two of which close in the winter. Two of the three restaurants receive all their food and supplies by ferry.

Ferry service is important to Pelican both for passenger transport and some vehicles. Equipment of both the City and school District is sent to Juneau for maintenance. As with all other communities served by the ferries, elderly people much prefer the ferries. It is very difficult for them to attempt to board seaplanes. Also as with other Southeast communities, ferry service is viewed as very important for student travel. All student travel is planned around the ferry schedule. Pelican cannot afford a reduction in service.

HOONAH

Hoonah, Alaska is a Tlingit Indian community (pop. 906) located on Chichagof Island, 3 1/2 hours by ferry from Juneau and 20 minutes by air. Hoonah is not presently connected by road to any other town or village. However, there is a logging camp of approximately 250 people at peak season two miles from town.

Hoonah's economy has changed from a subssistence way of life to a varied one where commercial fishing forms the economic base. During the past five years, logging has also become important. However, in 1987 the loading of logs on ships bound for Japan will cease. This will reduce the number of Huna Totem shareholders employed in the industry by 32. This loss will dramatically affect local employment.

Hoonah is now looking at ways to diversify their economy. Tourism is an option being explored as a means to stabilize the economy. People involved in the operations of the Inn, the Lodge, the restaurant, and the City all spoke of promoting Hoonah as an entry point to Glacier Bay. Hoonah is the closest community to Glacier Bay with ferry service. It is this service that would be essential to the development of tourism for Hoonah.

Presently, the ferry system is essential to the community in a number of ways. 100% of the community's fresh produce, eggs, and bread arrives via the ferry, and 50% of the milk and other dairy products. A total of 8,000 lbs. of food arrives each week destined for three stores, two restaurants, and two food co-ops. An additional 6,000 lbs. of food is delivered each week via the ferry when the logging and fishing seasons are in full operation. 5,584 passengers and 1051 vehicles embarked in Hoonah in 1985. 5,947 passengers and 1172 vehicles disembarked. Perhaps just as important as the transportation of food into town, is the transportation of fish out of town. 100% of the fish from Hoonah Cold Storage is shipped on the ferry. During the fishing season, every northbound ferry (bound for Juneau) is used for the transport of fish. In 1986 approximately two million pounds of fish were shipped in this manner. This year, a 30% increase is anticipated, due to an increased freezer capacity. A common concern voiced by the owners of restaurants and stores stems from their limited storage capacity. The growth of their businesses without a corresponding increase in their storage capacity has resulted in a greater dependence on the ferry system.

In addition to the essential functions of food and fish transportation, there is the normal function of people transport. Hoonah, with its small population, has little selection of clothing, and its selection of items such as furniture,

appliances, and building materials is almost non-existent. For these items and many others there is a significant amount of commerce by the Hoonah residents with Juneau. The ferries provide both the cheapest and most convenient method for the Hoonah citizens to do their regional shopping.

As with other southeast communities, heavy use is made of the ferries during the school year for the transportation of school children for athletic, cultural, and music events. 50% of student travel is by ferry. Most Southeast school events are planned around the ferry schedule. In a time of decreasing revenues to the schools, any significant decrease in ferry service would limit student travel correspondingly.

Significant use of the ferries is made by people in need of medical treatment. Hoonah has limited medical facilities and staff. People travel to Juneau or Sitka to visit the doctor, enter the hospital, get prenatal care, have a baby, get more diagnostic tests, etc. Indeed, unless an emergency exists, it appears that the vast majority of patients and attendants utilize the ferry rather than flying. The Southeast Regional Health Corporation provides vouchers for patient transport by ferry, rather than by air, whenever possible.

In questioning the local citizens regarding their use of the ferries, it was discovered that people who prefer to ride the ferry do so for three reasons: 1) cost. The regular roundtrip airfare from Hoonah to Juneau is $94. But roundtrip fare on the ferry is only $20 (winter rate), and senior citizens and children under the age of six can ride the state ferries for free. 2) safety and the fear of flying. Numerous responses were received citing this as the reason for using the ferry. 3) people can take their car, which makes it much easier to operate in a larger city. Hoonah's senior citizens use the ferry almost exclusively in traveling from Hoonah.

The ferry is also important in the transport of vehicles, machinery, and equipment in and out of Hoonah. Whitestone Logging utilizes the service to bring in trucks and heavy equipment, as does the Forest Service and the Huna Totem Corporation. This year the water line installation should be completed and the roads are scheduled to be paved. Equipment used for these projects is transported on the ferry. In general, all regular size vehicles coming into or going out of Hoonah will be transported by ferry.

Hoonah is a prime example of a community which has both a general and particular dependence on the ferries. The general dependence has to do with the overall transportation needs of a small, isolated community. The particular needs are the dependence on the ferry to transport food into Hoonah and fish out.

JUNEAU

Juneau, Alaska, population 29,370, is Alaska's state capital and third largest city. It is located on the mainland, but is not connected by road to any other mainland community. It's closest link to mainland travel is with Haines, 75 miles to the north.

The discovery of gold in Juneau was the basis for Juneau's early growth. For centuries before this discovery, Tlingit Indians had established and enjoyed a sophisticated culture in the area. However, Juneau's destiny changed dramatically in 1880, when Joe Juneau and Richard Harris found gold. Within a few years Juneau became a center for large-scale hard-rock mining. Three gold mines, the Alaska-Juneau (AJ), the Alaska-Gastineau, and the Treadwell Gold Mining Co. were established and became world renowned. Treadwell production peaked in 1915, but closed two years later due to a cave-in which flooded the mines. The Alaska-Gastineau folded due to high costs in 1921. And the AJ mining was halted by the war in 1944.

By the time the mines closed, the government had been transferred to Juneau, establishing Juneau as Alaska's capital. Government remains the focal point. Today government employs one of every two Juneau workers. As in other Southeast communities, fishing is important in Juneau. Tourism is an ever-expanding industry. In the summer of 1985, Juneau was the most visited community in Alaska by vacation/pleasure visitors and the second most visited commmunity by all visitors.

Each year Juneau's population goes through seasonal cycles. In the winter, as host to Alaska's Legislature, Juneau is home to people from all over Alaska who come here to take part in Alaska's government. In the summer, Juneau is a bustling city, entertaining visitors from all over the world.

Many of these visitors come to Juneau by way of the Alaska Marine Highway System. In 1985, the ferries transported more than 60,000 passengers to Juneau and more than 14,000 vehicles. Juneau receives more ferry traffic than any other community in Alaska. Many of these travellers are tourists, but many are people from outlying communities coming to town to avail themselves of the shopping, medical, social service, and other service opportunities which are not available in their communities. Juneau has become a regional trade and travel center for the northern panhandle. Because it is the only community in northern southeast with year-round jet service, residents from the smaller communities travel to

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Juneau to connect with jet flights going both north and south. But in travelling to Juneau from the smaller communities, the residents often prefer to use the ferry system because of its lower cost, safety, and dependability.

Juneau has the widest selection of available goods in Southeast due to its frequent barge, ferry, and air service, and its population base. There are also more doctors, dentists, and medical specialists in Juneau than in other Southeast communities. The Southeast Alaska Regional Health Corporation operates a regional clinic in Juneau; and an alcoholism treatment facility as well as a shelter for battered women and children, serving northern southeast are in Juneau. Juneau is also the regional headquarters for many organizations and government agencies including, the Forest Service, the Bureau of Indian Affairs, the Coast Guard, the Postal Service, and many others. In general, people from all over Southeast travel to Juneau to meet their shopping, business, and medical needs. Frequent and dependable ferry service is essential to this travel.

The movement of construction equipment to smaller communities from Juneau by ferry is extremely important. Many Southeast communities do not have paving equipment, asphalt plants, cement trucks, a sufficient number of dump trucks for projects, or good crane trucks to complete certain projects. Contractors from Juneau have the equipment and move it with them to the communities for projects such as water line installation, paving roads, and building projects. The ferry is the only practical way to move it.

As with other Southeast communities, student travel by ferry has become very important. 95% of the student's travel is by ferry. Students travel in groups of 10-60 to sports activities, music and drama festivals, and to debate and foreign language conferences. There is approximately one of these groups from Juneau-Douglas High School travelling in SE Alaska each week. Any reduction in ferry service would mean a corresponding reduction in student travel.

The Gold Medal Tournament is an annual adult basketball tournament in which most of the Southeast communities participate. It is held in Juneau and attracts approximately 1,000 people. The demand for ferry service at tournament time is so great that walk-on reservations must be made to get on the ferry bringing participants and spectators into Juneau. This event may seem minimally important, but it is the highlight of many communities' spring and has become a social tradition throughout. Angoon even closes its schools to coincide with tournament time. Gatherings such as this decrease the isolation people begin to feel after a long, cold winter.

Juneau to the smaller communities is equally important. Juneau receives approximately 16 27-ft. vans each week from the south, loaded with groceries, mail, and supplies. The desire for quick, frequent dependable service are reasons freight companies cited for ferry use. Juneau is served by barge lines once a week. Ferries arrive from Seattle or Prince Rupert 3 times a week. Ferries are off-loaded quickly, with vans heading for their destination upon arrival. With barge service it takes longer from the time the barge docks, to the loading and delivery of containers. There is no benefit to shipping on the ferry from Seattle or Prince Rupert if the frequency is no better than that of the barge. Thus, if the Seattle and Prince Rupert runs are reduced in the winter from 3 to 1 per week, the ferry system would loose more than the corresponding reduction in revenues; it would loose the business of those who use the ferry for its more frequent deliveries from the south. Foodland, a local store, uses the ferry exclusively in order to insure the freshest produce, milk products, and meat by getting deliveries twice a week. This is not possible by using the barge. Contractors, hospitals, the fishing industry, and the forestry industry use the ferry for its speedy delivery.

The movement of freight out of Juneau to the smaller communities is of growing importance. People in the smaller communities have become accustomed to diets of fresh produce, meats, and dairy products. The ferries are the only cost effective way of providing these items to some communities. Since many of these commuities are served by barge once every 4-6 weeks, a reduction in ferry service would severely limit the availability of these products. Other freight such as car parts, hardware, furniture, fishing gear, etc. make up the bulk of items for transport to the smaller communities. As it is now, the car decks of the feeder ferries are oftentimes too full to carry all the traffic needing transport. A cut in the service offerred by these ferries would increase this problem and the ferries may get into the undesireable position of prioritizing users of the system.

In general, the ferry's importance to Juneau is derived from the transport of tourists and Southeast residents from outlying communities into Juneau, and the transport of freight out of Juneau.

HAINES

The City and Borough of Haines (pop. 1847) is located 75 miles north of Juneau on Lynn Canal. It is 1/2 hour from Juneau by air and 4 1/2 hours by ferry. Haines is connected by road to the interior. Twenty-two miles up this road is Klukwan, a small Chilkat Indian Village with a population of 192. Klukwan has no businesses, so it relies totally on Haines for goods and services. Haines is a major entry point for land travel from Southeast Alaska into Canada or the Interior of Alaska, and from the interior to Southeast, Prince Rupert, and Seattle. This function, however, is only possible because of the ferry system. Despite the still recent completion of the Klondike Highway connecting Skagway to Whitehorse, Haines may still be described as the northern terminus of the Marine Highway System. It is the Panhandle's closest link to the rest of Alaska.

The Haines economy in the past ten years has often seemed to be reacting to the on-again, off-again attempts to keep the sawmill operating. Presently, the sawmill is not operating. Fishing has been an important contributor to the economy, but has recently been facing tougher times. Now the community is turning towards its tourism potential as a means of finally stabilizing the Haines economy. This effort has been helped a great deal by the publicity and attention which has been given to the annual fall eagle migration to the Chilkat River. Work on promoting the eagle reserve as a place to visit is progressing, and a visitor information center is under construction. In addition, other efforts are being made to promote Haines as a place to visit rather than just pass through. The underling key ingredient for Haines' tourism potential is its accessability by ferry. Without the ferries, Haines becomes simply a place at the end of a very long spur road.

It is difficult to overemphasize the importance of the ferry system to the Haines economy. For example:

(1) There are five hotels in Haines (a total of 128 rooms), with a gross income of $625,000. The owners of the hotels state that 90% of their business is derived from travellers on the Marine Highway System.

(2) Even though Haines has little more than a thousand residents, it has 11 restaurants, seven of which remain open year-round. The owners of the restaurants estimate that 80% of their business is derived from ferry travellers.

(3) There are are four automobile service stations. The operators of these stations state that 40% of their business derives from ferry traffic.

(4) In 1985 43,534 passengers embarked at Haines, and 13,454 vehicles. 40,867 passengers and 12,424 vehicles disembarked. In comparison, Juneau, which had the highest number of disembarkations had only 1,650 more vehicles disembarking than Haines.

It appears that when people drive down from the interior to connect with the ferry, they have a strong desire not to miss their connection south. And so they arrive early - early enough to need accommodations. Other examples abound of the importance of the ferry system to th Haines community:

(5) Approximately 1/2 of the food in the grocery stores arrives via the ferry; restaurants and bars receive all their supplies by ferry.

(6) Approximately 1/2 of the construction materials sold in Haines arrives by ferry.

(7) The ferry system itself has 27 employees in Haines; including two seasonal and one part-time.

Of all the communities of Southeast Alaska, it is clear that Haines is the most vulnerable and would be hurt the most by any significant curtailment in ferry service. The community has experienced a taste of the impact of ferry service reductions this winter. Last winter Juneau residents could conveniently travel via ferry for the weekend to Haines. This year, however, the schedule will not allow them to go to Haines and return for the weekend. The result is that some businesses in Haines have had their worst winter ever. Indeed, a tour company that had planned some group tours to the Haines area to enjoy the eagle migration had to cancel their plans due to the scheduling difficulties.

Apart from the aspects already identified, it appears as well that Haines is more dependent upon the ferry system than other communities in terms of social and cultural events. Haines is the site of the annual Southeast Fair. The fair, scheduled every year in August, has become a major event. Last year, attendance was approximately 8,000. And the ferries play a vital role. The event has become such a popular one for for Juneau residents (and those travelling

through Juneau) that demand for space far exceeds capacity. To their credit, managers of the system have cooperated by scheduling an extra run to Haines. The ferries carry horses, other animals, and exhibits as well as people to the fair.

While the fair may be the largest event, there are other cultural events and ongoing functions which depend on the ferries. The famous Chilkat Dancers of Haines use the ferries exclusively in their regional tours. They report that approximately 25% of their audience for Haines performances stem from the ferries. Also, there is an annual drama festival and competition in the summer which draws people to Haines by ferry.

As with most other communities served by the ferries, school travel relies greatly on the ferry system. 90% of student travel from Haines is via ferry. The purposes include travel to the annual music festival (this year held in Ketchikan) and a foreign language festival in addition to athletic events. Choosing ferry travel over air is a matter of safety more than cost, according to the high school principal.

Finally, but not least, there are numerous ongoing people services and functions which depend upon the ferries in a manner which makes life in this and other smaller Southeast communites more manageable. There are only two doctors in Haines, one of which also serves Skagway. There is no hospital. People from both communities depend on the ferries for transportation to Juneau for medical treatment unless an emergency exists. Also, periodic visits to Haines are made by a veterinarian, an optometrist, and a chiropractor, all of whom use the ferry as they carry with them a fair amount of equipment. And, twice a month both the Public Defender and District Attorney along with a judge come to Haines for judicial proceedings. They usually fly, but schedule their visits according to the ferry schedule as a backup. The local magistrate estimates that it would cost the state approximately $1500/day should those three people get weathered in. Of course, as with Skagway and Hoonah, many residents depend upon the ferry to be able to travel to Juneau for consumer goods which are simply not available in their community. It is cheaper, safer, and more dependable than flying.

In this study and report, it appears to a significant degree that the importance of the ferries rises in inverse proportion to the size of the community. Haines happens to be the one example which demonstrates the rule most dramatically. The ferries quite simply are a major factor, not just to the economy, but to the quality of life.

SKAGWAY

The City of Skagway is located at the northern end of Lynn Canal. The current population is 790. It is 93 miles north of Juneau, 45 minutes by air and 6 1/2 hours by ferry. Like a great many other places in Alaska, it has had its economic ups and downs, but Skagway's history appears to have peaks and valleys which are both higher and lower than perhaps any other. Soon after its beginning, and at the height of the rush to the Klondike gold fields, Skagway (combined with nearby Dyea) was the largest city in Alaska (pop. 8500). Of course when the boom turned to bust, the population declined rapidly. Skagway might have turned into a ghost town were in not for the construction of the railroad in 1899. Eventually the railroad became the mainstay of the economy, transporting ore from the Yukon to Skagway to be loaded on ships, and tourists and freight north to Lake Bennett and Whitehorse. But the iron mines closed in 1981 forcing the railroad out of business in 1982. This put the very life of Skagway in jeopardy. But the opening of the Klondike Highway connecting Skagway with Whitehorse has given the town new vitality.

Now Skagway concentrates almost entirely on tourism and the ferries are an important component of this economy. 230,000 people visited Skagway last year. Skagway's population doubles in the Summer in an effort to accommodate their visitors.

While the vast bulk of tourists come by cruise ship, it is the visitors who come by ferry who spend money in local restaurants, hotels, service stations and grocery stores. This is because food and lodging is included in the cruise ship package. Thus, the 36,000 visitors who came by ferry in 1986 are an important component to these Skagway businesses. And, to an increasing degree, this component is not restricted to the Summer period. Skagway is working hard at encouraging Juneau residents to travel north for winter breaks. Since this winter is the first winter that the road to Whitehorse has remained open, visitors are being encouraged to come to Skagway for cross-country skiing or to go to Whitehorse. Due to the winter opening of the road, those business remaining open all report increased winter business. Of course, the ferries play an important role in making the increased winter traffic possible.

The opening of the road also means that tourists traveling north with their car now have the option of disembarking at Skagway. Thus, Skagway now joins Haines as an entry point for travel to the interior and Canada. The 1985 Port Traffic Summary Data indicates that 29,577 passengers and 5,731 vehicles embarked from Skagway. 31,522 passengers and 6,402 vehicles disembarked. Presently, (March 1987) Skagway receives four main-

line ferries/week, and one visit by the Le Conte. In the summer, service increases to five mainline ferries while service by the Le Conte remains about the same.

Like other Southeast communities, Skagway depends on the ferry system for its basic transportation needs. The ferry offers a low-priced, dependable means of transportation to Juneau with its greater selection of consumer goods and services. Since Skagway is situated in a narrow valley with steep mountains on either side, it receives winds from the north, especially in winter, which are severe. The winds make flights into Skagway uncomfortable and at times impossible. The ferry offers a dependable option. Most people schedule their departures according to the ferry schedule, so that even though they may plan to fly, they will not be stranded by a flight cancellation.

Skagway's health professional is a Physician's Assistant, with a doctor from Haines visiting once every two weeks. The ferry is an important link between Haines and Skagway for the transfer of medical supplies, drugs, and personnel. If people need more medical services than are available in Skagway, they usually travel to Juneau, and often by ferry.

Given the recent efforts by Skagway businesses to attract winter business, buoyed by the opening of the road for winter traffic, people in Skagway are naturally disheartened at the prospect of decreased ferry service. For it is the current level of ferry service which largely makes it possible for the winter business to grow. That is, the appeal is being made to Juneau residents for a winter foray to Skagway and Whitehorse, and such a visit by car necessarily involves use of the ferries.

V.

RECOMMENDATIONS AND FINDINGS

RECOMMENDATIONS AND FINDINGS

The intent of this section is to provide a helpful perspective of ways to improve our Alaska Marine Highway System (AMHS). We intend no offense. Indeed, this section, like each of the others is to lend assistance.

From the beginning, the goal of the AMHS has been to allow residents of Southeast access to the same transportation opportunities as those residents of areas on maintained road systems. The service has been treated fiscally as lump sum appropriations, turned over to an administrator for disbursement, much like other passthrough programs such as Education Foundation, Municipal Assistance, and Revenue Sharing. But there is a major difference: school districts and local governments statewide are not able to meet their own funding needs. For that matter, neither is the State's land based highway system. But the AMHS on the other hand, is entirely capable of providing most of its own revenues. It has in the past, and studies indicate that the system has the potential, in the short-term (within five years) to provide from 55 to 60 per cent of its operating costs through system receipts.

This potential, however, is dependent upon the continuation and expansion of service. The system generates no revenues sitting off-line at dockside, and in some cases may cost the system more than when operating and generating revenues. The system is a long way from realizing its revenue potential. The solution, however, does not lie in a change of schedule or reduction of service. It lies in necessary changes to the delivery of those services, specifically day-to-day operation, manning requirements, public perception, and management. The following are some areas revealed during this study where significant improvements could be made:

(1) Advisory Board

Foremost among our suggestions is that the Legislature and Governor form a small advisory board to work with the AMHS to develop goals and implement strategies over the next three years. This recommendation cannot be overstated. The board could well serve as the ingredient necessary to make the AMHS the paradigm of marine transportation and the backbone of economic development. The small board should be comprised of transportation and marketing professionals, legislators, and users.

(2) Vessel Lay-Up

One item that should play an important role in the decisions on funding levels are vessel lay-up costs and the amount

of time vessels spend in port for maintenance. Here is a listing of overhaul costs per week for each vessel, shown as a percentage of its weekly operating costs:

Aurora - 51.4%	Tustemena - 65.5%
Chilkat - 82%	Bartlett - 90.8%
LeConte - 49.8%	Columbia - 71.1%
Matanuska - 66.1%	Malaspina - 42.9%

Lastly, the Taku has a percentage of 50.3%.

If you accept the validity of the 1984 Task Force Report that the system could be providing 55 to 60 per cent of its own funding within five years, then only on the Malaspina would it cost significantly less to lay-up for maintenance than to operate. Further, the time periods for lay-ups for maintenance seem to be excessive. They range from a five week maintenance period for the Chilkat to 19 weeks for the Columbia. By contrast, the cruiseship Stardancer lays up for 8 days per year. All other maintenance is done on board, during operation.

Our recommendation is that the Legislature and Governor establish a five year series of attainable revenue goals as a percentage of operating cost, and that these goals be evaluated along with actual experience prior to each fiscal year appropriation. In this manner, the Legislature can encourage the system to eliminate those areas of apparent excess cost, such as the maintenance time on vessels.

(3) Inventory Control and Purchase of Provisions

Perhaps the most common complaint has been the warehousing of supplies, especially foodstuffs, and the system's inability to track those provisions. We came across a report dated August 4, 1983 from Gerald Wilkerson to members of the Legislative Budget and Audit Committee regarding an audit of AMHS warehouses in Seattle and Juneau. The State Accounting System (SAS) records for the inventory at the Seattle warehouse showed the Seattle inventory at $230,621.49; while the warehouse records showed inventory at $87,161.18, a difference of $143,460.31. Acting Deputy Commissioner Eugene Black attributed the discrepancy to inadequate reconciliation procedures between the AMHS warehouses and the State Accounting System. Indeed, there were consistent diferences between other AMHS records and the SAS. The Seattle finding stands out, however, because of Governor Sheffield's AHMS Task Force, which was conducting its ispections during the same general time period. In its official report dated April, 1984, the Task Force had the following to say about its inspection of the Seattle warehouse:

Stardancer goes South!

> The warehouse space at Pier 48 currently leased by the system is not being utilized to its fullest capacity. In addition, the main warehouse is disorganized with little control in effect. Both front and rear doors to the main warehouse were open with vehicles entering unrestricted. There appears to be excess warehouse capacity and minimal control of the main warehouse area.

In the same audit report, Wilkerson also points out another shortcoming that we feel warrants immediate attention. Wilkerson states:

> Juneau warehouse records do not provide historical detail of inventory transactions which would show all purchases, adjustments, and issuance of inventory items. By not having this detail, the disappearance of inventory and subsequent adjustment of records could go undetected.

Black responded that "the data processing program purchased for use at the warehouse does not have the capability of keeping transactions by item."

We are aware that the management is reviewing these cost saving measures. Our recommendation on this matter is that the Legislature and the Governor direct the AMHS to pusue "shipside" purchase of Provisions. That is, shifting to a system of little or no inventory. The benefits are several. There seems little justification for the amount of space currently being payed for in Seattle, especially if supplies were to be purchased "shipside". Inventory could be more easily tracked because everything purchased would actually make it onto the ship rather than be warehoused. It would also allow Alaska dollars to stay in Alaska, and help to support local economies along its routes, plus build a stronger relationship with the business community. An additional effort should be made to evaluate the current procedures for the purchase of fuel by AMHS. This particular purchasing strategy needs a review beyond our budget and timetable. However, it is equally important and seems to be an area which has been neglected. It is a complex question and entails cost comparisons of food purchase alternatives and warehouse efficiencies.

(3) <u>On-Shore Ship Services</u>

The system seems to have little or no control over docking costs, and certainly no consistency in approach. One

community charges the system $600 every time they tie up a boat, while another community provides the service gratis, in recognition of the importance of the ferry to the community. We do not suggest there is no reasonable explanation, we simply do not have one. A similar problem exists with on-shore agents at the various ports of call. Some are AMHS employees, some are contract agents. Some are dedicated to their work and represent the ferry system very well. They keep regular office hours, sell tickets, meet ships, help with tie-ups etc. Some (more likely to be contract agents) keep minimal staff and minimal office hours, do a poor job on-shore costs (such as tie-ups) that are billable directly to the AMHS, do not present a good impression to passengers, and collect a higher percentage of ticket sales than do travel agents.

Our recommendation is that the Legislature and Governor direct the AMHS to determine the most cost-effective method of handling on-shore services, and further direct that those costs and methods should be as consistent as possible throughout the system. Further, that the system should function within a strict set of guidelines to ensure a consistent level of service at a consistent cost.

(5) Ferry Freight

We found a tremendous dependence by some businesses on the ferry system for freight service, but also received many complaints regarding practices on the cargo deck that often cause inconveniences to clients. There was expressed to us a feeling that the AMHS did not consistently recognize the importance of their commercial clients as a source of revenues. One example given is that the system does not enforce its prepayment requirement on vehicles. The result is that commercial opportunities are lost when a passenger vehicle cancels, because there is no incentive for the person cancelling to notify the AMHS. There is then no opportunity for the space to be filled, though there may be a commercial carrier who would desire the space.

Our recommendation is that the Legislature and Governor instruct the AMHS to consider methods of maximizing revenues from commercial freight users through adjustments in scheduling or lay-up schedules so as to "cater" to commercial clients during periods of high freight volume, such as those noted in the community sections of this report.

(6) Promotion and Marketing

The AMHS is the largest public water transportation system in the United States. Southeast Alaska is one of the nation's major tourist destinations. In a recent survey, 58 percent

of all respondents identified the ferry system as their preferred method of travel to Alaska. Yet until just four months ago, very little effort was made at promoting the system "outside", and even less within Alaska. If the AMHS is to survive without dramatic reductions in services, major sources of revenue have to be identified. There is very nearly unlimited potential for "selling" the system, but several changes do need to occur to realize its tourism potential. We believe this can occur in concert with private enterprise, particularly during the winter months.

Our recommendation is that the Legislature and Governor instruct the AMHS to actively pursue changes within the reservation system that will expedite that system. Areas to be considered should include contracting out the reservation function or the training of the staff to experienced professionals within the travel industry; transferring reservations onto one of the major airlines computer systems so that no extra equipment would be needed by travel agents to write tickets for the ferry system; increase the commissions on tickets to at least minimum industry standards; actively recruit and pursue private/public partnerships in the marketing of the system; work closely with the State Division of Tourism for promotional purposes; initiate efforts to improve the impression the system presents at its Seattle and Prince Rupert terminals; provide training to employees in public contact positions, both on-shore and on-ship. Finally, the Legislature and Governor should urge the management and employees to help realize its potential.

(7) Operations

This brings us to our final "operational" recommendation, and the most common issue we found among systems users. We recommend that the AMHS conduct a thorough, comparative review of all contract provisions with organizations representing employees of the system. Further, that special attention be paid to provisions relating to manning requirements, seniority, training programs, assignment of duties, annual leave, sick leave, penalty and overtime compensation, ship-based versus shore-based compensation and benefits, call-out practices, and residency requirements. The various contracts should be consistent in the different provisions. In addition, a similar review should be conducted of the cost of administering the system, and appropriate recommendations made. The findings and recommendations of this contract review and the administrative review should be implemented at the earliest opportunity, in order to help stabilize the system's operating expenses at a level that will assure continued Legislative support. The labor forces of the AMHS are the element primarily responsible for the successes of the system and

maintaining its effectiveness through recent turmoil. They must be full partners in meeting the current challenges.

The conclusions reached by our research lead us to believe that much of the expense in operating the AMHS is not inherent in the ferry service itself. It appears rather to be entrenched in the delivery of that service by the AMHS. Ferry loads are adequate and the system is being used. For that reason, every effort should be made to avoid a reduction in actual service. By the same token, it is imperative that every effort be taken to encourage the system to streamline its delivery of service in an effort to increase revenue, without sacrificing its committment to basic transportation needs of all Southeast residents. It would be truly unfortunate if any reduction in funding should result strictly in a commensurate reduction in service without regard to other areas of the system. We see the decisions made this session as decisions affecting the entire future of the AMHS.

We feel strongly that there are quantifiable ways of both reducing the cost of operation, and at the same time increasing revenues. We urge your support of funding levels that will guarantee the continuation of the essential service level currently being provided by the AHMS. By the same token, we implore you to adopt an aggressive handling of the system's managerial and operational deficiencies. <u>On no level of management theory have we found justification for allowing a billion dollar infrastructure to sit idle</u>. It would be a questionable business decision to do so, and absolutely unacceptable as a matter of public policy. We urge the legislature and governor to fund the AMHS for FY 88 at a level of 62.6 million, and to adopt intent language that service levels be maintained. Since this is the first year of the session, we would also encourage the governor and the legislature to set some General Fund net operating goals for the AMHS for FY 88. A report from management on the status of that effort, with specific citations, should be requested for delivery to the Legislature by the first day of April, 1988.

Thank you for your consideration. We believe that a strong directive from the legislature and Governor to the management of the AMHS, combined with a maintenance level appropriation for FY 88, can assist the AMHS to make great strides toward ensuring that the system will continue to provide adequate levels of service to the State in the future. We do not pretend or suggest that all of our recommendations are absolutes. There is no claim that we have all the answers, but we believe in the viability and future of the ferry system.

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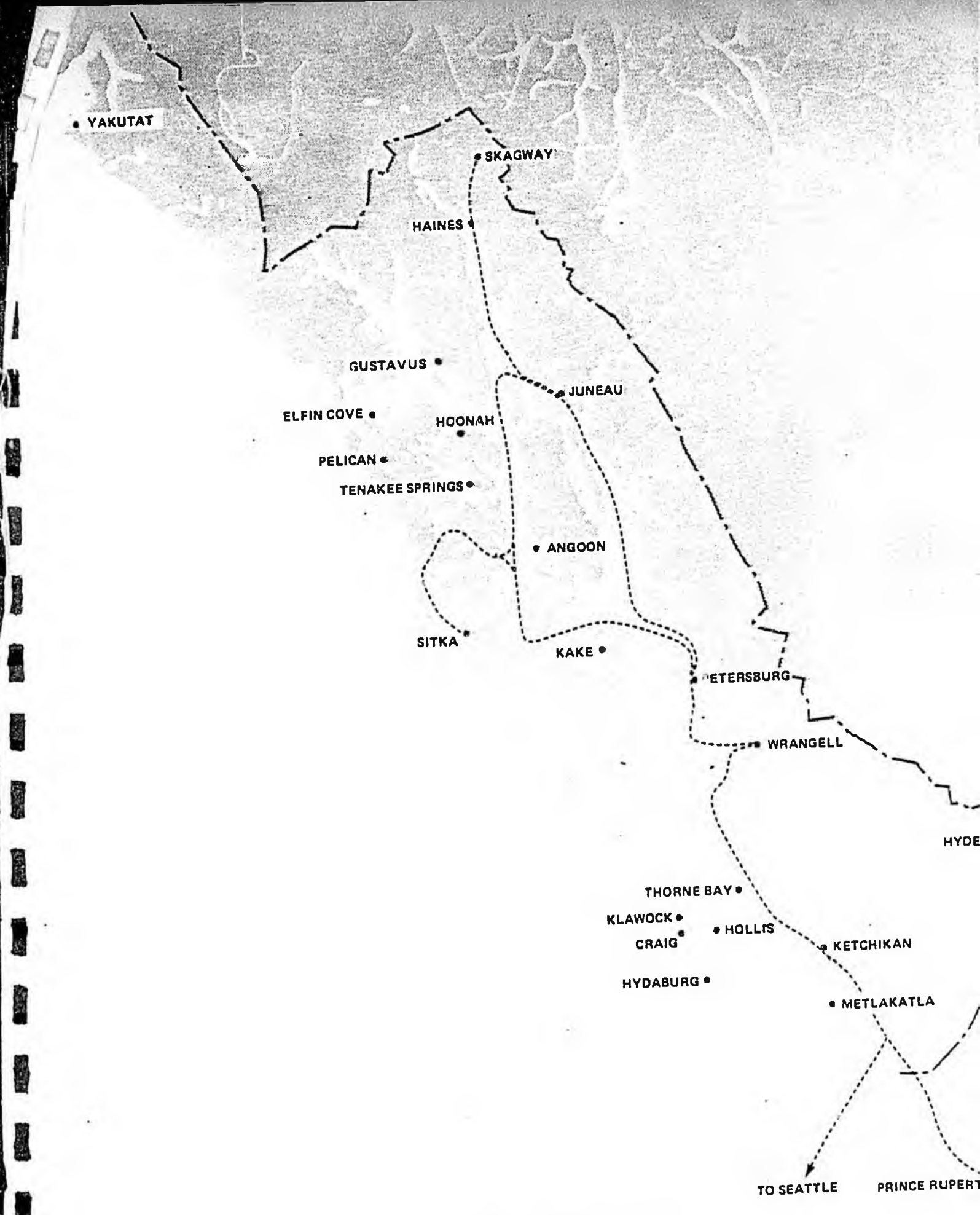
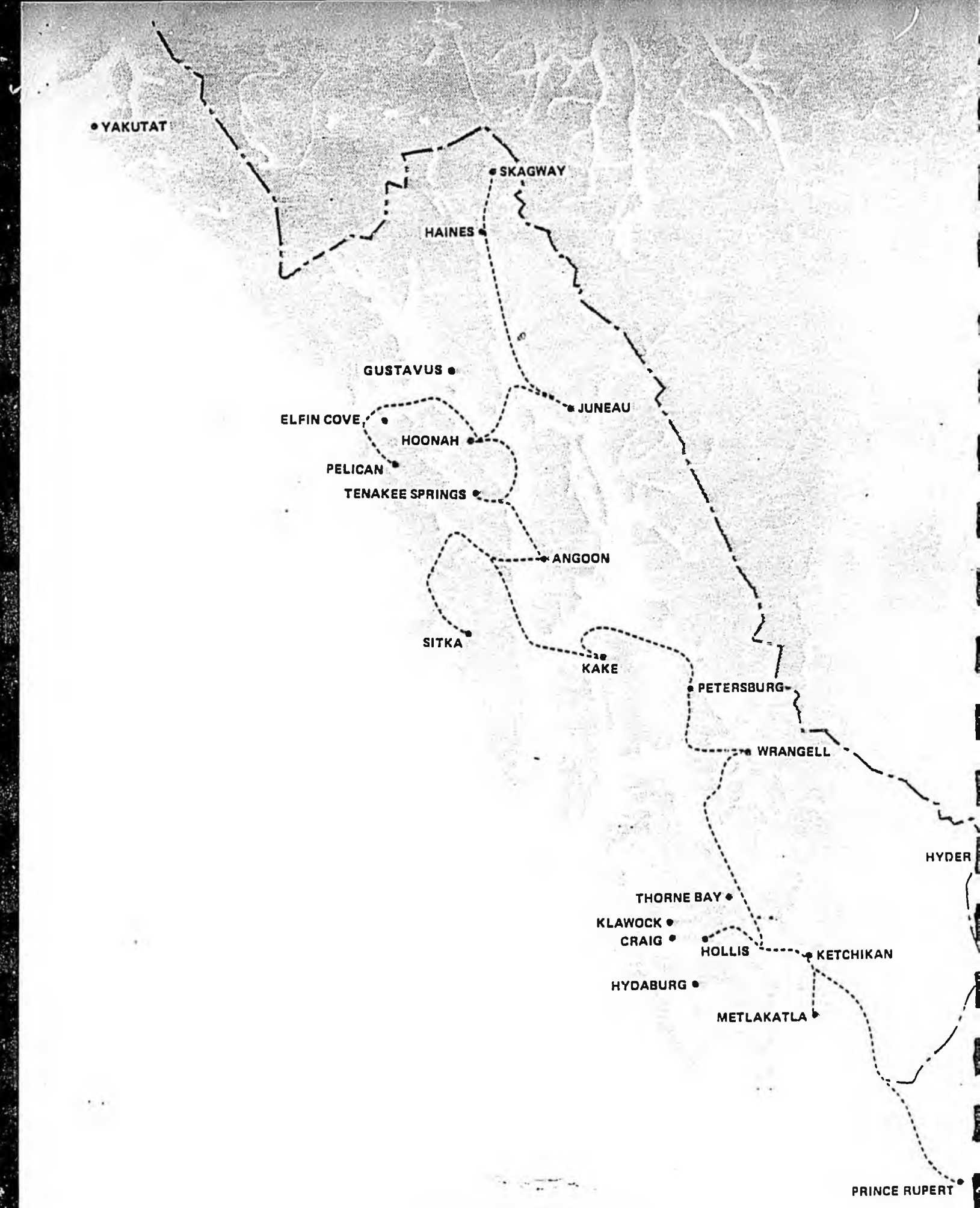
VI.

APPENDICES



MAINLINE FERRY ROUTES



FEEDER FERRY ROUTES

TABLE 1

FERRY SERVICE FOR SOUTHEAST ALASKA
MARCH 1987

	Mainline		Secondary	
	Northbound Stops	Southbound Stops	Northbound Stops	Southbound Stops
KETCHIKAN	14	13	21	23
WRANGELL	14	13	0	1
PETERSBURG	13	13	6	7
SITKA	5	5	12	14
JUNEAU	14	14	17	18
HAINES	14	14	5	5
SKAGWAY	14	14	5	5
METLAKATLA			26	27
HOLLIS			22	22
KAKE			6	10
ANGOON			10	12
TENAKEE			9	9
HOONAH			9	12
PELICAN			3	3

Note: Hyder does not receive service during the period of the winter schedule.

TABLE 2

AVERAGE WEEKLY SERVICE FOR SOUTHEAST ALASKA

MARCH 1987

	Mainline		Secondary	
	Northbound Stops	Southbound Stops	Northbound Stops	Southbound Stops
KETCHIKAN	3.16	2.93	4.74	5.19
WRANGELL	3.16	2.93	0	.23
PETERSBURG	2.93	2.93	1.35	1.58
SITKA	1.13	1.13	2.71	3.16
JUNEAU	3.16	3.16	3.84	4.06
HAINES	3.16	3.16	1.13	1.13
SKAGWAY	3.16	3.16	1.13	1.13
METLAKATLA			5.87	6.09
HOLLIS			4.97	4.97
KAKE			1.35	2.26
ANGOON			2.26	2.71
TENAKEE			2.03	2.03
HOONAH			2.03	2.03
PELICAN			.68	.68

Note: Hyder does not receive service during the period of the Winter schedule.

TABLE 3

FERRY SERVICE FOR SOUTHEAST ALASKA
JULY 1987

	Mainline		Secondary	
	Northbound Stops	Southbound Stops	Northbound Stops	Southbound Stops
KETCHIKAN	26	27	36	34
WRANGELL	26	29	0	0
PETERSBURG	27	29	4	4
SITKA	11	9	8	[illegible]
JUNEAU	28	26	14	[illegible]
HAINES	26	25	10	[illegible]
SKAGWAY	26	26	10	[illegible]
METLAKATLA			26	25
HOLLIS			30	30
KAKE			4	4
ANGOON			8	9
TENAKEE			8	5
HOONAH			14	10
PELICAN			2	2
HYDER			5	5

TABLE 4

AVERAGE WEEKLY SERVICE FOR SOUTHEAST ALASKA

JULY 1987

	Mainline		Secondary	
	Northbound Stops	Southbound Stops	Northbound Stops	Southbound Stops
KETCHIKAN	5.87	6.09	8.13	7.67
WRANGELL	5.87	6.54	0	0
PETERSBURG	6.09	6.54	.90	.90
SITKA	2.48	2.03	1.81	1.81
JUNEAU	6.32	5.87	3.16	3.16
HAINES	5.87	5.64	2.26	2.26
SKAGWAY	5.87	5.87	2.26	2.26
METLAKATLA			5.87	5.64
HOLLIS			6.77	6.77
KAKE			.90	.90
ANGOON			1.81	2.03
TENAKEE			1.81	1.13
HOONAH			3.16	2.26
PELICAN			.45	.45
HYDER			1.13	1.13

TABLE 5

ALASKA MARINE HIGHWAY SYSTEM PERSONNEL BY COMMUNITY
(Also showing onboard personnel by union membership)*

	ONBOARD				
	IBU	MM&P	MEBA	SHORESIDE	TOTAL
JUNEAU	158	9	8	101	276
KETCHIKAN	245	19	19	11	294
HAINES	17	1	2	7	27
SKAGWAY	3	1	1	5	10
PETERSBURG	7	1	1	2	11
WRANGELL	2	0	0	2	4
SITKA	5	0	0	2	7
CRAIG	4	0	0	0	4
HOLLIS	0	0	0	2	2
HYDABURG	1	0	0	0	1
THORNE BAY	1	0	0	0	1
HOONAH	0	0	0	1	1
ANGOON	1	0	0	0	1
HYDER	1	0	0	0	1
AK NOT SE	71	10	8	15	104
NON-RESIDENTS	39	27	52	16	134
	555	68	91	165	878

Note: Figures include seasonal and part-time employees

* IBU = Inland Boatmen Union
MM&P = Marine Mates & Pilots
MEBA = Marine Engineer Beneficial Association

TABLE 6

PORT TRAFFIC SUMMARY FOR SOUTHEAST ANNUAL 1985

PASSENGERS EMBARKING

MON	SEA	KTN	WRG	PSG	JNU	HNS	SGY	SIT	YPR	PEL	HOL	KAE	ANG	TKE	HNH	MJF	MET	TOT
JAN	1006	2859	410	715	1977	1341	396	768	673	25	727	210	366	84	292	0	740	12589
FEB	973	2225	330	786	2256	1253	397	1167	530	29	746	464	497	86	382	0	402	12523
MAR	1532	3162	345	751	3483	1550	546	1079	1052	59	1172	220	336	105	318	0	636	16346
APR	1567	2658	367	804	3758	1811	912	1051	1459	63	1098	208	288	120	319	0	0	16483
MAY	2108	3834	450	1219	5201	2862	2146	1463	2260	70	1214	352	488	109	421	240	475	24912
JUN	2623	6385	910	2040	7508	5293	4565	2460	6150	70	1775	408	497	130	561	240	697	42312
JUL	2097	7576	1210	2627	11060	9049	8137	3247	7977	166	1731	337	326	167	522	0	486	56715
AUG	2331	8068	1395	2577	11011	9949	6899	2904	5761	79	2355	350	486	202	576	0	538	55481
SEP	1267	4952	706	1634	4828	4379	3273	1425	1674	159	1614	238	306	66	343	0	394	27258
OCT	1135	3317	476	879	3474	2528	1477	1109	864	22	904	208	257	99	482	0	527	17758
NOV	876	2804	437	730	2816	1647	418	728	645	36	1134	223	453	157	678	0	404	14186
DEC	856	3410	534	888	3267	1872	391	980	522	47	1411	272	534	159	690	0	675	16508
TOT	18371	51250	7570	15650	60639	43534	29557	18381	29567	825	15881	3490	4834	1484	5584	480	5974	313071

VEHICLES EMBARKING

MON	SEA	KTN	WRG	PSG	JNU	HNS	SGY	SIT	YPR	PEL	HOL	KAE	ANG	TKE	HNH	MJF	MET	TOT
JAN	384	645	90	138	509	423	103	130	302	2	175	44	38	0	33	0	153	3169
FEB	490	595	80	128	508	363	101	131	270	6	198	68	40	0	41	0	115	3134
MAR	638	916	100	174	768	447	120	212	547	6	342	43	42	0	68	0	195	4618
APR	549	747	103	193	793	590	145	199	662	10	340	83	33	0	60	0	0	4507
MAY	591	1090	143	306	1283	886	419	266	898	5	370	63	36	0	106	0	131	6593
JUN	566	1632	284	510	1763	1548	881	506	1681	4	529	86	35	0	97	0	163	10285
JUL	438	1991	297	678	2341	2678	1457	639	1913	15	530	80	26	0	105	0	148	13336
AUG	519	2121	278	582	2259	2786	1216	551	1423	5	692	76	46	0	101	0	146	12801
SEP	338	1449	156	352	1333	1516	691	321	571	10	552	62	36	0	83	0	154	7624
OCT	436	1117	142	251	966	1028	370	230	389	2	347	79	41	0	134	0	176	5708
NOV	457	750	122	190	731	599	116	179	307	4	386	82	47	1	127	0	93	4191
DEC	368	768	99	148	723	560	112	172	231	5	278	54	38	4	96	0	158	3814
TOT	5774	13821	1894	3650	13977	13424	5731	3536	9194	74	4739	820	458	5	1051	0	1632	79780

PASSENGERS DISEMBARKING

MON	SEA	KTN	WRG	PSG	JNU	HNS	SGY	SIT	YPR	PEL	HOL	KAE	ANG	TKE	HNH	MJF	MET	TOT
JAN	598	3179	456	784	2472	1134	365	741	405	24	818	282	293	87	269	0	682	12589
FEB	587	2166	334	874	2919	1282	440	958	399	55	911	333	390	77	414	0	384	12523
MAR	741	3184	350	961	3091	2128	543	1158	567	71	1445	345	582	108	490	0	582	16346
APR	1147	2585	442	791	3677	2435	1034	1064	849	84	1267	195	355	130	428	0	0	16483
MAY	816	3985	536	1274	5062	3748	2706	1641	1566	94	1364	330	476	196	518	240	360	24912
JUN	1300	6594	1056	2200	7863	6405	5362	2385	4730	98	1804	417	540	117	577	240	624	42312
JUL	2175	7678	1276	2724	11318	7945	8611	3284	7605	187	2025	320	367	135	581	0	484	56715
AUG	2004	7952	1362	2425	10437	8058	7632	3019	8029	96	2317	382	516	171	517	0	564	55481
SEP	2264	4383	789	1333	4932	2662	2764	1410	3755	127	1540	241	311	74	339	0	334	27258
OCT	1495	3156	443	826	3393	2021	1224	1087	1567	56	898	139	362	101	464	0	526	17758
NOV	927	2787	459	759	2761	1630	462	806	827	24	996	154	384	175	642	0	393	14186
DEC	1431	3264	541	769	3160	1419	379	910	874	27	1206	283	636	183	708	0	718	16508
TOT	15485	50913	8044	15720	61085	40867	31522	18463	31173	943	16591	3421	5212	1554	5947	480	5651	313071

VEHICLES DISEMBARKING

MON	SEA	KTN	WRG	PSG	JNU	HNS	SGY	SIT	YPR	PEL	HOL	KAE	ANG	TKE	HNH	MJF	MET	TOT
JAN	226	651	103	132	627	395	91	181	209	2	258	58	36	0	40	0	160	3169
FEB	212	629	93	162	593	432	100	184	183	5	289	50	29	0	47	0	126	3134
MAR	215	957	125	235	765	752	125	249	270	10	480	92	60	0	102	0	181	4618
APR	296	782	130	190	851	880	183	228	330	10	445	62	33	0	87	0	0	4507
MAY	177	1119	183	306	1216	1331	522	361	501	4	471	79	37	0	137	0	149	6593
JUN	268	1750	301	537	1842	1902	1011	519	1220	7	518	88	40	0	119	0	163	10285
JUL	468	2076	329	688	2361	2108	1666	679	1962	17	621	80	28	0	103	0	150	13336
AUG	371	2080	289	558	2101	2055	1548	590	2110	6	688	97	45	0	102	0	161	12801
SEP	529	1321	184	310	1292	862	620	327	1357	11	465	61	33	1	106	0	145	7624
OCT	531	1009	136	243	1030	707	284	255	738	0	353	63	45	1	123	0	190	5708
NOV	361	815	127	193	739	579	130	239	379	5	303	56	41	5	101	0	118	4191
DEC	439	776	105	163	657	421	122	190	356	2	225	52	38	0	105	0	163	3814
TOT	4093	13965	2105	3717	14074	12424	6402	4002	9615	79	5116	838	465	7	1172	0	1706	79780

A RESOLUTION BY THE SOUTHEAST CONFERENCE
RESOLUTION #87-1

WHEREAS, the Southeast Conference has completed a comprehensive review of the Alaska Marine Highway System's critical importance to Alaska communities; and,

WHEREAS, Alaska's rugged coastline prohibits road access to all but two of Southeast Alaska's twenty-four municipalities and boroughs; and,

WHEREAS, Southeast Alaska's severe and unpredictable weather frequently prohibits air access to those municipalities; and,

WHEREAS, the Alaska Marine Highway System is the foundation of Southeast Alaska's economy; and,

WHEREAS, the Alaska Marine Highway System is the primary and only dependable mode of transportation in Southeast Alaska; and,

WHEREAS, the Alaska Marine Highway System also provides a significant means of transportation to Southcentral and Interior Alaska that effects their economy; and,

WHEREAS, the Alaska Marine Highway System is critical to Southeast Alaska's fishing, timber, tourism, and retail industries; and,

WHEREAS, the Alaska Marine Highway System is also critical to the delivery of human services, such as health care and education; and,

WHEREAS, any reduction in the level of service in Southeast Alaska would have a dramatic affect on day-to-day life in Southeast;

THEREFORE, BE IT RESOLVED that the Southeast Conference respectfully urges Governor Cowper and the Fifteenth Alaska State Legislature to accept and implement to the maximum extent practical the recommendations presented by the Southeast Conference in the report entitled "The Alaska Marine Highway System: The Community Perspective;" and,

BE IT FURTHER RESOLVED that the Alaska Marine Highway System maintain its current level of service and be funded by an authorization of $62.6 million for fiscal year 1988.

Adopted by the Southeast Conference on the 7th day of April, 1987.

Ernest Polley, President

PUBLICATIONS CONSULTED IN THE PREPARATION OF THIS REPORT:

Alaska Marine Highway Draft System Plan, AMHS, November 1986.

Alaska Marine Highway Schedules, Alaska Marine Highway System, Fall/Winter/Spring/Summer, 1986-1987.

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Alaska Visitors Statistics Program; Alaska Visitor Arrivals, Summer Season 1985, Data Decisions Group, February 1986.

Alaska Visitors Statistics Program; Patterns, Opinions, and Planning, Summer Season 1985, Data Decisions Group, April 1986.

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Economic Indicators, Ketchikan Gateway Borough, March 1987.

Governors Revised FY 88 Operating Budget for the Alaska Marine Highway System, AMHS, March 1987.

1985 Annual Traffic Report, AMHS, May 1986.

Report and Recommendations of the Alaska Marine Highway Task Force, Prepared for Governor Sheffield, April, 1984.

Southeast Community Profiles, Department of Community and Regional Affairs, Dates vary by community: 1982-1984.

A Study of the Feasibility of Converting the Haines Tank Farm to a Maintenance, Refueling, and Watering Facility for the Alaska Marine Highway System, Homan-McDowell Associates, April 1979.

SOUTHEAST ALASKA TOURISM COUNCIL
SOUTHEAST ALASKA MARKETING COUNCIL

OUR PURPOSE:
To Promote Southeast Alaska To Visitors

Kelly K. Follis
ADMINISTRATOR

P.O. Box 20710
Juneau, Alaska 99802
(907) 586-4777

SOUTHEAST ALASKA MARKETING COUNCIL

1987-88 PROGRAM EVALUATION and RECOMMENDATIONS

Data Decisions Group, Inc.

Juneau • Seattle • Portland

SOUTHEAST ALASKA MARKETING COUNCIL
1987-88 Program Evaluation & Recommendations

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INTRODUCTION

The Southeast Alaska Marketing Council (SAMC) is closing its first year of promotion specifically for the Southeast area of Alaska. SAMC was able to organize a full promotion program within a very short timespan since its inception in December, 1986. The funding and expertise for the program comes from both public and private sources and thus is called a cooperative marketing program.

Cooperative programs require a high degree of accountability in terms of program results, both measurable and unmeasurable. The return on investment must be sufficient to warrant future involvement of both public and private members, guaranteeing results in an environment where no one member has total control. To this end, the Southeast Alaska Marketing Council contracted with Data Decisions Group, Inc. (DDG) of Juneau, Seattle and Portland to evaluate the results of the 1987 Program and make recommendations for 1988 and beyond.

In the absence of primary research conducted specifically on the SAMC Program, DDG based its evaluation on extrapolated results from the State AVAMC Program (discussed at length in Chapter II), on a special analysis of Southeast Independent Visitors from the Alaska Visitor Statistics Program and on its 35 combined years of studying tourism in Alaska and worldwide. It is DDG's hope that this document will be of assistance to SAMC members and program planners.

Chapter I
DESCRIPTION OF SAMC PROGRAM

CHAPTER I: DESCRIPTION OF SOUTHEAST ALASKA MARKETING COUNCIL PROGRAM

In November of 1986 a group of representatives from both public and private sector organizations met officially for the first time as the Southeast Alaska Marketing Council (SAMC). The formation of the SAMC was prompted by a noticeable decrease in hotel room nights in Southeast despite an overall increase in visitors throughout the state. While all visitor sectors have gained substantially in Southcentral and Interior/Northern regions, only cruise traffic has seen major increases in Southeast.

SAMC members were reacting to statistics such as the following:

- Only 35% of Independent Pleasure visitors to Alaska visited Southeast in Summer 1985 compared to 78% visiting Southcentral and 57% visiting Interior/Northern.
- No Southeast land-based attractions make the top five state attractions list -- the first SE attraction on the list is Mendenhall Glacier visited by only 20% of independent visitors.
- The first SE community on the top ten most visited community list ranks No. 7 (Juneau drawing 27% of Independent Pleasure visitors). (see Appendix for details)

The function of the SAMC, as the marketing arm of the Southeast Alaska Tourism Council (SATC), is to develop and implement marketing plans to attract more independent travelers in Southeast. **Specific goals are:**

- **To increase hotel visitation**
- **To increase point of purchase activity among regional businesses**
- **To increase the visitor length of stay**
- **To increase number of points visited in Southeast**

To accomplish these goals, the SAMC was organized along the same cooperative lines as the statewide Alaska Visitors Association Marketing Council (AVAMC) with 13 members, including the nine largest financial contributors and three regional SATC representatives, and an unlimited number of expert advisors. The AVAMC is recognized as an enviable model for other states and destinations due to its successful blending of public and private marketing expertise and dollars.

The SAMC Cooperative Marketing Program was funded at $446,000 in 1987 and is projected at $400,000 for 1988. Public sector contributors in 1987 included the communities of Juneau, Ketchikan, Sitka, Skagway, Prince Rupert, Haines, Whitehorse, Petersburg and Wrangell plus the Alaska Marine Highway System. Public sector contributions are determined from a formula based on percent of population and percent of beds. Private sector contributors were Alaska Airlines, Glacier Bay Yacht Tours, Sheffield Hotels, Grayline of Alaska, Alaska Travel Adventures, Prewitt-Sitka, Temsco, Ingersoll Hotel/Waterfall Group, Baranof Lodge and AlaskaBound.

The Three-Year Goal of the SAMC Marketing Program is to

- increase overnight visitation to Southeast Alaska by 300,000 room nights.

The Target Audience of the SAMC Marketing Program is

- independent travelers using air, ferry and highway as their transportation modes.

The Focus of the SAMC Marketing Program is on

- increasing awareness of the Southeast region overall and of the air, ferry, and highway access to the region specifically.

The SAMC Program has been implemented for 1987 and is on the drawing boards for 1988. Eight components comprise the program for each year. The following list itemizes each component, its objectives, its elements and its allocation levels for 1987 and projected for 1988.

PROGRAM COMPONENTS

1. Participation in State of Alaska AVAMC Cooperative Marketing Program

Objectives: To obtain qualified Alaska prospect names/labels for Southeast brochure distribution. To establish Southeast as a recognized marketing entity in the statewide AVAMC cooperative marketing program. To gain exposure as an advertised marketing entity in the state Official Alaska & Canada's Yukon Vacation Planner Directory distributed to over 400,000 qualified potential visitors per year.

Elements: Purchase of 172,000 labels of respondents to national state advertising, most qualified as interested in visiting Alaska but not by cruiseship or package tour.

Purchase of AVAMC Marketing Partner status with option to purchase respondent labels.

1988 planned addition: Small (2") advertisement in the Official Alaska & Canada's Yukon Vacation Planner Directory which reaches over 400,000 qualified Alaska prospects each year.

Allocation: 1987: $17,000 (including $5000 retirement of SATC 1983 Travel Planner ad debt).

1988: $14,000

2. Consumer Advertising

Objectives: To establish consumer awareness of Southeast Alaska as a travel destination among prime travel markets for Alaska to reverse the declining trend of independent travel to Southeast.

To generate advertising responses for purpose of converting interested inquirers into Southeast visitors.

Elements: Full page color advertisements with response cards in two of Alaska's premium travel market consumer publications during the travel planning period:

- Sunset Magazine -- February, 1987
- National Geographic Western edition -- March, 1987

1988 planned addition: Alaska Magazine insertion

Allocation: 1987: $160,000 including $88,000 National Geographic insertion, $59,000 Sunset insertion and $13,000 photo usage, color production, misc.

1988: $160,000 (using same ad and adding Alaska Magazine insertion)

3. Collateral

Objectives: To increase consumer awareness of Southeast Alaska.

To increase consumer awareness of independent travel options in Southeast Alaska.

To produce a fulfillment piece to mail to potential visitors generated by Components 1 and 2 above.

Elements: Develop and produce colorful, glossy, high quality 16-page brochure including a response card directing prospects to SAMC member firms and communities.

The 1988 program may include an additional eight pages of directory. If so, the 1988 budget will increase beyond $70,000.

Print 200,000 copies of brochure.

Allocation: 1987: $95,000

1988: $70,000 (using same brochure as 1987, more if eight additional directory pages are added)

4. Mail Fulfillment

Objectives: Place Southeast brochure into the hands of AVAMC advertising respondents and SAMC advertising respondents.

Elements: Mail out of 200,000 brochures by Media Services, the state's mail fulfillment house.

Allocation: 1987: $50,000

1988: $50,000

5. Public Relations

Objectives: To enhance the effectiveness of advertising and direct mail programs by increasing awareness of and enhancing the image of Southeast Alaska by generating press coverage in prime national and regional markets and to special targeted audiences.

Elements: Retained national and state public relations professionals

Press Kit, including Southeast stories, photos and contacts, distributed to over 100 travel trade publications and newspaper travel editors throughout the U.S. and Canada.

Monthly stories and news releases in major U.S. markets and in Alaska.

An instate regional awareness element informs SAMC participants and Southeast residents on the use and effectiveness of the program.

1988 planned additions: Purchase of quality stories from freelance writers for the Press Kit, purchase of quality photos, retaining a clipping service, expanded Press Kit distribution, travel writer familiarization trips, special newspaper section advertising to obtain editorial space.

Allocation: 1987: $25,000

1988: $50,000

6. Research

Objectives: To measure effectiveness of SAMC Marketing Program components.

To profile the Southeast independent pleasure traveler to better market to that visitor and to enhance facility/attraction delivery.

To identify best media choices and advertising vehicles.

To determine best AVAMC list criteria for widest effective brochure distribution.

Elements: 1987: 1987/1988 Program Evaluation (this document)

AVSP Special Independent Pleasure Visitor Analysis

1988 planned: Conversion Study

Allocation: 1987: $13,000

1988: $20,000

7. Administration

Objectives: To provide an efficient implementation of the Southeast Alaska Marketing Council Marketing Programs.

Elements: Daily administrative functions

Preparation and production of annual report including funds spent, projects undertaken and, when available, an indication of results of the program.

Allocation: 1987: $21,000

1988: $28,000

8. Contingency

Objectives: To provide contingency funds for investment in program components determined to provide the greatest returns.

To provide for absorption of shortfalls in expected revenue, if any.

Allocation: 1987: $79,000

1988: $17,000

Chapter II
THE SAMC PROGRAM MODEL: STATE OF ALASKA COOPERATIVE MARKETING PROGRAM

CHAPTER II: THE SAMC PROGRAM MODEL: STATE OF ALASKA COOPERATIVE MARKETING PROGRAM
An Historical and Performance Review

1. Description and History

The Southeast Alaska Marketing Council Program is based on the State of Alaska's AVAMC Cooperative Marketing Program. The AVAMC Program has been hailed by destinations throughout the world for its successful blending of public and private sector funding and marketing expertise. The Travel Industry Association of America named Alaska's Cooperative Marketing Program the Number 1 marketing program of all 50 states in 1985.

The organizational structure of the AVAMC consists of a chairman plus fifteen members including the seven largest contributors to the program and a minimum of four members from instate, plus advisors. Currently, seven committees are functional: Advertising, Collateral, Fall/Winter/Spring, Overseas, Planning, Public Relations and Research. Each committee is chaired by a council member and is composed of two to four other council members.

The AVAMC Program is now in its 11th year. It has grown from a $793,000 program in FY 1976 to a $6.2 million program in FY 1987. **Its primary goals have been two-fold:**

- **To enhance the image of Alaska as an attractive vacation destination.**
- **To generate inquiries about Alaska so as to place in qualified prospects' hands the motivational and educational information necessary for conversion.**

The AVAMC annual program is composed of advertising primarily in consumer magazine publications and also in newspapers, television and trade publications. Other program components include a sizeable public relations effort, trade and consumer shows, travel agent direct mail and a consumer direct mail program in recent years. Rack brochures, posters, maps, Alaska films, slides and print photography for editorial use are also products of the AVAMC program.

The main annual program collateral piece is **The Alaska and Canada's Yukon Official Vacation Planner**, a 100+ page full color dual-purpose booklet. Its purposes are to motivate prospects to decide to visit Alaska and to educate those prospects on the variety of ways to plan an Alaska trip. The Vacation Planner includes over 1,200 free directory listings of visitor-related businesses in Alaska plus advertisements purchased by "marketing partners". Occasionally, the program also produces a travel agent sales manual edition of the Vacation Planner and a few times has split the contents of the Vacation Planner into smaller sized brochures each addressing itself to one of the two Vacation Planner purposes.

An immediate program benefit to individual "marketing partners" (those who purchase an advertisement in the **Vacation Planner** or contribute an equivalent amount) is the ability

to purchase mailing labels of consumer advertising respondents. These respondents qualify themselves on BRCs attached to the advertising as potential visitors interested in specific types of Alaska travel, accommodations and activities and state their year and season of intended visit, their past travel habits and their age.

Each year's AVAMC program has a **unique theme** which is reflected in all advertising and in most collateral. Some representative themes have been:

1977: America's New Frontier of Travel
1979: Alaska - America's Greatest Travel Adventure
1980: Alaska - The Travel Destination of the 80's
1981: Alaska! America's Biggest Travel Adventure
1982: Alaska - Spectacular Scenery is Just the Beginning
1983: Once You've Gone to Alaska, You Never Come All the Way Back
1984: Alaska Keeps Coming Back To Me / "100 Pages of Free Advice..."
1985: Alaska - "100 Pages of Free Advice..."
1986: "100 Pages of Free Advice for Anyone Wishing to Experience the Vacation of a Lifetime"
1987: "100 Pages of Free Advice..." / Alaska is the Mystery that I Will Never Tame (con't. television theme from 1983)

The AVAMC Program also responds to special interests of its members and conditions of the marketplace on an "as needed" basis. The **Fall/Winter/Spring market development campaign of 1986-87** is a prime example. The campaign consists of in-state advertising aimed at encouraging residents to invite their friends and relatives to vacation in Alaska during the off-season months. The F/W/S campaign also includes activity fairs, brochures and a product booklet sampling Alaska's various F/W/S attractions and activities.

Residents were asked in the advertising to send in a coupon with their friends' and relatives' names and addresses and the Division of Tourism would then mail out the F/W/S brochure and product booklet to them. The DOT also mailed these collateral pieces to a select list of winter travelers and to AVAMC advertising respondents who stated an interest in visiting in the fall, winter or spring months. The final program element, a companion to the advertising, was a direct mailing to Alaskans to get names of friends and relatives in the Lower 48 who are potential fall/winter/spring visitors. To date, the Fall/Winter/Spring campaign has generated 4,000 names of potential visitors. A conversion study to measure actual visitors generated will be performed during the summer.

Other special campaigns have addressed the potential Winter traveler and the Overseas market. A major campaign for the Overseas market is currently being researched and may be operational by FY 88. The second year of the F/W/S campaign will include a 24 page brochure and special mailings to *Alaska* magazine gift subscribers in the Lower 48 in addition to last year's efforts.

In summary, the major activities of the AVAMC Marketing Program are:

- Consumer magazine advertising which places the Vacation Planner in the hands of over 400,000 interested and qualified potential visitors, and generates names and addresses and phone numbers which can be used by marketing partners in their own individual sales efforts.

- Television commercials reaching millions of U.S. consumers with the Alaska travel message.

- Newspaper Sunday Supplement Travel Sections on Alaska nationwide.
- Extensive publicity and public relations.
- Distribution of over 700,000 Alaska Vacation Planners, the State's official travel brochure containing over 100 pages of photos and copy about Alaska, including over 1,200 free directory listings of visitor-related businesses in Alaska, plus marketing partner advertisements. The Planner also contains Reply Cards for readers to send for information from individual listings/advertisements.
- Rack brochures, posters, maps, travel agent manuals and other trade sales literature; Alaska films, slides and print photography for editorial use.
- Special marketing campaigns such as Fall/Winter/Spring promotions.
- Foreign marketing promotion in Canada, Germany, Great Britain and Japan.
- Long-term and short-term market planning
- Marketing research

The average industry member, whether in the public or private sector, has access to all AVAMC products listed above. The most used AVAMC products by industry members for their own sales efforts are:

- **listing or advertising in the Vacation Planner, and**
- **purchasing consumer advertising respondent mailing labels that can be selected for their own target audience's characteristics.**

2. Performance of AVAMC Program

Performance of a program with as many diverse components as the AVAMC program is difficult to measure. It is impossible to measure image enhancement efforts since their payoff is usually delayed in terms of actual visitation. The rationale behind image enhancement has always been, and is for all destinations, that such advertising is a long haul effort to familiarize and, in many cases, to rebuild the destination in the consumer's mind. When it has been sufficiently "rebuilt", the consumer is likely then and only then to respond to advertising which requires a call for action, such as a request for information. **Therefore, image (awareness) advertising enlarges the pool of potential visitors while response-oriented advertising provides the vehicle for that pool to take the first steps toward conversion to visitor status.**

The only part of the AVAMC program which can be quantifiably measured is direct response advertising. Since this part of the program generally accounts for the majority of program expenditures, measurement of this part is considered a good indication of the overall success of the program.

The effectiveness of direct response advertising has been measured every year except one since 1980 with Conversion Studies. The studies have measured the cost per inquiry, conversion rate, cost per conversion and return on investment for a variety of advertising vehicles. The number of inquiries is another indicator of success, albeit not as conclusive as actual conversion rates.

a. Number of Inquiries

NUMBER OF INQUIRIES (BRCs)

FY 1980	445,000
FY 1981	412,000
FY 1982	445,000
FY 1983	432,000
FY 1984	632,000
FY 1985	451,000
FY 1986	450,000
FY 1987	400,000

Response rates for the entire program appear to be declining somewhat as are response rates for individual consumer publications. This, however, reflects considerably lower media budgets as well as lower response goals.

NUMBER OF INQUIRIES FROM SELECTED PUBLICATIONS (thousands)

Magazine	1986 (1 p)	1985 (1 p)	1984 (1 p)	1983 (sprd)	1982 (sprd)	1981 (1 p)	1980 (1 p)	1978 (sprd)
Alaska	5.0	4.0	3.0	2.7	6.3	7.5	6.8	11.1[3]
Modern Maturity	92.5[1] 109.1	109.5	97.9	9.0[2]	16.0[2]	8.4[2]	-	-
National Geographic	55.9	72.7	94.8	33.0[1] 34.1	124.0[4]	84.0	157.4	130.6
Smithsonian	17.2	24.3	20.5	5.6	19.2	-	-	-
Southern Living	16.5	21.2	-	-	4.1	-	14.2	8.0
Sunset	13.9[1] 9.6	17.6	19.1	6.1	14.6	25.0	21.9	-

1 Two separate insertions of Image ads
2 Regional issues
3 Split-BRC 6190, without prepaid postage 4,941
4 Three pages and gatefold

Note: Image ads with BRCs were run in all 1983 insertions.
Source: "Analysis of the Alaska BRC Response Program: Fiscal years 1980-84" and "1986 Alaska Conversion Study".

The actual number of inquiries from publications used consistently in the last several years has declined recently (last two years). This is especially the case for *National Geographic, Smithsonian* and *Southern Living*. If *Modern Maturity* and *Sunset* had not had two insertions rather than the single insertion of previous years, their responses would also have declined. Only *Alaska* magazine of these consistently used publications shows not only stability but also an increase in responses.

b. Conversion Rates

CONVERSION RATES

FY 1980	10.5%
FY 1981	9.1%
FY 1982	7.7%
FY 1983	11.9%
FY 1984	9.3%
FY 1986	13.0%
Average	**10.3%**

Conversion rates show no real pattern from year to year overall. Specific publications, however, tend to have their own patterns.

CONVERSION RATES OF SELECTED PUBLICATIONS 1980-1986

Magazines	1986	1984	1983	1982	1981	1980
Modern Maturity	14	11	-	-	-	18
National Geographic	10	-	18	6	10	7
Smithsonian	11	7	-	6	-	-
Sunset	17	-	-	15	10	13
In-Flight Magazines	10	9	-	9	-	-
Travel Holiday	-	9	-	-	-	12
Alaska	24	-	-	-	-	-

Source: "Analysis of the Alaska BRC Response Program: Fiscal years 1980-84" and "1986 Alaska Conversion Study"

Although never measured before 1986, *Alaska* magazine registers the highest conversion rate this year and probably the highest in the program's history (24%). *Sunset* scores the next highest rate this year with 17%, continuing its consistent increases in effectiveness each year since 1981. *Modern Maturity* ranks third in conversion rates at 14%, also an increase over its last measurement in 1984. *Smithsonian* is fourth with 11%, also an increase over previous years. *National Geographic's* conversion rate of 10% is a decline from its last measurement of 18% but consistent with previous measurements before that.

c. Cost-Efficiency

The overall cost per inquiry, cost per conversion and return on investment of the AVAMC Cooperative Marketing Program for magazines shows a decline in cost-efficiency from 1980 to 1983, then an increase in 1984 declining again to 1986. Primary reasons for the variation are the use of spreads rather than one page ads for BRC response, and the inflationary cost increases of magazines from year to year. Cost per inquiry has increased from $1.56 in 1980 to $4.03 in 1986. Cost per conversion has increased from $14.83 in 1980 to $30.98 by last year. Not surprisingly, then, the actual return on investment (ROI) without including transportation to/from Alaska of these advertising buys decreased from $153.00 in 1981 to $106.51 in 1986. **This means that for every $1 spent in media space and card printing expenses to place an ad in an AVAMC-selected publication, the State of Alaska realized over $100 in direct visitor expenses -- a ratio of 1 to 100.**

This of course does not count the industry expenses such as fuel for the motorcoaches or food supplies for the cruiseships nor does it count the indirect expenses such as labor costs and taxes accrued. On the other half of the equation, though, it does not count the ad production costs nor the brochures sent to advertising respondents. In any event, the total economic impact of this visitor spending far exceeds the basic 1 to 100 ratio.

Specific publications vary in their cost-efficiency. In 1986, *Alaska* magazine was by far the most efficient with a cost per inquiry of $1.92, cost per conversion of $8.01 and ROI of $325 -- or a 1 to 300 return ratio. *Sunset* ranked third in efficiency with $5.48 cpi, $32.21 cpc and an ROI of $78. *National Geographic* trailed at #6 place (out of 8) with $5.98 cpi, $59.75 cpc and $60 ROI.

The following tables show the cost-efficiency of consistently used publications over time, in real dollars and, separately, adjusted for inflation. Adjustments for inflation show a definitely increased cost-efficiency for *Sunset* and *National Geographic* since their last readings in 1983/1984.

AVAMC PROGRAM COST-EFFICIENCY

	1986[3] (1 pg)	1984[1] (1 pg)	1983[2] (Spread)	1982[2] (Spread)	1981[2] (1 pg)	1980[2] (1 pg)
Magazines Overall						
Cost Per Inquiry	$4.03	$2.46	$9.99	$3.64	$2.70	$1.56
Cost Per Conversion	30.98	26.43	63.23	47.27	29.70	14.83
ROI - Without Transp.	106.51	97.27	34.39	64.00	153.00	NA
ROI - With Transp.	200.11	NA	77.77	119.00	313.00	460.00
Alaska						
Cost Per Inquiry	$1.92	NA	NA	NA	NA	NA
Cost Per Conversion	8.01	NA	NA	NA	NA	NA
ROI - Without Transp.	324.80	NA	NA	NA	NA	NA
ROI - With Transp.	574.64	NA	NA	NA	NA	NA
Modern Maturity						
Cost Per Inquiry	$2.75	$1.67	NA	NA	$6.35	NA
Cost Per Conversion	19.67	15.36	NA	NA	29.22	NA
ROI - Without Transp.	177.91	136.74	NA	NA	193.00	NA
ROI - With Transp.	345.66	NA	NA	NA	425.00	NA
Sunset						
Cost Per Inquiry	$5.48	NA	NA	$5.37	$1.68	$1.66
Cost Per Conversion	32.21	NA	NA	35.09	16.80	13.27
ROI - Without Transp.	77.62	NA	NA	61.00	221.00	NA
ROI - With Transp.	173.87	NA	NA	131.00	484.00	434.00
Smithsonian						
Cost Per Inquiry	$4.98	$2.58	NA	$4.60	NA	NA
Cost Per Conversion	45.28	37.41	NA	76.67	NA	NA
ROI - Without Transp.	72.88	151.21	NA	60.00	NA	NA
ROI - With Transp.	123.67	NA	NA	82.00	NA	NA
National Geographic						
Cost Per Inquiry	$5.98	NA	$9.14	$2.66	$2.61	$1.10
Cost Per Conversion	59.75	NA	51.92	47.43	25.37	15.65
ROI - Without Transp.	60.25	NA	34.44	71.00	131.00	NA
ROI - With Transp.	97.16	NA	72.36	145.00	295.00	525.00
In-Flight Magazines						
Cost Per Inquiry	$6.82	$1.34	NA	$7.57	NA	NA
Cost Per Conversion	68.20	14.44	NA	81.43	NA	NA
ROI - Without Transp.	43.99	127.45	NA	40.00	NA	NA
ROI - With Transp.	76.24	NA	NA	71.00	NA	NA
Newspapers						
Cost Per Inquiry	$19.46	NA	$7.79	NA	NA	NA
Cost Per Conversion	121.61	NA	46.72	NA	NA	NA
ROI - Without Transp.	19.74	NA	31.76	NA	NA	NA
ROI - With Transp.	45.11	NA	70.28	NA	NA	NA

[1]Source: "1984 Conversion Study Key Findings."
[2]Source: "Analysis of the Alaska BRC Response Program: Fiscal years 1980-84."
[3]Source: "1986 Alaska Conversion Study."

AVAMC PROGRAM -- ADJUSTED COST-EFFICIENCY[1]

	1986 (1 pg)	1984 (1 pg)	1983 (Spread)	1982 (Spread)	1981 (1 pg)	1980 (1 pg)
Magazines Overall						
Cost Per Inquiry	$4.03	$2.84	$12.60	$5.01	$4.07	$2.59
Cost Per Conversion	30.98	30.54	79.72	65.08	44.77	24.59
Modern Maturity						
Cost Per Inquiry	$2.75	$1.93	NA	NA	$9.57	NA
Cost Per Conversion	19.67	17.75	NA	NA	44.05	NA
Sunset						
Cost Per Inquiry	$5.48	NA	NA	$7.39	$2.53	$2.75
Cost Per Conversion	32.21	NA	NA	48.31	25.33	22.01
Smithsonian						
Cost Per Inquiry	$4.98	$2.98	NA	$6.33	NA	NA
Cost Per Conversion	45.28	43.23	NA	105.56	NA	NA
National Geographic						
Cost Per Inquiry	$5.98	NA	$11.52	$3.66	$3.94	$1.82
Cost Per Conversion	59.75	NA	65.46	65.30	38.25	25.95
In-Flight Magazines						
Cost Per Inquiry	$6.82	$1.55	NA	$10.42	NA	NA
Cost Per Conversion	68.20	16.69	NA	112.11	NA	NA
Newspapers						
Cost Per Inquiry	$19.46	NA	$9.82	NA	NA	NA
Cost Per Conversion	121.61	NA	58.90	NA	NA	NA

[1] Inflation rates: 1986 7.0%, 1985 8.0%, 1984 9.1%, 1983 9.2%, 1982 9.5%, 1981 10.0%

Source: "1986 Alaska Conversion Study".

Chapter III
1987 SAMC PROGRAM EVALUATION

CHAPTER III: 1987 SAMC PROGRAM EVALUATION

This chapter will assess the **1987 SAMC Marketing Program** component by component. The assessment is based on Data Decisions Group's professional judgment grounded in 35 combined years of experience studying the visitor industry in Alaska and worldwide. Estimated numbers of visitors and economic impact data are based on the Alaska Visitor Statistics Program database and on extrapolations from AVAMC Marketing Program evaluations in the absence of primary research on the effectiveness of the SAMC Program specifically.

Overall, the 1987 SAMC Program is estimated to deliver 15,000 more visitors, 48,000 more room nights and $4.1 million more visitor dollars to Southeast Alaska in 1987 than would otherwise have occured. These estimates do not include future economic benefits to be reaped from the long-term awareness-building process of advertising. The estimates are the cumulative effect of the following program components.

One example of early impacts of the SAMC program is the record rate of bookings experienced by a major SAMC participant, the Alaska Marine Highway. Officials attribute part of their success to SAMC participation as well as an improved reservation system and more aggressive marketing.

1. Participation in AVAMC Cooperative Marketing Program

A $12,000 investment in 1987 purchased Marketing Partner status in the AVAMC program for SAMC which allowed purchase of 172,000 names and addresses of state advertising respondents. These respondents are Alaska prospects qualified by their committment to visit by requesting information and filling out a BRC card with pertinent information about themselves.

SAMC ordered 142,000 names of prospects who specified an interest in traveling to Alaska by means exclusive of package tours and/or cruiseships on their BRC interest/information card. SAMC also ordered another 30,000 names of state advertising respondents who did not specify any travel mode interest including package tours or cruiseships. These 172,000 qualified Alaska prospects were then mailed the 16-page Southeast Alaska brochure which included a response card directing prospects to SAMC member firms and communities.

To determine the effectiveness of this SAMC investment, we must look at the expected conversion rate of these prospects, at their length of stay in Southeast and at the amount of visitor dollars they spent in Southeast. We must estimate these impacts as additional impacts beyond the standard impact of the AVAMC program itself. In other words, how many **additional** dollars (visitors, room nights, etc.) did the SAMC program effect in Southeast?

The overall conversion rate of the 1986 AVAMC Program was 13%, that is, 13% of all 1985-86 advertising respondents actually visited Alaska in 1986. More of them will visit in 1987, 1988 and beyond but only the current year conversion rate is scientifically established. We know that package tour visitors convert at a much higher rate in the AVAMC program -- over 20%. Therefore, to allow the average to be 13%, independent visitors must convert at a lower than average rate. DDG estimates approximately an 8%

independent visitor conversion rate based on AVSP data and industry knowledge. This conversion rate means that **the 1987 SAMC message reached a total of 13,800 actual independent visitor parties, or 30,300 visitors due to its AVAMC investment.**

As a result of receiving the SAMC message and follow-up marketing from member firms and communities, it is conservatively expected that 40% of these visitors (12,100) will include Southeast in their plans if they were not intending a Southeast visit OR will extend their already planned stay. An average additional stay of an estimated 2 nights each would result in the following benefits:

SAMC 1987 AVAMC PROGRAM RESULTS
(Estimated)

Visitors	Room Nights	Visitor Dollars
12,100	24,200	$2,060,000[1]

Further economic benefits will be realized from two other sources: the indirect expenditures deriving from these direct expenditures, i.e. employee wages, instate operations costs and capital investment by transportation and tour companies, and both the direct and indirect expenses of those on the AVAMC lists who will visit in 1988 and beyond.

2. Consumer Advertising

The SAMC 1987 Program invested $88,000 in National Geographic (West Edition) advertising insertion costs, $59,000 in Sunset advertising insertion costs and approximately $13,000 in ad production costs. These dollars bought full page color advertising with response cards in two of Alaska's premium travel market consumer publications. The **primary purpose** of the advertising was to establish/increase consumer awareness of Southeast Alaska as a travel destination among prime travel markets for Alaska to reverse the declining trend of independent travel to Southeast. The **secondary purpose** was to generate advertising responses for the purpose of educating and converting interested inquirers into Southeast visitors.

As discussed in Chapter II (Performance of AVAMC Program), **it is impossible to measure awareness/image advertising efforts since their payoff is usually delayed in terms of actual visitation.** The rationale behind image enhancement has always been, and is for all "emerging" destinations, that such advertising is a long haul effort to familiarize and, in many cases, to rebuild the destination in the consumer's mind. When it has been sufficiently "rebuilt", the consumer is likely then and only then to respond to advertising which requires a call for action, such as a request for information.

Therefore, image (awareness) advertising enlarges the pool of potential visitors while response-oriented advertising provides the vehicle for that pool to take the first steps toward conversion to visitor status. Awareness advertising is essential to the success of later response-oriented

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[1] Based on $85 per person per night Independent visitor expenditure figures, preliminary estimates from Alaska Visitor Statistics Program Visitor Expenditure Survey.

advertising. All destinations and nearly all products accept and work with this two-part promotion process.

We can measure the response-oriented aspect of the SAMC National Geographic and Sunset advertising, realizing that eliciting responses was not the primary purpose of the ads. It should also be noted that each of these issues was replete with Alaska cruise and tour advertising as well, all offering vehicles for response.

The ads generated approximately 11,500 inquiries, 6,500 from National Geographic and 4,700 from Sunset (and 250 publication-unspecified written responses). While not as high as expected, the response rate is roughly proportional to that generated by the State AVAMC program in those publications. Alaska inquiries are down this year and have been for many publications for the last few years (see Chapter II Performance of AVAMC Program). This is especially the case for National Geographic. Alaska placed two insertions in Sunset last year; otherwise its totals would also be down. The cause of such performance has not yet been determined. Theories run the gamut of reaching an Alaska plateau of awareness to having plumbed the existing "pool" created by initial image/awareness advertising. In the latter case, new image enhancement advertising would have to be placed to create a new "pool" of interested Alaska prospects.

The economic impact of the 11,500 responses can be calculated to give an immediate benefit picture of the SAMC 1987 Consumer Advertising component. These 11,500 responses represent 25,300 potential visitors, assuming the 2.2 Independent Pleasure party size identified in the AVSP. These potential visitors will probably convert at a higher rate than the generic statewide program because of the specific nature of the SAMC advertising - they are qualified **independent** Alaska prospects rather than just qualified Alaska prospects. Some, however, would probably have visited Alaska regardless of the SAMC advertising/brochure. An estimated conversion rate, therefore, would be 10% for National Geographic respondents and 17% for Sunset respondents -- the actual AVAMC conversion rates for these publications in 1986 (see Chapter II). This would produce the following number of visitors, additional room nights and additional visitor dollars based on the 8.2 night average stay of the Independent Pleasure visitor in Southeast[1] and the assumed $85 per person per night expenditure quoted under section 1 above.

SAMC 1987 CONSUMER ADVERTISING
MEASURABLE RESULTS
(Estimated)

	Visitors	Room Nights	Visitor Dollars
National Geographic	1,300	10,700	$ 906,000
Sunset	1,600	13,100	$1,115,000
TOTAL	**2,900**	**23,800**	**$2,021,000**

This high rate of impact for relatively few visitors stems from the above average length of stay of Southeast Independent Visitors. While the average Southeast visitor spends 5.6 nights in the region, the average Independent Southeast visitor spends 8.2 nights there.

[1] Number of nights based on Alaska Visitor Statistics Program Visitor Opinion Survey special analysis.

It should be noted that this $2,021,000 does not include any eventual economic impact of the awareness-building aspect of these advertisements or any indirect economic impacts.

3. Public Relations

In 1987 SAMC spent $25,000 on retaining national and state public relations firms to prepare and implement a first-year awareness-building effort. California-based Ginny Rodin Public Relations and Sharon Gaiptman Public Relations of Juneau developed a press kit sent to over 100 travel trade publications and newspaper travel editors. They also released news and human interest stories in major U.S. markets and in Alaska.

The majority of public relations efforts are not immediately measurable in quantifiable terms. They are aimed at image enhancement and awareness-building which results in enlarging the pool of interested prospects who will at some point down the line respond to a direct response program and will then be quantified. This stage of the process is, however, critical as has been pointed out several times in this document. Without "prepping" -- the purpose of image/awareness building -- no other steps in the conversion process can occur.

Public relations efforts provide the greatest possible reach of your message for the smallest possible expense. Stories and editorial in newspapers and on radio and even in magazines and on television are often zero cost ways to spread the message. The key to obtaining the best possible reach with the right messages is retaining the right public relations people with the proper skills and contacts. The second key is funding your public relations people well enough to allow them to accomplish your goal and not hamstring their efforts. The third key is monitoring your public relations people so that they are held accountable for implementing your goals. This is especially critical since vacation planning has a regular timeline to it and pr efforts must be sensitive to this.

The 1987 SAMC Public Relations component seems to have targeted the most critical initial audiences for this first year -- government, the trade, regional media, and mass newspaper readership. The Information Presentation will be valuable for community support. The Press Kit is a good basic packet, although additional contents would be helpful. The newsletter UPDATE will keep the tourism community apprised of program events and results.

Approximately 400 inquiries have been generated by the Public Relations component as of May 5, 1987. Since generating inquiries is not the goal of a public relations program, these 400 inquiries should be considered a bonus. Conversions and visitor expenditures will come from these inquiries in approximately the same proportions as for the other SAMC program components.

4. Research

Research provides direction for future program elements, allocations and overall strategy. It can analyze existing information or collect new information to monitor program effectiveness or to refine target markets and media choices.

The 1987 SAMC Program invested $8,200 in research to evaluate the 1987 Program and make recommendations for future programs based on existing information. The results of this research are in this document. Another $5,000 has been appropriated for a special analysis of the Southeast independent visitor in terms of travel patterns, party

characteristics, opinions about their Alaska trip and their Southeast trip in particular, trip planning information and demographics. Some of this information has been used on a preliminary basis in this document.

In light of the timing situation, an estimated evaluation of the SAMC Program is a good, adequate alternative to an official Conversion Study which would reliably quantify the measurable results of the program. The Independent Visitor Analysis should be invaluable in providing direction for future campaigns. No other community or private firm has requested a similar analysis, insuring Southeast's gameplan will be at least one step ahead of any other body catering to this audience.

5. Analysis of Measurable Impacts of Major SAMC Programs

The following is a tabular analysis of important economic impacts of the two major SAMC 1987 investments, the participation in the AVAMC Cooperative Marketing Program to obtain names of their advertising respondents to whom to mail SAMC brochures and SAMC's own consumer advertising program in National Geographic and Sunset. Due to the very different investments that National Geographic and Sunset represent, they are analyzed separately for cost-effectiveness.

The reader should note that, in slashed (/) entries in the table, the number before the slash shows the "cost per" based on total component costs while the number after the slash shows the same "cost per" based only on advertising insertion and card printing expenses. The cost-effectiveness of the AVAMC Program is always calculated by the latter method, as shown in Chapter II.

The analysis demonstrates several significant features of the 1987 SAMC program:

- The total cost of implementing the AVAMC program participation was higher than either *National Geographic* or *Sunset* total costs due to the large volume of brochures and mailing costs, even though no direct advertising costs were incurred.

- The AVAMC program component scores much higher on total cost per inquiry than either of the SAMC advertising placements because of zero advertising costs in spite of high fulfillment costs.

- The AVAMC program component also runs away with the honors on cost per conversion, 5 times as efficient as *Sunset* and 8 times as efficient as *National Geographic*.

- *Sunset* does nearly as well as the AVAMC component on cost per room night and even slightly better on final return on investment due to the long stays estimated for SAMC advertising-inspired visitors vs. the shorter add-on stay estimated for AVAMC-induced visitors.

- National Geographic simply did not generate as well as either of the other two components in terms of any cost-efficiency measure.

Measurable return on investment for the 1987 SAMC Program is an estimated $14 for every dollar spent. The AVAMC program component is estimated to add $16 to the Southeast economy for every $1 spent. *Sunset* is also estimated to add $16 for every $1. *National Geographic* is estimated at $9 for every $1 spent.

This is not a high return on investment as compared to the AVAMC Program which traditionally gets ROIs of about 100 to 1 (see Chapter II) but it must be remembered that the objectives of the two programs in the past several years are significantly different. The objective of the AVAMC Program has been to generate responses rather than increase the pool of awareness *from which* to generate responses. And, in fact, the response rate of the AVAMC Program is suffering now from what some think is an exhaustion of the established pool of aware and interested respondents without a replenishment of the pool itself.

In any case, the SAMC Program has generated an estimated $14 for every dollar spent that would not have entered the Southeast economy had the program not been in existence. This translates to an estimated $3,786,000 in new monies for regional coffers in 1987 alone. Again, this does not include any indirect visitor expenditures or future visitor expenditures based on the eventual payoff of image/awareness building.

ANALYSIS OF MEASURABLE IMPACTS OF MAJOR SAMC PROGRAMS
(Estimated)

	AVAMC	SAMC Advertising Component	
	Component	Sunset	National Geographic
Ad Insertion/Cost	$12,000	$59,000	$88,000
Ad Production	-	6,000	7,000
Brochures	76,000	2,200	3,100
Mail Fulfillment	40,000	1,200	1,600
TOTAL COST	**$128,000**	**$68,400**	**$99,700**
# Inquiries/Names	172,000	4,700	6,500
# Visitors	12,100	1,600	1,300
# Room Nights	24,200	13,100	10,700
Visitor Dollars	**$2,060,000**	**$1,115,000**	**$906,000**
Cost per Inquiry	$0.74 / 0.07	$14.55 / 12.55	$15.34 / 13.54
Cost per Conversion	10.58 / 0.99	42.75 / 36.88	76.70 / 67.70
Cost per Room Night	5.29 / 0.50	5.22 / 4.50	9.32 / 8.22
Return on Investment	16.09 / 17.17	16.30 / 18.90	9.09 / 10.30

TOTAL MEASURABLE PROGRAM:	$4,081,000.00	Visitor Dollars Income
	295,100.00	Program Expenditures
	$3,786,000.00	Program ROI (total)
	$13.83	Program ROI (per dollar)

Chapter IV
RECOMMENDATIONS FOR FY 1988 AND FUTURE YEAR SAMC PROGRAMS

CHAPTER IV: RECOMMENDATIONS FOR FY 1988 AND FUTURE YEAR SAMC PROGRAMS

The evaluation of the FY 1987 Southeast Alaska Marketing Council Program and the review of the AVAMC Cooperative Marketing Program provides the consulting team with a selection of suggestions for increasing the effectiveness of future year SAMC programs. Given the budget considerations in the public sector, as well as in the private sector, a productive and efficient program is essential. Following are specific component recommendations developed by Data Decisions Group for further enhancing the effectiveness of this pioneering regional economic development program.

1. Participation in AVAMC Cooperative Marketing Program

The evaluation of the measurable benefits of the AVAMC participation show this SAMC program to be highly productive. Screening of the labels for independents makes the mailout efficient and minimizes the amount of competition for these names. Package inquirers are heavily solicited as are some specific categories of independents. But few if any other entities blanket the independent inquirers. This means that for those who do convert to visitors, SAMC has the only message or at least the most comprehensive and attractive one. Since most independents had not intended to visit Southeast, the AVAMC program is an excellent means to expand the pool of Southeast visitors by getting their message to the existing pool of potential Alaska visitors.

Participation in the AVAMC is estimated to produce as much in direct results as the consumer advertising program and yet costs significantly less. However, the comparison is not exactly valid since the primary purpose of the advertising is image, not immediate response and conversion. The AVAMC program also achieves the image objective to the prime market of qualified Alaska prospects. This market, though, has already been primed to Alaska and is in the response stage of the conversion process. They are, therefore, further ahead, at least in the decision to visit the "generic" Alaska. The total cost of AVAMC participation will fall next year because the basic brochure production costs are already borne by the FY 1987 program.

AVAMC participation should be continued and the purchase of all available qualified names/labels should be the policy. Research should be conducted to determine the most effective breadth of label criteria. It may be that independent visitor conversions occur just as easily among those who have just not checked interest in package tour on their BRC as for those who have not checked either package tour or cruiseship travel or just not cruiseship travel. See section 6. Research in this chapter for recommendations.

SAMC should also consider participation in another phase of the AVAMC Program for 1988. The **State's F/W/S campaign** this next year will be soliciting names of residents' friends and relatives to whom to mail F/W/S brochures and will also be mailing to the Lower 48 gift subscription list of Alaska magazine. SAMC may want to take advantage of both lists to serve as a second tier for SAMC direct mail, especially since 37% of all Summer Southeast Independent Pleasure Visitors came because of friends and relatives instate.

The purchase of major advertising space in the Official Vacation Planner is of debatable value. First, the cost of a full or even half page is quite high. Second, the competition among advertisers in the book may detract from the overall impact of a Southeast ad. Also, the region receives some editorial coverage and the incremental impact of a large ad is questionable. Some presence in the Planner is necessary for participation and this presence should be more than a directory listing of the magnitude of those of small operators.

2. Consumer Advertising

Appealing to the potential Alaska visitor through advertising is a rapidly changing science and art. Responses to one of the most effective programs in the country -- the AVAMC Program -- are declining alarmingly in spite of the best travel marketing expertise on the West Coast. The SAMC is entering the market when some tried and true Alaska advertising vehicles are not producing at historical levels.

Two major factors have been identified which contribute to the State's advertising response decline. One reason is the increasing volume of brand advertising for Alaska travel products in recent years. The tens of millions of dolla· spent, primarily by cruise and tour companies, dilutes the pool responding directly to t' ·te's ads because they are aimed at roughly the same group of people. In reaction t· the SAMC is cautioned to consider timing and placement carefully to avoid excessiv· ·ge and response dilution.

The second theory for declining responses is the strong emphasis in the last few years on maximizing BRC responses from the known pool of Alaska visitor prospects. The same message to the same people in the same publications over several years was an effective way to maximize responses (and therefore conversions) among a limited, known group of people. In hindsight, this strategy seems to have maximized responses but has not replenished the pool of potential visitors who responded and/or converted. Now the AVAMC must look to new prospects or else remain dependent on a dwindling supply of known prospects who have Alaska at the top of their destination priority ladder. They must consider creating another pool, similar to the pool they created in the first several years of the AVAMC Program.

The lesson for SAMC programs, especially at this stage of introducing a "new" product, is to **first build a pool** through image and awareness advertising. Then and **only then** after a significant pool has been established can SAMC concentrate on maximizing direct responses. In other words, the original SAMC priorities -- awareness and image first -- were in the correct order and should be for some time. This is not to say that some SAMC component(s) cannot have direct response as an objective -- it is only to say that image and awareness-building must be priorities. As the SAMC program matures, a **healthy combination of awareness-building and direct response must be maintained.**

Information for the following recommendations came from the evaluation of the AVAMC and SAMC advertising placements, conversion study data, a review of travel planning habits of Southeast Independent Visitors and the professional background of the evaluation team.

- **Timing**

The prime travel magazines are heavy with Alaska advertising from October through March. Dilution can be minimized, especially for image advertising, by placement at the **front end (September/October) and the tail end (March/April)** of this period. Interestingly, SE Independent Visitors have rather lengthy planning periods compared to other Independent Visitors (average: 8.1 months from Alaska season/year decision, 3.7 months for trip planning). These lead times also tend to support beginning and end of planning period ad placements.

- **Advertising Placement**

Sunset and *Alaska* Magazine are considered excellent Alaska buys in general as they are by far the leaders in actual conversion to visitors, 17% for ***Sunset*** and a record 24% for ***Alaska*** Magazine. They are especially good for the Independent market because of the nature of their editorial content. *Sunset* is packed with do-it-yourself material for the middle to high-end Westerner. It also contains a plethora of mail order ads, another characteristic of readers who like to do it on their own.

Alaska is likewise full of special topic information for the independent planner. Further, *Alaska* has recently recruited a large number of new subscribers in regions which are good generators of independent Alaska travelers (The West and the Northern Tier Snowbelt). Placement in *Alaska* would mean excellent and economical exposure to new Alaska enthusiasts who are presumably new entries into the potential visitor pool. *Sunset*, given judicious timing of placement, should provide a good image base as well as generate quality inquiries for conversion.

National Geographic, though prestigious, may be perhaps too broad a vehicle for the target prospect market. The combination of very high cost for a very limited advertising budget coupled with low response and conversion even at the State level are factors which prevent recommending repeating in this publication. Long a staple of the DOT program and the package tour industry, its effectiveness may be on the decline at least for response generation purposes.

Though this report does not propose a media plan, there are some obvious publications worthy of consideration. In addition to *Sunset* and *Alaska* , the ***Milepost*** guidebook is another clear choice. Many more visitors than just highway travelers use this publication. Twenty-two percent of Southeast Independents in Summer 1985 used the *Milepost* as a source of trip planning information before leaving home. This is nearly double the percentage who said they used the State's Vacation Planner. Also, a surprising 28% of Southeast Independents were highway entries and 20% exited by highway. A publication such as the *Milepost* aimed directly at them puts the SAMC message on target.

Vertical interest publications are another cost-efficient vehicle for building awareness and generating recruits. Independents, not package visitors, are **sportfishing** participants. Thirty-six percent (36%) of Southeast Independents participate. Even higher percentages participate to some extent in **other outdoor activities**--hiking and wildlife and bird watching. Except for individual businesses, sportfishing is not heavily marketed either by the State or major tour companies. Yet a major element in the Alaska mystique is sportfishing. Were SAMC to position the region as the place for Alaska sportfishing at reasonable cost, an appeal to this vertical market may be effective.

National awareness coverage should be considered by SAMC under certain conditions. Media selected must provide a vertical interest group relevant to Alaska, cost of national coverage must be considered and impacts of ad sizes evaluated.

The highway entry and exit numbers also show that many Southeast Independents are in personal vehicles -- often RVs or campers. Placement in RV industry magazines could be productive for SAMC. In terms of response volume, the State has generated exceptionally heavy responses from occasional insertions in *Motorland.*

Finally, an asset of the region is the ferry system which is utilized by a majority of Southeast Independents. This use is in spite of virtually nonexistent marketing, a poor reservation system and service problems. Cruising the Inside Passage has almost universal appeal for packaged and independents alike. One way to take advantage of this asset but avoid dilution from package tours is the sell concept of the Inside Passage cruise ferry-style. Joint advertising efforts with the ferry system could generate more image and response mileage for both SAMC and the ferry system. The possibility of cooperative marketing also exists with the vehicle carrying cruiseship Stardancer provided Admiral Cruises would be willing to sell partial cruises so visitors could take their vehicles off the ship at locations other than the ends of the line.

- Advertising Copy

The advertisement in *Sunset* and *National Geographic* had several strong points for accomplishing its primary purposes of image and awareness. The subject matter was excellent. Glaciers/Scenic Beauty are invariably at the top of list in visitor studies of what people want to see in Alaska and in subject matter which they associate with the Alaska travel destination. Showing that Southeast has these attractions in spectacular fashion is a strong message. Showing people and activities lend emotion and fun to the image. An earlier State of Alaska study[1] established that people and activities had high motivational appeal in ads. The overall feeling of the ad was warm (both climatic and emotional) and inviting. The BRCs were convenient and readable. The up front position in *National Geographic* was excellent. The *Sunset* position was not as good but still fine. However, placement in an issue with fewer other BRCs would be preferable.

Suggestions for improving the ad's effectiveness include the following. The appearance of specific mode type equipment (helicopter) may cause some misinterpretation of the ad's sponsor. In any case the ad should show the sponsor (SAMC) prominently and in an official-appearing way. This will establish additional credibility with the result being to encourage the requesting of information plus establish the ad clearly as a destination ad. Southeast Alaska needs to become apparent immediately and it is not really noticeable until the reader is into the copy at the bottom right of the page.

The Seattle address detracts from the Alaska mystique. This is permissible for magazine subscriptions or cruise brochures but not for destination advertising. The Seattle address also adds to existing confusion over sponsor. A postage paid BRC would increase response provided the SAMC felt the additional postage dollars are worth the investment. The word "FREE" needs to be larger and more striking and needs to clearly designate specifically what it is that is free.

[1] Image/Season Expansion Advertising Focus Group Research, 1980.

If the sponsor, destination and what is free is clearly established, the confusion from the presence of the equipment is minimized. These improvements should increase the response production of the ad as well as its image and awareness appeal for Southeast as a destination.

3. Collateral

The collateral piece used for all fulfillment and for the AVAMC mail-out is an extremely attractive 16-page color piece. In our opinion it **achieves its primary purpose and has outstanding image impact.** Further, the reproduction quality of most photos is high. Photo selection is superb -- both in color and topic choice and variety. In short, the collateral piece is one of the highest quality seen in the promotion of Alaska tourism.

Suggestions for improvement center primarily around mechanics and content. We suggest the brochure be made to appear **more "official"** than it does. An extensive focus group research project for the Alaska Travel Planner found that, without the official aura, recipients tended to view it as a commercial mailing and not take it to heart as a destination promotional piece. Thus, "official" means the recipient will give it more credibility and correctly interpret the purpose of the piece. The **postcard** is somewhat incongruous but not particularly distracting. We suggest the **opening inside photo** be more spectacular than mood setting. The contents might also include a listing of the region's **top attractions,** since some of them may have more existing market presence than the region as a whole.

The white background for the **bingo card/postcard back** is the one detraction from the highly appealing mood of the piece. A toned background would make it more compatible. The content of the bingo card is informative and varied insuring wide distribution of benefits among communities and participants.

A consideration for the future may be inclusion of a **Southeast Travel Planning brochure** in the fulfillment package. The brochure would be similar in purpose to the SATC Travel Planner and would provide specific tools for trip planning. The most effective effort would be to coordinate this piece with the SATC effort as much as possible. Such a brochure might only be included in fulfillments of prospects who say they'll be coming in the next year or two, rather than a blanketing of all inquirers, some of whom will not be at the planning stage yet.

4. Mail Fulfillment

The only suggestion here is to listen to what those who have been dealing with your list management/fulfillment house for years have to say about Media Services' record on responsiveness and efficiency.

5. Public Relations

As discussed in Chapter III, there are three keys to a successful public relations effort. First, retain the right people with the proper skills and contacts. Second, fund them well enough to allow them to accomplish your goal and not hamstring their efforts. Third,

monitor them so they are held accountable for implementing your goals on the timeline needed for effective message communication.

The long distance relationship of SAMC's two public relations firms cannot help but be subject to occasional communications problems regardless of who the two firms are. It is, however, important to have both an Alaskan and Lower 48 presence. The 1988 effort, also, will not be hampered by the time constraints of 1987 which should also be avoided if at all possible in the future. Press kits should be distributed by end-October or to coincide with consumer advertising insertions, which means **planning must begin during the summer months of 1987.**

New stories for the press kits might be generated by travel writers invited to Southeast this summer as part of the first official Southeast **travel writer familiarization trip(s).** This is encouraged, especially since private member firms can be asked to provide air, lodging and hospitality for these influential people.

Another way to accomplish the goal of good public relations efforts -- providing the greatest possible reach of your message for the smallest possible expense -- is to take advantage of special newspaper travel sections where placing at least a small ad guarantees editorial space. This PR method is probably not particularly cost-effective if the ad package does not include editorial space.

The instate regional awareness element is a positive feature of the PR program. It contributes to an informed and supportive constituency.

All the above enhancements require additional dollars which SAMC has already budgeted for this component in 1988.

6. Research

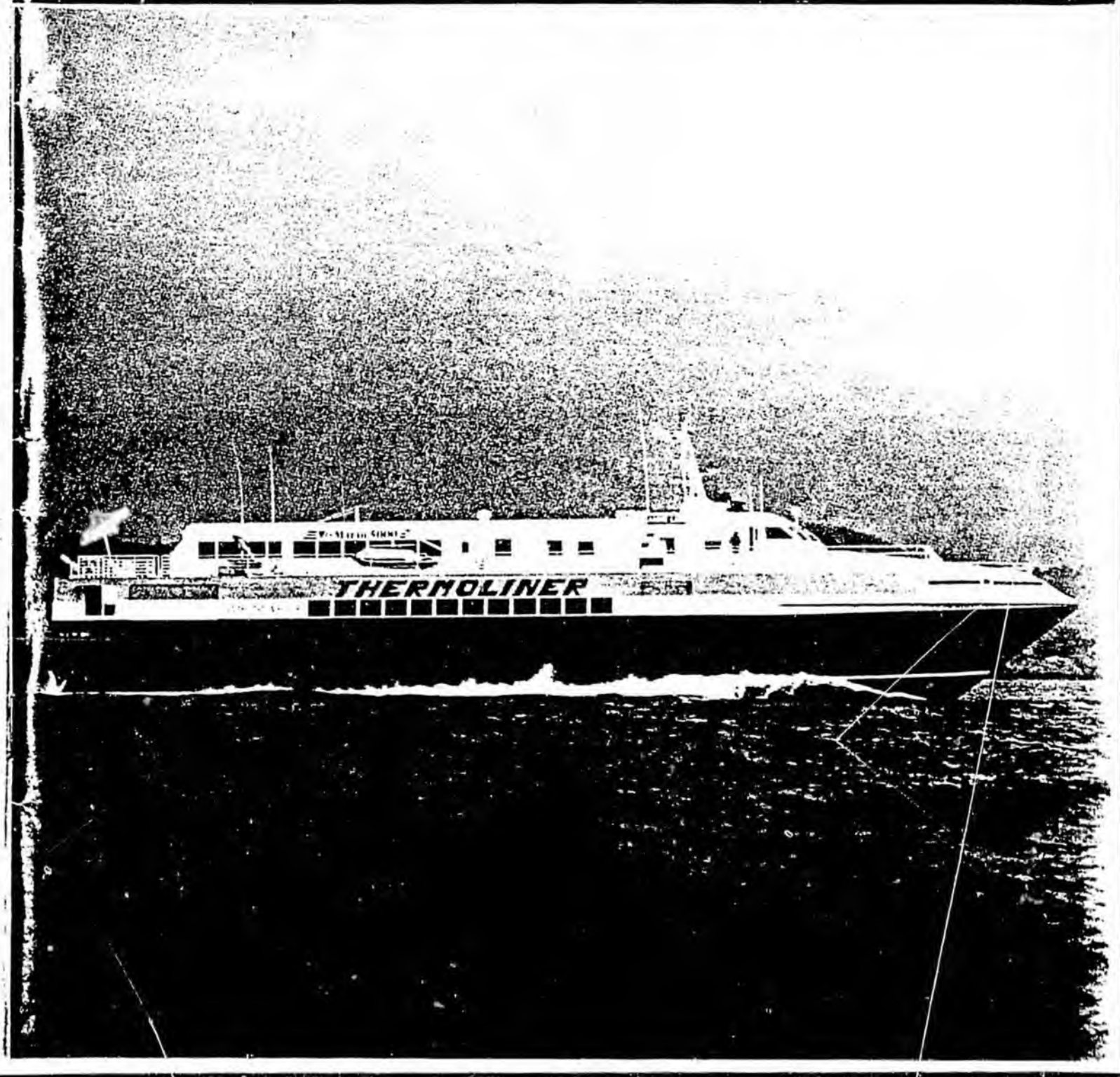
The Number One priority for the SAMC research budget should be an annual **Conversion Study** to quantify the measurable results of the program. Conversion studies can serve a number of purposes, especially in the case of SAMC. They can identify the conversion rates among various target audience lists, the costs per inquiry and conversion for each and the actual return on investment for every dollar of advertising or program cost. These studies can also profile the converted visitor in terms of their demographics, their travel habits both outside and inside Alaska, their lifestyles and their trip planning steps.

Perhaps of even greater importance is the ability of an SAMC Conversion Study to **identify the broadest but most effective BRC criteria.** The study will cross-check what prospects say they are interested in on their BRC (travel mode, accommodations, activities, time of travel) against what they actually did as visitors. This will enable precise pinpointing of the criteria guaranteed to predict conversion. SAMC will not spend dollars blanketing a population not given to conversion to Alaska visitorship and will instead be able to concentrate their investment on nearly-sure bets. This, of course, will reflect only conversion likelihood that year and will not predict the effects of image/awareness building, so that program will need to be considered separately. The Conversion Study, however, will be able to tell SAMC whether the literature has made an impact on inquirers in terms of image/awareness building.

Other research to consider in 1988 and beyond includes **talking with Southeast visitors** in person or by telephone to determine what prompted them to visit Southeast in particular as well as how they first became aware of Southeast as a vacation destination. This would provide key input for advertising message content and placement.

Another project which would provide strategic planning information on the most effective ways to build awareness among prospective travelers would be a series of **focus groups with prospective travelers.** These groups would be held in major West Coast communities with people of the demographic and travel backgrounds shown to be typical of the Southeast visitor through the special AVSP analysis. Topics would include level of awareness of Southeast as a specific destination, image associations with Southeast, ways to encourage image enhancement among frequent travelers, identification of persuasive advertising copy and more. Two wonderful aspects of focus groups are the ability to show and hear tangible objects like ad boards or radio tapes and the ability for clients to sit behind a one-way mirror and view the entire proceedings. Clients can also have direct input into discussions through notes sent in to the moderator.

High-Speed Surface Craft



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PLUS EXHIBITION BOOKING DETAILS

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Evaluation of a ride control system for SES: University College, London.

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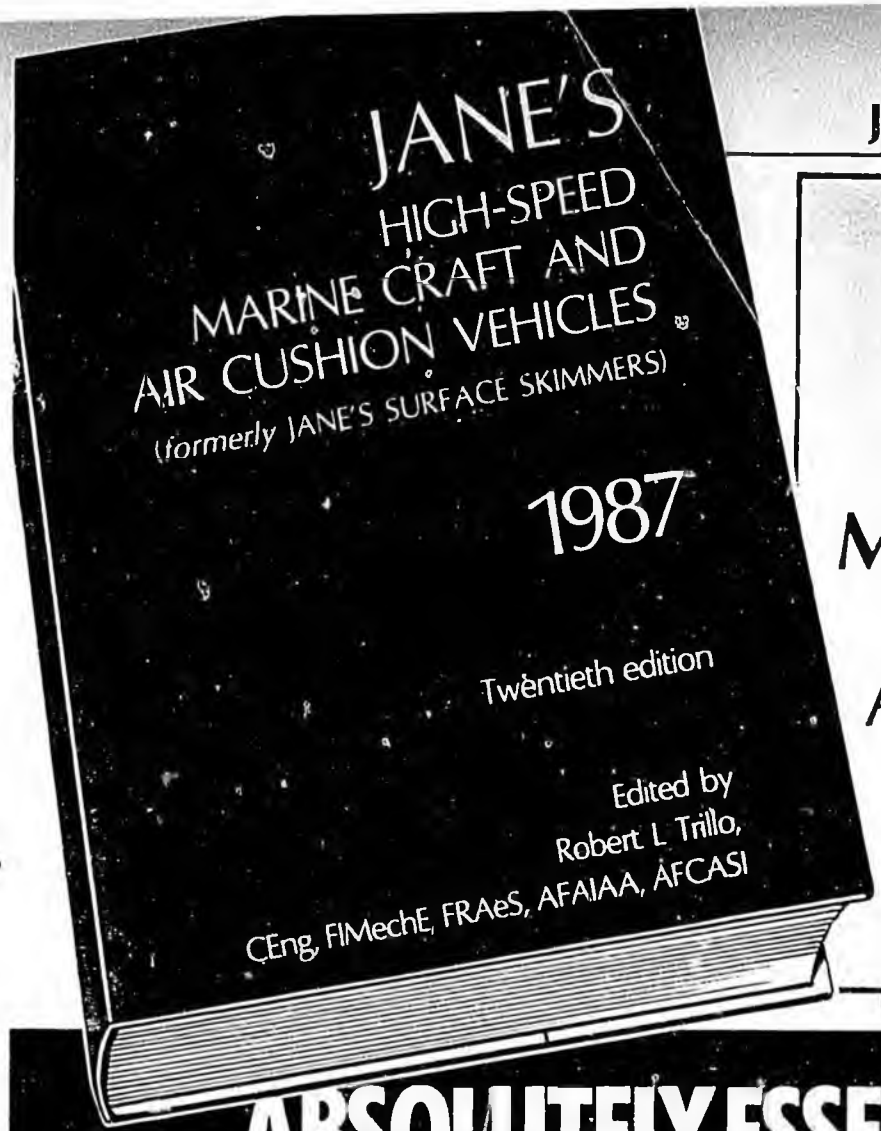

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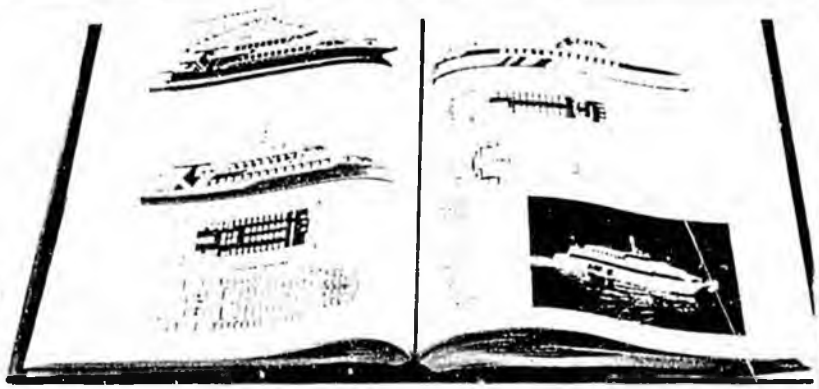

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United States Coast Guard Operational Evaluation of the Bell-Halter 110 Foot Surface Effect Ship

by Lieutenant Commander Kurt G. Zimmerman*

SUMMARY. After more than a year as a demonstrator crew boat, the Bell-Halter 110 Foot Surface Effect Ship (BH-110) was sold to the US Navy Surface Effect Ship Project Office (PMS-304) in October 1980. The Coast Guard provided supplemental funding to have certain modifications incorporated into the craft to convert it from a crew boat to a patrol boat. Following modification, the BH-110 SES was delivered to the Navy in May 1981 and subsequently transferred to the Coast Guard. The vessel was painted in Coast Guard colours and on 18 June 1981 it was placed into commissioned service for an operational evaluation of six months duration.

The vessel operated both singly and in conjunction with other vessels and aircraft in a variety of Coast Guard mission areas. Armed with 0·50 calibre machine guns, it was used to enforce both fishing and drug laws. Other mission operations included search and rescue, pollution control and enforcement, the servicing of aids-of-navigation, and military preparedness.

The conventional diesel power, the ship type handling characteristics, and the speed and seaworthiness of the craft all implied a potentially desirable craft. Although some specific vessel problems were identified as a result of the evaluation, the concept proved valuable in conducting US Coast Guard missions.

1. INTRODUCTION

The United States Coast Guard (USCG), an agency of the Department of Transportation, is responsible for enforcing government policies and providing humanitarian services on and near the territorial and contiguous zone waters of the United States. Although quite independent of the US Navy which is under the Department of Defense, the two agencies often work in close cooperation.

The United States Coast Guard utilises marine vehicles, ships and boats, to conduct its many missions. Although varied, the missions can be simplistically portrayed as a four sided figure. Side one is the enforcement of laws and treaties. This implements the Coast Guard's role as the government's marine police force. These missions include enforcing fishing rules and regulations, enforcing drug smuggling laws and the prevention of illegal alien immigration. Side two represents the humanitarian aspect of the service. These missions include searching for and rescuing people lost at sea from small boats, yachts, merchant ships, and aircraft. Towing disabled craft, and providing fire fighting and dewatering assistance to ships in need also fall within this category. The Coast Guard also places and repairs some 44,000 navigational buoys and other aids to navigation. The third side of the Coast Guard endeavours to protect natural resources. This field includes monitoring, containing, and assisting in cleaning up oil and hazardous substance spills. Oceanographic research and water quality monitoring are also included among the missions in this area. The fourth side of Coast Guard missions is military readiness. In time of war, the US Coast Guard joins the US Navy and carries out military operations.

It is against this background of Coast Guard multiple mission requirements that potential replacement vessels are tested. Vessels are sought which are capable of executing these multimission aspects. To that end, the Bell Halter Surface Effect Ship (SES) was evaluated.

2. VESSEL DESCRIPTION

The vessel ultimately used in the operational evaluation was constructed in 1978 by Bell Halter of New Orleans, Louisiana, as a demonstrator craft. Their purpose was to prove the concept that a surface effect ship could be built and operated effectively in the competitive arena of offshore oil field operations in the Gulf of Mexico. The technical characteristics of the demonstrator craft are shown in Table I.

TABLE I. Physical Characteristics of the Bell Halter 110 Foot SES Demonstration Craft

DIMENSIONS		
Length	110 ft	33·5 m
Beam	39 ft	11·9 m
Height (on cushion)	28 ft	8·5 m
Draught (on cushion)	4·6 ft	1·4 m
Height (off cushion)	22·6 ft	6·9 m
Draught (off cushion—normal)	7·7 ft	2·3 m
Draught (off cushion—maximum)	8·2 ft	2·5 m
WEIGHTS, ETC.		
Maximum displacement	150 LT	152·4 t
Normal displacement	125 LT	127 t
Light ship displacement	98·3 LT	100 t
Maximum deck load	37·5 LT	50 t
Cargo deck area	1672 ft²	155 m²
Fuel capacity	3100 gal	11733 l
Water capacity	384 gal	1453 l
Crew	4	

*United States Coast Guard

MACHINERY

Propulsion — Two 16v-149TI Detroit D l Marine Engines
— Two 42 × 50·86 Gawn-Burrill subcavitating fixed pitch propellers

Lift System — Two 8v-92TI Detroit Diesel Marine Engines
— Two Double Inlet 42 inch diameter centrifugal fans

Generators — One 3-71 General Motors Diesel Generator (55 kw)
— One KATO KAMAG 14 generator driven from lift engine (40 kw)

PERFORMANCE

Maximum Cruise Speed	SS0	SS3
On Cushion	34 kts	28 kts
Off Cushion	19 kts	15 kts

Range at maximum speed — Sea State 3 — 500 n.m.

After launching, the craft was employed by Bell Halter in a series of demonstrations to the offshore petroleum industry, ferry boat operators, military organizations and representatives of foreign countries. The craft, a 110 foot (33·5 m) surface effect ship, alternatively called a rigid side wall hovercraft, was constructed of welded marine aluminium. It uses conventional diesel machinery and submerged marine propellers and rudders for high reliability and low fuel consumption. The vessel has a catamaran style hull form, with flexible skirts at the bow and stern to contain the air cushion (Fig. 1). The hull form is such that when off cushion, the waterline is well below the between hull cross structure, (see Fig. 2). Air is supplied to the cushion at three points along the hull from diesel driven lift fans supplying pressure at about 1·0 psi (703 kg/m^2). The bow seal system consists of eight finger-type segments. The stern seal is an arrangement of three horizontal tubular bags extending athwartships across the stern opening between the side hulls. Both sets of seals are supplied from the UK by Avon.

In the winter of 1979-1980 the vessel was used by Exxon in support of offshore oil rigs in the Gulf of Mexico. During this time it serviced rigs from 60 to 145 nautical miles from its home port in Louisiana, often carrying cargo up to 20,000 pounds.

3. INITIAL EVALUATION AND SUBSEQUENT MODIFICATIONS

Knowledge of the craft and its potential for service use generated interest in USCG circles and other governmental agencies. Although the US Navy was pursuing a large, high speed surface effect ship concept, the Bell Halter craft, with its diesel propulsion, seemed particularly suitable to Coast Guard needs.

In March 1980, a month long technical evaluation was conducted off Norfolk, Virginia, by the US Navy under the sponsorship of the US Coast Guard and the US Urban Mass

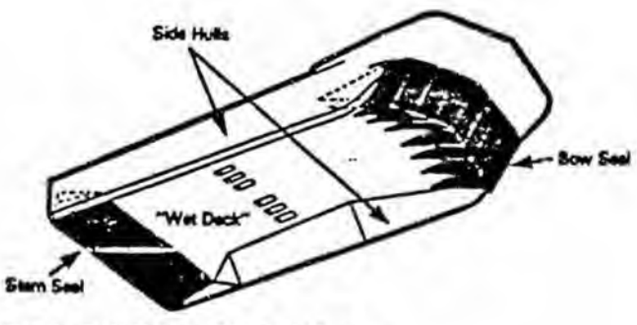


Fig. 1. Bell Halter SES Hull Form

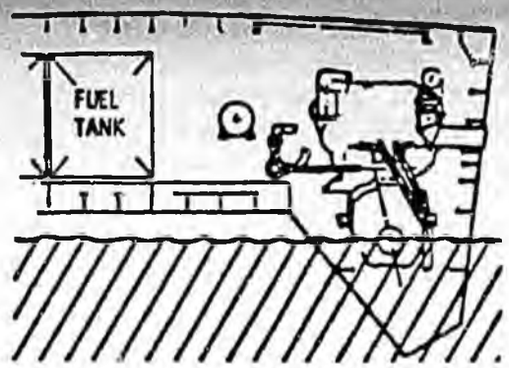


Fig. 2. Buoyant Sidehull Form

Transportation Administration. This test investigated technical performance of the craft and made direct comparisons to a Coast Guard 82 foot (25 m) patrol boat. It concluded 'the Bell Halter 110 foot SES is an effective and able marine vehicle that warrants consideration for varied future military and civilian applications'[1].

After the technical trials, the vessel was modified to satisfy the IMCO (International Governmental Maritime Consultative Organization) Resolution A. 373(x), Code of Safety for Dynamically Supported Craft. This was necessary before the craft was put into service for PEMEX in the Mexican oil industry in the Bay of Campeche.

In October, 1980, the US Navy Surface Effect Ship Project Office, with financial participation from the US Coast Guard Office of Research and Development, purchased the demonstrator vessel from Bell Halter. Under the terms of the procurement, certain modifications were to be made to the craft before delivery for a six month evaluation by the Coast Guard. At the completion of the USCG evaluation, the vessel would be lengthened by installation of a 50 foot (15·2 m) hull extension amidships. The US Navy would then take over the craft and test it in the new length-to-beam ratio configuration.

TABLE II. BH-110 SES Contract Modifications for Conversion to Cutter Use

1. Berthing for 14.
2. Additional heads and showers.
3. Install office space.
4. Add 400 gallon per day desalinator.
5. Add Food Stowage—freezer, refrigerator, dry food storeroom.
6. Add ice machine, mess deck tables.
7. Add supplemental fuel and water tanks.
8. Add ammunition stowage.
9. Provide Rigid Hull Inflatable ship's boat with hoist.
10. Install additional engineroom instrumentation.
11. Add towing bitt.
12. Add dedicated fire pump.
13. Add machine gun foundations and mounts.
14. Add anchors and anchor winch.
15. Paint boat to USCG standard colours.
16. Install transformer to allow connection to shore source of electrical power.
17. Install washing machine and clothes dryer.

These modifications to the craft before evaluation were made to change the configuration from a civilian passenger carrying crew boat to a craft capable of functioning as a Coast Guard patrol boat. The modifications are summarised in Table II.

In addition to these modifications, supplemental modifications were made in order to make the craft capable of conducting operations with other USCG vessels. These additional modi-

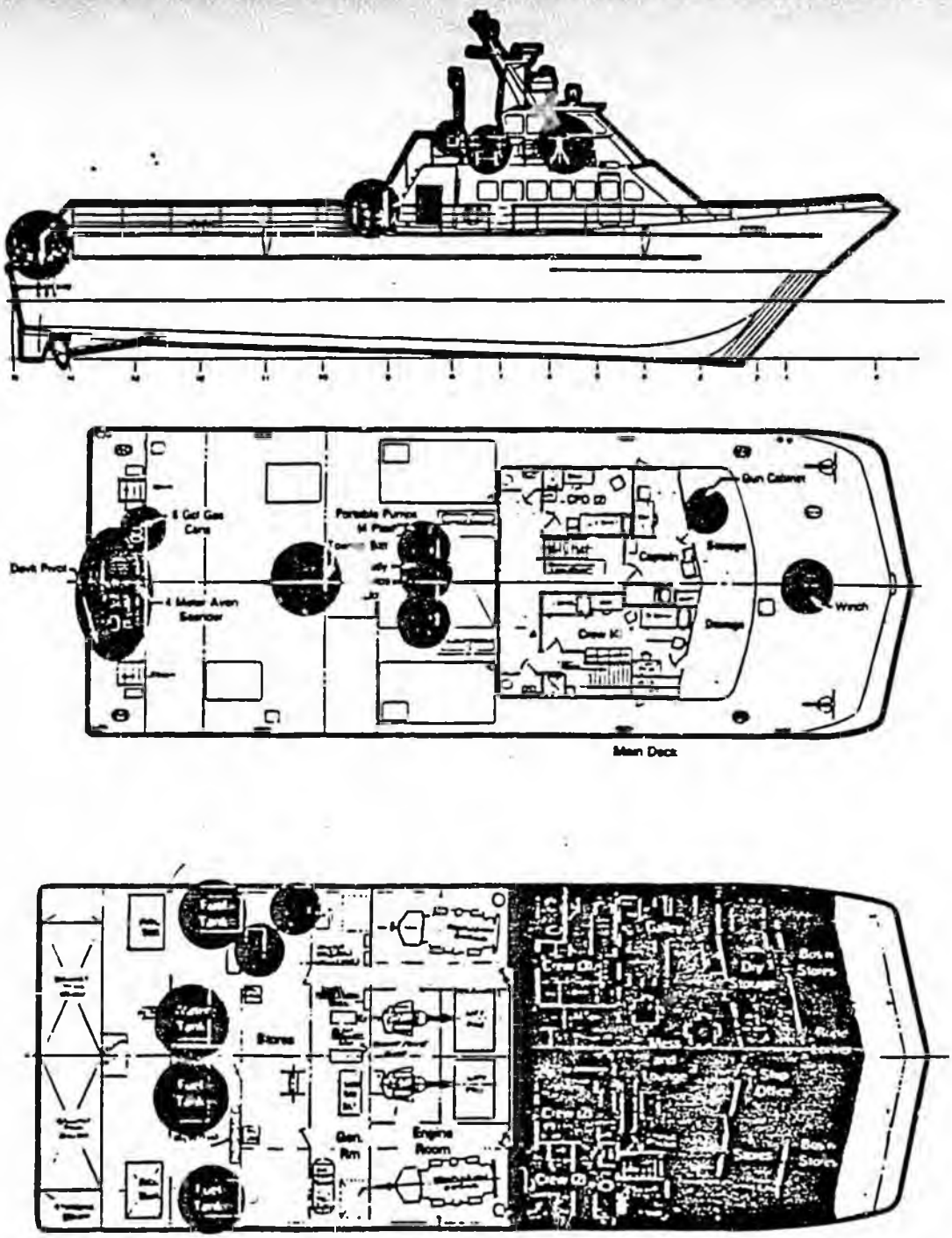


Fig. 3. USCGC DORADO Arrangements: Modifications shown highlighted

fications are shown in Table III. Fig. 3 shows the deck plan arrangements of the vessel as it was when placed into Coast Guard service.

The vessel was formally turned over to the US Coast Guard from the US Navy on June 12, 1981, and placed in commission on June 18, 1981, as the US Coast Guard Cutter DORADO (WSES-1). The crew personnel for CGC DORADO were taken directly from the USCGC POINT SPENCER, an 82 foot (25 m) patrol boat based in New Orleans.

The spirit of USN/USCG cooperation was continued with the assignment of two US Navy personnel to the crew for the duration of the Coast Guard trials. A US Navy senior petty officer was assigned as chief engineer, and the first assistant engineer was also a Navy petty officer. The crew personnel varied somewhat during the six months, depending on what

TABLE III. CG Installed Modifications to BH-110 SES

1. Provide secure weapons stowage.
2. Install telephone and interior communication circuits.
3. Install gyrocompass and gyro repeater units.
4. Install foundations for gasoline cans and portable pumps.
5. Install racks for firefighting foam.
6. Install electronics equipment.

missions were planned, but the typical composition of the eleven man crew is shown in Table IV. Special ratings were assigned when required to supplement operations of limited duration.

After commissioning, the DORADO was loaded with CG mission related equipment borrowed from POINT SPENCER,

TABLE IV. Typical Crew for USCGC DC)O (WSES-1)

Lieutenant (junior grade) — Commanding Officer*

Boatswains' Mate — 1st Class — Executive Petty Officer*

Quartermaster — 3rd Class*

(*Deck Watch Officers)

Engineering Department	Deck Department
Senior Chief Machinist Mate (USN) — Engineer Chief Petty Officer	Subsistence Specialist (Cook) 1st Class
Gas Turbine Technician — 1st Class (USN)	Seaman (non-rated)
Machinery Technician — 3rd Class	Seaman (non-rated)
Fireman (non-rated)	
Fireman (non-rated)	

VACANT BERTHS — Three — Temporary duty personnel as required.

and fully outfitted as a cutter. The loaded DORADO characteristics are shown in Table V. Performance of this configuration, as predicted by Bell Halter and as actually experienced, is shown in Fig. 4.

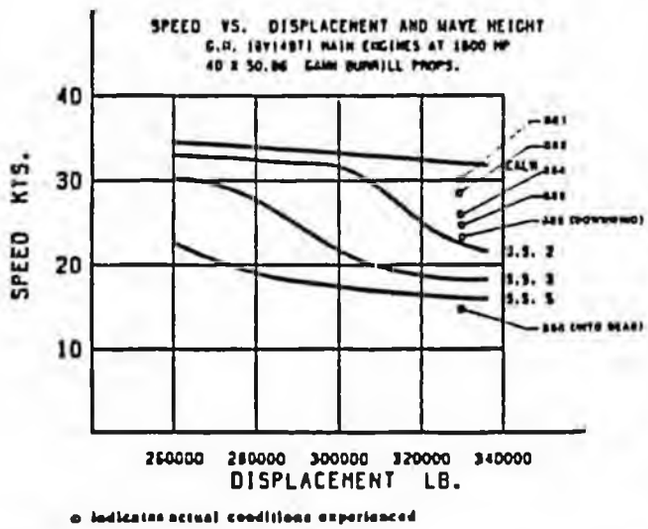
On June 20, 1981, the USCGC DORADO (WSES-1) departed on patrol and began the six month evaluation. During the evaluation, she participated in numerous missions demonstrating the usefulness of this craft concept for Coast Guard duties in the Gulf of Mexico.

On December 15, 1981, USCGC DORADO was decommissioned, Coast Guard peculiar equipment was removed, and the vessel was returned to US Navy custody. The craft is presently in New Orleans undergoing major structural modifications.

4. OPERATIONAL EVALUATION

The USCGC DORADO was in commissioned service for 181 days. The craft was underway 84 days; in a ready-for-sea standby status 47 days; and in a maintenance status 50 days during the trial period.

Maintenance requirements generally were similar or slightly less trouble than other Coast Guard cutters. The unpainted



● Indicates actual conditions experienced

Fig. 4. USCGC DORADO
Performance — Predicted and Actual

TABLE V. CGC DORADO Characteristics

DIMENSIONS		
Length	110 ft	33·5 m
Beam	39 ft	11·9 m
Height (off cushion)	22·6 ft	6·9 m
(on cushion)	28 ft	8·5 m
Draught (off cushion —maximum)	8·2 ft	2·5 m
(on cushion)	4·6 ft	1·4 m
WEIGHTS		
Maximum displacement	150 LT	152·4 t
Design displacement	125 LT	127 t
CG Operated displacement	147 LT	149·4 t
Fuel	6582 gal	24916 l
Water	1089 gal	4122 l
Lubricating Oil	174 gal	659 l
Crew	14	

MACHINERY

Propulsion — Two 16v-149TI Detroit Diesel Marine Engines
— Two 40 × 50·86 Gawn Burrill Subcavitating fixed pitch propellers

Lift System — Two 8v-92TI Detroit Diesel Marine Engines
— Two Double Sublet 42 inch diameter centrifugal fans

Generators — One 3-71 General Motors Diesel Generator (55 KW)
— One KATO KAMAG 14 generator (40 KW) driven from lift engine

PERFORMANCE

	SS0	SS3
Maximum Cruise Speed		
On Cushion	30 kts	25 kts
Off Cushion — fans on	19 kts	15 kts
Off Cushion — fans off	6 kts*	6 kts*

Range at maximum speed — Sea State 3 — 1000 n.m.

(*Speed limit to prevent damage to stern seal when water is not blown out by lift fan).

interior of the aluminium hull proved quite easy to maintain. Two major repair efforts were required however.

On September 10, 1981, the DORADO experienced an engine room fire. There were no serious injuries, but the incident necessitated a return to New Orleans for two weeks to repair the fire damage. The fire was caused by a cracked lubricating oil line on the reduction gear which failed through fatigue due to vibrations. The installed fixed flooding carbon dioxide fire extinguishing system in the engine room successfully extinguished the fire.

The other major repair effort was the replacement of all eight bow seal fingers. On August 28, it was discovered that a number of bow finger seals had ripped causing the cushion pressure to be vented through the bow. This necessitated a return to port for repairs. Investigation revealed that two seals had failed. They had been created along the vertical centre axis for shipment prior to initial delivery. It was along this crease that two of the eight seals had failed, ripping nearly the entire length. Failure of two of the seals was sufficient to vent the cushion severely enough to prevent normal operation. The seals had between 350 and 400 hours of operation on them when failure occurred. As a preventative maintenance measure, all eight seals were replaced, since all had been received at the same time.

Replacement of the bow seal was surprisingly quick and easy. Four personnel from the ship's crew replaced all eight seals in two days (24 hours effort) while DORADO remained in the water at pier side. The last seal took only one hour to remove and replace. The replacement cost for new bow finger seals was quoted as $5300 each.

Although not confirmed by this trial, the cted life of the seals is estimated to be between 1500 to 2000 hours of operation. This figure is based on US Navy operating experience with test air cushion vehicles (Jeff A and B) and surface effect ships (100A and 100B).

During the Operational Evaluation, CGC DORADO was assigned to various commands along the Gulf of Mexico, and employed in different missions. Fig. 5 shows areas of operation. In June and early July the vessel was operated out of Galveston, Texas in fisheries law enforcement duties. This included boarding vessels for inspection of catch and cargo as well as identification of vessels.

In mid-July, the craft was based at Corpus Christi, Texas, and employed in search and rescue duties and law enforcement patrols. The particular emphasis was on prevention of drug smuggling.

In August CGC DORADO conducted missions servicing aids-to-navigation while based out of New Orleans. This included minor repairs to buoys as well as fixed aids-to-navigation and transporting equipment. Late in August, the vessel was one of many employed in a pollution control drill in and around the Louisiana Offshore Oil Port, working in conjunction with the US Coast Guard Gulf Strike Team hazardous substance spill control specialists.

Much of the operational evaluation was spent on multi-unit law enforcement patrols, in the southern portion of the Gulf of Mexico. These patrols involved coordinated operations with other Coast Guard units working to prevent the smuggling of drugs. These operations were from 7 to 10 days in duration usually requiring continuous operation at sea. Resupply, including fuel, was from larger Coast Guard units. The seaworthiness characteristics of DORADO provided very habitable conditions for the crew. They were well rested and remained alert. This is in sharp contrast to the case on normal patrol boat sized craft, where the crew is usually exhausted from merely operating the craft in rough seas. During one extended patrol of this type, the seas were running up to 16 feet, and the DORADO, by drifting, was able to experience less than 18 degree rolls.

During the operational evaluation, methods of operation were developed to maximise the DORADO's unique capabilities, while bypassing its negative features. Due to the broad beam and wide set screws, manoeuvrability was very good. Such a good degree of control was afforded by this and the one set of controls looking aft that the crew often boarded vessels directly from DORADO without resorting to the small boat carried aboard.

In order to conserve fuel vessel would frequently sprint to a picket position then shut down and drift. While maintaining a radar guard, DORADO could take advantage of the improved seakeeping to rest the crew and still be ready to respond to an interception when required.

During the six month period, CGC DORADO proved to be a vehicle capable of performing Coast Guard duties in law enforcement, including fisheries patrol as well as coastal smuggling prevention and as a choke point patrol vessel. As a search and rescue craft, it responded to calls for assistance, conducted searches, salvage and firefighting duties as well as performed towing of disabled craft. Multi-ship and aircraft operations, medical evacuations, and cargo carrying capability were also satisfactorily performed.

The large deck aft and relatively high speed and resistance to roll made vertical lift operations with helicopters particularly easy. While not suitably sized nor strengthened to land or refuel a helicopter, the aforementioned characteristics afforded helicopter pilots significantly more control and margin for error than conventional slower speed vessels. On one occasion a medical patient was evacuated from a conventional Coast Guard cutter and transported quickly to within range of land based helicopters. The personnel transfer was accomplished successfully and resulted in the patient reaching medical facilities 6 to 8 hours sooner than would have been possible with conventional vessels.

Speed was one of the obvious advantages of CGC DORADO. The craft was able to transit in excess of 30 knots in low sea states in spite of the operating displacement of 147 long tons (149 metric tonnes) which was well in excess of the designed displacement of 125 long tons (127 metric tonnes). This advantage continued even with speeds of 28 knots in seas up to eight feet. During one patrol CGC DORADO encountered 12 to 14 foot (3·6 to 4·3 m) seas, and swells to 18 feet (5·5 m). The crew was able to make good 16 knots into the seas, and 25 knots when running with the seas. This range of relatively constant high speeds with increasing sea states was found to be a particularly desirable feature. Once DORADO, responding to a call for assistance, beat a helicopter to the scene of a burning yacht. Slow speed operations, however, use considerable fuel, hence normal operations were usually conducted at or near full speed. Fig. 6 shows fuel consumption plotted against speed. The transit speed of around 30 knots had positive effect on crew morale as well. When on patrol in the Yucatan region, CGC DORADO could be ordered home, and within 19 hours grant liberty. Conventional cutters would take two days or more to cover the same distances. The high level vibrations and rapid speed of advance made conventional navigation methods near obsolete however. Automatic position plotters, using

o indicates USCG Bases from which CGC DORADO operated June-December 1981

Fig. 5. USCGC DORADO
Areas of Operation

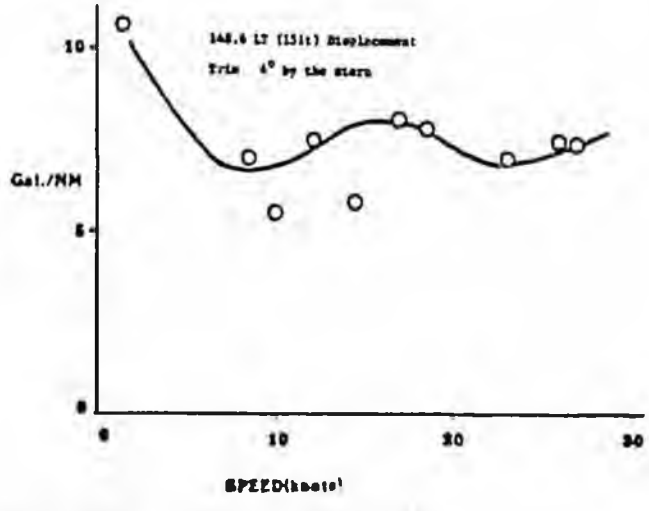


Fig. 6. Fuel Consumption versus Speed
Measured 2-3 December 1981

Loran-C, were utilised, and stabilised binoculars for bridge lookouts were a necessity.

Ship speed was found to be very sensitive to trim adjustment. At or near full load displacement, CGC DORADO was very sensitive to the position of its longitudinal centre of gravity. The crew had to become much more aware of trim than on a conventional ship, because improper trim would often prevent achievement of hump speed. Operations were then limited to between 18 to 22 knots until trim conditions were corrected.

The range for DORADO was about 1000 miles at a full speed of 30 knots. However, as sea state increased, fuel consumption remained almost constant at 160 gallons per hour according to the crew while transit speed decreased accordingly. Even with two ruptured bow seal fingers however, fuel consumption at full throttle was about the same rate of 160 gallons per hour while speed was only reduced to 18 knots.

The seaworthiness and habitability of CGC DORADO proved to be two particularly desirable features. With the broad beam, crew living conditions aboard compared more to shore side barracks than they did to shipboard conditions. Ship motions, particularly heaving and lurching, were rough during full speed operations and often prevented normal activities. However, due to the seaworthiness of the hull, either a course alteration, or a complete stop, would moderate motions to such a significant degree that activities approaching inport routine could be conducted. One method of operation that developed was to stop and drift once the operating area had been reached. This technique provided an extremely well rested and alert crew for when action was required, as well as a method to conserve fuel. This is in contrast to conventional vessels which would, of necessity, be steaming at slow speeds in their patrol areas.

Noise and vibration were two negative factors determined during the trial. The main engines were hard mounted to the aluminium hull structure, and as a result, transmitted engine noise throughout. The craft, being a prototype, has some insufficient propeller tip clearance induced vibrations. The propellers were turned down from 42 inch (1·06 m) to 40 inch (1·02 m) diameter before delivery to US Navy/US Coast Guard in a partially successful attempt to alleviate this source of vibration. The inherent pneumatic spring effect of the air cushion also contributed to the unusual motions. While the motions often seemed extreme to visitors, the fact remains the crew lived and functioned very well for the six month evaluation period.

The vibrations did contribute to numerous piping failures and hull cracks. These failures illustrate the need for care in designing aluminium craft. Flexible connections and more numerous pipe system supports would have reduced the occurrence of these failures. Strengthening of hull plating in discovered weak areas, as well as more use of continuous, rather than skip welding techniques would lessen the occurrence of hull cracks. Bell Halter has incorporated hull thickness changes on the next generation design of these vessels.

Operationally, the DORADO presented a small radar and visual target when viewed from a bow aspect. This was useful when coupled with the high speed of the vessel while the craft was being used in law enforcement missions.

The broad beam allowed large deck space aft, suitable for cargo. This area, however, was subjected to spray and was often quite wet when the craft was underway on cushion at high speeds. The widely separated propellers provided DORADO with excellent manoeuvrability at pier side and when alongside other vessels at sea. This feature, along with the stable ride was particularly useful when DORADO was resupplied by other Coast Guard cutters. The manoeuvrability, coupled with the variable deck height, due to lift engine throttle settings, was used to advantage by DORADO's crew during boardings and inspection of other vessels. DORADO would manoeuvre alongside, then adjust cushion height, to match deck levels, allowing the boarding crew to step directly from one ship to the other.

The broad beam, and shallow step aft also allowed easy boat launching and over the side operations. The crew reported a significantly improved sense of safety during these operations when compared to conventional patrol vessels. Items were easily launched and recovered off the stern platform. Small Coast Guard boats moored across the stern on occassion. Towing was likewise easy. The location of the tow bitt was found to be troublesome, as it rendered so much of the stern unusable (Fig. 2). The tow point could be moved further aft without detriment because of the wide set screws.

The crew learned to operate the craft quickly. The only controls beyond those found on a normal vessel were the lift engine controls. The large beam and draught, when off cushion, were factors the operators had to keep in mind when operating in restricted waters however.

The installed ground tackle proved inadequate. The two 90 pound Danforth type anchors, standard equipment aboard 95-foot patrol boats, proved inadequate to hold DORADO when trailing a pollution containment boom astern.

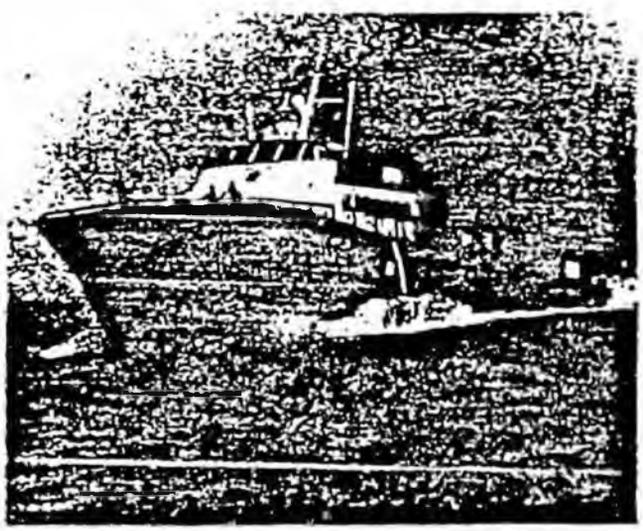


Fig. 7. USCGC DORADO in transition from hull borne to cushion borne mode of operation. Note eight bow finger seals.
Official US Coast Guard Photo.

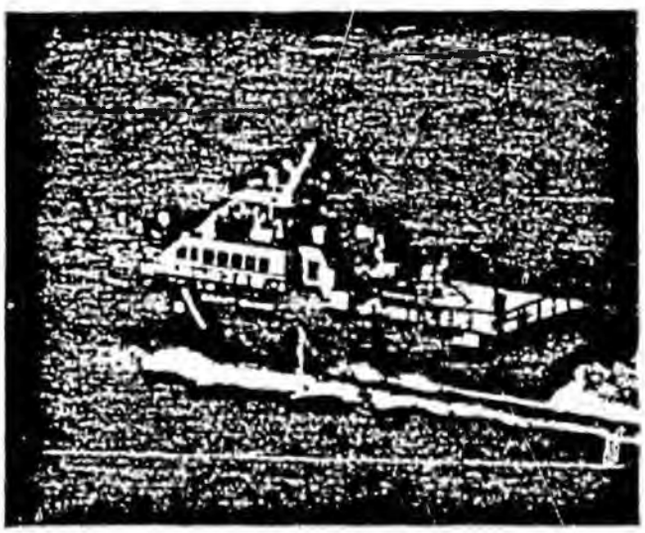


Fig. 8. USCGC DORADO aerial view from port quarter while operating on cushion.
Official US Coast Guard Photo.

The aluminium construction allowed f painted interior spaces, and hence reduced maintenance despite the increased area to be cleaned. The low melting point of aluminium requires adequate fire protection. The installed carbon dioxide fire extinguishing system and remote ventilation fan shut off switches proved vital during the evaluation of DORADO.

Engineering experience aboard CGC DORADO has shown the craft is within the scope of normal maintenance expertise found on other Coast Guard cutters. The diesel propulsion and conventional ship characteristics offered no problem for crew operations. The main diesel engines are common to those used on 95-foot Coast Guard patrol boats. The only feature unique to the DORADO are the bow and stern seals. There were no repairs made to the seal system, except direct replacement, so an assessment of the crew's capability to make repairs cannot be made.

The extensive use of aluminium pipe and the use of dissimilar metals in piping systems, such as brass valves, are a potential problem. The generous use of protective zincs is necessary for long term operation of craft similar to DORADO. Similarly, vibration mounts, flexible bulkhead penetrations, and more supports for pipes should be installed to reduce one of the major maintenance problems encountered on DORADO.

5. CONCLUSIONS

In summary, the six month operational evaluation of the USCGC DORADO proved that the SES concept can be valuably employed as a Coast Guard resource. The craft proved equal or more capable in conducting most of its missions than comparable Coast Guard cutters. While problems and limitations with the concept and this particular vessel exist, solutions are not beyond the reach of technology. On balance, the concept is valuable and useful in pursuit of many Coast Guard missions.

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File Name: [F0]<SeaHawkCo>FY87-Stats

USCGC SEA HAWK(WSES-2)
OPERATIONAL STATISTICS FY-87

MISSION SUMMARY

CATEGORY	MISSIONS	RES HRS	INPORT OPS HRS	HIGH READY HRS
SAR	19	156	0	0
ELT-DRUGS	19	2450	72	14
ELT-OTHER	3	55	0	0
OPTRA	12	23	106	0
PIA	6	11	10	0
MISC	12	66	18	0
TOTAL	71	2761	206	14

TOTAL MAINTENANCE HRS: 4424
TOTAL STANDBY HRS: 1355

EMPLOYMENT SUMMARY

CATEGORY	HOMEPORT	AWAY FROM HOMEPORT	TOTAL
U/W DAYS	33	122	155
INPORT OPS DAYS	15	0	15
HIGH READY DAYS	0	0	0
MAINTENANCE DAYS	157	2	159
STANDBY DAYS	36	0	36
TOTAL	241	124	365

MISCELLANEOUS INFORMATION

NR OF PATROLS: 21
FUEL CONSUMED: 193,636 GALS
MILES CRUISED: 21,121 NM
SIGHTINGS: 332
BOARDINGS: 59

SEIZURES: 3

DATE	VSL NAME	CONTRABAND	ARRESTS
05 MAY 87	F/V NATALIA DEL MAR(US)	4,000 LBS MJ	5
22 JUN 87	S/V ESMERALDA(US)	150 LBS MJ	3
01 SEP 87	M/V LUCELIA(HA)	2,055 LBS COKE	5

HMIO INTERDICTIONS: 2

DATE	VSL NAME	POB
30 MAR 87	M/V MARIE FLORE(HO)	140
21 JUL 87	S/V DIEU D'AMOUR(HA)	136

USCGC SHEARWATER (WSES-3)
OPERATIONAL STATISTICS FY-87

MISSION SUMMARY

CATEGORY	MISSIONS	RES HRS	INPORT OPS HRS	HIGH READY HRS
SAR	11	92	0	0
ELT-DRUGS	32	2516	109	23
ELT-OTHER	1	16	1	0
OPTRA	19	27	0	0
COOP-FED	2	60	0	0
PIA	6	66	0	0
MISC	14	142	24	0
TOTAL	85	2919	134	23

TOTAL MAINTENANCE HRS: 4022
TOTAL STANDBY HRS: 1662

EMPLOYMENT SUMMARY

CATEGORY	HOMEPORT	AWAY FROM HOMEPORT	TOTAL
U/W DAYS	10	158	168
INPORT OPS DAYS	0	0	0
HIGH READY DAYS	2	0	2
MAINTENANCE DAYS	78	69	147
STANDBY DAYS	48	0	48
TOTAL	138	227	365

MISCELLANEOUS INFORMATION

NR OF PATROLS: 31
FUEL CONSUMED: 231,178 GALS
MILES CRUISED: 28,833 NM
SIGHTINGS: 146
BOARDINGS: 49

SEIZURES: 3

DATE	VSL NAME	CONTRABAND	ARRESTS
08 OCT 86	S/V JOUER (UK)	400 LBS MJ	2
16 DEC 86	S/V CONQUEST(US)	1,851 LBS MJ	3
16 MAY 87	S/V ALGERNON (US)	1,000 LBS MJ	2

MIGRANT INTERDICTIONS: 1

DATE	VSL NAME	POB
01 MAY 87	M/V STONEINGTON(US)	18

USCGC PETREL (WSES-4)
OPERATIONAL STATISTICS FY-87

MISSION SUMMARY

CATEGORY	MISSIONS	RES HRS	INPORT OPS HRS	HIGH READY HRS
SAR	26	201	0	0
ELT-DRUGS	32	3623	20	2
ELT-OTHER	1	24	0	0
ELT-FISHDOM	1	1	0	0
OPTRA	29	109	10	0
PIA	3	7	0	0
ATON	1	3	0	0
MISC	8	25	0	0
TOTAL	101	3993	30	2

TOTAL MAINTENANCE HRS: 2778
TOTAL STANDBY HRS: 1957

EMPLOYMENT SUMMARY

CATEGORY	HOMEPORT	AWAY FROM HOMEPORT	TOTAL
U/W DAYS	27	182	209
INPORT OPS DAYS	2	0	2
HIGH READY DAYS	0	0	0
MAINTENANCE DAYS	101	0	101
STANDBY DAYS	53	0	53
TOTAL	183	182	365

MISCELLANEOUS INFORMATION

NR OF PATROLS: 36
FUEL CONSUMED: 362,323 GALS
MILES CRUISED: 36,472 NM
SIGHTINGS: 189
BOARDINGS: 105

SEIZURES: 8

DATE	VSL NAME	CONTRABAND	ARRESTS
07 OCT 86	F/V GUADELUPE	70 LBS MJ	4
12 OCT 86	S/V RAINBOW CHASER	3,400 LBS MJ	2
11 MAR 87	FL 5778 EY	RESIDUE	5
03 APR 87	FL 5334 SH	RESIDUE	5
06 JUN 87	FL 3804 EY	HIDDEN COMPT	2 DET
12 AUG 87	P/C REMAN	HIDDEN COMPT	3 DET
10 SEP 87	S/V WONTON	100 LBS MJ	4
25 SEP 87	P/C EXCALIBUR	ILL EXPORT ELECTRONIC EQUIPMENT	2

MIGRANT INTERDICTIONS: 0

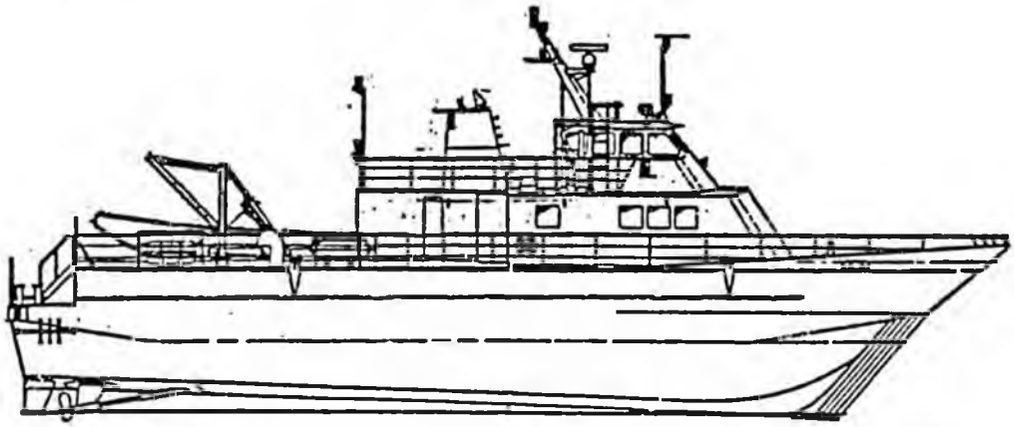
LACY ACT:

DATE	VSL NAME	VIOLATION
22 FEB 87	F/V LITTLE JOE	730 LBS SHRIMP SEIZED FOR FISHING IN MX WATERS

U.S. Department of Transportation **Fact Sheet**

United States Coast Guard

Public Affairs Office, 2100 2nd St. SW, Washington DC 20593-0001 — 202-267-2304



THE SURFACE EFFECT SHIPS (WSES)

The three U.S. Coast Guard Surface Effect Ships are a new concept in patrol craft. These rigid side wall hovercraft are used primarily for enforcement of laws and treaties, especially drug or illegal migrant interdiction and marine environmental protection.

With a maximum speed greater than 30 knots, the SESs assure rapid response for rescue cases, pollution containment and law enforcement while the thirty-nine foot beam provides a stable platform in most sea conditions. The ship is constructed of welded marine aluminum, has two 1800 horsepower diesel engines for propulsion, mounted in the side walls and two smaller diesels for lift.

The lift engines drive fans that create a pressurized air cushion under the vessel, which lifts the vessel, thus reducing drag and draft. The two solid side walls pierce the water surface, formimg a catamaran hull and the air cushion is sealed by flexible rubberized skirts at the bow and stern.

Because Surface Effect Ships are designed with low length to beam ratio they are stable at high speeds. When on cushion they have a shallow draft, which can still be maintained at low speeds. The large freeboard area can be adjusted by controlling the lift fans, a useful docking feature. Until wave height approaches the freeboard, speed and ride comfort are not reduced. SESs are highly maneuverable even at low speeds with propeller and rudder in each side hull.

The SESs were manufactured by Bell Halter Inc. in New Orleans, Louisiana. Detroit Diesel Division of General Motors built the 16V-149TIB marine engines in Detroit, Michigan.

SURFACE EFFECT SHIP SUMMARY

PRINCIPAL

Length Overall: 109 feet 3/4 inch

Beam: 39 feet

Full Draft: 8 feet 3 inches

On Cushion: 5 feet 6 inches

Hull Material: Aluminum Alloy
Super Structure: " "

Full Load Displacement: 150 tons

Maximum Operating Speed: 30+ knots

Best Economical Speed: 26 knots

Endurance: 7-10 days

Cruising Range: 1100 n.m.
@25 knots

MACHINERY

Lift: 2 Detroit Diesels
350 HP
2-two stage 40" diameter
lift fans

Main Engines: 2 General
Motors Diesels 1800HP
@1900 RPM

Generators: 2 GM Diesels
(55kw)

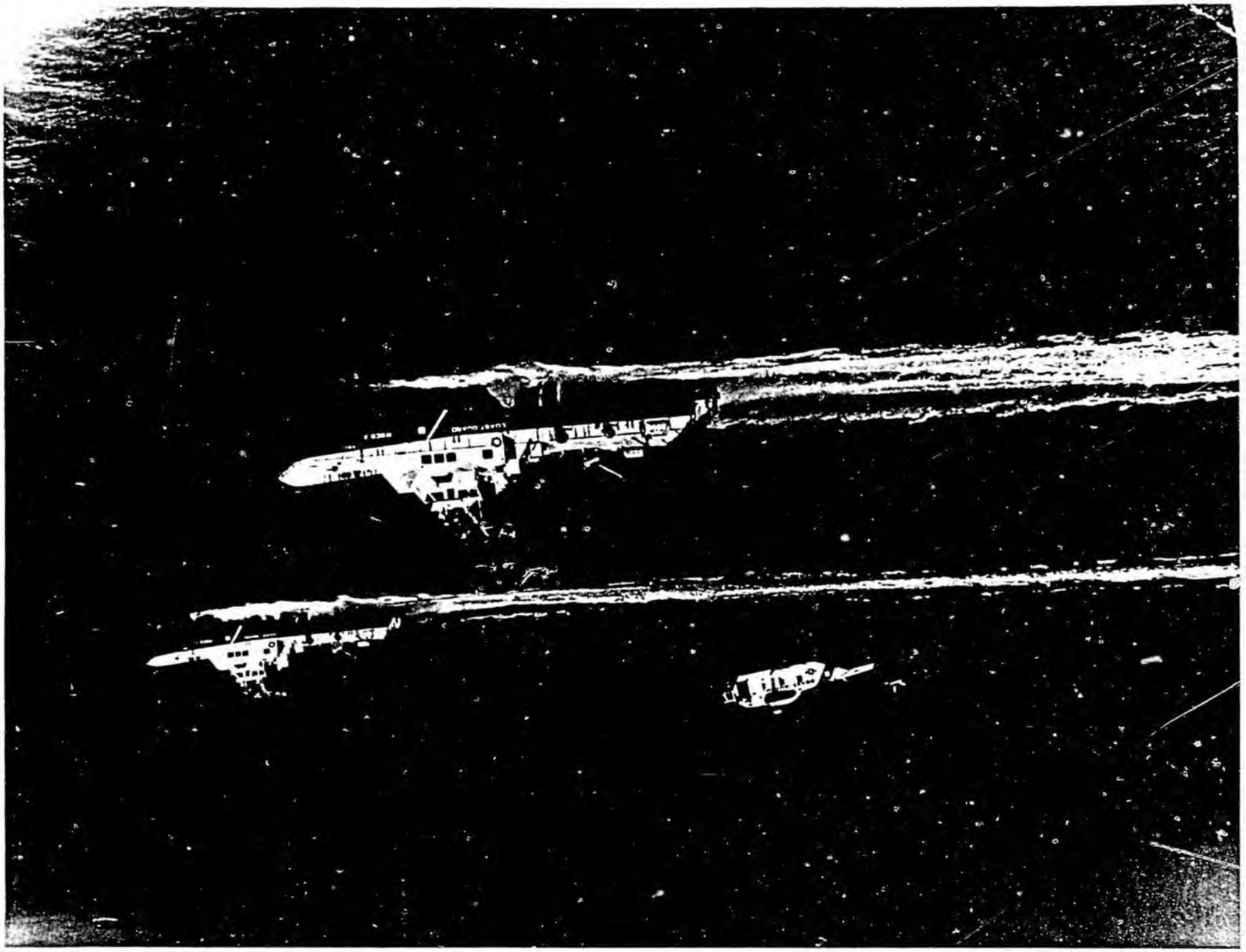
ACCOMMODATIONS

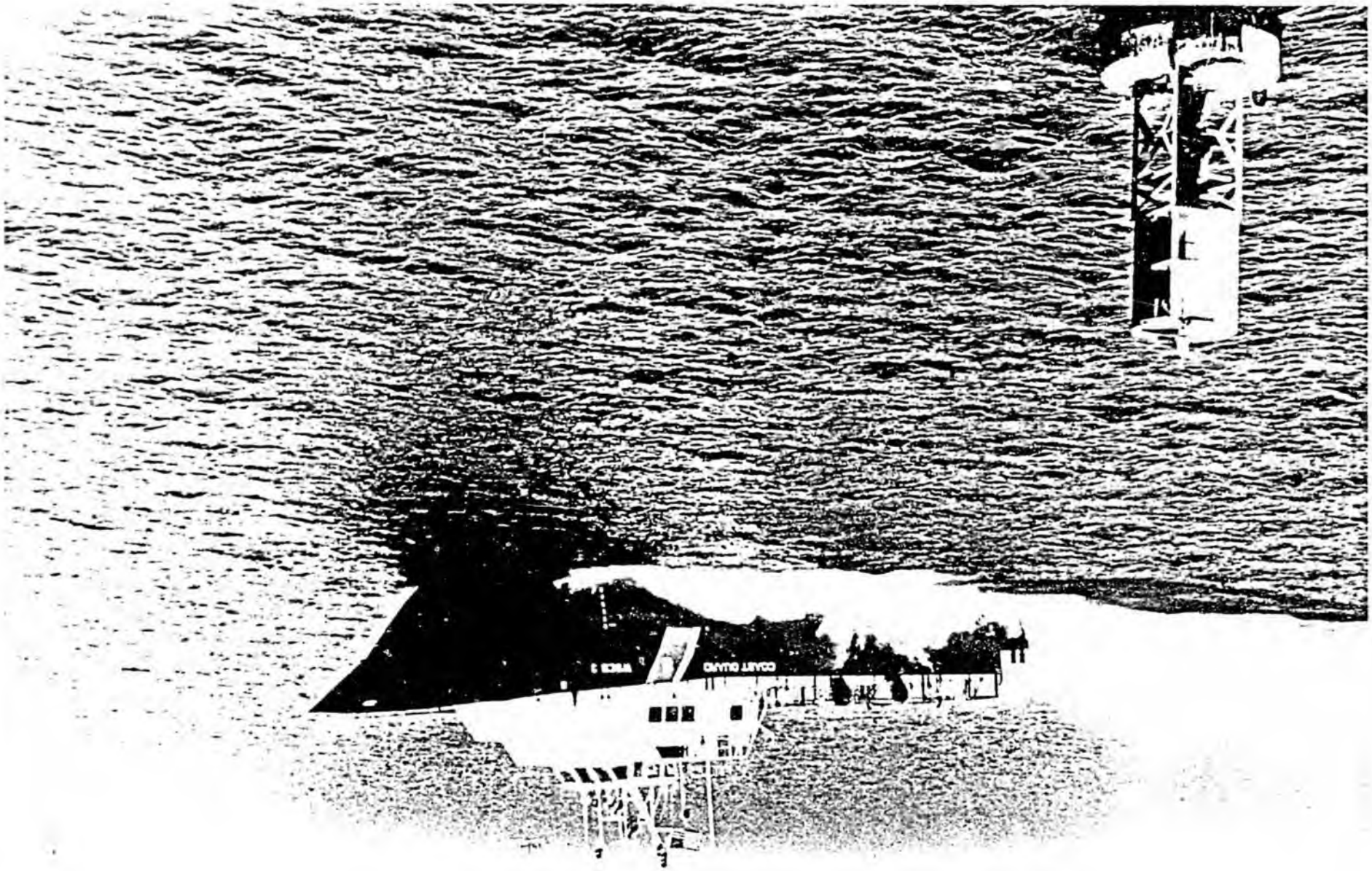
2	Officers
1	CPO
14	Crewmen
1	Spare
18	

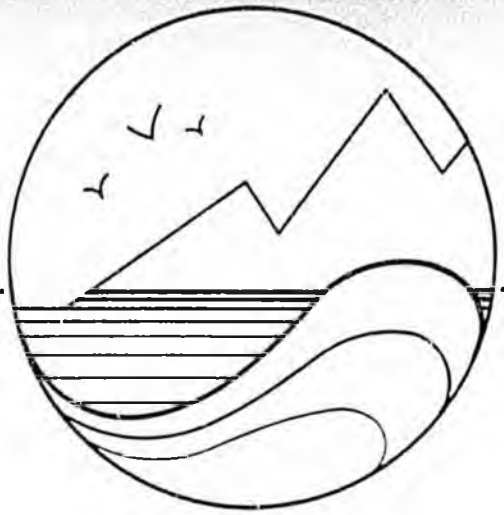
SURFACE EFFECT SHIPS

SEA HAWK	WSES-2
SHEARWATER	WSES-3
PETREL	WSES-4

Home Port: 7th. District
Key West, Florida







Southeast Alaska Transportation Plan

Evaluation of Corridor Alternatives

Juneau Access (Lynn/Taku Corridors)

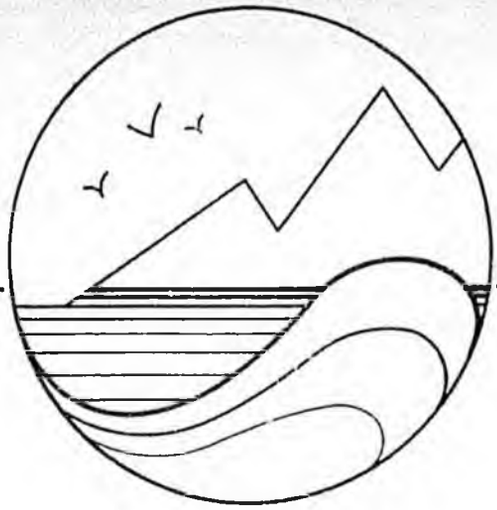
Prepared by

Acres International Corporation

for

Alaska Department of Transportation and Public Facilities

March 1986



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1 - INTRODUCTION

EVALUATION OF CORRIDOR ALTERNATIVES - LYNN CORRIDOR

1 - INTRODUCTION

1.1 - General

As part of the update of the Southeast Alaska Transportation Plan, a number of studies were carried out relating to the provision of surface transportation services within subsections or corridors of the overall region. These subregional studies were used as a screening process, to examine a number of transportation options within a particular corridor in isolation from the balance of the system and to identify, at a restricted level of analysis, those options which seemed most promising and hence which warranted further consideration in the context of the total regional transportation system. In all, five corridor studies were carried out dealing with transportation issues and alternatives with regard to Juneau Access (Lynn/Taku Corridors), the Ketchikan-Southern Terminus Corridor, the Stikine Corridor, the Sitka Access Corridor, and the Prince of Wales Island Access Corridor.

This report describes the process and the findings of the corridor study relating to Juneau Access including the Lynn Canal and Taku River Corridors. It outlines the anticipated transportation requirements in the corridors, identifies the options which were considered, and describes the evaluation of the various options in terms of financial implications, user impacts and service/cost effectiveness.

1.2 - Description of Corridor

The Lynn Corridor analysis examined the provision of road and marine transportation services up and down the Lynn Canal, connecting the communities of Juneau, Haines and Skagway (see Figure 1). The corridor serves passenger and vehicle traffic between these three communities and also acts as the

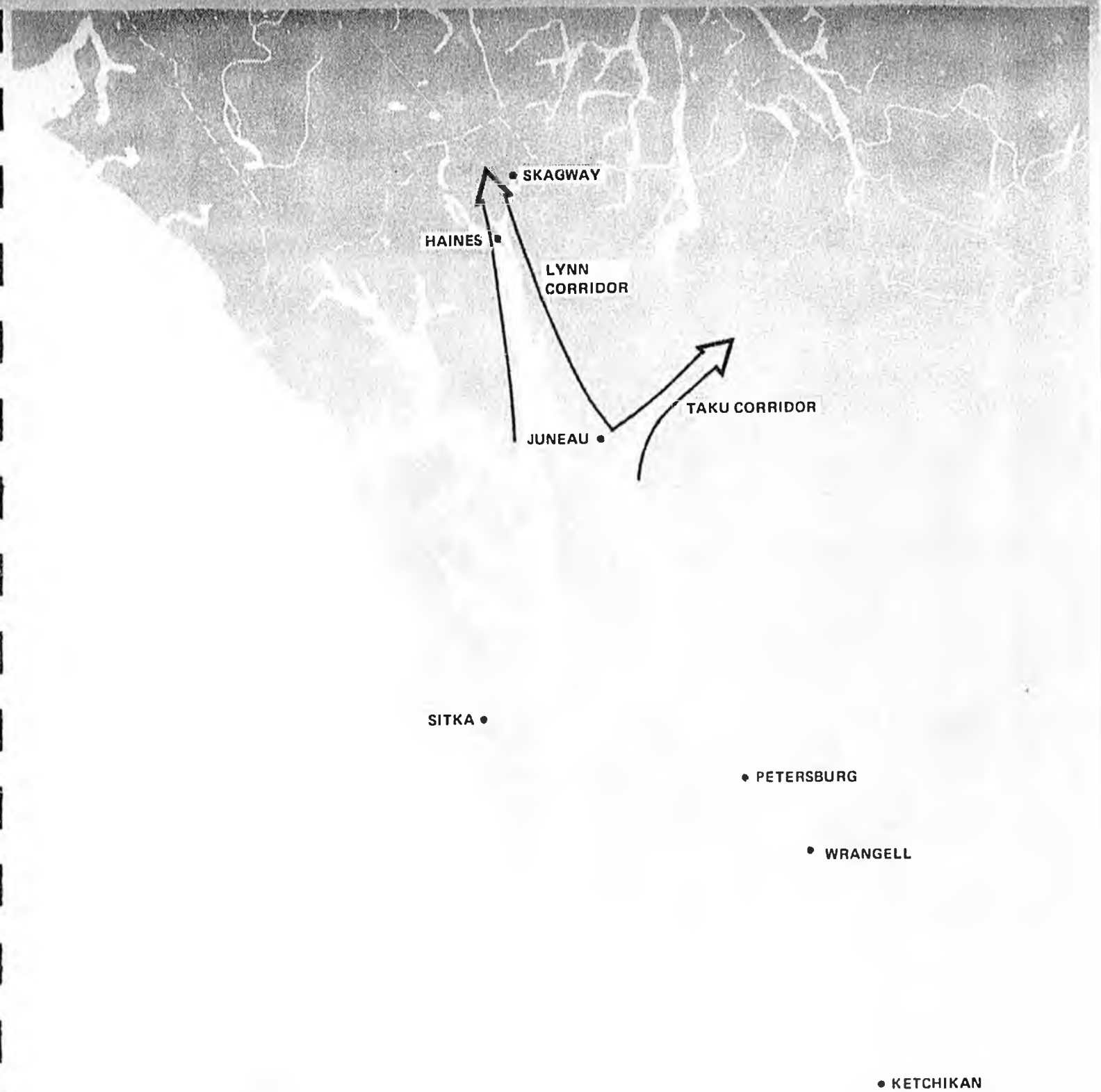

Figure 1

JUNEAU ACCESS CORRIDORS

northern terminus of the Southeast Marine Highway system. As such, it connects Haines, Skagway and points north with other southeast communities and with the Lower 48. The Taku Corridor analysis (see Figure 1) examined the possibility of utilizing the Taku River Valley as a means of connecting Juneau with the continental road system and hence, with other communities having access to the roads.

1.3 - Scope of Analysis

For the corridor analysis, the Lynn Canal was treated as a separate transportation system. The assessment of options considered only the provision of service within the Juneau-Haines-Skagway triangle without regard to connections required north and south of the corridor. Service options, financial implications and user impacts relate only to that portion of a trip which falls within the corridor boundaries. Impacts accruing outside the corridor as a result of different corridor options were included at the next stage of analysis as part of the assessment of regional systems.

Similarly, the Taku Corridor was regarded as a separate transportation system, primarily providing access between Juneau and the road systems of Yukon and Alaska. While the corridor could be used as a means of connecting with the Alcan Highway and hence, with the southbound Stewart-Cassiar Highway out of Watson Lake, this would involve a significant detour for traffic to and from the south and hence, was not considered to be a viable alternative for Marine Highway traffic to and from the Lower 48.

1.4 - Report Format

The balance of this report is divided into three sections. Section 2 discusses the key factors considered in defining corridor options and describes the physical and traffic components of the alternatives which were evaluated. Section 3 presents the findings of the financial analysis and user impact evaluations, and Section 4 provides a summary of conclusions and recommendations. Two Appendixes are also included which describe in detail

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the methodologies used in developing, costing and assessing corridor alternatives and discuss the theories and methods underlying the evaluation parameters.

2 - CORRIDOR ALTERNATIVES

2 - CORRIDOR ALTERNATIVES

2.1 - Corridor Issues

The Juneau Access Corridor, which currently consists of Marine Highway links between Juneau, Haines and Skagway, represents a problem within the regional transportation context on a number of fronts.

- The Lynn Canal is one of the most intensively used links in the Marine Highway system. In 1984 it carried more passengers than any other link and was second only to the combined Seattle/Prince Rupert to Ketchikan links in terms of total vehicles carried.

- Aggravating this problem, the Lynn traffic tends to be more concentrated into the peak summer months than traffic in other corridors.

- Over 35% of the traffic disembarking in the Lynn boards at either Seattle or Prince Rupert. This makes it difficult for passengers embarking within the Southeast Region to book space on the vessels.

- The Lynn ferry service represents the only surface link between Juneau, the State capital, and the rest of Alaska. For political reasons a faster, more frequent connection would be desirable.

In developing the Juneau Access Corridor alternatives, the key concerns therefore were how to provide additional capacity up the Lynn Canal and/or how to improve service (particularly travel time) between Juneau and the northern terminus.

With these factors in mind, eleven options were developed for the provision of transportation service in the Juneau Access Corridor, with nine involving service via the Lynn Canal and two involving service via the Taku River.

These are described, in terms of physical characteristics and traffic impacts, in the following sections. Figure 2 provides a map of the region showing the key points referred to in the description of alternatives.

2.2 - Base Case - Lynn Option 1

2.2.1 - Description

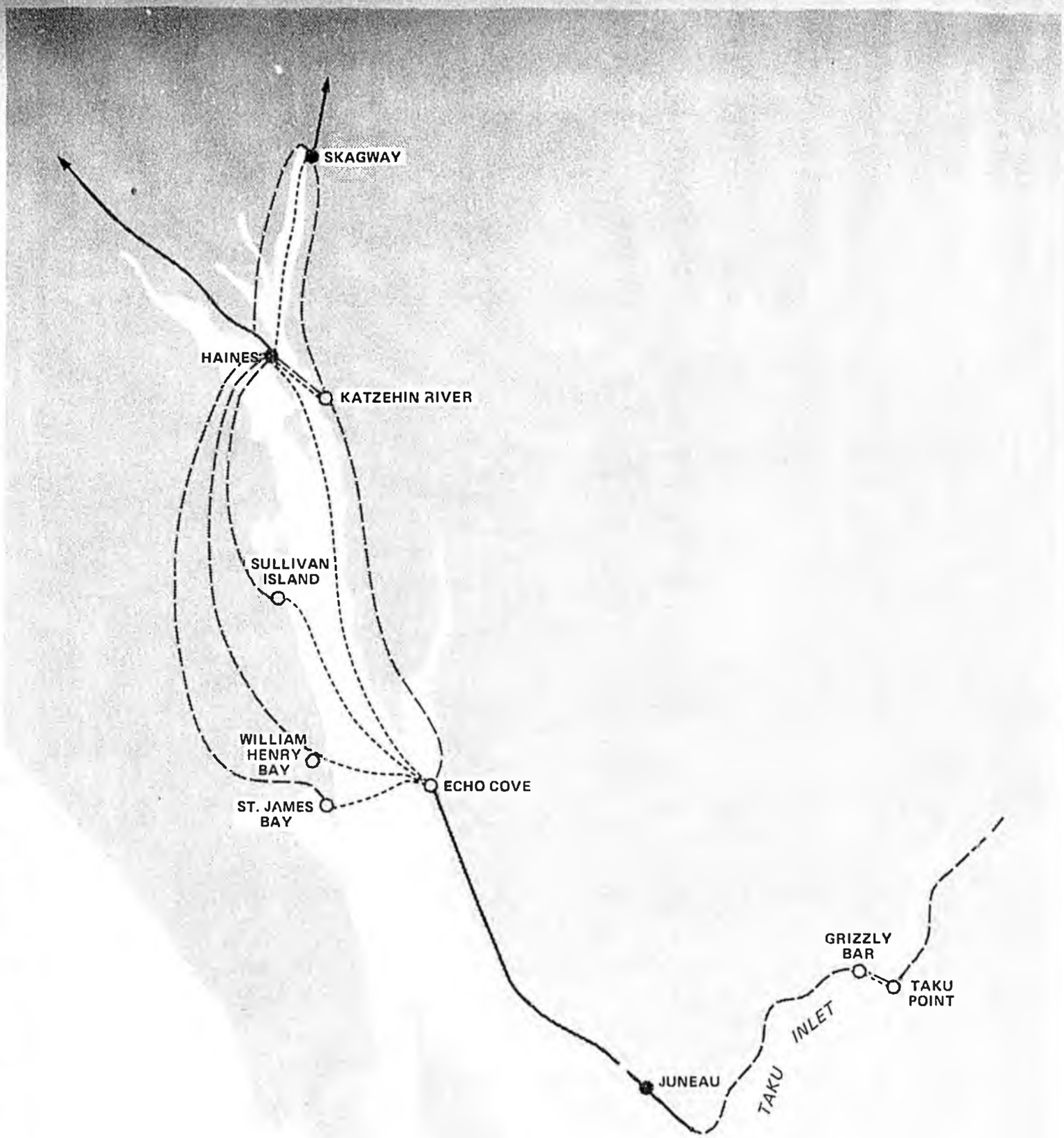
Option 1 involves continuation of the existing ferry service up the Lynn and serves as a base case against which other options can be evaluated. Under this option, peak season service would be provided twice weekly by the Taku, Malaspina and Matanuska, and once a week by the Columbia and the LeConte, giving a weekly total of eight trips.

The annual cost to the Marine Highway of serving the Lynn in this manner was estimated at $7.0 million for vessel operations and $0.4 million for port operations.

Capital costs associated with the existing fleet would add another $3.1 million to this cost. (These figures are based on an average Lynn transit time of 18 hours, multiplied by total hourly costs and total annual Lynn trips for each vessel.)

2.2.2 - Traffic

Under the base case scenario, tourist and resident traffic up the Lynn were assumed to grow at the rates presumed in the travel demand forecasts; viz 4.5% (to 1990) and 2.5% (1991-2005) for tourist traffic and 2.8% (to 1990) and 1% (1991-2005) for residents. Average peak daily demand within the corridor (total embarkations plus total through traffic) was projected at 965 passengers and 215 vehicles in 1990, increasing to 1340 passengers and 300 vehicles by 2005. Of these, approximately 15% were internal Haines/Skagway trips while the balance transitted the Juneau/Haines section of the corridor.



LEGEND

——— Existing Roads

— — — Potential Road Links

-------- Potential Ferry Links

NOTE:

Road links as shown do not necessarily represent proposed alignments.

Figure 2

JUNEAU ACCESS – CORRIDOR ALTERNATIVES

Since the 2005 figures for vehicle demand, when adjusted for links and direction, would exceed the capacity of the existing ferry system, consideration had to be given to assigning the cost of a new vessel to this option when demand reaches capacity (approximately 1998). It was noted, however, that the Lynn Corridor was not the only capacity constraint in the system. In fact, demand would exceed capacity out of Seattle in the early 1990s, thus prohibiting many Lynn-bound users from entering the system. Without new capacity out of Seattle, Lynn capacity problems would not arise since demand would not materialize. With new capacity out of Seattle, Lynn problems would also be eliminated since additional vessels would be in service.

This interaction raised problems with regard to the proportion and timing of new capacity costs which should be attributed to the Lynn Canal. Since this issue was to be dealt with in the system studies, it was decided to maintain the isolated 'corridor' perspective of this analysis by adding a vessel to the Lynn system in 1999 when additional Lynn capacity was needed, and assigning its cost to the Lynn in the same proportion as that of other vessels serving the corridor.

2.3 - All-Road Options - Lynn 2 and 3

2.3.1 - Description

The second and third Lynn Corridor alternatives involved linking the communities of Juneau, Haines and Skagway by road and terminating all marine operations north of Juneau.

Lynn 2, the more costly alternative, involved extending the existing road from Echo Cove up the east side of the Lynn to Skagway and building a bridge across the Chilkoot Inlet at the mouth of the Katzehin River to link Haines to the new road. Total capital cost of this option, which involved 76 miles of new road, was estimated at $440 million of which $290 million was for road construction and the remaining $150 million for the bridge. Annual

operating and maintenance costs for road upkeep were estimated at $2.07 million. Offsetting these were savings associated with closing the ferry terminals at Haines and Skagway--approximately $0.4 million per year.

Lynn 3 also involved building a road up the east side of the canal to Skagway. However, instead of a bridge crossing at Haines, a road would be built down the west side of the canal between Haines and Skagway. The total capital cost of this option, which required 109 miles of road construction, was estimated at $365 million, while road operating and maintenance costs were estimated at $2.52 million per year.

2.3.2 - Traffic

Projected Lynn traffic demand under the 'all road' options was expected to differ significantly from the 'base case' marine highway alternative. Passengers to and from points south of Juneau who were traveling with vehicles were assumed to switch to the road and continue their trip up the Lynn by car. Lynn foot passengers originating at or destined for points south of Juneau, however, were assumed, in large measure, to forego the trip up the Lynn rather than make arrangements to bring or rent a vehicle. Thus only 25% of Lynn foot passengers to and from points south of Juneau were presumed to shift to the road.

Travelers originating at or destined for Juneau were assumed more likely to have access to a vehicle and to make the trip up the Lynn even in the absence of ferry service. All Juneau O/D passengers were therefore forecast to switch to the road, and vehicle numbers were adjusted accordingly.

In addition to carrying traffic which would otherwise move on the Marine Highway, the direct road connections between Juneau, Haines and Skagway were also assumed likely to stimulate additional trips within the Lynn Corridor as a result of the lower cost and greater flexibility of road travel. These trips would largely originate among the residents of the area and would likely be related primarily to recreation/shopping/visiting activities.

Consideration was given to the possibility that some traffic might also be diverted from air but, in view of the frequency and speed of air service within the Lynn and the high proportion of business travelers on this mode, it was decided that such diversions would likely be small in number. The possibility of additional road traffic related to future resource development in the corridor was also reviewed and several potential developments were noted. However, since there are no committed plans for other development along the proposed road corridors beyond existing logging activities, this class of potential traffic, while recognized as a possible addition to demand, was excluded from the quantitative analysis.

Estimating the road-induced recreation type trips involved considerable subjective judgment. There were few data sources available which would assist in predicting the behavior of the local residents if a road were developed. Within Southeast Alaska there are no road links comparable to the proposed Lynn system either in terms of distances involved or the size and amenities of the communities at either end. Some travel propensity data were available for road developments in other parts of the United States and Canada but none represented a reasonable proxy for the Lynn Corridor.

In consequence, the travel propensity data on the two roads most comparable to the Lynn roads were reviewed (the road from Juneau to Echo Cove and the road from Petersburg to Blind Slough) and were adjusted to reflect the longer distances involved in the Juneau/Haines/Skagway trip and the high level of attractions within the Juneau community. It was judged, in light of these factors, that an average daily traffic level of .0075 vehicle trips per capita was appropriate, yielding a projected induced traffic volume of 94 000 vehicle movements in 1991 (the earliest possible time when the road could be operational) and 108 000 movements in 2005. Because of the heavy recreational focus of this traffic it was assumed that 50% of these movements would take place in the peak summer period with the balance divided equally between the shoulder and low seasons.

Total projected traffic on the Lynn roads, including the carryover from points south of Juneau, the existing Juneau/Haines/Skagway traffic, and the induced traffic would total 155 500 vehicle movements in 1991 and 189 100

vehicle movements in 2005 of which, on average, 52% would occur during the peak season. Peak average daily traffic would therefore be approximately 900 vehicle movements per day in 1991 and 1100 vehicle movements in 2005.

2.4 - West-Side Road Options - Lynn 4, 5 and 6

2.4.1 - Description

Lynn options 4, 5 and 6 assessed the potential for building roads up the west side of the Lynn Canal and linking these roads to the east side of the canal and Juneau via a shuttle ferry out of Echo Cove. Three variations of this concept were analyzed.

Lynn option 4 involved operating the shuttle ferry from Echo Cove approximately 17 miles across the canal to St. James Bay, and building a road from St. James Bay through Haines to Skagway--a total of 95 miles. Total construction cost, including ferry terminals at Echo Cove and St. James Bay was estimated at $240 million. Road maintenance and operation was estimated at $1.89 million per year and terminal operations at $0.2 million. Two 60-vehicle shuttle ferries connecting Echo Cove and St. James Bay represented an additional $7 million in capital cost, and added $4.2 million per year to operating expenses.

Lynn option 5 consisted of a shuttle ferry from Echo Cove to William Henry Bay (approximately 14 miles) and a road from William Henry Bay to Haines. Haines and Skagway would be linked by shuttle ferries similar to those operating out of Echo Cove. Total capital cost for the 45 miles of new road and the two new ferry terminals was estimated at $130 million, while road operating and maintenance costs were estimated at $1.14 million per year and terminal operations at $0.4 million. In addition, the four new shuttle ferries (2 on each link) would require an additional capital expenditure of $14 million and annual operating costs of $8.5 million.

Lynn option 6 involved running the shuttle ferry from Echo Cove north to Sullivan Island (approximately 30 miles) and building a connecting road from Sullivan to Haines. As in Option 5, Haines and Skagway would be joined by shuttle ferry. This option involved 21 miles of new road at a total cost (including ferry terminals) of $70 million. Annual road operating and maintenance costs were estimated at $0.9 million while terminal operating costs were estimated at $0.4 million. Four shuttle ferries were assumed at a total cost of $14 million capital and $8.5 million per year operations. However, under this option it is likely that, towards the end of the 1990s, an additional shuttle would be required on the Echo Cove- Sullivan Island link, since the longer voyage time significantly reduces the shuttles' daily ability to carry traffic.

2.4.2 - Traffic

In projecting demand on the three west side road options, the same assumptions were made regarding the diversion of existing ferry traffic as under the 'all-road' options; that is:

- all Lynn passengers with vehicles originating at or destined for points south of Juneau would divert to the road

- 25% of Lynn foot passengers to/from points south of Juneau would divert to the road while 75% would forego the trip

- all internal Lynn passengers (i.e., those traveling between Juneau, Haines and Skagway) would divert to the road/shuttle.

The ability of the road/shuttle options to generate new traffic, however, was judged to be lower than under the all road options. The main deterrent to high volumes of induced traffic was felt to be the potential delay associated with the shuttle ferry. With two ferries operating across the Lynn, the minimum interval between departures would be 1.5 hours on the William Henry Bay option, rising to as much as 2.75 hours on the Sullivan Island route. While this could be tolerable if the road trip could be timed so as to just connect with the ferry, in peak travel periods (e.g., on a

summer weekend) when as much as half the daily traffic may want to travel within a span of a few hours, a vehicle may have to wait for two or three ferries in order to be accommodated.

This peaking problem, together with the relatively long ferry trips, was felt to detract from the three road/shuttle options in terms of generating additional traffic within the Lynn Canal. It was therefore assumed that, under these three options, total induced traffic would amount to 23,500 vehicle trips in 1991, and 27,000 trips in 2005, or roughly one-quarter of the volumes induced under the all-road options.

Total projected traffic including carry over from the existing system and new induced travel would amount to 85 000 vehicle movements in 1991 and 108 000 movements in 2005, of which slightly over 50% would occur during the peak season. Average daily traffic in the peak would therefore be 490 vehicles per day in 1991 rising to 625 by 2005.

2.5 - East-Side Road/Shuttle Options - Lynn 7 and 8

2.5.1 - Description

Since the operational attractiveness of the all-road options (Lynn 2 and 3) was offset in part by the high cost of linking Haines to the road system (either through a bridge at Chilkat Inlet or a road from Haines to Skagway), it was decided to examine the possibility of building a road up the east side of the canal and connecting it to Haines via a shuttle ferry. A shuttle to Haines was considered to be potentially more attractive than an Echo Cove crossing first because of the shorter crossing time and secondly because the greater distance from Juneau might dissipate some of the peaking problems before the ferry crossing was reached.

Two variations on this concept were examined. In the first, Lynn 7, a road would be built to the Katzehin River with a shuttle ferry connection to Haines. Haines and Skagway would be linked by another ferry shuttle. Total

capital cost for 52 miles of new road and a terminal at Katzehin River was estimated at $210 million while road operating and maintenance costs were estimated at $1.56 million per year and terminal operating costs at $0.4 million. In addition, four shuttle ferries would be required at a total capital cost of $14 million plus $8.5 million per year for operations.

Lynn option 8 also involved a road to Katzehin River and a shuttle to Haines but under this option the road was continued up the east side of the canal from Katzehin to Skagway. Total road capital cost (including a Katzehin River shuttel ferry terminal) was estimated at $270 million while road maintenance and operations would require $1.94 million per year and terminal operations would require $0.2 million annually. Two shuttle ferries would also be required but it was felt that, with the road running direct to Skagway, the traffic demand on the shuttle would be lower than under other cross-canal options and smaller vessels could be used. Total ferry capital cost was therefore estimated at $4.0 million while total annual operating costs would be $3.0 million for the two vessels.

2.5.2 - Traffic

Total Lynn traffic under the east-side road shuttle options was predicted to reach the same levels as under the all-road alternatives (Lynn 2 and 3); that is, the standard share of carry over from existing ferry traffic and a high level of induced traffic in the corridor. It was felt that the induced traffic would be less deterred than in the west-side road shuttle options due to the short and frequent shuttle connection to Haines and to the reduced peaking problems associated with the greater distance from Juneau and the potential for intervening stopovers.

The distribution of induced traffic was assumed to differ somewhat from the all-road options. Under Lynn 7, where Haines and Skagway are connected by shuttle ferry, most of the induced traffic was presumed to travel between Juneau and Haines. Under Lynn 8, where the east road continued to Skagway, induced traffic was assumed to be spread more evenly between the two northern terminals.

2.6 - High-Speed Shuttle - Lynn Option 9

2.6.1 - Description

The final alternative considered for Lynn Canal service was the use of high-speed ferries to link Juneau, Haines and Skagway out of a terminal at Echo Cove. Echo Cove was chosen as the southern terminus both to avoid conflicts in operations at Auke Bay and because the lesser marine distances allowed higher utilization of the vessels.

Because of the large traffic volumes involved, it was judged that the most appropriate type of craft would be a large (40 vehicle, 180 passenger) high speed (46 mi/h) vessel of the surface-effect-ship class. The Bell-Halter 350B SES was selected as representative of this type of ship.

These ferries were conservatively assumed to make three round trips each during a 16 to 18-hour day in the peak season and two round trips per day over a 10 to 12-hour day in the off peak. Two ferries would be required during the early years, with a third being added in the mid-1990s as traffic volumes increase. Each ferry would cost approximately $12 million to purchase and approximately $4.2 million per year to operate. The capital cost of upgrading the road to Echo Cove and constructing a terminal there was estimated at $7 million. Road maintenance and operations would add approximately $0.6 million per year to the cost, while ferry terminal operations were estimated at $0.6 million annually.

2.6.2 - Traffic

Total projected traffic under the high-speed shuttle option was assumed to be the same as under the west-side road shuttle options (Lynn 4, 5 and 6); that is, the standard level of carry over from existing traffic and the lower level of induced traffic. This assumption may be somewhat optimistic since, with a 3-hour arrival interval between vessels during the early years, this option is particularly sensitive to peaking problems. On the other hand, the high-speed shuttle option is also more adaptable to a

reservations system than a cross-canal shuttle would be, and some peak-spreading should therefore be possible.

2.7 - Taku Corridor Options - Taku 1 and 2

2.7.1 - Description

In additon to the Lynn Canal routes, two other options were considered under the heading of "Juneau Access". These involved construction of road links up the Taku Inlet and Taku River valley to connect Juneau with the existing Yukon/British Columbia road out of Atlin, B.C.

The first option (Taku 1) involved extending the existing Thane Road up the west bank of Taku Inlet to Grizzly Bar, constructing a bridge to the east bank (Taku Point) and continuing along the east bank to the Canadian border. A total of 50.4 miles of new road would be required at a capital cost of $202.5 million. Road operating and maintenance cost would add a further $1.2 million per year.

The second option (Taku 2) followed the same route as the above. However, instead of building a bridge across the inlet at Grizzly Bar, two shuttle ferry terminals would be built and a small ferry used to cross to Taku Point. This option would involve 49.9 miles of new road at a capital cost (including terminals) of $143 million. Annual road maintenance and operations were estimated at $1.1 million. Capital cost for a small shuttle ferry would be in the order of $2 million while annual ferry operating costs would be in the order of $1.5 million.

While the Taku River options would provide competitive connections for travellers between Juneau and points in Yukon and Central Alaska, they would represent a poor alternative to the Marine Highway for travellers between Juneau and Haines/Skagway. Overland distances from Juneau to Skagway under these options would be approximately 300 miles (versus 93 by water) while overland distances to Haines would be almost 500 miles (versus 78 by water). Accordingly, in order to serve Haines and Skagway and provide them with

adequate links to the rest of the Southeast Region, it would probably be necessary to continue Marine Highway operations in the Lynn Canal either at or near existing levels. Thus, the Taku Corridor options, unlike the Lynn alternatives, would not provide any offsetting marine cost savings in the regional systems context.

It should also be noted that the road cost figures quoted earlier in this section cover only the portion from Juneau to the Canadian border. An additional 85 miles of new road would be required in British Columbia in order to connect the Taku Road with the road out of Atlin. In discussions with the B.C. Government, it was indicated that further road connections into the Atlin area were not regarded as a priority, particularly in light of government spending constraints and the more urgent needs for development funding elsewhere in the Province. Accordingly, there is some question with regard to the feasibility of a Taku connection, at least until such time as the B.C. Government indicates a positive interest in developing such a link.

2.7.2 - Traffic

Potential traffic on the Taku Corridor was difficult to estimate due to the lack of data with regard to the proportion of existing Lynn Corridor traffic which originated at or was destined for points north of Haines and Skagway and which hence might be induced to transfer to the road. Even if this were known, there is some question as to the portion which would divert to the Taku Road, particularly if they also embarked or disembarked at a point south of Juneau and hence were obliged to make part of the trip by ferry.

The most probable market for the Taku River road would likely consist of current vehicle traffic between Juneau and points north of Haines and Skagway. Some portion of this traffic might be captured by the road link. In addition, some induced traffic out of Juneau might be expected to use the new road. The volumes of both categories of traffic, however, are likely to be lower than those attracted to a new Lynn Canal route for two reasons. First, a Taku Road would be obliged to compete with ongoing Lynn ferry

service for traffic out of Juneau and secondly, it would not serve as an inducement factor for traffic out of Haines and Skagway but only for traffic out of Juneau.

2.8 - Summary of Costs

Table 2.1 presents a summary of the capital and operating cost associated with each of the Juneau Access options. For purposes of the summary, capital costs are presented both in total and on an annualized basis with the latter being calculated using a 5% - 30 year capital recovery factor for roads and terminals and a 5% - 15 year factor for vessels.

TABLE 2.1

JUNEAU ACCESS OPTIONS - SUMMARY OF COSTS

		TOTAL CAPITAL				ANNUALIZED COSTS				
		Roads		Vessels	Terminals	Road/Terminal Capital	Road/Terminal Operatic	Vessel Capital	Vessel Operations	Total
		(mi)	($millions)	($millions)	($millions)	($millions)	($millions	($millions)	($millions)	($millions)
L1	Existing System	-	-	32.4[1]	-	-	0.4	3.1	7.4	10.9
L2	East Road/Bridge	76	440.0	-	-	28.7	2.1	-	-	30.8
L3	East Road/Road	109	365.0	-	-	23.8	2.5	-	-	26.3
L4	West-St. James Bay	95	231.5	7.0	8.5	15.7	2.1	0.7	4.2	22.7
L5	West-William Henry Bay	45	119.0	14.0	11.0	8.5	1.5	1.4	8.5	19.9
L6	West-Sullivan	21	61.5	14.0/17.5	8.5	4.6	1.3	1.4/1.7	8.5/10.7	15.8/18.3
L7	East to Katzehin	52	204.0	14.0	6.0	13.7	2.0	1.4	6.5	25.6
L8	East Road/Shuttle	70	264.0	4.0	6.0	17.6	2.1	0.4	3.0	23.1
L9	High Speed Ferry	-	2.0	24.0/36.0	5.0	0.5	1.2	2.3/3.5	8.4/12.6	12.4/17.8
T1	Taku Road/Bridge[2]	56	202.5	32.4[1]	-	13.2	1.6	3.1	7.4	25.3
T2	Taku Road/Shuttle[2]	55	141.0	34.4[1]	2.0	9.3	1.5	3.3	8.9	23.0

[1] $32.4 million represents Lynn Canal share of total capital value of existing mainline fleet (based on replacement cost).

[2] Presumes continued ferry service up Lynn Canal.

3 - EVALUATION OF ALTERNATIVES

3 - EVALUATION OF ALTERNATIVES

In order to assess the preferred options for service in the Juneau Access Corridor, a detailed assessment was carried out with regard to the financial and user impact implications of the various alternatives. The two Taku Corridor options were not included in this assessment primarily because they were very close, in cost terms, to the Lynn alternatives yet would serve lower traffic levels and would require extensive investment on the part of the British Columbia Government in order to be implemented.

3.1 - Financial Evaluations

The nine Lynn corridor alternatives were each evaluated from the viewpoint of financial impacts on the Marine Highway, on the State and on the users. Details of the methodologies and the basis for cost and revenue figures used in this analysis are outlined in Appendix A.

The findings of the financial analysis are summarized in Table 3.1. The table outlines the net present value of the 20-year total of costs and revenues associated with each option. Costs are categorized for the Alaska Marine Highway System, the State government (including the AMHS deficit) and the users. (Care should be taken in interpreting the 'costs to user' figures, however, since they relate to different levels of traffic and different types of demand. A more detailed analysis of 'cost to user', which adjusts for changing traffic levels and for the different characteristics of traffic served, is given in Section 3.2 which follows.)

As Table 3.1 indicates, from the State's viewpoint the least costly option for serving the Lynn Corridor is Lynn 1, the continuation of existing ferry service. The only ongoing cost which the State must bear is the Marine Highway deficit associated with the service. Furthermore, since the deficit shown includes an allowance for capital cost of the vessels, any federal contributions towards capital replacement would serve to further reduce the State's costs.

TABLE 3.1

LYNN CORRIDOR OPTIONS -
FINANCIAL ANALYSIS
($ millions - Net Present Value of
20 year Total Discounted at 5%)

Alternative	Existing System L1	East Road-Bridge L2	East Road-Road L3	West-St. James Bay L4	West-William Henry Bay L5	West-Sullivan L6	East Road to Katzehin L7	East Road-Shuttle L8	High-Speed Ferry L9
Costs to AMHS									
Vessel Capital*	40.8	13.5	13.5	19.0	23.1	26.6	24.5	16.6	36.5
Vessel Operating	90.9	31.9	31.9	64.9	100.9	123.4	99.6	54.9	120.5
Port Capital*	-	-	-	5.1	7.3	5.6	3.6	3.6	3.4
Port Operating	5.2	1.9	1.9	3.4	5.0	5.0	5.0	3.4	6.6
Less Vessel Fares	(68.2)	(20.3)	(20.3)	(39.8)	(57.4)	(70.1)	(57.8)	(33.8)	(69.6)
Net Cost	68.7	27.0	27.0	52.6	78.9	90.5	74.9	44.7	97.4
Costs to State									
AMH Deficit	68.7	27.0	27.0	52.6	78.9	90.5	74.9	44.7	97.4
Road Capital*	-	294.4	244.3	154.9	83.6	43.2	136.5	176.7	1.5
Road Operating	-	16.8	20.5	15.3	10.2	8.1	12.7	15.8	5.9
Less Fuel Tax Revenue	-	(0.5)	(0.6)	(0.3)	(0.3)	(0.2)	(0.4)	(0.5)	(0.1)
Net Cost	68.7	337.7	291.2	222.5	172.4	141.6	223.7	236.7	104.6
Costs to User									
Vehicle Operating	-	19.8	25.7	11.9	10.1	7.5	17.8	19.5	4.9
Vessel Fare	68.2	20.3	20.3	39.8	57.4	70.1	57.8	33.8	69.6
Total	68.2	40.1	46.0	51.7	67.5	77.6	75.6	53.3	74.5
Total Costs (State + User)	136.9	377.8	337.2	274.2	239.9	219.2	299.3	290.0	179.1
Effective Passenger Miles (millions)	282.4	547.5	547.5	316.7	319.0	319.0	528.8	547.5	321.4
Cost per Effective Passenger Mile ($)	0.48	0.69	0.62	0.87	0.75	0.69	0.57	0.53	0.56

*Adjusted to reflect residual value at end of planning period.

As noted earlier, however, the continuation of existing service is expected to handle only the growth in existing corridor traffic, generating a total of 282.4 million effective passenger-miles of travel over the 20-year planning period. (Effective passenger-miles are calculated by multiplying the number of passengers on each link by the travel miles over the most direct route rather than over the actual route between two points. This eliminates the distortions which might arise in cases where a more circuitous route would appear to generate a greater number of passenger-miles of service.)

Lynn option 9, the high-speed ferry service, represents the next most attractive option from the viewpoint of State finances, followed, at some distance, by Lynn 6 (shuttle to Sullivan Island) and Lynn 5 (shuttle to William Henry Bay). All three provide roughly the same effective passenger-miles of service. The fourth of these 'medium-traffic' options, Lynn 4 (shuttle to St. James Bay), is considerably less attractive financially, chiefly due to the high cost of the road link between Haines and Skagway.

Turning to the four 'high-traffic' east road options, all are more costly than the 'medium-traffic' alternatives. Lynn 7 (road to Katzehin River, shuttle to Haines and Skagway) represents the least costly of these options from the viewpoint of State costs, followed closely by Lynn 8 (road to Skagway, shuttle from Katzehin River to Haines). Lynn options 2 and 3 (the all-road options) are the most costly from the State's perspective.

Table 3.1 also provides figures for the total combined cost (to users and State) and total combined cost per passenger-mile associated with each corridor option. Again from a financial perspective, the existing system appears to be the most attractive option, followed by the east road-shuttle to Haines (L8), the high-speed ferry (L9) and the east road-shuttle to Haines and Skagway (L7) options.

3.2 - Evaluation of Service/Cost Effectiveness

As noted earlier and explained in detail in Appendix A, the figures for cost per passenger mile do not represent a complete basis for comparison of the alternatives. First of all, by treating all passenger-miles on an equivalent basis, they fail to reflect the different types of demand being served, and hence the different values which users assign to the trips involved. Secondly, by considering only the financial aspects of the options, the cost figures do not reflect the different service characteristics of the corridor alternatives in terms of service frequency, flexibility and travel time.

In order to overcome these difficulties, a more comprehensive supplementary basis was developed for evaluating transportation alternatives which attempted to measure the net benefits to users in terms of cost and service and compare these benefits with the additional cost to the State associated with providing the new transportation service. This assessment of service-cost effectiveness for the Lynn Corridor options is described in the following sections.

3.2.1 - User Costs

The first component of user impacts was the potential benefit associated with lower user costs. The costs incurred by users of the Lynn systems were computed, for each option, by dividing the discounted user costs by the effective passenger-miles of service provided. Each option was then compared with the base case (option L1) to determine the user saving per mile of travel.

Savings accruing to 'base' users (i.e., those who would use the system under all options) were calculated by multiplying the saving per passenger-mile by the number of passenger miles of service provided under the base case, Lynn option 1. Savings to incremental users (i.e., those induced to use the system as a result of the improved service and/or cost) were calculated by

multiplying the difference between total passenger-miles and 'base' passenger miles by one-half the cost saving associated with the alternative.

The resultant discounted cost savings associated with each alternative (per passenger mile and in total) are shown in Table 3.2. As would be expected, the highest total savings arise under those options which minimize ferry travel, both because of lower per-mile costs and higher traffic volumes.

Table 3.3, however, compares user cost savings with the increase in costs incurred by the State. This alters the perspective somewhat with Lynn option 8 (road to Skagway, shuttle to Haines) clearly offering the highest user savings per dollar of government expenditure, followed respectively by options 3 (road/bridge), 2 (road/road) and 7 (road to Katzehin).

3.2.2 - User Time Benefits

Table 3.3 also indicates that, on a user cost savings basis alone, none of the Lynn options generates benefits equal to the additional costs incurred by government. However, the various corridor options do give rise to other user benefits, the most apparent and readily quantifiable of these being the time savings associated with improved speed and service frequency.

Table 3.4 shows the total estimated travel time over the three Lynn links under each option and the travel time savings relative to the base case (existing service). Travel times include road time (at 40 mph average speed), ferry port and sailing times, and delays associated with the interval between ferry arrivals. Option 9, the high-speed ferry, shows two travel times, one for a 2-vessel service and one for a 3-vessel service with the difference reflecting the higher service frequency in a 3-vessel operation.

Since it is difficult to establish a defensible value of time, particularly for a market as diverse as that using the Lynn Corridor, an 'imputed value' approach was used to assess time benefits associated with the corridor alternatives. Under this approach, the total travel time savings were calculated in terms of hours for each option. Next, the difference between

TABLE 3.2

LYNN CORRIDOR OPTIONS -
COMPARISON OF USER COST SAVINGS

Option	Description	Discounted Cost per Pax-Mile ($)	Savings per Pax-Miles* ($)	Total User Savings ($ million)
L1	Existing System	0.242	-	-
L2	East Road/Bridge	0.073	0.169	70.1
L3	East Road/Road	0.084	0.158	65.6
L4	West-St. James Bay	0.164	0.078	23.4
L5	West-William Henry Bay	0.212	0.030	9.0
L6	West-Sullivan	0.243	(0.001)**	(0.3)**
L7	East to Katzehin	0.143	0.099	40.2
L8	East Road/Shuttle	0.097	0.145	60.2
L9	High Speed Ferry	0.232	0.010	3.0

* As ompared with existing system (option L1).

**Brackets denote negative; i.e., costs rather than savings.

TABLE 3.3

LYNN CORRIDOR OPTIONS - COMPARISON OF USER SAVINGS VERSUS COST TO THE STATE

Option	Description	Total Cost to State ($ millions)	Increase Over Base Case ($ millions)	User Cost Savings ($ millions)	User Saving per Dollar of State Expenditure ($)
L1	Existing System	68.7	-	-	-
L2	East Road/Bridge	337.7	269.0	70.1	.261
L3	East Road/Road	291.2	222.5	65.6	.295
L4	West-St. James Bay	222.5	153.8	23.4	.152
L5	West-William Henry Bay	172.4	103.7	9.0	.087
L6	West-Sullivan	141.6	72.9	(0.3)	-
L7	East to Katzehin	223.7	155.0	40.2	.259
L8	East Road/Shuttle	236.7	168.0	60.2	.358
L9	High Speed Ferry	104.6	35.9	3.0	.084

TABLE 3.4

LYNN CORRIDOR OPTIONS -
TRAVEL TIME AND TIME SAVINGS
(Hours per Trip)

Option	Description	Juneau/Haines Travel Time	Juneau/Haines Saving	Juneau/Skagway Travel Time	Juneau/Skagway Saving	Haines/Skagway Travel Time	Haines/Skagway Saving
L1	Existing System	11.00	-	12.50	-	7.5	-
L2	East Road/Bridge	2.50	8.50	2.75	9.75	0.6	6.9
L3	East Road/Road	3.75	7.25	2.75	9.75	1.0	6.5
L4	West-St. James Bay	5.10	5.90	6.10	6.40	1.0	6.5
L5	West-William Henry Bay	4.50	6.50	6.75	5.75	2.3	5.2
L6	West-Sullivan	5.90	5.10	8.10	4.40	2.3	5.2
L7	East to Katzehin	3.80	7.20	6.10	6.40	2.3	5.2
L8	East Road/Shuttle	3.80	7.20	2.75	9.75	1.9	5.6
L9-2	High Speed Ferry-2	4.40	6.60	5.30	7.20	2.4	5.1
L9-3	High Speed Ferry-3	3.90	7.10	4.80	7.70	1.9	5.6

government costs and user cost savings was calculated to determine the value which user time savings would have to have in order for combined user cost and time savings to equal government costs. This 'required time value' was then divided by the hours saved in order to determine the required hourly value of time savings. As long as the actual value of time is assumed to exceed this rate, total user benefits will exceed government costs. Thus, the lower the required time value, the more likely it is that benefits will exceed costs.

Table 3.5 shows the results of these calculations. Required time values range from a low of $2.57 per hour under Lynn option 9 (high-speed ferry) to a high of $13.31 per hour under option 4 (St. James Bay). Several of the options require time values which appear reasonable relative to average hourly incomes (1983 Alaska per capita income converts to an equivalent of $8.50 to $10.00 per work hour). It should be noted, however, that many of the expected trips are recreation-related and that time value under these circumstances may be only a small proportion of hourly income.

In terms of comparative ranking, the analysis indicates that the options most likely to yield benefits in excess of costs are Lynn 9 (the high speed ferry) and Lynn 8 (east road to Skagway, shuttle to Haines). Both show imputed time values which are reasonable relative to incomes, although the high-speed shuttle shows a significant advantage in this regard.

3.2.3 - Other Considerations

While the above analysis presents an assessment of the quantifiable impacts associated with each corridor option, there are a number of other non-quantifiable issues which should be considered in selecting among the alternatives. Some of these are highlighted below.

Capacity is an issue which, while it has been taken into account in planning and defining the corridor options, warrants some further comment. The various system options have been costed on the basis of the minimum expenditure required to meet forecast demand. In the case of the road options, this results inevitably in considerable excess capacity since the minimum

TABLE 3.5

LYNN CORRIDOR OPTIONS - TIME SAVINGS AND IMPUTED TIME VALUES

Option	Description	(1) Total User Time Savings (Mh)	(2) Increase in Government Cost ($million)	(3) User Cost Savings ($million)	(4) Required Time Benefits (2)-(3) ($million)	(5) Required Value of Time (4)÷(1) ($ per hour)
L2	East Road/Bridge	20.0	269.0	70.1	198.9	9.95
L3	East Road/Road	18.4	222.5	65.6	156.9	8.53
L4	West-St. James Bay	9.8	153.8	23.4	130.4	13.31
L5	West-William Henry Bay	10.4	103.7	9.0	94.7	9.11
L6	West-Sullivan	8.4	72.9	(0.3)	73.2	8.71
L7	East to Katzehin	15.4	155.0	40.2	114.8	7.45
L8	East Road/Shuttle	18.2	168.0	60.2	107.8	5.92
L9	High Speed Ferry	12.8	35.9	3.0	32.9	2.57

road is capable of carrying much higher traffic levels than those expected. If traffic levels were to exceed projections, however, the road options could accommodate this traffic without significant additional cost to the State. In the shuttle and high-speed ferry options, however, State costs would increase substantially if more capacity were required during the planning period.

A second consideration is flexibility which, in this context, refers to the ability of the transportation option to adapt to different traffic levels. Here the advantage lies with the existing system and the high-speed shuttle options since capacity can be tailored more closely to demand. If traffic growth does not meet expectations, vessels can be laid up, sold or diverted to other routes. In addition, cost savings can be obtained by reducing service in off-peak seasons. The road options represent a fixed link which can not be adapted, to a significant degree, to changes in the locations or level of demand.

Comfort and reliability are a third consideration. On this issue it is difficult to choose among the options. Comfort is a subjective issue and, while some would prefer driving themselves, others would prefer being carried on the ferry. On the other hand, the road options enable the user to stop en route and take advantage of intervening recreational opportunities--a choice not available to ferry users. All options are subject to delays due to inclement weather although the marine modes may have a slight advantage in winter.

Environmental impact should also be a consideration in assessing the various options. The road options are likely to create the most severe impacts in this regard since they infringe on the semi-wilderness nature of the Lynn's banks. However, intensive ferry operations out of Echo Cove (either high-speed or shuttle) will also impact on the existing environment there.

A final consideration which might be included in assessing the alternatives is the socioeconomic impact associated with construction and operation of the different options. This includes direct impacts such as employment, labor income and tax revenues, and also indirect impacts associated with

purchases of goods and services, income multiplier effects, and induced activity, if any, arising from the new transportation service. While a complete assessment of these impacts would require a separate and detailed analysis, it would be expected that higher levels of government expenditure on local labor and supplies would generate higher positive impacts. In consequence the road options, with their higher costs, are likely to rank higher than the ferry options in terms of socioeconomic benefits. On the other hand, there may be ways in which the government could spend the monies saved in the lower cost options which would generate higher socioeconomic returns than the road alternatives.

4 - SUMMARY AND CONCLUSIONS

4 - SUMMARY AND CONCLUSIONS

There are several options available for providing and improving transportation service in the Juneau Access Corridor. Of the alternatives examined, continuation of the existing service is the least costly from a government cost perspective.

The other corridor options, however, while more costly in financial terms, offer significant benefits to users in terms of travel cost and/or travel time savings.

The most attractive options appear to be option 9 (a high-speed ferry operating between Echo Cove, Haines and Skagway) and option 8 (a road up the east side of the Lynn to Skagway with a shuttle ferry operating between Haines and the Katzehin River). Both of these options could potentially generate benefits equal to their costs and both are superior to the other alternatives in this regard.

A closer examination of the two preferred options indicates some significant differences in the source and allocation of impacts. For example, the road-shuttle option shows only a small advantage over the high-speed ferry in travel time between Juneau and Haines and between Haines and Skagway, but a substantial saving on trips between Juneau and Skagway. The road-shuttle option also serves a greater number of passengers and generates higher cost savings to users both on a per-mile basis and in total. However, the road-shuttle option involves a significantly higher government outlay (an increase of $168 million over the base case versus an increase of only $38 million for the high-speed shuttle). As a result, it appears less attractive overall than the high-speed shuttle alternative.

The differences in the level and flow of benefits associated with these two options, together with the overall benefit potential which each showed in the analysis suggested that the limited corridor analysis was not a sufficient basis on which to choose between these alternatives. Accordingly

it was recommended that options 8 and 9 should both be retained for more detailed evaluation in the context of the total Southeast system.

APPENDIX A

EVALUATION METHODOLOGY

APPENDIX A

EVALUATION METHODOLOGY

A1 - GENERAL

The general method used to assess corridor alternatives consisted of five main steps

- o Forecast expected travel demand in the corridor over the next 20 years;
- o Define a range of possible methods of meeting this demand, and the equipment and/or infrastructure necessary to serve the traffic under each method;
- o Determine the associated capital and operating costs and revenues;
- o Calculate the financial impacts of each alternative from the viewpoint of the operator, the government and the user;
- o Calculate the service/cost effectiveness of each alternative and select the preferred option(s).

Each of these steps is described in greater detail in the following sections.

A2 - TRAVEL DEMAND

The forecasting of travel demand both within the Southeast Region as a whole and within particular corridors of the Region involved first analyzing the

existing patterns of traffic for both surface (marine, road) and air modes and identifying the factors which would cause this traffic to grow and change in the future.

Since the data regarding existing travel patterns was limited, this analysis was kept at a relatively simple level. Three factors were identified as the key issues impacting future travel demand. These were: regional population growth, growth in tourism, and changes in transportation service. The first two factors were deemed to cause general growth within the existing patterns of travel demand (or growth in 'base traffic') while the third was deemed to either increase or decrease the 'base traffic' demand within particular corridors.

To forecast "base traffic" demand (i.e., demand in the absence of service changes) existing travel was separated, on the basis of survey data, into tourist and nontourist traffic. This separation was done on a seasonal basis (in order to reflect the higher summer peaking in tourist travel) for both marine highway and air services. Tourist and nontourist components of existing traffic were then forecast, the former on the basis of expected growth in tourism travel to Alaska and the latter on the basis of expected population growth in the Southeast Region.

The growth rates assumed for tourism travel and for regional population were based on historic growth rates, tempered by concerns that with declining revenues and potential declines in government spending, these growth rates could not be maintained over the long-term. Consequently, tourism was assumed to grow at 4.5% annually to 1990 and at 2.5% annually thereafter. Regional population was assumed to grow at 2.8% per year to 1990, tapering off to 1% thereafter.

Over and above these population and tourism based growth rates, there was a special additional growth applied to air traffic, amounting to 1.4% per year. This additional growth reflected the long-term increase in the propensity of travelers to use the air mode--an increase which has generated growth in air traffic above and beyond that which can be explained by population and tourism growth alone.

The origin-destination patterns of this future 'base traffic' demand were assumed to follow the existing pattern of movements to, from and within the region. Therefore a growth in marine highway tourist demand, for example, would cause a corresponding percentage growth in traffic on all marine highway tourist-serving routes.

Once this 'base traffic' load had been calculated for the system and for the various corridors, adjustments were made to corridor demand to reflect the different service levels associated with corridor alternatives. These adjustments included diversion of traffic to a different port, loss of traffic, transfer between modes, and increases in traffic due to improved access depending on the service scenario. The particular adjustments associated with each corridor option are outlined in detail as part of the description of alternatives (Section A3).

A3 - DEFINITION AND DESCRIPTION OF CORRIDOR ALTERNATIVES

Having established the potential traffic demand within a corridor, the existing surface transportation service was reviewed and alternative road and marine options proposed which would increase capacity and or reduce operations costs. These alternative options were drawn from community suggestions, proposals put forward by the Department of Transportation, and new proposals put forward by the consultant.

An effort was made to develop a wide variety of corridor options in order to provide a range of costs and impacts for comparison purposes. Both capital (new roads, new ferries) and operational (new schedules) options were included when appropriate. In all cases the alternatives included a base-case 'no change' option against which new options could be assessed.

Once the corridor options had been defined, a detailed operating and investment schedule was laid out for each alternative specifying the traffic

to be served, the way in which it would be served, the timing of new road and new vessel requirements, and the operating schedules and procedures within the corridor. Traffic and operating procedures were both specified on a seasonal basis.

A4 - DEVELOPMENT OF COST DATA

Capital Costs - Roads

Capital costs for new road links were based on the Department of Transportation's per-mile costs of construction over various types of terrain. Routes were specified through detailed analysis of relief maps, through discussion with DOT/PF engineers and, where possible, through inspection of the area. Road links were then broken down into segments based on the severity of terrain and degree of construction difficulty, and the appropriate per-mile costs were applied.

Special structures such as bridges, tunnels, snowsheds, etc, were costed independently and included in total cost where required.

Capital Costs - Marine

Capital costs for marine facilities and equipment included costs of new terminal facilities, capital costs associated with the existing ships, and capital costs associated with new shuttle ferries, mainline ferries and high-speed craft. In the first two cases capital costs were based on Marine Highway data regarding terminal construction costs and expected replacement value of the existing fleet. In the case of new vessels, typical current construction costs for the type of vessel required were developed through discussions with shipyards, brokers, and manufacturers.

Operating Costs - Road

Operating costs for the road links included regular maintenance and winter snow removal. They were based on the actual costs per mile incurred by the DOT/PF.

Operating Costs - Marine

The operating costs for existing vessels and terminal facilities were based on the actual experience of the Marine Highway. Vessel costs were segregated into annual costs (major maintenance, overheads) seasonal costs (crew, stores and supplies) and daily costs (primarily fuel).

Operating costs for new vessels were based on Marine Highway experience in the case of mainline ferries, and on discussions with builders and other operators in the case of shuttle ferries and high-speed craft.

User Costs

Costs to users fall into three main categories: fares on existing ferries, fares on new ferries or new ferry routes, and vehicle operating costs on road links.

Fares on the existing ferry system were based on the current summer and winter rates for the Marine Highway. For new routes on existing vessels, fares were assumed to be the same per-mile as on current routes.

For new types of equipment (shuttle ferries, high-speed craft) it was initially assumed that fares would be set on the same basis as current ferry charges; that is, that fares would have to cover at least half of the total operating costs (excluding capital) of the new vessels. However, later analysis indicated that new vessels serving as a substitute for existing vessels generated sufficient savings elsewhere in the system that their fares could be maintained at existing fare levels and still lead to an overall improvement in the system operating cost recovery.

Accordingly current fare levels were used for traffic on these new vessels.

Vehicle operating costs on road links were based on the variable portion of average per-mile operating costs for mid-size automobiles. This was felt to be a fair representation of the mix of vehicles likely to be using the road. In actual fact, owners of vans and campers would pay more while owners of small cars would pay less.

In cases where corridor options required vehicles to divert from one port to another, vehicle operating costs were increased to include overnight accommodation if the diversion involved more than 12 hours driving time.

A5 - FINANCIAL ANALYSIS

The traffic, operating and cost data bases described above were then drawn together into a year-by-year financial analysis of each corridor alternative. Capital costs for roads, vessels and terminal facilities were assigned to the years in which they would be incurred. Road operating costs were based on miles of road in service, while marine operating costs were derived from the proposed Marine Highway schedules under each option.

User costs for each year were determined by first calculating the number of vehicles using the road links (either as a result of being diverted to another port and/or as a result of a new road link being available), and multiplying this number by the cost per vehicle over the relevant distance. A revised ferry demand matrix was then calculated (taking into account diverted and/or lost ferry traffic) and multiplied by the fares matrix to determine total fares paid to the Marine Highway.

The annual financial flows were then discounted at an interest rate of 5% to determine the net present value of capital, operating and user costs under each scenario.

A6 - EVALUATION OF SERVICE/COST EFFECTIVENESS

The financial evaluations provided an indication of the total costs to operators and users associated with the various corridor alternatives. They did not, however, reflect the differences among alternatives in terms of ability to serve demand and the quality of service provided.

In order to account for these differences, each corridor alternative was compared with the corridor 'base case' (which represented continuation of existing service) with respect to the number of passengers and vehicles served, the cost per user served, and the average travel time (including delays related to frequency of service). Appropriate values were assigned to the 'service' differences between the alternatives and the base case to represent the incremental benefit (cost) to the user. These user benefits (or costs) were then compared with the incremental cost (or cost saving) to the government to form a basis for evaluating service/cost effectiveness.

The approach to assigning values to 'service' differences varied somewhat between corridors due to the different focuses of the corridor alternatives. In the Lynn corridor, for example, the focus was on improving service through new modes and on generating traffic over and above existing demand. Measures were therefore required for the value of time and cost savings to existing and to new traffic. In the Ketchikan corridor, the focus was on the existing ferry system and on trying to adjust schedules so as to meet a higher portion of current demand in a cost-effective manner, and measures were primarily required for the costs of not meeting traffic needs or of meeting needs by diverting traffic to other ports.

In general, the following principles were used in assigning values to service differences.

- Cost savings to existing traffic - include the full dollar value of saving.

- o Cost savings to new traffic - include half of the difference between the fare (or travel cost) under the new option and the fare applicable under the base case (this presumes that traffic attracted as a result of less expensive service assigns a lower value to the trip).

- o Cost of failing to meeting demand - include the average surplus which the user would have enjoyed if space had been available. Surplus was calculated by postulating the shape of the demand curve for service and calculating the average difference between the maximum which users would have been willing to pay for the trip and the fares which would normally have been charged. (This is discussed in greater detail in Appendix B.)

- o Costs to diverted traffic - assume that users diverted to another port attribute a cost to the diversion equivalent to any out-of-pocket savings associated with using the new port. Thus users moved from one port to another were assumed to incur neither benefits nor costs. This assumption was necessary because the total trip cost from Seattle was lower via road to Prince Rupert than via direct ferry, yet demand continues to be strong out of Seattle. There is, therefore, some nonmonetary advantage to the direct ferry trip which offsets cost savings associated with diverting to Prince Rupert. This nonmonetary advantage could best be accounted for by assuming that diverted passengers assigned equal cost to trips out of either port.

- o Time savings to existing traffic - include the full number of hours saved in total travel time (sailing time, port time and delays related to schedule frequency).

- o Time savings to new traffic - include one half of the difference between total travel time under the new option and total travel time under the base case.

The user cost impacts (whether positive or negative) were calculated for each corridor option relative to the corridor base case. Total savings (or increases in user costs were then compared with the total additional cost (or saving) to the government associated with the new service.

If an option showed both lower user costs and lower government costs than the corridor base case, it was clearly preferable to both parties. If it showed higher costs to both users and the state, it would not be attractive to either party. If one group's costs increased while the other group's cost declined, then the preferred options were deemed to be those which yielded the highest user benefits (or lowest user costs) per dollar of government expenditure (or government cost saving).

Where time savings were a major factor in the benefits, an imputed value of time saved was calculated by comparing the number of hours saved with the net cost of providing the saving. This provided a measure of the value which must be assigned to time savings in order for project benefits to equal costs. The options which required the lowest hourly values to be assigned to time savings were chosen as the preferred options. (Additional discussion of the calculation of time savings is provided in Appendix B.)

APPENDIX B

EVALUATION OF USER IMPACTS – CORRIDOR AND SYSTEM ALTERNATIVES

APPENDIX B

EVALUATION OF USER IMPACTS - CORRIDOR AND SYSTEM ALTERNATIVES

B1 - COSTS OF UNMET DEMAND

In analyzing both short-run and long-run system options we are faced with a situation where the predicted level of demand for ferry service is not being met to the same degree in the various cases.

To assess the impact of system options on users and potential users in terms of the costs and/or benefits they incur under the various alternatives, it was therefore necessary to find some means of assigning a value to these differences in ability to meet demand. The method used was to derive an economic measure of the costs incurred by users (where users are defined as the total numbers requesting ferry service) as a result of changes in the ferry system. To assess these impacts, users were divided into three categories for the purpose of calculating costs: those served as requested, those served by diversion to alternate ports, and those not served under the particular option.

Those passengers who are served under all systems are indifferent between the options. Because the fare structure remains constant, they incur neither costs nor savings as a result of system changes and hence do not figure in the analysis.

Those passengers who are served by diversion to another port (normally from Seattle to Prince Rupert) are in a somewhat different category. If their costs were higher out of Prince Rupert they would be said to incur a cost as a result of the diversion--presumably a disbenefit of the system which forced them to divert. In actual fact, however, it was found that their out-of-pocket costs were lower as a result of the diversion--that in fact

there appeared to be a benefit to the user associated with systems which forced them to Prince Rupert for service. The difficulty with this hypothesis, however, was that despite the difference in cost, Seattle demand was consistently strong, and users were not making the seemingly logical decision to travel via Prince Rupert in preference to Seattle. It was therefore concluded that diversion to Prince Rupert involved some nonmonetary disbenefit to users which more than offset the cost savings. Thus, in the minds of users, it was "more costly" to travel via Rupert.

Unfortunately, to determine the extent to which diversion represents an increased cost to users would require an analysis of the price elasticities of demand for ferry services (i.e. how much dollar discrepancy would there have to be between costs out of Seattle and costs out of Prince Rupert before passengers would voluntarily shift to Rupert). In the absence of any data regarding price/demand relationships, it was decided to take a conservative approach and assume that the nonmonetary disbenefit of diversion would merely offset the monetary advantages. As such, users would be indifferent between Seattle and Prince Rupert departures and passengers would incur neither benefits nor costs as a result of diversion.

This left a third class of users to be dealt with in terms of user costs--those passengers who, as a result of lack of capacity, could not be served by the system. These passengers (and vehicles) may be presumed to incur some cost associated with the loss of ferry service. The question is what cost do they incur?

The generally accepted approaches to defining the cost of capacity shortfalls all relate to the concept of opportunity cost--what does the potential user forego, in dollars and/or utility, as a result of not being able to make the ferry trip? Obviously the answer to this lies in what the user is forced to do as an alternative. If he is planning a vacation and finds that he can substitute a trip to another destination which gives him the same pleasure for an equivalent cash outlay, he incurs no cost as a result of not getting on the ferry. Alternatively, if he chooses to go to Alaska via some other routing or mode (assuming alternatives are available), his cost is the sum of the additional dollars, time and nonmonetary costs he

incurs as a result of having to accept alternative transport. A third possibility would be that the user would decide not to make the trip in which case the cost he incurs is the loss of utility which he associated with the ferry trip.

Determining which definition of opportunity cost is most applicable to the unserved marine highway demand is a difficult task, and generalizations must be applied. Our choice for this study was to calculate opportunity cost based on the third concept; i.e. that the trip would not be made and the loss was therefore equivalent to the utility the user would have enjoyed had he been able to get on the ferry. A major factor in selecting this concept, particularly as opposed to the "cost of alternatives" method, was the absence of a clearly comparable alternative means of transport. The alternatives available (cruise ship, air, road) differ from the marine highway service in so many nonquantifiable aspects that an assessment of cost differences would entail substantial subjective judgments which could be difficult to establish and to defend.

The calculation of opportunity cost based on lost utility required an estimation of the value which potential users would assign to the trip. A base approximation of this utility is the price they would have been willing to pay--in this case the marine highway fare for passenger and vehicle trips. Accordingly, the opportunity cost associated with unserved traffic consists in part of the fares they would have paid had they been able to get on the ferry. Offsetting this opportunity cost, however, is the fact that the potential user can retain the monies he would otherwise have spent. (In our analytical process the loss associated with unpaid fares is borne by the marine highway.)

The fare level, however, represents only a part of the customer's lost utility. Assuming an elastic demand for ferry services (i.e. a sloping demand curve) some of the traffic demand would have been willing to pay more for the trip than the price set by the marine highway. In other words, they would assign a utility to the trip which exceeds the fare they would have to pay. This "surplus" utility is also lost when a potential user cannot be served.

To calculate this surplus, it is necessary to know the shape of the demand curve, or the relationship between the price of the service and the number of users willing to purchase it. Since no data was available on this subject, we adopted a conservative hypothesis that demand for marine highway services would fall to zero at the point where the price was equal to the cheapest cruise package over the same route. The average surplus per user is, therefore, one half the difference between the cruise price and the marine highway fare.

The lost surplus was calculated by multiplying average surplus by the number of unserved passengers under each system option, to give the net opportunity cost of unsatisified demand. (Annual figures were discounted to net present value so that they could be compared with AMH costs on a consistent basis.)

The above calculations account for the surplus associated with foregone passenger trips, but do not cover the surplus associated with vehicles which cannot be accommodated in the system. In order to estimate this lost vehicle-related surplus, it was assumed that the demand curve for vehicle trips has the same slope as that of passenger trips--in other words, that a proportionate increase in the price of each would lead to a proportionate decrease in demand. This assumption was used to calculate the average surplus associated with vehicle trips and hence the lost surplus as a result of unmet vehicle demand.

In summary, user costs under the various system alternatives were calculated only for those potential users who could not be accommodated by the system. Users who were either served as requested or served via diversion were assumed to incur neither benefits nor disbenefits from a cost viewpoint.

The cost assigned to the unsatisfied demand was calculated on the basis of net foregone utility which was in turn approximated by the total additional surplus utility which would have been enjoyed had demand been met by the system.

B2 - TRAVEL TIME DIFFERENCES

A second aspect of user impacts which had to be dealt with in the evaluation of alternatives was the level of service provided. The major significant differences among alternatives in terms of service quality related to travel time and frequency of service out of various ports.

In order to measure these differences we developed a travel time model which converted ferry schedules into a travel time matrix for all O/D combinations in the system. The model calculated the sum of sailing time (based on a weighted average speed for ships operating on the route), port time, and waiting times. Waiting times were related to frequency of service over a given link and transfer requirements

The frequency-related delay time was set at one-quarter of the average interval between ship calls, while the delay associated with transferring from one vessel to another was set at 12 hours (with the exception of the Columbia shuttle where passengers transferring at Ketchikan were assumed to be delayed an average of 36 hours due to shortage of capacity on vessels out of Prince Rupert).

Because of differences in traffic levels, it was not possible to merely compute the differences in total travel time among the system options. We therefore segregated travel times for those routes where traffic levels varied and calculated the average time per passenger on those routes and within the balance of the system. Peak, shoulder and low travel times were computed separately.

The average travel times under each alternative were compared with the base case times to determine time saved or lost per passenger served as a result of the new system.

To calculate total travel time impacts of a scenario, transferred passengers were eliminated since they are presumed to be indifferent to the combined time and cost effects of transferring. The remaining passengers carried

over the various routes were multiplied by the appropriate travel time changes to give gross time impacts (provided these passengers constituted part of the base demand for the system and did not represent induced traffic), while the passengers whose demand was not met by the system were multiplied by the change in travel time and the result deducted from gross impacts. This latter adjustment reflected the impact of the changed service level on the overall attractiveness of the voyage which the potential user could not take.

Finally, where new passenger traffic was induced on a particular link because of system changes (e.g. as in the long-run Lynn alternatives), the total time savings accruing to the induced passengers were divided in half on the principle that savings to marginal users represented a lower benefit than those accruing to "base demand" users.

The annual streams of net time impacts were discounted to present value at a 5% rate in order that they would be comparable with discounted cost figures.

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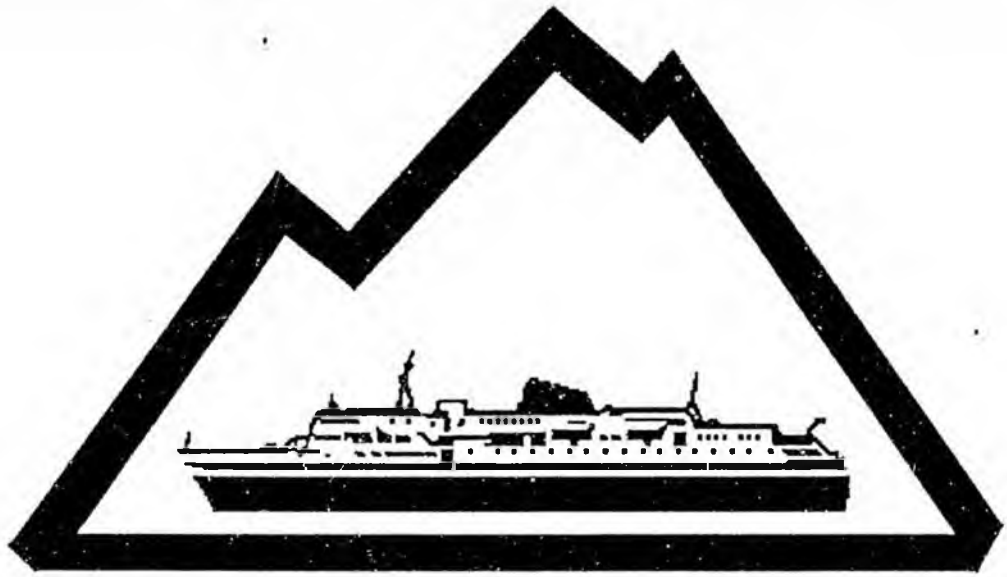


DEPARTMENT OF TRANSPORTATION
&
PUBLIC FACILITIES
ALASKA MARINE HIGHWAY SYSTEM
BELLINGHAM ASSESSMENT

REPORT TO THE LEGISLATURE

STEVE COWPER, GOVERNOR
MARK S. HICKEY, COMMISSIONER

JANUARY, 1988

AMHS Report to the Legislature: Bellingham Assessment

I. Introduction

This report was produced by the Alaska Marine Highway System (AMHS) in response to legislative intent accompanying Chapter 95, SLA 87 (CHSSHB75, page 99). The issue identified by the legislative intent language, evaluation of Bellingham, Washington as an alternative to Seattle, Washington for the AMHS southern terminus, has been examined and the results are presented in this report.

Several general assumptions were made which underlie the analysis of all of the issues addressed here. For the purpose of comparison and in the absence of an actual traffic study, it was assumed that there would be no change in traffic level, passenger or vehicle, resulting from relocation of the AMHS southern terminus from Seattle to Bellingham. Obviously, relocating the terminus will have an effect, but the direction and magnitude of the effect could not be accurately determined absent a thorough study, although we know of no reason that would indicate that the overall impact would be large. Thus, for purposes of a fair comparison, the "no change" assumption was made.

Similarly, it was assumed that no change would be made in tariffs or fares as a result of any of the potential actions implicated in the issues raised by the legislative intent. A fair comparison of Seattle versus Bellingham as the System's southern terminus also requires that terminal facilities be assumed to be equivalent in quality and cost for purposes of present comparison. However, both facilities have existing advantages and disadvantages and these have been noted. While acknowledging a cooperative stance on the part of AMHS labor bargaining units, a conservative analysis requires that the labor agreements presently in force be used as the basis for cost estimation and

assessment of operational constraints. Finally, it was assumed that there is a continuing public mandate to provide service to Puget Sound. This final assumption may warrant more scrutiny prior to any final decision regarding southern terminus location.

It is important to bear in mind that the potential impact of the decision as to the location of the AMHS southern terminus operations in relation to AMHS operations overall is small. The annual expenditures for the Seattle facility including lease payments and head tax average approximately $210,000 per year. Using 1986 (when two vessels were in operation in the summer) as an example, Seattle embarkations represented 6.26% of the System's annual passenger load and 7.07% of its vehicle load. The revenue and expense contributions of the ships on this route are larger than these percentages of traffic would indicate. However, the revenue and expense data is not presently kept in a form that permits identification of specific revenue and expense contributions of each port in a route structure.

II. Fuel savings:

The last few years have seen considerable instability in oil and fuel prices and markets. Historic fuel prices were evaluated in an attempt to ascertain whether there were any consistent price or stability advantages to fuel delivered in either Seattle or Bellingham. Actual data that has been collected to date indicates that delivered fuel price at Bellingham has been consistently higher than at Seattle which tends to be a more competitive market, although the ARCO representative from Bellingham claims just the opposite. ARCO has as yet provided no actual historic price data.

From 1983 through 1986 data available to AMHS shows that fuel price

ranged from $.0165 to $.0225 higher at Bellingham averaging $.02 higher. In 1987 as prices continued to destabilize the range of difference was even greater, varying from $.01 to $.0225 and averaging $.0149

Fuel costs were analyzed using actual 1987 operations and currently available fuel price quotes. Only one fuel supplier (Texaco) was available to provide price quotes for fuel in both Seattle and Bellingham so those prices were used in calculating fuel cost estimates. ARCO has promised a fuel price quote in the near future and fuel cost calculations will be reviewed when that quote is received.

AMHS vessels were scheduled for 74 trips to Seattle in FY 87, the M/V Columbia for 22 trips, the M/V Matanuska for 44 trips and the M/V Malaspina for 8 trips. Using Bellingham as the AMHS southern terminus reduces the steaming distance by 66 miles each way or 132 miles per round trip for a total annual mileage saving of 9,768 miles. The shorter distance translates into an average time saving of approximately eight hours per round trip (using the scheduled speeds of the vessels—17.3 kts for the Columbia, and 16.5 kts for the Malaspina and Matanuska) as shown in the accompanying table. Time required for refueling in Seattle has no direct effect on time savings, since it is accomplished during the normal layover time.

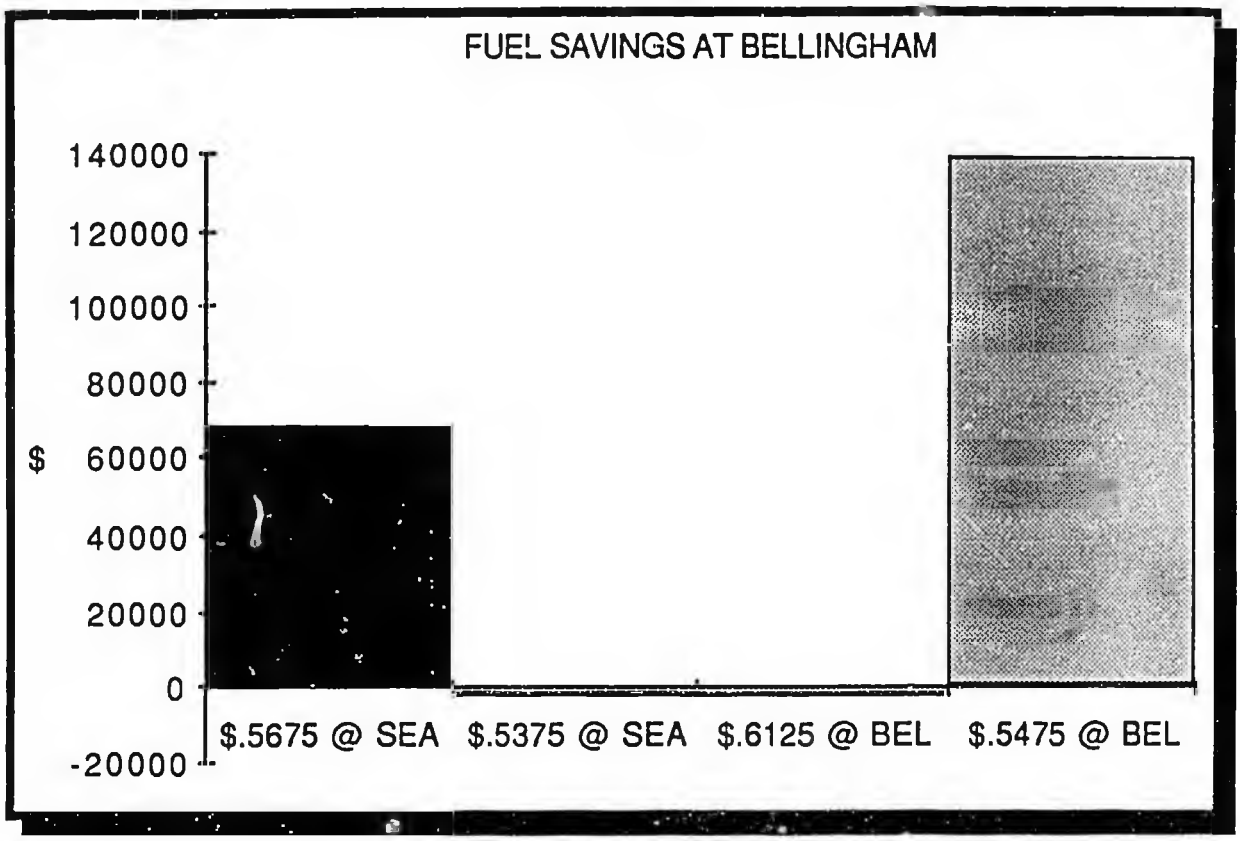
Based on the vessels used in FY 87, their scheduled speeds and fuel consumption rates used for the AMHS financial model (Columbia 413.5 gals./hr., Matanuska 241 gals./hr, and Malaspina 213.4 gals./hr.) this would save approximately 167,900 gallons of fuel each year or 2.4% of annual 1987 system fuel consumption. Based on fuel prices obtained in October 1987 the 2,337,834 gallons of fuel purchased in FY 87 in Seattle would cost

$1,326,721(at the then quoted price of $.5675). Using Bellingham the 2,169,934 gallons of fuel needed would cost $1,258,562 (at the then quoted price of $.58), for a savings of $68,159 or 1.6% of annual system fuel expense for 1987.

MILEAGE AND TIME SAVINGS AT BELLINGHAM

Ship	Trips	Dist Saved	Hrs Saved	Hrs/Trip	Fuel Saved
COL	22	2904	167.861	7.6	69410.6
MAT	44	5808	352	8.0	84832
MAL	8	1056	64	8.0	13657.6
Total	74	9768	583.861	7.9	167900

Fuel savings to be realized from using Bellingham, Washington as the System's southern terminus are very small in relation to the System's annual fuel budget ($4,359,000 in 1987). A factor far more influential than distance in the System's fuel cost structure is the price paid. A three cent decrease in the price of a gallon of fuel at Seattle eliminates any advantage in fuel savings at Bellingham (2,337,834 gals. X $.5375 = $1,256,585 at SEA vs. $1,258,562 at BEL, a difference of $2113 in favor of SEA). Conversely, an increase in price of two and one eighth cents at Bellingham negates any savings resulting from terminating at Bellingham (2,169,934 gals. X $.6125 = $1,329,084 at BEL vs. $1,326,721 at SEA for a difference of $2363 in favor of SEA).



If the time saved by terminating at Bellingham (approximately eight hours) is used to increase service there is no fuel saving, since vessels will be running additional trips using the time savings. Thus, if Bellingham is used as the System's southern terminus any large savings in fuel cost will have to be realized from a significantly lower delivered price for fuel at Bellingham which, historically, has not occurred.

III. Labor savings:

No significant labor cost savings have been identified from using Bellingham as the System's southern terminus under present labor agreements. Labor

costs for shoreside operations would not change under the assumption that traffic levels remain constant. Only a major change in the present vessel labor contracts would provide an opportunity for realization of labor cost savings resulting from the time saving to be had by terminating routes at Bellingham.

During the years that the existing AMHS labor agreements have evolved AMHS has operated on a 7 day cycle. Because this was generally taken as a given as new contract provisions were written, there are many clauses of the contracts which make it extremely expensive to depart from the 7 day cycle.

The existing contracts are based on 26 payperiods of 14 days (168 hours) in each year. AMHS crews in the Southeast System work seven 12 hour days each payperiod (84 hours), and are then off duty for the remaining 7 days in each payperiod. There are two crews for each vessel (an "A" crew and a "B" crew) consisting of two shifts each (one shift on duty and the other off duty), the ships being manned and operable on a twenty-four hour basis.

There are four clauses of the contracts that come into effect when crews are scheduled for more or less than 7 days. They are presented here only to assist in understanding the AMHS cost structure used for comparison of Seattle and Bellingham as southern terminus locations and the effects of variance from the present seven day route cycle. These contract provisions do not affect operating costs under the existing schedule (based on a seven day route cycle) as much as they affect costs under shorter or longer route cycles. The Inland Boatmen's Union (IBU) has acknowledged that these provisions would have to be renogiated if the time savings using Bellihgham were to be used to best advantage.

1. The labor contracts guarantee most employees 84 hours of pay each

payperiod. This provision is referred to as "minimum guarantee" pay.

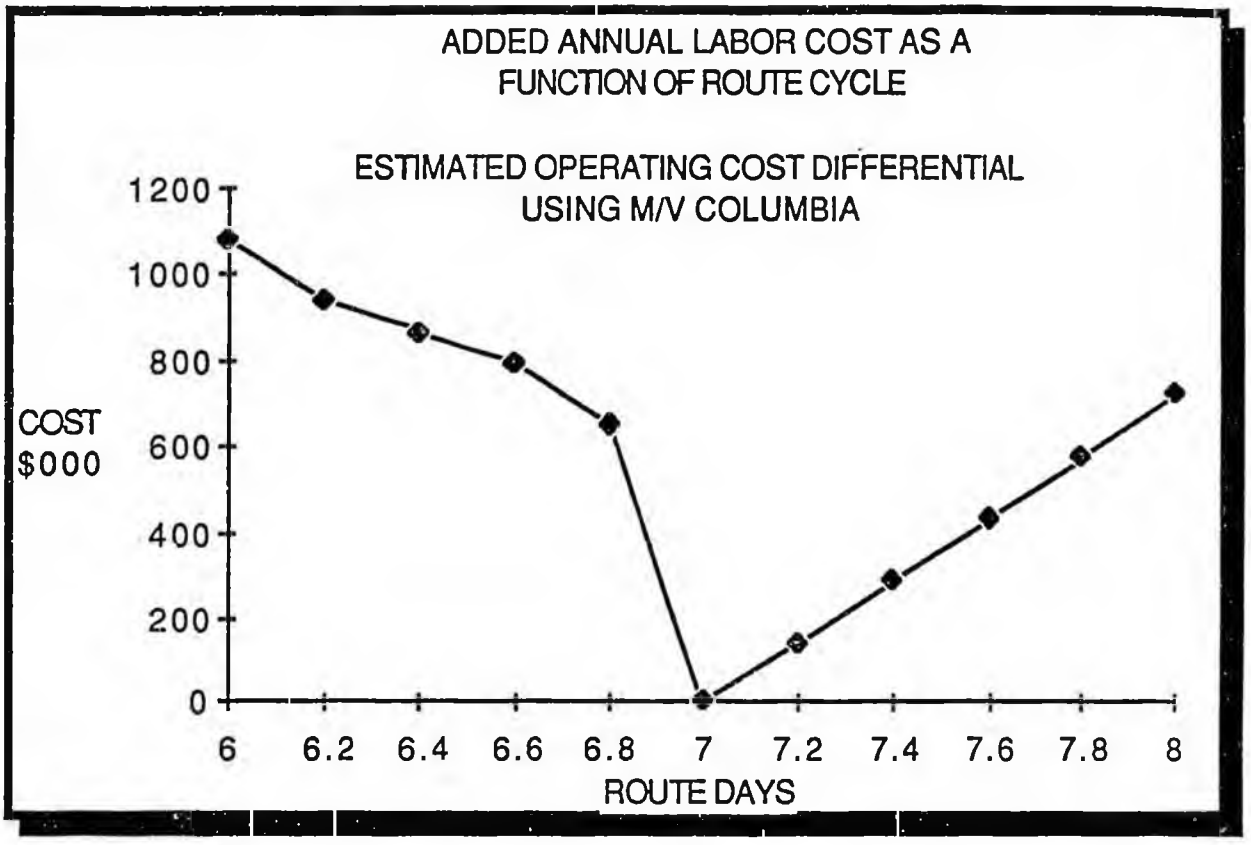
2. Overtime: For crewmembers working more than 84 hours in each payperiod the time above 84 hours is paid at 1.5 times the hourly rate.

3. Late Arrival: If a vessel is late in arriving for a crew change (i.e., more than one hour late), the crew is paid "late arrival" pay. The crewmembers "on watch" (actually working) are paid 1.5 times their regular pay. "Off watch" crewmembers (not actually working, but on the ship) are paid at their regular rate of pay, as if they were working, over and above their minimum guarantee. In addition, the other crew is being paid minimum guarantee (regular time), so the actual labor cost of operating the vessel is well in excess of the normal labor cost.

4. Early Callback: If a crewmember is assigned to begin work less than 7.0 days from the end of his/her previous assignment, he/she is paid "early callback" pay (1.5 times the regular rate), with a minimum of 12 hours of pay. This applies to both the "on watch" and the "off watch" crew members and is in addition to minimum guarantee pay.

It is important to note that these contract provisions often interact or compound raising labor costs significantly. Take, for example, the M/V Columbia operating on a regular 6.2 day route time. In any given payperiod one crew (say the "A" crew) will work 7.8 days while the "B" crew works 6.2 days. The "A" crew will be paid for late arrival, since it is 0.8 days over its normal 7 day work week. The "B" crew will be paid early callback since it had only 6.2 days off. In addition, the time over 7.0 days (0.8 days) for the "A" crew will be paid at overtime (1.5 times the hourly rate). The "B" crew will also be paid at the early callback rate for 0.8 days (with a minimum of 12 hours at this rate), since there was only 6.2 days between trips. In addition, the "B" crew is

paid minimum guarantee for 0.8 days, since it is scheduled for only 6.2 days. As the route time moves further from the seven day cycle, labor costs escalate significantly as illustrated in the accompanying chart.



On an annual basis these added costs would become significant. Assuming the previous example, if the time savings advantage of Bellingham is used to provide a slight increase in service (two additional trips in summer and two in winter for a total of four annually) the shorter route cycle out of Bellingham is estimated to cost an additional $2,244,500 over existing service to Seattle (or to Bellingham), not attempting to use the time saving.

Although the various labor agreement clauses were not adopted to institutionalize the seven day route cycle, the effect has been to make deviation from such a cycle extremely expensive. While the labor agreements provide for

re-negotiation of these issues at the time that they arise, absent such a re-negotiation of this structure, labor savings to be had in vessel operations with routes terminating at Bellingham are very small. In fact, it is very difficult to realize any service improvements (except longer Southeast Alaska port layovers discussed later) available from the time saved by terminating at Bellingham without triggering significant increases in vessel operating expense inherent in this labor structure. Thus, the structure of the current AMHS labor agreements do not add to the desirability of Bellingham as a port of call. The time saved on each trip by terminating at Bellingham would present the opportunity of reducing the risk of late arrivals for crew changes and would, thus save a small amount if service levels and route cycles remain as they presently exist.

IV. Lease savings & relative quality of passenger facilities offered by Bellingham vs. Seattle:

As of the date of this report lease costs for a terminal facility at Bellingham are unknown. The Port of Bellingham has allocated $2,000,000 for site improvements to accommodate AMHS use of its facility. As presently understood the Port does not intend to recover this investment directly from AMHS, although it must be assumed that a return on investment is expected in some manner, perhaps through a head tax or some other form of user fee. The lease with the Port of Seattle for the present facility expires in 1989, and costs for a renewal of the lease are also presently unknown. As mentioned previously in section I, the annual expenditures for the Seattle facility, including lease payments and head tax, average approximately $210,000 per year. At one time there were plans by the Port of Seattle for improvements to the Pier 48

area, but none have been presented recently. The Port of Seattle has expressed a willingness to work with the State and is currently making some structural improvements to the existing facility. (For details of the earlier Port of Seattle proposal see Development Feasibility of Pier 48, April 1985, prepared for the Port of Seattle by Leland & Hobson, Urban Land Economics.)

Each of the ports presently under consideration has certain advantages and disadvantages. Pier 48 at the Port of Seattle is a presently functional facility providing immediate access to downtown Seattle and to the rest of the greater Seattle area via public transportation. Although by no means optimum, all operational requirements are in place at Seattle including mooring and transfer structures, staging area, passenger ticketing and waiting facilities, longshoring arrangements, fueling arrangements, crew licensing requirements, coast guard regulatory requirements, etc. Pier 48 has its disadvantages as well. There are structural problems, some of which are in the process of being corrected by the Port of Seattle. The facility as a whole is aging and becoming increasingly difficult to maintain in an attractive manner consistent with the expectations of the traveling public, the waiting area in particular is only marginally acceptable. The location of the facility is a disadvantage as well as an advantage that it is in a traffic congested area of downtown Seattle that makes it difficult for the traveler to find and get to the facility. The present location also prevents expansion of the parking and staging area to accommodate future traffic growth. There is no dockside fueling capability, requiring that the vessel be moved to the fuel dock for fueling and then back to Pier 48 prior to departure, a more expensive process than if fueling were available at dockside.

Bellingham offers the advantage of slightly less trip distance from Alaskan

ports than Seattle, potentially reducing travel time for AMHS users, offering the potential of fuel savings due to the shorter distance and/or slower vessel speeds and scheduling flexibility. If AMHS labor contracts were changed to eliminate or significantly reduce the cost impacts of variances from the seven day route cycle, some additional service could be realized by the shorter running time to Bellingham.

Even if the time savings at Bellingham cannot be used to provide additional service due to increased labor cost, the time saved can be applied to minimize the risk of late arrival or to increase port time in Alaskan ports to the economic benefit of Alaskan communities. Dockside fueling is permissible at the existing Bellingham facility. Absent facility improvements, specific arrangements would have to be worked out, and it is understood that fuel delivery would be by common carrier (truck). Based on obtainable information from one supplier, this delivery method could increase the cost of fuel by as much as $.03 per gallon over the standard delivered price due to the increased cost of compliance with environmental regulations.

Disadvantages also exist at Bellingham but are not prohibitive. Shorter travel time will result in lower stewards revenues as those revenues are tied directly to the length of time that passengers spend on board the vessel. There are presently no terminal facilities available at Bellingham and it is not clear that the docking facility at the Port of Bellingham adequately meets operational requirements for vehicle and passenger transfer. There are use conflicts at the existing Bellingham facility which would also have to be resolved. Priority of use of the dock face among the various Port users (AMHS and commercial) would have to be resolved. Similarly, the dockside, presently used for cargo staging would have to be scheduled in such a way as to accommodate AMHS

vehicle parking and staging. Warehousing space in Bellingham would have to be acquired at an as yet undetermined cost. All operational requirements would have to be established at Bellingham including mooring and transfer structures, staging area, passenger ticketing and waiting facilities, longshoring arrangements, fueling arrangements, crew licensing requirements, coast guard regulatory requirements, etc.

Analysis of this issue shows that the most reliable way to evaluate potential lease costs at either Bellingham or Seattle, or, for that matter, at any other potential southern terminus port, is to invite proposals from all qualified parties for the provision of southern terminus facilities. In the alternative, another approach would be to enter into detailed negotiations with the ports which have presently expressed an interest (Seattle and Bellingham). To either end, an initial draft statement of the basic requirements for a southern terminus facility for AMHS has been prepared and is attached as Appendix A.

V. Other Issues:

A number of issues with cost impacts have been identified, but have not yet been resolved. Time required to fuel ships at Bellingham is unknown, as are any other incidental fueling costs (i.e., moving the ship for fueling, special fuel handling equipment or modifications to the vessels, personnel procedures or training requirements, etc.). Longshoring costs at Bellingham are unknown, but brief discussions with ILWU representatives indicate that such costs would be competitive with Seattle. Pilotage costs would be incurred in the first year until pilotage endorsements could be obtained by AMHS licensed crews. A U.S. Coast Guard certificate of adequacy would have to be obtained before the facility proposed for use at Bellingham could be used. Head tax assessments at

Bellingham are unknown as are such taxes at Seattle under a renewed lease. While such taxes are not a net cost to AMHS (being passed on to users through the fare structure) they could potentially influence fares to a degree that would adversely affect traffic.

Impacts to commercial users are unknown as well, although initial indications are that there would be at least a temporary adverse impact to such users from having to move goods, trailers, containers, etc. from central supply points in Seattle to Bellingham. These users will incur additional costs and time which may adversely affect product and service quality as well as add to Southeast Alaska consumer costs.

Generally speaking, Bellingham is not an end destination for the great majority of users of the AMHS Puget Sound service, whereas Seattle is the end destination for many such users. Thus terminating at Bellingham would result in a need to continue a trip by some other mode for almost all AMHS travelers. One of the primary origins or destinations for AMHS users, Seattle-Tacoma International Airport, is an additional ninety-six road miles from Bellingham or approximately two hours driving time (and longer during rush hours), with other Seattle area destinations being somewhat less.

AMHS passenger loads disembarking at Seattle average approximately 500 passengers and 90 vehicles with a peak of approximately 750 passengers and 140 vehicles. Of these passengers approximately 30% to 35% of the average load is without a vehicle and approximately 40% to 50% of peak loads are without vehicles. This translates into a demand on the public transportation system of 150 to 175 passengers on average and a peak of 300 to 375 passengers disembarking from the ferry and seeking transportation into or out

of Bellingham. Public transportation into and out of Bellingham and the Whatcom County area consists of air and bus service. Greyhound bus service provides five southbound and six northbound trips per day. Air service is provided from Bellingham airport to Seattle, Vancouver, Portland, and the San Juan Islands. PSA provides three jet flights to Seattle daily (except Sunday), Horizon Air provides nine commuter flights to Seattle daily, and San Juan provides nine Seattle commuter flights daily on weekdays and five flights a day on weekends. Thus there are twenty one flights per day to Seattle on weekdays. San Juan also provides five flights per weekday to Vancouver, two flights to Portland and one flight per weekday to the San Juan Islands. Both Bellingham airport and the Greyhound bus terminal are served by the Whatcom Transportation Authority, the agency which would also serve the proposed ferry terminal.

It is not expected that relocation to Bellingham would have much impact on tourist vehicle traffic, either north or southbound, since these travelers have the means (their vehicles) to reach either Bellingham or Seattle or to continue their journey upon arrival at either port. Likewise, tour groups traveling by bus would not likely be seriously affected. Operating from Bellingham would improve access to Canadian walk on traffic, being much closer to British Columbia ferry terminals.

A significant adverse impact may occur to tourist and Alaskan travelers without vehicles. For these travelers, the Seattle location is more conveniently accessed by public transportation (notwithstanding air, bus and rail access to Bellingham which must be obtained by making a change of some sort in Seattle in any event). Specifically for this group of Alaskan travelers, the present Seattle location makes a wide range of big city goods and services immediately

accessible upon arrival. Relocation to Bellingham would force this group of travelers to attempt to duplicate those goods and services in Bellingham, to change modes and continue their trip to access those goods and services in Seattle potentially requiring additional expense and inconvenience, or simply to choose direct air travel to Seattle for the same purpose. This group of travelers is a small percentage of overall traffic, especially in summer, but a larger portion in winter and is also the group most dependent on AMHS service. However, it should be remembered that the mission of the AMHS is efficiently delivered basic transportation and not necessarily the most convenient transportation as seen from the perspective of any individual user group.

Taking all of these factors into consideration and recognizing that a market assessment has not been performed, there would very likely be little or no overall negative impact on passenger or vehicle traffic resulting from the relocation of the southern terminus operations from Seattle to Bellingham. This conclusion should be confirmed by a more detailed investigation of the impacts to AMHS traffic that would be incurred by relocation.

Even with its attendant access difficulties, the present location at Pier 48 in Seattle is a known quantity, and a certain "good will" (in the business sense) has been established at and because of that location. Relocating will abandon that "good will" and trigger expenses for its reestablishment at the new location. On the positive side of this issue Bellingham has expanded its port operations in recent years through an aggressive and continuing marketing effort and there is a good potential for AMHS to benefit from this effort, somewhat offsetting the cost involved in reestablishing itself in the new location.

An operational impact that is real but as yet unquantifiable, is the impact on supply operations if the southern terminus is located at Bellingham. Supplies

presently delivered to the terminal at Seattle for use throughout the System would have to be delivered at Bellingham. It is not certain at this time whether such a change in delivery point would have an overall positive or negative impact on price or timeliness of delivery of necessary parts, tools and supplies.

Relocation expenses would be incurred (which are presently not known) for moving the furniture, equipment and supplies presently used or stored at the facility in Seattle. Seattle personnel will either have a long daily commute or will have to relocate to continue their employment. For those who choose to do neither, their will be a hidden cost to AMHS of acquiring and training replacements as well as the cost to the employees of replacing their jobs.

VI. Conclusion:

Based on this analysis, Bellingham is found to be an acceptable alternative location for AMHS southern terminus operations pending resolution of previously noted unresolved issues and clarification of the cost and quality of terminal facilities. Likewise, Seattle is and will remain an acceptable location for the AMHS southern terminus. Other alternative locations might also be workable, but have not been analyzed as part of this review.

Using Bellingham as the AMHS southern terminus could provide a small fuel cost saving if no additional service were attempted using the available time savings but such savings are very small in relation to the overall AMHS operational cost.. Bellingham also offers some additional scheduling flexibility. Seattle offers the convenience of proximity to city goods and services and an established location, but the detractions of the aging structure and traffic congestion force a reexamination of the location and a look at other useable

locations.

It is sufficient to say that Seattle and Bellingham both qualify as locations for AMHS southern terminus operations, though they both carry deficiencies that must be remedied before any long-term commitment is made in either location. Invitations for proposals from all qualified locations for the provision of southern terminus facilities is one reliable way of resolving these issues. Another way would be to enter into detailed negotiations with the ports which have presently expressed an interest (Seattle and Bellingham).

User desires, especially the desires of the users of the Puget Sound service, will be solicited and considered, though the final decision will not be made on the basis of this factor alone. One of the first tasks for the newly appointed AMHS Advisory Council will be to ascertain and communicate to DOT&PF management the needs and desires of the users of the Seattle service.

The following are the key factors which will weigh heavily in the decision as to which port will best serve AMHS needs: (1) the quality of facilities to be provided as well as the cost of those facilities, direct and indirect; (2) preferences of the users of the service as elicited by the AMHS Advisory Council and through other means; and (3) reasonable resolution of the issues relating to the needs of commercial users and walk-on passengers. The issue of AMHS southern terminus location, while not the most significant issue facing the AMHS this session deserves serious consideration by all. The Department will proceed with the solicitation of proposals or negotiations on a schedule which will accommodate public review of the results of the proposal or negotiation process and render a choice as to which port will be used by late summer or early fall of 1988.

DRAFT

BASIC TERMINAL REQUIREMENTS

Basin

Water Depth - -25 to -30 MLLW
Width - 250' Min
Length - 500 Min

Berth

Berth and Approach - Oriented such that last ¼ mile of approach and longitudinal axis of vessel in berth is nearly parallel to major wind and waves.

Moorings

Berthing Energy - Selected in accordance with rational design criteria and modified appropriately for exposure, etc.

Mooring Line Loads - 50 kips min.

Line Handler Access - Continuous throughout tie up points.

Transfer Structures

A) Layout to accommodate stern load.
B) All tidal flexibility with max. grade at ELW not to exceed 15% and max grade at EHW not to exceed 4%.
C) Capacity - AASHTO HS-20 with impact.
D) 16'0" min roadway width.
E) Separated and covered passenger access to upper passenger deck of vessel.

Electrical Power & Illumination - Adequate power should be provided to accommodate existing and future loads. Auxiliary power generation should be provided to power essential facilities in case of utility outage.

Illumination of parking, staging, and security areas should be at a level consistent with accepted standards for facility type. Linehandler accesses and mooring points shall be well illuminated and take into consideration potential conflicts with visibility of ships operators during berthing and approach maneuvers.

Parking and Staging

A) Area sized to accommodate 100 passenger vehicles and 20 vans (i.e., 20' - 40').

B) Vehicle staging area to have access control to accommodate orderly staging and maneuvering of embarking traffic, isolate staging operations from transient traffic and provide necessary staging security.

C) Staging lanes to be parallel and number required to be determined by ports served.

Parking: A) Facility should provide:
1) 20 short term parking spaces.
2) 10 long term parking spaces.
3) Employee parking - Based on number of shoreside employees and be totally separate from long or short term spaces provided.
4) Transient, bus and taxi, spaces should be provided to accommodate percentage of foot traffic anticipated and verified by real time analysis.

Traffic Flow

Embarking Traffic: Separate entrance with adequate traffic lanes to divert traffic to respective terminal operations (e.g., embarking, transient, short term, long term, etc.).

Disembarking Traffic: Separate exit lanes that do not conflict with embarking vehicle traffic and allows easy access to major transportation networks. Foot passenger access should be provided to a separate area that provides adequate ground transportation and information.

Passenger Terminal and Ticketing

Architecture and Landscaping: Alaskana, incorporating major elements of statewide culture and development, so as to provide a well rounded first impression of Alaska, its history and its people.

Baggage Handling - Provisions should be included to accommodate loading and unloading of passenger baggage via the existing ship baggage cart.

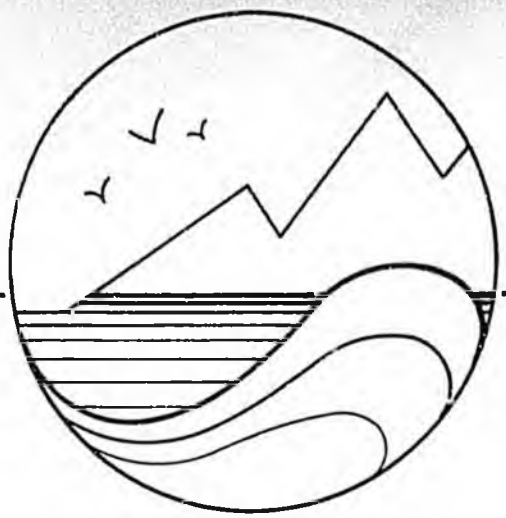
Ticketing and Waiting Area -	Areas required to accommodate passenger waiting and ticketing should be proportioned in accordance with accepted criteria and based on a current operational analysis of anticipated demand along with projections for future demand. An information center should be provided to answer questions regarding vessels, ports of call and general system information. Short term security storage should be provided.
Warehousing and Administration	Separate areas shall be provided to accommodate the existing port administration functions, as well as marshalling areas to accommodate existing provisioning requirements and general port storage volume.

House Trans
with Session on
AK. Marine Highway

Southeast Alaska Transportation Plan

June 1986

State of Alaska
Alaska Department of Transportation
and Public Facilities
Southeast Region



Southeast Alaska Transportation Plan

June 1986

State of Alaska
Alaska Department of Transportation
and Public Facilities
Southeast Region

SOUTHEAST ALASKA TRANSPORTATION PLAN

JUNE 1986

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SOUTHEAST ALASKA TRANSPORTATION PLAN

EXECUTIVE SUMMARY

Introduction

Since 1980, when the previous Transportation Plan for Southeast Alaska was adopted, many changes have occurred in both the needs and opportunities for transportation development within the Region. The Alaska Department of Transportation and Public Facilities therefore undertook, early in 1985, to prepare a formal update of the Transportation Plan in order to ensure that the planned policies and directions fully reflected the existing and anticipated needs and concerns with regard to regional transportation services.

Planning Process

The Department established a joint Technical Committee with representation from the Southeast Region Planning Division and the Alaska Marine Highway System, and engaged the consulting firm of Acres International Corporation to assist in defining and evaluating alternative transportation schemes.

The Department also solicited ongoing community involvement in the planning process through the distribution of newsletters and the insertion of newspaper advertisements advising of the planning effort and requesting comments and suggestions. Responses to these advertisements, as well as community comments put forward during other recent workshop/hearings processes, played a vital role in the formulation and assessment of transportation alternatives.

Plan Development

An initial step in the planning effort was to carry out a careful review of the goals which the revised Plan should strive to achieve. These were ultimately defined as:

- meet resident demands for travel to and within the Region;
- facilitate development of the regional economy by providing supporting transportation services;
- maintain fiscal responsibility through judicious allocation of public funds.

Unfortunately, the goals are not mutually compatible and, within the present economic environment, are not collectively achievable. One of the tasks in developing the proposed plan was to suggest a compromise that would enable a balance to be achieved between demands for services and the current and likely future fiscal environment.

The steps taken in developing the revised Transportation Plan involved first updating the projections for future transportation needs to, from and within the Region; reviewing the existing transportation system; and reviewing future prospects (technological and operational) for the provision of transportation services.

A wide range of alternatives were then postulated for both air and surface transportation services. Options were defined for both specified corridors nd for the Region as a whole and were defined for both the short-term and long-term planning horizons. These options were evaluated from a number of viewpoints including cost to the State, cost to the user, capacity to meet demand, service level, and service/cost effectiveness.

On the basis of these assessments, a proposed plan was formulated which attempted to balance between the anticipated needs of the residents in terms

of transportation and economic development and the constraints imposed by the need for fiscal responsibility.

This proposed plan was laid out in a Draft report and distributed to communities throughout the Southeast Region. A series of community workshops were conducted in 20 regional communities to present the plan, respond to questions and obtain residents' opinions on the plan and its components. Written comments from residents were also solicited. Community response to the Draft Plan was carefully assessed and, where possible, modifications were incorporated into the Final Plan in response to residents' concerns.

Regional Transportation Plan

The final Regional Transportation Plan foresees an ongoing role for both air and surface transport in the Region. In terms of aviation, the short-term focus is on completing current airport runway extensions at Klawock, Kake and Hoonah, on maintaining and improving existing airport facilities, on upgrading existing seaplane floats and on improving air navigation and safety through additions and improvements to navigation aids. In the longer-term, the focus is on maintaining options for further development of wheeled-aircraft facilities up to and including commuter aircraft standards.

In terms of marine transportation, the short-term focus is on improving marine highway services and revenues by scheduling a second mainline vessel to Seattle (where demand is strong) and providing initial high-speed ferry services in the Ketchikan-Prince of Wales-Clarence Straits region.

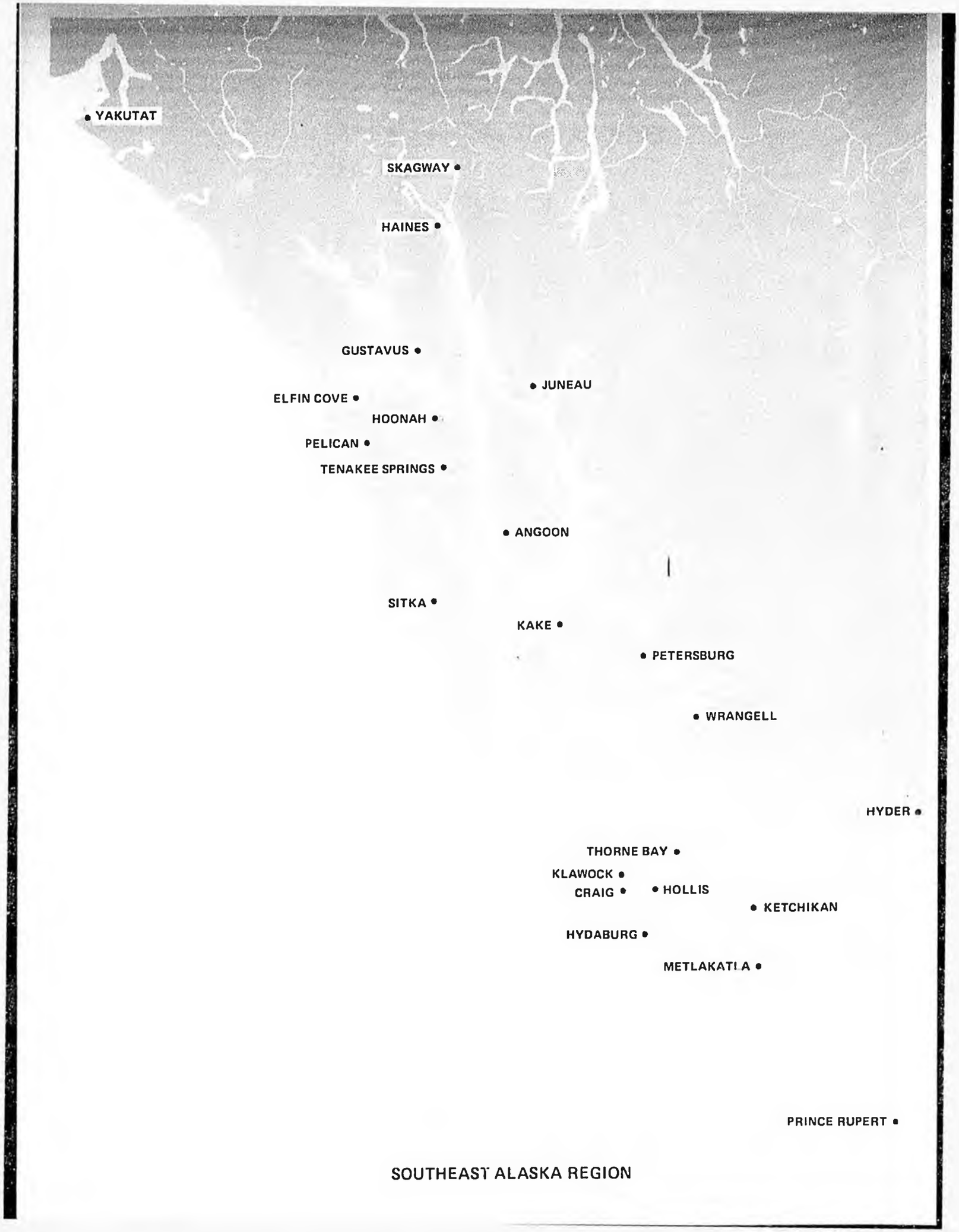
The longer-term plan focuses on additional use of high-speed ferries for intra-regional travel, particularly in the Sitka-Juneau and Juneau-Skagway corridors, thus providing improved access to residents and freeing up the mainline vessels to offer additional service and capacity out of the southern termini (Prince Rupert and Seattle). In addition, private operators would be encouraged to supplement peak season service out of Seattle by providing vessels with vehicle capacity.

In terms of road transportation, the short- and long-term focus is on maintaining and upgrading existing road links. While several new inter-community links were evaluated, it was concluded that, under current prospects for traffic growth, these links could be served in a more cost-effective manner by the Marine Highway. It was recommended, however, that the concept of a road up the east side of the Lynn Canal, connecting Juneau with either Haines or Skagway or both, be periodically re-evaluated, particularly once high-speed ferry service has been introduced.

Role of the Regional Plan

The Southeast Alaska Transportation Plan described in this document presents the Department of Transportation and Public Facilities' goals, policies, and general overall plan for maintaining and improving the State's regional air, land and marine transportation services and facilities. The Regional Plan recognizes the statewide aviation policies and standards established in the Alaska Aviation System Plan. The Regional Plan evaluates and compares air, land and marine alternatives to develop an integrated multi-modal transportation plan, which provides general direction to specific modal planning efforts such as airport master plans and the Alaska Marine Highway System plan.

These plans, together with community plans, provide direction in establishing regional transportation priorities and in developing the Department's 6-year Capital Improvement Program, which itemizes specific projects to be undertaken. Those projects which are scheduled in the first 1 or 2 years of a Capital Improvement Program are then submitted annually to the Legislature for funding.



SOUTHEAST ALASKA REGION

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1 - INTRODUCTION

1 - INTRODUCTION

1.1 - Background

In 1980, Southeast Alaska developed a long-range plan for the provision of transportation services within the Region. The plan defined operating concepts and facilities requirements and drew extensively on input from residents and research dating from 1977. In the period of time that has elapsed since this review, much has changed relative to the basic assumptions and concepts embodied in this plan.

The 1980 Plan, for example, saw increasingly scarce and expensive fuel impacting significantly on transportation both in and to Southeast Alaska. There were high expectations relative to resource development, growth in visitor travel and the ability of Alaska to fund new equipment to meet the needs of both resident and tourist. In addition, the possibility of a move the State capital gave an aura of uncertainty to perceived needs.

Since the implementation of the 1980 Plan, the move of the capital has been shelved, resource development has been constrained by lack of demand in world markets, and oil is readily available and relatively cheap. The change in fortune of the oil industry, while beneficial to the traveler, has seriously eroded State revenues. Thus, Southeast Alaska is faced with increasing demand for travel, but limited resources with which to meet that demand.

While the original Transportation Plan was always envisaged as a flexible planning tool that could, and would, be changed to adapt to different circumstances, the extreme changes that have occurred necessitated a formal update to review policies and direction and to determine the likely direction of transport within the region to the end of the century.

Accordingly, early in 1985 the Alaska Department of Transportation and Public Facilities undertook to update the 1980 Regional Transportation Plan in order to ensure that the planned development of transportation facilities

fully reflected the existing and anticipated needs and concerns within the region. A joint Technical Committee was established, comprised of representatives from the Southeast Region Planning Division and the Alaska Marine Highway System, and given the mandate to update and modify, as necessary, the 1980 Plan. In addition, the consulting firm of Acres International Corporation was engaged to assist the Technical Committee in defining and evaluating alternative transportation systems for the Region, and in formulating and presenting the updated Transportation Plan.

1.2 - Role of the Regional Plan

The Regional Transportation Plan is intended to present the Department of Transportation and Public Facilities' goals, policies, and general overall plan for maintaining and improving the State's regional air, land and marine transportation services and facilities. The Southeast Region Plan recognizes the statewide aviation policies and standards established in the Alaska Aviation System Plan.

In general terms, the Regional Plan evaluates and compares air, land and marine alternatives to develop an integrated multi-modal transportation plan, which provides general direction to specific modal planning efforts such as airport master plans and the Alaska Marine Highway System plan. These plans, together with community plans, provide direction in establishing regional transportation priorities and in developing the Department's 6-year Capital Improvement Program which itemizes specific projects to be undertaken. Those projects which are scheduled in the first 1 or 2 years of a Capital Improvement Program are then submitted annually to the Legislature for funding.

1.3 - Goals and Objectives

As part of the planning process, a careful review was carried out with regard to the goals which the updated Transportation Plan should strive to achieve. These were ultimately defined as:

- meet resident demands for transportation to and within the Region;
- facilitate development of the regional economy by providing supporting transportation services;
- maintain fiscal responsibility through judicious allocation of public funds.

Unfortunately, within the present economic environment, these goals are not collectively achievable, and one of the tasks of the proposed plan was to suggest a compromise that would enable a balance to be achieved within the current and likely future fiscal environment.

1.4 - Community Involvement

A key policy recommendation in the original Transportation Plan was to provide the opportunity for effective public participation in transportation decisions. In the past few years, the Department of Transportation and Public Facilities, Southeast Region and the Division of Alaska Marine Highway System have both maintained a program of community involvement in the ongoing planning process. In 1982, anticipating an update of the Regional Plan, the planning section held a series of community workshops to solicit opinions and concerns on the current transportation system. In addition, community hearings were held in conjunction with the studies of the 1984 Governor's Task Force on the Marine Highway.

As part of the present plan update, the planning team carefully reviewed the comments and issues which were raised at these community workshops and hearings. In order to ascertain whether additional concerns had arisen

since that time, a newsletter was sent to all parties who had previously expressed ongoing interest in the transportation system. The newsletter advised that the plan update was underway and requested that they inform the consultants of their current concerns and suggestions with regard to regional transportation. In addition, notices were inserted in all community newspapers throughout the Region advising the public of the planning effort and requesting their input. Many letters were received in response to these requests and the comments carefully noted in developing the plan revisions.

Once the Technical Committee and consultants had completed their evaluations, a 'Draft' updated Regional Transportation Plan was developed and distributed to the communities in February 1986. The Department and consultants then carried out a series of workshops in 20 communities throughout the Region during the latter half of April in order to present the Draft Plan to residents, respond to any questions, and solicit community reactions to the proposed Plan components. Subsequent to the workshops, communities and individuals were given the opportunity to provide additional comments in writing to the Department of Transportation up to the end of the first week in May.

Community reactions obtained through the workshops and through written replies were thoroughly reviewed and analyzed. In general, public response to the Plan was favorable with 80% of the participating communities according it an overall average rank of approval. Where negative comments and alternative suggestions were raised, they were carefully assessed and, insofar as possible, reflected in the final Regional Transportation Plan.

2 - PLANNING FRAMEWORK

ALASKA LEGISLATURE COMMITTEE FILES 1987 - 1988 8672
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2 - PLANNING FRAMEWORK

2.1 - General

In the years since the previous Transportation Plan was developed, a number of changes have occurred in the Southeast Alaska Region. Some of the changes have been generated internally but many have been generated by outside forces which have impacted on the needs and opportunities within the area.

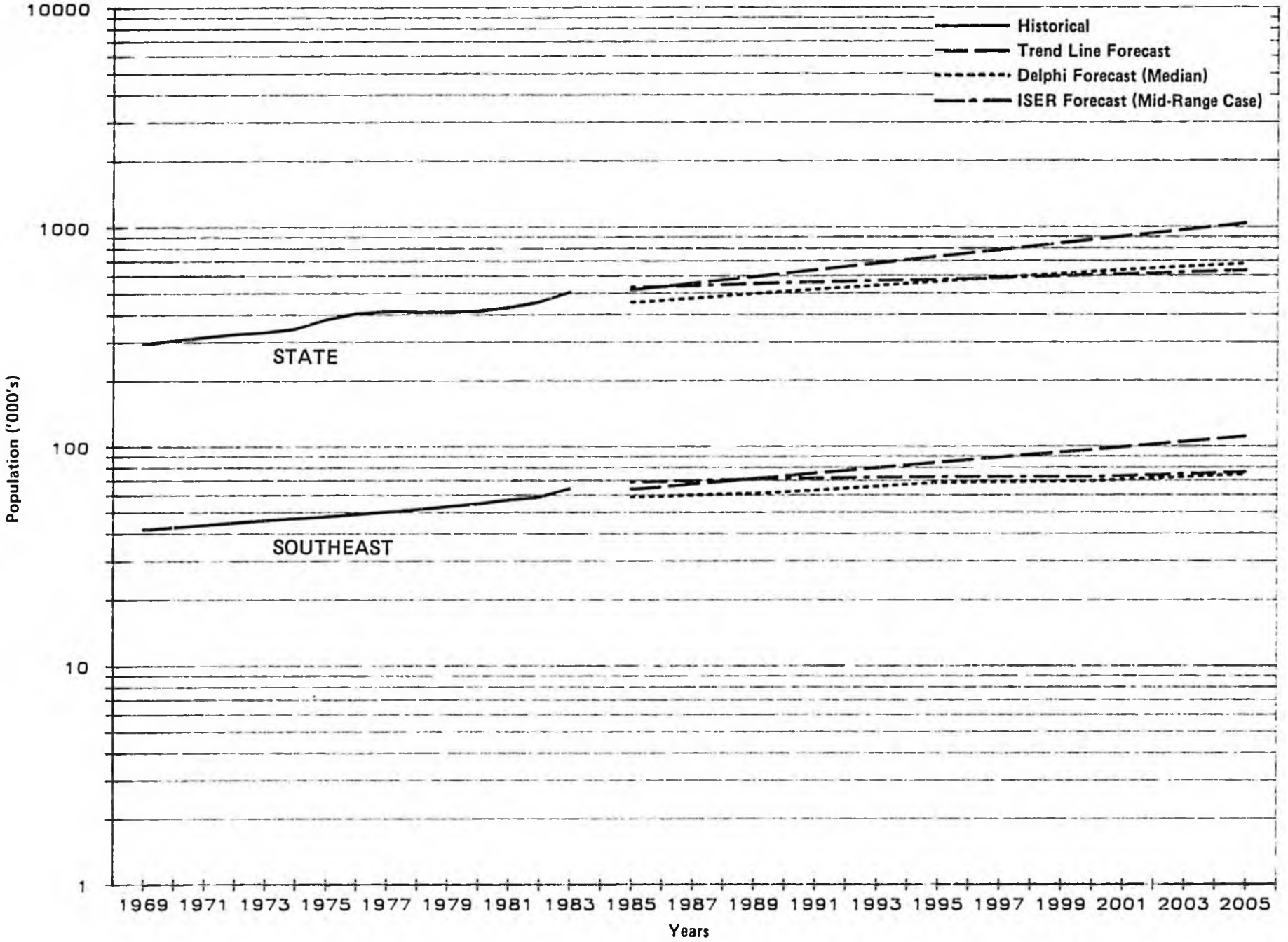
The intervening years have seen a marked decline, for example, in the resource markets on which a substantial portion of the Alaskan economy is based. Falling oil prices have placed downward pressure on government revenues, while poor markets for forest products and minerals have led to curtailment or deferral of projects which were originally planned for the early 1980s. These factors have led to an increasing reliance on the tourist market, which has remained strong in spite of generally poor economic conditions.

Within the region, shifts in population and income have altered the demand pattern for transportation services. In addition, system changes made as a result of the 1980 Plan have provided added information regarding the interactions between demand and services and have highlighted new areas of service shortfalls.

These factors have combined to create a new context in terms of transportation demand within the Region. At the same time, some significant changes have occurred in the supply side of the equation as new transportation technologies and new types of service have evolved as practical options.

As a result, there is a clear need to re-evaluate the transportation planning framework in terms of:

Figure 1
ALASKA POPULATION FORECASTS



- expected changes in the demand for service;
- the base or existing transportation system; and
- the technological changes which may be available for future integration into the transportation network of the Region.

2.2 - Population and Tourism Growth

The key factors contributing to changing demand for transportation services in Southeast Alaska are the growth in regional population and the growth in tourist traffic into the area. In a survey carried out in 1983, almost 60% of the air travelers and 40% of the Marine Highway users were Alaska residents. In addition, on the Marine Highway, almost 50% of the travelers (and over 70% of summer travelers) were tourists. These two markets, resident and tourist, clearly account for the major portion of transportation demand in the Region, and the future growth in these markets will play a key role in defining the need for transportation services.

In the past, population growth in the Southeast Alaska region has generally remained fairly stable and relatively strong. Since the late 1960s, the population of the Region has grown at a fairly consistent rate of 2.5% to 3.0% per year, somewhat lower than the State average of 3.5% but without the marked swings seen in statewide population trends.

In the late seventies it was expected that, provided the State capital was not moved from Juneau, the long-term population growth rate could be maintained at around 2.8%, with the Region's population increasing to over 100 000 persons by the year 2000. More recent forecasts, however, have been more pessimistic (see Figure 1, opposite). In part because of the Region's dependence on State government employment and the expected need to reduce State spending, these forecasts have generally predicted a decline in the long-term annual growth rate. A Delphi forecast prepared in 1983 projected regional population growth of less than 2.5% per year to 1990, declining to below 2% from 1990 to 2000 and less than 1.5% thereafter. The Alaska

Institute for Social and Economic Research, using the detailed State Economic Model, has projected even lower growth rates for Southeast population ranging from a low of less than 0.5% per year in their pessimistic case, up to an average of less than 1% in their optimistic scenario.

In light of these forecasts and the generally weak long-term prospects for the Region, it was decided, for planning purposes, to project that regional population could maintain its long-term growth rate (2.8%) through to the end of the 1980s but that growth thereafter was likely to decline and stabilize at a rate of 1% per year. Total regional population was forecast to reach 73 900 persons by 1990, and 85 800 by 2005.

The second key market for transportation services is tourist traffic. Relatively little data are available on the growth in this market, but indications are that visitor volumes have grown at an average annual rate of 4.5% in recent years. The long-term prospects for this market are strong as increasing proportions of the population find themselves with the leisure time and financial means to indulge their desire for travel.

It is too early to tell whether Alaska can sustain its share of this growing market, just as it is difficult to predict the portion of these visitors who will make use of State-operated transportation services (airports, roads and the Marine Highway). For planning purposes, however, it was assumed that tourist demand for transportation services into and within the Region would continue to grow at 4.5% per year to 1990 and would taper off to 2.5% per year thereafter.

2.3 - Existing Transportation System

The transportation system currently in place in Southeast Alaska has also changed somewhat since the introduction of the 1980 Transportation Plan. The existing network consists of three key components--the aviation, the marine and the road systems.

2.3.1 - Aviation System

Air traffic demands in Southeast Alaska are met by a range of carriers from intra- and inter-regional jet airlines through to small float-plane operators.

Two air carriers provide jet service to Southeast Alaska: Western Airlines and Alaska Airlines. Western flies a Seattle, Juneau and Anchorage route year-round with Boeing 727 aircraft and also provides a summer service into Ketchikan from Seattle. Alaska Airlines, the major large carrier in Southeast Alaska, provides service with Boeing 737/727 aircraft. It serves Yakutat, Juneau, Sitka, Petersburg, Wrangell and Ketchikan with at least two jet aircraft flights per day year-round, and serves Gustavus with one jet flight a day in the summer and with small aircraft service in the winter. During the summer of 1985, Juneau had nine Alaska Airlines flights a day scheduled, while Ketchikan and Sitka each had seven scheduled flights per day. All of the flights originate or terminate in Seattle, Anchorage or Fairbanks. With a total population of some 53 500 in 1983 for all the communities being served with jet aircraft, it can reasonably be argued that this airline service is excellent for the size of the communities and traffic demand.

The jet carriers also provide a substantial freight capability to and from the region carrying high-value perishable cargos as well as mail. On some flights, as much as half of the passenger bay is turned over to cargo while in other cases whole aircraft will be chartered to move full loads of fresh fish.

Commuter air service of the type that is common in the lower 48 States (that is twin-engined aircraft, usually turbo-props, carrying between 18 and 44 passengers) does not exist in Southeast Alaska. This is chiefly attributable to the high level of jet aircraft service provided to all the major communities in the Region and the lack of additional communities with sufficient traffic to justify intermediate sized aircraft.

Apart from jet services, there are a number of scheduled air taxi operations in the Southeast Region offering a wide range of services and service

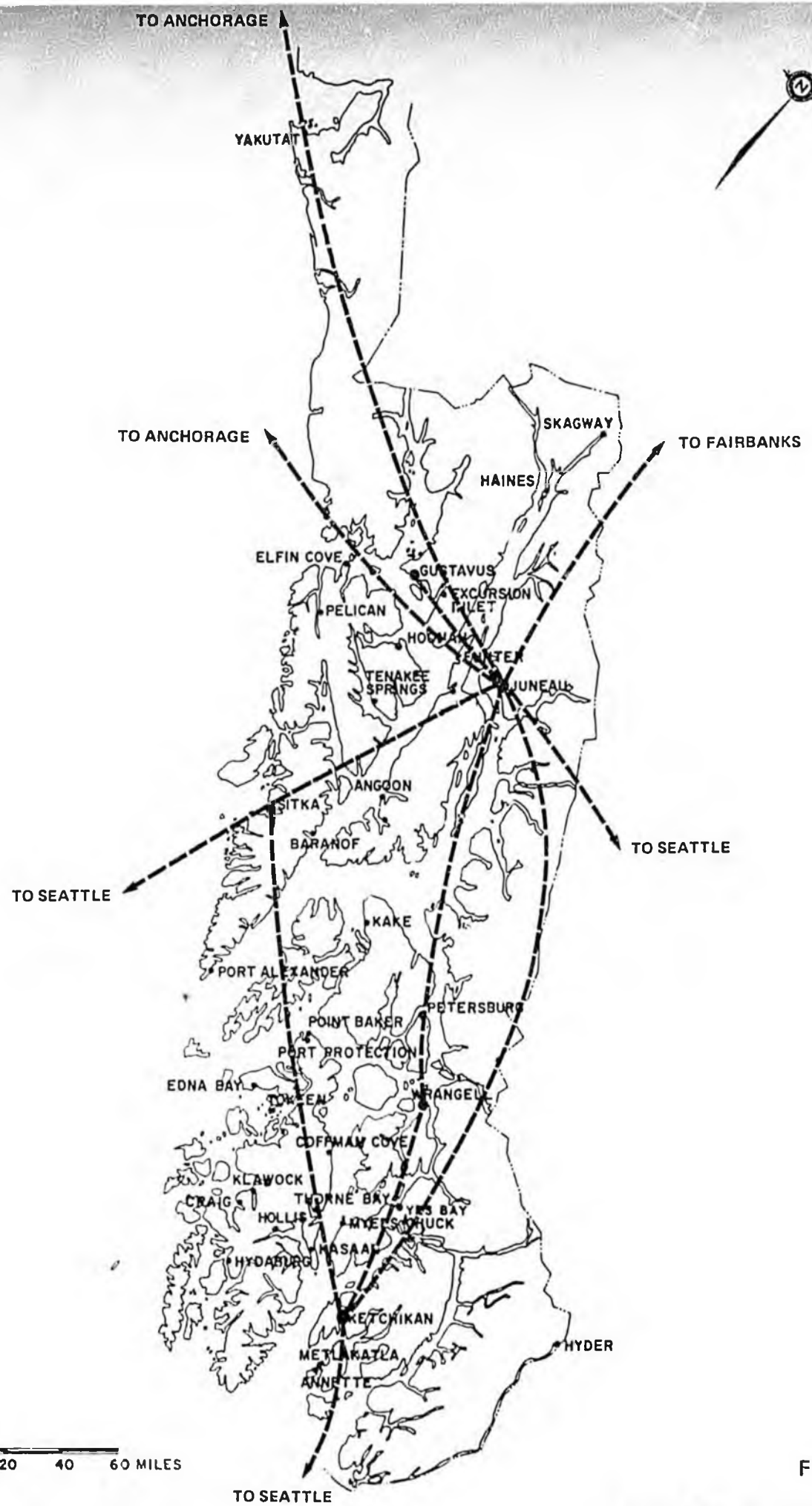


Figure 2

MAIN LINE JET SERVICE

frequencies into various communities. Operators are based in Juneau, Ketchikan, Petersburg, Wrangell, Sitka, Haines, Skagway, Yakutat, Klawock, Metlakatla and Gustavus, and generally provide a minimum of daily service to outlying communities carrying passengers, small freight and mail. Typically they provide service with float-equipped aircraft in the southern Panhandle, and wheel-equipped aircraft in the northern Panhandle. A summary of current (1985) jet and feeder services is provided in Figures 2, 3, and 4.

Air service operations in the region are supported by a network of some 140 airports, seaplane bases and heliports. Eight of the airports can presently accommodate jet aircraft although the Annette Island airport does not presently have scheduled jet aircraft flights. There are an additional 24 airstrips in the area that vary in size from a 1000-foot gravel beach at Pyramid Harbour to the Klawock runway, soon to be extended to 5000 feet.

Runways at the airports served by jet aircraft vary between 6003 by 150 feet at Wrangell to 8456 by 150 feet at Juneau. The runways place some limitations on the payload or fuel that an aircraft can carry but with the short stage lengths of most flights, the effect of this limitation is not unduly severe.

Of the airports that receive regularly scheduled jet aircraft flights, only Ketchikan International and Yakutat have full Instrument Landing Systems (ILS). The others have localizers without the glideslope (with the exception of Gustavus which has a VOR and an NDB approach). The main reason for the lack of full ILS facilities is terrain-induced distortion. The very high frequency transmissions tend to distort the direction of transmission and give false and unreliable readings to aircraft instruments; the glideslope portion of the ILS is particularly prone to this distortion.

Enroute low altitude airways over Southeast Alaska (below 18 000 feet) satisfy most I.F.R. requirements for aircraft operating at 10 000 feet or higher, with VORTAC transmitters located at Annette Island, Sitka, Sister's Island (near Juneau) and Yakutat while Level Island has a VOR/DME. For the purpose of civil aviation all five locations have Very High Frequency Omni Directional Radio Ranges (VOR) combined with Distance Measuring Equipment

Figure 3

WHEELED, SCHEDULED FEEDER AIR SERVICES

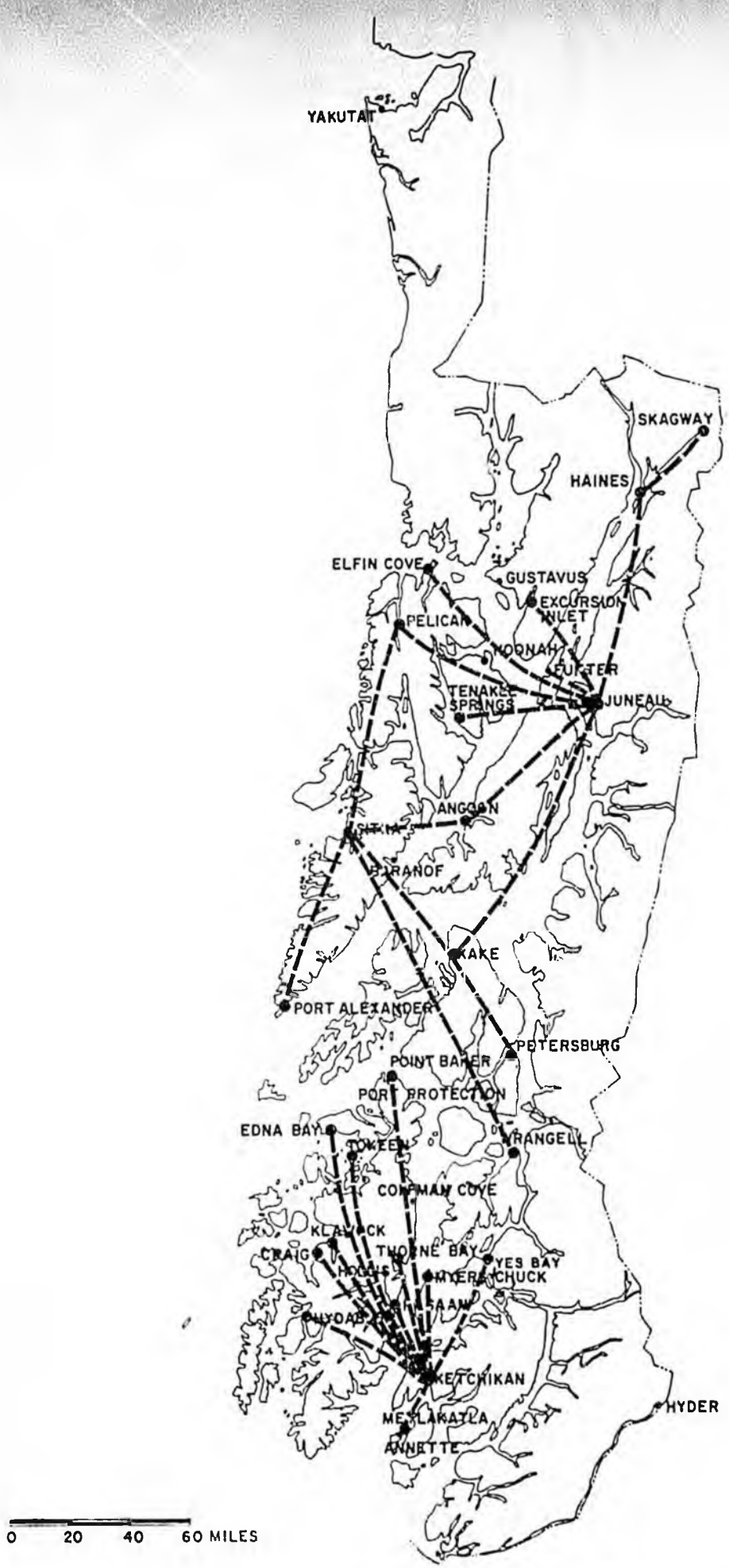


Figure 4

WATER-BASED, SCHEDULED FEEDER AIR SERVICES

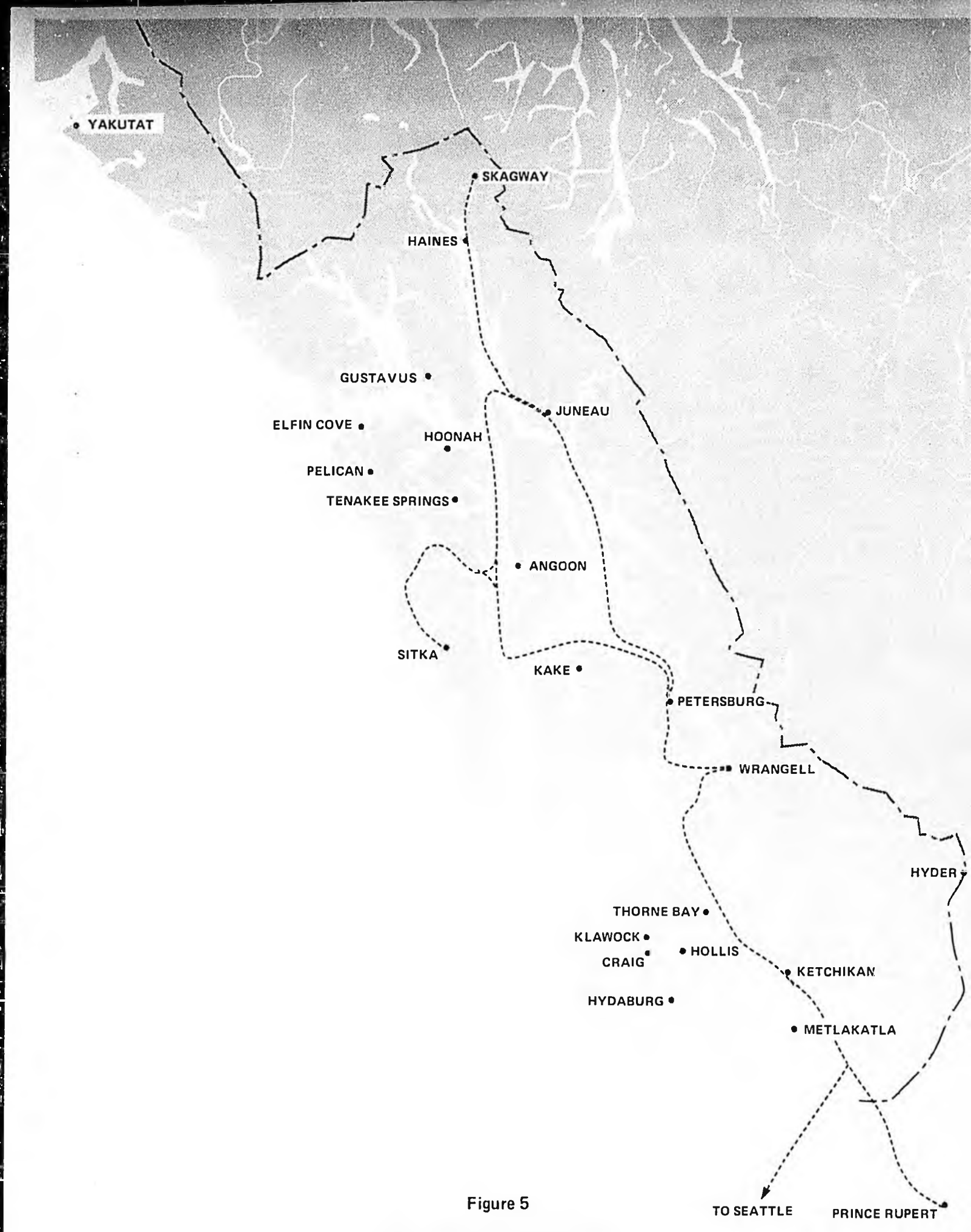


Figure 5

MAINLINE FERRY ROUTES

(DME). VORTAC indicates a combined VOR and Ultra High Frequency Tactical Air Navigation Aid (TACAN) which is used almost exclusively by military aircraft. It is, however, necessary to have line of sight to the transmitting stations to be able to use these facilities. The mountainous terrain of Southeast Alaska does not lend itself to good low altitude electronic navigation reception of these enroute VHF signals. Low frequency nondirectional beacons (NDB) are also used by aircraft for enroute navigation and nonprecision airport approaches. Although much less precise, the NDB allows aircraft with Automatic Direction Finding (ADF) radio to navigate on these signals even when it is impossible to maintain line of sight. NDB's are maintained as aircraft and marine navigation aids while any broadcast band commercial radio transmitter can be and often is used as an unofficial aircraft navigation aid by low flying aircraft.

2.3.2 - Marine System

The main component of the marine transportation system in Southeast Alaska is the Alaska Marine Highway ferry system. This operation provides surface links for passengers and vehicles both to, from and within the Southeast Region.

Seven vessels operate in the Southeast area. The four mainline vessels, the Columbia, Matanuska, Malaspina and Taku, operate between the southern road systems at Prince Rupert and Seattle and the northern road connections out of Haines and Skagway, providing a link for the through movement of traffic as well as carrying passengers and vehicles to and from the region and internally between a number of ports. All mainline vessels offer overnight accommodation for long-distance passengers.

During the 1985 peak season, one of these vessels, the Columbia, operated a weekly service between Seattle and Skagway. The other three vessels offered twice-weekly service out of Prince Rupert, making one three-day trip to Skagway via Clarence Straits and Stephens Passage, and one four-day trip travelling via Chatham Strait, and calling at Sitka (see Figure 5, opposite). During the 1986 season, both the Columbia and Matanuska will serve Seattle, leaving two vessels on the Prince Rupert routes. Vehicle capacities on the mainline vessels, adjusted for an average mix of small and

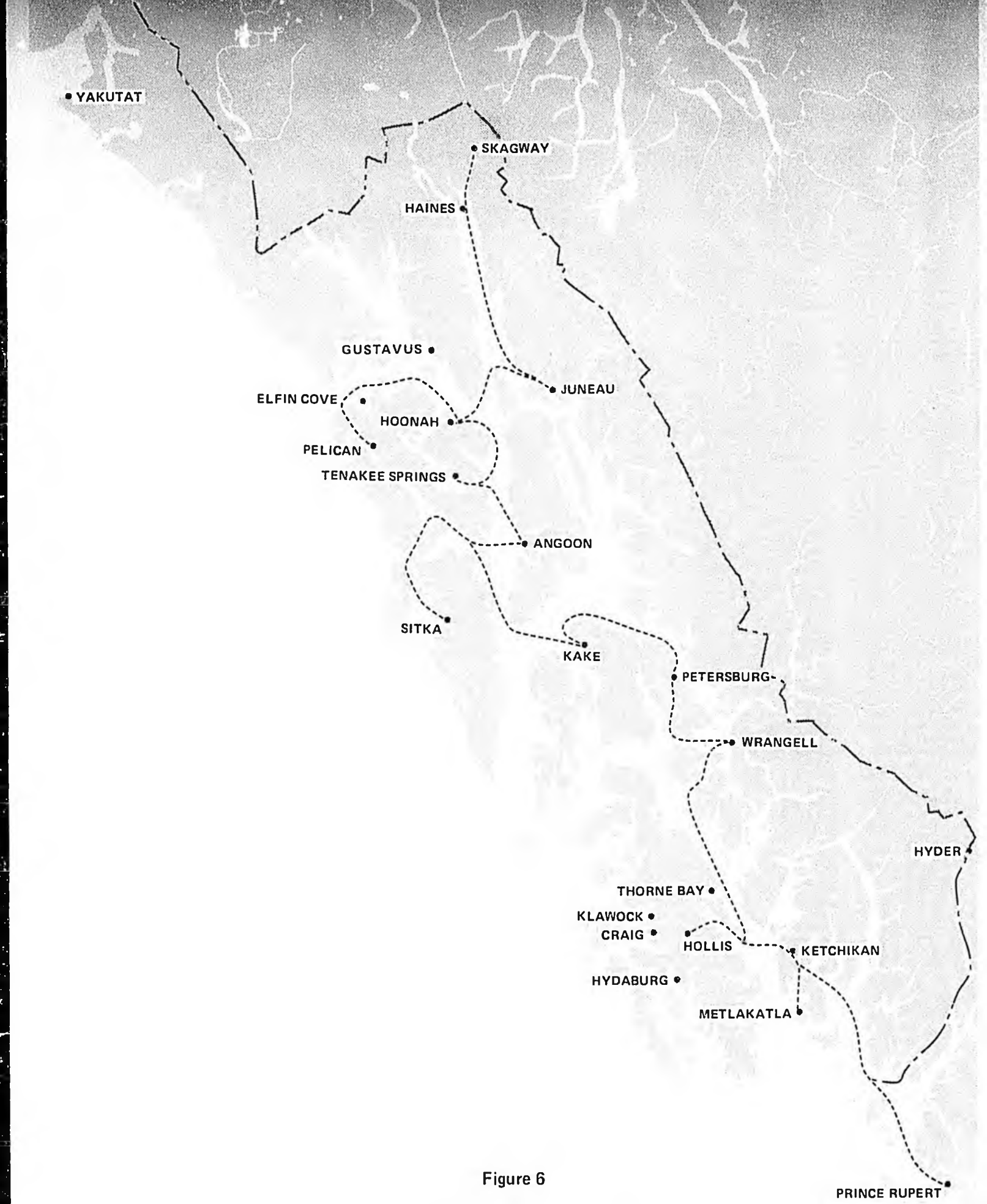


Figure 6

FEEDER FERRY ROUTES

large vehicles, range from 90 (for the Taku) to 155 (for the Columbia) while passenger capacities range from 500 to 750.

The three remaining vessels, the Aurora, LeConte and Chilkat, provide mainly internal feeder services carrying passengers and vehicles between the smaller communities and the mainline ports. The smaller of these, the Chilkat, operates between Ketchikan and Metlakatla and occasionally to Prince of Wales Island. The Aurora and LeConte, with 40-vehicle, 250-passenger capacity, provide connections between Prince of Wales Island and the Prince Rupert-Ketchikan-Petersburg corridor, and between communities in the Juneau-Sitka-Petersburg triangle (including Hoonah, Pelican, Tenakee Springs, Angoon and Kake) (see Figure 6, opposite). In 1986, the Aurora will provide service to Hyder once a week during the May to September period. The Hyder service will, however, be evaluated by the Alaska Marine Highway System to determine the level of service in the future.

In addition to serving passenger and vehicle traffic, the Marine Highway System acts as an important link for the movement of freight, carrying significant numbers of vans into and through the Region and between the various communities. This service supplements the activities of several tug-and-barge operators who also carry substantial volumes of freight, generally from Seattle, and distribute it to the Region's communities. The Marine Highway and the tug-and-barge operators together handle the majority of the general cargo type freight which supplies the needs of Southeast residents. In addition, the tug-and-barge companies carry a large portion of the Region's fish and seafood product (frozen and canned) to Seattle for further distribution. Finally, a number of ocean-going vessels provide freight capacity for the Region's exports of lumber and forest products.

The Region has a range of port facilities to serve the Marine Highway vessels. Seven communities have ferry terminals capable of handling the mainline vessels (Ketchikan, Wrangell, Petersburg, Sitka, Juneau, Haines and Skagway), while others can accommodate only the Aurora/LeConte class vessels (Hoonah, Tenakee Springs, Angoon, Pelican, Kake, and Hollis/Clark Bay). Two ports are also presently designed to handle the Chilkat (Hollis and Metlakatla) although renovations at Metlakatla will shortly allow the Aurora

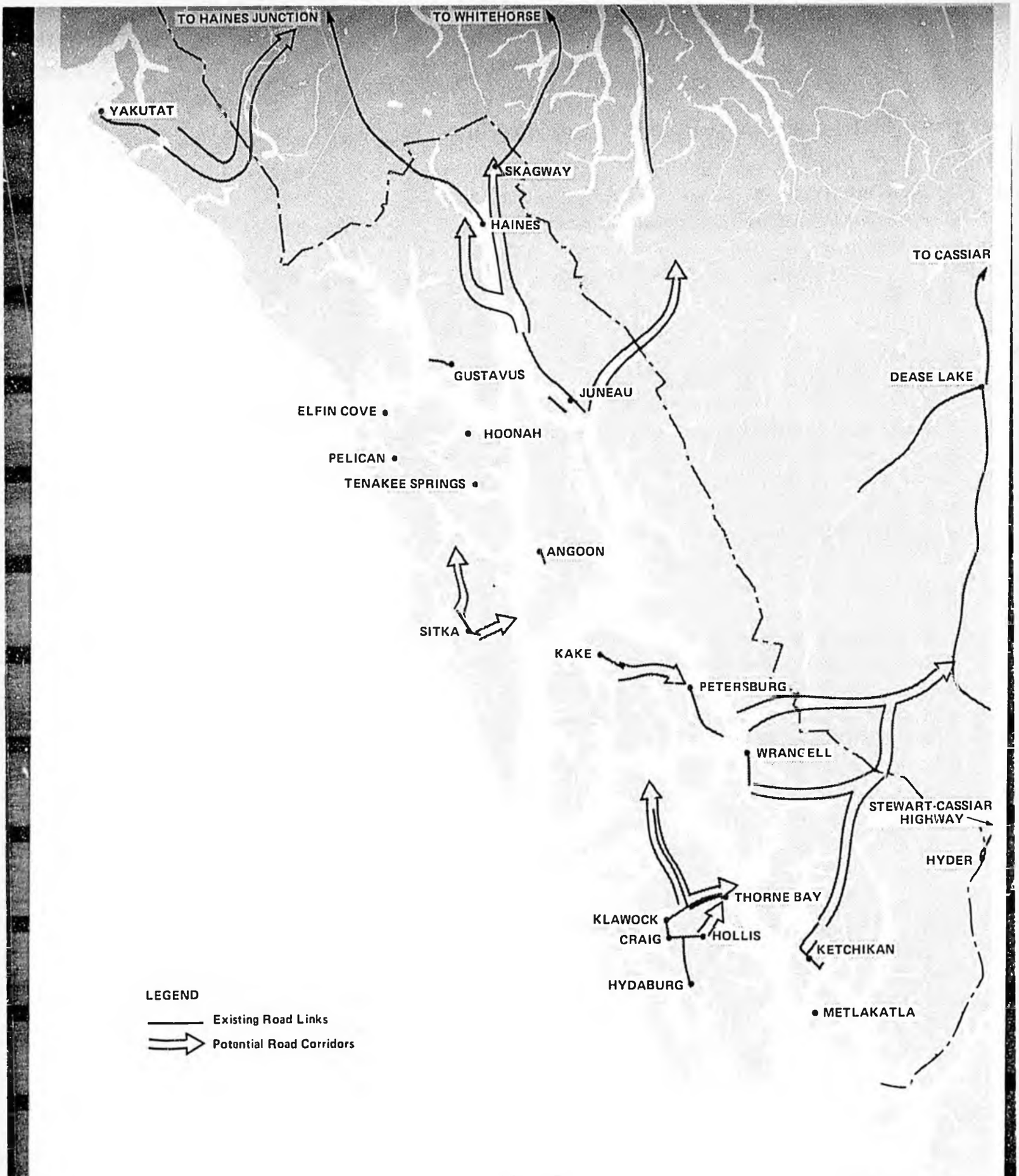


Figure 7

EXISTING ROAD SYSTEM AND ROAD CORRIDORS

to provide service but prohibit service by Chilkat. In addition, terminal facilities are planned at Hyder and Elfin Cove to allow ferry operations into those communities.

Terminal and port facilities for other marine movements (tug-and-barge and other freight operations) are, with few exceptions, provided by private industry. The level of facilities varies widely from terminals in the larger centers which are capable of handling containerized cargo to break-bulk, manual loading/unloading operations at smaller ports.

2.3.3 - Road System

The road system in Southeast Alaska is sharply constrained by the geography of the Region. Steep coastlines, multiple fjords and generally mountainous terrain make roads a costly option to construct and maintain. While there are some potential road corridors within the area, only a limited number have been developed (see Figure 7, opposite).

Access to the continental road system is provided at three points in the Region: Haines and Skagway in the north and Hyder in the south. Residents in other communities must use the Marine Highway to connect either with these roads or with the road system out of Prince Rupert or Seattle.

Within the Region, a substantial network of roads is operated and maintained to provide access between adjacent communities and links to nearby recreation areas. In addition, the US Forest Service has developed an extensive road network which, while not meeting State standards, provides some travel opportunity as well as a foundation for future road development. In general, however, with the exception of Prince of Wales Island communities, links between major towns within the Region are provided by air and by ferry.

TABLE 2.1

HIGH SPEED CRAFT
TYPES EVALUATED

		Passenger and Vehicle	Cost	Seakeeping	Comfort	Susceptibility to Strikes	Speed to Load	Comments
Air Supported	SRN4 MK2/3	yes	very high	moderate	fair	nil	fair	
	API-88	no	low	poor	good	nil	fair	
	Hovermarine	no	medium	poor-mod.	good	some	good	
	Bell Halter	yes	medium	mod.-good	fair	some	good	
Foil Supported	Jetfoil	no	high	mod.-good	excellent	high	poor	Production discontinued.
	Hydrofoil	no	medium	poor-mod.	fair	high	poor	
Displacement	Monohull	yes	high	moderate	fair	low	fair	
	Catamaran	yes	low-med.	mod.-good	fair-good	low-fair	fair	
	SWATH	yes	low-high	mod.-good	excellent	low-fair	good	Small Water Plane Area Twin Hull
Planing and other		no	low-med.	poor-mod.	poor-fair	low-fair	poor	

Types Excluded from Further Analysis - Reasons:

SRN4 Mk2/3 Excluded because of cost - approximately $40 to $50 million built in Britain, lack of licensing for US construction.

Monohull Excluded partly because of cost - $14 to $15 million built in Britain and high power requirements and thus fuel cost for its speed.

SWATH Excluded because of experimental nature and relatively high power requirements. Southeast Alaska waters are not rough enough sufficienty frequently to justify such a vessel.

2.4 - Projected Developments in Technology

In terms of new opportunities for the provision of transportation services, the consultants reviewed current and likely future technological developments in air, marine and road transportation that might impact Southeast Alaska. The detailed review is contained in the technology evaluation, but is summarized below.

2.4.1 - Air

No major technological developments were foreseen that would affect air transportation within Southeast Alaska. Although prop-fan aircraft are expected to come into service before the end of the century, they would not change the basic way in which air service would be provided. New developments in navigation aids, such as microwave landing systems, would make jet air travel to major airports more reliable and safer, while increasing navigation beacons and making changes in the VHF network would enhance the safety and reliability of small aircraft operations. However, technology-based changes in air travel within the region were viewed as evolutionary rather than revolutionary.

2.4.2 - Marine

Two main areas of technology development in the marine environment were expected to potentially have impacts on Southeast Alaska transportation: the possible introduction of high-speed craft to provide rapid surface transport between communities, and improvements to existing vessels to improve performance and efficiency.

A variety of high-speed craft were reviewed in terms of their potential for use in Southeast Alaska, including air supported, foil supported, and conventional displacement vessels. The assessment concentrated on existing vessels with a known operating history. However, new designs could offer potential and should be considered at the appropriate point in the design process. Table 2.1, opposite, lists the vessels evaluated and highlights

TABLE 2.2

HIGH-SPEED CRAFT

	Craft Evaluated		
Type	30m Incat	1300D Westamarin	BH 350 B
Characteristics	Catamaran	Catamaran	S.E.S.
Passengers	90	340	180 or 280
Vehicles - automobiles - trucks	14	30	41 or 27
Length ft	98	130.25	160
Breadth ft	36.75	41.25	41
Draft ft	7.68	5.58	7.5
Payload	not known	not known	not known
Power (bhp)	4200	5500	13210
Maximum speed	28 kn	25 kn	50 kn
Speed SS3	25 kn(28mph)	22 kn (25mph)	40kn (46mph)
Price	$3.0 million	$5.0 million	$12.0 million
Built in USA	Yes	No	Yes
License for USA	Yes	Yes	

	Craft Excluded			
Type	Vosper High Speed	SWATH	Air Cushion Vehicles SRN4/MK2	SRN4/MK3
Characteristics	Ferry	(Seagull)		
Passengers	700	384	282	416
Vehicles - automobiles trucks	none	none	36	50
Length ft	204	117.8	130.2	185
Breadth ft	33.5	56.1	78	82
Draft ft	10.5	10.3	-n/a-	-n/a-
Payload (tons)	96	not known	78	114
Power (bhp)	12000	8100	13600	15200
Maximum speed	25 kn	25 kn	60 kn	65 kn
Speed SS3	24 kn	(24 kn)	32 kn	45 kn
Price	$14 to $15 million	$8 to $10 million	$40 million	$50 million
Built in USA	No	No	No	No
License for USA	Yes	Yes	No	No

the findings with regard to a number of criteria. Table 2.2, opposite, outlines in detail some of the physical and operating specifications of these craft.

Two types of high-speed craft were chosen as representative of the type of vessels which could be appropriate for use in Southeast Alaska. The first was a catamaran hull, approximately 100-feet long, which would carry 10 to 15 vehicles and 80 to 100 passengers at speeds of up to 30 miles per hour (see Figure 8, overleaf). The second vessel type was a larger Surface Effect Ship (SES) capable of carrying approximately 40 vehicles and 200 passengers at speeds of up to 46 miles per hour (see Figure 9). The SES-type ferry would be capable of year-round operation in Southeast Alaska waters. The smaller catamaran type vessel would definitely be capable of summer and shoulder season operation. However, its performance during winter conditions, except on sheltered routes, is as yet unknown.

For purposes of evaluation, it was assumed that the existing docks and shore facilities could be used for high-speed craft without major modification. If this is not the case, funding for shore facilities would be required.

High-speed craft should not be looked on as total replacements for existing vessels. While they would enable better utilization of present vessels to be achieved during the summer and, if required, shoulder seasons, like all high-performance vessels, the high-speed ferries have limitations relative to payload and axle-loadings. For example, automobiles, campers, coaches, and lightly-loaded trucks and vans could be carried on the small high-speed catamaran, but not heavy vans such as refrigerated trailers with a full load of frozen fish. The larger vessel by comparison could carry heavy trailers, but the number would be limited by payload considerations. For this reason, at least some service by conventional vessels would likely be required on routes served by high-speed ferries.

The second area of marine technology development relates to improvements in the existing AMH vessels to improve their performance and reduce operating costs. Examples of such developments include:

Figure 8

HIGH SPEED CATAMARAN

Figure 9

110-ft SES HIGH-SPEED CRAFT

- hull redesign;
- improvements in propulsion and machinery;
- course-keeping and routing techniques;
- advanced machinery automation;
- improvement in hull surfaces;
- different grades of fuel; and
- adjustments to operating speed.

2.4.3 - Road

No technological developments were foreseen in the road sector that would change the way in which freight and resources are moved or in which tourists and residents would travel. It is expected that freight vehicles moving on the continental road system will increase in length, height, width and weight, making it more difficult for the existing ships to accommodate trucks and vans. In the future, certain road routes may be designated special log haul routes to support the timber industry. Overall, however, the freight business to Southeast Alaska, being a small specialized one, would likely not be impacted to any great extent by such changes for the foreseeable future.

2.5 - Alternative Marine Operating Options

While technological developments offer one possible source of change in transportation services, another source of change would involve continued use of conventional equipment to provide service but under a different operating environment. One option of this type in the marine area would involve increased reliance on private as opposed to State-operated services. A second operating option would involve the acquisition of a foreign flag vessel.

2.5.1 - Other Service Suppliers

The foreign flag liner operator has long been a part of the Alaskan cruise market. These operators brought in well over 100 000 tourists at the last

count and are expected to continue to bring in a significant number of visitors. A new factor in the market place, however, is the foreign flag ferry operator (who carries vehicles) working in competition with the Marine Highway for point to point travel. It is likely that such operators will increase their activity in the future from either Vancouver or Prince Rupert.

A further new development is that US flag operators are seriously considering building or converting vessels to serve the US cruise market and Alaska is identified by them as a prime destination. The vehicle carrying potential for such vessels is seen as an essential feature, with the result that there is a high probability the Marine Highway will see direct competition in Seattle before the mid-1990s.

Although this competition may skim off tourists from the Marine Highway and possibly reduce revenues, projected total departures from Seattle and Prince Rupert indicate that AMH vessels would still be operating close to capacity during the peak season. Thus the presence of private operators would serve as an effective complement to Marine Highway services. In addition, private operators may relieve the AMHS of the need to acquire additional mainline vessels in the 1990s, saving the State of Alaska several million dollars in fleet expansion costs.

2.5.2 - Acquisition of Foreign Flag Vessels

A second new service option for the Region would be for the Marine Highway to acquire and operate a foreign-built ferry. Should a new mainline vessel be necessary, a foreign flag vessel could provide the required increase in capacity at a cost well below that of a new US-built vessel.

The Marine Highway has had experience with foreign flag vessels with the M/V 'Wickersham'. The experience was not altogether favorable because it was intended to use the vessel in the Seattle/Southeast Alaska trade which required a waiver from the Jones Act. Such waivers are only given for

purposes of national defense, and thus the 'Wickersham' was not acceptable on an ongoing basis.

However, the possibility of the AMH using a foreign flag vessel entirely within the requirements of US maritime legislation is feasible. Such a vessel could operate from Vancouver or Prince Rupert and carry tourists or residents from port of embarkation to port of disembarkation. The only restriction would be that the ship could not carry passengers between ports in Southeast Alaska. Such a vessel operating out of Vancouver or Prince Rupert could materially increase AMH capacity and release existing vessels to operate on those routes that require a US flag ship (i.e., US to US links).

This is essentially the service that Sundance Cruises is providing between Vancouver, BC and Skagway, AK with the M/V 'Stardancer'. The AMH would prefer that private operators continue to provide such service where possible since they can generally operate at lower costs due to their greater flexibility in crewing and their options to utilize the vessels in other areas during the off season.

3 - REGIONAL TRANSPORTATION ALTERNATIVES

3 - REGIONAL TRANSPORTATION ALTERNATIVES

3.1 - General

Development of the updated transportation plan was based in large measure upon a process whereby a wide range of transportation options were defined for the Region and were then evaluated in terms of:

- compatibility with goals of the regional transportation system, and
- effectiveness in terms of both the service provided and the level of costs incurred.

These alternatives covered the provision of transportation service by both air and surface (marine and road) modes for the movement of cargo, passengers and vehicles.

In defining the alternatives, recognition was given to the expressed concerns and desires of the communities and also to the perceived requirements, limitations and opportunities associated with growth, development and new technology. As a result, the options developed for evaluation encompassed not only capital improvements (acquisition of new vessels, road and facilities construction) but also changes to the operating systems with a view to improving either the service provided, the system capacity and/or the ongoing operating costs.

3.2 - Aviation System Alternatives

In terms of long range transportation planning for the aviation sector, a number of issues have arisen in recent years which required analysis in terms of defining the direction of facilities planning. These included:

- the probable ongoing impacts of airline deregulation and, related to this;

- the possible removal of Essential Air Services (EAS) subsidies for Yakutat, Gustavus, Petersburg and Wrangell, and the consequent impact on air services;

- potential development of a commuter airline service in the region;

- future requirements for runway rather than float plane facilities.

3.2.1 - Deregulation and Subsidies

The long-term effects of air service deregulation in Southeast Alaska are likely to be complex and, in many cases, unsatisfactory, as competition and profit pressures lead to a concentration of services on some routes and a decline in services on others.

For the Lower 48, deregulation of the airline industry has meant more carriers providing more flights at lower fares between large cities that are good traffic generators, often at the expense of reduced or discontinued service to smaller communities. Competition has increased on the heavily traveled routes, causing downward pressure on airline profits, and forcing them to cut back on service into smaller communities.

In addition, the relationship between airlines and government has changed somewhat under deregulation. The protection which government once provided to the carriers has been withdrawn, and as a result, government agencies have more difficulty influencing airline policies. Thus, government recommendations for service beyond those that are market justified will be very difficult to encourage without direct subsidies.

It was recognized at the time of legislation that deregulation of the airline industry would force the discontinuation of services into many smaller communities that relied heavily on air travel. An Essential Air Services Subsidy was therefore developed with a ten-year sunset clause to ease the transition to deregulation. Four communities in Southeast Alaska currently receive jet service under the EAS subsidy program: Yakutat, Gustavus, Wrangell and Petersburg. All communities except Gustavus receive

at least seven round trip flights per week year-round with aircraft having seating capacity in excess of 60 seats. Gustavus receives this level of service during the summer, but during off-peak periods, air services may be reduced to two flights per week with smaller aircraft.

The US Department of Transportation has selected Alaska Airlines to provide essential air service to these Southeast communities from October 1, 1985 through December 31, 1986 at which time the Essential Air Services subsidy is scheduled to expire.

While jet aircraft may not be the least-cost (lowest subsidy) method of providing service to these communities, it offers an extremely high quality of service and a good level of air freight capacity. The chief drawback is a lower service frequency than might be offered by smaller commuter aircraft. However, the availability of daily service without transfer to Seattle and Anchorage and the adequate freight capacity affords offsetting benefits.

The future of these services, however, has been a point of uncertainty throughout the planning exercise and is still in a state of transition. Whether the subsidies will be allowed to expire as scheduled, and whether jet service will continue with or without financial support, are both questions to which no confirmed answers are as yet available. Thus, from the planning perspective, the only definitive recommendation which can be made is that, if the EAS subsidies are allowed to expire, the Department of Transportation should closely monitor the impact on services into Southeast communities.

3.2.2 - Development of Commuter Airline Service

Although the quality of jet services in the Region has been very good, the possible future viability of a regional commuter air service for the Southeast remains an ongoing point of interest. An analysis was therefore carried out with regard to the conditions under which such an operation might prove viable.

TABLE 3.1

AIRCRAFT PRODUCTIVITY EVALUATION

Aircraft Type	Piper Navajo	Twin Otter DHC-6-300	Beech 1900	Shorts 360	HS 748
Hours per year per Aircraft	2,000	2,000	2,000	2,000	2,000
Number of Aircraft	2.5	2.5	2.5	2.5	2.5
Maximum Passenger Capacity	9	20	19	36	48
Load Factor	60%	60%	60%	60%	60%
Average Ground Speed (80% of Long Range Cruise)	138	133	200	162	215
Revenue Passenger Miles per year (million)	3.7	8.0	11.4	17.5	31.0

To assess this viability, five different aircraft types were examined. It was assumed that at least three aircraft would be necessary to provide an economic fleet and that each aircraft would fly approximately 2000 hr/yr with an average of one-half aircraft tied up for maintenance. Break-even operations, based on the experience of other carriers, were assumed to require a 60% load factor.

Table 3.1, opposite, shows the assessment of the required number of revenue passenger-miles of traffic which would be required for viable operation with various commuter aircraft types. Required annual passenger-miles range from 3.7 million with a fleet of Piper Navajos to 31.0 million with a fleet of HS748s.

With the ongoing provision of jet service into the major communities, it was assumed that the commuter service could only compete in areas not served by jet flights. Of these areas, those with the greatest traffic potential (together with estimated passenger-miles of traffic) are shown below.

Major Traffic Sectors -
Southeast Alaska - Non-Jet

Sector	Annual No. of Passengers	Distance	Annual Revenue Passenger-Miles
Haines-Juneau	9 500	75	412 500
Skagway-Juneau	5 000	95	475 000
Hoonah-Juneau	10 580	45	472 500
Kake-Petersburg	1 400	35	49 000
Craig-Ketchikan	6 500	60	390 000
Klawock-Ketchikan	5 800	60	348 000
Metlakatla-Ketchikan	14 900	20	298 000
TOTAL			2 745 000

These figures suggest that even with the smallest aircraft and 100% of the above air traffic markets, a commuter air service would be unlikely to prove viable at present traffic levels. Since the commuter service would also have to compete with air-taxi operators on these routes, it was concluded that a commuter service was unlikely to materialize until such time as a reduction in jet service and/or a significant growth in demand provided a traffic base sufficient to financially support its operation.

3.2.3 - Float Versus Airstrip Development

The evolution of air services in Southeast Alaska has been to start with float equipped aircraft, advance to amphibious aircraft, further advance to wheeled aircraft, and then to have larger and faster aircraft provide the air service. The prime reason for the evolution is improved safety, service and reliability, and reduced costs.

Float equipped operations offer a number of advantages in Southeast Alaska and have provided a vital transportation link. Since most communities are located on shorelines, float-equipped aircraft can land in close proximity. In addition, float planes are able to alight, in acceptable water conditions, if VFR conditions deteriorate during a flight - an important consideration when operating in the fast-moving weather systems common in the area.

On the other hand, float equipped aircraft are expensive to purchase, maintain and operate. Floats are costly to install and reduce the payload and speed of the aircraft, while corrosion from salt water operations leads to increased maintenance and overhaul expense.

An analysis was therefore carried out to assess whether there was an economic justification for promoting wheel based operations (by development of additional airstrips) rather than continuing to develop seaplane facilities.

While it is impossible to generalize about the cost of seaplane docks and runway facilities, some approximate order-of-magnitude numbers were

developed. Based on relative capital and operating costs the additional cost of a runway operation as opposed to a float facility would be in the order of $350,000 per year. In order to financially justify runway development, users would have to realize savings equivalent to this amount. Since annual passenger volumes into the larger seaplane communities average in the order of 1500 to 3500 passengers, it is clear such financial savings are unlikely to be achieved. It was therefore concluded that runway development cannot be justified on the basis of economics but must rather be justified on the grounds of service, safety, convenience and other nonfinancial factors.

3.3 - Surface System Alternatives - Corridors

3.3.1 - General

The definition of alternatives for the provision of surface transportation services was based on the premise that road and marine highway options should be viewed as complementary parts of an integrated system rather than evaluated as separate services. Since options regarding road construction in many areas materially affect the pattern of marine highway operations and conversely, changes in marine highway services influence the viability of many road options, the two modes were evaluated jointly as part of the 'surface transportation system'.

In reviewing the various options which were available in terms of providing surface transportation services, it became apparent that many of the options represented alternative means of dealing with problems in a single subsection of the overall region and, to some extent, could be segregated from the balance of the system for evaluation purposes. Rather than dealing with each of these options in a 'total region' context, it was decided to carry out a pre-evaluation process whereby service options within a subregion or 'corridor' were compared with one another in order to identify the preferred alternatives for meeting transportation needs in that area.

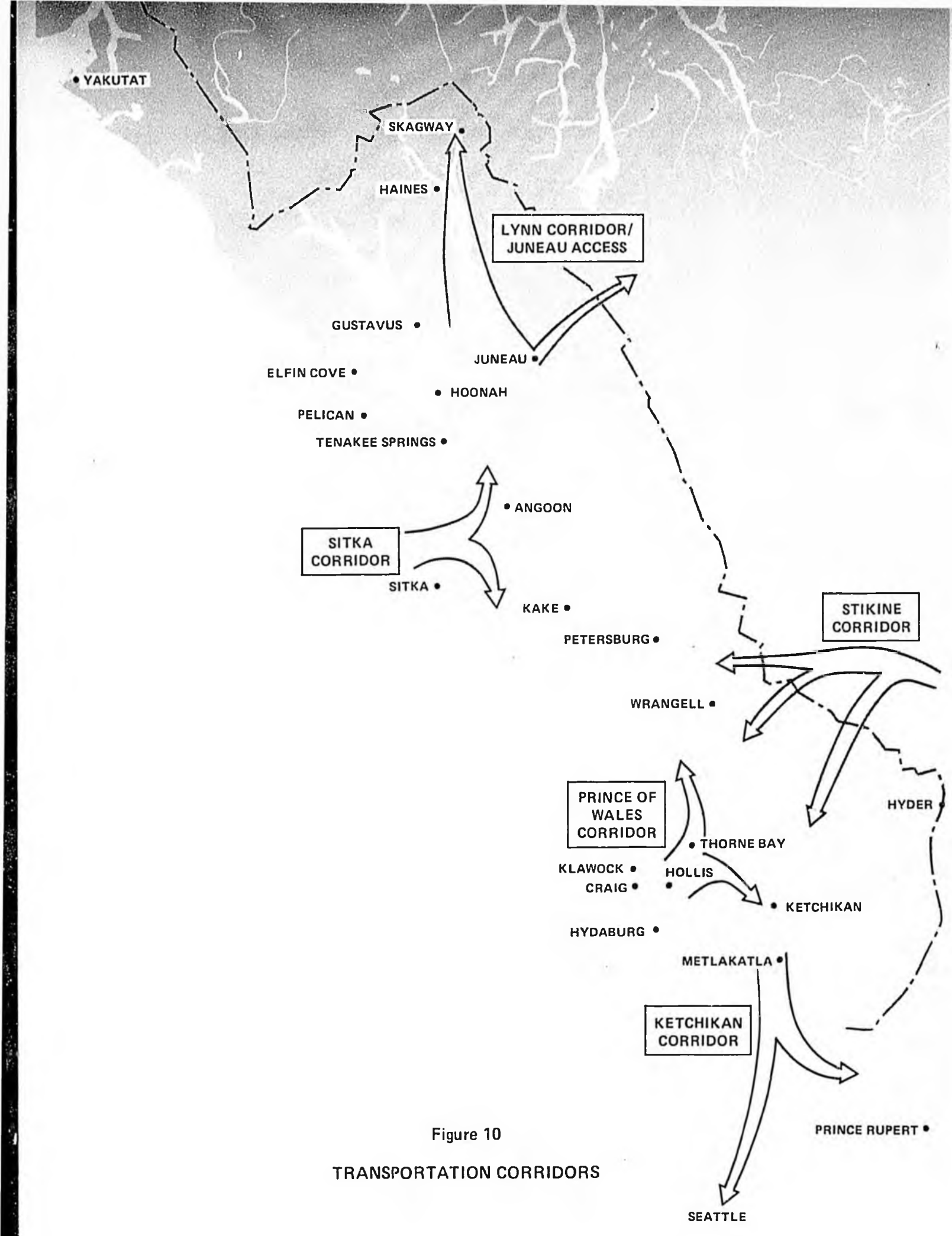


Figure 10

TRANSPORTATION CORRIDORS

Through this pre-evaluation process, a wide range of options was screened down to a somewhat more limited number of preferred alternatives which were then assessed in terms of their desirability within the context of the total regional surface system.

Five key corridors or subregions were identified for separate consideration as part of this prescreening process (see Figure 10, opposite). These were:

- the Juneau Access corridor;
- the Ketchikan-Southern Terminus corridor;
- the Stikine corridor;
- the Sitka Access corridor; and
- the Prince of Wales Island Access system.

A general description of the alternatives evaluated within each of these subregions is outlined in the following sections.

3.3.2 - Juneau Access Corridor Options

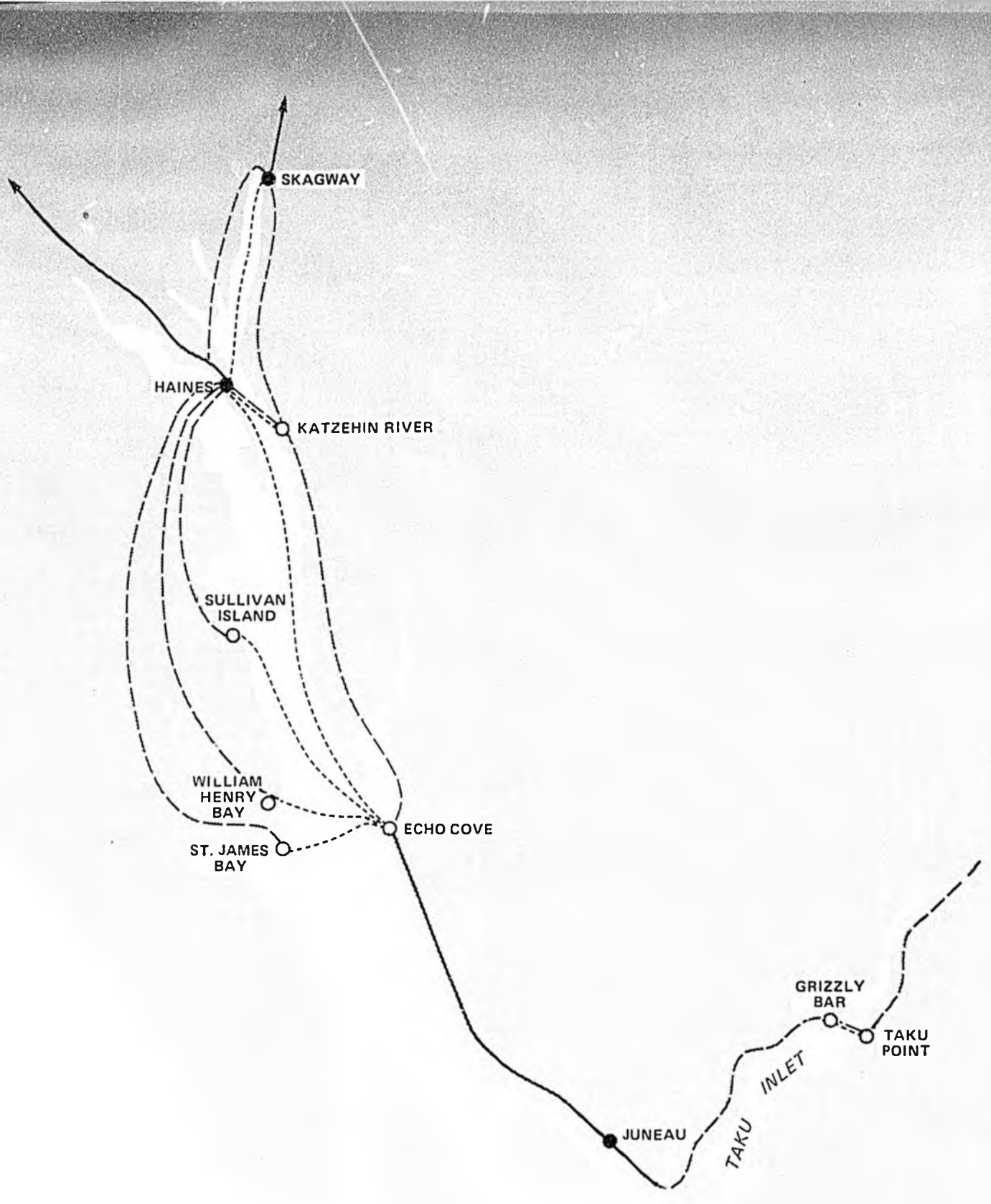
In total, eleven alternatives were evaluated for the provision of surface transportation services between Juneau and the northern roads systems either at Haines and Skagway or through northern BC.

Nine of these alternatives involved providing connections to Juneau via the Lynn Canal through Haines and Skagway (see Figure 11 overleaf). These included:

1. Continue the existing mainline and feeder ferry service.

2. Extend the road up the east side of the canal from Echo Cove to Skagway, connecting with Haines via a bridge across the Chilkoot Inlet. Discontinue ferry service north of Juneau.

3. Extend the east-side road from Echo Cove to Skagway, and construct a road down the west side of the canal between Skagway and Haines. Discontinue ferry service north of Juneau.



LEGEND

———— Existing Roads

— — — Potential Road Links

-------- Potential Ferry Links

NOTE:

Road links as shown do not necessarily represent proposed alignments.

Figure 11

JUNEAU ACCESS CORRIDOR

4. Construct a road up the west side of the Lynn Canal from St. James Bay through Haines to Skagway. Provide a shuttle ferry service between Echo Cove (and the road to Juneau) and St. James Bay (17 miles).

5. Construct a road on the west side of the canal between William Henry Bay and Haines. Provide a shuttle ferry service between Echo Cove and William Henry Bay (14 miles) and between Haines and Skagway (15 miles).

6. Construct a road on the west side of the canal between Sullivan Island and Haines. Provide shuttle ferry service between Echo Cove and Sullivan Island (30 miles) and between Haines and Skagway (15 miles).

7. Extend the east side road from Echo Cove to the Katzehin River. Provide a shuttle ferry service from the Katzehin River to Haines (6 miles) and from Haines to Skagway (15 miles).

8. Extend the east side road from Echo Cove to Skagway. Provide a shuttle ferry service from the Katzehin River to Haines (6 miles).

9. Provide high-speed ferry service from Echo Cove to Haines and Skagway operating three round trips per day during the peak season.

The remaining two Juneau access options would provide Juneau residents with access to the existing road system via a route up the Taku Valley into northern British Columbia. These involved:

10. Extend the Thane Road up the west side of Taku Inlet to Grizzly Bar. Bridge to the east side and continue to the Canadian border.

11. Follow the same routing but connect the west and east banks via a shuttle ferry.

The main capital and annual operating costs associated with these options are given in Table 3.2, overleaf.

TABLE 3.2

JUNEAU ACCESS CORRIDOR OPTIONS - COST CHARACTERISTICS

	New Capital Requirements						Average Annual Operating Costs[3]		
	Roads[1]		Vessels		Terminals	Total	Vessels & Terminals	Roads	Total
	Mi	$M		$M	$M	$M	$M	$M	$M
Existing System	-	-	-	-	-	-	$7.4	-	$7.4
East-Road/Bridge	76	$440.0	-	-	-	$440.0	-	$2.1	2.1
East-Road/Road	109	365.0	-	-	-	365.0	-	2.5	2.5
West-St. James Bay	95	231.5	2	$7.0	$8.5	247.0	4.5	1.9	6.4
West-William Henry Bay	45	119.0	4	14.0	11.0	144.0	8.9	1.1	10.0
West Sullivan	21	61.5	4	14.0	8.5	84.0	8.9	0.9	9.8
			5	17.5		87.5	11.1		12.0
East to Katzehin	52	204.0	4	14.0	6.0	224.0	8.9	1.6	10.5
East-Road/Shuttle	70	264.0	2	4.0	6.0	274.0	3.2	1.9	5.1
High-Speed Ferry	-	2.0	2	24.0	5.0	31.0	9.0	0.6	9.6
			3	36.0		43.0	13.2		13.8
Taku - Bridge	56[2]	202.5	-	-	-	202.5	7.4	1.2	8.6
Taku - Shuttle	55[2]	141.0	1	2.0	2.0	145.0	9.0	1.1	10.1

1) Costs are based on construction standards necessary to qualify for Federal-aid to highways funding

2) To Canadian border only.

3) Excludes capital amortization.

Each of these options was evaluated in terms of total financial costs to the State government, Marine Highway and the users; in terms of ability to serve existing traffic and generate new demands; and in terms of user service and travel time. Comparing the benefits generated under the various options with the costs incurred, it was decided that the best options overall were:

- continue existing ferry service (Option 1);
- extend the east-side road to Skagway and provide a shuttle ferry service between Haines and the Katzehin River (Option 8); and
- provide a high-speed ferry service from Echo Cove to Haines and Skagway (Option 9).

These concepts were therefore retained for reassessment within the context of the entire regional transportation system.

3.3.3 - Ketchikan/Southern Terminus Corridor Options

The prescreening process within the Ketchikan/Southern Terminus corridor (see Figure 12 overleaf) focused on a combination of vessel scheduling and vessel acquisition alternatives. The options evaluated were as follows:

1. Continue existing service with existing fleet.
2. Continue existing schedule, adding a new mainline vessel on the Seattle route as soon as possible.
3. Shuttle the Columbia between Seattle and Ketchikan twice weekly during the peak summer season.
4. Operate the Columbia out of Port Hardy during the peak season.
5. Operate all mainline services out of Prince Rupert.

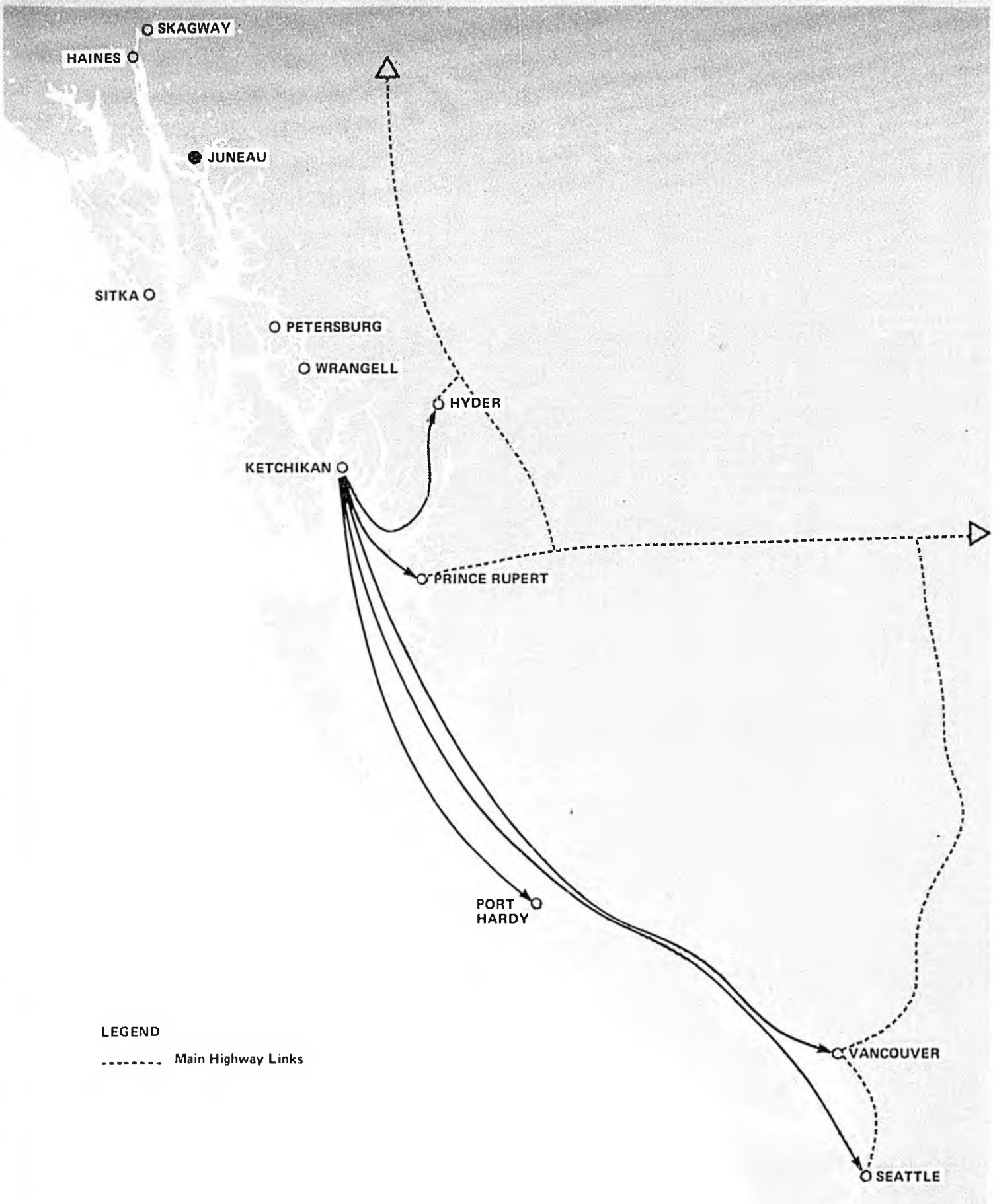


Figure 12

KETCHIKAN CORRIDOR OPTIONS

6. Operate all mainline services out of Hyder.

7. Shuttle the Columbia between Seattle and Ketchikan. Supplement mainline service with the Aurora and LeConte.

8. Acquire a foreign flag vessel to serve traffic between the Lower 48 and Southeast communities. (Note: under existing marine law this vessel could not carry traffic from one US port to another but could free up space on the existing US flag ferries.)

9. Operate all mainline services out of Prince Rupert during the summer peak season only.

Table 3.3 overleaf summarizes these options in terms of annual costs and ability to satisfy projected demand between the Southeast Region and the Seattle and Prince Rupert areas.

Again a detailed analysis was carried out with regard to the financial and service impacts of each of these options and it was decided that four alternatives warranted further evaluation in the context of the regional system. These were:

- add a mainline vessel(s) to serve growing demand (Option 2);

- shuttle the Columbia between Seattle and Ketchikan, supplementing mainline service with the Aurora and LeConte (Option 7);

- acquire a foreign flag vessel to operate out of Vancouver (Option 8);

- operate all peak season mainline services out of Prince Rupert (Option 9).

While these four options represent specific operational alternatives, they may also be regarded as representing a range of philosophies in terms of meeting the growing demand to and from the southern terminus. The first and third options suggest that demand should be met with new vessels (although

TABLE 3.3

KETCHIKAN CORRIDOR OPTIONS

	New Mainline Vessels Added In:	Net AMH Deficit[1] Mainline Service ($ Millions)	Unserved Demand[2] Passengers	Unserved Demand[2] Vehicles
Existing System	-	$291.0	225,000	16,000
Add New Vessels	1990 1993	413.7	31,000	-
Columbia Shuttle	1991 2001	359.2	-	-
Port Hardy Summer Terminus	2000	330.8	350,000	-
Prince Rupert Terminus	2003	352.6	530,000	-
Hyder Terminus	2003	357.7	1,200,000	-
Columbia Shuttle: Aurora, LeConte to Mainline Routes	1993	294.9	-	-
Foreign Flag Vessel	1986 2000	325.3	-	-
Prince Rupert Summer Terminus	2003	313.9	350,000	-

1) Discounted total over 20-year planning period.

2) Total over 20 years.

the foreign flag vessel represents a more economical option in terms of capital), while the second and fourth focus on maximizing use of existing vessels to serve (in the case of the Columbia shuttle) or partially serve (in the case of Prince Rupert turnaround) the Seattle demand. As such they provide an indication of the tradeoffs involved in attempting to balance internal service, tourist service and financial revenues and costs.

3.3.4 - Stikine Corridor Options

The assessment of surface alternatives within the Stikine Corridor (see Figure 13 overleaf) had a twofold focus: first, the provision of surface links between mid-region communities and the continental road system and secondly, the use of these links as either an adjunct to or substitute for Marine Highway links to Prince Rupert and Seattle. Such surface links would provide routing for the movement of passengers and vehicles to and from the Region as well as a means of access to potential resource developments in both Alaska and northern British Columbia.

In terms of intra-regional links, seven alternative concepts were evaluated.

1. Wrangell Road (Pass) Option - Construct a road from Wrangell to the Canadian border with a highway pass to the West Fork of the Katete River.

2. Wrangell Road (Tunnel) Option - Construct a road as in Option 1 but build a tunnel to the West Fork of the Katete River.

3. Wrangell Road/Shuttle Ferry Option - Construct a road as in Option 1. In addition, operate a shuttle ferry between Wrangell and Blind Slough to provide internal Wrangell/Petersburg service and to link Petersburg with the new road system.

4. Petersburg Road Option - Construct a road from Petersburg (end of the Mitkof Highway) to the border along the south bank of the Stikine.

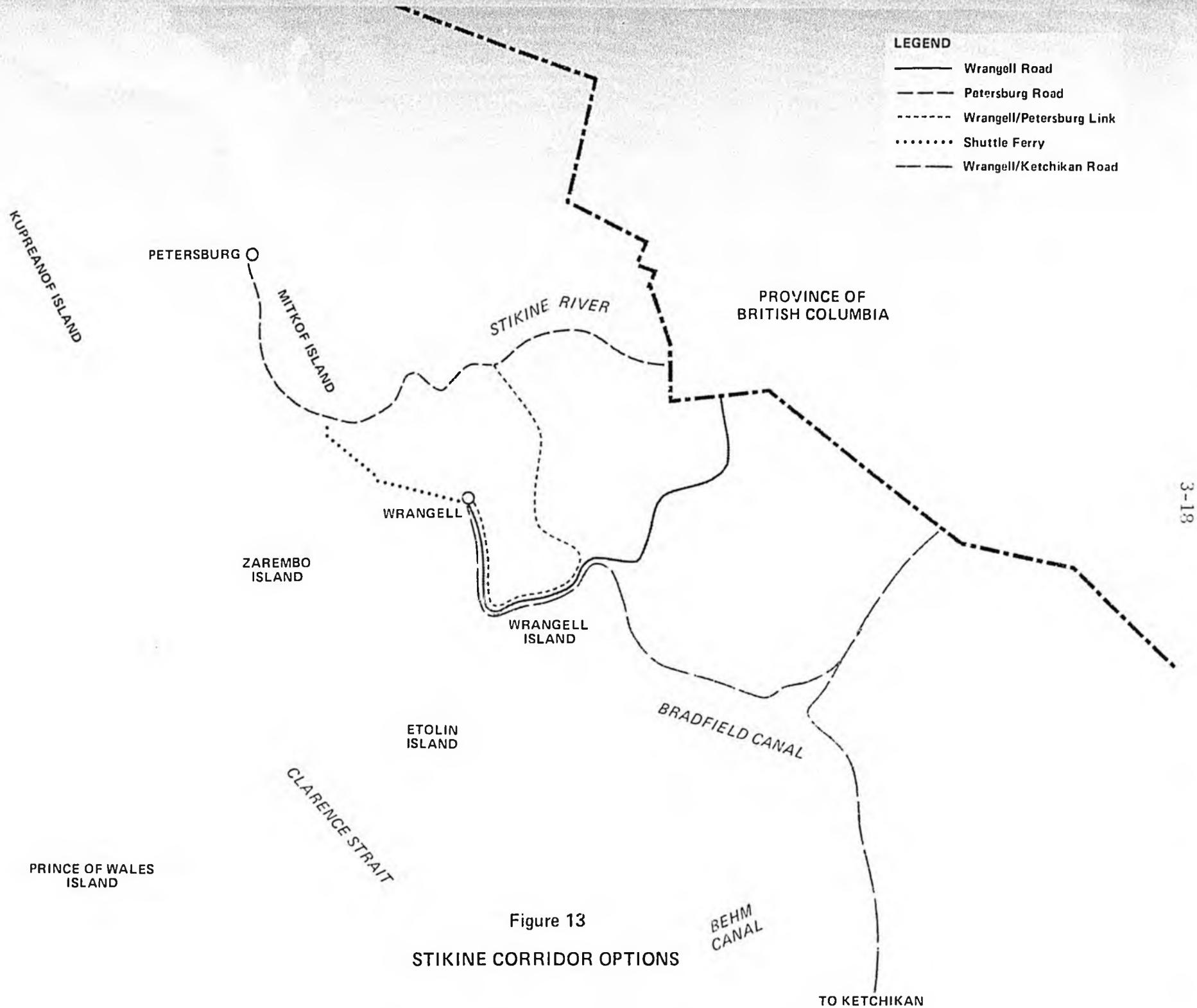


Figure 13

STIKINE CORRIDOR OPTIONS

5. Petersburg Road/Shuttle Ferry Option - Construct a road as in Option 4. Operate a shuttle ferry between Wrangell and Blind Slough to provide internal Wrangell/Petersburg service and to link Wrangell to the new road system.

6. Wrangell/Petersburg Road Option - Construct a road as in Option 4. In addition, construct a road from Wrangell, connecting it to the new Petersburg road at the mouth of Andrew's Creek.

7. Wrangell/Bradfield Road Option - Construct a road from Wrangell to the Canadian border via the Bradfield Canal and the North Fork of the Bradfield River. Provide a connecting link to Ketchikan.

Table 3.4, overleaf, summarizes the capital and operating costs associated with these options.

Each of the above intra-corridor options were evaluated under two alternative scenarios for Marine Highway operations. In the first, or 'mainline' scenario it was assumed that the Marine Highway would maintain its existing schedule of operations to Seattle and Prince Rupert and that the Stikine road would act as a surface alternative for overflow vehicle demand out of these southern ports. In the second, or 'loop' scenario it was assumed that the Marine Highway vessels would operate within the Southeast region only and that the Stikine road would substitute for existing ferry service to Seattle and Prince Rupert.

Again all options were evaluated in terms of financial impacts on users, the State government and the Marine Highway; in terms of ability to meet demand; and in terms of the level of service provided to tourist and resident traffic. The results of this assessment indicated that the preferred corridor options were:

- construct a road from Wrangell to the Canadian border and provide shuttle ferry service from Wrangell to Blind Slough (Option 3); and

TABLE 3.4

STIKINE CORRIDOR OPTIONS

	Additional Capital Costs				Annual Operating Costs[2]		
	Road[1]		Vessels + Terminals	Total	Road	Ferry	Total
	Mi	$M	$M	$M	$M	$M	$M
Wrangell Road/Pass	49	$157.0	-	$157.0	$1.5	-	$1.5
Wrangell Road/Tunnel	48	183.0	-	183.0	2.2	-	2.2
Wrangell Road/Petersburg Shuttle[3]	49	159.0	$4.7	163.7	1.6	$0.6	2.2
Petersburg Road	34	120.0	-	120.0	0.9	-	0.9
Petersburg Road/Wrangell Shuttle	34	120.0	4.7	124.7	0.9	0.6	1.5
Wrangell/Petersburg Road	77	190.0	-	190.0	2.0	-	2.0
Wrangell/Bradfield Road	176	373.0	2.2	375.2	3.2	1.0	4.2

1) Costs are based on construction standards necessary to qualify for Federal-aid to highways funding.

2) Excludes capital amortization.

3) Includes upgrading of Mitkof Highway.

- construct a road from Petersburg to the Canadian border and provide a Wrangell-Blind Slough shuttle ferry connection (Option 5).

Furthermore it was found that, in all instances, continuation of the existing mainline ferry service as an adjunct to the road system was preferable to the 'loop' ferry service scenario in terms of both financial impacts and user service levels.

3.3.5 - Sitka Corridor Options

The fourth subregion which was preassessed at the corridor level was the Sitka area, (see Figure 14 overleaf), with particular reference to the most effective way of incorporating Sitka into the surface transportation system. While a wide range of marine/road schemes were available to serve Sitka traffic, only five were considered to provide a level of service which was either comparable to, or better than the current situation. These options were:

1. Continue existing mainline and feeder ferry service.

2. Construct a road from Sitka to Baranof and operate mainline and feeder vessels out of Warm Springs Bay.

3. Construct a road to Rodman Bay and operate mainline and feeder services out of a terminal there.

4. Provide a direct high-speed catamaran-type service (14 vehicle, 90 passengers capacity) between Sitka-Juneau and/or Sitka-Petersburg. Continue feeder service with the LeConte.

5. Provide high-speed SES-type ferry service (40 vehicles, 180 passengers capacity) between Sitka-Juneau and/or Sitka-Petersburg, calling at intermediate communities along the way.

Annual capital and operating costs associated with each of these options are shown in Table 3.5 overleaf.

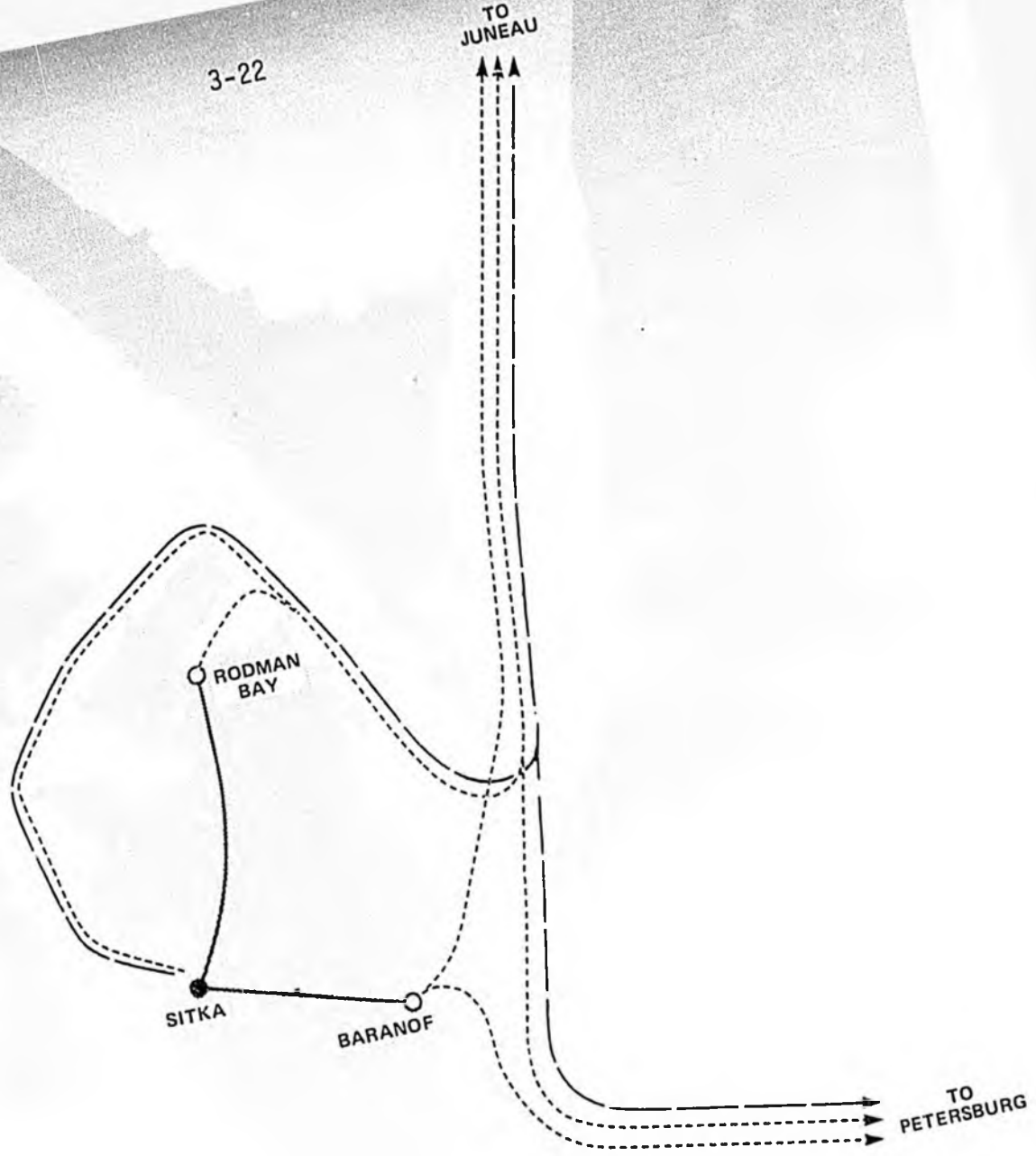


Figure 14

SITKA ACCESS OPTIONS

TABLE 3.5

SITKA CORRIDOR OPTIONS

	Additional Capital Costs					Annual Operating Costs[3]		
	Road [1]		Terminals + Ferries [2]		Total	Road	Ferries	Total
	Mi	$M	No.	$M	$M	$M	$M	$M
Existing Service	-	-	-	-	-	-	$5.2	$5.2
Road to Baranof	26	$176.5	1 (T)	$5.0	$181.5	$1.3	1.7	3.0
Road to Rodman Bay	46	155.0	1 (T)	5.0	160.0	0.6	2.1	2.7
Small High-Speed Ferry	-	-	1 (F)	3.0	3.0	-	2.9	2.9
			2 (F)	6.0	6.0	-	4.8	4.8
Large High-Speed Ferry	-	-	1 (F)	12.0	12.0	-	4.1	4.1
			2 (F)	24.0	24.0	-	8.2	8.2

1) Costs are based on construction standards necessary to qualify for Federal-aid to highways funding.

2) Excludes probable need for new mainline vessels elsewhere in system.

3) Excludes capital amortization.

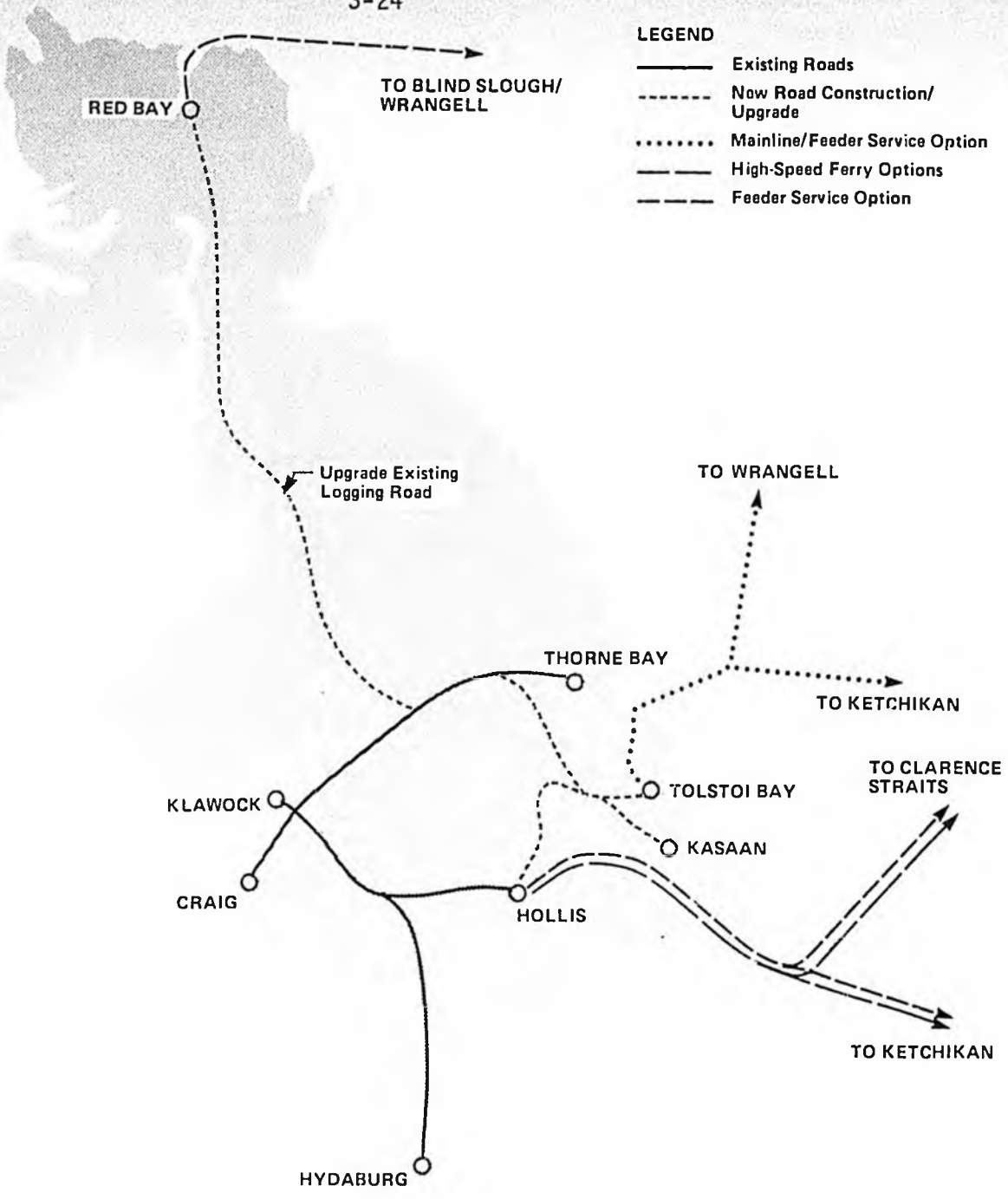


Figure 15

PRINCE OF WALES ACCESS OPTIONS

In terms of evaluation, it was found that the Sitka options could not be meaningfully assessed on a corridor basis alone. The added sailing distance into Sitka combined with the tide delays through Sergius Narrows affect not only Sitka passengers but also the frequency of service and the travel time throughout the mainline and feeder systems. It was therefore decided to carry all Sitka option concepts forward for evaluation in the context of the total system.

3.3.6 - Prince of Wales Access Options

The final subregional assessment study focused on the issue of surface access to and from Prince of Wales Island (see Figure 15 opposite). As with the other corridors, a number of service options were considered. Apart from the option of continuing service in the present manner, these alternatives included the following:

1. Develop a new ferry terminal at Tolstoi Bay. Provide road connections to Thorne Bay and/or Hollis and/or Kasaan. Provide ferry service with the Aurora and/or the mainline vessels.

2. Develop an alternative ferry terminal at the north end of the Island in Red Bay. Upgrade the road connections between Red Bay and the Klawock-Thorne Bay road. Continue limited service with the Aurora from Clark Bay to Ketchikan and provide a new feeder service from Red Bay to Blind Slough and Wrangell.

3. Provide a high-speed catamaran-type ferry shuttle service between Clark Bay and Ketchikan in lieu of the existing feeder service.

4. Provide a high-speed catamaran-type ferry service between Clark Bay, Ketchikan, Metlakatla and other Clarence Straits communities, supplemented by a modified feeder ferry service between Clark Bay and Ketchikan.

The capital and annual operating costs for each of these are shown in Table 3.6, overleaf.

TABLE 3.6

PRINCE OF WALES OPTIONS

	Additional Capital Costs					Additional Annual Operating Costs[2]		
	Roads[1]		Terminals & Ferries		Total	Roads	Terminals & Ferries	Total
	Mi	$M	No.	$M	$M	$M	$M	$M
Tolstoi Bay:								
- Hollis Road	15.9	$21.8	1 (T)	$5.0	$26.8	$0.24	$0.05	$0.29
- Thorne Bay Road[3]	16.9	13.3	1 (T)	5.0	18.3	0.25	0.05	0.30
- Kasaan Connection[4]	6.2	6.1	-	-	6.1	0.09	-	0.09
Red Bay	52.6	63.0	2 (T) 1 (F)	7.0 1.2	71.2	0.80	1.10	1.90
High-Speed Ferries	-	-	1 (F)	3.0	3.0	-	1.75	1.75[5]

1) Costs are based on construction standards necessary to qualify for Federal-aid to highways funding.

2) Does not include cost of existing ferry services. Excludes capital amortization.

3) Includes upgrade of 5.4 miles of existing Kiawock-Thorne Bay Road.

4) Only includes segment from Lindman Lake to Kasaan.

5) Based on year-round operation. Summer operation only would reduce costs to $0.75 - 0.90 million per year.

As with the Sitka corridor, it was felt that the Prince of Wales service options could best be evaluated within the context of the total system. Accordingly all four concepts were carried forward for evaluation as system alternatives. For system purposes, the Tolstoi Bay option was assumed to include both mainline and feeder ferry service and was assumed to be linked to the existing road system via Thorne Bay. With the upgrading of the road from Klawock to Thorne Bay, a connection via Thorne Bay could prove as attractive as one via Hollis to residents of Craig, Klawock and Hydaburg.

3.4 - Surface System Alternatives - Regional

3.4.1 - General

The objective in the corridor or subregional assessment was to narrow down the number of options for providing essentially similar services within a particular area, where the choice of one option over another was unlikely to cause repercussions elsewhere in the region. Where it was felt, however, that different corridor options might create different impacts throughout the regional system, representative examples of these different corridor concepts were retained for further analysis.

Having defined the schemes which best represented solutions to corridor problems, attention was turned to the total regional surface transportation system. At the regional level, the key issue was to develop a balance between the demand for services by Alaska residents in different parts of the region, the need for services to support the Region's tourism, fisheries, mining and timber industries, and the need to allocate State funds in a judicious and beneficial manner. Since these three concerns are not always compatible with one another, the focus of the assessment was to determine the tradeoffs involved as emphasis was directed towards meeting one or more of these concerns at the possible expense of the others.

A wide range of system alternatives were therefore defined in order to allow a detailed analysis of the interactions between competing goals and hence to

deduce those system components which offered the most effective balance in terms of meeting the demands for better transportation service in a cost-effective manner.

To ensure that system alternatives were realistic and to ensure that all impacts were taken into account, regional transportation options were specified in considerable detail. This included:

- specifying peak and off-peak schedules for existing and proposed new vessels;
- developing preliminary specifications for new vessels and obtaining builder estimates for construction and operating costs;
- defining alignments for new roads and developing preliminary engineering-level costs;
- defining and costing new terminal facilities where applicable; and
- projecting passenger and vehicle demand over each link in the system and generating user costs for vehicle operations and/or ferry fares on each route.

In addition, a computer model was developed which calculated for each year of the 20-year planning period:

- the capacity of the system and the portion of demand which could be met;
- the capital and operating costs of the marine/road system;
- the user costs for road and ferry travel; and
- the user travel time between all points in the system including delays related to frequency of service and requirements for transfer.

3.4.2 - Short-Term System Options

The objective of the updated transportation plan was to provide guidelines for the transportation system over a 20-year time period. There is, however, a division between changes that can be accomplished (and are required) in a short time period and changes that can be accomplished (and may be necessary) over a longer time frame. Major capacity additions, for example, in the form of constructing new roads or new mainline vessels may require several years to accomplish, while schedule changes or the introduction of 'off-the-shelf' vessels can be introduced in the near future. For this reason, separate surface system alternatives were defined with one set aimed at the short-term and the other at the long-term planning horizon.

Short-term alternatives were defined to meet several criteria:

- they could be easily implemented (with a 1 to 3-year period);
- they would improve the system's ability to meet demand through the late-1980s or early-1990s; and
- they were sufficiently flexible that they would not preclude any longer-term options.

On the basis of these criteria, seven options were defined for the short-term provision of surface transportation services.

1. No change - continue existing (1985) ferry service.
2. Matanuska to Seattle - operate both the Columbia and Matanuska out of Seattle during the peak.
3. Prince Rupert Terminus - operate all mainline vessels out of Prince Rupert during the peak season.

TABLE 3.7

SHORT-TERM SYSTEM ALTERNATIVES - SUMMARY OF IMPACTS

Option	Net Cost to State ($ Millions)	Passengers not Served (Percent of Peak Demand)			Impacts[1]		
		Seattle	Prince Rupert	Internal	State Cost Savings[1] ($ Millions)	User Cost Savings[2] [3] ($ Millions)	User Time Savings[2] (Million Hrs.)
Existing System	$454.4	37.7%	0.4%	-	-	-	-
Matanuska to Seattle	428.7	10.6	12.7	-	$25.7	$1.4	3.9
Prince Rupert Terminus	503.9	57.1	-	-	(49.5)	(2.0)	0.6
Columbia Shuttle	427.1	6.3	3.3	-	27.3	4.3	(3.3)
Foreign Flag Vessel	482.6	1.5	-	-	(28.2)	5.8	3.5
High-Speed Catamarans	457.1	3.0	9.7	-	(2.7)	3.8	9.2
High-Speed SES Ferries	471.1	3.0	3.1	-	(17.3)	5.0	10.7

1) As compared with continuing existing (1985) service; all figures are discounted 20-year totals.

2) Brackets denote cost or time increases rather than savings.

3) Includes costs for failure to meet demand.

4. Columbia shuttle - operate the Columbia twice weekly between Seattle and Ketchikan during the summer peak.

5. Foreign flag vessel - acquire a foreign flag vessel to operate out of Vancouver during the peak season.

6. High-Speed Catamarans - acquire one or more medium-range, medium-capacity (14 vehicles, 90 passengers) catamaran-type ferries to provide intra-regional service (a fleet of four was evaluated). Focus mainline service on the Seattle routes.

7. High-Speed Surface-Effect Ferries - acquire one or more longer-range, higher-capacity (40 vehicles, 180 passengers) SES-type vessels to provide intra-regional service (a fleet of two vessels was evaluated). Focus mainline vessels on the Seattle route.

These seven scenarios were reviewed in terms of financial impacts on users, the State, and the Marine Highway, in terms of the extent to which they could meet projected passenger and vehicle demand and in terms of the level of service offered to users with respect to service frequency and total travel time. A comparison was carried out between the benefits accruing to the users (from the viewpoint of cost, service and/or travel time) and the net costs incurred by the State and Marine Highway in providing the service. All costs and benefits were measured against the option of continuing the existing schedule. Table 3.7 opposite summarizes the highlights of the findings. All figures represent a system-wide total over 20 years. Financial costs are discounted to reflect their value in terms of current dollars in order to provide a consistent basis for comparing among alternatives.

The analysis raises several interesting points. For example, the two options of operating the Matanuska to Seattle and of shuttling the Columbia to Ketchikan would both generate cost savings to the State as a result of lower Marine Highway deficits. In addition, both would generate user cost savings as a result of reducing the costs associated with unmet demand. The Columbia shuttle, however, would generate high penalties in terms of total

travel time since passengers traveling north of Ketchikan (approximately 75% of Seattle demand) would have to disembark at Ketchikan and wait until they could be accommodated on a vessel out of Prince Rupert.

The other short-term options would all result in higher costs to the State either because they would result in higher Marine Highway operating deficits (Prince Rupert terminus) or because they would require investment in new vessels which could not be fully recovered out of revenues. In the case of high-speed catamaran-type ferry service, these costs would be offset by the user savings associated with the increased ability to meet demand. In the other instances, however, it would have to be presumed that user time savings were sufficiently attractive to offset the net financial losses associated with the service option.

Overall, the most attractive short-term option from the viewpoints of service, travel time and government cost would appear to be routing the Matanuska to Seattle during the summer peak. The chief drawback of this option is that withdrawing the Matanuska from Prince Rupert would quickly lead to capacity problems both at Prince Rupert (where two trips per week are lost) and in the Ketchikan-Petersburg corridor (where service is reduced by one trip per week). Part of this capacity shortfall could be covered by operating the Aurora more frequently out of Prince Rupert but this would create a gap in service to Prince of Wales Island. It was therefore proposed that two high-speed catamaran-type ferries be acquired and put into service in the Ketchikan/Hollis/Petersburg region as a means of freeing the Aurora to operate more frequently out of Prince Rupert, providing improved service to residents of Prince of Wales Island, and providing additional capacity on the Ketchikan-Petersburg corridor.

It was felt that the proposed short-term plan offered an effective balance between the demands of residents, the needs of tourists and other industry sectors, and the requirement to use government funds in a responsible manner. The plan offers tourists and residents a second weekly vessel to and from Seattle and offsets the lost internal services by drawing the Aurora into partial mainline service and enhancing feeder services with high-speed catamarans. While this increases the Marine Highway's capital

and operating costs, part of this increase is offset by the greater earning power of the Matanuska and Aurora on their revised routes and by the revenue-generating potential of the high-speed vessels.

At the same time, the proposed plan offers flexibility in the long term in that it involves a relatively small ($6 million) investment in new equipment which could, if circumstances change, be put to use elsewhere in the system.

3.4.3 - Long-Term System Options

The definition and assessment of long-term surface system alternatives involved a changed perspective in terms of both the demands to be met and the range of options available to provide service. While traffic demand is expected to continue to increase in the future, it is possible, in the long term, to envision major changes in the transportation system through the acquisition of additional mainline vessels, the development of new road links, the purchase of high-capacity, high-speed ferries, and the phased introduction of more substantial schedule changes.

As in the short-term, however, the key concern was to establish a balance between the goals of serving resident demand, accommodating the needs of the tourism and other industry sectors, and allocating government funds in a judicious and beneficial manner. A range of long-term alternatives was therefore specified not only in terms of operating characteristics but in terms of the level of investment in new capacity in order to meet demand.

The issue of investing to meet demand was of particular concern since it was recognized that new investment in mainline vessel capacity would primarily serve peak season tourist demand out of Seattle. During the off-peak season these vessels would not be required. It was therefore decided to investigate a range of investment options in order to determine the savings and impacts associated with providing alternate levels of peak season capacity.

Two investment scenarios were therefore analyzed:

- acquire sufficient vessels to meet peak season demand out of both Seattle and Prince Rupert; and

- acquire new mainline vessels only when combined vehicle demands out of Seattle and Prince Rupert exceed combined vessel capacity. This implies acceptance of the concept that passengers with vehicles will be willing to transfer from Seattle to Prince Rupert if ferry capacity is available.

In addition, for sensitivity testing, selected scenarios were evaluated whereby no new mainline vessels were acquired and demand in excess of capacity was presumed to be lost.

Alternatives for surface system operations were defined in terms of a series of 'Focuses' where each focus involved emphasizing a particular concept in terms of regional service and evaluating its impact throughout the system from the viewpoints of cost and service effectiveness.

Five key 'focus' areas were developed.

1. Mainline Service Focus - This option involved continuing the philosophy of the June 1980 Plan whereby the existing mainline and feeder route structures were maintained and additional capacity was provided by the acquisition of new mainline vessels.

2. Lynn Canal Focus - This option emphasized changes within the Lynn Canal corridor, analyzing their impacts on both Lynn service and on service throughout the region. Two Lynn service options were evaluated:

   - an east-side road from Juneau to Skagway with a shuttle ferry from Haines to the Katzehin River;

   - two high-speed SES-type shuttle ferries from Echo Cove to Haines and Skagway.

In both cases, northbound mainline ferry service was assumed to terminate at Juneau.

3. Sitka Focus - This option focused on changing the way in which the Sitka community was incorporated into the surface system. Three service options were assessed:

   - construct a road from Sitka to Baranof and operate mainline and feeder services out of Warm Springs Bay;

   - construct a road from Sitka to Rodman Bay and provide mainline and feeder ferry services out of a Rodman Bay terminal;

   - provide high-speed SES-type ferry service on the Sitka-Juneau and Sitka-Petersburg links. Terminate mainline service into Sitka.

4. Prince of Wales Island Focus - This option emphasized alternative means of providing service to communities on Prince of Wales Island. Four specific options were evaluated:

   - Relocate the Clark Bay terminal to Tolstoi Bay, and provide mainline and partial feeder service through the new terminal. Connect Tolstoi Bay to the Island communities by extending the road from Thorne Bay to Tolstoi Bay. (Other road connections could be made to Hollis and Kasaan.)

   - Develop a new terminal at Red Bay on the north end of the Island, connected by road to the existing Klawock-Thorne Bay highway. Provide ferry service from Red Bay to Blind Slough and Wrangell, and from Hollis to Ketchikan.

   - Acquire a high-speed catamaran-type ferry to provide twice-daily shuttle service between Hollis and Ketchikan. Transfer the Aurora to other routes.

TABLE 3.8

LONG-TERM SYSTEM OPTIONS - MEET DEMAND SCENARIOS

	Net Cost to State ($ Millions)	Impacts[1] Government Cost Savings[2] ($ Millions)	User Cost Savings[2] ($ Millions)	User Time Savings[2] (Million Hrs.)	Comments
Mainline Service Focus	$583.9	-	-	-	-
Lynn Focus:					
- road	772.9	$(189.0)	$73.6	15.3	Includes benefits to 3 million induced passengers.
- high-speed ferry	619.2	(35.3)	9.1	5.8	Includes benefits to 0.5 million induced passengers.
Sitka Focus:					
- Baranof	642.7	(58.8)	(1.2)	(0.2)	-
- Rodman Bay	626.6	(42.7)	(2.4)	(0.6)	-
- high-speed ferry	600.4	(16.5)	0.1	4.0	Includes benefits to 25,000 induced passengers.
Prince of Wales Focus:					
- Tolstoi Bay	574.0	9.9	(0.2)	0.9	-
- Red Bay	618.2	(34.3)	(0.1)	0.6	-
- high-speed shuttle	570.4	13.5	0.4	2.4	-
- high-speed loop	571.0	12.9	0.4	0.7	-
Stikine Focus:					
- Wrangell Road	640.5	(56.6)	3.5	(1.9)	(Involves an increase in unserved demand; added
- Petersburg Road	607.2	(23.3)	3.1	(1.9)	(capacity provided only when demand cut of
- Wrangell/Ketchikan Road	778.1	(194.2)	[3]	[3]	(YPR/Stikine exceeds capacity.

1) As compared with Mainline Service Focus (June 1980 Plan); all figures are discounted 20-year totals.

2) Brackets denote cost or time increases rather than savings.

3) Major changes in service patterns make comparison based on existing demand invalid.

- Acquire a high-speed catamaran-type ferry to provide service in the Hollis-Ketchikan-Clarence Straits region. Supplement Hollis-Ketchikan service with alternate-day service by the Aurora.

5. Stikine Corridor Focus - This option emphasized development of a mid-region road access to supplement mainline ferry service. The two preferred corridor options were evaluated in the systems context, and a third option--constructing a road from Ketchikan to the Canadian border with a connecting link to Wrangell--was also included.

   The three Stikine options therefore involved:

   - Construct a road from Wrangell to the Canadian border. Provide shuttle ferry service between Wrangell and Petersburg via Blind Slough.

   - Construct a road from Petersburg to the Canadian border. Provide shuttle ferry service between Wrangell and Petersburg via Blind Slough.

   - Construct a road from Ketchikan to the Canadian border with a connecting link to Wrangell. Operate ferry services south of Ketchikan/Hollis and north of Wrangell.

It should be noted at the outset that definition of these focus areas was not meant to suggest that all service improvements should be focused in a single region. Rather the intent was to determine the relative system-wide impacts associated with these various improvements and select those which offered the greatest benefits relative to their costs.

As mentioned earlier, these scenarios were assessed under a range of alternative investment levels in terms of meeting projected Seattle/Prince Rupert demand. Tables 3.8 opposite and 3.9 overleaf summarize the general findings first for scenarios which would meet the full level of demand and secondly, for scenarios which would meet only combined demand out of the southern termini.

TABLE 3.9

LONG-TERM SYSTEM OPTIONS - REDUCED INVESTMENT SCENARIOS

Option	Net Cost to State ($ Millions)	Seattle Peak Passenger Demand		Impacts[1]		
		Not served (%)	Served by Diversion (%)	Government Cost Savings[2] ($ Millions)	User Cost Savings[2] ($ Millions)	User Time Savings[2] (Million hours)
Mainline Service Focus	$583.9	1.8%	2.0%	-	-	-
Lynn Focus:						
- road	702.7	4.5	12.4	$(118.6)	$73.1	10.2
- high-speed ferry	530.9	1.9	11.9	53.0	9.1	(0.2)
Sitka Focus:						
- Baranof	569.7	13.1	4.8	14.2	(3.6)	(0.2)
- Rodman Bay	554.4	13.1	4.8	29.5	(4.8)	(3.5)
- high-speed ferry	511.6	1.9	10.4	72.3	-	0.7
Prince of Wales Focus:						
- Tolstoi Bay	492.0	6.7	6.1	91.9	(1.1)	(2.7)
- Red Bay	536.1	6.7	6.1	47.8	(1.0)	(1.2)
- high-speed shuttle	484.6	3.3	3.4	99.3	(0.2)	(0.4)
- high-speed loop	485.2	3.3	3.4	98.7	(0.2)	(2.0)
Stikine Focus:						
- Wrangell Road	640.5	8.0	10.4	(56.6)	3.5	(1.9)
- Petersberg Road	607.2	8.0	10.4	(23.3)	3.1	(1.9)

[1] As compared with the Mainline Service Focus (June 1980 Plan); all figures are discounted 20-year totals.

[2] Brackets denote increases in cost or time rather than savings.

Examination of the findings indicates first that if demand is to be met throughout the system, the least costly methods from the government perspective involve changes in service to Prince of Wales Island. The Tolstoi Bay and high-speed catamaran options both offer government cost savings as compared with the Mainline Service Focus and cause only minor (and generally beneficial) impacts in user costs and travel time.

The second table, (Table 3.9) which compares the 'reduced investment' scenarios, also highlights some significant findings. For example, it would appear that by viewing combined Seattle/Prince Rupert vehicle demand as a single market and accepting transfer of vehicles from one departure port to the other, substantial cost savings can be realized relative to the Mainline Service Option with very little reduction in either the total passengers served or the quality of service provided. In the Lynn and Sitka high-speed ferry options in particular, mainline schedules can be rearranged such that the system continues to meet virtually all of the Seattle passenger demand, yet no new mainline vessels would be required until the late-1990s. The Prince of Wales Focus options also succeed in meeting a substantial portion of the Seattle demand. In these cases, however, a new mainline vessel would be required by the early-1990s.

Overall, the Sitka shuttle appears to offer the most attractive features in terms of meeting demand at a low level of new investment while generating the same benefits in terms of user cost and travel time as those achieved under the more costly Mainline Service Option. The Sitka Shuttle option is closely followed by high-speed Lynn service which generates lower system savings in terms of government costs but, by operating out of Echo Cove, offers cost savings to existing and induced Lynn traffic.

Also attractive are the Tolstoi Bay terminal and Prince of Wales high-speed ferry options. In the long-term, however, these options by themselves require a fairly early decision on new mainline capacity in order to meet demand and involve some negative impacts in terms of user cost and user travel time.

After detailed consideration of the implications of these findings, it was recommended that a 'combination' scenario should form the long range plan for surface transportation in the region. Specifically it was suggested that:

- the features of the short-term plan be carried over into the long term with the Matanuska operating out of Seattle and two high-speed catamaran-type ferries operating in the Prince of Wales-Ketchikan-Clarence Straits region;

- that two larger high-speed SES-type ferries be purchased for peak season operations. One would provide daily round trip service between Sitka and Juneau with stops at Angoon, Tenakee Springs and Hoonah. The second would provide twice daily round trip service between Juneau/Auke Bay, Haines and Skagway;

- that the Matanuska operate on an 'open jaw' or alternating terminus route, sailing first from Seattle, through the region and terminating at Prince Rupert, then sailing back through the region and terminating in Seattle. On this route the Matanuska would serve Sitka en route from and en route to Seattle (a total of three times in two weeks) but would not serve the Lynn Canal;

- that the Columbia operate on a similar 'open jaw' route, but serving the Lynn Canal rather than Sitka, and that the Malaspina and Taku operate on mainline routes between Prince Rupert and Haines/Skagway;

- that the LeConte continue to provide feeder service for passengers and heavy vehicles in the Sitka-Petersburg and Sitka-Juneau corridors;

- that the Aurora be used in the Prince Rupert - Juneau corridor, also providing heavy freight service to Prince of Wales Island.

- that to offset the failure to provide full service out of Seattle, private operators be encouraged to provide vehicle capacity between Seattle and the Southeast Region.

4 - TRANSPORTATION PLAN

4 - TRANSPORTATION PLAN

The analysis described in the preceding sections was drawn together to generate an updated transportation plan for Southeast Alaska. The goals, objectives, policies and features of this plan are stated in the following sections.

4.1 - Goals

As stated previously, the goal of the transportation plan is to provide a means of serving the transportation demands of Alaskan residents, and to provide the transportation services necessary to support the regional economy, while recognizing that these aims must be accomplished in a fiscally responsible manner.

4.2 - Objectives

Since these goals often involve conflicting pressures, the objective in defining the plan was to find a balance between service levels and cost where service level objectives included:

- providing capacity to meet demand;
- maximizing service frequency;
- minimizing travel time;
- minimizing travel cost;

and cost objectives included:

- minimizing capital expenditures;
- minimizing system operating deficits.

In all cases, an associated objective was to minimize adverse social, economic and environmental impacts within the Region.

4.3 - Policies

As part of meeting the goals and objectives, certain policies were proposed with regard to the provision of transportation services. These were as follows.

- Ensure that all residents of Southeast Alaska have access to at least a minimum transportation service.

- Encourage the provision of transportation in the Region by private operators where they are able to provide an adequate and competitive service.

- Define potential transportation/utility corridors and encourage the US Forest Service and mining interests to construct future resource road development within these corridors where practical.

- Avoid duplication of transportation services by the State except in the interest of public safety or service reliability requirements.

- Avoid duplication of public and private transportation operations.

- Promote the concepts that different modes will offer a natural competitive advantage in different regions and encourage development of modes best suited to the community's specific needs.

- Provide opportunity for effective public participation in transportation decisions.

4.4 - Aviation System Plan

Short-Term (1986-1990)

- Complete runway extensions at the airports in Kake, Hoonah and Klawock.

- Upgrade and/or expand seaplane facilities at Angoon, Pelican, Tenakee Springs, Thorne Bay, Whale Pass, Craig and Metlakatla.

- Introduce improved navigation aids:

  - relocate VHF transmitters where necessary to provide improved line-of-sight reception;

  - introduce microwave landing systems (MLS) at airports served by jet aircraft and also at Klawock airport;

  - provide nondirectional radio beacons (NDB) at all airports which have scheduled air services;

  - as funds permit, introduce runway lighting at regional airports to permit night-time VFR operations and improve safety in poor weather conditions;

- Review and develop a policy on the provision of emergency landing strips.

Long-Term (1991-2005)

- Support development of float plane facilities in regional communities as service and demand require.

- If current community opposition is withdrawn at Angoon, Pelican and Tenakee Springs, support development of new airports in these communities as part of a wheel-based regional airport system.

- Ensure that clearance is available at both existing and new airports to permit ultimate extension of runways to 4000 feet in order to accommodate larger commuter aircraft.

4.5 - Marine Highway System Plan

Short-Term (1986-1990)

- Operate the Matanuska and Columbia out of Seattle in the peak season.
- Increase Aurora service in the Prince Rupert-Petersburg corridor.
- Subject to analysis by the Alaska Marine Highway System as to the most appropriate design/configuration, acquire two medium-capacity, mid-range, high-speed ferries to supplement peak service in the Ketchikan-Hollis-Clarence Straits regions.

Long-Term (1991-2005)

- Subject to Marine Highway analysis as to the most appropriate design/configuration, acquire two larger high-speed ferries to provide peak season service in the Sitka-Juneau and Juneau-Lynn corridors.
- Operate the Matanuska on an 'open jaw' route between Seattle, Sitka, Juneau and Prince Rupert, bypassing the Lynn Canal but calling at the other mainline ports.
- Operate the Columbia on an 'open jaw' route between Seattle, Juneau, the Lynn Canal and Prince Rupert, bypassing Sitka but calling at the other mainline ports.
- Operate the Malaspina and Taku between Prince Rupert and Haines/Skagway calling at Ketchikan, Wrangell, Petersburg and Juneau.

- Operate the Aurora in the Prince Rupert-Juneau corridor providing at least weekly service to Hollis and Hyder.

- Operate the LeConte in the Juneau-Sitka-Petersburg corridors providing service to Pelican, Hoonah, Tenakee Springs, Angoon and Kake.

- Operate the two smaller high-speed ferries in the Ketchikan-Prince of Wales-Metlakatla corridor.

- Provide ferry service to Gustavus when supported by the community.

- Review the continuing role of high-speed ferries in the Southeast Marine Highway System and evaluate the need for additional high-speed vessels and routes.

- As traffic demand develops, review the possible need for a new mainline vessel to operate out of Seattle by the late 1990s.

- In the interim, encourage private operators to provide additional vehicle carrying capacity between Seattle and the Southeast Region to meet the needs of tourist and resident travelers.

4.6 - Road System Plan

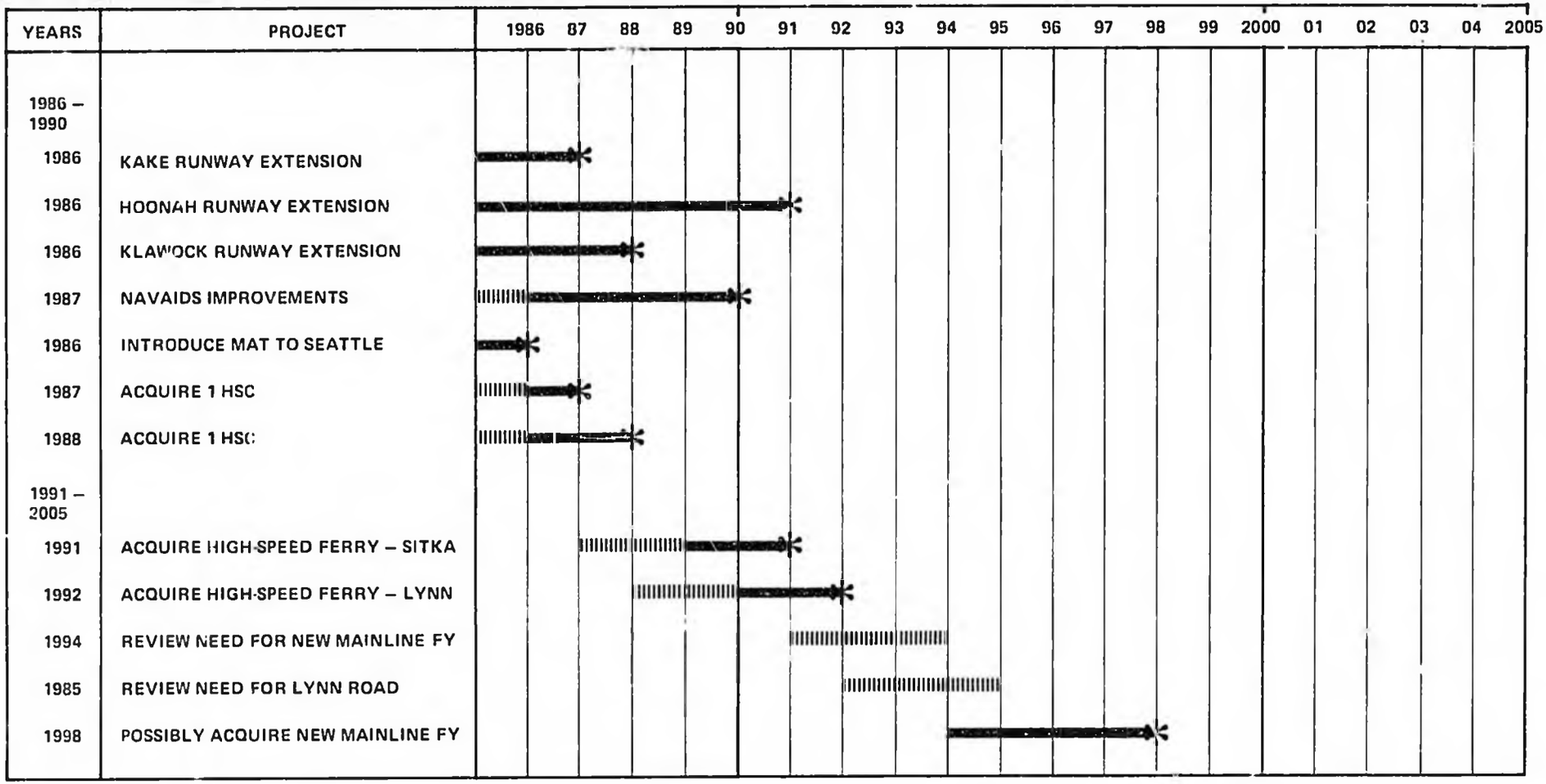
Short-Term (1986-1990)

- Continue upgrading and maintenance of existing road links in the region.

- Ensure that communities are provided with surface access routes to air and marine terminals.

Long-Term (1991-2005)

- Current projections for population growth and economic development suggest that inter-community links will continue to be best served by Marine Highway and air transportation.



LEGEND

Plan

Implement

Initiate Service

Figure 16

TIME FRAME FOR KEY PROJECTS

- Monitor demand on the Lynn Canal route to ascertain when developments warrant reassessment of a Juneau-Haines-Skagway road link.

- Re-evaluate road corridors and transportation technology developments on a periodic basis.

4.7 - Ongoing Planning Process

- Continue an ongoing regional planning process to maintain a data base, to evaluate changes in transportation demands, and to periodically update the Regional Transportation Plan.

- Encourage ongoing development of management information systems to provide reliable, up-to-date data on transportation facilities and modal operations.

- Assign priority to the development of:

  - marine highway traffic data including passenger origin/destination patterns and vehicle characteristics;

  - air traffic data for jet, commuter and air-taxi operations;

  - inventory of aviation facilities;

  - assignable cost data for public transportation services.

- Maintain historical records of changes in transportation patterns in response to the introduction of new services.

APPENDIX A

LIST OF KEY BACKGROUND REPORTS

APPENDIX A

LIST OF KEY BACKGROUND REPORTS

Southeast Alaska Transportation Plan Reports

1. Technology Evaluation, Acres International Corporation, June 1985.
2. Evaluation of Corridor Alternatives - Juneau Access (Lynn/Taku Corridors), Acres International Corporation, March 1986.
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SOUTHEAST ALASKA TRANSPORTATION PLAN

STATE OF ALASKA
Department of Transportation and
Public Facilities
Southeast Alaska Transportation
Plan
Post Office Box 31000
Juneau, Alaska 99802

Andrew Hughes, State Project Manager

Printed by the Employment and Training Center of Alaska

COMMITTEE MEETING:

WORK SESSION

AK. MARINE HIGHWAY (FILE 2)

1-29-87

Southeast Alaska Transportation Plan

Evaluation of Surface System Alternatives

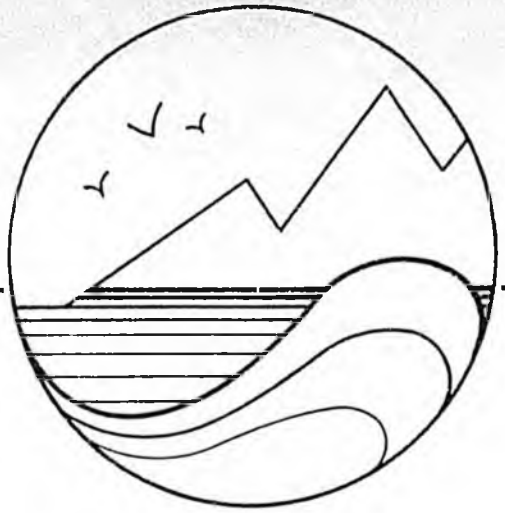
Prepared by

Acres International Corporation

for

Alaska Department of Transportation and Public Facilities

April 1986



Southeast Alaska Transportation Plan

Evaluation of Surface System Alternatives

Prepared by

Acres International Corporation

for

Alaska Department of Transportation and Public Facilities

April 1986

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1 - INTRODUCTION

EVALUATION OF SURFACE SYSTEM ALTERNATIVES

1 - INTRODUCTION

1.1 - General

As part of developing an updated Transportation Plan for the Southeast Alaska Region, a detailed assessment was carried out with regard to the surface transportation systems which could be implemented in the Region in order to provide improved access to, from and within Southeast Alaska.

The key concept in this assessment was the idea that surface transportation in the Region must be viewed as an integrated 'system.' This 'system' concept implied that the provision of transportation services in specific areas was inextricably linked to a total regional network of services and that changes in one area would frequently impact on services elsewhere. Thus transportation services had to be assessed in a total regional context with a view to maximizing total benefits rather than optimizing services into particular subregions, or communities.

1.2 - Corridor Studies

Notwithstanding the preceding comments, there were certain subregions within Southeast Alaska where a range of surface transportation alternatives were available which were sufficiently similar in terms of regional impact that they could be prescreened in a more limited context, either on the simple basis of capital cost or on the basis of corridor impacts.

As a result, a number of subregional or 'corridor' studies were carried out as a preface to the regional systems evaluations with a view to narrowing down the number of options requiring assessment in the total systems context. Five 'corridors' were reviewed at this level: the Juneau Access (Taku/Lynn) corridor, the Ketchikan-Southern Terminus corridor, the Stikine corridor, the Sitka Access corridor, and the Prince of Wales Island Access

corridor. The surface transportation alternatives evaluated for each of these corridors and the findings and recommendations arising from the evaluations are described in a series of separate documents entitled

. "Evaluation of Corridor Alternatives - Juneau Access (Lynn/Taku Corridors)"

. "Evaluation of Corridor Alternatives - Ketchikan - Southern Terminus - Corridor"

. "Evaluation of Corridor Alternatives - Stikine Corridor"

. "Evaluation of Corridor Alternatives - Sitka Access"

. "Evaluation of Corridor Alternatives - Prince of Wales Island Access."

1.3 - Scope of Analysis

The Southeast Alaska Region was designated to include all Alaska territory south of Icy Bay (see Figure 1). All issues of surface access to, from and within this area were included in the scope of analysis.

Surface transportation was deemed to include both land-based and marine-based modes. Frequently these two modes acted as complements to one another (with roads providing access to ferry terminals) but in some cases a land-based route could serve as an alternative to marine services.

1.4 - Report Format

The remainder of this report is divided into five sections. Section 2 lays out the background to the review of system alternatives, describing the existing surface transportation system and outlining the assumptions with regard to future needs and opportunities, and Section 3 describes the process used to evaluate the alternative system options. Section 4 outlines

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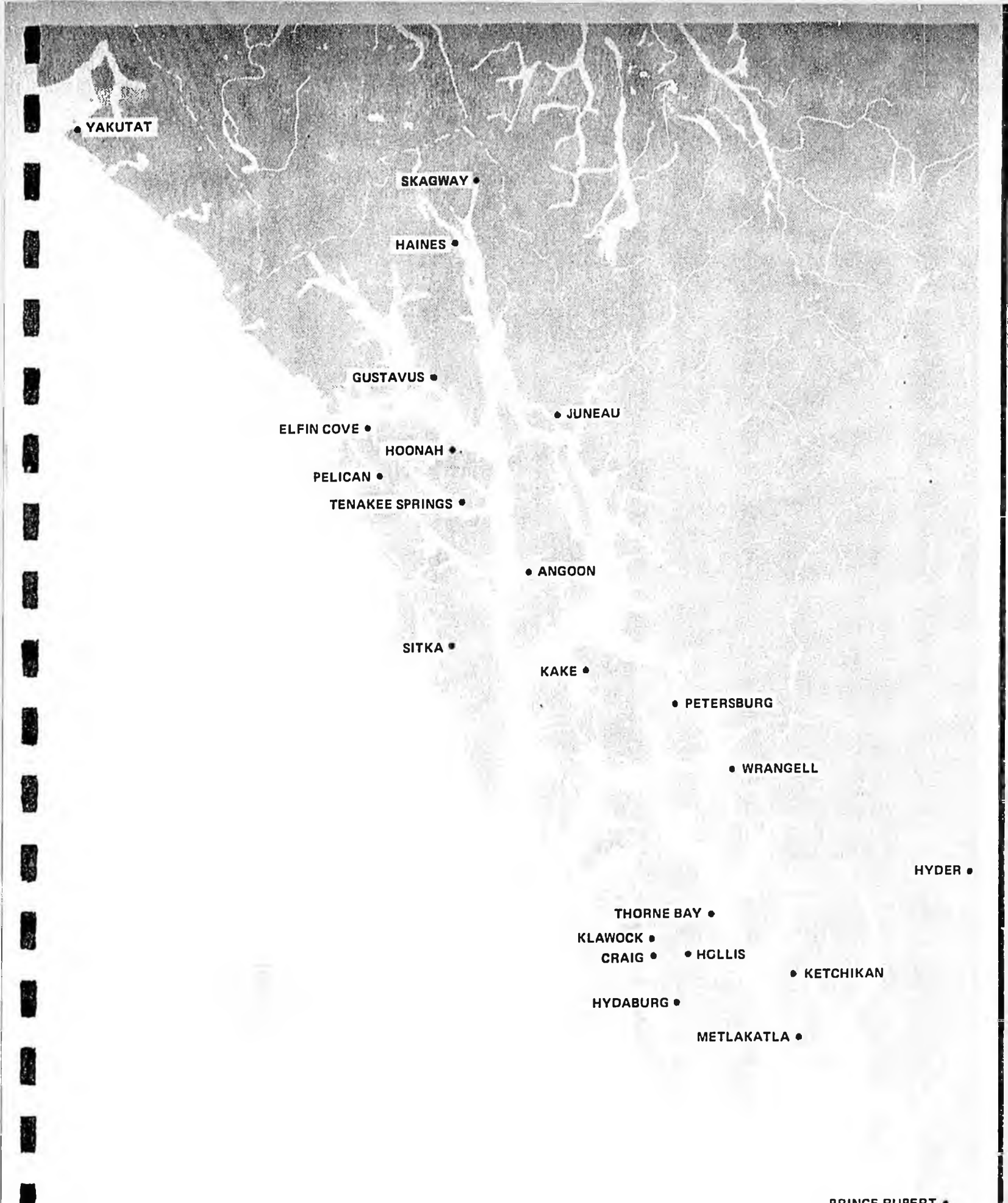


Figure 1

SOUTHEAST ALASKA REGION

the options which were considered as short-term system alternatives and presents the findings of the short-term evaluations, while Section 5 deals with long-term system options in the same manner. Section 6 presents a summary of findings as well as conclusions and recommendations based on the analysis. In addition, two appendixes are provided which describe, in greater detail, some of the evaluation concepts.

2 - REGIONAL PLANNING CONTEXT

2 - REGIONAL PLANNING CONTEXT

2.1 - General

In the years since the previous Transportation Plan was developed, a number of changes have occurred in the Southeast Alaska Region. Some of the changes have been generated internally but many have been generated by outside forces which have impacted on the needs and opportunities within the area.

The intervening years have seen a marked decline, for example, in the resource markets on which a substantial portion of the Alaskan economy is based. Falling oil prices have placed downward pressure on government revenues, while poor markets for forest products and minerals have led to curtailment or deferral of projects which were originally planned for the early 1980s. These factors have led to an increasing reliance on the tourist market, which has remained strong in spite of generally poor economic conditions.

Within the region, shifts in population and income have altered the demand pattern for transportation services. In addition, system changes made as a result of the 1980 Plan have provided new information regarding the interactions between demand and services and have highlighted new areas of service shortfalls.

These factors have combined to create a new context in terms of transportation demand within the Region. At the same time, some significant changes have occurred in the supply side of the equation as new transportation technologies and new types of services have evolved as practical options.

As a result, an initial step in the definition and assessment of system options was to reevaluate the transportation planning framework in terms of

- expected changes in the demand for service,

- the base or existing transportation system, and

- the technological changes which may be available for future integration into the transportation network of the Region.

2.2 - Population and Tourism Growth

The key factors contributing to changing demand for transportation services in Southeast Alaska are the growth in regional population and the growth in tourist traffic into the area. In a survey carried out in 1983, almost 40% of the Marine Highway users were Alaska residents. In addition, on the Marine Highway, almost 50% of the travelers (and over 70% of summer travelers) were tourists. These two markets clearly account for the major portion of surface transportation demand in the Region, and the future growth in these markets will play a key role in defining the need for transportation services.

In the past, population growth in the Southeast Alaska region has generally remained fairly stable and relatively strong. Since the late 1960s, the population of the Region has grown at a fairly consistent rate of 2.5% to 3.0% per year, somewhat lower than the State average of 3.5% but without the marked swings seen in statewide population figures. Similarly, employment opportunity in the Region has shown a fairly stable and strong growth rate, increasing at an average rate of 4.0% per year. (See Table 2.1.)

In the late seventies it was expected that, provided the State capital was not moved from Juneau, the long-term population growth rate could be maintained at around 2.8%, increasing to over 100 000 persons by the year 2000. More recent forecasts, however, have been more pessimistic (see Figure 2). In part because of the Region's dependence on State government employment and the expected need to reduce State spending, forecasts have generally predicted a decline in the long-term annual growth rate. A Delphi forecast prepared in 1983 projected regional population growth of less than 2.5% per year to 1990, declining to below 2% from 1990 to 2000 and less than 1.5% thereafter. The Alaska Institute for Social and Economic Research, using

TABLE 2.1

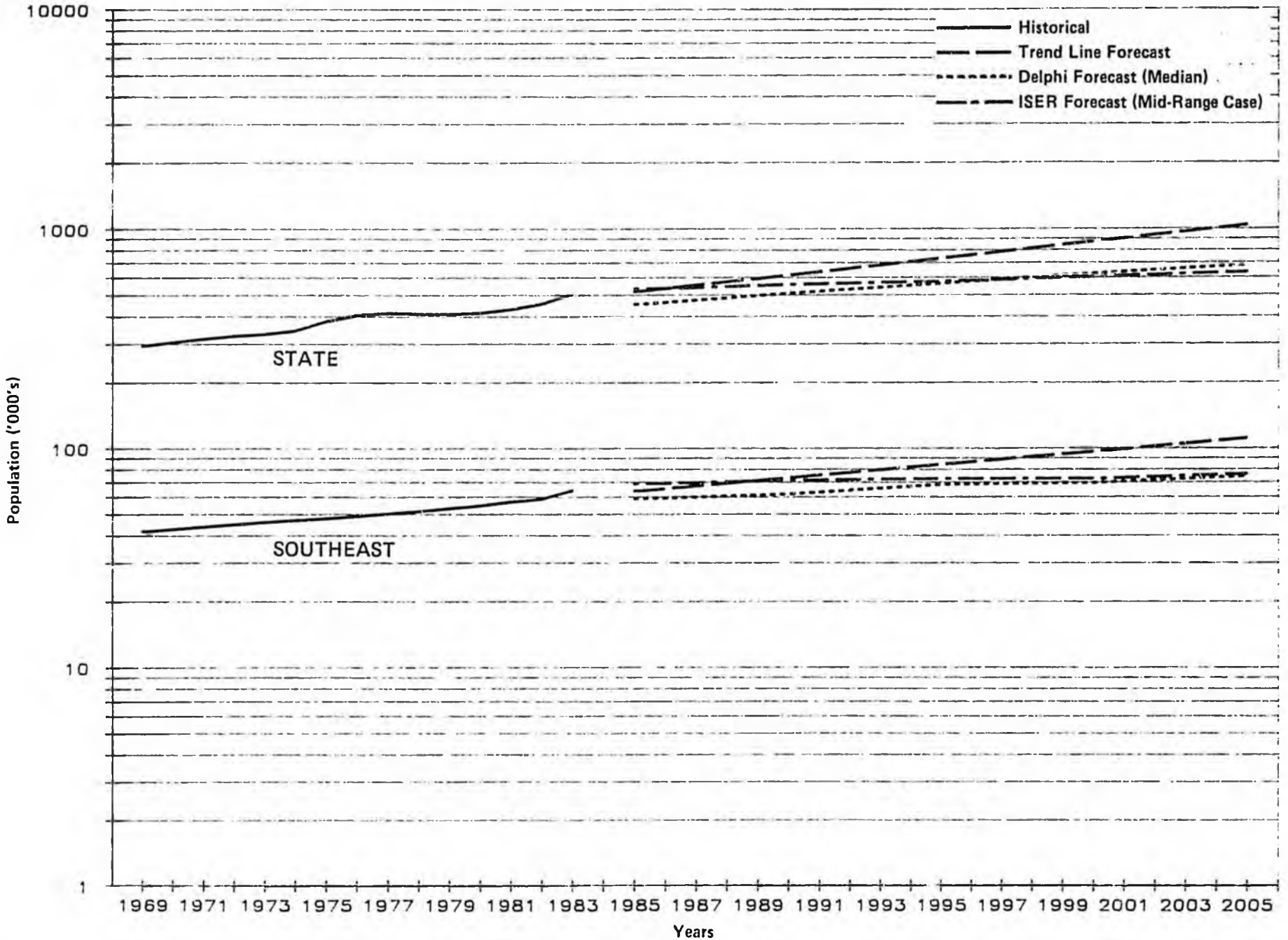
POPULATION AND EMPLOYMENT OPPORTUNITY - SOUTHEAST ALASKA

Population*	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Haines	1,400	1,400	1,400	1,500	1,500	1,500	1,500	1,600	1,600	1,700	1,700	1,700	1,800	1,900	1,800	1,800
Juneau	13,000	13,000	14,600	15,200	15,700	16,100	16,400	17,000	17,500	18,000	18,900	19,800	21,100	22,000	23,000	23,700
Ketchikan Gateway	10,200	10,200	10,200	10,300	10,500	10,700	10,900	11,200	11,400	11,600	11,800	12,000	12,200	12,400	12,600	12,700
Prince of Wales	3,400	3,700	4,000	4,000	4,100	4,200	4,300	4,100	4,100	4,100	4,200	4,300	4,400	4,400	4,600	4,700
Sitka	6,300	3,700	6,100	6,300	6,500	6,700	6,900	7,100	7,400	7,600	7,700	7,800	8,000	8,200	7,700	7,600
Skagway-Yakutat-Angoon	2,700	2,800	2,900	2,900	2,900	2,900	2,900	3,000	3,100	3,200	3,300	3,400	3,500	3,600	3,800	3,700
Wrangell-Petersburg	5,000	5,000	5,000	5,100	5,200	5,300	5,400	5,500	5,700	5,900	6,100	6,300	6,500	6,700	6,700	6,600
Total Southeast	42,000	43,100	44,200	45,300	46,400	47,400	48,300	49,500	50,800	52,100	53,700	55,300	57,500	59,200	60,200	60,800
Total Alaska	297,400	308,500	319,600	329,800	336,400	348,100	384,100	409,800	418,000	411,600	413,700	419,700	435,200	460,800	510,600	
Employment Opportunity																
Total Southeast	15,667	16,710	17,393	19,415	20,423	22,150	21,950	22,300	23,050	24,750	25,000	25,750	27,100	27,750	28,550	29,000
Total Alaska	86,565	92,467	97,584	104,243	109,851	128,179	161,689	171,714	161,071	166,900	166,600	171,600	186,500	200,400	212,900	217,800

*By Census Borough.

Source: Alaska Department of Labour.

Figure 2
ALASKA POPULATION FORECASTS



the detailed State Economic Model, has projected even lower growth rates for Southeast population ranging from a low of less than 0.5% per year in their pessimistic case, up to an average of less than 1% in their optimistic scenario.

In light of these forecasts and the generally weak long-term prospects for the Region, it was decided, for planning purposes, to project that regional population could maintain its long-term growth rate (2.0%) through to the end of the 1980s but that growth thereafter was likely to decline and stabilize at a rate of 1% per year. Regional population was forecast to increase from 60 800 in 1984 to 73 900 by 1990 and 85 800 by 2005.

The second key market for transportation services is tourist traffic. Relatively little data are available on the growth in this market, but indications are that visitor volumes have grown at an average annual rate of 4.5% in recent years. The long-term prospects for this market are strong as increasing proportions of the population find themselves with the leisure time and financial means to indulge their desire for travel.

It is too early to tell whether Alaska can sustain its share of this growing market, just as it is difficult to predict the portion of these visitors who will make use of State-operated transportation services (airports, roads and the Marine Highway). For planning purposes, however, it was assumed that tourist demand for transportation services into and within the Region would continue to grow at 4.5% per year to 1990 and would taper off to 2.5% per year growth thereafter.

2.3 - Existing Surface Transportation System

The surface transportation system currently in place in Southeast Alaska has also changed somewhat since the introduction of the 1980 Transportation Plan. The system has two key components - the marine service system and the road network.

2.3.1 - Marine System

The main factor in existing the marine transportation system is the Alaska Marine Highway. This operation provides surface links for passengers and vehicles both to, from and within the Southeast Region.

Seven vessels operate in the Southeast area. The four mainline vessels, Columbia, Matanuska, Malaspina and Taku, provide service between the southern road systems at Prince Rupert and Seattle and the northern road connections out of Haines and Skagway. They provide a link for the through movement of traffic as well as for passengers and vehicles moving to and from the Region and internally between a number of ports. All mainline vessels offer overnight accommodation for long-distance passengers.

During the peak season, one of these vessels, the Columbia, operates a weekly service between Seattle and Skagway. The other three vessels offer twice-weekly service out of Prince Rupert, making one three-day trip to Skagway via Clarence Straits and Stephens Passage, and one four-day trip when they travel via Chatham Strait and call at Sitka (see Figure 3). Vehicle capacities range from 90 (for the Taku) to 155 (for the Columbia) while passenger capacities range from 500 to 750.

The three remaining vessels, the Aurora, LeConte and Chilkat, provide mainly internal feeder services carrying passengers and vehicles between the smaller communities and the mainline ports. The smaller of these, the Chilkat, operates between Ketchikan and Metlakatla and occasionally to Prince of Wales Island. The Aurora and LeConte, with 40-vehicle, 250-passenger capacity, provide connections between Prince of Wales Island and the Prince Rupert-Ketchikan-Petersburg corridor, and between communities in the Juneau-Sitka-Petersburg triangle (including Hoonah, Pelican, Tenakee Springs, Angoon and Kake) (see Figure 4).

The Marine Highway also acts as an important link for freight movements, providing substantial capacity for truck movements into and within the Southeast Region. This service supplements the activities of various

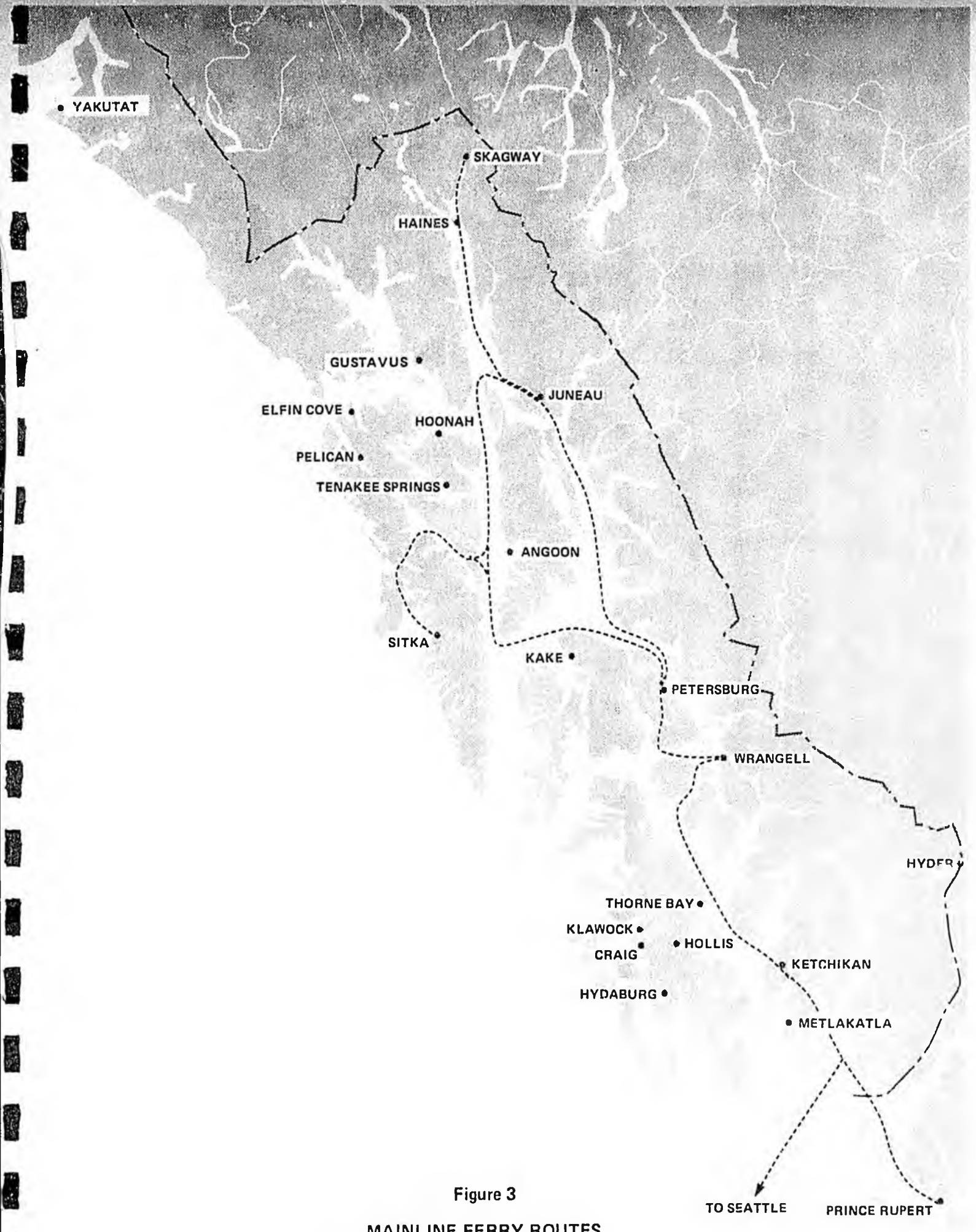


Figure 3

MAINLINE FERRY ROUTES

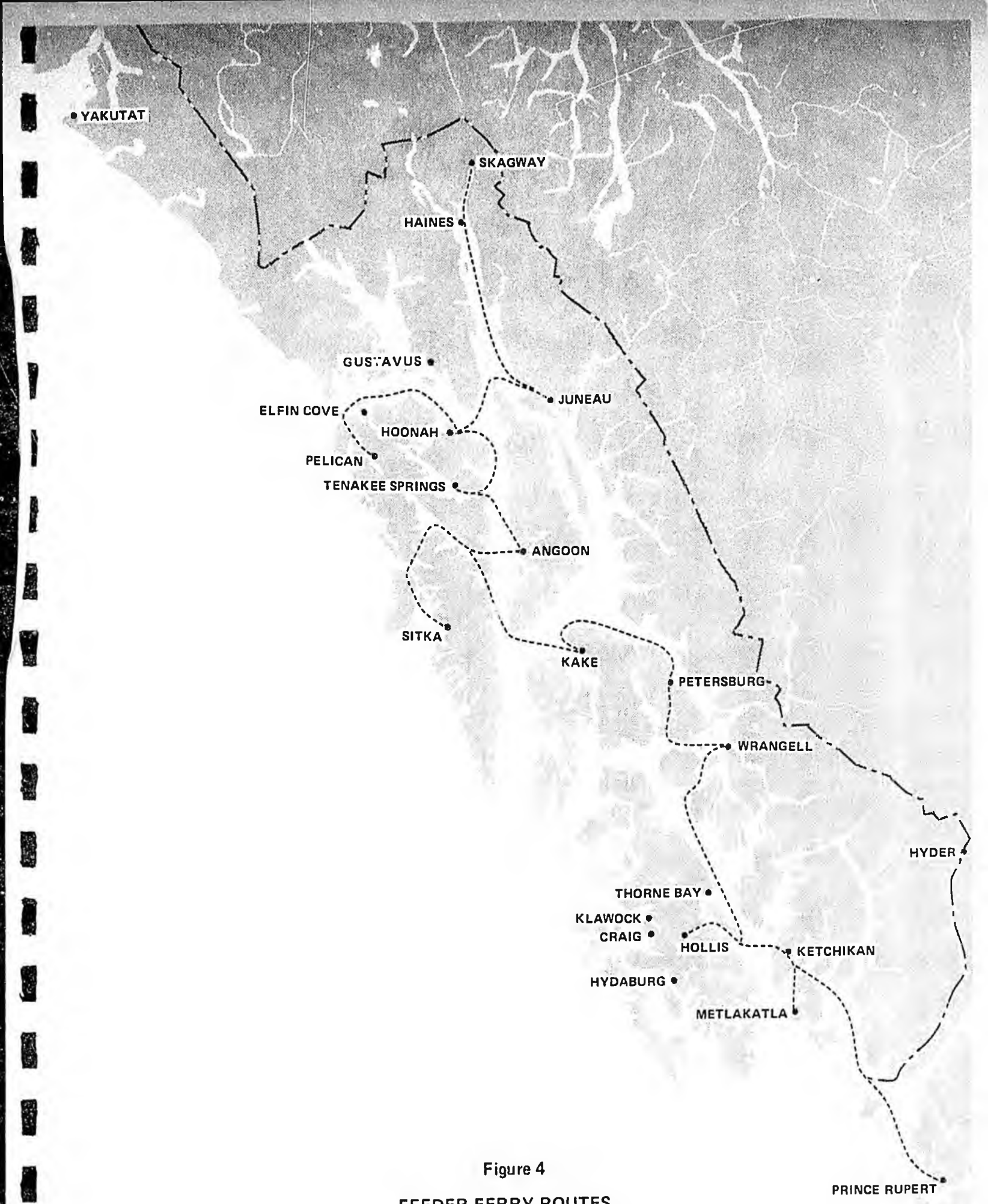


Figure 4

FEEDER FERRY ROUTES

tug-and-barge operators who carry the remaining freight, generally from Seattle, and distribute it to regional communities.

The Region has a range of port facilities to serve the Marine Highway and tug-and-barge operations. Seven communities have ferry terminals capable of handling the mainline vessels (Ketchikan, Wrangell, Petersburg, Sitka, Juneau, Haines and Skagway), while others can accommodate only the Aurora/LeConte class vessels (Hoonah, Tenakee Springs, Angoon, Pelican, Kake, and Hollis/Clark Bay). Two ports are also presently designed to handle the Chilkat (Hollis and Metlakatla) although renovations at Metlakatla will shortly be completed to accommodate the Aurora rather than the Chilkat. In addition, terminal facilities are planned at Hyder and Elfin Cove to allow ferry operations into those communities.

Terminal facilities for tug-and-barge operations vary widely among the communities from sophisticated container-handling terminals at Juneau to break-bulk, manual loading operations at smaller ports.

2.3.2 - Roads System

The roads system in Southeast Alaska is sharply constrained by the geography of the Region. Steep coastlines, multiple fjords and generally mountainous terrain make roads a costly option to construct and maintain. While there are some potential road corridors within the area, only a limited number have been developed (see Figure 5).

Access to the continental road system is provided at three points in the Region: Haines and Skagway in the north and Hyder in the south, but residents in other communities must use the Marine Highway to connect either with these roads or with the road system out of Prince Rupert.

Within the region, a substantial network of roads is operated and maintained to provide access between adjacent communities and links to nearby recreation areas. In addition, the US Forest Service has developed an extensive road network which, while not meeting State standards, provides some travel opportunity as well as a foundation for future road development.

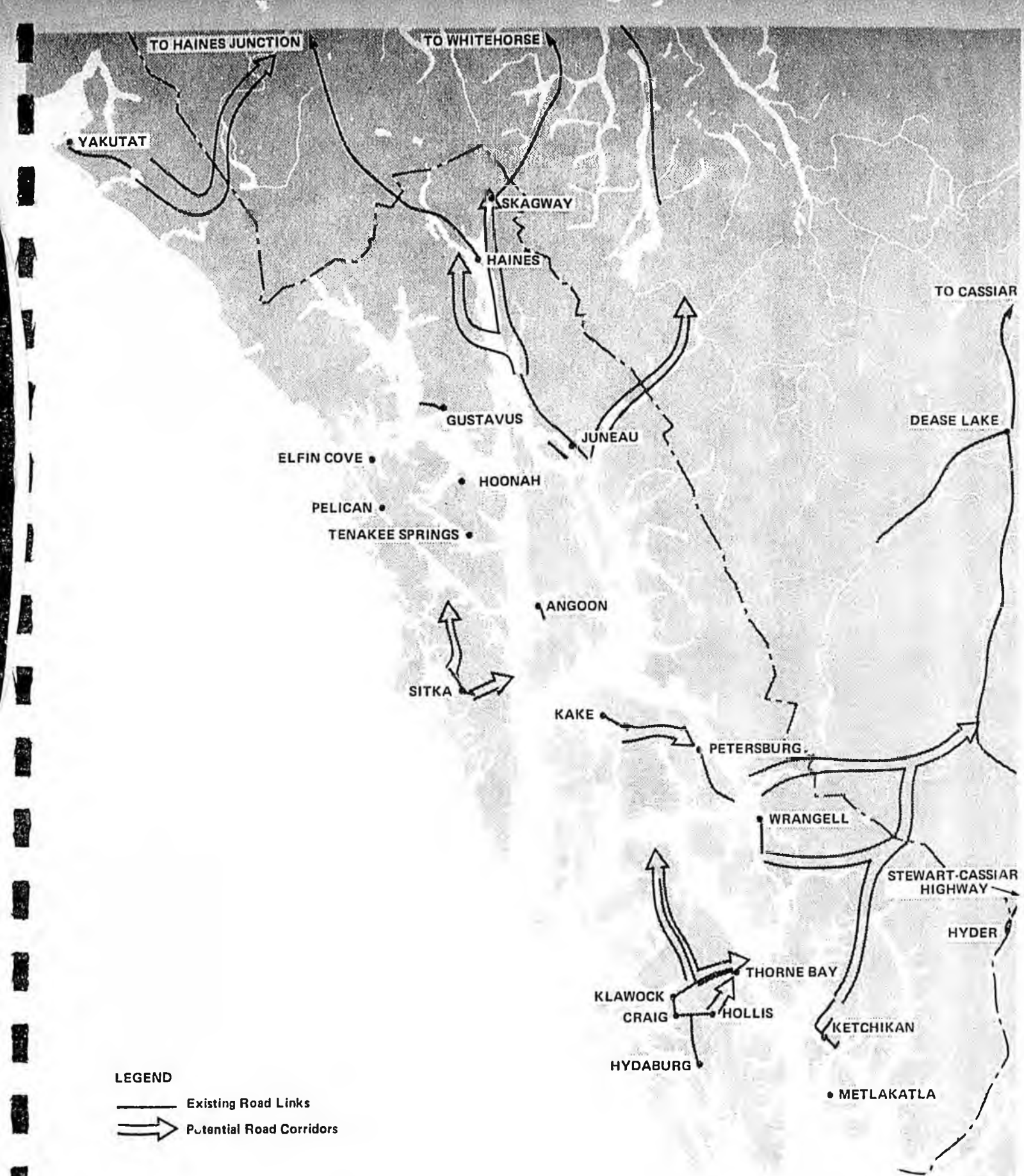


Figure 5

EXISTING ROAD SYSTEM AND ROAD CORRIDORS

In general, however, with the exception of Prince of Wales Island communities, links between major towns within the Region are provided by air and by ferry.

2.4 - Projected Developments in Technology

In terms of new opportunities for the provision of transportation services, the consultants reviewed current and likely future technological developments in marine and road transportation that might impact Southeast Alaska. The detailed review is contained in a separate report ("Technology Evaluation", Sept. 1985) but is summarized below.

2.4.1 - Marine Technology

There were two main areas of technology development in the marine environment that were expected to have impacts on Southeast Alaska transportation. The more immediate was the possible introduction of high-speed craft to provide rapid surface transport between communities.

Air-supported craft, foil-supported craft and conventional displacement planing craft were all reviewed (see Tables 2.2 and 2.3) and two representative types, shown in Figures 6 and 7, were selected as appropriate for use in Southeast Alaska. One type is a conventional catamaran vessel with a capability of moving a small number of vehicles and passengers at speeds up to 30 mi/h. The other is a much larger surface-effect ship (which also has a catamaran hull form) capable of speeds up to 46 mi/h.

Such high-speed craft should not however be looked on as total replacements for existing vessels. While they would enable better utilization of present vessels to be achieved during the summer and, if required, shoulder seasons, the performance of the smaller craft in the winter, except on sheltered routes, is unknown. The larger craft considered appropriate for Southeast Alaska has the capability to operate year-round but, like all high-performance vessels, has limitations relative to payload. For example, automobiles, campers, coaches, and lightly-loaded trucks and vans could be

TABLE 2.2

HIGH SPEED CRAFT
TYPES EVALUATED

		Passenger and Vehicle	Cost	Seakeeping	Comfort	Susceptibility to Strikes	Speed to Load	Comments
Air Supported	SRN4 MK2/3	yes	very high	moderate	fair	nil	fair	
	AP1-88	no	low	poor	good	nil	fair	
	Hovermarine	no	medium	poor-mod.	good	some	good	
	Bell Halter	yes	medium	mod.-good	fair	some	good	
Foil Supported	Jetfoil	no	high	mod.-good	excellent	high	poor	Production discontinued.
	Hydrofoil	no	medium	poor-mod.	fair	high	poor	
Displacement	Monohull	yes	high	moderate	fair	low	fair	
	Catamaran	yes	low-med.	mod.-good	fair-good	low-fair	fair	
	SWATH	yes	low-high	mod.-good	excellent	low-fair	good	Small Water Plane Area Twin Hull
Planing and other		no	low-med.	poor-mod.	poor-fair	low-fair	poor	

Types Excluded from Further Analysis - Reasons:

SRN4 Mk2/3 Excluded because of cost - approximately $40 to $50 million built in Britain, lack of licensing for US construction.

Monohull Excluded partly because of cost - $14 to $15 million built in Britain and high power requirements and thus fuel cost for its speed.

SWATH Excluded because of experimental nature and relatively high power requirements. Southeast Alaska waters are not rough enough sufficienty frequently to justify such a vessel.

TABLE 2.3

HIGH-SPEED CRAFT

	Craft Evaluated		
Type	30m Incat	13000 Westamarin	BH 350 B
Characteristics	Catamaran	Catamaran	S.E.S.
Passengers	90	340	180 or 280
Vehicles - automobiles - trucks	14	30	41 or 27
Length ft	98	130.25	160
Breadth ft	35.75	41.25	41
Draft ft	7.68	5.58	7.5
Payload	not known	not known	not known
Power (bhp)	4200	5500	13210
Maximum speed	28 kn	25 kn	50 kn
Speed SS3	25 kn(28mph)	22 kn (25mph)	40kn (46mph)
Price	$3.0 million	$5.0 million	$12.0 million
Built in USA	Yes	No	Yes
License for USA	Yes	Yes	

	Craft Excluded			
Type	Vosper High Speed	SWATH	Air Cushion Vehicles SRN4/MK2	SRN4/MK3
Characteristics	Ferry	(Seagull)		
Passengers	700	384	282	416
Vehicles - automobiles trucks	none	none	36	50
Length ft	204	117.8	130.2	185
Breadth ft	33.5	56.1	78	82
Draft ft	10.5	10.3	-n/a-	-n/a-
Payload (tons)	96	not known	78	114
Power (bhp)	12000	8100	13600	15200
Maximum speed	25 kn	25 kn	60 kn	65 kn
Speed SS3	24 kn	(24 kn)	32 kn	45 kn
Price	$14 to $15 million	$8 to $10 million	$40 million	$50 million
Built in USA	No	No	No	No
License for USA	Yes	Yes	No	No

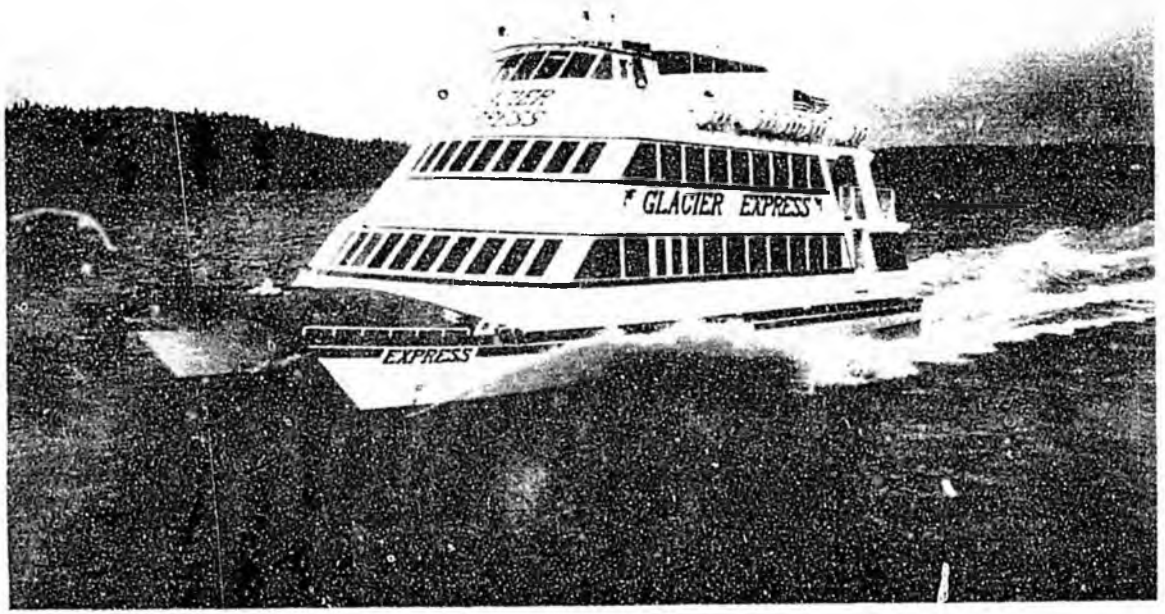


Figure 6

HIGH SPEED CATAMARAN

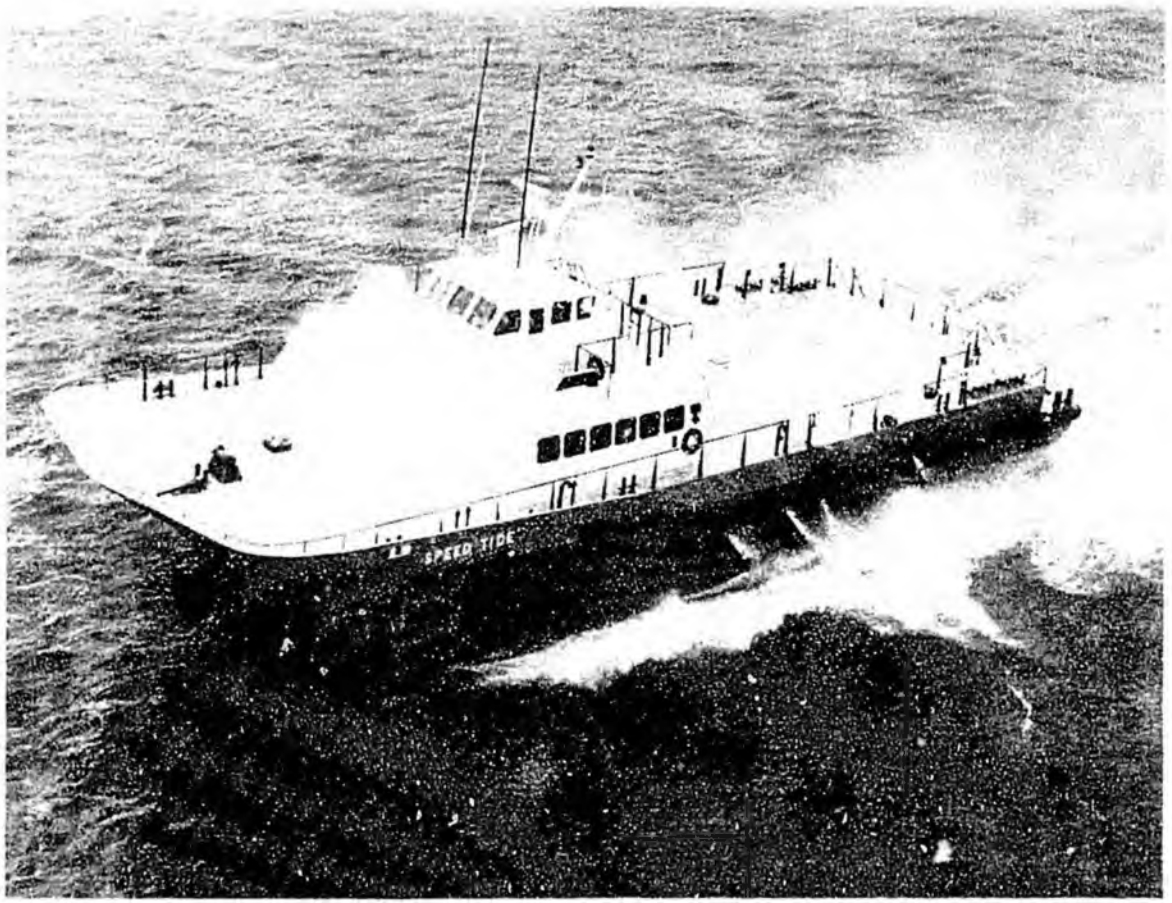


Figure 7

110-ft SES HIGH-SPEED CRAFT

carried on the small high-speed catamaran, but not heavy vans such as refrigerated trailers with a full load of frozen fish. The larger vessel by comparison could carry some heavy trailers, but the number would be limited by payload considerations.

The second area of technology development is related to improvements that could be incorporated in the existing AMH vessels to improve their performance and reduce operating costs. Examples of such developments include

- hull redesign
- improvements in propulsion and machinery
- course-keeping and routing techniques
- advanced machinery automation
- improvement in hull surfaces
- different grades of fuel, and
- adjustments to operating speed.

2.4.2 - Road Technology

No technological developments were foreseen in the road sector that would change the way in which freight was moved or in which tourists and residents would travel. It is expected that freight vehicles moving on the continental road system would increase in length, height, width and weight, making it more difficult for the existing ships to accommodate trucks and vans. In the future, certain road routes may be designated special log haul routes to support the timber industry. Overall, however, the freight business to Southeast Alaska, being a small specialized one, would likely not be impacted to any great extent by such changes for the foreseeable future.

2.5 - Alternative Marine Service Options

2.5.1 - Other Service Suppliers

The foreign flag liner operator has always been a part of the Alaskan cruise market. These operators brought in well over 100 000 tourists at the last count and are expected to continue to bring in a significant number of visitors. A new factor in the market place, however, is the foreign flag ferry operator working in competition with the Marine Highway for point to point travel. It is likely that such operators will increase their activity in the future from either Vancouver or Prince Rupert.

A further new development is that US flag operators are seriously considering building or converting vessels to serve the US cruise market and Alaska is identified by them as a prime destination. The vehicle carrying potential for such vessels is seen as an essential feature, with the result that there is a high probability the Marine Highway will see direct competition in Seattle before the mid-1990s.

Although this competition may skim off tourists from the Marine Highway and possibly reduce revenues, projected tourist departures from Seattle and Prince Rupert indicate that AMH vessels would still be operating close to capacity during the peak season. However, the presence of private operators may serve as an effective complement to Marine Highway services.

2.5.2 - Acquisition of Foreign Flag Vessels

A second new service option for the Region would be for the Marine Highway to acquire and operate a foreign-built ferry. Should a new mainline vessel be necessary, a foreign flag vessel could provide the required increase in capacity at a cost well below that of a new US-built vessel.

The Marine Highway has had past experience of foreign flag vessels with the m/v 'Wickersham'. The experience was not altogether favorable because it was intended to use the vessel in the Seattle/Southeast Alaska trade which

required a waiver from the 'Jones Act'. Such waivers are only given for purposes of national defense, and thus the 'Wickersham' was not acceptable on an ongoing basis.

However, the possibility of the AMH using a foreign flag vessel entirely within the requirements of US maritime legislation is feasible. Such a vessel could operate from Vancouver or Prince Rupert and carry tourists or residents from port of embarkation to port of disembarkation. The only restriction would be that the ship could not carry passengers between ports in Southeast Alaska. Such a vessel operating out of Vancouver or Prince Rupert could materially increase AMH capacity and release existing vessels to operate on those routes that require a US flag ship (i.e., US to US links).

This is essentially the service that Sundance Cruises is providing between Vancouver and Skagway with the m/v 'Stardancer'. The fact that a private operator is willing to provide such a service argues well in its favor although the private operator can usually benefit from lower costs due to greater flexibility in crewing and their ability to use the vessel in other areas during the off-season.

Ideally, therefore, the preference would be to have this service provided by the private sector. However, if private operators fail to provide service for some reason and the AMH is obliged to provide for a higher level of traffic, AMH acquisition of a foreign flag vessel might be a more cost-effective option than acquisition of a new US built ferry.

3 - EVALUATION METHODOLOGY

3 - EVALUATION METHODOLOGY

3.1 - General

The assessment of surface system alternatives was based, in large measure, upon a process whereby a wide range of transportation options were defined for the region and were than evaluated in terms of

- compatibility with goals of the regional transportation system, and
- effectiveness in terms of the service provided relative to the level of costs incurred.

In defining the alternatives, recognition was given to the expressed concerns and desires of the communities and also to the perceived requirements, limitations and opportunities associated with growth, development and new technology. The options developed for evaluation encompassed not only capital improvements (acquisition of new vessels, road and facilities construction) but also changes to the operating systems with a view to improving either the service provided, the system capacity and/or the ongoing operating costs.

The assessment process was aimed at establishing which of the surface options were best able to fulfil the transportation goals of the region in a cost-effective manner, where the goals were defined as

- meet the transportation needs of Alaska residents
- support the regional economy through provision of transportation services, and
- maintain fiscal responsibility through judicious allocation of public funds.

Unfortunately, these goals are not always mutually compatible and, with the present economic environment, may not be collectively achievable.

It was therefore necessary to work towards a compromise which would provide a balance between these diverse goals. In order to assess the implications of various compromises, it was necessary to fully understand the impacts associated with varying degrees of focus on these service-related and cost-related goals.

Accordingly, a wide range of options were specified which covered not only variations in the types of changes made (from a technological and operational perspective) but also variations in terms of the intensity of spending effort in order to meet demand. The analysis of the impacts associated with this range of options provided indications of the trade-offs involved as emphasis was shifted between service-related and cost-related goals.

Each of the proposed system options was evaluated from a number of viewpoints. Insofar as possible, all evaluation measures were quantified in order to provide a basis for comparison among alternatives. Specifically, the options were evaluated in terms of

- financial impacts on the Alaska Marine Highway, the State government and the transportation user

- total user costs including both financial costs and costs associated with the options' success or failure in meeting demand, and

- service/cost effectiveness which compared total user impacts associated with various options (including both cost and service level) with the costs to the government associated with providing the service.

The following sections briefly outline the methodologies used first in defining and then in evaluating the surface system options. A more detailed description of the process and the underlying theories, particularly with regard to the evaluations, is included in the appendixes.

3.2 - Specification of System Alternatives

The specification of the alternatives to be evaluated in the assessment of surface transportation systems was a multi-step process which focused both on developing viable solutions to current and anticipated problems and on developing a sufficiently broad range of solutions to ensure first that no options were overlooked and secondly that a clear picture of the tradeoffs between competing options could be ascertained.

The specifications process involved

1. Definition of the Problem - This entailed a review of community comments and inputs, discussions with operators, and an assessment of projected demand and capacity on various links within the system.

2. Listing of Conceptual Solutions - General concepts aimed at meeting future needs were drawn from a number of sources including community and operator suggestions, previous planning studies (e.g. 1980 Transportation Plan, Governor's Task Force on the Marine Highway) and the consultants' and Technical Committee's ideas with regard to new concepts which might be applied.

3. Prescreening of Corridor Alternatives - As noted in the introductory chapter, in certain subregions a preevaluation process was carried out whereby a number of similar options were prescreened and only the most promising carried forward for further analysis. Five corridors were treated in this manner

   - The Juneau Access corridor in which 11 service options were examined and narrowed down to 2.

   - The Ketchikan-Southern Terminus corridor in which nine options were examined and four retained for further analysis.

   - The Stikine corridor in which a total of ten options were examined and three retained for further analysis.

- The Sitka Access corridor in which four options were examined and three were retained for system evaluation.

- The Prince of Wales Island Access corridor in which four options were evaluated (including variations within some of the service concepts) and all were retained for further system analysis.

For a detailed discussion of these corridor studies, the reader is referred to the series of reports on "Evaluation of Corridor Alternatives."

4. Detailed Definition of System Characteristics - This involved specifying, for each system to be evaluated, the detailed cost, revenue, traffic, and operating characteristics, and included

   - specifying peak and off-peak schedules for existing and proposed new vessels

   - developing preliminary specifications for new vessels and obtaining builder estimates for construction and operating costs

   - defining and costing new terminal facilities where applicable

   - projecting passenger and vehicle demand over each link in the system and generating user costs for vehicle operations and/or ferry fares on each route.

3.3 - Financial Evaluations

Each of the defined system alternatives was first evaluated in terms of financial impacts, including capital and operating costs for the AMH and the State government, revenues received from users, and user costs for both private and public transportation service.

Costs and revenues were calculated for each year of a 20-year planning period (1986-2005), and were then discounted to 1985 dollars to provide an equitable basis for comparison.

In order to deal with the vast number of calculations involved, a computer model was developed which computed, for each year

- the forecast demand on each link in the system
- the capacity of the system to meet the demand and, from this, the number of passengers and vehicles actually carried between various origins and destinations
- the fares and vehicle operating costs of the traffic served (the fares also represented the revenues of the Marine Highway System)
- the capital and operating costs of road links
- the capital and operating costs of terminal facilities
- the capital and operating costs of both new and existing vessels, with operating costs being linked to the vessels' specified schedules.

Total financial costs were then calculated from the viewpoint of

- the Marine Highway, including vessel capital and operating costs, port capital and operating costs, and ferry revenues
- the State government, including road capital and operating costs and Marine Highway deficits
- the passengers and vehicles served, including fares paid and vehicle operating costs.

It should be recognized that, because of the double counting of Marine Highway deficits (as a net cost to the AMH and as a cost to the State), the

financial impacts are not additive. Total system costs are represented by the sum of State and user costs. However, because of concerns regarding the deficit position of the Marine Highway, their financial impacts were calculated separately from total State government impacts.

3.4 - Evaluation of User Impacts

While the financial analysis provided an important measure of comparison among alternative surface systems, it was unable to fully reflect many of the differences among system options and hence, in some respects, provided a distorted picture of the merits of various alternatives.

One major difference among options which distorted the financial picture was the level of traffic served and the manner in which it was served. Many of the options involved meeting less than the full level of service demand. Others involved serving some traffic in a manner other than that demanded by the user (e.g. by requiring users to divert from one port of embarkation to another), while another group involved serving traffic over and above projected basic demand because service under the proposed option was sufficiently more attractive to induce new users into the system. Thus a comparison strictly on the basis of total financial costs did not provide a complete picture of the differences among alternative systems, particularly insofar as user costs were concerned.

A second difference which the financial evaluation failed to account for was the difference in the level of service provided. Level of service encompasses many factors: travel time, frequency of service, transfers, reliability, comfort, convenience, etc. Some of these factors do not lend themselves to quantification and can only be evaluated in a subjective manner. However, factors such as travel time, frequency of service and need for transfers can, at least in part, be quantified and compared among alternatives.

Because of the need to take these differences among options into account in the overall analysis, a supplemental assessment was carried out for each

option with regard to 'user impacts' which quantified the differing effects of the alternatives in terms of demand served and quality of service and which, insofar as possible, assigned values to the differences.

3.4.1 - Differences in Traffic Served

The main effect of differences in the amount of traffic served is the impact in terms of total user cost. The user costs derived from the financial analysis, when presented in 'total' form, do not reflect differences in total traffic. On the other hand, converting these user costs to a 'cost per user' or 'cost per passenger mile' would not account, for example, for the losses of unserved passengers or the inconvenience to diverted users.

Accordingly, to compare options on an equivalent basis, it was necessary to make adjustments to user costs in order to accurately reflect the differences in traffic volumes and in the manner in which these volumes are served.

Differences in the amount and nature of traffic served under the various options arose from three main sources.

1. Unmet Demand - traffic desiring service but unable to be handled by the proposed system.

2. Diverted Traffic - Traffic desiring service to or from one port but presumed to be willing to divert to an alternate port if capacity is available (this primarily relates to excess vehicle demand to and from Seattle which could divert to Prince Rupert).

3. Induced Traffic - Traffic over and above the projected basic level of demand which is drawn to use the system as a result of lower travel costs.

Each of these sources of traffic variation required a somewhat different treatment in order to adjust user costs to a comparable basis.

The user costs associated with those potential users whose demands could not be met by the system was estimated by determining the net losses which they would incur as a result of being unable to make the trip. These losses will vary considerably depending on the purpose of the trip and the actions which the unserved user takes as a result of being unable to make the trip. Losses could range from zero (for a user who decides, for example, to travel elsewhere and derives as much enjoyment for his money there) to much larger sums (for a user who may be forced to take first class accommodation on a cruise ship, but does not derive any benefit from the greater amenities).

In order to estimate an average value for the net losses associated with unmet demand, the concepts of demand and surplus were introduced into the analysis. This is explained in detail in Appendix B. Briefly, the method involved postulating the shape of the demand curve for Marine Highway service and calculating the average difference between the maximum that users would have been willing to pay and the amount they would actually have had to pay for the trip (i.e. their surplus as measured by the difference between the trip's value to them and its cost).

Average lost surplus for passenger and vehicle trips was then multiplied by the number of unserved users under each option and the totals discounted to net present value.

The costs associated with diverted traffic, where users are shifted to an alternate port, would be expected to include increases in travel cost and/or travel time as a result of the diversion. Since users would be expected to minimize their cost (or maximize their benefit), they would logically prefer that routing which offered them the highest advantage. Consequently, the persistently high demand for service out of Seattle would suggest that, to a large number of users, sailing out of Seattle was preferable to driving to Prince Rupert to catch the ferry.

In comparing the actual out-of-pocket costs associated with diversion, however, it was found that in most cases it was considerably less expensive to drive to an alternate port of embarkation rather than to take the ferry for the full distance. Even when the additional travel time for diverted

passengers was taken into account, it was found that users would have to assign an unacceptably high cost to travel time to offset the out-of-pocket savings.

The implication of these findings is that users demanding service out of Seattle rather than Prince Rupert assign some nonmonetary value to the Seattle trip which more than offsets its higher cost. This value could arise from an aversion to driving, from the amenities of the ferry service, or possibly from a preference for door-to-door service.

As a result, the user costs described in the financial analysis, which are based on out-of-pocket expenses for fares and vehicle operation, must understate, in many cases, the full costs associated with diverting passengers, and hence require upward adjustment. Theoretically, this adjustment should more than offset the out-of-pocket savings. However, in the absence of indications as to the amount of extra value assigned to the direct versus the diverted journey, it was decided to assume, conservatively, that diverted users would assign an equal total cost to each and would hence be indifferent among the alternatives. Diversions were therefore presumed to generate zero user impacts in the analysis of user benefits and costs and any out-of-pocket savings accruing to diverted passengers were removed from the analysis by upward adjustment of user costs to the levels incurred by nondiverted traffic.

User costs associated with induced traffic was the third category requiring adjustment. Generally, options which generated induced traffic yielded lower travel costs on a per-user basis (hence the inducement to greater travel). However, many of the induced passengers would not have traveled without the benefit of the lower cost and hence cannot be considered to enjoy the full saving associated with the new system. Accordingly, the travel costs of induced passengers were adjusted upwards by half the difference between the old cost and the new (i.e. cost savings to induced passengers were cut in half for purposes of calculating total savings).

3.4.2 - Differences in Travel Time

An attempt was also made to account for the differing impacts of system alternatives in terms of quality of services provided. While service quality encompasses a number of aspects, it was felt that the aspects which could be measured in a quantitative and an objective manner were those relating to service time, including travel time, waiting time related to service frequency, and waiting time associated with transfers.

In order to calculate the travel time associated with each system option, a computer program was developed which converted the proposed ferry schedule and road network into a matrix of total travel times between all points served in the region. The model calculated in-transit time (based on either vehicle speeds or the speed of the vessel being used), frequency related delays (based on one-quarter of the interval between vessel departures) and transfer times (based on an average 12-hour delay whenever a vessel-to-vessel transfer was required).

Separate travel-time matrices were calculated for each schedule, taking into account peak, shoulder and low-season schedule variations as well as changes over the years within a particular option. These travel time matrices were then multiplied by the number of passengers traveling between the various origins and destinations each year on a seasonal basis.

As with user costs, travel time impacts also required adjustment to reflect the differences among the various options in traffic served. These adjustments are explained in greater detail in the Appendix. Basically the adjustments were as follows:

- where unmet demand occurred, total travel time impacts (increases or savings) were reduced by the amount of impact which would have accrued to the unserved passengers had their demands been met;

- for diverted passengers, travel time impacts were assumed to be zero (i.e., both increases and decreases in travel time were ignored);

- for induced passengers, travel time impacts were reduced by one-half to reflect the marginal nature of this traffic.

3.5 - Service/Cost Effectiveness

The actual selection of preferred choices among the various surface system options was based on a measure which was called 'service/cost effectiveness.' This essentially involved measuring the total user impacts (both positive and negative) associated with changes in the system proposed, and comparing these with the impacts on government costs.

In order to calculate the impacts of changes, it was necessary to specify one option as a base case against which other options could be evaluated. In the short term, the base case was represented by continuation of the existing system and changes in user impacts and government costs arising from new short-term options were measured in comparison with the existing service. In the long-term, the base case was represented by the concepts of the June 1980 Plan which presumed that the existing ferry route structure would be maintained and that new mainline vessels would be added as demand required. Other long-term options were evaluated in terms of the benefits and costs they generated relative to the June 1980 Plan system.

Measurable user impacts fell into two categories

- increases or decreases in user cost as compared with the base case, and

- increases or decreases in user travel time.

For evaluation purposes, the adjusted user costs and travel times (as described in Sections 3.4.1 and 3.4.2) were used to calculate differences in impact.

Government cost impacts included

- increases or decreases in the deficit of the Marine Highway, and

- increases or decreases in the cost of road construction and operation (in actual fact only increases occurred in this category of costs since none of the options envisioned eliminating existing road links).

The evaluation of service/cost effectiveness was carried out in two stages. The first stage involved comparing user cost impacts (increases or savings) with government cost impacts (increases or decreases) to determine whether the monetary benefits to one group exceeded the monetary costs to the other. If both groups enjoyed benefits relative to the base case, the option was preferable to both parties. If both groups suffered higher costs, then the base case would be preferable to both. However, where one group enjoyed benefits and the other suffered cost increases, a comparison was necessary to assess whether the benefits achieved justified the costs incurred.

The second phase of the service/cost effectiveness evaluation involved incorporating travel time impacts into the analysis. These could have been included with user cost impacts simply by assigning an hourly value to travel time and adding the resultant total value of time costs or savings to the value of user cost impacts. The choice of an appropriate value for travel time is, however, a complex issue and any value selected would be open to criticism. Because of the problems associated with developing a defensible measure of time value, an 'imputed value' approach was taken in this analysis.

Under this approach, the total travel time impacts of each option relative to the base case were calculated in terms of hours. Next, the difference was calculated between the monetary impacts accruing to the user and those accruing to the government. This provided a measure of the value which total time impacts would have to have in order for the combined user cost and time impacts to exactly offset the impacts on government costs. The 'required time value' was then divided by the number of hours involved to generate a required hourly value of time (either minimum or maximum depending on whether users incurred travel time savings or travel time increases). These required hourly values of time could then be compared both between options and against subjective measures to determine the

relative rankings of the various alternatives and also the likelihood that total positive impacts (benefits) of a system would exceed total negative impacts (costs).

One caution should be noted in assessing the merits of various system options under the service/cost effectiveness method. Because of the calculation procedure, the method used focuses only on the differences between the options considered. As such it provides a measure of incremental benefits and costs associated with one system as compared with another. It does not presume, however, to measure the total benefits and costs associated with a transportation system per se. Those impacts which are common to all systems are eliminated, by subtraction, from the analysis. Thus, comparison among options should be assessed with caution. An option which generates, for example, a $2 million increase in benefits is not necessarily twice as good as one which generates a $1 million increase since the base benefits accruing to all systems may be $100 million and the more appropriate comparison would be between $102 million and $101 million.

4 - EVALUATION OF SHORT-TERM SURFACE SYSTEM ALTERNATIVES

4 - EVALUATION OF SHORT-TERM SURFACE SYSTEM ALTERNATIVES

4.1 - General

The objective of the analysis of system alternatives was to provide guidelines to changes which could be made in the transportation system over a 20-year period. There is, however, a division between changes that can be accomplished (and are required) in a short time period and changes that can be accomplished (and may be necessary) over a longer time frame. Major capacity additions, for example, in the form of constructing new roads or new mainline vessels may require several years to accomplish, while schedule changes or the introduction of 'off-the-shelf' vessels can be implemented in the near future. For this reason, two separate sets of surface system alternatives were defined with one set aimed at the short-term and the other at the long-term planning horizon. This section describes and evaluates the options considered as short-term solutions. Section 5 deals with the long-term alternatives.

4.2 - Short-Term System Alternatives

In all cases, the system options examined were aimed at meeting the transportation goals in terms of

- meeting the travel needs of Alaska residents
- supporting the regional economy by providing the required transportation services, and
- ensuring a judicious use of government funds.

Apart from this, however, short-term alternatives were defined to meet the following specific criteria

- they could be easily implemented (with a 1- to 3-year period)

- they would improve the system's ability to meet demand through the late-1980s/early-1990s, and

- they were sufficiently flexible that they would not preclude any longer-term options.

The following sections describe the seven options considered as short-term system alternatives.

4.2.1 - Option 1 - Continue Existing Service

This option served as a base case against which all short-term system alternatives were compared. It involved maintaining the existing (1985) routings and schedules for both mainline and feeder ferry service.

During the peak season the Columbia would operate on a weekly schedule out of Seattle while the Matanuska, Malaspina and Taku would operate twice weekly out of Prince Rupert. Each vessel would call at Sitka on a weekly basis. The Aurora and LeConte would continue to serve the feeder communities with Aurora focussing on the Prince Rupert-Ketchikan-Prince of Wales triangle and LeConte focusing on the Sitka-Juneau corridor. The Chilkat would continue to serve Metlakatla.

In terms of meeting demand, this option would result, over a 20-year time frame, in substantial unserved traffic, particularly to and from Seattle. In total, approximately 38% of the peak season passenger demand out of Seattle (260 000 passengers) could not be served and 10% (66 000 passengers) would have to be diverted to Prince Rupert. In addition, some 46 000 vehicle trips would be lost to the ferry system.

4.2.2 - Option 2 - Matanuska to Seattle

This option involved operating a second mainline vessel (probably the Matanuska) out of Seattle during the peak season. All other schedules and routings were unchanged from the base case.

The two-vessels-to-Seattle option provided a somewhat better picture in terms of ability to meet demand out of Seattle. Under this option, a total of 73 000 Seattle passengers (10% of peak demand) and 33 100 Seattle vehicles were unserved over 20 years. However, the loss of two trips per week out of Prince Rupert without any offsetting additional service there, resulted in a loss of 126 000 passengers (12.7% of peak Prince Rupert demand) and 57 400 vehicles out of Prince Rupert over 20 years. In addition, because of these capacity problems at Prince Rupert, no excess Seattle traffic could be diverted.

4.2.3 - Option 3 - Prince Rupert Summer Terminus

Under the third short-term option, all mainline vessels would operate twice weekly out of Prince Rupert during the peak season. Because of the increased capacity out of Prince Rupert, the Aurora was shifted to a Ketchikan base in order to provide additional service to feeder communities. Passengers desiring service to and from Seattle were assumed to transfer to Prince Rupert provided they were traveling with a vehicle. Seattle foot passengers, however, were assumed to be lost to the ferry system.

In total over 20 years this option resulted in the loss of 394 000 passengers out of Seattle (57% of the peak demand) as well as 20 700 vehicle trips. The balance of Seattle demand, a total of 296 400 passengers and 135 000 vehicles, were assumed to transfer to Prince Rupert. All demand to and from Prince Rupert was met by the system since Prince Rupert demand was given priority over Seattle transfers.

4.2.4 - Option 4 - Columbia Shuttle

Option 4 involved shuttling the Columbia between Seattle and Ketchikan during the summer peak, enabling her to make two round trips per week out of Seattle. The other three mainline vessels were presumed to continue their existing routes. However, to compensate for the loss of the Columbia's service north of Ketchikan, the Aurora and LeConte were drawn into quasi-mainline service with Aurora operating weekly out of Prince Rupert and LeConte twice-weekly out of Ketchikan.

Over the 20-year planning period, this option resulted in a loss of 43 200 Seattle passengers (6.3% of peak demand) and 18 500 vehicles. In addition, some 33 200 Prince Rupert passengers and 15 100 vehicles would be lost to the system. Transfers from Seattle to Prince Rupert would be minimal since, by the time capacity became critical at Seattle, it would also be reaching critical levels at Prince Rupert.

4.2.5 - Option 5 - Foreign Flag Vessel

This option required the Marine Highway to acquire and refurbish a foreign-built ferry and operate it out of Vancouver during the peak season. While the vessel could not carry traffic between points within the Southeast region, it could provide relief for capacity problems out of Seattle and thus free up space on the other mainline vessels. All other vessels were assumed to operate on their current schedules.

The addition of a foreign flag vessel enabled the system to meet all demand through to the mid-1990s after which some transfers from Seattle to Prince Rupert would be necessary, and some foot passengers out of Seattle would be lost. In total over 20 years, 10 400 Seattle passengers would be lost (1.5% of peak demand) and a further 22 500 would be transferred to Prince Rupert.

4.2.6 - Option 6 - High-Speed Catamarans

The sixth short-term option focused on using high-speed catamaran-type ferries to provide intra-regional ferry service during the peak season, and concentrating peak mainline service on the Seattle route.

In total, a fleet of four catamaran ferries was presumed, each with capacity to carry 14 vehicles and 90 passengers. These vessels would operate on a variety of both feeder and high-density routes in the region. The Columbia, Malaspina and Matanuska were all presumed to operate once a week out of Seattle while the Taku and LeConte would operate out of Prince Rupert. Aurora was assumed to operate on a combination mainline-feeder route out of Ketchikan providing additional mainline capacity as well as heavy-freight service into feeder communities.

In terms of total traffic served, this option resulted in the loss, over 20 years, of 21 000 peak Seattle passengers (3% of peak demand) and 9 500 Seattle vehicle trips. In addition, there would be a capacity shortfall out of Prince Rupert resulting in a total loss of 96 600 passengers (9.7% of peak demand) and 43 900 vehicle trips to and from the port.

4.2.7 - Option 7 - High-Speed SES Ferries

The final short-term option involved using larger high-speed ferries to provide peak intra-regional service and again concentrating mainline service on Seattle.

Under this scenario, it was presumed that two large (180-passenger, 40-vehicle) SES-type high-speed ferries would be acquired and operated on combined feeder-mainline routes throughout the region. The Columbia, Malaspina and Matanuska would operate out of Seattle while the Taku would continue her existing twice-weekly schedule out of Prince Rupert. In addition, the Aurora would operate on a mainline route out of Prince Rupert

while the LeConte would serve Prince Rupert, Ketchikan and Hollis on a daily round trip basis.

This option had essentially the same impact on Seattle traffic as Option 6; over 20 years a total of 20 800 passengers and 9 400 vehicle trips would be lost. The increased service level out of Prince Rupert, however, resulted in lower losses there. In total, 30 600 Prince Rupert passengers (3.1% of peak demand) and 13 900 vehicles would be lost to the system.

4.3 - Evaluation of Short-Term Options

4.3.1 - Financial Evaluation

As described in the methodology section (Section 3), each option was first evaluated with respect to financial impacts on the Marine Highway, the State government and the user. The results of this analysis (in terms of discounted 20-year total costs and revenues) are shown in Table 4.1.

The table does not provide a separate figure for cost to the State since, under the short-term options, the only changes in costs to the State would arise as a result of changes in the AMHS deficit. Thus net costs to the AMH and total State costs would be the same.

The table indicates that two of the system alternatives, Option 2 (Matanuska to Seattle) and Option 4 (Columbia shuttle), result in a lower financial cost to the State than would arise under continuation of the existing system. In addition, as noted earlier, both options would meet a higher portion of projected demand.

The remaining options all result in higher financial costs than in the base case. However, with the exception of Option 3 (Prince Rupert terminus), all provide service to a greater portion of total demand. As a result, the total costs per effective passenger mile are all (with the exception of Option 3) lower than in the Base Case-Existing System option.

TABLE 4.1

FINANCIAL IMPACTS - SHORT-TERM SYSTEM OPTIONS

(Net Present Value, Total over 20 years discounted at 5% - $ Millions)

System Option	Existing System	Matanuska to Seattle	Prince Rupert Terminus	Columbia Shuttle	Foreign Flag Vessel	High-Speed Catamarans	High-Speed SES Ferries
Cost to AMHS							
Vessel Capital	$241.3	$241.3	$241.3	$241.3	$253.3	$255.7	$270.1
Vessel Operating	671.2	671.2	671.2	673.8	740.5	703.8	711.3
Port Capital	-	-	0.4	3.9	-	-	-
Port Operating	28.2	28.2	28.2	28.2	28.2	28.2	28.2
Less Fare Revenue	(486.3)	(512.0)	(437.2)	(520.1)	(539.4)	(530.6)	(537.9)
Net Cost	454.4	428.7	503.9	427.1	482.6	457.1	471.7
Cost to User							
Ferry	$486.3	$512.0	$437.2	$520.1	$539.4	$530.6	$537.9
Veh. Operating Cost	5.4	-	21.8	0.3	2.0	-	-
Total	491.7	512.0	459.0	520.4	541.4	530.6	537.9
Total Cost	946.1	$940.7	$962.9	$947.5	$1024.0	$987.7	$1009.6
Effective passenger miles (millions)	2063.4	2211.9	1929.1	2268.3	2311.7	2273.4	2298.8
Total cost per effective passenger-mile (dollars)	$0.458	$0.425	$0.499	$0.417	$0.443	$0.434	$0.439

4.3.2 - Service Cost Effectiveness

As noted in the methodology section, however, the financial analysis does not reflect the full range of impacts associated with the various options. In the first place, the financial costs do not reflect the user costs associated either with unmet demand or with the need to divert from one port to another. In the second place, they fail to include the impacts of better service quality (particularly as regards travel time) under certain of the service options.

Accordingly, for each option, the user costs were adjusted to reflect the differences in the number of passengers and vehicles served. In addition, the total travel times under each option were calculated and adjusted to reflect differences in traffic levels.

Each system option was then compared to the base case (Option 1) in terms of total adjusted user costs and total costs to the State, and the differences calculated. The results of this analysis are shown in Table 4.2.

Strictly in terms of user versus government costs, three options appear to have clear cut advantages over the existing system: Option 2 (Matanuska to Seattle), Option 4 (Columbia shuttle) and Option 6 (high-speed catamarans). The first two (Options 2 and 4) offer cost savings to both users and the State and hence are preferable to the current system for both parties. The third option (Option 6) is more costly to the State (by $2.7 million) but offers user cost savings which more than offset the State's cost increase.

Of the other options, Option 5 (foreign flag vessel) and Option 7 (high-speed SES ferries) both offer user cost savings, but the increase in costs to the State more than offsets the users' monetary benefits. The remaining option (Option 3, Prince Rupert terminus), however, is less attractive than the existing system in terms of both user costs and government costs and hence appears to be undesirable to both from the cost perspective.

TABLE 4.2

SHORT- TERM SYSTEM OPTIONS -
IMPACTS ON USER AND GOVERNMENT COSTS

Option	Change[1] in User Cost[2] ($millions)	Change[1] in Government Cost[2] ($millions)	Comments
2 - Matanuska to Seattle	-1.4	-25.7	Both better off.
3 - YPR Summer Terminus	+2.0	+49.5	Both worse off.
4 - Columbia Shuttle	-4.3	-27.3	Both better off.
5 - Foreign Flag Vessel	-5.8	+28.2	User saves 21¢ per dollar of added government cost.
6 - High-Speed Catamarans	-3.8	+2.7	User saves $1.41 per dollar of added government cost.
7 - High-Speed S.E.S.	-5.0	+17.3	User saves 29¢ per dollar of added government cost.

[1] As compared with existing system (Option 1).

[2] NPV of 20-year total costs.

Apart from cost impacts, consideration must also be given to the travel time impacts under the various options. The total adjusted changes in travel time are given in the first column of Table 4.3. The figures indicate that, with the exception of Option 4 (Columbia shuttle) all options lead to net travel time savings as compared with the base case. The highest savings are generated under the two high-speed ferry options (Options 6 and 7) and the lowest under the Prince Rupert terminus case.

In order to assess the value of these time savings, an 'imputed value' approach was used (as described in Section 3). First the total 'required' time value was determined by calculating the algebraic difference between monetary costs and savings (from Table 4.2). This figure represented the total value which would have to be assigned to travel time differences in order for positive impacts (savings) to equal or exceed negative ones (cost increases). The resultant values are shown in column 2 of Table 4.3.

These required total values were then divided by the number of hours saved (or lost) in order to determine the minimum hourly value (or maximum in the case of travel time increases) which would have to be assigned to travel time in order to equalize benefits and costs.

The figures indicate that in two cases (Option 2, Matanuska to Seattle, and Option 6, high-speed catamarans) the value of travel time savings can be as low as zero. Since monetary savings exceed monetary cost increases, the savings in travel time represent an added bonus which serves to enhance the merits of the system.

Three other options can be ranked in order of relative merit based on required time values. These are, in order of preference: Option 7 (high-speed SES ferries) where benefits would exceed costs when the value of travel time exceeds $1.15 per hour; Option 5 (foreign flag vessel), where travel time value must exceed $6.35 per hour; and Option 3 (Prince Rupert terminus) where the hourly value of travel time savings must exceed $83.10 per hour (an unlikely prospect).

TABLE 4.3

SHORT-TERM SYSTEM OPTIONS - USER TRAVEL TIME IMPACTS AND REQUIRED VALUE OF TIME

Option	Change[1] in User Travel Time (million hours)	Required Total Time Value[2] ($millions)	Required Hourly Time Value ($/h)
Matanuska to Seattle	- 3.94	(27.1)	ø
Prince Rupert Terminus	- 0.62	51.5	>83.10
Columbia Shuttle	+ 3.33	(31.6)	< 9.45
Foreign Flag Vessel	- 3.52	22.4	> 6.35
High-Speed Catamaran Ferries	- 9.16	(1.1)	ø
High-Speed SES Ferries	-10.73	12.3	> 1.15

1 As compared with Option 1; existing system.
2 Brackets denote negative required value.

The remaining option, the Columbia shuttle, is more difficult to rank since it generates substantial increases in travel time which offset its monetary advantages. In this case, the hourly value of travel time must be less than $9.45 per hour. Otherwise the cost of travel time increases will offset the monetary savings.

4.3.3 - Summary

The evaluation of the service/cost effectiveness of short-term system options indicates that two alternatives (sending the Matanuska to Seattle and acquiring high-speed catamarans) offer clear advantages over the existing surface system. In both cases, the monetary savings exceed the monetary cost increases. In addition, both options yield significant savings in user travel time.

The remaining options, while potentially better than the existing system (with the exception of the Prince Rupert terminus), are less advantageous than the two preferred alternatives.

The major drawbacks of the two preferred system options would be

- the substantial traffic losses out of Prince Rupert in the case of the 'Matanuska to Seattle' option, and

- the increase in the AMH operating deficit as a result of purchasing four high-speed ferries under the 'high-speed catamaran' option.

These problems are not without solution, however. For example, by combining the two concepts, a compromise situation could be reached whereby two vessels would operate out of Seattle (rather than the three presumed in the high-speed catamaran option) and a smaller number of catamarans could be used to free up one of the feeder ferries (e.g. the Aurora) to operate more frequently out of Prince Rupert.

5 - EVALUATION OF LONG-TERM SYSTEM ALTERNATIVES

5 - EVALUATION OF LONG-TERM SYSTEM ALTERNATIVES

5.1 - General

The definition and assessment of long-term surface system alternatives involved a changed perspective from the short-term in terms of both the demands to be met and the range of options available to provide service. While traffic demand is expected to continue to increase in the future, it is possible, in the long term, to envision major changes in the transportation system through the acquisition of additional mainline vessels, the development of new road links, the purchase of high-capacity, high-speed ferries, and the phased introduction of more substantial schedule changes.

As in the short-term, however, the key concern was to establish a balance between the goals of serving resident demand, supporting the regional economic sectors, and allocating government funds in a judicious and beneficial manner. A range of long-term alternatives was therefore specified not only in terms of operating characteristics but in terms of the level of investment in new capacity in order to meet demand.

The issue of investing to meet demand was of particular concern since it was recognized that new investment in mainline vessel capacity would primarily serve peak season tourist demand out of Seattle. During the off-peak season these vessels would not be required. It was therefore decided to investigate a range of options in terms of investing to meet peak tourist demand in order to determine the savings and impacts associated with providing lower levels of capacity.

Two investment scenarios were therefore analyzed.

- Acquire sufficient vessels to meet peak season demand out of both Seattle and Prince Rupert

- Acquire new mainline vessels only when combined vehicle demand out of Seattle and Prince Rupert exceeds combined vessel capacity. This implies

acceptance of the idea that passengers with vehicles will be willing to transfer from Seattle to Prince Rupert if ferry capacity is available.

In addition, for sensitivity testing, selected scenarios were evaluated whereby no new mainline vessels were acquired and demand in excess of capacity was presumed to be lost.

5.2 - Long-Term System Alternatives

Alternatives for surface system operations were defined as a series of 'Focuses' where each focus involved emphasizing a particular concept in terms of regional service and evaluating its impact throughout the system in terms of cost and service effectiveness.

Five key 'focus' areas were developed and are described in the following sections. It should be noted at the outset that definition of these 'focus' areas was not meant to suggest that all service improvements should be focused in a single region. Rather, the intent was to determine the relative system-wide impacts associated with these various improvements and select those which offered the greatest benefits relative to their costs.

5.2.1 - Option 1 - Mainline Service Focus

This option represented the base case against which all long-term options were evaluated. Essentially it involved continuing the philosophy of the June 1980 Regional Transportation Plan whereby the existing mainline and feeder route structures were proposed and additional system capacity provided, as required, by the acquisition of new mainline vessels.

For costing and capacity purposes, a conceptual new mainline vessel was defined which would be used in all cases where additional mainline ferries were required. The conceptual vessel, termed the 'AMH Special', was envisioned as providing effective capacity for 200 vehicles and 750 passengers, at a cruising speed of 18 miles per hour. Total capital cost was estimated at $45 million, while crewing and fuel costs were based

on the costs incurred by the Colombia. Maintenance costs were based on the average costs for mainline vessels.

Under the mainline service focus option, three of these new vessels would be required over the 20-year planning period. While one is needed immediately on the Seattle route, it was estimated that such a vessel could not be brought into service before 1989. A second 'AMH Special' would be required on the Seattle route by 1993, and a third vessel would be required, this time out of Prince Rupert, by the early 2000s.

Once the first 'AMH Special' was brought into operation in 1989, this option would successfully meet all system demand throughout the planning period. Between 1986 and 1989, a total of 12 500 passengers would be lost due to capacity shortfalls out of Seattle.

5.2.2 - Lynn Canal Focus

These options emphasized changes within the Lynn Canal corridor, analyzing their impacts on both Lynn service and on service throughout the region. Two Lynn service options, representing the preferred Lynn corridor alternatives, were evaluated (see Figure 8).

- An east-side road from Juneau to Skagway with a shuttle ferry from Haines to the Katzehin River.

- Two high-speed SES shuttle ferries from Echo Cove to Haines and Skagway.

In both cases, northbound mainline ferry service was assumed to terminate at Juneau.

Investment

The Lynn road option involved extending the existing road from Echo Cove up the east side of the Lynn Canal to Skagway. A new ferry terminal would be built near the mouth of the Katzehin River and two shuttle ferries would operate between the new terminal and the existing terminal at Haines,

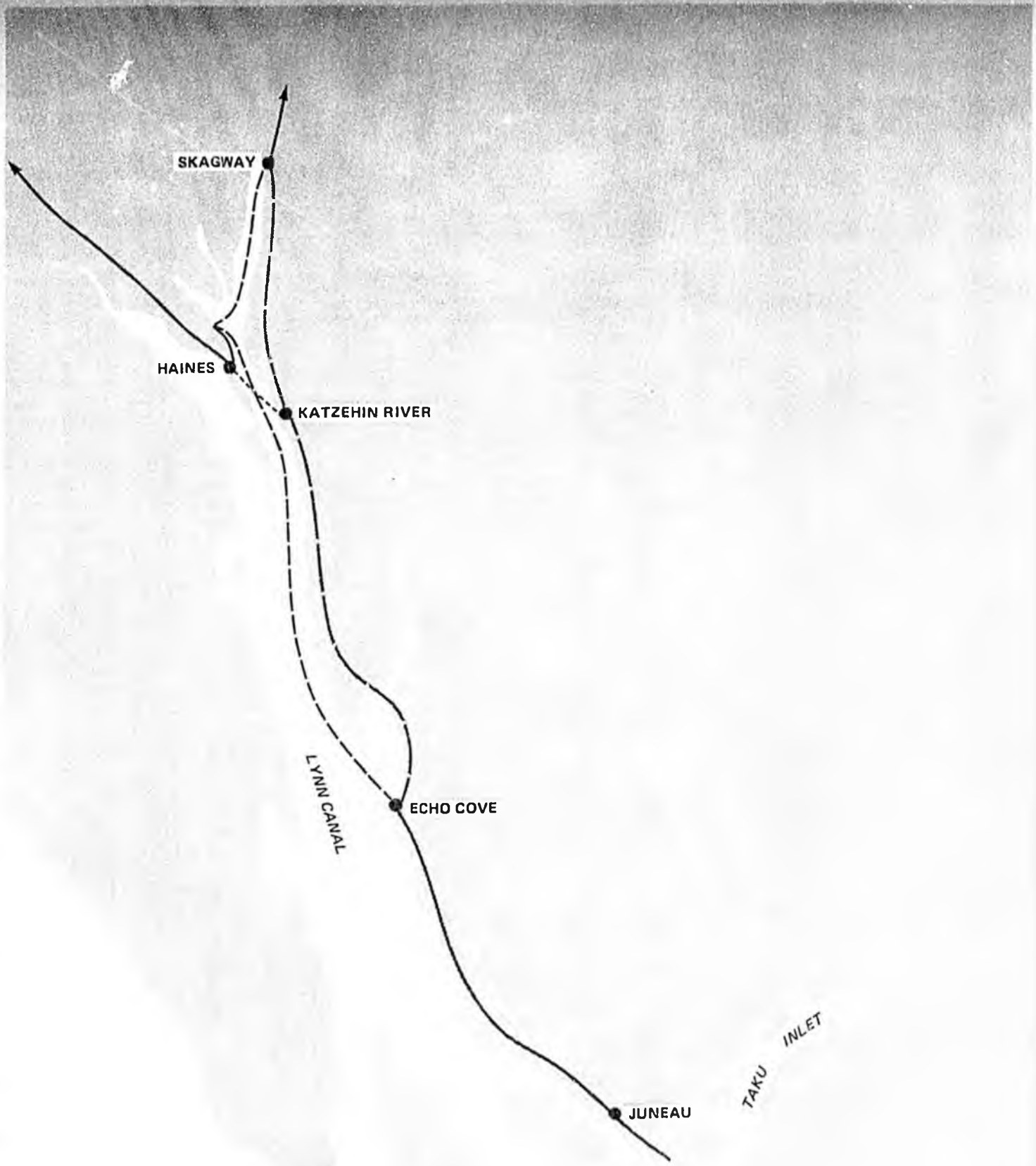


Figure 8

LYNN FOCUS ALTERNATIVES

providing a connection from Haines and the Haines Highway to the new road. Total capital investment for the road, terminal and shuttle ferries would be in the order of $274 million.

Under the high-speed shuttle option, the Marine Highway would acquire two SES-type, high-speed ferries to provide service between Echo Cove, Haines and Skagway. Each vessel was assumed to make three round trips per day during the summer season, calling at Haines on both the northbound and and southbound runs. For purposes of analysis, the high-speed ferries were assumed to operate during the summer season only. However, they could potentially operate on a reduced schedule during the off season if required. Total capital investment, including upgrading parts of the road to Echo Cove, constructing a new terminal there, and acquiring two high-speed ferries, was estimated at $31 million.

From the viewpoint of the system as a whole, two levels of investment were defined for each of these Lynn cases. In the 'meet demand' cases, new mainline vessels would be required in 1989 and in 1998, both operating on the Seattle route. In the 'reduced investment' cases, only one new mainline vessel would be added in 1998.

Ferry Schedules

In order to take advantage of the termination of mainline and feeder ferry service up the Lynn Canal revised schedules were defined for the existing and proposed new ferries. These are outlined in Figures 9 and 10. Under the 'meet demand' scenario, the proposed peak season Seattle service (Figure 9) would have both the Columbia and the second (1998) new ferry operating on an 'open jaw' route, running north from Seattle to Juneau, south to Prince Rupert, then back north to Juneau and south to Seattle. A trip from Seattle to Prince Rupert would require 4.5 days, so each vessel would return to Seattle every nine days. Two other vessels, the Matanuska and the first new mainline ferry would operate on a weekly round trip service from Seattle to Juneau, calling at Sitka in both directions.

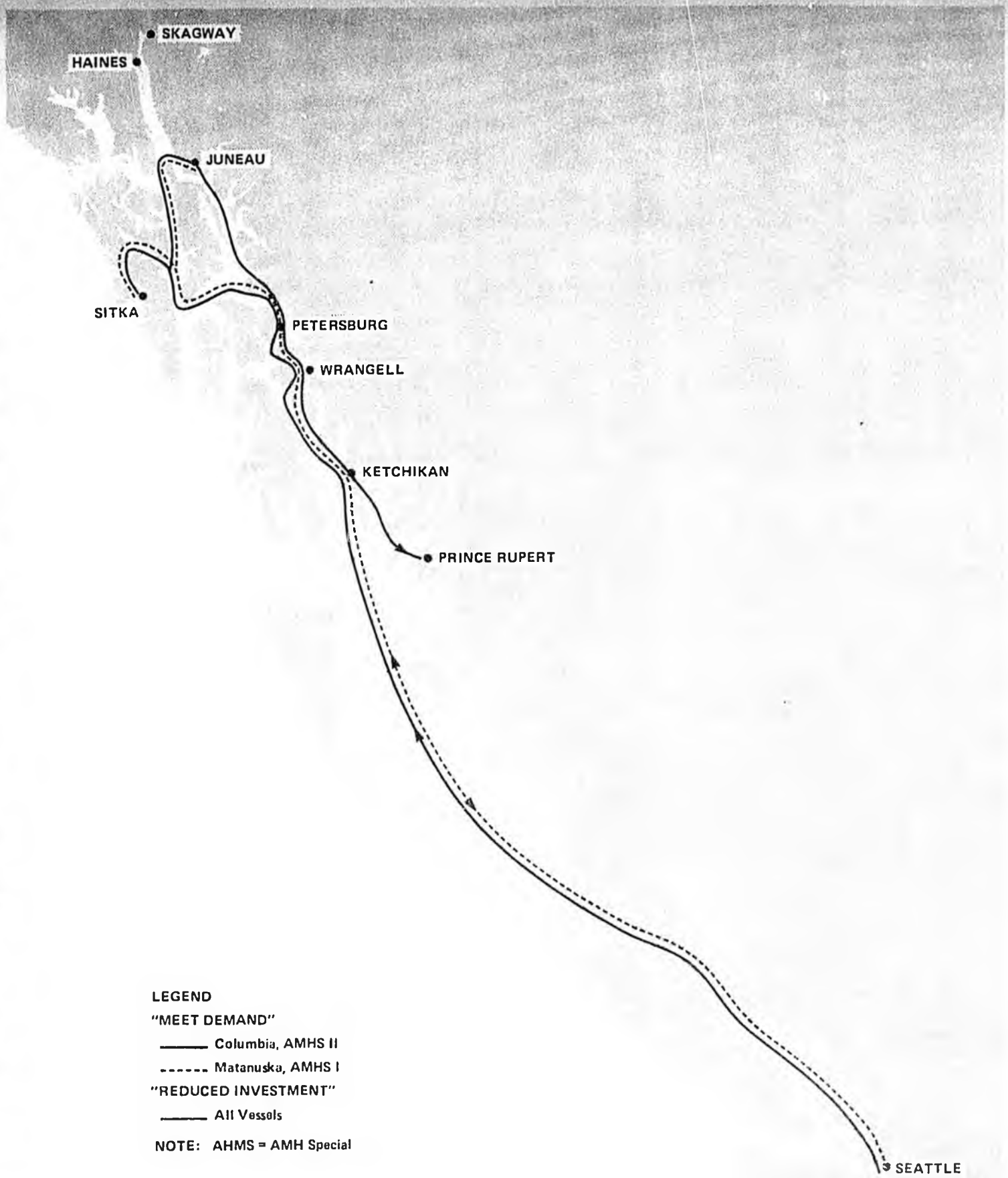


Figure 9

LYNN FOCUS OPTIONS
SEATTLE SERVICE

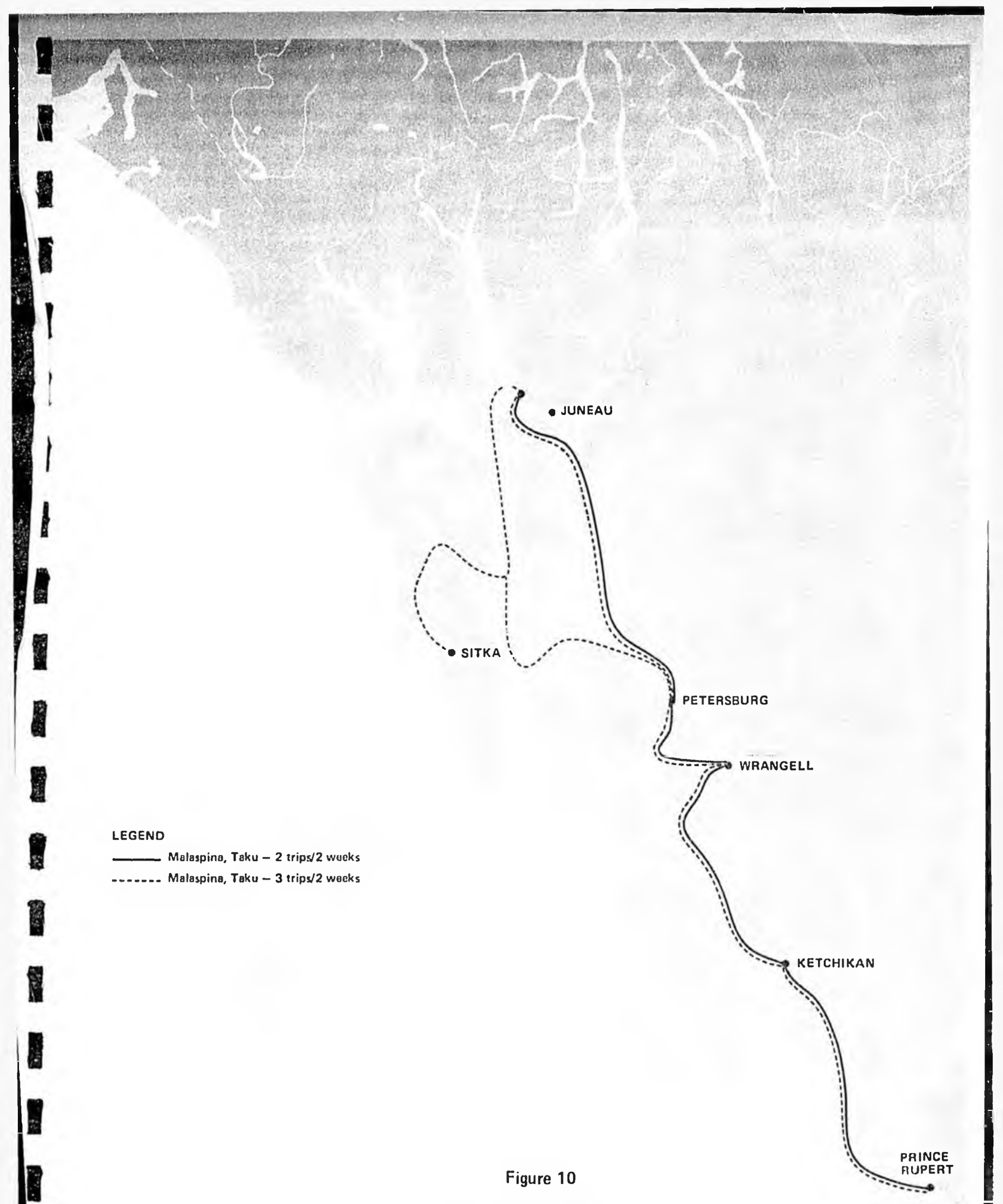


Figure 10

LYNN FOCUS OPTIONS
PRINCE RUPERT FERRY SERVICE

Under the 'reduced investment' scenario, where only one new mainline vessel was acquired, the Columbia, the Matanuska, and the new ferry would all operate on the 'open jaw' schedule.

Revised ferry routings out of Prince Rupert are shown in Figure 10. The Malaspina and Taku would operate on routes very similar to their existing schedules, calling at Sitka on alternate trips, but would not travel up the Lynn Canal. This allows a slight increase in the number of trips from two per week to five in a two-week period. These schedules would apply under both the 'meet demand' and 'reduced investment' scenarios.

In terms of feeder ferry service, a number of alternatives would be possible under the Lynn options. The added mainline service between Prince Rupert and Petersburg could free the Aurora to provide more links for Prince of Wales Island. Similarly, the termination of Lynn Canal service and the added mainline trips would allow the LeConte to focus on linking northern feeder communities to a greater number of destinations.

Traffic Impacts

Under the 'meet demand' scenarios, the Lynn options would provide service to all traffic throughout the system after 1989 (when the first new mainline vessel was acquired). Under the 'reduced investment' scenarios, the Lynn road option would result in total losses of 31 100 passengers and 1 000 vehicles out of Seattle over 20 years, primarily between 1986 and 1989 (4.5% of peak demand) and the diversion of 85 600 passengers (12.4% of peak demand) and 38 900 vehicles from Seattle to Prince Rupert.

The 'reduced investment' Lynn high-speed shuttle option would result in the loss of 13 000 passengers out of Seattle (2% of peak demand) and the diversion of 82 200 passengers (11.9% of peak demand) and 37 400 vehicles from Seattle to Prince Rupert.

Within the Lynn corridor itself, both Lynn options were assumed to generate a measure of induced traffic (i.e. passengers and vehicles which would not have made the trip under the existing system but which were persuaded by

lower costs and/or better service to travel in the corridor). Different inducement factors were used for the road and the shuttle options. Under the road option it was assumed that the lower cost and improved travel time would generate an average of 100 000 additional vehicle movements per year. The shuttle option, with a lower service level and higher cost was assumed to generate on average an additional 25 000 vehicle trips per year. With summer operation only, induced traffic was estimated at one-half the annual figure or an average of 12 500 vehicle trips.

5.2.3 - Sitka Focus

The Sitka options focused on long-term changes in the way in which the Sitka community was incorporated into the surface system. Three service options were assessed.

- Construct a road from Sitka to Baranof and operate mainline and feeder service out of Warm Springs Bay.
- Construct a road from Sitka to Rodman Bay and provide mainline and feeder ferry services out of a Rodman Bay terminal.
- Provide high-speed SES ferry service on the Sitka-Juneau and Sitka-Petersburg links. Terminate mainline service into Sitka.

A map highlighting these options is shown in Figure 11.

Investment

The Baranof road option would involve the construction of a new road from Sitka to Warm Springs Bay. In total, 26 miles of new road, including a tunnel and substantial avalanche protection, would be required and a new mainline/feeder ferry terminal would have to be constructed. Total capital cost to implement this option was estimated at $181.5 million.

The Rodman Bay road option would involve a 46 mile extension of the existing northbound road and construction of a new mainline/feeder ferry terminal on

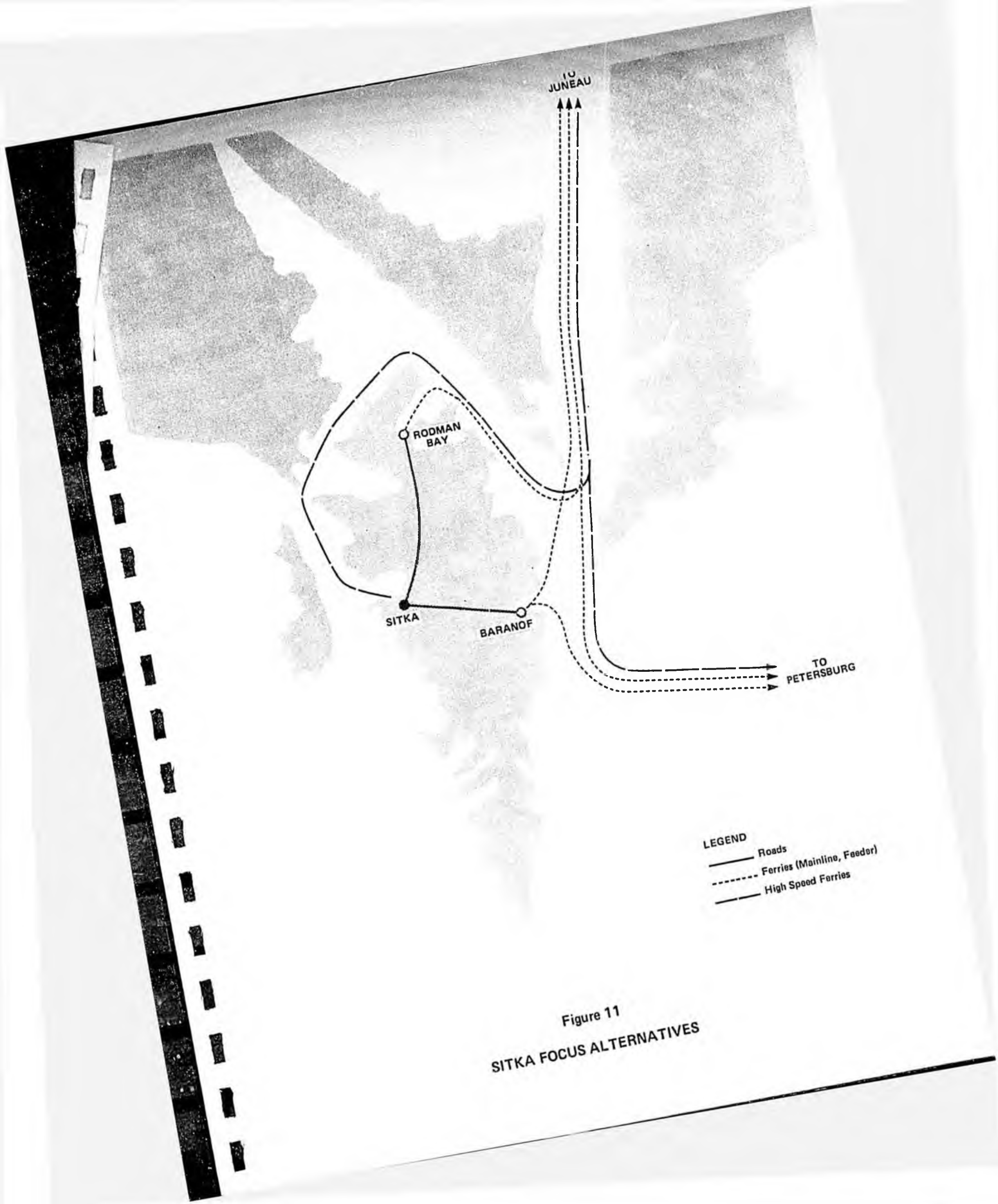


Figure 11

SITKA FOCUS ALTERNATIVES

Rodman Bay. Although the road distance is substantially greater than under the Baranof option (the new terminal would be approximately 54 miles from Sitka), the terrain is less severe and total capital cost for the road and terminal was estimated at $160 million.

The third Sitka option would involve the use of two large SES-type high-speed ferries to link Sitka to Juneau, Petersburg, and the feeder communities in between. One vessel would make a daily round trip from Sitka to Juneau calling at Angoon in both directions and at Tenakee Springs and Hoonah on either the outbound or return leg. The second vessel would make a daily round trip from Sitka to Petersburg, calling at Kake in both directions. For analytical purposes, these vessels were assumed to operate during the peak season only, with normal mainline and feeder services being resumed in the off-peak. However, as with the Lynn high-speed option, these vessels could potentially operate over a longer season on a reduced schedule if required. Total new capital investement in this option would be $24 million - $12 million per vessel.

The required mainline capacity additions under each of these Sitka options were essentially the same. Under the 'meet demand' scenarios, all options were found to require new mainline vessels in 1989 and in 1998. Under the 'reduced investment' scenarios, each option presumed a new mainline vessel in 1998 only.

Ferry Schedules

Ferry schedules under the Baranof and Rodman Bay road options were adjusted to take advantage of the time saving arising from the reduced sailing distance and elimination of the tide delays in Sergius Narrows. The proposed mainline routes are shown in Figures 12 and 13.

Figure 12 shows the Seattle ferry service under the two Sitka road options. Under the 'meet demand' scenarios, two vessels, the Columbia and the second new ferry, would operate on an 'open jaw' route from Seattle north via Baranof/Rodman Bay to Skagway, then south to Prince Rupert. At Prince Rupert they would turn back north to Skagway, then south via Baranof/Rodman

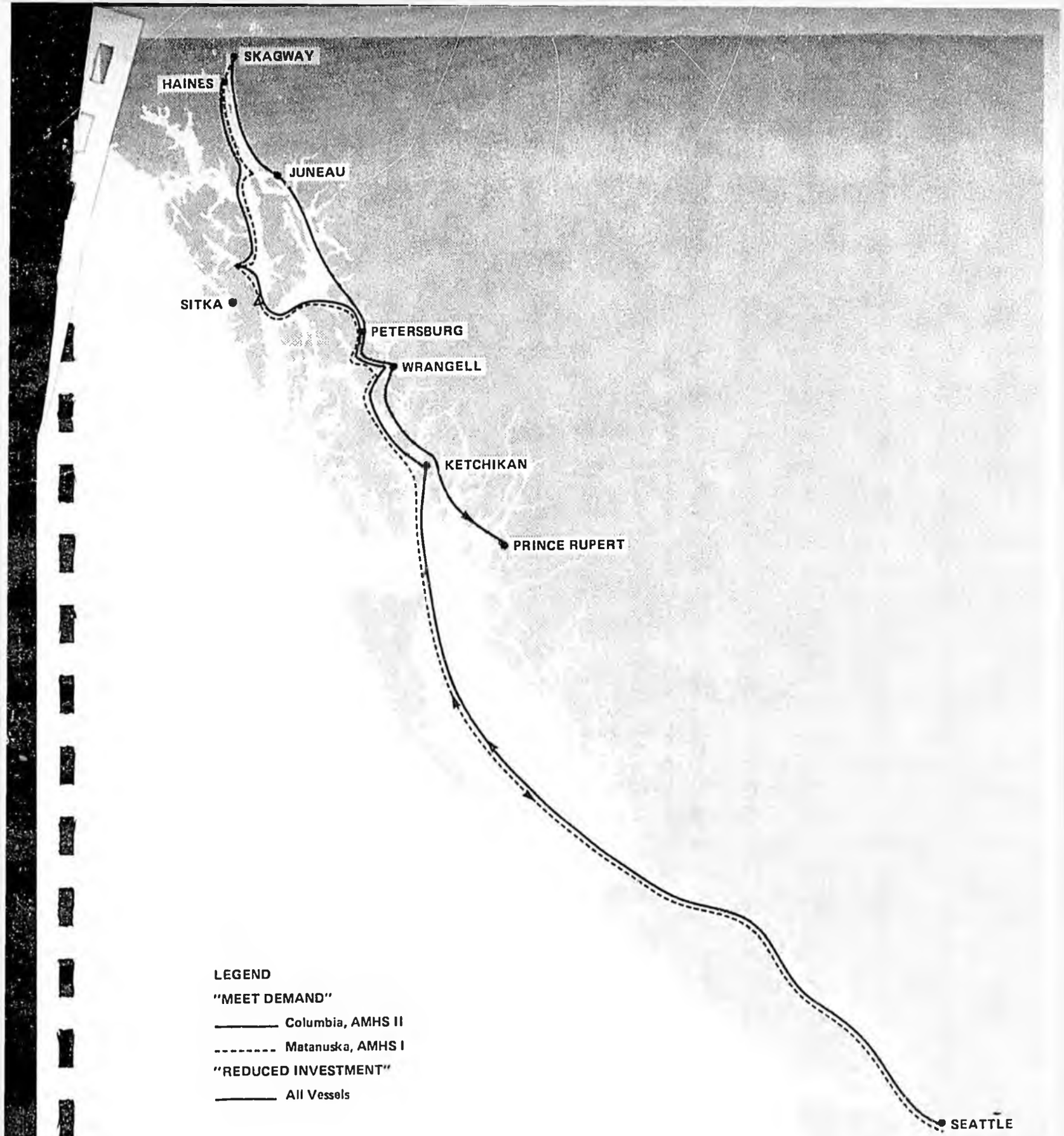


Figure 12

SITKA ROAD OPTIONS
SEATTLE FERRY SERVICE

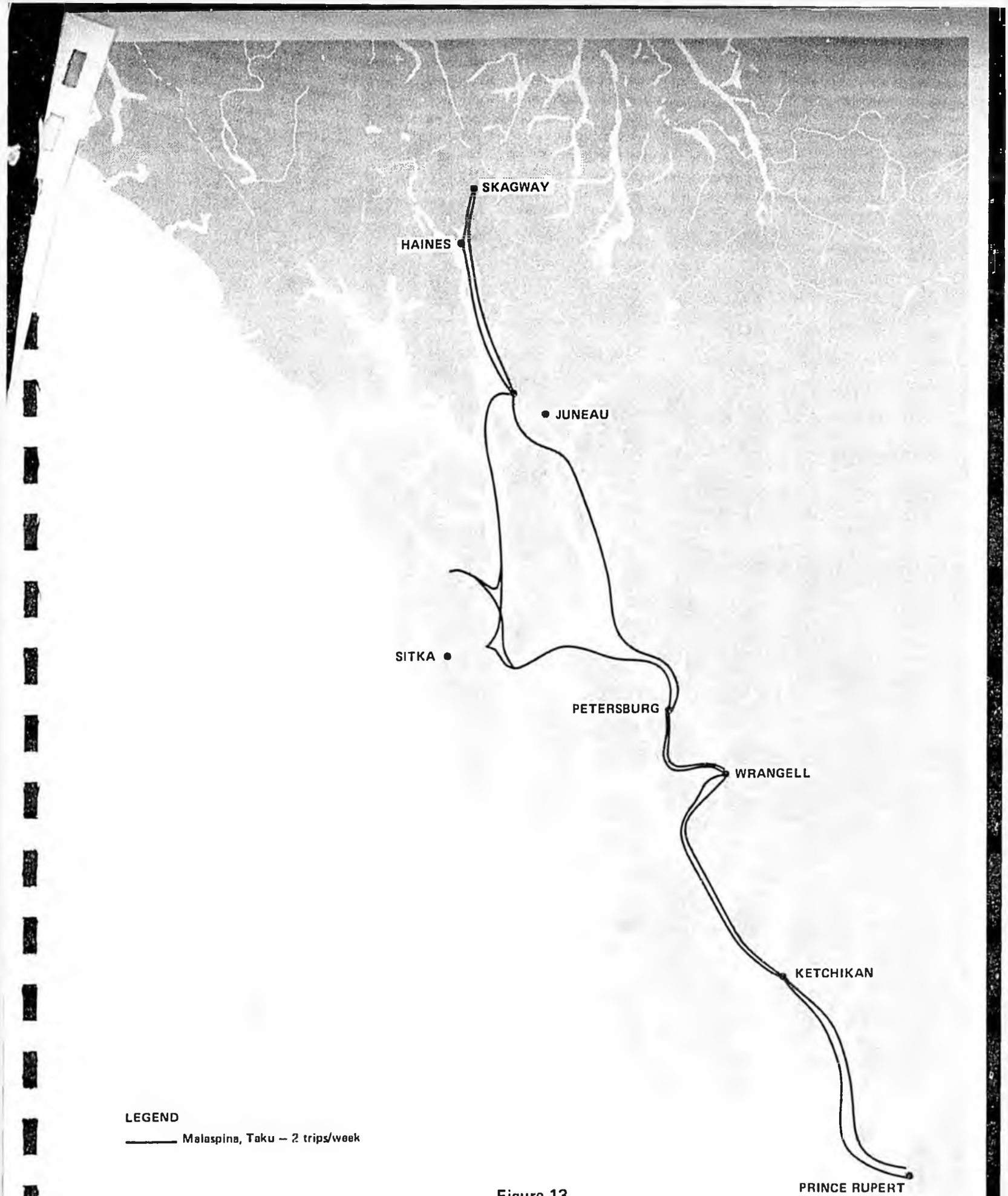


Figure 13

SITKA ROAD OPTIONS
PRINCE RUPERT FERRY SERVICE

Bay to Seattle. Each trip from Seattle to Prince Rupert would take 4.5 days so each vessel would return to Seattle every nine days. Two other vessels, the Matanuska and the first new ferry would operate a weekly round trip service from Seattle to Skagway, calling at Baranof/Rodman Bay in both directions.

Under the 'reduced investment' scenarios, Seattle service would involve three vessels, the Columbia, the Matanusaka, and the new ferry, operating on the 'open jaw' route between Seattle and Prince Rupert.

The proposed Prince Rupert service is shown in Figure 13. Under the road options, the Malaspina and Taku would operate twice weekly on a route basically similar to their current 'Sitka' run. However, instead of making only one trip per week via Sitka, they would call at Baranof/Rodman Bay on both round trips.

The road options would also allow greater utilization of the LeConte. The time saved by eliminating three weekly trips into Sitka harbor could be used to provide additional trips into the feeder communities of Kake, Angoon, Hoonah, Tenakee Springs and Pelican.

The Sitka shuttle option involved somewhat different ferry schedules for the mainline and feeder services. Since Sitka would be served, under this option, by high-speed ferries to Juneau and Petersburg, the mainline ferries were able to sail directly between Juneau and Petersburg without traveling west of Admiralty Island.

The proposed mainline routes out of Seattle and Prince Rupert are shown in Figures 14 and 15 respectively. The Seattle service, under the 'meet demand' scenario, would involve operating the Columbia, the Matanuska and the second new mainline ferry on an 'open jaw' route between Seattle, Skagway and Prince Rupert. The first new ferry would operate a weekly round trip service between Seattle and Skagway.

Under the reduced investment scenario, all three vessels would operate on an 'open jaw' route out of Seattle. These routes and schedules offer essentially the same Seattle service as under the road options.

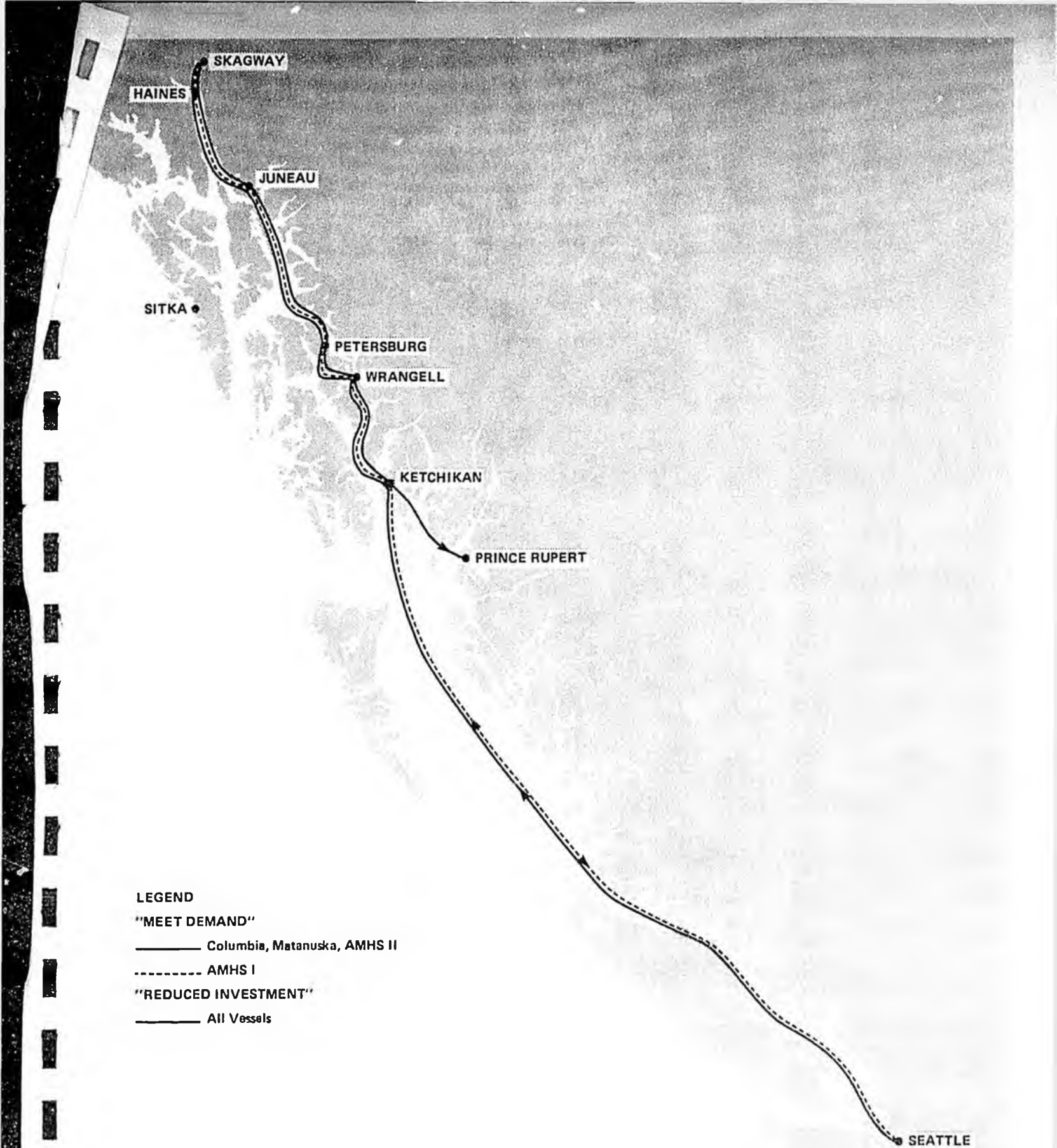


Figure 14

SITKA SHUTTLE OPTION
SEATTLE FERRY SERVICE

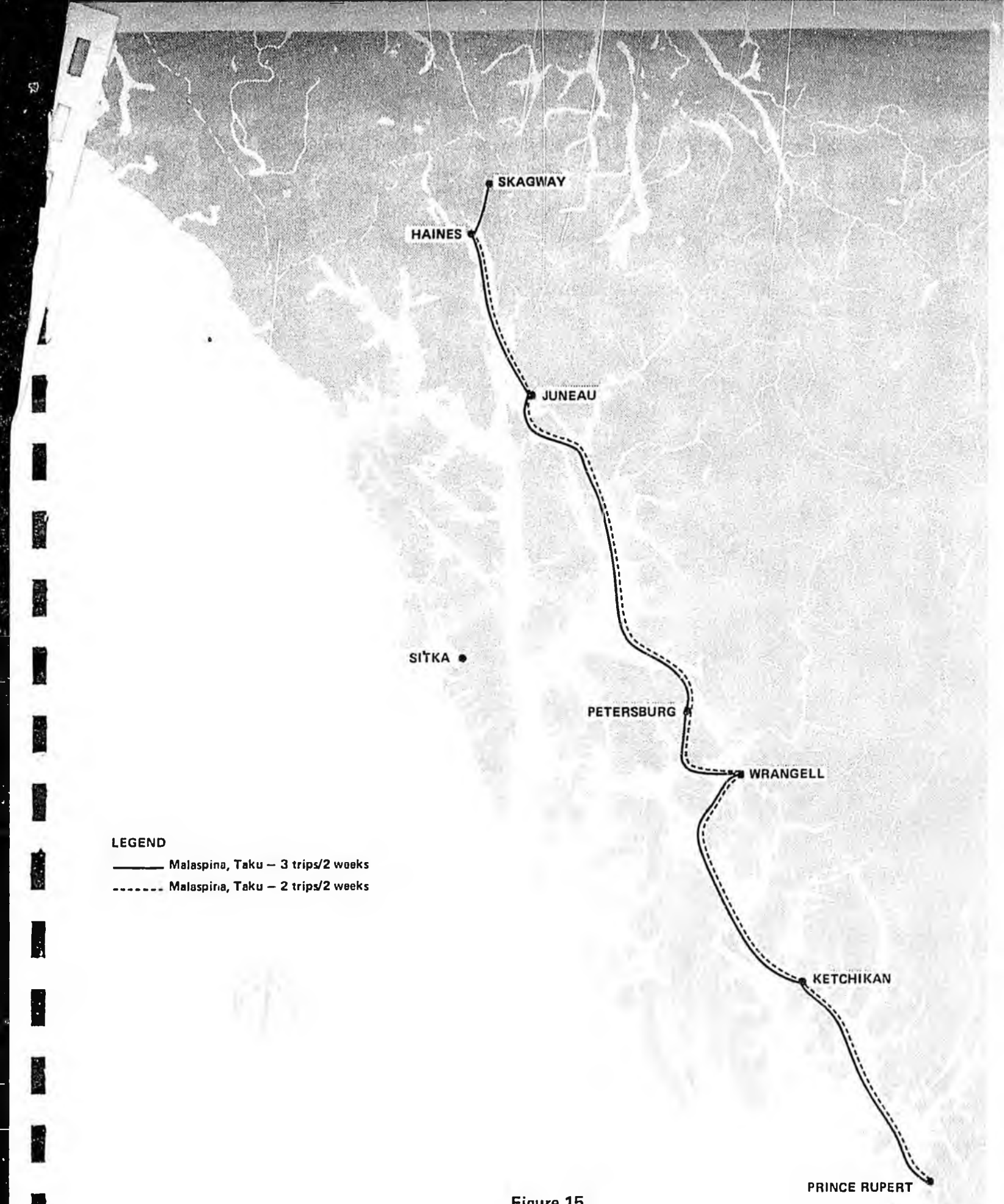


Figure 15

SITKA SHUTTLE OPTION
PRINCE RUPERT FERRY SERVICE

Prince Rupert service under the Sitka shuttle option would be somewhat better than under the road options, however. Rather than two round trips per week out of Prince Rupert, the Malaspina and Taku could each make five round trips over a two-week period. On three of these voyages they would travel as far as Skagway. On the remaining two, however, they would have to turn at Haines. Skagway would, however, be served on all voyages by the Seattle vessels.

Proposed changes in feeder service under the Sitka shuttle option were minor. The LeConte would continue to serve Pelican but on a more frequent basis. In addition, she would continue to provide service in the Juneau-Sitka-Petersburg region for movement of heavy freight and oversized vehicles.

Traffic Impacts

The traffic impacts of the Sitka options were roughly the same under the 'meet demand' scenarios. Apart from some losses during the early years until a new mainline vessel could be brought into service, all options met system demand throughout the planning period. The shuttle option involved somewhat lower losses, however, since it could be implemented earlier than the road options and could therefore provide additional Seattle and Prince Rupert service at an earlier date.

Under the 'reduced investment' scenarios, where no new vessels were added until 1998, the shuttle option resulted in lower losses than did the two road alternatives. The Baranof and Rodman Bay options resulted in losses of 83 800 Seattle passengers (12.1% of peak demand) and 24 900 Seattle vehicles over 20 years, and a small portion of Prince Rupert demand (6 900 passengers and 3 200 vehicles) could also not be served. In addition, 33 000 Seattle passengers and 15 000 vehicles would be diverted to Prince Rupert.

The reduced investment shuttle option resulted in the loss of 13 000 Seattle passengers (1.9% of peak demand) over 20 years. Diversions would be higher than in the road options, however, with 71 700 Seattle passengers obliged to transfer to Prince Rupert.

The Sitka high-speed ferry option was also expected to attract a small amount of induced traffic, largely from the air service. While the high-speed service would be significantly better than the existing ferry service, it would not, however, provide a service comparable to the daily jet flights to and from Juneau and Ketchikan. Accordingly, the high-speed ferry was estimated to attract approximately 5% of the projected peak internal jet passengers or an average of approximately 1 375 passengers per year.

5.2.4 - Prince of Wales Island Focus

The Prince of Wales Island focus concentrated on the local and system-wide impacts of changes in the service to and from Prince of Wales Island. Four separate options were evaluated. (See Figure 16.)

- Relocate the Clark Bay terminal to Tolstoi Bay, and provide mainline and partial feeder service through the new terminal. Connect Tolstoi Bay to the Island communities by extending the road from Thorne Bay or from Hollis.

- Develop a new terminal at Red Bay on the north end of the Island, connected by road to the existing Klawock-Thorne Bay highway. Provide ferry service from Red Bay to Blind Slough and Wrangell, and from Hollis to Ketchikan.

- Acquire a high-speed catamaran-type ferry to provide twice-daily service between Hollis and Ketchikan. Move the Aurora to other routes.

- Acquire a high-speed catamaran-type ferry to provide service in the Hollis-Ketchikan-Clarence Straits region. Supplement Hollis-Ketchikan service with alternate-day service by the Aurora.

Investment

The Tolstoi Bay terminal option would require construction upgrading of approximately 17 miles of road to connect Thorne Bay to the new site. In

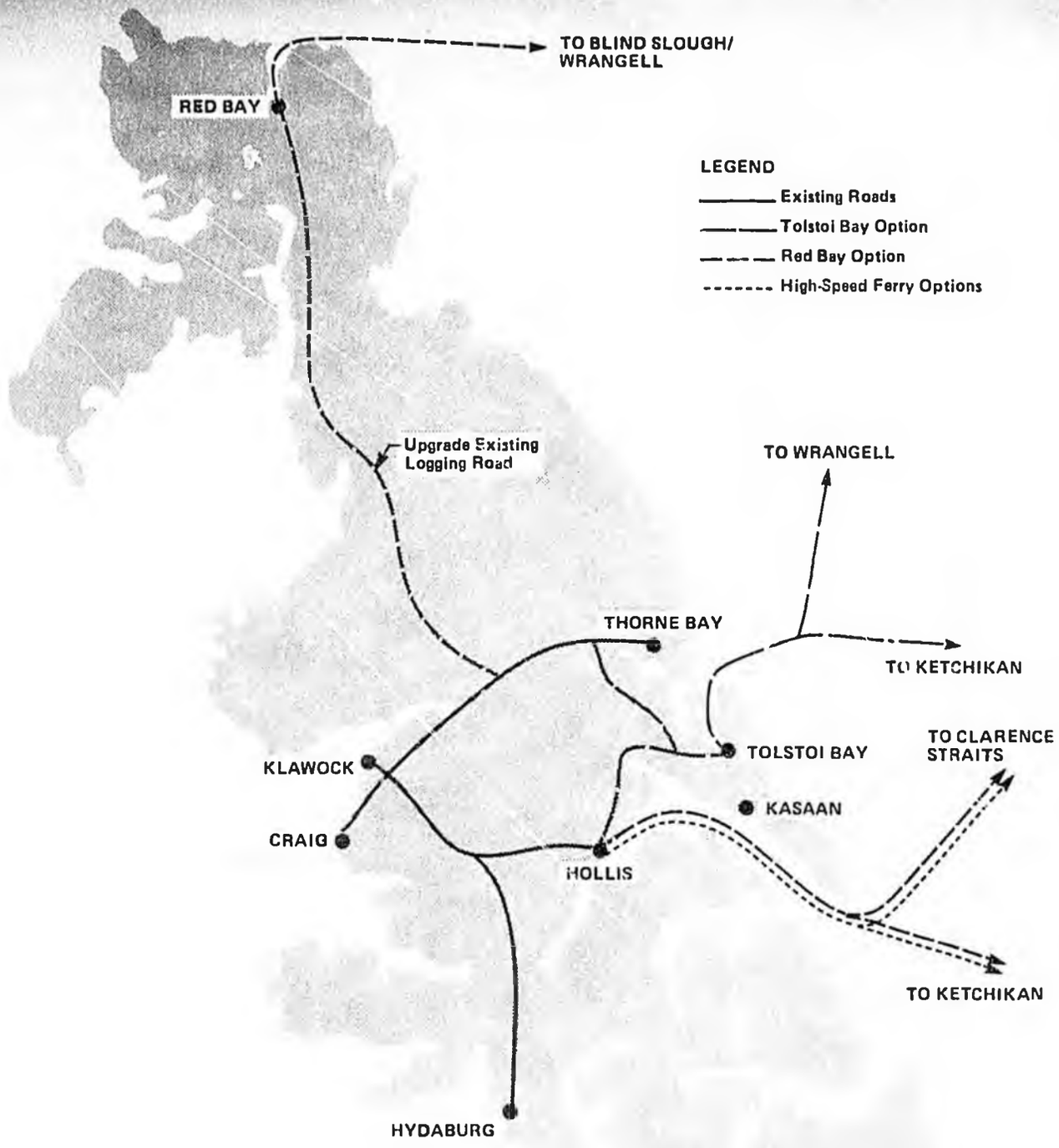


Figure 16

PRINCE OF WALES FOCUS OPTIONS

addition, a new mainline/feeder ferry terminal would have to be constructed. Estimated capital cost for this option was $18.3 million. The alternative of connecting to Tolstoi Bay through Hollis would involve 16 miles of new road construction. Estimated capital cost (including terminal development) would be $26.8 million.

The Red Bay terminal option would require the upgrading and extension of an existing forest service road. The total distance from Red Bay to the junction with the Klawock-Thorne Bay road would be approximately 53 miles. In addition, new shuttle terminals would be required at Blind Slough (on the southern shore of Mitkof Island) and at Red Bay, and a small (15-vehicle) shuttle ferry would have to be acquired. Total estimated capital cost for the road, terminals and ferry was estimated at $71 million.

The two high-speed ferry options would each involve purchase of a single high-speed catamaran-type vessel at a cost of approximately $3 million. Some port modifications might also be necessary, but the extent of these would depend on the locations being served and on the level of sophistication desired.

Investment in the existing ferry system under the 'meet demand' scenarios was the same for all four Prince of Wales options; specifically, new mainline ferries were added to the system in 1989 and 1993. This corresponded closely to the additions required in the 'mainline service' option. However, the Prince of Wales options did eliminate the need for additional capacity out of Prince Rupert at the turn of the century.

Under the 'reduced investment' scenarios, a single new vessel was required by the system in 1993 under all Prince of Wales options.

Ferry Schedules

Modifications to the existing mainline and feeder ferry schedules under the Prince of Wales focus were most significant under the Tolstoi Bay terminal options. For the mainline vessels travelling out of Seattle, (the Columbia and the new mainline ferries), the revised schedule would involve calling at

Tolstoi Bay on both the northbound and southbound legs of their weekly voyages. The mainline vessels sailing out of Prince Rupert (the Matanuska, Taku and Malaspina) would call at Tolstoi Bay on their weekly trip via Sitka. On their direct Prince Rupert-Skagway voyage, however, they would bypass Tolstoi Bay. In order to supplement service out of Prince Rupert and in the Clarence Straits region, the Aurora was assumed to make 2-day round trips from Prince Rupert to Petersburg, calling at Tolstoi Bay in both directions.

The Red Bay option involved no change to existing mainline ferry service. Feeder service was provided by the shuttle ferry which would make a daily round trip between Red Bay, Blind Slough and Wrangell, and by the Aurora which would operate on a 2-day round-trip schedule calling at Prince Rupert, Ketchikan, Hollis, Wrangell and Blind Slough.

The high-speed shuttle and high-speed loop service options also involved no change in the mainline ferry service. Under the high-speed shuttle option, the catamaran could make two round trips per day between Hollis and Ketchikan. Alternatively, on some days (e.g. mid-week or Sundays) it could make one round trip to Hollis (and possibly Kasaan) plus two round trips between Ketchikan and Metlakatla. The Aurora could then be used to serve the Prince Rupert-Clarence Straits corridor as far north as Kake on a 2-day round-trip basis.

The Prince of Wales loop option would be similar to the shuttle option except that there would be more focus on multi-community high speed routes and less focus on direct Hollis-Ketchikan links. The Aurora would then supplement service between Hollis and Ketchikan, operating on a 2-day round trip route to Prince Rupert, Ketchikan, Hollis and Wrangell.

Traffic Impacts

Traffic impacts of the various Prince of Wales options were similar to other 'focus' options under the 'meet demand' scenarios. Once a new mainline vessel was brought into service in 1989, all demand would be met throughout the planning period.

Under the 'reduced investment' scenarios, the Tolstoi Bay and Red Bay options would both result in the loss of 46 100 passenger trips and 5 400 vehicle trips out of Seattle (6.7% of peak passenger demand) over the 20-year planning period. An additional 41 900 passengers (6.1% of peak demand) and 19 000 vehicles would be diverted from Seattle to Prince Rupert.

Under the two high-speed ferry options, losses out of Seattle would amount to 22 700 passengers and 5 600 vehicles over the study period (3.3% of peak passenger demand). In addition, 23 600 passengers and 10 700 vehicles would be diverted from Seattle to Prince Rupert.

5.2.5 - Stikine Focus

The final group of long-term system options emphasized development of a mid-region road access to supplement mainline ferry service. The two preferred options from the corridor studies were evaluated in the systems context, and a third option--constructing a road from Ketchikan to the Canadian border with a connecting link to Wrangell-- was also included.

The three Stikine options therefore involved the following (see Figure 17).

- Construct a road from Wrangell to the Canadian border. Provide shuttle ferry service between Wrangell and Petersburg via Blind Slough.

- Construct a road from Petersburg to the Canadian border. Provide shuttle ferry service between Wrangell and Petersburg via Blind Slough.

- Construct a road from Ketchikan to the Canadian border with a connecting link to Wrangell. Operate ferry services south of Ketchikan/Hollis and north of Wrangell.

Investment

The Wrangell road/shuttle option involved extending the existing road south past Pat's Creek, across Wrangell Island, crossing to the mainland at the

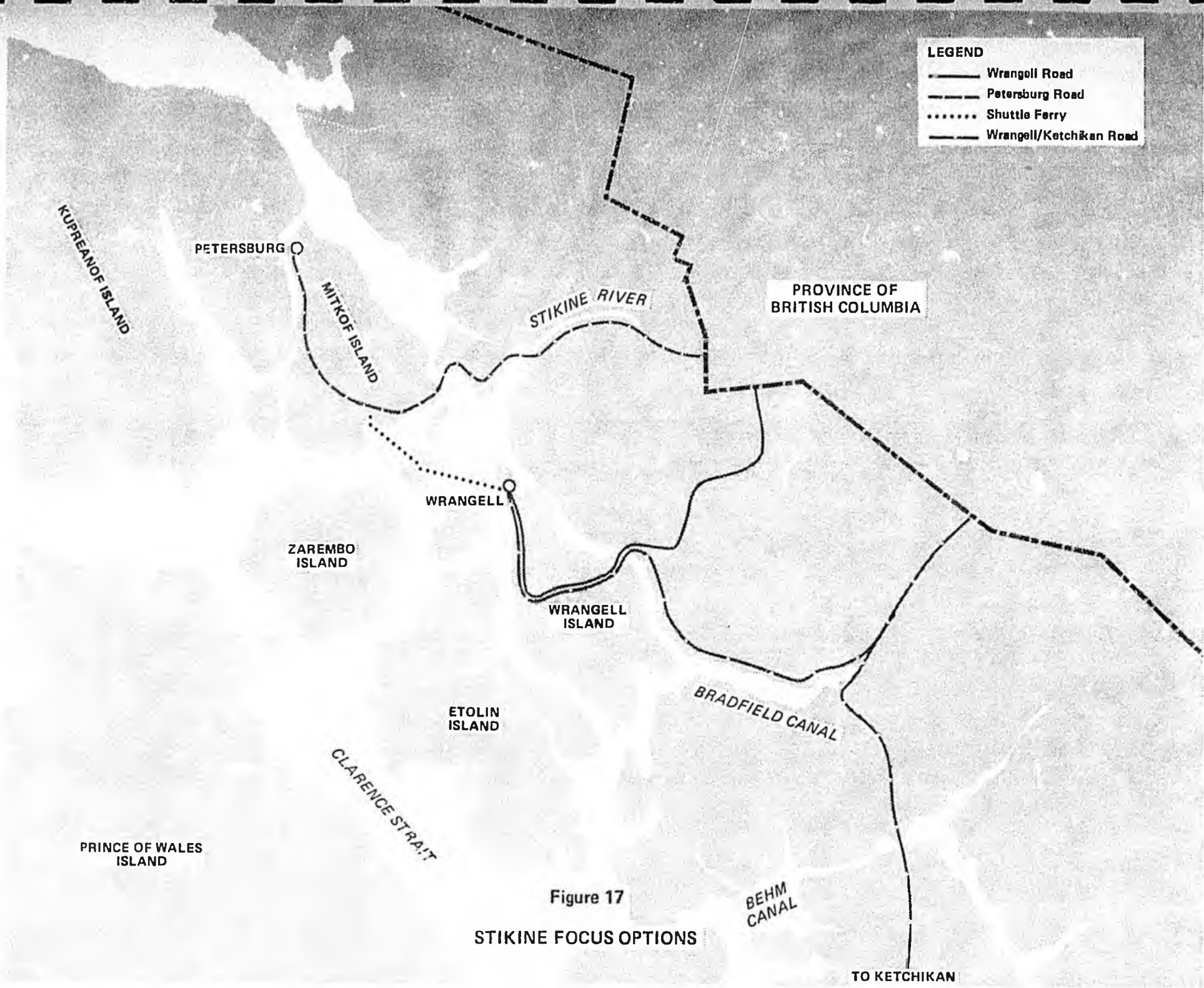


Figure 17

STIKINE FOCUS OPTIONS

Narrows, and following Aaron's Creek and the West Fork to the border. A total of 49 miles of new road would be required at an estimated cost of $157 million. In addition, a new ferry terminal would be built at Blind Slough, and a small shuttle ferry purchased which would be used to link Petersburg to Wrangell and the new highway. Capital cost for these items, together with some upgrading of the Mitkof highway, would add a further $6.5 million to the capital cost.

The Petersburg road option involved extending the existing Mitkof Highway across Dry Strait and along the south bank of the Stikine River (crossing over at Limb Island) to the Canadian border. As with the Wrangell option, a shutt'e ferry service would be provided so that both communities could be linked to the highway. This option would involve construction of 34 miles of new road at an estimated capital cost of $120 million. The shuttle ferry and terminal would add a further 6.5 million to the cost.

The Wrangell-Ketchikan road option would involve a significantly more substantia' road-building effort. The link out of Ketchikan would align northeasterly to Carroll Inlet, then follow the general alignment of Carroll Creek up to the north end of Revillagigedo Island. A shuttle ferry would be used to cross the Behm Canal just east of Bell Island after which the road would follow the Eagle River to Bradfield Canal and the North Fork of the Bradfield River and Craig River to the border. The Wrangell link would follow the alignment of the proposed Wrangell/Stikine road to Aaron's Creek, then turn south to follow the Blake Channel and Bradfield Canal, linking up with the Ketchikan Road at the mouth of the North Fork-Bradfield River.

Total construction would involve 176 miles of new road plus two shuttle-ferry docks at the Behm Canal for a total capital cost of $374 million. The shuttle ferry would add approximately $1 million to this total.

The need for mainline ferry capacity additions under the Stikine alternatives was approached in a somewhat different manner than under the other 'focus' options. While the 'meet demand' scenarios for other options involved providing ferry capacity to meet demand at both Seattle and Prince

Rupert, in the case of the Stikine road options the presumption was that the road would be used as an alternative to additional mainline capacity. Accordingly, under the Stikine options, 'meet demand' implied providing sufficient ferry capacity to carry traffic entering the system at Prince Rupert and/or at Wrangell-Petersburg. Thus, this scenario related more closely to the other options' 'reduced investment' scenarios where passengers with vehicles were obliged to transfer from one port to another in order to obtain ferry service.

Under this criterion, the Wrangell and Petersburg road options required the addition of one vessel operating out of Seattle in 1993 and a second vessel operating out of Prince Rupert in 1997. In this way, they were able to serve all vehicle traffic into the southeast region and at the same time keep the losses of Seattle foot passengers at a reasonable level.

Ferry Schedules

Apart from the added vessels, the existing ferry route structure was maintained throughout the planning period for the Wrangell and Petersburg road options.

The Wrangell-Ketchikan road option involved more drastic modifications to the ferry route structures. Since the policy of the transportation system is not to run ferry service in parallel with regional roads, it was presumed that ferry service would be eliminated between Wrangell and Ketchikan. Thus, through traffic from points south of Ketchikan to points north of Wrangell would have to travel either via road and then ferry or alternatively by ferry-road-ferry if they do not have direct access to the road system.

The proposed ferry service involved operating the Columbia on a twice-weekly shuttle service between Seattle and Ketchikan. The Aurora would provide daily round-trip service between Prince Rupert, Ketchikan and Hollis. All traffic between Seattle and Ketchikan/ Hollis and between Prince Rupert and Ketchikan/Hollis would be accommodated by one of these vessels.

Traffic from the southern termini and Ketchikan/Hollis to Wrangell and points north would use the road system (the Stewart-Cassiar Highway and/or the new Ketchikan road) to get to Wrangell. Ferry service out of Wrangell would be provided by the Malaspina, Taku and Matanuska. The Matanuska would provide twice-weekly service between Wrangell and Skagway calling at Sitka in both directions. The Malaspina and Taku would each provide two day round-trip service from Wrangell to Petersburg, Juneau, Haines and Skagway. The LeConte would continue on her existing routes. These scheduling changes are summarized in Figure 18.

Traffic Impacts

The traffic impacts of the Wrangell and Petersburg road options would involve the loss, over 20 years, of a total of 55 300 Seattle foot passengers (8% of peak season demand) and just under 1 000 vehicles. Total diversion of Seattle traffic to either Prince Rupert or the Stikine would amount to 71 800 passengers and 32 600 vehicles. This includes a total of 16 400 passengers and 7 500 vehicles travelling from Seattle to either Wrangell or Petersburg.

The traffic impacts of the Wrangell/Ketchikan road are more difficult to quantify. Theoretically, this system would fail to meet the needs of foot passengers travelling between the southern termini and points north of Ketchikan since some sort of vehicle would be required to get from Ketchikan to Wrangell. Similarly, foot-passenger traffic between Hollis/ Ketchikan and points north could be lost unless the passengers have a vehicle available to them at either Ketchikan or Wrangell. In addition, existing vehicle traffic from Seattle, Prince Rupert and Ketchikan to Wrangell, while served by the road system, would be lost to the ferry service. In total, as many as 700 000 passengers could be lost to the ferry system over the 20-year period, of which 526 000 would represent unserved demand.

Whether or not this is a fair assessment of impacts is questionable however. To evaluate a system which represents a fundamental departure from the existing type of service on the same basis as options which essentially conform to the existing pattern of demand can lead to misleading results.

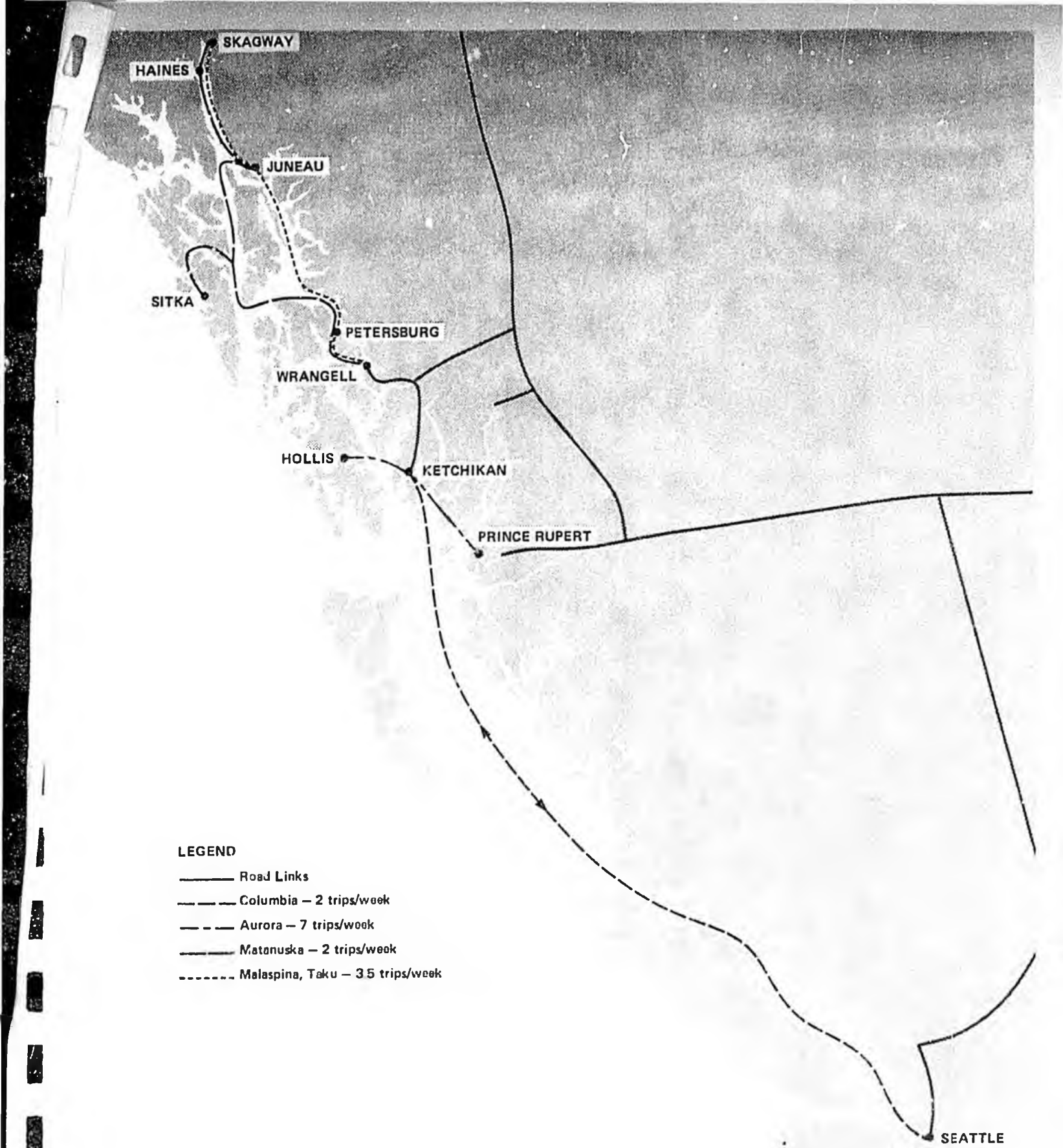


Figure 18

WRANGELL/KETCHIKAN ROAD
FERRY SERVICE

While the Wrangell/Ketchikan road option would seriously disrupt foot-passenger traffic to and from the region it could also, potentially, generate substantial new traffic into the area by drawing in through traffic from the Stewart-Cassiar and Alcan Highways.

5.3 - Evaluation of Long-Term System Options

5.3.1 - Financial Evaluation

Each of the long-term system options was first evaluated with respect to financial impacts on the Marine Highway, the state government, and the transportation user. The results of this analysis are summarized in Table 5.1 for the 'meet demand' scenarios and in Table 5.2 for the 'reduced investment' cases.

Looking first at the 'meet demand' scenarios (Table 5.1), it is apparent that one of the least costly options from the viewpoint of the state is the June 1980 Plan. All Lynn, Sitka and Stikine options and the Prince of Wales-Red Bay alternative represent a higher state cost yet serve essentially the same, or, in the case of the Stikine, a lower level of demand. However, there are three options which involve a lower overall cost to the state, all in the Prince of Wales region: the Tolstoi Bay terminal and the two high-speed ferry options.

Turning to the 'reduced investment' scenario (Table 5.2), however, leads to somewhat different results. If a slippage is allowed in terms of meeting demand as requested out of the southern terminus ports, the state can realize substantial savings over the June 1980 Plan under a number of service options. Once again, three of the Prince of Wales options appear most attractive. However, the Sitka shuttle and Lynn shuttle options also begin to look attractive.

TABLE 5.1

LONG TERM SYSTEM OPTIONS - "MEET DEMAND" SCENARIOS

FINANCIAL IMPACTS

NET PRESENT VALUE - 20 YEAR TOTAL - DISCOUNTED AT 5%
($ Million)

	June 1980 Plan	Lynn		Sitka			Prince of Wales				Stikine		
		Road	Shuttle	Baranof	Rodman	Shuttle	Tolstoi Bay Terminal	Rod Bay Terminal	Hi-Speed Shuttle	Hi-Speed Loop Route	Wrangell Road/Shuttle	Petersburg Road/Shuttle	Wrangell/ Ketchikan Road
	($)	($)	($)	($)	($)	($)	($)	($)	($)	($)	($)	($)	($)
Cost to AMHS													
Ship Capital	321.6	302.3	327.4	299.2	299.2	327.4	312.5	312.5	316.1	316.1	282.9	282.9	241.3
Ship Operating	773.9	747.6	787.0	716.6	720.4	785.5	753.2	762.3	770.4	771.0	724.5	724.5	667.9
Port Capital	-	3.6	2.2	3.0	3.0	-	2.6	3.9	-	-	2.0	2.0	-
Port Operating	28.2	29.9	33.5	28.2	28.2	28.2	28.2	29.0	28.2	28.2	29.0	29.0	28.2
Less fare revenue	(539.8)	(503.0)	(538.9)	(536.3)	(536.3)	(540.7)	(539.0)	(538.5)	(544.3)	(544.3)	(518.6)	(518.6)	(443.6)
Net cost to AMHS	$583.9	$580.4	$611.2	$510.7	$514.5	$600.4	$557.5	$569.2	$570.4	$571.0	$519.8	$519.8	$493.8
Cost to User													
Fares	539.8	503.0	538.9	536.3	536.3	540.7	539.0	538.5	544.3	544.3	518.6	518.6	443.6
Vehicle Operating Cost	1.5	20.4	4.9	2.7	3.9	1.0	1.7	1.6	0.4	0.4	7.1	7.1	28.2
Total Cost to User	$541.3	$523.4	$543.8	$539.0	$540.2	$541.7	$540.7	$540.1	$544.7	$544.7	$525.7	$525.7	$471.8
Cost to State													
AMH Deficit	583.9	580.4	611.2	510.7	514.5	600.4	557.5	569.2	570.4	571.0	519.8	519.8	493.8
Road Capital	-	176.7	1.6	121.5	107.1	-	14.6	42.2	-	-	106.4	80.3	251.7
Road Operating	-	15.8	6.4	10.5	5.0	-	1.9	6.8	-	-	14.3	7.1	32.6
Total Cost to State	$583.9	$772.9	$619.2	$642.7	$626.6	$600.4	$574.0	$618.2	$570.4	$571.0	$640.5	$607.2	$778.1
PAX not served ('000)	12.5	12.5	7.8	12.5	12.5	7.8	12.5	12.5	0	0	55.3	55.3	525.9

TABLE 5.2

LONG TERM SYSTEM OPTIONS - "REDUCED INVESTMENT" SCENARIOS

FINANCIAL IMPACTS

NET PRESENT VALUE - 20 YEAR TOTAL - DISCOUNTED AT 5%
($ Million)

	June 1980 Plan ($)	Lynn Road ($)	Lynn Shuttle ($)	Sitka Baranof ($)	Sitka Rodman ($)	Sitka Shuttle ($)	Prince of Wales Tolstoi Bay Terminal ($)	Prince of Wales Red Bay Terminal ($)	Prince of Wales Hi-Speed Shuttle ($)	Prince of Wales Hi-Speed Loop Route ($)
Cost to AMH										
Ship Capital	321.6	260.1	281.4	256.9	256.9	281.4	270.3	270.3	273.9	273.9
Ship Operating	773.9	699.2	725.6	659.2	663.8	726.5	699.2	708.1	716.2	716.8
Port Capital	-	3.6	2.2	3.0	3.0	-	2.6	3.9	-	-
Port Operating	28.2	29.9	33.5	28.2	28.2	28.2	28.2	29.0	28.2	28.2
Less fare revenue	(539.8)	(482.6)	(519.8)	(509.6)	(509.6)	(524.5)	(524.8)	(524.2)	(533.7)	(533.7)
Net cost to AMHS	$583.9	$510.2	$522.9	$437.7	$442.3	$511.6	$475.5	$487.1	$484.6	$485.2
Cost to Users										
Fares	539.8	482.6	519.8	509.6	509.6	524.5	524.8	524.2	533.7	533.7
Vehicle Operating Cost	1.5	25.5	10.2	4.2	5.4	5.7	3.7	3.6	1.6	1.6
Total Cost to User	$541.3	$508.1	$530.0	$513.8	$515.0	$530.2	$528.5	$527.8	$535.3	$535.3
Cost to State										
AMH Deficit	583.9	510.2	522.9	437.7	442.3	511.6	475.5	487.1	484.6	485.2
Road Capital	-	176.7	1.6	121.5	107.1	-	14.6	42.2	-	-
Road Operating	-	15.8	6.4	10.5	5.0	-	1.9	6.8	-	-
Total	$583.9	$702.7	$530.9	$569.7	$554.4	$511.6	$492.0	$536.1	$484.6	$485.2
PAX not served ('000)	12.5	31.1	13.0	90.7	90.7	13.0	46.1	46.1	22.7	22.7

5.3.2 - Service Cost Effectiveness

As noted in the methodology section, however, the financial analysis does not provide an assessment of the full impacts of the different levels of traffic served, nor does it provide a measure of the quality of service being offered under the different system options.

Accordingly, a supplemental analysis was carried out whereby user costs were adjusted to take into account the different degrees of service being provided, and a travel time assessment was developed to provide a measure of service quality.

The adjusted differences between each option and the base case (June 1980 Plan) were then calculated in terms of user costs and user costs plus travel time. The values of these 'impacts' were then compared with the increases or decreases in government cost under each option relative to the base case.

The comparative monetary impacts of the various long-term options are given in Table 5.3 for the 'meet demand' scenarios and in Table 5.4 for the 'reduced investment' scenarios.

The figures in Table 5.3 indicate that, based on quantifiable monetary impacts, three of the Prince of Wales options (Tolstoi Bay terminal and the two high-speed craft options) are more attractive than the June 1980 Plan from both the user and government perspectives. The two Lynn options, the Sitka shuttle and the three Stikine options provide some monetary savings to users, but these savings are less than the corresponding increases in government costs. The remaining three options are less attractive to both users and the state from the monetary viewpoint (although service advantages may serve to offset some of these costs).

Turning to Table 5.4 which presents the analysis of 'reduced investment' scenarios, it is apparent that, by allowing a slackening of the efforts to meet demand at the southern termini, the government can realize substantial savings at very little monetary cost to the user. In the 'reduced

TABLE 5.3

LONG-TERM SYSTEM OPTIONS -
'MEET DEMAND' SCENARIOS
ANALYSIS OF MONETARY IMPACTS

Option	Change in User Costs[1)2)] ($millions)	Change in Government Costs[1)2)] ($millions)	Comments
LYNN			
- Road	-73.6	+189.0	Users save $0.39 per dollar of added state cost
- Shuttle	- 9.1	+ 35.3	Users save $0.26 per dollar of added state cost
SITKA			
- Baranof	+ 1.2	+ 58.8	Less attractive to both users and state
- Rodman	+ 2.4	+ 42.7	Less attractive to both users and state
- Shuttle	- 0.1	+ 16.5	Users save $0.01 per dollar of added state cost
PRINCE OF WALES			
- Tolstoi Bay	+ 0.2	- 9.9	Government saves $49.50 per dollar of adder user cost
- Red Bay	+ 0.1	+ 34.3	Less attractive to both users and state
- Shuttle	- 0.4	- 13.5	More attractive to both users and state
- Loop	- 0.4	- 12.9	More attractive to both users and state
STIKINE			
- Wrangell Road	- 3.5	+ 56.6	Users save $0.06 per dollar of added state cost - does not meet demand
- Petersburg Road	- 3.1	+ 23.3	Users save $0.13 per dollar of added state cost - does not meet demand
- Wrangell/ Ketchikan Road	-18.6[3)]	+194.2	Users save $0.10 per dollar of added state cost - does not meet demand

1) As compared with 'Mainline Service Option - June 1980 Plan'.
2) Net present value - 20-year total.
3) Assuming existing pattern of demand.

TABLE 5.4

LONG-TERM SYSTEM OPTIONS -
'REDUCED INVESTMENT' SCENARIOS
ANALYSIS OF MONETARY IMPACTS

Option	Change in User Costs[1)2)] ($millions)	Change in Government Costs[1)2)] ($millions)	Comments
LYNN			
- Road	-73.1	+118.8	Users save $0.62 per dollar of added government costs
- Shuttle	- 9.1	- 53.0	More attractive to both users and state
SITKA			
- Baranof	+ 3.6	- 14.2	Government saves $3.9 per dollar of added user cost
- Rodman	+ 4.8	- 29.5	Government saves $6.15 per dollar of added user cost
- Shuttle	-	- 72.3	Government saves, users indifferent between options
PRINCE OF WALES			
- Tolstoi Bay	+ 1.1	- 91.9	Government saves $83.55 per dollar of added user cost
- Red Bay	+ 1.0	- 47.8	Government saves $47.80 per dollar of added user cost
- Shuttle	+ 0.2	- 99.3	Government saves $496.50 per dollar of added user cost
- Loop	+ 0.2	- 98.7	Government saves $493.50 per dollar of added user cost

1) As compared with 'Mainline Service Option - June 1980 Plan'.
2) Net present value - 20-year total.

investment' scenarios, all options except the Lynn road offer government cost savings which more than exceed increases in user costs. In one instance, the Lynn shuttle, both government and users are better off financially than under the June 1980 Plan, while in a second instance, the Sitka shuttle case, user costs are the same as under the June 1980 Plan, but government costs are substantially lower. It would therefore appear that, in terms of monetary impacts on users and the State, it is possible to achieve substantial savings by meeting combined southern termini demand rather than by attempting to serve all of the demand generated at Seattle.

(It should be reiterated, however, that this hypothesis does not apply in the extreme case where all of the Seattle demand is served out of Prince Rupert. As indicated in the short-term 'Prince Rupert Terminus' option the Marine Highway is better off providing some service to Seattle in view of the higher revenue-earning capability of vessels on the Seattle route.)

The final step in the analysis was to integrate savings or increases in travel time into the comparison of user and government impacts. These changes in user travel time relative to the 'June 1980 Plan' option are shown, for the 'meet demand' scenarios, in the first column of Table 5.5. (Total travel time impacts were not calculated for the Wrangell-Ketchikan Road option since it was felt that the probable future pattern of demand would change in response to the significant service changes and that comparison, based on existing demand patterns, would be misleading.)

The table indicates that, on a system-wide basis, several of the system options generate travel time savings over and above those realized under the 'June 1980 Plan' option. The most significant savings arise under the two Lynn options, and in the Sitka shuttle case. Lesser travel time savings accrue under the four Prince of Wales service options, while the two Sitka road options and the Stikine corridor cases lead to overall increases in total system travel time.

The flow of these travel time impacts, however, is not uniform among the options. An assessment was carried out with regard to the distribution of time savings among the various system users which calculated the portion of

TABLE 5.5

LONG-TERM SYSTEM OPTIONS - 'MEET DEMAND' SCENARIOS
USER TRAVEL TIME IMPACTS AND REQUIRED VALUE OF TIME

Option	Change in Travel Time[1] (million hours)	Required Total Time Value[2] ($millions)	Required Hourly Time Value ($/h)
LYNN			
- Road	-15.3	115.4	> 7.54
- Shuttle	- 5.8	26.2	> 4.52
SITKA			
- Baranof	+ 0.2	60.0	negative
- Rodman	+ 0.6	45.1	negative
- Shuttle	- 4.0	16.4	> 4.10
PRINCE OF WALES			
- Tolstoi Bay	- 0.9	(9.7)	ø
- Red Bay	- 0.6	34.4	>57.33
- Shuttle	- 2.4	(13.9)	ø
- Loop	- 0.7	(13.3)	ø
STIKINE			
- Wrangell Road	+ 1.9	53.1	negative
- Petersburg Road	+ 1.9	20.2	negative

1) Relative to 'June 1980 Plan' option.
2) Net total of user and government cost increases - brackets denote net cost savings.

total time savings (or increases) accruing to peak season traffic out of the southern termini versus the portion accruing to peak season internal traffic and to shoulder and low-season users.

The findings indicated a wide variance among options in the distribution of travel time impacts. In the Lynn road case, 79% of the travel time savings were 'internal'; i.e. accrued to peak internal traffic and to shoulder and low-season users, while 21% accrued at the southern termini. In the Lynn shuttle case, however, only 21% of the savings were realized internally; the balance accrued to traffic out of Seattle and Prince Rupert.

In the Sitka cases, the Baranof road option led to an increase in total system travel time of 0.2 million hours; however, 'internal users' realized net savings of 0.2 million hours while traffic out of the southern termini incurred losses of 0.4 million hours. In the Rodman Bay case, total system impacts represented an increase of 0.6 million hours in travel time, of which 33% (or a 0.2 million hour increase) accrued to internal users. In the Sitka shuttle case, however, 85% of travel time savings accrued internally.

In the Prince of Wales cases, the two new terminal options (Tolstoi Bay and Red Bay) resulted in relatively small system-wide travel savings. Approximately 90% of these savings accrued internally. In the high-speed shuttle option, approximately one-third of the benefits accrued internally (which, in terms of hours, is roughly equivalent to the internal time savings accruing under the new terminal options). In the high-speed loop option, however, virtually all of the 0.7 million hours saved accrued to traffic to and from the southern termini.

Finally, in the case of the two Stikine options, it was found that although system-wide time impacts represented an increase in total travel time of 1.9 million hours, this consisted of an increase of 2.5 million hours to peak traffic out of the southern termini, and a saving of 0.6 million hours to peak internal and shoulder and low season users.

Table 5.5 also shows the required value which would have to be assigned to travel time impacts (both in total and on an hourly basis) in order to offset the net monetary impacts of the system options. As described earlier, this represents an 'imputed value' approach to determining travel time value and provides a basis for subjective judgement as to whether total marginal benefits are likely to outweigh marginal costs.

The results of the travel time analysis suggest that under the 'meet demand' scenarios, three Prince of Wales options present definite advantages to both system users and the state government as compared with the June 1980 Plan. These are the Tolstoi Bay terminal and the two high-speed ferry options. In addition to providing net monetary savings (as described in Table 5.3), these options also generate savings in total system travel time over the planning period. Hence, no positive value needs to be assigned to the travel time savings in order for marginal benefits to offset marginal costs.

(If one were to assign a negative value to travel time savings, then these scenarios could theoretically appear less attractive. A negative time value would imply, however, that travellers found time savings to be a disadvantage and were deterred from using the system as a result of the improved travel times. While this may be arguable in a general sense, that is with reference, for example, to a tourist's preference for a leisurely trip, it was felt that within the range of time savings being considered for the system it was more likely that users would assign either zero value or some positive value to travel time savirgs.)

On the premise that travel time savings have some positive value, three other options also show potential advantages over the June 1980 Plan: the Sitka shuttle, the Lynn shuttle, and the Lynn road. Under the two shuttle cases, users would have to assign a value in excess of $4.10 and $4.52 per hour respectively to the travel time savings in order to equalize system benefits with costs while under the Lynn road option, users would have to assign a value above $7.54 per hour to travel time.

In the remaining options, it is unlikely that the total benefits relative to the base case would outweigh the total costs. Travel time savings under the Red Bay option would only offset the monetary cost increases when the value of travel time savings exceeded $57.33 per hour. In the other options (the Sitka road cases and the Stikine corridor options), both travel time and monetary cost would increase on a system-wide basis, and time savings would have to have a negative value in order to offset cost increases.

Table 5.6 presents the same type of analysis for the 'reduced investment' scenarios. As expected, in view of the smaller number of mainline vessels and hence lower service frequency, the travel time savings are less than under the 'meet demand' scenarios. Only two options, the Lynn road and the Sitka shuttle, show system-wide travel times which are lower than under the June 1980 Plan 'meet demand' scenario. The remaining options all lead to varying levels of increase in total user travel time.

In most cases, however, these travel time increases are offset by net savings in monetary costs (as described in Table 5.4). Only the Lynn road option leads to higher net monetary costs than in the base case.

Comparison of the travel time impacts and the monetary costs (required total time value) in Table 5.6 indicates that one option, the Sitka shuttle, shows definite advantages over the June 1980 Plan. This option yields a slight (0.7 million hours) decrease in total system travel time and provides a substantial net monetary saving relative to the base case. In addition, the Lynn shuttle and Prince of Wales shuttle also appear likely to be viable. In these cases, substantial cost savings are offset by small increases in travel time. These travel time increases would not outweigh the monetary benefits, however, as long as the value of these time increases is assumed to be less than $310.50 per hour (for the Lynn shuttle), or less than $247.75 per hour for the Prince of Wales shuttle case.

The remaining options, though still potentially viable, are less attractive than the above three cases since all result in either higher travel time increases and/or lower monetary savings. Among these options, the three remaining Prince of Wales cases are most likely to prove beneficial,

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TABLE 5.6

LONG-TERM SYSTEM OPTIONS -
'REDUCED INVESTMENT' SCENARIOS
USER TRAVEL TIME IMPACTS
AND REQUIRED VALUE OF TIME

Option	Change in Travel Time[1] (million hours)	Required Total Time Value[2] ($millions)	Required Hourly Time Value ($/h)
LYNN			
- Road	-10.2	45.7	< 4.48
- Shuttle	+ 0.2	(62.1)	<310.50
SITKA			
- Baranof	+ 3.1	(10.6)	< 3.42
- Rodman	+ 3.5	(24.7)	< 7.06
- Shuttle	- 0.7	(72.3)	Ø
PRINCE OF WALES			
- Tolstoi Bay	+ 2.7	(90.8)	< 33.63
- Red Bay	+ 1.3	(46.8)	< 36.00
- Shuttle	+ 0.4	(99.1)	<247.75
- Loop	+ 2.0	(98.5)	< 49.25

1) Relative to 'June 1980 Plan' option.
2) Net total of user and government cost increases - brackets denote net cost savings.

requiring only that travel time be valued at less than $30 to $50 per hour in order for cost savings to outweigh travel time increases. The Sitka road options are less attractive since they involve both greater increases in travel time and lower savings in monetary costs. Travel time value must be less than $7.06 per hour in the Rodman Bay case and less than $3.42 per hour in the Baranof option.

The remaining option, the Lynn road, is more difficult to rank against the other options because it involves travel time savings (as opposed to increases) offset by monetary costs. In this instance, the road option would prove viable as long as the value of travel time savings exceeded $4.48 per hour.

5.3.3 - Summary

The assessment of long-term surface system options indicates a number of pertinent points. These may be highlighted as follows.

- If the system goal is to meet all projected demand for surface transportation, substantial investment will be required in new facilities, and increased costs will be incurred by the Marine Highway and by the state.

- The least costly methods (in monetary terms) of meeting this demand can be achieved by making changes in service to Prince of Wales Island (either by building a new terminal at Tolstoi Bay at a total Regional System cost of $574 million or by introducing high-speed ferry service out of Hollis at a cost of approximately $571 million). These options are followed (in order of increasing cost) by the base case June 1980 Plan option ($584 million), the Sitka shuttle option ($600 million), the Red Bay terminal ($618 million) and the Lynn shuttle ($619 million). The Petersburg road option, although costing only $607 million, does not really rank with the preceding cases as it does not meet Seattle demand to the same extent.

- If a lower capacity to meet demand can be accepted within the system (specifically by treating combined Seattle and Prince Rupert vehicle demand as a single unit and requiring that both ports be at capacity before new vessels are acquired), the Marine Highway and state can achieve significant cost savings. Total state costs under these 'reduced investment' scenarios range from $485 million for cases involving high-speed ferry service to Hollis to $570 million for the Sitka-Baranof road option. Only the Lynn road, at $703 million, remains more costly than the 'June 1980 Plan - meet demand' scenario.

- In terms of service-cost effectiveness, where each new system option is compared with the June 1980 Plan in terms of user cost, travel time and cost to the government, several 'meet demand' options appear to be potentially more attractive than the June 1980 Plan, primarily as a result of improved service quality which offsets the increased costs (or, in the Prince of Wales cases, enhances the cost savings). In declining order of preference, these would be Prince of Wales high-speed ferries, Tolstoi Bay terminal, Sitka shuttle, Lynn shuttle, and Lynn road.

- Service-cost effectiveness evaluations for the 'reduced investment' scenarios indicate even more significant advantages from several of the options relative to the June 1980 Plan case since the negative impacts of these scenarios (in terms of costs of unmet demand and increases in travel time) are sufficiently small that they are unlikely to outweigh the significant government cost savings. Rankings of the 'reduced investment' options were somewhat different than the 'meet demand' cases, with the Sitka shuttle achieving the highest ranking followed by the Lynn shuttle, the Prince of Wales shuttle, and the other Prince of Wales system options.

6 - CONCLUSIONS

6 - CONCLUSIONS

6.1 - Summary of Findings

One of the main objectives of the definition and assessment of surface system alternatives was to provide a quantitative basis for selecting from among a number of technical and operational alternatives those options which offered the greatest improvement in 'service' relative to cost. A second objective, however, was to provide information with regard to the trade-offs associated with the conflicting pressures to maximize service and to keep costs at a reasonable level.

With these considerations in mind, the more significant findings from the analysis may be summarized as follows.

Short-Term

- Of the options available to improve system capacity and service in the near future, the most attractive overall involve maximizing use of existing vessels. At existing fare levels, the Marine Highway cannot generate sufficient revenues to offset the capital cost of new mainline vessels. Therefore, options involving new vessel acquisition generally result in higher system deficits.

- Increasing service to Seattle improves the financial picture from the viewpoint of the AMHS and, to a point, offers a better matching of capacity and demand. Marine Highway ratios of revenue to operating cost are highest on the Seattle route due to the high load factors, the relatively high fare levels, and the berth revenue.

- Too heavy a focus on Seattle service, however, leads to lower service levels within Southeast Alaska and potentially to capacity problems on some links in the system (in particular Ketchikan-Petersburg and Juneau-Haines).

- The most attractive of the options considered involves operating both the Matanuska and Columbia out of Seattle during the peak season. However, this leads to vehicle capacity problems in the Prince Rupert to Petersburg corridor.

  These problems could be mitigated by operating the Aurora between Prince Rupert and Petersburg where she would run full-time at near-capacity load factors.

- Moving the Aurora creates a gap in terms of service to Hollis and, under current plans, in service to Hyder and Metlakatla. This problem could be alleviated by purchasing one or two small high-speed catamarans to serve the Hollis-Ketchikan-Metlakatla routes.

Long-Term

- In the long-term, a wider variety of options are open in terms of improving capacity and service.

- The most costly long-term options are those which attempt to meet projected demand since all involve substantial investment in roads and/or new mainline ferries.

- Substantial savings can be generated by accepting a reduction in the service of demand out of Seattle, particularly with regard to vehicle traffic which could, presumably, transfer to Prince Rupert.

- If full demand is to be met, the most attractive options involve changes in service to Prince of Wales Island either by building a terminal at Tolstoi Bay or by instituting high-speed ferry service to Hollis. While this option still requires two new mainline vessels over the 20-year planning period, it allows deferral of a third mainline vessel by freeing the Aurora to operate more frequently in the Prince Rupert-Petersburg corridor.

- If a reduced level of service is accepted in terms of meeting Seattle demand, the government can obtain substantial cost savings under certain options without creating undue impacts on users either in terms of unmet demand or service quality. The most attractive option under these 'reduced investment' scenarios is to terminate mainline service to Sitka and provide high-speed ferry service as a substitute. Next in attractiveness is to substitute a high-speed ferry for mainline service up the Lynn Canal. These two options are followed in attractiveness by the 'reduced investment' versions of the Prince of Wales options relating to Tolstoi Bay and to high-speed ferries.

6.2 - Conclusions

The preceeding summary highlights two issues from the viewpoint of establishing a Regional Transportation Plan. First, there are technical and operational options available in both the short and long term which represent more service-cost effective solutions than the existing system and the June 1980 Mainline Service system respectively.

Secondly, in terms of balancing between service-related (meet demand) and cost-related goals, an attempt to meet all future demand (i.e., fully satisfy the service related goals) results in substantial penalties in terms of keeping government expenditures under control. However, a relatively small compromise in terms of meeting demand, particularly out of the southern termini, results in substantial cost savings to the government without causing major penalties in terms of user service levels.

With these factors in mind, the following proposals are put forward as a plan of action for the provision of surface transportation services. It will be noted that the proposed systems represent a hybrid of several systems alternatives, drawing, where possible, on the best aspects of the preferred systems and using aspects of other systems to offset perceived problems.

Short-Term

- Additional service should be provided to Seattle. This improves the Marine Highway's financial position and directs more capacity towards the higher demand routes.

- To make up for the lost services of a mainline vessel within the region, the Aurora should be drawn into a truncated mainline service out of Prince Rupert.

- The Aurora's current routes in the Prince of Wales-Clarence Straits region should be served by two new high-speed catamaran-type vessels. These involve a minimum capital cost (in the range of $3 million each) and could provide a higher service level on these routes.

Long-Term

- The best results in terms of 'focus' options arise under the 'reduced investment' scenarios, in particular those which involve using two high-speed craft to serve either Sitka or the Lynn Canal and those which involve changes in Prince of Wales service.

- The Prince of Wales high-speed service proposed in the short-term therefore appears to have long-term viability and should be maintained.

- Some of the scheduling and service benefits of high-speed service to Sitka and the Lynn could be retained if only a single high-speed ferry were assigned to each in combination with a reduced level of mainline service. This is particularly true in the Sitka case where a Sitka-Petersburg high-speed service would not attract sufficient traffic to be viable on its own merits.

- It is therefore recommended that two large SES-type high-speed ferries be acquired, one to provide daily round trip service between Sitka and Juneau, calling at Angoon, Hoonah and Tenakee Springs, and the second to

provide twice-daily round trip service from Juneau to Haines and Skagway.

- The open jaw routes which were proposed out of Seattle under the Sitka and Lynn Focus options could be split between two mainline vessels with the Matanuska serving Sitka but not the Lynn and the Columbia serving the Lynn but not Sitka.

- The LeConte could provide increased service in the Sitka-Petersburg corridor and into Pelican as well as supplemental and heavy-freight service into the Juneau-Sitka corridor.

- The remaining vessels could provide increased service between Prince Rupert and Skagway to increase the system's total vehicle-carrying capacity as well as service frequency in the mainline corridor.

- Under this option, the decision on acquiring a new mainline ferry could be deferred until the mid to late 1990s. This reduces the Marine Highway's cash flow requirements and also reduces the risks that a new vessel will be underutilized if demand does not materialize or if private operators achieve substantial market penetration.

APPENDIX A

EVALUATION METHODOLOGY

APPENDIX A

EVALUATION METHODOLOGY

A1 - GENERAL

The general method used to assess corridor alternatives consisted of five main steps

- Forecast expected travel demand in the corridor over the next 20 years;
- Define a range of possible methods of meeting this demand, and the equipment and/or infrastructure necessary to serve the traffic under each method;
- Determine the associated capital and operating costs and revenues;
- Calculate the financial impacts of each alternative from the viewpoint of the operator, the government and the user;
- Calculate the service/cost effectiveness of each alternative and select the preferred option(s).

Each of these steps is described in greater detail in the following sections.

A2 - TRAVEL DEMAND

The forecasting of travel demand both within the Southeast Region as a whole and within particular corridors of the Region involved first analyzing the

existing patterns of traffic for both surface (marine, road) and air modes and identifying the factors which would cause this traffic to grow and change in the future.

Since the data regarding existing travel patterns was limited, this analysis was kept at a relatively simple level. Three factors were identified as the key issues impacting future travel demand. These were: regional population growth, growth in tourism, and changes in transportation service. The first two factors were deemed to cause general growth within the existing patterns of travel demand (or growth in 'base traffic') while the third was deemed to either increase or decrease the 'base traffic' demand within particular corridors.

To forecast 'base traffic' demand (i.e., demand in the absence of service changes) existing travel was separated, on the basis of survey data, into tourist and nontourist traffic. This separation was done on a seasonal basis (in order to reflect the higher summer peaking in tourist travel) for both marine highway and air services. Tourist and nontourist components of existing traffic were then forecast, the former on the basis of expected growth in tourism travel to Alaska and the latter on the basis of expected population growth in the Southeast Region.

The growth rates assumed for tourism travel and for regional population were based on historic growth rates, tempered by concerns that with declining revenues and potential declines in government spending, these growth rates could not be maintained over the long-term. Consequently, tourism was assumed to grow at 4.5% annually to 1990 and at 2.5% annually thereafter. Regional population was assumed to grow at 2.8% per year to 1990, tapering off to 1% thereafter.

Over and above these population and tourism based growth rates, there was a special additional growth applied to air traffic, amounting to 1.4% per year. This additional growth reflected the long-term increase in the propensity of travelers to use the air mode--an increase which has generated growth in air traffic above and beyond that which can be explained by population and tourism growth alone.

The origin-destination patterns of this future 'base traffic' demand were assumed to follow the existing pattern of movements to, from and within the region. Therefore a growth in marine highway tourist demand, for example, would cause a corresponding percentage growth in traffic on all marine highway tourist-serving routes.

Once this 'base traffic' load had been calculated for the system and for the various corridors, adjustments were made to corridor demand to reflect the different service levels associated with corridor alternatives. These adjustments included diversion of traffic to a different port, loss of traffic, transfer between modes, and increases in traffic due to improved access depending on the service scenario. The particular adjustments associated with each corridor option are outlined in detail as part of the description of alternatives (Section A3).

A3 - DEFINITION AND DESCRIPTION OF CORRIDOR ALTERNATIVES

Having established the potential traffic demand within a corridor, the existing surface transportation service was reviewed and alternative road and marine options proposed which would increase capacity and or reduce operations costs. These alternative options were drawn from community suggestions, proposals put forward by the Department of Transportation, and new proposals put forward by the consultant.

An effort was made to develop a wide variety of corridor options in order to provide a range of costs and impacts for comparison purposes. Both capital (new roads, new ferries) and operational (new schedules) options were included when appropriate. In all cases the alternatives included a base-case 'no change' option against which new options could be assessed.

Once the corridor options had been defined, a detailed operating and investment schedule was laid out for each alternative specifying the traffic

to be served, the way in which it would be served, the timing of new road and new vessel requirements, and the operating schedules and procedures within the corridor. Traffic and operating procedures were both specified on a seasonal basis.

A4 - DEVELOPMENT OF COST DATA

Capital Costs - Roads

Capital costs for new road links were based on the Department of Transportation's per-mile costs of construction over various types of terr· n. Routes were specified through detailed analysis of relief maps, through discussion with DOT/PF engineers and, where possible, through inspectior of the area. Road links were then broken down into segments based on the severity of terrain and degree of construction difficulty, and the appropriate per-mile costs were applied.

Special structures such as bridges, tunnels, snowsheds, etc, were costed independently and included in total cost where required.

Capital Costs - Marine

Capital costs for marine facilities and equipment included costs of new terminal facilities, capital costs associated with the existing ships, and capital costs associated with new shuttle ferries, mainline ferries and high-speed craft. In the first two cases capital costs were based on Marine Highway data regarding terminal construction costs and expected replacement value of the existing fleet. In the case of new vessels, typical current construction costs for the type of vessel required were developed through discussions with shipyards, brokers, and manufacturers.

Operating Costs - Road

Operating costs for the road links included regular maintenance and winter snow removal. They were based on the actual costs per mile incurred by the DOT/PF.

Operating Costs - Marine

The operating costs for existing vessels and terminal facilities were based on the actual experience of the Marine Highway. Vessel costs were segregated into annual costs (major maintenance, overheads) seasonal costs (crew, stores and supplies) and daily costs (primarily fuel).

Operating costs for new vessels were based on Marine Highway experience in the case of mainline ferries, and on discussions with builders and other operators in the case of shuttle ferries and high-speed craft.

User Costs

Costs to users fall into three main categories: fares on existing ferries, fares on new ferries or new ferry routes, and vehicle operating costs on road links.

Fares on the existing ferry system were based on the current summer and winter rates for the Marine Highway. For new routes on existing vessels, fares were assumed to be the same per-mile as on current routes.

For new types of equipment (shuttle ferries, high-speed craft) it was initially assumed that fares would be set on the same basis as current ferry charges; that is, that fares would have to cover at least half of the total operating costs (excluding capital) of the new vessels. However, later analysis indicated that new vessels serving as a substitute for existing vessels generated sufficient savings elsewhere in the system that their fares could be maintained at existing fare levels and still lead to an overall improvement in the system operating cost recovery.

Accordingly current fare levels were used for traffic on these new vessels.

Vehicle operating costs on road links were based on the variable portion of average per-mile operating costs for mid-size automobiles. This was felt to be a fair representation of the mix of vehicles likely to be using the road. In actual fact, owners of vans and campers would pay more while owners of small cars would pay less.

In cases where corridor options required vehicles to divert from one port to another, vehicle operating costs were increased to include overnight accommodation if the diversion involved more than 12 hours driving time.

A5 - FINANCIAL ANALYSIS

The traffic, operating and cost data bases described above were then drawn together into a year-by-year financial analysis of each corridor alternative. Capital costs for roads, vessels and terminal facilities were assigned to the years in which they would be incurred. Road operating costs were based on miles of road in service, while marine operating costs were derived from the proposed Marine Highway schedules under each option.

User costs for each year were determined by first calculating the number of vehicles using the road links (either as a result of being diverted to another port and/or as a result of a new road link being available), and multiplying this number by the cost per vehicle over the relevant distance. A revised ferry demand matrix was then calculated (taking into account diverted and/or lost ferry traffic) and multiplied by the fares matrix to determine total fares paid to the Marine Highway.

The annual financial flows were then discounted at an interest rate of 5% to determine the net present value of capital, operating and user costs under each scenario.

A6 - EVALUATION OF SERVICE/COST EFFECTIVENESS

The financial evaluations provided an indication of the total costs to operators and users associated with the various corridor alternatives. They did not, however, reflect the differences among alternatives in terms of ability to serve demand and the quality of service provided.

In order to account for these differences, each corridor alternative was compared with the corridor 'base case' (which represented continuation of existing service) with respect to the number of passengers and vehicles served, the cost per user served, and the average travel time (including delays related to frequency of service). Appropriate values were assigned to the 'service' differences between the alternatives and the base case to represent the incremental benefit (cost) to the user. These user benefits (or costs) were then compared with the incremental cost (or cost saving) to the government to form a basis for evaluating service/cost effectiveness.

The approach to assigning values to 'service' differences varied somewhat between corridors due to the different focuses of the corridor alternatives. In the Lynn corridor, for example, the focus was on improving service through new modes and on generating traffic over and above existing demand. Measures were therefore required for the value of time and cost savings to existing and to new traffic. In the Ketchikan corridor, the focus was on the existing ferry system and on trying to adjust schedules so as to meet a higher portion of current demand in a cost-effective manner, and measures were primarily required for the costs of not meeting traffic needs or of meeting needs by diverting traffic to other ports.

In general, the following principles were used in assigning values to service differences.

- Cost savings to existing traffic - include the full dollar value of saving.

- Cost savings to new traffic - include half of the difference between the fare (or travel cost) under the new option and the fare applicable under the base case (this presumes that traffic attracted as a result of less expensive service assigns a lower value to the trip).

- Cost of failing to meeting demand - include the average surplus which the user would have enjoyed if space had been available. Surplus was calculated by postulating the shape of the demand curve for service and calculating the average difference between the maximum which users would have been willing to pay for the trip and the fares which would normally have been charged. (This is discussed in greater detail in Appendix B.)

- Costs to diverted traffic - assume that users diverted to another port attribute a cost to the diversion equivalent to any out-of-pocket savings associated with using the new port. Thus users moved from one port to another were assumed to incur neither benefits nor costs. This assumption was necessary because the total trip cost from Seattle was lower via road to Prince Rupert than via direct ferry, yet demand continues to be strong out of Seattle. There is, therefore, some nonmonetary advantage to the direct ferry trip which offsets cost savings associated with diverting to Prince Rupert. This nonmonetary advantage could best be accounted for by assuming that diverted passengers assigned equal cost to trips out of either port.

- Time savings to existing traffic - include the full number of hours saved in total travel time (sailing time, port time and delays related to schedule frequency).

- Time savings to new traffic - include one half of the difference between total travel time under the new option and total travel time under the base case.

The user cost impacts (whether positive or negative) were calculated for each corridor option relative to the corridor base case. Total savings (or increases in user costs were then compared with the total additional cost (or saving) to the government associated with the new service.

If an option showed both lower user costs and lower government costs than the corridor base case, it was clearly preferable to both parties. If it showed higher costs to both users and the state, it would not be attractive to either party. If one group's costs increased while the other group's cost declined, then the preferred options were deemed to be those which yielded the highest user benefits (or lowest user costs) per dollar of government expenditure (or government cost saving).

Where time savings were a major factor in the benefits, an imputed value of time saved was calculated by comparing the number of hours saved with the net cost of providing the saving. This provided a measure of the value which must be assigned to time savings in order for project benefits to equal costs. The options which required the lowest hourly values to be assigned to time savings were chosen as the preferred options. (Additional discussion of the calculation of time savings is provided in Appendix B.)

APPENDIX B

EVALUATION OF USER IMPACTS – CORRIDOR AND SYSTEM ALTERNATIVES

APPENDIX B

EVALUATION OF USER IMPACTS - CORRIDOR AND SYSTEM ALTERNATIVES

B1 - COSTS OF UNMET DEMAND

In analyzing both short-run and long-run system options we are faced with a situation where the predicted level of demand for ferry service is not being met to the same degree in the various cases.

To assess the impact of system options on users and potential users in terms of the costs and/or benefits they incur under the various alternatives, it was therefore necessary to find some means of assigning a value to these differences in ability to meet demand. The method used was to derive an economic measure of the costs incurred by users (where users are defined as the total numbers requesting ferry service) as a result of changes in the ferry system. To assess these impacts, users were divided into three categories for the purpose of calculating costs: those served as requested, those served by diversion to alternate ports, and those not served under the particular option.

Those passengers who are served under all systems are indifferent between the options. Because the fare structure remains constant, they incur neither costs nor savings as a result of system changes and hence do not figure in the analysis.

Those passengers who are served by diversion to another port (normally from Seattle to Prince Rupert) are in a somewhat different category. If their costs were higher out of Prince Rupert they would be said to incur a cost as a result of the diversion--presumably a disbenefit of the system which forced them to divert. In actual fact, however, it was found that their out-of-pocket costs were lower as a result of the diversion--that in fact

incurs as a result of having to accept alternative transport. A third possibility would be that the user would decide not to make the trip in which case the cost he incurs is the loss of utility which he associated with the ferry trip.

Determining which definition of opportunity cost is most applicable to the unserved marine highway demand is a difficult task, and generalizations must be applied. Our choice for this study was to calculate opportunity cost based on the third concept; i.e. that the trip would not be made and the loss was therefore equivalent to the utility the user would have enjoyed had he been able to get on the ferry. A major factor in selecting this concept, particularly as opposed to the 'cost of alternatives' method, was the absence of a clearly comparable alternative means of transport. The alternatives available (cruise ship, air, road) differ from the marine highway service in so many nonquantifiable aspects that an assessment of cost differences would entail substantial subjective judgments which could be difficult to establish and to defend.

The calculation of opportunity cost based on lost utility required an estimation of the value which potential users would assign to the trip. A base approximation of this utility is the price they would have been willing to pay--in this case the marine highway fare for passenger and vehicle trips. Accordingly, the opportunity cost associated with unserved traffic consists in part of the fares they would have paid had they been able to get on the ferry. Offsetting this opportunity cost, however, is the fact that the potential user can retain the monies he would otherwise have spent. (In our analytical process the loss associated with unpaid fares is borne by the marine highway.)

The fare level, however, represents only a part of the customer's lost utility. Assuming an elastic demand for ferry services (i.e. a sloping demand curve) some of the traffic demand would have been willing to pay more for the trip than the price set by the marine highway. In other words, they would assign a utility to the trip which exceeds the fare they would have to pay. This 'surplus' utility is also lost when a potential user cannot be served.

To calculate this surplus, it is necessary to know the shape of the demand curve, or the relationship between the price of the service and the number of users willing to purchase it. Since no data was available on this subject, we adopted a conservative hypothesis that demand for marine highway services would fall to zero at the point where the price was equal to the cheapest cruise package over the same route. The average surplus per user is, therefore, one half the difference between the cruise price and the marine highway fare.

The lost surplus was calculated by multiplying average surplus by the number of unserved passengers under each system option, to give the net opportunity cost of unsatisified demand. (Annual figures were discounted to net present value so that they could be compared with AMH costs on a consistent basis.)

The above calculations account for the surplus associated with foregone passenger trips, but do not cover the surplus associated with vehicles which cannot be accommodated in the system. In order to estimate this lost vehicle-related surplus, it was assumed that the demand curve for vehicle trips has the same slope as that of passenger trips--in other words, that a proportionate increase in the price of each would lead to a proportionate decrease in demand. This assumption was used to calculate the average surplus associated with vehicle trips and hence the lost surplus as a result of unmet vehicle demand.

In summary, user costs under the various system alternatives were calculated only for those potential users who could not be accommodated by the system. Users who were either served as requested or served via diversion were assumed to incur neither benefits nor disbenefits from a cost viewpoint.

The cost assigned to the unsatisfied demand was calculated on the basis of net foregone utility which was in turn approximated by the total additional surplus utility which would have been enjoyed had demand been met by the system.

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The cost assigned to the unsatisfied demand was calculated on the basis of net foregone utility which was in turn approximated by the total additional surplus utility which would have been enjoyed had demand been met by the system.

B2 - TRAVEL TIME DIFFERENCES

A second aspect of user impacts which had to be dealt with in the evaluation of alternatives was the level of service provided. The major significant differences among alternatives in terms of service quality related to travel time and frequency of service out of various ports.

In order to measure these differences we developed a travel time model which converted ferry schedules into a travel time matrix for all O/D combinations in the system. The model calculated the sum of sailing time (based on a weighted average speed for ships operating on the route), port time, and waiting times. Waiting times were related to frequency of service over a given link and transfer requirements

The frequency-related delay time was set at one-quarter of the average interval between ship calls, while the delay associated with transferring from one vessel to another was set at 12 hours (with the exception of the Columbia shuttle where passengers transferring at Ketchikan were assumed to be delayed an average of 36 hours due to shortage of capacity on vessels out of Prince Rupert).

Because of differences in traffic levels, it was not possible to merely compute the differences in total travel time among the system options. We therefore segregated travel times for those routes where traffic levels varied and calculated the average time per passenger on those routes and within the balance of the system. Peak, shoulder and low travel times were computed separately.

The average travel times under each alternative were compared with the base case times to determine time saved or lost per passenger served as a result of the new system.

To calculate total travel time impacts of a scenario, transferred passengers were eliminated since they are presumed to be indifferent to the combined time and cost effects of transferring. The remaining passengers carried

over the various routes were multiplied by the appropriate travel time changes to give gross time impacts (provided these passengers constituted part of the base demand for the system and did not represent induced traffic), while the passengers whose demand was not met by the system were multiplied by the change in travel time and the result deducted from gross impacts. This latter adjustment reflected the impact of the changed service level on the overall attractiveness of the voyage which the potential user could not take.

Finally, where new passenger traffic was induced on a particular link because of system changes (e.g. as in the long-run Lynn alternatives), the total time savings accruing to the induced passengers were divided in half on the principle that savings to marginal users represented a lower benefit than those accruing to 'base demand' users.

The annual streams of net time impacts were discounted to present value at a 5% rate in order that they would be comparable with discounted cost figures.

BELLINGHAM AS SOUTHERN TERMINUS

OF

THE ALASKA MARINE HIGHWAY

The city of Bellingham, the Port of Bellingham and the Whatcom County Chamber of Commerce are very enthusiastic in their attempt to establish Bellingham as the southern terminus of the Alaska Marine Highway (AMH). To this end, the Port of Bellingham has allotted $2 million of its calendar year 1988 budget for terminal infrastructure construction. City staff has produced two videos supporting the move which have already been shown publicly in both Alaska and Washington, and civic and community leaders continue to be in contact with Alaskan transportation, business and government leaders.

When the current lease, held by the Port of Seattle, expires in September of 1989, Bellingham intends to submit a bid for the contract. During interim, Rep. Bette Cato and staff visited Bellingham and spoke with interested parties from the city, port and community of Bellingham regarding the feasibility of such a move. As a result of that trip, the following report was prepared.

1. Location of Terminal

Bellingham is proposing that one of two sites near its downtown area be chosen as the future site of the southern terminus of the Alaska Marine Highway. Both sites are located in Whatcom International Shipping Terminal which is adjacent to the present Port of Bellingham administration building. Some of the appropriate infrastructure already exists. Other infrastructure such as a terminal facility built to state of Alaska specifications, would have to be added. There is ample space available at either of these locations for parking, storage, loading and off-loading, and maneuvering of freight and vehicles. The Port of Bellingham is a deep water port that would require no dredging. Port security includes the city of Bellingham police, and Port of Bellingham and Georgia Pacific pulp mill securities.

The Seattle terminus is located near the heart of downtown Seattle which can be a very congested area. The space available for parking, storage, loading and off-loading, and maneuvering of freight and vehicles is quite limited.

2. Terminal Access

Northwest travelers currently access the Alaska ferry terminal in Seattle either by taxi from Sea-Tac International Airport, or they drive their own vehicles to the terminal because they plan to take them north. Cab fare for the trip from the airport to the Seattle ferry ranges between $15.00 and $24.00, and traveling time is 30 - 60 minutes. Travelers planning to bring their own vehicles onto the ferry face limited parking opportunities and a lack of nearby RV (recreational vehicle) facilities.

If the terminus were to be located in Bellingham, travelers flying into Sea-Tac airport would be able to catch any one of 30 twenty-minute flights per day to Bellingham International Airport at a cost of $19 or $44. They would then take a 15 minute cab or bus ride from the Bellingham airport to the Bellingham ferry terminus. Or, travelers flying into Sea-Tac airport could take a commercial bus from the airport to the downtown Seattle bus terminal and then transfer to a another bus headed for Bellingham. Greyhound has three connections to Bellingham daily. One way fare is $12.45.

Travelers planning to take their vehicles with them onto the ferry would drive to Bellingham. Bellingham is located 86 miles north of Seattle and 54 miles south of Vancouver, B.C. It is accessed by Interstate 5, and the proposed terminal is a five minute turn off of the interstate. Because Bellingham has had more of an opportunity to plan for its development, access to the city is much less congested than in the Seattle area. City traffic is minimal, and parking opportunities near the proposed site are abundant. Nearby RV facilities already exist, and on site RV facilities have been included in the development plan.

For travelers concluding their trip at the southern terminus,
the procedure would be reversed.

3. Cost Comparison.

Bellingham is located 80 nautical miles north of Seattle. This translates into a savings of roughly 4-6 hours of traveling time in one direction. As Puget Sound becomes more congested, the time savings may become even greater. Less distance traveled means less fuel consumed, and at an average of 21 gallons of fuel burned per nautical mile, over 3,000 gallons of fuel per trip could be saved if the terminal was located in Bellingham. Less distance traveled would also mean less wear and tear on equipment.

Salary savings would be realized only if the shorter distance to Bellingham resulted in the ship's completing its

overall trip in less time, and only if labor contracts could be negotiated to include a shorter work week. No salary savings would be realized if the overall trip took the same amount of time because the crew is paid the same regardless of whether the ship is in port or on the water. Since Juneau and Ketchikan are the only points at which crew can begin and end their work weeks, they would still be considered to be at work when the ship was docked in Bellingham.

The state of Alaska currently pays the Port of Seattle $6.00 for every passenger up to 40,000 passengers that either gets on or off the ferry per year in Seattle. This agreement results in a maximum amount payable per year to the Port of Seattle of $240,000. In FY'87, 34,374 passengers were billed to the state by the Port of Seattle at a cost to the state of $206,244.

Rather than bid a fixed fee per passenger up to a maximum cap, the Port of Bellingham is planning to propose a sliding fee scale which would be tied into meeting certain goals of passenger and freight. In other words, the more passengers and freight that moved through Bellingham, the higher the fee received by Bellingham, but because there would be no cap on the number of passengers for which Bellingham would be paid, the incentive would be there for Bellingham to draw as many passengers as possible. Since there would be no cap, the incentive for Bellingham to draw additional passengers could ultimately result in additional revenue for the state of Alaska. As it currently stands, there is no incentive for the Port of Seattle to service more than 40,000 passengers.

At this point, it is not clear whether or not there would be a cost savings in freight if the terminus were to be located in Bellingham. Although freight could be transported to and from Seattle in less time on Interstate 5 than it could be transported by ferry, the time savings may be overridden by the increased transportation costs of trucking freight to a central consolidation area which is done in order to consolidate ferry freight with other freight in the area for the purpose of long distance transporting. For instance, Lynden Transport, Incorporated, a major shipper to Alaska via the Alaska Marine Highway System, currently transports its freight from the Seattle ferry terminal to Kent, a suburb of Seattle, where it is then consolidated with other LTI freight. Since the distance from Bellingham to Kent is greater than the distance from Seattle to Kent, it may at first appear there would be no cost savings associated with the move and, in fact, it may appear that the shipping costs would be higher because of the additional trucking costs. However, there are many variables inherent in this issue including but not limited to whatever offer is made to shippers by the Port of Bellingham should Bellingham be successful in its bid for the southern terminus. It is also

not clear if the AMH would lower its shipping rates in response to the fact that the trip to and from Bellingham is shorter. However, Lynden Transport, Inc., in a letter sent to the Commissioner Hickey of the Alaska Dept. of Transportation and Public Facilities, has stated that it would support any move by the ferry that would improve services and reduce costs to its customers in southeastern Alaska.

4. Special Attractions

Seattle and Bellingham both have much to offer the Northwest traveler.

Bellingham is a growing community of 50,000 people located on the Inside Passage. Bellingham Bay is to the west and the beautiful Northern Cascade Mountains are to the east. Major industry in the area includes agriculture, commercial fishing, forestry, manufacturing and recreation. It is home of the famous "From Ski to Sea in 60 Minutes" race, as well as sport fishing, scuba diving, beach combing, sailing, camping and hiking. It is home of Western Washington University. Temperatures range from 30 - 74 degrees Fahrenheit with an average of 49 degrees, and rainfall averages 34 inches. A world trade center and a regional shopping center are currently in the process of being built.

In addition to its many tourist attractions, Whatcom County is host to four foreign trade zones. Because of the special tax exemptions afforded these areas, much new business has been attracted to the area. The trade zones should provide a positive position within the international market place for Whatcom County. Bellingham is an important regional and transportation hub <u>without</u> the congestion of Puget Sound.

Seattle is also an attractive destination for northwest travelers. Its many well-known attributes include Pike Place Market, the Seattle Aquarium, numerous fine restaurants, the theater, the Kingdome, the University of Washington and other respected universities and colleges, excellent sailing opportunities, etc.

The point is, both locations have much to offer the traveler interested in extending his or her vacation beyond the ferry ride. The difference is, the Port of Bellingham plans to market these attractions to potential passengers should it become the southern terminus of the ferry system.

5. Market Development

Whatcom County already hosts more visitors from outside the state than any other county in Washington. Using the theme "The Last Great Marine Adventure" and expanding the services

available to passengers, civic leaders plan to draw even more visitors to their county by actively recruiting passengers to the Alaska Marine Highway. Plans are to target Canada as well as the United States. Ideas for expanding and improving service to AMH passengers via the Port of Bellingham include allowing passengers to book on shore reservations by computer while still on board the ferry, using computers to suggest trips and map routes for passengers to use once they hit the shore, and the convenient, on shore availability of tax exempt cards for residents of the state of Alaska.

6. Summary

Intent language inserted in Alaska's FY'88 operating budget stated: "It is the legislature's intent that the Department [of Transportation and Public Facilities] study the potential cost savings of using Bellingham as the southern terminus of the Alaska Marine Highway System. The study should examine fuel savings, more efficient use of vessels, labor savings, lease savings, and the relative quality of passenger facilities which might be offered in Bellingham as compared to Seattle. The study should be submitted to the legislature no later than December 1, 1987."

The Department of Transportation and Public Facilities is currently in the process of compiling its interim study. While cost saving factors have yet to be determined, locating the southern terminus of the Alaska ferry system in Bellingham will give the Alaska Marine Highway a much more visible profile. Because it would be one of the biggest fishes in a little pond, the city and Port of Bellingham and the Whatcom County Chamber of Commerce are willing to develop the terminus to the fullest marketing extent possible. Their cooperation is impressive. They are eager to work with the state of Alaska in order to further their goals. They are willing to address whatever questions and concerns may arise regarding the relocation and they are determined to make their dream a reality. They want to work with the state of Alaska in order to expand recreational opportunities, especially for the RV traveler. The community of Bellingham would like to develop a partnership with the state of Alaska that extends beyond the Alaska Marine Highway.

Bellingham Assessment Presentation

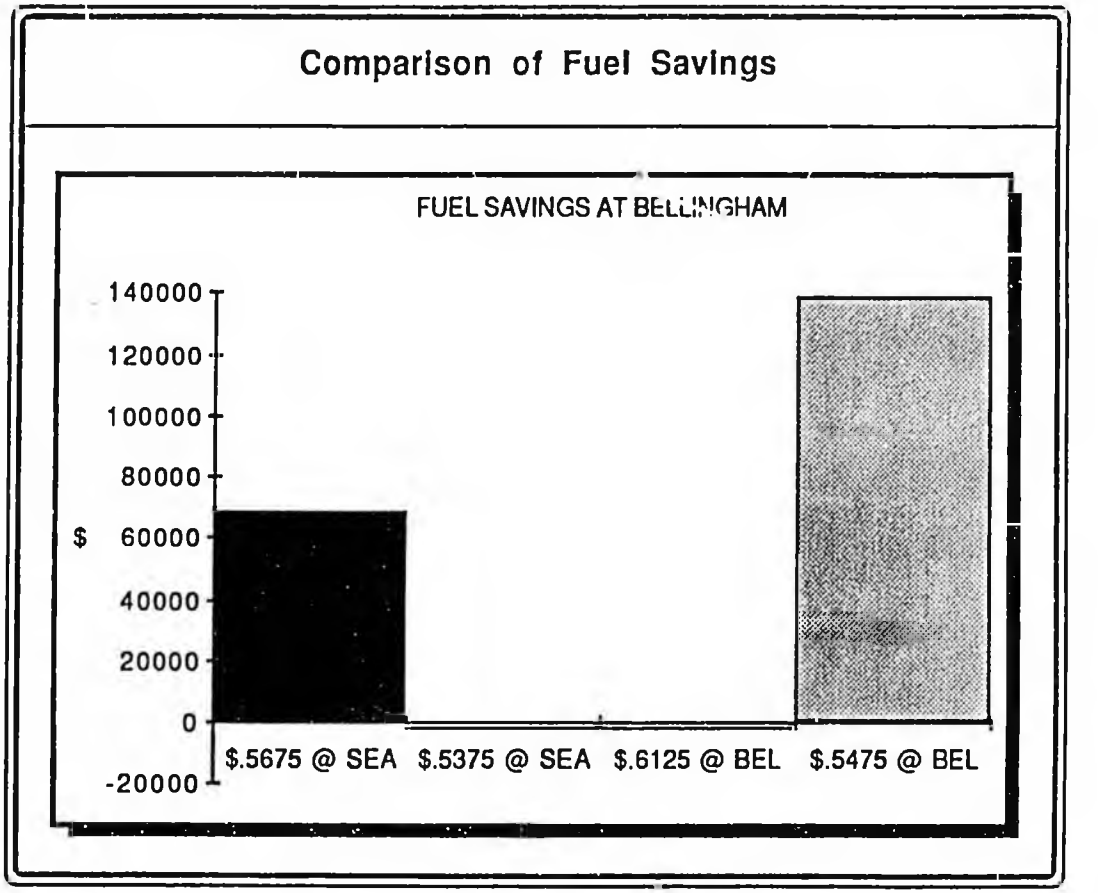
- Assumptions
- Fuel savings at Bellingham
- Labor savings
- Lease savings & relative quality of passenger facilities offered by BEL vs. SEA
- Conclusions

Assumptions

- No change in traffic level
- No change in tariffs
- Present labor agreements
- Quality of facilities at Bellingham and Seattle are equivalent
- Continuing public mandate for Puget Sound Service

Fuel savings at Bellingham

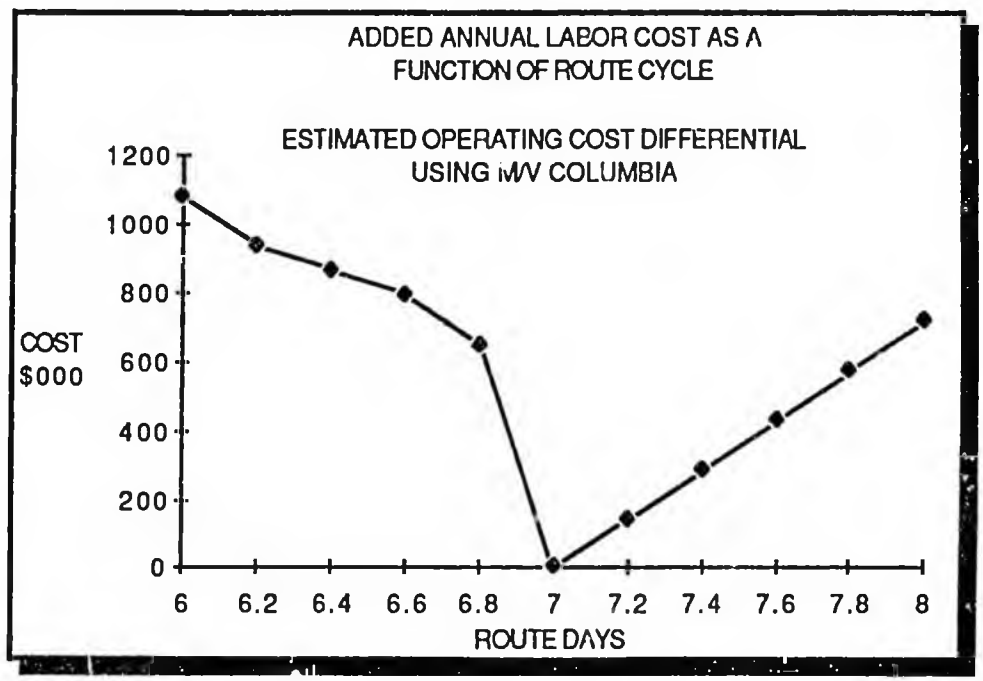
- Historically, fuel price has been higher at Bellingham than Seattle
- Analysis shows that potential fuel savings are approximately $68,000 per year
  - 2.4% of annual system fuel consumption
  - 1.6% of annual system fuel expense
- The most important factor in AMHS fuel expense is price rather than steaming time.
- Comparison of Fuel Savings
- If time savings at Bellingham are used for additional service there is no fuel saving


Comparison of Fuel Savings
FUEL SAVINGS AT BELLINGHAM
140000
120000
100000
80000
$ 60000
40000
20000
0
-20000
$.5675 @ SEA
$.5375 @ SEA
$.6125 @ BEL
$.5475 @ BEL

Labor savings

- No significant labor savings available under present AMHS labor agreements
  - Present agreements are based on a 7 day route cycle
  - Variation from the 7 day cycle triggers premium pay provisions of the agreements
    - Minimum guarantee
    - Overtime
    - Late arrival
    - Early Callback
  - Impact on Labor cost of non-7-day route cycles

Impact on Labor cost of non-7-day route cycles



Lease savings & relative quality of passenger facilities offered by BEL vs. SEA

- Advantages to Bellingham
  - Shorter trip distance
    - Potential travel time savings
    - Potential fuel savings
    - Potential additional service capability
    - Minimizes risk of premium pay on existing schedules
    - Permits increased time at Alaskan ports
  - Bellingham has allocated $2,000,000 to terminal site improvements
  - Dockside fueling permissible
  - Aggressive port marketing effort
- Disadvantages to Bellingham
  - Lower stewards revenue
  - No existing terminal at Bellingham
  - Use conflicts at Bellingham
    - Dockface use

Lease savings & relative quality of passenger facilities offered by BEL vs. SEA (cont'd)

- Parking & staging area use
- Warehousing space would have to be acquired
- All operational requirements would have to be established
- Additional travel required to reach Seattle area
- Initial pilotage costs
- Cost of re-establishing goodwill at new location
- Cost and timeliness of supplies delivered to new location
- Relocation expense
- Employee impacts

- Other issues related to Bellingham not yet resolved
  - Fueling time and cost
  - Longshoring cost
  - Bellingham head taxes
  - Bellingham facility lease costs
  - Impacts to commercial users

Lease savings & relative quality of passenger facilities offered by BEL vs. SEA (cont'd)

- Impacts to "walk-on" traffic
- Advantages to Seattle
  - Presently functional facility
  - Immediate access to Seattle area
  - Established location with "good will" developed
- Disadvantages to Seattle
  - Structural deficiencies (some being corrected)
  - Aging facility is becoming less attractive
  - Terminal location is in a congested traffic area
  - Parking & staging area expansion limited
  - No dockside fueling capability
- Other issues related to Seattle not yet resolved
  - Head taxes under a new lease
  - Facility lease costs under a new lease

Conclusions

- Both Seattle and Bellingham appear to be acceptable southern terminus locations
- Methods of resolving outstanding issues:
  - Requests for proposals
  - Direct negotiations
- Public input will be solicited through the AMHS Advisory Board
- Key factors in the port selection decision:
  - The quality and cost of the facilities to be provided
  - Users preferences
  - Reasonable resolution of issues relating to commercial users and "walk-ons"
  - Decision to be made by late summer or early fall 1988

THE FOLLOWING PAGES WERE TREATED AS
A UNIT IN THE ORIGINAL FILE.

OVERVIEW OF HOUSE BILL 62

The purpose of the Act is to establish an authority for the operation, management, planning and construction of facilities for the Marine Highway System with a legal existence independent of and separate from the state government.

The authority consists of a seven member board appointed by the Governor. The Authority is a public corporation of the state and is an instrumentality of the state D.O.T. BUT has a legal existence independent of and separate from the state.

The directors serve at the pleasure of the Governor for four year terms. The directors receive no compensation but are entitled to travel and per diem expenses authorized by law for state boards and commissions.

The Authority shall employ an executive director who is responsible for selecting and employing additional staff as necessary.

The Authority may adopt and enforce by-laws and regulations for the conduct of its business and for the use of its services and facilities.

It is assumed the Authority would utilize the State Accounting System where possible.

The following assumptions are made:

1. The Alaska Marine Highway Authority's time and attendance, personnel and accounting systems would interface the existing State systems and be compatible.

2. There would be an annual appropriation for full operating costs of the authority each year that would be made up of expected revenue, i.e. program receipts and a general fund subsidy to cover the remainder.

3. The authority would continue to use:

   a. State owned office buildings
   b. The State Mail System
   c. The state equipment fleet
   d. The statewide purchasing contracts
   e. Share communications lines
   f. Insurance, bonding, etc. as now supplied
   g. Legal service from the Attorney General's office

4. The Directors of the Authority would meet an average of three days per month or thirty six days per year.

5. Administrative support would be provided to the Board of Directors from their existing staff

Introduced: 1/22/87
Referred: Transportation
and Finance

IN THE HOUSE BY CATO

HOUSE BILL NO. 62

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to ferries and ferry terminals and establishing the Alaska Marine Highway Authority."

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

* Section 1. PURPOSE. The purpose of this Act is to establish an authority for the operation, management, planning, and construction of facilities for the marine highway system with a legal existence independent of and separate from the state government. The authority shall be the exclusive state agency directly associated with the operation, management, planning, and construction of facilities for the marine highway system.

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

CHAPTER 70. ALASKA MARINE HIGHWAY AUTHORITY.

ARTICLE 1. CREATION AND ORGANIZATION.

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

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

THE ALASKA MARINE HIGHWAY SYSTEM

It is generally acknowledged that changes are required in the Alaska Marine Highway System.

In order to make these changes we need to identify what the areas of concern are:

ARE THEY:

1. Revenue shortfalls - Are revenues generated adequate?
   Does AMHS continue to hold it's share of the market?
   Are management decisions dramatically affecting the revneue picture?
   What can be done to increase revenues OR decrease expenses?

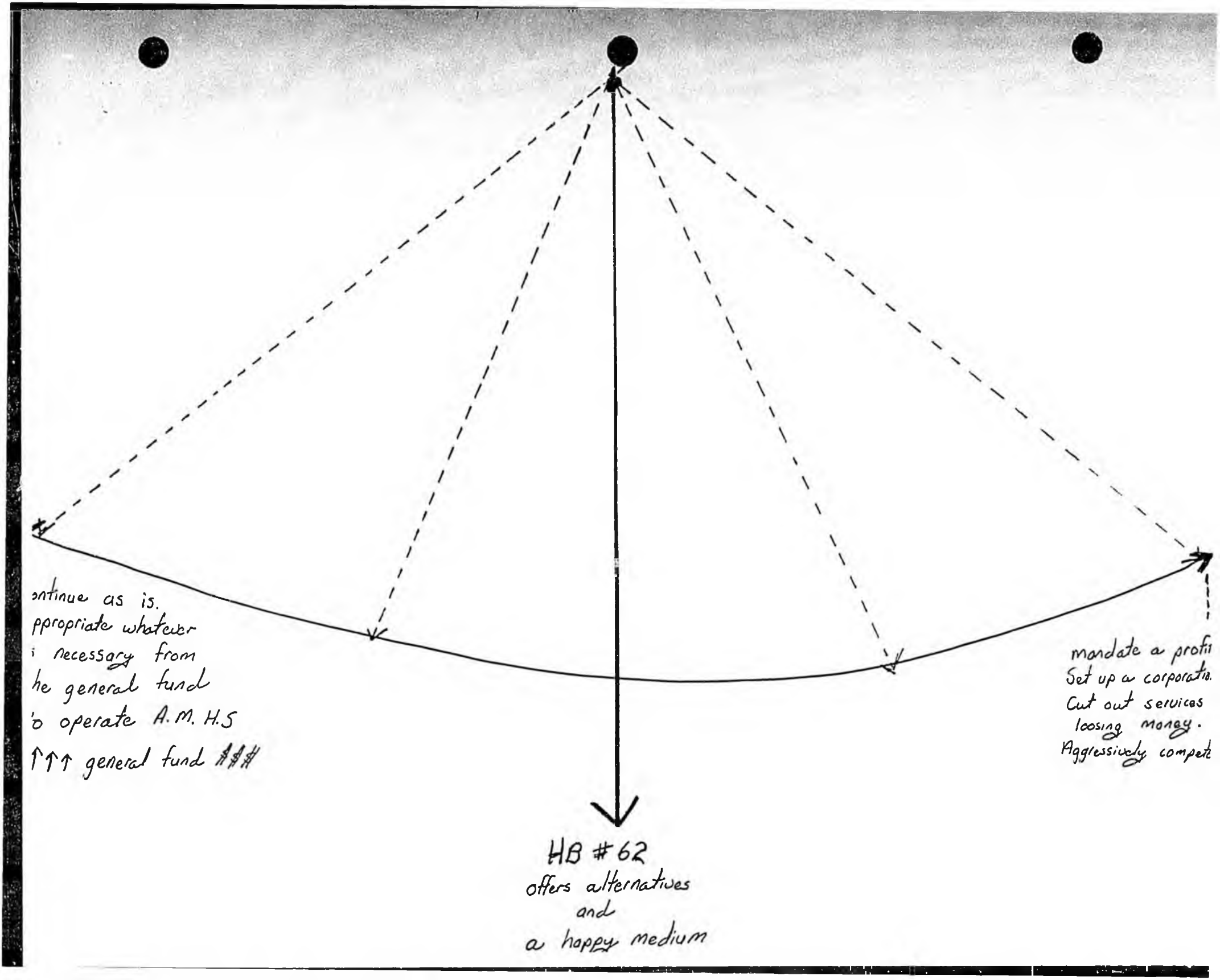
2. Services? a. Proposed cuts in services
   b. lack of adequate services to accommodate in-state transportation needs

3. Scheduling - Is the scheduling of ferries convenient and adequate to meet the needs of the residents of the communities it serves?

4. Marketing - Is the Marine Highway being marketed properly?

5. Personnel - Is the department top heavy/bottom heavy?
   When cuts to AMHS budget are made, are these cuts absorbed in personnel and in services?

6. Management - Are management decisions for AMHS made after extensive consideration of the alternatives?
   Is adequate time spent working toward improving AMHS?
   Does management have representation from the various aspects of the industry to enable well researched decisions to be made?
   What could help improve and expand the decision making process?
   Should decisions for AMHS be made by by DOT management?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HB #62
offers alternatives
and
a happy medium
mandate a profi
Set up a corporatio
Cut out services
loosing money.
Aggressively compet

SUMMER SCHEDULING - AMHS

Vessels servicing the North and Southbound runs

Malaspina - Monday and Thursday services from Prince Rupert to Skagway via Ketchikan, Wrangell Petersbury, Juneau, Haines

Taku - Sunday and Tuesday services from Prince Rupert to Skagway vai Ketchikan, Wrangell Petersbury, Juneau, Haines

Matanuska - Tuesday service Seattle to Skagway via Ketchikan, Wrangell, Petersbury, Juneau Haines

Columbia - Friday service from Seattle to Skagway via Ketchikan, Wrangell, Petersburg, Juneau Haines

****

Le Conte - Monday service leaves Petersburg to Skagway via Kake, Sitka, Angoon, Tenekee, Hoonah, Juneau, Haines

Thursday service Pelican to Haines via Hoonah and Juneau

Aurora - Monday, Tuesday, Thursday, Saturday and Sunday services from Ketchikan to Hollis

Friday service from Hyder to Hollis via Ketchikan

Tustumena - Provides continual service between Seward, Kodiak, Seldovia, Homer and Port Lions. Provides summer service between Valdez and Cordova

Bartlett - Sails on a daily basis to provide services between the ports of Valdez, Whittier and Cordova in summer.

The new FY 88 budget for AMHS proposes the following cuts:

a. Reduce Malaspina service by four months

b. Reduce Taku service by six months

c. Columbia lay up planned for 6 months

d. Scheduled service lay up of all vessels

This will mean only the Matanuska will operate year round on this north and southbound run. As a result of these reductions in service and layups 164 crew members will be impacted

****

Service to Prince of Wales Island and Southeast communities

a. Reduce the Aurora service by four months resulting in a single feeder vessel service in Southeast for eight months of the year versus the current four month period.
The Le Conte would be the single feeder vessel.
The Chilkat would increase service by four months to supplement service between Ketchikan and Prince of Wales Island.

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Service to Southwest system

a. Reduce the Bartlett service by six months. The Tustumena will provide service for the entire Southwest system. Services between Cordova and Valdez in winter would not be available for 2 months because the Bartlett would be in lay up and the Tustumena would be in for servincing

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OVERVIEW OF ALASKA MARINE HIGHWAY SYSTEM

Under the direction and supervision of House Transportation Chairman, Representative Bette Cato, House Transportation Committee staff, Rhonda Cargill and Wendy Chamberlain attended the Alaska Marine Highway Advisory Board Meeting. A meeting was also held with Deputy Commissioner Joe Camp who provided a great deal of information to the Chairman. This is an overview of those meetings. Due to the Chairman's strong interest in the Marine Highway System this report also includes information on areas researched, and answers to questions asked by the Chairman.

On Friday August 12th, 1985 the Alaska Marine Highway Authority Advisory Board had its' first meeting with Alaska Marine Highway. Approximately 2 years ago the Governor appointed members to a Marine Highway Task Force. The Task force work ended after completion of the Task Force Report which included 139 recommendations.

The Southeast Conference Board of Directors, comprised of southeast district representatives, southeast legislators, and southeast community mayors wrote to the Governor and the Department of Transportation requesting the task force be continued as an active board and be expanded to include representation from each marine highway "user" community. This would insure ongoing communication between the State administration and the people of Alaska serviced by the ferry system.

Although the task force was disbanded, Commissioner Knapp felt that the Southeast Conference provided a mechanism for input and recommendations from many of the southeast communities, and hence the Southeast Conference appointed representatives from each of the communities to serve on the Alaska Marine Highway Advisory Board.

The Advisory Board plans to meet with Marine Highway on a quarterly basis. As this was the first meeting an overview of Marine Highway was given by Commissioner Knapp and Deputy Commissioner Camp.

As this overview of Marine Highway is being done in August, 1985 it may be necessary to update this report to reflect any unanticipated changes made by Marine Highway during the next few months. Information gathered from monitoring and oversight of AMHS by the Chairman and staff will also be updated.

ALASKA MARINE HIGHWAY REPORT

Personnel

Commissioner of DOT - Richard Knapp
Deputy Commissioner - Joe Camp

There are 725 persons with Marine Highway who work afloat.
155 persons work ashore
During the past summer there were 850 vessel employees required to fill 331 jobs per week on all vessels. Considering two crews that totals 662 permanent jobs with 188 relief persons to fill in. Despite this there were times when there were not enough personnel to dispatch to cover all positions on vessels. Sick leave and vacation leave taken by employees accounted for a large portion of the personnel shortage.

Most of the personnel for Marine Highway are under union agreement. New contracts were recently agreed upon, these contracts are in effect until 1988.

Over 90% of unlicensed personnel are Alaskan residents
Over 50% of the masters, mates and pilots are Alaskan residents
Under 50% of the engineers are Alaskan residents

64% of the Marine Highway's total operating budget is for personnel services costs and benefits for employees.

During the past several months various "letters to the editor" have appeared in local newspapers drawing attention to the high salaries earned by Marine Highway management. The figures presented by Deputy Commissioner Joe Camp and those outlined in the Alaska Marine Highway budget indicate the following:
21% of ashore Marine Highway personnel earn over $40,000/year
32% of afloat Marine Highway personnel earn over $40,000/year

Alaska Marine Highway has recently reached an acceptable agreement with the Marine Engineers Beneficial Association on the local hire of engineers, therefore the percentage of Alaska hire of engineers should increase.

Vessel Information

The Alaska Marine Highway currently has nine vessels in operation. These include:

M/V Chilkat - the original ship of the Alaska Marine Highway She was acquired in 1959 and services the Southeast Panhandle.

M/V Malaspina - built in 1963, renovated in 1972 she services Northbound and Southbound areas

M/V Matanuska - built in 1963, renovated in 1978 she services Northbound and Southbound areas

M/V Tak - built in 1963, renovated in 1981, services northbound and southbound ports.

M/V Tustumena - built in 1964, renovated in 1969, services Seldovia, Homer, Port Lions and Kodiak.

M/V Bartlett - launched in 1968 she services Cordova, Valdez and Whittier.

M/V Columbia - She is the largest of Alaska's ferries and was launched in 1973.

M/V LeConte - Launched in 1973 servicing the Northern Panhandle.

Plans for the future for vessels

As the M/V Chilkat is the oldest vessel, the Marine Highway plans to retire the M/V Chilkat in the summer of 1986. She will stay in reserve for emergencies.

There is currently a masterplan being developed for the Alaska Marine Highway a draft of which should be available for the next legislative session. This plan will include a report on fast ferries.
Hopefully these fast ferries will provide a comfortable, cost effective and efficient alternative for various southeast communities.
The Marine Highway plans to request funds for the purchase of fast ferries in their FY 87 budget. (Federal and State)
Preliminary estimates show the cost of the fast ferry to be between 2-3 million dollars.
Further information on these ferries will be available when the masterplan is completed.

The Tustamena requires major passenger refurbishing. A recent survey showed a lot of life left in the hull of the Tustamena and therefore the Alaska Marine Highways plans to request refurbishing funds for the Tustamena in the FY 1988 budget. (Fed. & State)

Currently, each vessel is laid up for repairs annually. These routine repairs and maintanence can usually be completed in 30 days. Alaska Marine Highway has received a great deal of publicity over the recent laying up of the Colombia. It is anticipated that the Colombia will be in dead ship lay up in Seattle until at least March 1, 1986. The maintanence work on the Colombia is being done in Seattle, this in itself has created a great deal of controversy, particularly among Marine Highway employees.

The decision to place the Colombia in dead ship lay up was made because of revenue shortfalls. It costs approximately $90,000 more per run to sail the Colombia as compared to the other vessels that complete the same run. The maintenance contract was awarded to a Seattle firm because it was considerably less expensive and because no facilities are currently available in Alaska to allow for ships to be laid up for a long period of time. It is anticipated that next year the Ketchikan facility will be completed and ship lay up will then be done in Ketchikan, however, at the present time the additional cost of laying a ship up in the state of Alaska makes this unfeasible.
The plan for bringing the Colombia out of lay up and the expenses and considerations for the lay up are explained fully in the budget section.

Marine Highway would also like to increase the number of ocean going vessels they have available. Currently only the Tustamena is able to make runs to the Aleutian chain or any other "ocean" areas.

Future plans for terminals and facilities

Alaska Marine Highway recently reached an agreement with Canada on the use of the Prince Rupert facility. In the near future a 5 year lease will be signed for the facility with options to renew every five years for the next 20 years.

In June this year Marine Highway began providing services to the community of Hyder. This community will be serviced once a week by the Marine Highway. There are no plans to move the terminal from Prince Rupert to Hyder at this time, however, monies will be requested in the FY 87 budget to build a facility in Hyder. If approved this terminal may be considered for use in conjuction with the Prince Rupert terminal for north and southbound services. As Federal funds can only be used for capital projects such as purchasing and refurbishing of vessels, rebuilding and reparing facilities etc. it is likely that the much of the funding required to build the facility in Hyder will be requested from the Federal Government.

The $38 million Ketchikan vessel maintainence facility is underway and is scheduled for completion in December, 1986. The maintenance work is currently being done in Seattle, therefore this should be a definite asset to the community of Ketchikan and the State.

Funds have been allocated for construction of shore facilities at Kodiak, Homer, Seldovia and Whittier. Much of this funding is received from the Federal Government. For Example:

Kodiak	(Federal)	$2,790,000
	(State)	210,000

This facility will be an important step towards increasing the quality and efficiency of the service provided by the M/V Tustumena and/or the Tustumena replacement vessel.

Homer	(Federal)	$3,255,000
	(State)	245,000

This project is being coordinated with the City of Homer's revised Port Development/Small Boat Harbor project.

Seldovia Ferry Terminal	(Federal)	$3,255,000
	(State)	245,000

Additional site reconnaissance and preliminary engineering is being done on this project to enable shuttle ferry service for Homer/Seldovia.

Whittier Ferry Terminal (Federal) $2,180,000
(State) 140,000

Funds were allocated for this project in FY 86. Due to the poor condition of the current structure immediate reconstruction will be necessary.

Current Marine Highway Preliminary Engineering Projects.

Valdez Ferry Terminal - $50,000
After the preliminary engineering is done funds for construction of this project will be requested in future years budgets

Seward Ferry Terminal _ $75,000
This facility is in very poor condition. Alaska Marine Highway made an emergency appropriation of $150,000 in August, 1985 to assist with repair of pilings and bumpers at this terminal. After the preliminary engineering and location study is completed Alaska Marine Highway plans to request capital construction funds for this project.

Plans are in progress to build new immigration offices and ticketing offices in the Prince Rupert facility.

A new terminal in Metlakatla should be completed in May of 1986. Metlakatla will then be serviced by the Aurora via Prince of Wales Island, this will allow the Chilkat to retire.

Terminal work is now being done at both the Wrangell and Petersburg facilities

MARINE HIGHWAY FY 86 BUDGET

FY 86 Budget for Marine Highway

The next section reviewed is the budget. Under the direction of the Chairman, this section was monitored and reviewed continually. This information is being presented now because much of the decision making and questions asked regarding such matters as ferry scheduling, areas serviced, fares and overall operations are made based on their overall impact on the budget.

In FY 86 the total budget for Alaska Marine Highway is $68 million This is a $3 million or 4% increase over FY 85.

The total budget breaks down as follows:
$32 million state funds
$36 million project revenue

In FY 86 the Legislature changed slightly the way in which funds are appropriated for Alaska Marine Highway. Previously, all revenues from Marine Highway went into the general funds and an amount was appropriated from the Legislature for operation and maintenance of Alaska Marine Highway.

In FY 86 Alaska Marine Highway requested a $68 million dollar budget. The Legislature approved this amount and appropriated $32 million from the general fund. The remaining $36 million is to come from revenue generated by Alaska Marine Highway. If they do not generate this amount, they will have to make cuts to balance their budget. This allowed Alaska Marine Highway to receive Legislative approval for the budget amount requested, and yet provides management with the challenge of making decisions that will directly affect their revenues and in turn their overall operating budget.

Although it is early in the fiscal year, information provided to the Chairman indicate that the $36 million in projected revenues for the year may have been somewhat optomistic.
The projected revenues were approximately a $3 million increase over FY 85. It is realistic to expect that Marine Highway will increase revenues slightly over FY 85. Taking this into consideration Marine Highway anticipate that the "magic number" for "additional" revenues that they will need to generate to be approximately $1.8 million.

With overall revenue figures available as of September, 1985 it has become apparent that Marine Highway management will have to make operating cuts if they are to balance their budget for FY86. To date preliminary estimates show that cuts up to $1.8 million will have to be made by management. In an attempt to meet this shortfall, Marine Highway has implemented the following cost saving measures:

1. Lay up the M/V Colombia in Seattle until at least March 1, 1986. As stated earlier, each year the vessels go into lay up for approxminately 30 days for rountine maintanence. Because the Colombia is the most expensivr vessel run on the Seattle run, and, the winter operating costs exceed the revenues generated management decided to lay her up.
A contract for the maintanence and repairs to the Colombia was awarded to a Seattle based firm. When consideration was given in an attempt to lay up the Colombia in Ketchikan the additional cost made this unfeasible.
The cost comparison done by Marine Highway was as follows:

Contract work in Seattle	$143,000
Contract work in Ketchikan	$528,000

Several factors account for the higher costs to lay up the vessel in Ketchikan.

a. Cost to steam the ship would be very expensive, as the Ketchikan facility is not completed there is not adequate power available to steam the ship.
600 amps is required
280 amps power available from ship

b. Cost for 122 days of crew salary for 10 crew members. This was estimated to amount to approximately $297,000.

c. Garbage collection would have to be arranged
d. Sewer disposal (estimated to be $13,000)
e. Telephone

It is hoped that the Colombia will be brought out of lay up and crewed March 1st, however, Marine Highway management may find it necessary to leave the Colombia in lay up status until April. This decision will be made late December when the revenue picture becomes clearer.

2. Discussions between Representative Cato and Marine Highway management in early December provided no other definite information on proposed cuts or changes in service to balance the budget. Areas management stated may need to be considered included assessing the toll free lines and evaluating the cost of maintaining this service. Marine Highway management state that the cost of providing these toll free lines is very expensive, particularly the intrastate lines. Therefore careful consideration may need to be given to the actual benefit verses the cost of this service in the upcoming months.

WHY THE SHORTFALL IN REVENUE PROJECTIONS?

Alaska Marine Highway is concerned about the shortfall in revenue projection for FY 86. After many discussions, meetings and evaluation of information available, management feel the following areas contribute to this shortfall:

1. Airline fares

With the recent ultra super saver fare reduction by both Alaska and Western airlines many people are using air as a means of transportation because with the current price structure it is considerably faster and less expensive to fly. A decline in reservations is also being voiced by a number of local hotels who state that reservations are down as much as 30% under previous years. Inexpensive fares to Europe and other overseas countries are considered to be one reason for this as people are taking advantage of these low fares to travel overseas.

2. Cruiseship lines more competitive.

M/V Stardancer, owned by an overseas company loads in Vancouver and sails on a 3 day trip to Haines with a 4 day return trip. The Stardance makes stops in Juneau, Misty Fjords and Tracy Arm. This vessel has the capacity to carry approximately 300 vehicles. The fares for this trip are lower than fares charged by Alaska Marine Highway.

Example:

Standard Automobile shipping cost	
Seattle to Haines on Alaska Marine Highway	$500.00
Vancouver to Haines on M/V Stardancer	$250.00
25 to 26 foot motor home	
Seattle to Haines on Alaska Marine Highway	$1,000.00
Vancouver to Haines on M/V Stardancer	$350.00

Cabins

Cabin prices on the M/V Stardancer vary depending on the luxury of the cabin, however, a person may travel on the Stardancer in an inside cabin, with his/her meals inculded for the same price as a standard cabin on Alaska Marine Highway excluding meals.

2. Passenger load down

Although reservations for this summer were as projected, the actual revenue generated as a result of this travel is down. Alaska Marine Highway management feel that while numbers are up, the actual distance that individual passengers travelled is down and hence revenues are down.
The Seattle run is the most profitable run.
From information available it appears that the number of persons travelling on this run is down AND, the number of large vehicles transported on this run is also down.
In summary, this summer the Alaska Marine Highway system transported a greater number of passengers and vehicles, however, passengers travelled shorter distances. Also, while there was an increase in the number of vehicles transported by Alaska Marine Highway, the number of oversized vehicles travelling was down considerably.

Both long distance travel and large vehicle transportation are two areas that are very profitable for Marine Highway.

Representative Cato was assured the problem of "no shows" would be overcome this year as new regulations (attached), requiring advance payment of tickets and penalties for cancellation went into effect October 1st, 1985. Previously, persons who made reservations could pick up and pay for their ticket on the day of sailing. This, although very convenient for the traveller made the problem of "no shows" very frustrating and expensive.
The threatened strike by the masters, mates and pilots also had an effect as people either cancelled their reservations or used alternative means of travel.

WHAT ARE THE SOLUTIONS?

Proposed solutions to these concerns are currently being discussed. As several of these solutions go hand in hand with proposed changes in ferry scheduling and services this section will be outlined next along with the proposed changes.

Ferry Scheduling

Along with being one of the most difficult tasks for Alaska Marine Highway, scheduling is also one of the areas that many of the complaints arise over.

In order for persons to be able to plan for their vacations, ferry schedules are printed months in advance.
The decisions on next summers schedule were made September 1st 1985. This schedule has already been sent to the printers.
Once schedules are printed the department
is locked in as far as the number of vessels servicing an area, the number of runs being made per week and the pricing structure for fares, therefore long range decisions have to be made as accurately as possible well in advance.

Possible Solutions

In discussions with Representative Cato, Deputy Commissioner Joe Camp outlined the many alternatives that have been explored.

1. Agressively compete with the cruise lines.

2. Increase services on the most heavily booked runs to try and increase revenues.

3. Increase services on the most profitable runs. The revenue and direct expenses graphs included in the appendices provides a clear breakdown on each runs revenue verses direct expenses.

4. Cut services

5. Evaluate all the runs and have fares structured to attempt to make each run, where possible, cover expenses. (See attached graph in appendices)

6. Look at alternatives - fast ferries - as a more cost effective method of travel to areas within the state.

It is the intent of DOT and Alaska Marine Highway to continue all areas currently serviced. Runs made within Alaska to the smaller rural communities are not profitable, and, in many cases these runs only return revenues to cover approximately 20-30% of the expenses. Both Commissioner Knapp and the Chairman feel that services must be continued to these areas, they are remote parts of Alaska that have very few alternatives available. One of the main reasons Alaska Marine Highway was put into service was to provide a means of transportation within Alaska.

Several of the above alternatives are being considered at this time.

1. Increase services.
   The most heavily booked runs are the north and southbound runs from Seattle and Prince Rupert to Haines and Skagway. A great difference is apparent when the profitability of these two runs is compared:

Current service and revenues

Seattle to Skagway - 1 trip per week
1000 passengers (total) 165 vehicles
200 state rooms

Revenue for this run $325,000.00

Prince Rupert to Skagway - 2 trips per week
1400 passengers 330 vehicles
400 state rooms

Revenue from this run $218,000.00

The above breakdown shows that by carrying fewer people and fewer vehicles per week the Seattle run returns $107,000 more than the Prince Rupert run.

Consideration has been given to raising the fares on the Prince Rupert run to make the same profit as the Seattle run, however this would mean a 60% increase in fares. Marine Highway has therefore increased the fares on the Seattle run 4% and increased fares on the Prince Rupert run 8%.

In an attempt to take advantage of the more profitable Seattle run, Marine Highway has decided to make an additional weekly run from Seattle during the summer instead of Prince Rupert. This change is reflected in the new ferry schedules.

The graphs that follow and also those included in the appendices given an actual breakdown of each run and show revenues generated verses expenses incurred.

Other areas discussed or review

The reservations section of the Marine Highway is an area that is very busy. While on tour of the facility with Mr. Camp the telephones were ringing constantly. This is another area that many people complain about, -- not being able to reach the Marine Highway for reservations.

There are currently 9 lines available to Marine Highway:
These calls are answered in priority from Group 1 to 3.
Group 1 - 2 toll free lines for use within Alaska
Group 2 - 3 lines available for local callers
Group 3 - 4 toll free numbers for out of state use.

As you will see from the attached summary, 5163 calls were made to Marine Highway on August 5th, 1985. Of this 1389 calls were answered from the 2 toll free in state lines compared to 2400 from the 4 toll free out of state lines. This possibly explains the difficulty getting through to Marine Highway within Alaska.
The department is considering deleting one of the toll free out of state lines and possibly adding another toll free in state line for use by Alaskans. This addition may not be possible if revenues for the year continue to be down from those projected.
The cost of maintaining a toll free in state line is considerably more expenses because of in state telephone rates.

Although the 4 toll free out of state lines are constantly in use the time taken with each of the out of state calls is much longer than the local and in state calls. This is due to the fact that many people call from other states to make inquiries on everything from scheduling to the weather and are usually unfamiliar with the area and request a description on each port of call, which in turn ties up the staff and the lines for a considerable length of time. Therefore, deletion of one or more of the out of state toll free lines would be both cost saving and time saving.

Other office procedures

One of the biggest obstacles facing the Marine Highway should be overcome in this fiscal year. At the present time much of the hardware needed to make the computer system truly effective is not on line. Therefore in order to compare revenues from ticket sales month to month each ticket has to be individually punched into the

computer before a monthly figure is available. Currently the information available in from sales 2 to 3 months previous. The necessary hardware has been purchased and is currently being installed. This will provide accurate, up to date information on revenues generated for the previous months. This will help with management decisions such as fare structures etc.

All time sheets for all marine highway onshore an offshore personnel are computed by hand. Requests for funds for computers will be in the FY 87 budgets.

In summary, Alaska Marine Highway system has several short time priorities:

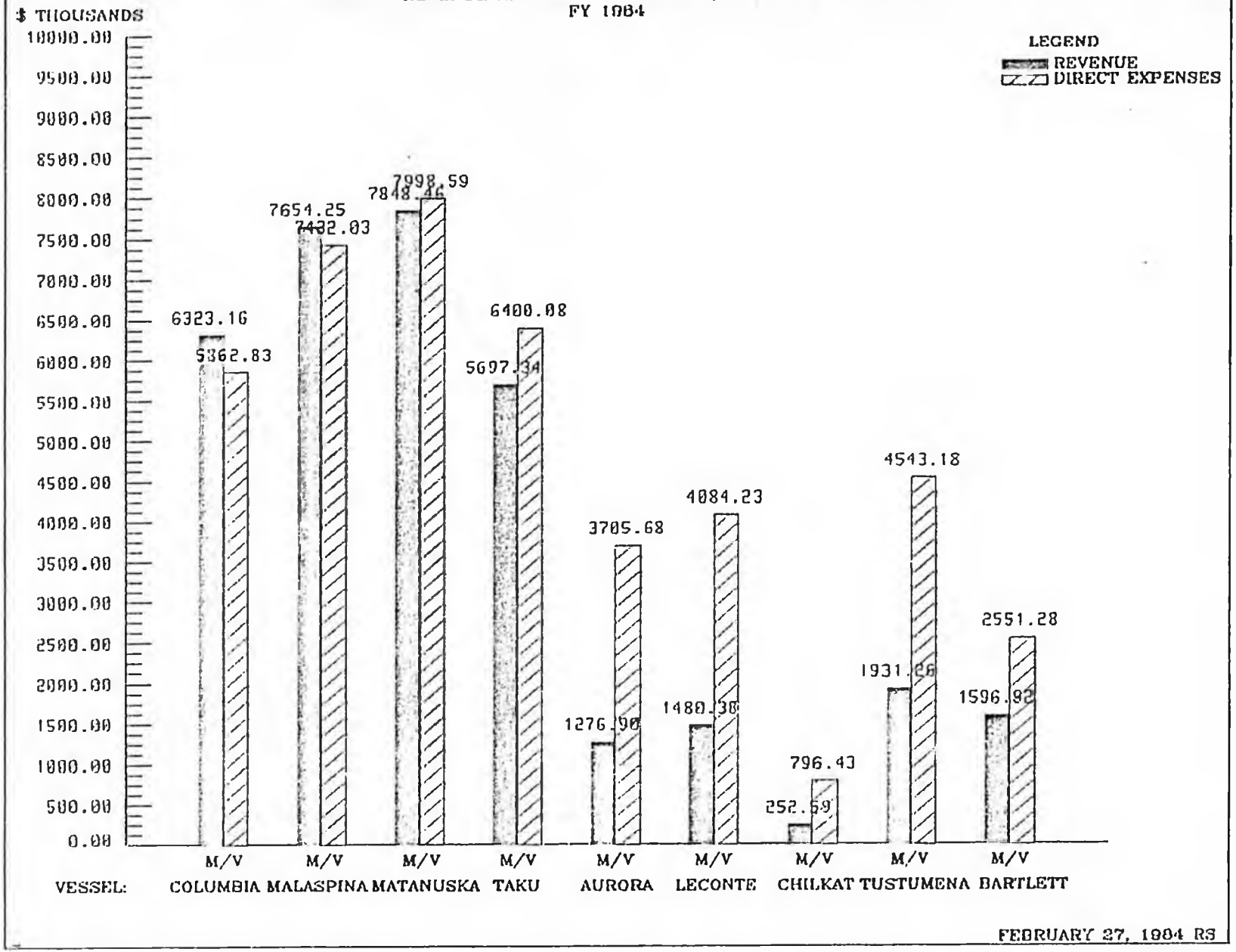
a. To make the necessary adjustments or cuts to balance the FY 86 operating budget. It is hoped that any adjustments or necessary cuts will have the least amount of impact on services or personnel.
b. To assess and implement methods to attain projected revenues. To work toward overcoming any obstacles and agressively compete in the transportation business.
c. To automate the offices to provide the most current and accurate information on passengers travelled, revenues generated and expenses incurred and therefore allow management to react more agressively to industry demands and swings, and to implement any changes that may be necessary for them to meet or exceed their projections.

The Long term plans for Marine Highway include looking into the fast ferries as an alternative. Constructing, upgrading and rebuilding facilities and vessels and providing more cost effective, efficient services both onshore and offshore.

Rhonda Cargill
Wendy Chamberlain
House Transportation Committee

ALASKA MARINE HIGHWAY SYSTEM

REVENUE AND DIRECT EXPENSES, BY VESSEL
FY 1984

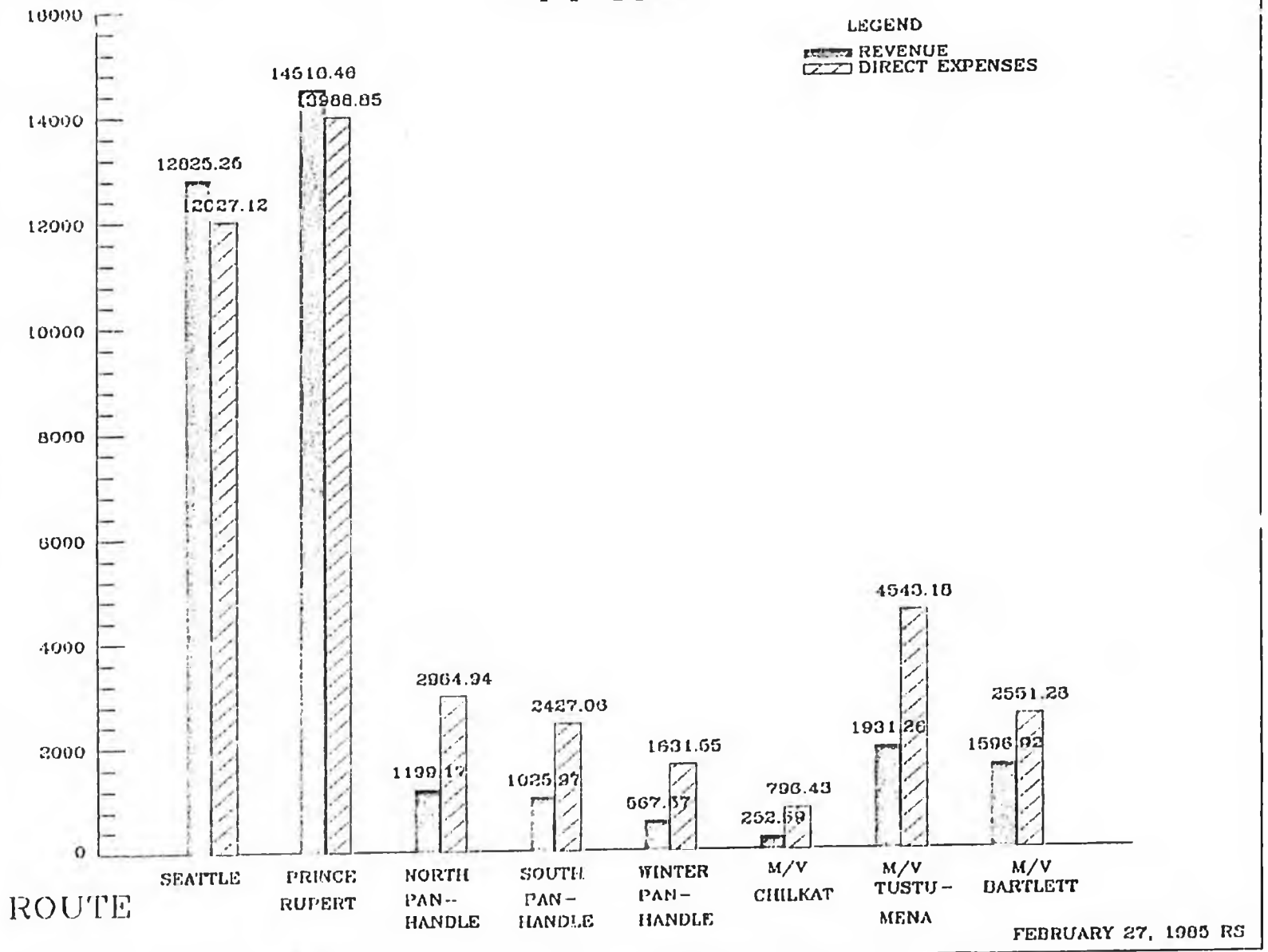


FEBRUARY 27, 1984 RS

ALASKA MARINE HIGHWAY SYSTEM

REVENUE AND DIRECT EXPENSES BY ROUTE

FY 1984



AUTO WEEKLY

7/29 - 8/05

SYSTEM ACTIVITY

AGENT GROUP : 1 Total Time : 168:00
Period Covered : Jul/29/85 Mon 4:00 AM to Aug/05/85 Mon 4:00 AM

	INCOMING CALLS							
	Answered Before Tape	Answered After Tape	Handled	Abandoned	Offered	Over-flowed	Night Service	OUTGOING CALLS
Mon-29	448	498	946	51	997	0	27	11
Tue-30	313	454	767	48	815	0	35	4
Wed-31	418	363	781	42	823	0	32	12
Thu-01	210	630	840	129	969	0	82	17
Fri-02	277	486	763	104	867	0	38	9
Sat-03	75	273	348	84	432	0	23	2
Sun-04	116	123	239	21	260	0	40	12
Mon-05	0	0	0	0	0	0	3	0
TOTALS	1857	2827	4684	479	5163	0	280	67

SERVICE LEVELS
Number of Calls Handled within XX Seconds

0	5	10	20	30	60	90	180	OVER
1	1074	565	407	195	479	393	749	721
.0%	22.9%	14.1%	8.6%	4.1%	10.2%	8.3%	15.9%	15.3%

AUTO WEEKLY

AGENT ACTIVITY

AGENT GROUP : 1 Total Time : 168:00

Period Covered : Jul/29/85 Mon 4:00 AM to Aug/05/85 Mon 4:00 AM

	TOTAL CALLS				AVERAGE DURATION Min:sec			
AGENT	Incoming	Outgoing	Internal	Transfer	Incoming	Outgoing	Internal	Wrap
41	208	0	8	0	2:48	0:00	0:07	0:53
42	379	8	1	1	2:50	2:07	0:20	2:40
43	49	18	1	0	1:51	1:57	0:00	7:55
44	505	2	3	2	3:13	0:40	0:00	4:35
45	464	20	5	3	1:45	1:18	0:00	0:40
46	415	0	6	3	4:06	0:00	0:06	1:35
47	137	2	0	0	1:29	0:20	0:00	5:00
48	284	0	4	3	2:54	0:00	0:05	2:27
50	0	0	0	0	0:00	0:00	0:00	0:00
51	195	1	1	1	3:40	1:40	0:00	3:38
52	715	13	1	1	2:54	2:55	0:00	4:16
53	744	1	7	5	2:15	6:40	0:05	0:46
54	605	2	8	1	2:24	1:30	0:07	1:42
60	0	0	0	0	0:00	0:00	0:00	0:00
61	0	0	0	0	0:00	0:00	0:00	0:00
62	0	0	0	0	0:00	0:00	0:00	0:00
71	0	0	0	0	0:00	0:00	0:00	0:00
TOTAL CALL	4700	67	45	20				

ALLOCATION OF TIME

Hr:min

AGENT	Signed In Duration	Incoming	Outgoing	Internal	Wrap-Up	Available	Unavailable
41	53:57	9:45	0:00	0:01	0:03	4:15	39:52
		18.0%	.0%	.0%	.0%	7.8%	73.9%
42	33:29	18:00	0:17	0:00	5:32	4:42	4:57
		53.7%	.8%	.0%	16.5%	14.0%	14.8%
43	11:42	1:31	0:35	0:00	0:32	1:57	7:08
		12.9%	5.0%	.0%	4.5%	16.6%	60.9%
44	42:13	27:05	0:01	0:00	2:13	6:13	6:40
		64.1%	.0%	.0%	5.2%	14.7%	15.8%
45	42:49	13:32	0:26	0:00	0:01	10:26	18:26
		31.6%	1.0%	.0%	.0%	24.3%	43.0%
46	42:47	28:25	0:00	0:01	0:32	5:01	8:53
		66.4%	.0%	.0%	1.2%	11.7%	20.6%
47	5:56	3:25	0:01	0:00	1:05	1:26	0:00
		57.6%	.1%	.0%	18.2%	24.0%	.0%
48	27:48	13:47	0:00	0:00	4:43	6:38	2:42
		49.5%	.0%	.0%	16.9%	23.8%	9.7%
50	0:00	0:00	0:00	0:00	0:00	0:00	0:00
		.0%	.0%	.0%	.0%	.0%	.0%
51	17:38	11:57	0:02	0:00	2:18	2:15	1:05
		67.8%	.1%	.0%	13.0%	12.7%	6.1%
52	55:42	34:38	0:38	0:00	7:46	12:24	0:16
		62.1%	1.1%	.0%	13.9%	22.2%	.4%
53	42:08	27:57	0:07	0:01	0:26	7:34	6:05
		66.3%	.2%	.0%	1.0%	17.9%	14.4%

54	40:36	25:55	0:03	0:01	3:00	8:30	3:05
		63.8%	.1%	.0%	7.4%	20.9%	7.5%
60	0:00	0:00	0:00	0:00	0:00	0:00	0:00
		.0%	.0%	.0%	.0%	.0%	.0%
61	0:00	0:00	0:00	0:00	0:00	0:00	0:00
		.0%	.0%	.0%	.0%	.0%	.0%
	0:00	0:00	0:00	0:00	0:00	0:00	0:00
		.0%	.0%	.0%	.0%	.0%	.0%
71	0:00	0:00	0:00	0:00	0:00	0:00	0:00
		.0%	.0%	.0%	.0%	.0%	.0%
GROUP TOTAL	416:45	215:58	2:10	0:04	28:10	71:20	99:07
		51.8%	.5%	.0%	6.7%	17.1%	23.7%

JUL 15 1985

NOTICE OF PROPOSED CHANGES IN THE
REGULATIONS OF DEPARTMENT OF TRANSPORTATION AND
PUBLIC FACILITIES

Notice is given that the Department of Transportation and Public Facilities, under authority vested by AS 44.42.030, proposes to adopt regulations in Title 17 of the Alaska Administrative Code, dealing with Alaska Marine Highway tickets, to implement AS 44.42.020 as follows:

(1) 17 AAC 70.220(a) and (b) are proposed to be amended to incorporate the provisions of 17 AAC 70.221, and

(2) 17 AAC 70.221 is proposed to be adopted to establish procedures for refunds on Alaska Marine Highway tickets with the amount refunded, reduced depending upon when in relation to sailing the cancellation of the reservations occurs, the time of the year the space is reserved, and the particular route.

Notice is also given that any person interested may present written statements or arguments relevant to the proposed action by writing to Deputy Commissioner, Alaska Marine Highway System, Pouch R, Juneau, Alaska 99811, so that they are received no later than August 9, 1985.

This action is not expected to require an increased appropriation.

Copies of the proposed regulations may be obtained by writing to:

Merv Griggs
Alaska Marine Highway System
Pouch R
Juneau, Alaska 99811

The Department of Transportation and Public Facilities, upon its own motion or at the instance of any interested person, may, after the deadline stated above, adopt proposals within the scope of this notice without further notice or may decide to take no action on them.

DATE: _____

_____
Joe D. Camp
Deputy Commissioner
Alaska Marine Highway System
Department of Transportation
and Public Facilities

17 AAC 70.220(a) and (b) are amended as follows:

17 AAC 70.220. REFUND OF FARES, RATES OR CHARGES. (a) Passage tickets for passengers or vehicle deck space when presented by the legal owner, within one year of valid date, may be redeemed, subject to the provisions of 17 AAC 70.221, under the following conditions:

(1) unused passage tickets when travel was not performed or when transportation was not provided will be refunded at full value upon application;

(2) changes in destination, number of persons ticketed, size of vehicle or other details that result in the transportation provided being of lesser value than the purchase price of the passage ticket, must be adjusted on the basis of the true published value of the transportation provided; the adjusted difference will be refunded upon application;

(3) lost tickets may be refunded upon application and certification of loss.

(b) Tickets issued for stateroom or berth accommodations, when presented by the legal owner, may be redeemed, subject to the provisions 17 AAC 70.221, under to the following conditions:

(1) if canceled prior to sailing full refund may be made upon application,

(2) when travel distance is shorter than originally ticketed, or when all berths originally ticketed are not used, no adjustment in charges for the berth or stateroom service will be allowed. (Eff. 7/8/72, Reg 42; am / / , Reg.)

17 AAC 70.221. REFUND OF TICKET AMOUNTS. (a) Amounts refunded on tickets shall be reduced from the full ticket price for routes specified in this section as follows:

(1) if cancelled thirty days prior to sailing, 100 percent is refunded;

(2) if cancelled more than twenty days, but less than thirty days before sailing, 80 percent is refunded;

(3) if cancelled more than ten, but less than twenty days before sailing, 60 percent is refunded;

(4) if cancelled less than ten days before sailing 40 percent is refunded; and

(5) if the vessel sails without cancellation of the tickets, nothing is refunded;

(b) The provisions of this section apply to the following routes:

(1) all tickets for sailings using Seattle as a point of origin or as a destination;

(2) all tickets for sailings northbound from Prince Rupert during June and July of each year;

(3) all tickets for sailings southbound to Prince Rupert from July 15 through September 15 of each year;

(4) all tickets for any sailing between Whittier and Valdez; and

(5) all tickets for individual sailings specified in the Alaska Marine Highways' schedule. Schedules are issued for the periods October 1 through April 30 and May 1 through September of 30 each year. Copies of the schedules may be obtained from The Alaska Marine Highway System, Pouch R, Juneau, Alaska 99811. (Eff. / / / , Reg.)

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

DEPUTY COMMISSIONER--ALASKA MARINE HIGHWAY SYSTEM

POUCH R
JUNEAU, ALASKA 99811
(TELEX 45-312)
PHONE (907) 465-3950

November 4, 1985

All Employees
Alaska Marine Highway System

I am writing this letter to all employees in response to a letter (copy attached) published on Thursday, October 31 in the Juneau Empire. That letter got my attention for three reasons:

1) It contained persistent false rumors and accusations;

2) it was allegedly signed by a dedicated employee who had recently died; and

3) it mentioned one event that occurred after his death.

On Friday morning, November 1, while pondering how Mr. Clark could have written a letter about something that occurred after his death, I received a call from Mr. Carl Sampson, Managing Editor of the Empire. He had just received a call from Mr. Clark's daughter who had informed him that Mr. Clark could not have written or had anything to do with that letter since Mr. Clark had been gravely ill in a Portland hospital for some time before his death. The Friday Empire carried an editorial (copy attached) that states the Editor's position much better than I can.

Even though some individual or group of individuals has taken advantage of Mr. Clark and his family and possibly the letter to the editor should be ignored, I believe I owe it to all of you to answer with facts the false charges that letter implied. My comments respond paragraph by paragraph to the letter to the editor.

Our labor costs are high. Over 53.5 percent of our total operating budget is in personal services costs and benefits for our vessel employees. Shore employee personal services and benefits are less than 9.5 percent of our total operating budget. No other major vessel operator faces those types of labor costs to my knowledge and experience. Most of the wages are hard earned and well deserved, but management must ensure that we do not pay for services not needed.

Office personnel have not tripled. In fact, there have been a total of only 15 personnel added to the authorized Alaska Marine Highway System (AMHS) personnel count since July 1980 and seven of these were approved this year and are Capital funded positions to manage construction projects for Marine Facilities Engineering. It may seem to the unknowning as if many positions have been added to headquarters staff since AMHS has consolidated under one Deputy Commissioner. With the exception of the 15 new personnel, all other positions have long been employed in Department of Transportation and Public Facilities (DOT&PF), doing AMHS work. Many were simply located elsewhere where they reported to different supervisors but they were performing AMHS tasks. The DOT&PF reorganization in 1983/84 simply located them centrally in the same organization which, incidentally has made us more responsive and efficient. There are 7 persons or 4.7 percent in the shore staff of AMHS earning $60,000 or more. There are 69 or over 8.1% of all vessel personnel earning that much or more. In addition, there are 205 or 24% of all vessel personnel earning between $40,000 and $60,000. Ashore there are 24 or 16.3% earning those wages. Shoreside supervisors and managers are not eligible for overtime even though many extra hours of work are required. The shore staff to vessel employee ratio of AMHS compares very favorably with the Washington State Ferries. Washington State Ferries have one person ashore for every four afloat while AMHS has one person ashore for every 5.8 persons afloat.

In the winter our administrative staff must still order the supplies, account for revenues and expenses, pay the bills, dispatch personnel, handle payroll, prepare budgets, manage capital construction projects and make reservations. There is no slack period ashore as there is on the routes.

We are implementing a limited number of training programs for our shoreside staff just as we are for our vessel personnel. Both programs will increase as our budget will allow. Non-performers, both afloat and ashore are being appropriately dealt with within the bounds of union contracts.

Management philosophy is not intended to be antagonistic toward vessel personnel. When I was at sea I made a vow that if ever I was in a management position ashore, I would ensure that the shore staff always remembered that their only reason for being was to support the ships. We are dedicated to making AMHS a more efficient organization that better serves the needs of all Alaskans. We are antagonistic to any personnel who seem only to think of how they can get more for doing less or those who fail to remember that our sole reason for operating is to serve the public.

M/V COLUMBIA will be in a dead ship lay up status until at least March 1. Todd Shipyard will also complete the industrial overhaul during that period. To lay COLUMBIA up in Ketchikan this year would have cost AMHS a minimum of $528,000 in auditable costs. The Todd Shipyard contract is for $143,000, or a savings of $385,000. That savings equates to two extra weeks sailing for a mainline vessel, providing service to the public.

Shoreside employees travel on passes only when they are on official business, therefore reservations for cabins are in order and meals are included in lieu of per diem. Occasionally, I take my vehicle when I travel on official business on the ferry. It is a cost savings measure as I then do not need to rent a car at destination and I only do this if there is adequate space available. Shoreside personnel do not receive passes for vacation travel. Shoreside employees' family members never receive passes for passage or meals. Mr. Black's daughter was, traveling on a purchased ticket, erroneously not charged for an evening meal on M/V COLUMBIA this summer. Mr. Black brought it to the attention of the Port Steward and thought it was resolved before he left the ship. After debarking, he discovered the meal had not been paid for and he paid the bill the next COLUMBIA trip through Juneau.

I firmly believe that we have the finest system and that we have more dedicated, hard working employees than any organization of comparable size anywhere in the world. We must all work together to improve our system so that it can function to its fullest to provide service to the public. To the majority of you who work so hard for our system, I say thanks, keep up the good work and help us realize the real potential this system has.

Sincerely,

Joe D. Camp
Deputy Commissioner

Enclosures

Mr. Black and I were recruited from outside the state. We both had extensive experience in managing and working with civilian crewed vessels. Many successful businesses recruit ex-military personnel for their proven track record as cost effective managers. We both hope to remain in Alaska for a long time. Incidentally, we have given all vessel employees who collect COLA but who are "P. O. Box Alaska residents" the opportunity to correct past errors without penalty. Those who we now identify as having filed false claims in order to collect COLA will be dealt with to the limits of the law including termination and collection actions to recover COLA paid non-residents. Only the cheaters should be bothered by this. Alaska residents and those honest outsiders who don't collect COLA should be happy to see it happen.

Some marketing surveys have been conducted for specific purposes. Where appropriate and where funding is available the recommendations are implemented.

I made the statement that I thought airline super saver fares were the principle cause of falling revenue this year. There are many other factors involved and we are taking whatever action we can to counter those losses. One will be to sail two vessels out of Seattle next summer. Our service to Hyder was the result of legislation that required it. DOT&PF argued against it in all committee hearings because of the anticipated losses. The $47,000 loss was for the entire summer, not each week. We will again serve Hyder/Stewart next summer, but since we will be carrying vehicles we should not have a loss.

Last summer we had over 850 vessel employees to fill 331 jobs per week on all vessels. Considering two crews that totals 662 permanent jobs with 188 relief personnel to fill in. In spite of that number of extra personnel we sometimes did not have enough personnel to dispatch to cover all positions on all vessels. We did not sail below Coast Guard certificate. AMHS is the only seasonal business I know of that has allowed almost unlimited leave during the peak season. Too liberal a leave policy and a higher than usual "not fit" situation during a portion of this summer left us short. With the funding shortages we have, hiring additional personnel was not the answer, but better managing the personnel we have may be. We are seriously considering limiting all personnel to no more than one work week leave and then only for a limited number on leave each week between May 15 and September 15 next year. I dislike having to limit leave but we are in a seasonal business whether we like it or not.

JUNEAU EMPIRE - October 31, 1985

Letters

Ferries need help from top down

Dear Sirs,

This letter is a response to the growing antipathy being created in the Alaska Marine Highway Systems (A.M.H.S.) between shipboard personnel and the management in the Juneau office. Management seems oblivious to its contribution to waste in state government and prefers to put the blame on "high" labor costs. Examples of mismanagement are rife, but we will explore only a few in this document.

Office personnel and mid-level managers have about tripled in the past five year, with officer's wages averaging $60,000 a year. One might compare ferry management (in terms of the ratio of office to line workers) with private shipping companies or the Washington State Ferries. They operate with a fraction of the personnel and have bigger budgets, more ships, and larger payrolls.

Each winter half the ships are laid up in the shipyard for maintenance, but there is never a reduction in force in office personnel. Actual ships and compliment crews are static, while office workers multiply exponentially.

There is no policy of continuing (or even initial) management training. Poor personnel are never removed, just shifted to a different title – usually a position of more responsibility.

Management philosophy is antagonistic to shipboard workers and is heavily infiltrated by ex-military personnel. Since when is the military a good place to recruit people to be cost effective?

Top management has been imported from outside the State of Alaska, even though Governor Sheffield in a recent press interview still gives lip service to local hire on state financed projects.

There have been approximately 11 marketing surveys done for the state in as many years (at what cost?) that have NEVER been utilized. Evidently no one in Juneau knows how to analyze and implement the data gathered by the firms contracted for the surveys.

A D.O.T. official in a recent public statement blamed loss of ferry revenue on super saver air fares, but said the A.M.H.S. is taking steps to save money at the operational level. So far this has translated into less sailors and stewards to work shipboard during peak summer months, and inaugurating weekly trips to Hyder, Alaska, at $17,000 per trip.

Lay up on "dead ships" (those vessels with no maintenance being done and no workers aboard) are being tied up to sit in ports outside of Alaska. These docking fees could just as easily go to Alaskan cities with docking facilities.

Ethical standards for any operation, be it public service, the private sector or the military, are set by the leadership and filter down to subordinates. At the A.M.H.S. we are given the examples of "do as I say, not as I do." Memorandums are issued denying employees traveling on passes from (1) reserving staterooms or (2) having free meals aboard the ship, yet an official's daughter travels with her father while he is ostensibly on official business, all meals provided to them at state expense. On a recent "special" voyage to Sitka, officials traveling on passes reserved their stateroom accommodations, even after their own memos (dated two weeks previously) state quite clearly there would be no exceptions to the pass-reservation rule.

The old adage "Physician, heal thyself" might be well applied to a bloated, inefficient bureaucracy whose typical response to declining state revenues and calls for a more cost effective program is to blame the workers who set no policy, have little or no control of day-to-day operations and who struggle to interpret variable and often capricious office politics.

Please sign us,
Frustrated Public Servants
Larry Clark
P.O. Box 3515
Juneau, 99803

JUNEAU EMPIRE - November 1, 1985

An apology for an abuse of a privilege

A newspaper has many jobs: to inform, to entertain and to provide a forum for the expression of opinions. Each of those functions is important, because together they provide a well-rounded view of the world around us. If one of those functions had to be chosen as most important, the free expression of opinion would probably be it. That's because in a democracy, the free expression of opinion is not reserved for the few, it is a privilege enjoyed by all.

Most of the time, people express their opinions in a responsible manner. Once in a great while, however, that privilege is abused. It doesn't happen when an individual speaks deeply held beliefs, and it doesn't happen when an honest error in fact is stated.

It happens when an individual, or group of individuals, purposely seeks to deceive.

By all indications, that's what happened in a letter to the editor published in Thursday's Empire. In it, someone apparently forged another person's signature. While that is bad enough, the person whose name had been forged had passed away nine days after the letter was dated. The family says he had been severely ill in Oregon and there is no way he could have written the letter or had anything to do with it.

Maybe the person who forged that letter has a just cause. Or maybe he thought he was being real smart by taking another man's name. But no matter how you look at it, nothing can justify this sort of flagrant and willful abuse of a privilege. Whoever did it not only destroyed his credibility and perpetrated the most irresponsible of deceptions, he needlessly hurt the man's family, friends and former co-workers.

What can justify that sort of action? Nothing. What can make up for the hurt? Nothing.

We offer our apologies to the members of Larry Clark's family and the many other people who we hurt by publishing that letter, and you can bet we will make every effort to make sure this never happens again.

If the person responsible for this deception had any courage or sense of right, he or she would also apologize to the family and to the public.

DIVISION OF ADMINISTRATIVE SUPPORT
ALASKA MARINE HIGHWAY SYSTEM

Martin J. Nusbaum, Director

- With its staff of 51 the Division of Administrative Support was able to meet its objective of providing the necessary supply, personnel and finance functions for the Alaska Marine Highway System by meeting the following objectives.
- Payroll and dispatching errors decreased by 25%.
- Decrease in crew travel pay due to dispatch errors by 28%.
- Decrease in time on recording crew seniority points by 28%.
- Decreased processing time whereby vendor payments were accomplished under thirty days from time of invoice to payment.
- Further progress is anticipated in FY 86 in that objectives toward improving systems with the help of computers is expected to be made in the following areas:
- Prompt and accurate rating and response to marine employee applicants as to hiring qualifications and compliance with affirmative action.
- Improve warehouse and inventory control procedures. Reduce error rate to 2%.
- Establishment of cost centers including management and accounting requirements to identify profit/loss for services performed.

Sent to Dave
10-31-85 / 15

ALASKA MARINE HIGHWAY SYSTEM
DIVISION OF MARKETING AND SERVICES

Josephine Emery, Director

- A major change took place within the Division of Marketing and Services in FY 85 when reservations' functions were centralized in Juneau. A staff of 65 includes reservations positions which were shifted from both the Seattle and Anchorage offices, which had previously shared the reservations load, to the Juneau office. Toll free lines, two Alaskan and four out-of-state were installed along with appropriate electronic call distribution, monitoring and reporting. This has proven effective with the number of unanswered telephone calls being reducted significantly.

- Most of the objectives of the Division were reached as the response to telephone and letter inquiries improved as planned and the number of vehicles transported increased from 94,000 to 99,000 as projected. However, two objectives were not reached. Passenger traffic did not reach projected levels as ridership actually declined one percent compared to the projected rise of three percent.

- With passenger traffic declining, revenue also fell short of projections by nearly six percent at $32.6 million.

ALASKA MARINE HIGHWAY SYSTEM
DIVISION OF MARINE FACILITIES ENGINEERING

Harold Moeser, Director

- With the FY 85 funding level Marine Facilities Engineering was able to meet its objectives in the development and obligation of $10,700,000 in capital construction. Projects included the rehabilitation of the M/V MATANUSKA and Petersburg Ferry Terminal ($7,500,000), and new or major improvements at Tenakee, Hoonah and Ketchikan ($3,200,000).

- The staff total of 20 includes a Naval Architect and five registered professional engineers. Beginning in FY 85 a full time Shore Maintenance Manager function was established to schedule and contract for shore maintenance as needed.

- The legislature authorized 7 additional positions for FY 86 which will allow this Division to target for an FY 86 capital construction output of $26,000,000. The primary emphasis will be in completing the Ketchikan Ship Repair Yard ($18,000.000), improvements to vessels M/V COLUMBIA (Bow Thruster), M/V BARTLETT and M/V MATANUSKA ($2,600,000), and new or improved terminal facilities at Wrangell, Metlakatla and Seward ($5,200,000). Maintenance of all Alaska Marine Highway Terminals is ongoing and estimated to be $200,000 per year.

ALASKA MARINE HIGHWAY SYSTEM
DIVISION OF MARINE OPERATIONS

Eugene H. Black, Director

Objectives of FY 85

- Full utilization of our capital assets, our ships, and shore facilities.
- Provide additional service the private sector could not offer. This deals with new Alaskan ports and frequency of service.
- Increase ship operating days and passenger boardings.
- Reduce overhaul costs

  a. Increasing productivity per labor hour
  b. Improved scheduling
  c. Shorter layup period

- Improve passenger service by upgrading facilities and expanding passenger food service options.
- Re-engine the M/V MATANUSKA.
- Upgrade safety equipment to state of the art on all Alaska Marine Highway System vessels.

The number of employees under Alaska Marine Highway System supervision

- Nine shoreside management positions to supervise 725 vessel positions.

Accomplishments

- The ships were better utilized with an increase in ships operating days.
- Service to Alaskan communities was expanded by scheduled trips to Hyder, Alaska. Service across the Gulf of Alaska was expanded and studies are being done to analyze this area.
- Overhaul costs were reduced by several changes in management practice.

a. Executed second year of a five (5) year service contract with main engine manufacturer for the maintenance of the main engines on the M/V COLUMBIA with an estimated annual cost savings of 500,000 dollars, which has resulted in improved operational reliability of the M/V COLUMBIA.

b. Better scheduling of layup personnel resulted in more productivity with smaller crew levels.

c. Less days were spent in layup status resulting in more use of Alaska Marine Highway System vessels.

- Extensive upgrading of Alaska Marine Highway System vessels occurred in FY 85. The major ones that affected Passenger Services are:

a. Reinstituted year-round table service for dinner meal on board Seattle run ships.

b. Installed Amtrak style recliners on M/V's LeCONTE, AURORA and COLUMBIA.

c. Installed toddler play area on M/V's TAKU and MALASPINA.

d. Major carpet upgrading on M/V's MALASPINA, LeCONTE and TAKU.

e. Remodel of Cocktail Lounge and Dining Room on the M/V MALASPINA.

f. Installed public showers on the M/V AURORA and M/V LeCONTE.

- The M/V MATANUSKA was re-engined. The life cycle cost savings justified this project. The fuel consumption comparisons are very favorable after the first four months of operations.

- Several safety related changes were made to bring Alaska Marine Highway System up to the state of the art.

a. Upgraded all radar systems in the fleet with state of the art capability.

b. Installed new extended skeg on the M/V COLUMBIA to improve her handling characteristics.

c. Conducted firefighting and CPR training programs for employees in Deck, Engine and Stewards Departments.

d. Continued upgrading the plumbing, electrical and ventilation systems aboard the ships.

e. Increased emphasis on the upgrading of all navigational equipment.

- The change in direction from FY 84 to FY 85 was more a consolidation than a change. More efficient use of Alaska Marine Highway System Facilities, better scheduling of work and personnel, and expanded frequency of service.

- FY 86 is a year where due to budgetary restraints, major cost cutting measures are being put in place. It is our intention to not retreat in regard to increasing our passenger boardings comparison. We are planning to accomplish more but with less. The proposed changes are:

a. By better scheduling, the M/V COLUMBIA will be layed up during the least profitable period. Even with the layup, passenger boardings should show a reasonable increase. The savings from this measure will result in a cost savings of approximately $431,952.16 due to her being in cold ship status void of crew.

b. The average time the ships will remain in maintenance/overhaul status will be cut, allowing additional time on the run to offset the M/V COLUMBIA layup.

c. Size of overhaul crew levels will be cut by 11%. Due to improved procedures and scheduling, the work will be completed in less days.

d. The food service during overhaul period will be replaced with meal per diem, which will result in a cost savings of $241,915.46.

e. There will be a change to two mainline ships calling on Seattle during the summer season, which will result in savings from less expensive supply costs and should increase revenues due to more passenger miles being logged.

ALASKA MARINE HIGHWAY SYSTEM

WEEKS OF SHIPS OPERATIONS - By Calendar Year

	1981	1982	1983	1984	1985	PLANNED 1986
Four Mainline Vessels - Southeast	128.9	135.4	133.8	150.7	146.0	155.6
Two Feeder Vessels - Southeast	82.4	84.5	81.2	83.5	87.2	90.2
M/V CHILKAT - Southeast	44.9	48.5	47.3	47.3	46.9	47.6
Feeder Vessels including M/V CHILKAT	127.3	133.0	128.5	130.8	134.1	137.8
Total Southeast System	256.2	268.4	262.3	281.5	280.1	293.4
M/V TUSTUMENA	43.4	45.0	43.8	43.0	43.9	43.8
M/V BARTLETT	52.2	44.5	44.6	44.8	44.5	44.8
Total Southwest System	95.6	89.5	88.4	87.8	88.4	88.6
Total AMHS	351.8	357.9	350.7	369.3	368.5	382.0

ALASKA MARINE HIGHWAY SYSTEM

WEEKS OF SHIPS OPERATIONS - By Fiscal Year

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87 BASE	FY 87 REQUESTED
Four Mainline Vessels - Southeast	120.4	141.9	132.0	145.2	142.0	155.8	153.1	160.1
Two Feeder Vessels - Southeast	87.0	85.9	79.7	86.0	86.2	90.8	90.9	90.9
M/V CHILKAT - Southeast	45.2	48.2	47.5	47.3	47.0	47.5	30.8*	30.8*
Feeder Vessels including M/V CHILKAT	132.2	134.1	127.2	133.3	133.2	138.3	121.7*	121.7*
Total Southeast System	252.6	276.0	259.2	278.5	275.2	294.1	274.8*	281.8*
M/V TUSTUMENA	43.7	44.7	44.0	43.0	44.0	43.7	43.6	43.6
M/V BARTLETT	42.2	44.2	44.8	44.8	44.6	44.7	43.3	43.3
Total Southwest System	85.9	88.9	88.8	87.8	88.6	88.4	86.9	86.9
Total AMHS	338.5	364.9	348.0	366.3	363.8	382.5	361.7*	368.7*

*The M/V CHILKAT is removed from service February 1, 1987.

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

POUCH Z
JUNEAU, ALASKA 99811
PHONE: (907) 465-3900

OFFICE OF THE COMMISSIONER

February 28, 1985

Ms. Sally Smith
President
Southeast Conference
P. O. Box 29
Douglas, AK 99824

Dear President Smith:

This is in response to your recent letters to Deputy Commissioner Joe Camp and me regarding reactivation and expansion of the Marine Highway Task Force. The Task Force was appointed by Governor Sheffield, and its work ended with completion of the Task Force Report. I do not believe it would be beneficial to reactivate and expand the Task Force at this time.

I can, however, see some benefits from having an advisory group to work with the Alaska Marine Highway System. I believe such a mechanism currently exists within the Southeast Conference. I would like to suggest that your Transportation Committee or some other group from your organization assume such a role. I can see the need for regular meetings and suggest for your consideration, quarterly meetings to be scheduled by the Advisory Group at their convenience with the concurrence of the Deputy Commissioner of the Alaska Marine Highway.

Sincerely,

R. J. Knapp
Commissioner

cc: Joe Camp, Deputy Commissioner
Alaska Marine Highway System

...laskans"

SOUTHEAST CONFERENCE

P.O. Box 29 • Douglas, Ak. 99824

(907) 586-6846

February 5, 1985

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

Dear Governor Sheffield:

The Southeast Conference board of directors, comprised of Southeast district representatives, Southeast legislators, and Southeast community mayors, has reviewed the Marine Highway Task Force report to the State and is following the implementation of those recommendations we support.

The Southeast Conference board requests the Marine Highway Task Force be continued as an active board and be expanded to include a representative from each marine highway "user" community. This would ensure ongoing communication between the State administration and the people of Alaska serviced by the ferry system.

We shall appreciate your comments regarding this request which the board believes will achieve a balanced direction for the future of the marine highway system.

Respectfully,

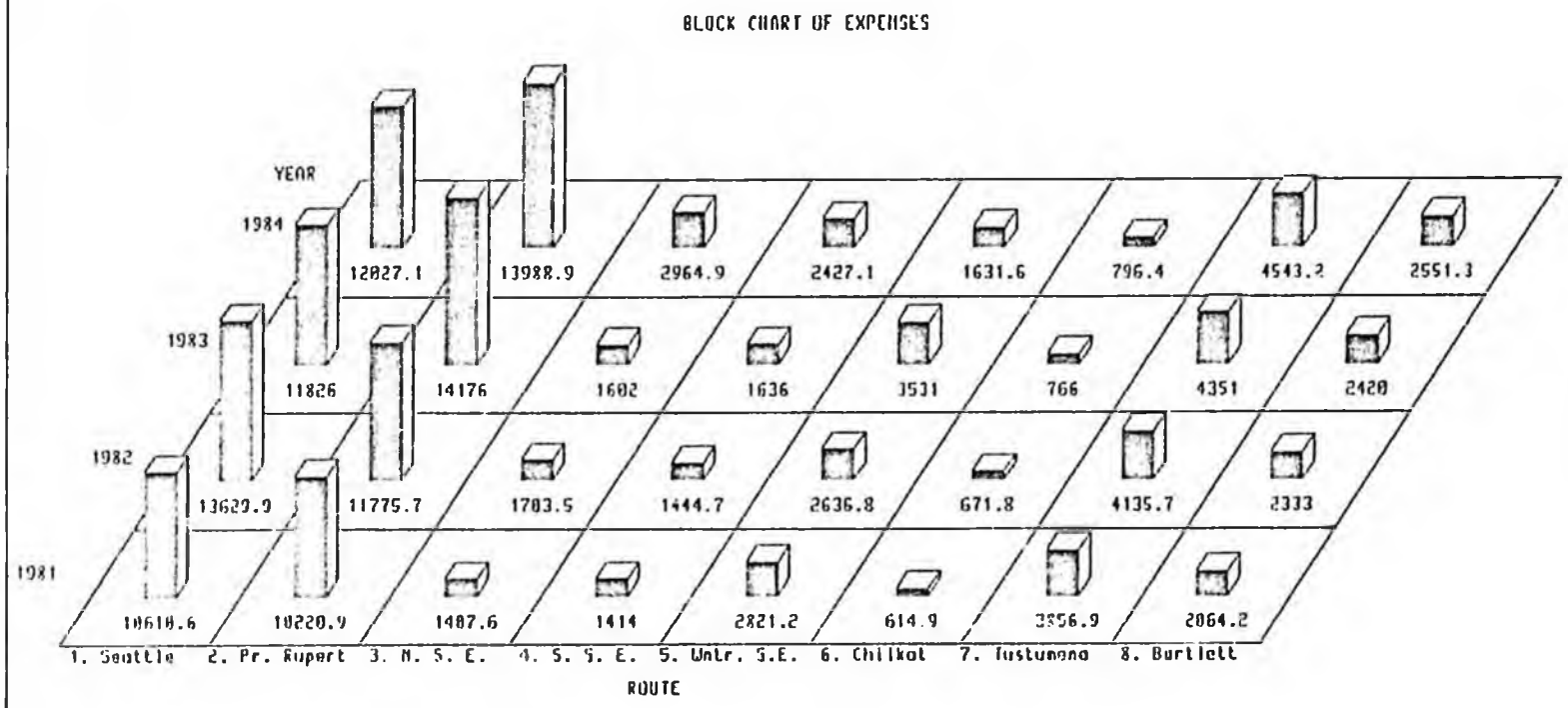
Sally Smith

Sally Smith
President

ALASKA MARINE HIGHWAY SYSTEM

Direct Expenses by Route and Fiscal Year, 1981–1984

$ Thousands



Compiled February 27, 1985

ALASKA LEGISLATURE COMMITTEE FILES 1987 - 1988 8672

5131 HTRA COMM. MTGS: AK. MARINE HWY. (FILF 2)

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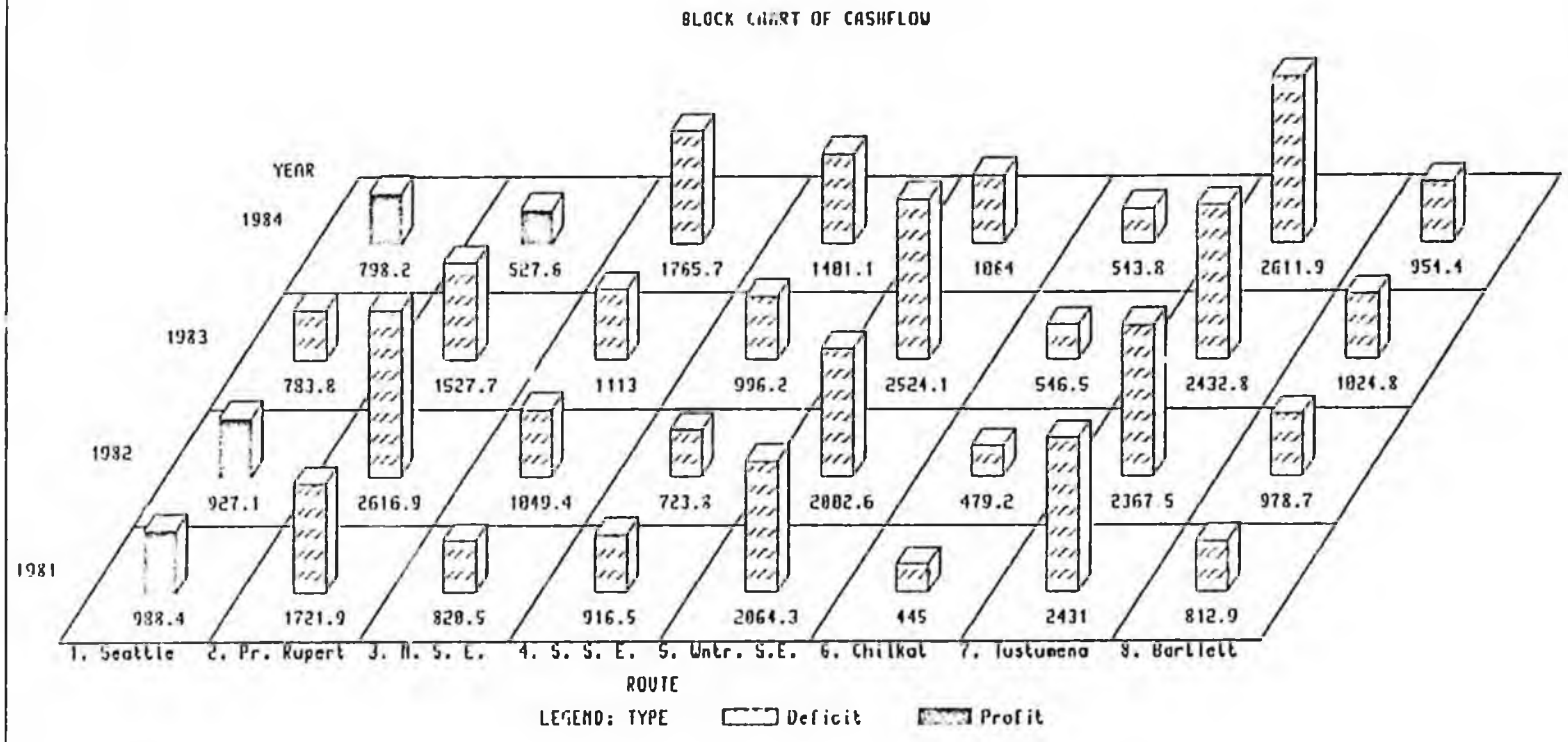
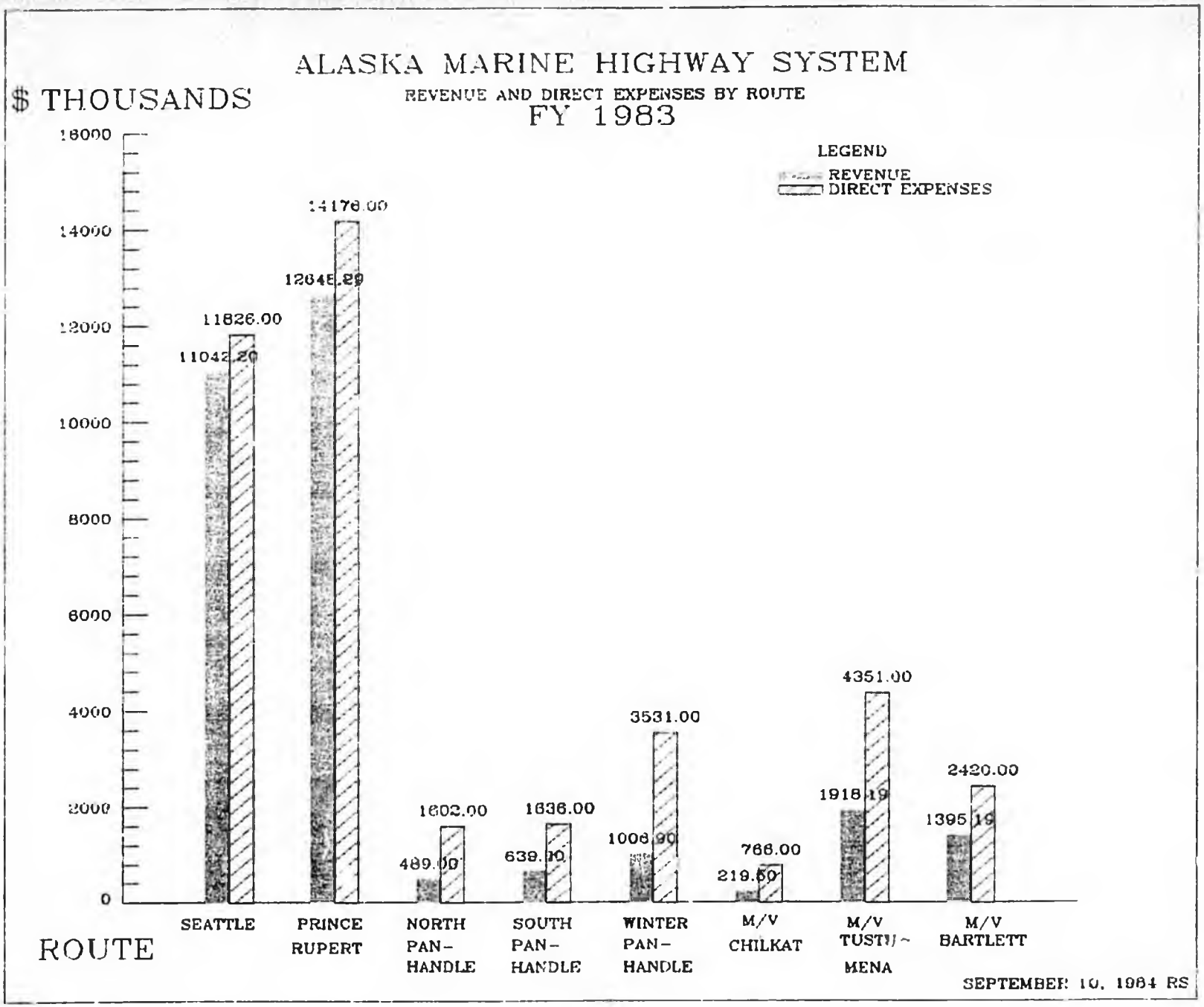
ALASKA MARINE HIGHWAY SYSTEM

Profit or Deficit by Route and Fiscal Year, 1981–1984

$ Thousands

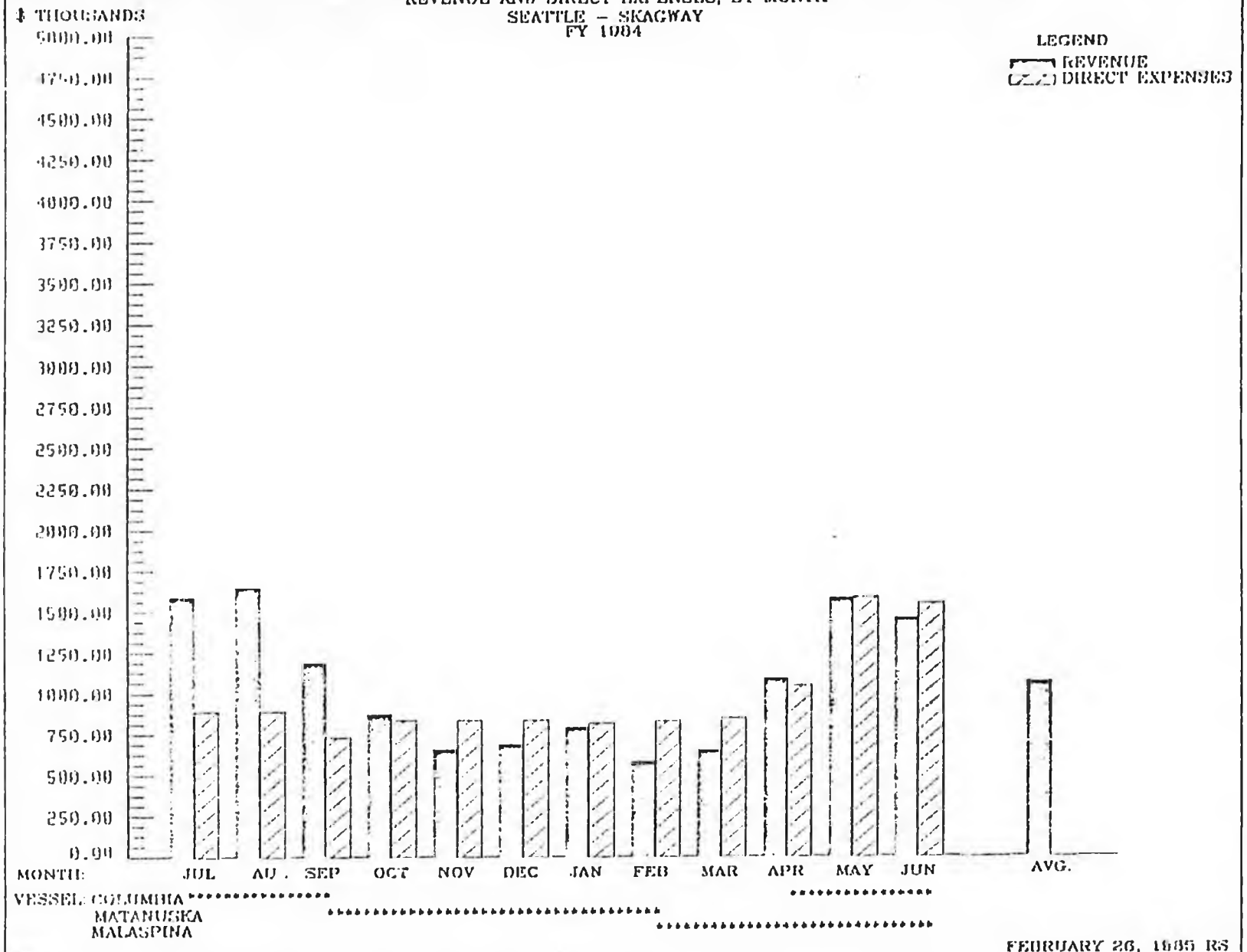


Compiled February 27, 1985


ALASKA MARINE HIGHWAY SYSTEM
REVENUE AND DIRECT EXPENSES BY ROUTE
FY 1983
$ THOUSANDS
LEGEND
REVENUE
DIRECT EXPENSES
16000
14000
12000
10000
8000
6000
4000
2000
0
11826.00
11042.20
14178.00
12645.29
1602.00
489.00
1636.00
639.00
3531.00
1008.90
766.00
219.60
4351.00
1918.19
2420.00
1395.19
SEATTLE
PRINCE RUPERT
NORTH PAN-HANDLE
SOUTH PAN-HANDLE
WINTER PAN-HANDLE
M/V CHILKAT
M/V TUSTU-MENA
M/V BARTLETT
ROUTE
SEPTEMBER 10, 1984 RS

ALASKA MARINE HIGHWAY SYSTEM

REVENUE AND DIRECT EXPENSES, BY MONTH
SEATTLE – SKAGWAY
FY 1984

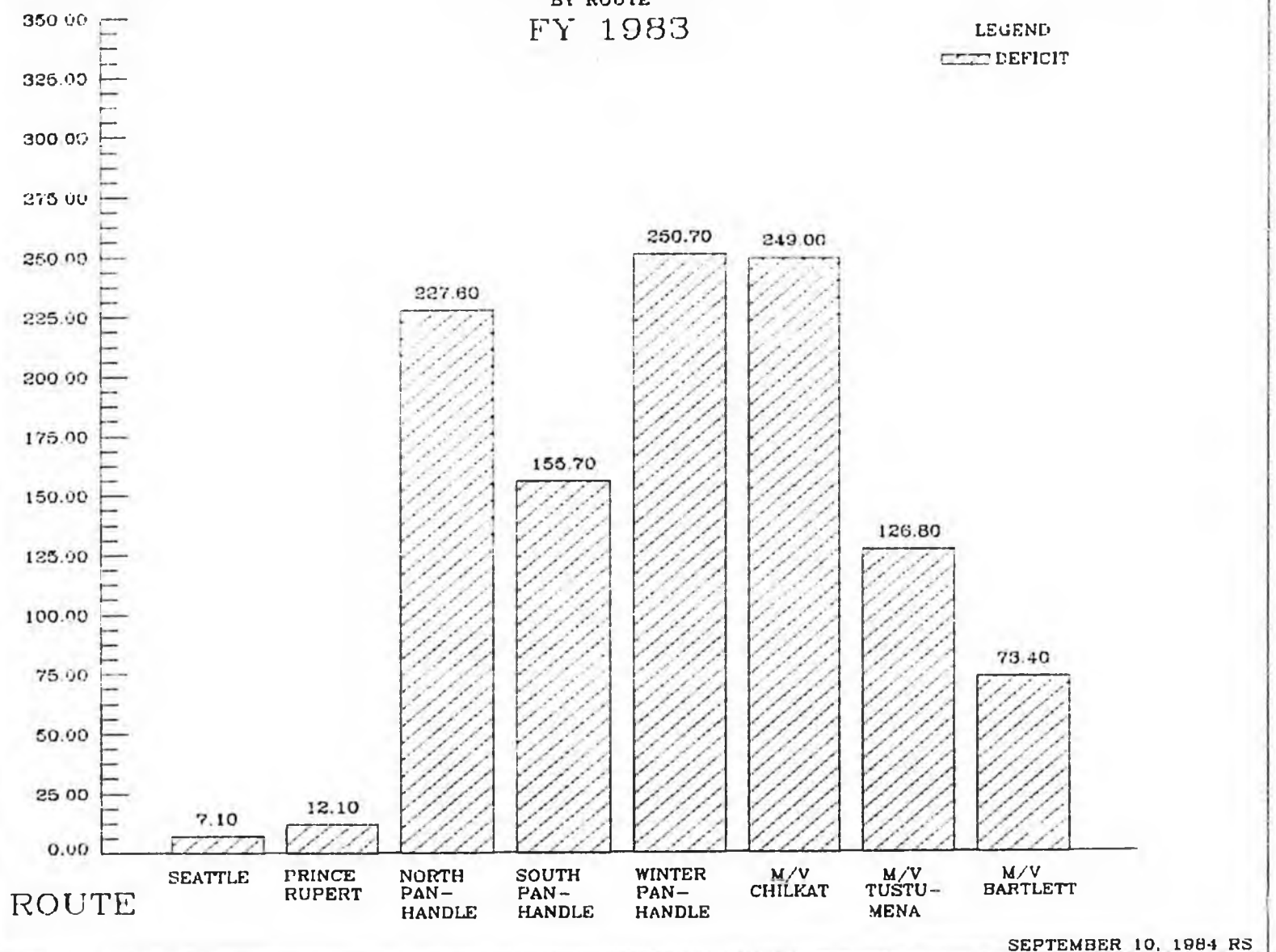


FEBRUARY 26, 1985 RS

ALASKA MARINE HIGHWAY SYSTEM

PROFIT OR DEFICIT
AS A PERCENT OF REVENUE
BY ROUTE

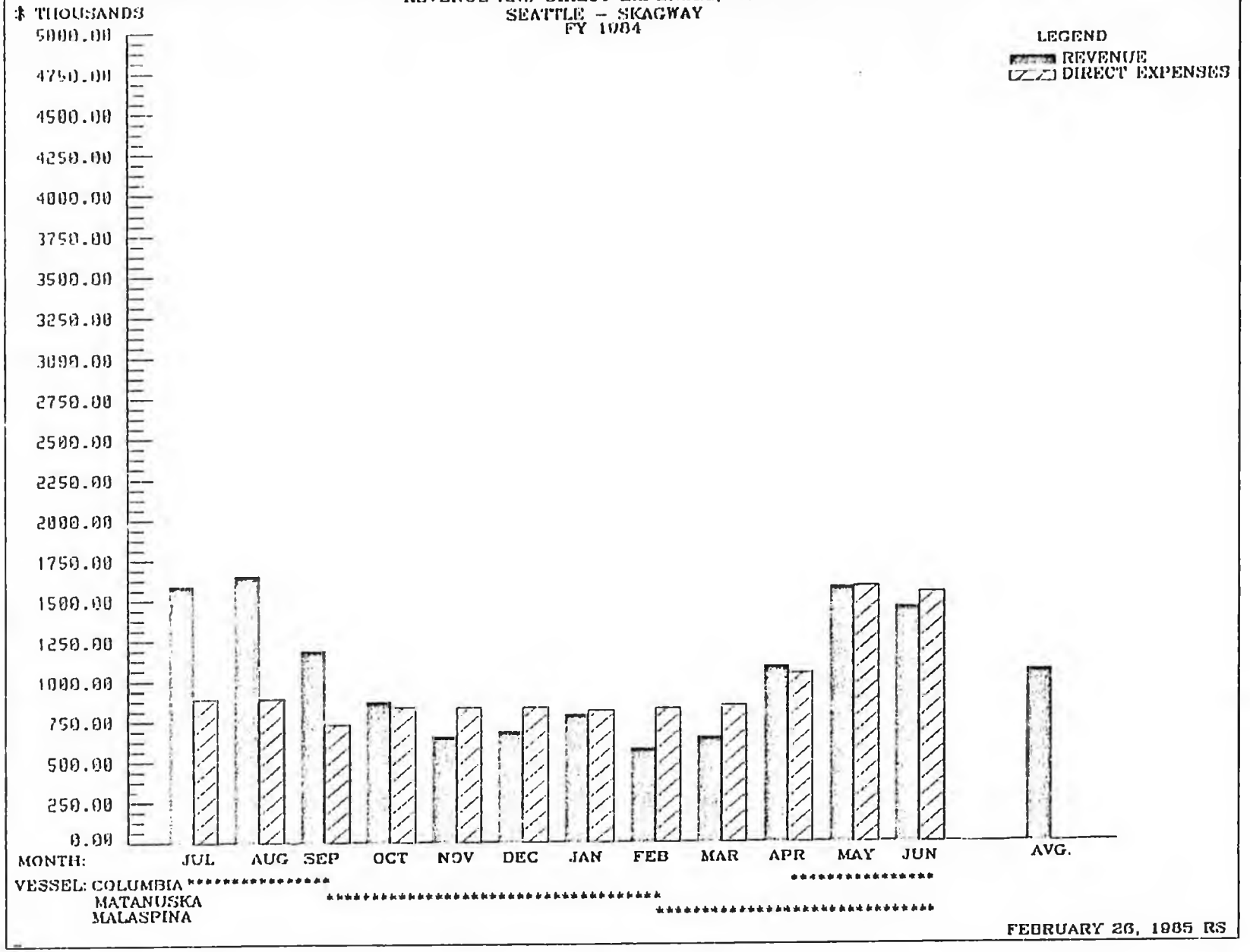
FY 1983



SEPTEMBER 10, 1984 RS

ALASKA MARINE HIGHWAY SYSTEM

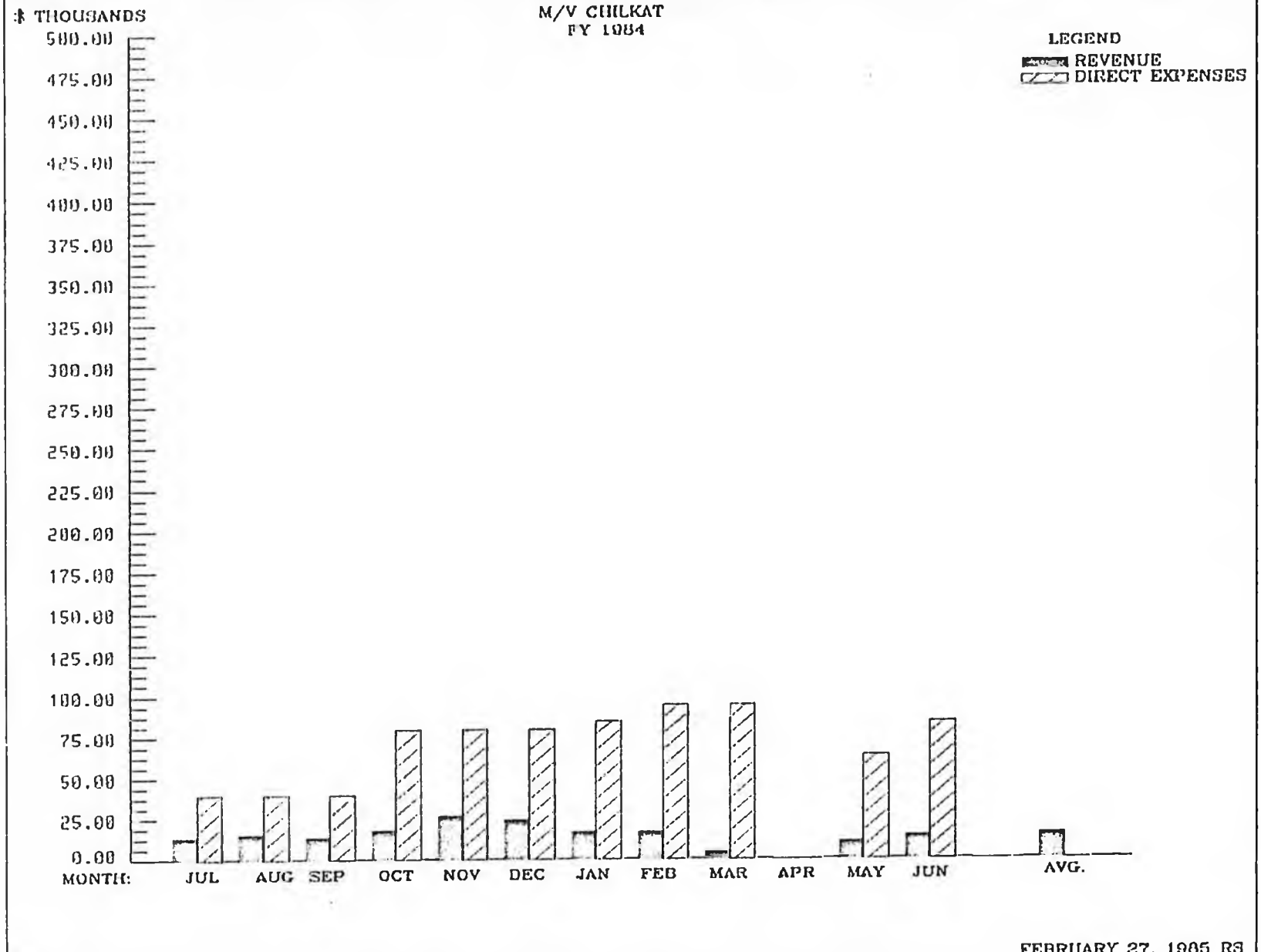
REVENUE AND DIRECT EXPENSES, BY MONTH
SEATTLE – SKAGWAY
FY 1984



FEBRUARY 26, 1985 RS

ALASKA MARINE HIGHWAY SYSTEM

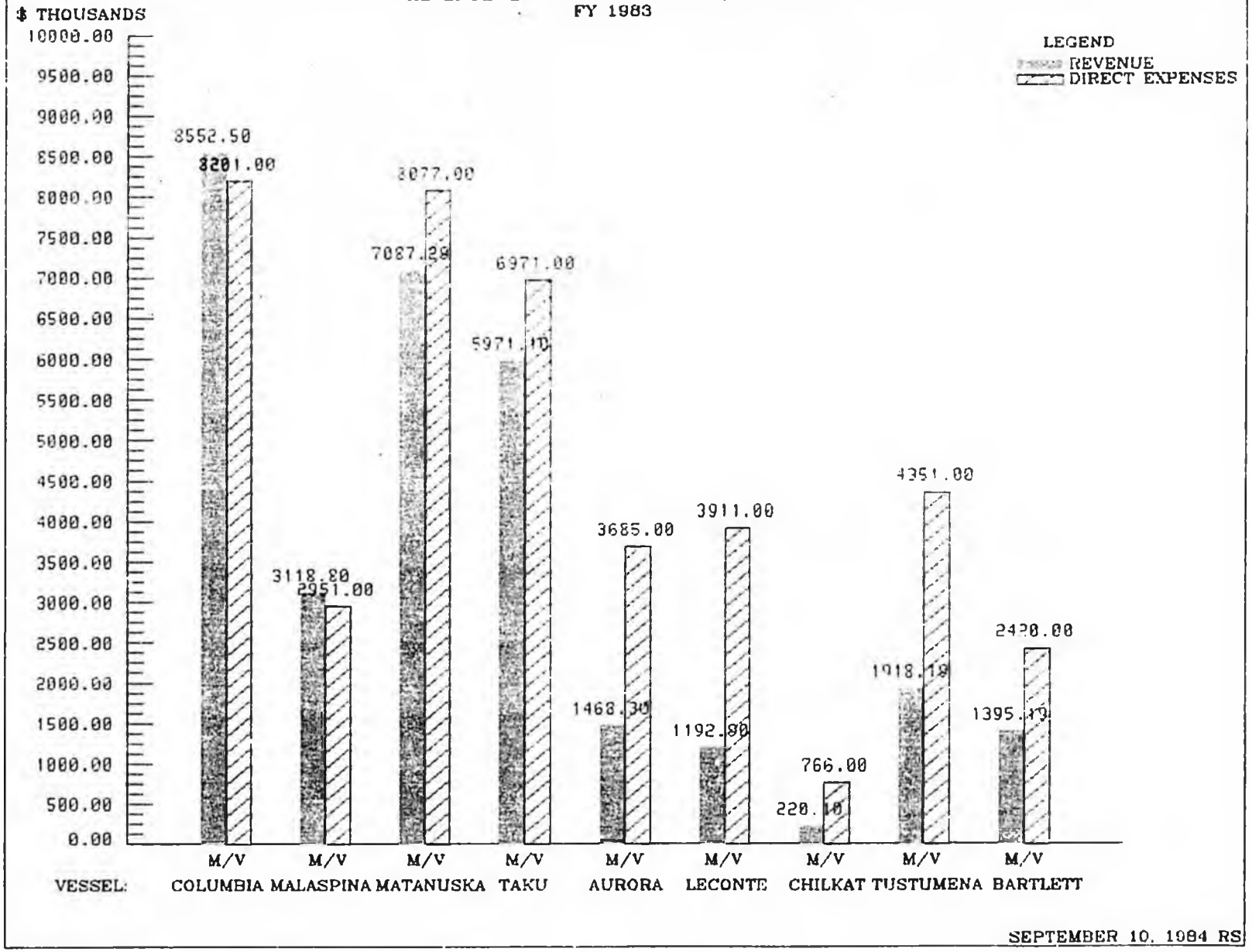
REVENUE AND DIRECT EXPENSES
M/V CHILKAT
FY 1984



FEBRUARY 27, 1985 R3

ALASKA MARINE HIGHWAY SYSTEM

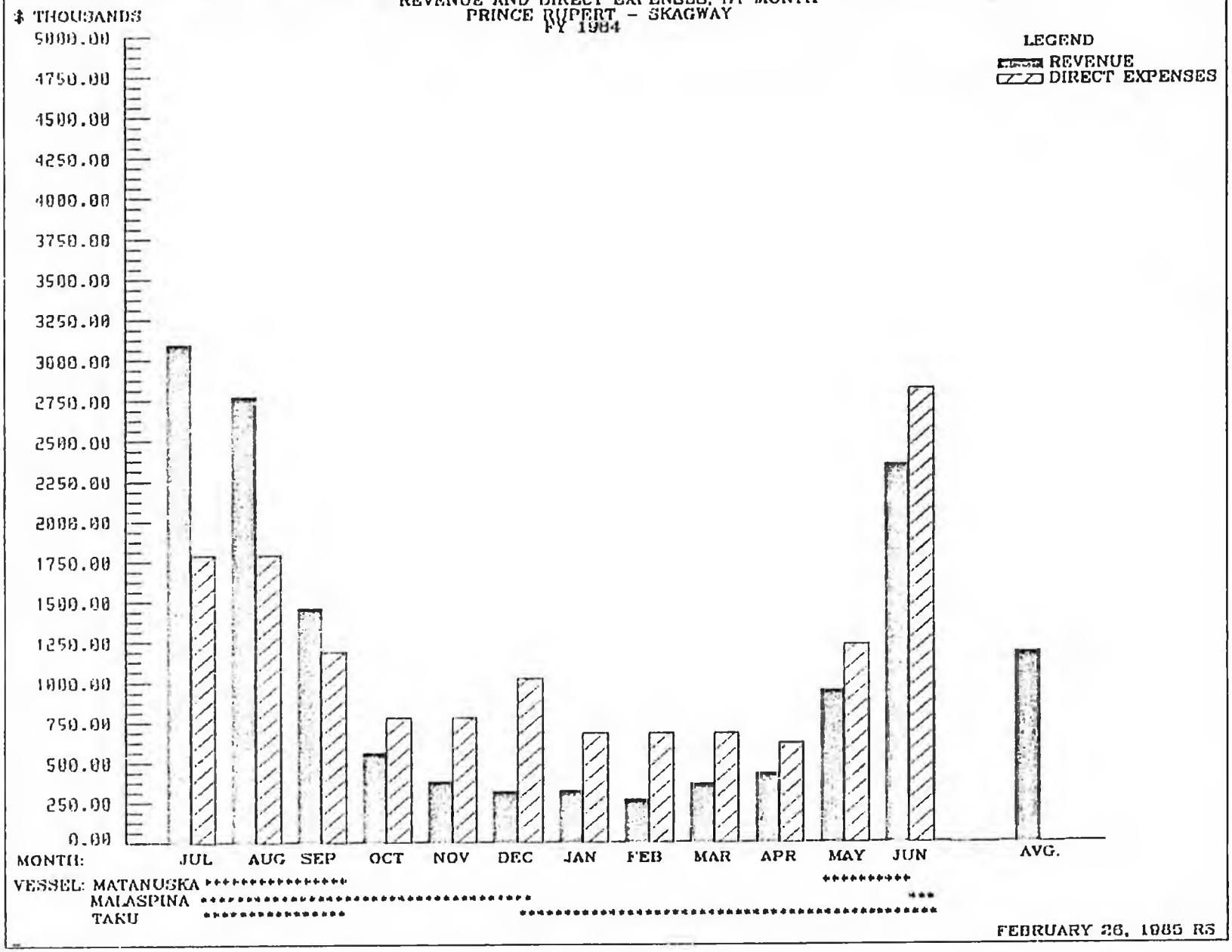
REVENUE AND DIRECT EXPENSES, BY VESSEL
FY 1983



SEPTEMBER 10, 1984 RS

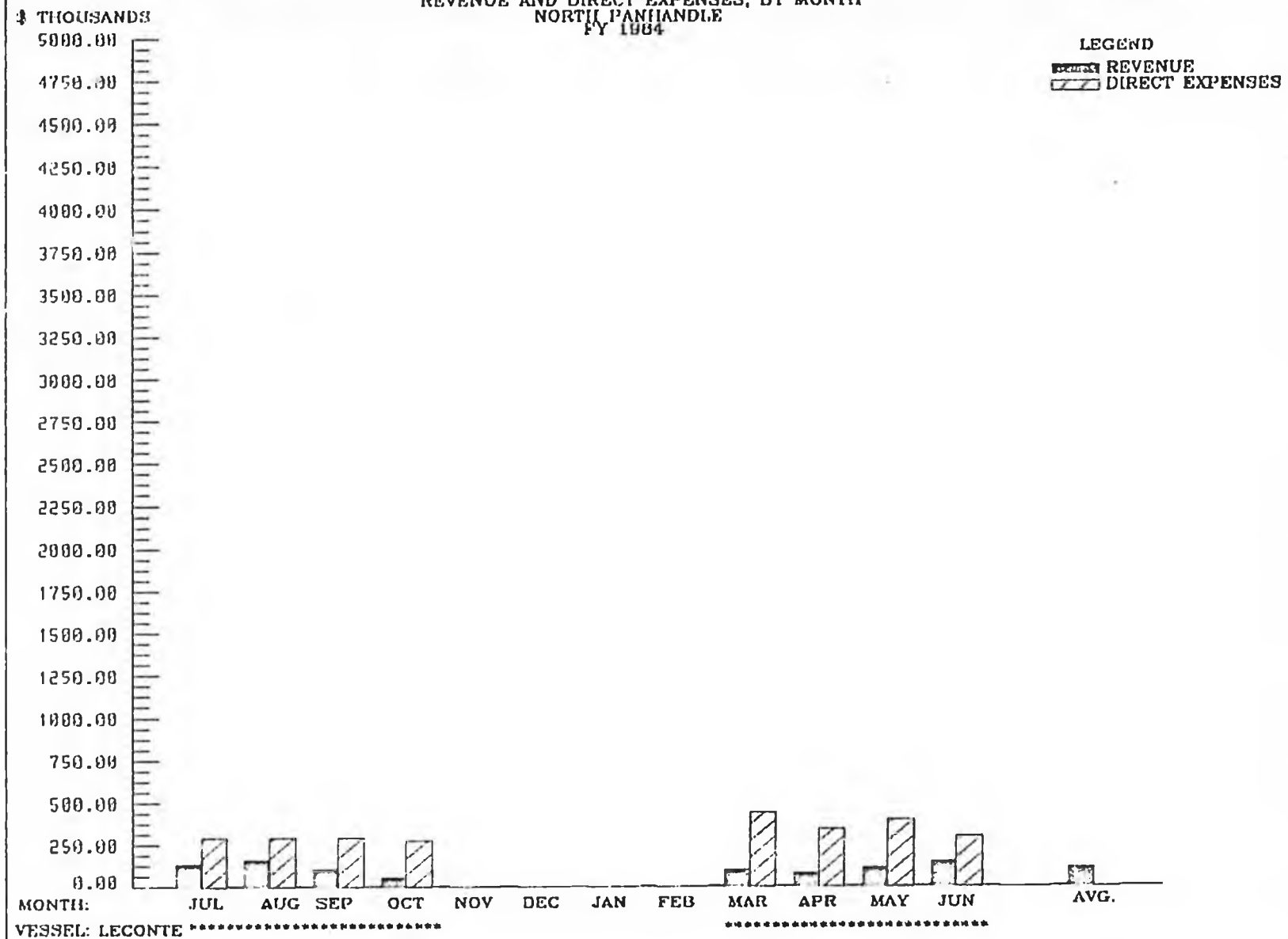
ALASKA MARINE HIGHWAY SYSTEM

REVENUE AND DIRECT EXPENSES, BY MONTH
PRINCE RUPERT - SKAGWAY
FY 1984



ALASKA MARINE HIGHWAY SYSTEM

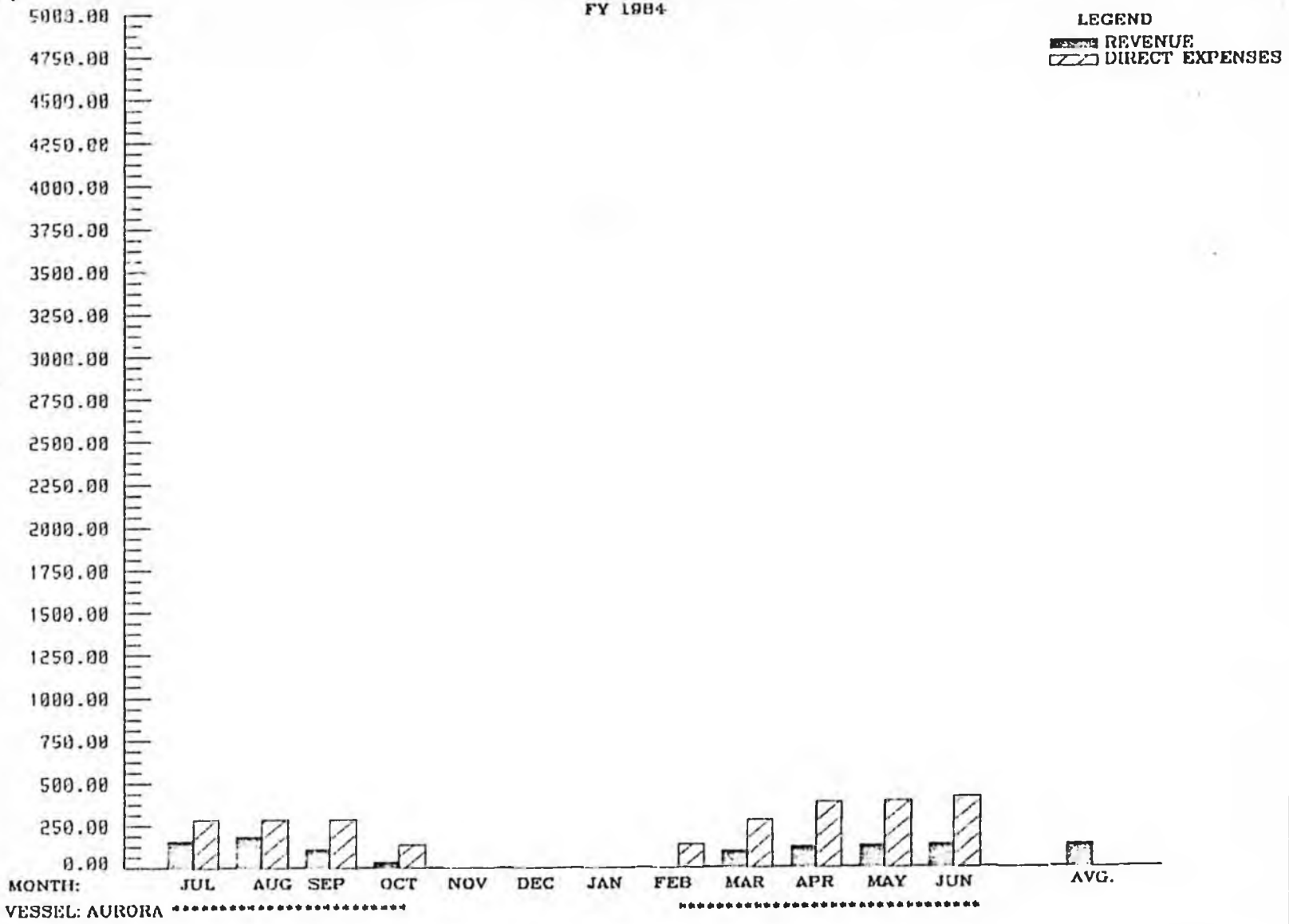
REVENUE AND DIRECT EXPENSES, BY MONTH
NORTH PANHANDLE
FY 1984



FEBRUARY 26, 1985 RS

ALASKA MARINE HIGHWAY SYSTEM

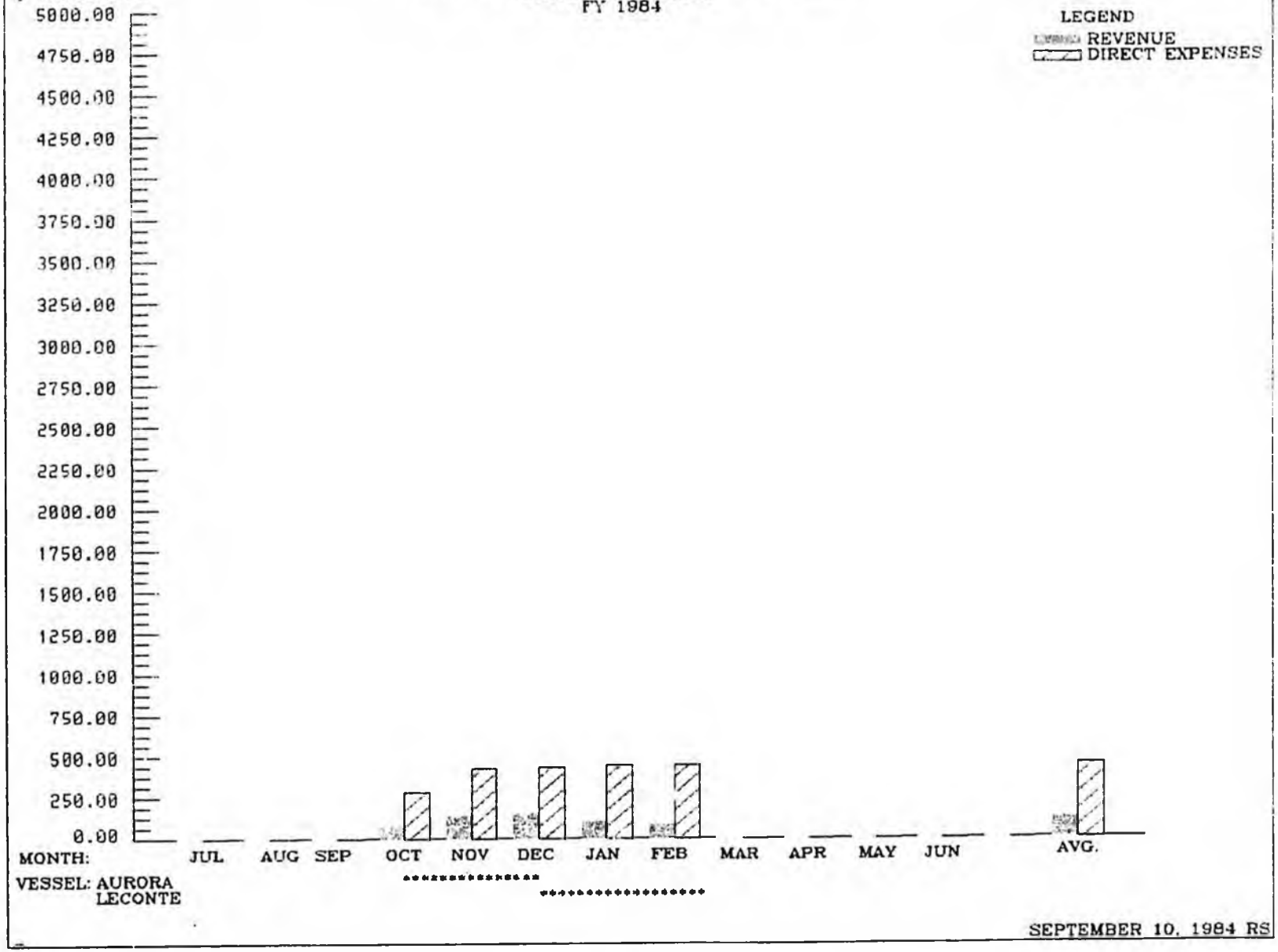
REVENUE AND DIRECT EXPENSES, BY MONTH
SOUTH PANHANDLE
FY 1984



FEBRUARY 26, 1985 RS

ALASKA MARINE HIGHWAY SYSTEM

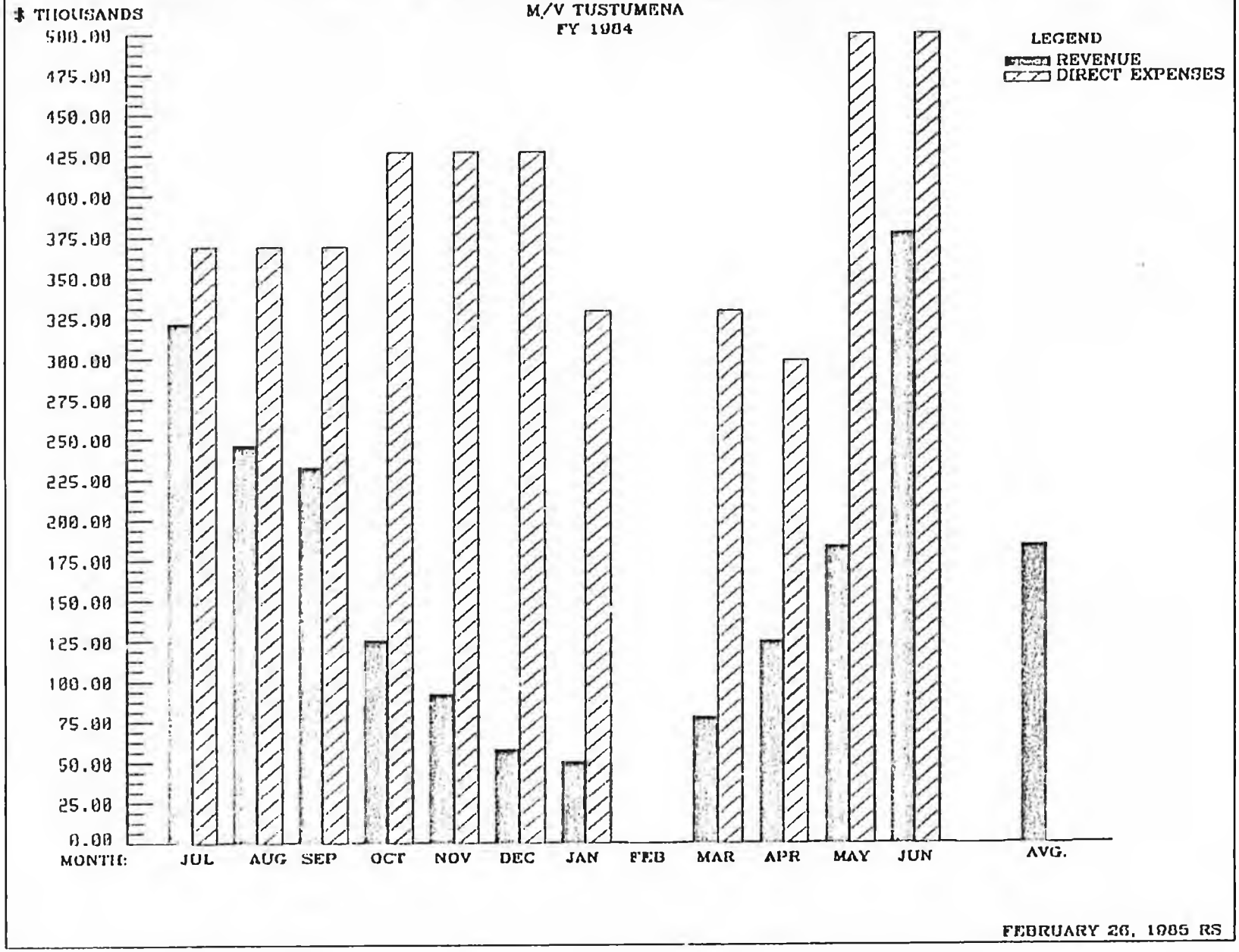
REVENUE AND DIRECT EXPENSES, BY MONTH
WINTER PANHANDLE
FY 1984



SEPTEMBER 10, 1984 RS

ALASKA MARINE HIGHWAY SYSTEM

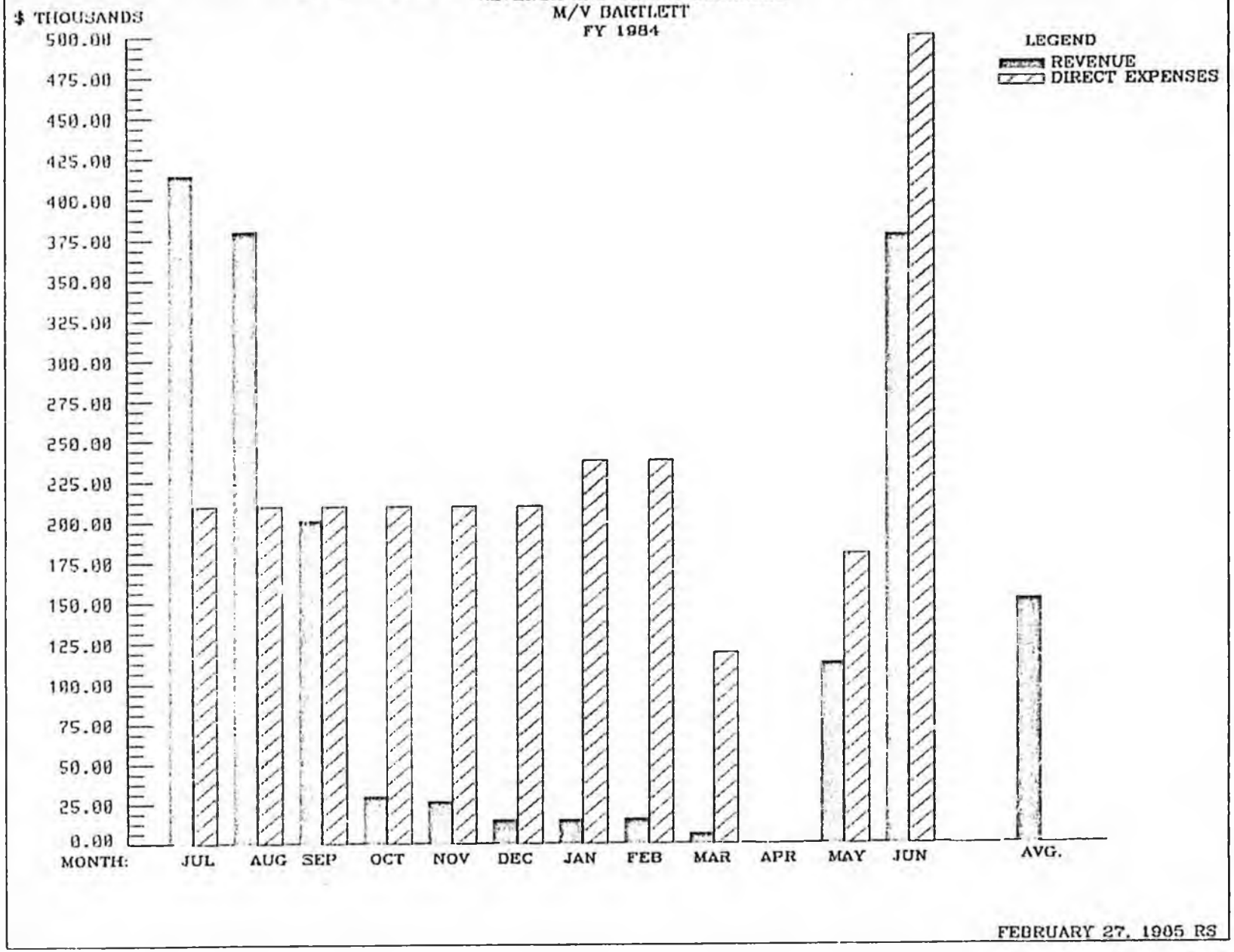
REVENUE AND DIRECT EXPENSES
M/V TUSTUMENA
FY 1984



FEBRUARY 26, 1985 RS

ALASKA MARINE HIGHWAY SYSTEM

REVENUE AND DIRECT EXPENSES
M/V BARTLETT
FY 1984



FEBRUARY 27, 1985 RS

AUTO WEEKLY

LINE UTILIZATION

Total Lines : 9 Total Time : 168:00
Period Covered : Jul/29/85 Mon 4:00 AM to Aug/05/85 Mon 4:00 AM

* - Not connected

	LINE	NUMBER OF CALLS					TIME IN USE Hr:Min			
		In	Out	Roam-doned	Night Service	Total	In	Out	Total	Total Use
ALASKA 800										
GROUP 1 :										
	5	698	0	93	49	840	62:30	0:00	62:28	37.1%
	6	448	0	100	1	549	43:10	0:00	43:11	25.7%
TOTALS		1146	0	193	50	1389	105:41	0:00	105:40	31.4%
GROUP 2 :										
[illegible] LOCAL	7	755	33	15	121	924	66:04	1:07	67:13	40.0%
	8	449	23	9	1	475	44:06	0:51	44:56	26.7%
	9	305	11	5	1	322	32:21	0:06	32:25	19.3%
TOTALS		1502	67	29	123	1721	142:30	2:04	144:35	28.6%
[illegible] 3 :										
OUTSIDE 800	1	834	0	72	94	1000	70:47	0:00	70:47	42.1%
	2	553	0	82	12	647	54:37	0:00	54:38	32.5%
	3	383	0	57	1	441	42:12	0:00	42:11	25.1%
	4	265	0	46	0	312	31:57	0:00	31:57	19.0%
TOTALS		2035	0	257	107	2400	199:33	0:00	199:34	29.6%

	In	Out	Roam-doned	Night Service	Total
SYSTEM TOTALS	4684	67	479	280	5510

	AVERAGE CALL DURATION Min:Sec		---------LINES ALL BUSY---------			
	Inbound	Outbound	Total Hr:Min	Average Min:Sec	Longest Min:Sec	Percent of Total Time
GROUP 1 :	5:00	0:00	26:57	1:57	9:50	6.0%
GROUP 2 :	5:20	1:40	14:46	1:31	15:39	8.7%
[illegible] 3 :	5:20	0:00	14:49	1:08	7:58	8.8%

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

P.O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

September 29, 1986

MEMORANDUM

TO: Representative Bette Cato

FROM: Mary Jennings
Legislative Analyst

RE: Ferry Stystems in Washington State and British Columbia
Research Request 87-025

You requested general information regarding the ferry systems in Washington State and British Columbia. Information on fares, traffic, employee unions and financial structure is provided below.

Washington State Ferry System

The Washington State Ferry (WSF) system began operation in 1951. The system was purchased from individuals who had been operating ferries on the Puget Sound since the turn of the century. The state purchased 15 ferries, 20 terminals and miscellaneous supplies for $4.95 million. Today, the Marine Division of the Washington State Department of Transportation controls assets valued at over $308 million and operates 22 vessels which carry seven million vehicles and 17 million passengers each year.

All of the ferries are capable of carrying cars as well as passengers. The largest vessels in the system are two 440-foot "jumbo" ferries, each with a capacity of 206 autos and 2,000 passengers. The smallest ferry (150 feet) is capable of carrying 40 autos and 200 passengers. The total car-carrying capacity of all the ferries is 2,412. The ferries are not equipped with sleeping facilities, although food service is available on the majority of the vessels.

The system operates nine routes serving 20 terminal locations throughout Puget Sound. Routes are devoted to both commuting and recreational travel. The shortest route is 1.5 nautical miles (15 minutes) in the Tacoma urban area, and the longest route is 38 nautical miles (3-1/2 hours) in the San Juan Islands. Recreational travel accounts for 32 percent of all ferry trips. Seventy percent of all passengers are recreational travelers.

The British Columbia Ferry Corporation

The British Columbia Ferry (BCF) Corporation was created in 1960 by the provincial government. The system began after two private ferry companies operating in B.C. went on strike. During 1961, with purchase of the assets of one of the striking companies, the corporation operated two ships over one route and employed approximately 225 people. In 1985, the BCF was consolidated with the coastal fleet of the Provincial Division of the Ministry of Transportation and gained 14 vessels and ten routes. Today BCF operates 39 vessels over 25 routes and employs approximately 2,700 people. The system is a Crown Corporation, which means it is publicaly owned and pays no provincial or federal income taxes.

Of the 39 ships operated by the system, 38 have car carrying capabilities. The largest vessels are five 457-foot "jumbo" ferries that can each carry 360 vehicles and 1,500 passengers. The smallest vessel is a 38-foot passenger-only ferry with a capacity of 40 people. Two vessels have sleeping facilities and approximately half offer food service.

The shortest route in the system is two nautical miles (18 minutes) and the longest is 274 nautical miles (15 hours). The busiest route is between Vancouver and Victoria--the provincial capital. All of the routes are day routes except for one, which becomes an overnight trip during the winter season. The corporation serves urban commuters, recreational travelers, and a great number of business travelers between the mainland and the capital. Summer is the busiest season; during the winter, traffic drops by approximately 50 percent.

Fares. Fares for the most heavily used route between Vancouver and Victoria are $19 for a car and driver and $4 for a passenger. Today's fares represent about a 200 percent increase for vehicles and a 100 percent increase for passengers over fares charged when the corporation began operation in 1960. Reservations are utilized for vehicles and passengers on one route and for vehicles on only two routes. Credit cards are accepted only on the routes which utilize reservations.

Traffic. Until 1982, the BCF had experienced a steady growth in traffic. Since that time, volume has decreased slightly each year. The system expects 1986 to set all time traffic records due the increase in tourism at the World's Exposition in Vancouver. According to the corporation, traffic is handled efficiently by the current vessels and there are no plans for fleet expansion.

Employees. Of the 2,700 employees, all are unionized except for the ship's captains. The British Columbia Ferry and Marine Workers Union represents the workers.

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02-576(2/77)

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

P.O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

September 29, 1986

MEMORANDUM

TO: Representative Bette Cato

FROM: Mary Jennings
Legislative Analyst

RE: Ferry Stystems in Washington State and British Columbia
Research Request 87-025

You requested general information regarding the ferry systems in Washington State and British Columbia. Information on fares, traffic, employee unions and financial structure is provided below.

Washington State Ferry System

The Washington State Ferry (WSF) system began operation in 1951. The system was purchased from individuals who had been operating ferries on the Puget Sound since the turn of the century. The state purchased 16 ferries, 20 terminals and miscellaneous supplies for $4.95 million. Today, the Marine Division of the Washington State Department of Transportation controls assets valued at over $308 million and operates 22 vessels which carry seven million vehicles and 17 million passengers each year.

All of the ferries are capable of carrying cars as well as passengers. The largest vessels in the system are two 440-foot "jumbo" ferries, each with a capacity of 206 autos and 2,000 passengers. The smallest ferry (150 feet) is capable of carrying 40 autos and 200 passengers. The total car-carrying capacity of all the ferries is 2,412. The ferries are not equipped with sleeping facilities, although food service is available on the majority of the vessels.

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Fares. Fares range from $0.95 (passenger) and $3.40 (car and driver) for a 15-minute route to $5.50 (passenger) and $23.65 (car and driver) for a 3-1/2-hour route. Table 1 presents a history of cross sound auto and driver fares and passenger fares and the consumer price index during the last sixteen years. The table indicates that fares have increased at a pace comparable to the Seattle area consumer price index. The WSF does not utilize reservations, except for cars on the Anacortes, Washington-Sidney, B.C. route during the summer months only. The WSF does not accept credit cards for payment of fare.

Traffic. Table 2 shows that systemwide traffic grew steadily during the 1970s but declined in the early 1980s, when Washington experienced a severe economic downturn. Since 1982, total traffic volume has been gradually returning to the 1979 peak. Traffic has already exceeded previous highs on many routes. The system makes an average of 323 daily trips, carrying 47,000 passengers and 19,000 vehicles. The smallest route has 534 average daily passengers and 200 vehicles; the largest has 8,554 average daily passengers and 4,325 vehicles. The summer months are the busiest time: traffic drops by 57 percent during the winter.

During the past six years, WSF has acquired six new vessels. Due to reduced traffic and these new vessels, the system has been able to avoid increasing service hours. Total system vehicle traffic is projected to grow at an average annual rate of 0.4 percent during the next six years. Traffic on some routes is expected to decline, while other routes are expected to expand substantially. To accomodate the growth, the system plans to purchase four passenger-only vessels. These ferries will be utilized on runs that currently experience traffic overloads during certain service periods.

Employees. The WSF employs approximately 950 year-round employees, with 250 employees added during the summer months. All employees are unionized. The three unions representing WSF employees are: Captains, Mates, and Pilots Union; Inland Boatmen's Union; and Marine Engineers Beneficiaries Association.

Financial Structure. Fare revenues have covered approximately 70 percent of operating expenditures and 40 percent of operating and capital expenditures during the last three fiscal years. In addition to fares, the WSF system acquires revenue from taxes and a toll bridge. Table 3 is a flow chart depicting how the revenues from fares, car registration fees, gas and vehicle taxes, bond sales, and federal funds are channeled into different accounts to cover operating and maintenance, ferry improvement, construction, and debt service expenses. Table 4 is a history of operating expenses and revenue sources of the WSF since 1967. Table 5 presents anticipated revenues and expenditures in the 1985-1987 biennium.

The British Columbia Ferry Corporation

The British Columbia Ferry (BCF) Corporation was created in 1960 by the provincial government. The system began after two private ferry companies operating in B.C. went on strike. During 1961, with purchase of the assets of one of the striking companies, the corporation operated two ships over one route and employed approximately 225 people. In 1985, the BCF was consolidated with the coastal fleet of the Provincial Division of the Ministry of Transportation and gained 14 vessels and ten routes. Today BCF operates 39 vessels over 25 routes and employs approximately 2,700 people. The system is a Crown Corporation, which means it is publicaly owned and pays no provincial or federal income taxes.

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Employees. Of the 2,700 employees, all are unionized except for the ship's captains. The British Columbia Ferry and Marine Workers Union represents the workers.

Financial Structure. The BCF operates each year on a $40 million (Canadian) subsidy from the provincial government. Due to the large increase in traffic from Expo, the corporation hopes to show a profit this year.

* * * *

I hope you find this information useful. I am expecting detailed traffic and financial reports from the British Columbia Ferry Corporation and will contact you when I receive them. Please contact our office if you have any questions.

MJ

Attachments

TABLE 1

Washington State Department of Transportation
Marine Division
Washington State Ferries

CROSS SOUND FARES: 1969 -- 1985

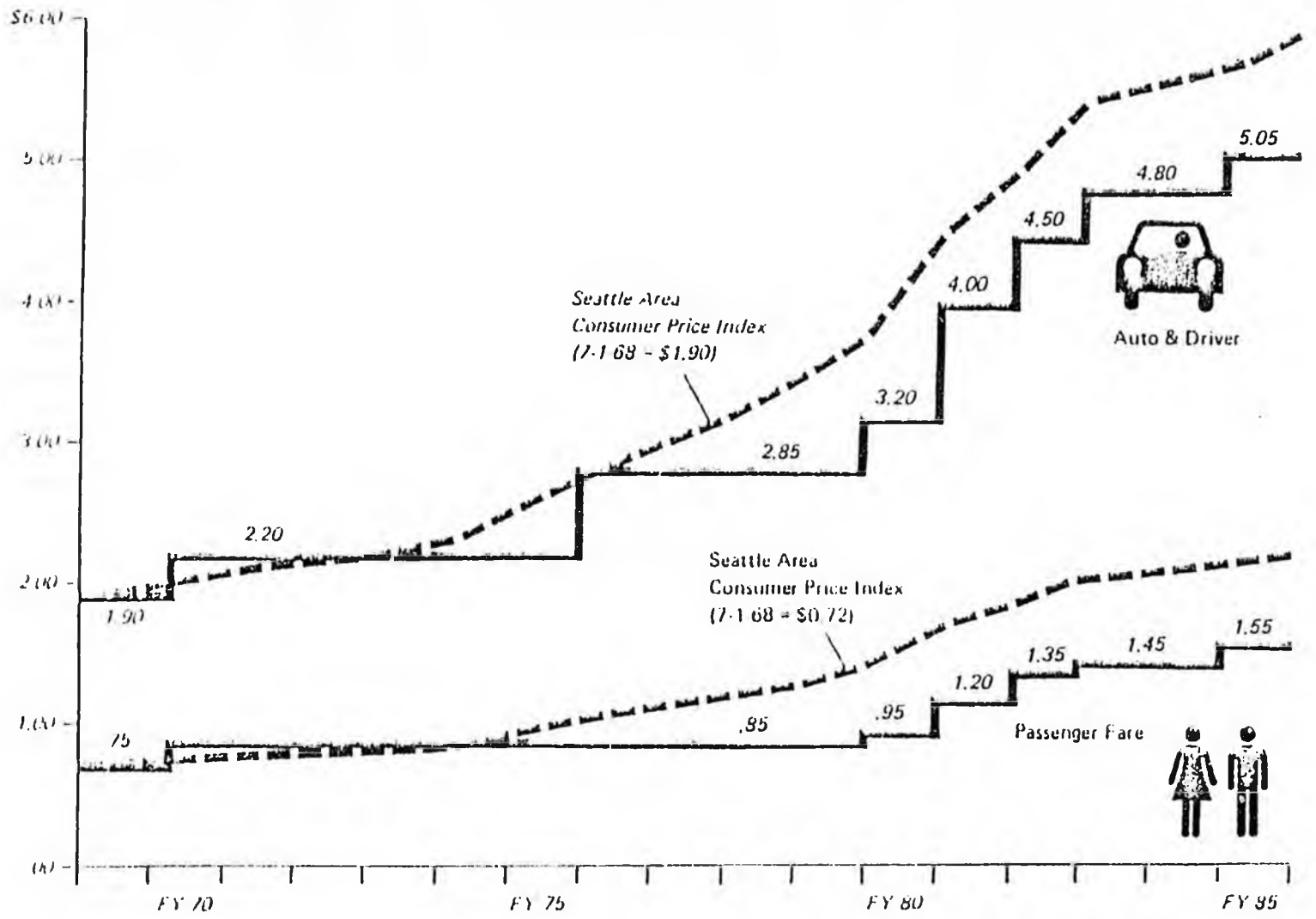
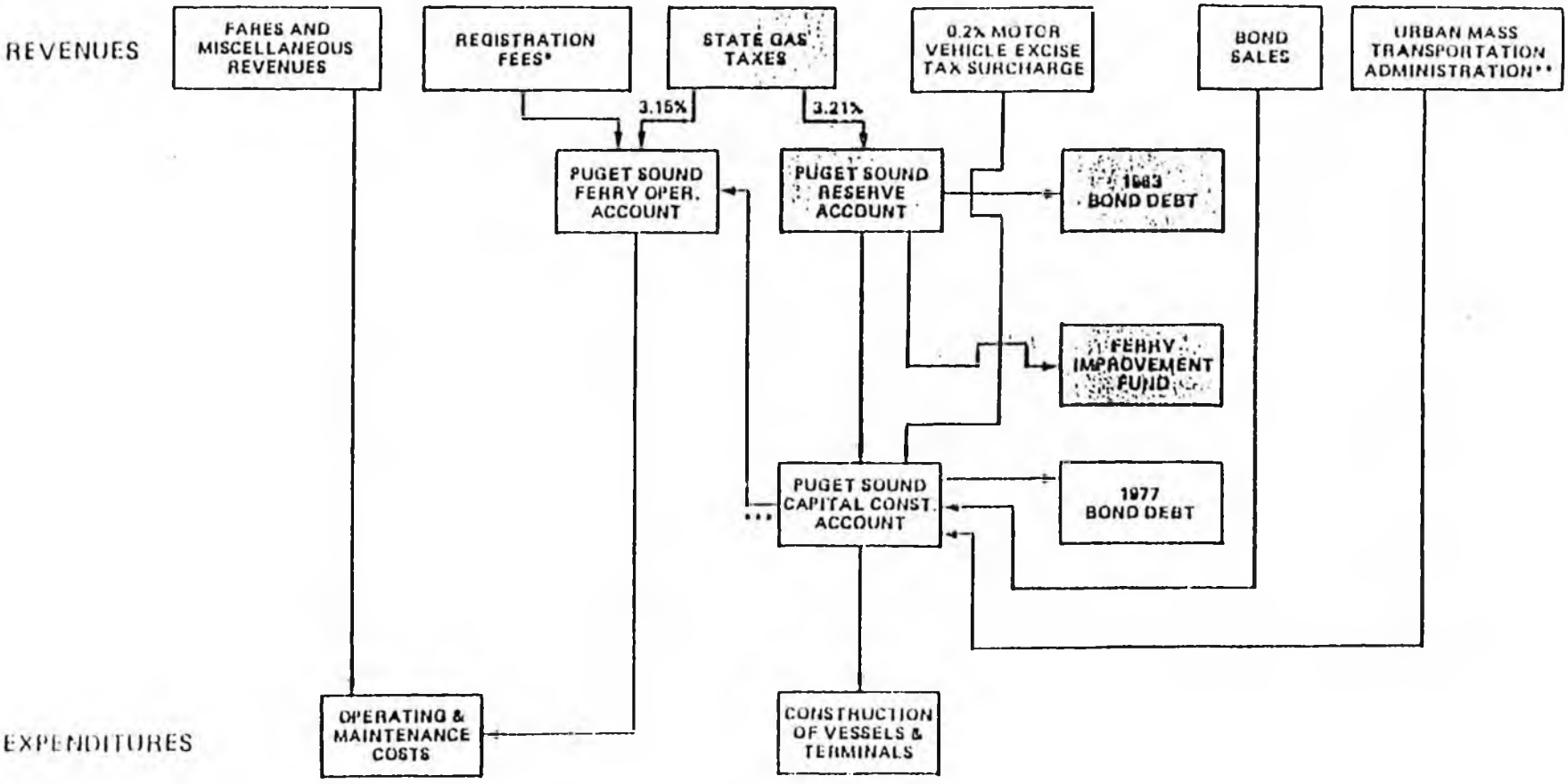


TABLE 3

Washington State Department of Transportation
Marine Division

WASHINGTON STATE MARINE TRANSPORTATION FINANCING



* 27.47% of $7.40 of new car and $3.40 of old car registration fees

** UMTA is part of the U.S. Department of Transportation.

*** Receipts from Bond Sales and UMTA cannot be transferred as tax support for operations.

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02-576(2/77)

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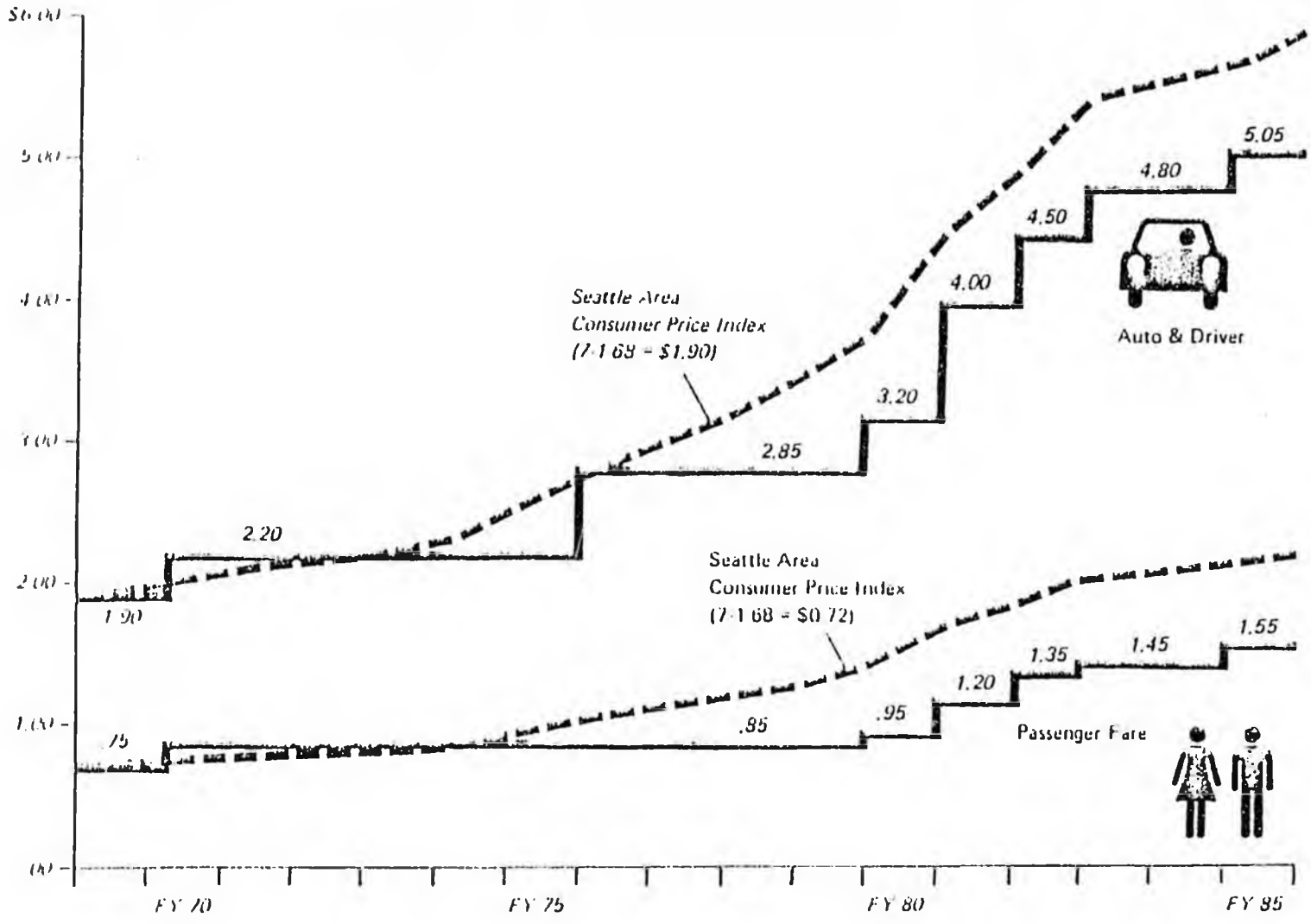
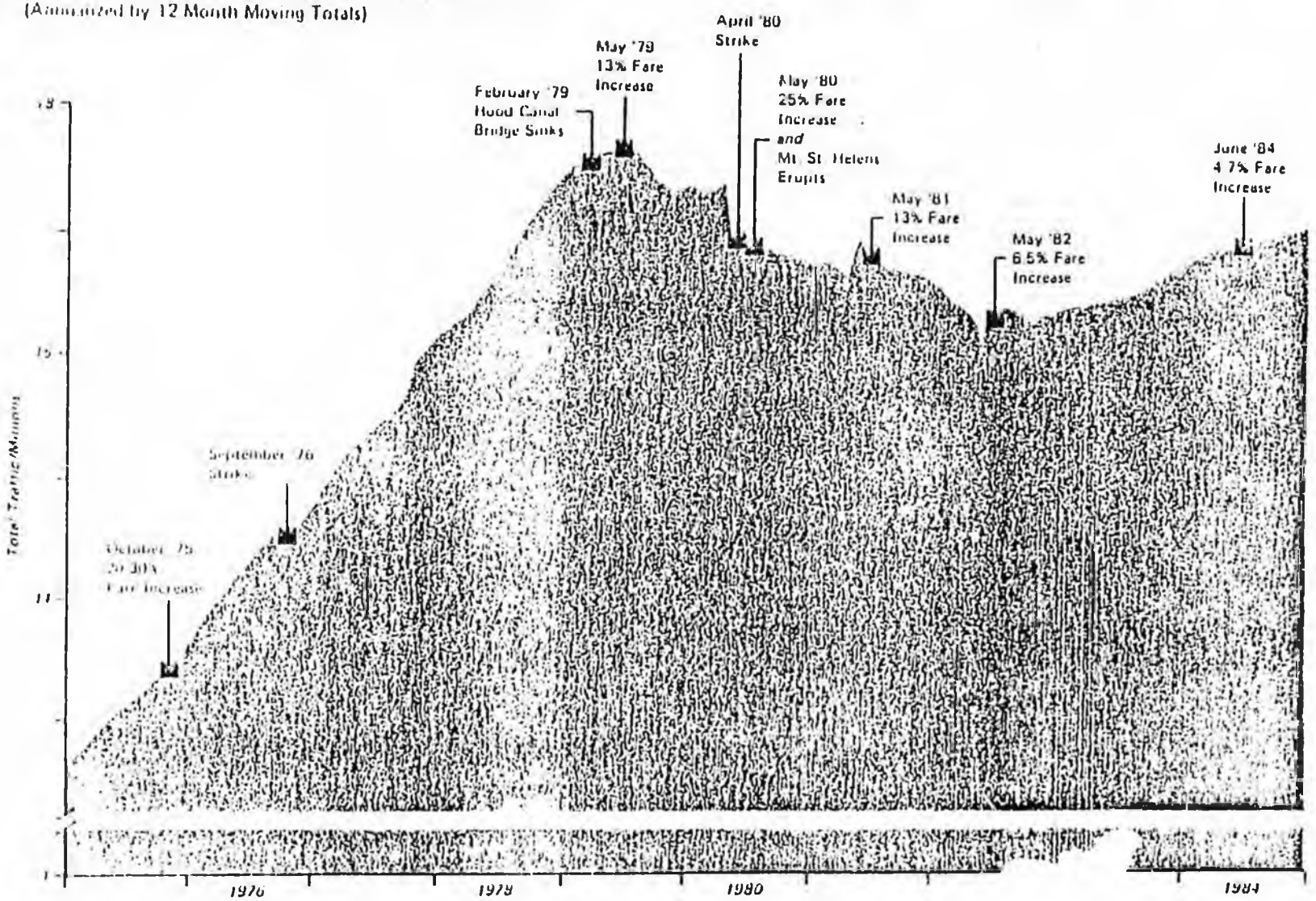


TABLE 2

Washington State Department of Transportation
Marine Division
Washington State Ferries

TOTAL TRAFFIC (Passengers and Vehicles)

(Annualized by 12 Month Moving Totals)



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Marine Division

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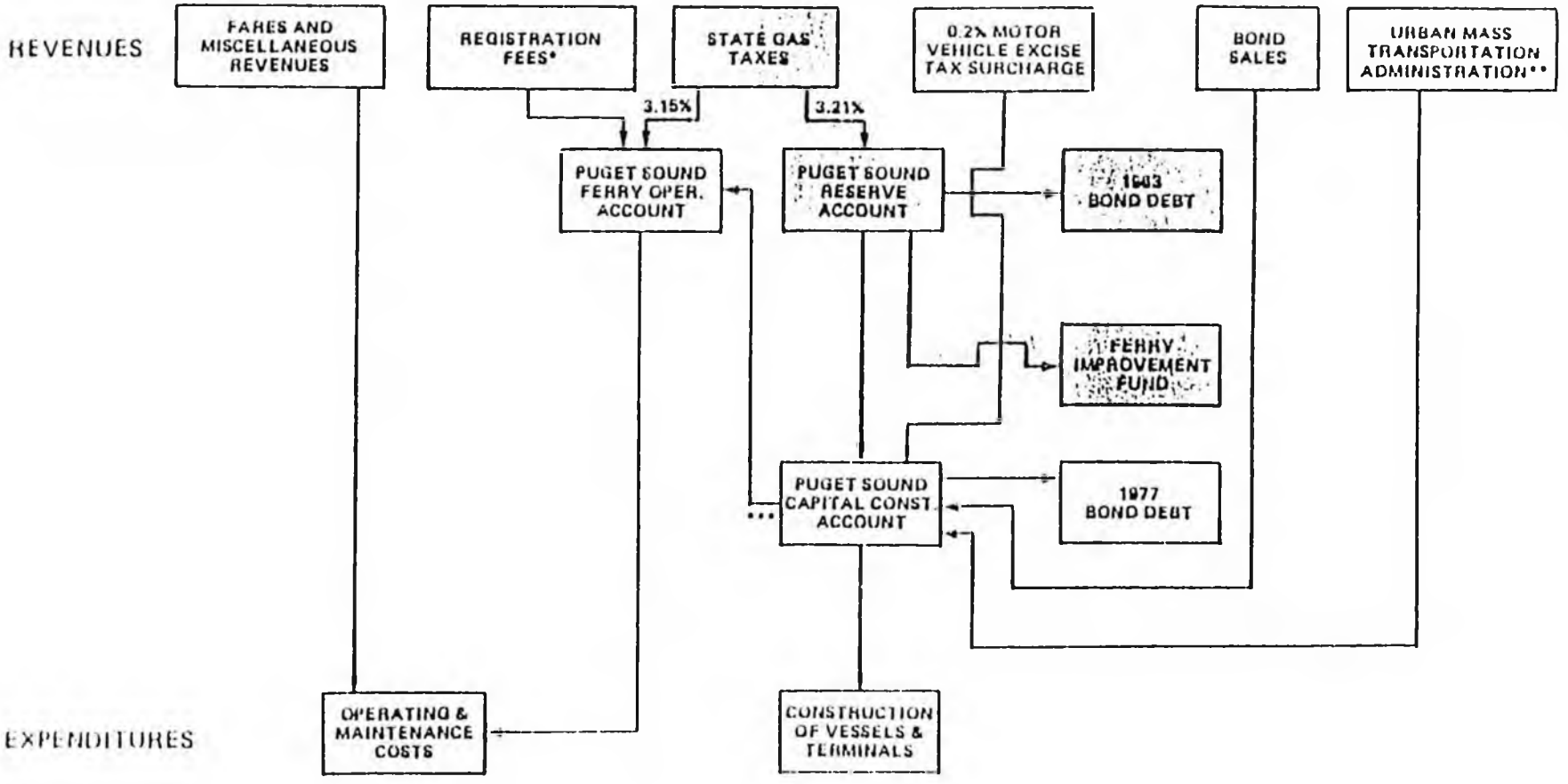

* 27 1/4 of $7.40 of new car and $3.40 of old car registration fee

** UMTA is part of the U.S. Department of Transportation.

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Washington State Department of Transportation
Marine Division
Washington State Ferries

TABLE 4

OPERATING EXPENSES AND REVENUE SOURCES

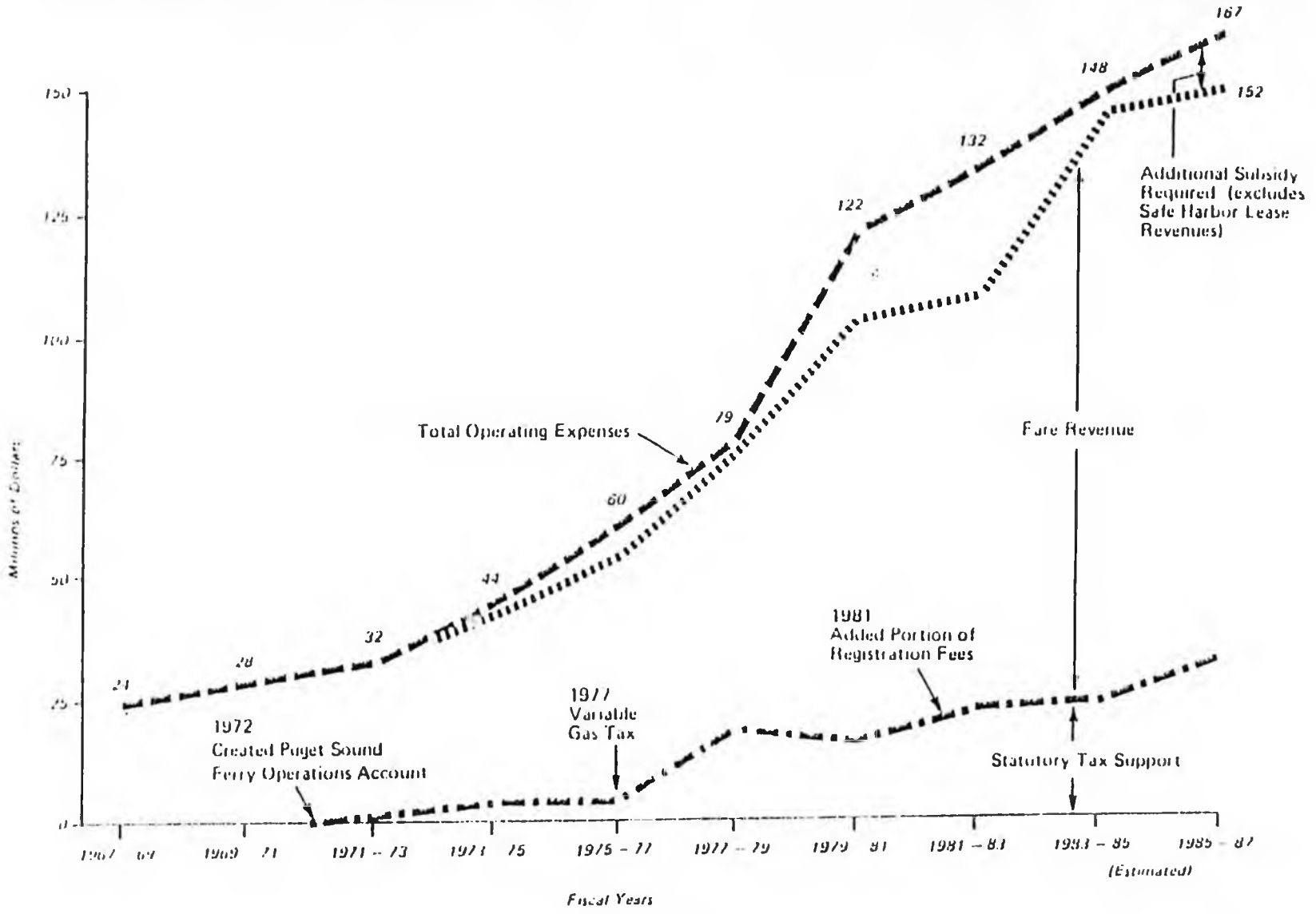
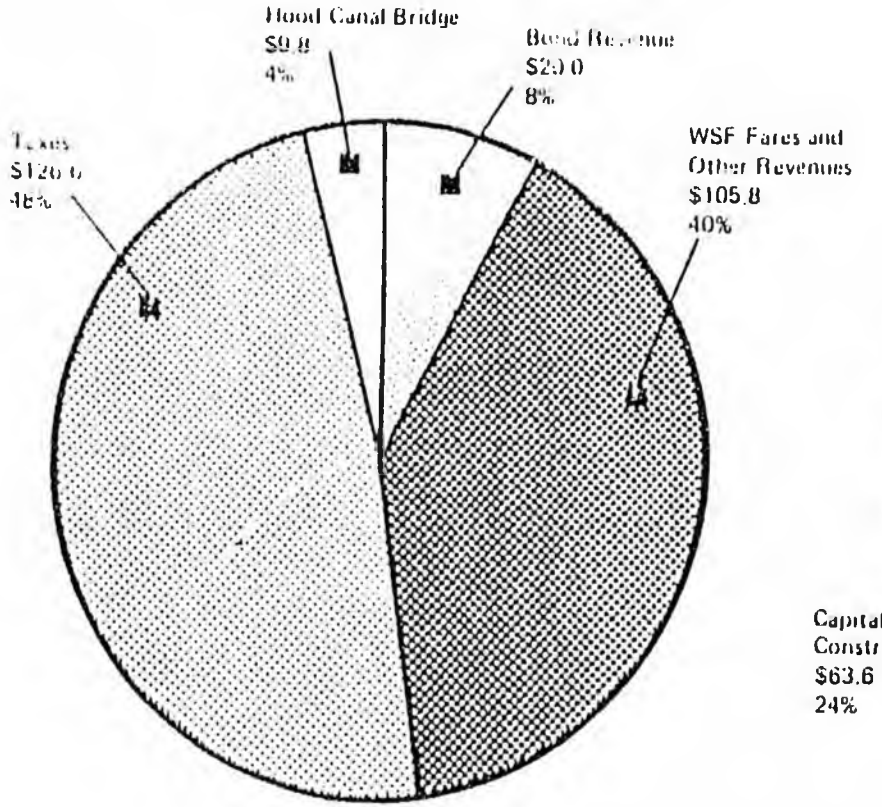
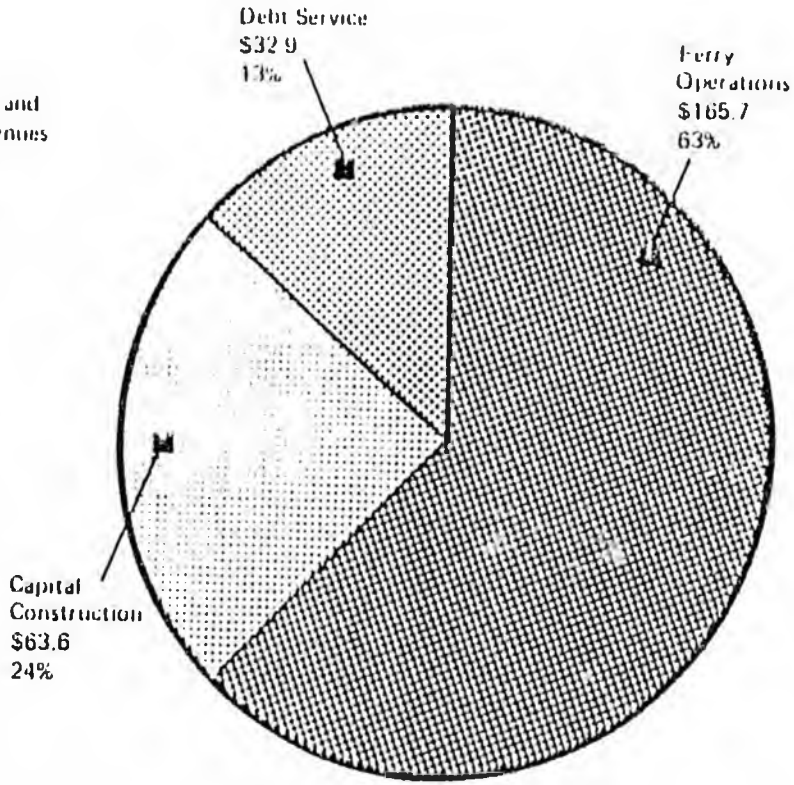


TABLE 5

1985 – 1987 ANTICIPATED REVENUES AND EXPENDITURES



REVENUES



EXPENDITURES

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

P.O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

November 3, 1986

MEMORANDUM

TO: Representative Bette Cato

ATTN: Rhonda Thompson

FROM: Mary Jennings MJ
Legislative Analyst

RE: Washington and British Columbia Ferry System
Research Request 87.025 (Additional Information)

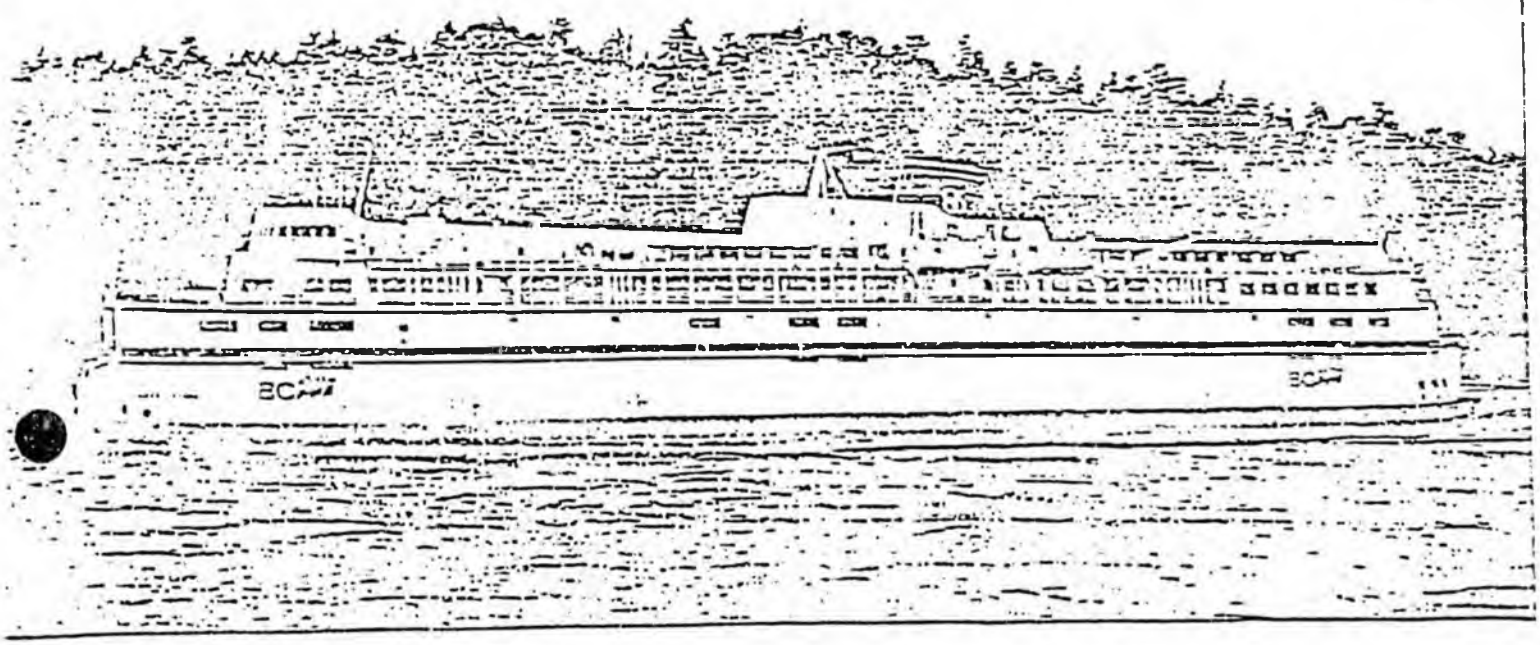
I recently received some additional material from the British Columbia Ferry Corporation. Attached is the FY 1984/85 annual report of the corporation and a report containing general information about the system. I hope you find this information useful. Please contact me if you have any questions.

MJ

Attachments

BRITISH COLUMBIA
FERRY CORPORATION

ANNUAL REPORT
1984/85



The Honourable
ROBERT G. ROGERS
Lieutenant Governor
of the Province of British Columbia

MAY IT PLEASE YOUR HONOUR:

I respectfully submit herewith the Annual Report of the British Columbia Ferry Corporation for the fiscal year ended March 31, 1985 in compliance with the provisions of the Ferry Corporation Act.

ALEX V. FRASER
Minister of Transportation and Highways

June 3, 1985

BCF 00000

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Report of President 5
Highlights of Year 9
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Ships 30

ALEX V. FRASER
Minister, Transportation & Highways
Province of British Columbia
Minister Responsible

S.M. HODGSON (1)
Chairman of the Board

R.H. WRIGHT (1)(3)
Vice-Chairman/ President
Oak Bay Marina Ltd.

M.D.W. YOUNG (3)
Barrister & Solicitor

A.L. MICHAUD (1)(4)
President
Michaud Investments

J. MORRIS (3)
Retired

W.B.M. HICK (1)(2)
Physician & Surgeon

W.A. DUNCAN (2)(4)
Retired

J.E. PRICE (4)
Managing Director
Beach Gardens Resort

A.L. COLLIER (1)
President & Chief
Executive Officer

G. BALDWIN (1)
General Manager

J.J. ESTOCK (1)
Assistant General Manager
Finance & Administration

K. BAGSHAW
Corporate Counsel

A.S. LUKINUK (1)
Corporate Secretary

(1) Member - Executive Committee
(2) Member - Finance Committee
(3) Member - Planning Committee
(4) Member - Audit Committee

The Honourable Alex V. Fraser
Minister of Transportation & Highways:

1984-85 yielded appreciable reductions in the B.C. Ferry Corporation's operating deficit. This was achieved while still meeting the Corporation's mandate of offering the best possible service in the most efficient manner. While 1983-84 was effectively a year of stabilization and overall operational streamlining, this past fiscal year has been one of significant adjustment to the service to high loss areas. At the same time, the modest traffic growth experienced in 1983-84 over that of 1982-83 was once again reversed in 1984-85. The traffic results were well below expectations, with vehicles at 4,460,069 and passengers at 11,912,943. This represents a decline of .5% in vehicles and 3.9% in passengers over 1983-84.

In keeping with the British Columbia Government's instructions to cure costs in all possible areas, a major assessment review of high loss areas was completed. The review, which touched on all aspects of service to the North Coast, Sunshine Coast and Gulf Islands, took a three-pronged approach: 1) to reduce operating costs, particularly during the low revenue off season period by more closely matching schedules to traffic demand and patterns; 2) to provide residents of communities dependent upon the ferries as a transportation link with a service that would meet their day to day requirements; and, 3) to maximize the Corporation's role in the province's vital tourist industry.

I am pleased to report that the success of the Ferry Corporation's ongoing cost reducing program is due in part to the spirit of cooperation that prevailed between the communities concerned and the Corporation in implementing cost reducing measures that have already yielded impressive results. For example, service to the North Coast was reduced between Prince Rupert and Port Hardy during traditionally low traffic months. However, the projected savings allowed the Corporation to carry out ship renovations necessary to implement a day boat operation during the summer tourist season. The summer of 1985 will see the launching of this new day cruise service between Prince Rupert and Port Hardy - a service that will substantially increase the tourist activity to northern communities.

Efficiency measures undertaken on the Sunshine Coast also involved a reduction in the number of sailings. However, a ramp at Langdale terminal was doubledecked with the result that the route can now be fully operated with a doubledecked ship. This has effectively increased the lift-off capacity while at the same time allowing the Corporation to operate the service in a more cost efficient manner.

While the emphasis this past year was directed to cutting costs on specific routes, overall savings were achieved in all facets of the operation. Labour costs, which account for the major part of the operating budget, were substantially reduced by a general streamlining of the establishment in line with the provisions of the collective agreement.

As mentioned, the anticipated turnaround in traffic levels did not materialize during 1984-85. Indeed, while in 1983-84 a slight increase in vehicles and passengers was experienced, this past year has seen a decline of 22,638 vehicles and 484,962 passengers. Nevertheless, despite the general decline in traffic, the month of August set an all-time record for passengers and vehicles. Also, a hopeful indication that recovery has begun is the performance of commercial vehicle traffic. For all routes, commercial traffic was up 3% over 1983-84 and 8% over 1982-83. For the last quarter of 1984-85, commercial traffic on the two Vancouver Island routes was up 6.8%. In the past, commercial traffic has often been a precursor or leading indicator of overall traffic trends.

With this in mind plans are underway to meet the increased demand during Expo '86. The fleet's expansion since 1980 by way of lifting five major vessels, plus the ships presently laid up, has put the Corporation in an excellent position to meet projected vehicle lift-off demands. In addition, bus passenger pick up and drop off zones are being revamped at the major terminals to make it a more attractive and convenient means of travel.

British Columbia's ferry fleet plays an important role in preserving the coastal residents' way of life by offering a vital transportation link. At the same time the fleet itself is seen by millions of tourists as a major attraction. The B.C. Ferry Corporation's employees, management and board of directors take pride in meeting the many and varied needs of their travelling public.

On behalf of the Board,

S. M. Hodgson

Stuart M. Hodgson
Chairman

The Corporation has now experienced three straight recessionary years with little or no growth in most categories of traffic. The notable exception to this pattern is the 3% increase in commercial vehicles – a hopeful sign toward economic recovery in British Columbia.

In spite of soft traffic patterns, the future looks promising. In the face of adversity over the past three years, costs have actually been reduced through careful planning of ship and crew schedules. It is encouraging to note that these and other continuing management efficiencies have resulted in a further 5% reduction of operating expenses while net revenue increased 5% in spite of declines in traffic. The increase in revenue was in part, a reflection of the very modest increase in fares. Vehicle fares increased by aproximately 5% in February of 1985.

The Corporation is now leaner, more efficient and well positioned to take advantage of the anticipated return to healthy traffic growth expected over the next two years.

Good progress was made this year in a continuing effort to improve overall efficiency of the fleet through the application of a more precise match between capacity and traffic. Input from local residents has become a regular feature of the planning process. Community meetings were held on the Sunshine Coast, the North Coast and the Gulf Islands to discuss proposed schedule changes.

Although service was cut back on some routes, the number of sailings for the entire system increased by 3% in 1984/85. There was a total of 70,313 one-way sailings.

Sunshine Coast service and efficiency were improved with the introduction of the converted "Queen of Alberni" into operation on the Langdale-Horseshoe Bay route in conjunction with upgraded terminal facilities at Langdale.

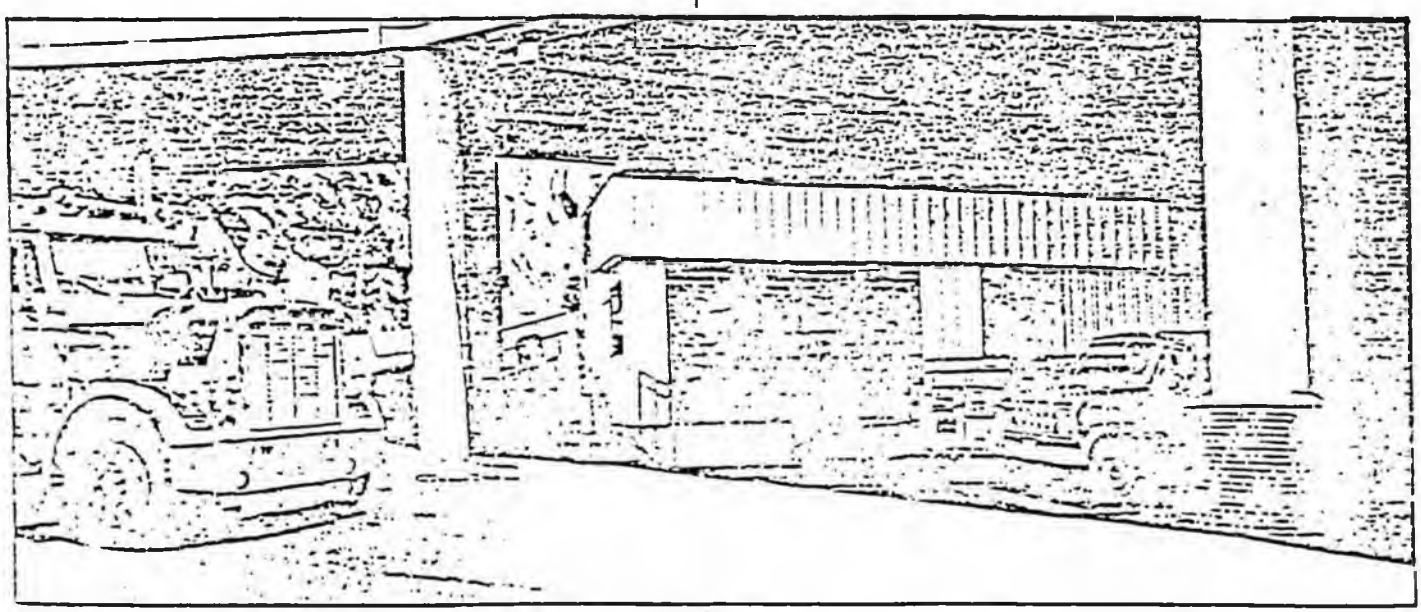
On the North Coast substantial cuts were made in winter service, with the elimination of the Tsawwassen leg of the Prince Rupert-Port Hardy route from the winter operation. A single ship made one trip per week to Port Hardy and two round trips to Skidegate.

In addition, the chartered Prince Rupert-Masset tug and barge service for drop trailers was terminated March 31, 1985. Commercial drop trailers will be carried on the regular ferry route from Prince Rupert to Skidegate. During 1984/85 it was decided that the summer service between Prince Rupert and Port Hardy would be a daylight operation commencing the summer of 1985.

The most significant improvements in efficiency have resulted from better scheduling of crews. Overtime costs have been substantially reduced. A policy of flexible vessel licences has enabled the Corporation to vary the size of crews throughout the day according to the requirements of traffic.

One of the new management tools introduced in 1984/85 was an Executive Network of microcomputers.

The Executive Network provides senior management with traffic statistics, revenue information, spreadsheet applications and forecasting models. Senior managers are using the system to monitor current traffic and demands on schedules. Historical data can be viewed in order to identify trends. By combining



Passenger waiting room, Horseshoe Bay

...se features with a forecasting model, it is possible to ...ly predict capacity utilizations, licence requirements and probable overloads. By using the spreadsheet application, senior managers can analyze various scenarios with regard to tariff and revenue items. The system, therefore, is a powerful tool that can aid senior management in both short term and long term planning.

Engineering

The Corporation's major construction project this year was the lifting of the "Queen of Alberni." The contract was placed February 27, 1984 and 105 days later, on June 11, 1984, the ship was back in service with a new upper car deck doubling its original vehicle capacity.

Coinciding with this project was a major upgrading of facilities at Langdale Terminal. The vehicle loading ramps were double-decked in order to permit simultaneous loading of both vehicle decks. New offices and waiting rooms were constructed and the holding compound layout was redesigned.

Modifications were commenced on the "Queen of the North" to suit the new "Day Cruise" service. Because of the cancellation of contracted tug and barge service to the Queen Charlotte Islands, both the "Queen of the North" and "Queen of Prince Rupert" were outfitted to carry refrigerated trucks by installation of new car deck exhaust systems to enable truck cooling units to operate during the crossing of Hecate Strait. The holding compound at Skidegate Terminal was increased in ... to accommodate drop trailer traffic.

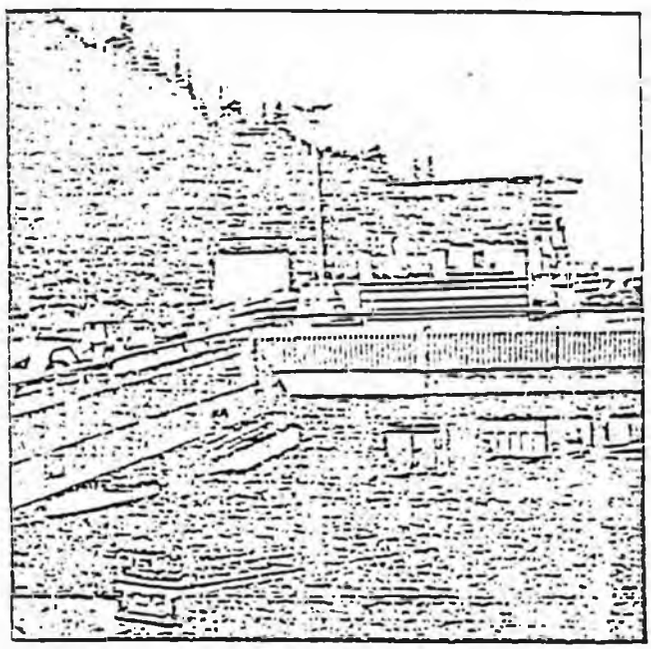
Improvements in facilities at major terminals have continued.

At Swartz Bay a new passenger pick-up facility was completed adjacent to the docks, thus shortening the walking distance for discharging foot passengers and alleviating congestion at the departure ticketing area. New toll booths were built in order to improve the flow of traffic and expand the holding compound. Planning is underway at Swartz Bay for double-laning the upper vehicle ramp at Number 1 Berth; for expansion of the refrigerated and dry stores area; and for construction of a new bus passenger loading facility which will include six bus bays and a new passenger waiting room.

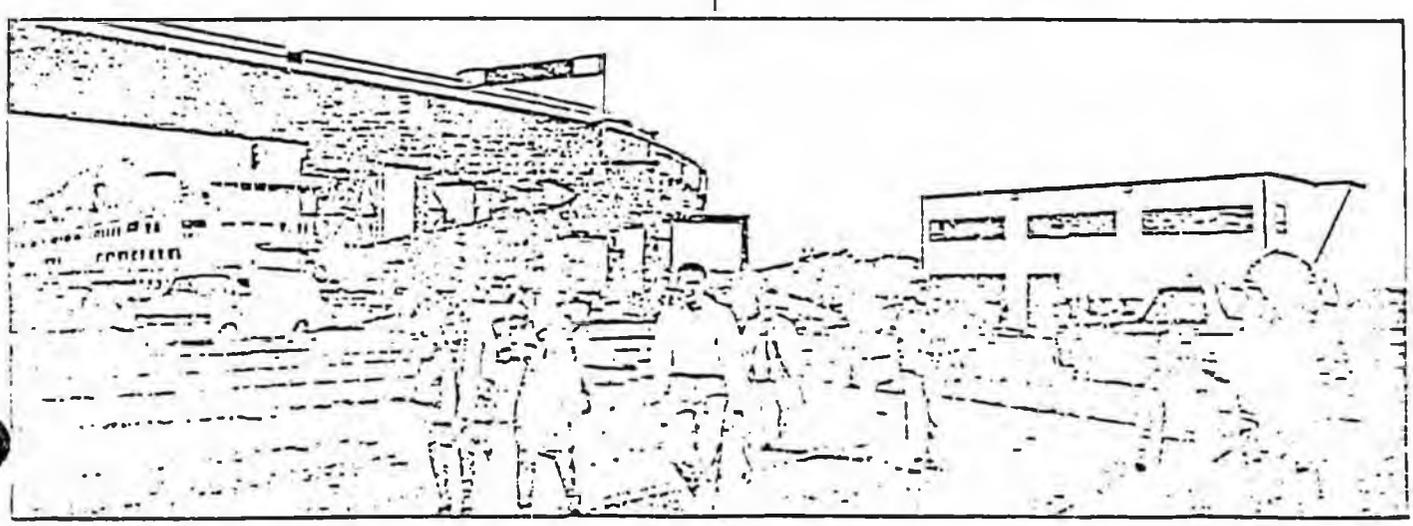
At Tsawwassen the upper vehicle ramp at Number 2 Berth has been widened to two lanes, thus speeding the loading and unloading process, and the cafeteria was expanded to provide additional seating.

At Horseshoe Bay the upper vehicle holding area was extended and a new passenger waiting room and control tower were built.

After a period of extensive testing during 1983-84, fuel metres have been fitted to all major vessels. The fuel metres, together with better ship scheduling, has resulted in total fuel consumption in 1984/85 of 76,258,000 litres, a 3% reduction from the previous year.



Control tower, Horseshoe Bay



Overhead ramp, passenger waiting room, and office, Langdale

New fleet colours are appearing on the vessels as they go into refit for regular maintenance. Approximately half the vessels have now been repainted. The EXPO 86 logo is being painted on funnels in conjunction with the repainting program.

Catering

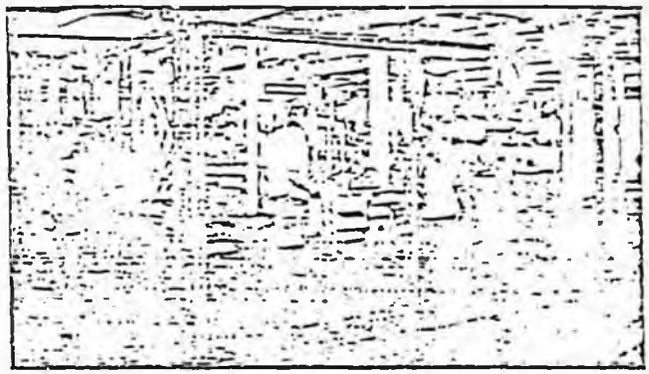
The past fiscal year was a period of consolidation for the Catering and Passenger Services area. Total revenue declined as a result of lower passenger traffic, smaller average expenditure per passenger and the closing of marginal outlets. Although within budget, the Gross Profit percentage was slightly lower than the previous year. Menu price increases were kept at a minimum in response to the public's resistance to high priced menu items.

General operating expenses were reduced substantially with the result that the net operating loss was reduced from previous years in spite of declining revenue.

Reductions in Route #10 (Port Hardy-Prince Rupert) operations have produced substantial drops in both liquor and stateroom revenue; however, the lost revenue was more than offset by reduced expenses. Anticipated sales increases on the new day run concept should more than replace these lost marginal sales with very productive revenue dollars.

Ongoing emphasis on newsstand development has produced an increase in both sales and newsstand gross profit in spite of limited passenger traffic. In support of this trend, the Vancouver Class vessels will be featuring new expanded gift shops with three vessels completed prior to the summer of 1985.

The new Tsawwassen test kitchen and Quality Control Supervisor continue to produce basic improvements in food quality. Although gradual, these improvements have proven to be lasting and consistent throughout the fleet. Revised food purchasing procedures have also been effective in improving quality consistence and value.

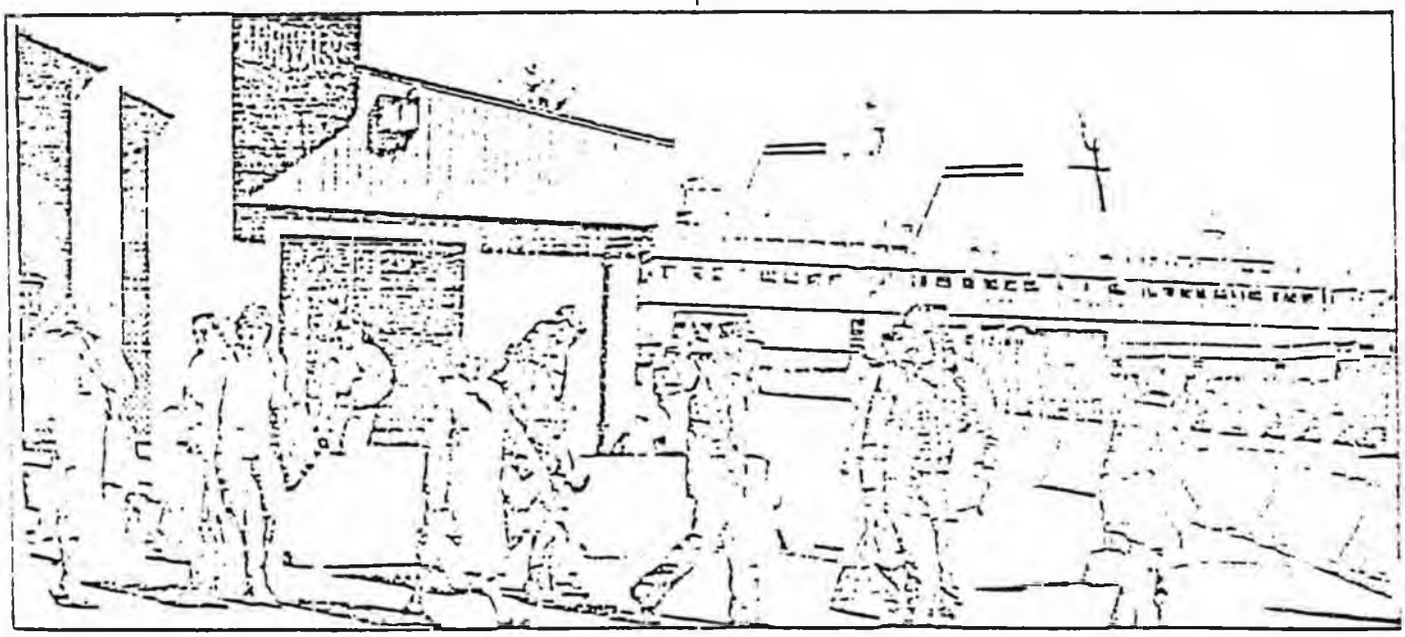


Expanded newsstand/giftshop

Communications

B.C. Ferries has continued to expand its role in the promotion of tourism, in recognition of the significance of this growing industry to British Columbia and the Corporation as a major source of revenue. A major activity this winter has been the promotion of the Day Cruise, which is to be introduced on the Northern route to Prince Rupert in the summer of 1985.

The Corporation has also expanded its activities in major travel shows in key market areas of the U.S. and Canada, working in close cooperation with Tourism B.C. and the tourism regions of the province. The past year also featured more involvement with local tourism communities in areas served by the Corporation.



Foot passenger arrivals, Swartz Bay

mputerized reservations for the Gulf Islands and North ast which were completed in 1983 have been streamlined, now offer an even more efficient service to travel agents and the general public. This process will continue as we prepare well ahead for the anticipated volume of enquiries that will be generated by Expo 86.

Labour Relations

The main Labour Relations activity during 1984 was the administration of the collective agreement that was concluded in 1983. This included developing a layoff and recall procedure with the Union which allowed the Corporation to downsize its work force.

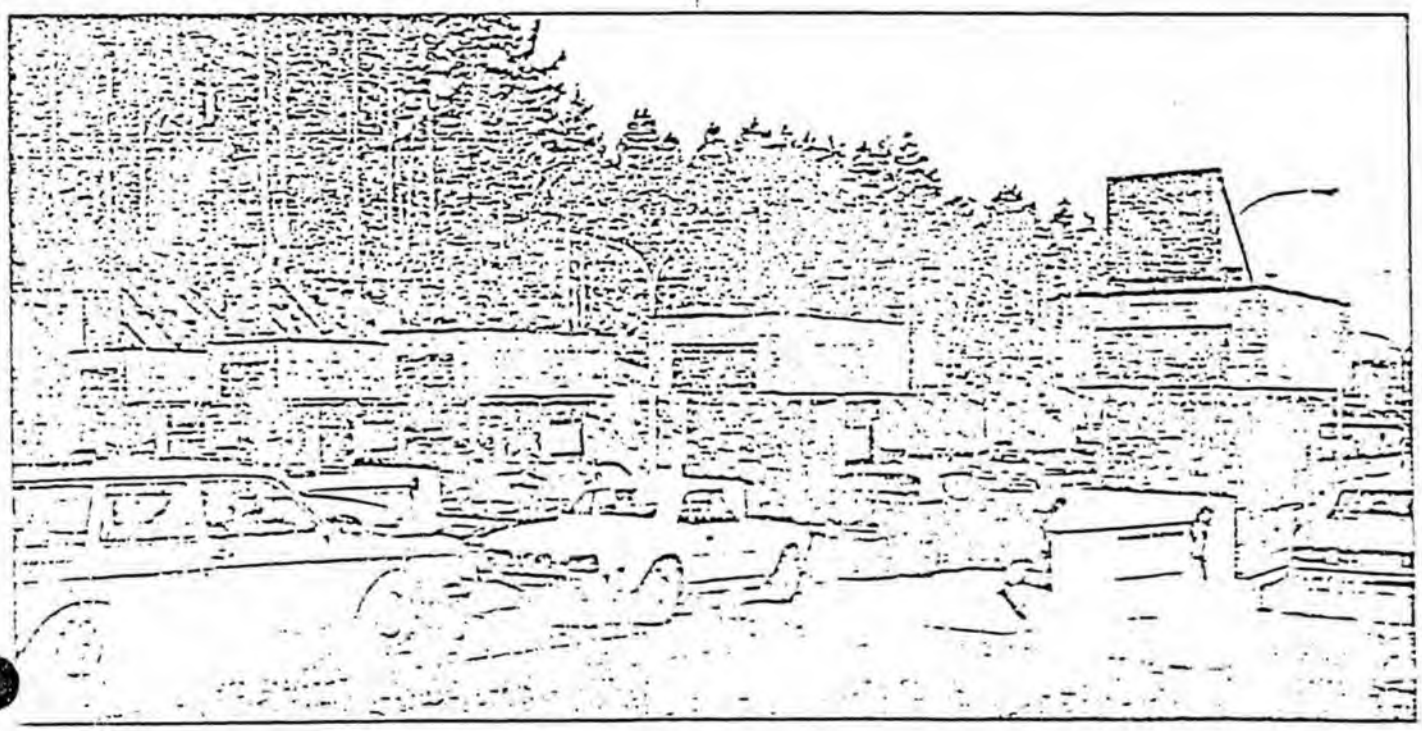
A number of grievances arose as a result of the new contract language; however, the parties were able to resolve these differences of opinion in accordance with procedures established under the collective agreement. This last fiscal year saw no time loss due to picket action of any kind, including third-party picketing.

Personnel

The greater flexibility in manning and improvements in scheduling afforded by the Agreement concluded on October 30, 1983, impacted most significantly on the personnel function in 1984. A new bargaining unit establishment, reflecting the Corporation's ongoing commitment to reduce overall wage costs by means of the rationalization of the Corporation's man resource requirement to a level commensurate with its operational requirements, was accepted and approved. At the same time the Corporation's commitment to reduce its outstanding banked overtime liability continued with positive results; careful manpower planning reduced the total banked overtime by 31%.

The new bargaining unit establishment of 1951 positions resulted in a reduction of 221 positions effective October 10, 1984. Where the reduction impacted on an employee it was effected in consultation with that employee, his Union representative and his Union executive. As a result of the extensive preparatory work completed, and despite the inevitable rippling effect of "bumping," the overall reduction in the number of employees was brought about with a minimum of disruption of personal inconvenience. Of those employees who were laid off and who elected to return to work with the Corporation when work is available, and after allowing for attrition of present regular employees through retirement, death, disabilities, etc. it is considered that the vast majority will return to work as full time regular employees within the next 18 months. In the interim, they will be offered every opportunity to work for the Corporation throughout the busy summer months or any other time that their services can be used.

A.L. Collier
President and
Chief Executive Officer

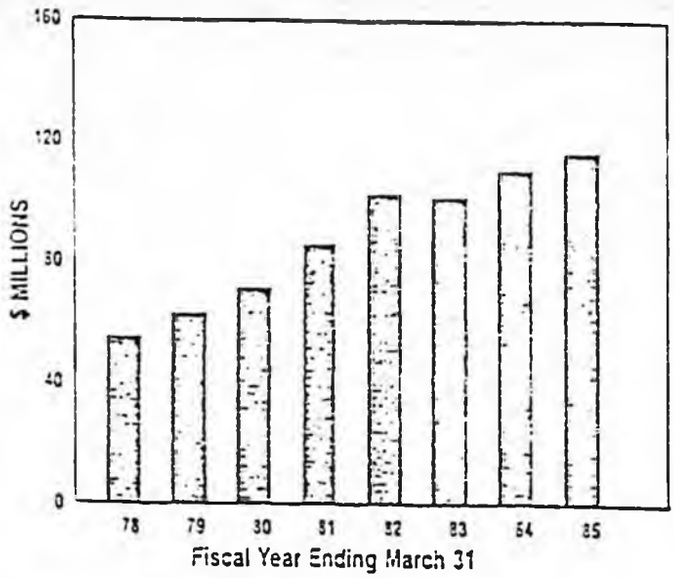


Vehicle toll booths, Swartz Bay

NET OPERATING REVENUE + 5%

Despite the lack of significant traffic growth in recent years, revenues have been growing as a result of regular, modest, annual fare increases.

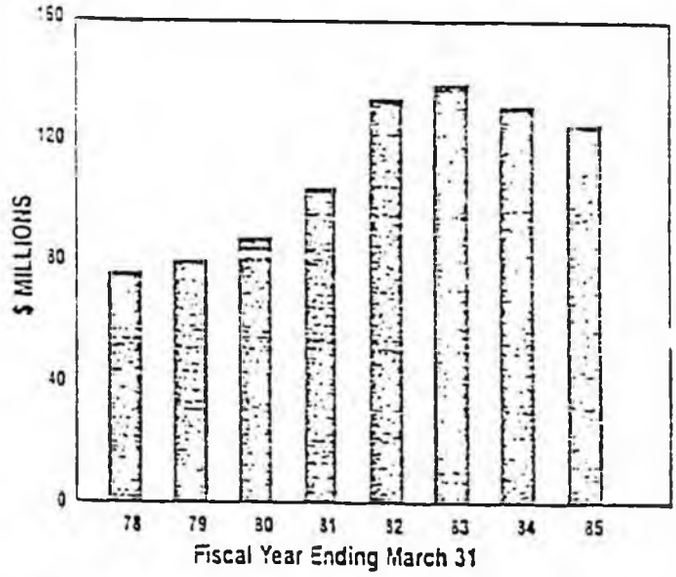
Net operating revenue has grown at an average rate of 7.7% per year over the past five years.



OPERATING EXPENSES – 5%

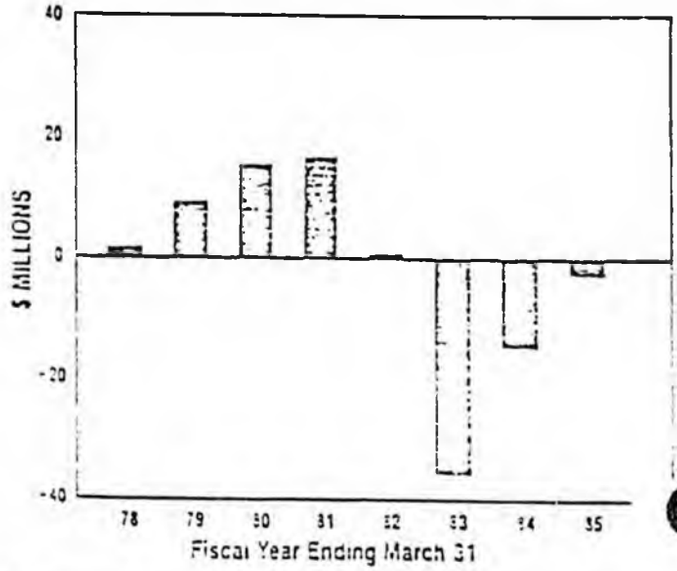
After a period of sharply rising costs in the late 70's and early 80's, operating expenses have been brought under control over the past three years.

This restraint was essential due to lack of traffic growth and a major reduction in the provincial government subsidy.



INCOME/LOSS AFTER SUBSIDY & DEPRECIATION

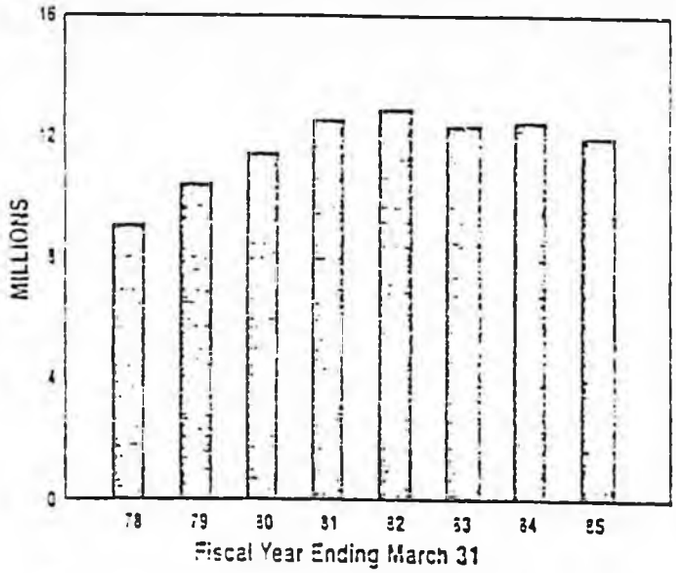
Despite the lack of traffic growth there has been a strong financial recovery over the past three years as a result of operating cost restraint and modest fare increases.



TOTAL PASSENGERS – 4%

After a small increase in 1983/84, passenger traffic has fallen again in 1984/85.

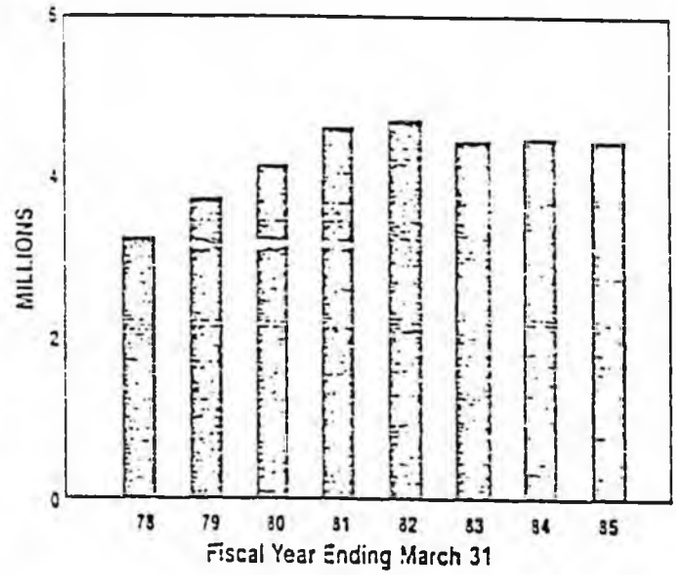
Over the past 24 years, 185 million passengers have been carried. The 200 millionth passenger is expected during the summer of 1986.



TOTAL VEHICLES – 0.5%

Total vehicle traffic has remained virtually unchanged over the past three years.

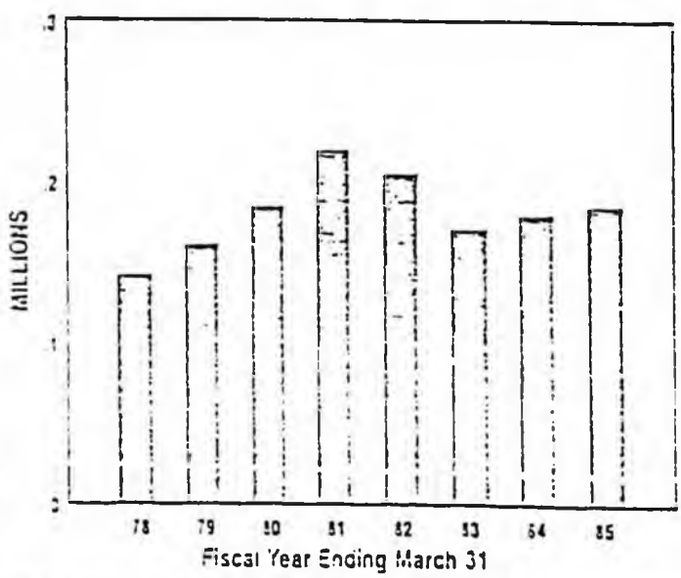
Over 67 million vehicles have been carried since 1960.



COMMERCIAL VEHICLES + 3%

Commercial vehicles have shown a steady increase over the past two years after suffering a sharp decline in the early 1980's.

In the past, commercial traffic has usually been a precursor or leading indicator of changes in other traffic categories.



THORNE
RIDDELL
Chartered Accountants

AUDITORS' REPORT

To the Lieutenant-Governor in Council
Province of British Columbia

We have examined the balance sheet of British Columbia Ferry Corporation as at March 31, 1985 and the statements of income, deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thorne Riddell

Chartered Accountants

Victoria, Canada
May 21, 1985

Balance Sheet as at March 31, 1985

ASSETS	1985	1984
	(expressed in thousands)	
CURRENT ASSETS		
Cash (Note 1)	$ 11,943	$ 3,861
Accounts receivable (Note 2)	800	505
Inventories (Note 3)	8,558	9,252
Prepayments and deposits	849	583
	22,150	14,201
RESERVED FUNDS (Note 4)	7,817	—
FIXED ASSETS (Note 5)		
Ships, berths, buildings, equipment and land	477,374	465,418
Less accumulated depreciation	204,709	173,645
	273,165	291,773
	$303,132	$305,974

APPROVED BY THE BOARD

Director

Director

LIABILITIES

	1985	1984
	(expressed in thousands)	
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 18,261	$ 19,456
Deferred revenue	1,675	1,544
	19,936	21,000
LONG-TERM DEBT (Note 6)	36,446	35,586
ACCRUED SICK LEAVE LIABILITY (Note 7)	5,218	5,844
	61,600	62,430

SHAREHOLDERS' EQUITY

SHARE CAPITAL		
Authorized		
1,000,000 shares without par value with a maximum consideration of $100,000,000		
Issued		
68,512 shares	6,351	6,351
CONTRIBUTED SURPLUS (Note 8)	250,401	250,401
DEFICIT	(15,720)	(13,708)
	241,532	243,544
COMMITMENTS (note 13)		
	$303,132	$305,974

Statement of Income

YEAR ENDED MARCH 31, 1985
(expressed in thousands)

	1985	1984
Operating Revenues		
Tolls	$100,628	$ 94,828
Catering	22,396	23,737
Other income (note 9)	2,506	1,949
	125,530	120,514
Less cost of food and goods sold	8,993	9,174
	116,537	111,340
Operating Expenses		
Salaries, wages and benefits	79,513	83,449
Fuel and lubricants	23,896	25,352
Materials, operating supplies and services	10,166	10,338
Contracted replacements, repairs and maintenance	5,263	6,950
Marketing, general and administrative	3,530	3,513
Charter fees	2,325	2,946
	125,308	132,553
Operating Loss Before Subsidy	8,771	21,213
Province of British Columbia Subsidy (note 10)	43,000	43,000
Income from operations	34,229	21,787
Interest Expense (note 11)	5,177	6,198
INCOME BEFORE DEPRECIATION	29,052	15,589
Depreciation	31,064	30,586
LOSS FOR THE YEAR AFTER DEPRECIATION	$ 2,012	$ 14,997

Statement of Deficit

YEAR ENDED MARCH 31, 1985
(expressed in thousands)

	1985	1984
Deficit (accumulated income reinvested in corporation assets) at beginning of year	$ 13,708	$ (1,289)
Loss for the year after depreciation	2,012	14,997
DEFICIT AT END OF YEAR	$ 15,720	$ 13,708

Statement of Changes in Financial Position

YEAR ENDED MARCH 31, 1985
(expressed in thousands)

	1985	1984
SOURCES (USES) OF CASH		
CASH FROM OPERATIONS (Note 12)	$ 23,355	$ 17,198
FINANCIAL ACTIVITIES		
Proceeds from promissory note issue	—	14,739
Repayment of note payable	—	(30,000)
Cash reserved for funding accrued sick leave liability	(4,172)	—
Sinking fund payments	(3,345)	(322)
Casn used in financial activities	(7,317)	(15,583)
INVESTMENT ACTIVITIES		
Fixed asset additions	(12,456)	(7,142)
Proceeds on sale of fixed assets	—	9
Cash used in investment activities	(12,456)	(7,133)
INCREASE (DECREASE) IN CASH	3,082	(5,518)
CASH AT BEGINNING OF YEAR	3,861	9,379
CASH AT END OF YEAR	$ 11,943	$ 3,861

Note: In this statement cash includes only cash available for day to day operations and does not include Reserved Funds cash.

Summary of Accounting Policies

YEAR ENDED MARCH 31, 1985

In accordance with Section 8(7) of the Ferry Corporation Act the financial statements of the Corporation are prepared in accordance with generally accepted accounting principles. Significant accounting policies followed in the preparation of these financial statements are:

Inventories –

Inventories are valued at the lower of cost and current replacement cost.

Long-Term Disability –

Amounts paid to the Superannuation Branch of the Public Service Commission under the Long-Term Disability Plan are accounted for by the Corporation on the basis of accruing in the financial statements that portion estimated to be payable to employees until retirement for individual disability with the balance of the amounts paid being included in prepaid expenses.

Fixed Assets –

Acquired from the Province of British Columbia effective January 1, 1977:

(a) Ships

Ships, which comprise part of the total assets acquired from the Province effective January 1, 1977 by Order-In-Council dated December 16, 1976 and transferred at an assigned value of $1, have been revalued by the Corporation and are reflected in the accompanying financial statements at their estimated depreciated replacement value as at January 1, 1977 on the basis of construction records for labour and materials valued at 1977 cost exclusive of any federal ship building subsidies which may have been available during the extended period of years during which the individual ships were built and during which such subsidies fluctuated substantially. The estimated depreciated replacement value of the ships at January 1, 1977 is not intended to reflect fair market value of the fleet nor can it be considered to approximate fair market value because of the specialized nature and limited saleability of the ships themselves.

In addition, three ships presently under charter by the Province until 1994 are subchartered to the Corporation for the same period at an annual cost of $1 each, with the Corporation being responsible for all operating, repair, and maintenance costs. Under the terms of the subcharter agreement with the Province, the Corporation may in 1994 request that the Province exercise its option to purchase these ships at its own expense in accordance with the terms of its charter agreement. In the event that such option is exercised, clear title to the ships will be transferred to the Corporation. As a result of these transactions and agreements, these ships are reflected as capital assets of the Corporation in the accompanying financial statements and are similarly stated at their estimated depreciated replacement value as at January 1, 1977.

(b) Berths, buildings and equipment

Berths, buildings and equipment also comprise part of the total assets acquired from the Province effective January 1, 1977 by Order-In-Council dated December 16, 1976 and transferred at an assigned value of $1.

These assets are reflected in the accompanying financial statements at their estimated depreciated replacement value as at January 1, 1977 based upon an appraisal made by Universal Appraisal Company Limited as at that date.

Additions and disposals subsequent to January 1, 1977:

The costs of major replacements, additions, extensions and improvements are capitalized in the fixed asset accounts. The costs of maintenance, repairs, minor renewals or replacements are charged against income. On retirement or disposal of fixed assets, the costs thereof and the related accumulated depreciation are eliminated from the accounts and any gains or losses are reflected in the statement of income.

On October 1, 1983 the remaining buildings and equipment at Deas Dock facility, not acquired from the Province on January 1, 1977 were transferred at an assigned value of $1. These assets are reflected in the accompanying financial statements at their estimated depreciated replacement value as at October 1, 1983 based upon an appraisal made by Universal Appraisal Company Limited as at that date.

Depreciation –

Fixed assets are depreciated on the straight line method based upon the following useful lives:

Ships	25 years
Berths	5 - 10 years
Buildings and equipment	4 - 25 years

Amortization of Promissory Note Discount and Issue Costs –

Promissory note discount is amortized on a compound interest method over the term of the debt. Issue costs are amortized on a straight-line basis over the term of the debt.

Provision for Annual Refit Costs –

The Corporation provides for ship refit expense by charging against income the anticipated costs over the period between refits.

Notes to Financial Statements

YEAR ENDED MARCH 31, 1985

1. CASH AND SHORT-TERM INVESTMENTS

Funds, other than those required for immediate settlement of liabilities, are invested in short-term commercial securities authorized pursuant to the terms and provisions of the Financial Administration Act of British Columbia. The investments are arranged through the Ministry of Finance of the Province.

2. ACCOUNTS RECEIVABLE

Provision has been made for the uncollectibility of a 1980 accounts receivable of $1,950,519 due from the British Columbia Steamship Company (1975) Ltd. for the lease and modifications to the Lessee s specifications of the M.V. "Queen of Prince Rupert".

3. INVENTORIES

	1985	1984
	(expressed in thousands)	
Spare components, parts and supplies	$ 6,987	$ 6,332
Fuel and lubricants	1,153	1,980
Goods for resale and catering supplies	413	440
	$ 8,553	$ 8,252

4. RESERVED FUNDS

The Corporation has segregated assets that are required for specific purposes or as required by long-term debt obligations.

	1985	1984
	(expressed in thousands)	
Sinking funds for long-term debt (note 5)		
Administered by the Province	$ 345	$ —
Administered by the Corporation	3,300	—
	3,645	—
Fund for accrued sick leave liability (note 7)	4,172	—
	$ 7,817	$ —

5. FIXED ASSETS

	1985 (expressed in thousands)			1984
	Cost or Appraised Value	Accumulated Depreciation	Net Book Value	Net Book Value
Ships owned	$ 282,725	$ 105,472	$ 177,253	$ 192,581
Ships under capital lease	72,697	22,256	50,441	43,771
Berths, buildings and equipment	120,524	76,981	43,543	50,966
Land	723	—	723	723
Construction in progress	1,205	—	1,205	3,732
	$ 477,874	$ 204,709	$ 273,165	$ 291,773

6. LONG-TERM DEBT

	1985	1984
	(expressed in thousands)	
Long-term debt issued by the Corporation		
8.95% Promissory notes (effective rate of 15.75%), are repayable in five equal annual instalments of $5.7 million commencing March 5, 1988	$ 28,500	$ 28,500
Less unamortized discount and issue costs	6,473	7,332
	22,027	21,168
12.08% Promissory note (effective rate of 12.44%) due September 9, 2003 is repayable by annual sinking fund payments of $322,492 commencing September 9, 1984	14,758	14,758
Less unamortized issue costs	17	18
	14,741	14,740
	36,768	35,908
Sinking fund payment required within one year	322	322
	$ 36,446	$ 35,586

Principal and sinking fund payments due in each of the next five years:

1986	1987	1988	1989	1990
$322,492	$322,492	$6,022,492	$6,022,492	$6,022,492

The Province of British Columbia unconditionally guarantees the payment of principal and interest on the Promissory notes.

7. ACCRUED SICK LEAVE LIABILITY

On September 1, 1978 the Corporation introduced short-term illness and injury and long-term disability plans and as of that date all employees ceased accruing sick leave credits. Under the collective agreement with the employees, in the event of illness, the accumulated sick time may be withdrawn prior to retirement and on retirement any balance remaining is payable in cash at 50% of accredited time. The liability as at March 31, 1985 based upon a recent actuarial evaluation by Reed Stenhouse Associates Limited established the present lump sum value of cash payouts on retirement to all employees at $4,172,000 which, with interest will accumulate an amount required to meet those obligations. The recorded liability as actuarially evaluated in 1982 with accrued interest net of withdrawals to 1985 exceeded the current evaluation by $1,569,391. One third of the excess is reflected in current operations and the balance will be reflected in operations of the next two fiscal periods. Funds reserved for liquidation of this liability are invested in short-term commercial security (Note 1).

8. CONTRIBUTED SURPLUS

	1985	1984
	(expressed in thousands)	
Excess of estimated depreciated replacement value over assigned value of $1 of assets acquired from the Province of British Columbia		
- Ships, berths, buildings and equipment effective January 1, 1977	$ 249,674	$ 249,674
- Buildings and equipment effective October 1, 1983	727	727
	$ 250,401	$ 250,401

9. OTHER INCOME

	1985	1984
	(expressed in thousands)	
Parking and ancilliary traffic revenue	$ 947	$ 837
Interest earned on funds in bank and short-term investments	1,559	1,112
	$ 2,506	$ 1,949

10. PROVINCIAL SUBSIDY AND BENEFITS

The Corporation receives a subsidy from the Province of British Columbia which is determined annually.

Included in fixed assets as "ships under capital lease" are three ships leased from the Province at an annual cost of $1 each. The annual cost of these charters to the Province is $4,819,800. In addition the Corporation utilizes Crown land for terminals and highway access without rental or property taxes. The value of these benefits is indeterminable. The Corporation, as an agent of the Crown, is not liable to taxation, including taxation on improvements, except insofar as the Crown is liable.

The Corporation utilizes Ministries and Agencies of the Provincial Government for negotiation and purchase of fuel, materials, and communications. The aggregate of these transactions is $39.3 million (1984 - $45.3 million).

11. INTEREST EXPENSE

	1985	1984
	(expressed in thousands)	
Interest expense, amortization of promissory note discount and amortization of debt issue cost on:		
- long term debt	$ 5,171	$ 4,292
- short term borrowings	6	1,906
	$ 5,177	$ 6,198

M OPERATIONS

12. C

	1985	1984
	(expressed in thousands)	
the year after depreciation	$(2,012)	$(14,997)
s not involving cash		
epreciation	31,064	30,585
Amortization of promissory note discount and issue costs	860	741
Loss on retirement of fixed assets	—	248
Increase (decrease) in accrued sick leave liability	(626)	(164)
Cash generated from continuing operations	29,286	16,742
Cash generated from (used for) operating working capital		
Accounts receivable	(295)	104
Inventories	695	259
Prepayments and deposits	(266)	1,542
Accounts payable and accrued liabilities	(1,195)	(1,349)
Deferred revenue	130	(100)
Cash generated from operations	$ 28,355	$ 17,198

13. COMMITMENTS

The Corporation is contractually committed to modify the passenger areas on the M.V. "Queen of the North" and to complete terminal compound improvements at Skidegate and Departure Bay. The total estimated cost of these capital projects is $0.9 million and as at March 31, 1985 the estimated remaining cost to complete these commitments is $0.4 million.

Not included in the accounts is a lease commitment of $5.4 million for the M.V. "Quinsam" which is fully recoverable through a non-cancellable sub-lease with the Ministry of Transportation and Highways for British Columbia.

14. COMPARATIVE FIGURES

Certain comparative figures for the previous year have been reclassified to conform with the March 31, 1985 financial statement presentation.

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02-576(2/77)

8. CONTRIBUTED SURPLUS

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– long term debt	$ 5,171	$ 4,292
– short term borrowings	6	1,906
	$ 5,177	$ 6,198

12. CASH FROM OPERATIONS

	1985	1984
	(expressed in thousands)	
Loss for the year after depreciation	$(2,012)	$(14,997)
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Depreciation	31,064	30,586
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14. COMPARATIVE FIGURES

Certain comparative figures for the previous year have been reclassified to conform with the March 31, 1985 financial statement presentation.

Statistical Review

YEAR ENDED MARCH 31

	1985	1984	1983	1982	1981	1980
			(expressed in thousands)			
Financial						
Operating Revenue – Gross	$125,530	$120,514	$110,589	$112,199	$ 99,552	$ 82,367
Operating Expense	125,308	132,553	139,013	133,856	104,956	88,695
Operating Loss before Subsidy	8,771	21,213	37,213	31,221	14,261	13,667
Subsidy	43,000	43,000	43,000	58,891	53,106	49,447
Cash Flow from Operations	23,355	17,198	(3,005)	35,831	44,811	38,583
Depreciation and Amortization	31,064	30,586	34,724	26,087	22,148	20,271
Interest on Debt	5,177	5,198	5,073	893	779	880
Working Capital (Deficiency)	2,214	(6,799)	(37,505)	(11,495)	15,612	21,878
Additions to Property	12,456	7,142	25,804	74,376	44,919	39,369
Total Assets	303,132	305,974	335,370	357,817	334,596	312,048
Long-term Debt	36,446	35,586	20,428	31,716	13,764	15,513
Operating						
Traffic						
– Passengers	11,913	12,398	12,275	12,764	12,513	11,423
– Vehicles	4,460	4,483	4,463	4,713	4,526	4,161
Miles						
– Passengers	269,703	283,745	278,975	339,395	334,073	314,844
– Vehicles	96,531	97,569	97,020	118,533	116,318	10[illegible] 3
Utilization						
– Passengers	28%	25%	27%	26%	28%	[illegible]%
– Vehicles	58%	56%	50%	46%	50%	57%

CORPORATE INFORMATION

HEAD OFFICE

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Victoria, B.C.
V8W 1E4

INFORMATION/ RESERVATION CENTRE

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Vancouver, B.C.
V6Z 2A9

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Thorne Riddell
707 Fort Street
Victoria, B.C.
V8W 3G3

CORPORATE COUNSEL

Ladner Downs
2100 Pacific Centre South
700 W. Georgia Street
Vancouver, B.C.
V7Y 1A8

BANKERS

Bank of Nova Scotia
Victoria, B.C.

Canadian Imperial Bank of Commerce
Victoria, B.C.

Statistical Review

YEAR ENDED MARCH 31

	1985	1984	1983	1982	1981	1980
			(expressed in thousands)			
Financial						
Operating Revenue – Gross	$125,530	$120,514	$110,669	$112,199	$ 99,552	$ 82,867
Operating Expense	125,308	132,553	139,013	133,356	104,956	88,595
Operating Loss before Subsidy	8,771	21,213	37,213	31,221	14,251	13,667
Subsidy	43,000	43,000	43,000	58,891	53,106	49,447
Cash Flow from Operations	28,355	17,198	(3,005)	35,331	44,311	38,583
Depreciation and Amortization	31,084	30,586	34,724	26,087	22,148	20,271
Interest on Debt	5,177	5,198	5,073	393	779	880
Working Capital (Deficiency)	2,214	(6,799)	(37,506)	(11,495)	15,512	21,373
Additions to Property	12,456	7,142	26,804	74,376	44,919	39,369
Total Assets	303,132	305,974	335,370	357,817	334,696	312,048
Long-term Debt	36,446	35,586	20,428	31,716	13,764	15,513
Operating						
Traffic						
– Passengers	11,913	12,398	12,275	12,764	12,513	11,423
– Vehicles	4,460	4,483	4,463	4,713	4,526	4,161
Miles						
– Passengers	269,703	283,745	278,975	339,395	334,078	314,344
– Vehicles	96,531	97,569	97,020	116,633	116,318	106,735
Utilization						
– Passengers	28%	29%	27%	26%	28%	26%
– Vehicles	33%	36%	33%	42%	39%	37%

CORPORATE INFORMATION

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618 Broughton Street
Victoria, B.C.
V8W 1E4

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V8W 3G3

CORPORATE COUNSEL

Ladner Downs
2100 Pacific Centre South
700 W. Georgia Street
Vancouver, B.C.
V7Y 1A8

BANKERS

Bank of Nova Scotia
Victoria, B.C.

Canadian Imperial Bank of Commerce
Victoria, B.C.

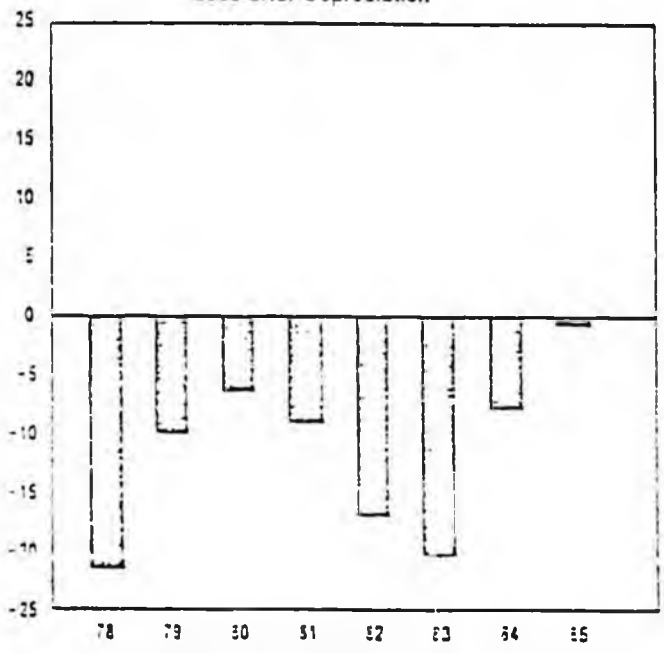
VANCOUVER ISLAND

The two Mainland-Vancouver Island routes are among the busiest ferry routes in the world, carrying 7.8 million passengers and 2.8 million vehicles in 1984/85.

A concentrated effort at improving cost efficiency over the past 3 years has resulted in a tremendous reduction in the loss.

For the first time this year the Vancouver Island routes are very close to a break-even operation.

VANCOUVER ISLAND
Loss after Depreciation

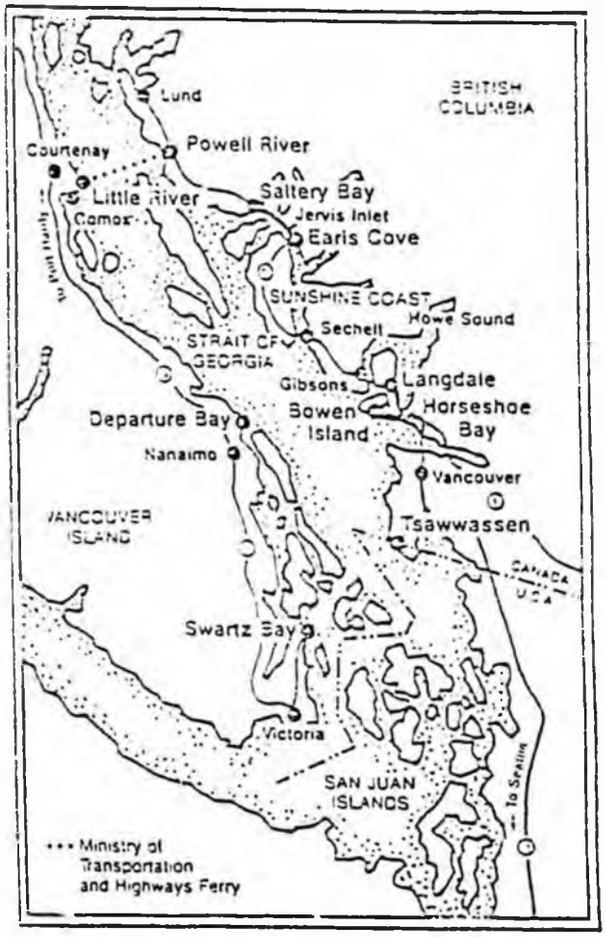


SUNSHINE COAST

The Sunshine Coast includes four routes:
Horseshoe Bay - Langdale
Horseshoe Bay - Bowen Island
Earls Cove - Saltery Bay
and the passenger-only service from Langdale-Gambier Island-Keates Island.

These routes carried 2.5 million passengers and 1 million vehicles in 1984/85. Although traffic has declined in each of the past three years, there has been an improvement in the financial performance.

The loss in 1984/85 was $11 million, virtually unchanged from the previous fiscal year.



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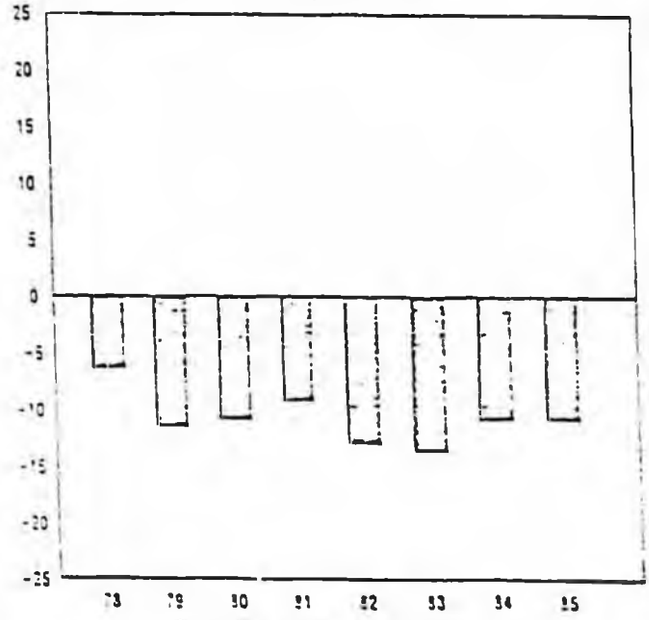

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02-576(2/77)

VANCOUVER ISLAND

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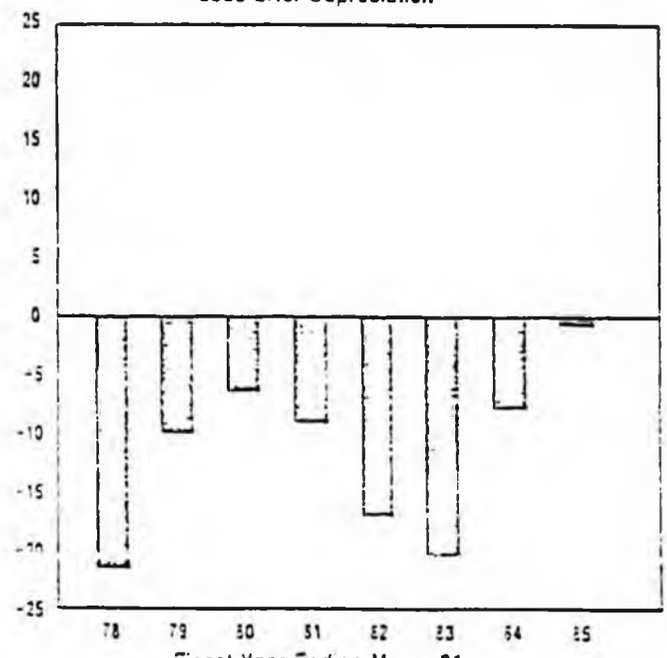

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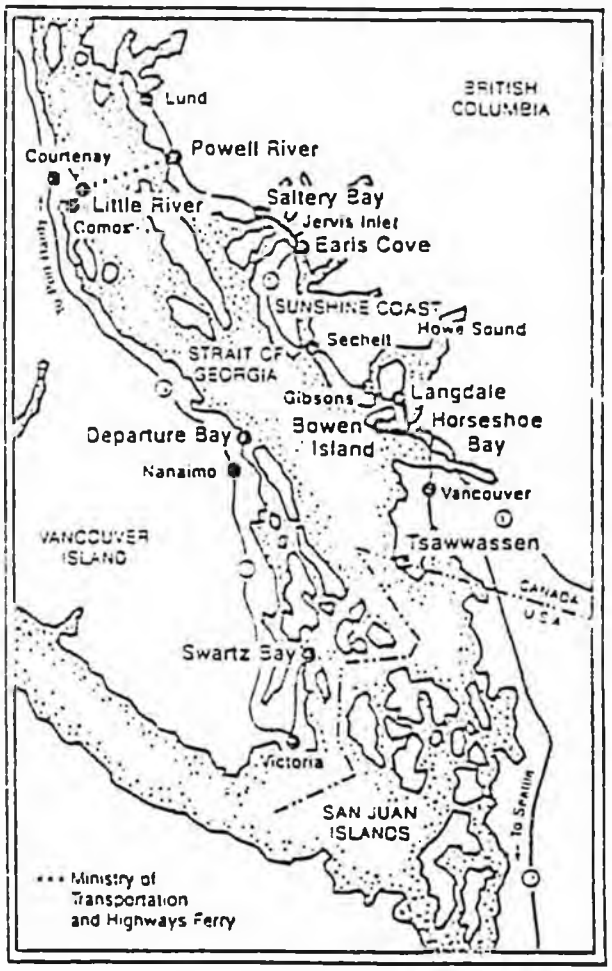

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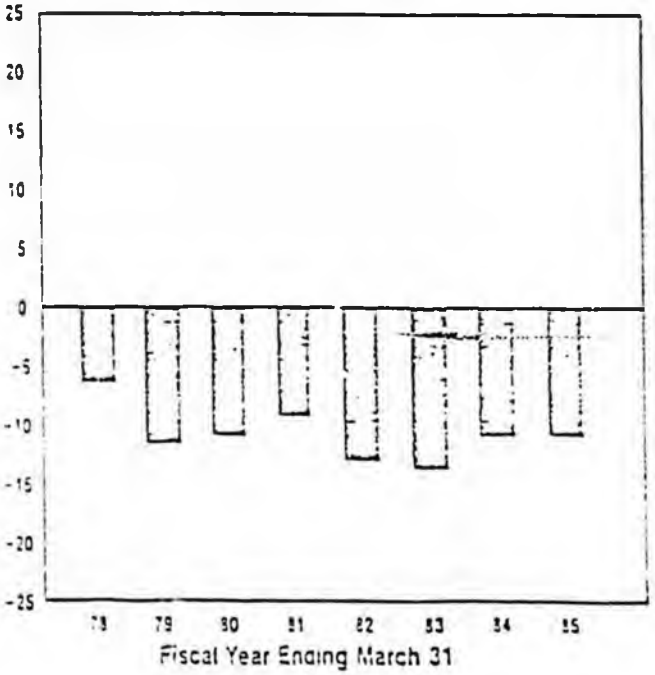
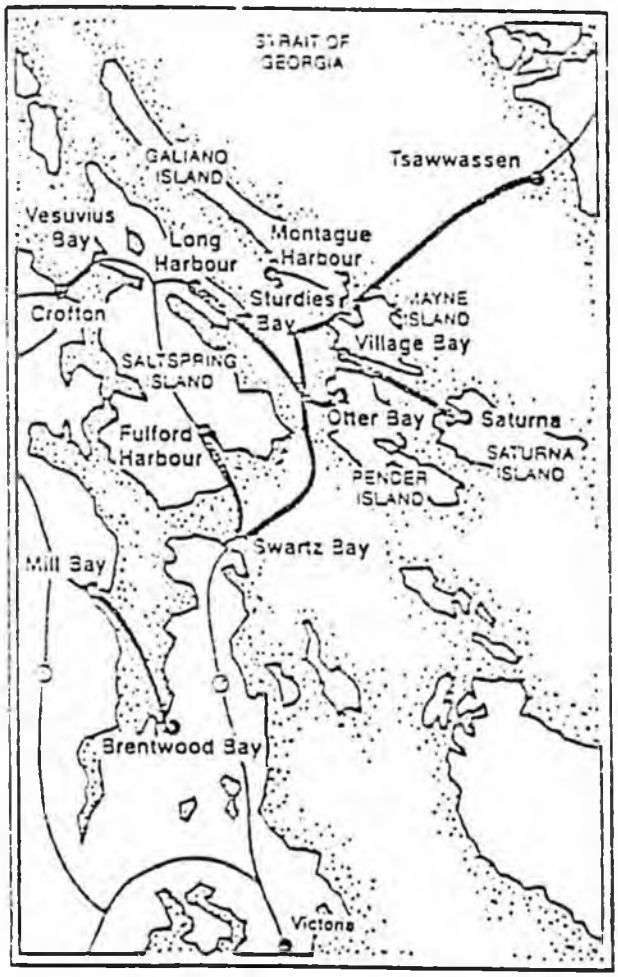


GULF ISLANDS

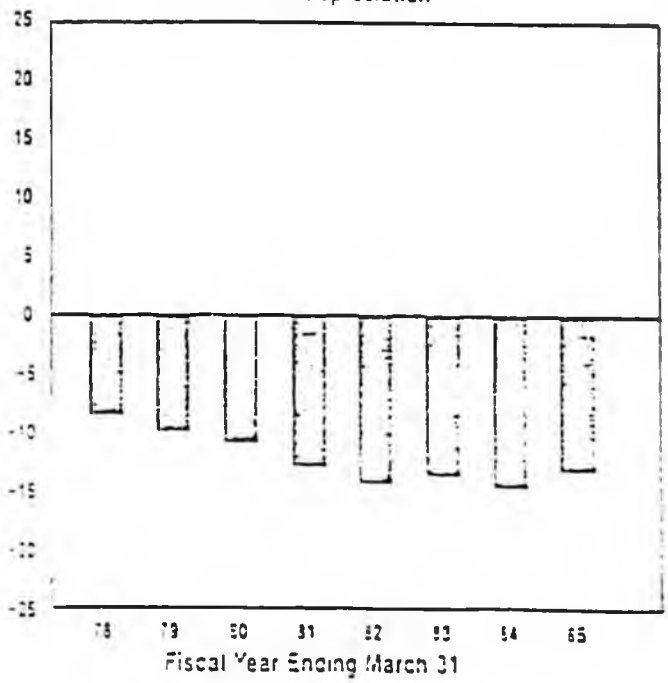
The Gulf Islands vessels service the islands of Salt Spring, Pender, Galiano, Mayne and Saturna. The region also includes the Brentwood-Mill Bay route.

In 1984/85 these routes carried 1.5 million passengers and 623,000 vehicles.

The operating loss in 1984/85 was $13 million, which is a 9% reduction from the previous year.



GULF ISLANDS
Loss after Depreciation



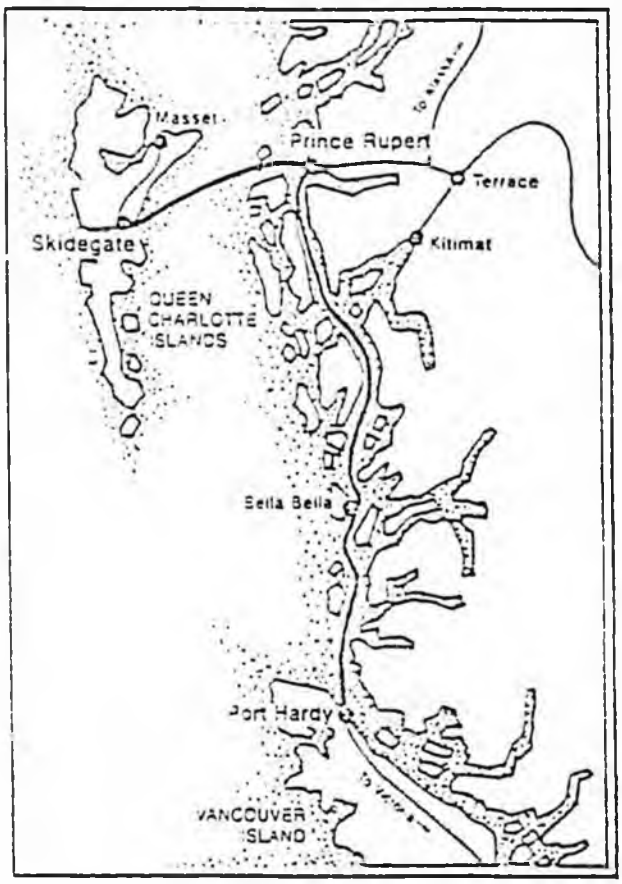
NORTH COAST

The North Coast services include:
Prince Rupert - Port Hardy
Prince Rupert - Skidegate.

In addition the Corporation has contract services for passenger routes from Prince Rupert to Port Simpson and Kincolith.

Until March 31, 1985 there was also a contract tug-and-barge service between Prince Rupert and Masset.

For the three years previous to 1984/85 the loss on these routes averaged about $15 million per year. With the elimination of Tsawwassen-Port Hardy service and other cost efficiencies the operating loss has been reduced by 19% to $11 million.



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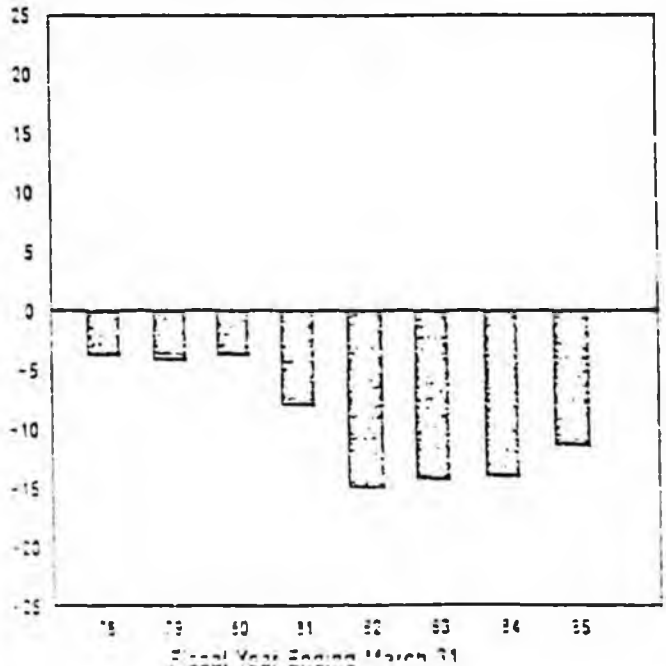
Loss after Depreciation



Year End	Passengers	Vehicles
March 31, 1961	692,000	221,000
March 31, 1962	2,040,000	697,000
March 31, 1963	2,665,000	895,000
March 31, 1964	3,180,000	1,034,000
March 31, 1965	3,300,000	1,195,000
March 31, 1966	4,000,000	1,333,000
March 31, 1967	4,477,000	1,516,000
March 31, 1968	4,361,000	1,530,000
March 31, 1969	4,774,000	1,733,000
March 31, 1970	5,571,000	2,102,000
March 31, 1971	5,963,511	2,228,412
March 31, 1972	6,771,837	2,552,505
March 31, 1973	7,629,385	2,824,964
March 31, 1974	8,538,297	3,169,582
March 31, 1975	9,612,501	3,558,234
March 31, 1976	9,912,738	3,760,099
March 31, 1977	8,383,502	3,044,167
March 31, 1978	9,018,976	3,258,017
March 31, 1979	10,399,203	3,758,628
March 31, 1980	11,423,405	4,161,302
March 31, 1981	12,512,398	4,525,917
March 31, 1982	12,763,664	4,712,951
March 31, 1983	12,275,466	4,462,731
March 31, 1984	12,397,905	4,482,707
March 31, 1985	11,912,943	4,460,069
Total	184,676,231	67,306,235

	Year Built	Year Converted	Overall Length	Gross Tons	Capacity Auto	Capacity Pass.
Jumbo Class						
Queen of Alberni	1976	'84	546	5863	310	1415
Queen of Cowichan	1976		457	6551	362	1466
Queen of Coquitlam	1976		457	6551	362	1466
Queen of Oak Bay	1981		457	6969	362	1466
Queen of Surrey	1981		457	6969	362	1466
V Class						
Queen of Vancouver	1962	'70,'81	426	5430	258	1360
Queen of Victoria	1962	'70,'81	426	5430	258	1360
Queen of Esquimalt	1963	'69,'82	426	5430	376	1360
Queen of Saanich	1963	'72,'82	426	5430	376	1360
Stretched Class						
Queen of Nanaimo	1964	'73	426	4939	192	987
Queen of New Westminster	1964	'74	426	4904	192	987
Queen of Burnaby	1965	'73	426	4903	192	987
Northern Ships						
Queen of Prince Rupert	1966		332	5864	80	458
Queen of the North	1969	'80	410	8807	135	750
Major Ships						
Queen of Sidney	1960		336	3123	138	999
Queen of Tsawwassen	1960		336	3127	138	989
Minor Ships						
Bowen Queen	1965	'79	279	1476	70	390
Mayne Queen	1965	'79	279	1476	70	340
Powell River Queen	1965	'79	279	1486	70	400
Howe Sound Queen	1964		241	795	70	330
Queen of the Islands	1963		236	1717	40	483
Mill Bay	1956		120	175	16	168
Saltspring Queen	1949		145	276	30	187
Vesuvius Queen	1950		150	277	32	177
Dogwood Princess II	1979		42	21	—	38

BRITISH COLUMBIA FERRY CORPORATION

1986 FACT SHEET

Chairman of the Board - Stuart M. Hodgson
President & Chief Executive Officer - Andrew L. Collier
General Manager & Chief Operations Officer - George Baldwin

Ships and Areas Covered

Vancouver - Victoria (Tsawwassen - Swartz Bay)

M.V. "Queen of Esquimalt"
M.V. "Queen of Saanich"
M.V. "Queen of Vancouver"
M.V. "Queen of Victoria"

Vancouver - Nanaimo (Horseshoe Bay - Departure Bay)

M.V. "Queen of Alberni"
M.V. "Queen of Cowichan"
M.V. "Queen of Oak Bay"
M.V. "Queen of Surrey"

Sunshine Coast (Horseshoe Bay - Langdale)

M.V. "Queen of Coquitlam"

Vancouver Island - Salt Spring Island

M.V. "Bowen Queen" (Swartz Bay - Fulford Harbour)
M.V. "Salt Spring Queen" (Vesuvius - Crofton)

Vancouver Island - Gulf Islands (Swartz Bay, Mayne, Galiano, Pender, Saturna Is.)

M.V. "Mayne Queen"
M.V. "Vesuvius Queen" (Swartz Bay - Gulf Is. Supplementary)

Sechelt - Powell River (Earls Cove - Saltery Bay)

M.V. "Powell River Queen"

Horseshoe Bay - Bowen Island (Snug Cove)

M.V. "Howe Sound Queen"

Vancouver - Gulf Islands (Tsawwassen - Galiano - Mayne - Pender - Salt Spring Is.)

M.V. "Queen of Tsawwassen"

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Port Hardy - Bella Bella - Prince Rupert (Summer)
Port Hardy - Bella Bella - Prince Rupert - Skidegate (Winter)

M.V. "Queen of the North" (Year-round)

Prince Rupert - Skidegate (Summer)

M.V. "Queen of Prince Rupert"

Brentwood - Mill Bay

M.V. "Mill Bay"

Langdale - Gambier Island - Keats Island

M.V. "Dogwood Princess II"

Prince Rupert - Port Simpson - Kincolith

Passenger Service only (under contract)

Other Vessels

M.V. "Queen of Burnaby"
M.V. "Queen of the Islands"
M.V. "Queen of Nanaimo"
M.V. "Queen of New Westminster"
M.V. "Queen of Sidney"

Pay Parking Lots Available

Departure Bay	350 vehicles
Horseshoe Bay	180 "
Langdale	85 "
Swartz Bay	450 "
Tsawwassen	1250 "

Catering

Passengers have the convenience of an enlarged cafeteria system on the converted ferries. These cafeterias have seating for up to 224 people at one time. There is also a snack bar on the four vessels operating between Tsawwassen and Swartz Bay. These ships also provide buffet service during the peak summer schedule. Catering facilities are also on most other vessels servicing the major routes and at major terminals except Horseshoe Bay.

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Employees

There are approximately 2000 employees in the system, compared with 200 when the ferry service began in 1960.

Ships Services

Passenger elevators have been installed in all the major and 'C' Class ships, specifically for those who are unable to manage the stairs. The M.V.s "Queen of Sidney" and "Queen of Tsawwassen" do not have elevators. All major ferries have nursing mothers facilities, non-smoking sections, and restrooms for the disabled.

Machine Repair Shop

A service unique to the ferry business is the combined machine repair shop established at Deas Dock on the Fraser River, which allows for a planned program of continuing preventative maintenance. Another unique service is the most modern and completely equipped life raft servicing centre in Canada, also located at Deas Dock. Refitting and lay-up berths are now in operation on the man-made basin at this location.

Capsule History

The idea of a ferry system germinated when Vancouver Island was isolated during the Seamen's Strike in July 1958. Private ferry companies were approached to provide the solution with the Provincial Government undertaking to build highway and wharf facilities on Vancouver Island and the mainland to provide the quickest possible service. When private industry turned down the plan, the Government decided to go ahead on its own.

In March 1959, the Provincial Government announced plans to enter the ferry business. The first contracts were let to Victoria Machinery depot and Burrard Dry Dock for the M.V. "Sidney" and the M.V. "Tsawwassen".

Landings were built at Swartz Bay to service Victoria and at Tsawwassen to service Vancouver. At the latter site, a two-mile causeway was built which used 2,500,000 cubic yards of boulder, rock, and gravel fill.

Inauguration of the two-hour service started on June 15, 1960.

On September 1, 1961, the Gulf Island Service was purchased by the British Columbia Ferry Authority. In October 1961, Black Ball Ferries Ltd., which operated ferries from Horseshoe Bay to Nanaimo and to the Sunshine Coast, was purchased.

The inaugural run of the M.V. "Queen of Prince Rupert", sailing the Inside Passage to Prince Rupert from Kelsey Bay, was in May 1966.

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In April 1967, British Columbia Ferries purchased the "Pere Nouvel", which was renamed the M.V. "Sunshine Coast Queen", to replace the "Langdale Queen" and the "Sechelt Queen" on the Howe Sound service. This double-ended ferry was the largest in the fleet at that time, having a capacity of over 180 cars. This is no longer the case, as the stretch-lifted ferries now have lift-off capabilities of up to 400 vehicles. The "Sunshine Coast Queen" has since been sold.

In June 1967, the M.V. "Mill Bay" was purchased from Coast Ferries and serves the Saanich Peninsula between Brentwood Bay, on the Peninsula, to Mill Bay, approximately 15 miles from Duncan.

The "Howe Sound Queen", which has a carrying capacity of 70 automobiles, was taken over to replace the "Bowen Queen" to alleviate the increasing traffic on the Horseshoe Bay/Bowen Island route.

The jumbo vessels, Queens of "Cowichan" and "Coquitlam", were added to the fleet in 1976. Both capable of carrying 362 automobiles each, they were joined by the "Queen of Alberni", built specifically to carry overheight, commercial, and recreational vehicles. All have elevators and on board cafeterias.

On January 1, 1977, British Columbia Ferries became British Columbia Ferry Corporation, a Crown Corporation. The Chairman of the Board is Stuart Hodgson, President is Andrew Collier. George Baldwin is the General Manager.

Three minor vessels, the M.V.s "Mayne Queen", "Powell River Queen", and "Bowen Queen", were stretched and repowered in 1979. Each ship is now capable of carrying 70 vehicles.

In May 1979, the "Dogwood Princess II" replaced the "Dogwood Princess" on the Gambier and Keats Islands route. The new passenger-only vessel carries 38 people.

On May 29, 1980, the M.V. "Queen of the North", formerly the "Queen of Surrey", commenced service on the Inside Passage run. Port Hardy became the new terminus on northern Vancouver Island on May 31, 1979, replacing Kelsey Bay. During the summer, this vessel departs from Port Hardy every other day with an en route stop at Bella Bella once a week. In the off-season service between the two ports is on a once-weekly basis.

The "Queen of Prince Rupert" was chartered by B.C. Steamship Company to operate between Seattle, Washington and Victoria during the summer of 1980. She was returned to B.C. Ferries in October of that year and commissioned to the service between Prince Rupert and Skidegate, Queen Charlotte Islands. The "Queen of Prince Rupert" operates on the Skidegate - Prince Rupert route in the summer.

Two more jumbo (360-car) ferries, the Queens of "Surrey" and "Oak Bay", were built at Burrard Yarrows Corporation in Vancouver and Victoria. They entered service in May and June of 1981.

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An innovative new conversion program was begun in 1981 with the "lifting" of two of the "stretched" vessels, the Queens of "Vancouver" and "Victoria". Each ship was cut in half horizontally, just below the passenger (promenade) deck, raised vertically 10 feet on hydraulic jacks, and an upper car deck was added. This same operation has since been effected on the Queens of "Saanich" and "Esquimalt" and these four converted ships are now carrying record loads of vehicles.

On June 15, 1985, the B. C. Ferry Corporation celebrated its 25th Anniversary of operation, a significant milestone in the history of British Columbia.

On October 6, 1985, the 14 saltwater ferries (formerly operated by the Provincial Ministry of Transportation and Highways) were transferred to the B.C. Ferry Corporation making the Crown Corporation one of the largest ferry operations in the world in terms of number of ships (39) and number of routes (24). Over 400 employees joined B.C. Ferries at the same time, increasing the number of workers in the ferry fleet to approximately 2600, rising to over 3000 in summer.

Alterations and Innovations

Over the years since the inception of the ferry service, innovations have continuously been undertaken to improve and increase capacities. When the first two ships were built, they were modelled on the style of Black Ball ferries. The Queens of "Sidney" and "Tsawwassen" are both very similar to Black Ball's "Coho". Then, when the next seven ships were built, the plans differed and, because of this change, each of these ships have been able to undergo alterations that have greatly improved their lift-off potential.

In 1968, ramps were installed on the car decks leading to mezzanine decks affixed to the midships bulkhead. This innovation increased the car carrying space from 110 vehicles to 150. Then, starting in 1969, an amazing (at that time) alteration took place. Each ship was taken to the shipyard, cut in half, and an 84 foot section was built, floated into place, and the ship was welded together again! This further increased the capacity for vehicles to 200. At the same time, the dining rooms were extended and solarium seating was added in the new section aft of the bridge on the sun deck.

As time went on, more and more people were using the popular ferries, and line-ups in the peak travel periods became a problem. More ferries were needed, so three new vessels were commissioned. Two of them were built on the lines of Washington State ferries; the third, with basically the same lines, was constructed to carry primarily overheight, recreational, and commercial traffic. This was in 1976 but in 1979, it became evident that another two 'C' Class (or Super ferries) were required and they were built with yet more improvements, enabling them to carry 350 cars.

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In the spring of 1981, an enormous and exciting conversion program was commenced. Two of the original seven major vessels, those built between 1961 and 1964 and which had already been "stretched", were now to be "lifted". The ship was cut in half again, this time horizontally, the top half raised on hydraulic jacks, and a new deck inserted. The upper sun deck solariums also underwent change, they were covered in and made into more useful and attractive seating areas. The midships lounge on the promenade deck was also renovated with a snack bar added. Since then, two more of this class vessel have been converted, this time adding ramps, bringing the car carrying capability to, believe it or not, 400 cars!

The "Queen of Alberni", B.C. Ferries' "overheight vehicle" ship, was lifted in the spring of 1984 increasing her car-carrying capacity from 150 to 300 vehicles and returned to service on the Horseshoe Bay/Langdale route 3 months later.

At her 1986 refit, the "Queen of Alberni's" passenger lounges and cafeteria were enlarged making this vessel more suitable for service on the Horseshoe Bay/Departure Bay route.

During the Expo season (May - October, 1986), five ferries that had been in lay-up were repainted in the new B.C. Ferry colours (red, marine blue, and white) and came into service to assist with the heavy demand expected during the World's Fair.

Yes, since 1960, there have been many changes, both on and off the ships of B.C. Ferries. Carpeted decks, where there was once linoleum; cafeterias with an extensive menu; elevators (the new ships have two each); restrooms for the disabled; and pay phones. And ashore, special ramps had to be constructed to comply with the converted vessels' modifications; overhead walkways extended, improved, and carpeted for foot pasesengers' comfort; greater parking areas; new and more ticket booths; and extra berths and docking facilites. The list just goes on!

Marketing & Public Relations
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ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

P.O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

January 15, 1987

MEMORANDUM

TO: Representative Bette Cato

FROM: Mary Jennings MJ
Legislative Analyst

RE: **Options for the Alaska Marine Highway System to Operate Similarly to Cruise Ships**
Research Request 87.058

You requested a discussion of options for the Alaska Marine Highway System (AMHS) to operate more similarly to cruise ships on the mainline route. The mainline is the route from Seattle to Skagway via Prince Rupert; four ships operate on the mainline at different times of the year.

Background

The number of cruise ships that operate in the waters of Southeast Alaska has grown dramatically during the past few years. According to the State Division of Tourism, over 90 percent of all tourists in Southeast arrive by way of cruise ships. Although specific data are not available from cruise ship companies, one can assume that the expansion that has occurred is an indicator of profitabity. The AMHS vessels that operate on the mainline generate revenue equal to approximately 80 percent of costs. Since ferries and cruise ships operate basically over the same route, the question arises as to why the cruise ships are able to operate at a profit and the ferries are not. The following sections of this memorandum present a discussion of options that would allow the AMHS to operate more similarly to cruise ships.

Reducing Labor Costs

Labor costs of onboard personnel of AMHS ferries account for approximately 60 percent of a vessel's operating costs. According to persons contacted in various cruise ship companies, the labor costs of cruise ships are much lower than ferries. None of the cruise ship companies were willing to give specific data concerning operating costs, but one company official estimated that the labor cost of the AMHS were more than twice as high as the labor costs of a cruise ship. The official added that this was not due to less on-board personnel but because cruise ships utilized nonunion labor at relatively low wages.

Due to union labor on AMHS vessels, labor costs can be reduced only by contract negotiations. Contracts are scheduled for negotiation during 1988. Potential cost savings may be realized if contracts can be negotiated for lower wages, although it is doubtful that the unions would accept wages at the same level as cruise ship workers.

Leasing to Private Industry

According to the Executive Director of the Inland Boatman's Union, the current contract does not allow nonunion workers on vessels leased by the State. The union does not feel that this is a negotiable issue. Therefore, even if mainline operation were leased to the private sector it would still be difficult to lower labor costs to cruise ship levels. The option of selling the vessels to private industry also exists, but because this would remove the vessels from control of the State, this option was not researched.

Year Round Full Capacity

A cruise ship company representative stated that cruise ship lines are able to operate profitably because their vessels operate at full capacity year-round. This is achieved by operating in different locations, such as Europe and the South Pacific, during the winter in North America. According to Joe Camp, Deputy Commissioner of the Alaska Marine Highway System, the level of ferry useage drops by approximately half during the period from October to May. Mr. Camp did not feel it was feasible for AMHS ferries to operate outside Alaska during the winter because this would leave many Alaska communities without ferry transportation. He also doubted that ferry unions would be amenable to operating outside Alaska for half of the year.

Package Tours

Travel agents suggested that AMHS could compete more effectively if trips were offered as a package of complete services. Agents stated that the majority of cruise ship passengers buy package tours that include all aspects of their trip, from meals to airfare. According to travel agents with whom I spoke, the AMHS would have to change several areas of service in order to accommodate the package tour traveler. One travel agent suggested that the AMHS should redesign staterooms into a uniform two-bed size because this is the standard package tour booking size. (Ferries are designed in two, three and four-bed size.) One agent suggested that ferries should dock in communities for longer periods of time and only during the day. The agent stated that because the ferries tend to dock in the middle of the night, it is difficult to coordinate ferry useage with other tourism-related activities. The agent also suggested that the ferries should dock closer to downtown areas because this is more convenient for tourists.

Other travel agents suggested that the ferry should offer higher quality food and onboard entertainment, such as discos and gaming.

The AMHS representatives felt that many of the changes to allow package tours would be costly and would conflict with the system's goal of providing basic transportation services for Alaskans. One official stated that to redesign all staterooms into a two-bed size would require a great deal of lay up time and would be expensive. Additionally, AMHS stated it would be difficult to schedule mainline vessels for strictly daytime docking because this would conflict with the schedules of feeder vessels that also use mainline docks. Another AMHS official stated that many downtown docking facilities that the cruise ships use would not accommodate ferries because of the need for vehicle-loading facilities.

Additional Marketing

One cruise ship company stated that a high level of marketing is an important factor in determining the level of business of a cruise ship company. According to Joe Camp, marketing of the AMHS has suffered in the past two fiscal years due to budget cuts. He stated that the system plans to spend more money on marketing this year and will emphasize mainline operations. For example, Mr. Camp stated that a "weekend getaway" promotional program is being developed to encourage Seattle area residents to ride the ferry during the months of May and September when ferry traffic is moderate. The system plans to offer a package tour that will include a ferry ride to a port in Alaska and a flight back to Seattle. The AMHS is working with the Port of Seattle, Alaska Airlines and Seattle area travel agents.

Raising Ticket Prices.

During the summer of 1987, a roundtrip ticket on the AMHS between Seattle and Skagway will cost $396. A comparable length trip on a cruise ship will cost anywhere from $2,000 to $5,000 dollars. As mentioned earlier, the cruise ship package includes many other services besides travel. If the AMHS were to include additional services with the ticket price, then rates may be increased to be more comparable with cruise ship rates. It is questionable whether it would be feasible for the system to offer different levels of service on the mainline route--one level for package tours and another level to provide basic transportation needs. According to AMHS, the additional administration to provide two levels of service would be costly. Additionally, operations of the ship would have to altered drastically to provide the same services offered on cruise ships.

Independent Travelers

Bob Dindinger, who is a member of the Southeast Tourism Marketing Council, felt that the AMHS could best increase tourist useage by targeting the independent traveler. He stated that the independent traveler is not as convenience-oriented as a tour ship traveler and therefore is more amenable to ferry useage.

A study by the State Division of Tourism indicates that during the 1970s, 68 percent of independent travelers came through Southeast and today only seven percent visit this area. The study indicates that the majority of independent travelers now visit the Southcentral area. Mr Dindinger felt that this is due to promotional campaigns by Anchorage and Fairbanks directed toward the independent traveler. He stated that the council is currently working with the State Division of Tourism and tourism-related businesses in Southeast, including the AMHS, to develop a promotional campaign to attract independent travelers to Southeast.

Mr. Dindinger had other ideas that would allow the ferry system to compete more aggressively in the overall tourism market. He suggested that a travel agent's commission for booking ferry space should be raised from the current seven percent to ten percent. He stated that a ten percent commission is the standard commission awarded to travel agents. Mr. Dindinger felt that the seven percent commission awarded by the AMHS is a disincentive to travel agents who might otherwise promote ferry travel. Mr. Dindinger added that a study has shown that over half of all independent travelers utilize travel agents.

Mr. Dindinger also suggested that the system should pre-sell only 80 percent of its space 90 days before departure instead of the current 90 percent. He felt the remaining 20 percent should be sold full price. He felt that this would increase revenues because less space would discounted by a travel agent's commissions. He also noted that it might leave more space open to Alaskans, who tend to make reservations closer to departure dates.

I hope you find this information useful. If you have any questions please feel free to contact me.

MJ

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

JAN 6 1987

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M December 12, 1986

SUBJECT: Alaska Marine Highway System
(Work Order No. 15-0270)

TO: Representative Bette Cato

FROM: George Utermohle
Legislative Counsel

You have asked whether certain recommendations for improvements to the Alaska Marine Highway System (AMHS) can be implemented through legislation. This memorandum addresses those recommendations.

ONE: ALLOW AHMS TO OPERATE AS A SEPARATE ENTITY FROM THE DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES.

Government agencies may be conferred with a wide range of independence. Most government agencies are established as subordinate entities within a department and are subject to the centralized administration and control of the commissioner of the department. The divisions within the departments fall into this category. Certain other agencies are attached to a department only for administrative purposes and have a legislative mandate distinct from that of the department. These agencies, such as the Alaska State Building Authority, the Alaska Housing Finance Corporation, and the Alaska Railroad Corporation, are usually state corporations and operate independently of any policy control by the commissioner of the department. Even among these independent agencies there is considerable variation in the amount of autonomy conferred on them. The agency with the greatest degree of independence is the Alaska Railroad Corporation (ARRC). ARRC maintains its own administrative and budgeting functions, as well as policy development functions independent of any other state agency, including the legislature. This high degree of independence is granted by the legislature and thus can be reduced or eliminated by the legislature.

Generally, the highest degree of independence occurs at the department level. Any state agency could be raised to the level of department. The former Division of Corrections was moved from the Department of Health and Social Services and was made into a separate department of its own. The major draw backs to this approach are the costs involved and the Alaska Constitution. When a department is created a commissioner and staff must be hired, and independent accounting, budgeting, purchasing, personnel, and other services must be established. The Alaska Constitution limits the executive branch of government to twenty principal departments. (art. III, sec. 22, Ak Const.) There are currently fifteen principal departments in the executive branch.

The Alaska Marine Highway System is currently a line division within DOTPF and is subject to administrative, budgetary, and policy oversight by the commissioner. AMHS would achieve greater independence from DOTPF by making it a an independent corporation within the department. HB 23 (Fourteenth Legislature) did exactly that. HB 23 created the Alaska Marine Highway Authority as a corporation within DOTPF. The department would exercise no control over the Authority, but could handle the administrative functions such as purchasing, payroll, etc.

TWO. ALLOW AMHS TO OPERATE WITHOUT REQUIRING IT TO MAKE A PROFIT LIKE THE ALASKA RAILROAD CORPORATION.

AMHS is not required to make a profit. Neither is ARRC. The only mandate to ARRC is that it should generally operate the railroad on a self-sustaining basis.

AHMS is not required to return a profit or even break even under its current mandate. HB 23 did not change this, even though management of the marine highway system was transferred to an independent state corporation.

THREE: SEPARATE MANAGEMENT, ACCOUNTING, AND OPERATION OF THE MARINE HIGHWAY SYSTEM FROM DOTPF.

AMHS can operate independently of the administrative structure of DOTPF by creating an independent administrative structure within the current division. Administrative independence can also be achieved by conferring the necessary authority on an independent state corporation to manage the marine highway system. Administrative independence comes as a matter of course when an agency is made a department.

The Alaska Marine Highway Authority proposed in HB 23 had considerable control over its own operations. HB 23 did not specifically mention whether the authority was to perform its own administrative work. Whether an independent authority does its own administrative work is mostly a matter of whether the legislature appropriates funds for administrative services. So, it is not necessary for HB 23 to confer administrative independence on the Alaska Marine Highway Authority, but mention of such an intent in the bill would assure that money will be allocated to that function.

FOUR: ENSURE THAT AMHS CONTINUES TO PROVIDE IN-STATE TRANSPORTATION SERVICES.

Establishing priorities for the service by AMHS is a very straight forward process. All that is required is that the legislature establish those priorities. Such priorities can be established through appropriations or through legislation establishing priorities or levels of service for the marine highway system. For example, if you wish to ensure that ferry service is provided to certain towns or no service is provided outside the state, these requirements can be specified in statute.

FIVE: PROVIDE A MECHANISM FOR OVERSIGHT AND INPUT TO THE MARINE HIGHWAY SYSTEM, PARTICULARLY FROM PRIVATE INDUSTRY.

State agencies receive oversight and input on a daily basis from the public which they serve. Oversight and input are also received from commissioners, the governor, and the legislature (especially through the budget process). In a number of instances the legislature has created specific mechanisms for input and oversight of state agencies. These mechanisms vary in formality from the loosely-knit but extensive system of fish and game advisory boards to the boards of independent state corporations which have explicit requirements for public and private industry members.

In HB 23 an independent state corporation was created with responsibility for operating the marine highway system. The board of the corporation included a number of seats restricted to members of various private industry groups and to members of the public from various parts of the state. Such a mechanism as this assures that some oversight and input to the marine highway system takes place.

ALASKA LEGISLATURE COMMITTEE FILES 1987 - 1988 8672
5132 HTRA COMM. MTGS: AK. MARINE HWY. (FILE 2) - OVERVIEW AKRR

If you should decide to introduce legislation on the marine highway system, please contact me with your specific proposals. If I can provide further assistance, please contact me.

GU:mkr
m7/066

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

DEPUTY COMMISSIONER—ALASKA MARINE HIGHWAY SYSTEM

POUCH R
JUNEAU, ALASKA 99811
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PHONE: (907) 465-3950

August 14, 1986

Mr. Stephan Mason
Acting Chairman
Coalition for the Improvement of
Alaska Marine Highway System
P. O. Box 9625
Ketchikan, AK 99901

Dear Mr. Mason:

I appreciate the opportunity to reply to your letter of August 2. Many of the questions have been asked of me personally on my various ship visits and obviously my answers have not reached all the right ears. The following should provide factual data and I hope it will clear up some popular misconceptions currently in circulation. The deadline you imposed has made it difficult to research all of the technical and detailed data you have requested. That information will be forwarded at a later date. I will restate or paraphrase your question, then provide the answer.

1. Q. Give us background information regarding lost jobs.

   A. For FY 87 Alaska Marine Highway System (AMHS) like other branches of State government, was cut below FY 86 levels. These cuts came in several increments of various amounts during the budget process and included cost avoidances achieved through reduction in fuel prices. It was and continues to be our goal to provide the maximum amount of service to the public with the resources available. During the process it was determined that cutting of approximately $700,000 in vessel personal services would result in less severe cuts in scheduled vessel service than would otherwise be required. This decision was made for two reasons; 1) to continue maximum service to the public and 2) maximum service means maximum employment. The guidelines used to determine which positions would be cut were; 1) not adversely effect safety, 2) not adversely effect passenger services and 3) keep additional overtime to a minimum. The Director of Operations outlined the requirements to the shoreside department heads who then met and agreed on specific positions for cuts. I reviewed and approved the cuts.

2. Q. How much money was estimated would be saved by each department cut and all collectively?

   A.

Engineer Department	$178,000
Deck Department	303,700
Purser	33,300
Steward	208,800
Total	$723,800

3. Q. How much increased overtime has been submitted from each department since the job cuts. How much increased overtime has been submitted collectively?

   A. There has been substantial overtime submitted. It is being compiled and analyzed as limited staff time permits. I will forward the results of this effort when it is completed.

4. Q. When exactly can we expect all these lost jobs to be reinstated?

   A. AMHS is conducting an internal review of shipboard manning comparing required functions and work loads with manning. This study is expected to be completed this fall. Upon completion of this review, the preliminary finding will be reviewed with union and operating personnel prior to making any final determination. Both licensed and unlicensed input will be solicited and discussed. The result of this process should provide us with a valid manning document, based on required functions, workloads and services aboard each vessel.

5. Q. How many jobs have been eliminated from Department of Transportation and Public Facilities beach operations in accordance with recent funding cuts. What job positions and titles were eliminated and were these people terminated or moved to other positions within your operation? What exactly is the revenue savings currently reflecting these job cuts on the beach?

   A. The following matrix should answer the above questions for AMHS.

FY 87 Budget Reductions prior July 1

Position/Title	Who	Action	Where did the incumbent go	Estimated Savings (in Thousands)
Administrative Assistant	vacant	Delete	vacant	34.1
Director of Marketing & Services	Emery	Delete	accepted classified service job	89.9
Secretary I	McCorcle	Delete	transferred to another department	31.8
Reservation Specialist	vacant	Delete	vacant	46.6
Accounting Clerk II	Roberson	PFT to seasonal	reduced pay	15.3
Accounting Clerk II	Harrigan	PFT to seasonal	reduced pay	10.6
Accounting Clerk II	Ketcham	PFT to seasonal	reduced pay	10.6
Clerk III	Salazar	PFT to seasonal	reduced pay	5.2
Clerk III	Seagrave	PFT to seasonal	reduced pay	5.2
Clerk III	Annand	PFT to seasonal	reduced pay	5.2
Clerk III	vacant	PFT to seasonal	reduced pay	5.2
Clerk III	vacant	PFT to seasonal	reduced pay	5.2
Clerk IV	Romzek	PFT to seasonal	reduced pay	5.8
Budgeted overtime for various positions		Delete		48.6
				309.3

Additional Cuts ordered since July 1

Position/Title	Who	Action	Where did the incumbent go	Estimated Savings (in Thousands)
Director of Operations	Black	Terminated	Terminated August 15	82.9
Secretary I	Vaden	Layoff	Lay off 8/29	27.6
Planner	Lindbeck	Layoff	Bumped down Jr. person lay off 8/29	45.2
Payroll Supervisor	O'Connor	retirement	leave vacant	45.7
Ferry Services Manager III	Clark	retirement	leave vacant	43.8
Accounting Technician I	Reddekopp	PFT reduced to 30 hr wk	reduced pay	12.6
Clerk III	Del Fierro	PFT reduced to 30 hr wk upon retirement	reduced pay beginning September 26	10.0
Stockhandler	Currie	Seasonal reduced from 9.6 months to 6 months	reduced pay	11.9
			Total	279.7

The net result is that approximately 15 percent of the total shoreside AMHS staff have had their jobs eliminated, held vacant or experienced some lesser degree of negative effect on their pay.

6. Q. How does that revenue savings correspond to the estimated revenue cuts the shore-side DOT&PF operations are expected to take in response to current funding cuts?

A. The Department of Transportation and Public Facilities was required to take an overall 15% cut in the operating budget. If each element within the Department had been required to absorb that degree of cut the AMHS service and employment would have been severely crippled. By allocating total DOT&PF resources AMHS initially took approximately a 10% cut while the rest of the Department absorbed the rest. Impacts of this funding level would have included laying up the Columbia indefinitely and dropping one main line ship from winter service to southeast. When presented to the Governor this was considered unacceptable and he restored $2 million to take the COLUMBIA out of layup and put on schedule to take advantage of the busy season. This meant that AMHS took approximately a 7% cut while the rest of the Department took an 18% cut.

7. Q. May we have an official statement concerning Mr. Black's dismissal?

A. Mr. Black was relieved of duties as Director of Operations on July 16. He has been assigned some technical projects to work on prior to his final day at work on August 15.

8. Q. What transfer of job functions will this represent?

A. There are no plans to refill the position at this time nor has a decision been made as to whether or not it will be refilled. In the interim, I am taking on the responsibility of the Division and am relying heavily on the Port Captain, Port Engineer and Passenger Services Manager for day-to-day operations.

9. Q. Who has access to our reservations system and to our standby reservations and wait lists? What kind of confidentiality can we expect in regard to protecting our reservations from being raided by private enterprise?

A. All AMHS terminals have access to Reservation Management System (RMS II). Vista Travel in Fairbanks is the only travel agency with access to RMS and they finally became operational in late June 1986. Because of the special equipment requirements and technical difficulties experienced when we were actively attempting to bring

Vista Travel "on-line" I believe it would be almost impossible for an unauthorized party to gain usable access to RMS II. I have heard many rumors that "STARDANCER" has access to RMS II. I don't believe it. I have heard stories that "someone made a reservation on AMHS and was immediately called by STARDANCER and offered a better deal". I would like to talk to someone this actually happened to in order to attempt to reconstruct what happened. The only possible connection of STARDANCER to State of Alaska "lists" I am aware of is the fact that the Division of Tourism compiles a computer list of all people who respond to their Vacation Planner questionnaire and indicate they would consider visiting Alaska by "ferryliner" and this list is available for sale to any firm wishing to purchase it.

10. Q. What were the exact figures on passenger and vehicle reservations made for the special Expo sailing of the M/V MATANUSKA?

A.

	Southbound	Northbound
Passengers	159	147
Vehicles	13	24

At no time was either sailing booked full and there is no reason potential passengers should have been told it was full.

11. Q. Exactly how many reservations were made for Alaska State Government officials and dignitaries?

A. One. A reservation was made for DOT&PF Commissioner Knapp with the hope that he would be available to make the trip and present a letter from Governor Sheffield to the "Counsel General of the Expo". Other State business prevented Commissioner Knapp from making the trip and Captain R. M. Johnson presented the letter from the Governor.

12. Q. Were Governor Sheffield and Lt. Governor McAlpine scheduled to sail on that special Expo trip.

A. No.

13. Q. Exactly how many passengers actually showed for the sailing? How may vehicles?

A.

	Southbound	Northbound
Passengers	75	75
Vehicles	10	17

14. Q. Please give us the exact amount collected on the cancellation fees.

A. None. All passengers who paid in advance made the trip. Since there were numerous staterooms and car deck space available for additional passengers desiring to make reservations the manifests were not purged of those who had not paid.

15. Q. How much revenue was expended on the Expo sailing?

A. The M/V MATANUSKA was operating on the Seattle route, Tuesday sailings. On May 20, the M/V MATANUSKA called in Vancouver, B. C. instead of proceeding on south to Seattle, therefore the only additional costs of the "Expo trip" were those incurred directly as a result of calling in Vancouver. Those costs were as follows:

Agency fee	Canadian	$1,350.00
Pilot	Canadian	2,017.55
Berthage	Canadian	2,700.18
Miscellaneous	Canadian and U.S.	596.62
Total	U. S.	$4,936.56

16. Q. Please give us a complete description of the complete Expo advertising campaign and its cost.

A. No money was budgeted or expended on special advertising for the Expo sailing. Maximum advantage was taken of radio public service announcements, press releases and media interviews, all at no cost to AMHS.

17. Q. A number of questions were asked concerning repairs and upgrade to the Haines and Skagway docks with the implication that these were undertaken by AMHS in order to accommodate STARDANCER.

A. I will deal with Skagway first. The City of Skagway obtained a grant from the State of Alaska to improve the ore dock to accommodate SUNDANCER. AMHS had no part in that grant. The Haines transfer bridge and tower were old and in need of replacement just as the Petersburg and Wrangell facilities were. Replacement of the Haines facilities was budgeted in FY 81. Design specifications were completed and received FHWA approval in January 1981. The project was advertised in November 1983 and construction began March 6, 1984. This dock was designed for AMHS vessels only. The STARDANCER was modified to fit Haines rather than the other way around, and for the record STARDANCER pays approximately $1,000.00 per hour to use the Haines dock on a not to interfere basis with AMHS vessels.

18. Q. Who authorized the solicitation of AMHS traffic in line for boarding AMHS vessels by McDonald Enterprise/Sundance Cruise lines? Who authorized their use of the Haines terminal building for the same?

A. No one. In fact the State Terminal Tariff prohibits their use of our building. When it was brought to my attention that this was happening, I immediately had it stopped.

19. Q. How much of the Haines dock was federally funded? How much was State taxpayer funded?

A. Haines terminal project

State general funds	$ 159,591.91
FHWA funds	2,246,636.09
Total	$2,406,228.00

20. Q. Was the M/V COLUMBIA instructed to priority-load Juneau vehicles out of Haines during the summer of 1985? If so, who authorized it and for what reasons?

A. There were no changes in standby loading procedures ordered for M/V COLUMBIA or any other vessels out of Haines last summer.

21. Q. Was the M/V AURORA instructed to load only Ketchikan/Hollis traffic out of Prince Rupert during the summer of 1985?

A. No. If there was space available after loading all reserved vehicles, standby vehicles would be loading in their order on the standby list.

22. Q. Why have you not initiated an additional flyer inclusion on all tickets indicating a passengers "final destination"?

A. This may be a good idea as the data would be useful. We do have data on passengers disembarking at Haines and Skagway but we do not have final destination. Presently there is no staff time available to compile the data because of other higher priority work and reduced staff.

23. Q. What was price per gallon for fuel in Seattle and Skagway during the time M/V MALASPINA was on the Seattle run in the winter of 1985? (December 1984, January and February 1985). How much fuel did M/V MALASPINA purchase from each facility during that time?

A.

	Price	Amount Purchased
Skagway	.919 gal	208,193 gals
Seattle	.738 gal	202,649 gals

The M/V MALASPINA is required to fuel in Skagway for stability reasons.

24. Q. What is being done to publish and promote the life saving and waterway safety contributions of the Alaska Marine Highway vessels.

A. If the press has not already covered the story a press release is prepared. In addition, articles are carried in the DOT&PF newsletter In Transit as appropriate.

25. Q. May we have a complete list of all rescue operations by AMHS vessels, all records of assistance to vessels in trouble, and all contributions made by AMHS vessels in the area of public waterway safety?

A. No specific record is kept other than the entries in the ship's logs. Complete retrieval would require prohibitive efforts.

26. Q. We would greatly appreciate receiving a full and complete selection of personal and/or community commendations which exist. (In the area mentioned in Q. 25.)

A. No such file exists. As such letters and/or commendations are received, they are sent with a forwarding letter to the vessel Master and/or individuals as appropriate. An example is enclosed.

27. Q. Please give us a description of the Seattle phone reservation system from 1982 to the present.

A. In 1982 and until December 1984, the Seattle office had four telephone reservation clerks. Reservations were centralized in Juneau in December 1984 and toll free lines from both "outside" and within Alaska were established to the Juneau office. The Seattle "reservations" office was closed (the terminal and ticketing remained) and the four reservation clerk positions were transferred to Juneau.

28. Q. How many phone lines existed at which periods of time? When was the toll free 800 number installed? How long was it in existence and how much did it cost? When was it removed, how many non-toll free lines were installed to replace it?

A. When the Centralized Reservation Office was established in Juneau in December 1983 it was set up with two Alaska-only toll free lines, four "outside" toll free lines and three local lines. The "outside" toll free lines were discontinued in April 1986 because of budgetary restrictions. At that time an additional Alaska-only toll free line and three additional non-toll free (907) lines were installed. The actual bills paid for the toll free lines are as follows:

		Outside lines	Alaska only lines
January	1985	$ 4,612.92	
February	1985	3,337.19	$ 7,793.54
March	1985	4,191.61	16,486.63
April	1985	5,510.98	12,507.86
May	1985	8,059.46	15,307.62
June	1985	7,714.86	15,307.62
July	1985	8,456.62	15,307.62
August	1985	5,828.09	17,263.15
September	1985	4,481.02	16,264.00
October	1985	3,201.24	4,898.77
November	1985	2,506.58	6,716.92
December	1985	3,152.71	751.11
January	1986	7,141.40	1,515.70
February	1986	6,391.85	23,741.05
March	1986	4,878.45	21,099.20
April	1986	101.32	25,646.09
May	1986		25,621.65
June	1986		29,342.40
July	1986		28,681.00
		$79,566.30	$284,251.93

29. Q. Josephine Emery was Director of Marketing for what period of time?

A. Mrs. Emery was Director of Marketing and Services from January 1984 until May 1986.

30. Q. Could you please give us a description of her duties as Director of Marketing?

A. Her primary responsibilities included managing a $4.7 million operating budget along with the development, revision and communication of policies, rules and procedures for the promotion and sales of passenger, vehicle and stateroom space on the system which carries approximately 370,000 passengers and 100,000 vehicles.

She participated in the tourism industry to promote travel on the system, monitored community needs and probable effects of changing schedules or capacity; monitored passenger services on vessels; and responded to customer complaints.

She also supervised 65 employees, located in 18 offices and terminals in Seattle, Washington; Prince Rupert, B. C. and Alaska. She was responsible for publication and distribution of seasonal schedules and acted as project manager for the development and maintenance of a second generation computerized Reservation Management System (RMS II).

31. Q. What were her accomplishments as Director of Marketing?

A. She was Project Manager for the development of second generation Computer Reservation Management system; centralized and increased reservation sales office hours. Introduced toll-free numbers and introduced electronic call distribution system in central reservation office to assist planning for proper staffing, monitor efficiency and provide necessary data for future staffing levels; timely publication and distribution of printed schedules; employees in uniforms to improve Alaska Marine Highway system image and assist in public identification; coordinated promotional programs with the State Division of Tourism; and served on the Board of Directors of the Southeast Tourism Council and Juneau Convention and Visitor Bureau.

32. Q. Please give us a brief history of her prior marketing experience.

A. 1978 - 1980 Instructor - Tanana Valley Community College. Instructed three credit course - "Fundamentals of Transportation".

1974 - 1978 Manager, Passenger Services and Sales. Wien Air Alaska, Fairbanks.

1961 - 1974 Supervisor, Marketing and Sales - Western Airlines. Seattle, San Francisco, Ketchikan and Anchorage.

33. Q. How much was the advertising budget for FY 82 through FY 86?

A. The base budget printing and advertising line item for FY 82 through FY 86 was as follows:

FY 82	121.7
FY 83	149.4
FY 84	177.7
FY 85	125.3
FY 86	161.4

34. Q. What was the general breakdown of advertising costs for FY 85 and FY 86?

A. FY 85 breakdown: Summer and Winter schedules printing $90,000; tickets $20,000; miscellaneous printing and print advertising $14,000.

FY 86 breakdown: Summer and Winter schedules printing $100,000; tickets $30,000; miscellaneous printing, photo contest and print advertising $31,000.

35. Q. Who decided to implement the cancellation fees?

A. I did.

36. Q. Do you think the cancellation fees are particularly unfair during the busy summer months when the rooms, in particular, can be resold and bring in their expected revenue?

A. No, I do not. The cancellation penalty is a tool to encourage people who change their mind about traveling to cancel their reservation in order that we may then offer the space to someone on our "wait-list", a new innovation which allows our reservation's center personnel to confirm reservations for people on the wait-list as cancellations occur. This is in contrast to the standby list which only allows people in the terminal to board if there is a no-show. Before the penalty individuals were not cancelling their reservations causing the computer to show the vessel "booked solid". Other potential passengers then could not make reservations and when the person with the original reservation "no showed" we sailed with light loads. Staterooms almost always are filled on board by "cabin standby", passengers, but others may have decided not to travel because of non-availability of confirmed car deck or stateroom space.

37. Q. For exactly how many years was the no-charge stopover option available?

A. Staterooms have always been charged on a trip segment basis. This is the first year trip segment fares have been charged for other classes of fares.

38. Q. Who decided to discontinue this attractive travel incentive?

A. I did to help cover some of our costs during a year when operation of our vessels was directly tied to earned revenue for the first time.

39. Q. Could you please give us the cost increase figures on a fare from Seattle/Skagway with stops in Ketchikan, Wrangell, Petersburg, Juneau and Haines as opposed to a through fare?

A.

Trip Segment Fare		Through Fare	
Sea-Ktn	138	Sea-Sgy	208
Ktn-Wrg	22		
Wrg-Psg	14		
Psg-Jnu	36		
Jnu-Hns	18		
Hns-Sgy	10		
Total	238	Total	208

40. Q. Are you considering reinstating the travel incentive of through fares?

A. Yes, either through elimination of or by lowering the difference in costs.

41. Q. May we have a list of private organizations that the State has contracted with for labor with their physical location and address?

A. AMHS has contracted on occasion for specific jobs when cost analysis has shown contracting out to be less expensive. Specifically, the M/V MATANUSKA staterooms were cleaned by Coast Janitorial Service following the reengining of that vessel in Portland. The contracted

job cost $8,230.00. The Chief Steward has stated he needed 10 stewards to do the job which would have cost $21,918.00 per diem and wages (minimum guarantee included) and $376.70 in travel cost. The cost avoidance was approximately $14,064.70. Additionally, a contract has been signed with a company, Wright Service, to provide assistance in cleaning staterooms on the vessel turn arounds in Skagway. The contract calls for a cost of $6.25 per room. This is measured against the cost of "turn around" stewards from Juneau to Skagway to Juneau and the overtime plus the limited time in port. This program has been accepted by Chief Stewards as necessary, especially when there is limited turn around time in Skagway. Other contracts are entering into only if specific cost avoidance can be shown.

42. Q. How much was spent on contracted labor in 1984, 85 and 86?

A. This information is not readily available. As staff time will allow the answer will be researched and the information provided at a later date.

43. Q. How many "Comprehensive Plans" have been done regarding proposed operating plans for the Alaska Marine Highway System?

A. The Alaska Marine Highway is currently developing a comprehensive System Plan as recommended in the 1984 AMHS Task Force Report. It is scheduled to be completed this fall, and to my knowledge this is the only comprehensive plan developed in recent history.

The Southeast Region of DOT&PF has a Southeast Transportation Plan developed in 1980 that address AMHS as well as other modes of transportation in Southeast Alaska. It was updated earlier this year. It is a plan that addresses transportation from a regional aspect and does not go into detail nor does it address all the aspects that the AMHS System Plan will include.

44. Q. Is the AMHS System Plan Policy Workshop report yet another "proposed comprehensive plan"?

A. No. It is a small portion of the System Plan under development.

Sincerely,

Joe D. Camp
Deputy Commissioner

sz

Enclosure

cc: copy of August 2, 1986 Coalition letter
enclosed
The Honorable Robert H. Ziegler, Sr.
Alaska State Legislature
The Honorable Jim Duncan
Alaska State Legislature
The Honorable Richard I. Eliason
Alaska State Legislature
The Honorable Peter Goll
Alaska State Legislature
The Honorable Ben Grussendorf
Alaska State Legislature
The Honorable Mike M. Miller
Alaska State Legislature
The Honorable Bill Ray
Alaska State Legislature
The Honorable John Sund
Alaska State Legislature
Karen Hofstad, President
Southeast Conference
R. J. Knapp, Commissioner
Len Laurance, Chairman
Governor's Task Force
The Honorable Robin L. Taylor
Alaska State Legislature

* * * * * DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES * * * * *

SHORT FORM PAGE	BUDGET COMPONENT	86 ACT	87 AUTH	87 REV	88 GOV	88 GOV - 87 REV COMPARISON	
	TRANSPORTATION						
	OFFICE OF THE COMMISSIONER						
2	COMMISSIONER'S OFFICE	641.6	575.8	536.9	504.1	-32.8	-6.1%
4	STATEWIDE DEPUTY COMMISSIONER	779.0	242.7	218.5	207.9	-10.6	-4.9%
6	EQUAL EMPLOYMENT & CIVIL RIGHT		704.1	704.1	681.7	-22.4	-3.2%
8	INTL ARPT REVENUE CNTRL OFFICE				228.5	228.5	100.0%
10	DATA AND WORD PROCESSING	8.3					
12	INTERNAL REVIEW	679.5	842.5	842.5	842.5		
	*** PROGRAM TOTAL ***	2108.4	2365.1	2302.0	2464.7	162.7	7.1%
	STATEWIDE MANAGEMENT & FINANCE						
16	MANAGEMENT AND FINANCE	2102.7	2124.6	2124.6	2456.6	332.0	15.6%
18	DATA AND WORD PROCESSING	72.7					
20	STATE EQUIPMENT FLEET	304.6	441.0	441.0	756.5	315.5	71.5%
	*** PROGRAM TOTAL ***	2480.0	2565.6	2565.6	3213.1	647.5	25.2%
	STATEWIDE INFORMATION SYSTEMS						
24	INFORMATION SYSTEMS	2435.4	2167.8	1911.8	1911.8		
	STATE PLANS, PROGRAMS & BUDGET						
28	PLANS, PROGRAMS & BUDGET	1769.8	1846.2	1669.3	1673.1	3.8	0.2%
30	STATEWIDE AVIATION PLANNING	274.9	250.5	245.8	245.8		
32	DATA AND WORD PROCESSING	98.4					
34	UNBUDGETED RSA'S HPR/IARF	823.3					
	*** PROGRAM TOTAL ***	2966.4	2096.7	1915.1	1918.9	3.8	0.2%
	STATEWIDE RESEARCH						
38	STATEWIDE RESEARCH	964.3	774.9	711.2	746.2	35.0	4.9%
	STATEWIDE ENG & OPS STANDARDS						
42	ENG & OPS STANDARDS	2453.0	2286.0	2050.7	1741.7	-309.0	-15.1%
44	DATA AND WORD PROCESSING	15.6					
46	CIP PROGRAM	2657.4	3497.5	3497.5	3754.8	257.3	7.4%
48	UNBUDGETED RSA'S	69.7					
	*** PROGRAM TOTAL ***	5195.7	5783.5	5548.2	5496.5	-51.7	-0.9%
	CENTRAL REGION ADMIN SERVICES						
52	ADMINISTRATIVE SERVICES	2073.9	1710.1	1618.7	1618.7		
54	STATE EQUIPMENT FLEET	5814.5	6132.1	6132.1	6116.7	-15.4	-0.3%
56	DATA AND WORD PROCESSING	20.7					
58	AIRPORT LEASING	328.2	271.2	271.2	391.9	120.7	44.5%
	*** PROGRAM TOTAL ***	8237.3	8113.4	8022.0	8127.3	105.3	1.3%
	CENTRAL REGION PLANNING						
62	PLANNING	1516.4	1113.6	1046.1	963.8	-82.3	-7.9%
64	DATA AND WORD PROCESSING	8.5					
66	UNBUDGETED RSA'S	694.3					
	*** PROGRAM TOTAL ***	2219.2	1113.6	1046.1	963.8	-82.3	-7.9%
	CENTRAL REGION DESIGN & CONST.						
70	ENGINEERING MANAGEMENT	2166.2	5233.8	5140.4	4987.3	-153.1	-3.0%
72	DATA AND WORD PROCESSING	43.7					
74	CIP PROGRAM	20282.6	23139.0	23139.0	22850.2	-288.8	-1.2%

* * * * * DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES * * * * *

SHORT FORM PAGE	BUDGET COMPONENT	86 ACT	87 AUTH	87 REV	88 GOV	88 GOV - 87 REV COMPARISON	
	*** PROGRAM TOTAL ***	22492.5	28372.8	28279.4	27837.5	-441.9	-1.6%
	CENTRAL REGION MAINT. & OPER.						
78	HIGHWAYS AND AVIATION	28462.6	26956.5	21193.8	16989.4	-4204.4	-19.8%
80	TRAFFIC SIGNAL MANAGEMENT	826.0	1126.0	1126.0	1126.0		
82	FACILITIES	3429.0	3395.7	2927.7	2901.2	-26.5	-0.9%
84	ADMINISTRATION	1283.6	1155.3	996.5	864.4	-132.1	-13.3%
	*** PROGRAM TOTAL ***	34001.2	32633.5	26244.0	21881.0	-4363.0	-16.6%
	ANCHORAGE INT AIRPORT						
88	FIELD MAINTENANCE	2661.3	3090.0	3090.0	3068.9	-21.1	-0.7%
90	BUILDING MAINTENANCE	3483.1	3647.8	3647.8	4140.4	492.6	13.5%
92	SECURITY	3879.5	4063.0	4063.0	4326.0	263.0	6.5%
94	CUSTODIAL	2797.6	3272.2	3272.2	3204.9	-67.3	-2.1%
96	EQUIPMENT MAINTENANCE	1275.8	1319.5	1319.5	1319.5		
98	ADMINISTRATION	3224.7	3661.7	3661.7	3989.6	327.9	9.0%
100	DATA AND WORD PROCESSING	1.5	60.8	60.8	60.8		
	*** PROGRAM TOTAL ***	17323.5	19115.0	19115.0	20110.1	995.1	5.2%
	NORTH REGION ADMIN. SERVICES						
104	INTERIOR DIS. ADMIN. SERVICES	2044.7	1672.8	1672.8	1540.4	-132.4	-7.9%
106	WESTERN DIS. ADMIN. SERVICES	344.5	337.0	188.1	164.1	-24.0	-12.8%
108	SOUTHCENTRAL DIS. ADMIN. SVCS	403.1	345.6	195.6	195.6		
110	DATA AND WORD PROCESSING	33.2	38.5	32.7	32.7		
112	INTERIOR DIS STATE EQUIP FLEET	6730.8	7008.6	7008.6	7008.6		
114	WESTERN STATE EQUIP. FLEET	871.3	935.2	935.2	963.2	28.0	3.0%
116	SC DISTRICT STATE EQUIP. FLEET	2141.6	2328.3	2328.3	2300.3	-28.0	-1.2%
118	AIRPORT LEASING/PROPERTY MGMT				337.8	337.8	100.0%
	*** PROGRAM TOTAL ***	12569.2	12666.0	12361.3	12542.7	181.4	1.5%
	NORTHERN REGION PLANNING						
122	PLANNING	1197.1	975.6	975.6	951.1	-24.5	-2.5%
124	UNBUDGETED RSA'S, UPR P.R. 505	327.8					
	*** PROGRAM TOTAL ***	1524.9	975.6	975.6	951.1	-24.5	-2.5%
	NORTHERN REGION DESIGN & CONST						
128	ENGINEERING MANAGEMENT	2382.1	2967.9	2857.6	2848.3	-9.3	0.3%
130	DATA AND WORD PROCESSING	105.5					
132	CIP PROGRAM	18732.8	21133.4	21133.4	21022.5	110.9	-0.5%
	*** PROGRAM TOTAL ***	21220.4	24101.3	23991.0	23870.8	120.2	0.5%
	INTERIOR DISTRICT MAINT & OPER						
136	HIGHWAYS & AVIATION	23069.1	21060.5	16853.1	14947.3	-1905.8	-11.3%
138	FACILITIES	4709.4	4682.2	3877.4	3654.4	-223.0	-5.8%
140	ADMINISTRATION	1107.1	763.2	763.2	589.0	-174.2	-22.8%
	*** PROGRAM TOTAL ***	28885.6	26505.9	21493.7	19190.7	-2303.0	10.7%
	WESTERN DISTRICT MAINT & OPER						
144	HIGHWAYS AND AVIATION	4122.0	3893.6	3007.6	2695.9	-311.7	10.4%
146	FACILITIES	670.7	661.0	574.8	574.8		
148	ADMINISTRATION	306.7	159.5	135.6	135.6		
	*** PROGRAM TOTAL ***	5099.4	4714.1	3718.0	3406.3	-311.7	8.4%
	SOUTHCENTRAL DISTRICT M & O						

* * * * * DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES * * * * *

SHORT FORM PAGE	BUDGET COMPONENT	86 ACT	87 AUTH	87 REV	88 GOV	88 GOV - 87 REV COMPARISON	
152	HIGHWAYS AND AVIATION	6728.6	6413.1	5046.5	4048.4	-998.1	-19.8%
154	FACILITIES	1719.9	1930.2	1742.4	1692.0	-50.4	-2.9%
156	ADMINISTRATION	431.8	329.1	279.7	279.7		
	*** PROGRAM TOTAL ***	8880.3	8672.4	7068.6	6020.1	-1048.5	-14.8%
	FAIRBANKS INT AIRPORT						
160	FIELD MAINTENANCE	1306.4	1694.1	1694.1	1584.1	-110.0	-6.5%
162	BUILDING MAINTENANCE	1225.5	1432.3	1432.3	1382.3	-50.0	-3.5%
164	SECURITY	2736.8	2717.9	2717.9	3032.8	314.9	11.6%
166	CUSTODIAL	619.4	683.1	683.1	658.1	-25.0	-3.7%
168	ADMINISTRATION	1049.5	1367.8	1367.8	1417.8	50.0	3.7%
	*** PROGRAM TOTAL ***	6937.6	7895.2	7895.2	8075.1	179.9	2.3%
	S.E. REGION ADMIN. SERVICES						
172	ADMINISTRATIVE SERVICES	1313.0	1039.8	898.1	953.1	55.0	6.1%
174	DATA AND WORD PROCESSING	9.8					
176	STATE EQUIPMENT FLEET	1740.0	2015.4	2015.4	1660.6	-354.8	-17.6%
	*** PROGRAM TOTAL ***	3062.8	3055.2	2913.5	2613.7	-299.8	-10.3%
	SOUTHEAST REGION PLANNING						
180	PLANNING	547.5	376.8	345.3	365.3	20.0	5.8%
182	DATA AND WORD PROCESSING	10.6					
	*** PROGRAM TOTAL ***	558.1	376.8	345.3	365.3	20.0	5.8%
	SOUTHEAST REGION DES. & CONST.						
186	ENGINEERING MANAGEMENT	1246.5	1322.4	1245.9	4012.8	2766.9	222.1%
188	DATA AND WORD PROCESSING	63.6					
190	CIP PROGRAM	8087.0	8671.2	8671.2	5833.1	-2838.1	-32.7%
192	UNBUDGETED RSA'S SCH SUR/DSGN	2.2					
	*** PROGRAM TOTAL ***	9399.3	9993.6	9917.1	9845.9	-71.2	-0.7%
	SOUTHEAST REGION M & O						
196	HIGHWAYS & AVIATION	7996.5	7611.8	6305.6	4339.6	-1966.0	-31.2%
198	FACILITIES	4890.2	4608.7	3872.4	3726.9	-145.5	-3.8%
200	ADMINISTRATION	393.1	392.6	326.2	324.7	-1.5	-0.5%
	*** PROGRAM TOTAL ***	13279.8	12613.1	10504.2	8391.2	-2113.0	-20.1%
	MARINE ADMINISTRATION						
204	ADMINISTRATION	2405.4	2226.7	2226.7	2331.7	105.0	4.7%
206	DATA AND WORD PROCESSING	46.8					
	*** PROGRAM TOTAL ***	2452.2	2226.7	2226.7	2331.7	105.0	4.7%
	MARINE FACILITIES ENGINEERING						
210	MANAGEMENT	393.5	433.0	433.0	433.0		
212	CIP	970.8	1341.5	1341.5	1393.1	51.6	3.8%
	*** PROGRAM TOTAL ***	1364.3	1774.5	1774.5	1826.1	51.6	2.9%
	MARINE MARKETING AND SERVICES						
216	MARKETING MANAGEMENT	1410.2	1363.2	1363.2	2271.2	908.0	66.6%
218	SOUTHEAST SHORE FACILITIES	2389.8	2712.9	2712.9	2359.6	-353.3	-13.0%
220	SOUTHWEST SHORE FACILITIES	650.6	678.2	678.2	468.0	-210.2	-31.0%
222	DATA AND WORD PROCESSING	258.7					
	*** PROGRAM TOTAL ***	4709.3	4754.3	4754.3	5098.8	344.5	7.2%
	MARINE OPERATIONS						

* * * * * DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES * * * * *

SHORT FORM PAGE	BUDGET COMPONENT	86 ACT	87 AUTH	87 REV	88 GOV	88 GOV - 87 REV COMPARISON	
226	MANAGEMENT	820.2	1047.8	1047.8	1201.1	153.3	14.6%
228	SOUTHEAST VESSEL OPER/OVERHAUL	47337.4	44267.1	44267.1	36571.2	-7695.9	-17.4%
230	SOUTHWEST VESSEL OPER/OVERHAUL	9416.0	9315.6	9315.6	8041.6	-1274.0	-13.7%
	*** PROGRAM TOTAL ***	57573.6	54630.5	54630.5	45813.9	-8816.6	-16.1%
232	RETIREMENT INCENTIVE PROGRAM				1143.3	1143.3	100.0%
	*** TRANSPORTATION TOTAL ***	277940.7	279857.1	262229.9	246157.6	-16072.3	-6.1%
	********** TOTAL AGENCY EXPENDITURES	277940.7	279857.1	262229.9	246157.6	-16072.3	-6.1%
	********** AGENCY FUNDING						
	FED RCPTS	3058.4	3697.6	3697.6	3697.6		
	GEN FUND	176161.1	161446.1	143380.6	120972.0	-22408.6	-15.6%
	OTHER FUNDS	98721.2	114713.4	115151.7	121488.0	6336.3	5.5%

13	* * * * * DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES * * * * *				13
14	* * * * * *	* * * * * *			14
15	STATEWIDE PROGRAMS	15,751,200	7,747,700	8,003,500	15
16	OFFICE OF THE COMMISSIONER				16
17	COMMISSIONER'S OFFICE (6 POSITIONS)	504,100			17
18	STATEWIDE DEPUTY COMMISSIONER (4 POSITIONS)	207,900			18
19	EQUAL EMPLOYMENT AND CIVIL RIGHTS (12 POSITIONS)	681,700			19
20	INTERNATIONAL AIRPORT REVENUE FUND CONTROLLER'S OFFICE (4 POSITIONS)	228,500			20
21	INTERNAL REVIEW (14 POSITIONS)	842,500			21
22	STATEWIDE MANAGEMENT AND FINANCE				22
23	MANAGEMENT AND FINANCE (42 POSITIONS)	2,456,600			23
24	STATE EQUIPMENT FLEET (9 POSITIONS)	756,500			24
25	STATEWIDE INFORMATION SYSTEMS				25
26	INFORMATION SYSTEMS (31 POSITIONS)	1,911,800			26

DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)					
	ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION FUND SOURCES GENERAL FUND	OTHER FUNDS	
STATEWIDE PLANS, PROGRAMS, AND BUDGET					
PLANS, PROGRAMS AND BUDGET (31 POSITIONS)	1,673,100				
STATEWIDE AVIATION PLANNING (4 POSITIONS)	245,800				
STATEWIDE RESEARCH					
STATEWIDE RESEARCH (12 POSITIONS)	746,200				
STATEWIDE ENGINEERING AND OPERATIONS STANDARDS					
ENGINEERING AND OPERATIONS STANDARDS (28 POSITIONS)	1,741,700				
CIP PROGRAM (58 POSITIONS)	3,754,800				
CENTRAL REGION PROGRAMS		58,809,600	24,627,300	34,182,300	
CENTRAL REGION ADMINISTRATIVE SERVICES					
ADMINISTRATIVE SERVICES (36 POSITIONS)	1,618,700				
STATE EQUIPMENT FLEET (58 POSITIONS)	6,116,700				
AIRPORT LEASING (7 POSITIONS)	391,900				
CENTRAL REGION PLANNING					
PLANNING (18 POSITIONS)	963,800				
CENTRAL REGION DESIGN AND CONSTRUCTION					
ENGINEERING MANAGEMENT (75 POSITIONS)	4,987,300				
CIP PROGRAM (521 POSITIONS)	22,850,200				
CENTRAL REGION MAINTENANCE AND OPERATIONS					
HIGHWAYS AND AVIATION (241 POSITIONS)	16,989,400				
TRAFFIC SIGNAL MANAGEMENT	1,126,000				
FACILITIES (26 POSITIONS)	2,901,200				
ADMINISTRATION (18 POSITIONS)	864,400				
ANCHORAGE INTERNATIONAL AIRPORT		20,110,100		20,110,100	

	DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)				
			APPROPRIATION	APPROPRIATION FUND SOURCES	
		ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
	FIELD MAINTENANCE (50 POSITIONS)	3,068,900			
	BUILDING MAINTENANCE (49 POSITIONS)	4,140,400			
	SECURITY (79 POSITIONS)	4,326,000			
	CUSTODIAL (69 POSITIONS)	3,204,900			
	EQUIPMENT MAINTENANCE (15 POSITIONS)	1,319,500			
	ADMINISTRATION (24 POSITIONS)	3,989,600			
	DATA AND WORD PROCESSING	60,800			
	NORTHERN REGION PROGRAMS		65,981,700	26,832,200	39,149,500
	NORTHERN REGION ADMINISTRATIVE SERVICES				
	INTERIOR DISTRICT ADMINISTRATIVE SERVICES (30 POSITIONS)	1,540,400			
	WESTERN DISTRICT ADMINISTRATIVE SERVICES (3 POSITIONS)	164,100			
	SOUTHCENTRAL DISTRICT ADMINISTRATIVE SERVICES (7 POSITIONS)	195,600			
	DATA AND WORD PROCESSING	32,700			
	INTERIOR DISTRICT STATE EQUIPMENT FLEET (56 POSITIONS)	7,008,600			
	WESTERN DISTRICT STATE EQUIPMENT FLEET (9 POSITIONS)	963,200			
	SOUTHCENTRAL DISTRICT STATE EQUIPMENT FLEET (21 POSITIONS)	2,300,300			
	AIRPORT LEASING AND PROPERTY MANAGEMENT (5 POSITIONS)	337,800			
	NORTHERN REGION PLANNING				
	PLANNING (16 POSITIONS)	951,100			
	NORTHERN REGION DESIGN AND CONSTRUCTION				
	ENGINEERING MANAGEMENT (38 POSITIONS)	2,848,300			

	DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)				
			APPROPRIATION	APPROPRIATION FUND SOURCES	
		ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
	CIP PROGRAM (484 POSITIONS)	21,022,500			
	INTERIOR DISTRICT MAINTENANCE AND OPERATIONS				
	HIGHWAYS AND AVIATION (174 POSITIONS)	14,947,300			
	FACILITIES (25 POSITIONS)	3,654,400			
	ADMINISTRATION (7 POSITIONS)	589,000			
	WESTERN DISTRICT MAINTENANCE AND OPERATIONS				
	HIGHWAYS AND AVIATION (30 POSITIONS)	2,695,900			
	FACILITIES (5 POSITIONS)	574,800			
	ADMINISTRATION (2 POSITIONS)	135,600			
	SOUTHCENTRAL DISTRICT MAINTENANCE AND OPERATION				
	HIGHWAYS AND AVIATION (57 POSITIONS)	4,048,400			
	FACILITIES (16 POSITIONS)	1,692,000			
	ADMINISTRATION (6 POSITIONS)	279,700			
	FAIRBANKS INTERNATIONAL AIRPORT		8,075,100		8,075,100
	FIELD MAINTENANCE (17 POSITIONS)	1,584,100			
	BUILDING MAINTENANCE (8 POSITIONS)	1,382,300			
	SECURITY (43 POSITIONS)	3,032,800			
	CUSTODIAL (13 POSITIONS)	658,100			
	ADMINISTRATION (12 POSITIONS)	1,417,800			
	SOUTHEAST REGION PROGRAMS		21,216,100	10,228,800	10,.87,300
	SOUTHEAST REGION ADMINISTRATIVE SERVICES				
	ADMINISTRATIVE SERVICES (22 POSITIONS)	953,100			
	STATE EQUIPMENT FLEET (15 POSITIONS)	1,660,600			

DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)

	ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION FUND SOURCES GENERAL FUND	APPROPRIATION FUND SOURCES OTHER FUNDS
SOUTHEAST REGION PLANNING				
PLANNING (5 POSITIONS)	$65,300			
SOUTHEAST REGION DESIGN AND CONSTRUCTION				
ENGINEERING MANAGEMENT (47 POSITIONS)	5,012,800			
CIP PROGRAM (118 POSITIONS)	5,833,100			
SOUTHEAST REGION MAINTENANCE AND OPERATIONS				
HIGHWAYS AND AVIATION (55 POSITIONS)	4,339,600			
FACILITIES (26 POSITIONS)	3,726,900			
ADMINISTRATION (6 POSITIONS)	324,700			
ALASKA MARINE HIGHWAY SYSTEM		55,070,500	51,026,800	4,043,700
MARINE ADMINISTRATION				
ADMINISTRATION (46 POSITIONS)	2,331,700			
MARINE FACILITIES ENGINEERING				
MANAGEMENT (5 POSITIONS)	433,900			
CIP PROGRAM (22 POSITIONS)	1,393,100			
MARINE MARKETING AND SERVICES				
MARKETING MANAGEMENT (32 POSITIONS)	2,271,200			
SOUTHEAST SHORE FACILITIES (38 POSITIONS)	2,359,600			
SOUTHWEST SHORE FACILITIES (5 POSITIONS)	468,000			
MARINE OPERATIONS				
MANAGEMENT (16 POSITIONS)	1,201,100			
SOUTHEAST VESSEL OPERATIONS AND OVERHAUL (627 POSITIONS)	36,571,200			
SOUTHWEST VESSEL OPERATIONS AND OVERHAUL (98 POSITIONS)	8,041,600			

January 27, 1987

DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES
OPERATING BUDGET COMPARISON
AND NARRATIVE OVERVIEW
FY86 AUTHORIZED - FY88 GOVERNOR'S REQUEST
(in millions)

Source of Funding	FY86 Authorized	FY87 Authorized	FY87 Revised	FY88 Governor's Request*	$ Change FY87 Rev. to FY88
Gen. Fund	$177.8	$161.4	$143.4	$124.1	($19.3)
Other Funds	116.2	118.5	118.8	122.1	3.3
Dept. Totals	$294.0	$279.9	$262.2	$246.2	<$16.0>
% G.F. Change From Previous Year	<0.4>%	<9.2>%	<11.2>%	<13.5>%	

*Excludes $5.2 million switch to user fees for Dalton Highway toll charges.

General fund decrements totalling $21.1 million and one general fund increment for $1.8 million for Marine Highways Risk Management increases have been accepted by the Governor. This is a net reduction of $19.3 million for the Department of Transportation and Public Facilities (DOT&PF). This yields a 13.5% departmental reduction from the FY87 Revised general fund budget. Please note this includes a net reduction of approximately 14% for the Alaska Marine Highway System (AMHS) and a 13.1% cut for all remaining DOT&PF general funds.

In addition, it is proposed that $5.2 million be changed from general funds to user fees to reflect operation of the Dalton Highway as a toll road. This would bring the general fund (GF) reduction to $24.5 million, or 17.1% of the Department's FY87 Revised GF budget. However, since this proposal would require separate legislative action this funding change is being considered as a part of the proposal for new legislation rather than as a part of the Department's budget.

Excluding the AHMS, and the Dalton Toll proposal, a general fund reduction of 13.1% and $11.0 million from the FY87 Revised GF level of $84 million is proposed. This 13.1% reduction in FY88

would mean that units of the department other than AHMS have been reduced by 36.1% since the FY86 authorized GF budget.

A net reduction for the general fund portion must be viewed in light of the overall impact to revenue from cuts to the AMHS. The AMHS has a FY'87 general fund revised budget of approximately $60 million and a subsidy level of about $30 million. We have identified the impacts from reducing the subsidy level by about $6 million, which results in a total reduction to the AMHS general fund budget of about $8.4 million due to revenue cuts.

MAJOR HIGHLIGHTS

The following depicts the major impacts from adoption of these proposals:

(1) Elimination of all state maintenance on nearly 1,600 miles of roads currently on the state maintenance system that are not considered the highest priority routes, or do not require minimal maintenance efforts due to investment of federal funds;

(2) Elimination of all maintenance except for minimal safety repairs and physical highway protection (which adds a hidden cost for increased legal liability) for approximately 800 miles of highways that are not priority routes, but have federal investment requiring continued state efforts to protect this investment;

(3) Reduction of maintenance funding by another 8% on the remaining 2900 miles of roads, which means a total reduction well in excess of 25% for maintenance and operation of these facilities in less than 18 months;

(4) Elimination or reduction of airport maintenance by over 7%, with particular emphasis on daytime operations only and major reduction of winter maintenance at certain airports statewide;

(5) Substantial reductions in Marine Highway service including unmanned layup of 6 vessels for a total of 29 months. This will affect at least 230 crew members. This leaves the Southeast system with no change to summer service, but only one mainline vessel and one feeder vessel for the other 8 months of the year, and the Southwest system with single vessel service for 6 months and no service for 2 months during the winter.

(6) Institution of a toll or user fee charge of approximately $500 per trip, per 18-wheeler for commercial use of the James Dalton Highway north of the Yukon River, which

may lead to eventual closure due to inability to recover adequate fees;

(7) Elimination of maintenance for campgrounds, rest areas, turnouts and waysides, land fills, and litter pickup for state highways to preserve funds for essential M&O functions; and

(8) Reductions in facilities maintenance including janitorial services for state buildings from 5 to 3 days per week, grounds-keeping, and clearing of snow and ice from sidewalks and parking areas.

HIGHWAY MAINTENANCE & OPERATIONS

The impact to highway M&O is particularly troublesome when viewed in a longer term context. Since 1980, DOT&PF's responsibilities have grown over 10%, while available real dollars have decreased by nearly 30% under the FY'87 revised budget.

To gain additional perspective, consider the likely effects of the FY'87 reductions already taken:

(1) Little preventative maintenance anywhere on the system, which means little highway crack sealing, patching or resurfacing.

(2) Traffic services such as snow plowing, striping, and pothole patching can only be performed on a priority basis, and roads to recreational areas and low traffic rural and suburban areas can be plowed only if time permits; and

(3) Routine summer maintenance will have to be eliminated or drastically curtailed if extraordinary winter snow and ice conditions occur.

Following the M&O cuts in August 1986, it is no longer possible to cut further on the basis of a straight percentage decrease across the entire system. Instead, it has been necessary to structure further reductions on a programmatic basis by classifying the highway system as follows:

(1) Category I: Priority routes that provide the intrastate connecting system between the population and economic centers, airports, and major harbors, thereby covering Alaska's fundamental transportation links.

(2) Category II: Routes where the state has invested sufficient federal funds to contractually bind us to provide a minimum level of maintenance to realize anticipated service life of the constructed improvements.

(3) Category III: All other routes that the state currently has on the state maintenance system.

We have further differentiated the importance of state efforts for maintenance into eight groups. These are in increasing order of importance (1) snow and ice control on Category III roads within organized governmental units; (2) all activities on Category III roads within organized governmental units; (3) snow and ice control on Category II routes within organized governmental units; (4) snow and ice control for Category III routes outside governmental units; (5) snow and ice control on Category II roads outside governmental units; (6) all activities on Category III roads outside governmental units; (7) maintenance at 30% of historical levels for Category II roads within governmental units; and (8) maintenance at 30% of historical levels on Category II routes outside governmental units.

The basic assumption is that a currently organized governmental unit would be better able, and probably more likely, to assume maintenance responsibilities for routes within their boundaries than people outside of a governmental unit Please note this may require legislative action to grant road powers in certain cases. This also recognizes that for many routes in rural areas there is not an identifiable user group to assume this responsibility. We have also assumed that while snow and ice control is important, it is less critical in the long run than basic life/safety and structural maintenance efforts, partially because of our agreement with the Federal Highway Administration (FHWA) to prevent highway deterioration.

While we tried to structure the decrements in increasing order of importance, and with as much individual selection as possible to allow decisions other than simply "take it or leave it," it is important to underscore the radical and severe nature of these propos s. First, these cuts have been prepared on top of other [illegible] cuts that we're currently managing, with cost data gaps [illegible]ng current performance. Second, there has been no public involvement to review and legitimize the methodology. Third, there may be administrative code and federal legal constraints hindering or preventing implementation of some of these proposals. Finally, there is probably a hidden cost of increased legal liability from implementing these proposals, which needs to be scrutinized.

AVIATION/BUILDING MAINTENANCE & OPERATIONS

The FY'87 aviation cuts have also severely curtailed preventative maintenance work, such as runway crack sealing and patching. Snow and ice removal may not always occur, depending on available manpower. Certified airports may not be open for all scheduled flights if safe operational conditions cannot be provided, or if overtime is not available to provide required crash/fire/rescue (CFR) services. Additional curtailment of routine summer maintenance efforts may also occur.

The proposed FY'88 decrements reduce these efforts further, and force more service elimination. Elimination of winter maintenance may force operators to perform their own snow control or to switch to a different airport. Reductions or elimination of CFR activities may restrict the types of aircraft now using certain runways. Specific impacts include the winter closure of Nome's North/South runway, and service reductions or eliminations at Barrow, Umiat, Northway, Bettles, Tanana, Unalakleet, Talkeetna, and Kotzebue. If significant cuts are pursued in the aviation M&O area, more work is needed to ensure an equitable level of service reductions statewide.

FY'87 reductions for building M&O have meant that efforts on heating and ventilation components have been limited to emergency repairs. Considerable deferred maintenance continues to accrue. Any FY'88 cuts would further exacerbate these problems.

ALASKA MARINE HIGHWAY SYSTEM

To date the AMHS has not incurred any substantial reductions in available general funds, although there have been service reductions to offset cost increases. Since the AMHS's portion of DOT&PF overall general fund budget is about 40%, it has become necessary to scrutinize all components carefully and to propose ways to achieve significant general fund reductions to accommodate your request.

Since the AMHS is a transportation entity that generates revenue, the true cost to the state is not the total general fund appropriation, but is the net general fund cost or subsidy. Accordingly, we have proposed three sets of decrements to reduce the net subsidy by about $6 million for FY'88. Although we have not structured our proposal in this fashion, we believe serious consideration should be given to changing the current budget method to provide program receipt authority to expend generated revenues, along with the general fund subsidy needed to achieve the selected service level. This separation in funding would make it clearer to all concerned there is a revenue aspect to the AMHS.

The following depicts the specific impacts from reducing the subsidy level by $6 million:

(1) Reduce M/V MALASPINA service by four months. Reduce M/V Taku service by six months. Both vessels would be placed in unmanned layup. In combination with the already scheduled layup of the M/V COLUMBIA for six months and the overhaul periods for every ship, this will leave only one mainline vessel in service from Seattle or Prince Rupert to Skagway for eight months of the year. This will impact approximately 164 crew members during this period.

(2) Reduce M/V AURORA service by four months resulting in single feeder vessel service in Southeast for eight months of the year versus the current four month period. The M/V CHILKAT would increase service by four months to supplement service between Ketchikan and Prince of Wales Island.

(3) Reduce M/V BARTLETT service by six months. The M/V TUSTUMENA will provide service for the entire Southwest system, resulting in general service reductions in the winter, particularly between Valdez and Cordova. There would be no service for two months during the winter.

There are several key assumptions under each scenario. The basic intent is to maximize service for Alaskans, at the expense of tourist business if necessary. Although no service or cost saving assumptions have been included for eliminating Seattle service since current data is inconclusive, we intend to continue reviewing this option as a means to improve service for Alaskans without increasing the subsidy. Another key assumption is that it would be more cost efficient to maintain the same level of summer service for the entire 1987 summer before instituting reductions. This is because of (1) the FY'87 budget authorizes initiation of this level; (2) these are the high revenue months; (3) we have already published our schedule and are accepting reservations; and (4) it would minimize the impact from implementing cuts immediately. If earlier implementation of service cuts is desired, we can analyze this further.

We have not made any assumptions regarding possible savings to minimize service cuts by fare increases. Further work is needed to ascertain what service level savings can be obtained without increasing the subsidy, although we believe there are some possibilities here. Finally, no assumptions have been made about further savings from negotiating wage and benefit concessions or

crew size reductions, or through major streamlining of the administrative side. Please also note there is an increment to fund additional risk management expenses not covered in the current base budget, which if not funded will cause a further reduction in service.

It is important to underscore that the proposed service cuts are not "set in concrete," but merely a general sense of what service levels would be by reducing the subsidy level by $6 million. On the other hand, our current review of available data suggests that changes fairly close to these would be needed to obtain the targeted level of savings. The AMHS is a difficult entity to analyze correctly to achieve the savings we believe can be made, while preserving essential service levels. Any decision to achieve major subsidy reductions will require more work together to ensure we have a rational proposal.

JAMES DALTON HIGHWAY

While the Dalton Highway remains an important transportation facility, we believe it is reasonable to consider covering all or some of the high annual M&O costs through a user fee or toll charge. This is not a new issue, as evidenced by the state's success in including the special provision in Sec. 1113 of the Alaska National Interest Lands Conservation Act, which allows the charging of tolls without facing an obligation to repay federal-aid highway money used to construct the road.

The primary user and beneficiary from continued operation are North Slope oil producers and Aleyska. While it can be argued that we'd be biting the hand that feeds us, and clearly there would be some reduction in tax receipts because of the additional costs, we know of no covenant or agreement requiring continuation of this support at our expense. The Department of Law has advised us that there may be some changes to state statutes needed prior to initiating this proposal.

The per mile M&O cost for the Dalton is higher by at least 70% than for any other major rural transportation route in Interior District. Further, it is worth noting that since state assumption of this responsibility in 1973, we have spent about $50 million in state capital dollars to support this function. While it is conceivable that the net effect over time might be closure of the road because aviation and/or marine modes are selected as the more economical means for support of North Slope oil activities, we believe these are exactly the type of hard choices Alaskans are facing under declining revenues.

Outside of the hue and cry from the oil industry, the other major group negatively impacted would be the trucking industry, particularly owner-operators. We are sympathetic to this concern in light of currently depressed conditions, but ultimately the most cost efficient means of transporting goods must be used to maintain economic stability and growth in Alaska. One answer, which incidentally might also help address the general complaints about "unfair" competition from the Alaska Railroad Corporation (ARRC), would be an interim state assisted training program to relocate trucking industry people into other job opportunities. Another entity that would be negatively impacted if the Dalton closed would be the ARRC since they now haul a fair portion of this business to Fairbanks. It might be necessary to contact them to obtain an assessment of this impact.

A toll to recover the full charge of the department's maintenance and operations costs for the Dalton Highway would mean a charge of about $500 per trip for an 18-wheeler. Our costs are estimated to be $5.2 million annually, approximately $4.3 million in Interior M & O's Highway and Aviation component and $.9 million in the Facilities component. In addition, we have requested an increment for $.4 million in user fees to cover the costs associated with collection of the toll charges (.3 million would be the

annual cost, plus a one time cost of moving and modifying the checkpoint facility). The proposed toll does not include the capital coats for resurfacing or major maintenance of this road.

ADMINISTRATION/PLANNING/DESIGN & CONSTRUCTION

During prior reduction reviews, considerable general funds reductions were obtained in these areas. A total of 30.5% of general funds have been cut in these areas between the FY'86 authorized and FY'87 revised budgets. For example, a considerable portion of the reductions made to achieve the FY'87 revised budget were in these areas, allowing AMHS and M&O cuts to be considerably less than otherwise would have been the case.

Our decrements do include some additional general fund cuts in the planning areas. Otherwise, we are not proposing any further cuts at this time. It appears that sizeable "fat" trimming has already occurred. There is also a potential problem of making reductions to the point that we face problems with the FHWA and Federal Aviation Administration as to whether we are maintaining sufficient state funded management and administration to continue qualifying for federal highway and aviation money. Finally, we do not want to propose any cuts in the administrative or accounting side at least until we have a better handle on the magnitude of those problems, and the level of resources needed to fix them.

One change in the transfer area warrants mention. We are proposing to raise the State Equipment Fleet (SEF) fixed fee rate from 51% of the budgeted FY'87 rate back to 72% of that rate. This rate was dropped as a one-time cost savings measure for FY'87, with an understanding that the rate would be re-instated to keep the Highway Working Capital Fund fiscally sound over the long term. It is our intention to maintain the 72% rate level for at least the next two years, and then reassess what, if any, additional adjustments are needed, particularly in light of possible reduced need for equipment due to other budget reductions. We project this increase will allow us to meet vehicle replacement demand, while maintaining a positive cash flow. This means increased fee costs of about $1.8 million for DOT&PF, which represents about 85% of the SEF's business.

REORGANIZATION SAVINGS

The attached budget submission includes some adjustments for organizational changes that have already been made, including the deletion of a net 5 PX positions based on already taken personnel actions. While further general fund savings are anticipated through additional reorganization and streamlining of current operations, we are not prepared to present any further proposals at this time.

The Commissioner wants to assess the overall operations for a period of time to ensure we don't destroy valuable portions of the organization that are working well. It may be that some of these savings won't materialize until mid to late FY'88 or at the start of FY'89. Accordingly, we respectfully request an understanding that any savings in these areas will be given priority consideration for use to restore reduced or deferred DOT&PF M&O activity.

REVENUE GENERATION

One way to offset some of the impact of both the proposed FY'88 and actual FY'87 reductions is to generate more revenue through our proposal to increase the motor fuel tax from 8¢ to 16¢ per gallon. We estimate this will generate approximately $20 million in additional revenue. We recommend using this increase to help local governments and communities to pay for the increased M&O costs for those roads and highways removed from the state maintenance system. There may be other ways to generate further receipts, such as airport landing and tie-down fees, to offset other reductions. We will continue to review these possibilities.

SUMMARY

DOT&PF provides the state with numerous, essential transportation services. There is no doubt that transportation serves a critical economic role in a state such as ours. We fear pursuing major cuts, particularly in highway and aviation M&O, will only exacerbate our current problems.

Accordingly, until we can develop some of these proposals more fully, including greater acceptance by local communities of many of these responsibilities, it is imperative that we carefully analyze adoption of the large reductions we have identified, and if possible, find other revenues to avoid drastic reductions.

OVERVIEW OF QUESTIONS ASKED BY HOUSE FINANCE COMMITTEE MEMBERS DURING A PRESENTATION BY THE DEPARTMENT OF TRANSPORTATION.

Tuesday, January 26 1987, Commissioner Gutierrez and staff for the Department of Transportation gave a budget presentation and overview to the House Finance Committee.

Attached please find the Department's proposed FY 88 budget from the Governor's office and an overview of the proposed budget changes and cuts.
Much of the information presented at this meeting is in the attached DOT overview report. Rather than be repetitive I felt it may be helpful to update you on some of the questions raised by House Finance Committee members at this meeting.

1. Why have such substantial cuts been made in the areas of M & O and to the Alaska Marine Highway System?

   In 1985, major cuts were made in the areas such as management and design and construction. No cuts have been made in the AMHS and very minimal cuts, have been made in M & O during the previous few years budget cuts. Another point to consider is that when looking at the cuts made to AMHS these cuts reflect cuts from the 1987 "actual" figure and not the revised figures - therefore, the cut to AMHS is actually less than in other areas.

2. How did the department go about categorizing Class 1, 11 and 111 roads - were they categorized on a user basis?

   No. The department felt that if roads were categorized on a user basis, heavily populated areas would have a great deal more Class 1 roads than rural areas. Several factors were taken into consideration including whether the road provides freight transportation needs (Valdez to Fairbanks), whether the road provides the only access to the area, how many people live in the area and numerous other factors where also taken into consideration. The department feels that this area is one that will need further consideration and will ask for community input and advice from local area DOT personnel to help prioritize the roads.

3. With the Capital Projects Cleanup, why can't we just get a computer print out of the total number of projects currently authorized? Then, compile a list of those projects that are physically under construction, complete these projects and start over again with all other projects so that are books and information would be correct and so that the problems with the Federal Government Highway on reimbursement of Federal dollars could be overcome? How long would it take to get this list?

It would be possible to compile a list and have it available in a very short time, 3-5 days. The department feels this would be very inaccurate as the problem is with billings not being made to projects. Therefore, it would take some time to figure out what monies had not been billed to projects and get the paper path moving along. Also, some projects are in the planning and design phase, some are under construction, some have been completed and require outstanding bills to be logged in before the project can be closed out. Because of the methods used for billing to the projects and the way in which project tracking has been done, the department now finds that there are currently thousands of projects that are in question.
Because of the poor accounting system information requested on projects before 1985 is difficult to provide accurately. The older the project, the harder it becomes to provide accurate information.

As of 6/30/85, the capital projects clean up list identified each project and the status of the project. When the department changed over to the new state accounting system this information was not recorded. The department is currently working on correcting the problems that exist.
Mr. Bob Poe has been hired to head up this project and the department is currently working on:

1. Correcting the Federal billing system problem. At the present time all bills submitted for Federal reimbursement receive a manual audit from the Feds before reimbursement is made. This is partly due to previous incorrect billings and also an inefficient system for compiling the bills.
   The department is in the process of requesting proposals for putting in place a system that will adequately perform all FHWA billings. The contract should be awarded within 45 days and the system should be in place in 6 months.

2. The department is also bringing on board two C.P.A.'s to help set up and administer the new accounting system.

4. Is there statutory language changes required to turn the Dalton Highway into a toll road? Is there anything that prevents turning a road that received consideral Federal funds into a toll road?

Based on discussions with the Department of law, DOT believes it advisable to amend As 19.40 to make it clear this arrangement would be legal, therefore yes, an amendment to the AS 19.40 would be required. The State of Alaska has a specific exemption from the requirements under Section 11.13 of the lands bill and relieves the state of any requirement to repay Federal monies used to build this road.

5. On the three tier maintenance program plan, is there some kind of legislation needed to establish a tier reduction program rather than the usual pro-rated reductions usually implemented?

   The Department would like to investigate this further, As Mr. Hickey sees it now the statutes provide the Commissioner with a great deal of latitude to make these decisions. The department has administrative procedures in place as well as regulations which require the department to receive public input and recommendations however, at the present time it does not appear that anything legislative would be required.
   This will need to be looked into further.

6. You refer to an increase in legal liability because of the reduced maintenance, could you explain further?

   The Commissioner stated the department will have to state the level of service it will provide. He feels that if in fact, a road is open, there is a responsibility to provide a minimum level of maintenance on the road. The Commissioner is not sure what this level is and he feels the department will need to consult with the Attorney General's office for legal direction. However, he has raised the question and feels it must be addressed.

7. How will user fees on the Dalton Highway affect the lift axle? If the axle is on the truck would there be a toll for this axle? How is the department addressing the overall lift axle question?

   In terms of the toll charge, if the axle were down and used for weight carrying purposes, it would be charged at the same level - $100/axle.
   As far as the question on regulations, the department has suspended implementation of the regulation to give the department and the legislature a chance to look at some of the issues. There is considerable controversy about some of the issues and, frankly, with the rapid change in economic conditions this issue may require rethinking on how to phase in a proposal. The department still has some basic concerns. There are a lot of concerns about the safety of using the lift axle, the test performed by the department would suggest they are a problem and many drivers have stated to the department in hearings that they are a problem.

Enforcement is a problem because they are used for weight purposes at the scale houses and then in order to avoid wear and tear they are not used.
The department is looking at a new proposal that would allow for lift axles to continue under certain conditions such as Washington has just done.
Steerable as opposed to fixed
Certification from the manufacturer that they are properly guaged to carry the weight they are carrying
Controls on the outside only
The department is still looking into this but feels this type of proposal may be acceptable.

8. Do you envision the $20 million revenue from doubling the motor fuel tax coming back to municipal governments through some sort of statutory shared taxes or how do you envision this? How does the $20 million relate to the actual cost of maintaining roads today?

The administration is going to propose legislation to provide for the pass back of this money. The total M & O cut talked about in Category 1 11 and 111 is about $10 million. With the cuts taken in the past plus this years $10 million total cuts in the past few years in M & O will total about $20 million. This therefore should be sufficient to offset these cuts.

9. Who would have to pay for use of the toll road?

The proposal is a new proposal and has a charge for light vehicles, this charge would be less but there would be a charge for any user of the road on a structured basis.

10. Where do you place schools in the three category system?

It would be catagorized depending on whether the school is on a route. If the school is on a category 111 route we would be looking for the schools to take on the responsibility.
DOT may have to reconsider this categorizing and receive additional input.
Concerns were expressed by Senator Fischer about the roads to schools not being open and yet the constitutional requirement to provide education.
DOT will have to consider this.

11. Why is there an increase in the total dollars for the state equipment fleet, state planning and research and yet dramatic cuts are shown for M & O. What are the philosophical goals of the department?

The administrative sections, planning, research and administration is roughly 12% of the overall general fund dollars of the department budget. In FY 87 revised a large cut was made in these areas and none in AMHS and very little in O & M. The department would be willing to look at the budget more closely as the figures shown are not set. Until the department has a better feel for things such as the Capital Project cleanup they did not want to get rid of any available personnel.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version : HB 62

REQUEST:

Publish Date :

Revision Date:

Agency Affected : DOT&PF - AMHS

Title : "An Act...establishing the Alaska Marine Highway Authority."

BRU : Marine Administration and Marine Facilities Engineering

Sponsor : Cato

Components : Administration and Engineering Management

Requestor : Cato

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		197.7	197.1	207.0	217.4	228.3
TRAVEL		104.0	109.2	114.7	120.4	126.4
CONTRACTUAL		238.2	134.6	141.3	148.4	155.8
SUPPLIES		19.5	20.5	21.5	22.6	23.7
EQUIPMENT		20.5				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		569.9	461.4	484.5	508.8	534.2
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		569.9	461.4	484.5	508.8	534.2
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME		4	4	4	4	4
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See Attached

Prepared by : Mark S. Hickey, Deputy Commissioner, Operations Phone : 465-3900

Division : Commissioner's Office Date : 01/29/87

Approved by Commissioner : Date : 1/30/87

Agency : Dept. of Transportation and Public Facilities

Distribution (by preparer):

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. 62

HB 62

FISCAL NOTE ANALYSIS

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

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

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

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

The following assumptions were made:

1. The legislation would take effect July 1, 1987.

2. The "Alaska Marine Highway Authority's" time and attendance, personnel, and leave accounting computer systems will be completed with existing funding and will interface with existing State systems.

3. There would be an annual appropriation for full operating costs of the Authority each year that would include all revenues generated (Program Receipts) and a General Fund subsidy appropriation to cover the balance of costs needed to maintain the currently budgeted level of vessel operating schedules.

4. An inflation factor of five percent has been included for future years beyond FY 88.

5. The position of Deputy Commissioner would be converted to Executive Director and administrative support would be provided to the Board of Directors by the existing staff and the additional positions requested. No transfers of positions would be made from the Department of Transportation and Public Facilities.

6. The Authority would continue to use:

   A. State-owned office buildings.
   B. The State mail system
   C. The State equipment fleet.
   D. The statewide purchasing contracts (i.e. fuel).
   E. "Shared" communications lines.
   F. Insurance, bonding, etc., as now supplied.
   G. Legal services from the Attorney General's Office.

7. The Directors of the Authority would meet an average of three days per month, or thirty-six days per year.

DETAIL OF FY 88 COSTS

MARINE ADMINISTRATION BRU

Personal Services - 1 PFT Position			$ 53.3
Analyst/Programmer IV	$ 53.3		
Travel			65.0
Transportation and per diem for seven directors to attend monthly meetings (3 days each in various locations statewide)	35.0		
Transportation and per diem for Executive Director, section chiefs, and other staff as required to attend monthly directors' meetings.	30.0		
Contractual Services			$163.2
Professional Services		$122.5	
Transcription services for directors' meetings	$ 2.5		
Annual audit by CPA	20.0		
Initial legal services	100.0		

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. 62

Contractual Services (Continued)			
Communication		9.5	
Local telephone service for new position	.5		
Long distance telephone cost	2.0		
Postage	5.0		
Network connect fees for new terminal	2.0		
Advertising, Printing and Binding		20.0	
Printing, photography, etc.	5.0		
Advertising of directors' meetings	5.0		
Initial printing of stationery	10.0		
Rental for Land, Buildings and Space		1.2	
Room rental for directors' meetings	1.2		
Other Expenditures and Services		10.0	
Mail clerk services (to be RSA'd to DOT&PF)	10.0.		
Supplies and Materials			9.5
Office & Library Supplies Routine supplies for new position and directors' meetings	7.5		
Data Processing Supplies	2.0		
Equipment			10.5
Office equipment for new position	.5		
Data processing equipment for new position	10.0		
Marine Administration BRU TOTAL			$301.5

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. 62

MARINE FACILITIES ENGINEERING BRU

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. 62

SUMMARY OF FY 88 COSTS

	Marine Administration	+	Marine Fac. Engineering	=	Total
Personal Services	53.3 (1 PFT)		134.4 (3 PFT)		187.7 (4 PFT)
Travel	65.0		39.0		104.0
Contractual Services	163.2		75.0		238.2
Supplies & Materials	9.5		10.0		19.5
Equipment	10.5		10.0		20.5
Totals	301.5	+	268.4	=	569.9

FY 89 COSTS

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

Contractual Services (Marine Administration BRU)		$110.0
Initial Legal Fees	$100.0	
Initial Printing Costs	10.0	
Equipment (Both BRU's)		20.5

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

Type of Expenditure		Amount
1	2	3
Salary	40.032	
Benefits	13.271	
Premium Pay		
Other		
Total Personal Services		53.3
Travel		
Contractual		2.5
Commodities		.5
Equipment		10.5
Other		
Total Cost		66.8

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	66.8
I-A Receipts	1006	
CIP Receipts	1061	
Other		

Justification

Creation of an Authority would require data processing support services which are currently provided by the Department of Transportation and Public Facilities.

This position will be responsible for systems maintenance and enhancement of the reservations system (RMS II) and other information systems specific to the Alaska Marine Highway Authority.

Equipment costs include office equipment and necessary computer equipment (terminal, microcomputer, printer, etc.).

Request For New Position

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

BRU: Marine Administration

Component: Administration

FY 88

Position Title	Maintenance Worker II	No. of Positions	Range/Step	Barg. Unit
		1	54/A	LTC
Time Status	Staff Months	Location	Election District	
PFT	12.0	Juneau	04	

Type of Expenditure		Amount
1	2	3
Salary	32,391	
Benefits	11,064	
Premium Pay 10 hrs OT/mo.	2,990	
Other		
Total Personal Services		46.4
Travel		13.0
Contractual		.5
Commodities		.5
Equipment		1.0
Other		
Total Cost		61.4

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	61.4
I-A Receipts	1006	
CIP Receipts	1061	
Other		

Justification

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

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

Request For New Position

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

FY 88

Position Title	Maintenance Worker I	No. of Positions	Range/Step	Barg. Unit
		1	55/A	LTC
Time Status	Staff Months	Location	Election District	
PFT	12.0	Juneau	04	

Type of Expenditure		Amount
1	2	3
Salary	30,592	
Benefits	10,561	
Premium Pay 10 hrs OT/mo.	2,825	
Other		
Total Personal Services		44.0
Travel		13.0
Contractual		.5
Commodities		.5
Equipment		1.0
Other		
Total Cost		59.0

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	59.0
I-A Receipts	1006	
CIP Receipts	1061	
Other		

Justification

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

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

Request For New Position

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

BRU: Marine Facilities Engineering

Component: Engineering Management

Revised Date

FY 88

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST

Bill Version: HB 62
Publish Date:

Revision Date:
Agency Affected: Division of Personnel
Title: An act relating to ferries and ferry terminals and establishing the Alaska Marine Highway Authority
BRU: Personnel
Sponsor: Cato
Components: Centralized Administrative Services
Requestor:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

There would be no fiscal impact on the Division of Personnel.

Prepared By: Diana DeSimone, Director
Phone: 465-4430
Division: Division of Personnel
Date: 1/28/87
Approved by Commissioner: Garrey Baker
Date:
Agency: Department of Administration

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

Rev. 9/16/86

9/403/0127-1172-3

POSITION PAPER
HB 62

House Bill 62 establishes the Alaska Marine Highway Authority as an independent public corporation for the operation, management, planning and construction of the State's marine highway system.

Section 19.70.040 specifies that the authority shall hire an executive director and may employ additional staff as necessary. The proposed language clearly and appropriately places the employees of the Authority in the classified service. However, the status of the executive director and legal counsel are not clearly delineated.

> "The executive director and legal counsel are in the exempt service under AS 39.25.110."

Also add another section to the bill which states:

> "AS 39.25.110 is amended by adding a new paragraph to read:
>
> (23) The executive director and legal counsel of the Alaska Marine Highway Authority."

The Department of Administration/Division of Personnel's position on this bill is neutral.

Diana DeSimone

Diana DeSimone, Director
Division of Personnel

1/30/87
Date

Garrey Peska

Commissioner Garrey Peska
Department of Administration

Date

THE PRECEDING PAGES WERE TREATED AS
A UNIT IN THE ORIGINAL FILE.

COMMITTEE MEETING:

OVERVIEW OF AK. RAILROAD with FRANK TURPIN

2-18-87

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

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May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation:

1/28/87

ALASKA RAILROAD CORPORATION

GOALS & OBJECTIVES

1. DEVELOP THE ALASKA RAILROAD CORPORATION INTO AN EFFECTIVE AND EFFICIENT CORPORATION SERVING THE TRANSPORTATION NEEDS OF ALASKA.

2. IMPROVE, OPERATE, AND MAINTAIN THE RAILROAD ON A SELF-SUSTAINING BASIS.

3. ENHANCE AND UPGRADE THE RAILROAD'S FACILITIES, PROPERTY AND EQUIPMENT TO AN ATTRACTIVE AND WELL-MAINTAINED CONDITION.

4. DEVELOP A HIGHLY MOTIVATED, PRODUCTIVE WORK FORCE.

5. BE RESPONSIVE TO MARKET OPPORTUNITIES AND CUSTOMER NEEDS.

ALASKA RAILROAD CORPORATION

1986 EXTRAORDINARY EVENTS

(Thousands of Dollars)

Event	Amount
• Coal Train Derailment	350
• Crown Point	1,200
• Loss of SeaWay	200
• Flood	175
TOTAL	1,925

2-9-87

PRELIMINARY UNAUDITED

ALASKA RAILROAD CORPORATION

Income/Expense Comparison
1986 vs 1985
($000's)

	1986	1985	Variance Amount	Variance Percent
Revenue	57,355	67,234	(9,879)	(14.7)
Expense	55,260	58,085**	2,825	(4.9)
Operating Surplus	2,095	9,149	(7,054)	(77.2)
Interest Expense	(736)	(561)	(175)	(31.1)
Depreciation	(2,556)	(1,455)	(1,101)	(75.7)
NET INCOME (Loss)	(1,197)*	7,133	(8,330)	

* Excludes flood-related activity.
** 1985 was not a full calendar year. Actual comparable expense is $60.1 million.

2-10-87

MAY GO AS LOW AS 1,037 ON 985

PRELIMINARY UNAUDITED

PRELIMINARY UNAUDITED

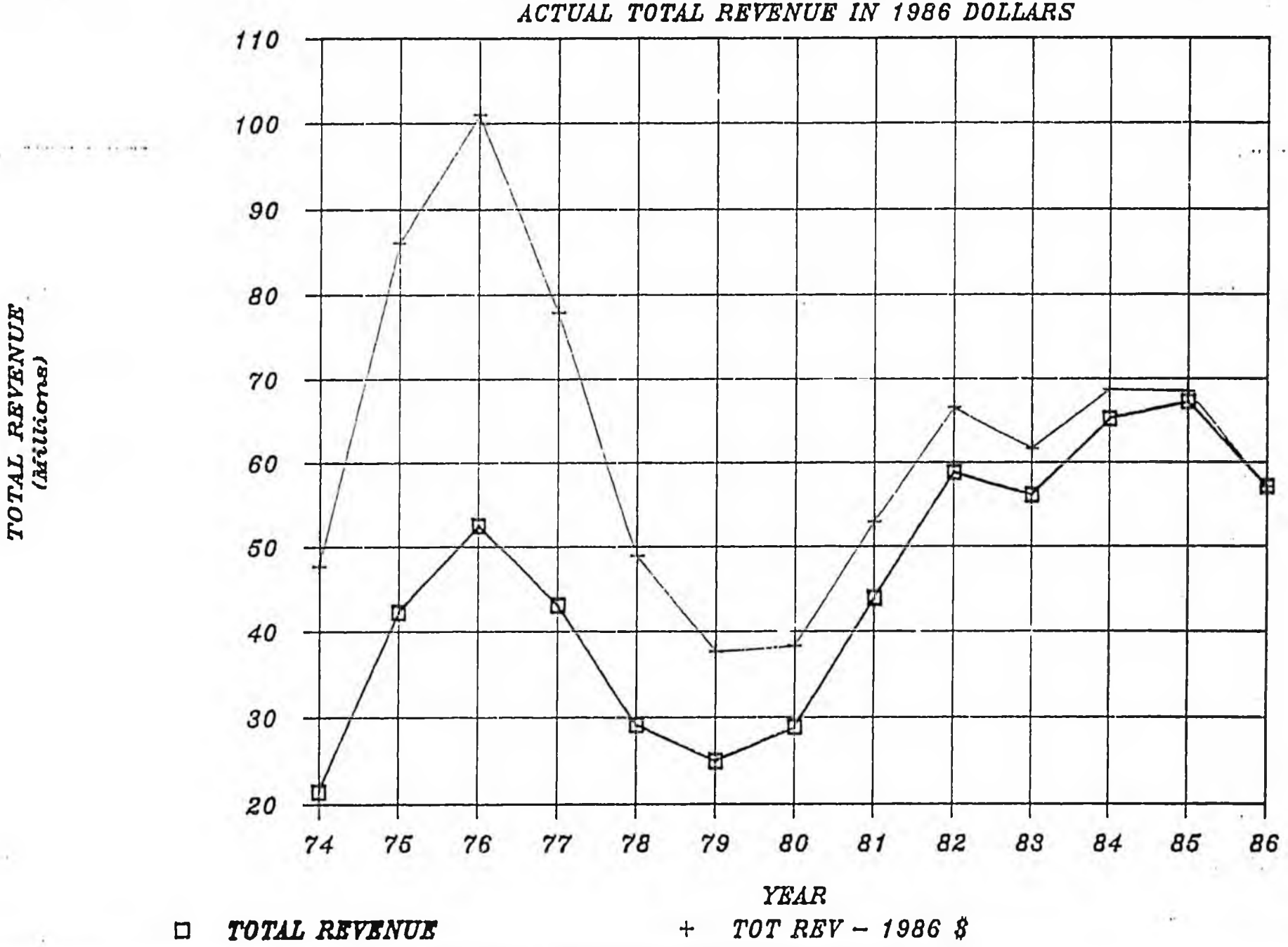
ALASKA RAILROAD CORPORATION
Revenues by Commodity
1986 vs 1985
(In Thousands of Dollars)

COMMODITY	1986	1985	Variance Amount	Variance Percent
Pipe	2,237	3,253	(1,016)	(31.2)
Coal	10,445	9,434	1,011	10.7
Petroleum	10,615	11,833	(1,218)	(10.3)
Gravel	4,054	7,819	(3,765)	(48.2)
TOFC/COFC	6,057	7,008	(951)	(13.6)
Interline	7,006	10,530	(3,524)	(33.5)
Miscellaneous Local	958	2,101	(1,143)	(54.4)
Total Freight	41,372	51,978	(10,606)	(20.4)
Passengers	4,574	4,344	230	5.3
Real Estate	5,271	4,322	949	22.0
All Other	6,138	6,590	(452)	(6.9)
TOTAL	57,355	67,234	(9,879)	(14.7)

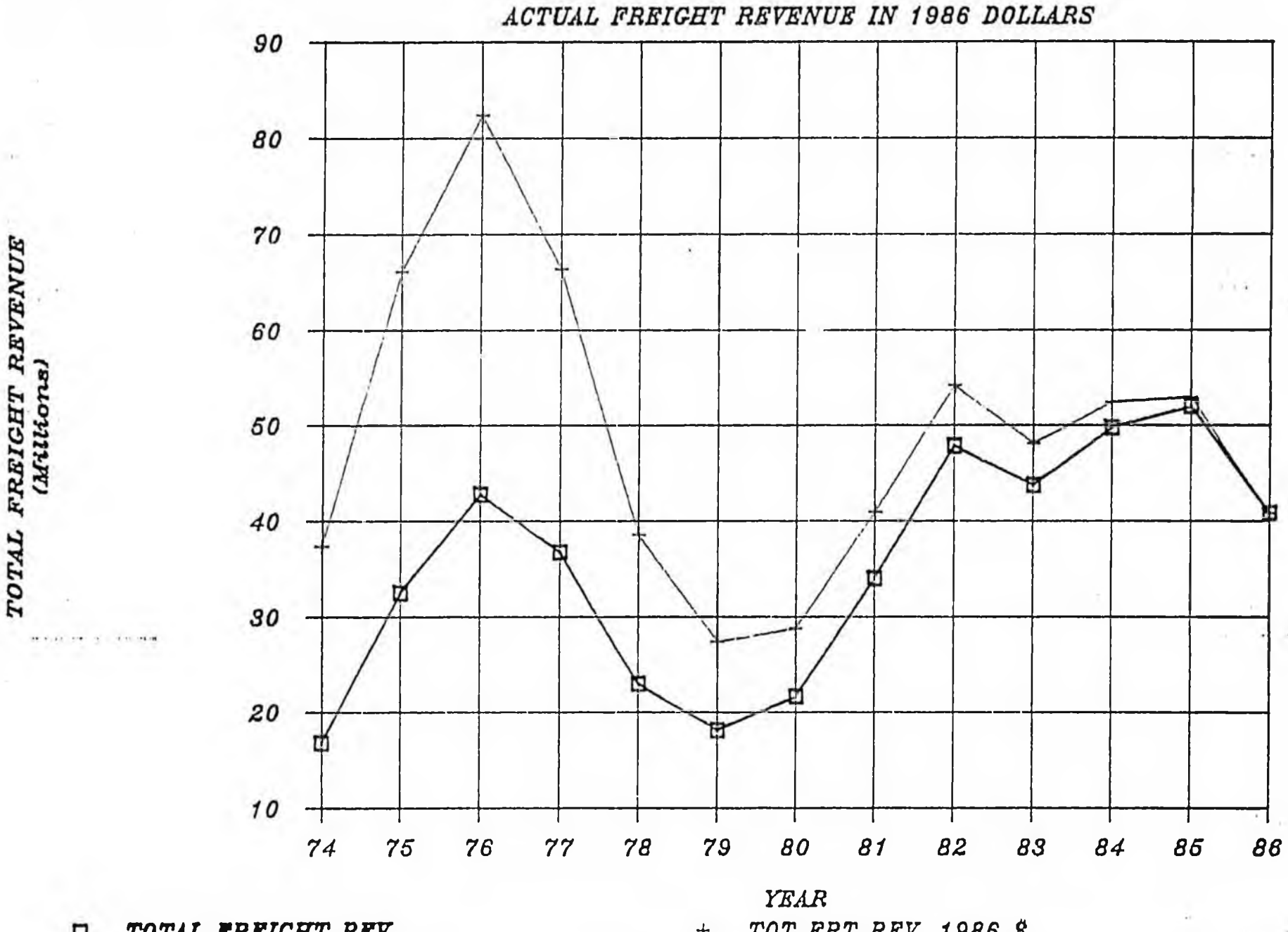
2-9-87

PRELIMINARY UNAUDITED

ALASKA RAILROAD CORPORATION



ALASKA RAILROAD CORPORATION



ALASKA RAILROAD CORPORATION

1987 OPERATING AND CAPITAL BUDGET SUMMARY

($ 000's)

REVENUE	$ 56,760
EXPENSE	56,406
NET INCOME (LOSS) FROM OPERATIONS	354
ADD BACK NON-CASH ITEMS	4,620
CASH GENERATED FROM OPERATIONS	4,974
CAPITAL BUDGET CASH REQUIREMENTS	4,620
CASH SURPLUS/DEFICIT, 1987	354

ALASKA RAILROAD CORPORATION

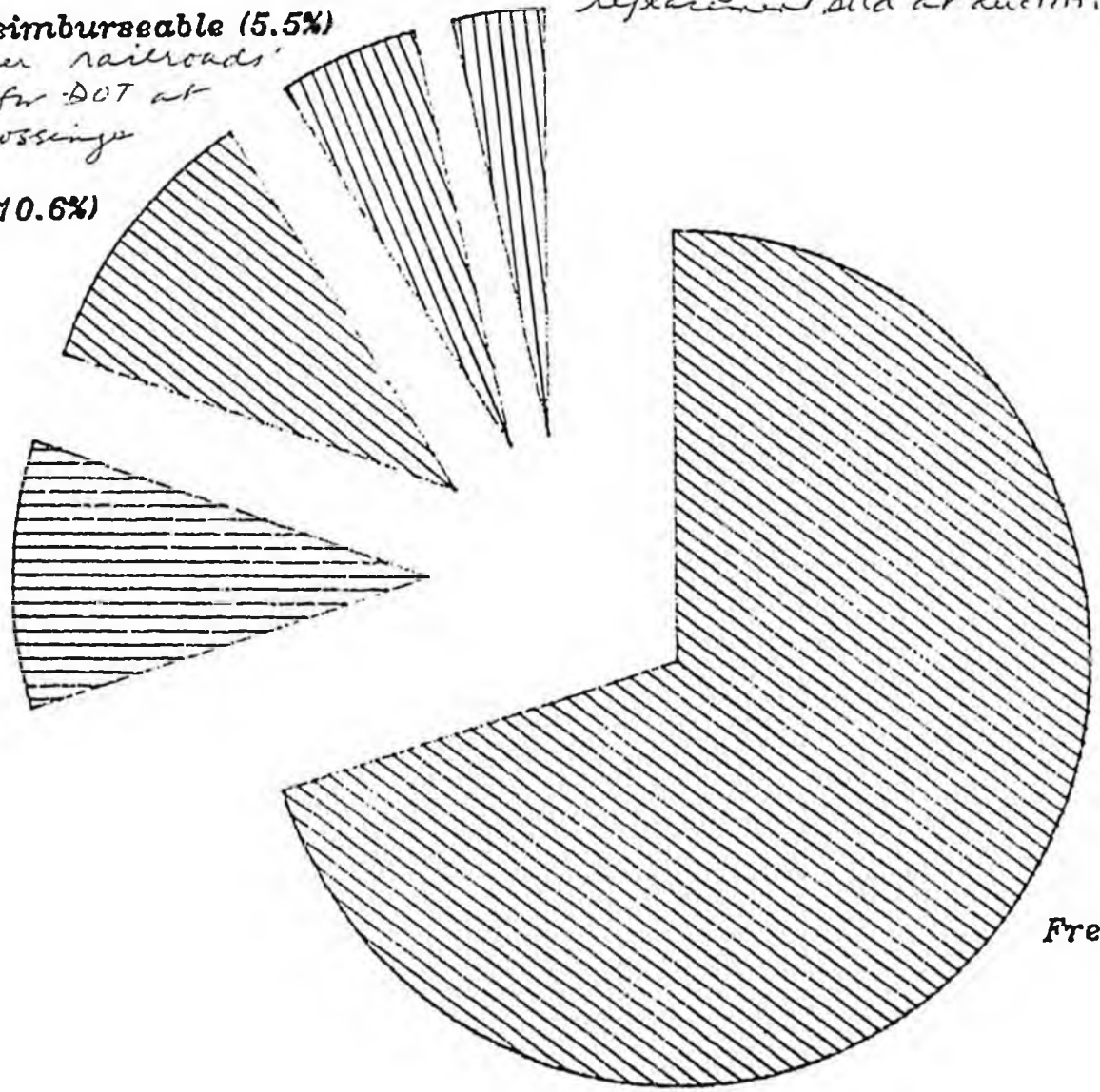
1987 – REVENUE BUDGET BY CATEGORY

Tot. Revenue 56.8

All Other (3.6%) – Sales surplus rail & tie replacement sold at auction.

Reimburseable (5.5%) work on other railroads' cars, work for DOT at highway crossings

Real Estate (10.6%)



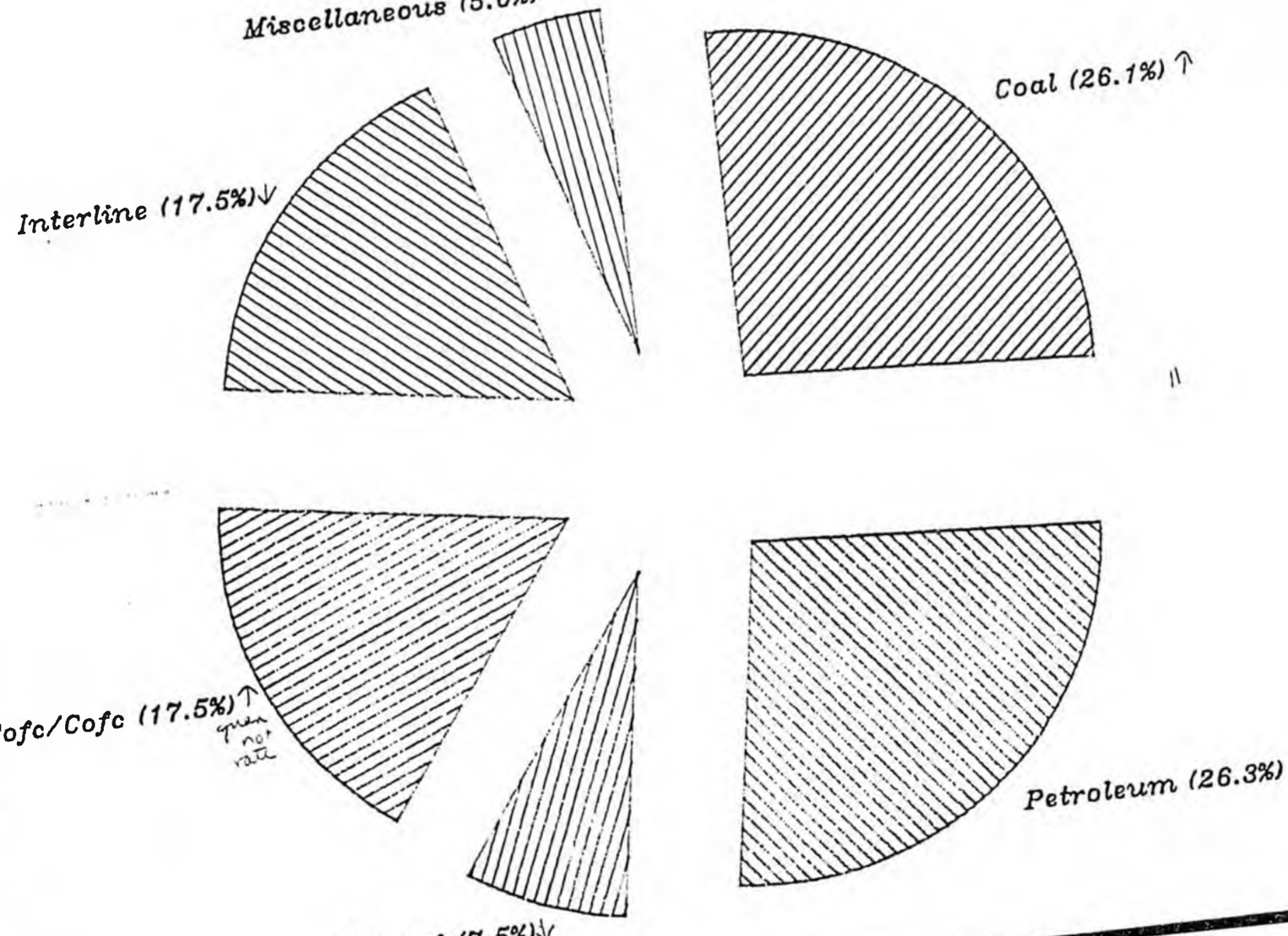
Passenger (10.0%)

Freight (70.3%)

ALASKA RAILROAD CORPORATION

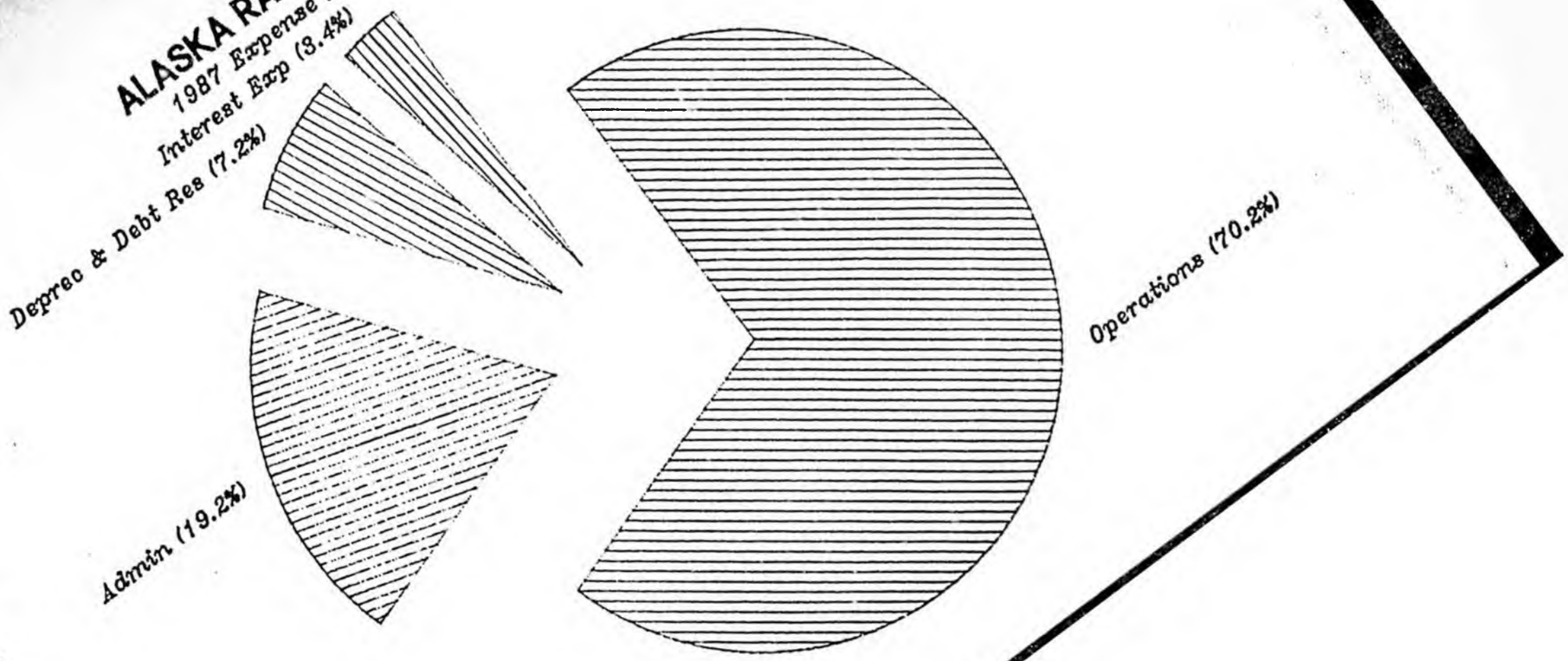
1987 – REVENUE BUDGET BY COMMODITY

Freight Revenue 39.9 m



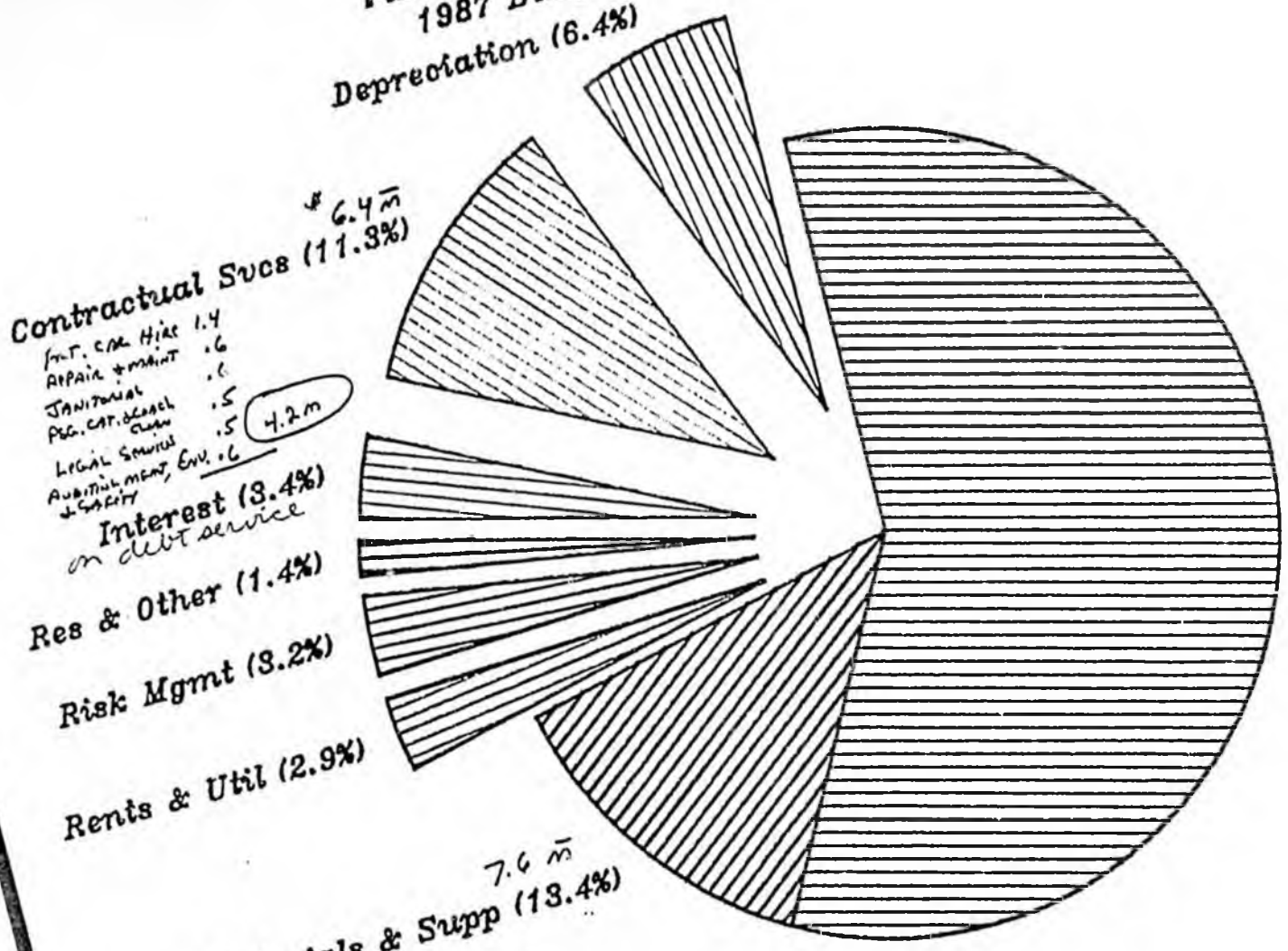
ALASKA RAILROAD CORPORATION

1987 Expense Budget – $56.4 Million

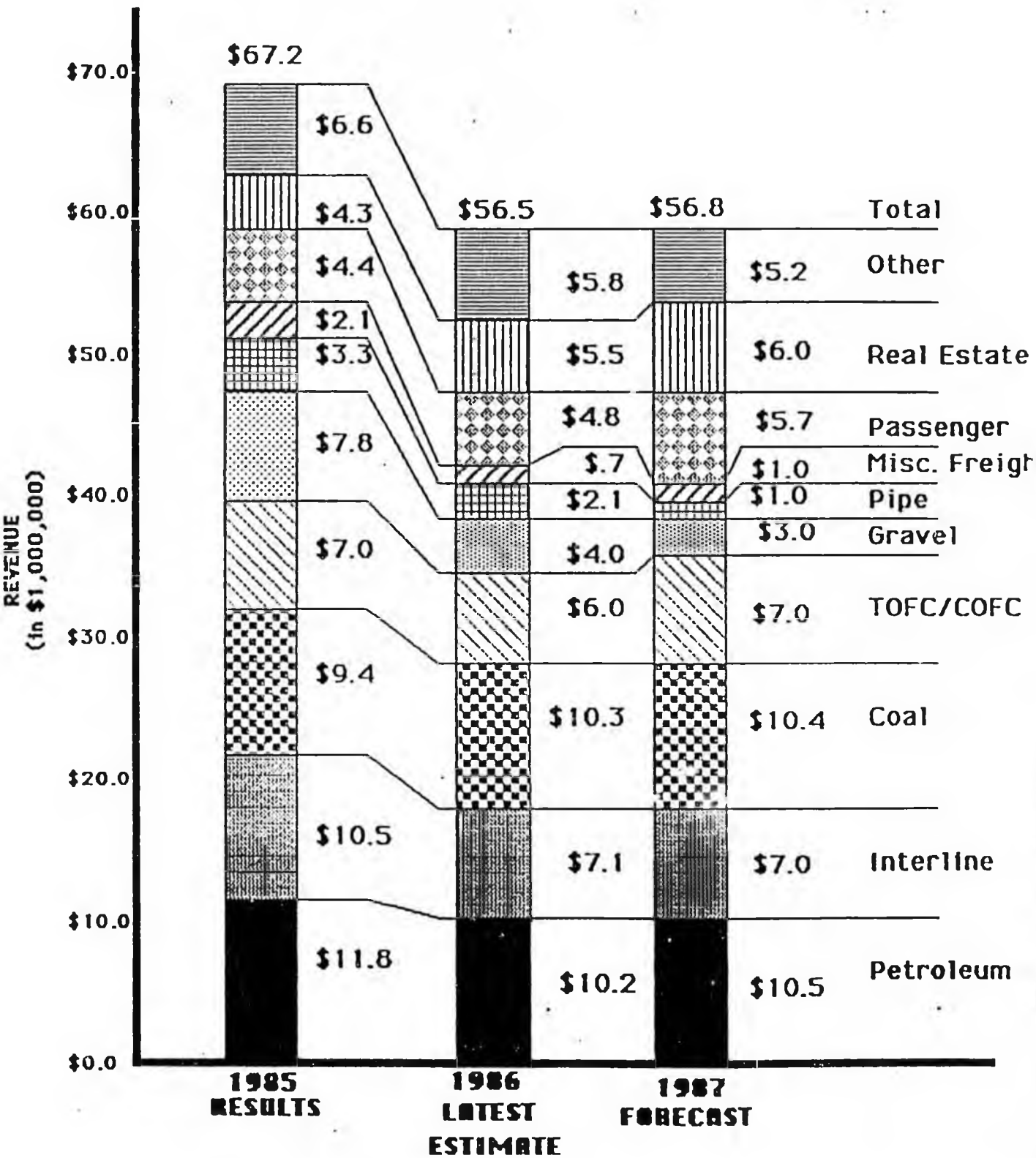


ALASKA RAILROAD CORPORATION

1987 Budget Categories– $56.4 Million



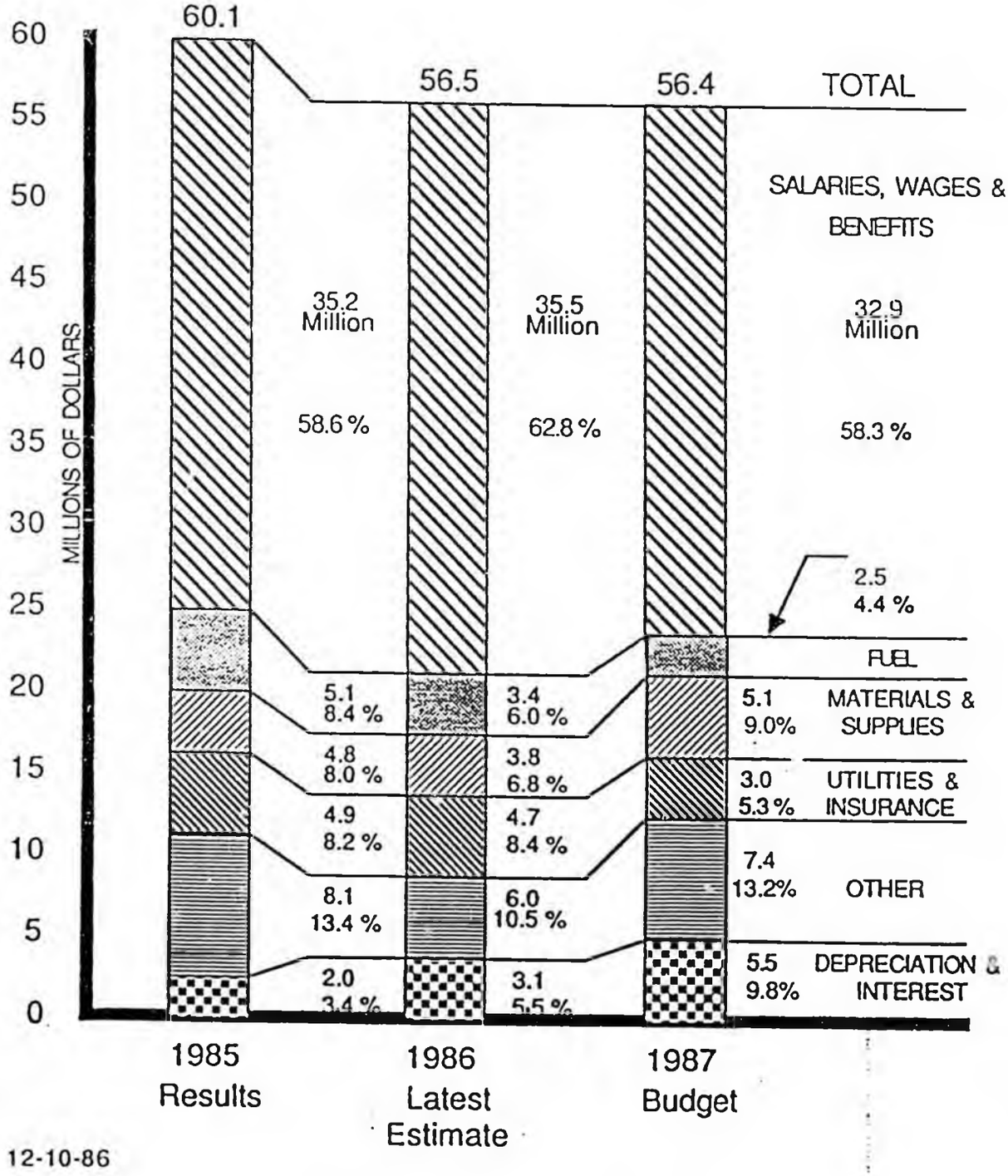
ALASKA RAILROAD CORPORATION
REVENUE SOURCES



DECEMBER 16, 1986

ALASKA RAILROAD CORPORATION

EXPENSE CATEGORIES



12-10-86

ALASKA RAILROAD CORPORATION
1987 Expense Budget Performance Analysis
($ 000's)

DEPARTMENT	1987 BUDGET	1986 Latest Estimate	Dollar Variance	Percentage
Railroad				
Transportation	13,990	15,200	(1,210)	(8.0)
Motive Power & Equipment	10,890	12,500	(1,610)	(12.9)
Engineering	11,999	12,050	(51)	(0.4)
Operations Staff	2,701	2,774	(73)	(2.6)
TOTAL RAILROAD	39,580	42,524	(2,944)	(6.5)
General & Administrative				
Corporate Office	525	625	(100)	(16.0)
Finance	4,599	5,120	(521)	(10.2)
Marketing	2,704	3,000	(296)	(10.0)
Administration	625	686	(61)	(8.9)
Human Resources	1,203	1,500	(297)	(19.8)
General Counsel	855	919	(64)	(7.0)
TOTAL G & A	10,511	11,850	(1,339)	(11.3)
Corporate Overhead				
Bad Debt Reserve	480	600	(120)	(20.0)
Interest Expense	1,920	726	1,194	164.5
Depreciation	3,600	2,400	1,200	50.0
Miscellaneous	315	(1,600)	1,915	N/A
TOTAL OVERHEAD	6,315	2,126	4,189	197.0
TOTAL	56,406	56,500	(94)	(0.1)

December 18, 1986

ALASKA RAILROAD CORPORATION
MANNING VARIANCE ANALYSIS
1984 - 1987

Division	1984 Average Manning	1985 Average Manning	1986 Average Manning	1987 Average Manning
President & CEO	9	6	4	2
Chief Counsel	4	3	7	6
Operations	586	606	564	483
Administration	7	8	8	8
Human Resources	11	12	19	15
Finance	69	67	64	62
Marketing	14	18	30	34
TOTAL	700	720	696	610

12-2-86

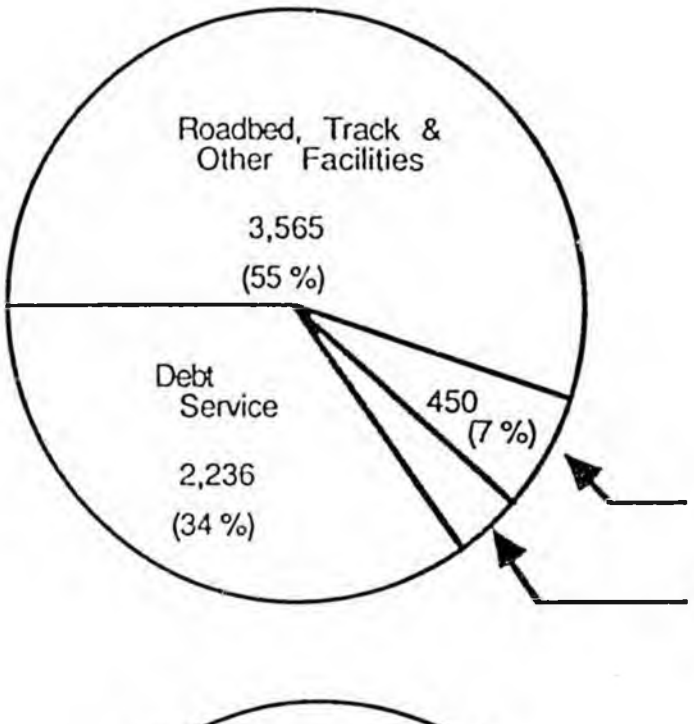
ALASKA RAILROAD CORPORATION
CAPITAL BUDGET SUMMARY
1987

DEBT SERVICE	$2,236
OPERATIONS PROJECTS	4,106
PASSENGER SERVICES UPGRADE	187
TOTAL	6,529
LESS NON-CASH/REIMBURSEABLE AMOUNT	(1,909)
TOTAL CASH FLOW IMPACT	4,620

December 18, 1986

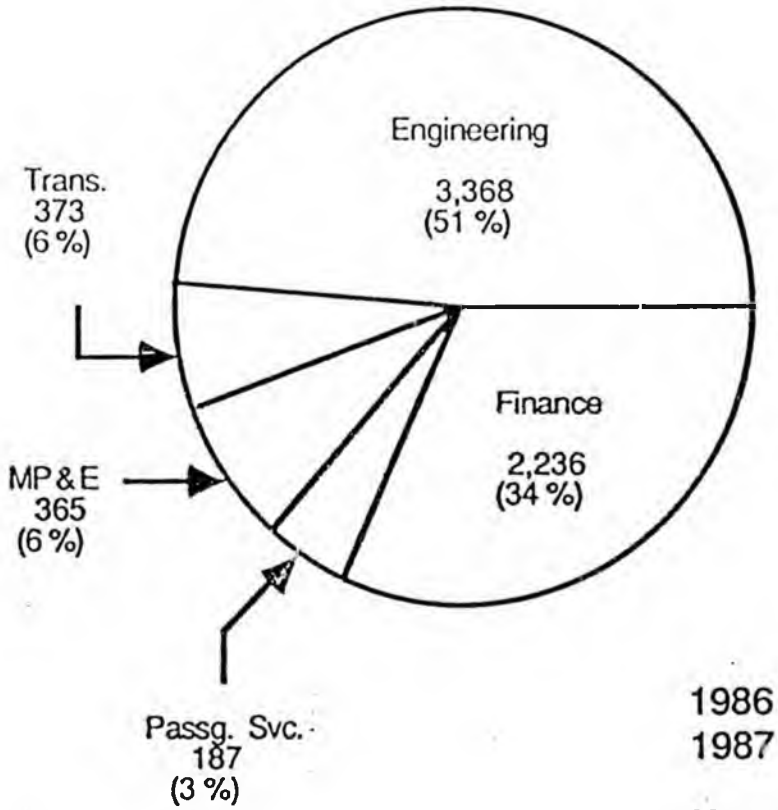
ALASKA RAILROAD CORPORATION
1987 CAPITAL PROGRAM

Thousands of Dollars



BY CATEGORY

6,529



BY DEPARTMENT

6,529

SPENDING

1986	Carryover	548
1987	New Projects	5,981
Total 1987	Spending	6,529

12-10-86

ALASKA RAILROAD CORPORATION

1987 OPERATING AND CAPITAL CASH REQUIREMENTS SUMMARY

($ 000's)

	LE	BUDGET
REVENUE	$ 50,000	$ 56,760
EXPENSE	56,406	56,406
NET INCOME (LOSS) FROM OPERATIONS	(6,406)	354
ADD BACK NON-CASH ITEMS	4,620	4,620
CASH GENERATED FROM OPERATIONS	(1,786)	4,974
CAPITAL BUDGET CASH REQUIREMENTS	4,620	4,620
CASH SURPLUS (DEFICIT)	(6,406)	354

FUNDING OF CASH SHORTAGE

• REDUCE AVERAGE MANNING BY 60 POSITIONS	$ 3,600
• REDUCTION OF CAPITAL OUTLAYS	1,000
• 10% "ACROSS THE BOARD" PAY CUT (5/1/87)	1,500
• OTHER MISCELLANEOUS EXPENSE CUTS	500
TOTAL CASH GENERATED	$ 6,600

ALASKA RAILROAD CORPORATION

SALE/TRANSFER OF RAILROAD

Points to Consider

- If sold within five years of transfer (January 5, 1990), proceeds in excess of State's investment will go to the Federal Government.

- If sold within ten years of transfer (January 5, 1995) and any Railroad property is converted to a use preventing railroad operations, that property and improvements revert back to the Federal Government.

- If use of Railroad right-of-way is discontinued, ownership of land will revert to the Federal Government and then to adjoining land owners.

- Sale of ARRC is a very complex and complicated project which will entail a great deal of planning and major expense for such things as:

  - Sale alternatives
  - Asset valuation
  - Identifying buyers/qualifications
  - Profitability
  - Financing decisions
  - Review of prior line sales
  - Evaluation of labor agreements
  - Row and title issues
  - Risk management issues
  - Develop prospectus

- Consultants and investment bankers must be employed to assist in the above issues to lend credibility.

PASSENGER SERVICES

NORTH

WINTER LOCAL

- Monthly, September 29, 1986 - May 17, 1987
- 1st and 3rd Saturdays - Anchorage to Fairbanks
- 1st & 3rd Sundays - Fairbanks to Anchorage
- 2nd, 4th and 5th Saturday and Sunday
  Round-trip Anchorage to Hurricane
- RDC Equipment to be utilized on all runs

SUMMER EXPRESS - ANCHORAGE VIA DENALI TO FAIRBANKS

- Daily Service, May 23, 1987 - September 13, 1987
- 180 seats available in each direction daily with the steam equipment used during peak season only.
- Tour Alaska will probably attach two railcars and Westours will attach three railcars in each direction or 300 seats.

WHITTIER SHUTTLE

WINTER

- September 19, 1986 - May 13, 1987
- Service on Wednesday, Friday, Saturday and Sunday Weekly
- On Saturday a RDC will run from November 1, 1986 to March 28, 1987
  - This is an additional service on the Whittier Shuttle
- Buses have replaced passenger coaches on the Shuttle

SUMMER

- May 15, 1987 - September 16, 1987 Daily Service
- Exploring the use of buses or leased rail passenger coaches for equipment this summer
  - Daily RDC Service between Anchorage and Whittier is under review to replace bus service between Anchorage and Portage
  - A substantial increase cruise ship traffic movement must also be considered. 33 Dockings 1986, 57 in 1987

SEWARD

WINTER

- Exploring the financial feasibility of a round-trip RDC service to Seward from Anchorage on Saturdays during the Winter of 1986/87

SUMMER

- Round-trip RDC service from Anchorage to Seward
- Service on Fridays, Saturdays and Sundays from June 5, 1987 - August 23, 1987
- Expansion of the successful once a week service in 1986

ALASKA RAILROAD CORPORATION

MOOSE-TRAIN CONTACTS 1986/87

	KILLED	SALVAGED	MIA
NOVEMBER	4	3	0
DECEMBER	22	14	1
JANUARY	51	31	8
FEB. (2-16)	19	15	2
	96	63	11
PERCENT SALVAGED		65%	

ALASKA RAILROAD CORPORATION

Equipment Purchases

	Millions of Dollars				
	1983	1984	1985	1986	1987
Major Maintenance Equipment	1.15	.33	.59	2.52	2.00
Major Rolling Stock	5.35	.06	9.41	4.09	1.03
TOTAL	6.50	.39	10.00	6.61	3.03

2 BUDD CARS

2 BUDD CARS

Official Business

COMMITTEE:

House Transportation

DATE: February 16, 1987

SIGN-IN

Subject of meeting:

An Overview of the Alaska Railroad by
Mr. Frank Turpin

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
President & CEO F.G. TURPIN	P.O. Box 7-2111 Anch 99510-7069	265-2403	ARRC	YES
& Chairman J.O. CAMPBELL	Board of Dir. "	"	"	YES
M.J. YETTER	"	"	"	YES

ALASKA LEGISLATURE COMMITTEE FILES 1987 - 1988 8672
5133 HTRA COMM. MTGS: DISCUSS. W. FED. HWY ADMIN - ORGAN. MTG.

COMMITTEE MEETING:

DISCUSSION with FED. HWY. ADMIN. B. MOREHEAD

3-16-87

STATE OF ALASKA
THE LEGISLATURE

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

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May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation:

3/16/87

Alaska State Legislature

House of Representatives

Committee on Transportation

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

Rep. Bette Cato, Chairman

March 16, 1987

FOR TODAY'S MEETING YOU HAVE:

A FOLDER THAT INCLUDES:

* a statement from Mr. Barry Morehead, Division Administrator for the Federal Highway Administration Alaska Division

* a list of potential questions for Mr. Morehead

ALASKA - FEDERAL-AID HIGHWAY PROGRAM

I appreciate the opportunity to meet with you.

I wanted to take this opportunity to tell you some of our concerns and problem areas and see if there are some ways you can help resolve them or at least be aware of what we would hope to see in the immediate future. In our office here in Juneau we have 17 people. We work directly with your Department of Transportation and Public Facilities (DOT&PF) personnel in advancing the Federal-Aid Highway Program t.roughout the State - one of the areas that must be addressed is the ever increasing number of projects that may require Federal-aid highway funding. Where I think you and your committee could really help is to explain to your colleagues is, there is a set amount of Federal-Aid Highway funding that is made available to Alaska each year. This has been about $150 million for the last few years. I don't know what future levels will be but I'm sure they will be in the $130-150 million range. The important part is the State will receive a fixed amount and although your overall needs now far exceed our program, based on projects or improvements Alaska DOT&PF has been directed to develop, that fixed amount will not change. So please, at every opportunity you get explain to your colleagues and your constituents there is a fixed amount of Federal-aid highway funding coming to the State and if someone comes up with a high priority project and everyone decides to advance that project, a like dollar amount of projects must be deleted for that year.

Commissioner Hickey can give you a better idea but I understand the various Regions are working on about $1.5 billion worth of projects. What we have asked for is a listing of projects or phases of projects proposed for Federal-aid highway funding. We have asked for this listing to be by fiscal year and to use an anticipated Federal-aid dollar amount in the $150 million range. When we receive this listing we will be able to concentrate our limited resources to the most current year proposals and should eliminate our involvement in projects that will not require Federal-aid highway funding.

Mark and his staff are working on a six-year transportation obligation plan which may meet our needs without any duplication of effort. From our initial discussions there will be an identifier as to which projects are proposed for Federal-aid highway funding.

Another area that really needs to be addressed is how best to handle a project that was estimated to cost say $1.5 million and a year or two later, when design is in a more final state, the cost is estimated at $1.55 million. I guess what I need is to better understand your line item funding and what flexibilities Mark and his people have. What would seem to be a rather insignificant dollar amount causes us some real problems - what normally happens is a request to delete items like lighting or guardrail, to reduce

the length of the project, or something similar. We aren't usually too receptive to those type requests, since the traffic normally dictates the type of facility needed as well as recognized safety features to accommodate that traffic. It would seem to me it should be simple to say, "please add $50,000 to the estimated cost of this project which our most current estimate indicates is needed." The process of doing this must be more cumbersome than I would have thought since this seems to be the last option the State people want to pursue rather than the first. What would be wrong with setting up a project adjustment account of say $2-5 million to handle this type situation - your could get an accounting of how any withdrawals were handled, i.e., what project, what caused, etc., which would stress accountability and at the same time keep projects moving. Like I said, I really don't understand your funding process - possibly you have a method to handle this and the project managers need to be told how it works.

I guess the final area I want to discuss is maintenance. Our very broad criteria for participating in the Federal-Aid Highway Program is that a State must have a highway department with adequate powers and be suitably equipped and organized to carry out the requirements of the program. The other requirement is that State must agree to maintain or cause to be maintained any improvement which utilized Federal-aid highway funding. What I am

going to need to know is which routes, if any, do you propose to no longer maintain. The route that comes to my mind is on Prince of Wales Island. The route called Control Lake to Thorne Bay. There is an active construction contract there now with several other phases planned to get it up to minimum State standards. If the State elects not to maintain these facilities, we should terminate the improvements. I have asked Alaska DOT&PF to respond as soon as possible and their response will depend on what the legislature and Governor decide.

Anyway, that's all I had, any other questions?

Barry F Morehead

Barry F. Morehead
Division Administrator

QUESTIONS FOR MR. BARRY MOOREHEAD - FEDERAL HIGHWAY ADMINISTRATION

1. WHAT IS THE CURRENT STATUS WITH THE FEDERAL HIGHWAY FUNDING?

2. WHICH FEDERAL VERSION, HOUSE OR SENATE IS LIKELY TO PASS?

3. WHAT WILL BE THE OVERALL IMPACT IF THE HOUSE VERSION IS ADOPTED?

4. HOW IS THE RELATIONSHIP BETWEEN THE FEDERAL HIGHWAY ADMINISTRATION AND THE STATE OF ALASKA?

5. HAVE THE PROBLEMS BEEN CORRECTED, ARE THE CORRECTIONS MADE ACCEPTABLE TO FEDERAL HIGHWAY ADMINISTRATION?

6. WHY DID THIS PROBLEM GET TO THE STAGE OF BILLINGS NOT BEING ACCEPTED? WAS THE STATE OF ALASKA GIVEN PLENTY OF NOTICE PRIOR TO THIS ACTION THAT IT'S BILLING METHODS WERE UNACCEPTABLE?

7. SHOULD THE DEPARTMENT AND THE STATE DECIDE TO ADOPT THE PROPOSED MAINTENANCE PROGRAM IN FY 88, THAT IS, CATEGORIZING THE ROADS AS CLASS 1, CLASS 11 AND CLASS 111 ROADS, WOULD THERE BE ANY IMPACT ON FEDERAL FUNDING BECAUSE OF THIS ACTION?

8. WHAT RECOMMENDATIONS OR SUGGESTIONS DO YOU HAVE TO IMPROVE THE CURRENT SYSTEM?

9. WHAT PERCENTAGE OF FEDERAL HIGHWAY FUNDING GOES TOWARD THE SECONDARY ROAD SYSTEM?

10. DURING YOUR PROPOSED TOUR OF ALASKA THIS SUMMER WITH MR. RILEY SNELL, WHAT AREAS DO YOU INTEND TO LOOK AT?

Official Business

COMMITTEE:

House Transportation Committee

DATE: March 16, 1987

SIGN-IN

Subject of meeting:

A Discussion with Mr. Barry Morehead, Division Administrator for the Federal Highway Administration Alaska Division

NAME Please include title	ADDRESS Please include full address	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
BARRY MOREHEAD	Ft PO Box 1648	586-7418	FED Hwy Admin	

COMMITTEE MEETING:

CONFIRMATION HEARINGS

Bd. of MARINE PILOTS

AND

DOT 3-18-81

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation

3/18/87

Trans

Board of Marine Pilots
Taylor, M. Paul - Skagway
Term began 10/31/86 expires 6/1/90

Hess

State Medical Board
Conley, MD, Thomas L. - Ketchikan
Original term began 7/15/82, reappointed 6/3/86, expires 4/21/90

Hess

Board of Nursing
Buness, RN, Janet L. - Wrangell
Term began 8/7/86 expires 3/31/91
Waskey, Georgianna - Mountain Village
Term began 8/7/86 expires 3/31/91

L+C

Occupational Safety and Health Review Board
Wingfield, Jesse C. - Fairbanks
Term began 8/7/86 expires 8/1/87

RLS

Alaska Oil and Gas Conservation Commission
Barnwell, William W. - Anchorage
Term began 6/3/86 expires 12/31/86

Hess

Board of Examiners in Optometry
Lounsbury, OD, John - Fairbanks
Original term began 1/9/85, reappointed 8/7/86, expires 6/15/90
Richmond, Carole L. - Ketchikan
Term began 10/9/86 expires 6/15/90

SA

Personnel Board
Johnson, Marlene A. - Hoonah
Original term began 10/19/83, reappointed 6/24/86, expires 6/20/92

Hess

Board of Pharmacy
Cekada, MPH, Emil L. - Anchorage
Term began 6/24/86 expires 4/1/90

Hess

State Physical Therapy Board
Dudley, Gail E. - Anchorage
Original term began 11/12/85, reappointed 9/18/86, expires 9/1/90

Hess

Professional Teaching Practices Commission
Nelson, James "Tom" T. - Anchorage
Original term began 10/19/83, reappointed 7/18/86, expires 7/1/89

STEVE COWPER
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 10, 1987

MAR 1 2 1987

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Fermin "Rocky" Gutierrez has resigned his post as Commissioner of the Department of Transportation and Public Facilities. Please remove his name from the confirmation list submitted to you on February 10, 1987.

In accordance with AS 39.05.080 and Article III Section 25 of the Alaska Constitution, I submit the following names for legislative confirmation of appointment to the position noted:

Department of Transportation and Public Facilities
Commissioner Mark S. Hickey

Department of Corrections
Commissioner Susan Humphrey-Barnett

The resumes for these appointments will be submitted to the Fifteenth Alaska State Legislature through the clerks of both houses respectfully.

Sincerely,

Steve Cowper
Governor

MARK S. HICKEY

DOT/PF - Office of the
Commissioner
P.O. Box Z
Juneau, Alaska 99801
#(907) 465-3900

4053 Deborah Drive
Juneau, Alaska 99801
#(907) 789-9693

****

CAREER OBJECTIVE

To continue public service for the State of Alaska in a position of high level responsibility involving public policy formulation and legislative activity to achieve implementation.

EDUCATION

Bachelor of Science in Foreign Service, Georgetown University, 1976. Major: International Politics - Law, Relations and Organizations. Grade Point Average: 3.64 (Cum Laude).
Junior Year Abroad: Georgetown-at-London/Warsaw.
School of Foreign Service Proficiency in French.

Railroad Profit Strategy Program, Northwestern University, 1979.

WORK EXPERIENCE

Alaska Department of Transportation & Public Facilities
Office of the Commissioner
P.O. Box Z; Juneau, Alaska 99801

Position: Special Assistant for External Affairs
February 1985 to Present

Provide DOT/PF Commissioner with high level staff support for a wide range of external DOT/PF relationships. Major areas of responsibility include the Alaska Railroad Corporation, the Alaska Land Use Council, the Alaska Power Authority, land acquisition and management issues with particular emphasis on Native problems and coordination with the Alaska Department of Natural Resources, transportation corridor and access issues, vehicle weight limits and commerce regulation matters, and special assignments regarding state and federal legislation (e.g., Surface Transportation Assistance Act). Also perform special DOT/PF negotiations as assigned (e.g., Klondike Highway Agreement; North Slope Borough Dalton Highway concerns).

Alaska Department of Transportation & Public Facilities
Office of the Commissioner/Alaska Railroad Transfer Team

Position: Special Assistant II/State Railroad Coordinator
January 1983 to February 1985

Directed and coordinated all state staff work to address and implement the state's decision to acquire the Alaska Railroad from the federal government. Duties included careful scrutiny of valuation work by the United States Railway Association; performance of extensive negotiations with the Federal Railroad Administration; preparation of several detailed reports analyzing transfer issues; legislation drafting and lobbying to obtain passage of the state Alaska Railroad Acquisition & Corporation Acts and necessary appropriations; completion of administrative steps to achieve transfer, including preparation of all transfer documents and employee protection mechanisms; and work to initiate corporate existence and facilitate transition activities. Directed an immediate staff of five members, and an entire work force of about thirty people from seven departments and several law and consultant firms.

Alaska Department of Transportation & Public Facilities
Hdqts./S.E. Divisions of Planning & Programming

Position: Transportation Planner I/Public Facilities Planner I/
Planner IV & III January 1979 to December 1984

Served as Chief Policy Analyst for DOT/PF's Statewide Policy Section. Served as Lead Planner for DOT/PF and the Office of the Governor on the Alaska Railroad Acquisition Project. This included directing and coordinating all work activity of consultant study teams and special outside legal counsel, and major staff support for drafting and other legislative work to obtain passage of the federal Alaska Railroad Transfer Act. Served as DOT/PF's State Rail Plan Manager. Served as DOT/PF's Staff Representative for the Alaska Land Use Council. Performed considerable legislative liaison work on transportation issues for State D-2 Lobbying Team. Served as DOT/PF Project Manager for Governor's 1980 Dalton Highway Policy Analysis. Performed other lead planning duties as assigned.

Alaska Department of Transportation & Public Facilities
Alaska Department of Highways
Headquarters Planning Division

Position: Transportation Planner I/Research Analyst I
November 1976 to June 1978

Served as State Coordinator of the urban and local transportation planning programs, including administrative and technical responsibilities for federal grant programs. Served as Program Manager

for elderly and handicapped transportation grant program under the Urban Mass Transportation Administration. Researched and prepared urban and rural transit studies on Alaskan communities. Served as staff member for the Alaska Transportation Planning Council.

American Council of Education
One Dupont Circle; Washington D.C.

Position: Research Assistant/Shipping Clerk
May 1975 to October 1975

Assisted in the formulation of G.E.D. High School Equivalency Tests and testing procedures. Assisted in the reorganization of office files and revision of office procedures. Performed a wide range of clerical duties as required.

HONORS AND ORGANIZATIONS

Guest Speaker, Anchorage Chamber of Commerce, 1985
Guest Speaker, Fairbanks Chamber of Commerce, 1984
Guest Speaker, International Association of Right-of-Way Agents, Anchorage Chapter, 1984
Panel Member, National Conference of State Railway Officials, 1981
Panel Member, Alaska Mining Symposium, 1980

Dean's List, 1972-1976, Georgetown University
Pi Sigma Alpha - National Political Science Honor Society
Phi Alpha Theta - National History Honor Society
Class Speaker, School of Foreign Service Graduation, May 1976

PERSONAL DATA

Married - two sons 6'3" 220 lbs. excellent health
Age - 31

REFERENCES/WRITING SAMPLES

Available on request.

MAR 1 5 1987

White Pass & Yukon Route

PACIFIC AND ARCTIC RAILWAY AND NAVIGATION COMPANY
BRITISH COLUMBIA-YUKON RAILWAY COMPANY
THE BRITISH YUKON RAILWAY COMPANY

March 11, 1987

Representative Betty Cato
Chairman, House Transportation Committee
Capital Building, Room 15
P.O. Box V
Juneau, Alaska 99811

Dear Representative Cato:

Subject: Marine Pilots Board
M. Paul Taylor, P.E.

As you requested, I am pleased to submit a resume for your consideration in confirming my appointment to the Marine Pilots Board.

Please do not hesitate to call if you require more information.

Sincerely,

M. Paul Taylor

M. Paul Taylor
Vice President
Alaska Operations

MPT/jo

Enclosure

RESUME OF EXPERIENCE OF
M. PAUL TAYLOR, P.E.

PERSONAL

Name: Marvin Paul Taylor, Jr. SS# 574-18-5404

Address: Post Office Box 241
Skagway, Alaska 99840

Telephone: (907) 983-2214

Birth date: January 3, 1949

Registered Professional Civil Engineer, State of Alaska, 4260-E
Registered Professional Civil Engineer, Yukon Territory
Licensed Explosives Handler, Alaska and Yukon Territory

EDUCATION

University of Alaska, Fairbanks, B. S. degree in Civil Engineering, May 1972

University of Alaska, Fairbanks, Master of Civil Engineering
May 1973

EXPERIENCE

Jul 1981 to Present/ White Pass & Yukon Route, Skagway. Manager, Rail and Alaska Operations: Promoted to highest operation official to implement changed transport conditions in delivery of bulk fuel and container traffic thru port of Skagway. Manage all aspects of Marine and Petroleum construction projects. Negotiate all railroad and Teamster 959 contracts. Represent White Pass interest to public officials. Prepare, implement and control all operation and capital budgets.

Southeast Stevedoring Corp, Skagway. Port Manager: Responsible for all agency work and berthing conditions of all cruise ships, ore carriers, petroleum barges and other ships in Skagway. Design and construct all dock expansion and modification projects for cruise ships.

EXPERIENCE (continued)

Dec 1980 to Jun 1981/ Alaska Department of Transportation, Juneau. Position: Assistant construction Engineer, Southeast Region. Direct the administration of construction projects through subordinate project engineers.

Jul 1978 to Nov 1980/ Alaska Department of Transportation, Skagway. Position: Project Engineer for Skagway State Street reconstruction, Sheep Creek Bridge construction and other projects in Juneau.

Oct 1974 to Jun 1978/ Alaska Department of Transportation, Skagway. Position: Ass't. Project Engineer for the construction of the Klondike Highway from Skagway to the Canadian Border, including construction of the cable stayed Capt. Moore Creek Bridge.

Apr 1974 to Sep 1974/ White Pass & Yukon Route, Skagway. Position: Civil Engineer. In responsible charge of work on emergency reconstruction in only six days of bridge 15C, a 70 foot high trestle bridge destroyed by fire. Planned, designed and surveyed new yard track leads into locomotive and car shops.

May 1973 to Feb 1974/ Union Pacific Railroad Co., Omaha. Position: Staff engineer. Supervised Union Pacific forces for construction of six high-speed curve changes near Rock Springs, Wyoming. Managed reconstruction of eight mile long main line, signals and yard relocation with welded rail at Marysville, Kansas.

May 1972 to Oct 1972/ Alaska Railroad, Fairbanks. Position: Civil Engineer. Provided engineering and partial construction management for subgrade construction of the 10 mile spur from Fort Wainwright to Fairbanks International Airport.

Member: Clerk Skagway School Board
American Society of Civil Engineers
American Railway Engineering Association
Skagway Volunteer Fire Department

Past
Member: Skagway School Board
President Skagway Chamber of Commerce

MAR 0 6 1987

A PERFORMANCE REPORT ON THE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT BOARD OF MARINE PILOTS

November 28, 1986

Audit Control Number

08-1272-87-R

Commissioner, Department of Commerce and Economic Development	J. Anthony Smith
Deputy Commissioners, Department of Commerce and Economic Development	Greg Baker Terry Elder

Members of the
Board of Marine Pilots

Chairperson	J. Anthony Smith
Member	William H. Barrington
Member	Judith M. Brady
Member	James A. Hodgman
Member	W. Ed Murphy
Member	William G. Ruddy
Member	Paul Taylor

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W
JUNEAU, ALASKA 99811-3300

November 28, 1986

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Titles 24 and 44 of the Alaska Statutes (sunset legislation), the attached report is submitted for your review.

A PERFORMANCE REPORT ON THE
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
BOARD OF MARINE PILOTS

November 28, 1986

Audit Control Number

08-1272-87-R

Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

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PURPOSE OF THE REPORT

In accordance with the intent of Titles 24 and 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Board of Marine Pilots to determine if the Board has been operating in an efficient and effective manner.

As required by legislative intent, this report shall be considered during the legislative oversight function in determining whether the Board of Marine Pilots should be reestablished. The law currently specifies that this Board will terminate on June 30, 1987 but will continue until June 30, 1988 for the purpose of concluding its affairs.

The major areas of our examination were the licensing, examination, administration, complaint, and affirmative action functions of the Board. We reviewed and evaluated the following:

1. Applicable statutes and regulations.

2. Tests of files and documents of licensees.

3. Interviews with the Division of Occupational Licensing (OL) employees.

4. Complaints filed with OL, Equal Employment Opportunity Office, Attorney General's Office, and the Ombudsman Office.

5. Discussions with Board members.

6. Minutes of Board meetings and Division correspondence files.

7. Attorney General's Opinions applicable to professional boards.

8. Interviews with personnel from the U.S. Coast Guard.

ORGANIZATION AND FUNCTION

Responsibility for the regulation of marine pilotage is shared by the Federal and State governments. The Federal government, through the U.S. Coast Guard (USCG), regulates pilotage on enrolled vessels, while the individual states are given the right, in the United States Code, to regulate pilotage on registered vessels. Enrolled vessels are vessels registered in the United States and engaged in commerce between American ports; registered vessels are those vessels engaged in foreign trade. The individual states have the right to regulate pilotage on vessels engaged in foreign trade.

The Alaska Board of Marine Pilots was created under AS 08.62 to carry out the State of Alaska's responsibility of regulating pilotage on registered vessels. The Statute became effective in 1970.

The board is made up of seven members - two marine pilots, two agents or managers of vessels, two public members, and the Commissioner of the Department of Commerce and Economic Development. The purpose of the Board of Marine Pilots is to license qualified pilots, to take disciplinary action against negligent or incompetent pilots, and to establish standards for pilotage fees.

Once a marine pilot has received a license from the Board, he is authorized to pilot registered vessels within the established boundaries of compulsory pilotage waters for the State. The compulsory pilotage waters and the exclusions for entering compulsory pilotage waters are defined by regulations. Alaska Statute 08.62.160 requires registered vessels to carry State licensed pilots when inside these boundaries. It is the pilot's job to direct a vessel safely through Alaska's designated inside waters, dock and undock the vessel.

To obtain an unlimited pilot's license an applicant must first obtain both a pilot's license and a master's license issued by the U.S. Coast Guard. In addition, the applicant must perform ten to twenty supervised dockings and undockings and pass written and oral examinations administered by the Board.

The Board also issues limited pilot's licenses and channel pilot's licenses. The holders of limited pilot's licenses may pilot vessels of 2,000 gross tons or less. Channel pilots may pilot vessels in main ship channels only, and can perform dockings and undockings under the direct supervision of pilots holding unlimited pilot's licenses. Proof of dockings and undockings is required to obtain the limited

REPORT CONCLUSION

Policy Issues

This report contains policy issues raised as a result of our evaluation of various Board practices. The final policy decisions affecting these practices are not within the scope of this report but require legislative consideration. In debating these issues, the oversight committees should take into consideration the findings and recommendation presented in this report so the potential impact of policy changes can be evaluated.

Report Conclusion

In our opinion, the Board of Marine Pilots should be reestablished. The regulation and licensing of qualified professionals is necessary to protect the public's health, safety, and welfare. The Board provides this service by establishing minimum experience requirements that provide reasonable assurance that persons licensed are qualified. Also, assurances that those licensed act in a competent manner is provided by investigation of complaints and revocation or suspension of licenses when appropriate.

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02-576(2/77)

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and unlimited classes of licenses. Applicants for any of the three licenses can obtain temporary licenses by meeting all the licensure requirements and taking a temporary license examination. A second, more extensive, examination is required for permanent licensure which is administered at the subsequent Board meeting.

To obtain license renewal, a pilot must have worked within the area(s) for which he was licensed within the last two biennial periods or petition the Board for determination that he has sufficient knowledge and experience to resume pilotage in the area(s). License renewal is required biennially. It is a pilot's duty to report quarterly the names of all vessels served that were subject to the services of a licensed pilot.

Another function of the Board is to establish standards for setting pilotage fees for services. Any changes of the fees charged by pilots for their services must be approved by the Board.

The Board is assisted in performing its licensing and other administrative functions by staff support from the Division of Occupational Licensing (OL). OL processes applications, maintains files, answers correspondence dealing with the Board, and provides other administrative support as needed by the Board. In addition, OL investigates complaints or accident reports involving marine pilots.

REPORT CONCLUSION

Policy Issues

This report contains policy issues raised as a result of our evaluation of various Board practices. The final policy decisions affecting these practices are not within the scope of this report but require legislative consideration. In debating these issues, the oversight committees should take into consideration the findings and recommendation presented in this report so the potential impact of policy changes can be evaluated.

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(Intentionally left blank)

FINDINGS AND RECOMMENDATION

Recommendation No. 1

The Division of Occupational Licensing's investigative unit should ensure timely, effective, and efficient investigations of licensing complaints.

The Division of Occupational Licensing (OL) is responsible for monitoring and enforcing ethical and professional licensing standards and requirements for various professional boards. Complaints alleging improper practices on the part of licensees as well as those contesting board licensing decisions are investigated by OL. The effective performance of this function is necessary to promote the welfare of the public and protect the rights of licensees.

During the December 15, 1985 special report on OL, several cases were found where there was up to a year's delay in the appointment of a hearing officer; up to six months between the completion of an investigation and the time an accusation was drawn and served; and up to three months between the time a licensing board made a final decision and notice of the decision was served the disciplined licensee. It was determined that the primary cause of those delays was the absence of an effective case management system. There was no system in place to effectively track investigations from the time of the first complaint through its various stages until final resolution. Also noted was that cases were assigned and prioritized through an informal system with little centralized management control.

The conditions found in 1985 were present for much of our audit period. In addition, the investigative unit had significant delays in processing complaints regarding marine pilots in 1985-1986. Review of the 9 complaints received in Juneau by OL from July 1, 1985 (the cutoff test date of the prior audit) showed 4 complaints received in OL 30 - 70 days prior to processing by the investigative unit. OL has recently initiated a process to log in and update complaint file status utilizing computer resources. Centrally available case information and the newly established investigative procedure manual should provide a basis from which OL can enhance complaint processing by the unit.

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ANALYSIS OF PUBLIC NEED

Limited Analysis

The following analyses of board activities relate to the public need factors defined in the "sunset" law. These analyses are not intended to be comprehensive, but address those areas we were able to cover within the scope of our review.

I. The extent to which the board, commission, or program has operated in the public interest.

A. The Board of Marine Pilots has operated in the public interest by examining and licensing qualified applicants and proposing changes in regulations that are necessary to enforce State statutes and assure the protection of shipping, human lives, property, and the environment from the dangers posed by vessels in Alaskan waters. To accomplish these functions, the Board has held 6 board meetings, 2 teleconferences, and 6 examination sessions for marine pilots during the past 4 fiscal years.

B. Two applicants were issued temporary upgraded licenses prior to fulfilling the docking and undocking certification as required in regulations 12 AAC 56.030 and 12 AAC 56.040.

II. The extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices which it has adopted, and any other matter, including budgetary, resource, and personnel matters.

A. The Governor, when making appointments to a board or commission, requests that the appointee attend at least 75% of the meetings. From December 1982 through November 1985, one of the seven members had attended only 50% of the meetings. In addition, late appointment caused Board members to fall to 6 (including Commissioner's designee) for two Board meetings.

B. The Board pilot members regularly review the examination content and revise it as needed. The State areas differ slightly from the USCG endorsements available and therefore, the Board needs to ensure that applicant requirements are clear regarding these areas. Also under revision is the accident report form.

C. The Board and OL license examiners are utilizing a procedures manual thereby enhancing effective communication between the administrative function and the Board.

D. The following has hampered or enhanced the Board's effectiveness due to administrative actions by OL:

1. The Board received assistance in drafting legislation and regulatory changes from OL.

2. Alaska Statute 08.01.070(7) requires the Board to forward Board minutes to OL within 20 days of the meetings. This time requirement was not met for the May 1985 Board meeting.

3. OL does not have an allocation plan for indirect costs for each individual board. They do have procedures to recoup costs in total. Available records indicate the Board is not self-supporting.

4. Alaska Statute 08.01.050(9) states licenses will be issued as authorized by the Board. Two licenses were issued in December 1981 with no apparent Board resolution existing in the Board minutes.

5. Board Regulation 12 AAC 56.060(c) requires temporary exams to be administered by two Board members. Two exams were administered with OL Commissioner's designee's authority in Unalaska in 1984 due to the applicant's expression of financial hardship.

III. <u>The extent to which the board, commission, or agency has recommended statutory changes which are generally of benefit to the public interest</u>.

A. The Board changed or deleted definition vagueness in 12 AAC 56.080 and 12 AAC 56.160 concerning experience requirements for biennial license renewal and duties of pilots. This action was in response to a Division of Legislative Audit recommendation in the FY 82 Sunset Review.

B. The Board has revised its regulations effective December 14, 1986 to include a clause (12 AAC 56.075) under which applicants can request a waiver from qualification requirements due to extenuating circumstances. This regulation was needed to lessen the restrictive nature of the Board of Marine Pilots' regulations.

C. The Board redefined the Southwest compulsory pilotage water boundaries in order to eliminate confusion as to area requirements. This action provides more concise information to those individuals in the profession or striving to be, therefore, improving adherence to marine pilot regulations.

D. The Board has proposed legislation affecting AS 08.62.150 which would expand the Board's authority regarding disciplinary action. The enactment of this legislation would allow the Board to reprimand licensees for inattention to duty and negligence.

IV. The extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service which it has provided.

A. The public is informed of examination dates and regulation changes by notices in 5 newspapers throughout the State.

B. Minutes of Board meetings include "guest" names which consist of industry representatives and/or support staff in attendance.

V. The extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.

A. As stated in Criteria IV, Letter A, the public is invited to the Board of Marine Pilots' meetings to give input about Board business and proposed regulations.

VI. The efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the Office of the Ombudsman have been processed and resolved.

A. There were no complaints filed with the Office of the Ombudsman, State Office of Equal Employment Opportunity or the Human Rights Commission.

B. A case management system and procedures is currently being established by the Division of Occupational Licensing, Investigative Unit. This implementation should enhance complaint handling. (see Recommendation No. 1).

C. The Division of Occupational Licensing has not always handled complaints and/or accident reports for the Board in a timely manner (see Recommendation No. 1). This could cause unnecessary delays in revoking a negligent pilot's license or in acquiring case facts and therefore affect the due process rights of an individual.

VII. The extent to which a board or commission which regulated entry into an occupation or profession has presented qualified applicants to serve the public.

A. The Board currently regulates 72 pilots and 18 agents. There have been 22 new licenses issued since December 1981. Nine licenses lapsed since 1982; 7 of which were voluntarily not renewed, 2 of which were subsequently renewed after the license expiration date.

B. The Board requires, from pilots, quarterly reports documenting vessels serviced that require State licensed pilots.

VIII. The extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.

A. The Office of Equal Employment Opportunity does not feel the weight, height, or date of birth questions are necessary with the application form and may encourage discrimination. However, neither the Human Rights Commission nor the Equal Employment Opportunity Office have received complaints related to the Board's activities.

IX. The extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

A. Please refer to the previous section, Findings and Recommendation.

APPENDIX

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APPENDIX A
BOARD OF MARINE PILOTS
REVENUES COMPARED WITH EXPENDITURES
For the Fiscal Year Ended June 30, 1986
(Unaudited)
(Note 1)

Average Revenue (See Schedule 1 and Note 2)	$11,489
Expenditures (See Note 3)	14,611
Excess of Revenues over Expenditures	$(3,122)

Schedule 1
Types of Revenues

Revenues	Amount Prior to 11/20/86	Amount Effective 11/20/86	Collection Time
Application and Examination Fee	$ 50.00	$120.00	With submittal of application
Temporary License Fee	$ 50.00	$ 20.00	With submittal of application
License Fee	$300.00	$180.00	Biennially
Extension of Route or Upgrade Fee		$ 20.00	With submittal of application

Note 1

This revenue/expenditure comparison was prepared from available records and discussions with Occupational Licensing personnel. The records were not audited by us and, accordingly, we do not express an opinion on the Board's Statement of Revenues Compared with Expenditures.

Note 2

A significant portion of revenues is composed of license renewal fees. Licenses are renewed biennially and the last renewal date was December 31, 1984. Because of the renewals, revenues vary substantially every other year. Therefore, we averaged revenues collected in fiscal year 85 and fiscal year 86 in order to obtain a representative amount of average annual revenues collected.

Note 3

Expenditures consist of direct costs resulting from Board activities, which includes travel, per diem, and miscellaneous contractual expenditures incurred by the Board members and the Board's licensing examiner. This amount does not include indirect administrative expenditures of the Division of Occupational Licensing or expenditures for efforts of other departments assisting the Board.

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

P. O. BOX D
JUNEAU, ALASKA 99811-0800
PHONE: (907) 465-2500

February 6, 1987

FEB 17

Mr. Gerald Wilkerson
Legislative Auditor
Legislative Audit Division
P.O. Box W
Juneau, AK 99801

Dear Mr. Wilkerson:

Thank you for the opportunity to respond to the preliminary performance report on the Board of Marine Pilots. The department concurs that the board should be reestablished and agrees with the recommendation that the Division of Occupational Licensing's investigative unit should ensure timely, effective, and efficient investigations of licensing complaints. As you acknowledged in the report, the division has implemented the following procedures over the past six months which are targeted at increasing the effectiveness of the investigative unit:

1. all current cases in investigation and litigation have been computerized;

2. an in-depth investigation and litigation manual has been prepared and adopted; and

3. all complaints received by licensing examiners are now logged into the investigative unit within three days of receipt.

These procedures have increased the effectiveness of case tracking and processing but will not impact the timely processing of all complaints. There are currently four investigators who have the responsibility for investigating allegations of incompetence and unlicensed activity in 25 occupational areas. Each investigator currently has an average caseload of 50 investigations. This has necessitated the development of a system of prioritizing cases based on the degree of risk to the public. Unfortunately, not all cases can be handled in a timely manner.

Sincerely,

J. Anthony Smith
Commissioner

KM/mst5339m
020587a

08-H2LH

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February 10, 1987

BOARD OF MARINE PILOTS RESPONSE TO PRELIMINARY SUNSET AUDIT DATED NOVEMBER 28, 1987, BY CAPTAIN W.E. MURPHY, MEMBER.

The preliminary audit report is generally a fair and reasonable statement of the Board's performance and problems. Some areas, however, need to be clarified and expanded upon.

PURPOSE OF THE REPORT

The auditors claim that in making their report they "reviewed and evaluated" discussions with Board members. In fact, I know of no Board member who had any dialogue with an auditor relative to their sunset investigation. Contact between Board members and sunset auditors was noticeable by its absence. An auditor did sit in on a Board meeting but did not interview Board members.

ORGANIZATION AND FUNCTION

Under this section the report describes the Board's purpose and duties but does not state its primary duty, established by statute. That is Alaska Statute 08.62.040 which states, in part, "The Board shall (1) provide for the maintenance of an efficient and competent pilot service on all waters covered by this chapter to assure the protection of shipping and the safety of human life and property." This is the most important of the statutes which the Board's performance should be measured against.

The preliminary report, in describing the Board's licensing functions, refers to limited pilot license of under 2000 gross tons. Recently new licensing regulations were put into effect by the Board which creates 4 license categories: channel pilot; step 1 license for vessels of less than 20000 gross tons; step 2 license for vessels of under 40000 gross tons; and unlimited tonnage license.

REPORT CONCLUSION

POLICY ISSUES

The meaning of this paragraph is not clear.Therefore no comment is offered.

REPORT CONCLUSION

The Board concurs with the auditors' conclusion that it should be reestablished. While not without problems, the Board does a good job of protecting the public's interest by regulating pilotage in this state. The demise of the Board would spell the end of any state control over the competence of the navigation of the many foreign vessels and very large tankers which ply Alaska's waters.

FINDINGS AND RECOMMENDATIONS

The Board could not agree more that timely, effective and efficient investigation of licensing complaints should be ensured. Board members have been extremely frustrated with the inordinate amount of time license suspension/revocation proceedings have taken, a process over which the Board exercises no control. The problem goes beyond investigative delay, however. In two recent cases months passed after the investigations were completed before a hearing officer was assigned. The hearing officer,once appointed, granted a series of delays and continuances to both counsel which further slowed the proceedings.

FEB 11 1987

FEB 12 1987

About two years passed before the cases were resolved, during which time the Board suffered much criticism. The perception of the maritime public was that the Board was refusing to act, while in fact the Board could do nothing until the hearing process was finished. This is an example of how bureaucratic inertia can undermine public confidence in a regulatory board. It is a very real problem for this board.
The director of Occupational Licensing is aware of this problem and has instituted reforms which the Board feels will improve the timeliness of both investigations and hearings.

ANALYSIS OF PUBLIC NEED

II D (3)
The audit report points out that the Pilot Board is not self supporting. Board members are aware of this and were mystified when, in 1986, Occupational Licensing lowered the fees for marine pilot licenses. It is the Board's position that it should indeed be self sustaining.

VI C See comments under findings and recommendations.

VIII A The Board has eliminated from its applications questions which might tend to be discriminatory. Weight,height and date of birth information was left on the application at the request of the investigative unit in order to assist it in identifying a licensee it might be required to investrigate.

APPENDIX A
BOARD OF MARINE PILOTS REVENUES COMPARED WITH EXPENDITURES

As stated previously the Board feels it should be self supporting but does not have the authority to set its own fees. This is done by Occupational Licensing. The Board did not recommend and cannot explain why fees were reduced in 1986

FEB 11 1987

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W
JUNEAU, ALASKA 99811-3300

February 19, 1987

Members of the Legislative Budget
and Audit Committee:

We have reviewed the Board of Marine Pilots' response to our preliminary report. Our comments follow:

Purpose of the Report

In his response, Board member Captain W. E. Murphy indicated that no Board member was contacted regarding the sunset review. However, both current and past members were contacted for discussion of current and past Board activity. Members contacted were Judith M. Brady, Marvin Taylor, Captain Donald Oldow, and Kenneth Peavyhouse.

Organization and Function

The new licensing regulations referred to by Captain W. E. Murphy became effective December 14, 1986.

Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

RECOMMENDATIONS OF APPOINTMENT

On Wednesday, March 18th, 1987, the House Transportation Committee considered the appointment of Mr. M. Paul Taylor to the Board of Marine Pilots and recommends the appointment.

The following members were present and recommend as follows:

DO PASS	NO RECOMMENDATION	DO NOT PASS

My signature on this document does not indicate what my vote will be on the House Floor.

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

RECOMMENDATIONS OF APPOINTMENT

On Wednesday, March 18th, 1987 the House Transportation Committee considered the appointment of Mr. Mark Hickey as Commissioner of the Department of Transportation and Public Facilities and recommends the appointment.

The following members were present and recommend as follows:

DO PASS	NO RECOMMENDATION	DO NOT PASS

My signature on this document does not indicate what my vote will be on the House Floor.

COMMITTEE MEETING:

DISCUSSION WITH N.W. TERRITORY PARLIAMENT

4-3-87

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

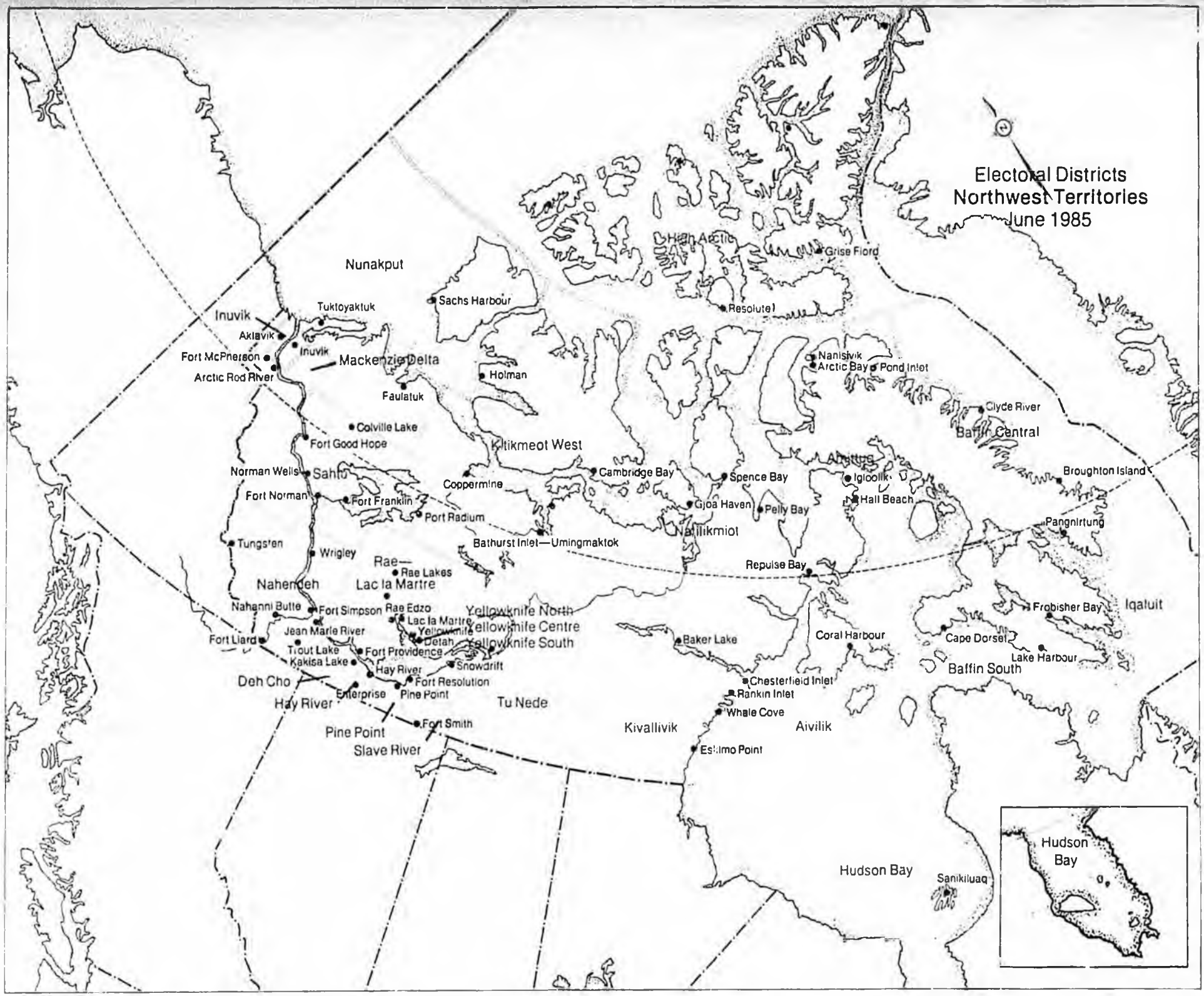
May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation

4/3/87


Electoral Districts
Northwest Territories
June 1985
Nunakput
Inuvik
Aklavik
Fort McPherson
Arctic Red River
Tuktoyaktuk
Inuvik
Mackenzie Delta
Faulatuk
Sachs Harbour
Holman
Colville Lake
Fort Good Hope
Norman Wells
Sahtu
Fort Norman
Fort Franklin
Port Radium
Coppermine
Kitikmeot West
Cambridge Bay
Bathurst Inlet—Umingmaktok
Tungsten
Wrigley
Rae—
Rae Lakes
Nahendeh
Lac la Martre
Nahanni Butte
Fort Simpson
Rae Edzo
Lac la Martre
Yellowknife
Jean Marie River
Fort Liard
Trout Lake
Fort Providence
Kakisa Lake
Hay River
Snowdrift
Deh Cho
Fort Resolution
Enterprise
Pine Point
Hay River
Tu Nede
Fort Smith
Pine Point
Slave River
Yellowknife North
Yellowknife Centre
Yellowknife South
Resolute
High Arctic
Grise Fiord
Nanisivik
Arctic Bay
Pond Inlet
Clyde River
Baffin Central
Spence Bay
Igloolik
Hall Beach
Broughton Island
Gjoa Haven
Pelly Bay
Nattilikmiot
Repulse Bay
Pangnirtung
Baker Lake
Coral Harbour
Frobisher Bay
Iqaluit
Cape Dorset
Lake Harbour
Baffin South
Chesterfield Inlet
Rankin Inlet
Whale Cove
Kivallivik
Aivilik
Eskimo Point
Hudson Bay
Sanikiluaq
Hudson Bay

Official Business

COMMITTEE:

House Transportation Committee

DATE: April 3, 1987

SIGN-IN

Subject of meeting:

A Discussion with Members of the Northwest Territories Delegation

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?

COMMITTEE MEETING:

ORGANIZATIONAL MEETING

1-11-88

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

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Mary Van Nimwegen

House Transportation:

1/11/88

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

January 11, 1988

COMMITTEE CALENDAR: Organizational Meeting

FOR THIS MEETING YOU HAVE:

* DOT/PF Revised Six-year Plan (Draft)
* Rep. Hudson's report on the AMHS
* report: Bellingham as the Southern Port of the AMHS
* update: Bellingham as the AMHS southern terminus
* letter: from the Port of Seattle
* update of federal highway funds for FY 89

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
Federal Highways Administration Program

DRAFT OBLIGATION PLAN & SIX-YEAR C.I.P.
*** CENTR.. REGION ***

PROJECT	ED	EXP ALT	PHASE	89	90	91	92	93	94	COMMENTS
ANCH BRAGAW EXTENTION: TUDOR TO LAKE OTIS	7	EXP	2	274.1						
ANCH C ST: TUDOR RD TO MINN DR	7	EXP	2		201.0					
ANCH CAPACITY IMPROVEMENTS	7	ALT	8	913.5						
ANCH CAPACITY IMPROVEMENTS	7	EXP	8			1827.0				
ANCH DIMOND BLVD: NEW SEWARD HWY TO 88TH	7	EXP	2	456.8						
ANCH DIMOND BLVD: NEW SEWARD HWY TO 88TH	7	EXP	3				3745.4			
ANCH DIMOND BLVD: NEW SEWARD HWY TO 88TH	7	EXP	7					479.6		
ANCH DIMOND BLVD: NEW SEWARD HWY TO 88TH	7	EXP	4					2603.5		
ANCH DOWLING RD: LK OTIS TO MINN DR	7	EXP	2	356.3						
ANCH DOWLING RD: LK OTIS TO MINN DR	7	EXP	2				274.1			
ANCH INT'L ARPT RD: NEW SEWARD HWY GRADE SEP	7	EXP	2					182.7		
ANCH JEWEL LK RD: INT'L TO DIMOND	7	EXP	2					182.7		
ANCH MINNESOTA DR / INT'L AIRPORT RD I/C	7	EXP	3	5.5						
ANCH MINNESOTA DR / INT'L AIRPORT RD I/C	7	EXP	7	114.2						
ANCH MINNESOTA DR / INT'L AIRPORT RD I/C	7	ALT	3,4,7	10048.5						
ANCH MINNESOTA DR / INT'L AIRPORT RD I/C	7	EXP	4			10048.5				
ANCH MINNESOTA DR / RASPBERRY RD I/C	7	ALT	4	6394.5						
ANCH MINNESOTA DR / RASPBERRY RD I/C	7	EXP	4			6394.5				
ANCH MINNESOTA DR EXT ILLUM & CHANN: INT'L TO ARR	7	EXP	4	1644.3						
ANCH NORTHSIDE CORRIDOR: BRAGAW TO SEWARD HWY	7	EXP	2			284.2				
ANCH OLD SEWARD HWY: DIMOND BLVD TO HUFFMAN RD	7	EXP	4				15072.8			

KEY: EXP = Project expected to be funded during indicated fiscal year; ALT = Project will be funded during indicated fiscal year if funding available.
PHASE: 1=Unallocated; 2 = Engineering; 3 = R-O-W; 4 = Construction; 7 = Utilities; 8 = Combined Phases/Operational
Project costs expressed in thousands of dollars

PROJECT	ED	EXP ALT	PHASE	89	90	91	92	93	94	COMMENTS
ANCH OLD SEWARD HWY: DIMOND BLVD TO HUFFMAN RD	7	EXP	7				1827.0			
ANCH OLD SEWARD HWY: DOWLING RD TO HUFFMAN RD	7	EXP	3		10962.0					MOVED FROM FY89 EXP; FUNDING CONSTRAINTS
ANCH OLD SEWARD HWY: DOWLING TO DIMOND	7	EXP	4			8678.3				
ANCH OLD SEWARD HWY: DOWLING TO DIMOND	7	EXP	7			1827.0				
ANCH RASPBERRY RD: JEWEL LK TO MINNESOTA DR	7	EXP	3	3599.2						UTILITY PORTION FROM 88E
ANCH RASPBERRY RD: JEWEL LK TO MINNESOTA DR	7	EXP	7	3014.6						PORTION OF Q FUND FROM 88E
ANCH RASPBERRY RD: JEWEL LK TO MINNESOTA DR	7	EXP	4	12368.8						
ANCH REHAB PROJECTS	7	ALT	4	2740.5						
ANCH REHAB PROJECTS	7	EXP	4					4567.5		
ANCH RIDESHARING	7	EXP	9	135.0						
ANCH RIDESHARING	7	EXP	9		135.0					
ANCH RIDESHARING	7	EXP	9			135.0				
ANCH RIDESHARING	7	EXP	9				135.0			
ANCH RIDESHARING	7	EXP	9					135.0		
ANCH R DESHARING	7	EXP	9						135.0	
ANCH TRANSIT	7	EXP	9	1950.3						
ANCH TRANSIT	7	EXP	9		2000.0					
ANCH TRANSIT	7	EXP	9			2000.0				
ANCH TRANSIT	7	EXP	9				2000.0			
ANCH TRANSIT	7	EXP	9					2000.0		
ANCH TRANSIT	7	EXP	9						2000.0	
ANCH TUDOR RD: BONIFACE TO MINN DR RECONST	7	EXP	2	274.1						
ANCH TUDOR RD: BONIFACE TO MINN DR RECONST	7	EXP	2				182.7			
BETHEL AIRPORT ROAD REHABILITATION	25	EXP	4	4567.5						PROJECT BEING EXPEDITED
CENTRAL REGION BRIDGE REPLACEMENT	92	EXP	2	160.0						
CENTRAL REGION BRIDGE REPLACEMENT	92	EXP	4	800.0						

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Project costs expressed in thousands of dollars

PROJECT	ED	EXP ALT	PHASE	89	90	91	92	93	94	COMMENTS
CENTRAL REGION BRIDGE REPLACEMENT	92	EXP	4		1600.0					
CENTRAL REGION BRIDGE REPLACEMENT	92	EXP	4			2400.0				
CENTRAL REGION BRIDGE REPLACEMENT	92	EXP	4				1600.0			
CENTRAL REGION BRIDGE REPLACEMENT	92	EXP	4					1600.0		
CENTRAL REGION BRIDGE REPLACEMENT	92	EXP	4						2480.0	
CENTRAL REGION GUARDRAIL UPGRADE	92	EXP	4	473.7						
CENTRAL REGION GUARDRAIL UPGRADE	92	EXP	2		94.7					
CENTRAL REGION GUARDRAIL UPGRADE	92	EXP	4			1894.6				
CENTRAL REGION GUARDRAIL UPGRADE	92	EXP	4				473.7			
CENTRAL REGION GUARDRAIL UPGRADE	92	EXP	2					94.7		
CENTRAL REGION GUARDRAIL UPGRADE	92	EXP	4					473.7		
CENTRAL REGION GUARDRAIL UPGRADE	92	EXP	4						473.7	
CENTRAL REGION PE	92	EXP	2						913.5	
CENTRAL REGION RAILROAD CROSSING IMPROVEMENTS	92	EXP	9	450.0						
CENTRAL REGION RAILROAD CROSSING IMPROVEMENTS	92	EXP	9		450.0					
CENTRAL REGION RAILROAD CROSSING IMPROVEMENTS	92	EXP	9			450.0				
CENTRAL REGION RAILROAD CROSSING IMPROVEMENTS	92	EXP	9				450.0			
CENTRAL REGION RAILROAD CROSSING IMPROVEMENTS	92	EXP	9					450.0		
CENTRAL REGION RAILROAD CROSSING IMPROVEMENTS	92	EXP	9						450.0	
CENTRAL REGION SAFETY IMPROVEMENTS	92	EXP	9	1350.0						NEW PROJ CREATED BY COMBINING 3 PROJ FM ADOPTED FY89 CI
CENTRAL REGION SAFETY IMPROVEMENTS	92	EXP	9		1350.0					NEW PROJ CREATED BY COMB 3 PROJ FM ADOPTED FY90 CIP
CENTRAL REGION SAFETY IMPROVEMENTS	92	EXP	9			1350.0				NEW PROJ CREATED BY COMB 2 PROJ FM ADOPTED FY91 CIP
CENTRAL REGION SAFETY IMPROVEMENTS	92	EXP	9				1350.0			NEW TITLE, COMB OF 3 PROJ FM ADOPTED FY92 CIP
CENTRAL REGION SAFETY IMPROVEMENTS	92	EXP	9					1350.0		NEW TITLE, COMB OF 2 PROJ FM ADOPTED FY93 CIP
CENTRAL REGION SAFETY IMPROVEMENTS	92	EXP	9						1350.0	
COPPER RIVER HWY: MP 0-3 RECONST	6	EXP	2	328.9						
COPPER RIVER HWY: MP 0-3 RECONST	6	EXP	4						2740.5	
DILLINGHAM ALEKNAGIK ROAD IMPROVEMENTS	26	EXP	2	274.1						

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PHASE: 1=Unallocated; 2 = Engineering; 3 = R-O-W; 4 = Construction; 7 = Utilities; 8 = Combined Phases/Operational
Project costs expressed in thousands of dollars

PROJECT	ED	EXP ALT	PHASE	89	90	91	92	93	94	COMMENTS
DILLINGHAM KANAKANAK SPUR UPGRADE	26	EXP	2	274.1						
DILLINGHAM KANAKANAK SPUR UPGRADE	26	EXP	4			1370.3				
EAGLE RIVER BRIDGE / HILAND DR PH I (RD SEGMENTS)	7	EXP	3	1827.0						PARTIAL R/W TO 88E
EAGLE RIVER BRIDGE / HILAND DR PH I (RD SEGMENTS)	7	EXP	4,7	16077.6						
EAGLE RIVER BRIDGE/ NEW GLENN-HILAND DR I/C PH II	7	EXP	2		548.1					
EAGLE RIVER BRIDGE/ NEW GLENN-HILAND DR I/C PH II	7	EXP	4						12240.9	
EAGLE RIVER BRIDGE/ NEW GLENN-HILAND DR I/C PH II	7	EXP	7						913.5	
GLENN HWY: EKLUTNA TO PARKS WIDENING & RECONST	16	EXP	2	568.4						100K MOVED FROM 88E
GLENN HWY: EKLUTNA TO PARKS WIDENING & RECONST	16	EXP	7,3	7497.9						
GLENN HWY: EKLUTNA TO PARKS WIDENING & RECONST	16	EXP	4		30313.6					
GLENN HWY: EKLUTNA TO PARKS WIDENING & RECONST	16	EXP	4			23682.5				
GLENN HWY: NORTH EAGLE RIVER I/C	7	ALT	4	12883.3						
GLENN HWY: NORTH EAGLE RIVER I/C	7	EXP	4						12883.3	
GLENN HWY: PARKS HWY TO MP 109	16	EXP	2	189.5						
GLENN HWY: PARKS TO PALMER RESURFACE	16	EXP	2	236.8						
GLENN HWY: PARKS TO PALMER RESURFACE	16	EXP	4			1705.1				
GLENN HWY: SUTTON NORTH EROSION CONTROL	16	ALT	4	1136.8						
GLENN HWY: SUTTON NORTH EROSION CONTROL	16	EXP	4		1136.8					
KENAI FUNNY RIVER ROAD /PE	5	EXP	2	228.4						MOVED FROM 88E
KENAI SPUR WIDENING	5	EXP	2	182.7						
KENAI SPUR WIDENING	5	EXP	3		456.8					
KENAI SPUR WIDENING	5	EXP	7		182.7					
KENAI SPUR WIDENING	5	EXP	4				10765.6			
KODIAK REZANOF DR/KALSIN HILL RELOCATION	27	EXP	2				502.4			

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Project costs expressed in thousands of dollars

PROJECT	ED	EXP ALT	PHASE	89	90	91	92	93	94	COMMENTS
KODIAK SIGNAL & 'Y' INTERSECTION IMPROVEMENTS	27	EXP	4				274.1			
MATSU HWY CHANN., ILLUM., & TRAFF. CONTROL	16	EXP	4,7	521.0						FORMERLY PARKS HWY: HOUSTON/WILLOW AREA SFTY IMPS
OLD GLENN HWY RECONST: NEW GLENN HWY TO PALMER	16	EXP	2			456.8				
PALMER WASILLA HWY CHANNELIZATION & ILLUMINATION	16	EXP	4	182.7						
PARKS HWY: GLENN HWY TO BIG LAKE RD RECONST PH I	16	EXP	2				284.2			
PARKS HWY: GLENN HWY TO BIG LAKE RD RECONST PH I	16	EXP	3					9473.0		
PARKS HWY: GLENN HWY TO BIG LAKE RD RECONST PH I	16	EXP	7					4736.6		
PARKS HWY: GLENN HWY TO BIG LAKE RD RECONST PH I	16	EXP	4						9473.0	
PARKS HWY: MP 104-133 RESTORATION	16	ALT	4	6062.7						
PARKS HWY: MP 104-133 RESTORATION	16	EXP	4						6062.7	
SEWARD HWY: BIRD PT TO GIRDWOOD RECONST	7	EXP	2		757.8					
SEWARD HWY: BIRD PT TO GIRDWOOD RECONST	7	EXP	3,4,7				25136.6			
SEWARD HWY: BIRD PT TO GIRDWOOD RECONST	7	EXP	4					25577.1		PH 7 MOVED TO FY92 EXP
SEWARD HWY: MP 0-36 RECONSTRUCT	5	EXP	2			456.8				
SEWARD HWY: MP 50-65.5 RECONST PHASE I	6	EXP	2					473.7		
SEWARD HWY: MP 50-65.5 RECONST PHASE I	6	EXP	4						10799.2	
SEWARD HWY: NASH RD INTERSECT IMPR	5	EXP	2		27.4					
SEWARD HWY: NASH RD INTERSECT IMPR	5	EXP	4			274.1				
SEWARD HWY: PORTAGE RD & ARR MODIFICATIONS	7	EXP	2	236.8						MOVED FROM 88E
SEWARD HWY: PORTAGE RD & ARR MODIFICATIONS	7	ALT	4	2841.9						
STERLING HWY: MP 157-174 RECONST	5	EXP	2	182.7						
STERLING HWY: MP 157-174 RECONST	5	EXP	3				456.8			
STERLING HWY: MP 157-174 RECONST	5	EXP	7				182.7			
STERLING HWY: MP 157-174 RECONST	5	EXP	4					10765.6		

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Project costs expressed in thousands of dollars

PROJECT	ED	EXP ALT	PHASE	89	90	91	92	93	94	COMMENTS
STERLING HWY: MP 79-94 RECONST	5	EXP	7	4073.4						
STERLING HWY: MP 79-94 RECONST	5	EXP	4		17051.4					
UNALASKA AIRPORT HIGHWAY RECONST	26	EXP	2		182.7					
UNALASKA AIRPORT HIGHWAY RECONST	26	EXP	4						3197.3	
WASILLA FISHHOOK RD RECONST	16	EXP	2	201.0						
WASILLA FISHHOOK RD RECONST	16	EXP	3				639.5			

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DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
Federal Airport Improvement Program

DRAFT OBLIGATION PLAN & SIX-YEAR C.I.P.
*** CENTRAL REGION ***

PROJECT	EXP ED	ALT	PHASE	89	90	91	92	93	94	COMMENTS
ATMAUTLUAK AIRPORT IMPROVEMENTS	25	EXP	2,4						1875.0	NEW PROJECT
BETHEL AIRPORT RNWY PAVING	25	EXP	2,4							
BETHEL AIRPORT TAXIWAY CONST	25	EXP	2,4				2240.6			ADVANCED FM FY93 EXP
CHIGNIK LAGOON AIRPORT RELOCATION	27	EXP	2		187.5					
CHIGNIK LAGOON AIRPORT RELOCATION	27	EXP	4				1875.0			
COLD BAY AIRPORT APRON IMPROVEMENTS	26	EXP	2,4					3750.0		
COLD BAY AIRPORT SAND STORAGE BUILDING	26	EXP	2,4	273.6						
CORDOVA AIRPORT GA APRON & TAXIWAY DEVELOPMENT	6	EXP	2,4			1453.1				
CORDOVA AIRPORT HEAVY APRON EXPANSION	6	EXP	2,4						2343.8	NEW PROJECT
CROOKED CREEK AIRPORT RNWY & APRON IMPR	24	ALT	2,4	1406.0						MOVED FROM FY88 EXP DUE TO LAND PROBLEMS
CROOKED CREEK AIRPORT RNWY & APRON IMPR	24	EXP	2,4		1406.0					MOVED FROM FY88 EXP; LAND ISSUES
DILLINGHAM AIRPORT GA APRON EXPANSION	26	ALT	2,4	2437.5						MOVED TO FY89 ALT; PRIORITY CHANGE
DILLINGHAM AIRPORT GA APRON EXPANSION	26	EXP	2,4		2437.5					CHANGE IN PRIORITY
DILLINGHAM AIRPORT GA CROSSWIND RNWY CONST	26	EXP	2,4					5250.0		MOVED FROM FY92 EXP
EGEGIK AIRPORT RELOCATION	26	EXP	2					187.5		NEW PROJECT
EGEGIK AIRPORT RELOCATION	26	EXP	4						1875.0	NEW PROJECT
HOMER AIRPORT IMPROVEMENTS	5	EXP	2,4			2812.5				
ILIAMNA AIRPORT RUNWAY RESURFACING	26	EXP	2,4	773.4						

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PROJECT	EXP ED	ALT	PHASE	89	90	91	92	93	94	COMMENTS
KASIGLUK AIRPORT RNWY & APRON IMPR	24	EXP	2,4			2156.3				
KING SALMON AIRPORT FAA STRUCTURE REMOVAL	26	EXP	2,4				1875.0			
KING SALMON RUNWAY	26	ALT	2,4							
KING SALMON RUNWAY	26	EXP	2,4	3131.2						DELAYED FROM 88
KODIAK AIRPORT GA APRON & ACCESS RD CONST	27	EXP	2,4				825.0			
KWETHLUK AIRPORT RELOCATION	25	EXP	2,4				2812.5			NEW PROJECT PRIORITY
KWIGILLINGOK AIRPORT RNWY & APRON IMPR	25	EXP	2,4				1406.3			
MCGRATH AIRPORT APRON CONST	24	EXP	2,4			3370.3				MOVED FROM FY90 EXP TO COORD WITH McGRATH RUNWAY
MCGRATH AIRPORT RUNWAY RECONSTRUCTION	24	EXP	2,4			6281.3				
NAKNEK AIRPORT RELOCATION	26	EXP	2,4		3281.3					
NAPASKIAK AIRPORT IMPROVEMENTS	25	EXP	2,4						1718.8	NEW PROJECT
NEW KOLIGANEK AIRPORT RELOCATION	26	EXP	2		187.5					
NEW KOLIGANEK AIRPORT RELOCATION	26	EXP	4				1781.3			ADVANCED FROM FY93 ALT; CHANGE IN PRIORITY
NEWTOK AIRPORT RNWY & APRON IMPR	25	EXP	2,4					2250.0		
OLD HARBOR AIRPORT RECONST/RELOCATE	27	ALT	2,3,4	6234.4						
OLD HARBOR AIRPORT RECONST/RELOCATE	27	EXP	2,3,4		6234.4					
PILOT POINT AIRPORT RNWY RESURF	26	EXP	2,4					851.3		
PLATINUM AIRPORT RELOCATION	25	EXP	2	187.5						
PLATINUM AIRPORT RELOCATION	25	EXP	3,4				3281.3			
SCAMMON BAY AIRPORT RNWY & APRON IMPR	25	EXP	2,4		1406.3					

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PROJECT	EXPED	ALT	PHASE	89	90	91	92	93	94	COMMENTS
SEWARD AIRPORT GA APRON EXPANSION	5	EXP	2,4			750.0				ADVANCED FROM FY93 EXP
SHELDON POINT AIRPORT RNWY & APRON IMPR	23	EXP	2,4					1406.3		NEW PROJECT
SOUTH NAKNEK AIRPORT CROSSWIND RNWY	26	EXP	2,4						1312.5	NEW PROJECT
ST MARY'S AIRPORT APRON EXPANSION	24	EXP	2,4					1125.0		NEW PROJECT
ST MARY'S AIRPORT RUNWAY RESURFACING	24	EXP	2,4	1406.3						
ST. GEORGE AIRPORT IMPROVEMENTS	26	EXP	2,3,4	5625.0						MOVED FROM FY88 EXP; ENVIRON & LAND PROBLEMS
ST. PAUL AIRPORT CFR BUILDING, TRUCK & LAND	26	EXP	2,3,4	2609.0						
TWIN HILLS AIRPORT IMPR & CROSSWIND RNWY	26	EXP	2,4					1406.3		
UNALASKA AIRPORT OBSTRUCTION REMOVE & APRON IMPR	26	EXP	2,4						4687.5	NEW PROJECT
UNALASKA AIRPORT OBSTRUCTION REMOVE & APRON IMPR	26	EXP	2,4						2812.5	MOVED FROM 93
WASILLA AIRPORT RELOCATION	16	EXP	3,4,7	3750.0						
WASILLA AIRPORT RELOCATION	16	EXP	4		937.5					MOVED FM FY91 EXP, REDUCED TO PH 4 ONLY
WILLOW AIRPORT RNWY LIGHTING	16	ALT	2,4,7	234.4						
WILLOW AIRPORT RNWY LIGHTING	16	EXP	2,4,7		234.4					

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DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
Federal Highways Administration Program

DRAFT OBLIGATION PLAN & SIX-YEAR C.I.P.
*** NORTHERN REGION ***

PROJECT	ED	EXP ALT	PHASE	89	90	91	92	93	94	COMMENTS
1st/2nd Avenue Widening	20	EXP	2			550.0				No change
3rd Street Widening	20	EXP	2,3,7	560.0						Phase missing from prior plan
3rd Street Widening	20	EXP	3		600.0					Phase left out of prior plan
3rd Street Widening	20	EXP	4,7			5000.0				Missing from prior plan
Airport Road Resurfacing	20	EXP	2,4	1650.0						New priority project
Airport Way Corridor Improvements	20	EXP	3,4,7				300.0			Moved Phase 4 to 94
Airport Way Corridor Improvements	20	EXP	4						625.0	Moved from 92
Airport Way Frontage Rd. Ext.	20	EXP	4			700.0				No change
Alaska Hwy, MP 1230 N. Erosion Control	17	ALT	2	284.0						Moved from 88
Alaska Hwy, MP 1230 N. Erosion Control	17	EXP	2		284.0					Moved from 88
Alaska Hwy, MP 1230 N. Erosion Control	17	EXP	4					2600.0		Moved from 91
Alaska Hwy, MP 1256 to MP 1270 Paving	17	EXP	2					284.0		Moved phase 4 to 95
Alaska Hwy, MP 1362-1381	17	EXP	4				12300.0			No change
Anderson Road Rehab	17	EXP	4					500.0		New phase
Badger Road Reconstruction	18	ALT	7	2675.1						Phase left out of prior plan
Badger Road Reconstruction	18	EXP	7		2675.1					Phase added to plan
Badger Road Reconstruction	18	EXP	4				13255.0			Moved from 91
Badger/Holmes Construction	18	ALT	4	593.8						Project added to plan
Badger/Holmes Construction	18	EXP	4		593.8					Project added to plan
Ballaine/Goldstream/Sheep Crk Rehab	21	EXP	2	250.0						Moved from 90
Ballaine/Goldstream/Sheep Crk Rehab	21	EXP	4						3210.0	New phase

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PROJECT	ED	EXP ALT	PHASE	89	90	91	92	93	94	COMMENTS
Central-Circle Hot Springs Road Rehab	19	EXP	4					1100.0		New phase
Chena Hot Springs Rd Widening	19	EXP	3,7	1320.2						Moved from 91
Chena Hot Springs Rd Widening	19	EXP	4					14753.0		Moved from 92
College Road Widening	20	EXP	2,7	850.0						Phase missing from prior plan
College Road Widening	20	ALT	3	1250.0						Phase left out of prior plan
College Road Widening	20	EXP	3		1250.0					Phase left out of prior plan
College Road Widening	20	EXP	4,7						6100.0	New phase
Dalton Hwy, 9 Mile Hill North	24	EXP	2,3	230.0						Moved from FY88 Expected
Dalton Hwy, 9 Mile Hill North	24	EXP	4				3200.0			Moved from 91; title MP 8 to 11
Dalton Hwy, MP 0 North Reconstr	24	EXP	2					350.0		Moved from 90
Dalton Hwy, MP 0 North Reconstr	24	EXP	4						3700.0	Moved from 92
Dalton Hwy, MP 209 South Rehab	24	EXP	2				350.0			Moved from 90
Davis Road Widening	20	EXP	4,7	2603.5						Phase 4 missing from prior plan
Denali Hwy, MP 104 West Rehab	16	EXP	3,7				80.0			Phase left out of prior plan
Denali Hwy, MP 21 West	17	EXP	2						285.0	Moved from 88
Denali Hwy, MP 80 West Rehab	16	EXP	3				20.0			Phase left out of prior plan
Elliott Hwy, MP 26 N. Rehab	19	EXP	4					5900.0		Moved from 88, revised cost estimate
Elliott Hwy, MP 7 to MP 26 Rehab	19	EXP	4			4350.0				Increased cost estimate
Elliott Hwy, MP 72 to MP 92 Reconstruct	24	EXP	2						580.0	Moved from 91
Farmers Loop Rd Reconstruction	19	EXP	7	928.0						Phase missing from prior plan
Farmers Loop Rd Reconstruction	21	EXP	4,7		13100.0					No change

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PROJECT	ED	EXP ALT	PHASE	89	90	91	92	93	94	COMMENTS
FMATS Traffic System Improvements	20	ALT	4	275.0						Moved from 92
FMATS Traffic System Improvements	20	EXP	4		275.0					Moved from 92
FMATS Traffic System Improvements	20	EXP	4			300.0				Added to plan
FMATS Traffic System Improvements	20	EXP	4				170.0			Reduced funding
FMATS Traffic System Improvements	20	EXP	4					65.0		Projects spread over multiple years
Geist Exten, Aurora-Lemeta	20	EXP	7,4	6211.8						Construction as planned
Geist Exten, Illinois	20	ALT	3	18270.0						Moved from 89
Geist Exten, Illinois	20	EXP	3		18270.0					Moved from 89
Geist Exten, Illinois	20	EXP	4,7				19275.0			Moved from 90; title change
Geist Exten, Lemeta-Birch Hill Const	20	EXP	4,7	15072.8						Removed as an 88 Alternate; Remains 89 Expected
Geist Exten, University-Peger	20	EXP	3	4700.0						No change
Geist Exten, University-Peger	20	EXP	7		200.0					Moved from 89
Geist Exten, University-Peger	20	EXP	4			15073.0				Moved from 90
Geist Road, Parks-University	21	EXP	3					300.0		New phase
Geist/Farmers Loop Connector Const	19	EXP	4					1450.0		Moved from 91
Glenn Hwy, MP 118 North Reconstr	16	ALT	3	400.0						Moved from 88
Glenn Hwy, MP 118 North Reconstr	16	EXP	3		400.0					Moved from 88
Glenn Hwy, MP 118 North Reconstr	17	EXP	7				500.0			Phase left out of prior plan
Glenn Hwy, MP 118 North Reconstr	16	EXP	4						17200.0	Moved from 93; changed cost estimate
Glenn Hwy, MP 135 North	17	EXP	3				100.0			Phase left out of prior plan
Glenn Hwy, MP 135 North	17	EXP	7					200.0		New phase
Glenn Hwy, MP 135 North	17	EXP	4						2275.0	New phase
Lacey-Noble Connector	20	EXP	2,3,7	650.0						Moved from 88 Expected
Lacey-Noble Connector	20	ALT	4	1500.0						Moved from 91
Lacey-Noble Connector	20	EXP	4		1500.0					Moved from 91

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PROJECT	ED	EXP ALT	PHASE	89	90	91	92	93	94	COMMENTS
Lathrop Corridor	20	EXP	2		550.0					No change
Lathrop Corridor	20	EXP	3					800.0		Revised cost estimate, title change
Lathrop St, Expwy-19th	20	EXP	2	175.0						New priority project
Lathrop St, Expwy-19th	20	EXP	4					600.0		New phase
Lathrop St, Expwy-Van Horn Reconstruction	20	EXP	4,7	650.0						Moved from 93
Market/Washington/Rewak	20	EXP	3	500.0						Phase missing from prior plan
Market/Washington/Rewak	20	EXP	4			4500.0				No change
Minnie St Corridor	20	EXP	3					280.0		Partially moved to 94
Minnie St Corridor	20	Exp	3						1720.0	Construction beyond 6-year plan
Nabesna Road Recon	17	EXP	2	250.0						New project added to plan
Nome-Council, MP 32 East	23	EXP	4	4500.0						Moved from FY88 Expected
Nome-Council, MP 4-15 Snow Fence	23	EXP	3	50.0						Moved Phase 4 to 90
Nome-Council, MP 4-15 Snow Fence	23	ALT	4	550.0						Moved from FY89
Nome-Council, MP 4-15 Snow Fence	23	EXP	4		550.0					Moved from FY89
Nome-Council, MP 53 East	23	EXP	3	85.0						Moved from FY88 Expected
Nome-Council, MP 53 East	23	EXP	4			5850.0				Moved from 89 Alt, revised cost estimate
Nome-Council, MP 62 E	23	EXP	2		300.0					Moved from FY91
Nome-Council, MP 62 E	23	EXP	3		105.0					Moved from FY91
Nome-Council, MP 62 E	23	EXP	4					5800.0		Moved from 91, revised cost estimate, title change
Nome-Taylor Hwy, MP 0 N Const	23	EXP	4	600.0						No change
Nome Teller, MP 0 West Rehab	23	EXP	2	100.0						New projects added to plan
Nome-Teller, MP 0 West Rehab	23	EXP	4				1000.0			Added to program, high M&O priority

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PROJECT	ED	EXP ALT	PHASE	89	90	91	92	93	94	COMMENTS
Old Richardson Hwy Widening	20	EXP	4	1600.0						Increased cost estimates
Old Steese, Wendell Expwy	20	EXP	3	500.0						Moved Phases 4 & 7 to 90
Old Steese, Wendell Expwy	20	ALT	4,7	4500.0						Moved from 89 (Cost increase)
Old Steese, Wendell Expwy	20	EXP	4,7		4500.0					Moved from 89 (Cost increase)
Parks Hwy, Erosion Control	17	EXP	4	663.1						Increased cost estimate
Parks Hwy, MP 216 N Rehab-PE	17	EXP	2						525.0	Moved from 90
Parks, Chena Ridge Interchange	21	EXP	3	825.4						Phase missing from prior plan
Parks, Chena Ridge Interchange	21	ALT	7	686.0						Phase left out of prior plan
Parks, Chena Ridge Interchange	21	EXP	7		686.0					Phase added to plan
Parks, Chena Ridge Interchange	21	EXP	4,7			12860.0				Revised cost estimate
Peger Road Widening	20	EXP	4	4110.8						Reduced cost estimate
Remington/Jack Warren/Clearwater Rehab	17	EXP	2			165.0				Moved from 90
Remington/Jack Warren/Clearwater Rehab	17	EXP	4						2275.0	New phase
Rich Hwy Interchange Construction	19	EXP	2,3,7	970.0						Phases missing from prior plan; new project title
Rich Hwy Interchange Construction	18	EXP	4					7000.0		Moved from 90, title change
Rich Hwy, MP 173 to MP 185 Reconstruction	17	EXP	3			710.0				Moved Phase 4 to 95
Rich Hwy, MP 65 to MP 79 Rehab	17	EXP	2						225.0	Moved from 91
Richardson Hwy, MP 79 North Rehab	17	EXP	4			3054.0				Moved from 88; reduced cost estimate
South Cushman Widening	20	EXP	3,7	1450.0						Moved from 90
South Cushman Widening	20	EXP	7				500.0			Moved Phase 4 to 93
South Cushman Widening	20	EXP	4					6000.0		New phase
Steese Corridor Improvements	20	EXP	4						5725.0	Moved from 92

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PROJECT	ED	EXP ALT	PHASE	89	90	91	92	93	94	COMMENTS
Steese Hwy Overlay, MP 10 East (Fox to Cleary)	19	ALT	2	162.0						Moved from 88
Steese Hwy Overlay, MP 10 East (Fox to Cleary)	19	EXP	2		162.0					Moved from 88
Steese Hwy Overlay, MP 10 East (Fox to Cleary)	19	EXP	4						3500.0	New phase
Taylor Hwy, MP 0 North-ROW	17	EXP	3		137.0					Increased cost est.
Taylor Hwy, MP 66 North	17	EXP	2		75.0					Moved from 88
Tok Cut-Off, MP 0 North	17	EXP	4		6100.0					Moved from 88, reduced cost estimate
Tok Cut-Off, MP 30 Reconst	17	EXP	2						705.0	Moved from 91
Tok Cut-Off, MP 52 North Reconst	17	EXP	3			200.0				Missing from prior plan
Tok Cut-Off, MP 52 North Reconst	17	EXP	7					410.0		New phase
University Ave Widening	20	EXP	2	600.0						Phase missing from prior plan
University Ave Widening	20	EXP	3			1000.0				Moved from 90
University Ave Widening	20	EXP	7				1000.0			Phase missing
University Ave Widening	21	EXP	4					5900.0		No change
University Ave/College Inters Improv	21	EXP	3,7	400.0						Phase left out of prior plan; new project title
University Ave/College Inters Improv	21	ALT	4	2000.0						Phase left out of prior plan
University Ave/College Inters Improv	21	EXP	4		2000.0					Phase left out of prior plan
Van Horn Upgrade	20	EXP	4				750.0			Phase left out of prior plan
Wendell Street Widening	20	EXP	2,7	560.0						Moved from 88 Expected
Wendell Street Widening	20	EXP	3				1500.0			Moved from 93
Wendell Street Widening	20	EXP	4,7						5600.0	New phase
Wilbur Street Extension	20	EXP	4	950.0						Moved from 93

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November 25, 1987

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
Federal Airport Improvement Program

DRAFT OBLIGATION PLAN & SIX-YEAR C.I.P.
*** NORTHERN REGION ***

PROJECT	ED	EXP ALT	PHASE	89	90	91	92	93	94	COMMENTS
Allakaket Rwy. Resurf. & Maint. Bldg.	24	EXP	2,3,4,7						695.0	Moved from FY87
Ambler Crosswind Rwy Constr.	22	EXP	2,3,4,7			2250.0				Moved from FY89
Barrow Apron Expansion & Paving	22	ALT	2,3,4,7	2850.0						No Change
Barrow Apron Expansion & Paving	22	EXP	2,3,4,7		2850.0					No Change
Barrow Apron Expansion & Paving	22	EXP	2,3,4,7				2000.0			No Change
Boundary Runway Resurface	17	EXP	2,3	900.0						Moved to 88A,89E
Brevig Mission Arpt. Imp.	23	EXP	2,3,4,7						550.0	Added to Program
Buckland Rwy. Resurf.	22	EXP	2,3,4,7						900.0	Added to Program
Central Airport Runway Widening & Apron Const.	19	EXP	2,3,4,7		790.0					Moved from FY91, revised cost estimate
Chandalar Lake Arpt Improvements	24	EXP	4,7	950.0						Moved from FY88
Chisana Arpt. Imprv.	17	EXP	2,3,4,7						1750.0	Added to Program
Dalton Hwy. Arpt. Imp. Ph. I	23	EXP	2,3,4,7				1850.0			Moved Phase II to FY94
Dalton Hwy. Arpt. Imp. Ph. II	23	EXP	2,3,4,7						400.0	Moved from FY92
Deadhorse Lighting Reg Bldg Const	22	EXP	2,3,4,7	232.6						Revised Cost Estimate
Deadhorse Runway Reconstruction	22	EXP	2,3		425.0					Moved from FY93
Deadhorse Runway Reconstruction	22	EXP	2,3,7,4					6350.0		Revised Cost Estimate
Deadhorse Rwy Heat Reflec. Treatment	22	ALT	2,3,4,7	880.0						Added to program; new priority
Deadhorse Rwy Heat Reflec. Treatment	22	EXP	2,3,4,7		880.0					Added to program; new priority

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Project costs expressed in thousands of dollars

PROJECT	EXP ED	ALT	PHASE	89	90	91	92	93	94	COMMENTS
Ft. Yukon Apron Expan & Runway Resurfacing	24	EXP	2,3			235.0				Moved from FY90, Revised Cost Estimate
Ft. Yukon Apron Expan & Runway Resurfacing	24	EXP	2,3,4					3675.0		Revised Cost Estimate
Ft. Yukon Float Pond Relocation	24	EXP	2,3,4,7			410.0				Moved from FY92, Revised Cost Estimate
Galena Airport Master Plan	24	EXP	8	150.0						Added to Program
Galena Apron Expansion, Parallel Taxiway	24	EXP	4,7		1000.0					No Change
Galena Apron Expansion, Parallel Taxiway	24	EXP	2,3,7,4					2000.0		No Change
Golovin Crosswind Rwy. Constr.	23	EXP	2,3,4,7						2200.0	Added to Program
Hughes Resurfacing, Apron Expansion	24	EXP	2,3,4,7	1650.0						No Change
Huslia Runway Resurface	24	EXP	2,3	200.0						No Change
Huslia Runway Resurface	24	EXP	4,7		900.0					Revised Cost Estimate
Kaltag Runway Resurfacing	24	EXP	2,3,4,7			600.0				Moved from FY92
Kiana Runway Resurfacing	22	EXP	2,3,4				900.0			No Change
Kotzebue Airport Rd Relocation, Apron Expan	22	ALT	2,3,4	2200.0						Delayed from 89E
Kotzebue Airport Rd Relocation, Apron Expan	22	EXP	2,3,4		2200.0					Moved from 89E
Kotzebue Parallel Taxiway	22	EXP	2,3,4,7						3000.0	Added to Program
Kotzebue Runway Resurfacing	22	ALT	2,3	300.0						Moved from FY91; high M&O concern
Kotzebue Runway Resurfacing	22	EXP	2,3		300.0					Moved from FY91
Kotzebue Runway Resurfacing	24	EXP	4			3000.0				Revised Cost Estimate
Koyuk Runway Extension	22	EXP	2,3,4,7			2350.0				No Change
Koyukuk Resurface & Lights	24	EXP	2,3	200.0						No Change
Koyukuk Resurface & Lights	24	EXP	4,7		1200.0					No Change

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PROJECT	EXPED	ALT	PHASE	89	90	91	92	93	94	COMMENTS
Lake Louise Arpt. Imprv.	17	EXP	2,3,4,7						950.0	Moved from FY88 GF
Manley Hot Springs New Runway Const	24	EXP	2,3,7,4			2200.0				Revised Cost Estimate
May Creek Arpt. Imp.	17	EXP	2,3,4,7						1750.0	Added to Program
McCarthy No. 2 Runway Resurfacing & Lights	6	EXP	2,3,7,4					1780.0		Revised Cost Estimate
Nome Arpt. Apron Exp.	23	EXP	2,3,4,7						2000.0	Added to Program
Nome Runway Repairs & Rehab Ph II	23	EXP	4,7	3920.0						Moved from FY90
Nome Runway Repairs & Rehab Ph III	23	EXP	2,3	300.0						No Change
Nome Runway Repairs & Rehab Ph III	23	ALT	4,2	4000.0						Moved from FY90 EXP
Nome Runway Repairs & Rehab Ph III	23	EXP	4,7		4000.0					No Change
Nome Runway Repairs & Rehab Ph IV	23	EXP	4,7				4000.0			Moved from FY93, Revised Cost Estimate
Noorvik Runway Erosion Repairs	22	ALT	4,7	900.0						No Change
Noorvik Runway Erosion Repairs	22	EXP	4,7		900.0					No Change
Noorvik Runway Resurfacing Construction	22	EXP	2,3,7,4					950.0		Change
Ruby Runway Resurfacing	24	EXP	2,3,7,4					1000.0		Revised Cost Estimate
Selawik Airport Improvements	22	EXP	2,3,4,7	5000.0						Revised Cost Estimate
Shaktoolik Runway Extension	23	EXP	2,3			300.0				Revised Cost Estimate
Shaktoolik Runway Extension	23	EXP	4,7				3000.0			No Change
Solomon Arpt. Imp.	23	EXP	2,3,4,7						1500.0	Added to Program
St. Michael Arpt. Imp.	23	EXP	2,3,4,7		2000.0					Move from FY94, High M&O Priority
Stebbins Runway Extension & Crosswind Runway	23	EXP	2,3,4,7				3250.0			No Change

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PROJECT	EXP ED	ALT	PHASE	89	90	91	92	93	94	COMMENTS
Stevens Village New Rwy Const	24	EXP	2,3,7,4			2500.0				Revised Cost Estimate
Teller Resurfacing & Apron Expan	23	EXP	2,3,4,7			1765.0				Moved from FY92, Revised Cost Estimate

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Project costs expressed in thousands of dollars

November 25, 1987

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
Federal Highways Administration Program

DRAFT OBLIGATION PLAN & SIX-YEAR C.I.P.
*** SOUTHEAST REGION ***

PROJECT	ED	EXP ALT	PHASE	89	90	91	92	93	94	COMMENTS
CRAIG TO KLAWOCK HWY.-PAVEMENT OVERLAY	2	EXP	2				100.0			NEW PROJECT
CRAIG TO KLAWOCK HWY.-PAVEMENT OVERLAY	2	EXP	4						1000.0	NEW PROJECT
DOUGLAS HWY. -CORDOVA TO BRIDGE	4	ALT	2	114.2						NEW ESTIMATE FROM RECON REPORT
DOUGLAS HWY. -CORDOVA TO BRIDGE	4	EXP	2		114.2					NEW ESTIMATE
DOUGLAS HWY. -CORDOVA TO BRIDGE	4	EXP	4				800.0			NEW ESTIMATE
DYEA ROAD RECONSTRUCTION	2	EXP	4						4840.8	NEW PROJECT
EGAN EXPRESSWAY IMPROVEMENTS	4	EXP	4						4567.5	NEW PROJECT
EGAN EXPRESSWAY- OVERLAY/REHAB.	4	EXP	4	2055.4						EXISTING CONDITION DICTATES ACTION
GLACIER HWY.-EGAN DRIVE TO SALMON CR. BRIDGE & BR	4	EXP	4	1206.9						COMBINE WITH BRIDGE CONSTR.
GLACIER HWY.-EXTENSION TO MCNUGGET INTERSECTION	4	EXP	4	2000.0						CONSTRUCTION DELAYED FROM 88E
GLACIER HWY.-INDIAN POINT TO TEE HARBOR	4	EXP	2	91.4						PHASE 2 SPLIT FUNDED BETWEEN TWO YEARS
GLACIER HWY.-INDIAN POINT TO TEE HARBOR	4	ALT	4	3288.6						MOVED AHEAD FROM 90E
GLACIER HWY.-INDIAN POINT TO TEE HARBOR	4	EXP	4		3288.6					
GLACIER HWY.-LOOP RD. TO BROTHERHOOD BR. WIDEN &	4	EXP	2			182.7				
GLACIER HWY.-LOOP RD. TO BROTHERHOOD BR.-WIDEN &	4	EXP	4						1644.3	DEFERRED FROM 93
GLACIER HWY.-PHASE II (MCNUGGET TO LOOP)	4	EXP	2	228.4						NEW PROJECT
GLACIER HWY.-PHASE II (MCNUGGET TO LOOP)	4	ALT	2	137.1						DELAYED FROM 88
GLACIER HWY.-PHASE II (MCNUGGET TO LOOP)	4	EXP	2,3		319.8					NEW ESTIMATE
GLACIER HWY.-PHASE II (MCNUGGET TO LOOP)	4	EXP	7			599.3				NEW ESTIMATE
GLACIER HWY.-PHASE II (MCNUGGET TO LOOP)	4	EXP	4				3654.0			PORTION OF WORK DEFERRED FROM 91
GLACIER HWY.-PHASE II (MCNUGGET TO LOOP)	4	EXP	4					2283.8		CONST PHASE ADVANCED;PE UNDER EARLIER PROJ.
GLACIER HWY.-REHABILITATE LOOP RD. TO EGAN DR.	4	ALT	2		182.7					ALT FOR 91 EXP

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PROJECT	ED	EXP ALT	PHASE	89	90	91	92	93	94	COMMENTS
GLACIER HWY.-ROSS WAY TO EGAN DRIVE RECONSTRUCTIO	4	EXP	2	228.4						NEW ESTIMATE
GLACIER HWY.-ROSS WAY TO EGAN DRIVE RECONSTRUCTIO	4	EXP	3		212.4					NEW ESTIMATE
GLACIER HWY.-ROSS WAY TO EGAN DRIVE RECONSTRUCTIO	4	ALT	4		3200.0					ALT FOR 92 EXP
GLACIER HWY.-ROSS WAY TO EGAN DRIVE RECONSTRUCTIO	4	EXP	4				3200.0			NEW ESTIMATE
GLACIER HWY.-SALMON CK. TO VANDERBILT HILL	4	EXP	2	274.1						NEW PROJECT
GLACIER HWY.-SALMON CK. TO VANDERBILT HILL	4	EXP	3,7		863.5					ADVANCE UT AND ROW PHASES
GLACIER HWY.-SALMON CK. TO VANDERBILT HILL	4	EXP	4					2972.7		CONST PHASE ADVANCED
HAINES HWY - CHILKAT RIVER TO BORDER - PHASE I	2	EXP	4			2700.0				DELAYED PHASE I CONST FROM 89, PHASE II CONST. DELAYED
HAINES HWY - F.T. TO UNION STREET	2	ALT	2	274.1						REMOVED FROM ALT
HAINES HWY - F.T. TO UNION STREET	2	EXP	2		228.5					
HAINES HWY - F.T. TO UNION STREET	2	EXP	4					2740.5		NEW PROJECT
HOONAH ARTERIAL PHASE II	2	EXP	3,4	3163.0						
KAKE CITY STREETS	2	EXP	2	203.4						CONSTRUCTION PHASE DELAYED
KAKE CITY STREETS	2	EXP	4,7		1635.6					PHASES DELAYED FROM 89
KLAWOCK AIRPORT ACCESS ROAD	2	EXP	4			1370.3				
KLAWOCK RIVER BRIDGE REPLACEMENT	2	ALT	2,4	2341.4						ADDED CONSTRUCTION COST OF BRIDGE
KLAWOCK RIVER BRIDGE REPLACEMENT	2	EXP	2,4		1905.8					NEW ESTIMATE
KLONDIKE HWY - PAVING & BRIDGE DECKING	2	EXP	2				182.7			
KLONDIKE HWY - PAVING & BRIDGE DECKING	2	EXP	4						2000.0	NEW PROJECT
KLONDIKE HWY.-SNOW CONTROL IMPROVEMENTS	4	EXP	2,4			1100.0				PROJECT ADDED TO ENHANCE SAFETY OF WINTER OPERATION
KTN.-CENTRAL BUSINESS DIST. -BAWDEN ST. EXTENSION	1	EXP	3	919.3						DELAYED FROM 88
KTN.-CENTRAL BUSINESS DIST. -BAWDEN ST. EXTENSION	1	ALT	4	634.9						
KTN.-CENTRAL BUSINESS DIST. -BAWDEN ST. EXTENSION	1	EXP	4		634.9					

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Project costs expressed in thousands of dollars

ALASKA LEGISLATURE COMMITTEE FILES 1987 - 1988 8672
5134 HTRA COMM. MTGS: ORGANIZ. MTG. - CAPITAL PROJECTS CLEANUP

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PROJECT	ED	EXP ALT	PHASE	89	90	91	92	93	94	COMMENTS
KTN.-TONGASS AVE. TRAFFIC IMPROVEMENTS	1	ALT	4	644.0						
KTN.-TONGASS AVE. TRAFFIC IMPROVEMENTS	1	EXP	4		644.0					
LUTAK ROAD - STAGE 2 - CONSTRUCT & SUPPLEMENTAL	2	EXP	4		1413.2					
MILKOFF HWY.-SCOW BAY TO CRYSTAL LAKE PVMT. RESUR	1	EXP	2,4	2283.8						
NO. DOUGLAS HWY.- PAVEMENT OVERLAY	4	ALT	2	91.4						NEW PROJECT
NO. DOUGLAS HWY.- PAVEMENT OVERLAY	4	ALT	2,4		1918.4					ALT FOR 92 EXP
NO. DOUGLAS HWY.- PAVEMENT OVERLAY	4	EXP	2			91.4				
NO. DOUGLAS HWY.- PAVEMENT OVERLAY	4	EXP	4				1827.0			
NO. TONGASS - NEW UPPER ROUTE	1	EXP	2	225.0						DELAYED
NO. TONGASS - NEW UPPER ROUTE	1	EXP	2		458.6					PARTIAL DELAY FROM 89
NO. TONGASS - NEW UPPER ROUTE	1	EXP	3			4341.4				ACQUISITION DELAYED FROM '90
NO. TONGASS - NEW UPPER ROUTE	1	EXP	4					5000.0		CONST PHASE SPLIT FUNDED
REGIONWIDE REFLECTIVE PAVEMENT MARKERS	91	EXP	4				500.0			NEW PROJECT
S.E. REGION-HSIP	91	EXP	4	400.0						
S.E. REGION-HSIP	91	EXP	2,4		400.0					
S.E. REGION-HSIP	91	EXP	2,4			400.0				
S.E. REGION-HSIP	91	EXP	2,4				400.0			
S.E. REGION-HSIP	91	EXP	4					400.0		
S.E. REGION-HSIP	91	EXP	4						400.0	NEW PROJECT
SITKA AIRPORT ACCESS ROAD	3	ALT	2	137.1						NEW PHASE
SITKA AIRPORT ACCESS ROAD	3	EXP	2		137.1					NEW ESTIMATE
SITKA AIRPORT ACCESS ROAD	3	ALT	4		2740.5					
SITKA AIRPORT ACCESS ROAD	3	EXP	4			2740.5				
SITKA-HALIBUT POINT ROAD - LAKE ST. TO PIONEER PA	3	ALT	2	274.1						ALT FOR 90 EXP
SITKA-HALIBUT POINT ROAD - LAKE ST. TO PIONEER PA	3	EXP	2		274.1					
SITKA-HALIBUT POINT ROAD - LAKE ST. TO PIONEER PA	3	EXP	4				2466.5			

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PROJECT	ED	EXP ALT	PHASE	89	90	91	92	93	94	COMMENTS
THANE ROAD RECONSTRUCTION	4	EXP	2				274.5			EXISTING CONDITION DICTATES ACTION
ZIMOVIA HWY.-BENNET ST. TO MILL @ 6.5 MI. PVMT. R	1	EXP	2	182.7						CONSTRUCTION PHASE DELAYED
ZIMOVIA HWY.-BENNET ST. TO MILL @ 6.5 MI. PVMT. R	1	ALT	4	1644.3						ALT FOR 90 EXP
ZIMOVIA HWY.-BENNET ST. TO MILL @ 6.5 MI. PVMT. R	1	EXP	4		1644.3					CONSTRUCTION DELAYED FROM 89

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DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
Federal Airport Improvement Program

DRAFT OBLIGATION PLAN & SIX-YEAR C.I.P.
*** SOUTHEAST REGION ***

PROJECT	EXP ED	ALT	PHASE	89	90	91	92	93	94	COMMENTS
CRAIG SPB EXPANSION	2	ALT	2,3,4	1700.0						ADDED IN RESPONSE TO INCREASED AIP EXPECTATION
CRAIG SPB EXPANSION	2	EXP	2,3,4		1700.0					ADDED IN RESPONSE TO INCREASED AIP EXPECTATION
EDNA BAY SEAPLANE FLOAT	2	ALT	2,4	180.0						ADDED IN RESPONSE TO INCREASED AIP EXPECTATION
EDNA BAY SEAPLANE FLOAT	2	EXP	2,4		180.0					ADDED IN RESPONSE TO INCREASED AIP EXPECTATION
GUSTAVUS AIRPORT IMPROVEMENTS PHASE 2	2	EXP	2,3,4,7						600.0	DELAYED FROM '89, DUE TO PROJECT DEVEL. PROBLEMS.
HAINES AIRPORT IMPROVEMENTS PHASE 2	2	EXP	4		2600.0					MOVED UP IN RESPONSE TO INCREASED AIP EXPECTATION
HOONAH AIRPORT IMPROVEMENTS	2	EXP	2,3,4	4500.0						ADDED IN RESPONSE TO INCREASED AIP EXPECTATION
HYDABURG SEAPLANE FACILITY	2	ALT	2,3,4		500.0					ALT. NOT PREVIOUSLY SHOWN FOR FY '90.
HYDABURG SEAPLANE FACILITY	2	EXP	2,3,4			500.0				ADDED IN RESPONSE TO INCREASED AIP EXPECTATION
HYDER SEAPLANE FLOAT	1	ALT	2,4	120.0						ADDED IN RESPONSE TO INCREASED AIP EXPECTATION
HYDER SEAPLANE FLOAT	1	EXP	2,4		120.0					ADDED IN RESPONSE TO INCREASED AIP EXPECTATION
KAKE AIRPORT IMPROVEMENTS	2	ALT	2,4	1350.0						MOVED TO 88 AS AN ALTERNATE
KAKE AIRPORT IMPROVEMENTS	2	EXP	2,4			1350.0				
KASAAN SEAPLANE FLOAT	2	EXP	2,4	254.0						ADDED IN RESPONSE TO INCREASED AIP EXPECTATION
KETCHIKAN AIRPORT SHUTTLE- GRAVINA TERMINAL	1	EXP	2,4				1900.0			
KETCHIKAN AIRPORT WEST TAXIWAY	1	EXP	2,4					5000.0		
KETCHIKAN WEST TAXIWAY PAVING	1	EXP	2,4						2500.0	NEW PROJECT.
KLAWOCK AIRPORT IMPROVEMENTS (SAFETY AREA)	2	EXP	2,4						2650.0	NEW PROJECT.
KLAWOCK APRON IMPROVEMENTS	2	EXP	2,4			800.0				ADDED IN RESPONSE TO INCREASED AIP EXPECTATION

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PROJECT	EXP ED	ALT	PHASE	89	90	91	92	93	94	COMMENTS
METLAKATLA SEAPLANE FLOAT EXPANSION	2	ALT	2,3,4	630.0						ADDED IN RESPONSE TO INCREASED AIP EXPECTATION
METLAKATLA SEAPLANE FLOAT EXPANSION	2	EXP	2,3,4		630.0					ADDED IN RESPONSE TO INCREASED AIP EXPECTATION
PETERSBURG AIRPORT EQUIPMENT BUILDING	1	ALT	2,4,7	540.0						
PETERSBURG AIRPORT EQUIPMENT BUILDING	1	ALT	2,4,7		540.0					ALT. NOT PREVIOUSLY SHOWN FOR FY '90.
PETERSBURG AIRPORT EQUIPMENT BUILDING	1	EXP	2,3,4			540.0				
PETERSBURG AIRPORT IMPROVEMENTS	1	EXP	2,4				2500.0			ADDED IN RESPONSE TO INCREASED AIP EXPECTATION
S.E. AIRPORT MASTER PLANS (KAKE, KLAWOCK)	2	EXP	8	200.0						REVISED COST ESTIMATE
SITKA AIRPORT IMPROVEMENTS	3	EXP	2		200.0					MOVED FROM 88 EXP., DUE TO FAA P.E. GRANT RESTRICTIONS.
SITKA AIRPORT IMPROVEMENTS	3	EXP	2,3,4				900.0			
SITKA RUNWAY GROOVING	3	ALT	2,4	2200.0						
SITKA RUNWAY GROOVING	3	EXP	2,4		2200.0					
SKAGWAY AIRPORT IMPROVEMENTS, PHASE 1	2	EXP	2,3,4,7					900.0		DELAYED FROM '89, DUE TO PROJECT DEVEL. PROBLEMS
THORNE BAY SEAPLANE FACILITIES	2	EXP	2,3,4	500.0						ADDED IN RESPONSE TO INCREASED AIP EXPECTATION
WHALE PASS SEAPLANE FACILITIES	2	EXP	2,3,4	388.0						ADDED IN RESPONSE TO INCREASED AIP EXPECTATION
WRANGELL AIRPORT IMPROVEMENTS	1	ALT	2,4		2500.0					ALT. NOT PREVIOUSLY SHOWN FOR FY '90.
WRANGELL AIRPORT IMPROVEMENTS	1	EXP	2,4			2500.0				ADDED IN RESPONSE TO INCREASED AIP EXPECTATION
YAKUTAT AIRPORT GENERATOR & TAXIWAY LIGHTS	2	EXP	2,4	100.0						ADDED IN RESPONSE TO INCREASED AIP EXPECTATION

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November 25, 1987

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
Federal Highways Administration Program

DRAFT OBLIGATION PLAN & SIX-YEAR C.I.P.
*** MARINE HIGHWAY SYSTEM ***

PROJECT	ED	EXP ALT	PHASE	89	90	91	92	93	94	COMMENTS
AUKE BAY SEC. TERM REHAB.	4	EXP	4	2500.0						
BARTLETT AUX. MACHINERY REFURB.	91	EXP	2,4				1450.0			PROJECT ACCELERATED DUE TO VESSEL CONDITION
BARTLETT HOTEL REFURB. PE	92	ALT	2				242.1			
BARTLETT HOTEL REFURB. PE	92	EXP	2					242.1		
COLUMBIA DECK & HOTEL REFURB	91	ALT	4				8007.9			
COLUMBIA DECK & HOTEL REFURB	91	EXP	4					8007.9		
COLUMBIA REFURB	91	ALT	2	500.0						#OR 87-11 ZERO OUT MFE 9/87: PROJECT ACCELERATED DUE
COLUMBIA REFURB	91	EXP	2		500.0					#OR 87-11 ZERO OUT MFE 9/87: PROJECT ACCELERATED DUE
COLUMBIA REPOWER	91	EXP	2				400.0			PROJECT ACCELERATED DUE TO VESSEL CONDITION
COLUMBIA REPOWER	91	EXP	4						6500.0	
HAINES STRUCTURES PE	2	ALT	2			91.4				
HAINES STRUCTURES PE	2	EXP	2				91.4			
HAINES UPLANDS IMPROVEMENTS	2	EXP	4	525.3						
HIGH SPEED FERRY (HSF) VESSEL #1	91	EXP	4		3828.6					PROJECT DELAYED PENDING ADOPTION OF AMHS MASTER PLAN
HIGH SPEED FERRY (HSF) VESSEL #2	91	ALT	4		3300.0					PROJECT DELAYED PENDING ADOPTION OF AMHS MASTER PLAN
HIGH SPEED FERRY (HSF) VESSEL #2	91	EXP	4			3300.0				PROJECT DELAYED PENDING ADOPTION OF AMHS MASTER PLAN
HIGH SPEED FERRY SHORE FAC. MODS PH. A	91	ALT	4		1900.0					PROJECT DELAYED PENDING ADOPTION OF AMHS MASTER PLAN
HIGH SPEED FERRY SHORE FAC. MODS PH. A	91	EXP	4			1900.0				PROJECT DELAYED PENDING ADOPTION OF AMHS MASTER PLAN
HIGH SPEED FERRY VESSEL #3	91	ALT	2,4					5481.0		PROJECT DELAYED PENDING ADOPTION OF AMHS MASTER PLAN
HIGH SPEED FERRY VESSEL #3	91	ALT	2,4						5481.1	

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PROJECT	ED	EXP ALT	PHASE	89	90	91	92	93	94	COMMENTS
HOMER FERRY TERMINAL	6	ALT	2			200.0				
HOMER FERRY TERMINAL	6	ALT	2				200.0			
HOMER FERRY TERMINAL	6	EXP	2					200.0		
HOMER FERRY TERMINAL	6	EXP	4						1060.0	
HOONAH STRUCTURAL & UPLANDS IMPR.	2	EXP	2,4				475.0			PRIORITY CHANGE DUE TO FACILITY CONDITION
KETCHIKAN FERRY TERM RENOV.	1	EXP	4	434.0						
KODIAK FERRY TERMINAL	27	EXP	4			2600.0				
LECONTE DECK & HOTEL REFURB.	91	EXP	2			242.1				
LECONTE DECK & HOTEL REFURB.	91	EXP	4				3032.0			
LECONTE REPOWER & MACHINERY REFURB	91	EXP	2	250.0						
LECONTE REPOWER & MACHINERY REFURB	91	EXP	4			2442.0				PROJECT ACCELERATED DUE TO VESSEL CONDITION
MALASPINA AUXILIARY MACHINERY	91	ALT	4	1250.0						
MALASPINA AUXILIARY MACHINERY	91	EXP	4		1250.0					
MALASPINA HOTEL REFURBISHMENT	91	ALT	4	3125.0						
MALASPINA HOTEL REFURBISHMENT	91	EXP	4		3125.0					PROJECT ACCELERATED DUE TO VESSEL CONDITION
SEWARD FERRY TERMINAL	6	ALT	4			2968.9				
SITKA UPLANDS IMPROVEMENTS	3	EXP	2					150.0		PROJECT ADDED DUE TO FACILITY CONDITION
SITKA UPLANDS IMPROVEMENTS	3	EXP	4						1096.2	
SOUTHERN TERMINUS PE	99	EXP	2	228.4						PRIORITY CHANGE DUE TO LEGISLATIVE INTEREST
TAKU REPOWER	91	EXP	4			275.0				
TAKU REPOWER	91	ALT	4						4567.5	
TUSTUMENA REFURBISHMENT PH B	92	EXP	4	4200.0						

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Project costs expressed in thousands of dollars

PROJECT	ED	EXP ALT	PHASE	89	90	91	92	93	94	COMMENTS
VALDEZ TERMINAL REPLACEMENT PE	6	ALT	2			182.7				
VALDEZ TERMINAL REPLACEMENT PE	6	EXP	2				182.7			

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Project costs expressed in thousands of dollars

November 27, 1987

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
Federal Airport Improvement Program

DRAFT OBLIGATION PLAN & SIX-YEAR C.I.P.
*** ANCHORAGE INTERNATIONAL AIRPORT ***

PROJECT	ED	EXP ALT	PHASE	89	90	91	92	93	94	COMMENTS
AIA FLOAT PLANE EXPAN. & WETLANDS MITIGATION	9	EXP	2,4		937.0					NEEDED TO MITIGATE WETLANDS FOR G/A EXPANSION
AIA FLOAT PLANE EXPANSION PHASE I	9	EXP	2			1538.0				DELAYED FROM FY89 DUE TO MITIGATION, TENANT & ROAD RELO
AIA FLOAT PLANE EXPANSION PHASE II	9	EXP	2,4					3094.0		PHASE II OF LAKE HOOD FLOAT PLANE EXPANSION
AIA GA APRON TAXIWAY EXPANSION PHASE I	9	EXP	2			4537.0				NEED TO HANDLE ALL FIXED-WHEEL TIE-DOWNS
AIA GA APRON TAXIWAY EXPANSION PHASE II	9	EXP	2,4				1406.0			ADDED TO ALLOW ONE LOCATION FOR ALL FIXED-WHEEL TIE-DOW
AIA GA APRON TAXIWAY EXPANSION PHASE III	9	EXP	2,4						1031.0	NEW PROJECT
AIA GA ENVIRONMENTAL ASSESSMENT/DESIGN	9	EXP	2	469.0						NEEDED FOR WETLAND PERMITS FOR G/A EXPAN.
AIA NOISE ABATEMENT BERM	9	EXP	2,4						1654.0	NEW PROJECT
AIA NOISE ABATEMENT PROGRAM	9	EXP	2,4					2800.0		USAGE OF ADDITIONAL AIP PARTICIPATION
AIA NORTH APRON EXPANSION	9	EXP	2,4		4688.0					NEEDED INCREASED EFFICIENCY FOR INTN'L FLIGHTS
AIA OVERLAY & GROOVE RUNWAY 14/32	9	EXP	2,4			2343.8				
AIA RECONSTRUCT TAXIWAY "G"	9	EXP	2,4	2074.7						REVISED ENGINEER ESTIMATE
AIA RECONSTRUCTION OF RAMP AREAS FY92	9	EXP	2,4				2800.0			NOW PARTIAL AIP PARTICIPATION
AIA RELOCATE GRAVEL RUNWAY 13/31	9	EXP	2,4		1406.0					OUTCOME FROM NOISE COMPATIBILITY STUDY (PART 150)
AIA RELOCATE LAKESHORE DRIVE	9	EXP	2,4		703.0					NEEDED BECAUSE OF LAKE HOOD, FLOAT PLANE EXPANSION
AIA REMOTE FUELING APRON EXPANSION	9	EXP	2,4	4219.0						NEEDED TO FACILITATE INCREASED INTN'L FLIGHTS

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Project costs expressed in thousands of dollars

PROJECT	ED	EXP ALT	PHASE	89	90	91	92	93	94	COMMENTS
AIA SOUTH AIRPARK DEVELOPMENT	9	EXP	2,4						1875.0	NEW PROJECT
AIA TAXIWAY "D" RECONSTRUCTION	9	EXP	2,4		4688.0					ADDED TO HANDLE WIDE BODY B-747 TYPE AIRCRAFT
AIA TAXIWAY "H" RECONSTRUCTION	9	EXP	2			1678.0				NEEDED UPGRADE PER MASTER PLAN UPDATE
AIA TAXIWAY "K" RESURFACE	9	EXP	2,4	2812.5						
AIA TAXIWAY "R" RESURFACE	9	EXP	2,4						2813.0	NEW PROJECT
AIA UPDATE EXISTING MASTERPLAN & NOISE STUDY	9	EXP	2,4			468.8				

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Project costs expressed in thousands of dollars

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
International Airport Revenue Funds

DRAFT OBLIGATION PLAN & SIX-YEAR C.I.P.
*** ANCHORAGE INTERNATIONAL AIRPORT ***

PROJECT	ED	EXP ALT	PHASE	89	90	91	92	93	94	COMMENTS
AIA AIRCRAFT STORAGE AREA	9	EXP	2,4		1300.0					
AIA AIRPORT DRAINAGE PLAN	9	EXP	2		500.0					ADDED AS PART OF INTERNAL ROAD PROJECT
AIA AIRPORT FENCING REHABILITATION	9	EXP	2,4						3000.0	NEW PROJECT
AIA ANNUAL IMPROVEMENTS	9	EXP	2,4	650.0						
AIA ANNUAL IMPROVEMENTS	9	EXP	2,4		700.0					
AIA ANNUAL IMPROVEMENTS	9	EXP	2,4			750.0				
AIA ANNUAL IMPROVEMENTS	9	EXP	2,4				750.0			
AIA ANNUAL IMPROVEMENTS	9	EXP	2,4					800.0		
AIA ANNUAL IMPROVEMENTS	9	EXP	2,4						650.0	NEW PROJECT
AIA FLOAT PLANE EXPAN. & WETLANDS MITIGATION	9	EXP	2,4		63.0					NEEDED TO MITIGATE WETLANDS FOR G/A EXPANSION
AIA FLOAT PLANE EXPANSION PHASE I	9	EXP	2			102.0				DELAYED FROM FY89 DUE TO MITIGATION, TENANT & ROAD RELO
AIA FLOAT PLANE EXPANSION PHASE II	9	EXP	2,4					206.0		PHASE II OF LAKE HOOD FLOAT PLANE EXPANSION
AIA GA APRON TAXIWAY EXPANSION PHASE I	9	EXP	2			343.0				NEED TO HANDLE ALL FIXED-WHEEL TIE-DOWNS
AIA GA APRON TAXIWAY EXPANSION PHASE II	9	EXP	2,4				44.0			ADDED TO ALLOW ONE LOCATION FOR ALL FIXED-WHEEL TIE-DOW
AIA GA APRON TAXIWAY EXPANSION PHASE III	9	EXP	2,4						69.0	NEW PROJECT
AIA GA ENVIRONMENTAL ASSESSMENT/DESIGN	9	EXP	2	31.0						NEEDED FOR WETLAND PERMITS FOR G/A EXPAN.
AIA GA EXPANSION/TENANT RELOCATION	9	EXP	2,4		3000.0					NEEDED DUE TO LAKE HOOD, FLOAT PLANE EXPANSION
AIA GA ROADWAY/COMMERCIAL RELOCATION	9	EXP	2,4				1320.0			LAKE HOOD FLT. PLANE EXPAN. REQUIRED PROCESS
AIA GARAGE REHABILITATION & IMPROVEMENT	9	EXP	2,4						1000.0	NEW PROJECT

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Project costs expressed in thousands of dollars

PROJECT	ED	EXP ALT	PHASE	89	90	91	92	93	94	COMMENTS
AIA GENERAL AVIATION PAVING	9	EXP	2,4	1000.0						
AIA INTERNAL ROAD IMPROVEMENTS	9	EXP	2,4	1000.0						
AIA MAINTENANCE COMPLEX REHAB & EXPANSION	9	EXP	2,4						2500.0	NEW PROJECT
AIA MAINTENANCE EQUIPMENT	9	EXP	2,4	540.0						
AIA MAINTENANCE EQUIPMENT	9	EXP	2,4		1000.0					
AIA MAINTENANCE EQUIPMENT	9	EXP	2,4			1200.0				
AIA MAINTENANCE EQUIPMENT	9	EXP	2,4				1200.0			
AIA MAINTENANCE EQUIPMENT	9	EXP	2,4					1500.0		
AIA MAINTENANCE EQUIPMENT	9	EXP	2,4						1600.0	NEW PROJECT
AIA MONITORING SYSTEM	9	EXP	2,4	400.0						NEEDED FOR ADDITIONAL SNOW & ICE CONTROL
AIA NOISE ABATEMENT BERM	9	EXP	2,4						110.0	NEW PROJECT
AIA NOISE ABATEMENT PROGRAM	9	EXP	2,4			7500.0				
AIA NOISE ABATEMENT PROGRAM	9	EXP	2,4					2200.0		USAGE OF ADDITIONAL AIP PARTICIPATION
AIA NOISE MONITORING EQUIPMENT FY90	9	EXP	2,4		100.0					
AIA NORTH AIRPARK DEVELOPMENT PH II	9	EXP	2,4		3200.0					NOW PARTIAL AIP FUND PARTICIPATION
AIA NORTH AIRPARK DEVELOPMENT PH III	9	EXP	2,4				1700.0			NOW PARTIAL AIP PARTICIPATION
AIA NORTH APRON EXPANSION	9	EXP	2,4		312.0					NEEDED INCREASED EFFICIENCY FOR INTN'L FLIGHTS
AIA NORTH TERMINAL EXPANSION STUDY	9	EXP	2			100.0				
AIA OVERLAY & GROOVE RUNWAY 14/32	9	EXP	2,4			156.3				
AIA OVERLAY RUNWAY 6L/24R	9	EXP	2,4					2500.0		ADDED AIP PARTICIPATION & INCREASED GROOVING

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PROJECT	EXP ED	ALT	PHASE	89	90	91	92	93	94	COMMENTS
AIA PAVE TUG ROAD PHASE II	9	EXP	2,4		300.0					
AIA POSTMARK DRIVE REALIGNMENT	9	EXP	2,4					1640.0		ADDED PER MASTER PLAN UPDATE
AIA RECONSTRUCT TAXIWAY "G"	9	EXP	2,4	138.3						REVISED ENGINEER ESTIMATE
AIA RECONSTRUCTION OF INTERNAL ROADWAYS	9	EXP	2,4		3537.0					AIRPORT DRAINAGE PLAN SPLIT FROM PROJECT
AIA RECONSTRUCTION OF INTERNAL ROADWAYS	9	EXP	2,4			13100.0				
AIA RECONSTRUCTION OF RAMP AREAS	9	EXP	2,4	1000.0						
AIA RECONSTRUCTION OF RAMP AREAS	9	EXP	2,4		1000.0					
AIA RECONSTRUCTION OF RAMP AREAS	9	EXP	2,4			1000.0				
AIA RECONSTRUCTION OF RAMP AREAS	9	EXP	2,4				3000.0			NOW PARTIAL AIP PARTICIPATION
AIA RECONSTRUCTION OF TAXIWAYS	9	EXP	2,4			2000.0				
AIA RECONSTRUCTION OF TAXIWAYS	9	EXP	2,4				1000.0			NOW PARTIAL AIP PARTICIPATION
AIA RELOCATE GRAVEL RUNWAY 13/31	9	EXP	2,4		94.0					OUTCOME FROM NOISE COMPATIBILITY STUDY (PART 150)
AIA RELOCATE LAKESHORE DRIVE	9	EXP	2,4		47.0					NEEDED BECAUSE OF LAKE HOOD, FLOAT PLANE EXPANSION
AIA REMOTE FUELING APRON EXPANSION	9	EXP	2,4	281.0						NEEDED TO FACILITATE INCREASED INTN'L FLIGHTS
AIA SOUTH AIRPARK DEVELOPMENT	9	EXP	2,4						125.0	NEW PROJECT
AIA SURVEY/UPDATE LAND OCCUPANCY MAP	9	EXP	2	300.0						NEEDED FOR UP-TO-DATE LAND STATUS MAPS
AIA TAXIWAY "D" RECONSTRUCTION	9	EXP	2,4		312.0					ADDED TO HANDLE WIDE BODY B-747 TYPE AIRCRAFT
AIA TAXIWAY "H" RECONSTRUCTION	9	EXP	2			112.0				NEEDED UPGRADE PER MASTER PLAN UPDATE
AIA TAXIWAY "K" RESURFACE	9	EXP	2,4	187.5						
AIA TAXIWAY "R" RESURFACE	9	EXP	2,4						187.0	NEW PROJECT

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Project costs expressed in thousands of dollars

DRAFT OBLIGATION PLAN & SIX-YEAR C I.P.
*** ANCHORAGE INTERNATIONAL AIRPORT ***

PROJECT	ED	EXP ALT	PHASE	89	90	91	92	93	94	COMMENTS
AIA TERMINAL REHAB & REMODELING (BOTH TERMINAL BL	9	EXP	2,4				5000.0			
AIA UPDATE EXISTING MASTERPLAN & NOISE STUDY	9	EXP	2,4			31.3				

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Project costs expressed in thousands of dollars

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
Federal Airport Improvement Program

DRAFT OBLIGATION PLAN & SIX-YEAR C.I.P.
*** FAIRBANKS INTERNATIONAL AIRPORT ***

PROJECT	ED	EXP ALT	PHASE	89	90	91	92	93	94	COMMENTS
FIA NW Apron & Taxiway	20	ALT	2,3,4,7	1300.0						Moved from FY89 EXP
FIA NW Apron & Taxiway	20	EXP	2,3,4,7		1300.0					Moved from FY89
FIA NW Apron & Taxiway Ph 2	20	EXP	4,7				600.0			Moved from FY90

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Project costs expressed in thousands of dollars

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
International Airport Revenue Funds

DRAFT OBLIGATION PLAN & SIX-YEAR C.I.P.
*** FAIRBANKS INTERNATIONAL AIRPORT ***

PROJECT	EXP ED	ALT	PHASE	89	90	91	92	93	94	COMMENTS
FIA Annual Improvements	20	EXP	2,4,7	300.0						Revised cost estimate
FIA Annual Improvements	20	EXP	2,4,7		300.0					Revised cost estimate
FIA Annual Improvements	20	EXP	2,4,7			300.0				Revised cost estimate
FIA Annual Improvements	20	EXP	2,4,7				300.0			Revised cost estimate
FIA Annual Improvements	20	EXP	2,4,7					300.0		Revised cost estimate
FIA Annual Improvements	20	EXP	2,4,7						300.0	No change
FIA Automobile Parking Lot Expansion	20	EXP	2,3,4,7				800.0			No change
FIA CFR Bldg Upgrade	20	EXP	2,4,7	2000.0						No change
FIA Equip Replac.	20	EXP	2,4			1000.0				Revised cost estimate, revise title
FIA Float Pond Expansion	20	EXP	2,3,4,7		600.0					No change
FIA Fuel Hydrant Repairs	20	EXP	2,4,7						400.0	Moved from FY90
FIA Gen Aviation Apron & Txwy Expan, Ph 2	20	EXP	2,3,4,7				1000.0			Moved from FY93
FIA Maint Facil. Expan.-Equip Shop,Vehicle Storag	20	EXP	2,3,4,7					700.0		No change, revised title
FIA Maint Facil. Expan.-Equip Shop,Vehicle Storag	20	EXP	2,4,7						1500.0	Moved from FY92
FIA Noise Abatement Program	20	EXP	3,4,8			800.0				No change
FIA NW Apron & Taxiway Extension, Ph 1	20	EXP	2,3,4,7		100.0					Moved from FY89
FIA NW Apron & Taxiway Extension, Ph 2	20	EXP	2,4				1000.0			Moved from FY90
FIA Runway Brooms Purchase	20	EXP	2,4	600.0						Moved from 91; project title change
FIA Terminal Area Landscaping	20	EXP	2,3,4,7						500.0	Moved from FY89

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PROJECT	EXP ED	ALT	PHASE	89	90	91	92	93	94	COMMENTS
FIA Terminal Bldg. Repairs	20	EXP	2,3,4,7		400.0					Added to program, high M&O priority
FIA Terminal Remodel	20	EXP	2,3,4					500.0		No change, revised title
FIA West Apron Sealcoat	20	EXP	2,4,7	300.0						Addition to program
FIA West Industrial Rd Drainage Imprv & Paving	20	EXP	2,3,4,7					1200.0		No change

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THE ALASKA MARINE HIGHWAY - SOUTHEAST SYSTEM

A HOLISTIC CONCEPT

BY

REPRESENTATIVE BILL HUDSON

December 10, 1987

Executive Summary

INTRODUCTION: The Alaska Marine Highway System (AMHS) is fast approaching 25 years of service in Southeast Alaska and by all accounts has served well. The system consists of seven vessels serving 18 S.E. communities via an inter and intrastate Marine highway over 1000 nautical miles long, connecting this landlocked Alaskan region to Land highways at Prince Rupert and Seattle to the South and Haines and Skagway to the North.

PURPOSE OF THIS PAPER: I have prepared this paper to stimulate discussion and debate on issues surrounding the future of this our essential Marine Highway system.

It is my belief that we must find consensus for and immediately begin the implementation of a Marine Highway plan that will carry this system into the next 20 years of service!

GENERAL CONCEPT: I am proposing a holistic concept that addresses such issues as: Bellingham vs Seattle, Roads vs. Hi-Speed Ferries, System Marketing, Thru-Haul vs. Segmentation Scheduling, and the Need for Compatibility with Regional Economic Development Plans.

TIMELINESS: Given the fact that Marine Union contracts expire March 30, 1988, any operational changes contemplated in the next three years should be established soon.

Vessel age and years of hard use dictate a need for major rehabilitation and/or costly replacement within the next 5 - 10 years.

Southeast Alaska's regional economic development growth will depend on a future system that compliments and supports local independent visitor tourism, emerging seafood production in Southeast Alaska and other businesses relying on marine transportation.

Finally, like any $60 million a year transportation system, we must assure it remains alive and progressive - growing to meet the needs of our state and this region.

CONSIDER OUR PRESENT SYSTEM: Alaska operates this seven vessel fleet at about 67% capacity with far more offline-layup than most private or public shipping companies would.

The system was tailor made to meet peak summer demands and evolved to accommodate many smaller communities over the years.

Ships largely call through Southeast communities and I believe, unknowingly, discourage stopover travel. In fact, I suspect a careful review of traffic figures would show that most of the 45,000 passengers who annually embark at Prince Rupert and Seattle do not spend much time in Southeast communities, to the economic loss of these communities.

Some value added benefits to the system are being realized in every community, especially the larger towns like Juneau, Ketchikan and Sitka, but, every community is losing value because of short docking times, time of arrival and/or the location of our terminals.

Vessel fares are marginally at the point of diminished returns and do not encourage widespread local use.

The system marketing, advertising and promotion is almost non-existent and may be a prime reason why shoulder traffic has not increased appreciably.

RECOMMENDED CHANGES: I believe it is time to implement some of the changes proposed in the 1986 Southeastern Transportation Plan and the Southeast Conference Community Perspective Report. It is time to activly seek demonstration project funds to acquire two properly configured surface effect or conventional high speed vessels to employ in the Lynn Canal corridor between Juneau, Haines and Skagway, and between Ketchikan and Prince Rupert. I intend to approach our Congressional delegation for a realistic determination of this support.

It is time to consider moving our southern terminus from Seattle to Bellingham and to implement a sound marketing and sales program to increase year around passenger, vehicle and freight sales and service.

Traffic should analyze the probable effects of operating a turnaround schedule between Bellingham and Ketchikan interconnecting with an intrastate route between Ketchikan and Juneau with as-needed trips to Sitka. Under this model all mainline traffic would end in downtown Juneau and travellers would proceed north by road and hi-speed ferries.

With this move I recommend we consider the benefits of relocating the Juneau Auke Bay operations to a site in Echo Cove, and to operate directly into downtown Haines or to a terminal site closer to Juneau on the Chilkat Peninsula. Our long-term priority must remain for a road. Realistically we will likely have to wait for significant mining development or exceptional federal funding to justify constructing a $400 million dollar road between Juneau, Skagway and Haines .

I propose that the time saved by stopping mainline traffic in Juneau and relocating to Bellingham be allocated to longer dock time at smaller communities such as Petersburg and Wrangell for sightseeing, local shopping and other such economic benefits as well as to structure more frequent trips.

As a former Director of the AMHS, I understand the many complexities of this unique system and the time honored constraints. I am confident

that vessel employees, shipping and travel agency partners would be willing to consider some changes for the improvement of the system.

I realize the problems associated with changing a system that has operated essentially the same for 25 years; yet I urge change because the present system is becoming increasingly regressive, more costly and is out of sync with the original legislative intent and the economic development needs of the very communities it was created to serve.

I urge creative marketing, such as booking on-board, off-season conventions, university and school field trips, coordinated trip sales with B.C. ferries and perhaps it is time to offer space available travel as a negotiable labor contract provision in lieu of wages. I would consider offering a once a year space available round trip to Alaska residents (at least SE residents) at a minimal charge to garner the passenger service revenue at a time when passenger loads are down. A little revenue is better than no revenue - providing costs are offset to show some profit.

I recommend all changes be coordinated with the Southeast Conference members and Legislators as well as traditional users of the system. Alaskans should be able to use their only highway at less cost.

POTENTIAL BENEFITS OF CHANGE: I believe the changes I have proposed will increase revenue to the system, appreciably increase economic benefits to Southeast communities, increase employment for Southeast crew members, provide affordable, more frequent and dependable transportation

for all Southeast residents and essentially connect the 70,000 Southeast residents with the Yukon, British Columbia, and the rest of our State. Clearly these changes will increase the value added potentials in every community we serve.

I foresee greatly increased tourism activity, less costly travel between cities in Southeast Alaska and expanded travel between Southeast and our neighbors in the Yukon as well as two way travel between Southeast and the rest of our state. Southeast benefits because our highway now supports our ecomomic development plans and the rest of Alaska benefits because Southeast, especially our Capital city, is easier to access and the 70,000 people of SE Alaska can now travel to Anchorage easier and more frequently. Haines and Skagway benefit because they would have direct and frequent, affordable access to other SE markets and legislative activities.

Orienting the ferry system more to a hub in Ketchikan and one in Juneau may encourage many of those Seattle resident employers to relocate back to Alaska.

FINALLY: This paper is meant to be constructive. It should not be construed as a detailed plan, but rather a conceptual plan to build upon. We still need much debate and a whole lot of in-depth study on this vital system.

Whatever we do, we must begin to implement some of the changes to make the system more beneficial to the inevitable growth of our region.

I welcome your comments and input. I seek your support.

Respectfully submitted,

Bill Hudson

THE FLEET

M/V BARTLETT

M/V AURORA

M/V CHILKAT

M/V COLUMBIA

The M/V Aurora—the newest addition to the fleet—was built by Peterson Shipbuilders in Sturgeon Bay, Wisconsin, and began service in 1977. The Aurora is 235 feet long, and can transport 250 passengers and 47 standard vehicles at a service speed of 14 knots. Since the Aurora is used for short runs, staterooms are not available, although food service, a cocktail lounge, and a solarium are provided.

The M/V Bartlett was launched in 1968 at Jeffersonville, Indiana, and went into service from her home port of Cordova the following year. She is 193 feet long, with capacity for 38 standard vehicles, and a passenger capacity of 170. Service speed is 14 knots. Because the Bartlett is only used for short voyages, staterooms are not available. However, food service and a solarium are provided.

The M/V Chilkat, the original ship of the Alaska Marine Highway fleet, was taken over by the State of Alaska following admission to the Union in 1959. Today she serves the Southern Panhandle area between Ketchikan, Metlakatla, and Hollis. The Chilkat measures slightly under 100 feet in length, and cruises at 10 knots. There is room aboard for 15 vehicles and 75 passengers.

The M/V Columbia, Alaska's largest ferry, is the flagship of the Marine Highway fleet. Launched by Lockheed Shipbuilding in Seattle in 1973, the Columbia is 418 feet long, with capacity for 1,000 passengers and 180 standard vehicles. She has a service speed of 19 knots. There are 20 2-berth cabins and 71 4-berth cabins, including 5 deluxe units with sitting rooms. Food service, a cocktail lounge, and a solarium are also available.

The M/V LeConte, launched in late 1973 by Peterson Shipbuilders in Sturgeon Bay, Wisconsin, joined the Alaska Marine Highway fleet in 1974, as the vessel serving the Northern Panhandle area. The LeConte is 235 feet long, with capacity for 250 passengers and 47 standard vehicles, and has a service speed of 14 knots. Since the LeConte is used for short runs, staterooms are not available, although food service, a cocktail lounge, and a solarium are provided.

M/V LE CONTE

M/V TAKU

M/V MALASPINA

M/V TUSTUMENA

M/V MATANUSKA

The M/V Malaspina carries 750 passengers, and provides 56 4-berth and 30 2-berth cabins. She was built in Seattle, Washington in 1963, at the Lockheed Shipbuilding yards; then lengthened and renovated in 1972 at the Willamette Iron and Steel Company shipyard in Portland, Oregon. The Malaspina is now 408 feet long, with capacity for 120 standard vehicles, and has a service speed of 16.5 knots. Food service, a cocktail lounge, and a solarium are available.

The M/V Matanuska was built by Puget Sound Bridge & Dry Dock Company of Seattle, and began service in 1963. In 1978, she was lengthened and renovated; making her 408 feet in length, with capacity for 120 standard vehicles and 750 passengers. She has a service speed of 16.5 knots. There are 84 2-berth, 24 3-berth, and 4 4-berth cabins. Food service, a cocktail lounge, and a solarium are available.

The M/V Taku was built by Puget Sound Bridge & Dry Dock Company of Seattle, and began service in 1963. She is 352 feet long, with capacity for 105 standard vehicles, and a passenger capacity of 500. Her service speed is 16 knots. Renovated in 1981, the Taku has 35 2-berth and 9 4-berth cabins. Food service, a cocktail lounge, and a solarium are available.

The M/V Tustumena was built at Sturgeon Bay, Wisconsin, in 1964, sailed Alaskan waters for five years, then was renovated in San Francisco in the winter of 1969. She is 296 feet long, and has a service speed of 14 knots. The Tustumena has space for 50 standard vehicles, and a passenger capacity of 220—with 25 2-berth and 2 4-berth cabins. Food service, a cocktail lounge, and a solarium are available. The Tustumena provides service to Seldovia, Homer, Port Lions, and Kodiak from her home port of Seward. She also sails from Seward to Valdez and Cordova, on Prince William Sound.

BELLINGHAM AS SOUTHERN TERMINUS

OF

THE ALASKA MARINE HIGHWAY

The city of Bellingham, the Port of Bellingham and the Whatcom County Chamber of Commerce are very enthusiastic in their attempt to establish Bellingham as the southern terminus of the Alaska Marine Highway (AMH). To this end, the Port of Bellingham has allotted $2 million of its calendar year 1988 budget for terminal infrastructure construction. City staff has produced two videos supporting the move which have already been shown publicly in both Alaska and Washington, and civic and community leaders continue to be in contact with Alaskan transportation, business and government leaders.

When the current lease, held by the Port of Seattle, expires in September of 1989, Bellingham intends to submit a bid for the contract. During interim, Rep. Bette Cato and staff visited Bellingham and spoke with interested parties from the city, port and community of Bellingham regarding the feasibility of such a move. As a result of that trip, the following report was prepared.

1. Location of Terminal

Bellingham is proposing that one of two sites near its downtown area be chosen as the future site of the southern terminus of the Alaska Marine Highway. Both sites are located in Whatcom International Shipping Terminal which is adjacent to the present Port of Bellingham administration building. Some of the appropriate infrastructure already exists. Other infrastructure such as a terminal facility built to state of Alaska specifications, would have to be added. There is ample space available at either of these locations for parking, storage, loading and off-loading, and maneuvering of freight and vehicles. The Port of Bellingham is a deep water port that would require no dredging. Port security includes the city of Bellingham police, and Port of Bellingham and Georgia Pacific pulp mill securities.

The Seattle terminus is located near the heart of downtown Seattle which can be a very congested area. The space available for parking, storage, loading and off-loading, and maneuvering of freight and vehicles is quite limited.

2. Terminal Access

Northwest travelers currently access the Alaska ferry terminal in Seattle either by taxi from Sea-Tac International Airport, or they drive their own vehicles to the terminal because they plan to take them north. Cab fare for the trip from the airport to the Seattle ferry ranges between $15.00 and $24.00, and traveling time is 30 - 60 minutes. Travelers planning to bring their own vehicles onto the ferry face limited parking opportunities and a lack of nearby RV (recreational vehicle) facilities.

If the terminus were to be located in Bellingham, travelers flying into Sea-Tac airport would be able to catch any one of 30 twenty-minute flights per day to Bellingham International Airport at a cost of $19 or $44. They would then take a 15 minute cab or bus ride from the Bellingham airport to the Bellingham ferry terminus. Or, travelers flying into Sea-Tac airport could take a commercial bus from the airport to the downtown Seattle bus terminal and then transfer to a another bus headed for Bellingham. Greyhound has three connections to Bellingham daily. One way fare is $12.45.

Travelers planning to take their vehicles with them onto the ferry would drive to Bellingham. Bellingham is located 86 miles north of Seattle and 54 miles south of Vancouver, B.C. It is accessed by Interstate 5, and the proposed terminal is a five minute turn off of the interstate. Because Bellingham has had more of an opportunity to plan for its development, access to the city is much less congested than in the Seattle area. City traffic is minimal, and parking opportunities near the proposed site are abundant. Nearby RV facilities already exist, and on site RV facilities have been included in the development plan.

For travelers concluding their trip at the southern terminus,
the procedure would be reversed.

3. Cost Comparison.

Bellingham is located 80 nautical miles north of Seattle. This translates into a savings of roughly 4-6 hours of traveling time in one direction. As Puget Sound becomes more congested, the time savings may become even greater. Less distance traveled means less fuel consumed, and at an average of 21 gallons of fuel burned per nautical mile, over 3,000 gallons of fuel per trip could be saved if the terminal was located in Bellingham. Less distance traveled would also mean less wear and tear on equipment.

Salary savings would be realized only if the shorter distance to Bellingham resulted in the ship's completing its

overall trip in less time, and only if labor contracts could be negotiated to include a shorter work week. No salary savings would be realized if the overall trip took the same amount of time because the crew is paid the same regardless of whether the ship is in port or on the water. Since Juneau and Ketchikan are the only points at which crew can begin and end their work weeks, they would still be considered to be at work when the ship was docked in Bellingham.

The state of Alaska currently pays the Port of Seattle $6.00 for every passenger up to 40,000 passengers that either gets on or off the ferry per year in Seattle. This agreement results in a maximum amount payable per year to the Port of Seattle of $240,000. In FY'87, 34,374 passengers were billed to the state by the Port of Seattle at a cost to the state of $206,244.

Rather than bid a fixed fee per passenger up to a maximum cap, the Port of Bellingham is planning to propose a sliding fee scale which would be tied into meeting certain goals of passenger and freight. In other words, the more passengers and freight that moved through Bellingham, the higher the fee received by Bellingham, but because there would be no cap on the number of passengers for which Bellingham would be paid, the incentive would be there for Bellingham to draw as many passengers as possible. Since there would be no cap, the incentive for Bellingham to draw additional passengers could ultimately result in additional revenue for the state of Alaska. As it currently stands, there is no incentive for the Port of Seattle to service more than 40,000 passengers.

At this point, it is not clear whether or not there would be a cost savings in freight if the terminus were to be located in Bellingham. Although freight could be transported to and from Seattle in less time on Interstate 5 than it could be transported by ferry, the time savings may be overridden by the increased transportation costs of trucking freight to a central consolidation area which is done in order to consolidate ferry freight with other freight in the area for the purpose of long distance transporting. For instance, Lynden Transport, Incorporated, a major shipper to Alaska via the Alaska Marine Highway System, currently transports its freight from the Seattle ferry terminal to Kent, a suburb of Seattle, where it is then consolidated with other LTI freight. Since the distance from Bellingham to Kent is greater than the distance from Seattle to Kent, it may at first appear there would be no cost savings associated with the move and, in fact, it may appear that the shipping costs would be higher because of the additional trucking costs. However, there are many variables inherent in this issue including but not limited to whatever offer is made to shippers by the Port of Bellingham should Bellingham be successful in its bid for the southern terminus. It is also

not clear if the AMH would lower its shipping rates in response to the fact that the trip to and from Bellingham is shorter. However, Lynden Transport, Inc., in a letter sent to the Commissioner Hickey of the Alaska Dept. of Transportation and Public Facilities, has stated that it would support any move by the ferry that would improve services and reduce costs to its customers in southeastern Alaska.

4. Special Attractions

Seattle and Bellingham both have much to offer the Northwest traveler.

Bellingham is a growing community of 50,000 people located on the Inside Passage. Bellingham Bay is to the west and the beautiful Northern Cascade Mountains are to the east. Major industry in the area includes agriculture, commercial fishing, forestry, manufacturing and recreation. It is home of the famous "From Ski to Sea in 60 Minutes" race, as well as sport fishing, scuba diving, beach combing, sailing, camping and hiking. It is home of Western Washington University. Temperatures range from 30 - 74 degrees Fahrenheit with an average of 49 degrees, and rainfall averages 34 inches. A world trade center and a regional shopping center are currently in the process of being built.

In addition to its many tourist attractions, Whatcom County is host to four foreign trade zones. Because of the special tax exemptions afforded these areas, much new business has been attracted to the area. The trade zones should provide a positive position within the international market place for Whatcom County. Bellingham is an important regional and transportation hub <u>without</u> the congestion of Puget Sound.

Seattle is also an attractive destination for northwest travelers. Its many well-known attributes include Pike Place Market, the Seattle Aquarium, numerous fine restaurants, the theater, the Kingdome, the University of Washington and other respected universities and colleges, excellent sailing opportunities, etc.

The point is, both locations have much to offer the traveler interested in extending his or her vacation beyond the ferry ride. The difference is, the Port of Bellingham plans to market these attractions to potential passengers should it become the southern terminus of the ferry system.

5. Market Development

Whatcom County already hosts more visitors from outside the state than any other county in Washington. Using the theme "The Last Great Marine Adventure" and expanding the services

available to passengers, civic leaders plan to draw even more visitors to their county by actively recruiting passengers to the Alaska Marine Highway. Plans are to target Canada as well as the United States. Ideas for expanding and improving service to AMH passengers via the Port of Bellingham include allowing passengers to book on shore reservations by computer while still on board the ferry, using computers to suggest trips and map routes for passengers to use once they hit the shore, and the convenient, on shore availability of tax exempt cards for residents of the state of Alaska.

6. Summary

Intent language inserted in Alaska's FY'88 operating budget stated: "It is the legislature's intent that the Department [of Transportation and Public Facilities] study the potential cost savings of using Bellingham as the southern terminus of the Alaska Marine Highway System. The study should examine fuel savings, more efficient use of vessels, labor savings, lease savings, and the relative quality of passenger facilities which might be offered in Bellingham as compared to Seattle. The study should be submitted to the legislature no later than December 1, 1987."

The Department of Transportation and Public Facilities is currently in the process of compiling its interim study. While cost saving factors have yet to be determined, locating the southern terminus of the Alaska ferry system in Bellingham will give the Alaska Marine Highway a much more visible profile. Because it would be one of the biggest fishes in a little pond, the city and Port of Bellingham and the Whatcom County Chamber of Commerce are willing to develop the terminus to the fullest marketing extent possible. Their cooperation is impressive. They are eager to work with the state of Alaska in order to further their goals. They are willing to address whatever questions and concerns may arise regarding the relocation and they are determined to make their dream a reality. They want to work with the state of Alaska in order to expand recreational opportunities, especially for the RV traveler. The community of Bellingham would like to develop a partnership with the state of Alaska that extends beyond the Alaska Marine Highway.

UPDATE ON BELLINGHAM AS AN ALTERNATIVE FOR THE SOUTHERN TERMINUS

The current lease between the state of Alaska, Marine Highway System and the Port of Seattle expires September 30, 1989.

Commissioner Hickey and Mr. George Davidson travelled to Bellingham this past summer to look at the Port of Bellingham, the facilities available, the existing infrastructure in place and many other areas the state of Alaska will have to carefully research before consideration can be given to relocating the southern terminus in Bellingham.

The Department of Transportation has prepared a full report on the current alternatives available (Bellingham and Seattle). In discussions with Alaska Marine Highway Management, it seems apparent no real conclusions or decisions will be reached until all parties actually sit down and begin discussions as there are still so many questions that can only be answered or agreed upon during the final stages.

If Bellingham is to be seriously considered these discussions and negotiations would have to begin in the next few months as a final decision would be necessary in June or July of this year to allow Bellingham time to construct and prepare the facilities required.

Port of Seattle

November 16, 1987

The Honorable Mark Hickey
Commissioner
Department of Transportation and Public Utilities
State of Alaska
P. O. Box Z
Juneau, Alaska 99811

Dear Commissioner Hickey:

The Alaska Marine Highway System (AMHS) is a long-time, valued and important tenant of the Port of Seattle. As the governing body of the Port, we want to express both our appreciation and keen interest in continuing to serve as the system's southern terminus. We also want to underscore, following your recent meeting with Port staff, our commitment to serving the needs of the AMHS.

We believe our relationship has been a mutually beneficial one that has served ferry users well over the years. Your terminal at Pier 48 is in the heart of Seattle's central waterfront -- walking distance to the best hotels, restaurants and shops available in the Pacific Northwest. The region's financial, government, retail and hospital districts are centered within a few short blocks of the terminal. Pioneer Square, the Kingdome, the Seattle Center, and the new Convention Center are nearby. And major highway, rail, bus and air connections are just minutes away. Seattle is the region's major distribution center and the origin of freight now using the AMHS.

We want to work with the State of Alaska to make Pier 48 the central focus of the AMHS, including an "Alaska Gateway Center" that would draw public attention to the historic relationship between the residents of Seattle and Alaska. It could serve as a key distribution point for travel information to the thousands of people from all over the world who visit Seattle's central waterfront each year. We want to make Pier 48 a major attraction in itself.

Seattle's central waterfront is undergoing a renaissance -- and Pier 48 is right in the midst of it. The AMHS and the Port have a tremendous opportunity to participate. Planned redevelopment projects, both public and private, along the waterfront now total more than $200 million. The central waterfront will be transformed into a major regional attraction. The projects include removal of the railroad tracks along Alaskan Way, traffic and pedestrian improvements, doubling the size of the Seattle Aquarium, rebuilding the Washington State Ferry Terminal, and a transformation of the properties near our headquarters at Pier 66. We have budgeted $200,000 in 1988 to begin work at Pier 48. Our planning will, of course, look at additional uses that are compatible and supportive of the system.

P.O. Box 1209
Seattle, WA 98111 U.S.A.
(206) 728-3000
Telex 703433

There is a great deal of untapped interest in travel to Alaska. The successful promotion involving the Port, Alaska Airlines and the AMHS last winter demonstrated the potential that exists here. This winter, with the support of the AMHS, the promotion is being expanded. Beginning in January, we will join in hosting a luncheon seminar on board an Alaska ferry at Pier 48 for 70 travel agents each Friday for 12 weeks. In addition, another 24 travel agents will participate in a familiarization trip via the ferry to Juneau, again each week for 12 weeks. While cruising, the travel agents will get a two-day seminar on the history, people and opportunities in Alaska. Working with Alaska Airlines, the travel agents will be flown to Seattle from throughout the airline's system to participate in the program. We think the promotion offers an unparalleled opportunity to sell travel to Alaska, as well as travel on the AMHS.

In summary, we want you to know of our appreciation for past and current programs, and of our interest in expanding on these successes in the future.

Sincerely,

Henry M. Aronson, President
Port of Seattle Commission

Jack Block
Port of Seattle Commission

Patricia Davis
Port of Seattle Commission

Paul S. Friedlander
Port of Seattle Commission

Jim Wright
Port of Seattle Commission

Update of Federal Highway Funds for FY 89

Federal fiscal year: October 1 thru September 30 each year

Each year the state is given a dollar amount by the federal government. This amount is called apportionment. Recently, this amount has been around $150 million.

Just before the federal fiscal year begins, the federal government provides the state of Alaska with the authority to spend a given amount. This is called the obligation amount and has been around $129 million.

The dollar difference between the obligation amount and the apportionment amount is carried over by the state.

Periodically throughout the year, the federal D.O.T. contacts each state to assess its ability to spend the obligated amount. If any state finds it is unable to spend the amount it has been obligated, these funds go back to the federal D.O.T. and are available to other states to spend up to their apportionment amount. Alaska has traditionally been able to pick up considerable extra dollars in unspent funds.

In December, 1987 the federal government revised the authorized for Alaska to spend amount. The current amount of federal monies obligated to the State of Alaska for FY 89 is $128.8.

Comparison

FY 87 Obligated amount $145.8 million
Leftover funds made available to Alaska $6.6

Total FY 87 funds funds highway funds to Alaska: $152.4 million

Concern

Because the amount of of obligated funds made available to each state has been reduced significantly, the likelihood of other states being unable to spend their obligated amount is reduced.

At the present time the federal highway dollars available to the state of Alaska have been reduced almost $17 million which is 10%. This reduction, coupled with the concerns over reduced "unspent" funds being available to the state will have a significant impact on the state of Alaskas federal highway program.

COMMITTEE MEETING:

CAPITAL PROJECTS CLEANUP

1-18-88

Official Business

COMMITTEE:

House Transportation Committee

DATE: January 18, 1988

SIGN-IN

Subject of meeting:

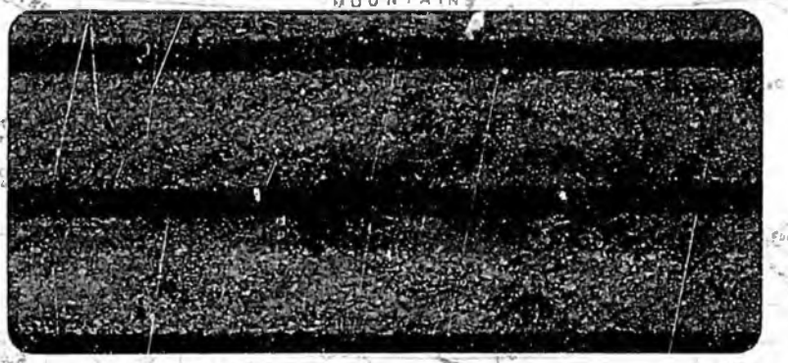
Update on Capital Projects Cleanup
by Department of Transportation and
Facilities Commissioner Mr. Mark Hickey

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Commissioner Mark Hickey	D.O.T	465-3900	D.O.T	Yes

Item # 1

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES



Alaska Department of Transportation and Public Facilities

Capital Project Clean-up

Interim Status Report

Senate Transportation Committee
House Transportation Committee

November 9, 1987

Juneau, Alaska

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES (DOT&PF)

CAPITAL PROJECT CLEAN-UP (CPC)

INTERIM STATUS REPORT

PRESENTATION OUTLINE

- Brief review of history leading to current CPC effort
  - ° Factors which led to the problem
  - ° Previous DOT&PF efforts to correct the problems
  - ° Steps taken this time to make CPC successful

- CPC concept
  - ° Not just a clean-up of project history data
  - ° Goal of CPC effort
  - ° Overall approach
  - ° Ownership of solution
  - ° Change in philosophy

- Review of CPC work effort and update of current status
  - ° Captial project report
  - ° Third party billing system
  - ° Development of AKSAS training program
  - ° Establishment of accounting procedures and controls
  - ° Establishment of new AKSAS structures
  - ° Evaluation and correction of project history data
  - ° Review of organizational structure
  - ° Evaluation and improvement of management reporting

- What can you expect next legislative session
  - ° January 1 report Short - Numbers will not be updated - file -
  - ° Possible supplemental appropriation bill
  - ° Significantly increased accountability
  - ° On-going CPC efforts

- What can the legislature do to help prevent this from happening again

- Questions and Comments

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
Capital Project Clean-up
Workplan
(Revised October 20, 1987)

Task Number	Task Description	Responsibility	Status *
1.0	PROJECT MANAGEMENT		
1.1	Develop project workplan and Gantt chart - Review plan with staff in Headquarters, Southeastern, Central and Northern regions. - Review plan with legislative staff. - Review plan with legislative committees if they are interested.	RGP	C
1.2	Monitor performance against workplan.	RGP TGK RS RB	A
1.3	Provide monthly status reports to: - Governor - Commissioner - Regional Directors - Interested Legislators - Others as required	RGP RB	A
2.0	CAPITAL PROJECT REPORT		
2.1	Reconcile State Legislative Appropriation (SLA) to AKSAS appropriation data at total control level:		
2.1.1	SLA 1980 to present (Fund 11100) researched and 100% reconciled.	JM	A
2.1.2	Pre 1980 SLA (Fund 11100); establish policy to address unreconcilable balances.	JM	C
2.2	Bond issues current funding mix researched and reconciled.	JM	A
2.3	Identify miscellaneous RSA's and all other unidentified appropriations. Develop procedures and timelines to close appropriations.	JM RB	C
2.4	Develop list of capital projects using AKSAS data for review and completion of costs-to-complete by regions.	RGP JM RL	C
2.5	Input regional data into 4/15 report program and AKSAS where applicable. Analyze data and prepare 4/15 report format.	RGP JM	C

* A = In Progress C = Completed N = Not Started

Task Number	Task Description	Responsibility	Status
2.6	Present corrected list of capital projects.	RGP	C
2.7	Update initial 4/15 Report to include phase appropriations not programmed to the intended projects.	JM	C
2.8	Establish capital project control file to accumulate adjustments identified during financial clean-up in workplan section five.	JM BA	A
2.9	Develop new Capital Project Report file which incorporates financial clean-up activity with current AKSAS balances. This file will provide a data base for producing CIP status reports until AKSAS has been updated for all clean-up activity.	JM RB	A
3.0	ESTABLISH ACCOUNTING PROCEDURES AND CONTROLS		
3.1	Review and respond to the Legislative Audit and DOT&PF Internal Review audit reports (Headquarters and regional administrative functions).	RS RB	C
3.2	Establish procedures to monitor "A" errors.	TH RB	C
3.3	Review the use of PCIS system and assure that appropriate controls are in place between this system and AKSAS.	RB DH	C
3.4	Coordinate with regional project managers to develop management reports from PCIS for use as project status/ management tool.	RS RB TGK	A
3.5	Establish control to assure that programming of funds to project appropriation structure does not exceed SLA appropriation (by source).	TH RB JM	C
3.6	Develop control sheet for cross entity controls to be included in the project appropriation structure.	TH RB	C
3.7	Develop new structure implementation check-list for all CIP projects. (Headquarters structure review).	TH RB	C
3.8	Evaluate current Financial Management Operations Manual (FMOM) for completeness. Identify items requiring update and prepare policies and procedures to support all new activities.	RS RB PR	A
3.8.1	Develop and implement policy and procedures for closing out old CIP projects.	RS TH RB	C

Task Number	Task Description	Responsibility	Status
3.9	Monitor implementation of new accounting systems in Section 4 and 6. Initiate management reports to document controlled and reconciled implementation.	RB TH	A
4.0	ESTABLISH AND IMPLEMENT NEW AKSAS STRUCTURES		
4.1	Enhance and develop project status structures (active, completed, closed).	RS RB	C
4.1.1	Repoint all projects to correct status.	RS JM	A
4.2	Review current appropriation and project AKSAS structures for efficient financial roll-up and reporting.	RB	C
4.3	Establish new standard "DOT&PF project appropriation" structures (80,000 series) for all active and completed projects (prepared in region).	RS RB	A
4.4	Enhance project structure to include breakout of expenditures by classification (i.e., participating, non-participating and deferred).	TH RB	C
4.5	Enhance SLA appropriation structure to include allocation of funding between source (G.F., FHWA, etc.)	TH RB	C
4.6	Input 4/15 report data (election district) into contract structure.	JM RB	A
4.7	Establish Funding Source level total control (TC), AR's for all current SLA TC appropriations.	TH JM	C
4.7.1	Fund old total control AR equal to expenditures and change status to inactive, (i.e., lockdown).	TH JM	A
4.7.2	Program new AR's for net appropriation balance carried forward. Identify funding and provide new appropriation mix factor.	JM	A
4.7.3	Discuss procedures with representatives from D.O.A. and O.M.B..	TH JM RB	C
4.8	Program costs to complete of active projects into DOT&PF project appropriation structures (80,000 series).	TH JM RB	A
4.9	Develop procedures for back charging expenditures against the SLA appropriation structure.	TH RB	A
4.10	Produce procedures manual to document new RSA/PDA accounting process. Coordinate with Regions for training and development.	RB DK	C

Task Number	Task Description	Responsibility	Status
5.0	EVALUATION OF PROJECT DATA HISTORY		
5.1	Evaluate and reconcile 6/30/85 to 7/1/85 conversion of project and appropriation balances (PBA - AKSAS).	JM TH DH	C
5.1.1	Develop automated process to evaluate history conversion - (appropriation and project).	JM RB DH	A
5.1.2	Develop processes and procedures to correct conversion problems identified in 5.1.1.	JM RB BA	A
5.2	Develop processes to evaluate and reconcile all project expenditures from a transaction register 7/1/85 to lock-down date (project managers). Identify actual project expenditures.	JM RB BA	A
5.2.1	Project managers confirm validity of expenditures and sign off.	JM RB	N
5.3	Evaluate and reconcile all federal-aid project expend-itures within the billing system.	TH RB JM	A
5.3.1	Reconcile AKSAS to FMS billing system.	TH RB JM	A
5.4	Evaluate and reconcile revenue received by project with the expected revenue.	TH JM	A
5.4.1	Correct revenue recording errors.	TH JM	A
5.5	Evaluate and determine correct funding mix to be applied to lockdown AR using new appropriation mix factors determined in 4.7.2.	JM RB	A
5.5.1	Incorporate 6/30/85 funding mix into data recorded from 7/1/85 through lockdown.	JM RB	A
5.5.2	Calculate mix in lockdown.	JM RB	A
5.6	Evaluate and correct current SLA appropriatrion series funding problems identified in 5.5.	JM RB	A
6.0	DEVELOP THIRD-PARTY BILLING SYSTEM		
6.1	Develop Request for Proposal (RFP) and Letter of Interest.	RGP TGK	C

Task Number	Task Description	Responsibility	Status
6.2	Review RFP and Letter of Interest with regions, FHWA, Headquarters, DOA and AG's Office.	RGP TGK	C
6.3	Mailout Letter of Interest and distribute RFP's as requested by interested vendors.	TGK	C
6.4	Hold Pre-Bid Conference with vendors.	TGK	C
6.5	Respond to vendors questions prior to proposal due date.	TGK	C
6.6	Evaluate proposals and select three (3) finalists for oral presentation.	TGK Eval. Committee	C
6.7	Select vendor and conclude contract negotiations.	TGK Eval. Committee	C
6.8	Monitor vendor performance, provide appropriate guidance to vendor (e.g., steering committee, review meetings, etc.) and provide State data processing support as required.	RGP TGK	C
6.8.1	Assist vendor in early implementation of Federal "front-end edits."	RS TH TGK	C
6.9	Participate in development of vendor's system conversion plan.	RS TH TGK	C
6.10	Participate in development and performance of user training.	RS RB TGK ES	A
6.11	Participate in development and presentation of user and system documentation.	RS TH RB TGK	C
6.12	Coordinate State resources necessary for system conversion.	RGP TH TGK	A
7.0	EVALUATE AND IMPROVE MANAGEMENT REPORTING		
7.1	Review current management reports received from AKSAS, PCIS, PDS, SRA and Federal Billing.	TGK RB	C
7.2	Determine what management reporting capabilities currently exist with these systems but which are presently unused.	TGK RB	A

Task Number	Task Description	Responsibility	Status
7.3	Assess DOT&PF requirements for additional management reporting and determine how existing capabilities can address these needs.	TGK RS RB	A
7.4	Establish priority list to address management reporting needs and develop workplan for their implementation.	TGK RB	A
7.4.1	Review requested enhancements for the Project Cost Information System (PCIS). Address uniformity within regions and compatibility with AKSAS.	RB DH	A
8.0	REVIEW ORGANIZATIONAL STRUCTURE AND STREAMLINE AS APPROPRIATE		
8.1	Document problems currently experienced by DOT&PF staff as they relate to - project cost accounting - general accounting issues - administrative function	RGP RS RB	
8.1.1	Develop survey to identify problem areas.	RGP RS RB	N
8.1.2	Conduct more detailed interviews with DOT&PF staff, as required, to gain further knowledge of problems identified in 6.1.1.	RGP RS RB	N
8.2	Develop workplan to address management problems identified in 8.1.	RGP RS RB	N
9.0	DEVELOP STATEWIDE AKSAS TRAINING PROGRAM		
9.1	Outline objectives for a three session training program. Identify level of AKSAS transactions to be included in each.	RGP RB ES	C
9.2	Produce training manuals to support each level of training.		
9.2.1	Level One Manual.		C
9.2.2	Level Two Manual. (IIA and IIB).		A
9.2.3	Level Three Manual.		N
9.3	Designate a Training Coordinator in each region to assist in implementation of the program.		C
9.4	Identify personnel within each region to serve as local program instructors.		C

Task Number	Task Description	Responsibility	Status
9.5	Compile listing of staff requiring AKSAS training and establish class schedules.	RGP RB ES	A
10.0	FORMAL COMPLETION PRESENTATION		
10.1	Develop Information and Education Plan.	RGP RS	N
10.1.1	Identify key external mailing lists of individuals who can build support for results of CPC effort.	JM RB	N
10.1.2	Develop "interim" reports to keep individuals abreast of progress.		A
10.1.3	Develop internal confidence, acceptance and training.		A
10.2	Prepare formal completion presentation.		N
10.2.1	Prepare completion document for distribution.		
10.3	Formal Completion Presentation.		
10.3.1	Prepare news release.		
10.3.2	Distribute final completion document.		

MEMORANDUM

State of Alaska
Department of Transportation & Public Facilities

TO: Mark S. Hickey
Commissioner

DATE: October 30, 1987

FILE NO:

TELEPHONE NO: 465-3900

FROM: Robert G. Poe, Jr.
Deputy Commissioner
Budget and Finance

SUBJECT: October Capital Project Clean-up Status Report

The Capital Project Clean-up (CPC) effort continues to require the commitment of a large number of Departmental employees. The majority of these personnel resources are focused on two distinct objectives. One is identify and isolate the significant financial inaccuracies recorded in the Alaska State Accounting System (AKSAS) data base while developing an interim data base to compile, organize, adjust and report the financial status of capital projects. Secondly, the implementation of new accounting subsystems and controls, within AKSAS, to enable the long term maintenance, control and reporting of corrected financial data. Both of these major tasks made significant progress in the past month. The time line for implementation of the new subsystem will be extended beyond the initial estimate (January 1, 1988). The time extension is necessary because several workplan steps required to correct the AKSAS data base are being incorporated into the implementation phase rather than handled as a separate task. The CPC effort extends beyond the efforts of the Department of Transportation and Public Facilities (DOT&PF) and is receiving needed support from the Department of Administration and Office of Management and Budget. This support consists of technical and procedural reviews and accounting system enhancements. Overall the CPC program continues to make progress in all significant workplan sections. Status of the specific tasks is outlined below.

PROJECT MANAGEMENT

The CPC workplan was developed in February and is continually under review. The October 20th revision (attached) incorporates the most recent revisions and details the status of each task.

CAPITAL PROJECT REPORT

DOT&PF Divisions of Management and Finance (DMF) and Information Systems (ISD) have established a complete data base file to compile updated information on the status of capital appropriations and project expenditures. As the correct status and financial standing of capital projects is identified, any variances from the current AKSAS balances will be reconciled and adjustments made. Actions taken during the past month are as follows:

° The Capital Project Report data base contains approximately 3,600 projects (including RSAs). A preliminary control report has been prepared and forwarded to the regions for review. This report classifies 1,300 projects as active and 2,300 as completed or closed. The task of compiling project indicative data (i.e., completion date and cost to complete by fund source) began October 20 and is scheduled for completion November 20. The Project Cost Information System (PCIS) was modified to receive and maintain this project information for monthly management reporting.

° Work continues to update the report data base with financial information from the previous DOT&PF and state accounting system files. This data was evaluated and adjusted during prior CPC efforts and will provide corroborating information for any AKSAS adjustments identified.

DEVELOP ACCOUNTING PROCEDURES AND CONTROLS

Establishing specific accounting procedures and controls within DOT&PF (statewide) is critical to assure accurate and timely information for capital project activity. Successful implementation will require development of new AKSAS structures and supporting accounting controls. Actions taken to achieve these goals are as follows:

° All regions continued work on converting active capital appropriations and projects into the new accounting subsystem. To date twelve percent of the projects have been converted. In addition, the CPC effort has initiated closing procedures on ten percent of closed projects.

° The Policy and Procedure (P&P) section has proposed formation of a management team to address all issues related to setting guidelines for Federal participation in administrative costs. The management team's goal is to review past practices and develop parameters to be followed in development of a new statewide policy on this issue. A field review team will be assigned to gather data and develop recommendations.

EVALUATION OF AKSAS DATA HISTORY

Both DOT&PF Internal Review and Division Directors and Legislative Auditors have raised concerns over the accuracy of historical data transferred into AKSAS when the State converted from the old accounting system (PBA). In an effort to evaluate and substantiate or correct this data the following steps have been taken:

° As addressed in our September report the DMF and ISD have developed an automated screening process to highlight erroneous transactions recorded in the AKSAS data base. Since that report an additional review step has been added

to perform an "accounting" review of detailed transaction reports. This review is necessary to segregate erroneous transactions which could not be sorted in the computer screening. This review is scheduled for completion by November 25. At that time reports detailing adjusted, inception to date, project expenditures will be forwarded to project managers for review.

ENHANCEMENT OF THE FEDERAL BILLING SYSTEM

Due to the loss of Federal certification of the present Federal Billing System, we are currently developing a new Third Party Billing System (TPB). The following is a summary of the steps completed in the past month:

° The technical problems which delayed implementation for four weeks have been resolved. The DMF is reviewing Federal projects for a clean financial cut-off from the current billing system. Final adjustments should be completed and billings produced in the new TPB system for federal reimbursement by November 9th.

EVALUATE AND IMPROVE MANAGEMENT REPORTING

The ISD has indicated the need to compile data and examine in detail the Department's current reporting and systems maintenance workload. The Division's goal is to develop a long term plan to coordinate ISD resources to meet the Department's management reporting needs. Actions taken to achieve these goals are as follows:

° DOT&PF executive management met October 5 on the topic of management reporting requirements within the Department. This group identified a variety of subjects which, if reported on periodically, would aid management both in the operation of the Department, and in responding to outside inquiries about the department's activity. ISD is to analyze the list to determine what percentage of the subject information is currently available and what the costs of providing the balance are. This analysis is expected by December.

° ISD technicians have completed and implemented an automated reconciliation to assure that PCIS and AKSAS remain in balance. This program has identified that all but 71 (two percent) of the projects that are recorded in PCIS are currently in balance. These 71 projects are being reviewed and necessary adjustments will be made to correct the variances. The reconciliation will be run on a regular basis to assure that any variances are researched immediately.

DEVELOP STATEWIDE AKSAS TRAINING PROGRAM

In January, the Department conducted a training needs assessment survey. This survey indicated an overwhelming desire for AKSAS training. In response, a three level DOT&PF Statewide program is being developed. Significant accomplishments are as follows:

- The Level I (introductory) program continues with classes being held statewide. Level I classes have been available for four months and 230 employees have been through training. Level IIA (data input) classes were initiated at Headquartrs during October and 14 employees attended. Classes are expected to begin in the regions during December.

Please call if you have any additional questions or if we can be of further assistance.

cc: The Honorable Steve Cowper, Governor
Garrey Peska, Chief of Staff
House Finance Committee Members
House Transportation Committee Members
Senate Finance Committee Members
Senate Transportation Committee Members
DOT&PF Regional Directors
Marsha Hubbard, Deputy Commissioner, Admin. Management, DOA
Jay Hogan, Director, Budget Review, OMB

MEMORANDUM

State of Alaska
Department of Transportation & Public Facilities

TO: Mark S. Hickey
Commissioner

DATE: September 30, 1987

FILE NO:

TELEPHONE NO: 465-3900

FROM: Robert G. Poe, Jr.
Deputy Commissioner
Budget and Finance

SUBJECT: September Capital Project Clean-up Status Report

During September the Capital Project Clean-up (CPC) program continued work on the implementation of two new accounting subsystems. These current tasks are the key steps necessary to provide the Department of Transportation and Public Facilities (DOT&PF) with corrected financial data and accounting systems which can control and report financial activity. Additionally, significant progress was made in researching the problems created when the Department recorded historical financial data from the old state accounting system into the new Alaska State Accounting System (AKSAS). Conversion to the new Third Party Billing System was delayed one month. This delay was necessary to allow the Division of Management and Finance (DMF) time to correct revenue recording problems and to identify variances from the current billing system. The AKSAS Training Program continued to grow, approximately 180 people have attended Level One, with Level Two classes scheduled for October. The accomplishments in all workplan areas, during the last month, are as follows:

PROJECT MANAGEMENT

The CPC workplan was developed in February and is continually under review. There have been no significant revisions to the workplan since the July 10th revision, which was attached to the July status report. Critical steps necessary to meet the January, 1988 Capital Project Report are being monitored against an updated time chart.

CAPITAL PROJECT REPORT

DOT&PF Divisions of Management and Finance (DMF) and Information Systems (ISD) have established a complete data base file to compile updated information on the status of capital appropriations and project expenditures. As the correct status and financial standing of capital projects is identified, any variances from the current AKSAS balances will be reconciled and adjustments made. Actions taken during the past month are as follows:

- The control report for capital appropriations currently identifies 2156 total control appropriations (including RSA's) for which the DOT&PF is responsible. This preliminary report has been forwarded to the regions for review and verification.

- Initial research has begun to identify the financial status of all prior year Capital Project Funds. These funds were established between 1976 and 1980 and contain unexpended Federal authorization and bond proceeds. The current balances recorded in AKSAS indicate significant financial clean-up is required.

DEVELOP ACCOUNTING PROCEDURES AND CONTROLS

Establishing specific accounting procedures and controls within DOT&PF (statewide) is critical to assure accurate and timely information for capital project activity. Successful implementation will require development of new AKSAS structures and supporting accounting controls. Actions taken to achieve these goals are as follows:

- All regions continued work on converting active capital appropriations into a new subsystem designed to provide accounting control. To date 95 appropriations have been converted. The Department of Administration (DOA) has provided DOT&PF with a unique budget transaction which will simplify the process. This task is scheduled for completion by January, 1988.

- The Policy and Procedure (P&P) section coordinated policy development activity related to Departmental financial and legal responsibility for state and federal projects granted to municipalities, procedures for professional services contracts and audit procedures for Internal Review. Work continued on P&P's for Federal participation in administrative costs and for timesheet processing. These items are expected to be ready for management review in October.

EVALUATION OF AKSAS DATA HISTORY

Both DOT&PF Internal Review, Division Directors and Legislative Auditors have raised concerns over the accuracy of historical data transferred into AKSAS when the State converted from the old accounting system (PBA). In an effort to evaluate and substantiate or correct this data the following steps have been taken:

- The DMF and ISD have developed an automated screening process to highlight erroneous transactions recorded in the AKSAS data base. Reports detailing adjusted inception to date project expenditures will be produced in October. These reports are to be reviewed by project managers to determine the reasonableness of project costs.

- The DMF has initiated a process to update a capital project budget file. This file is necessary to provide a detailed breakout of the various project funding sources. The previous AKSAS structures did not provide adequate data for control of individual fund source balances. Once this file is reestablished the actual project expenditures can be allocated to the appropriate fund source.

ENHANCEMENT OF THE FEDERAL BILLING SYSTEM

Due to the loss of Federal certification of the present Federal Billing System, we are currently developing a new Third Party Billing System (TPB). The following is a summary of the steps completed in the past month:

- The TPB transaction edit system, for both Federal highway and aviation projects, achieved final acceptance sign off. The system has been in operation for seven weeks on a limited basis. The indicative data for all highway projects should be completely input by mid October and edits initiated at that time.

- The new billing module of the TPB system has been successfully tested. The implementation of active projects has been delayed four weeks. Technical problems related to project revenue recorded by the Time and Equipment subsystem are being discussed with the DOA. In addition the DMF is reviewing individual project balances recorded in AKSAS and comparing this to the amounts billed to date in the current billing system. Variances identified will be reconciled and appropriate adjustments recorded.

EVALUATE AND IMPROVE MANAGEMENT REPORTING

The ISD has indicated the need to compile data and examine in detail the Department's current reporting and systems maintenance workload. The Division's goal is to develop a long term plan to coordinate ISD resources to meet the Department's management and financial reporting needs. Actions taken to achieve these goals are as follows:

- ISD technicians have finished modifications to stabilize the Project Cost Information System (PCIS). Current work entails development and implementation of an automated reconciliation to assure that PCIS and AKSAS remain in balance.

- An executive level team to study DOT&PF's management reporting requirements has been formed and their first working meeting is scheduled for October 5th.

DEVELOP STATEWIDE AKSAS TRAINING PROGRAM

In January, the Department conducted a training needs assessment survey. This survey indicated an overwhelming desire for AKSAS training. In response, a three level DOT&PF Statewide program is being developed. Significant accomplishments are as follows:

- The Level One (introductory) program has been available for three months. Approximately 180 employees have been through training. Classes are scheduled to continue through December.

- Level IIA (data entry) training manual and materials are completed and presentations are scheduled for the first and third weeks in October.

- Level IIB (customized management report writing) draft manual is completed and going through preliminary review. The manual will be distributed for the regions to review and provide comments during October.

Please call if you have any additional questions or if we can be of further assistance.

cc: The Honorable Steve Cowper, Governor
Garrey Peska, Chief of Staff
House Finance Committee Members
House Transportation Committee Members
Senate Finance Committee Members
Senate Transportation Committee Members
DOT&PF Regional Directors
Marsha Hubbard, Deputy Commissioner, Admin. Management, DOA
Jay Hogan, Director, Budget Review, OMB

MEMORANDUM

State of Alaska
Department of Transportation & Public Facilities

TO: Mark S. Hickey
Commissioner

DATE: August 31, 1987

FILE NO:

TELEPHONE NO: 465-3900

FROM: Robert G. Poe, Jr.
Deputy Commissioner
Finance and Budget

SUBJECT: August Capital Project Clean-up Status Report

The Capital Project Clean-up (CPC) program continues in full swing. Seven of the nine CPC workplan sections are in the implementation phase while the other two, management reporting and organizational review, are in the research and development stages. Significant August activity included the partial implementation of two newly designed accounting subsystem, Capital Project Funding and Federal Billing, which will be integrated into the Alaska State Accounting System (AKSAS). They are two of the key components of the Third Party Billing System which will allow the Department to meet it's financial accounting and reporting objectives. Implementation of the new Capital Project Funding subsystem includes not only setting up new appropriations and projects in the subsystem, but also the conversion of all current active appropriations and projects into it. The specific progress of each workplan section is detailed below.

PROJECT MANAGEMENT

The CPC workplan was developed in February and is continually under review. There have been no significant changes to the workplan since the July 10th revision, which was attached to the July status report.

CAPITAL PROJECT REPORT

DOT&PF Divisions of Management and Finance (DMF) and Information Systems (ISD) have established a complete data base file to compile updated information on the status of capital appropriations and project expenditures. As the correct status and financial standing of capital projects is identified, any variances from the current AKSAS balances will be reconciled and adjustments made. Actions taken during the past month are as follows:

- One hundred and forty capital appropriations have been identified as inactive. Steps are being taken to identify the financial status and prepare appropriations for close-out.
- There are numerous interdepartmental Reimbursable Service Agreements (RSA's) in AKSAS which are inactive. The State agencies associated with the RSA's are being contacted to confirm their status. Where applicable, financial transactions to officially close agreements will be processed.

DEVELOP ACCOUNTING PROCEDURES AND CONTROLS

Establishing specific accounting procedures and controls within DOT&PF (statewide) is critical to assure accurate and timely information for capital project activity. Successful implementation will require development of new AKSAS structures and supporting accounting controls. Actions taken to achieve these goals are as follows:

- As stated above, implementation has begun for a new process designed to control accounting for capital appropriations (Capital Project Funding). To date, twenty appropriations have been converted into the new subsystem. This task is scheduled for completion by January 1988. To ensure the success of this task, which we feel is crucial to the success of CPC, eight Departmental personnel have been temporarily reassigned to the divisions responsible for the conversion.

- The DMF has recently developed new procedures for closing out completed capital projects. During August, the regional Project Control groups forwarded forty-eight State-funded projects to the DMF and forty-three were formally closed under the new procedures.

- The Policy and Procedure (P&P) Section continued to work on several tasks. These included P&P's relating to Federal participation in administrative costs and procedures for time sheet processing. In addition, the section is working closely with DOT&PF Internal Review and Engineering and Operations Standards divisions on other statewide issues which affect financial operations.

EVALUATION OF AKSAS DATA HISTORY

Both DOT&PF Internal Review, Division Directors and Legislative Auditors have raised concerns over the accuracy of historical data transferred into AKSAS when the State converted from the old accounting system (PBA). In an effort to evaluate and substantiate or correct this data the following steps have been taken:

- The DMF and ISD are developing an automated screening process to highlight erroneous transactions recorded in the AKSAS data base. The initial design is complete and currently being tested.

- In addition to the data base files established for the Capital Project Report section, two additional files are being established to aid in evaluating AKSAS history data. These files consist of the June 1985 data from the PBA and FMS accounting systems which were the previous DOT&PF accounting systems. Prior CPC efforts reconciled the two data bases as of June 30, 1985, and provided information which will corroborate adjustments identifed in history clean-up.

ENHANCEMENT OF THE FEDERAL BILLING SYSTEM

Due to the loss of federal certification of the present Federal Billing System, we are currently developing a new Third Party Billing System (TPB). The following is a summary of the steps completed in the past month:

- Phase one of the new TPB, AKSAS transaction edits for the Federal Highway Administration (FHWA) program, was implemented successfully. AKSAS expenditure transaction edits (for federal billing) are operating for fifty-three capital projects. The majority of FHWA projects will be under edits by the end of September.

- Phase two of the new TPB, production of the FHWA bill, is in the final stages of testing. Implementation of this system is scheduled for early September. This will be a significant step towards the DOT&PF goal of reestablishing a certified billing system. Total conversion to this system is expected to take six months. Capital projects will only be converted to the new system after they have been evaluated by the CPC effort.

- An extensive users manual for TPB is in draft form and has been distributed for review. A training program for selected individuals involved in the federal billing process is being developed.

EVALUATE AND IMPROVE MANAGEMENT REPORTING

The ISD has indicated the need to compile data and examine in detail the Department's current reporting and systems maintenance workload. The Division's goal is to develop a long term plan to coordinate ISD resources to meet the Department's management and financial reporting needs. Actions taken to achieve these goals are as follows:

- ISD personnel have found flawed logic in the Project Cost Information System (PCIS) the system used by project managers to manage capital projects, which has caused erroneous financial reporting in PCIS for some time. Additional resources will be assigned to PCIS in September to make corrections and to begin work on PCIS enhancements identified during earlier research into the Department's management reporting.

- The new Deputy Commissioner of Operations was hired during August. This marks the arrival of the last key player for the effective planning of Management Information Systems (MIS) activity at DOT&PF. He is presently being briefed on current MIS capabilities, and formal MIS planning sessions are expected to commence during September.

DEVELOP STATEWIDE AKSAS TRAINING PROGRAM

In January, the Department conducted a training needs assessment survey. This survey indicated an overwhelming desire for AKSAS training. In response, a three level DOT&PF Statewide program is being developed. Significant accomplishments are as follows:

- The Level One (introductory) program has been available for two months. Approximately one hundred and twenty employees have been trained and feedback has been overwhelmingly supportive of the program. The majority of trainees have been from the accounting, planning and clerk typist sections. Additional emphasis is now focused on increasing attendance from construction and engineering groups.

- The Level Two (section A) program for data input functions has been completed. The pilot training session was held during August and the manual was updated with final enhancements. Initial training sessions will be held in the Headquarters region during September.

Please call if you have any additional questions or if we can be of further assistance.

cc: The Honorable Steve Cowper, Governor
Garrey Peska, Chief of Staff
House Finance Committee Members
House Transportation Committee Members
Senate Finance Committee Members
Senate Transportation Committee Members
DOT&PF Regional Directors
Marsha Hubbard, Deputy Commissioner, Admin. Management, DOA
Jay Hogan, Director, Budget Review, OMB

MEMORANDUM

State of Alaska
Department of Transportation & Public Facilities

TO: Mark S. Hickey
Commissioner

DATE: July 30, 1987

FILE NO:

TELEPHONE NO: 465-3900

FROM: Robert G. Poe, Jr.
Deputy Commissioner
Finance and Budget

SUBJECT: July Capital Project Clean-up (CPC) Workplan Status Report

The Department's Capital Project Clean-up (CPC) program has completed six months of work under the new workplan initiated in February. The positive effects of this expanded effort are being reflected in many aspects of the financial operations. Immediate benefits have resulted from the initiation of new accounting procedures and improved communication and flow of financial information between the Statewide and Regional offices. The Department-wide AKSAS Training Program classes for Level One have been very successful. Workplan sections covering enhancements to the State Accounting System (Federal billing and capital project funding) continued in the refinement and integration stage. This time was necessary for review of the new systems, enhancements to the implementation plans and expanding of the knowledge base throughout the Regional offices. Overall the CPC effort continues with all significant workplan sections making progress. Status of the specific tasks are detailed below.

PROJECT MANAGEMENT

The CPC workplan was developed in February and is continually under review. The July 10th revision (attached) incorporates the most recent updates and details the status of each task.

CAPITAL PROJECT REPORT

DOT&PF Division of Management and Finance (DMF) has established several data base files to compile updated information on the status of capital appropriations and project expenditures. These files will initially contain data through June 30, 1987. As the current status and financial standing of appropriations and capital projects are identified the appropriate data bases will be adjusted. This activity will be compared with the prevailing AKSAS data and variances reconciled.

DEVELOP ACCOUNTING PROCEDURES AND CONTROLS

Establishing specific accounting procedures and controls within DOT&PF (statewide) is critical to assure accurate and timely information for capital project activity. Successful implementation will require development of new AKSAS structures and supporting accounting controls. Actions taken to achieve these goals are as follows:

- As addressed in previous status reports the department has developed a new process to control accounting for appropriations and project costs. Procedures for converting the current activity have been developed and discussed with regional office personnel. Each region has selected the first group of appropriations for conversion by August 15th.

- Due to the previous accounting and billing problems it has been approximately one year since any capital projects have been final vouchered and closed-out. The DMF has recently reestablished procedures for closing out completed capital projects. A proposed Policy and Procedure (P & P) has been implemented and appropriate personnel assigned to initiate it. Selective projects are currently going through the new process.

- The DMF's new Policy and Prccedure Section has several tasks in progress. The critical projects include an amended P & P for federal participation in administrative costs and a new P & P to achieve timely submission of time sheets for all project chargeable activity. In addition, the project close-out procedures are being refined to accomodate a variety of capital projects, including planning and research projects.

ENHANCEMENT OF THE FEDERAL BILLING PROCESS

Due to loss of federal certification of the present Federal Billing System, we are currently developing a new Third Party Billing System. The following is a summary of the steps which have been completed in the past month.

- Weyerhaeuser Information Systems (WIS) has completed the initial program coding for the Federal Highway Administration (FHWA) front-end edit transactions and automated billings. WIS is working with the Department of Administration to utilize the AKSAS Test System to check and modify the program execution. Limited live production is scheduled for mid-August.

- The DMF is compiling the project specific indicative data necessary to implement the FHWA transaction edits. Implementation begins in mid-August and will take approximately eight weeks to complete. This step is significant as it will have an immediate positive effect on the current billing system. This will minimize the staff time necessary to assure the integrity of current charges appearing in the monthly federal-aid bill.

EVALUATE AND IMPROVE MANAGEMENT REPORTING

The Information Systems Division (ISD) has indicated the need to compile data and examine in detail the Department's current reporting and systems maintenance workload. The Division's goal is to develop a long term plan to coordinate ISD resources to meet the Department's management and financial reporting needs. Actions taken to achieve these goals are as follows:

- The Division has completed it's analysis of the key financial and management information systems currently in use. This analysis addresses the capacity, stability and compatability of the various systems. This overview resulted in ISD initiating some preventative maintenance programming to enhance the integrity and integration of certain systems.

- Preliminary discussions are being held to identify the management group that will create an information systems plan to comprehensively address the Department's management reporting needs. This effort will incorporate the current capabilities wherever feasible.

DEVELOP STATEWIDE AKSAS TRAINING PROGRAM

In January, the Department conducted a training needs assessment survey. This survey indicated an overwhelming desire for AKSAS training. In response a three level DOT&PF Statewide AKSAS Training Program is being developed. Significant accomplishments-to-date are as follows:

- The Level One (introductory) training program is fully developed and regional training schedules are being set-up. Two regions have completed one month of hands on training. Follow up reinforcement training is being made available for course participants.

- The Level Two training program is currently being developed. The program will contain two major sections. Section A will detail data entry procedures and Section B will cover customizing management reports. The draft training manual for Section A has been completed and the pilot training course scheduled for August 5th.

Please call if you have any additional questions or if we can be of further assistance.

Attachment

cc: The Honorable Steve Cowper, Governor
Garrey Peska, Chief of Staff
House Finance Committee Members
House Transportation Committee Members
Senate Finance Committee Members
Senate Transportation Committee Members
DOT&PF Regional Directors
Marsha Hubbard, Deputy Commissioner, Admin. Management, DOA
Jay Hogan, Director, Budget Review, OMB

MEMORANDUM

State of Alaska
Department of Transportation & Public Facilities

TO: Mark S. Hickey
Commissioner

DATE: June 24, 1987

FILE NO:

TELEPHONE NO: 465-3900

FROM: Robert G. Poe, Jr.
Deputy Commissioner
Finance and Budget

SUBJECT: Capital Project Clean-up Status Report

The Department's Capital Project Cleanup (CPC) effort continues to make progress in all key workplan areas. As detailed in our May 10th revised CPC workplan, there are nine distinct steps with tasks in progress. The past months activity centered around the refinement, coordination and integration of the new accounting procedures and computer enhancements being developed by DOT&PF. The principal components include a new Third Party Billing System, RSA/PDA accounting process and financial history clean-up. The planning and design stage of these components have reached the final phase. In addition, the Department's Level One (introductory) AKSAS Training Program is fully developed and personnel training is set to start in two regions. The accomplishments in all workplan areas, during the last month, are as follows:

PROJECT MANAGEMENT

The CPC workplan was developed in February and is continually under review. There have been no significant changes to the workplan since the May 10th revision attached to the May Status Report. To facilitate the scheduling of workloads and timing of implementation for sections 4, 5 and 6 (new accounting procedures, history clean-up and billing system) additional detailed pert charts are being developed.

CAPITAL PROJECT REPORT

The initial Capital Project Report (also known as the 4/15 Report), which outlined the financial status of the CPC projects, was updated in early June for additional unprogrammed activity. Information from the June updated report was used to recalculate DOT&PF's share of the general fund continuing programs - capital reserve amount. It was estimated that the reserve could be decreased by $86 million.

This workplan section will be expanded at a later date to outline the tasks necessary to produce a revised Capital Project Report once the significant clean-up efforts are completed.

DEVELOP ACCOUNTING PROCEDURES AND CONTROLS

Establishing specific accounting procedures and controls within DOT&PF (statewide) is critical to assure accurate and timely information for capital project activity. Successful implementation will require development of new AKSAS structures and supporting accounting controls. Actions taken to achieve these goals are as follows:

- In recent months a new accounting process was developed to control DOT&PF accounting for appropriations and project costs. A limited number of appropriations and projects are being accounted for under the new process on a test basis. Minor refinements to this process are being documented and expanded use of the process is anticipated by late July.

EVALUATION OF AKSAS HISTORY DATA

Both Internal Review, DOT&PF Division Directors and Legislative Auditors have raised concerns over the accuracy of historical accounting data transferred into AKSAS when the State converted from the old accounting system (PBA). In an effort to evaluate and substantiate or correct this data the following steps have been taken:

- DOT&PF Division of Management and Finance (DMF) and Information System Design (ISD) are researching the transactions which took place during data conversion and the subsequent efforts to record history detail. This research is necessary to identify and correct erroneous or incomplete computer executions. To facilitate this process audit trail computer files, for FY'85, '86, and '87 activity, were provided to ISD. The direct access to this data has greatly enhanced the effort.

ENHANCEMENT OF THE FEDERAL BILLING PROCESS

Due to loss of federal certification of the present Federal Billing System, we are currently developing a new Third Party Billing System. The following is a summary of the steps which have been completed to date.

- Weyerhaeuser Information Systems has completed the overall project general design document. Both the Federal Highway Administration front-end edit section and the comprehensive section (FAA, RSA's, revenue and bill production) are in the detailed design stage. Program coding has begun in both sections.

- DMF and Weyerhaeuser Information Systems have begun detailing the critical path necessary for implementation. A preliminary workplan is being outlined and will be completed by mid July. Test project implementation is scheduled to begin in early August.

EVALUATE AND IMPROVE MANAGEMENT REPORTING

The ISD has indicated the need to compile data and examine in detail the Department's current reporting and systems maintenance workload. The Division's goal is to develop a long term plan to coordinate ISD resources to meet the Department's management and financial reporting needs. Actions taken to achieve these goals are as follows:

- Meetings between ISD and regional staff have been held to identify potential enhancements to the Project Control Information System (PCIS), Project Scheduling (P2) and Resource Allocation System (RAS). These systems are integral management tools for project managers. Enhancements including cleaner interface with AKSAS to insure database integrity are in the design phase.

- A workplan is currently being developed to identify the timeframe and resource commitment necessary by ISD to implement the various computer enhancements and new or expanded management reports identified in regional meetings.

DEVELOP STATEWIDE AKSAS TRAINING PROGRAM

In January the Department conducted a training needs assessment survey. This survey indicated an overwhelming desire for AKSAS training. In response a three level DOT&PF Statewide AKSAS Training Program is being developed. Significant accomplishments-to-date are as follows:

- The Level-One training program is fully developed and regional training schedules are being set up. Two regions will begin classes in late June.

- All regions have now identified personnel to serve as local instructors. An instructors training course will be held in Juneau on July 13th.

- The first draft of the Level-Two (section A) Training manual is complete and has been forwarded to the regions for review. The pilot training course is anticipated by late July.

cc: The Honorable Steve Cowper, Governor
Pete Jeans, Chief of Staff
House Finance Committee Members
House Transportation Committee Members
Senate Finance Committee Members
Senate Transportation Committee Members
DOT&PF Regional Directors
Marsha Hubbard, Deputy Commissioner, Admin. Management, DOA
Jay Hogan, Director, Budget Review, OMB

MEMORANDUM

State of Alaska
Department of Transportation & Public Facilities

TO: Mark S. Hickey
Commissioner

DATE: May 18, 1987

FILE NO:

TELEPHONE NO: 465-3900

FROM: Robert G. Poe, Jr.
Deputy Commissioner
Finance and Budget

SUBJECT: Capital Project Clean-up Status Report

The Capital Project Cleanup (CPC) program is in full swing. An updated CPC Work Plan which is attached, indicates that all nine key sections have tasks in progress. Significant accomplishments during the past month include issuance of the Capital Projects Report (4/15 Report), introduction of the Level One AKSAS Training Manual to regional personnel and implementation of the new AKSAS appropriation accounting process. The status of the work plan tasks addressed during the last month are as follows:

PROJECT MANAGEMENT

The CPC work plan was developed in February and is continually under review. The May 10th revision incorporates the most recent modifications. A status column was added to the Work Plan which indicates the progress of each task.

CAPITAL PROJECT REPORT

This report is being developed to identify and communicate to the Commissioner and Governor the financial status of all CIP projects and the cost to complete or cost to cancel each project. The following steps have been performed:

- The Capital Project Report was presented to the Governor and House of Representatives Finance Subcommittee on April 15th. Reports were also provided to the offices of all Legislators.

- Efforts are continuing, to identify the significant inaccuracies in the AKSAS appropriation and project balances. Data base files, which detail updated appropriation balances, are being compiled for comparison to both the current AKSAS balances and the Capital Project Report information.

- The Department is preparing an update to the initial Capital Project Report. This update will detail additional project phase appropriations not yet programmed to the intended project and breakout cost to complete by fund source.

DEVELOP ACCOUNTING PROCEDURES AND CONTROLS

Establishing specific accounting procedures and controls within DOT&PF (statewide) is critical to assure accurate and timely information for capital project activity. Successful implementation will require development of new AKSAS structures and supporting accounting controls. Actions taken to achieve these goals are as follows:

- Draft procedures were prepared to support the new appropriation accounting process. These procedures were presented to the regional Project Control Chiefs for review and approval, on May 1st. As of June 8th it is anticipated that all new projects will be accounted for under the new process.

- The Division of Management and Finance (DMF) is currently outlining the course of action necessary to convert all previous appropriations into the new controlled accounting structure. Conversion is scheduled to begin by June 15th.

- Based on audit findings of both Internal Review and Legislative Audit staffs and at the direction of the Office of Management and Budget (OMB) it has been determined that certain regional appropriation transactions must be dual approved by the DMF. This control procedure will be active by June 1st.

- The DMF is considering a new finance section responsible for development and implementation of policies, procedures and internal control. This will not require the hiring of new staff, but a more efficient use of existing staff. Effective May 1st the DMF assigned one part time position to begin updating the Financial Management Operations Manual (FMOM). We anticipate that this will be a full time position for FY'88. This section's first assignment, to draft project closing procedures, is expected to be implemented by May 20th.

EVALUATION OF AKSAS HISTORY DATA

Both Internal Review, DOT&PF Division Directors and Legislative Auditors have raised concerns over the accuracy of historical accounting data transferred into AKSAS when the State converted from the old accounting system, PBA.

- DOT&PF DMF and Information System Design (ISD) are working with the Department of Administration, Division of Finance to research the transactions which took place during the data conversion. This research is necessary to identify and correct erroneous or incomplete computer executions. This process is expected to take two months.

ENHANCEMENT OF THE FEDERAL BILLING PROCESS

Due to loss of federal certification of the present Federal Billing System, we have begun to develop a new Third Party Billing System. The following is a summary of the steps which have been completed to date.

° As reported in our April memo, Weyerhaeuser Information Systems was selected to design the new federal billing system. They have completed the front-end edit design criteria and program coding is scheduled to begin immediately. Currently the contractors are ahead of their work schedule which calls for full implementation by late September.

EVALUATE AND IMPROVE MANAGEMENT REPORTING

The ISD has indicated the need to compile data and examine in detail the Department's current reporting and systems maintenance workload. The Division's goal is to develop a long term plan to coordinate ISD resources to meet the Department's management and financial reporting needs.

° The Division has completed it's initial review of the Department's information reporting usage and needs. This review has identified in addition to AKSAS, two key peripheral managment reporting systems, Project Costs Information System (PCIS) and Project 2 (P/2). Meetings are now being scheduled to plan and develop the most efficient and effective information flow between all three systems.

° Regional personnel have provided ISD with a proposed list of enhancements for the PCIS system. The list is being evaluated, in conjunction with the Division's long term plans for uniformity within regions and compatibility with AKSAS. A prioritized list of system enhancements will be distributed for review by June 15th.

DEVELOP STATEWIDE AKSAS TRAINING PROGRAM

In January the Department conducted a training needs assessment survey. This survey indicated an overwhelming desire for AKSAS training. In response a three level DOT&PF Statewide AKSAS Training program is being developed. Significant accomplishments to date are as follows:

° A training coordinator has been designated in each region, to assist in program development and implementation.

- The Central and Northern Regions have identified personnel to serve as local trainers. The Level One Manual was introduced to these trainers during pilot training sessions April 29th and 30th.

- The Level Two Training Manual is currently being developed. This manual will contain two major sections. Section one will detail data entry procedures and section two will cover customizing management reports. Completion of both sections is scheduled for the middle of June.

Please call if you have any additional questions or if we can be of further assistance.

Attachment

cc: The Honorable Steve Cowper, Governor
Pete Jeans, Chief of Staff
House Finance Committee Members
House Transportation Committee Members
Senate Finance Committee Members
Senate Transportation Committee Members
DOT&PF Regional Directors
Marsha Hubbard, Deputy Commissioner, Admin. Management, DOA
Jay Hogan, Director, Budget Review, OMB

MEMORANDUM

State of Alaska
Department of Transportation & Public Facilities

TO: Mark S. Hickey
Commissioner

DATE: April 14, 1987

FILE NO:

TELEPHONE NO: 465-3900

FROM: Robert G. Poe, Jr.
Deputy Commissioner
Finance and Budget

SUBJECT: Capital Project Clean-up
Status Report

The Capital Project Clean-up (CPC) effort continues to make progress as measured by the CPC workplan you received with the March 16th status report. Since that report, considerable headway has been made in several key areas including the expansion of field work in DOT&PF regional offices, beginning work on the new Federal billing system and completion of an AKSAS training manual. The status of the workplan tasks addressed during the last month are as follows:

PROJECT MANAGEMENT

The CPC work plan and gantt chart which were developed in February are continually under review. At this time, there have been no significant revisions to the workplan and all major tasks are proceeding as planned.

Tom Haas (former State Accountant, Department of Administration) accepted the position of Assistant Director, DOT&PF Division of Management and Finance (DMF). His knowledge of and experience with AKSAS along with his years of experience in state government have already enhanced the CPC effort.

CAPITAL PROJECT REPORT (APPROPRIATIONS 1982 TO PRESENT)

This report is being developed to identify and communicate to the Commissioner, Governor and Legislature the financial status of all CIP projects and the cost to complete or cost to cancel each project. Several phases related to the development of this report are in process. The following steps have been performed:

- DOT&PF regional offices have reviewed the preliminary report of capital projects. The estimated costs to complete or cost to cancel each project have been forwarded to DOT&PF DMF for input and evaluation.

- Preliminary review has identified certain inaccuracies in AKSAS balances. Specifically, the recorded budgets and inception-to-date expenditures of some CIP projects contain unauthorized transactions. We are designing a reconciliation process to identify and correct the errors.

- Presentation of the Capital Projects Report to the Legislature is scheduled for April 15th.

DEVELOP ACCOUNTING PROCEDURES AND CONTROLS

Establishing specific accounting procedures and controls within DOT&PF (statewide) is critical to assure accurate and timely financial information for capital project activity. Successful implementation will require development of new AKSAS structures and supporting accounting controls. Actions taken to achieve these goals are as follows:

- As reported in our last memo, we have developed a new process to control DOT&PF accounting for appropriations and project costs. This process has been approved by the Office of Management and Budget (OMB) and we are currently working on specific procedures to assure complete and controlled implementation of the new process.

- A review process for the Project Costs Information System (PCIS), which is used for budgeting and cost estimation by project managers in all regions, is currently in the design stage. The Information System Division (ISD) anticipates implementation by June 1st. A regular review process is necessary to assure the integrity of data downloaded from AKSAS to PCIS.

- DOT&PF DMF has initiated a project to establish current accounting policies and procedures. The current Financial Management Operations Manual (FMOM) is incomplete and outdated. Meetings will be held with the regional offices to review current operations and prioritize the areas of need.

- After lengthy discussions with the regions, it was determined that written project closeout procedures needed to be developed immediately. Those procedures are currently in draft form and are being reviewed in the regions.

- The needs assessment survey conducted in January indicated a high demand for AKSAS training. DOT&PF DMF has initiated a training program to be administered statewide. The program will consist of three levels of training ranging from a basic introduction to advanced structure design. The Level One program and manual is complete and training will begin in the Central Region by May 1st.

EVALUATION OF AKSAS HISTORY DATA

Both Internal Review and division directors for DOT&PF as well as legislative auditors have raised concerns over the accuracy of historical accounting data transferred into AKSAS when we converted from the old accounting system.

- DOT&PF DMF and ISD are working with the Department of Administration, Division of Finance to research the transactions which took place during the data conversion. This research is necessary to identify and correct erroneous or incomplete computer executions. This process is expected to take three months.

ENHANCEMENT OF THE FEDERAL BILLING PROCESS

Due to loss of federal certification of the present Federal Billing System, we have begun to develop a new Third Party Billing System. The following is a summary of the steps which have been completed to date.

- An RFP review committee evaluated vendor responses and selected Weyerhaeuser Information Systems to design the new federal billing system. Contract negotiations have been concluded and field work was started on Monday April 13th.

- The DOT&PF DMF in conjunction with the Federal Highway Administration (FHWA) has instituted a regular billing process and new procedures which will allow a timely processing of the federal-aid bill during development of the new billing system. Part of these new procedures include the development of a billing log which outlines and addresses various concerns of both parties regarding the federal-aid monthly billings.

EVALUATE AND IMPROVE MANAGEMENT REPORTING

Tom Kluberton, Director of ISD, produced a listing which catelogues all accounting and finanical reports regularly produced in his division. This listing has been distributed throughout all DOT&PF regions. The regions will compile responses from the various report users and forward this information to Headquarters. Responses will be evaluated and used as a basis to develop a long-term plan to coordinate ISD resources to meet the Department's accounting and financial reporting needs.

cc: The Honorable Steve Cowper, Governor
Pete Jeans, Chief of Staff
House Finance Committee Members
House Transportation Committee Members
Senate Finance Committee Members
Senate Transportation Committee Members
DOT&PF Regional Directors
Marsha Hubbard, Deputy Commissioner, Admin. Management, DOA
Jay Hogan, Director, Budget Review, OMB

MEMORANDUM

State of Alaska
Department of Transportation & Public Facilities

TO: Mark S. Hickey
Commissioner

DATE: March 16, 1987

FILE NO:

TELEPHONE NO: 465-3900

FROM: Robert G. Poe, Jr.
Deputy Commissioner
Finance and Budget

SUBJECT: Capital Project Cleanup
Status Report

This is the first in what will be a series of DOT&PF Capital Project Cleanup (CPC) status reports. These memos are intended to keep you informed as to our progress in addressing this critical issue for the Department. As you can see from the attached CPC work plan, we have expanded the scope of our CPC efforts considerably beyond cleaning up capital project historical data. Each month we will report to you on specific progress we have made in addressing each of the areas outlined in the workplan attached to this memo. You may wish to retain the work plan so you can follow our progress. Should you have any questions as we progress through this effort please call me at 465-3900 or Bob Bartholomew or Jim Merrill at 465-3911. The following is a discussion of our progress to date against the CPC workplan.

Status

PROJECT MANAGEMENT

The CPC work plan and gantt chart were developed in February, 1987. The plan has been reviewed with the DOT&PF Headquarters and Legislative Finance Committees staff. We are continuing to refine this workplan.

On March 2, 1987 two new employees, Randy Simmons, CPA, Director of Management and Finance and Bob Bartholomew, CPA, CPC Coordinator were brought on board to assist in CPC efforts.

Randy Simmons will fill the role as Comptroller of DOT&PF and Bob Bartholomew will perform the role of CPC Coordinator.

CAPITAL PROJECT REPORT (APPROPRIATIONS 1982 TO PRESENT)

This report is being developed to identify the financial status of all CIP projects post 1982 and report to the Commissioner, Governor and Legislature the cost to complete or cancel each project. Several phases related to the development of this report are in process. The following steps have been performed:

- Reconciliation of State Legislature Appropriations (1982 to present) to appropriation data recorded in AKSAS is substantially complete and the final report is being developed. Final variances will be detailed and significant items supported by memorandum.

- Prior accounting activity had produced files of unresolved input errors. "E" errors effect the capital project expenditures and require clearing to produce accurate reports. "A" errors are amounts correctly recorded into AKSAS but rejected in the conversion to FMS (Federal Billing System). These items require ongoing research to determine if such costs are federal participation costs. "E" error reconciliation is substantially complete and costs have been correctly recorded into AKSAS. A new system implemented in 1986 has eliminated the occurrence of "E" errors. A detailed listing of current "A" errors is regularly produced and monitored by the Assistant Director. Occurrence of "A" errors will be eliminated during the Federal Billing System Project.

- Double recording errors originated when the old State accounting system was converted to AKSAS. Certain appropriation and expense data were double recorded with a net financial effect of $0. The entries have caused confusion in tying gross balances to source documents. The majority of these items have been identified and where necessary are being corrected in conjunction with the AKSAS appropriation reconciliation referenced above.

- A preliminary report of capital projects (1982 to present) has been produced. This report details project budget and expenditures inception to date. The report will be forwarded to the DOT regional offices on 3/13/87 for review and input of estimated costs to complete or cancel each project.

- Presentation of the Capital Projects Report to the Legislature is scheduled for 4/15/87.

DEVELOP ACCOUNTING PROCEDURES AND CONTROLS

Establishing specific accounting procedures and controls within DOT&PF (Statewide) is critical to assure accurate and timely financial information for capital project activity. Successful implementation will require development of new AKSAS structures and supporting accounting controls. Initial actions taken to achieve these are as follows:

- DOT&PF Internal Review Audit Reports issued in January, 1987 have been reviewed and procedures necessary to implement recommended controls are being developed. Draft procedures are anticipated by April 16, 1987.

- We have developed new AKSAS reporting and control structures to correct the current problem of monitoring project/appropriation status. Specific procedures are being developed for approval by the Office of Management and Budget. Once approval is obtained new appropriations/projects will be accounted for using the new structures.

- Processes to input and control revenue estimates and TANAB controls is scheduled to begin the week of March 16 - March 20.

- The Project Costs Information Systems (PCIS) is used for budgeting and latest costs estimates, by project managers in the Southeast and Northern Regions. Review and evaluation of the PCIS is scheduled to begin the week of March 16 - March 20.

ENHANCEMENT OF THE FEDERAL BILLING PROCESS

Due to loss of federal certification of the present Federal Billing System, we have begun the process to develop a new Third Party Billing System. The following is a summary of the steps in this process which have been completed to date.

- DOT&PF Finance and Information Systems Divisions, developed requirements for a new federal billing system. An RFP was prepared and forwarded to software vendors in February. Proposals were closed 3/6/87 and the review committee is currently evaluating them.

MANAGEMENT REPORTING

Tom Kluberton, Director of Information Services, is currently identifying all accounting and financial reports regularly produced in his department. Headquarters and Regional Finance (accounting) departments will be contacted beginning March 16, 1987 to determine their current report usage and whether all needs are being met. A draft overview of the Department's Accounting and Financial reporting requirements will be developed by April 17, 1987.

cc: The Honorable Steve Cowper, Governor
Pete Jeans, Chief of Staff
House Finance Committee Members
House Transportation Committee Members
Senate Finance Committee Members
Senate Transportation Committee Members
DOT&PF Regional Directors (including AMHS)
Marsha Hubbard, Deputy Commissioner,
Administrative Management, DOA
Jay Hogan, Director, Budget Review, OMB

COMMITTEE MEETING:

HIGHWAY USERS FEDERATION

1-22-88

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3900

LEGISLATIVE AFFAIRS AGENCY

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May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation:

1/22/88

Alaska Highway Program Review

An Evaluation
by the
Highway Users Federation
1987

File item #1

THE SEAL OF THE STATE
OF ALASKA

ALASKA LEGISLATURE COMMITTEE FILES 1987 - 1988 8672
5135 HTRA COMM. MTGS: CAPITAL PROJECTS CLEANUP

707

ALASKA HIGHWAY REVIEW ADVISORY COUNCIL

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Highway Users Federation
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Highway Users Federation
FOR SAFETY AND MOBILITY
1776 Massachusetts Avenue, N.W.
Washington, D.C. 20036

December 1987

OFFICE OF THE PRESIDENT

The Honorable Bette Cato, Chairperson
House Transportation Committee
State of Alaska
Juneau, Alaska

Dear Representative Cato:

The Highway Users Federation is pleased to submit this report of a ten-month review of the Alaska Highway Program. The pages that follow list our major findings and recommendations. The balance of the report is our perspective on the status of the Program, its financing and management.

While we have made a number of recommendations for change to improve program efficiency and effectiveness, we did find much to praise. First and foremost, we found a cadre of dedicated people that have sustained the program over a long period of time throughout leadership and organizational transitions, criticisms by those outside the program that may not have understood the magnitude or complexity of the job to be done and sometimes difficult working conditions.

Also we found much has been accomplished for which Alaskans can be proud. Alaska is in the national forefront in traffic safety and bridge conditions. Notwithstanding the elements that must be dealt with, Alaska's state highway network is "on a par" with other states. Anchorage's arterial street and highway system has come a long way in the 1980's toward being as modern as any in the nation. And the Marine Highway System and most of Alaska's major airports provide reasonable service to its users and the Alaskan economy.

We also pay tribute to the current and previous ADOT&PF management teams that have had to deal with a wider range of responsibilities than any of their counterparts in other state highway or transportation departments of the nation. While most such state officials have highway responsibilities and little more, ADOT&PF officials must administer the state highway program, as well as the operations of the two International Airports, 215 other airports, a nine-ship ferry system, most state-owned buildings and the state equipment fleet.

While Alaska is unique in this most important aspect, the Federation recommends that the current scope of responsibility remain unchanged. However because of this extraordinary scope,

it is recommended that the headquarters staff be augmented to provide more effective policy direction.

Some of the recommendations are far reaching and politically sensitive -- ie. transferring some state highway responsibilities to Alaska's boroughs and cities, and raising highway user taxes and dedicating these to the State Highway Program. However these actions should free up other currently earmarked transportation funds thereby allowing the Department to undertake the other recommendations that require added resources.

Transportation is vitally important to the social and economic well being of Alaskans. The public side of the Alaska transportation System -- that is highways, airports, ferries and harbors -- is a fragile network and the public responsibility to keep the system up and operating safely and efficiently is great. Much progress has been made in building the network. It is important that resources be found to keep what you have and to make those advances that are prudent expenditures within Alaska's overall resources.

The opening page of the report lists the members of the Alaska Highway Program Review Advisory Council. The Council met five times during the course of the review and assisted Highway Users Federation staff in outlining the key issues to pursue and in reviewing factual information and findings.

The pages that follow contain our major findings and recommendations. The rest of the report contains charts and graphs to give interested persons a better understanding of the current status of the Alaska Highway Program. The first chapter outlines how the state and municipalities share road responsibilities, where the money comes from and what agencies spend it. The second chapter discusses road conditions and traffic service. Chapter three indicates the accomplishments of the State Highway Program and how the Program relates to needs. The fourth chapter deals with managing the State Highway Program. Changes over time are shown as well as comparisons with national averages.

The Highway Users Federation is a 55 year old business league made up of the key industries and their associations that have an interest in safe and efficient highway transportation at reasonable costs. On behalf of our members and our affiliate, the Highway Users Federation of Alaska, we appreciate the opportunity to offer our perspectives on the Alaska Highway Program. We are grateful for the cooperation of Commissioner Hickey and the entire staff of the Alaska Department of Transportation and Public Facilities. We stand ready to further assist you in the months and years ahead.

Sincerely,

Lester P. Lamm

MAJOR FINDINGS AND RECOMMENDATIONS

I. Distinguishing Characteristics of Alaska's Highway Program

Alaska's Highway Program has many characteristics that set the Program apart from other states highway programs. The major distinguishing characteristics are as follows:

1. High Road Cost. The annual cost of administering, maintaining and improving Alaska's highway (all roads) and supplementary ferry system -- $48,000 per mile and $1,100 per capita --is above comparable national averages -- $16,000 per mile and $260 per capita. This is due to Alaska's severe weather conditions, unusual foundation characteristics (permafrost), difficult terrain, restricted building and repair seasons, remoteness of many parts of the system and the high cost of materials, supplies, equipment and services.

2. Highway User Taxes Are A Small Portion Of Funds. Unlike most states where highway user taxes and fees are the only state funds used to support the state highway program, Alaska's highway user taxes and fees meet only a small fraction (ten percent) of the Alaska State Highway Program costs.

3. Highway User Taxes Are Low. Alaska truck taxes and fees are the lowest in the nation while Alaska automobile user taxes and fees rank 37th from the top state in the nation.

4. First In Federal $ Received/Federal Taxes Paid. Alaska is first in the nation in the ratio of Federal Aid Highway Program payments received to federal highway user taxes paid. Over the fiscal year 1956 to 1985 period, Alaska has received $2.2 billion in Highway Trust Funds as compared to $256 million in federal highway user taxes paid by Alaskans -- a 9 to 1 ratio.

5. Unique State Highway System. Unlike any other state, Alaska's state highway system serves less than half of Alaska's communities of over 250 persons. Unserved communities are however connected to the rest of the state through a system of state-owned airports and by a state-owned ferry system.

6. Traffic Density Low. Alaska has the second lowest population and the fewest registered motor vehicles of any state in the nation. Only three states have fewer vehicle miles of motor vehicle travel. The average daily traffic on Alaska's roads is one half the national average.

7. Lowest Road Density. Alaska has the largest land area of any state in the nation (2-1/4 times the land area of Texas) and the lowest road density in the nation, only 1 mile of public road per 57 square miles of land area. By way of comparison, Nevada has the next lowest road density with 1 mile of road for every 2.5 square miles of land.

8. Road Miles Are Low. Despite Alaska's vast land area, only Delaware, Hawaii and Rhode Island have fewer miles of public roads.

9. Bridge Leader. Based on a national survey, Alaska is first in the nation in bridge conditions. Alaska has the smallest proportion of deficient bridges among the 50 states.

11. Fewest Traffic Fatalities. Among the 50 states, Alaska and North Dakota had the fewest 1986 traffic fatalities. For 1986, Alaska's mileage death-rate stood at 2.13 deaths per 100 million vehicle-miles of travel or 14 percent below the national average. And when all facts are in, it appears that Alaska's 1987 traffic safety record will improve upon the 1986 record.

12. Most Comprehensive State Department of Transportation. Unlike other state highway and transportation departments, which are mainly responsible for state highway system administration, maintenance, operation and improvement, the Alaska Department Of

Transportation & Public Facilities has major responsibilities for airports, ferries, harbors, public buildings, as well as highways.

13. Most Decentralized Department. The ADOT&PF is more decentralized than any other state transportation agency with major control vested in regional offices as well as the International Airport System and Marine Highway System offices.

II. Major Recommendations

1. Keeping A Good Program Going. First and foremost, Alaska needs to find the money necessary to maintain its record of progress in transportation service. Major strides have been made in developing and improving the state highways, bridges, airports, marine highways and harbors. In all aspects, it is a system in which Alaskans can be proud. Finding the resources to sustain the progress, or at least to sustain the existing system and service levels, in the face of Alaska's social needs, is the most serious challenge.

2a. Setting A State And Municipal Road Responsibility Policy. Currently, the ADOT&PF and Alaska's municipalities share the management of roads within municipalities without a state-municipal, agreed-upon policy that is based on the traffic service (functional) characteristics of the roads. Unlike the state highway networks in other cities of the nation, which serve principally as distributors of statewide traffic to major centers of traffic attraction within urban areas, many of Alaska's urban state highways function as minor arterials or collectors of traffic through or around residential neighborhoods. As a result, the ADOT&PF is looked to for funding the maintenance and improvement of streets and roads that are primarily of concern to citizens in urban neighborhoods. Alaska's rural and urban state highways of statewide traffic significance must compete for scarce funds with streets and roads of only local importance.

2b. Establishing An Urban Arterial Fund. Urban street and highway development has been predicated largely by legislative earmarking of funds for specific improvement projects and by such initiatives as the Anchorage Accelerated Road Program. A statewide approach to meeting urban arterial needs has been lacking. However, once road responsibility policy has been agreed upon and streets and highways transferred to the

appropriate agency (ADOT&PF, cities and boroughs), it is recommended that an Urban Arterial Fund be established to fund the improvement of those arterial streets in Alaska's major municipalities that are not included in the state highway system.

3a. Increasing ADOT&PF Maintenance And Operations Resources. Funds for highway maintenance must be increased to ensure that state highways are preserved and that safe and efficient levels of service are made available to the public.
Responsibility for 292 airports and 5,542 miles of state highway is now spread among a maintenance force of 570 people (as of 6/30/87) as compared to 661 people at the same point in time in 1985. Based on a national survey, Alaska is among the states with the fewest highway maintenance personnel per lane-mile of highway in the nation. Furthermore, the highway and aviation portion of the maintenance and operations expenditures dropped 24 percent from $71.2 million in FY 1986 level to $53.9 million in FY 1987. While the FY 1988 authorization level increased to $61.6 million, this is not adequate to restore effective maintenance operations. Snow and ice removal operations have been reduced to the point where motorists are being inconvenienced, and if a severe winter is experienced, more problems will occur. Signs of physical neglect, while already noticeable, will become more pronounced as water and ice continue to widen unsealed cracks and as shoulder erosion and unrepaired pavement edges continue to break up.

3b. Develop And Publish Maintenance And Operations Options. To arrive at the appropriate highway maintenance funding level, it is suggested that the ADOT&PF develop and publish highway maintenance and operations options. It is suggested that this study define three or more levels of highway maintenance that might be provided With such information specified, along with clear indications of costs and benefits, the Department, the Legislature and the public will have the best possible basis for funding decisions. Service level A would be the optimum with little or no inconvenience to motorists during snow and ice conditions. Potholes and edge raveling would be eliminated. All pavement cracks would be sealed each year. All ditches and culverts would be kept cleaned. Ten percent of the state highway system would be seal-coated each year. Brush would be cut

back annually on all state highways. Shoulders would be leveled each year. Signs, pavement markings, culverts and guardrail would be kept in good repair at all times. The object of the Service Level A evaluation is to determine the cost to 1) gain the maximum service life from each highway and bridge and 2) gain the best possible service for the motorist.

Service level B would be a lower increment of service on all state highways, especially the 1,000 miles of Major Collector Highways. As is the case today, some routes would be closed during winter months. Service level B is most nearly consistent with the 1987 maintenance programs.

Service level C would be a still lower level of maintenance and operations than has heretofore existed.

In each case a full explanation of the options should be developed and published. The short and long range benefits of the optimum service level should be specified, as should the consequences of providing the optional lesser service levels.

4a. Initiating A Comprehensive Needs Analysis. To determine the optimum level of funding for the state highway improvement program, it is recommended that the ADOT&PF make an engineering appraisal of the cost to meet state highway system deficiencies as they are likely to occur over the next ten years. Such an analysis should be carried on concurrently with the maintenance and operations analysis and the revision of state highway responsibilities, because these associated analyses directly affect the needs appraisal. For example, a heavy emphasis on highway preservation reduces the need for surface rehabilitation and visa versa. Also, a smaller urban state highway system will reduce the overall magnitude of state highway system needs.

4b. Building On The Recently Completed Interstate Highway System Needs Estimate. The ADOT&PF has recently completed a mile-by-mile analysis of Interstate Highway System needs. This carefully prepared analysis compared the existing 1,089 miles of Alaska's designated Interstate Highways with "tolerable" highway standards. Deficiencies were noted, estimates of costs to correct deficiencies were calculated and a priority of need assigned to each deficiency. The Interstate Highway Needs Estimate provides an excellent

basis for similar estimates of needs (with different standards of tolerability) for the other four functional systems of state highways, that is Other Principal Arterials, Minor Arterials, Collectors and Local Access Roads.

A summary of the needs estimates, along with the priority established for each need, will provide a sound basis for determining total state highway program needs (capital plus maintenance) with options to fit Alaska's financial capability.

5a. Determining Highway User And Other Tax Resources. Together with an agreed-upon, restructured state highway system and an accurate appraisal of the cost to meet the most needed state highway deficiencies and a determination of highway maintenance and operations costs, it is also recommended that a fiscal analysis be made of highway user taxes and other funds that might be used to meet long range goals for state highway system development, improvement and maintenance. A financial plan should then be set to provide long term stability for a goal-oriented program.

5b. Relating Highway User Taxes To The State Highway Program. Unlike most states, where highway user taxes and fees -- motor fuel taxes, motor vehicle registration fees and other special taxes on motor vehicles, their operation and use -- are the principal resource for funding the state highway program, Alaska's Constitution precludes strict dedication of any tax. However a few other states and the Canadian Provinces have a situation similar to Alaska, and in these cases such taxes are informally dedicated to the state highway program. Officials and the public have recognized that the highway program has such far reaching economic and social implications that a secure funding source is important. It is also recognized that state and provincial highway programs benefit, in terms of effective and efficient use of resources, when transportation officials have reasonable assurance of funds over at least a five year period.

The success of the nation's highway program over the past 70 years is primarily attributable to the fact that it has been supported by user-based funds. Alaska's highway and airport progress has been based on a readily predictable and reasonably stable supply of funds stemming from the Federal Aid Highway and Federal Aviation Programs which are both funded by federal user taxes.

5c. Raising Motor Fuel Taxes and Other Highway User Fees or Dedication of Other Taxes. In order to completely fund the state highway program from state highway user taxes, it will be necessary to raise the existing taxes and fees. New highway user taxes and fees, such as use or sales taxes on motor vehicle transfers, not presently in existence in Alaska is another possibility. Dedication of a portion of mineral severance taxes to the State Highway Program might also be considered. Determining how much of an increase or what new taxes should be employed is beyond the scope of this review, but should be included in the fiscal analysis recommended.

In comparison with their counterparts in the rest of the nation, Alaska's truckers and other motorists currently pay low taxes and fees for truck and automobile use.

For heavy trucks, Alaska ranks lowest in the nation with a tax load of $1,598 per year or 2.0 cents per vehicle-mile of heavy truck travel. This compares to Washington which collects over three times as much ($4,990 per truck, and 6.2 cents per vehicle-mile of heavy truck travel). The highest taxer of heavy trucks is Arizona which collects $11,012 per truck or 13.8 cents per vehicle-mile of heavy truck travel.

For automobiles, Alaska ranks 37th among the states with a $122 tax per average automobile or 1.0 cents per vehicle-mile of travel. The highest in the nation is Rhode Island with an annual tax load of $731 per automobile or 5.9 cents per vehicle-mile of automobile travel (six times the Alaska load). The lowest is New York at $73 per year and 0.6 cents per vehicle-mile of travel. Washington's annual tax on automobiles is $310 per vehicle or 2.5 cents per vehicle-mile of auto travel.

5d. Keeping Trucking And Railroad Industries Competitive. An increase in highway user taxes will increase trucking industry costs, while railroad costs remain unchanged. The existing economic balance between the trucking and railroad industries will have changed. To retain current levels of profitability and service, truck rates may have to increase which may result in loss of business. And there are other consequences that have to be considered in any such tax change. Therefore it is recommended that the change in highway user taxes be preceded by economic analyses of highway/railroad competition and

proposed initiatives that would retain the economic viability of the two competing modes after the tax change.

6. Planning To Upgrade The Existing State Highway System. The recently adopted and implemented process of annually updating the Six Year Capital Improvement Program in close alignment with estimates of federal funds should be maintained as a fundamental tool in managing ADOT&PF capital improvements.
It is also suggested that a state highway surface restoration program be specified with a goal of resurfacing a prescribed number of state highway miles each year - a number that is consistent with the need to upgrade, or at least retain, the current level of rideability, skid resistance and pavement structural integrity. Similar goals as well as schedules of accomplishment should be set to complete the modernization of each of the functional classes of state highways.

7. Planning State Highway System Expansion. Most of Alaska's Interstate Highways, Other Principal Highways, Minor Arterials and Major Collector Highways that link together Alaska's economic centers were built over the past 50 years. It is realistic to forecast that additions will be made to this System over the next 50 years as Alaska expands its economic base. Now is the time to set an overall plan for expansion of the State Highway System and to establish priorities of need for each planned route. With such a plan (or future updated versions of the plan) and link-by-link estimates of cost, Alaska citizens can then decide the time schedule for building each and the means for its financing.
Not only should the plan address Alaska's mineral, forest and recreational resources but also Alaska's strategic military and defense situation. Because of the uncertainty about the amount of traffic that would be generated by many such routes, the use of special low cost design standards should be explored for the initial primitive routes.

8. Setting Statewide Highway Improvement Priorities. At present state highway improvement priorities are based on regional priorities after geographic apportionment of funds. As a result, some funded improvements are of low statewide significance and some

projects of high statewide importance are not being funded. A statewide priority system, developed in concert with the proposed engineering appraisal of highway deficiencies, will aid in setting equitable geographic apportionment of funds and funding the most urgently needed improvements.

9. Recapitalizing the State Equipment Fleet. The ADOT&PF Program includes maintaining a $118 million, 6,500-vehicle equipment fleet for ADOT&PF and 18 other state agencies. A Highway Equipment Working Capital Fund was established by law in 1960 as the accounting mechanism for deposit of lease funds and the appropriation of money for servicing the equipment and replacing worn or obsolete pieces. However, as the result of transfers out of the Fund to meet other State of Alaska needs and a FY 1987 reduction in lease fees to help agencies with budget constraints, the HEWCF was reduced to the point where the 1986 and 1987 schedules of equipment replacement could not be met. As a result state agencies are having to cope with the problem of maintaining equipment that should have been replaced or making do without those pieces that cannot be kept operable.
To meet the problem, the ADOT&PF raised lease rates in FY 1988 and appointed a task group to review the needs of the State Equipment Fleet and to recommend other necessary actions.

10. Establishing A Motor Carrier Advisory Council. There are a number of important issues that face government officials and the trucking industry. Sizes and weights, industrial use highways, safety, taxation and railroad competition are a few of the current issues that need to be discussed in open forums. To gain greater cooperation and better understanding of the issues and positions of the various interests, it is recommended that the ADOT&PF establish a Motor Carrier Advisory Council representing truckers, shippers, and the state agencies involved with truck regulation, and that recommendations be made to the ADOT&PF Commissioner. It is suggested that a trucking industry leader act as chairman of the Council but with ADOT&PF staff support in setting agendas.

11. Retaining A Strong Research Effort Program. By the nature of Alaska's climate and topography, the ADOT&PF has had to maintain a strong research program aimed at finding the most economical and effective methods of building and maintaining highways, as well as airports, harbors, ferries and public buildings. Finding the funds to keep a strong research program is vital to the ADOT&PF Program. Likewise, it is essential that important research results be brought to the attention of design, maintenance and construction staff.

III. Other Recommendations

The following are a list of other suggestions to enhance the efficiency and effectiveness of administering the ADOT&PF program:

1. Strengthening the Headquarters Function. The technical capability of the ADOT&PF headquarters staff should be augmented to strengthen its role of providing policy direction, improve the monitoring of Program expenditures, provide better support for the diverse elements of the ADOT&PF Program, better monitor the condition and performance of the state transportation systems, better plan for transportation systems that will promote safe and efficient travel as well as economic development, establish both maintenance management and pavement management systems and better inform the public of Alaska's transportation progress and problems.
This recommendation is not to be construed as a criticism of decentralized management of Alaska's Transportation Program but as a necessary augmentation that will provide resources to better coordinate the decentralized management team.

2. Improving Accountability. The ADOT&PF public information program should be expanded to better inform the public on:
a) how tax resources are being spent overall as well as according to mode,
b) on progress or lack of progress on meeting goals and,
c) on special problems that need to be addressed.

At the minimum, comprehensive ADOT&PF annual, or biennial, reports should be prepared and published.

In 1987 the Department placed heavy emphasis on accounting for previous and current expenditures on capital projects. A training program aimed at improving staff understanding and use of the Alaska State Accounting System was also implemented. Nevertheless, continued effort is needed to resolve the capital project accounting problem.

3. Enhancing Productivity. With one out of every three ADOT&PF Program dollars devoted to personnel services, the ADOT&PF should continue to give high priority to reviewing and analyzing staff productivity, and a comprehensive plan of manpower needs should be developed. Furthermore, guidelines need to be established on the use of consultants based on comparative analyses of public/private costs.

4. Improving Staff Morale. The ADOT&PF should continue to seek to bring more middle management and other employees into the decision making process. The formation of task committees to make a full evaluation of internal needs and to study specific problems is a good method of gaining greater employee appreciation of the Program, a greater sense of involvement and more pride of accomplishment.

5. Upgrading the ADOT&PF Personnel Function. The ADOT&PF needs to establish a career guidance program aimed at retaining key leaders and preparing others to step up to leadership assignments. The personnel section should become the key resource in meeting the needs of employees while at the same time assisting management to place the best qualified person in each management position.

6. Coordinating Maintenance Management. There is a need for a review of the current methods of managing the maintenance and operations program. Revisions should be made where it is found necessary to improve on the reporting of information needed to set program goals and to monitor progress toward meeting such goals. An Alaska highway and airport maintenance manual should be developed to enhance maintenance efficiency and effectiveness.

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INTRODUCTION, BACKGROUND AND ACKNOWLEDGEMENTS

The Review of the Alaska Highway Program was performed under contract with the Alaska Legislature. Most of the investigative work was accomplished from January through September 1987.

This is the seventh in a series of highway program reviews that the Highway Users Federation has accomplished over the 1984 through 1987 period. Prior to the Alaska Review, the highway programs of Tennessee (1984), Idaho (1984-1985), Indiana (1985), Mississippi (1985-1986), Nebraska (1986-1987), and Missouri (1987) were reviewed and reports submitted. Mr. Marshall Reed, PE, the Federation's Manager of State Transportation Studies has directed each of the efforts. Mr. Antony Petty managed the Alaska report production, and Ms. Nancy Calvin assisted with report graphics.

Advisory Council. A Highway Program Review Advisory Council was established to assist in the Review. Its members, all Alaskans, are listed on the second page of this report. All have close ties to the Alaska Highway Program.

The Council met five times during the course of the Review to help establish the most important issues to be pursued and to counsel the Federation on the findings.

The Highway Users Federation is indebted to the Council members for their assistance. It was observed that while each member has an economic stake in the Alaska Highway Program, each displayed an overriding interest in pursueing the best course for Alaskans and the Alaska economy.

ADOT&PF Cooperation. In each of the reviews, the work was carried out cooperatively with the state highway or transportation department. The ADOT&PF found office space for the Project Director within the headquarters' building, and Ms. Ginger Johnson (the ADOT&PF Public Information Officer) was appointed Project Liaison Officer. All of the Alaska data used in the Review came from the ADOT&PF and other Alaska agencies.

Highway Users Federation. The Highway Users Federation is a national business league made up of those corporations and associations that have an interest in safe and efficient highway transportation. The organization was first established in 1932, and it has been instrumental over the years championing the many aspects of our nation's highway programs that increase highway efficiency and safety at reasonable costs.

Highway Users Federation of Alaska. The Highway Users Federation of Alaska is an affiliate of the national organization, and it focuses on Alaska highway and traffic safety issues. All members are Alaska citizens. They represent such groups as the Alaska Trucking Association, the Alaska Chapter of the Associated General Contractors and Alaska's oil industry. It was the HUFA that brought the highway program review process to the attention of the Alaska House Transportation Committee, and that Committee sponsored the legislation required to establish the agreement for the $60,000 Alaska Highway Program Review.

Review Process. The object of the highway program review process is to evaluate the effectiveness of each state's total highway program in meeting its citizens needs for safety, service and cost effective transportation now and in the future.

Strengths of the current program and areas which can be improved are identified. Current assignments of responsibilities and resources between the state and local governments are analyzed as are the processes by which decisions are made in the planning, construction, maintenance and operation of the state highway system.

While much of the Review entailed interviews of key ADOT&PF officials in Juneau, trips were made -- via the State Highway System, the Alaska Marine Highway System and both commercial and chartered aircraft -- to most of Alaska's major cities and many of the smaller communities. Officials in each ADOT&PF Region were contacted as well as the Directors of the Alaska Marine Highway System and the International Airports.

Anchorage officials were interviewed to gain their perspective on municipal street and highway progress and problems. Also many remote communities were visited for first hand impressions on transportation operations and System needs.

The ADOT&PF maintenance foremen in many of the maintenance stations were contacted to determine their impressions of needs versus available resources. Over half of the State Highway System was driven.

Based on data summaries, comparisons with national statistics, visual impressions, interview comments, knowledge of other state highway programs and Advisory Council discussions, the major findings and recommendations were formulated and refined. The ADOT&PF headquarters' staff, as well as the Region and Division staffs, reviewed and commented on both the major findings and recommendations and the facts and figures presented in preliminary drafts of this final report.

In general, ADOT&PF officials and employees displayed an extraordinary amount of interest in the interviews and findings. The Highway Users Federation considered all comments in formulating this final report.

We hope that our perspectives on the Alaska Highway Program wil be useful as you plan for the future.

CHAPTER I

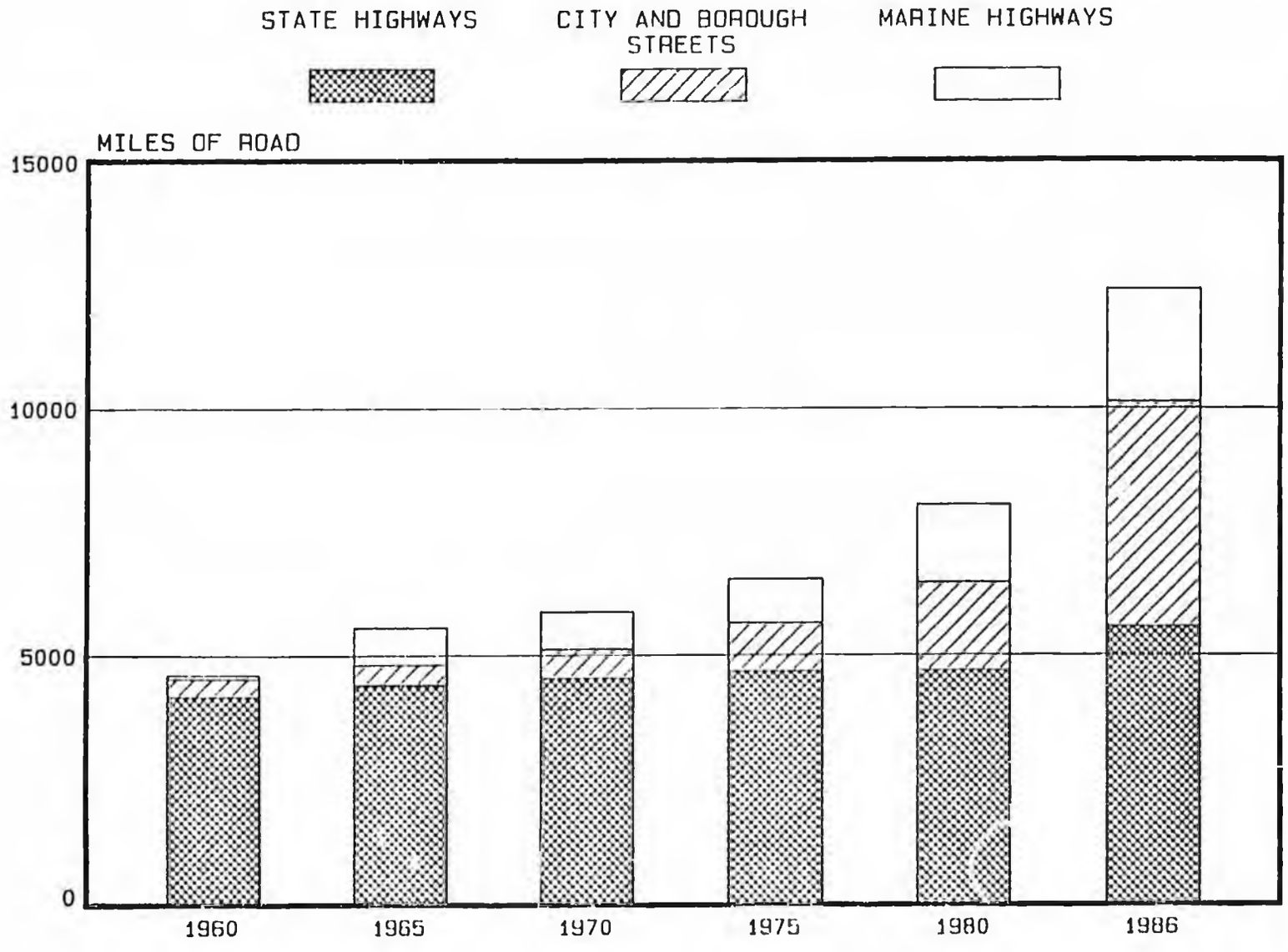
TRANSPORTATION FINANCE & RESPONSIBILITIES

CHAPTER I

TRANSPORTATION FINANCE AND RESPONSIBILITIES

This Chapter includes a Review of the Role of the State, Cities and Boroughs in Sharing Responsibilities for Administering, Maintaining, Operating and Improving Alaska's Transportation System as well as a Review of the Funds Available to Meet These Responsibilities.

MILES OF ROAD



NOTE: EXCLUDING FEDERALLY OWNED ROADS.

Over 10,000 Miles Of Road. Discounting the 224,000 miles of road that are under the direct control of federal agencies, there are 3.6 million miles of land service roads in the United States. Alaska's 12,370 miles is less than three one hundreths of a percent. Yet Alaska's land area is 16 percent of the nations total. Only Delaware, Hawaii and Rhode Island have fewer miles of road.

Marine Highway Routes Are State Highways. Including the ferry routes of the Marine Highway System, there are 7,824 miles of highway that are considered state highways. These routes are administered, operated, maintained and improved by the Alaska Department of Transportation and Public Facilities.

Since 1960 the state highway system (including Marine Highway System routes) has doubled in extent. The most significant change is the expansion of the Marine Highway System, due largely to the shift in the status of service to the Aleutian Chain in 1981 from testing and demonstration to permanently, scheduled service.

However during this 27 year period, the 416 mile Dalton Highway was built by private interests and added to the State Highway System. Also during this time, the 325 mile Parks Highway was completed to provide better highway service between Alaska's two largest centers, Anchorage and Fairbanks. Other shorter links of state highways have also been added.

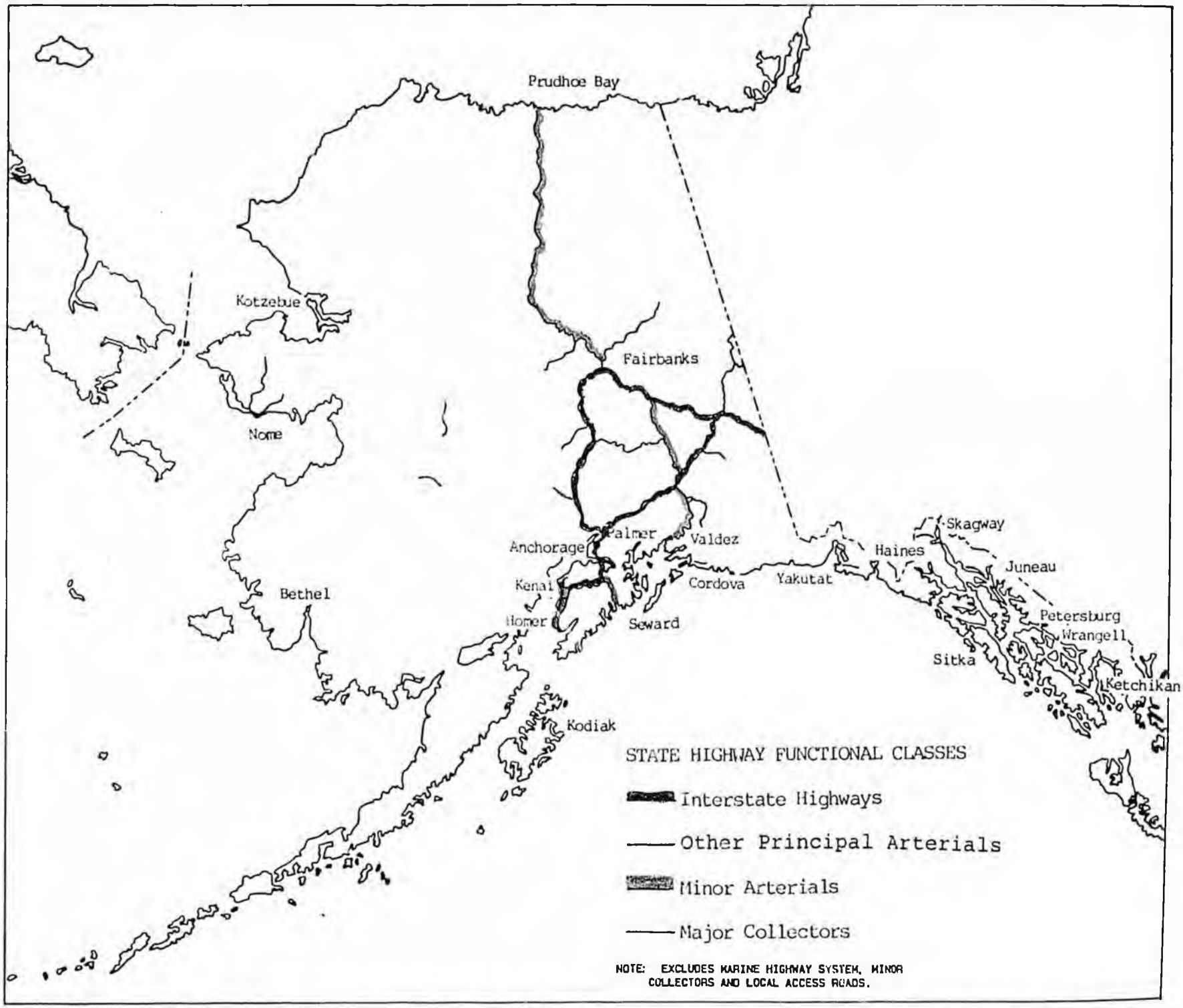
Alaska Unique. The truly striking transportation distinction between Alaska and the rest of the nation is that the majority of Alaska's communities of over 250 people are not connected by land via the State Highway System. The remoteness of some places, the water barriers and the difficulty of traversing the terrain have made such connections either impossible or inordinately expensive. Alaska has therefore relied on a system of ferry routes with nine ships capable of conveying both passengers and vehicles to some communities and to an extensive system of airports that allows air service to all other communities of over 30 people.

The Alaska Railroad. Alaska also has a 480 mile railroad system that is vitally important to the shipment of general commodities as well as mineral and forest products over the Seward to Fairbanks mainline. A spur to Whittier connects the main line with the Marine Highway System on Prince William Sound and to barges that service the "lower 48 states"..

In 1982, the State of Alaska purchased the railroad line, equipment and property. The Alaska Railroad Corporation operates the freight and passenger service. While the railroad is independent of the ADOT&PF, the ADOT&PF Commissioner is a member of the Alaska Railroad Company's Board of Directors.

Cities And Boroughs Also Have Road Responsibilities. In those parts of Alaska that have a population base and a system of local government (city or borough), the governmental entity can accept responsibility for some roads. While the ADOT&PF is not required to take into the State Highway System those roads that cities and boroughs will not accept, typically the ADOT&PF does take on this responsibility.

Leap In City And Borough Roads. Note that the chart indicates a significant growth in city and borough road and street mileage over the 1960 to 1986 period. Some of the increase is related to subdivision street construction by developers and some is related to state appropriations for specified roads. However some of the increase is due to better accounting by the cities and boroughs for road miles, since 1980 state legislation greatly increased the state revenue sharing funds that are based on miles of road.


Prudhoe Bay
Kotzebue
Fairbanks
Nome
Palmer
Anchorage
Valdez
Skagway
Haines
Juneau
Kenai
Cordova
Yakutat
Bethel
Homer
Seward
Petersburg
Wrangell
Sitka
Ketchikan
Kodiak
STATE HIGHWAY FUNCTIONAL CLASSES
Interstate Highways
Other Principal Arterials
Minor Arterials
Major Collectors
NOTE: EXCLUDES MARINE HIGHWAY SYSTEM, MINOR COLLECTORS AND LOCAL ACCESS ROADS.

FUNCTIONAL CLASSES OF RURAL ROADS

Functional Highway Classification - A Basis For Management Decisions. Most state highway agencies classify their state highways based on their traffic service functions. The resulting hierarchy gives managers a tool for decision-making regarding the distribution of scarce resources. Design standards, improvement priorities and maintenance standards are all related to the functional classification of roads. The map shows the functional designation of Alaska's major rural roads and their extensions through urban areas.

Interstate Highways, The Most Important Arteries. Alaska's most important rural roads are those designated to be Interstate Highways (1,089 miles). These connect Alaska's largest centers – Anchorage and Fairbanks – with each other and to the main route of land travel into Alaska. An Interstate Highway Spur also connects Anchorage with the Kenai Peninsula.

As the chart at right shows, the average mile of Interstate Highway is traversed by 1,750 vehicles per day. Alaska's Interstate Highway System's average traffic density is only one seventh the 12,900 vehicles per day average traffic density on all rural Interstate Highways in the nation. Due to this lower traffic density, Alaska's rural Interstate Highways are built to two-lane design standards rather than the four-lane, divided highway standards found in other states.

Other Principal Arterials Next In Importance. In terms of traffic service, Alaska's Other Principal Arterials are next in importance. The Egan Expressway in Juneau and the Klondike and Haines Cut-Off Highways are examples of Other Principal Arterials. They are important because they connect Haines, Skagway and Juneau to the Alcan Highway and to the Alaska Marine Highway System.

Minor Arterials Expand The System. As seen, the Minor Arterials link other important Alaska centers with the Interstate Highway System.

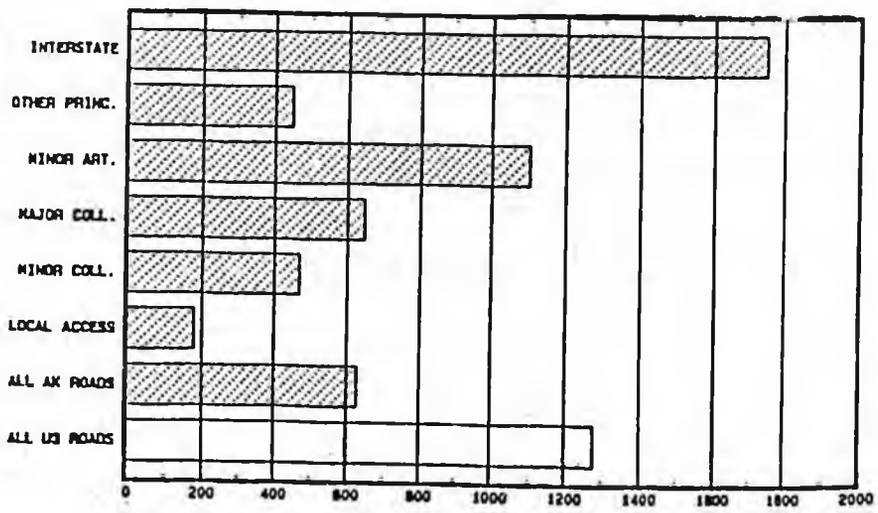
Major and Minor Collectors. the Major and Minor Collector Highways further expand the system. All remaining rural roads that serve long-distance travel are designated as Collector Highways. However not all Collectors are state highways, as some are under the jurisdiction of Alaska's cities and boroughs. The Major Collector classification is given to the more heavily travelled Collectors.

Local Access Roads. The remaining rural roads (not shown on the map) that serve individual or small groups of houses, camps or farms are termed local access. These roads function predominantly as a means of access to land, rather than as a means to convey people, products and raw materials through an area. Most such roads are in the Matinuska-Susitna and Kenai Boroughs.

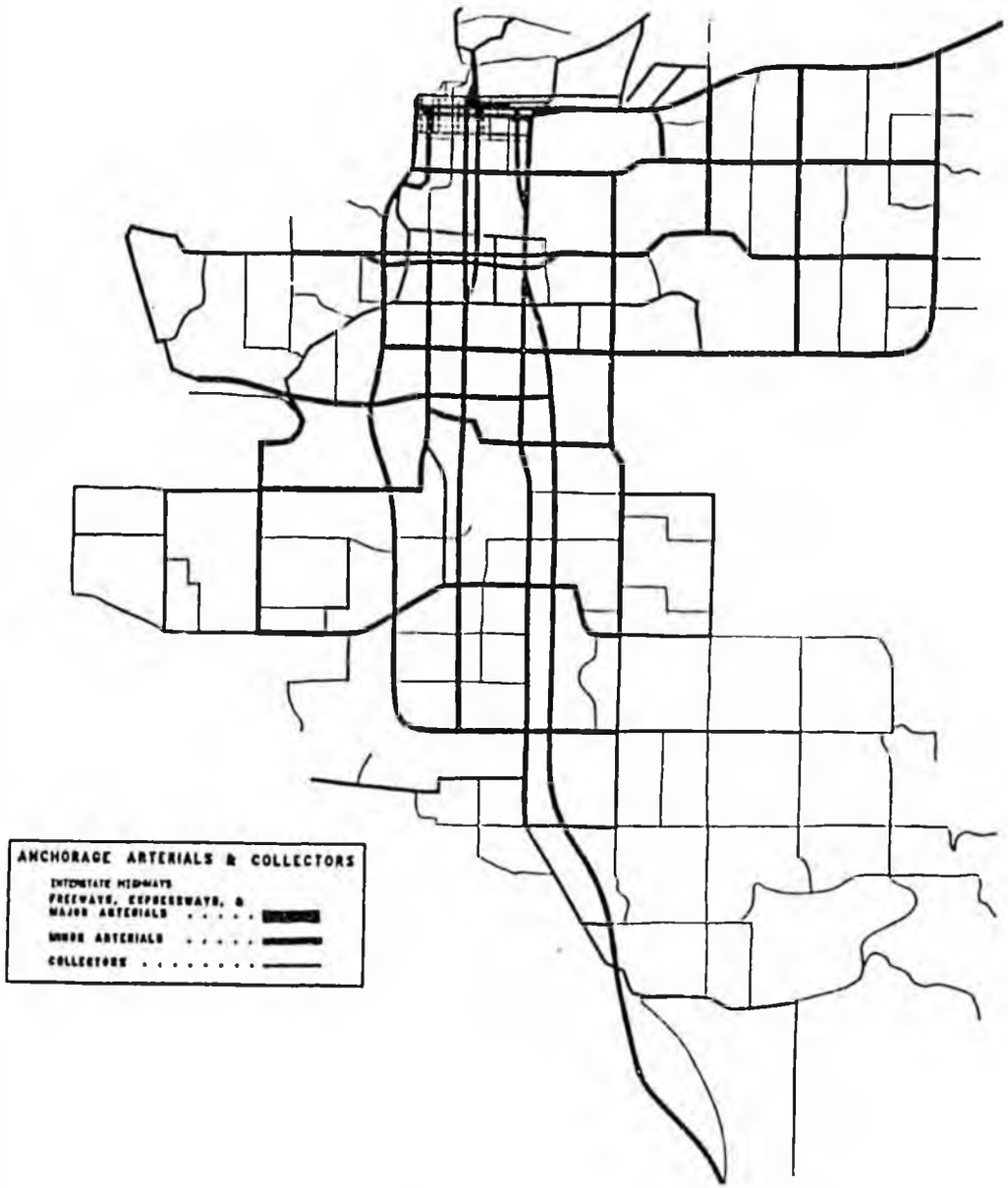
MILES

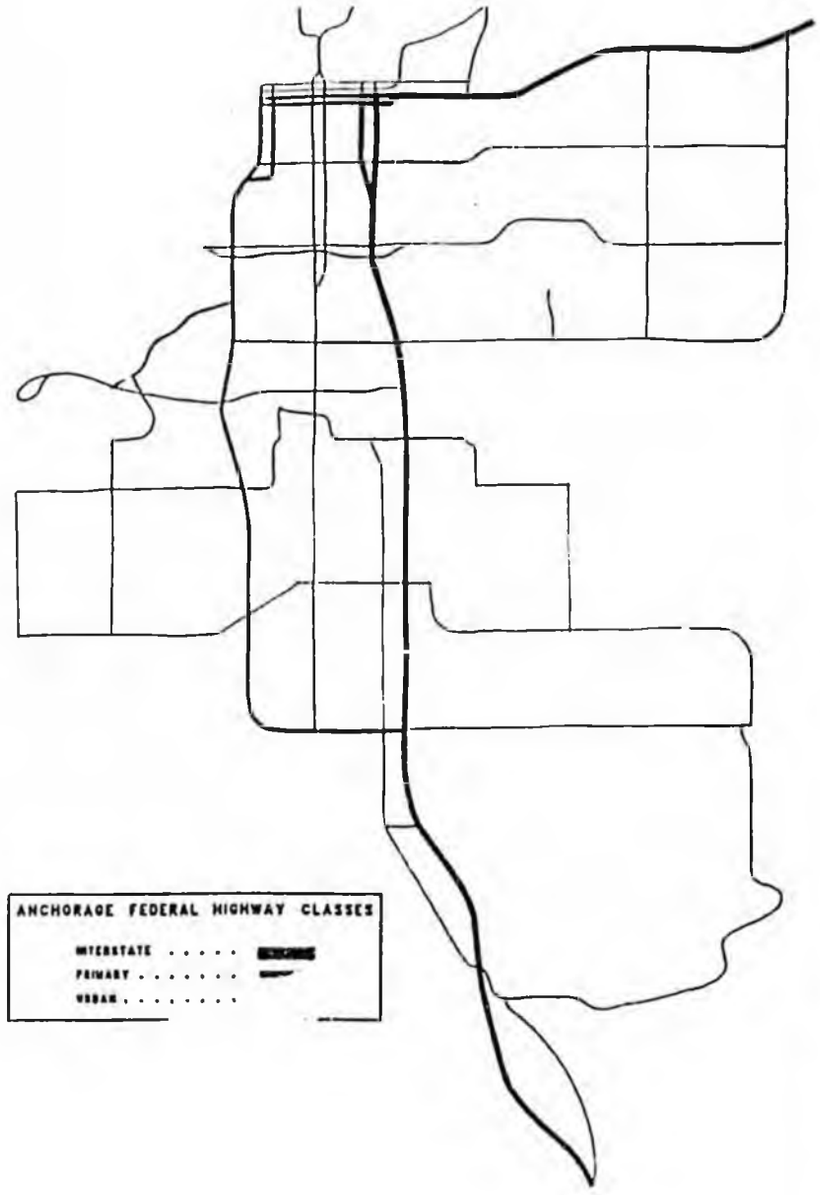
TOTAL: 9,980 MILES

TRAFFIC DENSITY



ANCHORAGE ROAD CLASSIFICATIONS





Functional Highway Classification Also An Urban Management Tool. The maps show three types of Anchorage road classifications. In the upper left are the functional classes agreed upon cooperatively by ADOT&PF and Anchorage officials. The designated Federal Aid Highway Systems are shown in the upper right. And the map on the bottom right shows the designated state highways.

Not shown is the street and highway maintenance scheme agreed upon by ADOT&PF and Anchorage officials in which some state highways are maintained by the Municipality of Anchorage and some municipal streets are maintained by the ADOT&PF. Also not shown are the 780 miles of Local Access Streets in the Anchorage urbanized area.

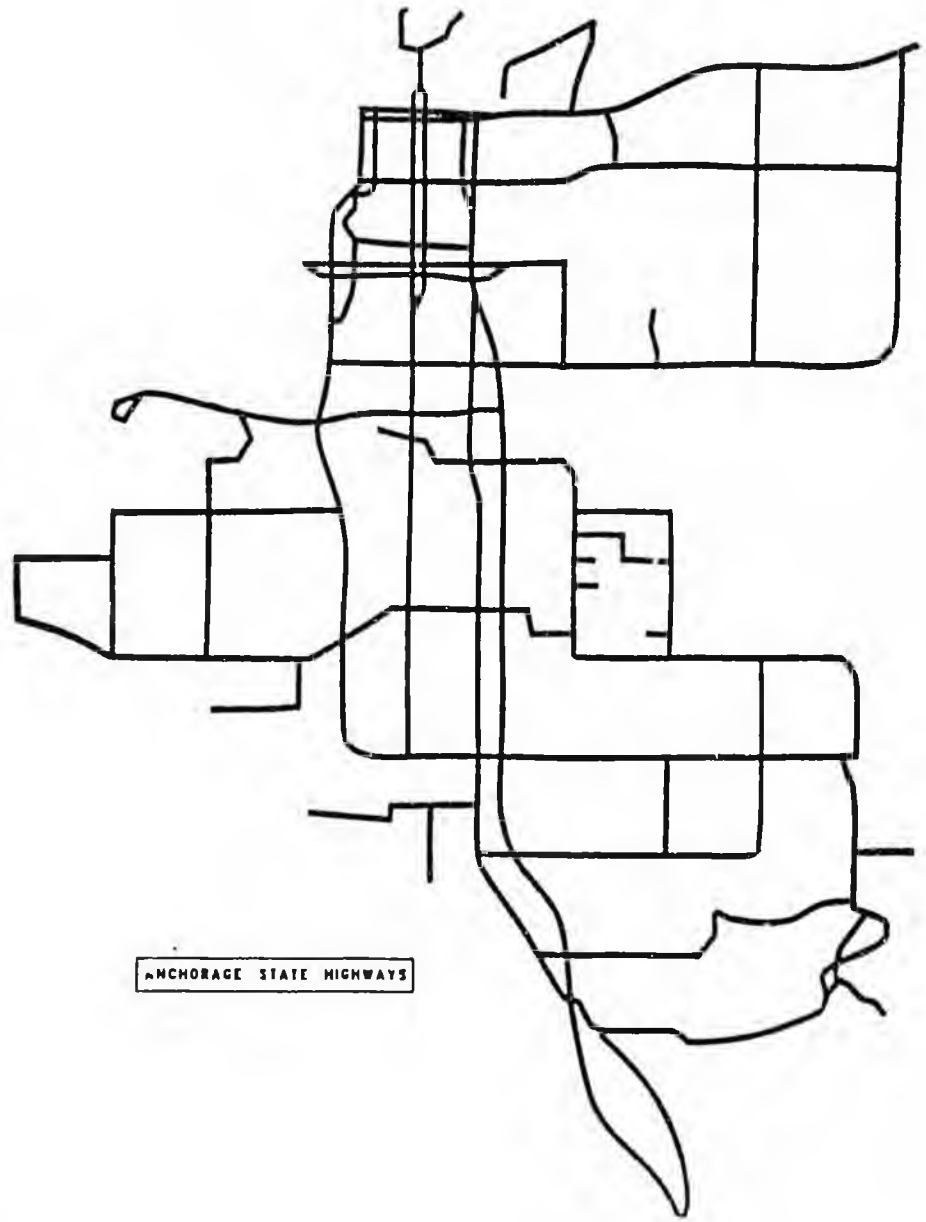
The below table indicates the importance of each functional class of Anchorage streets and highways. Of particular significance is the 88 miles of Interstate Highways, Freeways, Expressways and Major Arterials (9 percent of the miles) which serve almost two thirds (65.4 percent) of Anchorage's daily motor vehicle travel.

Functional Classes	Miles	% Mi.	% Travel	Traffic Density*
Interstate, Freeways, Expressways and Major Arterials	88	9.0	65.4	25,400
Minor Arterials	29	3.0	11.4	13,400
Collectors	80	8.2	10.1	4,300
Local Access	780	79.8	13.1	600
	977	100	100	

* Average daily vehicles per road mile.

The designated Federal Aid Highway System routes – Interstate, Primary and Urban – were adopted based on the traffic service function. These are the routes eligible for improvement with Federal Aid Highway Program funds. I-3

High Proportion of State Highways. There are 176 miles of state highway in the Municipality of Anchorage and 801 miles of either municipal street or streets that are "service area maintained". By agreement with the Municipality, the service areas levy road taxes and maintain all non-state highways within their area.



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At 16 percent of the road miles, the state highway system serving Anchorage is more extensive than the average urban state highway network (13 percent) in the nation. (And the national statistics are biased on the high side by high proportions of state highways in the cities of several Eastern states.) Furthermore in Alaska's urban areas, many streets and roads that serve a collector or minor arterial function are state highways.

As a result state resources must be used for the operation, maintenance and improvement of routes with only a minor traffic service function. Routes of greater statewide traffic service significance–in terms of their function in either connecting communities or distributing statewide traffic to important economic centers within urban areas–must compete for scarce state resources with the urban collector and minor arterial routes of low statewide significance. Compounding the problem is the fact that ADOT&PF officials must unnecessarily deal with urban issues such as land use and traffic control that are more properly a local responsibility.

Joint Action Needed. While the ADOT&PF has authority to transfer responsibility for state highways to local government, this is a very difficult problem due to the local government cost implications. Therefore, to resolve the issue of urban highways, it is recommended that the ADOT&PF and the Legislature first establish a state highway jurisdiction policy in concert with municipal officials and then make the changes that satisfy the policy.

Use The Functional Classification Plan. The most widely accepted basis for redefinition of state highways is the functional classification hierarchy of streets and highways. This is used to test alternative state/local jurisdictional plans.

Suggested Alternatives. One obvious alternative is to place only urban extensions of state highways on the urban state highway network. A second is to add to the first by including all Freeways and Expressways. The third alternative would be the addition of Major Arterials.

Financial Resources Are An Important Consideration. To ease the burden of a shift in urban road responsibility, there are financial and management arrangements that can be established.

One such arrangement is the Urban Arterial Board in the State of Washington. Only 6.7 percent of the urban road mileage in Washington is designated as state highway. Therefore the Washington Legislature established an Urban Arterial Fund and an Urban Arterial Board in 1968 to assist municipalities on a fund matching basis to make improvements to those designated urban arterials that are not state highways. It is recommended that Washington's success in limiting urban state highway responsibilities to major arterials and the success of the Urban Arterial Board and the Urban Arterial Fund in meeting Washington's urban arterial needs be studied for possible application in Alaska.

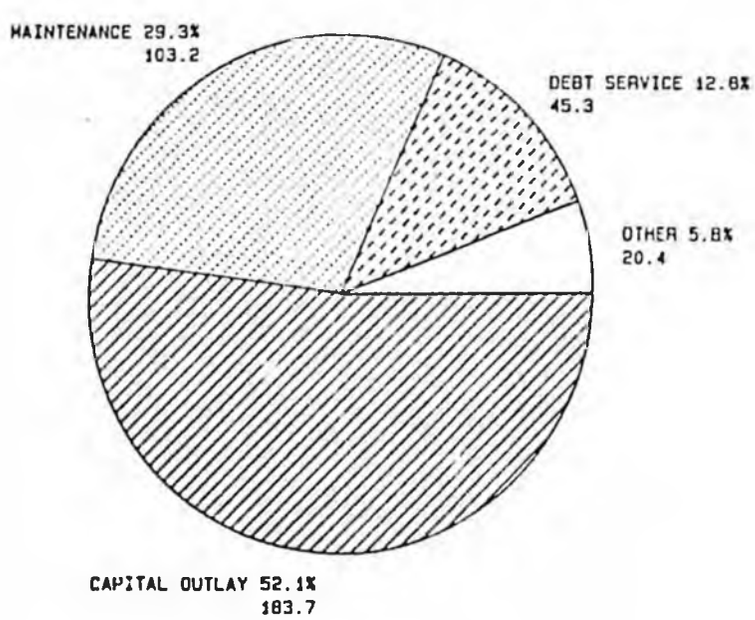
First Steps Taken. The need for a clear policy on road control is recognized by Alaska officials. In 1987 the Alaska Legislature set forth the following directive to begin dealing with the issue:

> "IT IS THE INTENT OF THE LEGISLATURE THAT DOT/PF: 1) ESTABLISH A ROAD RESPONSIBILITY TASK FORCE COMPRISED OF REPRESENTATIVES OF DOT/PF, LOCAL GOVERNMENTS, UNORGANIZED AREAS, AND USER GROUPS. THE TASK FORCE IS TO REVIEW THE FEASIBILITY OF TRANSFERRING THE RESPONSIBILITY OF DIRECT MAINTENANCE ON CERTAIN ROUTES FROM THE STATE TO LOCAL GOVERNMENTS, AND TO EXAMINE REASONABLE AND EQUITABLE FUNDING SOURCES FOR MAINTENANCE ACTIVITIES, INCLUDING A REVIEW OF THE MOTOR FUEL TAX AND OF THE EXISTING ROAD SERVICE ACCOUNT IN THE STATE' REVENUE SHARING PROGRAM. THE TASK FORCE SHALL ALSO STUDY THE ISSUES OF ROAD OWNERSHIP, LIABILITY, AND THE TRANSFER OF EQUIPMENT AND EMPLOYEES..."

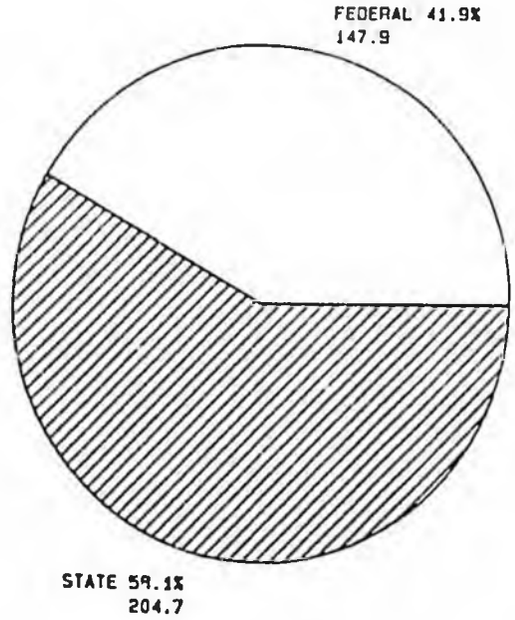
In September 1987, the ADOT&PF selected a facilitator to assist the Commissioner in responding to the mandate. In November, the Task Force was named and a first meeting planned.

1986 STATE HIGHWAY PROGRAM

EXPENDITURES



RECEIPTS



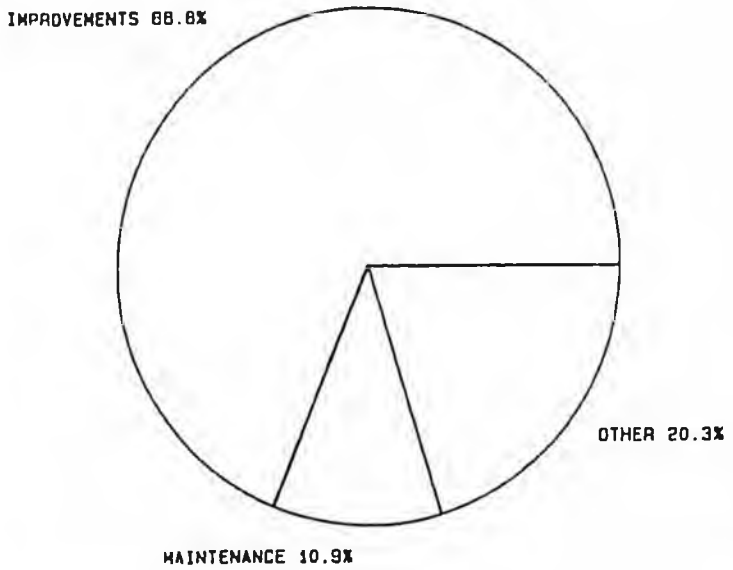
TOTAL: $352.6 MILLION

Highway Expenses Five Times The National Average. For 1986 (calendar year) the ADOT&PF reported to the Federal Highway Administration that it spent $353 million on state highway administration, maintenance, operations and improvement. This is about $700 per capita and compares with a $140 per capita national average of expenditure on state highways.

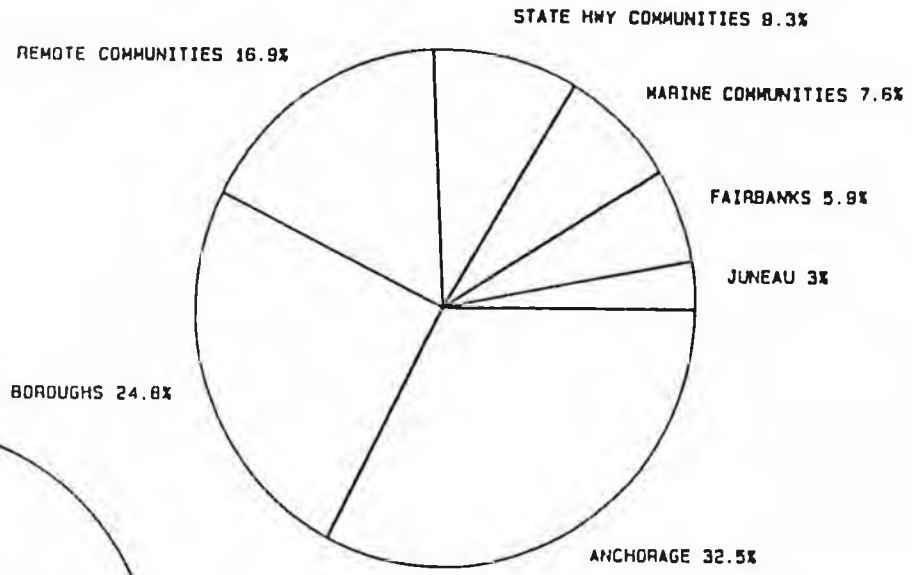
Marine Highway System Costs Included. Included are all 1986 capital as well as maintenance and operations expenditures for both land service state highways and the Marine Highway System. Also included are $45.3 million to service the state debt on borrowing for previous state highway system improvements. Law enforcement and safety expenditures amounting to $11.4 million are included in the "other" category of expenditure as well as $4.7 million for highway program administration and $4.2 million for highway planning and research. Finally in the other category is the 1986 expenditure of $4.3 million for Local Service Roads and Trails, which is a portion of the State Highway Program (administered by the ADOT&PF) but directed toward local road betterments.

1985 LOCAL ROAD & STREET PROGRAMS

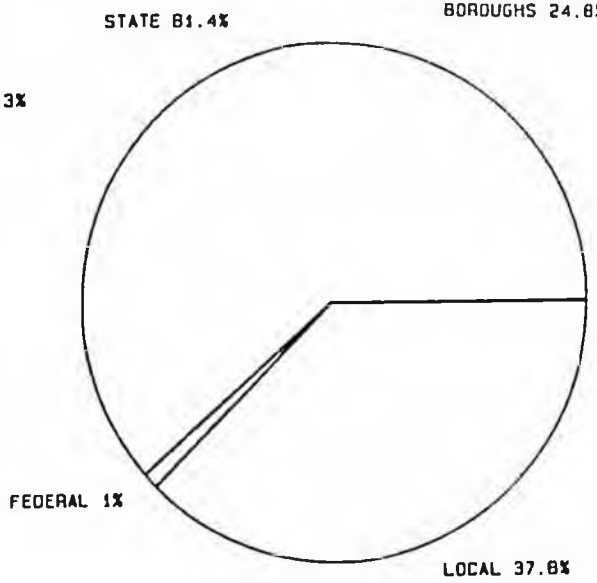
SPENDING CATEGORIES



UNITS OF GOVERNMENT



SOURCE OF FUNDS



TOTAL: $237.8 MILLION

Total Road Spending High. Alaskans raised and spent $237.8 million in 1985 (calendar year) for upkeep and improvement of the 3,992 miles of local streets and roads. For a population base of only 536,000 persons, this is a very significant level of expenditure. When combined with the 1986 state highway program of expenditure, it is estimated that total 1986 highway, street and road spending was about $590 million or $1,090 per capita, about four times the national average ($260 per capita).

Important ADOT&PF Factfinding Function. To assist the Office of the Governor and the Legislature and to comply with federal mandates, the ADOT&PF annually surveys, compiles and reports on local road and street spending. The ADOT&PF also verifies annually the current mileage of local roads and streets and this provides the base for state apportioning of road revenue sharing funds. 1985 information is the latest available on local road finance.

Road Revenue Sharing Funds. When the Legislature fully funds this program, each community receives a base of $2,500 per mile of conventional road and $1,500 for each mile of ice roads. However these amounts are adjusted upwards to accomodate higher costs in many areas of the state.

While communities are required to use only 20 percent of the funds for road purposes, ADOT&PF studies show that a majority of the road revenue sharing funds are actually used for road purposes.. Only that portion of the road revenue sharing funds that were actually devoted to municipal road programs are reported in the annual ADOT&PF surveys of municipal road expenditures.

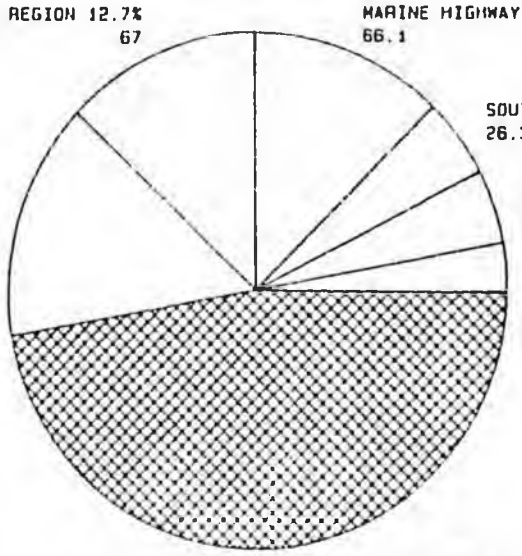
Special Terminology Used. Note the special terminology used in the "Units of Government" chart. "State Highway Communities" refers to all cities (15) directly served by the land service State Highway System, excluding Anchorage and Fairbanks. "Marine Communities" are the 20 cities, excluding Juneau, that are served by the Marine Highway System but not connected to the land service State Highway System. The "Remote Communities" are the remaining incorporated or unincorporated places not served by state highways or ferries.

State Funds Rising. In 1985, state grants for local roads amounted to $145 million, up from $88.4 million in 1984. This includes the portion of road revenue sharing funds that were used in road upkeep and other state funds appropriated for specific local road improvements. On the average the 1985 state contribution toward local road and street upkeep amounted to $270 per capita, but ranged from $120 per capita in the seven boroughs to $740 per capita in the Remote Communities.

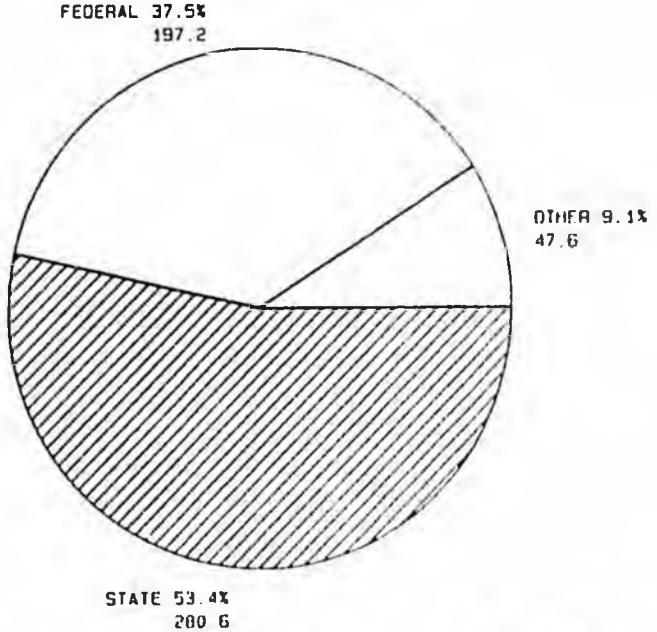
Fairbanks High in 1985 State Road Receipts. Based on miles of local road in each community, Fairbanks led with $132,000 per mile in state road receipts, while at the other extreme, the seven boroughs received an average of $13,000 per mile. Anchorage received $50,500 per mile. However in reviewing municipal road receipts and expenditures, it should be recognized that the year-to-year fluctuations are large and closely related to specific road improvements authorized by the Legislature.

1986 ADOT&PF EXPENDITURES

AREA

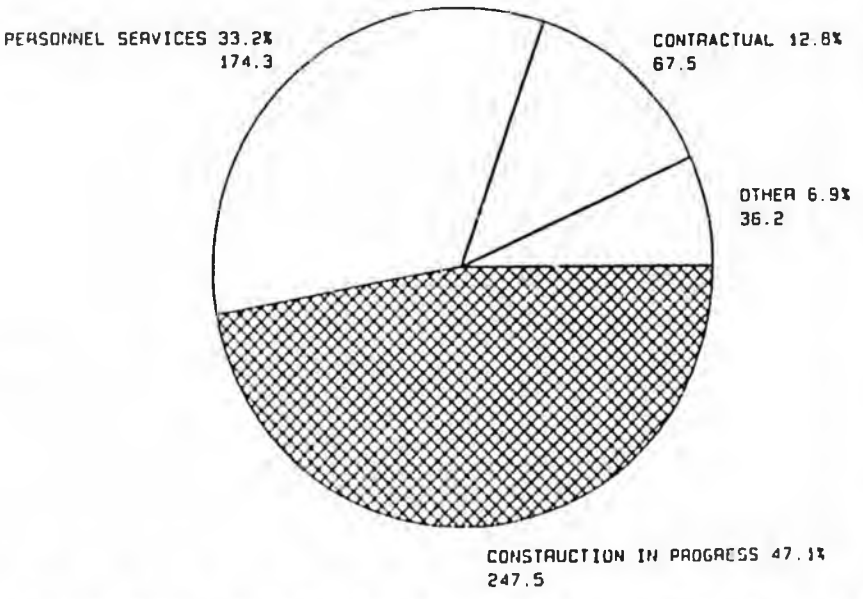


FUND SOURCES



TOTAL: $525.4 MILLION

EXPENDITURE OBJECTS



ADOT&PF Spent $525.4 Million In 1986. The charts above and at right are five perspectives on Alaska Department of Transportation and Public Facilities expenditures in fiscal year 1986. The ADOT&PF is not only responsible for State Highway System administration, operations, maintenance and improvement, but also owns, operates and maintains the nine-ship Marine Highway System, two International Airports, 215 other airports, 45 seaplane floats, harbor facilities, the state equipment fleet and almost 400 state owned buildings.

Highlights:

- o Payments for construction in progress, mostly highway and airport improvements, represented almost half of all expenses, $247.5 million.
- o Spending in the Northern Region, which has the most miles of state highway, led the three ADOT&PF regions.
- o Not included as ADOT&PF income is the $33.8 million in passenger and vehicle fees for Marine Highway System passage, which accrue directly to the Alaska Treasury.
- o About three fourths of the federal funds are reimbursements from the Federal Highway Trust Fund for state highway improvements. The other one fourth is from the Federal Airport Trust Fund for airport improvements.
- o Some of the "other" income is from concessions and fees from Anchorage and Fairbanks International Airport usage. These funds are deposited in the International Airport Enterprise Fund.
- o Two thirds (66.8 percent) of all expenditures were directed to private enterprise for construction in progress, supplies and other costs of business operation. One third (33.2 percent) was for ADOT&PF salaries and benefits.
- o 57.2 percent of all expenditures were for design (consulting or in house), right of way purchase and construction progress payments for improvements to highways, airports, ferries, harbors and other public facilities.

More Information Needed On Finance Trends. The information shown is the result of a special analysis made for this Review by the ADOT&PF. However it has been Highway Users Federation experience in other state highway program reviews that such information is readily available in the annual reports of the state highway and transportation departments. The information is important for the following reasons:

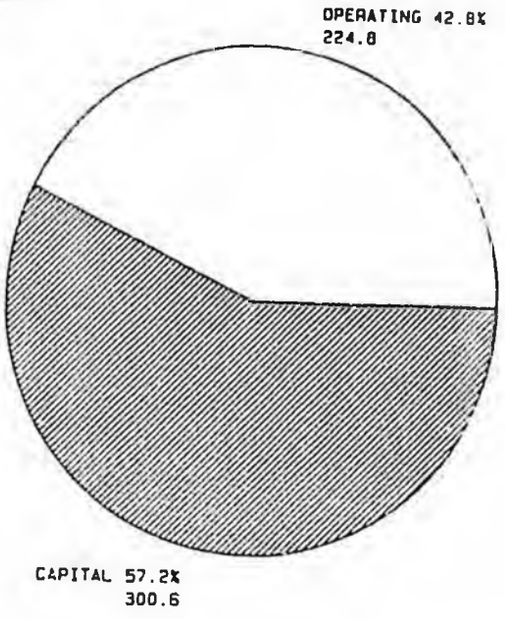
1) to place the Program in perspective with the programs of other state highway and transportation departments in order to detect possible inconsistencies,

2) to place modal components in perspective,

3) to analyze trends, and

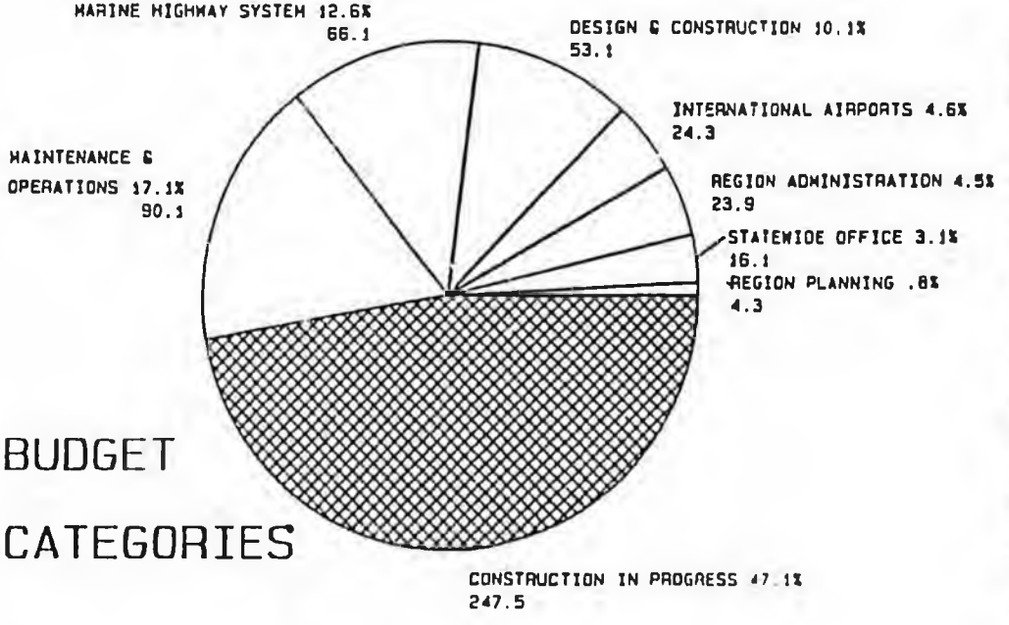
4) to provide legislators, administrators, other officials and constituent organizations with information necessary to make informed decisions regarding Program direction and support.

MAJOR BUDGET ELEMENTS



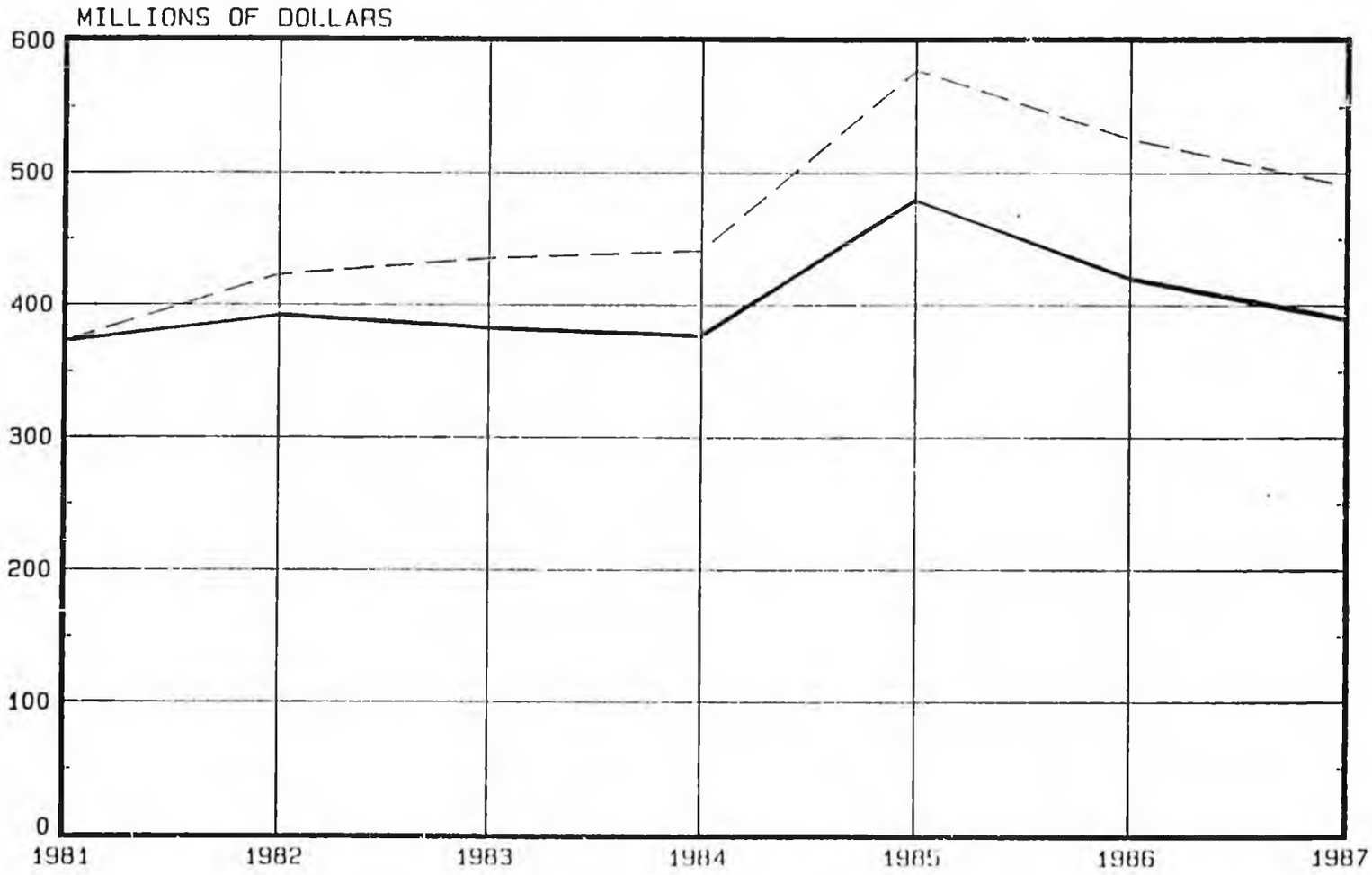
TOTAL: $525.4 MILLION

BUDGET CATEGORIES



ADOT&PF EXPENDITURE TRENDS

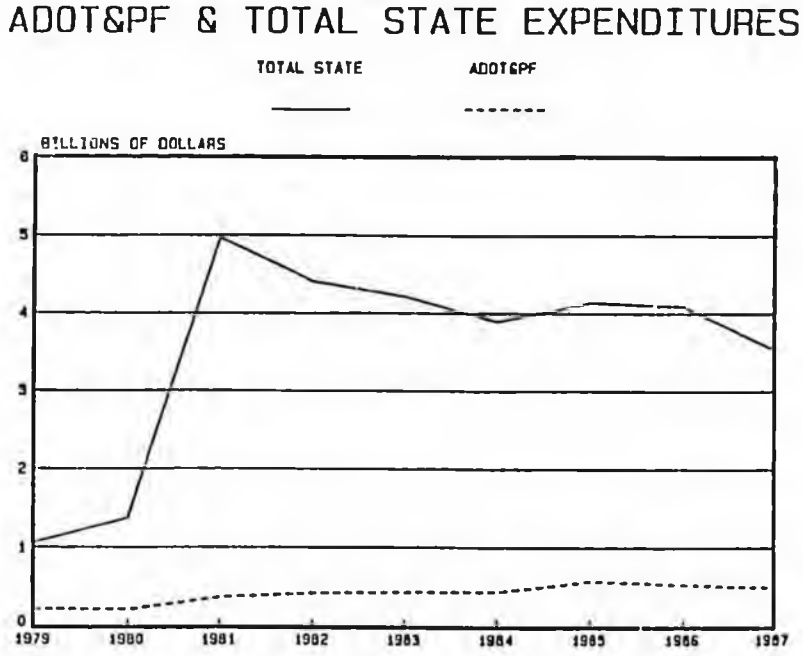
CURRENT $ CONSTANT 1981 $



ADOT&PF Spending Up Modestly Over Last Seven Years. Two views of ADOT&PF spending over the 1981 to 1987 period are shown in the above chart. The dashed line shows the actual spending while the solid line depicts the value of the spending when inflation is considered. (The Anchorage Area Consumer Price Index was used to show the 1981 value of each current year's spending.) As a result of the eroding value of money, ADOT&PF spending of $493 million in FY 1987 was worth only $385 million in terms of what could be purchased with 1981 money. Despite the apparent $120 million increase in ADOT&PF funds, the 1987 spending level was up by only $20 million or five percent over the 1981 level.

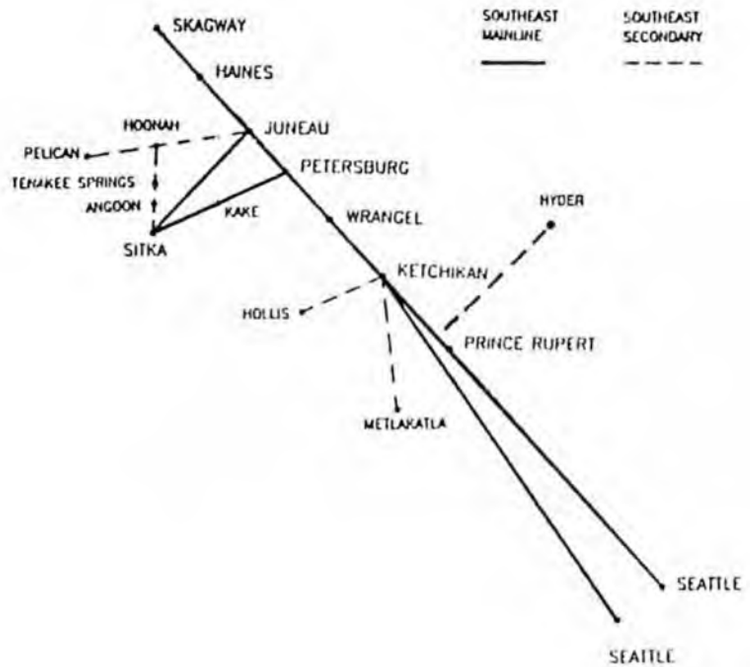
ADOT&PF Expenditure Increases Are Low When Related To Travel Increases. Travel change is one indicator of transportation finance need. During the 1981 to 1987 period motor vehicle travel in Alaska increased 62 percent, airport enplanements increased by 25 percent and Marine Highway System passengers were up by 9 percent. Furthermore, the lane-miles of state highway increased 12 percent, thereby increasing the demand for such maintenance activities as snow and ice control.

ADOT&PF Proportion of Total State Spending Has Diminished. While ADOT&PF spending has risen from $212 million in 1979 to $493 million in 1987, other state spending has risen even faster. This is noted by the fact that 1987 ADOT&PF expenditures represented 13 percent of total State of Alaska expenditures in 1987, down from 20 percent in 1979.

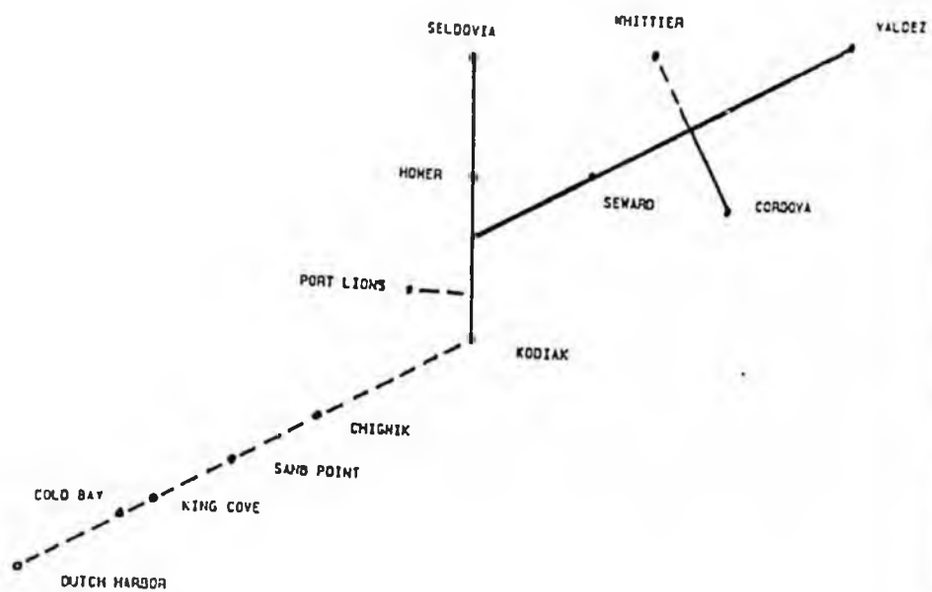


MARINE HIGHWAY SYSTEM

SOUTHEAST



SOUTHWEST



Waterborne Highway System. Alaska has more coastline than the rest of the United States combined. And more than half of its cities are unreachable by conventional highways. These are the reasons that Alaskans in 1960 voted the necessary bonds to establish the state's waterborne highway system. Operating as a division of the Department of Transportation and Public Facilities, the Marine Highway System started with one vessel – the Motor Vessel Chilkat. During its first fully operational year in 1963, four ships served the fleet.

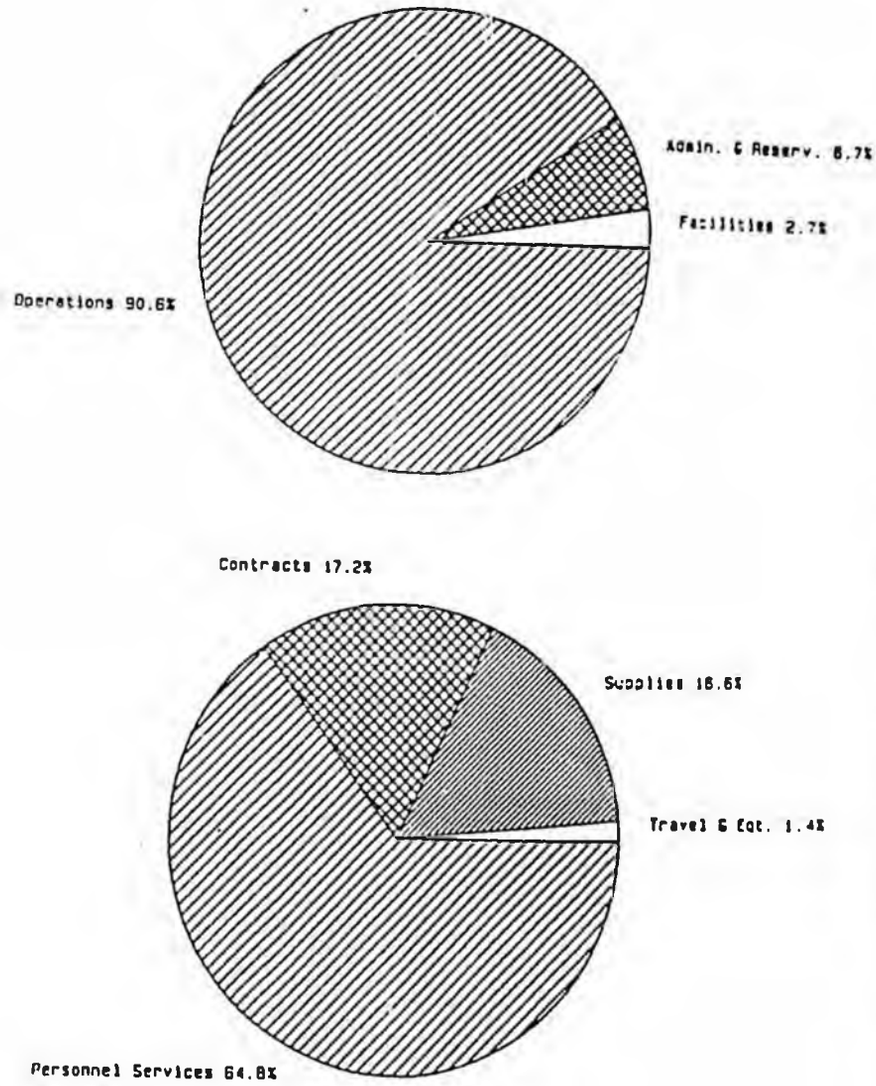
Nine Vessel Fleet. The original system operated from northern terminals at Skagway and Haines, to Prince Rupert in the south. Since then service has been extended to Seattle. And the nine ships, which now comprise the fleet, also provide feeder service in Southeastern Alaska, as well as from the Kenai Peninsula to the island city of Kodiak, to the communities of the Aleutian Chain, and to the communities on Prince William Sound.

The Motor Vessel Columbia is the largest ferry. Built in 1973 the Columbia is 418 feet long, with a capacity for 1,000 passengers and 180 automobiles. She has a service speed of 19 knots. There are 20 2-berth cabins and 71 4-berth cabins.

The other ferries range in size from 100 feet to 408 feet and have passenger carrying capacities ranging from 75 to 750 persons as well as auto and truck carrying capability. Food service, state rooms, cocktail lounges and solariums are available.

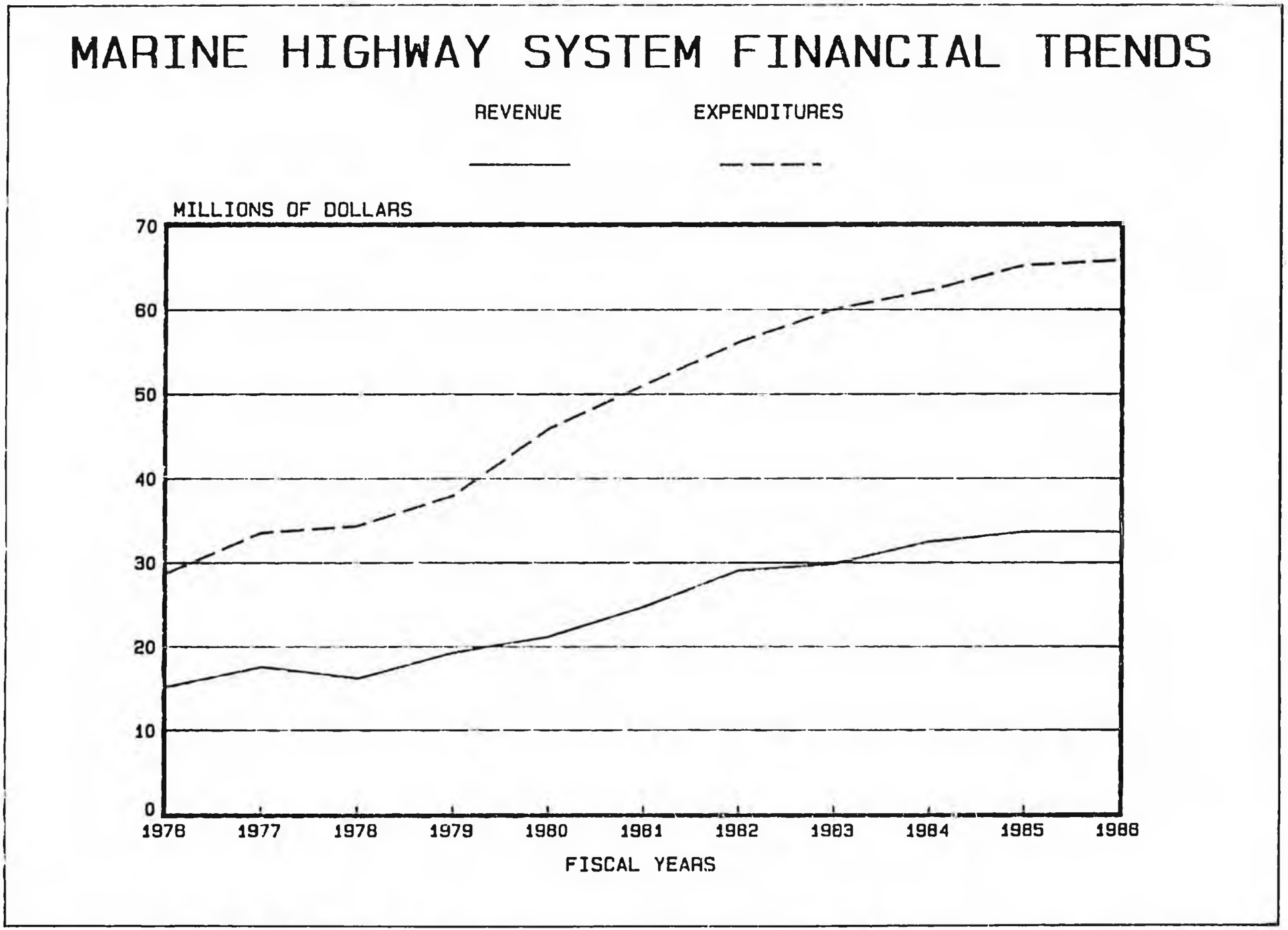
Unique System. No other state department of transportation in the nation operates a ferry fleet that offers such extensive service.

1987 BUDGET



Total: $63.4 Million

MARINE HIGHWAY SYSTEM FINANCIAL TRENDS



Fares Cover Over Half AMHS Costs. As shown above, passenger and vehicle fares and other en route receipts met about 55 percent of all costs in fiscal year 1986. (FY 1987 expenditures were $65 million while revenues were $33.8 million.) And this relationship between revenues and expenditures has remained approximately steady for the past 12 fiscal years.

Operations Are The Major Costs. As shown in the 1987 budget charts on the right, the costs of ship operations including necessary overhauls and improvements are 90.6 percent ($56.4 million) of all costs. The manning of shore facilitiesand overall administration costs, including the operation of the reservation system, is 9.4 percent ($7.0 million) of budgeted costs.

Personnel Costs Are Almost Two Thirds of All Costs. The 1987 budgeted complement included 879 persons, (705 permanent, 174 seasonal or part-time). To operate the ships safely and efficiently, to maintain the equipment and to serve the personal needs of passengers, AMHS personnel costs are almost two thirds (64.8 percent) of total costs.

Morale Good. Despite the extensive travel, crew morale seems to be good. Management in recent years has made progress in attending to member concerns and in giving crew members a greater voice in management decisions. Periodic Director and crew meetings have proved to be successful.

Need To Budget For Ship Replacements. The ferries range in age from 10 to 24 years with the average being 18 years old. With ship replacement costs ranging from $10 million for the smaller ships to $100 million for the larger ships, it would be prudent for Alaskans to begin setting aside funds annually to meet replacement needs. As is the case for Alaska's International Airport capital assets, it is suggested that future needs be accounted for in the annual budget process. Passenger and vehicle revenue is the suggested source of depreciation funds.

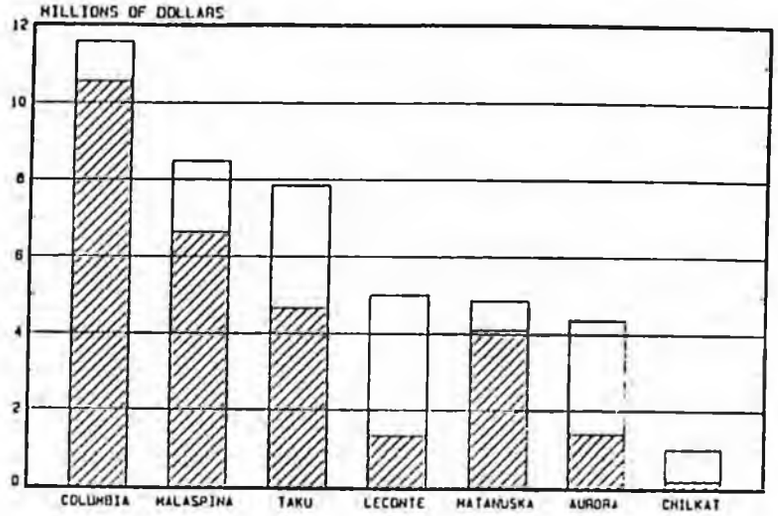
Need For Secure Funding Sources. As is the case for highway planning, ADOT&PF officials need the assurance of secure funds over a three to five year period in order to plan the most effective and efficient program of AMHS operations, maintenance and improvements. Passenger and vehicle revenue should form the base of such funds with set annual supplements from the Legislature and the communities served.

SHIP-BY-SHIP ANALYSIS

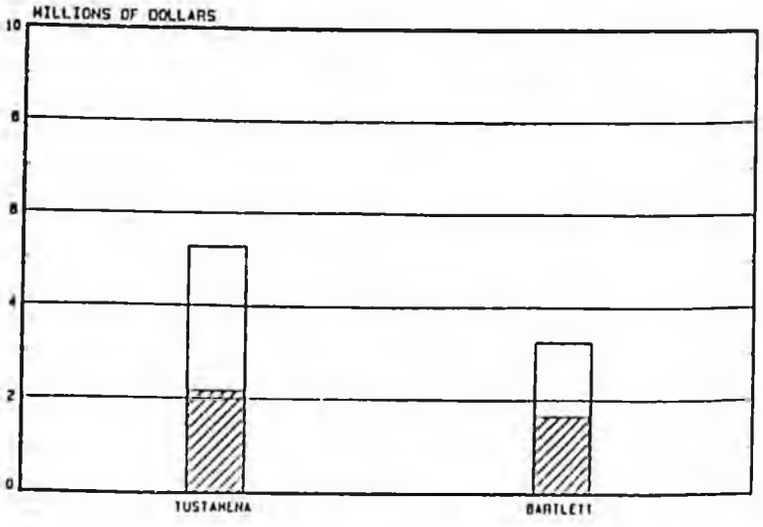
1988 REVENUE

1988 EXPENDITURES

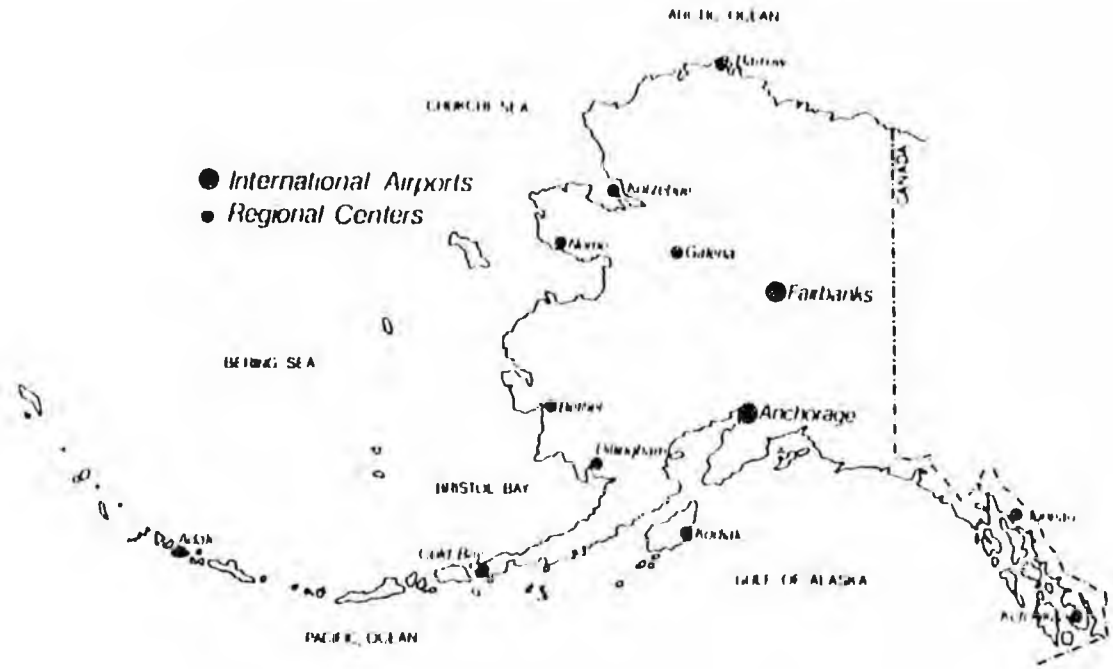
SOUTH EAST SYSTEM



SOUTH WEST SYSTEM



AIRPORTS



International

Central Region
- Anchorage International

Northern Region
- Fairbanks International

Regional Center

Central Region
- Bethel
- Cold Bay
- Dillingham
- Kodiak

Northern Region
- Barrow
- Galena
- Kotzebue
- Nome

Southeastern Region
- Juneau
- Ketchikan

District

Central Region
- Aniak
- Cordova Mile 13
- Homer
- Kenai Municipal
- King Salmon
- McGrath
- St. Marys
- Unalaska/Dutch Harbor

Northern Region
- Deadhorse
- Fort Yukon
- Gulkana
- Unalakleet

Southeastern Region
- Petersburg
- Sitka
- Wrangell

Transport

Central Region
- Flat
- Iliamna
- Merrill Field
- Platinum
- Sand Point

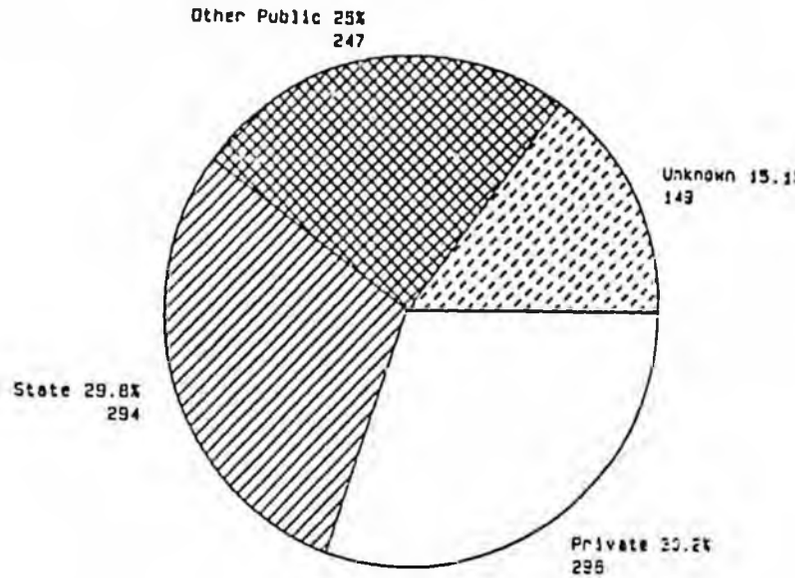
Northern Region
- Bettles
- Dahl Creek
- Prudhoe Bay
- Tok Junction
- Valdez

Southeastern Region
- Klawock
- Yakutat

There are 998 airports and bush landing strips in Alaska with 215 out of 294 state-owned facilities actually maintained by the ADOT&PF. The Anchorage and Fairbanks airports are included in the Alaska International Airport System in that they serve commercial aircraft of many nationalities. Due to their complexity, the International Airports are managed by a special division of the ADOT&PF.

AIRPORT OWNERSHIP

Total: 998

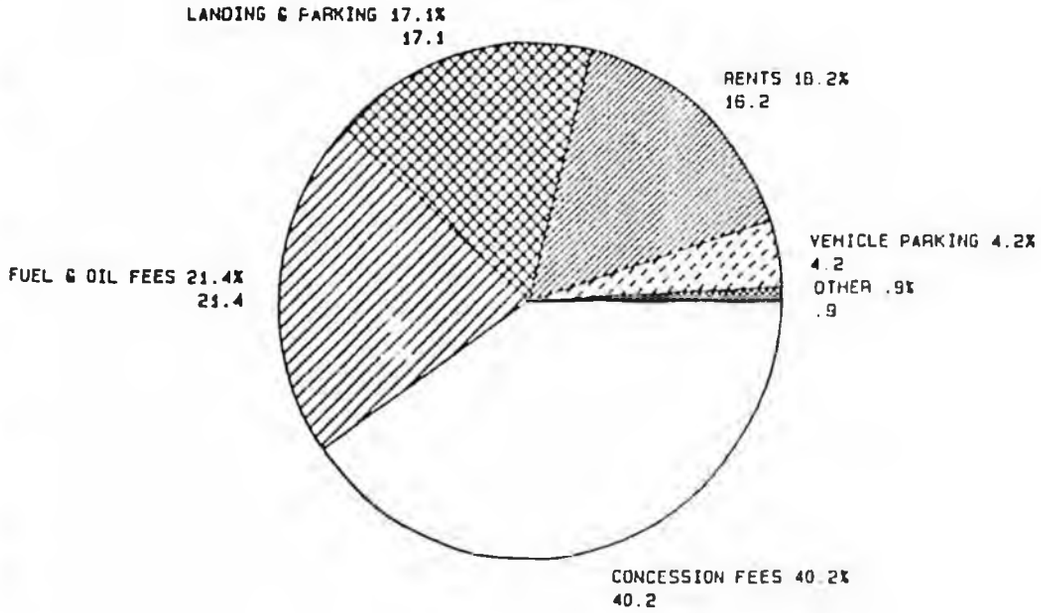


STATE AIRPORTS

FUNCTIONAL CLASSIFICATION	CENTRAL REGION	NORTHERN REGION	SOUTHEAST REGION	TOTAL
INTERNATIONAL	1	1	0	2
REGIONAL CENTER	4	4	1	9
DISTRICT	7	4	3	14
TRANSPORT	4	5	2	11
COMMUNITY	83	46	17	146
LOCAL	39	50	23	112
TOTAL:	138	110	46	294

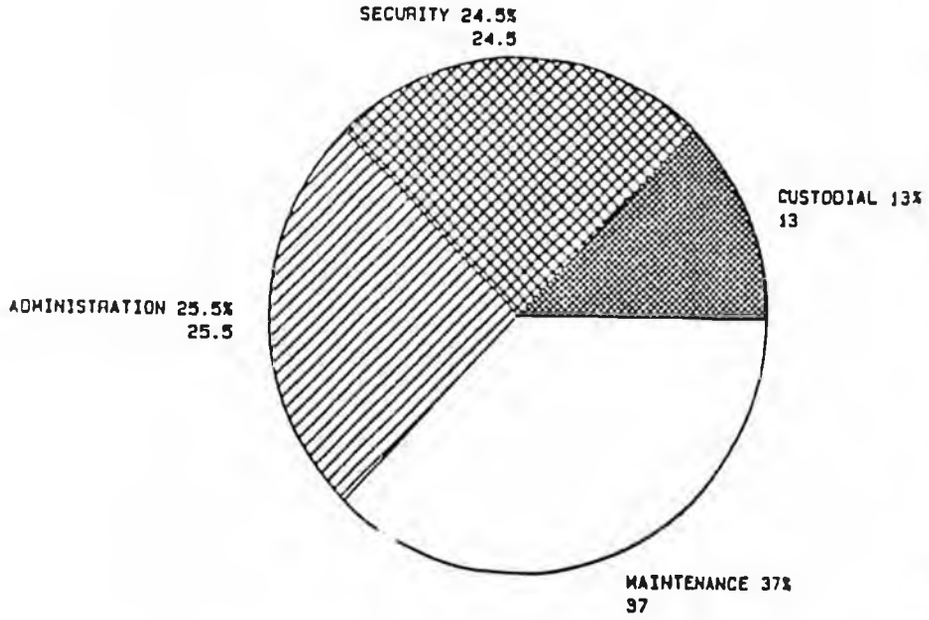
INTERNATIONAL AIRPORTS

1986 REVENUE



TOTAL: $47.9 Million

1986 OPERATING EXPENSES



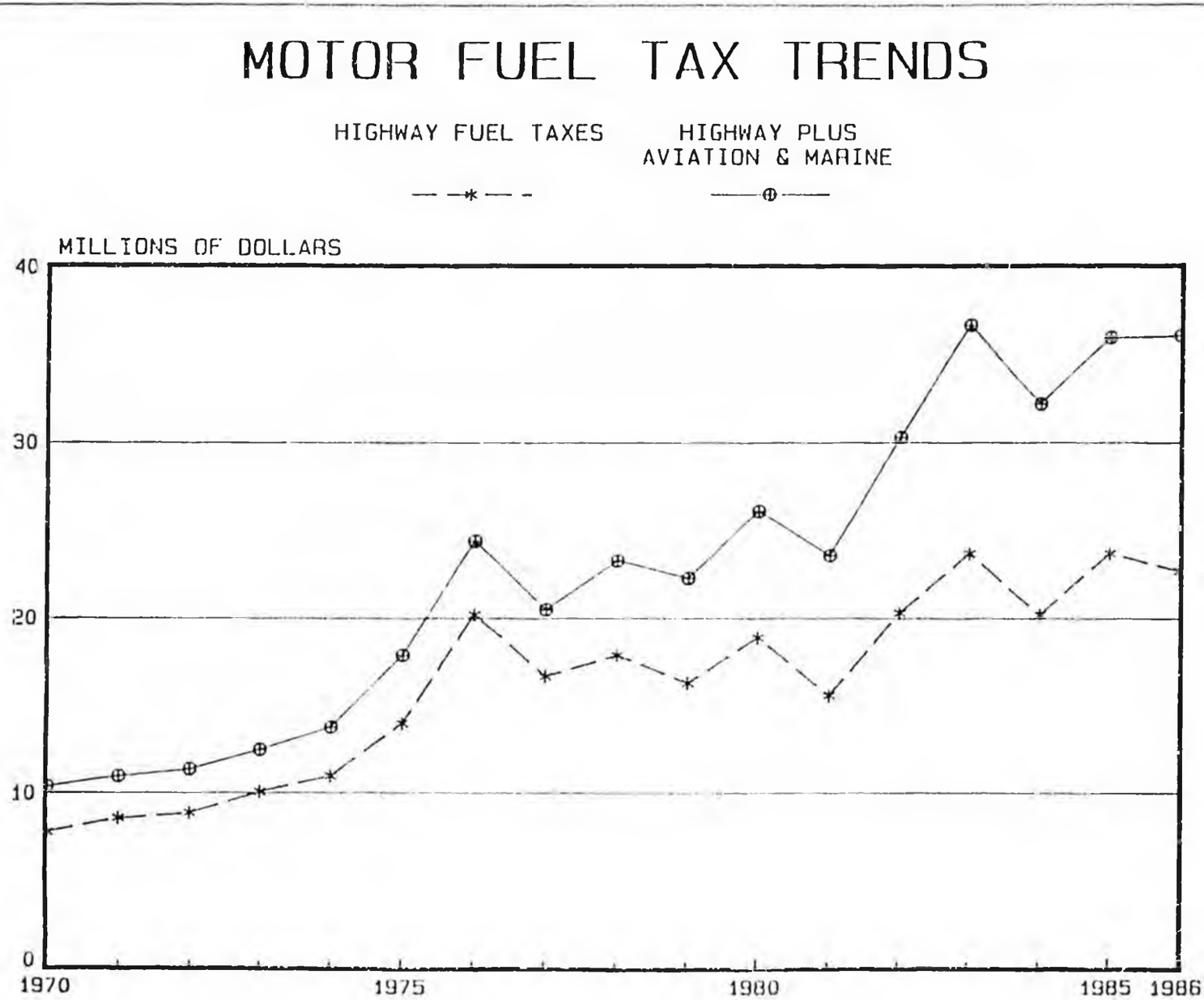
TOTAL: $25.5 Million

Because of its fast growth, extensive capital needs, self-sufficient nature and the need to guarantee the amortization of Alaska International Airport System bonds, all operating revenue generated and all expenditures are accounted for in a special Enterprise Fund. As indicated, revenues in fiscal year 1986 amounted to $47.9 million up from $42.5 million in 1985. And despite Alaska's economic downturn, revenues continued upward in 1987 to $48.9 million. As of June 30, 1986 the combined value of the two airports stood at $293 million up from $251 million a year earlier.

Bond Debt Up. At the close of fiscal year 1986 bonded indebtedness stood at $41.9 million. An additional $38.0 million of revenue bonds were issued in November 1986 for construction of the parking garage at the Anchorage International Airport.

Improvements. In fiscal year 1986 the $22.4 million in operating income together with $2.0 million in federal grants and net interest income of $0.9 million were used to make bond principal payments ($2.0 million), to increase restricted assets ($0.1 million), to increase working capital ($3.8 million) and to upgrade airport property, plant and equipment ($19.3 million).

MOTOR FUEL TAX TRENDS



Secure Funding Source Needed. One of the problems of providing a secure, predictable source of funds for Alaska's State Highway Program is that the highway user tax base does not provide enough revenue to support highway system maintenance and improvement needs. However for most other states of the nation the motor fuel taxes, the auto and truck registration fees and assorted other taxes and fees levied on motor vehicles and their use do provide the necessary funds to support the State Highway Program. The success of the nation's highway programs is largely attributable to the fact that secure and predictable highway user taxes have met the capital, operating and maintenance needs.

Low Highway User Taxes And Fees. The reason that Alaska's highway user taxes and fees do not meet highway program needs is that they are low in comparison with other states.

For heavy trucks, Alaska ranks lowest in the nation with a tax load of $1,598 per year or 2.0 cents per vehicle-mile of heavy truck travel. This compares to Washington which collects over three times as much ($4,990 per truck, and 6.2 cents per vehicle-mile of heavy truck travel). The highest taxer of heavy trucks is Arizona which collects $11,012 per truck or 13.8 cents per vehicle-mile of heavy truck travel.

For automobiles, Alaska ranks 37th among the states with a $122 tax per average automobile or 1.0 cents per vehicle-mile of travel. The highest in the nation is Rhode Island with an annual tax load of $731 per automobile or 5.9 cents per vehicle-mile of automobile travel (six times the Alaska load). The lowest is New York at $73 per year and 0.6 cents per vehicle-mile of travel. Washington's annual tax on automobiles is $310 per vehicle or 2.5 cents per vehicle-mile of auto travel.

The above facts are based on a 1987 U. S. Department of Transportation report, "Road User and Property Taxes". The taxes and fees were those in effect on January 1, 1987. Included are all highway user taxes and, where applicable, state personal property taxes. The study compared annual taxes on a 80,000 lb. gross vehicle weight truck/trailer combination driven 80,000 miles per year and a 4,200 lb. gross vehicle weight automobile driven 12,500 per year.

Raising Motor Fuel Taxes. Alaska's motor fuel tax, which has not changed since 1961, is eight cents per gallon and the revenue trend from the tax is as shown in the chart.

A comparison of the 1988 revenues with 1988 State Highway Program receipts (page I-5) shows a wide disparity. A ninefold increase in the tax on fuel used in highway travel would have been required to raise the $200.5 million per year of state funds, including debt service, motor vehicle law enforcement and highway safety programs.. Over a fivefold increase in total motor fuel tax receipts (highway plus aviation and marine fuel taxes) would have been required to raise the $200.5 million of state funds used to support the 1988 State Highway Program

However as shown on page III- 11, a doubling of the total motor fuel tax would meet the FY 1988 budget for highway and airport maintenance. As has been the experience of state highway program managers in other states, the earmarking of highway user taxes and fees (or other taxes, such as mineral severance taxes) for the state highway program or distinct parts of the program, such as highway maintenance, enables program managers to better plan for efficient and effective use of the funds.

Maintaining Balance Between Competitors. The Alaska Railroad Corporation and private truckers compete for freight movement in some important corridors. And it is important to maintain the existing balance in trucking and railroad costs when enacting highway finance initiatives. Higher highway user taxes would immediately change costs in the trucking industry to the railroads advantage -- unless the railroads costs were raised concurrently.

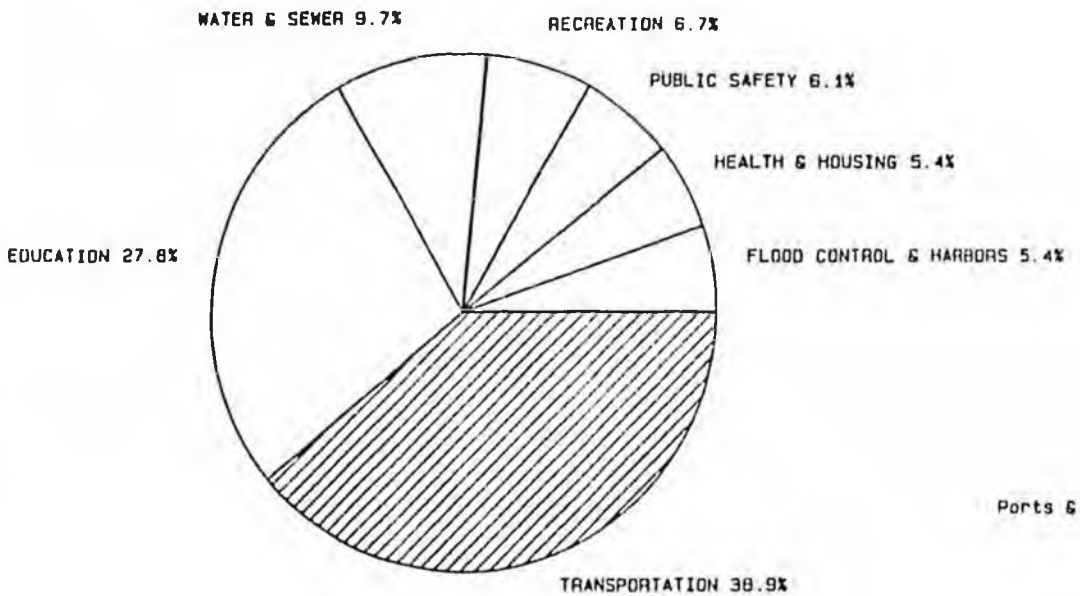
Two Possibilities That Need Further Study. One solution is enactment of legislation requiring the Alaska Railroad Corporation to pay motor fuel taxes. The Railroad is currently exempt from such taxes.

A second solution is to establish a regulation requiring the Alaska Railroad Corporation to pay monthly, quarterly or annual fees to the Alaska Treasurer in lieu of the taxes.

In either case it is suggested that at least half of the added railroad payments be used for railroad/highway grade separations. This would expand the program of constructing grade separations thereby enhancing safety and the efficiency of both rail and truck freight operations.

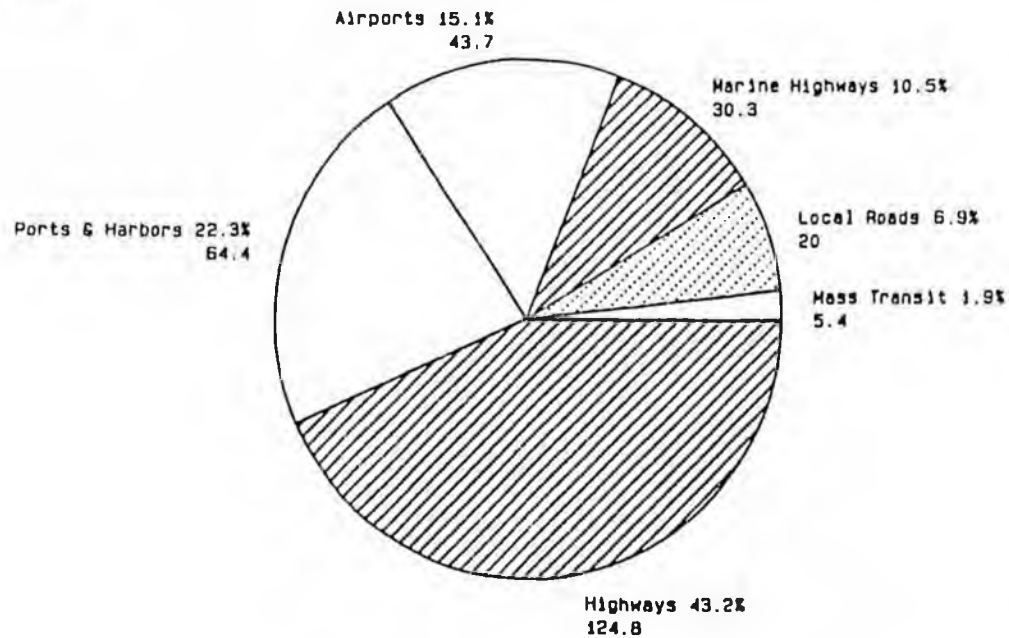
STATE BONDS

TOTAL SINCE STATEHOOD



TOTAL: $1.4 BILLION AS OF 6/30/84

TRANSPORTATION DEBT



TOTAL: $288.6 MILLION AS OF 12/31/86

Transportation Debt Being Rapidly Amortized. As shown in the right hand pie chart, the state transportation debt stood at $288.6 million as of December 31, 1986. This is down by $47.6 million from the close of the previous calendar year and $95.5 million down from two years previous. At that rate of amortization, state transportation bonds will be eliminated in six years.

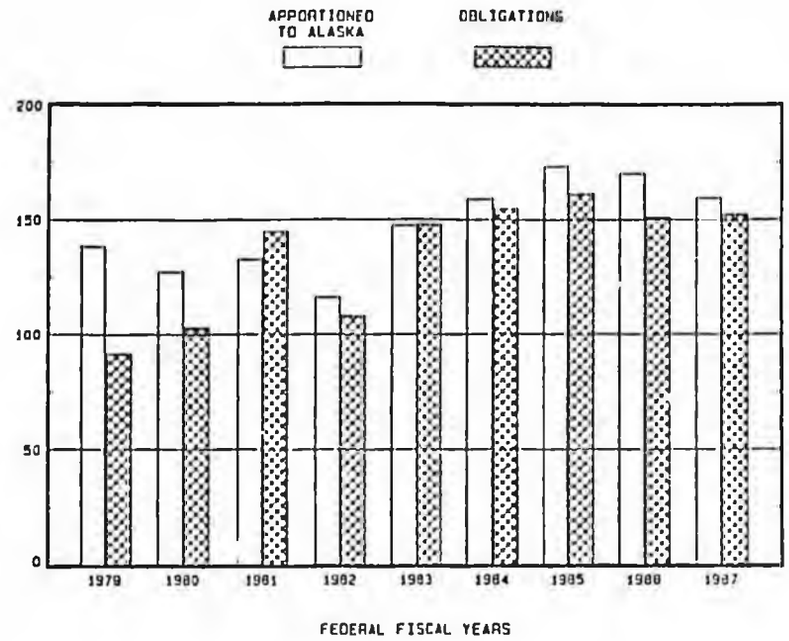
At $155.1 million, the debt for land highways and the Marine Highway System represented 53.7 percent of the December 31, 1985, transportation debt (The revenue bonds sold by the Alaska International airport System are not included in the charts.)

Some states rely extensively on the bond market for their state highway capital improvement programs. As a nation, total state highway debt was $20 billion as of December 31, 1985,the latest year in which debt summary information is available.

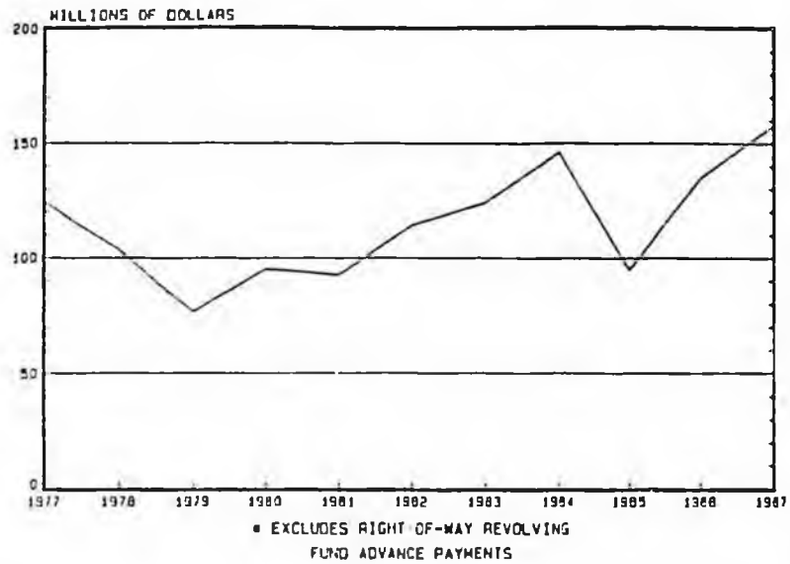
Alaska leads The Way In Public/Private Cooperation. Alaska has three outstanding examples of private funding for highway construction – 1) the 416 mile Dalton Highway built by oil interests; 2) the 50 miles of Red Dog Mine Access Road being financed by the Alaska Industrial Development Authority which will be reimbursed by private mining interests; and 3) the $1.3 million contribution by a trucking firm for the upgrading of the Klondike Highway to allow heavy-laden ore trucks to gain access from Canadian mines to the port at Skagway.

Military Involvement Also Important. The construction of the Alaska Highway in both Canada and Alaska by the U.S. Army during the early part of World War II was also a tremendous contribution to Alaska highway development.

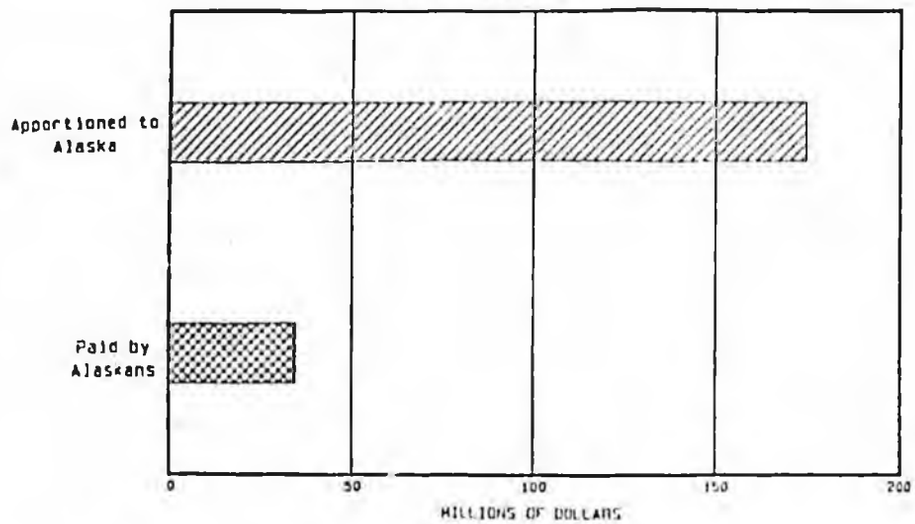
FEDERAL AID HIGHWAY PROGRAM



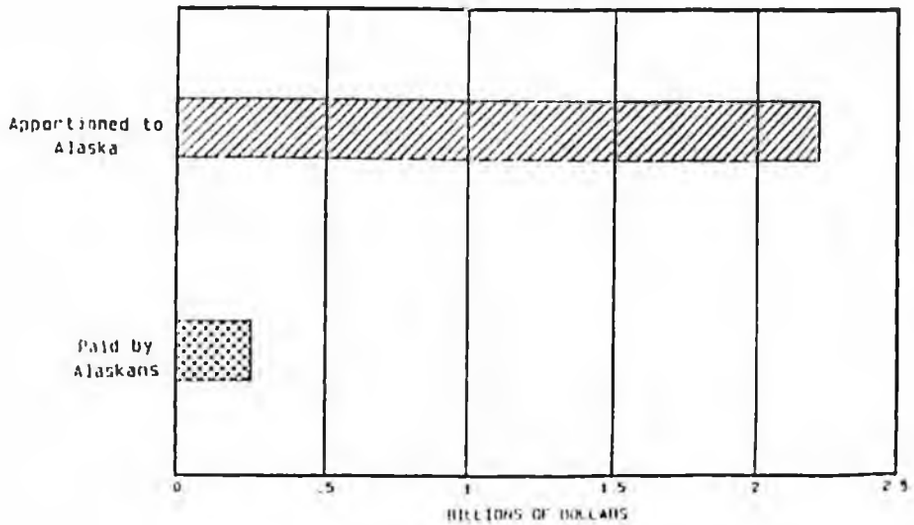
REIMBURSEMENTS



FY 1985



SINCE 1956



Federal Aid Highway Program Critically Important To Alaska. The chart on the upper left indicates the trends in the amounts of federal funds:
1) apportioned to Alaska, and 2) made available after budget limitations were applied by lawmakers and actually used (obligated for subsequent spending on Alaska road and bridge improvements). Federal aid highway funds are restricted by federal mandate for highway, ferry and ferry terminal improvements as well as planning, research and safety activities. Federal funds cannot be directed to highway maintenance activities.

1987 A Record. The upper right chart tracks actual payments to Alaska from 1977 to 1987 (federal fiscal years). Note that 1987 was Alaska's record-high year for Federal Aid Highway Program receipts. The federal funds stem largely from a nine cents per gallon tax on gasoline, a three cents per gallon tax on gasohol, a 16 cents per gallon tax on diesel and other special motor fuels, as well as a 12 percent sales tax on heavy truck and truck trailer purchases, a tax on truck tire sales and an annual use tax on heavy trucks. The federal highway user taxes are accounted for in the U.S. Treasury in a Highway Trust Fund and apportioned to each state for the modernization of major highway systems and bridges.

Federal Budget Controls Limit Spending. For the October 1, 1985 to September 30, 1986 federal fiscal year, Alaska was apportioned $165 million of authorized funds, but due to federal obligational control limitations only $151 million of the apportioned funds were actually available to Alaska. In other words $14 ($9 federal and $1 state) million worth of highway improvement projects could not be started because the obligation ceiling restricted the use of authorized and available Highway Trust Fund money.

Slowdown In Highway Improvements. The situation is far worse for fiscal year 1988 because it is controlled by the authorization levels mandated by the Surface Transportation and Uniform Relocation Assistance Act of 1987. This act reduced annual authorization levels over the 1988 to 1991 period. Furthermore, obligational control further limits fiscal year 1988 funds to about $130 million. Unless obligational controls are lifted, Alaska's highway improvement program will be sharply lower than the 1983 to 1987 experience.

Federal Incentives For Road And Bridge Modernization. The portion of the cost borne by federal highway user taxes, depends on the Federal Aid Highway System – Interstate, Primary, Secondary, Urban classification of the road to be improved. Federal funds will participate in 94.7 percent of the cost of Interstate Highway System original construction or rehabilitation, 91.4 percent of the cost of improving the other Systems and 80 percent of bridge replacement or rehabilitation costs. Overall, every dollar of Alaska funds that are made available for highway and bridge improvements is matched by nine dollars of Federal Highway Program funds – up to the limit of federal obligation authority. This is a great incentive for Alaska highway and bridge modernization.

Alaska Benefits The Most From The Federal Aid Highway Program. The bottom left chart indicates the amount of Federal Aid Highway Program funds apportioned to Alaska in 1985, as well as the amount of federal highway user taxes paid by Alaskans in that year. The bottom right chart summarizes both Alaska's apportionment of Federal Aid Highway Program funds and Alaskans payment of federal highway user taxes over the 1956 to 1985 period. At five and one half to one for FY 1985 and nine to one overall, Alaska leads all other states in the ratio of apportionments to taxes paid. This is due primarily to the fact that state apportionments of federal funds are related to the extent of land area in each state. Alaska, having the largest proportion of land of any state in the nation, receives disproportionally large shares of Federal Aid Highway Program funds.

Non-monetary Benefits. Besides financial assistance, there are other benefits that come with a strong Federal Aid Highway Program. First, it is required that national design standards be used and this promotes national uniformity as well as the safest possible highway environment. Second, federal officials on the scene in Alaska (the Juneau office of the Federal Highway Administration has a 12-person professional staff) provide both an oversight function as well as technical assistance to ADOT&PF officials. Lastly, the long standing spirit of cooperation that has prevailed between federal and ADOT&PF officials has been a stabilizing influence in Alaska's program of highway improvement.

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

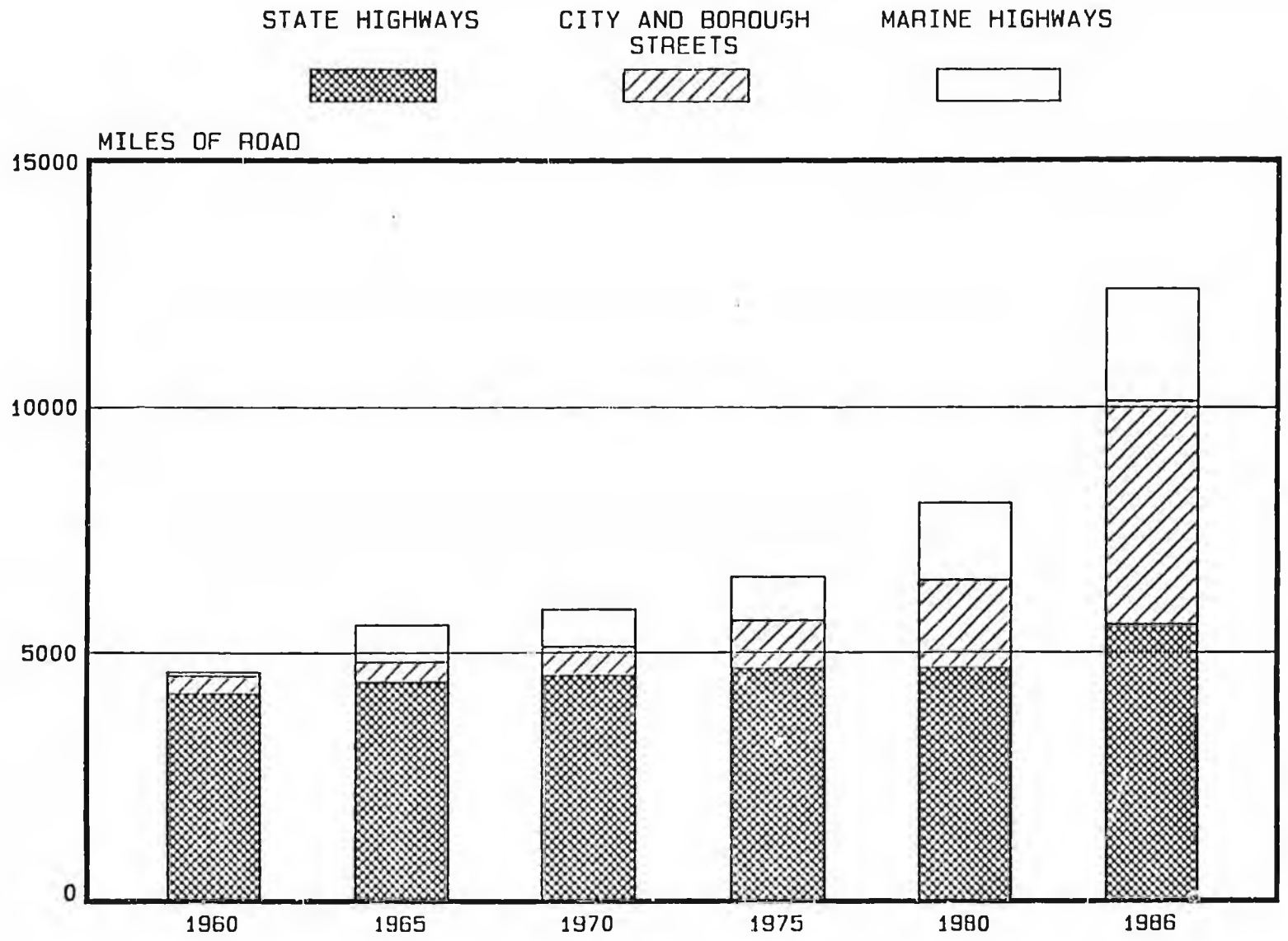
02-576(2/77)

CHAPTER I

TRANSPORTATION FINANCE AND RESPONSIBILITIES

This Chapter includes a Review of the Role of the State, Cities and Boroughs in Sharing Responsibilities for Administering, Maintaining, Operating and Improving Alaska's Transportation System as well as a Review of the Funds Available to Meet These Responsibilities.

MILES OF ROAD



NOTE: EXCLUDING FEDERALLY OWNED ROADS.

Over 10,000 Miles Of Road. Discounting the 224,000 miles of road that are under the direct control of federal agencies, there are 3.6 million miles of land service roads in the United States. Alaska's 12,370 miles is less than three one hundreths of a percent. Yet Alaska's land area is 16 percent of the nations total. Only Delaware, Hawaii and Rhode Island have fewer miles of road.

Marine Highway Routes Are State Highways. Including the ferry routes of the Marine Highway System, there are 7,824 miles of highway that are considered state highways. These routes are administered, operated, maintained and improved by the Alaska Department of Transportation and Public Facilities.

Since 1960 the state highway system (including Marine Highway System routes) has doubled in extent. The most significant change is the expansion of the Marine Highway System, due largely to the shift in the status of service to the Aleutian Chain in 1981 from testing and demonstration to permanently, scheduled service.

However during this 27 year period, the 416 mile Dalton Highway was built by private interests and added to the State Highway System. Also during this time, the 325 mile Parks Highway was completed to provide better highway service between Alaska's two largest centers, Anchorage and Fairbanks. Other shorter links of state highways have also been added.

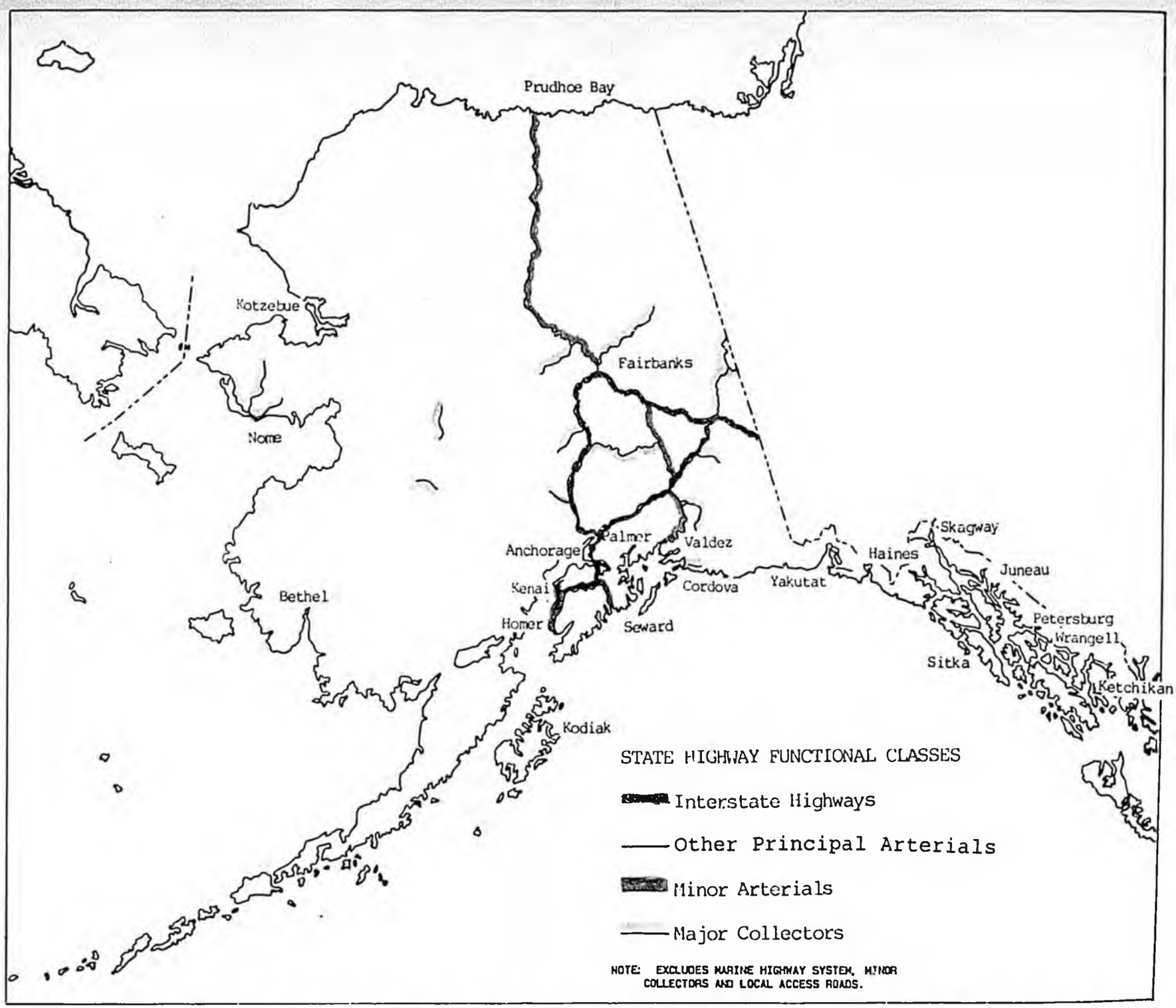
Alaska Unique. The truly striking transportation distinction between Alaska and the rest of the nation is that the majority of Alaska's communities of over 250 people are not connected by land via the State Highway System. The remoteness of some places, the water barriers and the difficulty of traversing the terrain have made such connections either impossible or inordinately expensive. Alaska has therefore relied on a system of ferry routes with nine ships capable of conveying both passengers and vehicles to some communities and to an extensive system of airports that allows air service to all other communities of over 30 people.

The Alaska Railroad. Alaska also has a 480 mile railroad system that is vitally important to the shipment of general commodities as well as mineral and forest products over the Seward to Fairbanks mainline. A spur to Whittier connects the main line with the Marine Highway System on Prince William Sound and to barges that service the "lower 48 states"..

In 1982, the State of Alaska purchased the railroad line, equipment and property. The Alaska Railroad Corporation operates the freight and passenger service. While the railroad is independent of the ADOT&PF, the ADOT&PF Commissioner is a member of the Alaska Railroad Company's Board of Directors.

Cities And Boroughs Also Have Road Responsibilities. In those parts of Alaska that have a population base and a system of local government (city or borough), the governmental entity can accept responsibility for some roads. While the ADOT&PF is not required to take into the State Highway System those roads that cities and boroughs will not accept, typically the ADOT&PF does take on this responsibility.

Leap In City And Borough Roads. Note that the chart indicates a significant growth in city and borough road and street mileage over the 1960 to 1986 period. Some of the increase is related to subdivision street construction by developers and some is related to state appropriations for specified roads. However some of the increase is due to better accounting by the cities and boroughs for road miles, since 1980 state legislation greatly increased the state revenue sharing funds that are based on miles of road.


Prudhoe Bay
Kotzebue
Fairbanks
Nome
Skagway
Palmer
Valdez
Anchorage
Haines
Juneau
Kenai
Cordova
Yakutat
Bethel
Petersburg
Homer
Seward
Wrangell
Sitka
Ketchikan
Kodiak
STATE HIGHWAY FUNCTIONAL CLASSES
Interstate Highways
Other Principal Arterials
Minor Arterials
Major Collectors
NOTE: EXCLUDES MARINE HIGHWAY SYSTEM, MINOR COLLECTORS AND LOCAL ACCESS ROADS.

FUNCTIONAL CLASSES OF RURAL ROADS

Functional Highway Classification - A Basis For Management Decisions. Most state highway agencies classify their state highways based on their traffic service functions. The resulting hierarchy gives managers a tool for decision-making regarding the distribution of scarce resources. Design standards, improvement priorities and maintenance standards are all related to the functional classification of roads. The map shows the functional designation of Alaska's major rural roads and their extensions through urban areas.

Interstate Highways, The Most Important Arteries. Alaska's most important rural roads are those designated to be Interstate Highways (1,089 miles). These connect Alaska's largest centers -- Anchorage and Fairbanks -- with each other and to the main route of land travel into Alaska. An Interstate Highway Spur also connects Anchorage with the Kenai Peninsula.

As the chart at right shows, the average mile of Interstate Highway is traversed by 1,750 vehicles per day. Alaska's Interstate Highway System's average traffic density is only one seventh the 12,900 vehicles per day average traffic density on all rural Interstate Highways in the nation. Due to this lower traffic density, Alaska's rural Interstate Highways are built to two-lane design standards rather than the four-lane, divided highway standards found in other states.

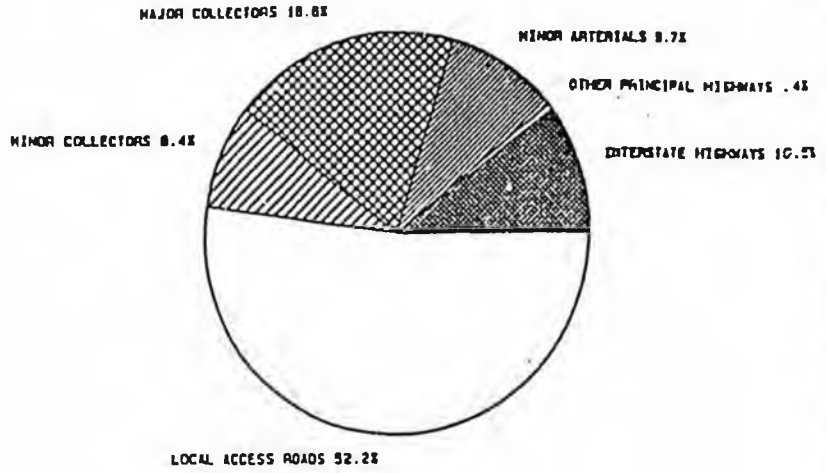
Other Principal Arterials Next In Importance. In terms of traffic service, Alaska's Other Principal Arterials are next in importance. The Egan Expressway in Juneau and the Klondike and Haines Cut-Off Highways are examples of Other Principal Arterials. They are important because they connect Haines, Skagway and Juneau to the Alcan Highway and to the Alaska Marine Highway System.

Minor Arterials Expand The System. As seen, the Minor Arterials link other important Alaska centers with the Interstate Highway System.

Major and Minor Collectors. the Major and Minor Collector Highways further expand the system. All remaining rural roads that serve long-distance travel are designated as Collector Highways. However not all Collectors are state highways, as some are under the jurisdiction of Alaska's cities and boroughs. The Major Collector classification is given to the more heavily travelled Collectors.

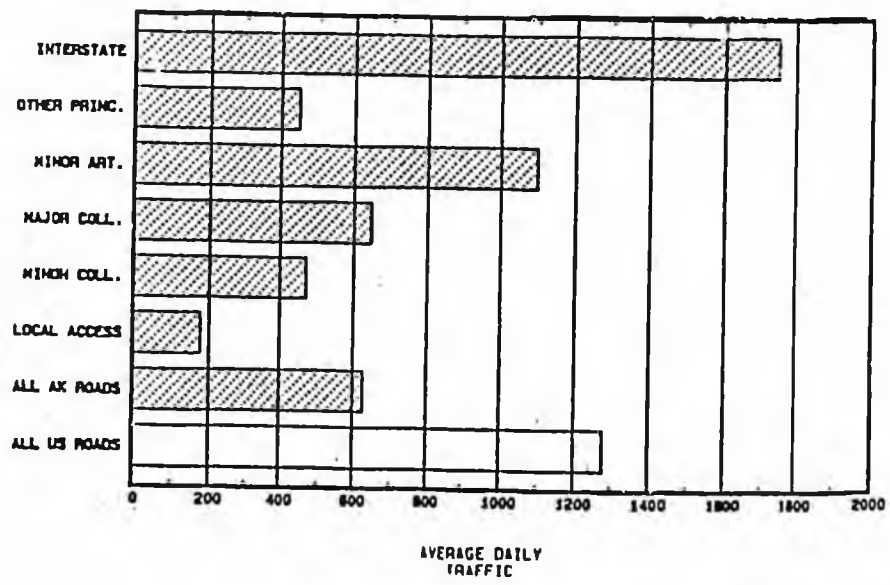
Local Access Roads. The remaining rural roads (not shown on the map) that serve individual or small groups of houses, camps or farms are termed local access. These roads function predominantly as a means of access to land, rather than as a means to convey people, products and raw materials through an area. Most such roads are in the Matinuska-Susitna and Kenai Boroughs.

MILES

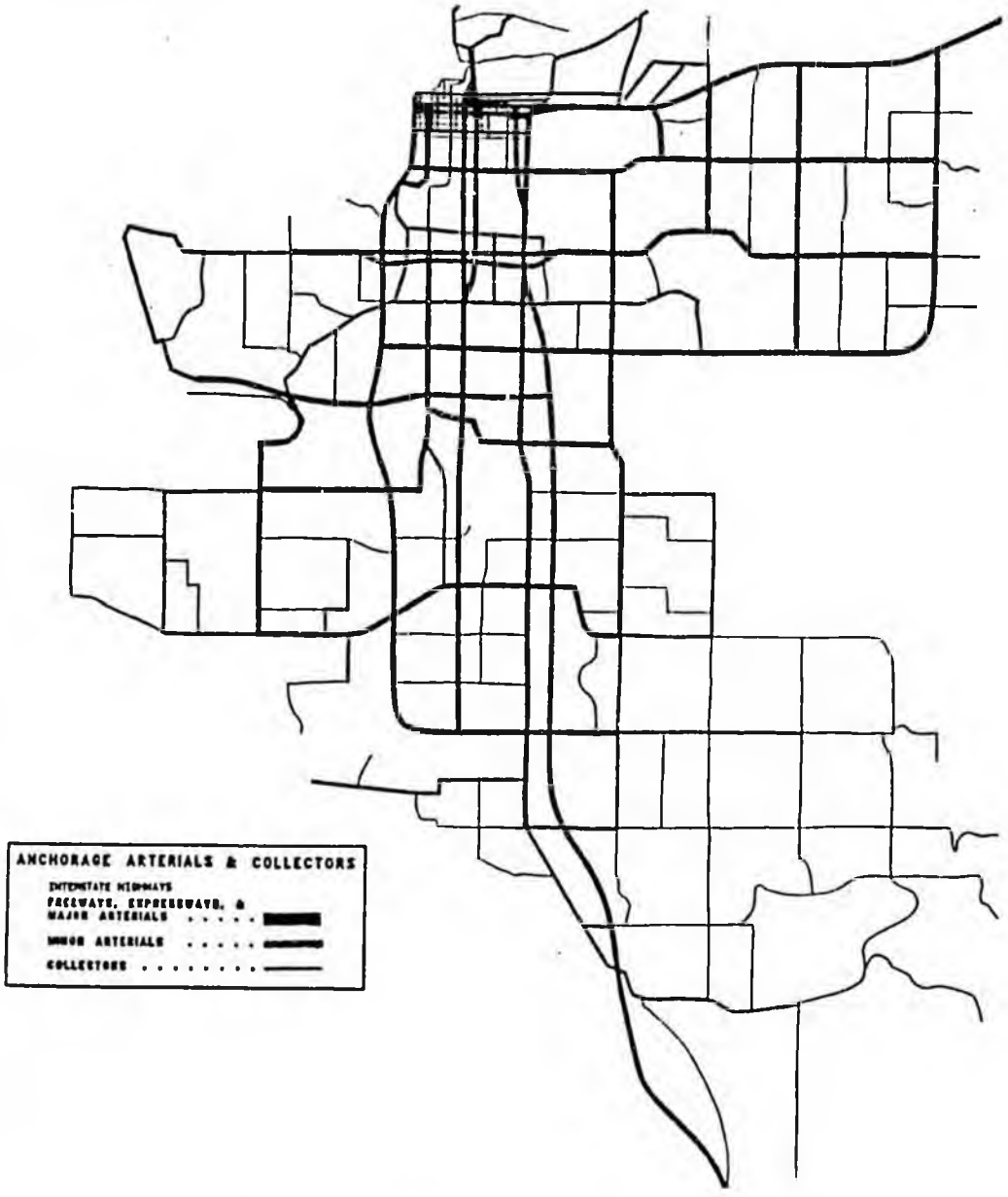


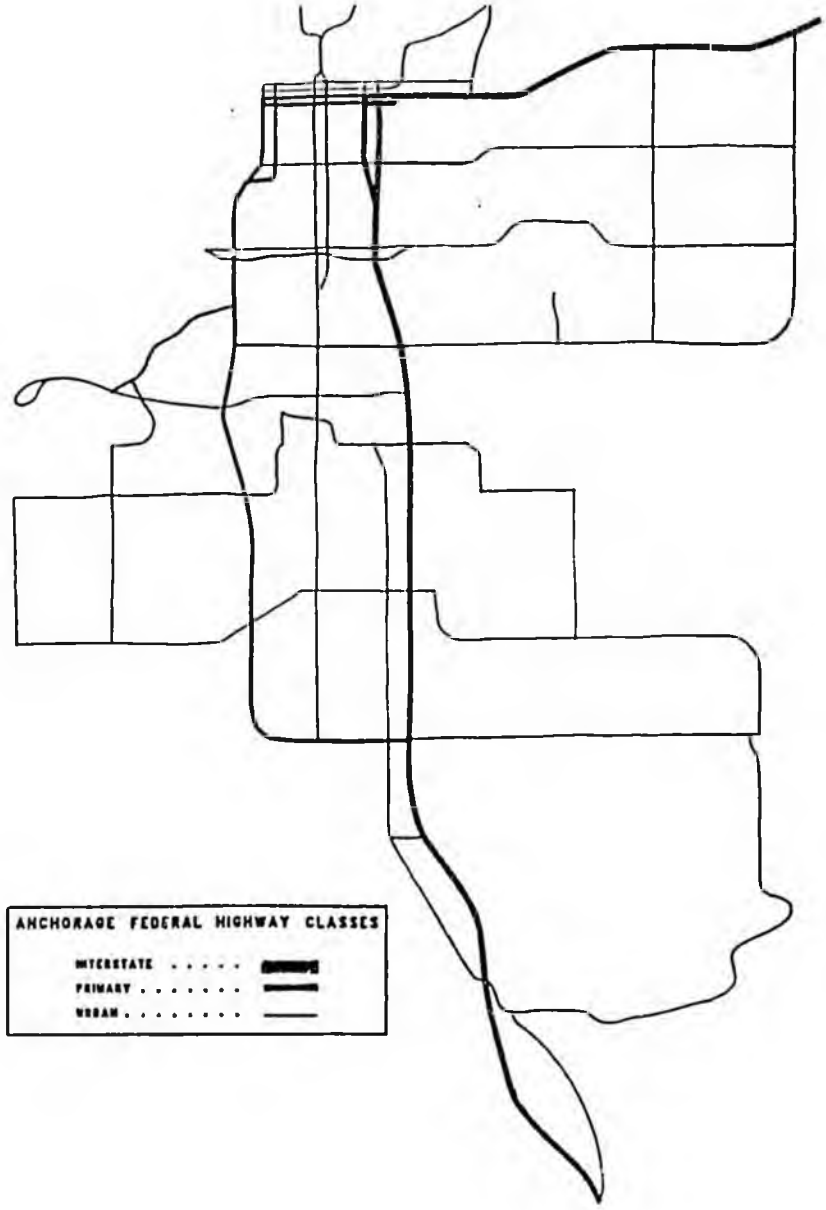
TOTAL: 9,980 MILES

TRAFFIC DENSITY



ANCHORAGE ROAD CLASSIFICATIONS





Functional Highway Classification Also An Urban Management Tool. The maps show three types of Anchorage road classifications. In the upper left are the functional classes agreed upon cooperatively by ADOT&PF and Anchorage officials. The designated Federal Aid Highway Systems are shown in the upper right. And the map on the bottom right shows the designated state highways.

Not shown is the street and highway maintenance scheme agreed upon by ADOT&PF and Anchorage officials in which some state highways are maintained by the Municipality of Anchorage and some municipal streets are maintained by the ADOT&PF. Also not shown are the 780 miles of Local Access Streets in the Anchorage urbanized area.

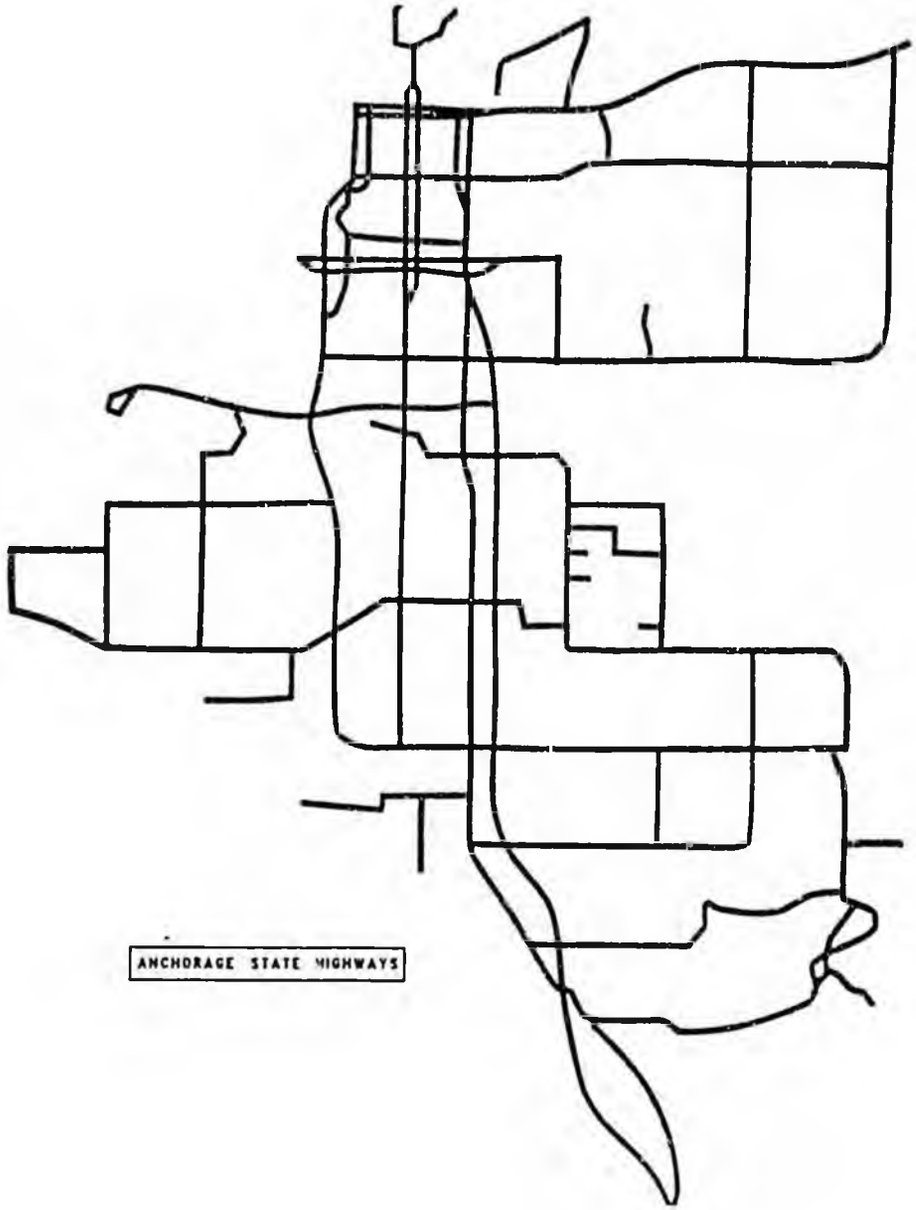
The below table indicates the importance of each functional class of Anchorage streets and highways. Of particular significance is the 88 miles of Interstate Highways, Freeways, Expressways and Major Arterials (9 percent of the miles) which serve almost two thirds (65.4 percent) of Anchorage's daily motor vehicle travel.

Functional Classes	Miles	% Mi.	% Travel	Traffic Density*
Interstate, Freeways, Expressways and Major Arterials	88	9.0	65.4	25,400
Minor Arterials	29	3.0	11.4	13,400
Collectors	80	8.2	10.1	4,300
Local Access	780	79.8	13.1	600
	977	100	100	

* Average daily vehicles per road mile.

The designated Federal Aid Highway System routes -- Interstate, Primary and Urban -- were adopted based on the traffic service function. These are the routes eligible for improvement with Federal Aid Highway Program funds. I-3

High Proportion of State Highways. There are 176 miles of state highway in the Municipality of Anchorage and 801 miles of either municipal street or streets that are "service area maintained". By agreement with the Municipality, the service areas levy road taxes and maintain all non-state highways within their area.



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At 18 percent of the road miles, the state highway system serving Anchorage is more extensive than the average urban state highway network (13 percent) in the nation. (And the national statistics are biased on the high side by high proportions of state highways in the cities of several Eastern states.) Furthermore in Alaska's urban areas, many streets and roads that serve a collector or minor arterial function are state highways.

As a result state resources must be used for the operation, maintenance and improvement of routes with only a minor traffic service function. Routes of greater statewide traffic service significance–in terms of their function in either connecting communities or distributing statewide traffic to important economic centers within urban areas–must compete for scarce state resources with the urban collector and minor arterial routes of low statewide significance. Compounding the problem is the fact that ADOT&PF officials must unnecessarily deal with urban issues such as land use and traffic control that are more properly a local responsibility.

Joint Action Needed. While the ADOT&PF has authority to transfer responsibility for state highways to local government, this is a very difficult problem due to the local government cost implications. Therefore, to resolve the issue of urban highways, it is recommended that the ADOT&PF and the Legislature first establish a state highway jurisdiction policy in concert with municipal officials and then make the changes that satisfy the policy.

Use The Functional Classification Plan. The most widely accepted basis for redefinition of state highways is the functional classification hierarchy of streets and highways. This is used to test alternative state/local jurisdictional plans.

Suggested Alternatives. One obvious alternative is to place only urban extensions of state highways on the urban state highway network. A second is to add to the first by including all Freeways and Expressways. The third alternative would be the addition of Major Arterials.

Financial Resources Are An Important Consideration. To ease the burden of a shift in urban road responsibility, there are financial and management arrangements that can be established.

One such arrangement is the Urban Arterial Board in the State of Washington. Only 6.7 percent of the urban road mileage in Washington is designated as state highway. Therefore the Washington Legislature established an Urban Arterial Fund and an Urban Arterial Board in 1968 to assist municipalities on a fund matching basis to make improvements to those designated urban arterials that are not state highways. It is recommended that Washington's success in limiting urban state highway responsibilities to major arterials and the success of the Urban Arterial Board and the Urban Arterial Fund in meeting Washington's urban arterial needs be studied for possible application in Alaska.

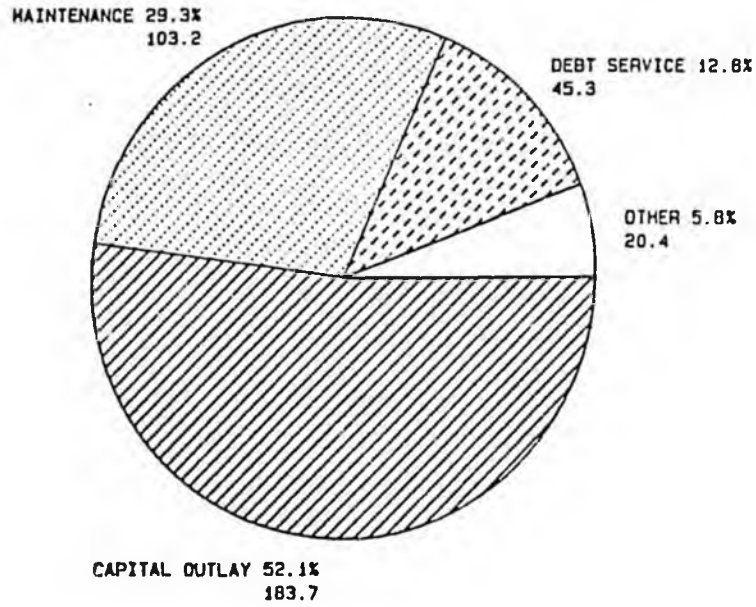
First Steps Taken. The need for a clear policy on road control is recognized by Alaska officials. In 1987 the Alaska Legislature set forth the following directive to begin dealing with the issue:

> "IT IS THE INTENT OF THE LEGISLATURE THAT DOT/PF: 1) ESTABLISH A ROAD RESPONSIBILITY TASK FORCE COMPRISED OF REPRESENTATIVES OF DOT/PF, LOCAL GOVERNMENTS, UNORGANIZED AREAS, AND USER GROUPS. THE TASK FORCE IS TO REVIEW THE FEASIBILITY OF TRANSFERRING THE RESPONSIBILITY OF DIRECT MAINTENANCE ON CERTAIN ROUTES FROM THE STATE TO LOCAL GOVERNMENTS, AND TO EXAMINE REASONABLE AND EQUITABLE FUNDING SOURCES FOR MAINTENANCE ACTIVITIES, INCLUDING A REVIEW OF THE MOTOR FUEL TAX AND OF THE EXISTING ROAD SERVICE ACCOUNT IN THE STATE' REVENUE SHARING PROGRAM.
>
> THE TASK FORCE SHALL ALSO STUDY THE ISSUES OF ROAD OWNERSHIP, LIABILITY, AND THE TRANSFER OF EQUIPMENT AND EMPLOYEES..."

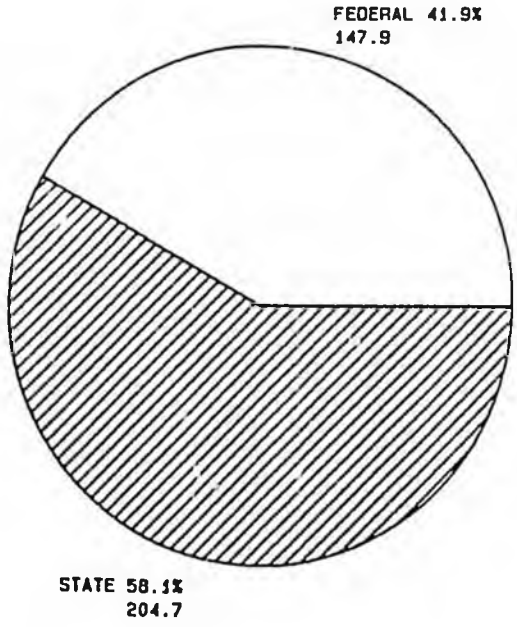
In September 1987, the ADOT&PF selected a facilitator to assist the Commissioner in responding to the mandate. In November, the Task Force was named and a first meeting planned.

1986 STATE HIGHWAY PROGRAM

EXPENDITURES



RECEIPTS



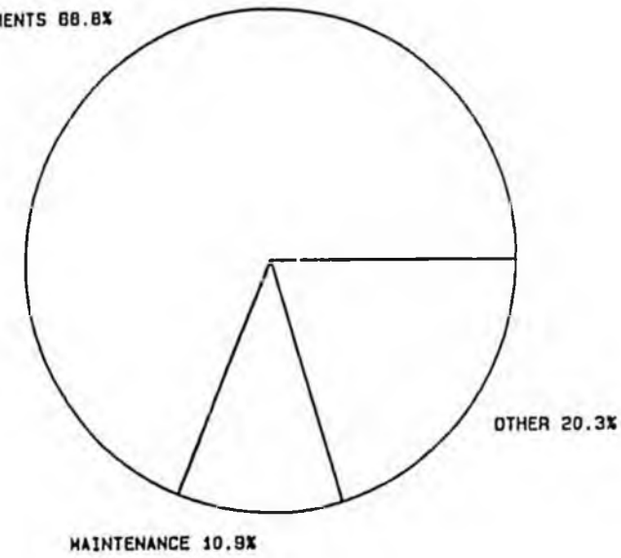
TOTAL: $352.6 MILLION

Highway Expenses Five Times The National Average. For 1986 (calendar year) the ADOT&PF reported to the Federal Highway Administration that it spent $353 million on state highway administration, maintenance, operations and improvement. This is about $700 per capita and compares with a $140 per capita national average of expenditure on state highways.

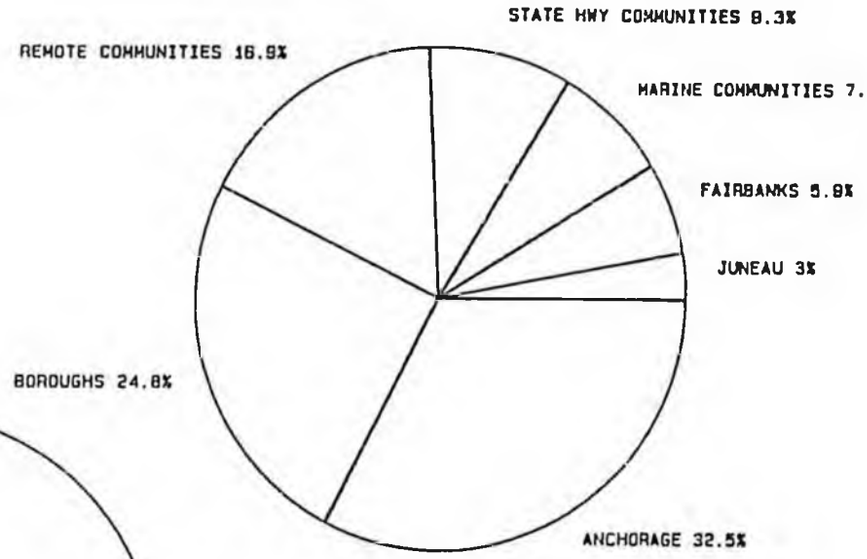
Marine Highway System Costs Included. Included are all 1986 capital as well as maintenance and operations expenditures for both land service state highways and the Marine Highway System. Also included are $45.3 million to service the state debt on borrowing for previous state highway system improvements. Law enforcement and safety expenditures amounting to $11.4 million are included in the "other" category of expenditure as well as $4.7 million for highway program administration and $4.2 million for highway planning and research. Finally in the other category is the 1986 expenditure of $4.3 million for Local Service Roads and Trails, which is a portion of the State Highway Program (administered by the ADOT&PF) but directed toward local road betterments.

1985 LOCAL ROAD & STREET PROGRAMS

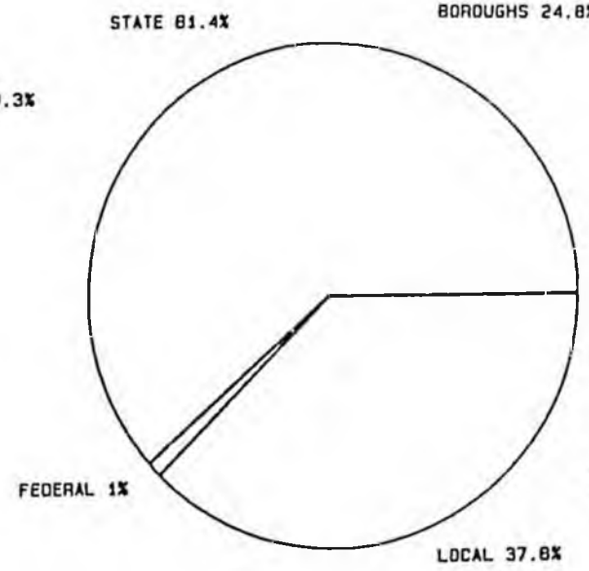
SPENDING CATEGORIES



UNITS OF GOVERNMENT



SOURCE OF FUNDS



TOTAL: $237.8 MILLION

Total Road Spending High. Alaskans raised and spent $237.8 million in 1985 (calendar year) for upkeep and improvement of the 3,992 miles of local streets and roads. For a population base of only 536,000 persons, this is a very significant level of expenditure. When combined with the 1986 state highway program of expenditure, it is estimated that total 1986 highway, street and road spending was about $590 million or $1,090 per capita, about four times the national average ($260 per capita).

Important ADOT&PF Factfinding Function. To assist the Office of the Governor and the Legislature and to comply with federal mandates, the ADOT&PF annually surveys, compiles and reports on local road and street spending. The ADOT&PF also verifies annually the current mileage of local roads and streets and this provides the base for state apportioning of road revenue sharing funds. 1985 information is the latest available on local road finance.

Road Revenue Sharing Funds. When the Legislature fully funds this program, each community receives a base of $2,500 per mile of conventional road and $1,500 for each mile of ice roads. However these amounts are adjusted upwards to accomodate higher costs in many areas of the state.

While communities are required to use only 20 percent of the funds for road purposes, ADOT&PF studies show that a majority of the road revenue sharing funds are actually used for road purposes.. Only that portion of the road revenue sharing funds that were actually devoted to municipal road programs are reported in the annual ADOT&PF surveys of municipal road expenditures.

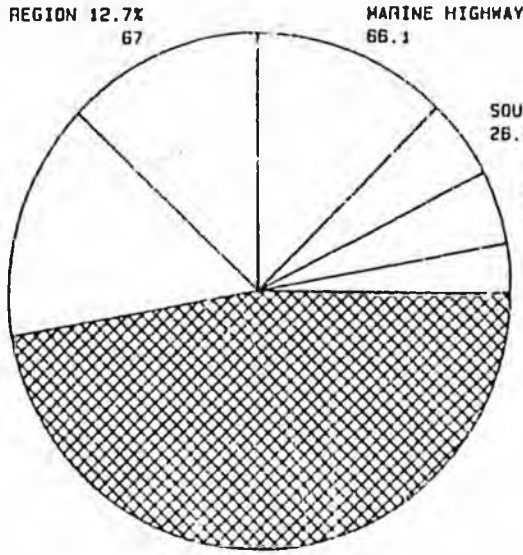
Special Terminology Used. Note the special terminology used in the "Units of Government" chart. "State Highway Communities" refers to all cities (15) directly served by the land service State Highway System, excluding Anchorage and Fairbanks. "Marine Communities" are the 20 cities, excluding Juneau, that are served by the Marine Highway System but not connected to the land service State Highway System. The "Remote Communities" are the remaining incorporated or unincorporated places not served by state highways or ferries.

State Funds Rising. In 1985, state grants for local roads amounted to $145 million, up from $88.4 million in 1984. This includes the portion of road revenue sharing funds that were used in road upkeep and other state funds appropriated for specific local road improvements. On the average the 1985 state contribution toward local road and street upkeep amounted to $270 per capita, but ranged from $120 per capita in the seven boroughs to $740 per capita in the Remote Communities.

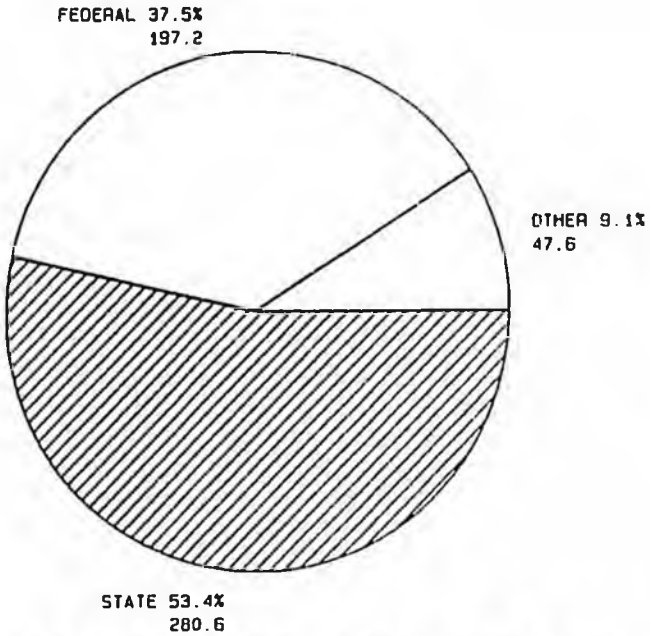
Fairbanks High In 1985 State Road Receipts. Based on miles of local road in each community, Fairbanks led with $132,000 per mile in state road receipts, while at the other extreme, the seven boroughs received an average of $13,000 per mile. Anchorage received $50,500 per mile. However in reviewing municipal road receipts and expenditures, it should be recognized that the year-to-year fluctuations are large and closely related to specific road improvements authorized by the Legislature.

1986 ADOT&PF EXPENDITURES

AREA

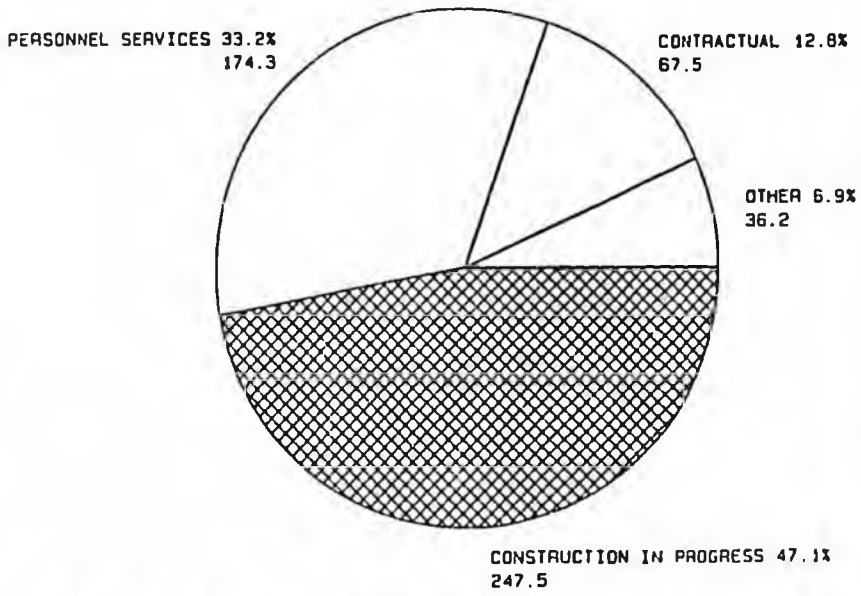


FUND SOURCES



TOTAL: $525.4 MILLION

EXPENDITURE OBJECTS



ADOT&PF Spent $525.4 Million in 1986. The charts above and at right are five perspectives on Alaska Department of Transportation and Public Facilities expenditures in fiscal year 1986. The ADOT&PF is not only responsible for State Highway System administration, operations, maintenance and improvement, but also owns, operates and maintains the nine-ship Marine Highway System, two International Airports, 215 other airports, 45 seaplane floats, harbor facilities, the state equipment fleet and almost 400 state owned buildings.

Highlights:

- o Payments for construction in progress, mostly highway and airport improvements, represented almost half of all expenses, $247.5 million.
- o Spending in the Northern Region, which has the most miles of state highway, led the three ADOT&PF regions.
- o Not included as ADOT&PF income is the $33.8 million in passenger and vehicle fees for Marine Highway System passage, which accrue directly to the Alaska Treasury.
- o About three fourths of the federal funds are reimbursements from the Federal Highway Trust Fund for state highway improvements. The other one fourth is from the Federal Airport Trust Fund for airport improvements.
- o Some of the "other" income is from concessions and fees from Anchorage and Fairbanks International Airport usage. These funds are deposited in the International Airport Enterprise Fund.
- o Two thirds (66.8 percent) of all expenditures were directed to private enterprise for construction in progress, supplies and other costs of business operation. One third (33.2 percent) was for ADOT&PF salaries and benefits.
- o 57.2 percent of all expenditures were for design (consulting or in house), right of way purchase and construction progress payments for improvements to highways, airports, ferries, harbors and other public facilities.

More Information Needed On Finance Trends. The information shown is the result of a special analysis made for this Review by the ADOT&PF. However it has been Highway Users Federation experience in other state highway program reviews that such information is readily available in the annual reports of the state highway and transportation departments. The information is important for the following reasons:

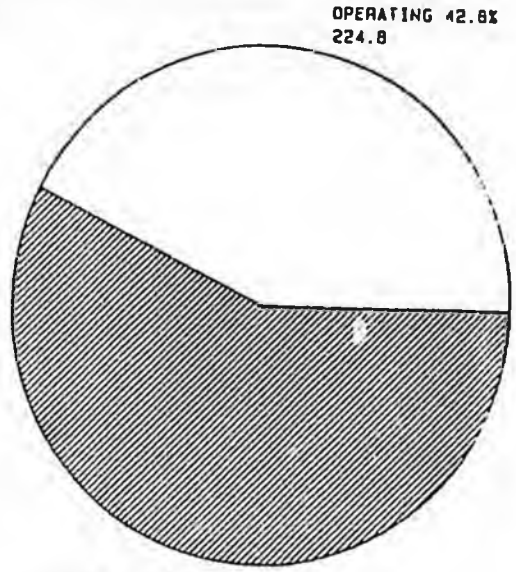
1) to place the Program in perspective with the programs of other state highway and transportation departments in order to detect possible inconsistencies,

2) to place modal components in perspective,

3) to analyze trends, and

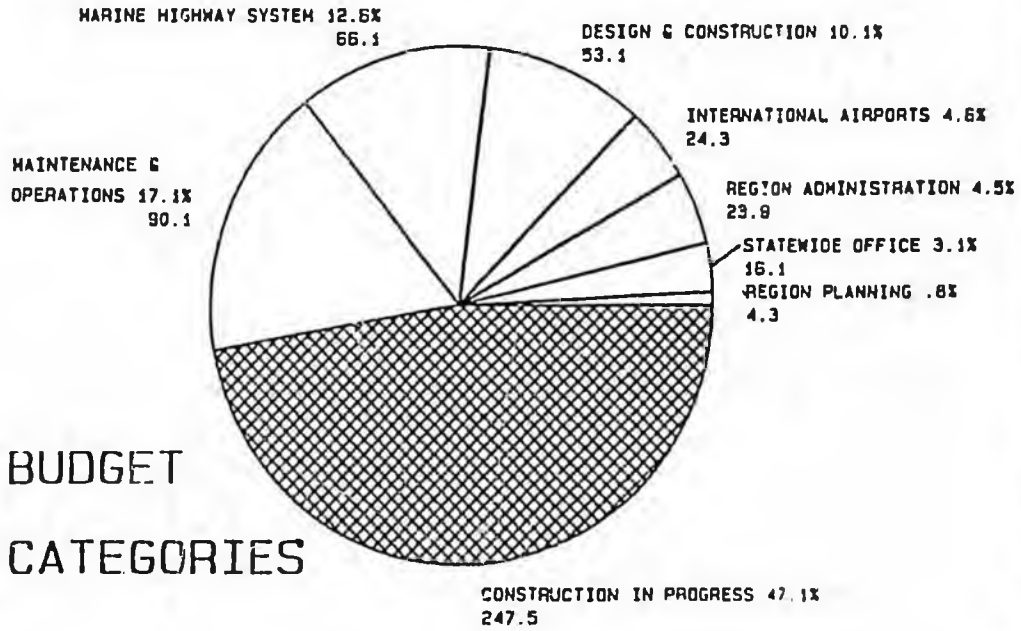
4) to provide legislators, administrators, other officials and constituent organizations with information necessary to make informed decisions regarding Program direction and support.

MAJOR BUDGET ELEMENTS



TOTAL: $525.4 MILLION

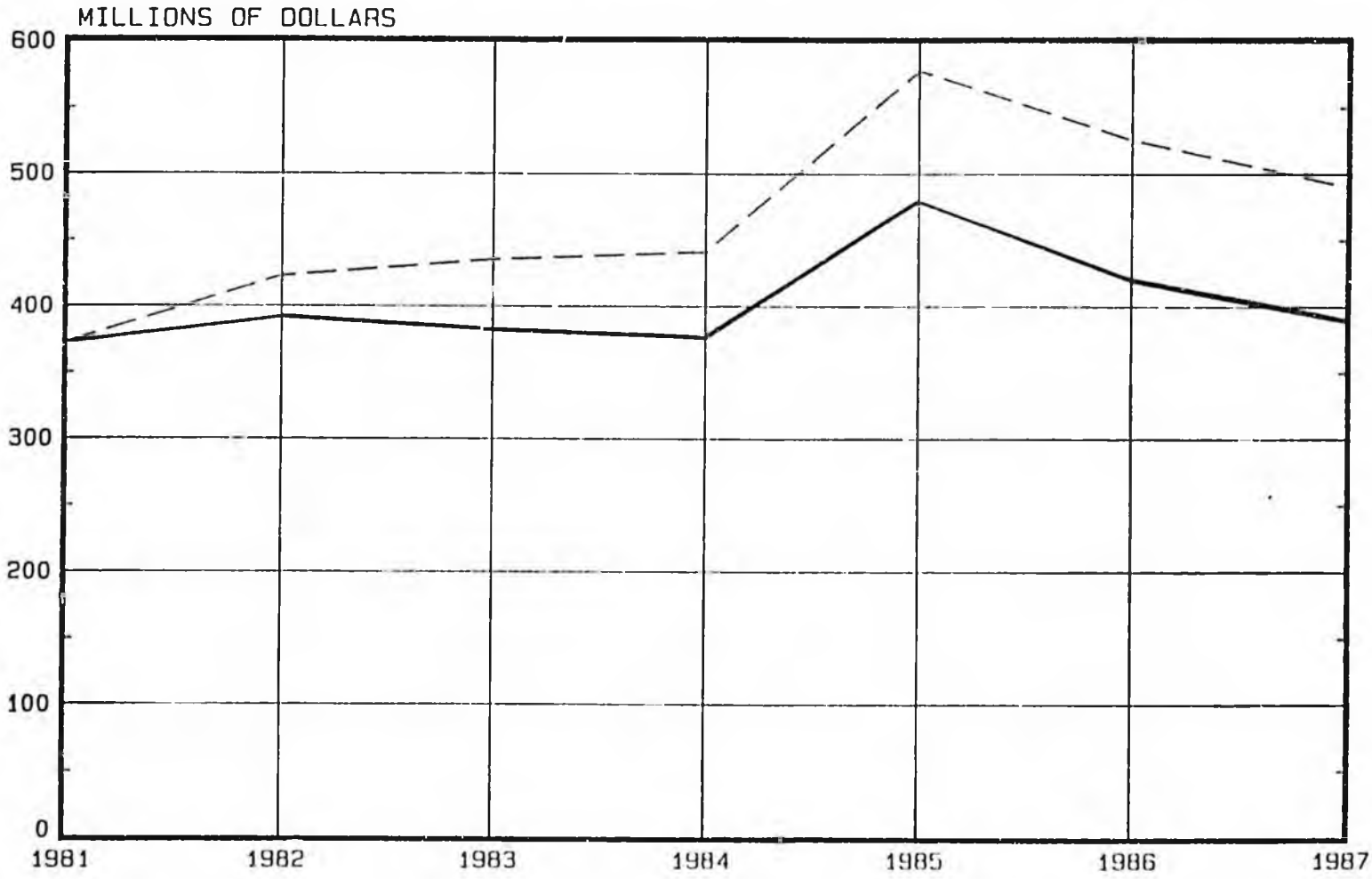
BUDGET CATEGORIES



ADOT&PF EXPENDITURE TRENDS

CURRENT $ — — — —

CONSTANT 1981 $ ——————

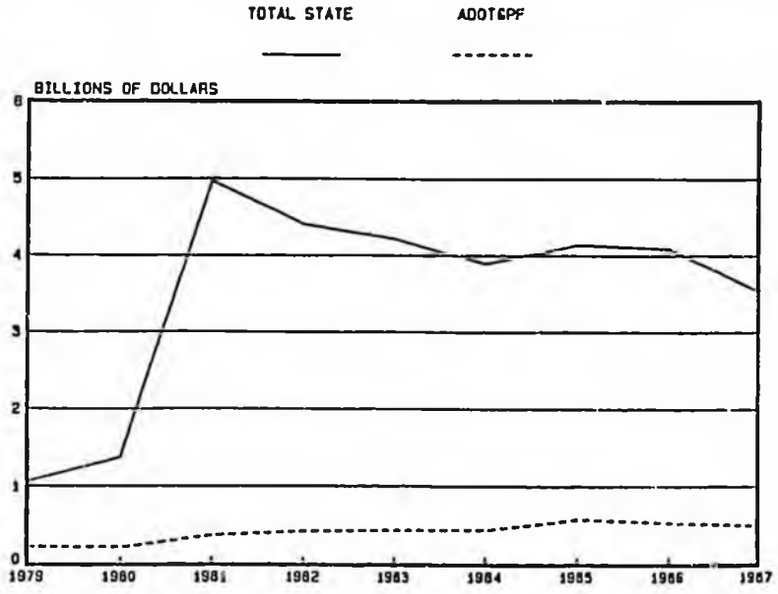


ADOT&PF Spending Up Modestly Over Last Seven Years. Two views of ADOT&PF spending over the 1981 to 1987 period are shown in the above chart. The dashed line shows the actual spending while the solid line depicts the value of the spending when inflation is considered. (The Anchorage Area Consumer Price Index was used to show the 1981 value of each current year's spending.) As a result of the eroding value of money, ADOT&PF spending of $493 million in FY 1987 was worth only $385 million in terms of what could be purchased with 1981 money. Despite the apparent $120 million increase in ADOT&PF funds, the 1987 spending level was up by only $20 million or five percent over the 1981 level.

ADOT&PF Expenditure Increases Are Low When Related To Travel Increases. Travel change is one indicator of transportation finance need. During the 1981 to 1987 period motor vehicle travel in Alaska increased 62 percent, airport enplanements increased by 25 percent and Marine Highway System passengers were up by 9 percent. Furthermore, the lane-miles of state highway increased 12 percent, thereby increasing the demand for such maintenance activities as snow and ice control.

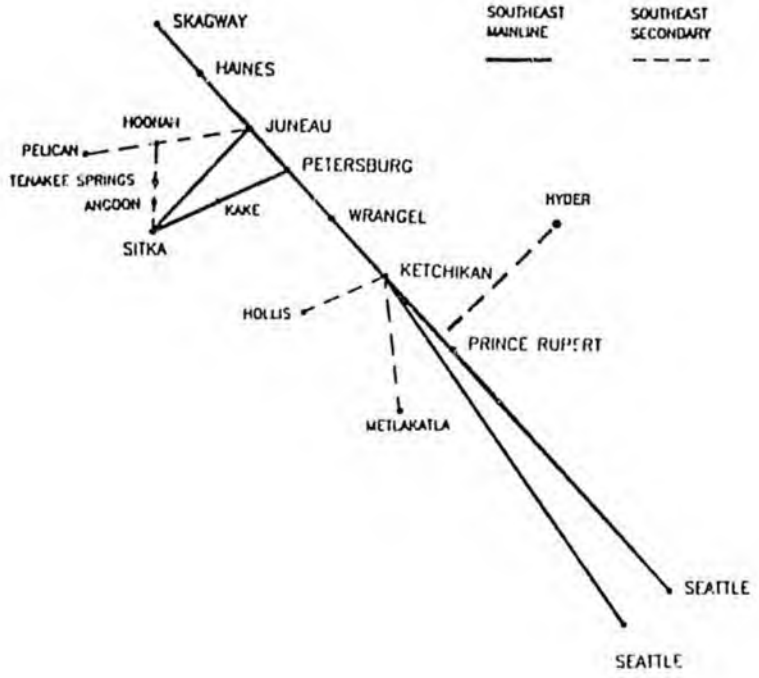
ADOT&PF Proportion of Total State Spending Has Diminished. While ADOT&PF spending has risen from $212 million in 1979 to $493 million in 1987, other state spending has risen even faster. This is noted by the fact that 1987 ADOT&PF expenditures represented 13 percent of total State of Alaska expenditures in 1987, down from 20 percent in 1979.

ADOT&PF & TOTAL STATE EXPENDITURES

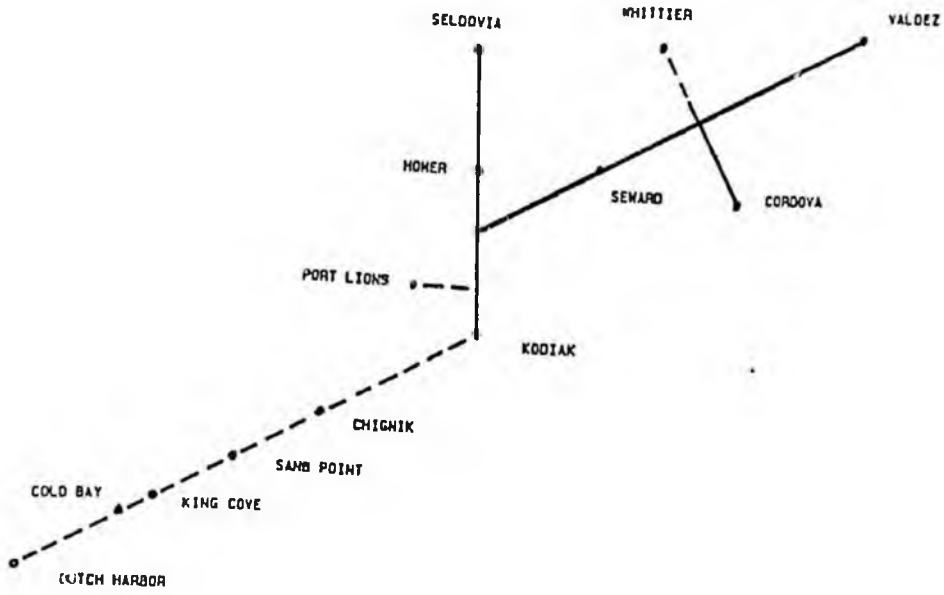


MARINE HIGHWAY SYSTEM

SOUTHEAST



SOUTHWEST



Waterborne Highway System. Alaska has more coastline than the rest of the United States combined. And more than half of its cities are unreachable by conventional highways. These are the reasons that Alaskans in 1960 voted the necessary bonds to establish the state's waterborne highway system. Operating as a division of the Department of Transportation and Public Facilities, the Marine Highway System started with one vessel -- the Motor Vessel Chilkat. During its first fully operational year in 1963, four ships served the fleet.

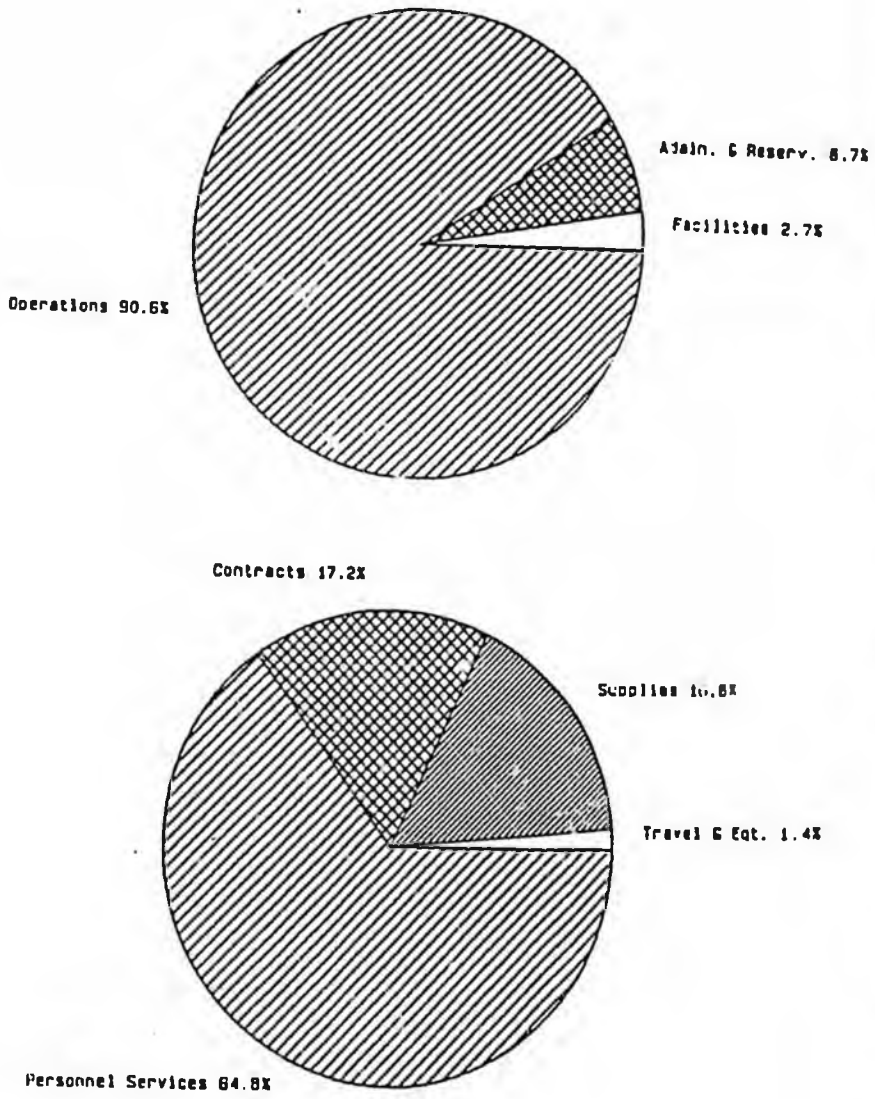
Nine Vessel Fleet. The original system operated from northern terminals at Skagway and Haines, to Prince Rupert in the south. Since then service has been extended to Seattle. And the nine ships, which now comprise the fleet, also provide feeder service in Southeastern Alaska, as well as from the Kenai Peninsula to the island city of Kodiak, to the communities of the Aleutian Chain, and to the communities on Prince William Sound.

The Motor Vessel Columbia is the largest ferry. Built in 1973 the Columbia is 418 feet long, with a capacity for 1,000 passengers and 180 automobiles. She has a service speed of 19 knots. There are 20 2-berth cabins and 71 4-berth cabins.

The other ferries range in size from 100 feet to 408 feet and have passenger carrying capacities ranging from 75 to 750 persons as well as auto and truck carrying capability. Food service, state rooms, cocktail lounges and solariums are available.

Unique System. No other state department of transportation in the nation operates a ferry fleet that offers such extensive service.

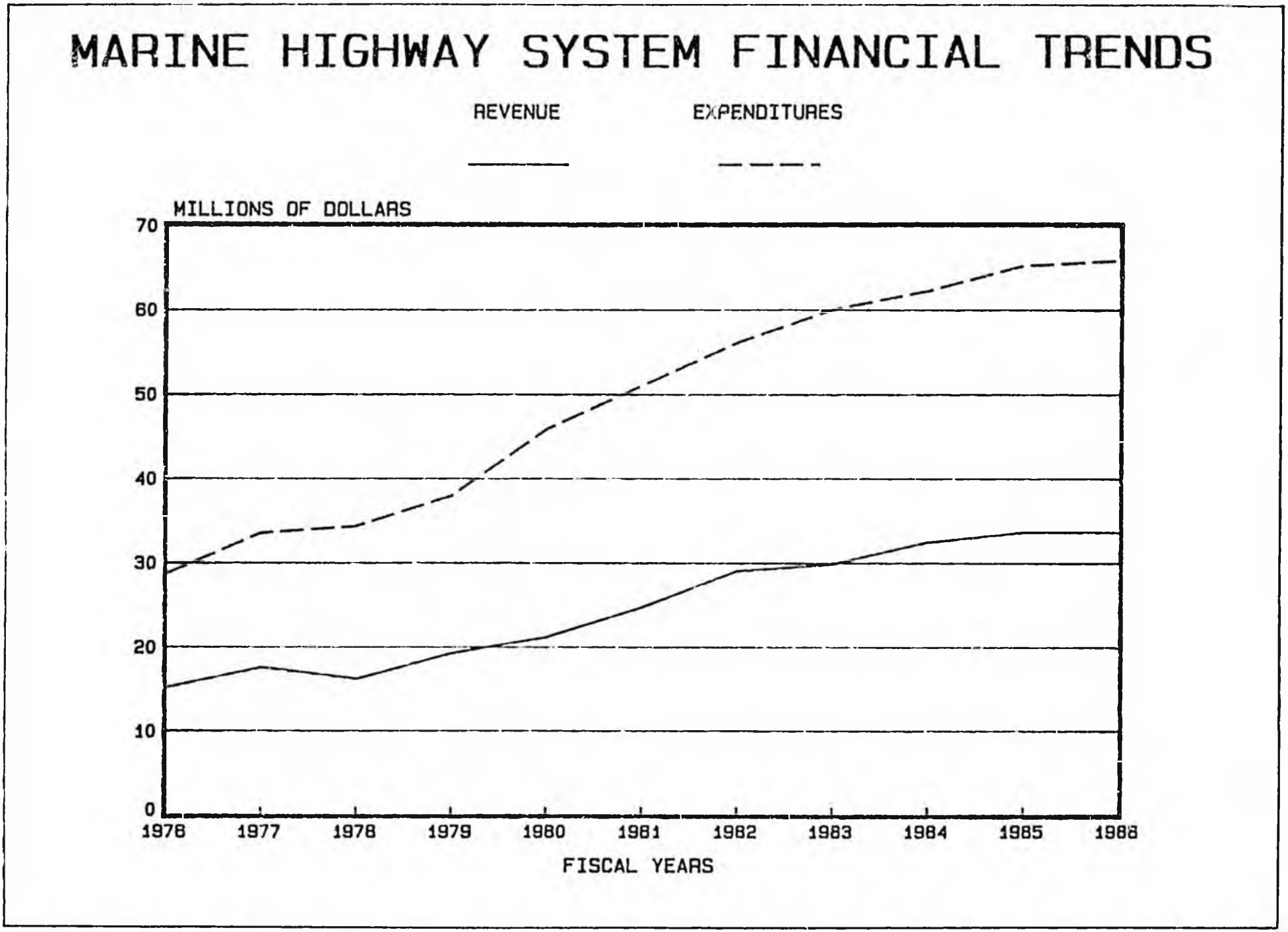
1987 BUDGET



Total: $63.4 Million

ALASKA LEGISLATURE COMMITTEE FILES 1987 - 1988 8672
5136 HTRA COMM. MTGS: CAPITAL PROJECTS CLEANUP

MARINE HIGHWAY SYSTEM FINANCIAL TRENDS



Fares Cover Over Half AMHS Costs. As shown above, passenger and vehicle fares and other en route receipts met about 55 percent of all costs in fiscal year 1986. (FY 1987 expenditures were $65 million while revenues were $33.8 million.) And this relationship between revenues and expenditures has remained approximately steady for the past 12 fiscal years.

Operations Are The Major Costs. As shown in the 1987 budget charts on the right, the costs of ship operations including necessary overhauls and improvements are 90.6 percent ($56.4 million) of all costs. The manning of shore facilitiesand overall administration costs, including the operation of the reservation system, is 9.4 percent ($7.0 million) of budgeted costs.

Personnel Costs Are Almost Two Thirds of All Costs. The 1987 budgeted complement included 879 persons, (705 permanent, 174 seasonal or part-time). To operate the ships safely and efficiently, to maintain the equipment and to serve the personal needs of passengers, AMHS personnel costs are almost two thirds (64.8 percent) of total costs.

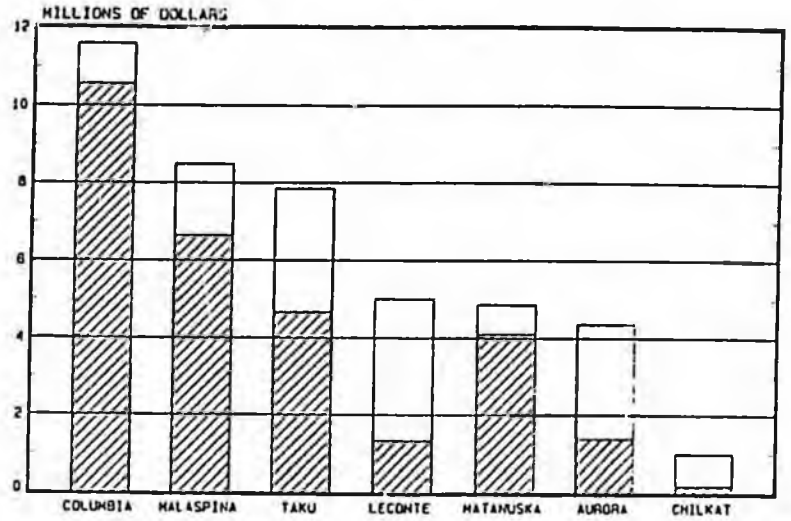
Morale Good. Despite the extensive travel, crew morale seems to be good. Management in recent years has made progress in attending to member concerns and in giving crew members a greater voice in management decisions. Periodic Director and crew meetings have proved to be successful.

Need To Budget For Ship Replacements. The ferries range in age from 10 to 24 years with the average being 18 years old. With ship replacement costs ranging from $10 million for the smaller ships to $100 million for the larger ships, it would be prudent for Alaskans to begin setting aside funds annually to meet replacement needs. As is the case for Alaska's International Airport capital assets, it is suggested that future needs be accounted for in the annual budget process. Passenger and vehicle revenue is the suggested source of depreciation funds.

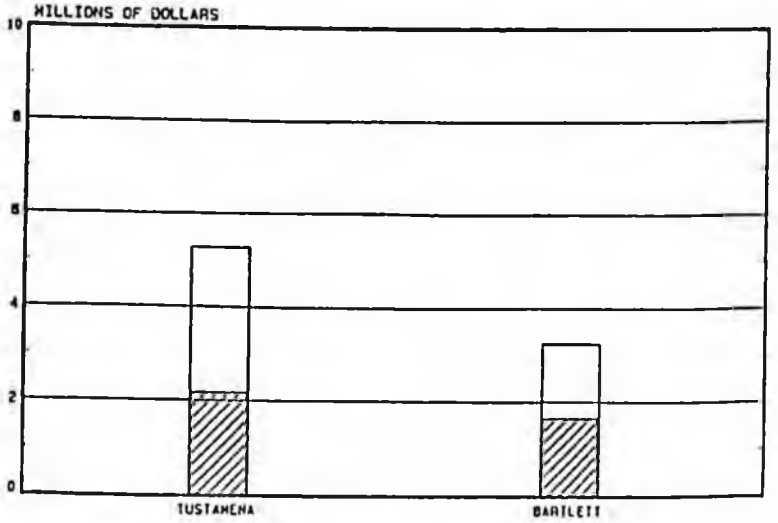
Need For Secure Funding Sources. As is the case for highway planning, ADOT&PF officials need the assurance of secure funds over a three to five year period in order to plan the most effective and efficient program of AMHS operations, maintenance and improvements. Passenger and vehicle revenue should form the base of such funds with set annual supplements from the Legislature and the communities served.

SHIP-BY-SHIP ANALYSIS

SOUTH EAST SYSTEM



SOUTH WEST SYSTEM



AIRPORTS

International

Central Region
- Anchorage International

Northern Region
- Fairbanks International

Regional Center

Central Region
- Bethel
- Cold Bay
- Dillingham
- Kodiak

Northern Region
- Barrow
- Galena
- Kotzebue
- Nome

Southeastern Region
- Juneau
- Ketchikan

District

Central Region
- Aniak
- Cordova Mile 13
- Homer
- Kenai Municipal
- King Salmon
- McGrath
- St. Marys
- Unalaska/Dutch Harbor

Northern Region
- Deadhorse
- Fort Yukon
- Gulkana
- Unalakleet

Southeastern Region
- Petersburg
- Sitka
- Wrangell

Transport

Central Region
- Flat
- Iliamna
- Merrill Field
- Platinum
- Sand Point

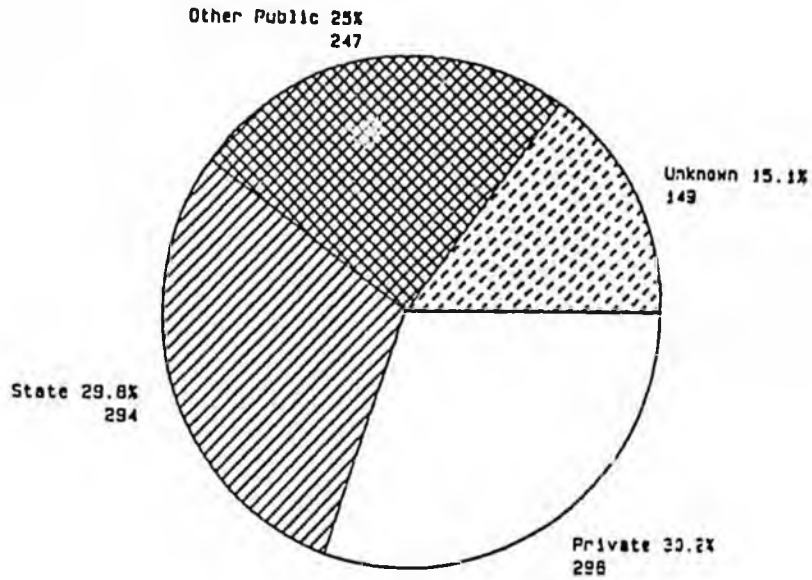
Northern Region
- Bettles
- Dahl Creek
- Prudhoe Bay
- Tok Junction
- Valdez

Southeastern Region
- Klawock
- Yakutat

There are 998 airports and bush landing strips in Alaska with 215 out of 294 state-owned facilities actually maintained by the ADOT&PF. The Anchorage and Fairbanks airports are included in the Alaska International Airport System in that they serve commercial aircraft of many nationalities. Due to their complexity, the International Airports are managed by a special division of the ADOT&PF.

AIRPORT OWNERSHIP

Total: 998

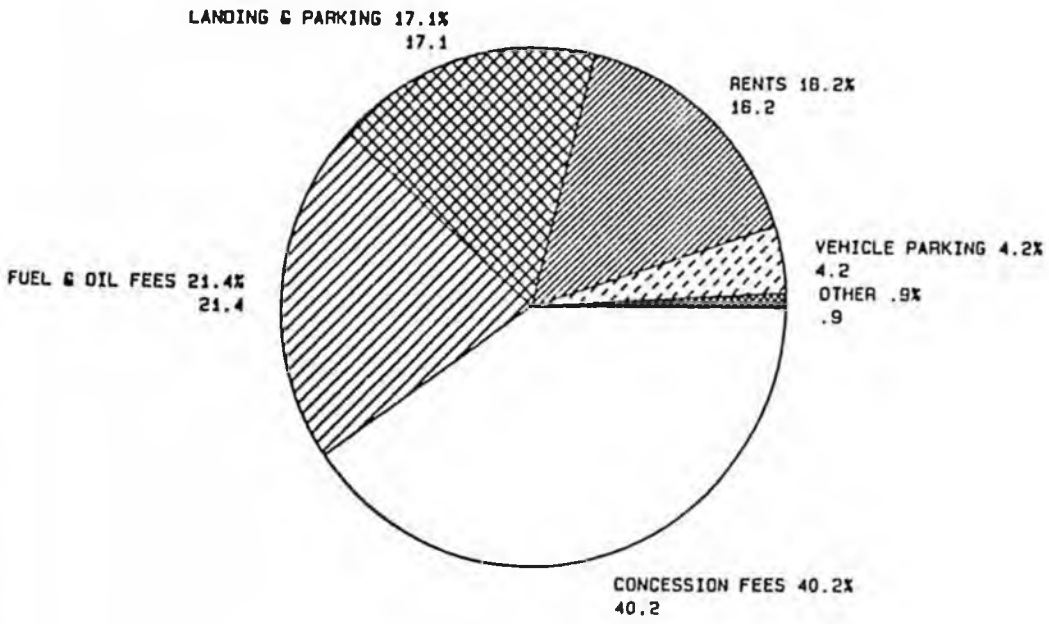


STATE AIRPORTS

FUNCTIONAL CLASSIFICATION	CENTRAL REGION	NORTHERN REGION	SOUTHEAST REGION	TOTAL
INTERNATIONAL	1	1	0	2
REGIONAL CENTER	4	4	1	9
DISTRICT	7	4	3	14
TRANSPORT	4	5	2	11
COMMUNITY	83	46	17	146
LOCAL	39	50	23	112
TOTAL:	138	110	46	294

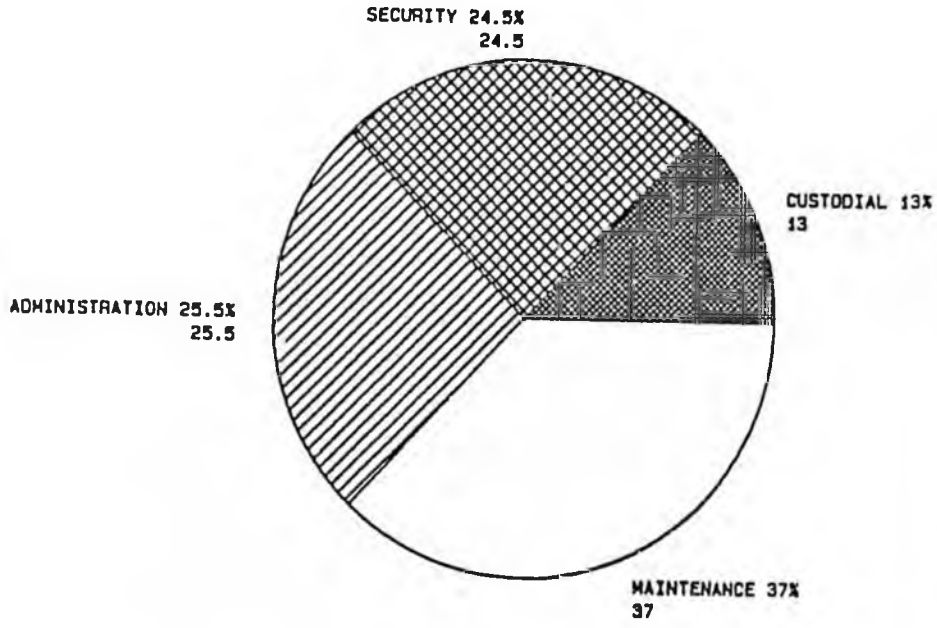
INTERNATIONAL AIRPORTS

1986 REVENUE



TOTAL: $47.9 Million

1986 OPERATING EXPENSES



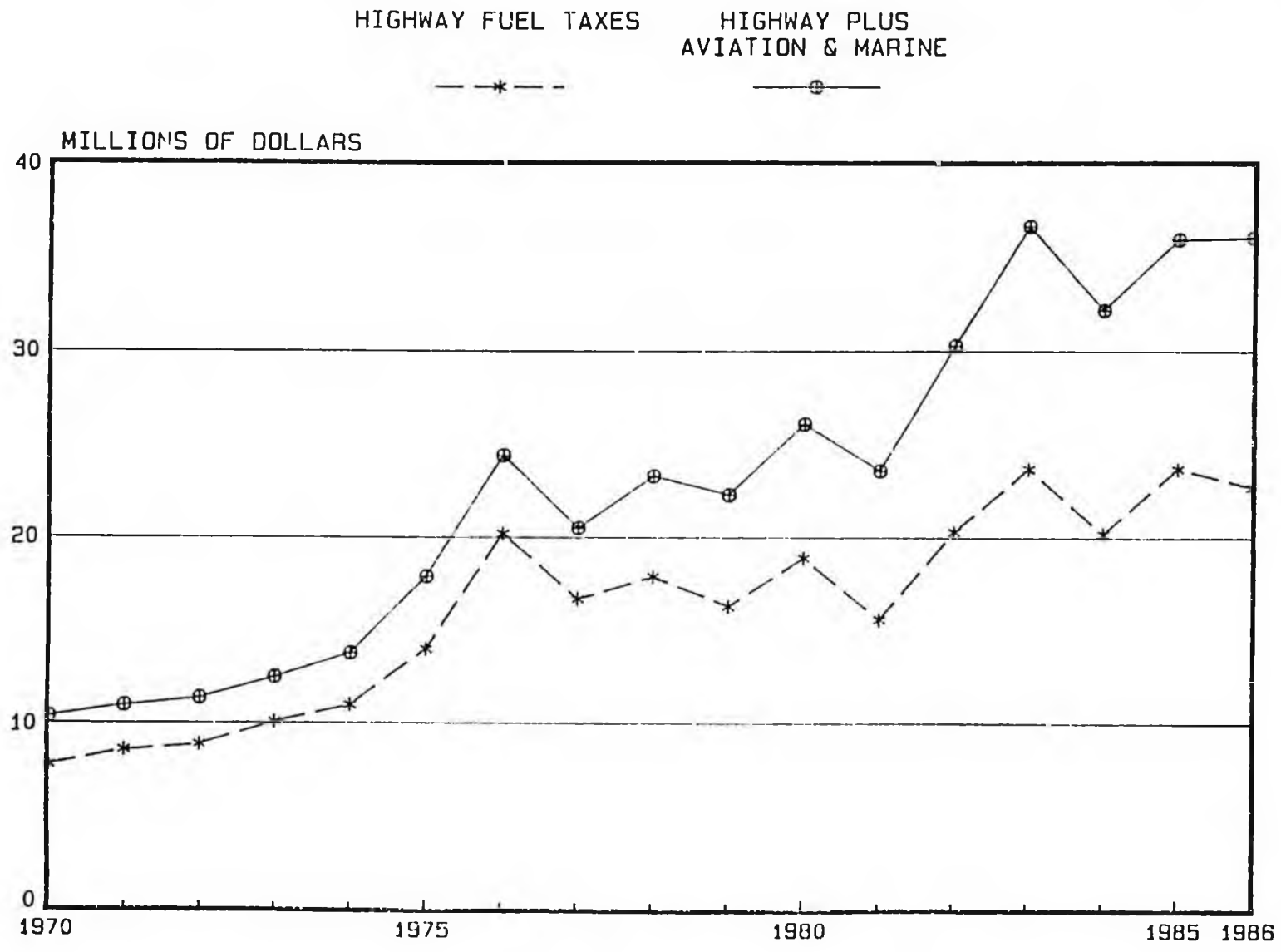
TOTAL: $25.5 Million

Because of its fast growth, extensive capital needs, self-sufficient nature and the need to guarantee the amortization of Alaska International Airport System bonds, all operating revenue generated and all expenditures are accounted for in a special Enterprise Fund. As indicated, revenues in fiscal year 1986 amounted to $47.9 million up from $42.5 million in 1985. And despite Alaska's economic downturn, revenues continued upward in 1987 to $48.9 million. As of June 30, 1986 the combined value of the two airports stood at $293 million up from $251 million a year earlier.

Bond Debt Up. At the close of fiscal year 1988 bonded indebtedness stood at $41.9 million. An additional $38.0 million of revenue bonds were issued in November 1986 for construction of the parking garage at the Anchorage International Airport.

Improvements. In fiscal year 1986 the $22.4 million in operating income together with $2.0 million in federal grants and net interest income of $0.9 million were used to make bond principal payments ($2.0 million), to increase restricted assets ($0.1 million), to increase working capital ($3.8 million) and to upgrade airport property, plant and equipment ($19.3 million).

MOTOR FUEL TAX TRENDS



Secure Funding Source Needed. One of the problems of providing a secure, predictable source of funds for Alaska's State Highway Program is that the highway user tax base does not provide enough revenue to support highway system maintenance and improvement needs. However for most other states of the nation the motor fuel taxes, the auto and truck registration fees and assorted other taxes and fees levied on motor vehicles and their use do provide the necessary funds to support the State Highway Program. The success of the nation's highway programs is largely attributable to the fact that secure and predictable highway user taxes have met the capital, operating and maintenance needs.

Low Highway User Taxes And Fees. The reason that Alaska's highway user taxes and fees do not meet highway program needs is that they are low in comparison with other states.

For heavy trucks, Alaska ranks lowest in the nation with a tax load of $1,598 per year or 2.0 cents per vehicle-mile of heavy truck travel. This compares to Washington which collects over three times as much ($4,990 per truck, and 6.2 cents per vehicle-mile of heavy truck travel). The highest taxer of heavy trucks is Arizona which collects $11,012 per truck or 13.8 cents per vehicle-mile of heavy truck travel.

For automobiles, Alaska ranks 37th among the states with a $122 tax per average automobile or 1.0 cents per vehicle-mile of travel. The highest in the nation is Rhode Island with an annual tax load of $731 per automobile or 5.9 cents per vehicle-mile of automobile travel (six times the Alaska load). The lowest is New York at $73 per year and 0.6 cents per vehicle-mile of travel. Washington's annual tax on automobiles is $310 per vehicle or 2.5 cents per vehicle-mile of auto travel.

The above facts are based on a 1987 U. S. Department of Transportation report, "Road User and Property Taxes". The taxes and fees were those in effect on January 1, 1987. Included are all highway user taxes and, where applicable, state personal property taxes. The study compared annual taxes on a 80,000 lb. gross vehicle weight truck/trailer combination driven 80,000 miles per year and a 4,200 lb. gross vehicle weight automobile driven 12,500 per year.

Raising Motor Fuel Taxes. Alaska's motor fuel tax, which has not changed since 1961, is eight cents per gallon and the revenue trend from the tax is as shown in the chart.

A comparison of the 1986 revenues with 1988 State Highway Program receipts (page I-5) shows a wide disparity. A ninefold increase in the tax on fuel used in highway travel would have been required to raise the $200.5 million per year of state funds, including debt service, motor vehicle law enforcement and highway safety programs.. Over a fivefold increase in total motor fuel tax receipts (highway plus aviation and marine fuel taxes) would have been required to raise the $200.5 million of state funds used to support the 1988 State Highway Program

However as shown on page III- 11, a doubling of the total motor fuel tax would meet the FY 1988 budget for highway and airport maintenance. As has been the experience of state highway program managers in other states, the earmarking of highway user taxes and fees (or other taxes, such as mineral severance taxes) for the state highway program or distinct parts of the program, such as highway maintenance, enables program managers to better plan for efficient and effective use of the funds.

Maintaining Balance Between Competitors. The Alaska Railroad Corporation and private truckers compete for freight movement in some important corridors. And it is important to maintain the existing balance in trucking and railroad costs when enacting highway finance initiatives. Higher highway user taxes would immediately change costs in the trucking industry to the railroads advantage -- unless the railroads costs were raised concurrently.

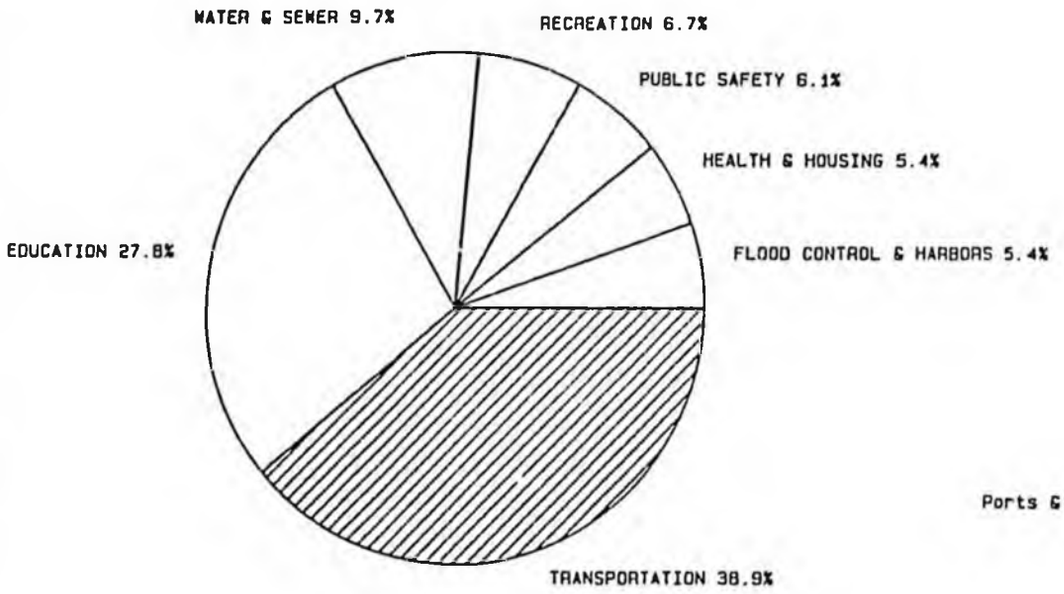
Two Possibilities That Need Further Study. One solution is enactment of legislation requiring the Alaska Railroad Corporation to pay motor fuel taxes. The Railroad is currently exempt from such taxes.

A second solution is to establish a regulation requiring the Alaska Railroad Corporation to pay monthly, quarterly or annual fees to the Alaska Treasurer in lieu of the taxes.

In either case it is suggested that at least half of the added railroad payments be used for railroad/highway grade separations. This would expand the program of constructing grade separations thereby enhancing safety and the efficiency of both rail and truck freight operations.

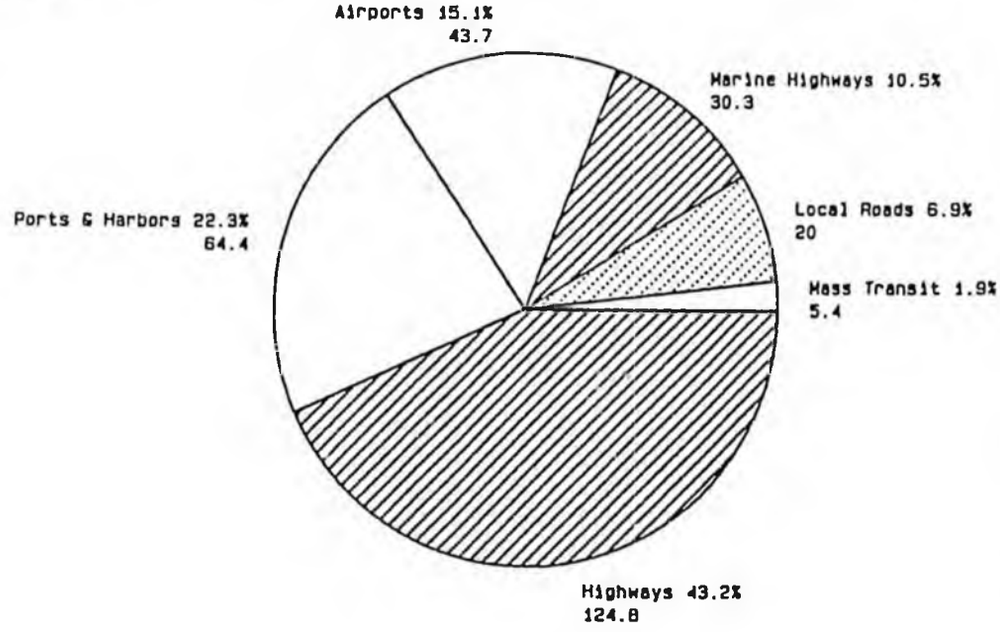
STATE BONDS

TOTAL SINCE STATEHOOD



TOTAL: $1.4 BILLION AS OF 6/30/84

TRANSPORTATION DEBT



TOTAL: $288.6 MILLION AS OF 12/31/86

Transportation Debt Being Rapidly Amortized. As shown in the right hand pie chart, the state transportation debt stood at $288.6 million as of December 31, 1986. This is down by $47.6 million from the close of the previous calendar year and $95.5 million down from two years previous. At that rate of amortization, state transportation bonds will be eliminated in six years.

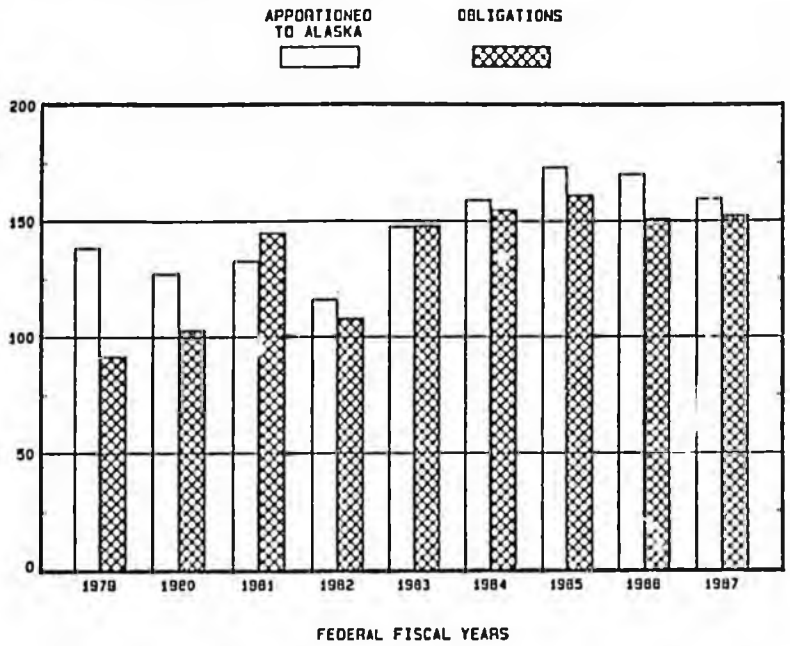
At $155.1 million, the debt for land highways and the Marine Highway System represented 53.7 percent of the December 31, 1985, transportation debt. (The revenue bonds sold by the Alaska International airport System are not included in the charts.)

Some states rely extensively on the bond market for their state highway capital improvement programs. As a nation, total state highway debt was $20 billion as of December 31, 1985,the latest year in which debt summary information is available.

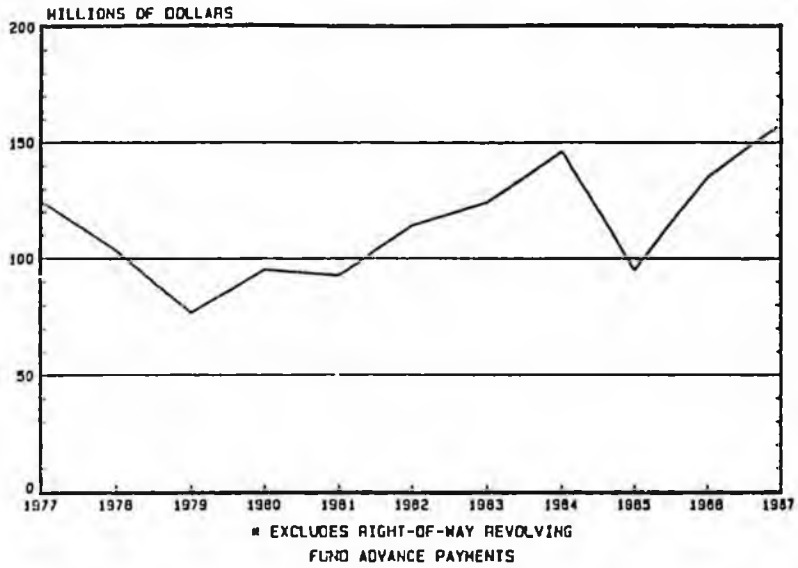
Alaska leads The Way in Public/Private Cooperation. Alaska has three outstanding examples of private funding for highway construction – 1) the 416 mile Dalton Highway built by oil interests; 2) the 50 miles of Red Dog Mine Access Road being financed by the Alaska Industrial Development Authority which will be reimbursed by private mining interests; and 3) the $1.3 million contribution by a trucking firm for the upgrading of the Klondike Highway to allow heavy-laden ore trucks to gain access from Canadian mines to the port at Skagway.

Military Involvement Also Important. The construction of the Alaska Highway in both Canada and Alaska by the U.S. Army during the early part of World War II was also a tremendous contribution to Alaska highway development.

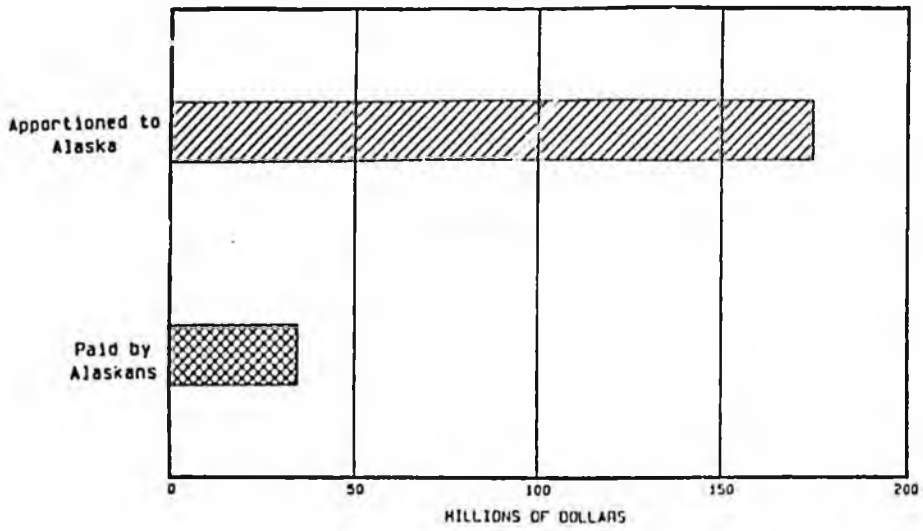
FEDERAL AID HIGHWAY PROGRAM



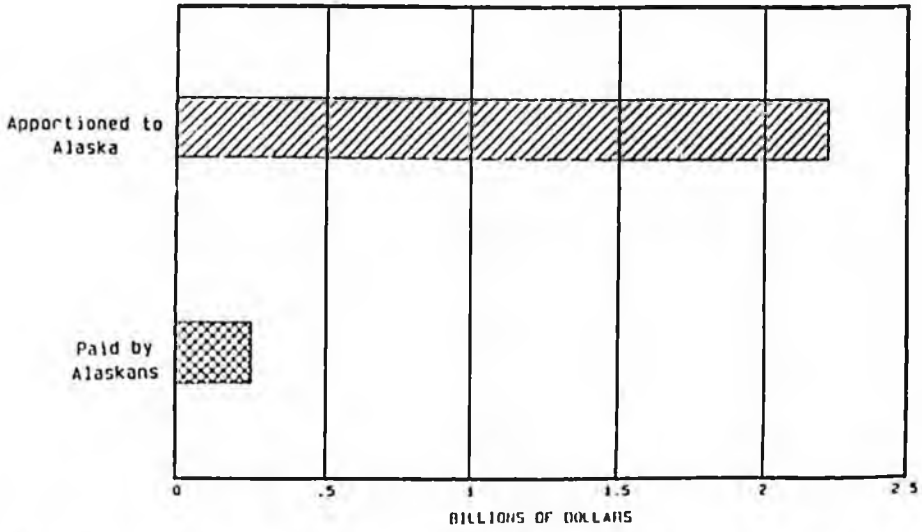
REIMBURSEMENTS



FY 1985



SINCE 1956



Federal Aid Highway Program Critically Important To Alaska. The chart on the upper left indicates the trends in the amounts of federal funds:

1) apportioned to Alaska, and 2) made available after budget limitations were applied by lawmakers and actually used (obligated for subsequent spending on Alaska road and bridge improvements). Federal aid highway funds are restricted by federal mandate for highway, ferry and ferry terminal improvements as well as planning, research and safety activities. Federal funds cannot be directed to highway maintenance activities.

1987 A Record. The upper right chart tracks actual payments to Alaska from 1977 to 1987 (federal fiscal years). Note that 1987 was Alaska's record-high year for Federal Aid Highway Program receipts. The federal funds stem largely from a nine cents per gallon tax on gasoline, a three cents per gallon tax on gasohol, a 16 cents per gallon tax on diesel and other special motor fuels, as well as a 12 percent sales tax on heavy truck and truck trailer purchases, a tax on truck tire sales and an annual use tax on heavy trucks. The federal highway user taxes are accounted for in the U.S. Treasury in a Highway Trust Fund and apportioned to each state for the modernization of major highway systems and bridges.

Federal Budget Controls Limit Spending. For the October 1, 1985 to September 30, 1986 federal fiscal year, Alaska was apportioned $165 million of authorized funds, but due to federal obligational control limitations only $151 million of the apportioned funds were actually available to Alaska. In other words $14 ($9 federal and $1 state) million worth of highway improvement projects could not be started because the obligation ceiling restricted the use of authorized and available Highway Trust Fund money.

Slowdown In Highway Improvements. The situation is far worse for fiscal year 1988 because it is controlled by the authorization levels mandated by the Surface Transportation and Uniform Relocation Assistance Act of 1987. This act reduced annual authorization levels over the 1988 to 1991 period. Furthermore, obligational control further limits fiscal year 1988 funds to about $130 million. Unless obligational controls are lifted, Alaska's highway improvement program will be sharply lower than the 1983 to 1987 experience.

Federal Incentives For Road And Bridge Modernization. The portion of the cost borne by federal highway user taxes, depends on the Federal Aid Highway System -- Interstate, Primary, Secondary, Urban classification of the road to be improved. Federal funds will participate in 94.7 percent of the cost of Interstate Highway System original construction or rehabilitation, 91.4 percent of the cost of improving the other Systems and 80 percent of bridge replacement or rehabilitation costs. Overall, every dollar of Alaska funds that are made available for highway and bridge improvements is matched by nine dollars of Federal Highway Program funds -- up to the limit of federal obligation authority. This is a great incentive for Alaska highway and bridge modernization.

Alaska Benefits The Most From The Federal Aid Highway Program. The bottom left chart indicates the amount of Federal Aid Highway Program funds apportioned to Alaska in 1985, as well as the amount of federal highway user taxes paid by Alaskans in that year. The bottom right chart summarizes both Alaska's apportionment of Federal Aid Highway Program funds and Alaskans payment of federal highway user taxes over the 1956 to 1985 period. At five and one half to one for FY 1985 and nine to one overall, Alaska leads all other states in the ratio of apportionments to taxes paid. This is due primarily to the fact that state apportionments of federal funds are related to the extent of land area in each state. Alaska, having the largest proportion of land of any state in the nation, receives disproportionally large shares of Federal Aid Highway Program funds.

Non-monetary Benefits. Besides financial assistance, there are other benefits that come with a strong Federal Aid Highway Program. First, it is required that national design standards be used and this promotes national uniformity as well as the safest possible highway environment. Second, federal officials on the scene in Alaska (the Juneau office of the Federal Highway Administration has a 12-person professional staff) provide both an oversight function as well as technical assistance to ADOT&PF officials. Lastly, the long standing spirit of cooperation that has prevailed between federal and ADOT&PF officials has been a stabilizing influence in Alaska's program of highway improvement.

CHAPTER II

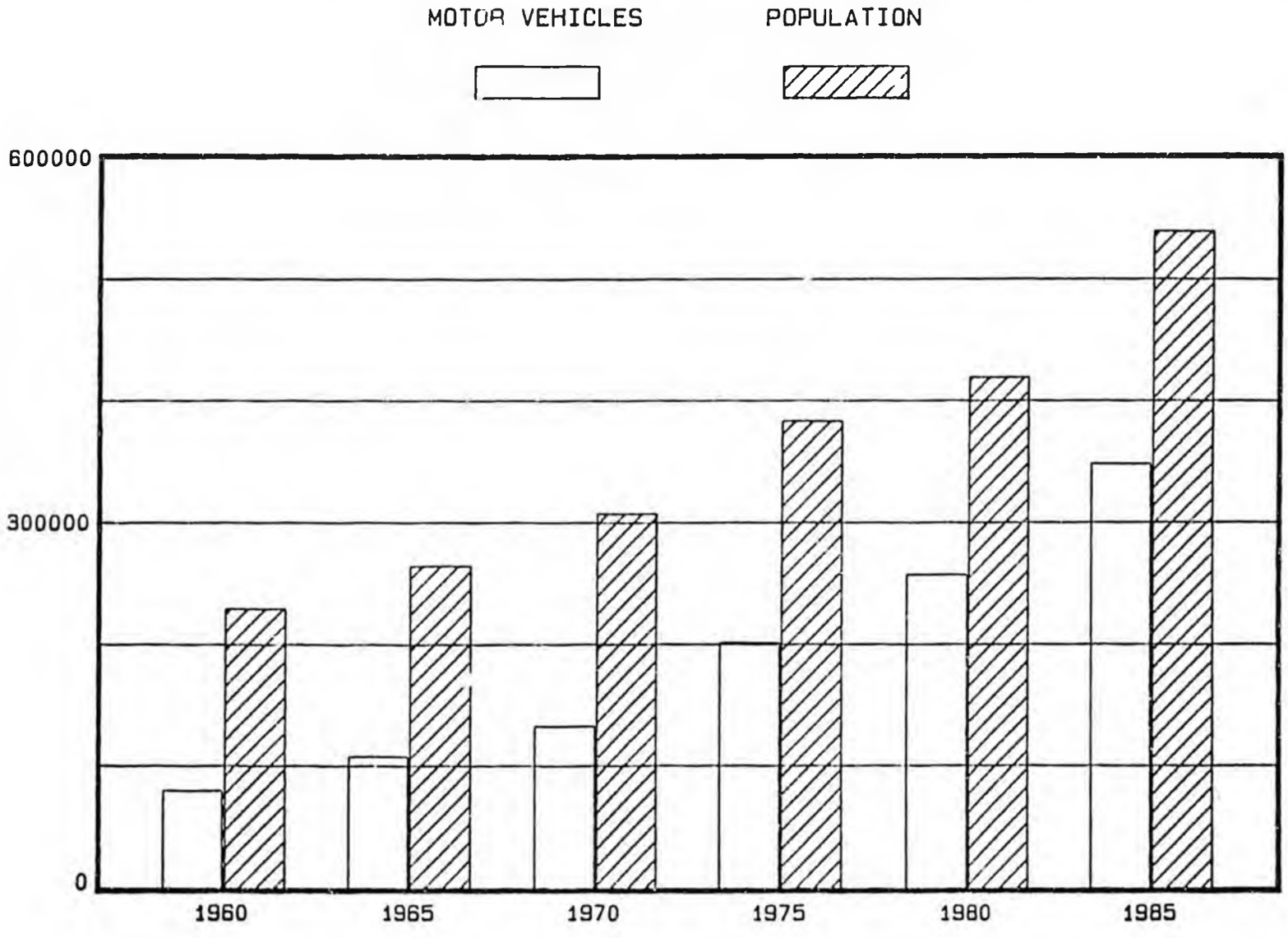
HIGHWAY PERFORMANCE AND CONDITION

CHAPTER II

Highway Performance and Conditions

Population, Registered Motor Vehicles, Motor Vehicle Travel and Traffic Safety Trends are Analyzed. The Status of Alaska's Highways and Bridges as well as the Means for Measuring the Status are Reviewed. The Trends in Passengers and Vehicles Carried by the Marine Highway System are Presented along with the Trend in Airport Use. Where applicable, Comparisons are made with National Averages.

POPULATION AND MOTOR VEHICLE TRENDS

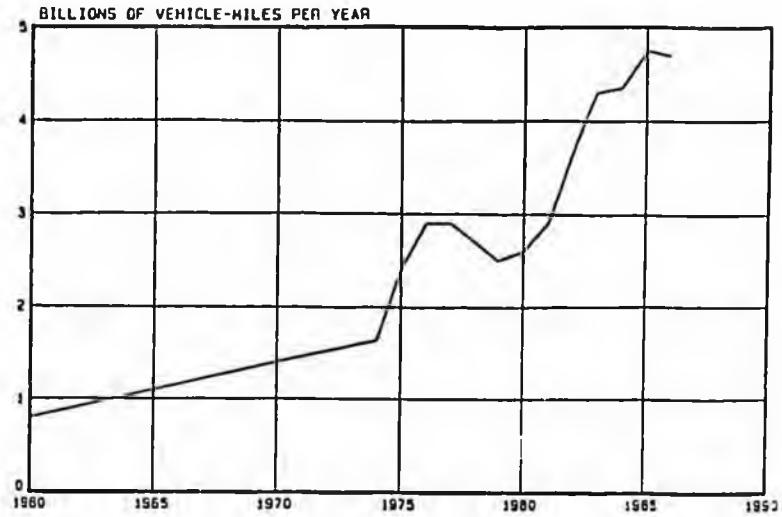


National Comparison. For the last 25 years, the total United States population increased by 30 percent while registered motor vehicles doubled and travel tripled. Significant as these statistics are, Alaska's growth far surpasses the national averages. Between 1960 and 1985 Alaska's population doubled while the number of registered motor vehicles quadrupled and the vehicle miles of motor vehicle travel increased sixfold.

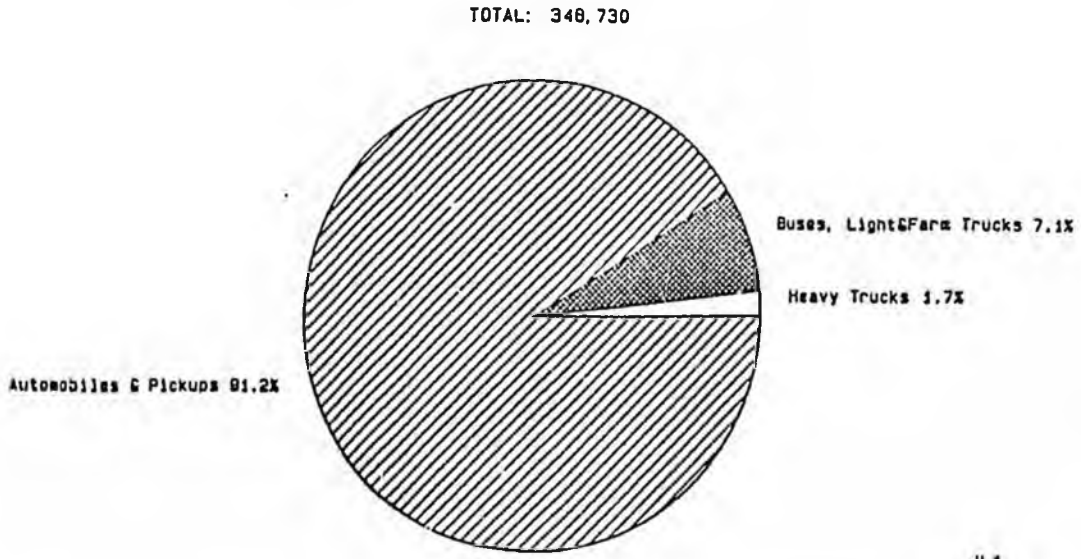
Motor Vehicles Catching Up With People. Like the rest of the nation, the number of registered motor vehicles is approaching unity with population. In 1960 there was one vehicle for every three people in Alaska. Now there are two vehicles for every three Alaska citizens.

Anchorage Important. Just under half (47 percent) of Alaska's citizens live in Anchorage and almost a third (31 percent) of the motor vehicle travel is on Anchorage urbanized area streets and state highways.

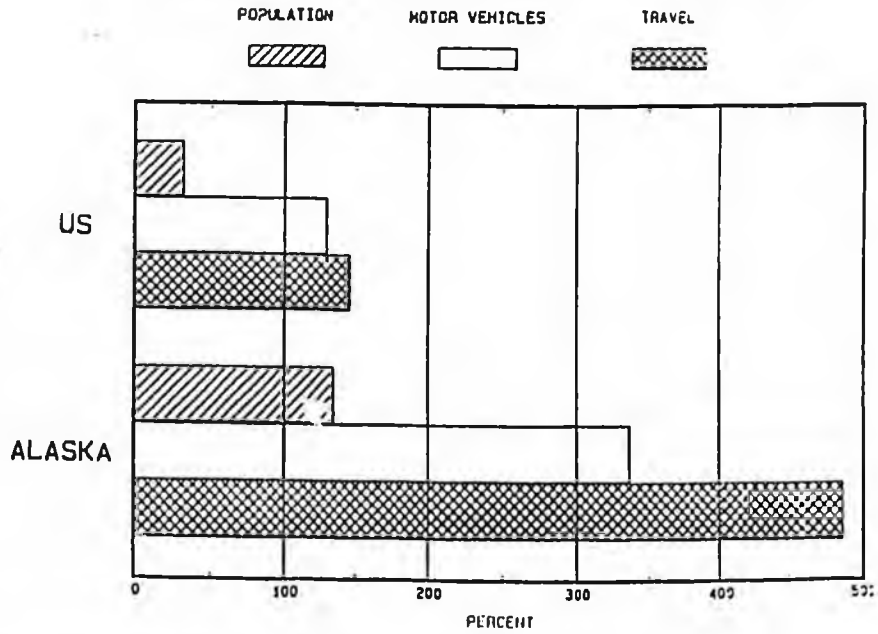
MOTOR VEHICLE TRAVEL TREND



1985 REGISTERED MOTOR VEHICLES

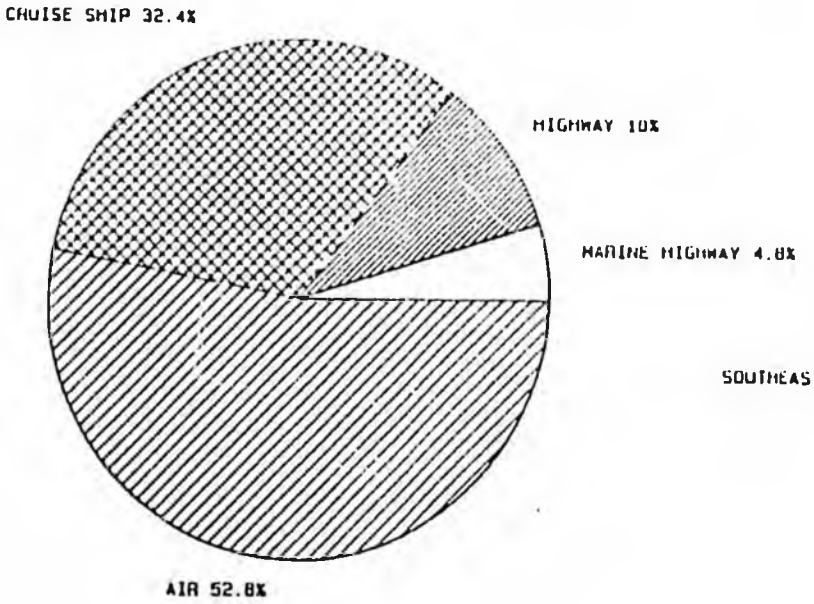


1960-1985 PERCENT INCREASES



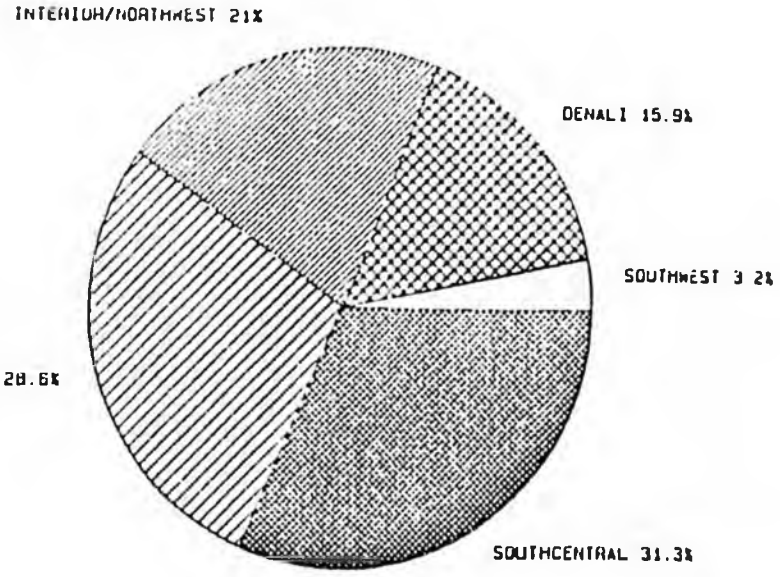
1985 VISITORS TO ALASKA

MODE OF TRANSPORTATION



431,200 ENTERING VISITORS
SUMMER 1985

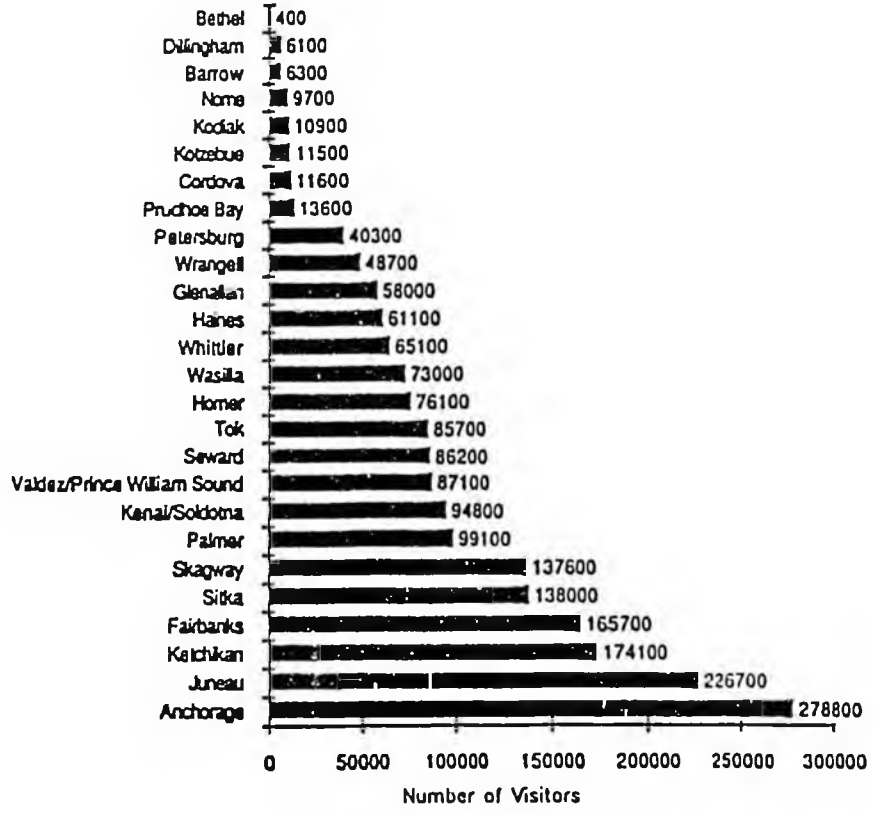
REGION VISITED



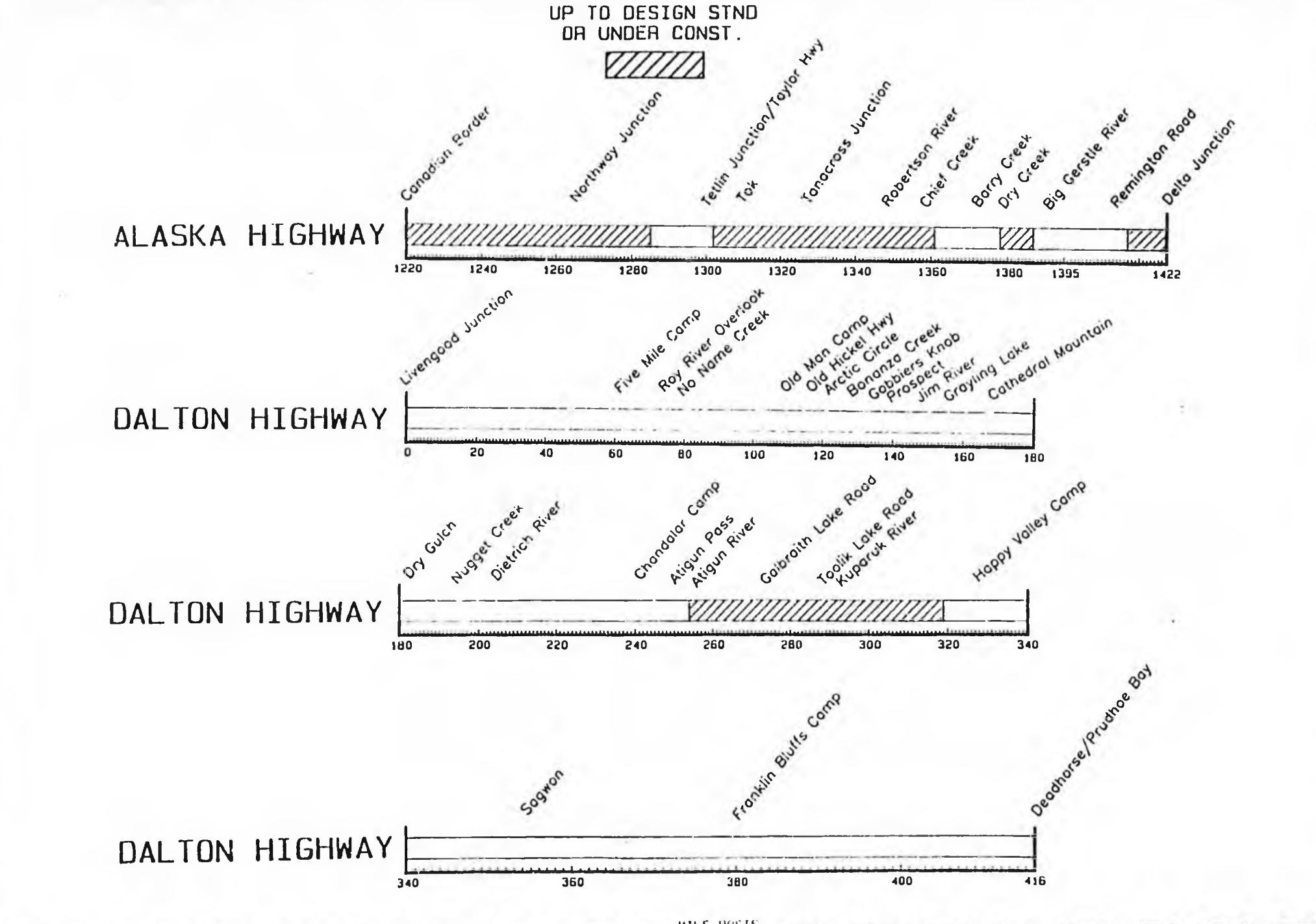
TOTAL VISITS: 904,600
SUMMER 1985

While much of Alaska's future is difficult to predict because of its heavy ties to resource development, Alaska's picturesque scenery and exceptional hunting, fishing and camping opportunities are certain to continue attracting national and international visitors. A 1985 survey of Alaska's visitors shows the significance of the travel modes and the popularity of the various regions and communities.

NUMBER OF VISITORS TO COMMUNITIES



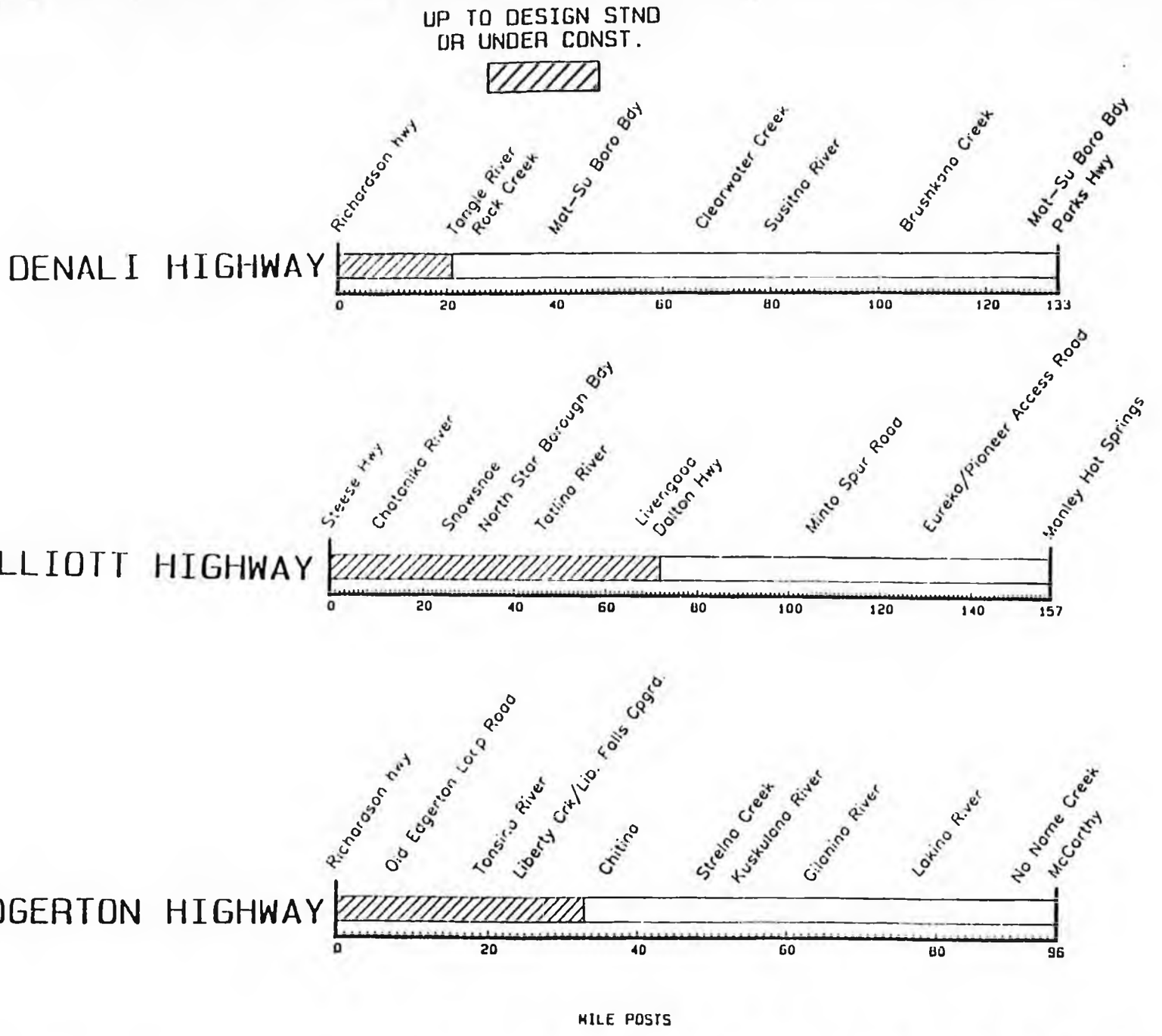
ANALYSIS OF NORTHERN REGION HIGHWAYS



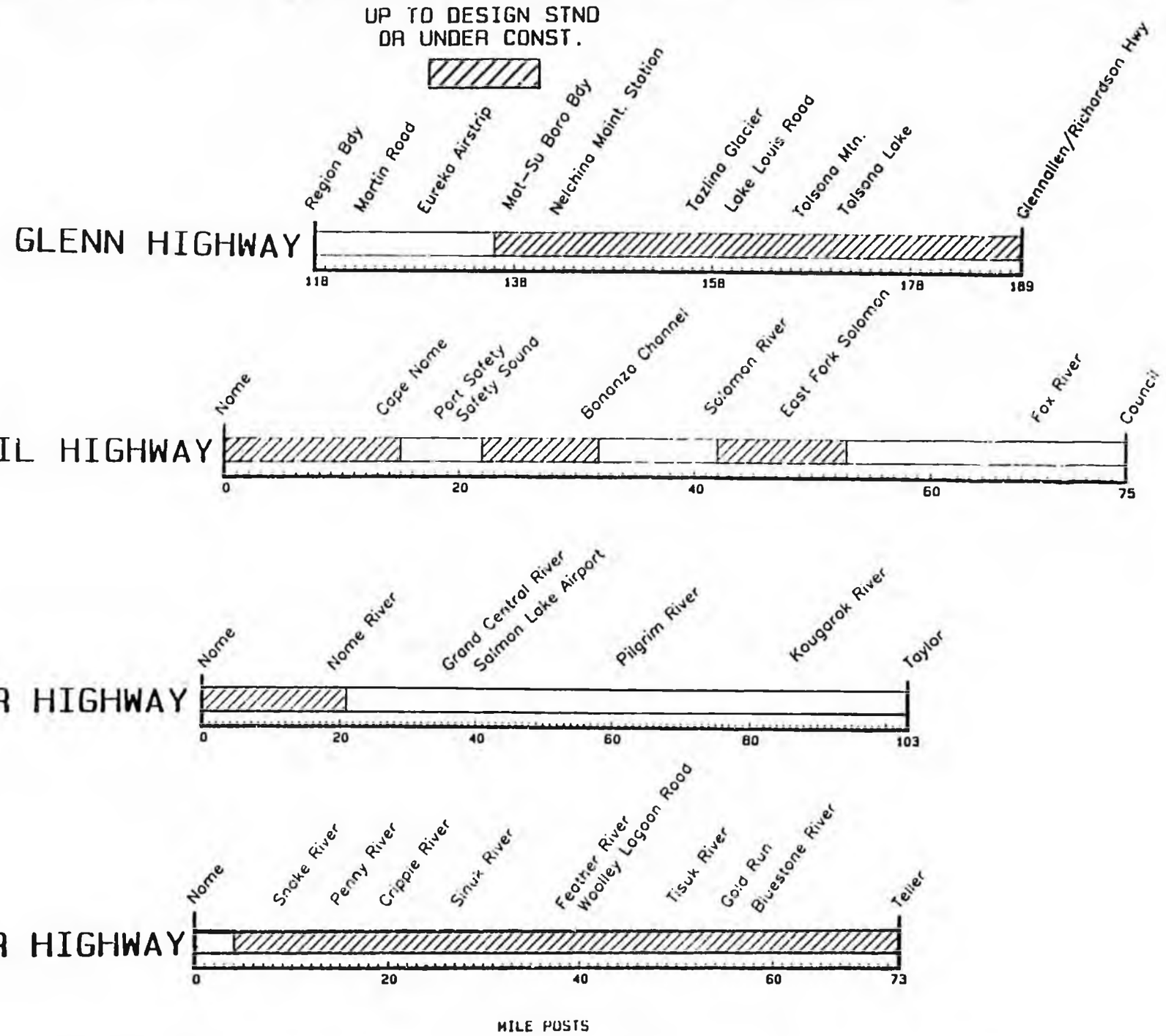
The page above and the following six pages graphically show the status of Alaska's major state highways. The cross-hatched sections were being improved in 1987 or were judged by ADOT&PF planners and engineers to meet tolerable standards of design. The blank sections are judged to be intolerable in terms of surface conditions, pavement width or alignment. A cursory review shows that about half of the road miles have tolerable physical and traffic service characteristics while half have serious deficiencies that need to be corrected.

The charts are arranged by ADOT&PF Region beginning with the Northern Region which has the most extensive miles of state highway.

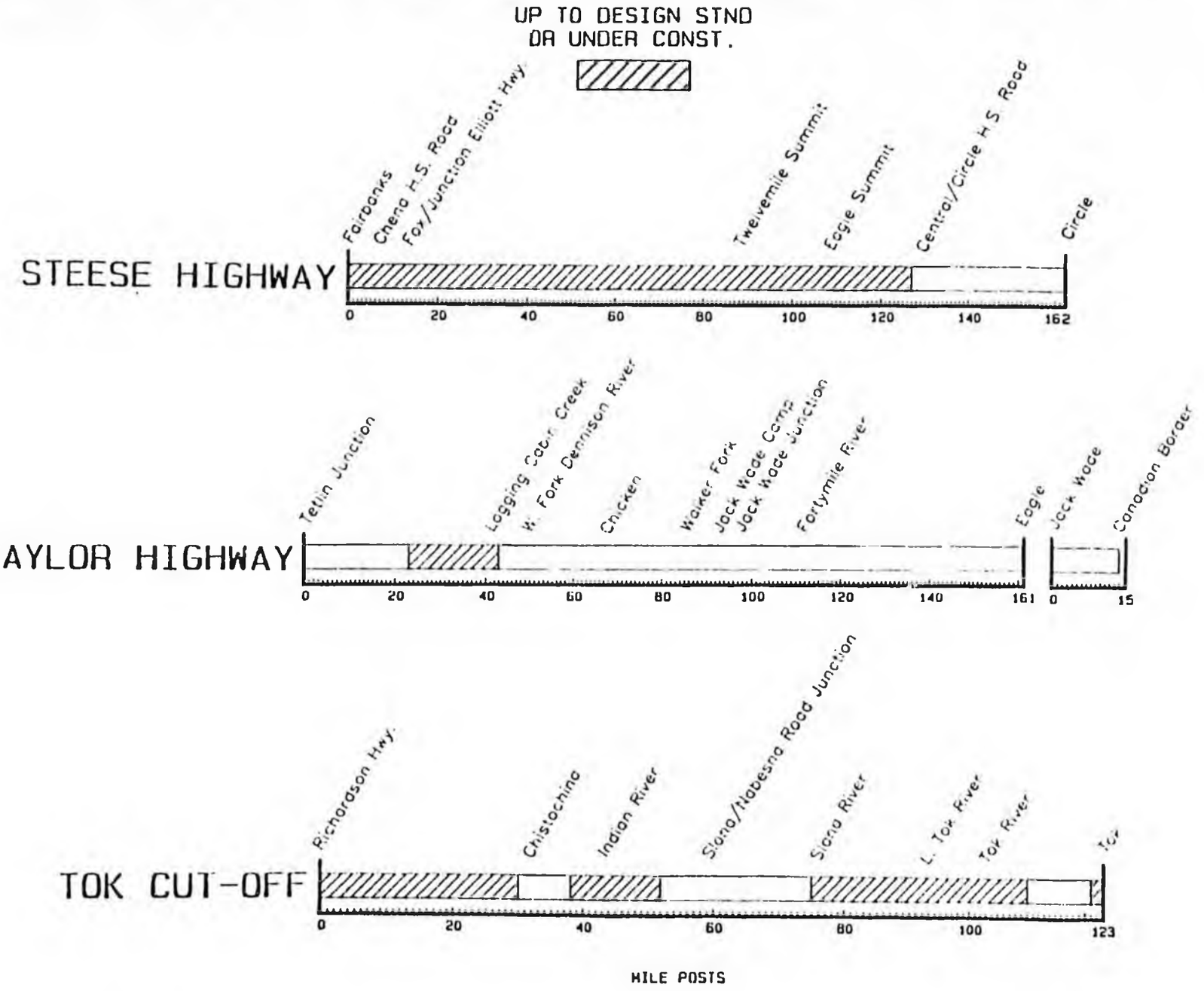
ANALYSIS OF NORTHERN REGION HIGHWAYS



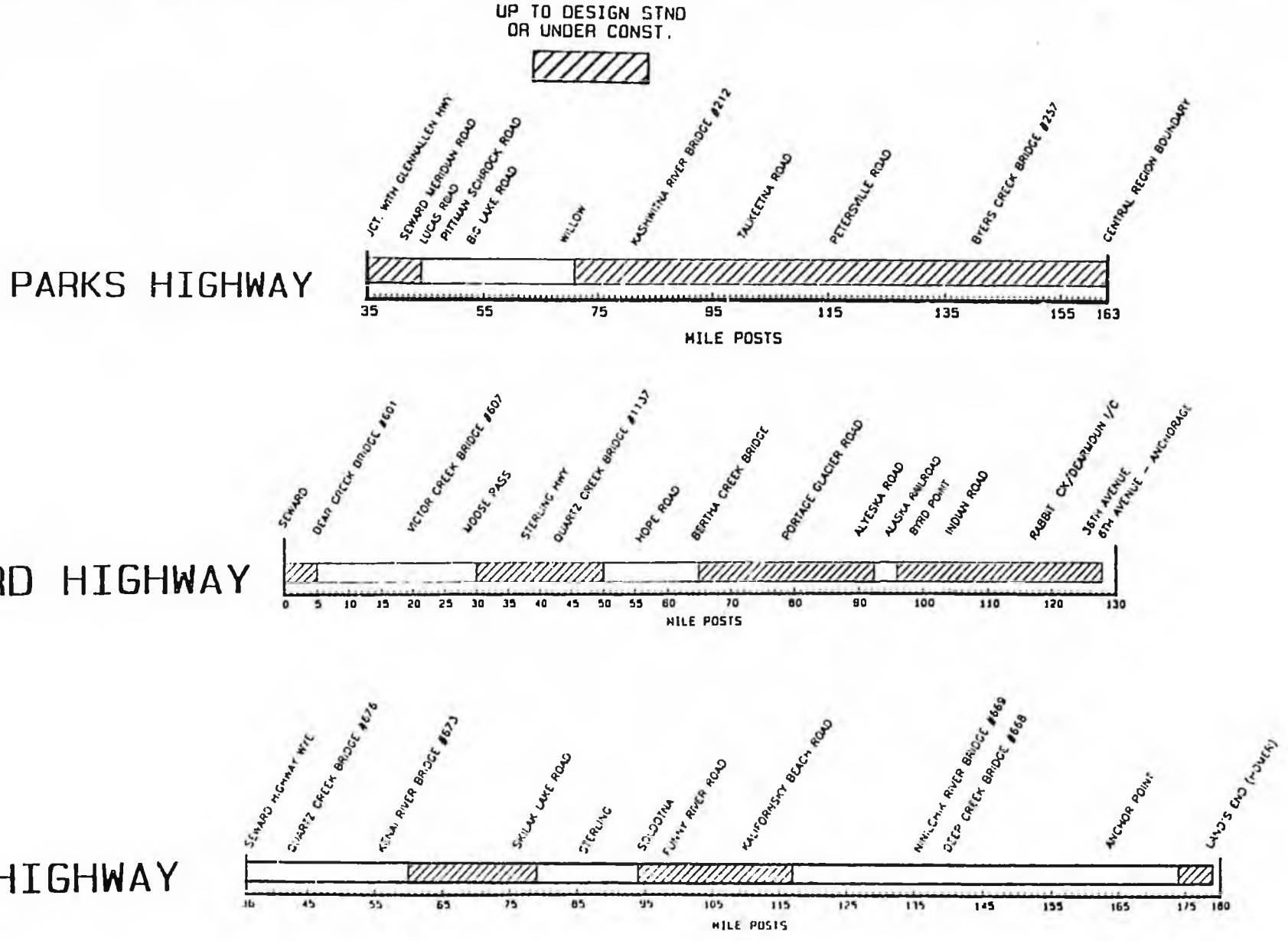
ANALYSIS OF NORTHERN REGION HIGHWAYS



ANALYSIS OF NORTHERN REGION HIGHWAYS



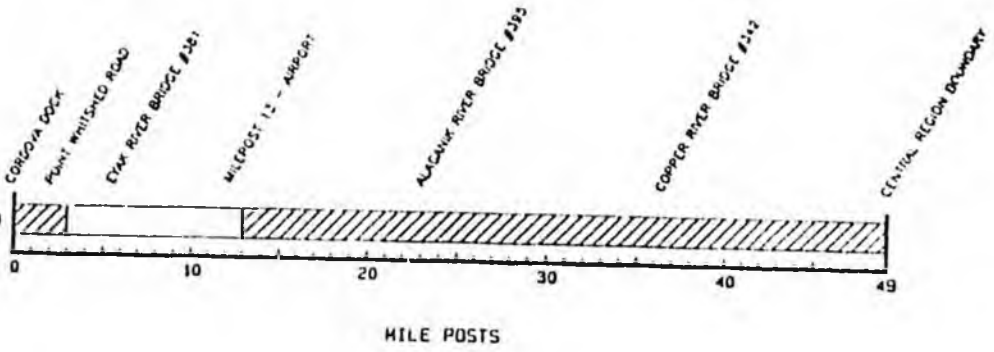
ANALYSIS OF CENTRAL REGION HIGHWAYS



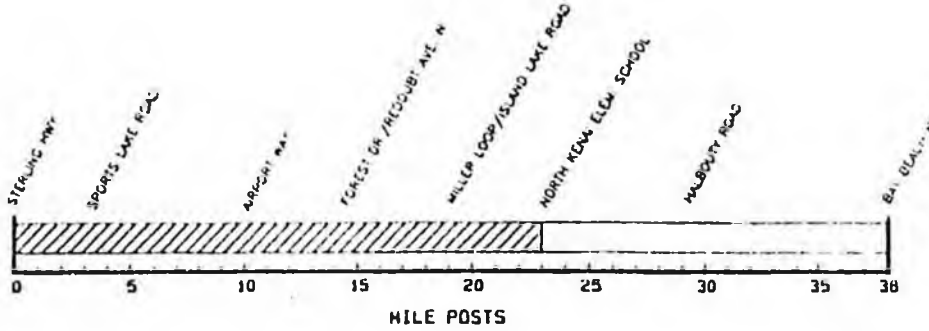
ANALYSIS OF CENTRAL REGION HIGHWAYS

UP TO DESIGN STND
OR UNDER CONST.

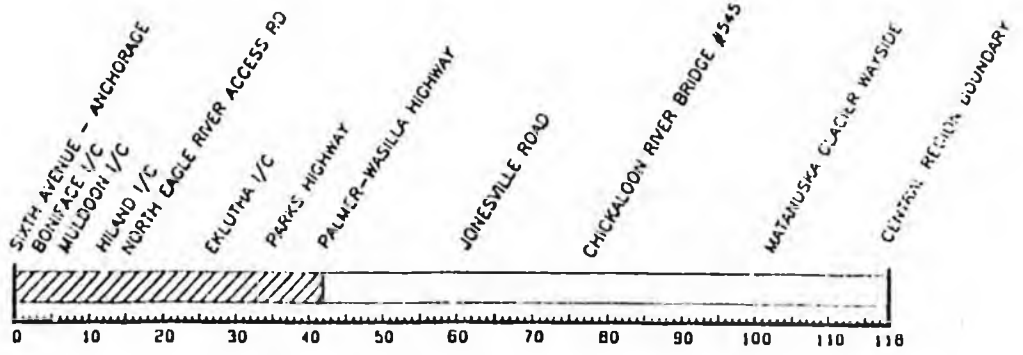
COPPER RIVER HIGHWAY



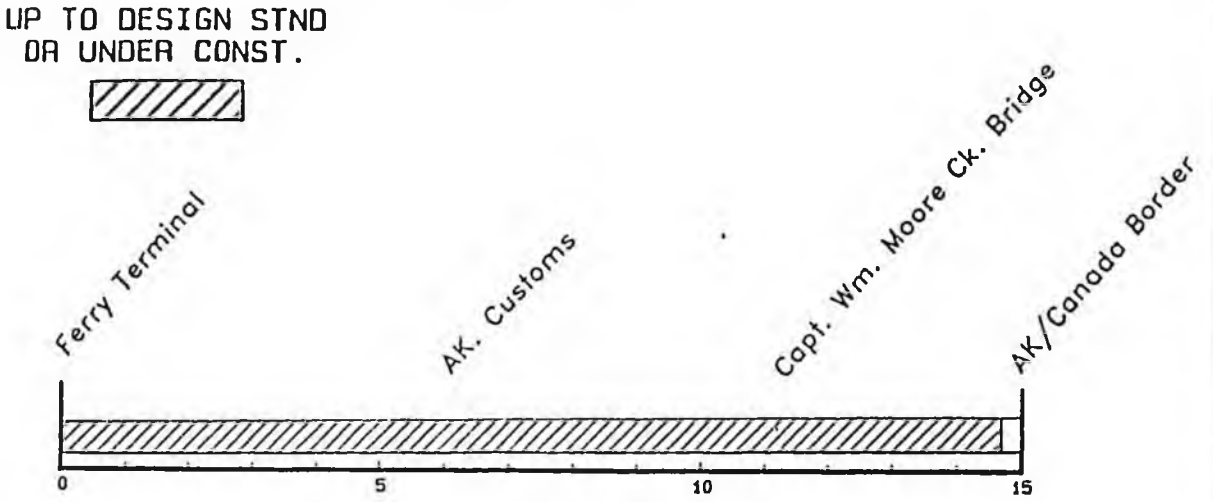
KENAI SPUR ROAD

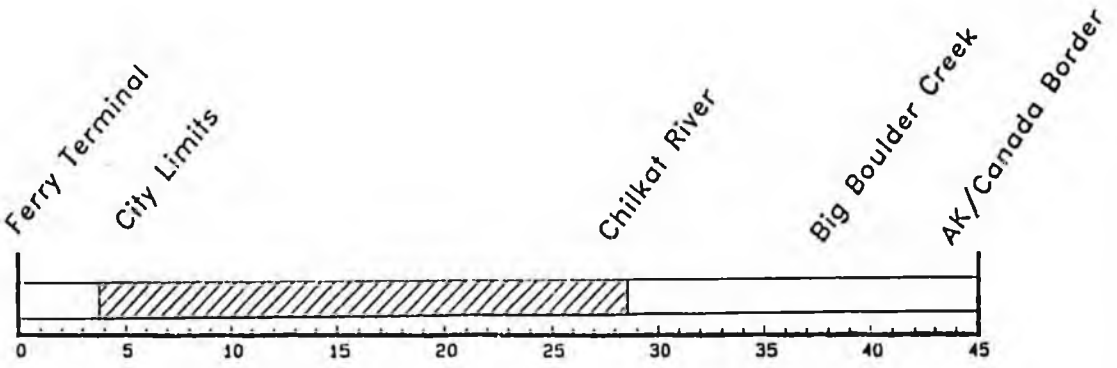


GLENN ALLEN HIGHWAY

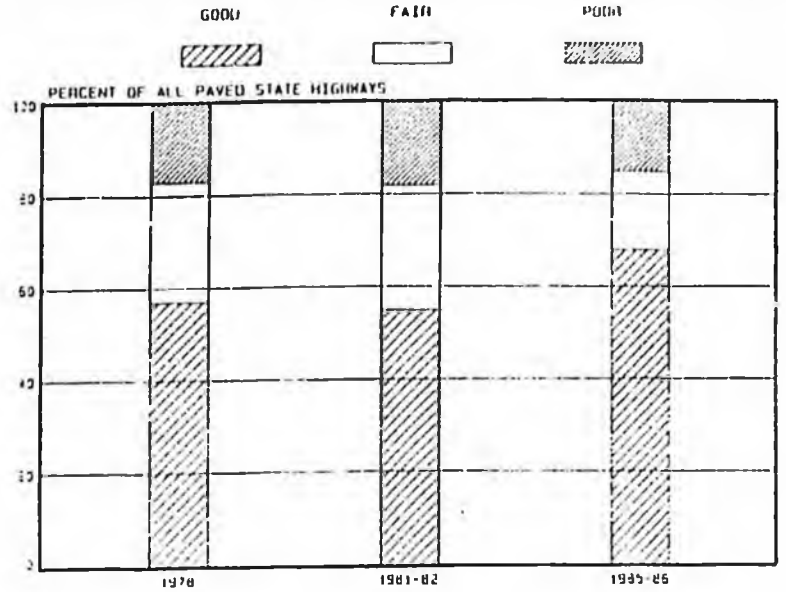


ANALYSIS OF SOUTHEAST REGION HIGHWAYS

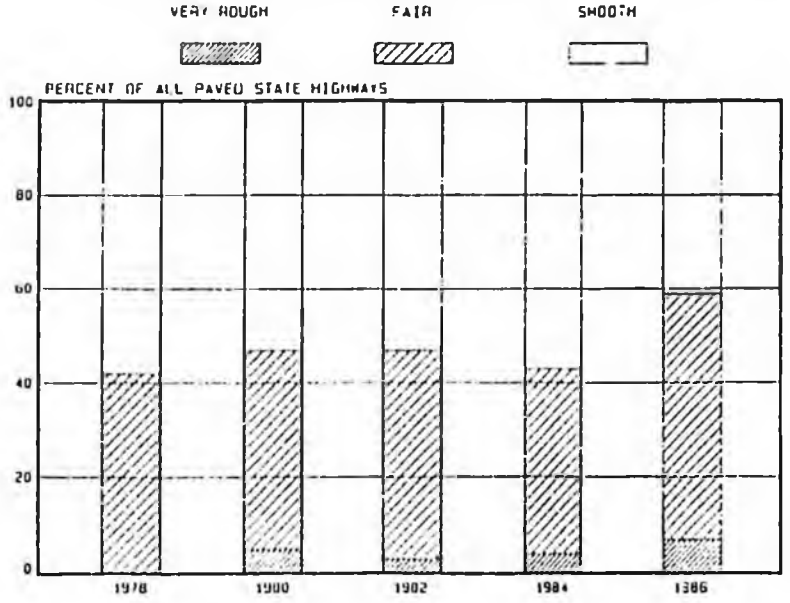




PAVEMENT STRUCTURAL CONDITION TREND



HIGHWAY RIDEABILITY TREND



Starting in 1978 the ADOT&PF's Research Section began surveying the condition of the paved sections of the state highway system. Both the structural integrity and the smoothness, or rideability, of the pavement were judged.

Structural Improvement; Deterioration In Rideability. The uppermost chart indicates the trend in the proportion of highways judged to be "good", "fair" and "poor" in terms of pavement soundness. The proportion of pavement in good structural condition has moved from 58 percent in 1978 surveys to 69 percent in 1985-1986 surveys, while over the same period of time, the proportions of paved state highway with fair and poor structural ratings decreased.

On the other hand, the lower chart shows that the proportion of very rough pavement (in terms of rideability) rose from less than one percent in 1978 to seven percent in 1986. At the same time, the proportion of state highways with smooth pavement dropped from 58 percent in 1978 to 41 percent in 1986.

National Surveys Give Low Ratings To Alaska's Highways. The ADOT&PF participates in periodic national surveys of sample sections of highways in order to provide federal officials and Congress a national overview of pavement conditions and highway performance. This information is used to judge the effectiveness of the Federal Highway Program. However according to the latest compilation of theses nationwide assessments of pavement condition, Alaska does not fair well. For example based on 1985 information, Alaska's rural Interstate Highway System was judged to be 45th among the 50 states in pavement serviceability.

Applauding Condition Rating Efforts. Alaska officials are commended for finding the resources to periodically measure the structural soundness and rideability of all state highway pavements. The information is used to not only accurately determine overall trends in pavement serviceability but also to pinpoint the most critical pavement rehabilitation needs. Not all states have identified the importance of such information to policymakers.

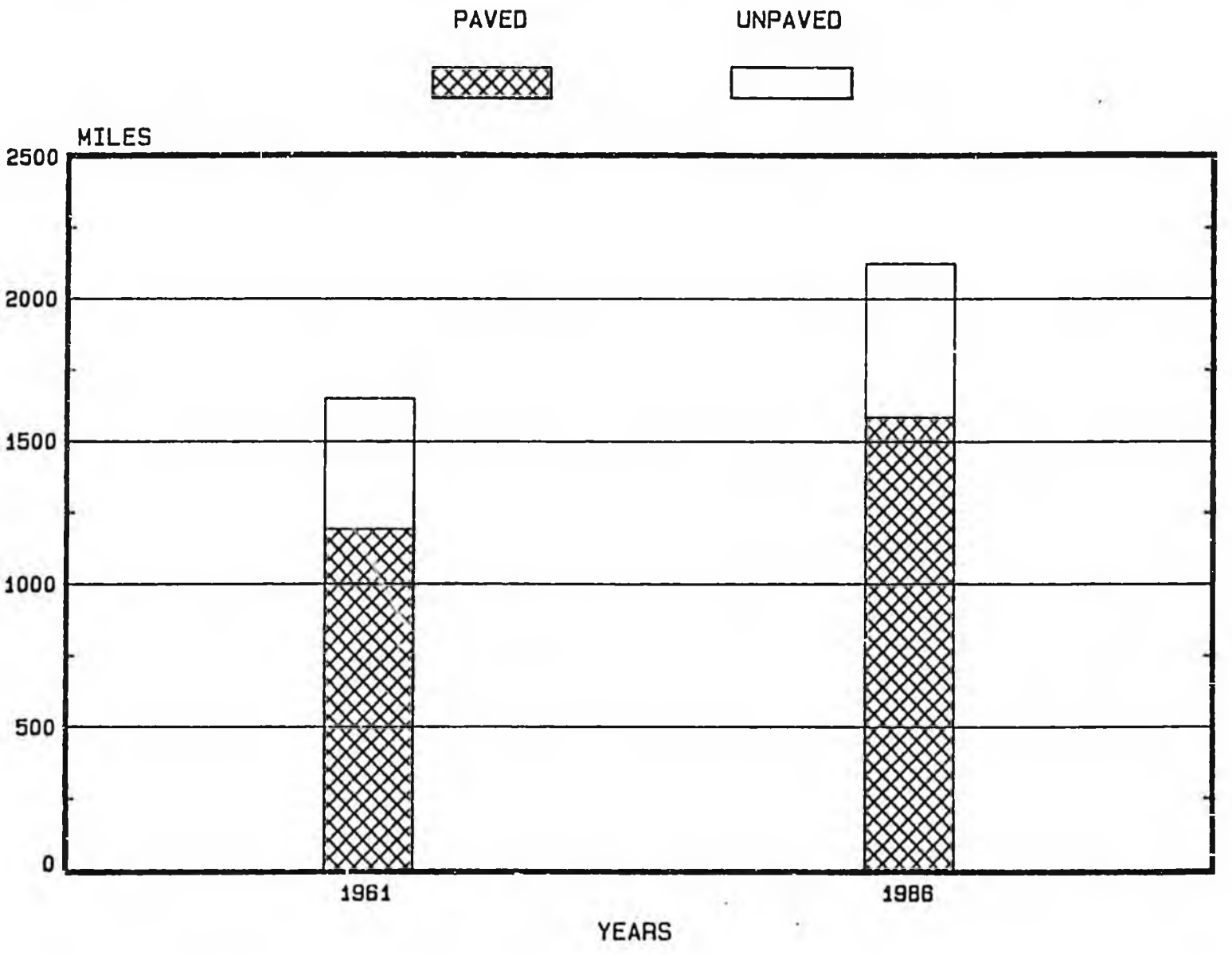
Further Efforts Needed. However other elements of the ADOT&PF physical inventory of the State Highway System need to be improved to provide up-to-date information on current physical characteristics, functions and traffic service and to provide the best possible information on trends. In general, the public and Alaska's policymakers need to be better able to answer the question, "Is the System improving, deteriorating or remaining static?"

Need For Better Information On Municipal Roads. With the exception of road miles, there is currently no central source of information on the physical and traffic service characteristics of the city streets and borough roads that are not a part of the State Highway System. But this is important information in that over $100 million in state funds are directed annually to municipal road programs (see page I-6). It is therefore recommended that the ADOT&PF – in cooperation with municipal officials – develop and keep current the physical and traffic service inventories of municipal roads, as well as state highways, and to report periodically on changes that take place.

Pavement Management System Needed. Many states have coupled their pavement rating processes with techniques for evaluating alternative improvements and estimates of the economic advantages of each. Greater pavement maintenance efforts can be compared with seal coats, various thicknesses of overlays or recycled overlays, and more complete rehabilitation of the pavement and subgrade to determine cost comparisons, both now and over the pavement life. Such information has proven to be an important aid to policymakers in making cost effective improvement program decisions.

While the ADOT&PF is making good progress toward implementing a pavement management system, it is recommenced that the ADOT&PF and the Legislature continue to give high priority to this important new tool.

INTERSTATE, PRINCIPAL & MINOR ARTERIALS



Almost 400 Miles Of Paved Highways Added To State System. The above chart is a comparison of paved and unpaved miles of the more important state highways -- Interstate, Other Principal Arterials and Minor Arterials. While the miles of paved highways has increased by 392, the amount of unpaved routes is still a significant proportion of Alaska's most important state highways.

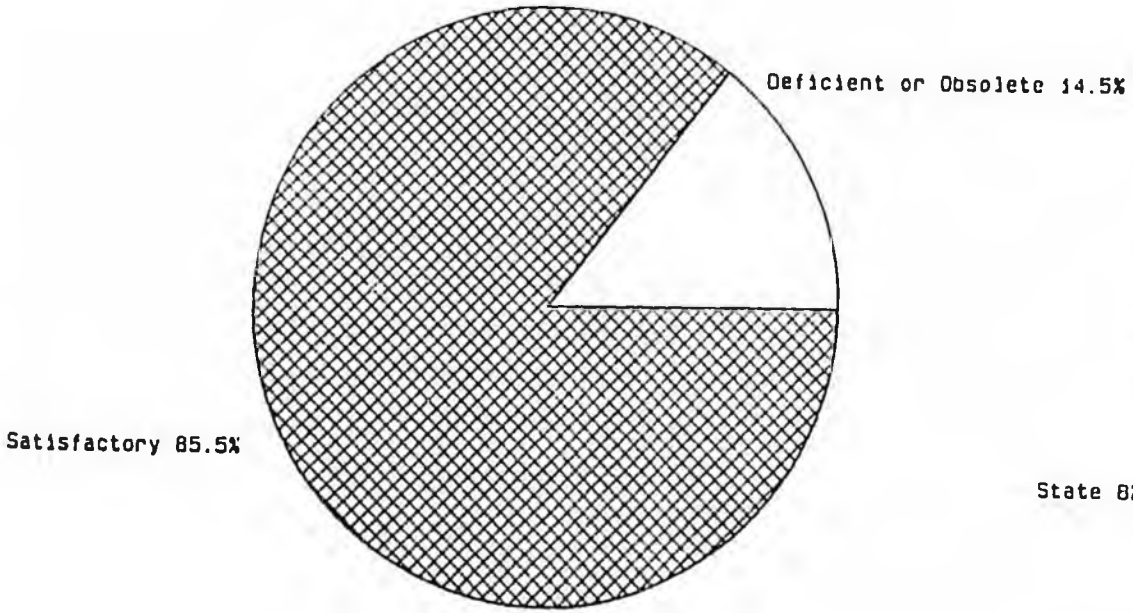
More Trend Information Needed. In order for officials and Alaska's taxpayers to determine whether or not progress is being made, more trend information is needed. As Alaska's highway inventories and highway evaluation techniques are improved, such information will become available to better judge State Highway Program effectiveness.

More Comprehensive Annual Reports Needed. The ADOT&PF, like many transportation agencies in the nation during the 1970's stopped the development and publication of periodic (annual or biennial) comprehensive reports on program progress. But now with greater public concern for the expenditure of tax resources, transportation agencies are returning to the documentation of progress or lack of progress in meeting overall objectives.

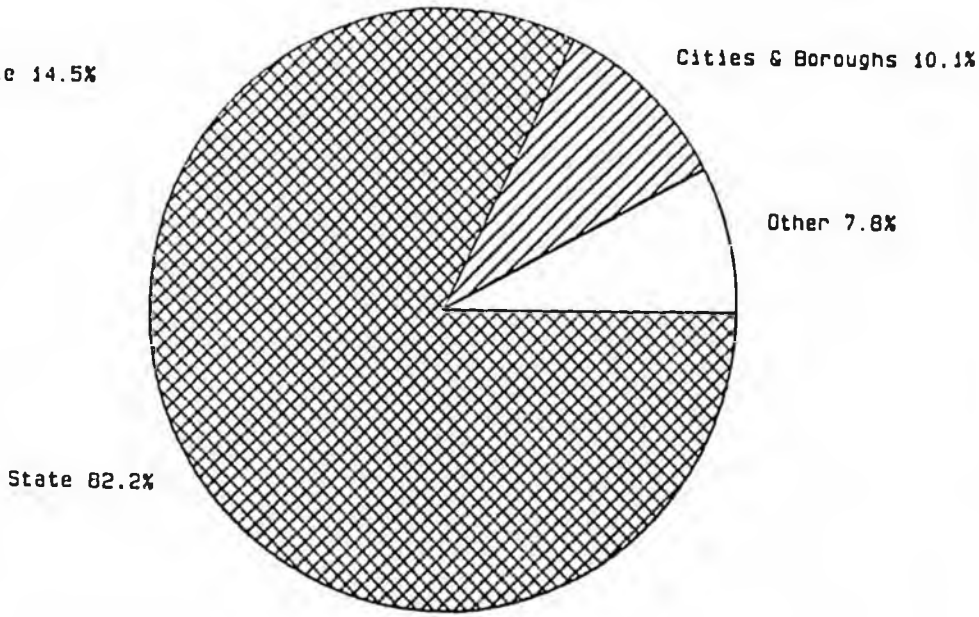
Periodic reports with emphasis on charts and maps are an excellent method of communicating the facts about complex transportation programs. The information is needed by the ADOT&PF management team and by Alaska's lawmakers to help make the best use of scarce resources.

ALASKA BRIDGES

CONDITION



RESPONSIBILITIES



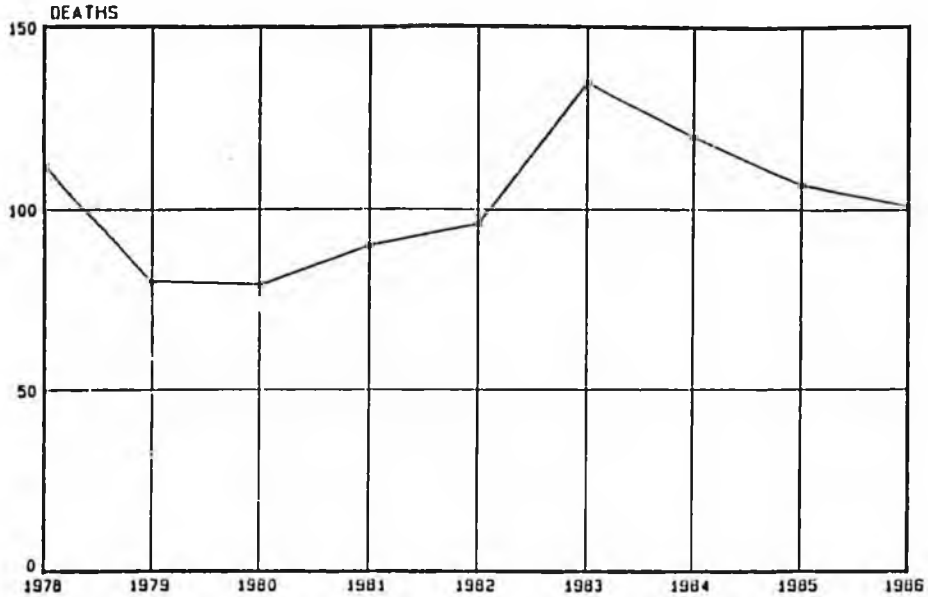
TOTAL: 825

NOTE: INCLUDES ALL BRIDGES OVER 20' SPAN

Alaska Excels In Bridges. If by national standards Alaska's highway pavement is below the average, likewise by national standards Alaska is the leader in bridge conditions. As compared with the nation as a whole where deficiencies have been found in 42 percent of the bridges, 85.5 percent of Alaska's bridges are in satisfactory condition. No other state has as high a percentage of their bridges in satisfactory condition.

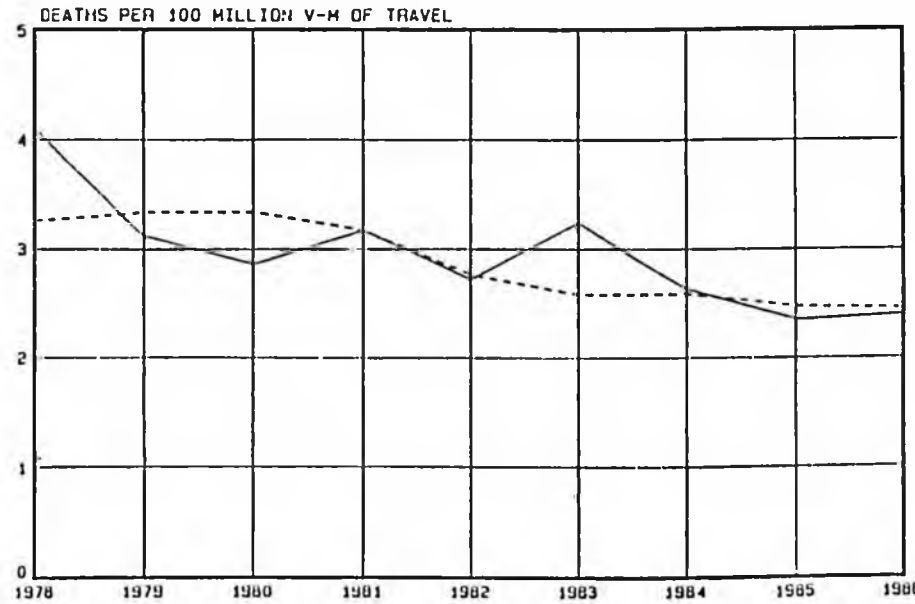
Biennial Bridge Surveys. In 1970 Congress mandated that every state inspect and report on bridge conditions on a biennial basis. The above charts and the cited statistics are as found in these national surveys and the resulting reports.

HIGHWAY SAFETY



TRAFFIC FATALITIES

ALASKA _____ U.S. - - - - - - -



FATALITY RATES

Traffic Safety Statistics Headed In Right Direction. Both the number of annual traffic fatalities and the number of annual traffic fatalities per 100 million vehicle miles of travel have been on a downward trend since 1983 . Alaska's 1986 2.4 fatality rate (traffic deaths per 100 million vehicle-miles of travel) is 41 percent below the rate just ten years ago. Furthermore, Alaska's traffic fatality rate has been below the national average for the last two years.

As shown in the table below, traffic fatalities are not the only positive accident statistics, as both the number of accidents and the number of injuries decreased from 1985 to 1986 and from the three-year, 1983-to-1985 averages to 1986.

	1985	1986	% Change from 1985	% Change from previous 3-year average
Vehicle-miles of Travel (millions)	4.8	4.7	-1.7%	+4.4%
Accidents	7,700	14,858	-19.1%	-23.8%
Fatalities	127	101	-20.5%	-25.7%
Injuries	6,165	5,525	-11.6%	-18.9%

Challenging 1988 Traffic Safety Goal. The traffic safety statistics are as reported in the Alaska Highway Safety Plan For Fiscal Year 1988, published by the Alaska Highway Safety Planning Agency. This Agency, which is responsible for the coordination of Alaska's overall traffic safety program, has established a 1988 goal of a further reduction in Alaska's traffic fatality rate to 2.0 deaths per 100 million vehicle miles driven. Judging by the preliminary estimates of 1987 traffic fatalities, which are down considerably from 1986 levels, the stated goal for 1988 may have been reached in 1987.

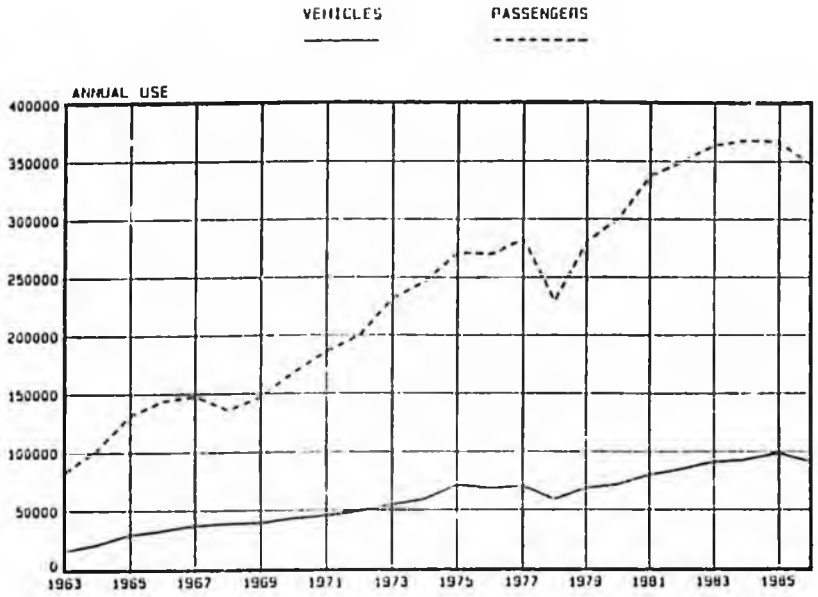
Engineered Safety Important. One of the major challenges ahead for the Alaska Highway Program is to continue the reduction of annual traffic fatalities in the face of increasing motor vehicle travel. Much of the progress to date nationally and in Alaska is due to the program of ever-improving the highway environment in terms of wider lanes, wider shoulders, separation of opposing lanes of traffic with medians, better control of intersections, increasing sight distances, improved signing and markings and all the other elements of highway modernizations. Much of the traffic safety progress of the future depends on continuing the modernization of Alaska's highways and bridges.

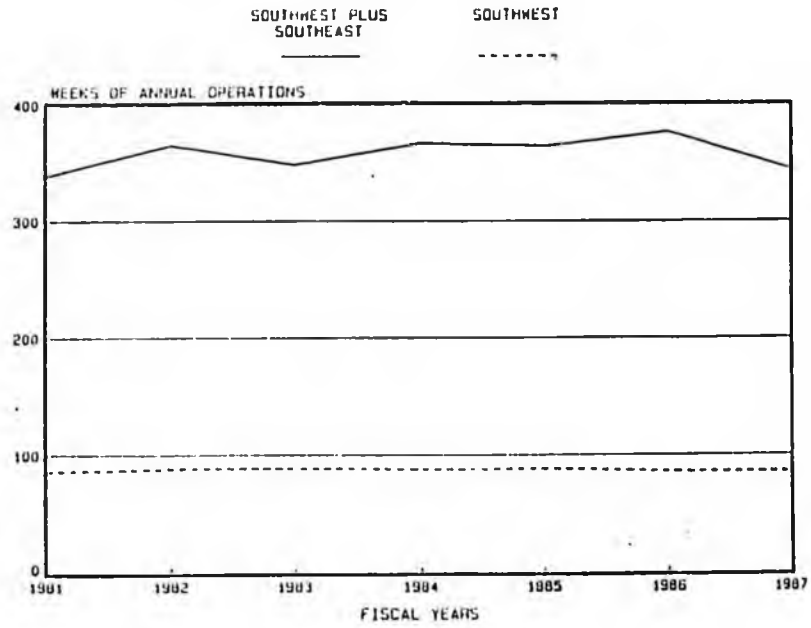
HIGHWAY ANALYSIS SYSTEM

- ROAD LOG
- ROAD AND BRIDGE CHARACTERISTICS
- FUNCTIONAL CLASS
- TRAFFIC
- SURFACE CONDITIONS
- UPGRADE HISTORY
- ACCIDENTS
- BRIDGE RATINGS
- TRUCK WEIGHTS
- GEOGRAPHIC CODE

New Integrated Data Retrieval System. The ADOT&PF in 1987 made operational a new automated system for storing and analyzing highway and bridge information. The chart indicates some of the types of data that are being stored, retrieved and analyzed in the System. The Department now has a new powerful tool. However as discussed previously, some of the highway inventory information remains to be obtained and entered into the System. Much progress has been made, but there is a formidable job ahead for the ADOT&PF before this System becomes completely useful.

MARINE HIGHWAY SYSTEM TRENDS





Outside of the strike year, 1978, the Alaska Marine Highway System has enjoyed almost constant growth in passengers and vehicles served. Based on observations and interviews with passengers, the System appears to be a popular and vital part of the economics of both Southeast and Southwest Alaska.

Recent Studies. However to deal with a number of important issues surrounding AMHS service, the ADOT&PF in 1985 commissioned a series of studies. Some of the more important issues dealt with by the consulting team are as follows:

1. The capacity of the System is taxed by the tourist demand to and from Seattle thereby causing reservation problems for Alaska citizens.

2. Likewise the capacity from Juneau northward to Haines and Skagway is sometimes overtaxed.

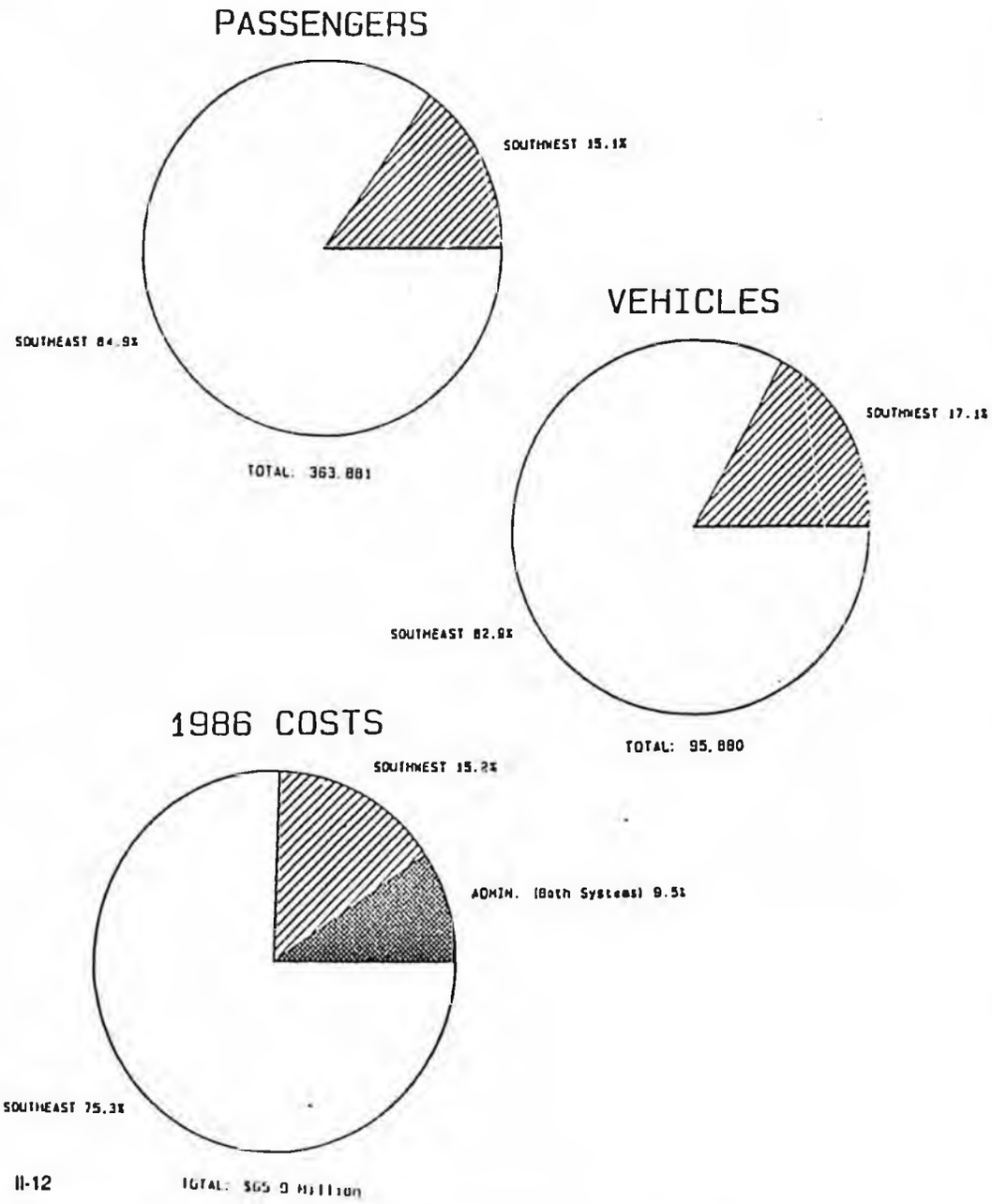
3. Providing mainline service to out-of-the-way communities causes navigational problems and adds a days time to through travellers or travellers between Juneau and all points south.

4. Building highways, new terminals and adding short ferry links to shorten some trips might relieve capacity problems and improve overall accessibility thereby generating induced travel and economic expansion.

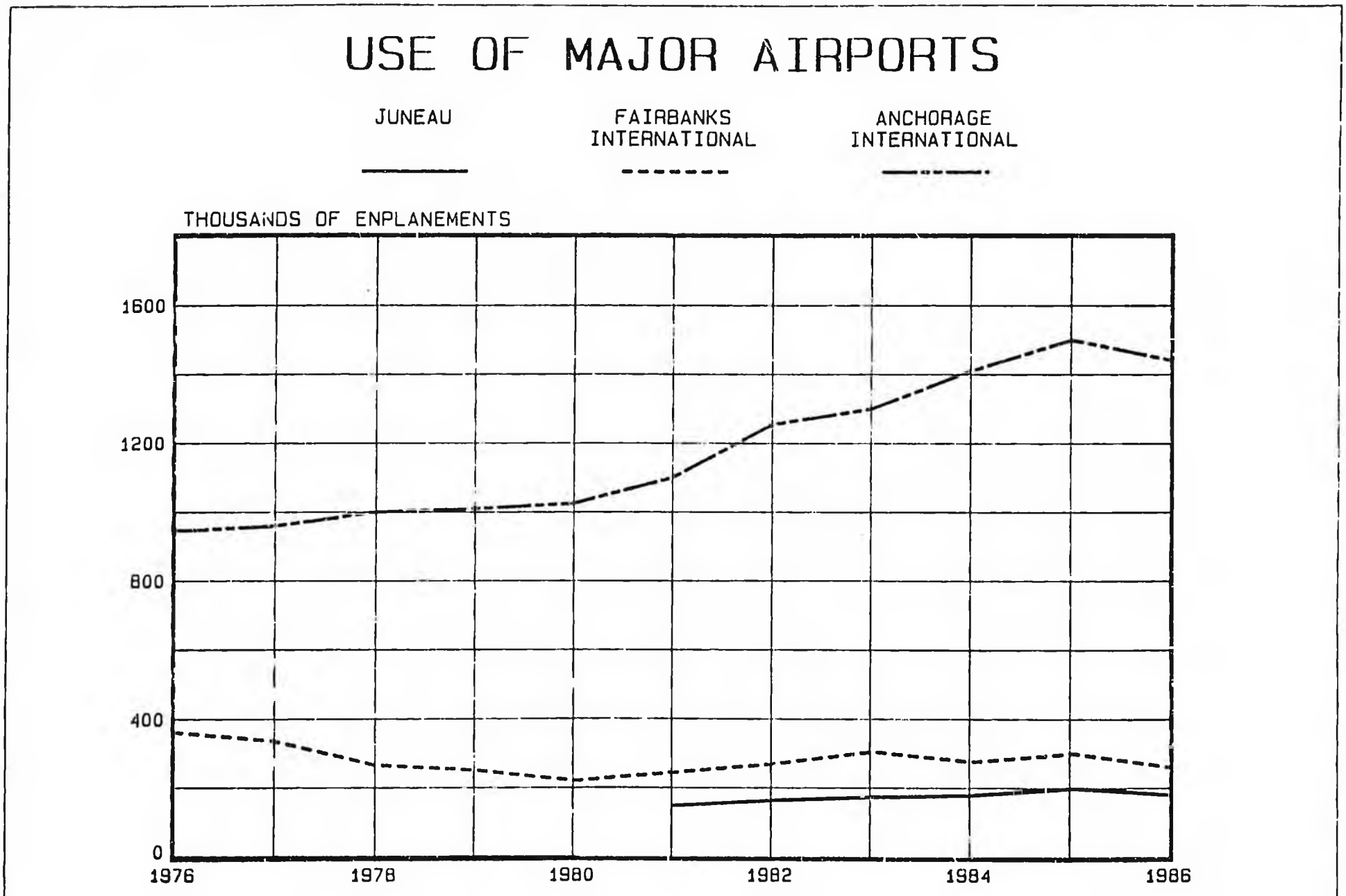
5. The addition of high speed ferries might also relieve capacity problems, allow additional service to some communities and provide basic service to other communities not now served.

While the studies did indicate much could be done, the estimated, initial capital costs for most alternatives studied were prohibitively high. The exceptions were the proposals to add new, high-speed ferries, but even these had a high budget impact.

S.E. & S.W. SYSTEMS COMPARED



USE OF MAJOR AIRPORTS



Commercial Airline Use Of Key Airports. The chart indicates the trends in commercial airline enplanements at Alaska three key airports.

Anchorage Growth Spectacular. Since 1980 the Anchorage International Airport has seen a 50 percent rise in airline deplanements and enplanements. And these figures do not include the Europe-to-Orient refueling, stopover flights that Anchorage International Airport enjoys.

Good Physical Condition. While the evaluation of Alaska's airports was beyond the scope of the Review, it was observed that each of the key airports were in good physical condition with modern terminals and good parking and road access.

Other Airports Being Improved. The other 215 airports, that are operated and maintained by the ADOT&PF, are in various stages of improvement. With the aid of Federal Airport Improvement Program funds, it appears that Alaska has made good progress in ensuring that isolated communities have reasonable airport facilities.

Private Airplanes Important To Alaskans. The Federal Aviation Administration reports that there were 9,604 licensed private aircraft belonging to Alaska citizens in 1986. Thus about five percent of Alaska families have air mobility.

CHAPTER III

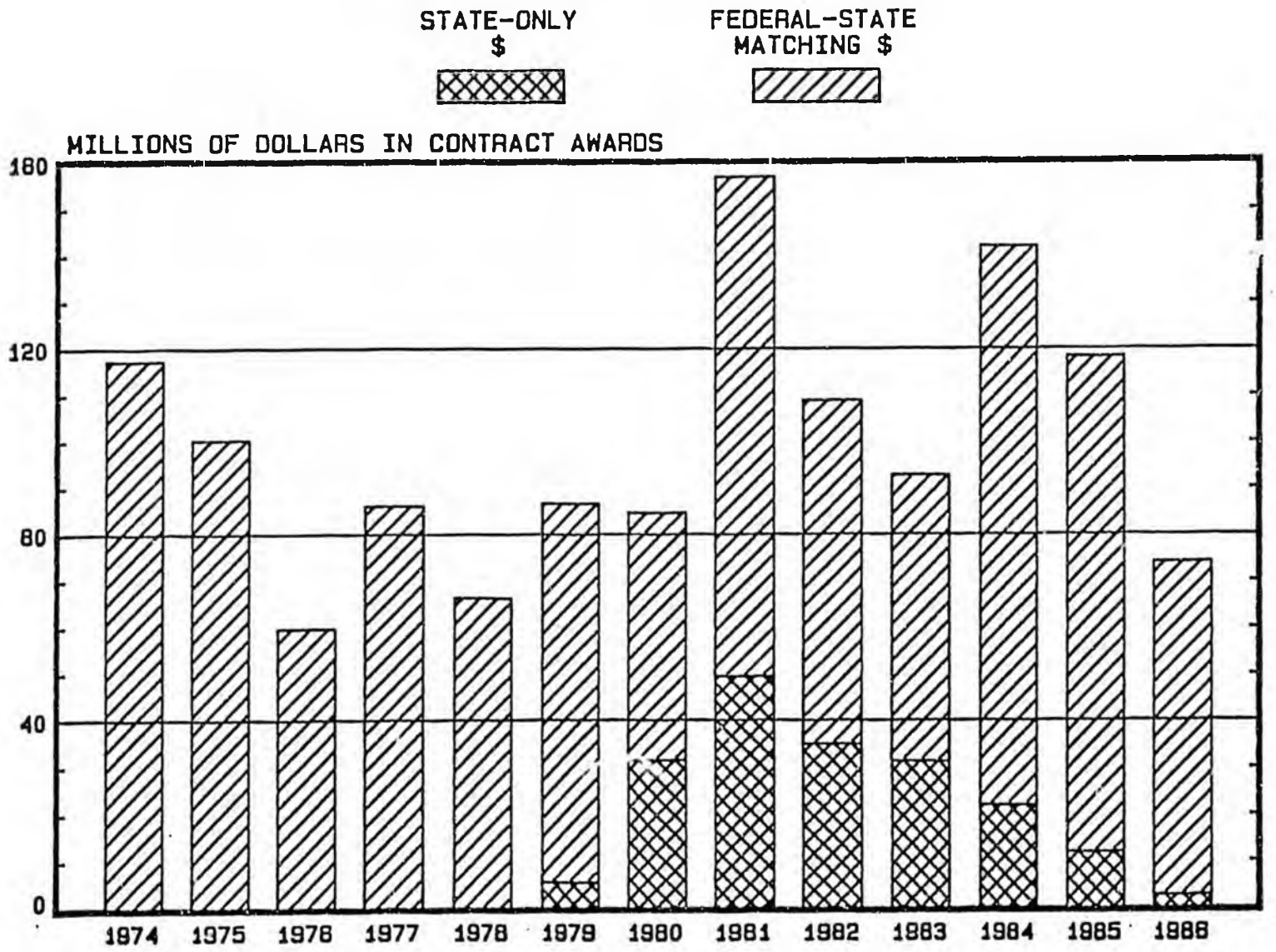
HIGHWAY PROGRAM AND NEEDS

CHAPTER III

HIGHWAY PROGRAM AND NEEDS

A Review of the State Highway and Bridge Improvement (Construction) Program in terms of both Accomplishments to date and Plans for the Future. The Utility of Engineering Analyses of Highway Needs is Discussed, as is the Expansion of the State Highway System. Also reviewed is the Highway and Airport Maintenance and Operations Program as it Relates to the Physical Condition of Alaska's Highways and the Traffic Service Provided. The Accomplishments of the ADOT&PF Research Program are also Analyzed.

HIGHWAY IMPROVEMENT HISTORY



$1.3 Billion, 13 Year Program. The above chart shows that over the 1974-1986 period (calendar years), the ADOT&PF awarded $1.3 billion in contracts to both build new state highways and to reconstruct, rehabilitate or otherwise modernize existing state highways. While the sum of each year's annual contract awards ranged from $60 million in 1976 to $157 million in 1981, the average for the period was $100 million. While not shown on the chart, ADOT&PF officials indicate $108 million in highway construction awards were made in calendar year 1987.

Disappearance Of State-Only Improvements. Two types of funding were used. The first and most prevalent is the combination of Federal Aid Highway Program funds with matching state funds. The other is state-only funds. The downward trend in state-only contracts since 1981 is consistent with Alaska's downtrend in state resources.

Matching Federal Funds Important. Most state highway and transportation officials view matching federal aid funds as the first call on available resources. This is especially true in Alaska where each Alaskan dollar made available for highway construction contract awards, generates nine matched dollars from the Highway Trust Fund (the repository of federal highway user taxes and fees) -- up to the limit of obligational authority set by Congress and the National Administration.

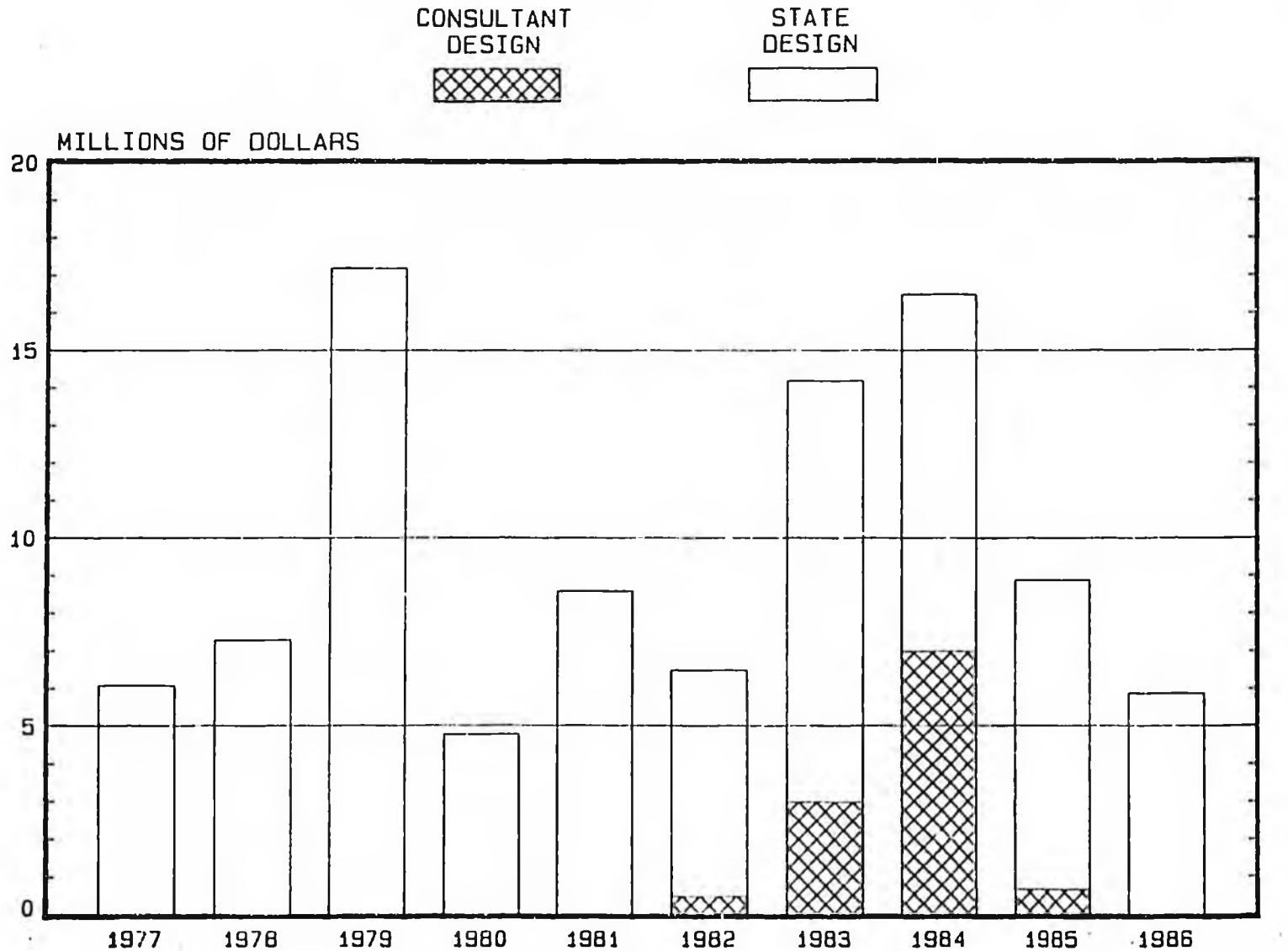
Highway Contract Awards And Federal Obligations. Note that the dollar volume of highway contract awards is consistantly less than the dollar volume of annual obligations of Federal Aid Highway Program funds (see page I-15). The apparent discrepancy is due to the fact that more than just highway improvements are committed to in the process of obligating federal aid highway funds, such as bridge rehabilitation or construction projects, construction engineering and inspection, highway planning and research activities and right of way purchases.

Up And Down Nature Of Annual Construction Awards Tough On Contracting Industry. It is important for Alaska to retain a cadre of experienced highway contracting firms in order to gain the lowest possible bid prices and the best quality improvements. However the wide deviations in annual ADOT&PF contract awards make it difficult for the contracting industry and its employees. The uncertainty about the dollar volume of ADOT&PF improvement Programs impedes the contractors' ability to plan ahead in terms of equipment, materials and manpower. Such uncertainty could force some Alaska contractors out of business (especially the small ones) or could force some contractors to relocate in other states.

Need For State-Only Program. Most states find the resources to maintain at least a small state-only highway improvement program in order to make some essential, usually low cost improvements that cannot wait for the normal federal clearances or that are not eligible for federal financing. Furthermore, some states maintain a large state-only improvement program to both accomplish many low cost improvements and to augument the larger more comprehensive federal aid program.

However when highway and transportation officials face a situation -- such as Alaska faces now -- where it is difficult to raise the funds to match federal aid highway funds, most state-only improvements are deferred. As a result, the state loses the ability to fund some types of low cost improvement, such as highway resurfacing, that do not always need to include other design improvements like alignment changes, pavement widening, guardrail installation -- but are necessary to qualify for federal funds. In other words, there are some improvements that while necessary, do not meet federal criteria for matching funds. ADOT&PF officials need the flexability of at least a $10 million state-only highway improvement program.

BRIDGE IMPROVEMENT HISTORY

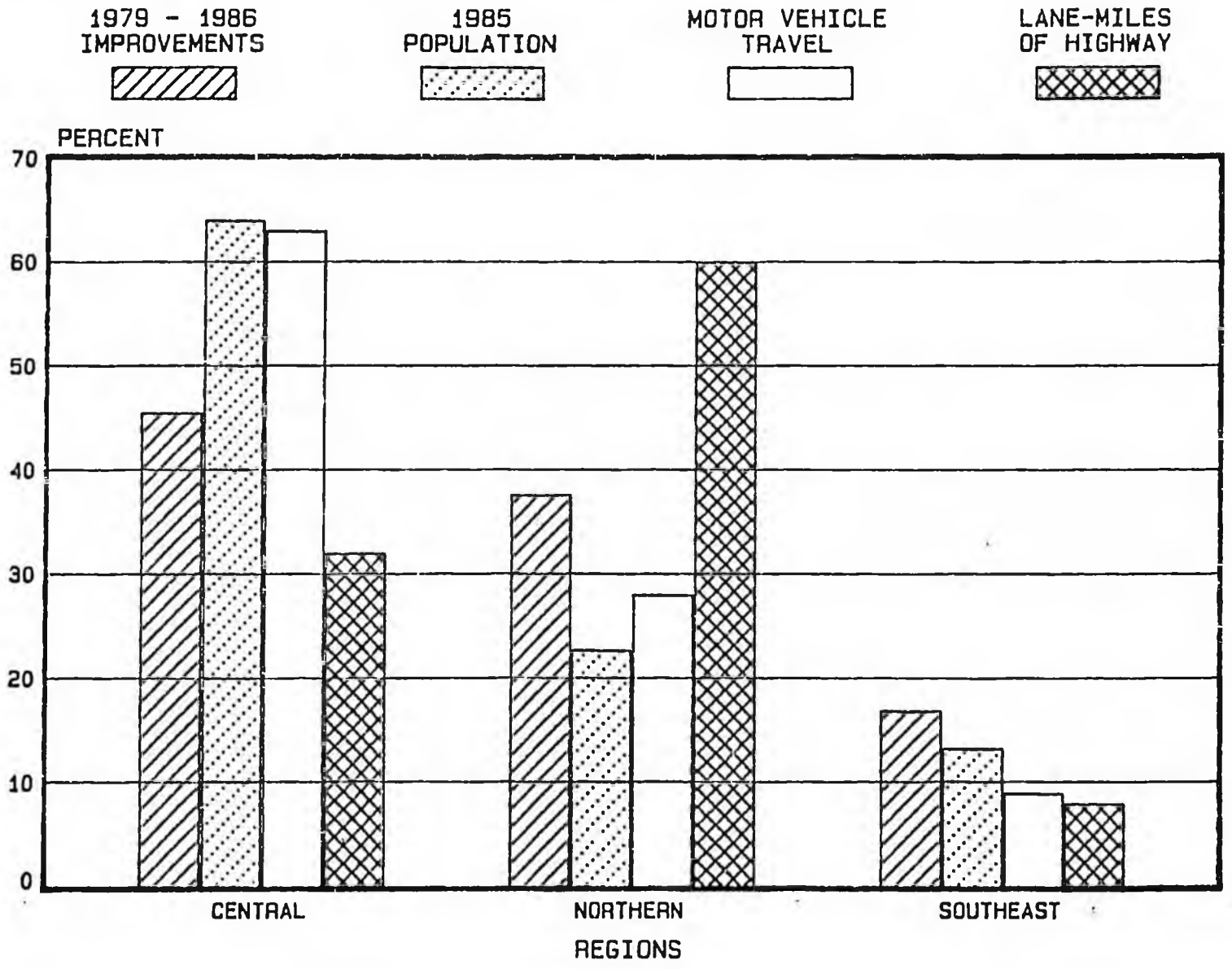


NOTE: 173 BRIDGES REPLACED OR REHABILITATED, 1977 - 1986.

$96 Million, 10 Year Bridge Program. Out of the 676 bridges that are on the State Highway System, 173 have been built, replaced or rehabilitated over the ten year, 1977-1986 period. A total of $96 million in bridge construction projects were awarded to contract -- an average of 17 per year.

Because of the specialized nature of the work, all bridge design and plan preparation, that is accomplished by ADOT&PF staff, is done in the Juneau headquarters office.

DISTRIBUTION OF HIGHWAY IMPROVEMENTS



Highways And Bridges Are Two Thirds Of Total ADOT&PF Capital Improvement Program. For the 1979 to 1986 period, the Central Region awarded the most capital improvement projects, that is for highways, bridges, harbors, ferries, ferry terminals, airports and state buildings. The highway and bridge share of the $1.5 billion in contract awards was $948 million or two thirds of the total.

The charts above show the distribution of the $1.5 billion of contract awards for the years 1979 through 1986, as well as how the distribution relates to population, motor vehicle travel and lane-miles of state highway in each Region.

Distribution of Improvements, A Hot Issue. One of the "hotest" issues in most state highway programs is the distribution of resources for capital improvements. In some states the distribution is based on formulas with factors such as population, miles of highway, lane-miles of highway, engineering appraisals of need or some combination of factors.

In some states either the legislature or the highway (or transportation) commission sets the distribution. And in some states – like Alaska – the chief executive officer of the department sets the distribution.

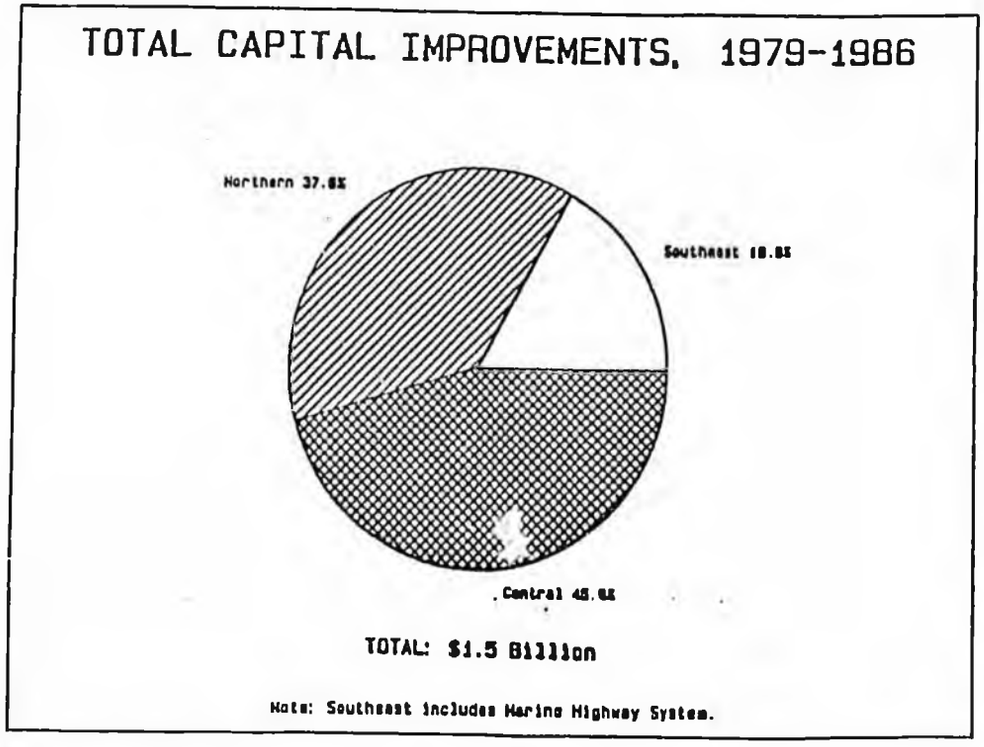
In no state is their complete agreement on who should set the formula or the factors that should be used in the formula for distributing the improvement program funds geographically. The best practice is to consider all possible factors and to make adjustments as new factors, or combinations of factors are agreed upon as more equitable bases for fund distribution.

Distribution Targets. The following are the distribution targets used by the ADOT&PF in recent years for the geographical distribution of highway improvements:

	Percent
Central Region	45.8
Northern Region	38.5
Southeast Region	9.7
Marine Highway System	6.0
	100.0

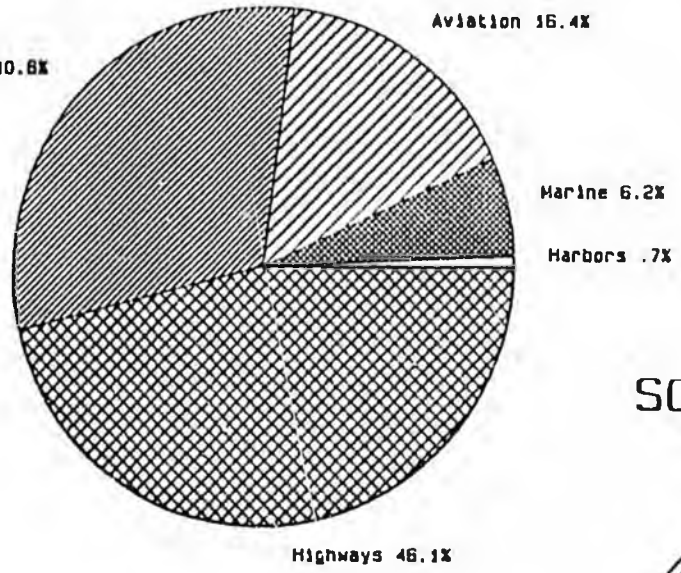
Note from the chart at right how close the total ADOT&PF capital improvement program for the 1979-1986 period has come to the highway distribution targets.

In recent years, the ADOT&PF has based the distribution of highway improvement funds on a formula that includes population, land area, paved lane-miles of highway, total lane-miles of highway and annual vehicle-miles of travel in each Region. However, the distribution process is currently under examination to ensure that it is promoting equity in the modernization or upgrading of the State Highway System.

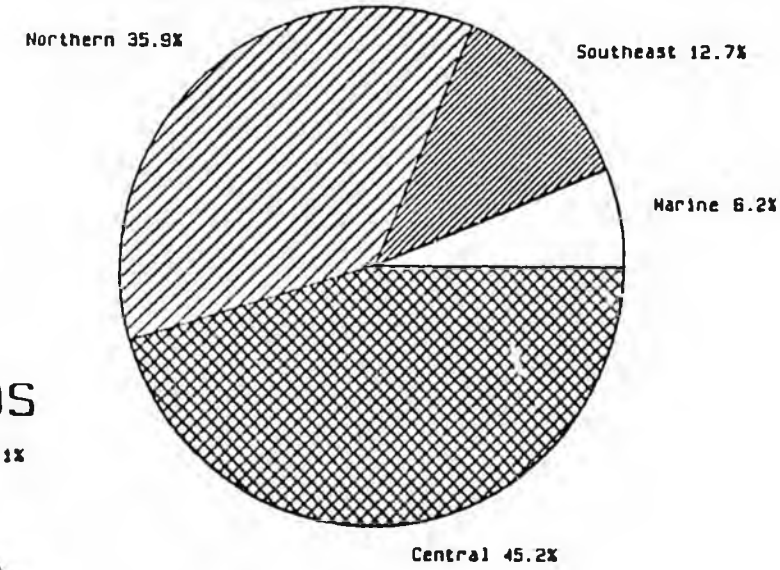


1986 CONTRACT AWARDS

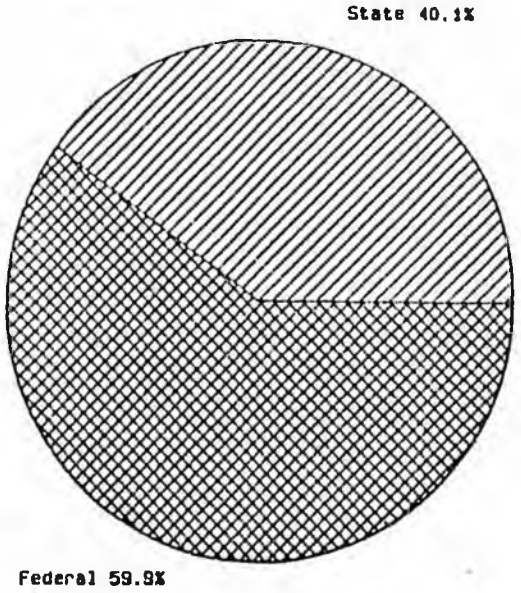
MODE



REGION



SOURCE OF FUNDS



$160.9 MILLION

In calendar year 1986 the ADOT&PF awarded $160.9 million in improvement contracts. Almost half (46.1 percent) were for highway and bridge improvements. The Central Region awarded 45.5 percent of the total projects, very close to the highway target (45.8 percent) for that Region.

Federal Participation. Six out of every ten dollars of the funds necessary to accomplish the improvements were federal dollars. In that the federal government does not ordinarily participate in building and harbor improvements, the federal participation was 87.2 percent of the $110.5 million in highway (and bridge), aviation and Marine Highway System improvements. $50.4 million of state funds were directed to buildings and harbor projects and $14.1 million directed to federal participation projects.

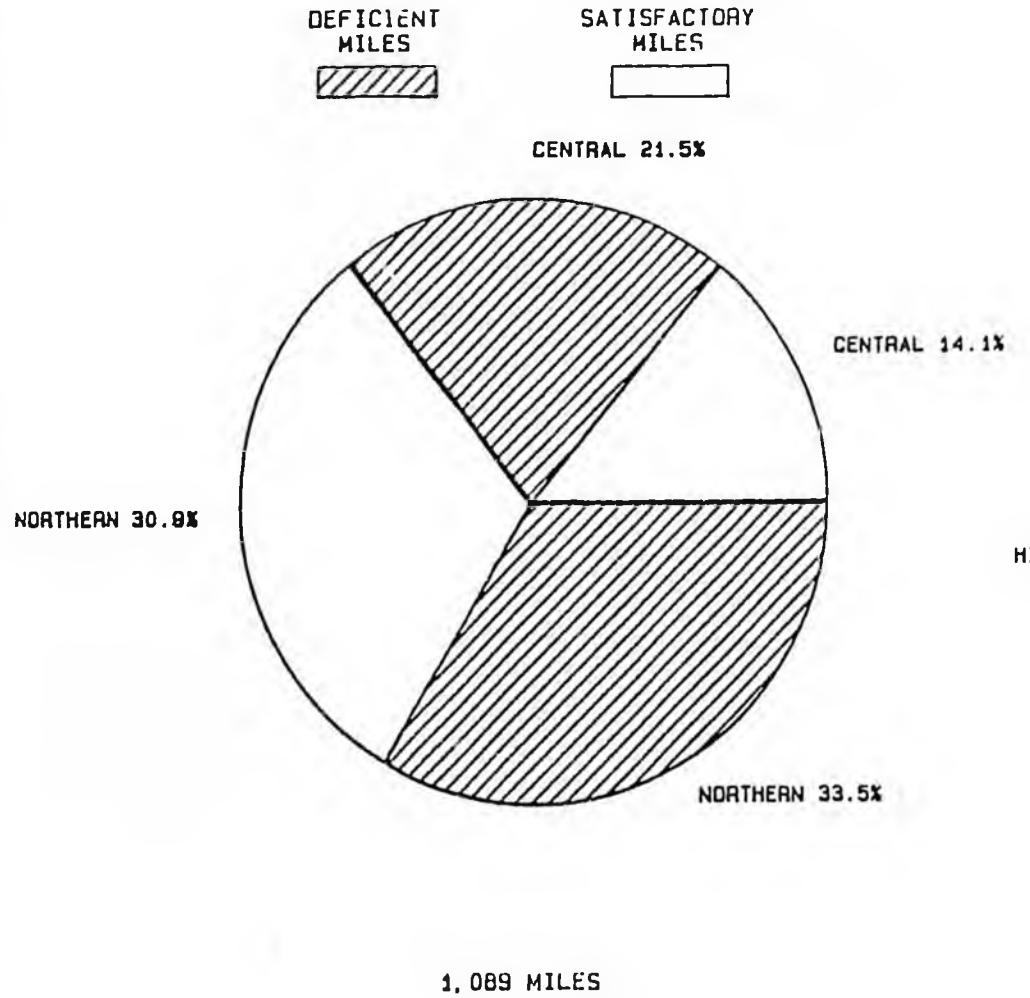
New Analytical Process Being Examined. With over $100 million of improvement projects being awarded to private contractors each year, it is important to closely monitor the contract prices being bid to both guard against possible fraud and collusion and to assist the designers in finding the most cost-effective of alternative designs. To aid the bid analysis process, the ADOT&PF is now examining a new computer-assisted procedure, sanctioned by the American Association of State Highway and Transportation Officials, that will provide faster review of construction project bids. Other states have found that the procedure has been helpful in speeding the bid analysis process and in detecting inconsistencies in the bids.

Decentralized Program Control Part Of The Problem. Alaska's decision to decentralize the management of the ADOT&PF Program in 1982 may be an inhibiting factor in gaining centralized information about many aspects of ADOT&PF Program – such as the construction contract bidding process. Without an ADOT&PF, department-wide model, each Region and Division has developed and employs their own set of processes. Analysis of all the various management techniques used by the decentralized management team is beyond the scope of this Review.

Need To Standardize Management Systems. Decentralized control of the ADOT&PF Program appears to be absolutely essential for a state as large as Alaska and with so much of its Program in remote areas. However, in order to facilitate the aggregation of essential information on how the Program is being carried out, it is recommended that the ADOT&PF's management systems be standardized. The progress being made in improving the accounting for capital expenditures (see Chapter IV) is an example of this suggested approach to improved management of the ADOT&PF Program.

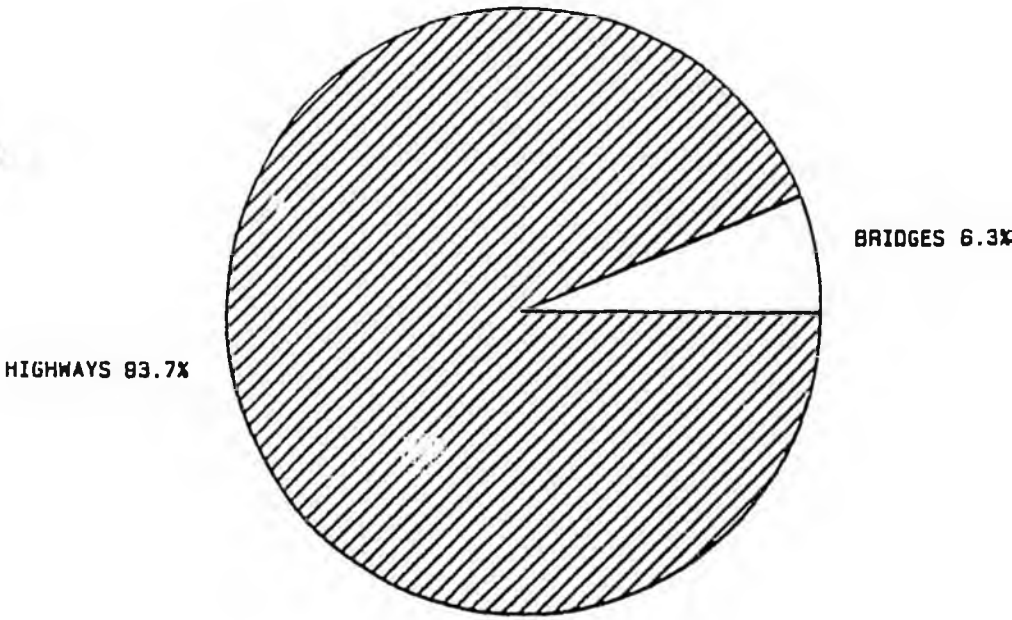
Need To Augment The Headquarters Staff. In order to develop a standard bid review process, as well as highway and airport maintenance management procedures, accounting procedures, construction practices, design standards, preconstruction and construction scheduling procedures, right of way purchase procedures, training procedures, career guidance practices, construction quality control procedures, improvement program goals and all the other systems and policies needed to effectively manage and monitor the ADOT&PF Program, it will be necessary to augment the ADOT&PF headquarters staff. The added staff should be employed to find the appropriate systems from the various techniques in use by the Regions and Divisions – or in other states, to document and test the systems and then to assist in their promulgation and application.

INTERSTATE HIGHWAY SYSTEM NEEDS



1,089 MILES

IMPROVEMENT COSTS



$976 MILLION

In 1987 the Department with the aid of a consulting firm completed a two year, $94,000, planning project to assess the needs of Alaska's 1,089 mile Interstate Highway System. The results show that 490 miles of this System currently meet reasonable standards of tolerability. However the results also show that 599 miles are deficient in one or more ways. Costs to upgrade the deficiencies were estimated to be $976 million.

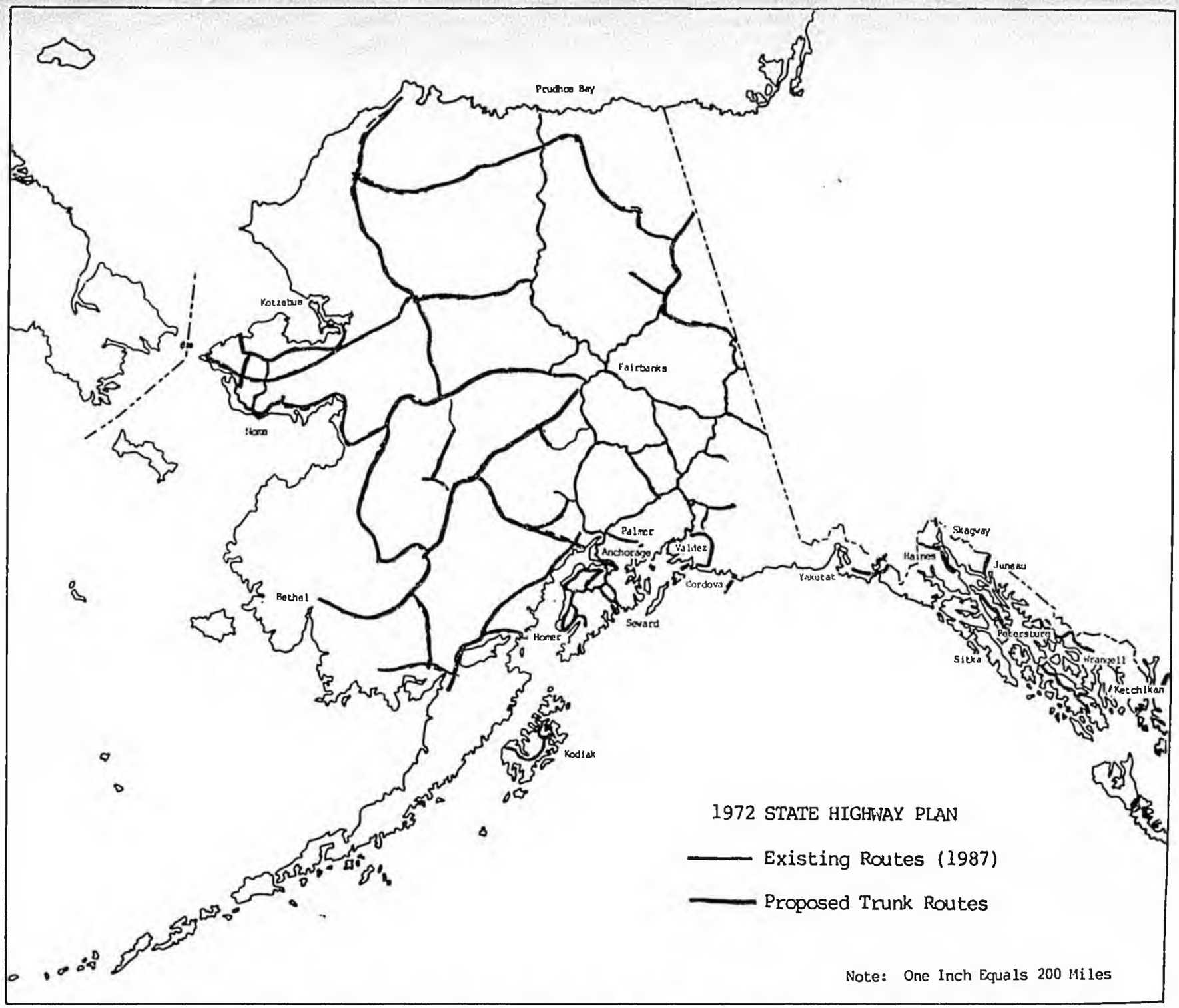
Exemplary Analysis. The team of engineers that carried out the needs analysis were made up of people with much former experience with the Washington Department of Transportation. The realistic approach to the analysis and the attention to detail prompt the note that this is a model analysis, one of the best of its kind. Great care was taken to relate pavement and bridge widths and curvatures and grades to the latest national standards of tolerability. To this was added assessments of accident experience, pavement condition and speed reductions.

Narrow Roadways A Critical Problem. Narrow roadways closely followed by poor pavement condition were the most critical elements. However 42 miles had curves and grades that were too sharp or too steep for safe, efficient driving. 40 of the 140 bridges on the system were found to be too narrow in terms of safe side clearances or not capable of carrying heavy truck loads (29 were both narrow and restrictive in load carrying capability).

Priorities Also Set. Another exemplary feature of the needs assessment is that it established a priority rating system and listed the improvement priority for each deficient section of Interstate Highway.

Recommendation: Set Goals For Interstate Upgrading. Based on the needs estimate and estimate of future availability of federal funds, it is recommended that a multi-year target be set for Interstate Highway System upgrading. If it is anticipated that Alaska will realize about $130 million each year in Federal Aid Highway Program funds, it is suggested at least half be devoted to Interstate modernization. At that rate and allowing for modest inflation, it would take 15 to 20 years to complete the effort. Other options of placing more or less resources into the Program should be investigated.

Also Recommended: Make Similar Needs Analyses Of Other Principal Arterials And Minor Arterials.


Prudhoe Bay
Kotzebue
Fairbanks
Nome
Palmer
Anchorage
Valdez
Bethel
Cordova
Yakutat
Haines
Skagway
Juneau
Seward
Homer
Petersburg
Sitka
Wrangell
Ketchikan
Kodiak
1972 STATE HIGHWAY PLAN
Existing Routes (1987)
Proposed Trunk Routes
Note: One Inch Equals 200 Miles

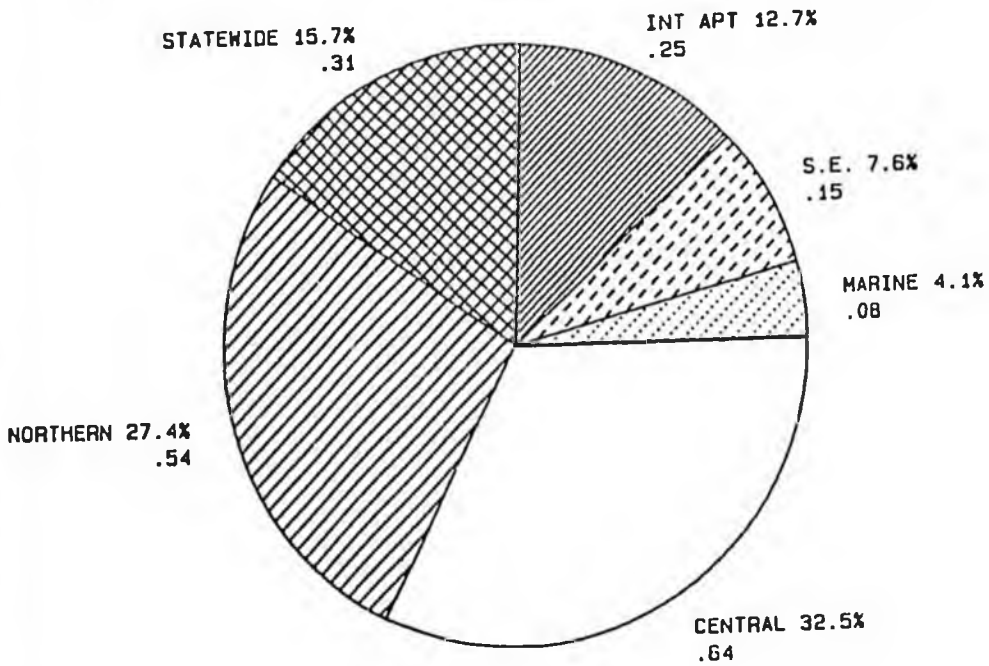
Expanding State Highway Service. The above plan for expansion of the State Highway System has no official status. It was developed in 1972 by the Alaska Department of Highways and is presented here to stimulate thinking about Alaska's future.

Many of the routes may not be feasible to build. The plan in its entirety is beyond the financial capability of Alaska. However, such routes as the Alaska Highway were probably once thought impossible. And a route to Prudhoe Bay was also beyond anyone's imagination. Is it time for Alaskans to again plan to open up more of their state by building first-phase, primitive roads? Should major communities such as Nome and Bethel be connected to the State Highway System? And should a highway be built north of Juneau to provide land access between the state capitol and Alaska's largest city? And what route or routes would be first priority?

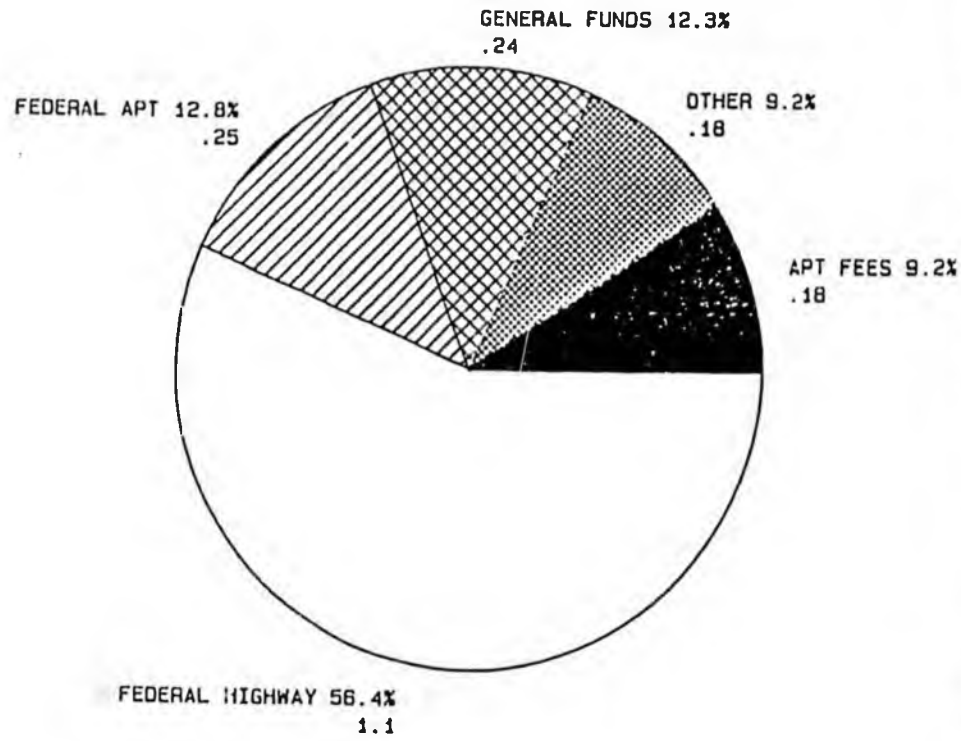
Alaska's Strategic Location. Just as the National Interstate Highway and Defense System was conceived to tie together strategic points in the United States, a basic road network for more of Alaska would also seem militarily important.

CAPITAL IMPROVEMENT PROGRAM, 1988-1993

DISTRIBUTION



$ SOURCE



TOTAL: $2.0 BILLION

Note: "Statewide" includes state matching $ for Federal Aid Highway Program Improvements and $ for state equipment fleet replacements.

Important Control Mechanism. Annually the ADOT&PF updates and publishes a six year capital improvement program. It is the source document for the scheduling of improvement projects' preconstruction engineering activities. Only those projects that are listed in the six year program can be let to contract. And only those listed projects can be advanced to the design stage. Annually the proposed improvement projects are studied and revisions made as project priorities change and year-to-year scheduling shifts are found necessary.

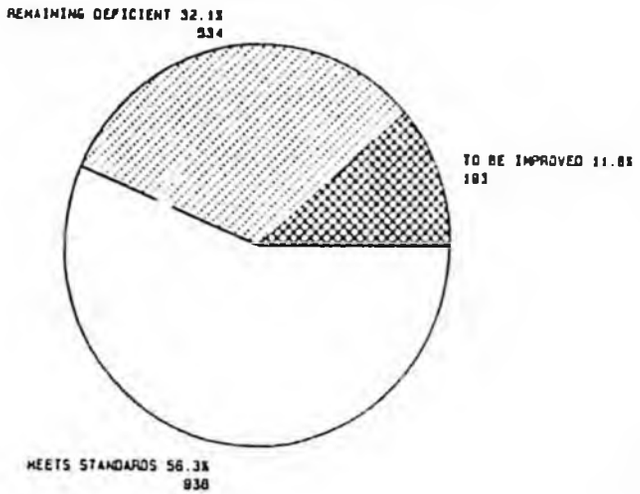
Stabilizing Influence. This master document of long range planning has been important in stabilizing the work activities of the Department. No longer is it justifiable for Region or Division officials to insert unlisted projects into their surveying, preliminary engineering or design work programs, without prior official application for a change in the capital improvement program.

Sources Of $2.0 Billion Program. The total dollar value of the projects listed in the 1988-1993 (including a seventh year, 1987, which was added due to the late date in receiving 1987 Federal Aid Highway Program funds) is $1.96 billion. The Program anticipates that 69 percent of the funds will come from federal sources, 12 percent from the State General Fund, 9 percent from the International Airport Revenue Fund and 10 percent from other sources. The other sources includes equipment lease fees accruing to the Highway Working Capital Fund for State Equipment Fleet replacements. Also in the other category are funds that will be reimbursed to the Department by other other agencies for both plan preparation and construction. Lastly the other source of funds includes International Airport Revenue bonds for Anchorage and Fairbanks airport improvements that are beyond that which can be financed by International Airport revenues.

Planned Distribution Of Funds. It is estimated that $1.2 billion or almost 60 percent of the total program of expenditure is for improvements in the Central and Northern Regions. However it should be noted that the $310 million (15.7 percent) that is listed for statewide expenditures includes all the state matches of federal funds (regarless of improvement project location), as well as planned expenses for State Equipment Fleet replacements, the funds for research and the funds for transportation planning.

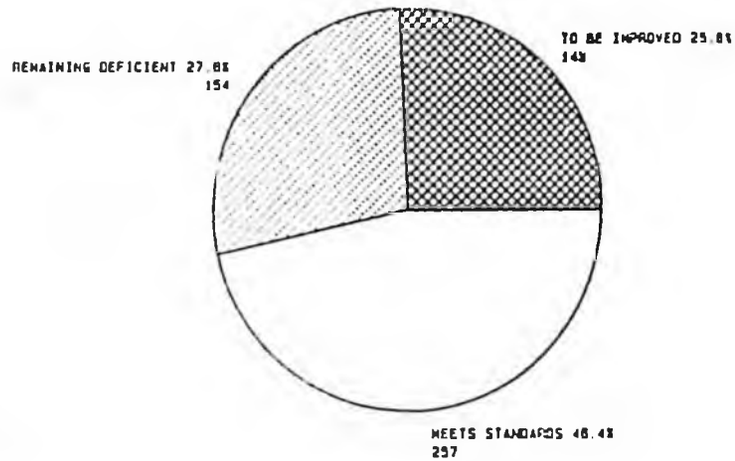
SIX YEAR PROGRAM OF HIGHWAY IMPROVEMENTS

NORTHERN REGION



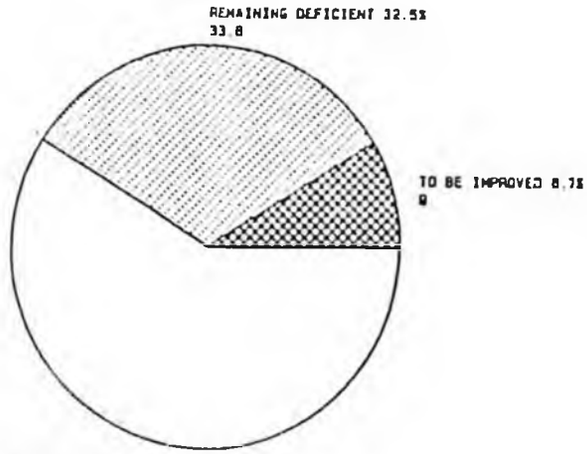
TOTAL: 1665 MILES

CENTRAL REGION



TOTAL: 554 MILES

SOUTHEAST REGION



TOTAL: 103 MILES

NOTE: IMPROVEMENTS INCLUDE UPGRADING & REHAB
FEDERAL AID INTERSTATE AND PRIMARY HIGHWAYS

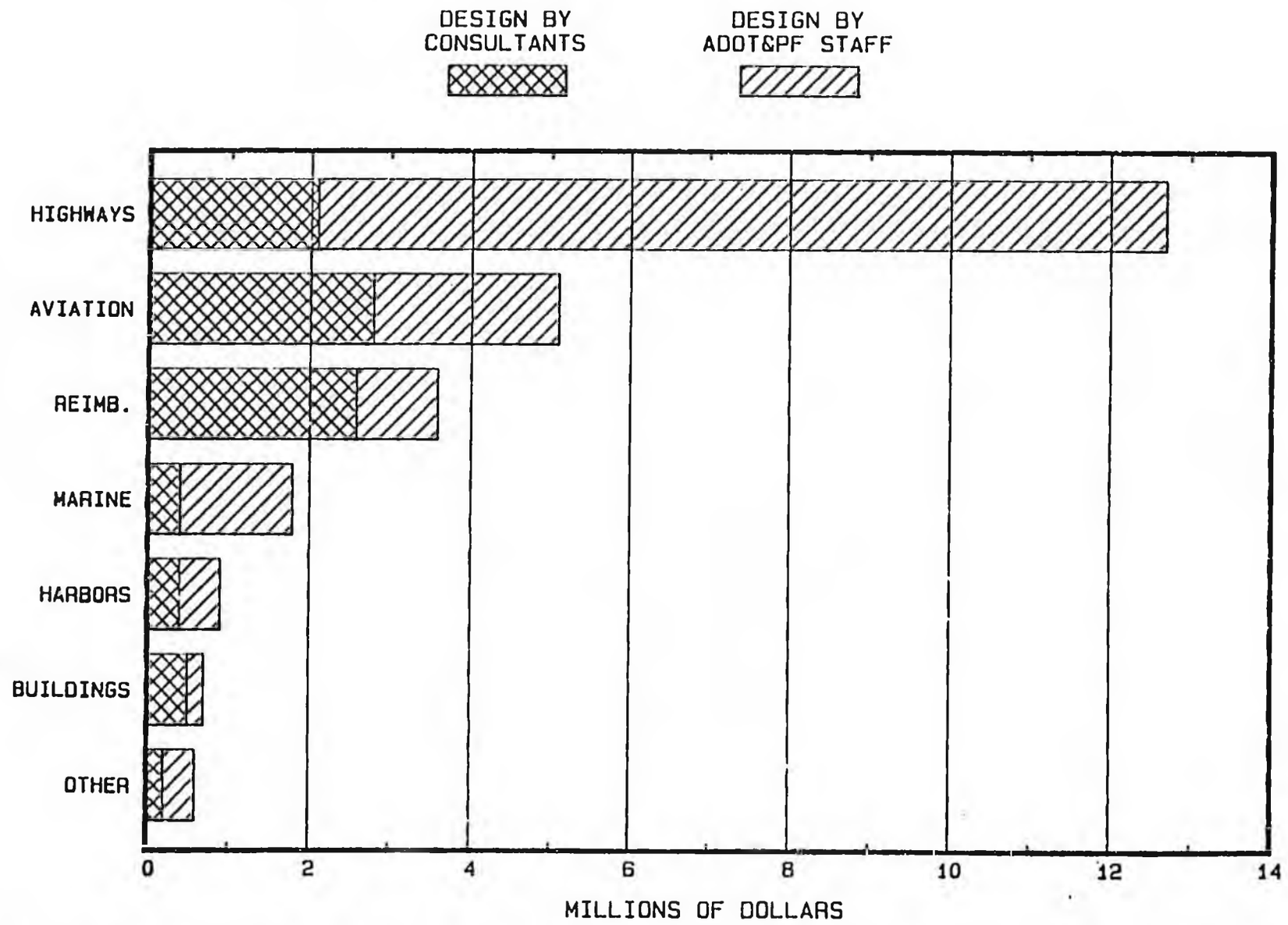
Planned Program Of Accomplishments. The charts indicate, in dark cross-hatched lines, the miles of Interstate, Other Principal and Minor Arterial improvements to be accomplished over the 1988 to 1994 period in each of the ADOT&PF Regions, that is as listed in the 1988-1994 Capital Improvement Program. Also shown are the miles of those most important highways that according to ADOT&PF officials now (1987) meet standards of tolerability as well as those highways that will remain deficient or must wait to be improved until beyond the 1988-1994 planning period.

Mileage Summary. In sum, 1,254 miles are currently performing satisfactorily or are in satisfactory condition, while 365 miles are to be awarded to contract for improvement by the end of fiscal year 1994. 722 miles will remain to be improved in ensuing years.

Impressive Goal. Assuming that these figures are correct and that 50 percent of the deficiencies on Alaska's most important highways can be corrected by 1995, Alaska will be in an enviable situation. It means that by July 1, 1994, 70 percent of Alaska's Interstate Highways, Other Principal Arterials and Minor Arterials and their urban extensions will be in satisfactory condition. Few states in the nation are in a position to indicate that state their highway improvement programs will yield such positive results.

To Be Sure Make Needs Evaluation And Implement The Pavement Management System. More accurate evaluation of the status of Other Principal and Minor Arterials is necessary to confirm the facts and figures. Furthermore since pavement is a never-ending challenge to keep in reasonably good condition, the ADOT&PF pavement management system, that is currently being developed, will be an excellent tool for accurately and continually monitoring progress or lack of progress in pavement status.

1986 DESIGN WORK BY STAFF AND CONSULTANTS

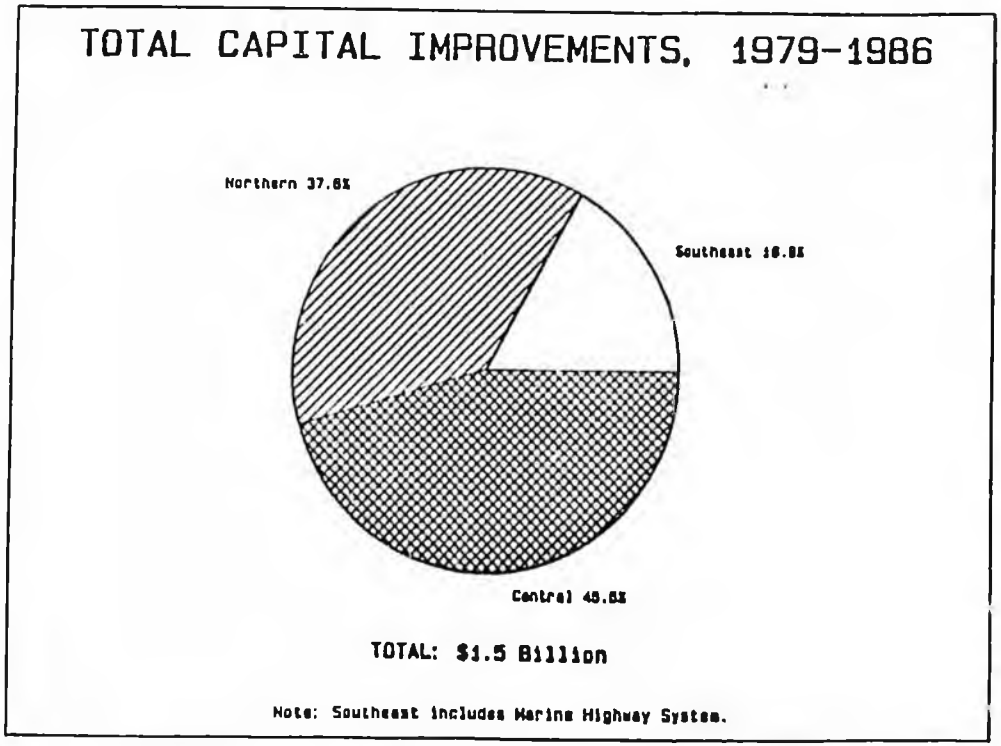


NOTE: 1986 TOTAL DESIGN COSTS WERE $25.4 MILLION; PAYMENTS TO CONSULTANTS WERE $8.9 MILLION OR 34.9%

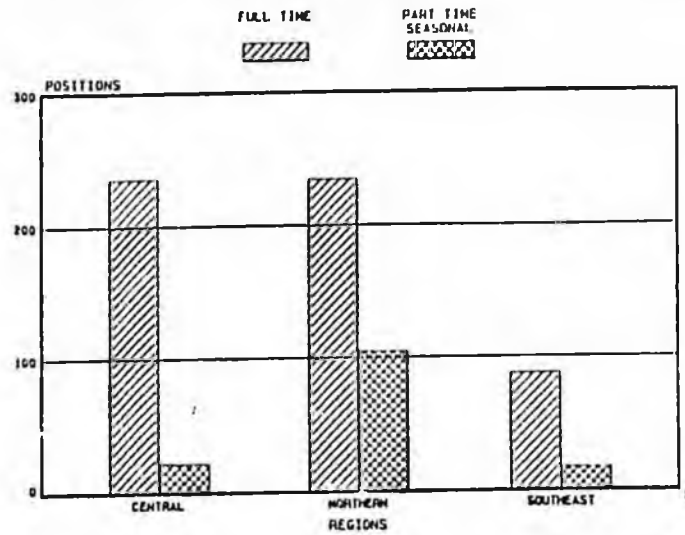
34.9 Percent Of Design Work By Private Firms. Of the $25.4 million spent on design in 1986, 34.9 percent was accomplished by private consulting engineering and architectural firms. Aviation, including the design of airports and ancillary facilities, led the way with over half (54 percent) accomplished by private enterprise. In second place was the $2.6 million in engineering analysis and design of buildings and facilities for other state and local government agencies. Only 16 percent of the combined highway and bridge designs in 1986 were accomplished by private engineering firms.

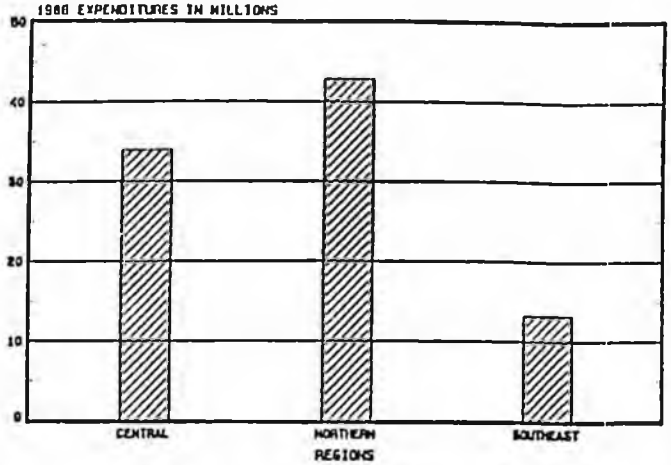
Most States Call On Outside Consultants. While some states, accomplish all design work with state staff, most states reserve some work for consulting engineering firms. In some states consultants help out with the very straight-forward designs where the chance of a communications problem between the state and the engineers is small. However most states reserve for private forces complex bridge or urban highway work, where specialized effort is required. While some states aim for a specified portion of all work to go to consultants, others reserve the "peaks" in design work load for consulting firms.

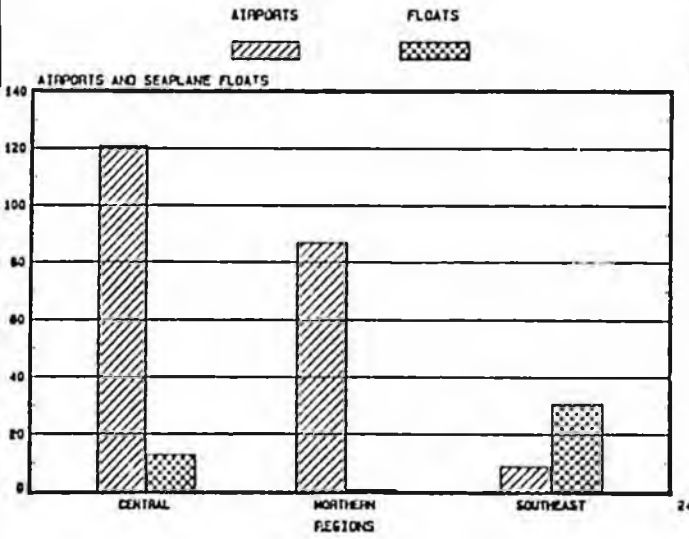
Recommendation: Set Consulting Engineering Policy. There is always the debate about which method, public or private engineering design and plan preparation, is most cost effective. Currently, the ADOT&PF lacks both the facts on public and private costs and a policy on the use of engineering firms based on such facts. It is therefore recommended that a consulting engineering policy be developed based on a cooperative effort by private and ADOT&PF engineers to find comparable, public and private design and plan preparation costs.

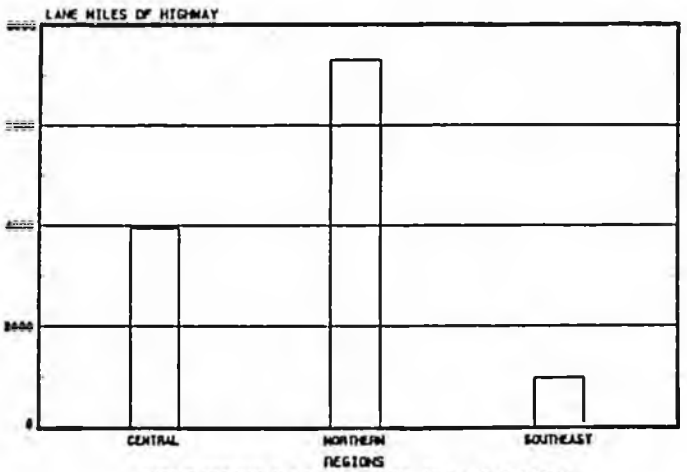


MAINTENANCE AND OPERATIONS

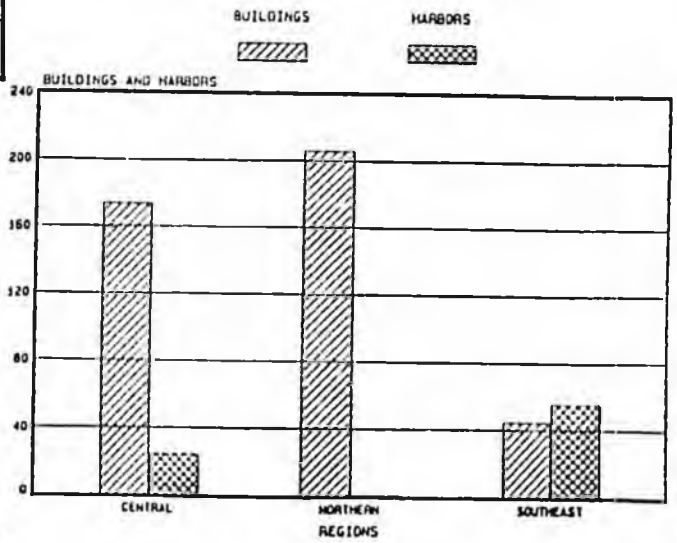








MARINE HIGHWAY AND INTERNATIONAL AIRPORTS EXCLUDED



MARINE HIGHWAY AND INTERNATIONAL AIRPORTS EXCLUDED

Maintenance And Operations. Perhaps the most unrewarding work in the highway industry is that of the people that are responsible for keeping our highways operable, safe and in as near to their as-built condition as resources allow. In fiscal year 1986 the ADOT&PF spent $91.3 million in maintenance and operation of highways, airports (excluding the International Airports and Marine Highway System maintenance and operations), harbors, ferry terminals and most state buildings.

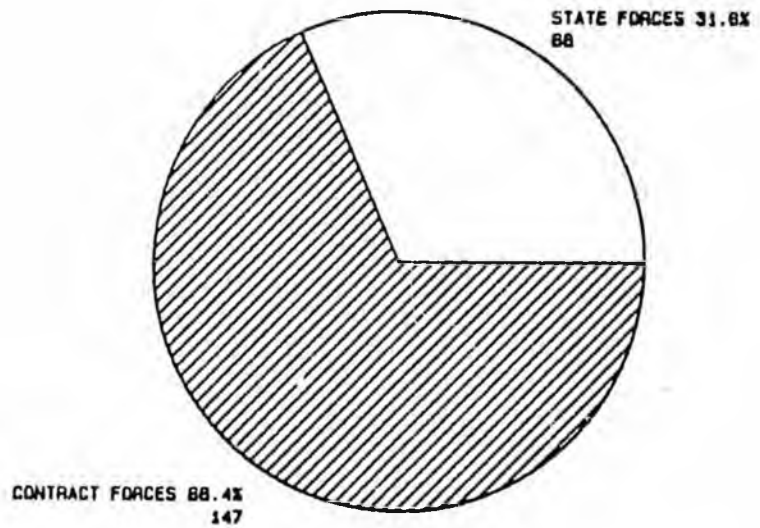
Responsibilities. The above charts indicate the relative maintenance manpower strengths of the three Regions and the split of maintenance and operations expenditures in fiscal year 1986. Also shown are the broad mix of maintenance and operations responsibilities, including lane-miles of highway, airports and seaplane floats, buildings and harbors.

Manpower. As of June 30, 1987, the Department employed 570 maintenance and operations people down from 661 people at the same point in time in 1985. Based on 1986 survey information from all state highway and transportation agencies in the nation, Alaska ranked 49th in the nation in maintenance personnel per lane-mile of state highway. Furthermore Alaska is the only state whose maintenance forces must not only maintain highways but also buildings and airports.

Major Airport Responsibility. With 215 state-owned and maintained, land airports and 45 seaplane floats, the ADOT&PF must not only ensure that the physical components of the airports are safe but also the operational equipment (landing lights, signs and wind indicators) of airports are in safe working condition. This is a major responsibility, especially where heavy snowfall may impede operations. Nevertheless, the ADOT&PF maintenance forces are responsible for advising pilots as to safe or unsafe landing conditions. To further compound the problem, most (68.4 percent) of the airport maintenance and operation function is contracted out to private individuals or corporations in remote areas where the supervision of work effort is difficult and costly.

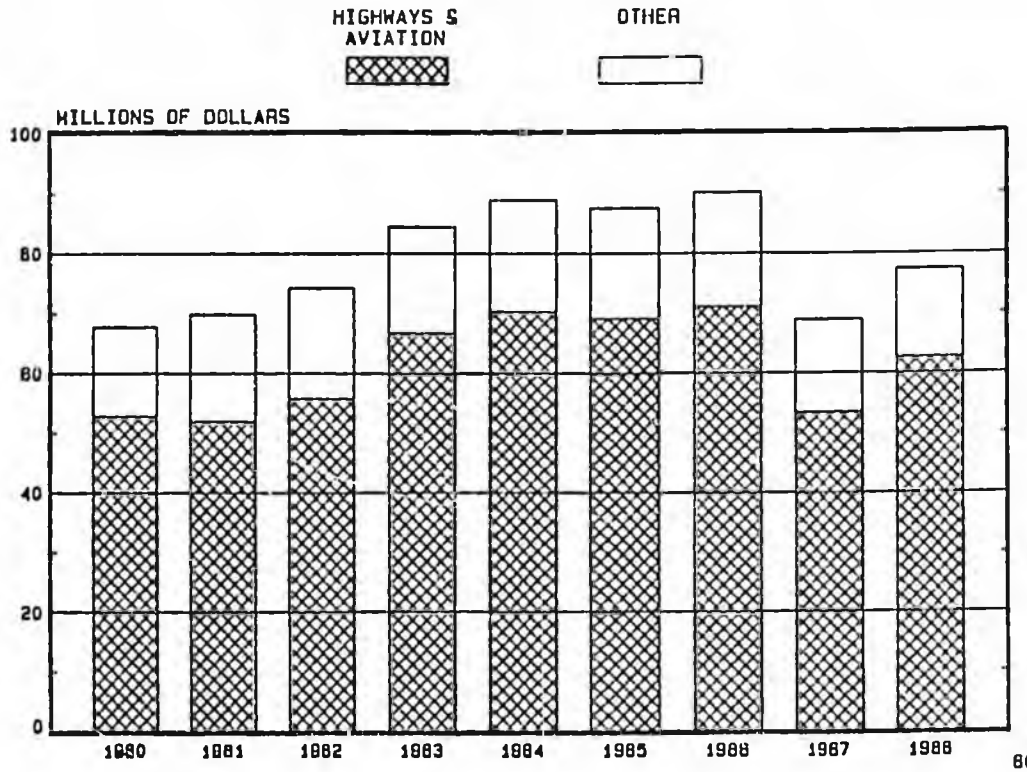
Force Spread Thin. The highway maintenance function is divided into maintenance districts. There are 85 maintenance stations, (one per area) each responsible for between 20 and 150 miles of road as well as the state airport or airports within the area. Manning has dropped to as low as two people at some maintenance stations making it difficult to schedule leave. Sickness or injuries sometimes mean snow removal operations must be stopped. Overtime is common. All leave must be scheduled in the frost-free months. Not only does the lack of flexibility hamper winter operations but summer crack sealing, mowing, brush cutting, seal coating and ditch and culvert clearance operations are affected.

MAINTENANCE OF LAND AIRPORTS



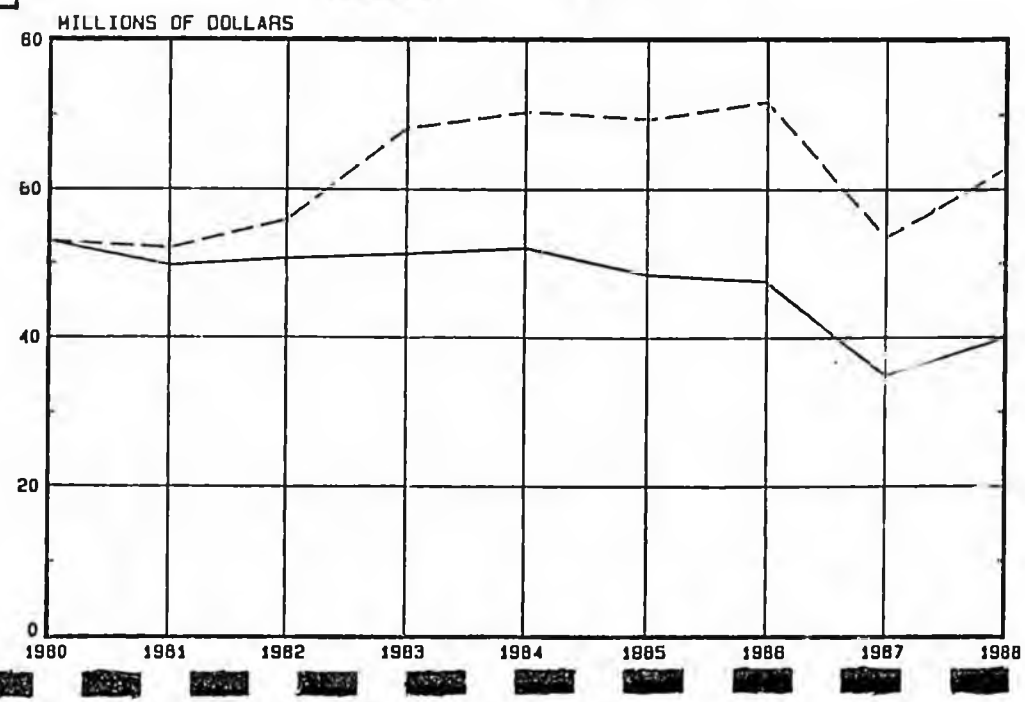
TOTAL: 215 AIRPORTS

MAINTENANCE & OPERATIONS TRENDS



Notes: 1) Actual fiscal year expenditures, 1980-1987.
2) FY 1988 is authorized expenditures.
3) Marine Highways and International Airports not included.

HIGHWAY & AVIATION M&O ONLY



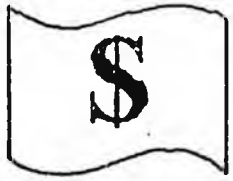
State Budget Constraints have Severely Impacted M&O. During the 1980 to 1988 period, maintenance and operations funds have varied from a low of $66.9 million in fiscal year 1980 to a high of $91.3 million in 1986. The highway and aviation portion (about 80 percent) of M&O expenditures varied from $52.0 million in 1981 to $71.2 million in 1986. Taking into account inflation and added lane-miles of highway responsibilities, fiscal year 1987 highway and aviation expenditures were 33 percent lower than seven years earlier. While fiscal year 1988 highway and aviation funds are up $8.8 million over 1987 expenditures, in terms of 1980 buying power and additional road responsibilities, 1988 budgeted funds are 25 percent less than spent in 1980.

Recommendation: Make A Highway And Aviation M&O Analysis. While Federation staff did witness highway maintenance problems in our cursory field checks, these visits and interviews were not sufficiently comprehensive to indicate the most cost-effective level of highway and aviation funding. However it is suggested that ADOT&PF staff establish a maintenance management procedure (with adequate monitoring of actual use) to henceforth gain accurate information on maintenance resource management. Furthermore it is suggested that optimal, minimum and several intermediate levels of service for all maintenance management activities be established and these service levels be used as a basis for public debate on the ADOT&PF service level to be provided. The analysis should provide estimates of the cost of each service level along with the benefits and consequences.

Maintenance Facilities Excellent. In the field evaluation of Alaska's roads it was noted that ADOT&PF maintenance stations were at least as good and in many cases better than others in the nation.

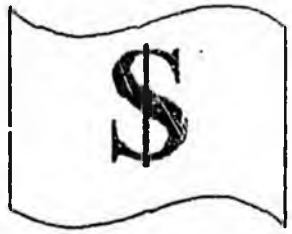
Federal Concern For Highway Maintenance. While federal aid highway funds are not available for highway maintenance, the Federal Aid Highway Act (Title 23) mandates that states adequately maintain all highways that were built or upgraded with federal aid highway funds. In fact the law stipulates a holdback of federal funds if it is found that a state highway or transportation department is not adequately maintaining such highways.

RESEARCH PAYS

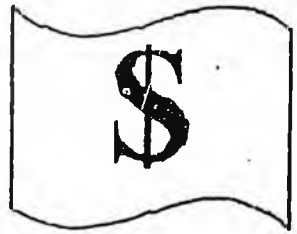


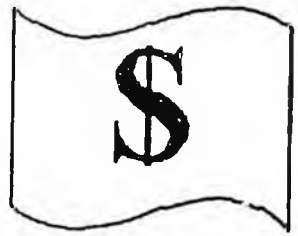
INVESTMENT

COST SAVINGS



INCREASED SAFETY





Highway Research A Must In Alaska. No where else in the nation is it as necessary as in Alaska to use materials on hand in road building. The cost to transport rock to remote places for the construction of highway subgrades is often prohibitive. Curing of bituminous pavement and concrete structures is difficult in the extreme cold of the Arctic as well as the extreme dampness of Southeast Alaska. Obtaining a stable, hard-surface highway over permafrost ice – that is subject to melting due to the heat-absorbing nature of bituminous materials – is a construction challenge. To meet these and many other problems, Alaska's highway designers must rely on research and researchers to find cost-effective solutions.

Research Program Less Than One Third Of One Percent Of 1986 ADOT&PF Program. In 1986 $1.7 million were appropriated for the ADOT&PF Research Program, or about 0.3 percent of the $525 million of ADOT&PF fiscal year 1986 expenditures. By private industry standards, the ADOT&PF research effort is extremely low.

Comparable To National Averages. Nevertheless, the proportion of transportation fund devoted to research is roughly comparable to the nationwide average. Total nationwide highway research spending in 1986 was 0.2 percent of nationwide highway spending.

Forty-four Percent Federal Funds. Two federal programs – Highway and Energy – provided 44 percent of 1986 ADOT&PF Research Program funds. The remaining 56 percent were appropriations of Alaska's General and Capital Funds.

Research Section Located At University of Alaska. The 14-person Research Section of the ADOT&PF is headquartered on the main campus of the University of Alaska in Fairbanks. Both the University's and the ADOT&PF Research Programs benefit from this association. Fourteen other states have similar joint transportation department and University research efforts.

Research Committee Sets Programs. While the Research Program is administered by the ADOT&PF Northern Region, representatives of each regional offices, the headquarters office and the Marine Highway System meet to monitor progress and to consider additional needed research.

Two Important Recent Contributions. After six years of investigation and testing by the Research Section, radioluminescent runway edge lighting has become operational. This is vitally important to Alaska's remote communities where lack of electric power has hampered safe airport operations.

The Falling Weight Deflectometer was tested by the Research Section and made available to designers in 1981. This machine simulates the impact upon pavement of a moving truck. The machine not only enhances the design of pavements and subgrade but is an important tool in assessing possible pavement damage due to heavy truck passage during spring thaw conditions.

Other Ongoing Research. As of January 1, 1988 there were 24 research projects going forward to improve: highway design, operations and maintenance; airport operations and design; building design and energy supply; harbor design; coastal navigation; ferry hull design; communication systems; and air quality measurement.

CHAPTER IV

HIGHWAY MANAGEMENT AND PRODUCTIVITY

CHAPTER IV

MANAGEMENT AND PRODUCTIVITY

A Review of the Alaska Department of Transportation and Public Facilities Organization as it Compares with other State Highway and Transportation Departments. The Size of the Staff as Compared with total State of Alaska Employees. Salary Comparisons with other Western States are shown. The Status of Capital Project Clean-up is reported, as is the Status of the Highway Equipment Working Capital Fund.

Major Milestones of Alaska Highway Program

1956: 1) Federal highway funds made available to Alaska

1959: 2) Statehood - transfer of public works (including highways) from federal to state jurisdiction.

1960: 3) Marine Highway System formed.

1962: 4) Alaska Department of Highways separated from Alaska Department of Public Works.

1964: 5) Extensive earthquake damage to roads.

1967: 6) Alaska Highway (ALCAN) completely paved (Alaska portion).

1970: 7) Federal Highway Act allows highway funds to be used for ferry upgrading.

1971: 8) Local Service Roads and Trails Program implemented.

1971: 9) Parks Highway completed.

1974: 10) Dalton Highway opened by oil companies.

1977: 11) Alaska Department of Transportation and Public Facilities formed.

1979: 12) Oil revenues generate major expansion in transportation capital expenditures.

1981: 13) High point in contract awards, $260.7 million (highways $157.2 million).

1982: 14) Regionalization of ADOT&PF.

1982: 15) Alaska Interstate Highway System designated.

1985: 16) Last appropriation for Local Service Roads and Trails Program.

1986: 17) High point in Highway and Airport Maintenance and Operations authorizations, $71.2 million.

Alaska's road program and its management has seen some dramatic changes over the past 30 years; more so than any state highway or transportation agency in the nation. From the perspective of this Review, the most significant milestones or events are shown above.

Two Important Management Decisions. The formulation of the Alaska Department of Transportation and Public Facilities in 1977 and the regionalization or decentralization of Program control in 1982 were most important changes. Bringing all state transportation agencies into one organization was certainly an important management decision from both the perspective of the Governor and the Legislative. Transferring much of the control to the Regional and Division Directors was a decision that lessened the Commissioner's and headquarters' staff roles and gave great latitude and flexibility to the Region and Division Directors.

Highway Program "Weathers The Storm". Whenever a strong program such as the State Highway Program is combined with other efforts such as Public Facilities, the weaker program is usually strengthened and the strong program loses some of its stature.

While this has been the case in some states, we conclude that the State Highway Program has not suffered in Alaska. The improvement and maintenance of highways remains as one of the most important issues for the Commissioner, the ADOT&PF headquarters' staff and the Regional staff. The responsibility for public facilities, the International Airports, other state airports, harbors and the Marine Highway System has not eclipsed the highway responsibility. The decision to combine these agencies and functions with the Highway Department and the highway functions was a good one and it should stand.

Regionalization Also Sound Decision. The decision to allow the Regions and Divisions greater control over the ADOT&PF Program and particularly the State Highway Program was also logical and beneficial.

However, as discussed in Chapter II and III, the ADOT&PF headquarter staff needs to strengthen both its role of providing policy direction to the Regions and Divisions and its role of monitoring program status and progress. To accomplish this, the ADOT&PF budget should be increased to allow additional staff in the headquarters' offices.

ALASKA LEGISLATURE COMMITTEE FILES 1987 - 1988 8672
5137 HTRA COMM. MTGS: CAPITAL PROJECTS CLEANUP - HB 31

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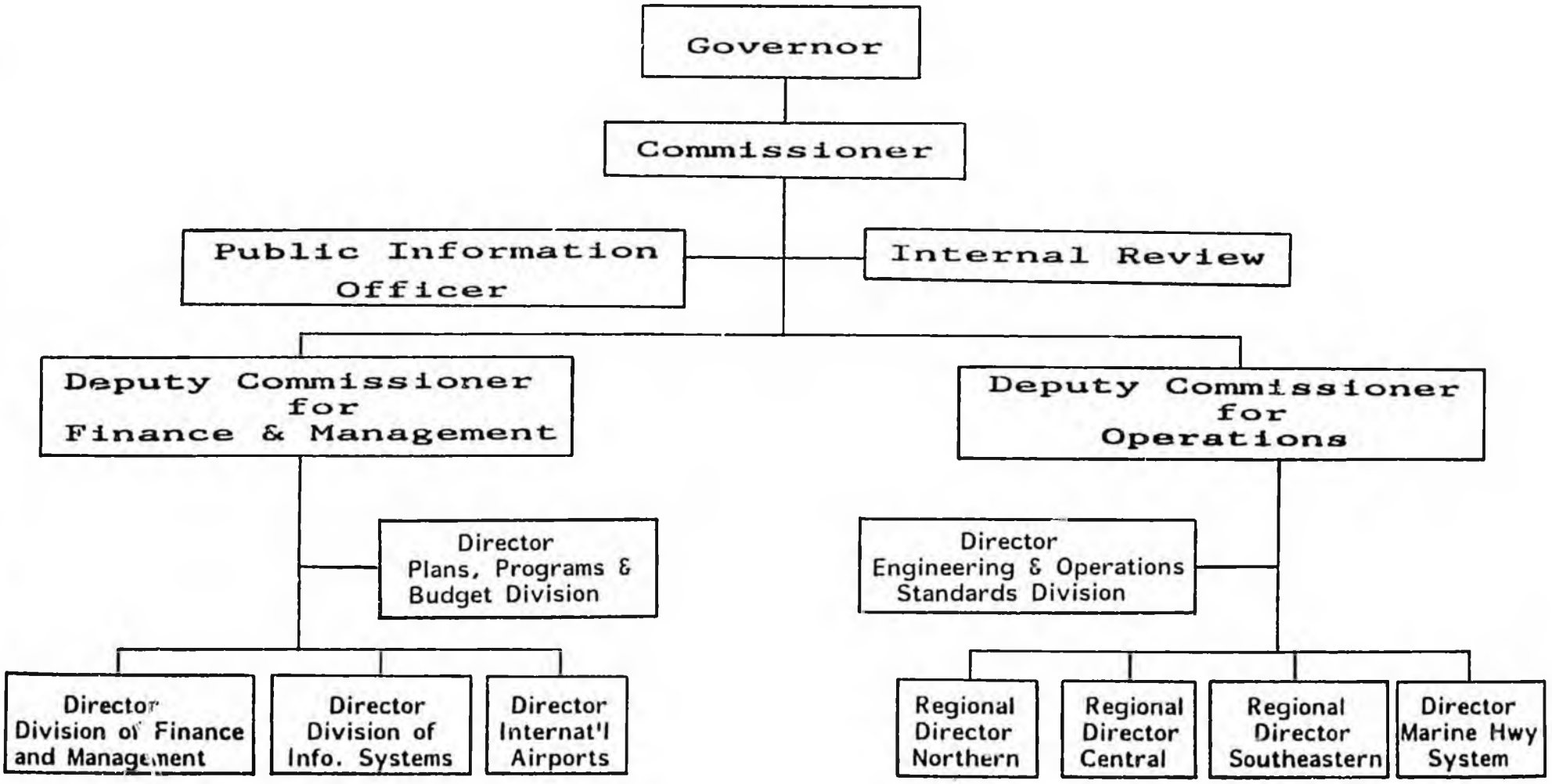
ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES



Management Instability. One of the problems of the previous Department of Highways and now the Department of Transportation and Public Facilities is the rate of turnover at the top two levels of management. Since 1977, the ADOT&PF has had six chief executive officers. Communications, plans, programs and policies all go through transition as the new team of managers moves into their function and responsibilities over a large organization with a large budget.

Bright Future. For the first time in recent years, the Commissioner was selected in early 1987 from within the ranks of the ADOT&PF and this has tended to provide stability at a time when it was most needed. He has taken over with a minimum of confusion and has brought people with professional and technical experience to key positions.

Organization. The above organization chart depicts the lines of responsibility as they stood in late 1987. However, the Commissioner has a mandate to report to the Legislature in January 1988 on his recommendations for reorganization.

Differences Between ADOT&PF And Other State Highway And Transportation Agencies. The following are a list of notable differences between the ADOT&PF organization and the other state transportation and highway agencies:

1. Most states have appointed boards or commissions to advise and assist the departments' chief executive officers on policy matters.

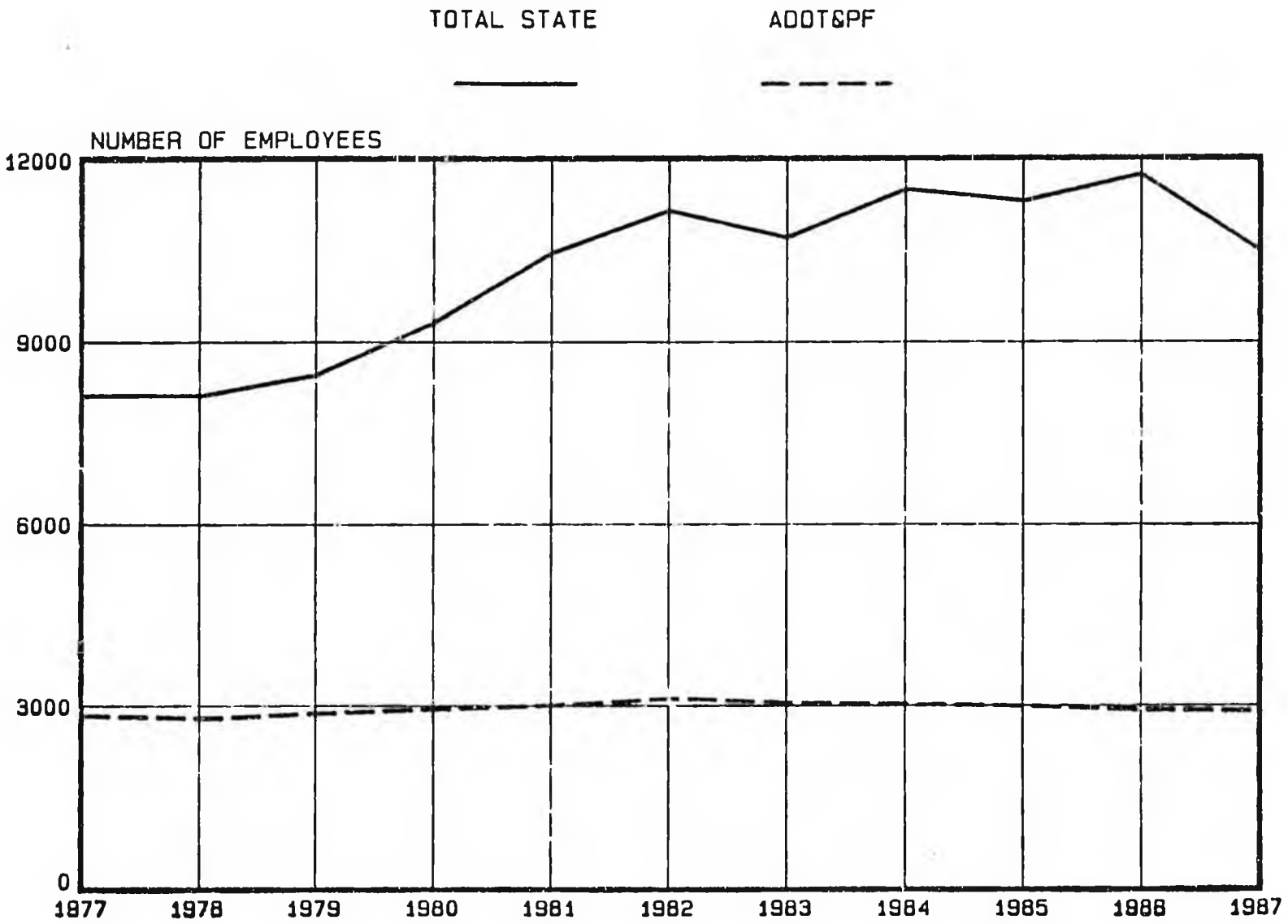
2. The ADOT&PF is the most comprehensive state transportation agency in the nation. Most state agencies are chiefly highway departments with only minor roles in administering federal and state grants for aviation, mass transportation, waterways and railroad improvements, with no construction, operational and maintenance responsibilities for the other-than-highway-transportation modes.

3. Most state agencies have a cadre of senior highway construction, maintenance and design engineers in the headquarters office that set policies and procedures to guide region, division or district staff. These people also monitor field activities and provide technical advice. The ADOT&PF lacks such headquarters' expertise in all areas.

4. The budget finance office is not normally at the deputy level. However, it is obvious with ADOT&PF's accounting problems why this office is positioned as it is.

5. In Alaska, each Region office operates similarly to an independent state highway agency with planning, contract letting, personnel, training functions, as well as the maintenance, construction inspection and design functions normally found in regional, division or district offices.

ADOT&PF STAFF COMPARED TO TOTAL STATE STAFF



NOTE: AS OF 2/87

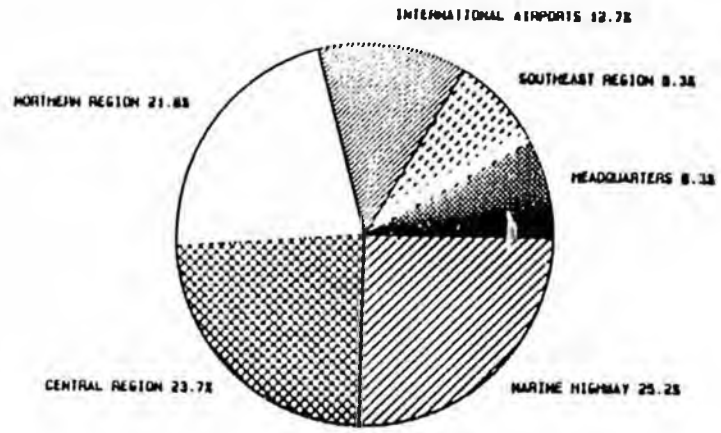
ADOT&PF Complement Has Remained Level While Other Agencies Are Up By 45 Percent. According to ADOT&PF personnel files and the files of the Alaska Department of Administration, the state had 10,303 employees on the payroll as of the end of January 1987 and the ADOT&PF 2,916, or 28 percent of the total State complement. However, while the total of the other state agencies is 45 percent above 1977 manpower levels, the ADOT&PF overall complement has remained virtually unchanged over the 1977 to 1987 period.

Overall ADOT&PF Productivity Up. Total employees have remained constant. Discounting the effects of inflation, ADOT&PF's 1987 funds were only marginally ahead of 1977 funds (see page I-8). At the same time, travel has greatly increased as has lane-miles of highway, both of which increase the workload, particularly of maintenance force. It is therefore concluded that ADOT&PF staff productivity has increased over the 1977-1987 period.

Engineering And Marine Highway Positions Most Prevelent. The charts at right indicate: 1) the location of the 1987 ADOT&PF authorized permanent complement and 2) the functions of 2,727 employees that were on the payroll as of April 1987, a point in time when very few temporary or seasonal employees were employed.

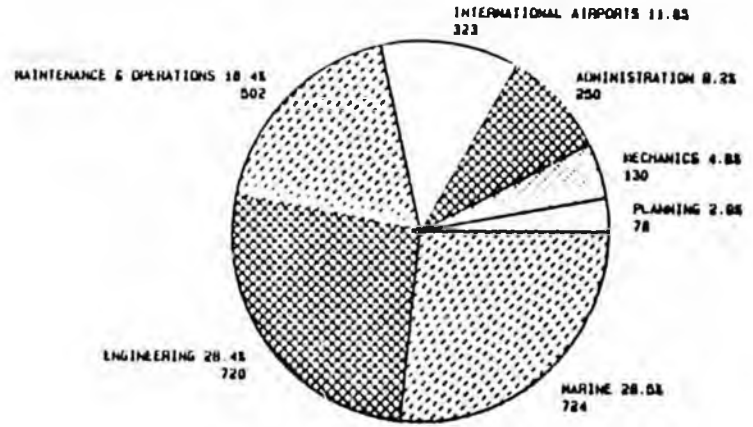
ADOT&PF PERSONNEL

LOCATION



2,801 PERMANENT POSITIONS

FUNCTIONS

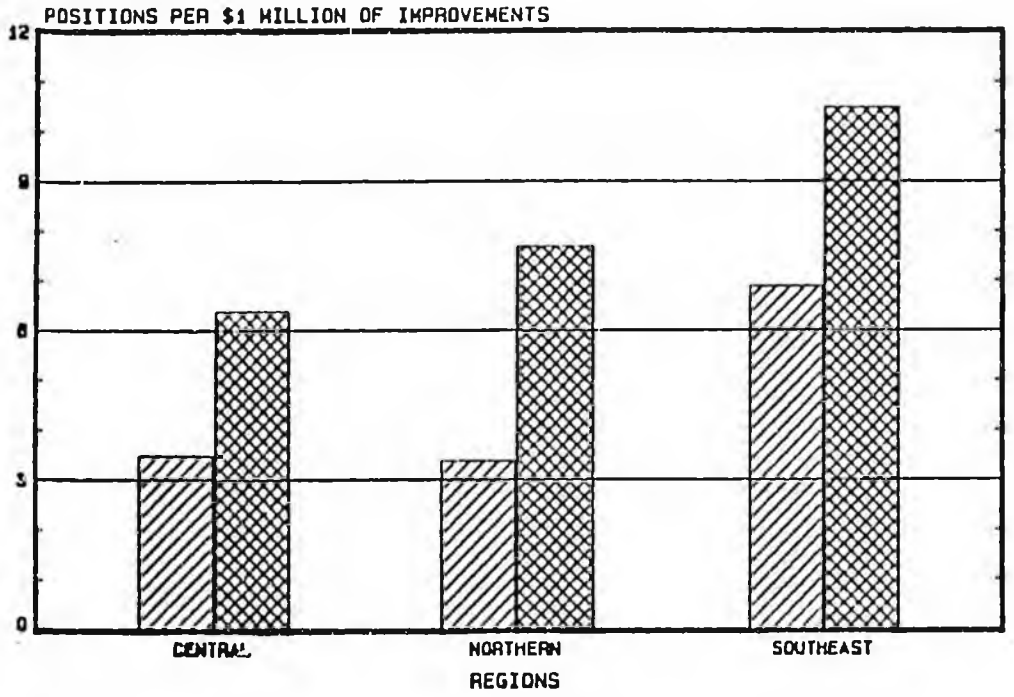


TOTAL: 2,727 (AS OF 4/30/87)

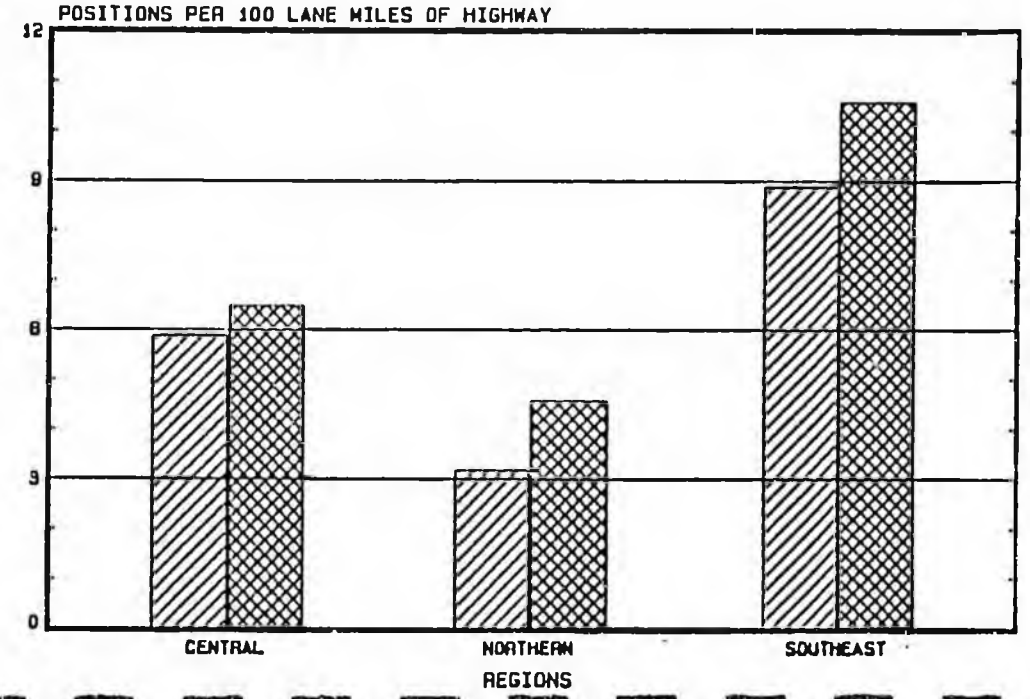
PERSONNEL ANALYSES

FULL TIME POSITIONS

TOTAL POSITIONS



DESIGN & CONSTRUCTION



MAINTENANCE & OPERATIONS

Preliminary Judgment: Productivity Highest in Central & Northern Regions. Preliminary judgments about region-to-region employee productivity can be judged by the two charts. However, other factors must be considered in making final judgments. With the fewest miles of highway to maintain and the lowest share of highway improvement funds, the Southeast Region must maintain, a minimum force that does not necessarily relate to workload.

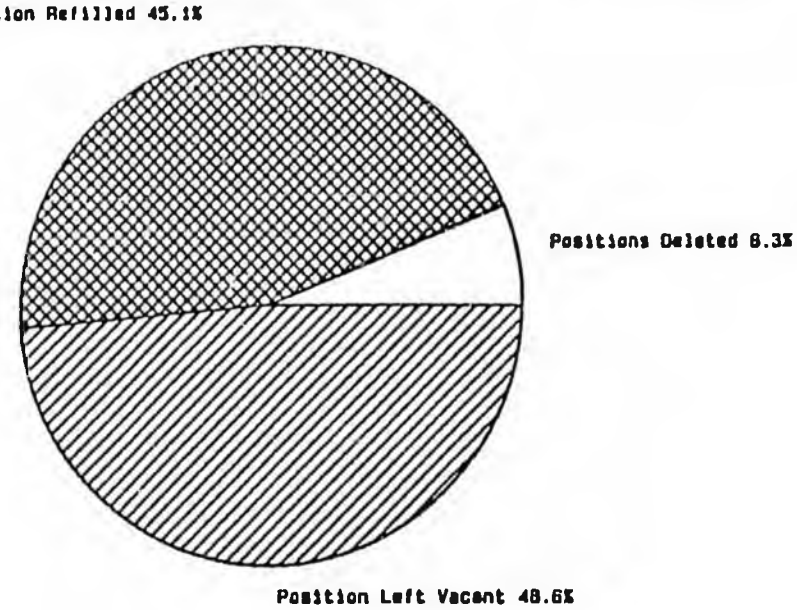
Impact of Retirement Program. As of January 31, 1987, the ADOT&PF had lost 142 people to the statewide retirement incentive program offered by the Legislature. Two early analyses of the effects of these retirements are shown at the right. Other conclusions are as follows:

1. 54 percent of the retirees' positions were left vacant or abolished.
2. $1.37 million of wages were saved in fiscal year 1987.
3. Costs to the State of Alaska for offering early retirement are spread over a four year period and amount to $4.2 million. This compares to four-year, wage savings of $5.4 million.

By the end of the fiscal year cutoff period, 355 ADOT&PF employees took advantage of the RIP program.

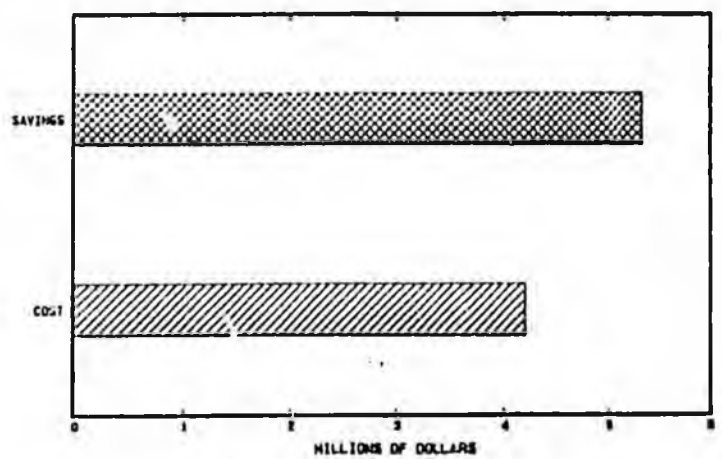
Young ADOT&PF Work Force. In part due to the reduction in personnel program and in part due to the generally youthful nature of Alaska's population, the ADOT&PF is judged to be the most youthful of the nation's state highway and transportation department employees. With a retirement program that allows full retirement after 55 years of age with at least five years of service, it was observed that very few people stay beyond age 55. Furthermore, no other state can boast a commission executive staff all under the age of 45.

RETIREMENT INCENTIVE PROGRAM



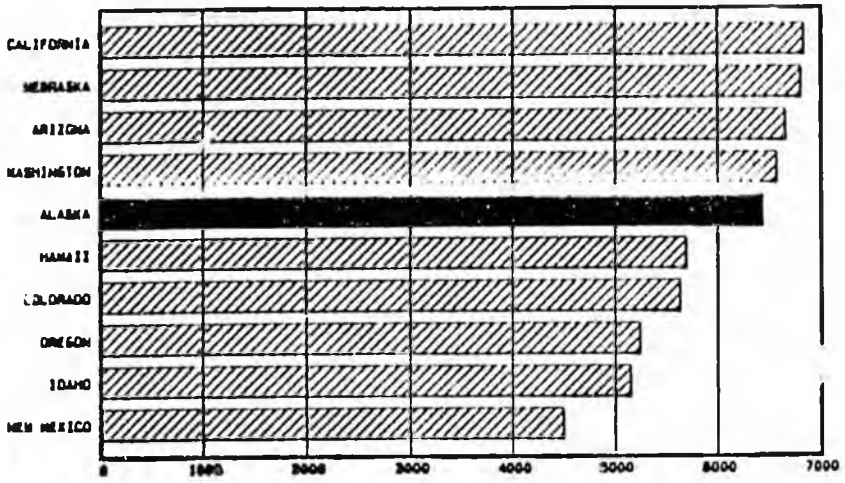
142 RETIRED NOTE: 7/1/86 TO 1/31/87;

FOUR YEAR IMPACT



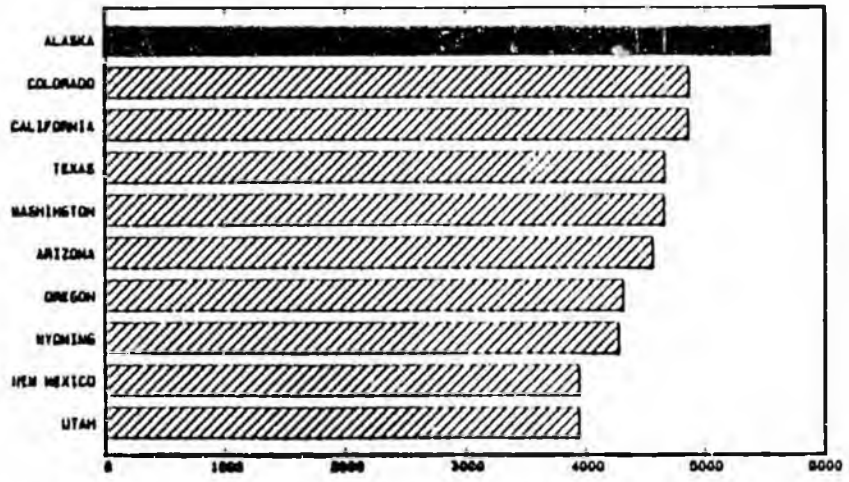
SALARIES COMPARED

COMMISSIONER/SECRETARY/ADMINISTRATOR OF TRANSPORTATION

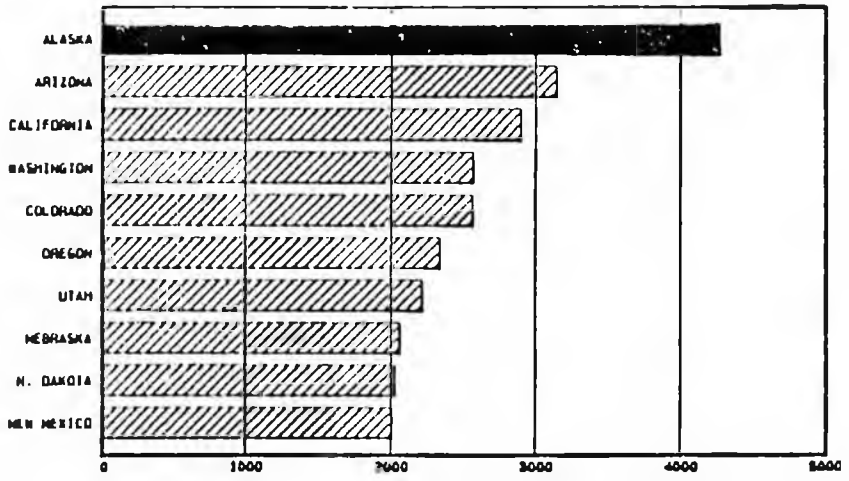


BRIDGE DESIGN ENGINEERS

(DIVISION CHIEF LEVEL)



TRANSPORTATION PLANNER'S



NOTES: 1) AVERAGE MONTHLY SALARIES, 1986.

2) HIGHEST 10 AMONG WESTERN STATES.

Salaries And Benefits Generous. While the incentives for retirement are good, the incentives for making the ADOT&PF a career are high. This page and the next show the 1986 average monthly salaries of seven categories of ADOT&PF staff as they compare to their counterparts in the other Western States. Note for each category of employee that the Alaska earned salary is compared with the 9 highest (only) of the other 17 Western States. The survey results are as reported by the American Association of State Highway and Transportation Officials.

Comparability. Note also that the categories were limited to those categories of ADOT&PF employees that had reasonable comparability with other states. Where it was deemed that ADOT&PF personnel of the same job title as their Western State counterparts had different functions, the category was eliminated.

Alaska Cost of Living Is Between 36 and 43 Percent Higher. Based on the January 1987, "Cost of Living Index" published by the American Chamber of Commerce Research Association, the cost of living in Alaska cities is between 36.4 percent and 43.5 percent higher than the average for all U.S. cities. These facts and Alaska's 1985-1987 economic transition should be considered when assessing the current applicability of ADOT&PF salaries.

Salary Issue Brought Forth Because Of The 1987 Debate. The facts are included in this review largely because of the debates in 1987 between government representatives that are trying to cope with Alaska's sudden drop in revenue resources and the public employee unions that are working hard to maintain current wages.

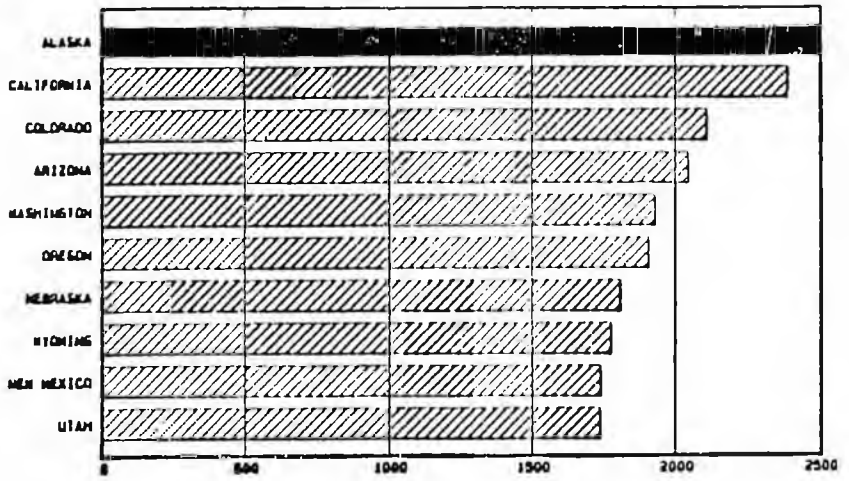
Federation's Position. In most of the other state highway programs reviewed to date, the Highway Users Federation found that salaries were low when compared with the responsibilities involved. In Alaska, however, we find the salaries consistent with the need to attract and retain capable people.

Highway Maintenance Workers. The group of ADOT&PF employees that appear to be most out of line with their counterparts in Western States, are the highway maintenance workers. However, in Alaska's case most highway maintenance employees are expected to be skilled heavy equipment operators, while for the most part the average highway maintenance employee in other states is not expected to have such skills. Furthermore, Alaska's salary differentials for remote locations have a considerable impact on maintenance worker salaries.

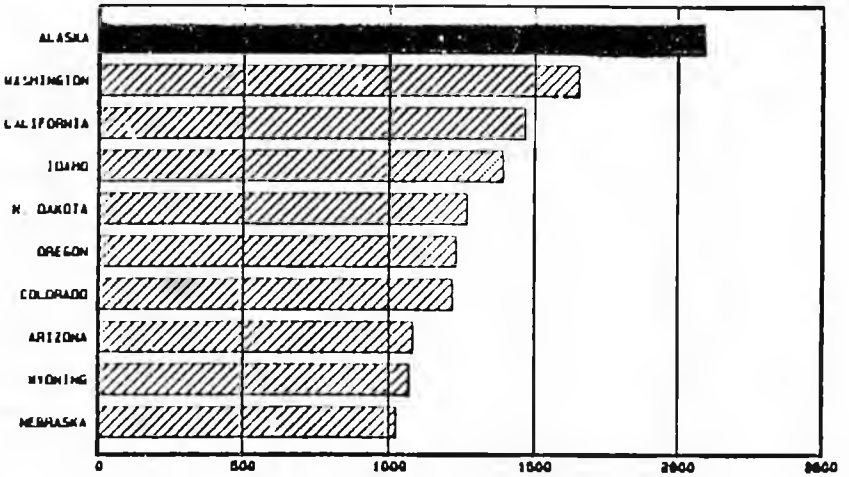
Transportation Planners. ADOT&PF's 12 transportation planners also appear to have abnormally high salaries in comparison with their counterparts in other Western States. However, in the context of Alaska's decentralized program and unlike other state highway and transportation programs, each ADOT&PF Region as well as the headquarters office, has a transportation planning staff that maintains important public liaison functions. As in all States, ADOT&PF transportation planners are the key group for pinpointing highway deficiencies, setting improvement needs and priorities, making environment assessments and accomplishing preliminary engineering functions.

SALARIES COMPARED

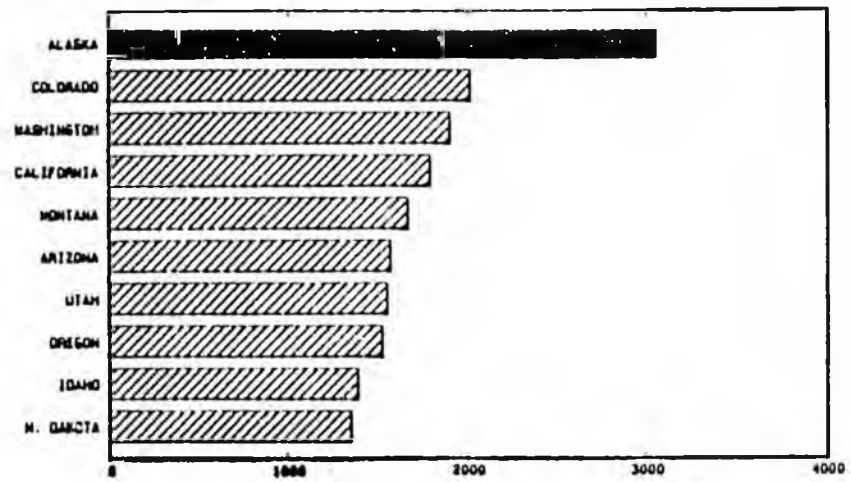
GRADUATE CIVIL ENGINEERS



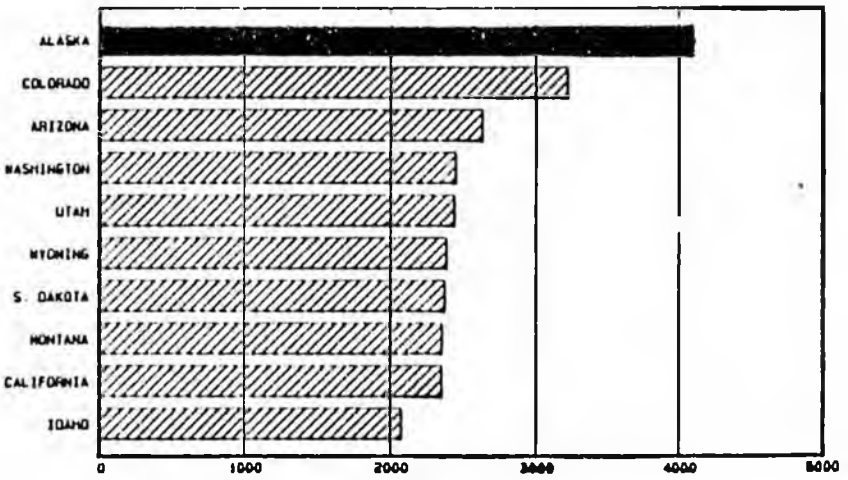
ENGINEERING AIDES



HIGHWAY MAINTENANCE WORKERS



HIGHWAY MAINTENANCE SUPERVISORS



NOTES: 1) AVERAGE MONTHLY SALARIES, 1986.
2) HIGHEST 10 AMONG WESTERN STATES.

Facilities. Not only are the salaries and benefits conducive to maintaining a highly trained and motivated staff, but the working conditions in shops, laboratories and offices appear to be an important asset to the Program, with some exceptions.

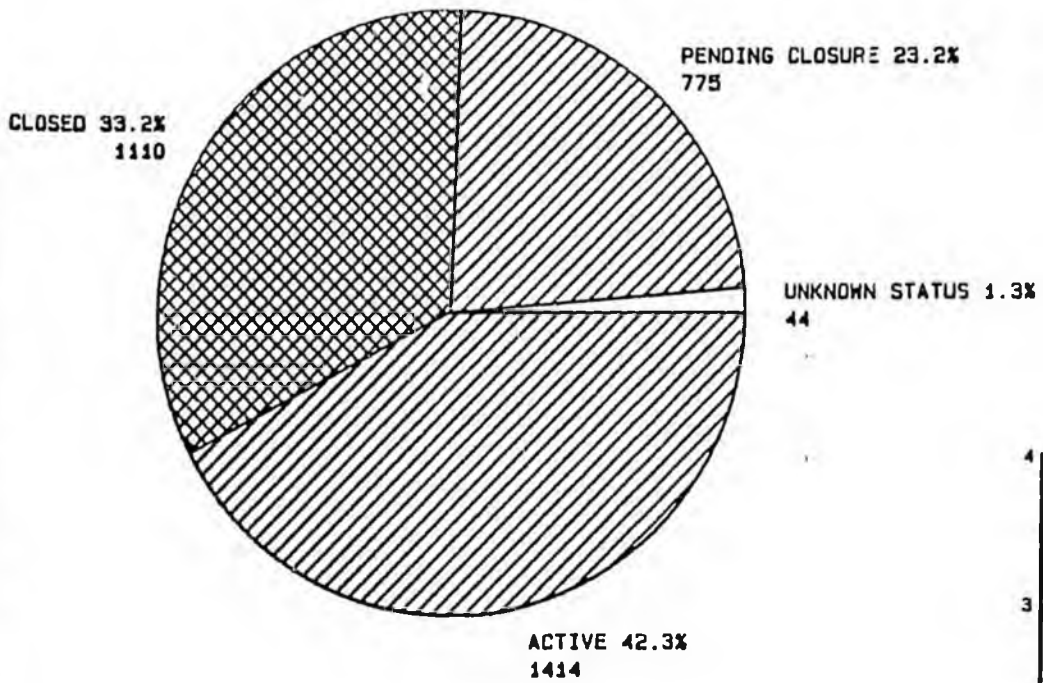
Regional and Headquarters Offices Good. The headquarters office facility as well as the regional offices in Fairbanks and Anchorage are excellent and provide good working conditions. The facilities in Nome and Valdez were viewed as adequate.

Southeast Region Headquarters Functions Need To Be Consolidated. The Southeast Region staff are divided between two offices, eight miles apart. In order to be effectively managed, the Southeast Region headquarters staff needs to be consoidated in a single building.

More Space Needed For Marine Highway System Staff. It was observed that among all the ADOT&PF offices visited, those of the Alaska Marine Highway System were most cramped for space. It is therefore recommended that a space allocation plan be developed for AMHS headquarters staff, and that either the existing AMHS building be expanded or that another suitable building be found to meet AMHS space allocation needs.

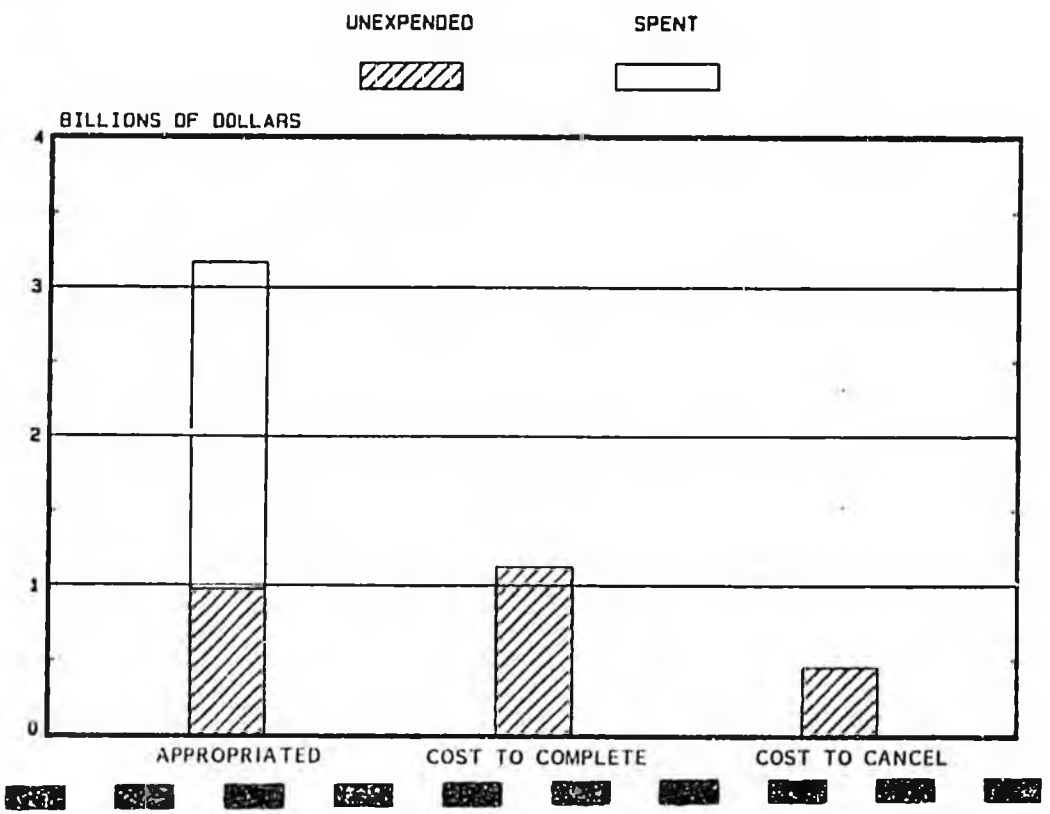
CAPITAL PROJECTS CLEAN-UP

PROJECT STATUS



TOTAL: 3,343 PROJECTS

FINANCIAL STATUS



NOTE: STATUS AS OF 3/10/87.

Capital Project Clean-up. For a number of years the ADOT&PF has found it difficult to accurately account for and report the financial status of its Capital Improvement Program (CIP). The increase in project appropriations during the early 1980's coupled with the then new decentralization policy, frustrated the Department's efforts to gain and retain accounting for the costs of preconstruction engineering activities, right of way costs, construction progress payments and the other elements of the CIP Program.

Objectives. The Capital Project Clean-up effort is designed to accomplish the following objectives:

1. Restore confidence in DOT&PF's ability to effectively manage capital improvement projects.

2. Use the State's accounting system (AKSAS) to control and accurately report the status of improvement projects.

3. Identify appropriation adjustments needed to correct the ADOT&PF's financial data base.

4. Develop a management reporting system for preconstructing engineering and construction projects.

5. Identify and develop needed policies, procedures and training.

Status. The original CPC effort (January 1984 through June 1985) produced an interim report to management based upon project and appropriation data as of June 30, 1985. This report revealed the current status of all ADOT&PF projects. However, the recommendations in the report were never implemented. Additionally, the accounting data base in AKSAS was not adjusted to reflect the proper financial balances as of that date.

In January of 1987, the Department gave its "highest priority" to the current CPC effort. In April the Department produced a preliminary status report of all of its capital improvement projects, as shown graphically above.

1987 Findings. The report identified over 3,343 projects with a authorized dollar value of $3.2 billion. 1,617 are highway projects with a $1.8 billion dollar value.

While the majority of these projects are cited in specific legislation, the remaining projects are authorized by agreements with other agencies and are composite, non-project-specific appropriations such as for highway planning and highway research. The report provides the current status of each project in terms of level of completion, the project budget, the unexpended balance, the cost to complete and the cost to cancel the project.

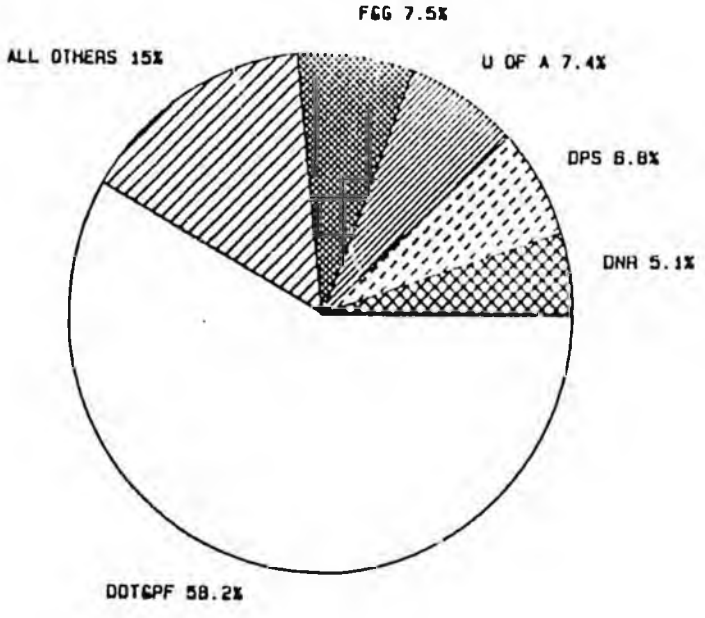
Overspending Found. The reported "cost to complete" (determined by project managers) exceeded the programmed balance by approximately $144 million indicating that an additional $144 million is needed to engineer and build the projects.. ADOT&PE officials anticipate that the final amount will be substantially less, following an accurate assessment of actual financial data.

The "cost to cancel" element includes reimbursement of Federal Aid Highway Program receipts for projects that were stopped before the improvement was awarded to contract.

The ADOT&PF indicates that the CPC effort will be completed in June 1988.

MANAGING STATE VEHICLES

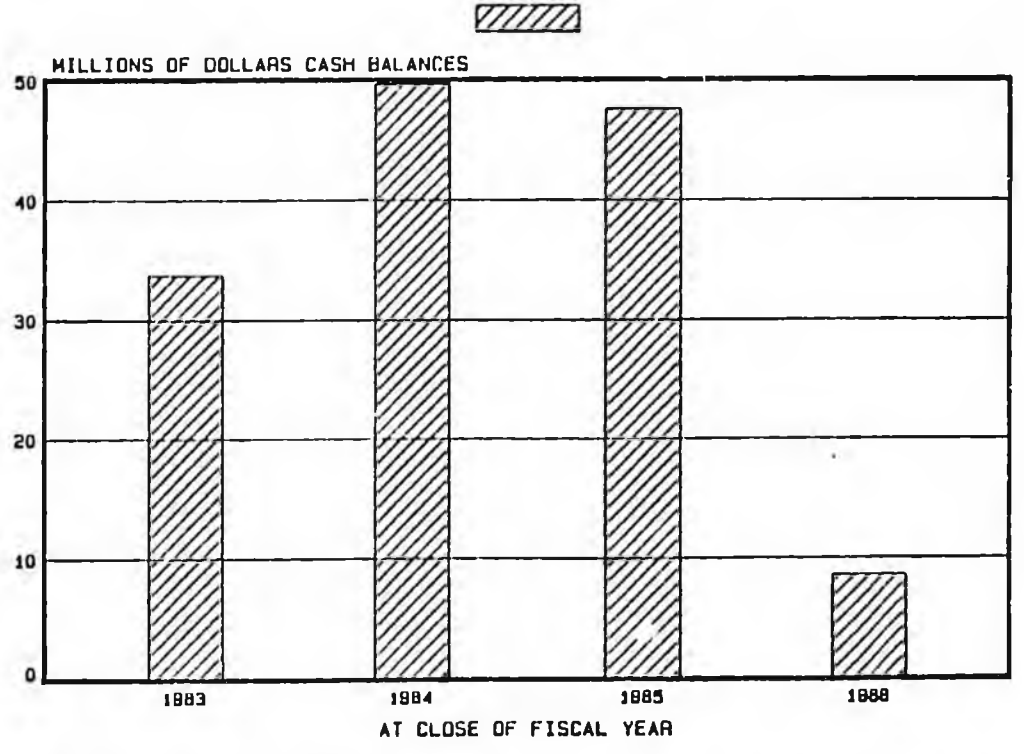
STATE EQUIPMENT FLEET



TOTAL VEHICLES & EQUIPMENT: 6,517

TOTAL REPLACEMENT VALUE: $117.7 MILLION

HIGHWAY EQUIPMENT WORKING CAPITAL FUND



Among the many responsibilities of the ADOT&PF is the management of the 6,517 vehicles and equipment that are leased to ADOT&PF forces and 18 other divisions of state government. Among the vehicles are cars, trucks, road graders, bulldozers, asphalt heating pots, sanders, snow plows and fire trucks. Alaska statutes state that the ADOT&PF shall "supervise and maintain all state automotive and mechanical equipment". A special Highway Equipment Working Capital Fund was established to receive leased funds and to expend appropriations from the Fund for maintaining, repairing and replacing the $117.7 million (1987 value) of vehicles and equipment.

HEWCF Low On Resources. The October 1987 draft of an audit of the state equipment fleet and ADOT&PF management procedures indicates the current HEWCF balance is inadequate to assure that needed vehicles can be replaced in order to sustain a modern and efficient fleet.

Main Problems Cited: Management Decisions To Reduce Lease Rates and Legislative Transfers Of HEWCF Funds To General Fund. Lease rates were set previous to 1986 to establish funds for replacements after careful analysis of expected future service lives of the vehicles and equipment. However, a steep reduction in the rates (49 percent) was made in FY 1987 to reduce state agencies' operating budgets in a time of fiscal crisis. Also because it was perceived that HEWCF fund balances were too high, the Legislature appropriated $62.7 million of HEWCF over the 1983 to 1987, five year period for other than State Equipment Fleet purposes.

Replacements Being Put Off. As of the audit report date, HEWCF balances have allowed only 75 percent of the scheduled fiscal year 1986 replacement to be made and almost none of the vehicles scheduled to be replaced in fiscal year 1987. The result: an aging fleet.

Recent ADOT&PF Steps. Two steps were taken in 1987 to resolve state equipment fleet problems. One, lease rates were again raised. And two the ADOT&PF appointed a task force to review and make recommendations regarding state equipment fleet problems.

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Users Federation
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Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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Juneau, Alaska 9981
(907) 465-4858

(Press Release: Juneau, January 22, 1988)

ALASKA HIGHWAY PROGRAM REVIEWED

The Alaska Department of Transportation and Public Facilities continues to improve service to Alaskans, despite being the nation's most comprehensive state transportation department, according to a report released today by the Highway Users Federation.

Unlike most state transportation departments, which concern themselves mostly with highways, the report says Alaska's department maintains a system of 5,542 miles of state highways, two international airports, 215 regional airports, and a nine ship ferry system.

These special demands on the department are a major factor in the findings and recommendations included in the report titled "Alaska Highway Program Review."

Although Alaska is the nation's largest state, only three other states - Delaware, Hawaii and Rhode Island - have fewer miles of public road.

Alaska leads the nation in the ratio of Federal-aid Highway Program money received compared to actual highway user fees paid. Between 1956 and 1985, Alaska received $2.2 billion federal dollars while contributing $256 million, a nine to one ratio.

Yet state highway users taxes, such as trucking and state gasoline taxes, have remained extremely low in comparison with other states, the report says. While highway user taxes cover all of highway program costs in most states, Alaska's highway user taxes meet only one percent of its highway program costs.

Because the state maintains a higher proportion of minor roads than most states, roads of major significance must compete with local roads for scarce state highway funds. The analysis recommends that local governments increase their role in maintaining minor roads, so the state can concentrate its funds on more important routes.

Despite its tremendous dependence on transportation facilities, Alaska lags behind most states in the number of maintenance employees per lane-mile of highway.

The 59 page report also cited the need for more centralized planning and system analysis so that Alaskans can better manage their overall transportation priorities.

The department is essentially spit into three regional offices, which determine their priorities after a geographic apportionment of funds. This hinders the department from setting overall transportation policy directions.

The Highway Users Federation, a private sector road transportation organization with affiliated business coalitions in every state, is conducting highway program reviews throughout the county at the request of state transportation authorities and highway user groups.

The report is available from the House Transportation Committee of the Alaska State Legislature.

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

P.O. BOX Y, STATE CAPITOL
JUNEAU, ALASKA 99811
907 465-3800

CONTRACT BETWEEN

STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY

AND

HIGHWAY USERS FEDERATION FOR SAFETY
AND MOBILITY
1776 Massachusetts Avenue, N.W.
Washington, D. C.

CONTRACT AMOUNT: $60,000

The parties to this agreement, made and entered into this 30th day of September, 1987, are the Legislative Affairs Agency, on behalf of the House Transportation Committee, (hereinafter referred to as the "Agency") and Highway Users Federation for Safety & Mobility, a nonprofit corporation, (hereinafter referred to as the "Consultant").

THE PURPOSE OF THIS AGREEMENT is to provide the House Transportation Committee with a review of the Alaska highway system.

CLAUSE I - STATEMENT OF WORK

The Consultant shall:

(A) review the Alaska highway system to study the manner in which the highway system of the State and its administration, maintenance and planned improvements meet and may continue to meet the needs of the highway using public in the State;

(B) work with the Alaska Department of Transportation and Public Facilities and a study advisory committee established for the contract by the House Transportation Committee, under the oversight of the House Transportation Committee; and

(C) prepare a detailed report of the Consultant's findings and recommendations for use by the legislative, administrative, and other public leaders of Alaska and a second report for distribution to the general public highlighting the findings and recommendations.

CLAUSE II - PERIOD AND DATES OF PERFORMANCE AND TERMINATION

The work under this contract shall be performed from November 17, 1986 through December 31, 1987.

CLAUSE III - PROJECT DIRECTOR

The Project Director shall be Representative Bette Cato, Chair of the House Transportation Committee.

CLAUSE IV - COMPENSATION AND METHOD OF PAYMENT

(A) For the work specified in this contract the Consultant shall be:

(1) compensated Forty Thousand and No/100 Dollars ($40,000.00) for the Consultant's services; and

(2) reimbursed for:

(a) travel expenses in the amount of Fifteen Thousand and No/100 Dollars ($15,000.00); and

(b) other expenses, including publication expenses, in the amount of Five Thousand and No/100 Dollars ($5,000.00).

(B) If payment is not made within 90 days after the payment becomes due under this contract, the Agency shall pay interest on the unpaid balance of the billing at the rate of 1.5 percent per month from the date payment becomes due to the date the payment is made. A payment is considered made on the date it is personally delivered or mailed to the Consultant.

(C) The payments under this clause are conditioned on the Consultant submitting billings with available receipts and the Project Director approving the payments.

(D) Total payments under this contract, including reimbursement for expenses, may not exceed Sixty Thousand and No/100 Dollars ($60,000.00).

CLAUSE V - RECORDS, DOCUMENTS, AUDITS

The Consultant shall maintain accurate records, including detailed time records, as may be required by the Project Director. The records are subject to inspection by the Agency or the Project Director at all reasonable times. All documents, reports and writings generated as a consequence of work done under this contract shall become the property of the State of Alaska and, upon completion of the work or at the termination of this contract, shall be delivered to the Project Director.

CLAUSE VI - WORKERS' COMPENSATION INSURANCE

During the life of this contract, the Consultant shall provide and maintain for all employees of the Consultant engaged in work under this contract, workers' compensation insurance as required by AS 23.30. The Consultant shall require any subcontractor to provide and maintain workers' compensation insurance for the Consultant's employees doing work under this contract.

CLAUSE VII - CERTIFICATION

Execution of this contract by the Executive Director or his designee hereby constitutes a certification that funds have been appropriated and encumbered for the amount of this contract.

CLAUSE VIII - INDEMNIFICATION

The Consultant shall indemnify, save harmless, and defend the State, its officers, agents and employees from liability of any nature or kind, including costs and expenses, for or on account of any and all legal actions or claims of any character whatsoever resulting from injuries or damages sustained by any person or persons or property as a result of any error, omission or negligence of the Consultant relating to its performance of this contract.

CLAUSE IX - ASSIGNMENT

This contract may not be assigned to another party unless in writing and signed by all the parties to the contract.

CLAUSE X - MODIFICATION AND PREVIOUS AGREEMENTS

This agreement replaces the 11-17-86 agreement between the Consultant and Representative Cato for the House Transportation Committee. This agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this agreement shall be deemed to exist or to bind either of the parties to this agreement. This contract may not be modified unless in writing and signed by all parties to the contract.

IN WITNESS WHEREOF, the parties have executed this agreement on the dates indicated below.

CONSULTANT

HIGHWAY USERS FEDERATION FOR SAFETY AND MOBILITY

Carlton C. Robinson

CARLTON C. ROBINSON 9/21/87 Date
Executive Vice President
Tax ID No. 53-018-6334
BL: 022985

Accepted:

Bette Cato 9-15-87

REPRESENTATIVE BETTE CATO Date
Chair, House Transportation Committee

Accepted:

Ben Grussendorf 9/25/87

REPRESENTATIVE BEN GRUSSENDORF Date
Speaker, House of Representatives

STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY

Warren W Endicott 9/30/87

WARREN W. ENDICOTT Date
Executive Director

Approved as to form:

Theresa L. Bannister for 9-10-87

TAMARA COOK, Director Date
Division of Legal Services

item # 4

ALASKA HIGHWAY PROGRAM REVIEW

MAJOR FINDINGS -- PROGRAM STRENGTHS:

1. ALASKA RANKS AMONG THE BEST NATIONALLY IN BRIDGE CONDITIONS.

2. ALASKA'S TRAFFIC SAFETY RECORD IS ON A PAR WITH THE REST OF THE NATION.

3. ANCHORAGE'S ARTERIAL STREET AND HIGHWAY IMPROVEMENT RECORD IS IMPRESSIVE.

4. COOPERATIVE, PUBLIC/PRIVATE HIGHWAY FINANCE PLANS HAVE BEEN IMPORTANT TO ALASKA'S HIGHWAY DEVELOPMENT.

5. FEDERAL SUPPORT HAS BEEN AND REMAINS A VITAL FACTOR IN ALASKA'S HIGHWAY DEVELOPMENT.

6. A RECENTLY INITIATED 6 YEAR PROGRAM OF TRANSPORTATION MODERNIZATION HAS BROUGHT RELATIVE STABILITY TO STATE HIGHWAY PROGRAM MANAGEMENT.

7. THE MARINE HIGHWAY SYSTEM IS UNIQUE AND THE SERVICE GOOD.

8. ALASKA'S MAJOR AIRPORTS ARE IN EXCELLENT CONDITION, AND GOOD PROGRESS IS BEING MADE IN UPGRADING SMALL AIRPORTS.

9. THE ADOT&PF STAFF IS THE MOST YOUTHFUL IN THE NATION THEREBY PROVIDING AN EXCELLENT BASE FOR DEVELOPING FUTURE LEADERS.

10. THE PAY AND BENEFITS PLAN AS WELL AS THE OFFICES AND MAINTENANCE FACILITIES ARE AMONG THE BEST IN THE NATION, AND THESE FACTORS CONTRIBUTE TO A STABLE AND DEDICATED ADOT&PF WORK FORCE.

item #5

ALASKA HIGHWAY PROGRAM REVIEW

Major Findings -- Concerns:

1. Roadway preservation activities have been cut to the point where Alaska may not now be gaining the maximum service life from highway improvement investments.

2. The ADOT&PF maintenance manpower level has fallen to the point where the resulting reductions in snow and ice removal activities sometimes create hazardous conditions and inconvenience motorists.

3. Because Alaska's State Highway Program lacks a dedicated fund source, it is difficult to set a long range plan for system modernization, pavement upgrading, and system expansion.

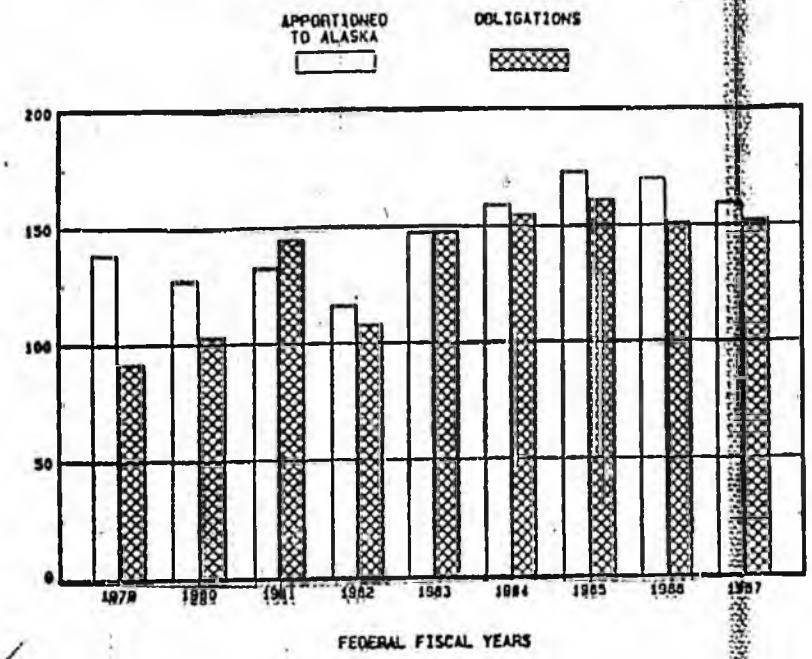
4. The state is looked to for the finance of local road needs, thereby diluting the effectiveness of the State Highway Program in meeting maintenance and modernization needs of rural and urban routes of statewide significance.

5. While decentralized control of Alaska's transportation system is necessary, this makes it more difficult than in other states for ADOT&PF officials to develop and apply uniform policies. The paucity of technical staff in the ADOT&PF headquarters office further compounds the problem of both developing such policies as well as the monitoring of policy implementation.

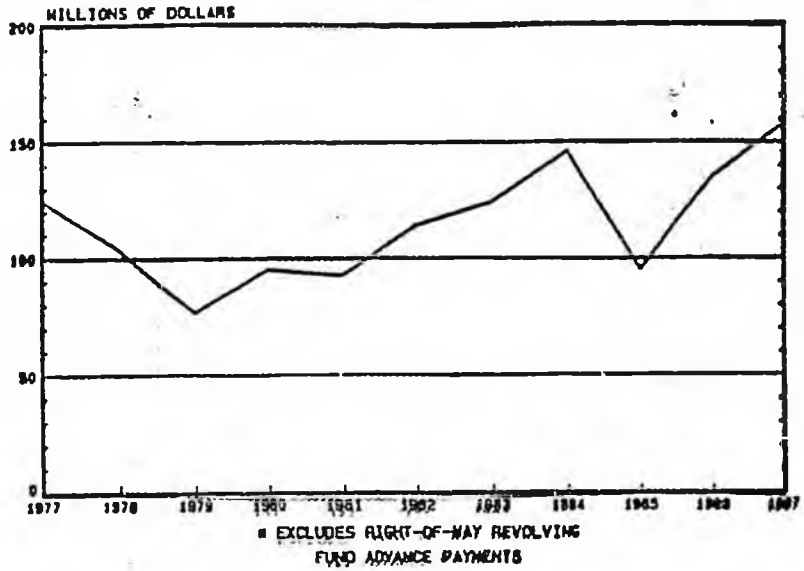
6. There is a need to develop better information on the condition and performance of Alaska's transportation systems and the adequacy of funds to meet the needs.

Item #6

FEDERAL AID HIGHWAY PROGRAM

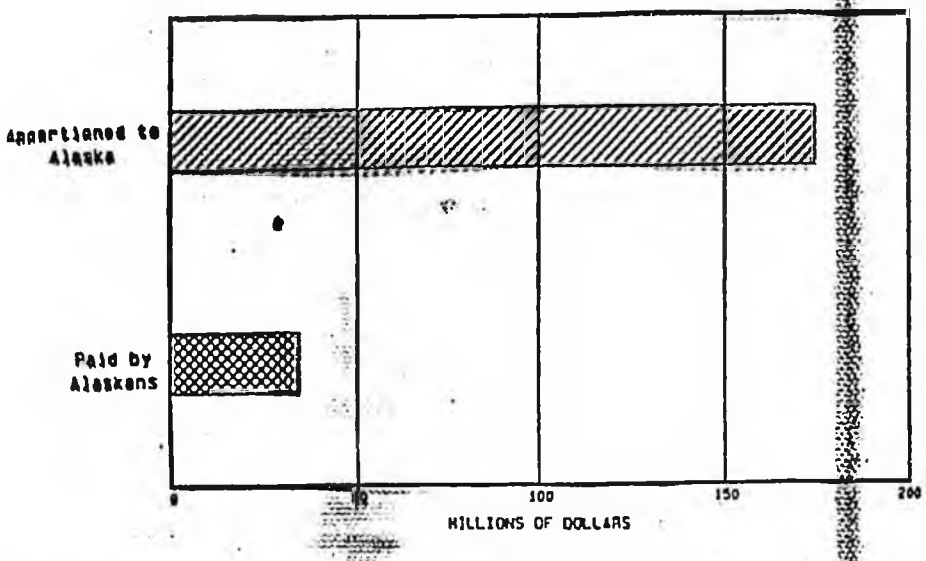


REIMBURSEMENTS

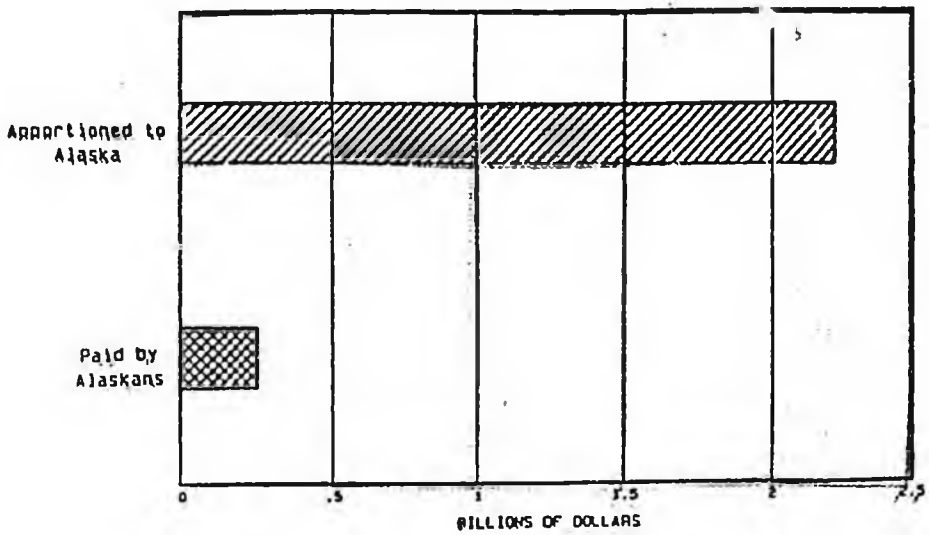


* EXCLUDES RIGHT-OF-WAY REVOLVING FUND ADVANCE PAYMENTS

FY 1985



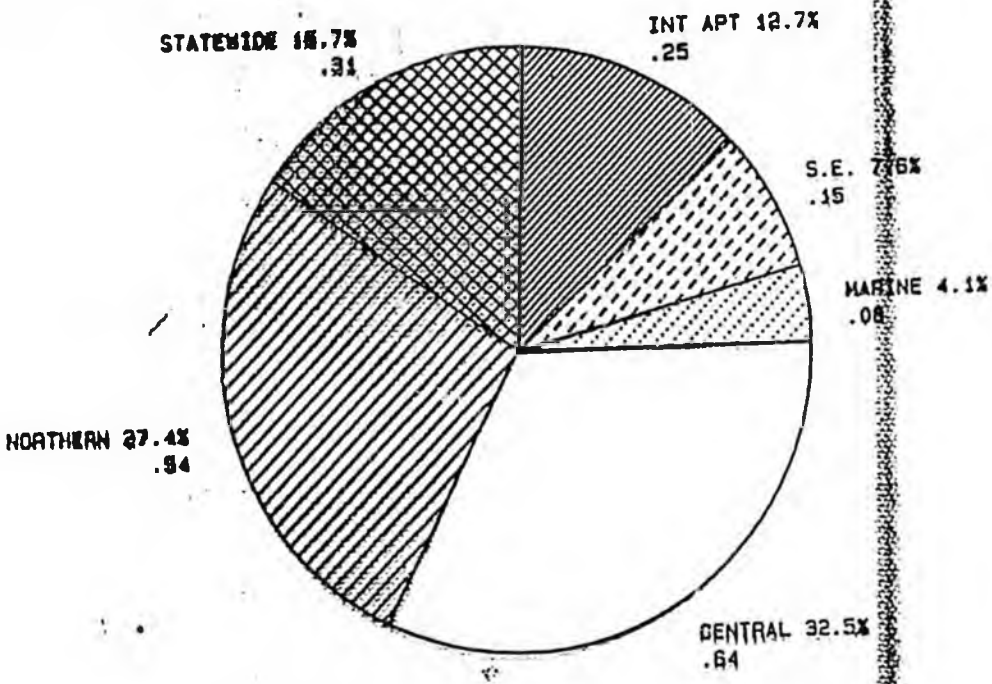
SINCE 1956



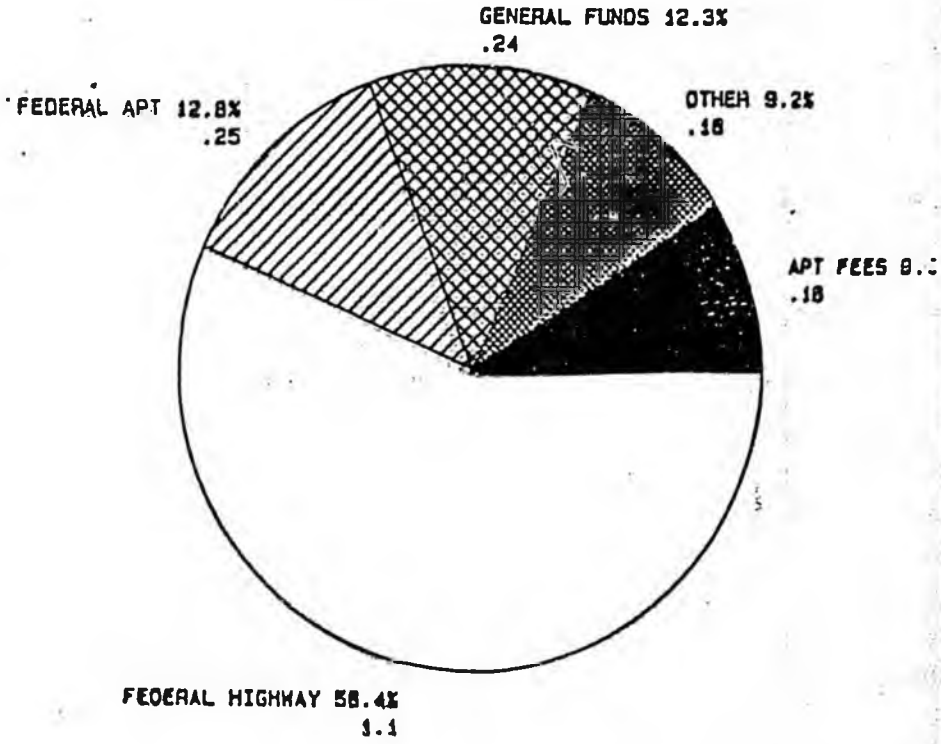
Item #7

CAPITAL IMPROVEMENT PROGRAM, 1988-1993

DISTRIBUTION



$ SOURCE



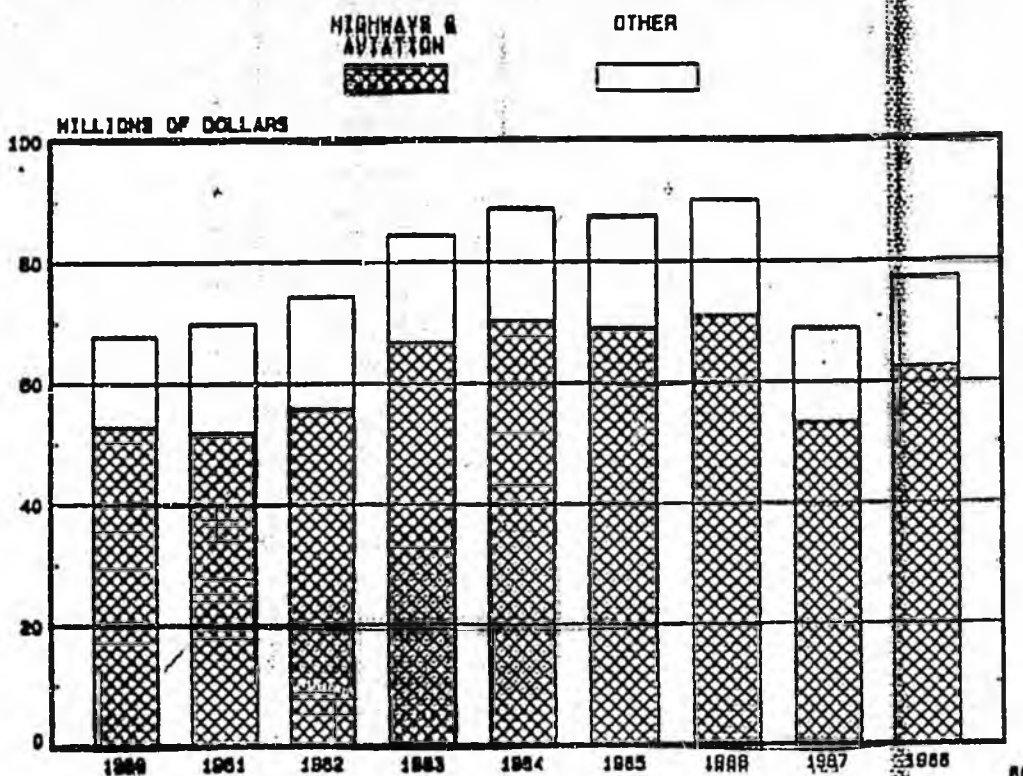
TOTAL: $2.0 BILLION

Note: "Statewide" includes state matching $ for Federal Aid Highway Program Improvements and $ for state equipment fleet replacements.

item #8

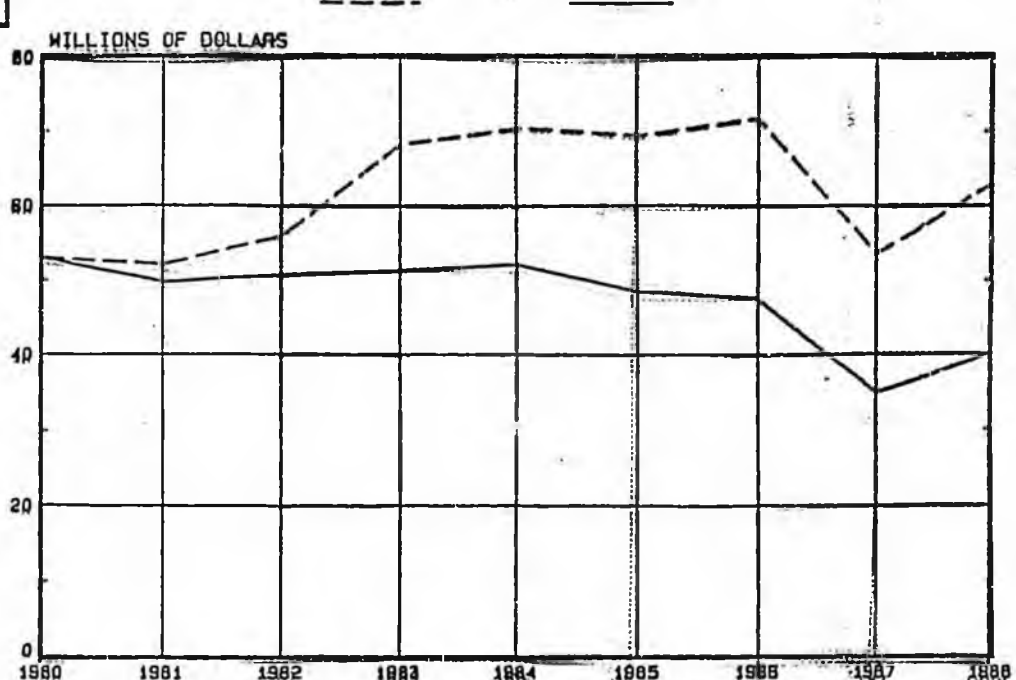
III

MAINTENANCE & OPERATIONS TRENDS



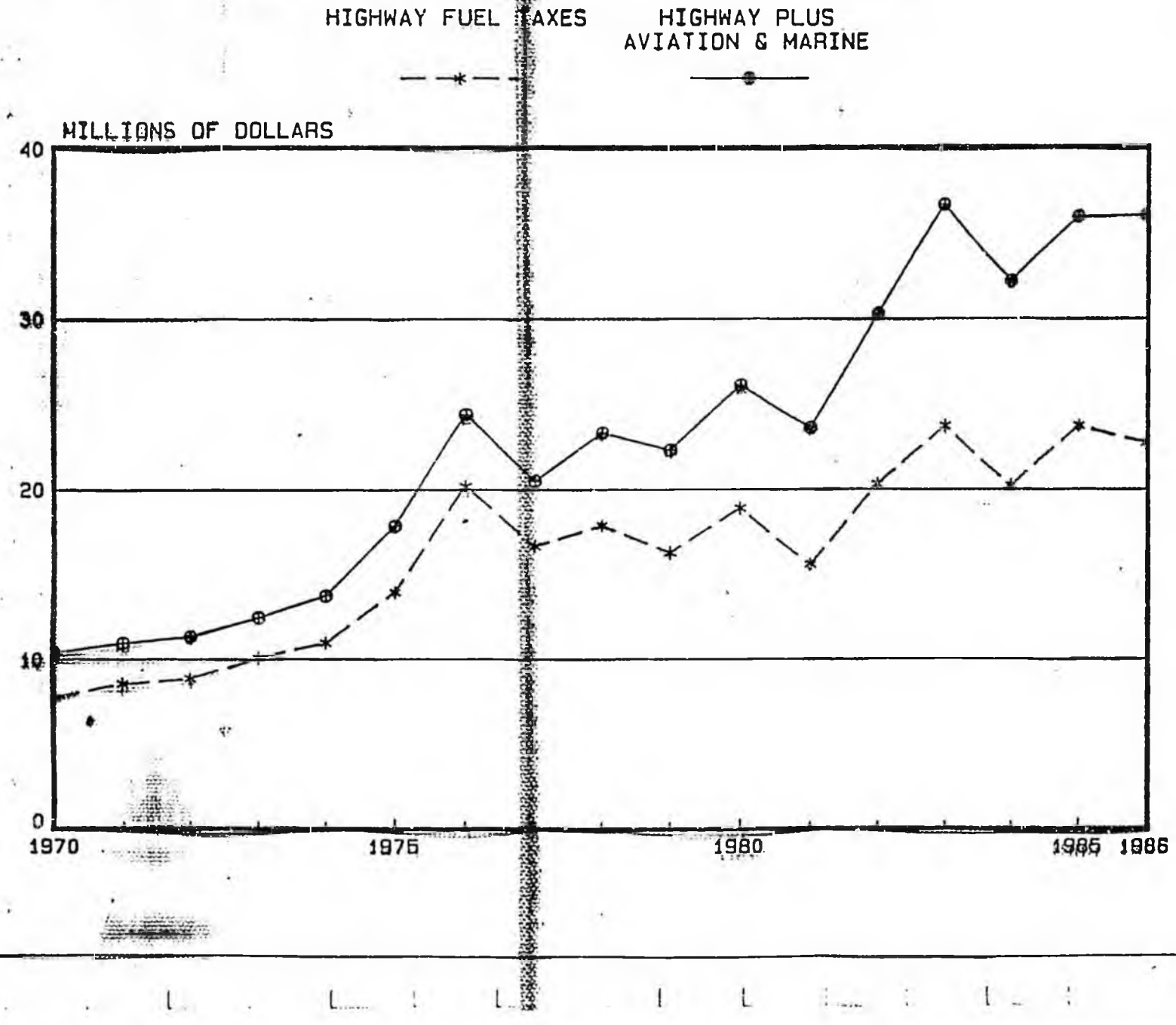
Notes: 1) Actual fiscal year expenditures, 1980-1987.
2) FY 1988 is authorized expenditures.
3) Marine Highways and International Airports not included.

HIGHWAY & AVIATION M&O ONLY



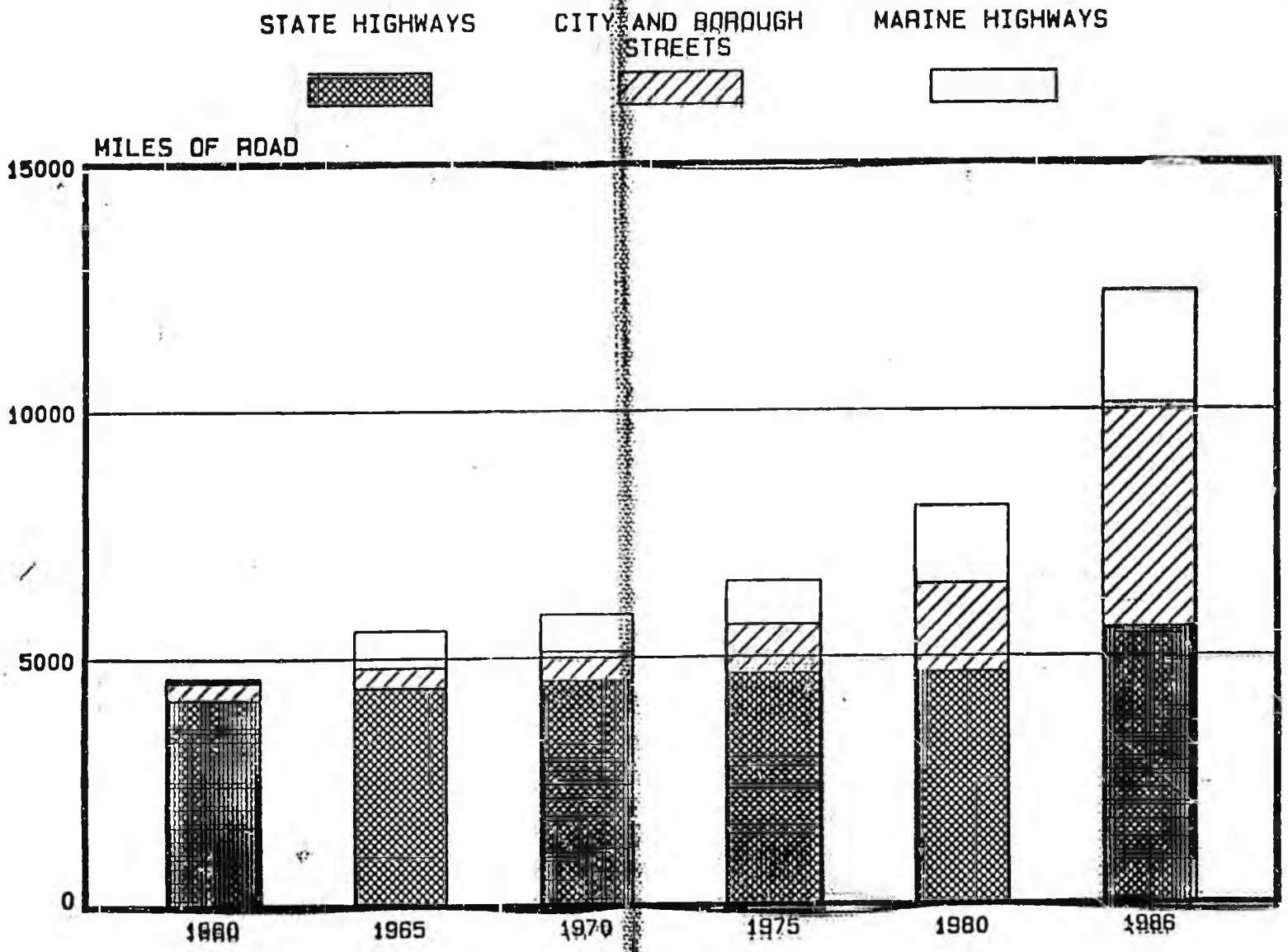
item #9

MOTOR FUEL TAX TRENDS



Item # 10

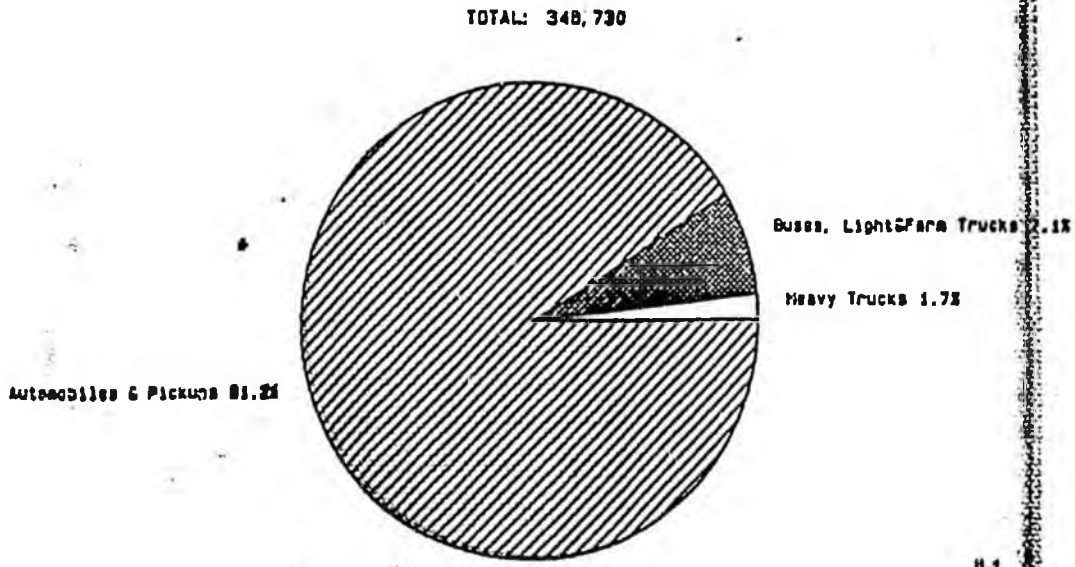
MILES OF ROAD



NOTE: EXCLUDING FEDERALLY OWNED ROADS.

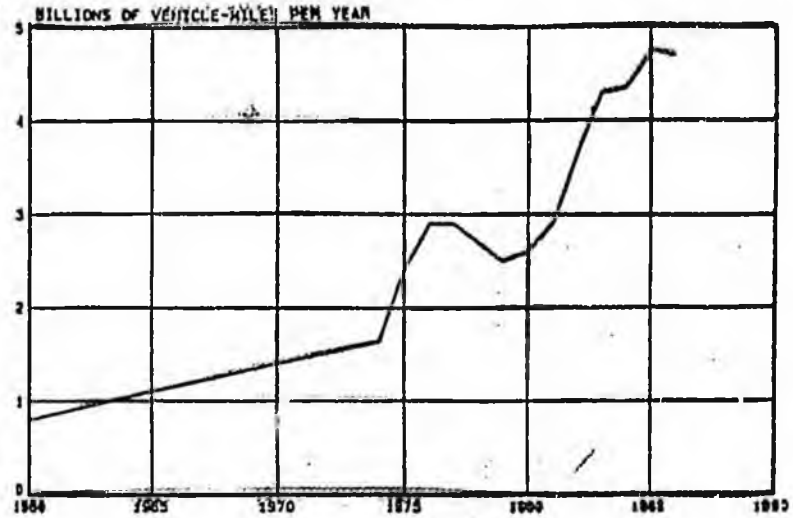
item # 11

1985 REGISTERED MOTOR VEHICLES



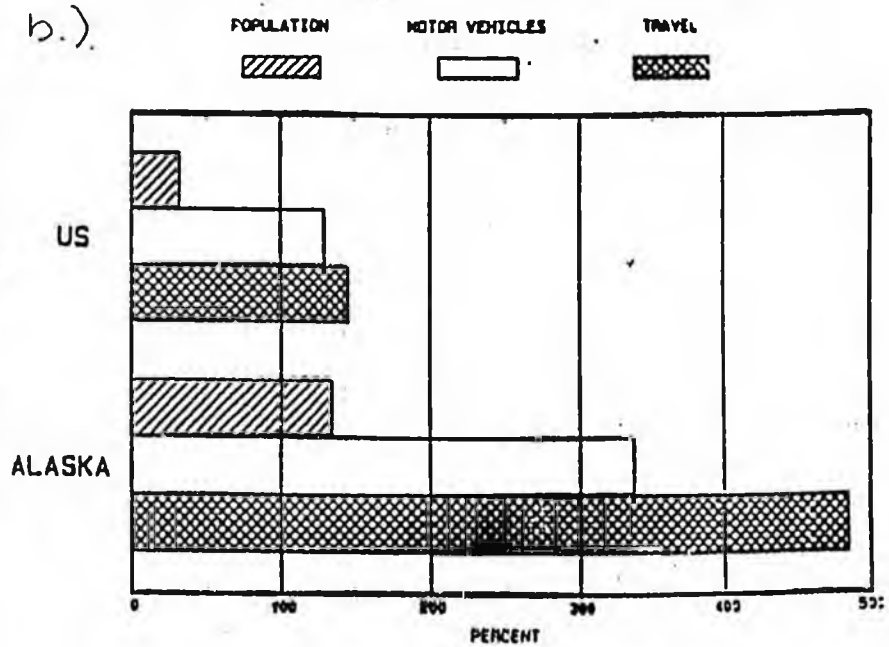
MOTOR VEHICLE TRAVEL TREND

a.)



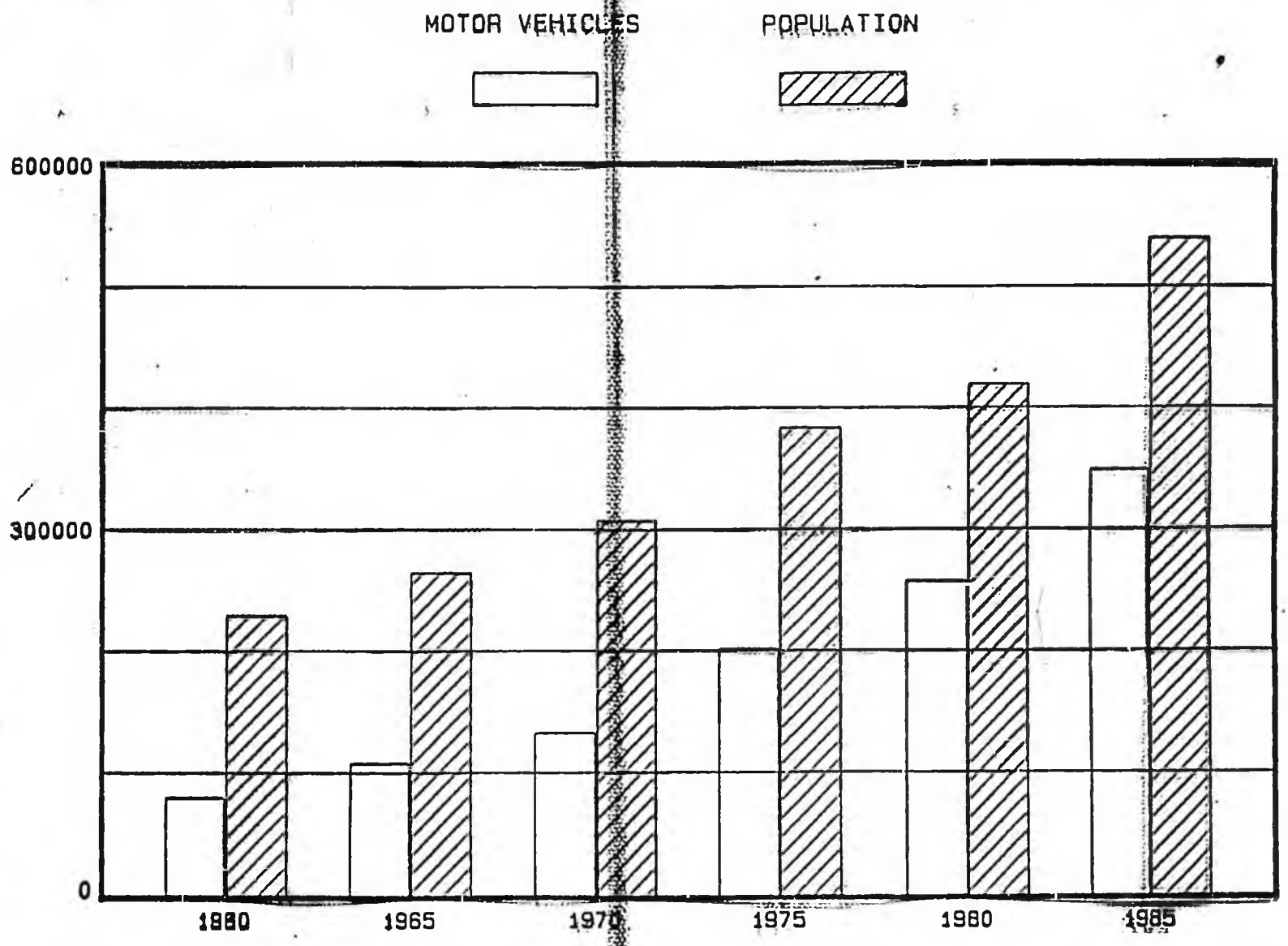
1960-1985 PERCENT INCREASES

b.)



Item #12

POPULATION AND MOTOR VEHICLE TRENDS

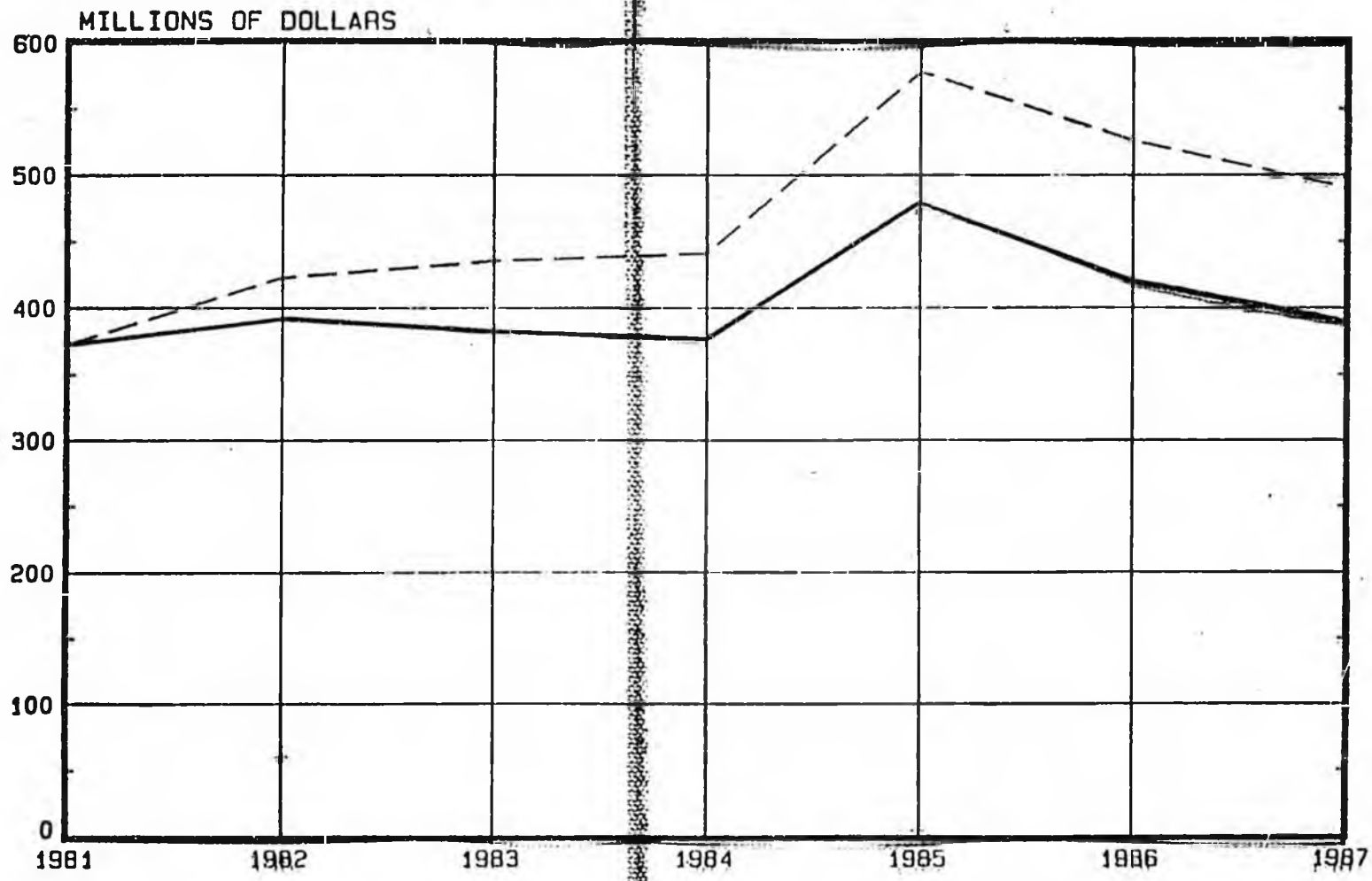


Item #13

ADOT&PF EXPENDITURE TRENDS

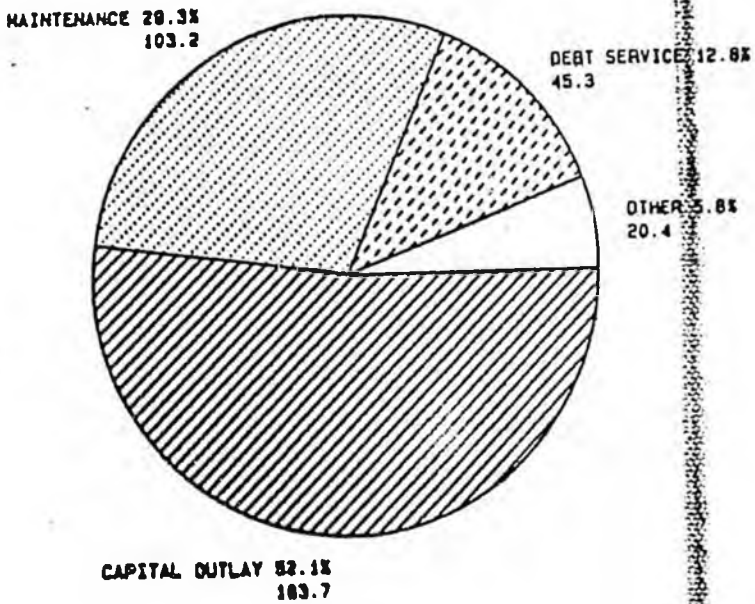
CURRENT $ — — —

CONSTANT 1981 $ ———

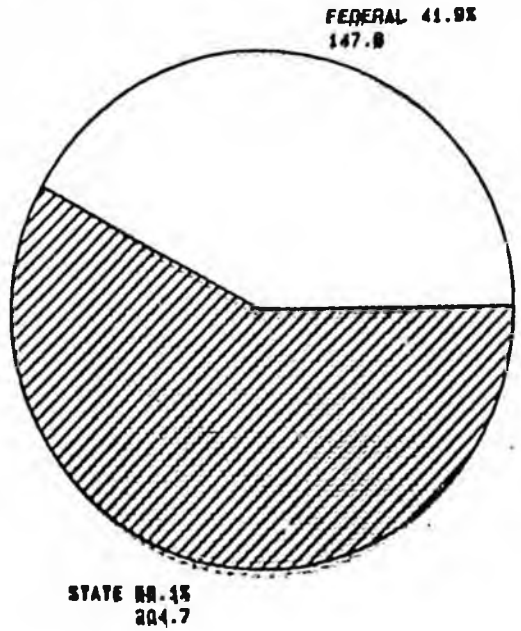


1986 STATE HIGHWAY PROGRAM

EXPENDITURES



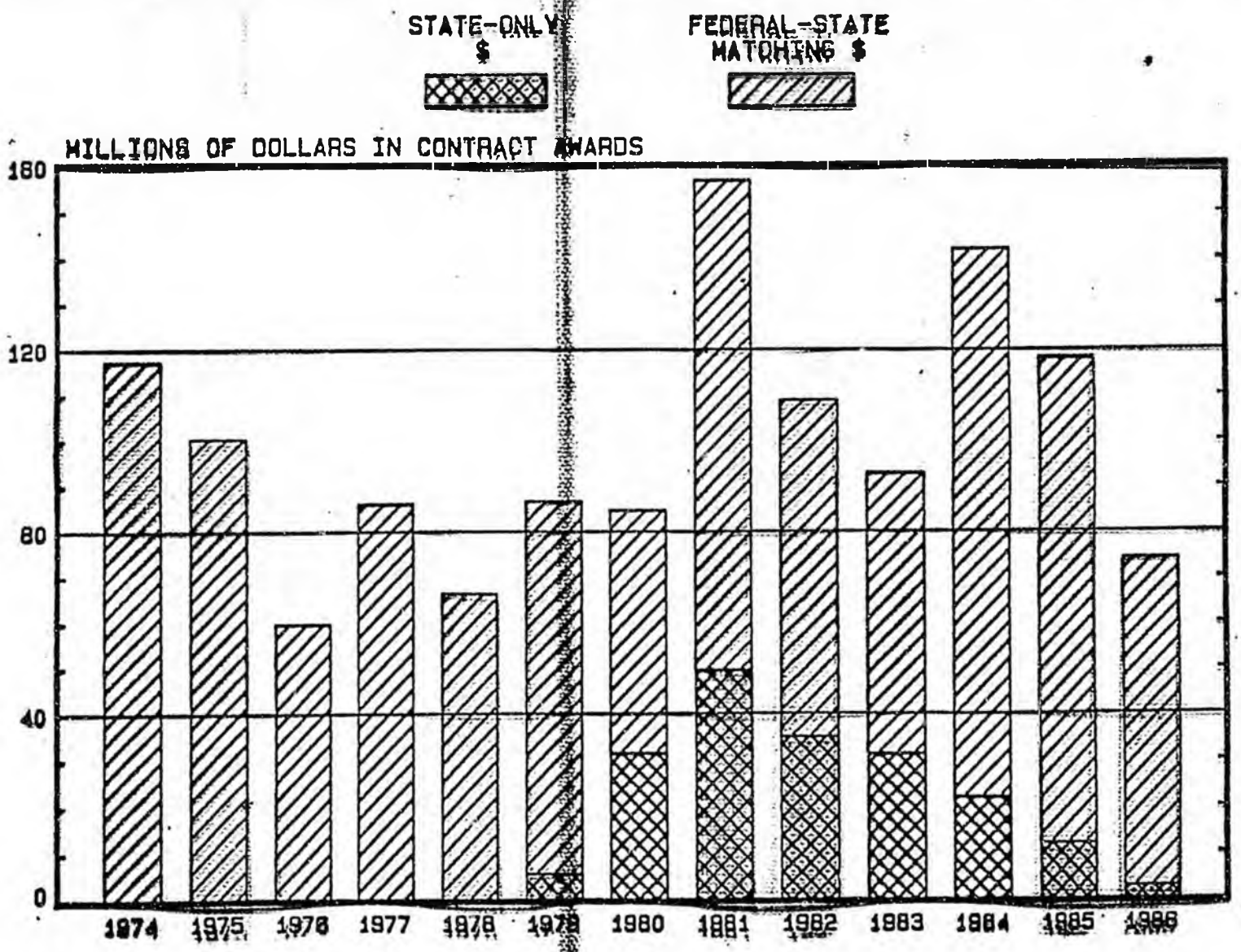
RECEIPTS



TOTAL: $352.6 MILLION

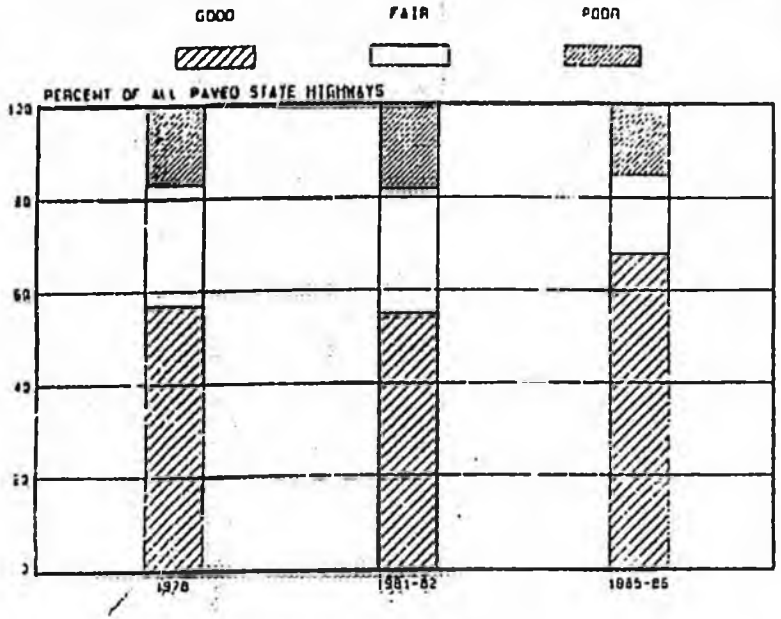
item #15

HIGHWAY IMPROVEMENT HISTORY

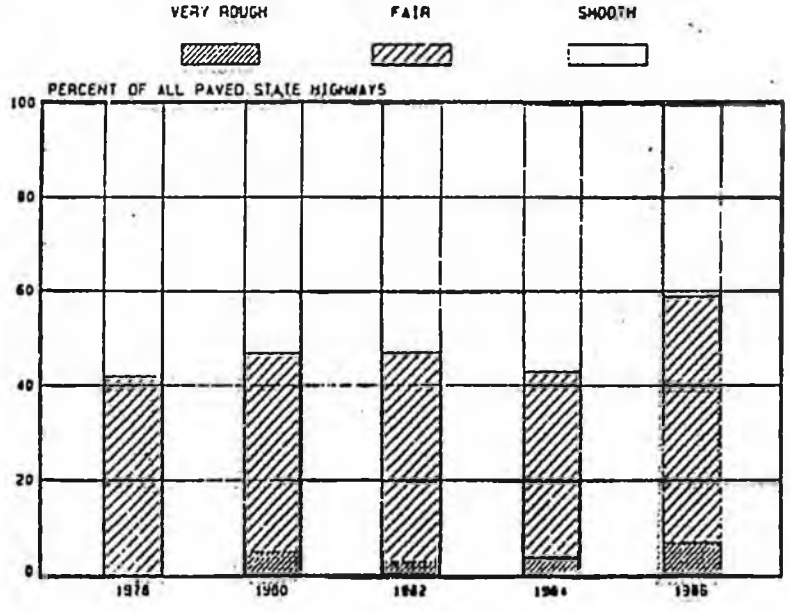


Item # 16

PAVEMENT STRUCTURAL CONDITION TREND



HIGHWAY RIDEABILITY TREND



Official Business

COMMITTEE:

House Transportation Committee

DATE: January 22, 1988

SIGN-IN

Subject of meeting:

A Presentation by Highway Users Federation President Mr. Les Lamb and HUF State Manager of Transportation Studies Mr. Marshall Reed

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Marshall Reed Manager State Transp Studies Highway Users Federation	1776 Massachusetts Ave Washington, D.C. 20036	202 857 1227	Highway Users Federation	
Lester Lamm President Highway Users Federation	1776 Massachosetts Ave Washington, D.C. 20036	202 857 1200	Highway Users Federation	

COMMITTEE MEETING:

3-9-88

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation:

3/9/88

COMMONWEALTH NORTH

MEMORANDUM

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

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

We have divided our team into three subcommittees:

1. An Operations subcommittee. This group is looking at how the railroad is doing since the transfer. This group is chaired by Frank Danner of Peat Marwick.

2. A Sale Option subcommittee. This group is looking at whether the railroad should be sold to a private entity or whether parts of it or its operations should be leased or put on contract. Chaired by Bob Dickson of the law firm of Atkinson, Conway & Gagnon.

3. An Economic Development subcommittee. This group is examining how the railroad could be more effective in assisting economic development, not just in Southcentral or Interior Alaska, but throughout the state. This group is examining potential extensions, both contiguous and non-contiguous. The group is chaired by Ray Latcham, Vice President of Norgasco.

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

935 West Third Avenue / Anchorage, Alaska 99501 / 907-276-1414

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

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

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

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

Thank you very much.

item # 11

COMMONWEALTH NORTH

OUTLINE

COMMONWEALTH NORTH RAILROAD STUDY

1.0 Assessment of Current Operations

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

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

935 West Third Avenue / Anchorage, Alaska 99501 / 907-276-1414

.2 ethics and conflict of interest

.3 procurement and property disposal

.4 hiring and personnel

.5 real estate leasing

.6 other

.2 Budget review and approval

.3 External management controls (Audits)

.1 Financial

.2 Management

.4 Internal management controls

.1 Approval authority guide

.2 AFE process

.3 Employee Expense Guide

1.5 How has the ARRC balanced their mandate to be self-supporting with their responsibility as a public entity?

.1 Public input process

.1 Board meetings

.2 Public meetings on public interest issues

.1 procurement policy

.2 real estate lease policy

.3 passenger services

.3 Interface with public officials

.1 Local

.2 State

.3 Federal

.4 Community Briefing Council

.2 Examples of public/private issues

.1 Passenger service

.2 Procurement policy

.3 Donations of Railroad property

.4 Are the tariffs fare?

.3 Political involvement

.1 How should the Legislature be involved in RR issues?

.1 ARCA

.2 Legislative history

.2 Recent examples of how the Legislature has been involved.

.1 Real estate

.2 Purchase of ties

.3 Caboose bill

.4 Free service to seniors

.5 Moose bill

1.6 Is ARRC aggresively marketing RR services?

1.7 What has the ARRC done to maintain/upgrade RR equipment and facilities?

.1 Equipment

.2 Facilities

2.0 Should the RR be sold to a private entity?

2.1 Summarize legislative intent and requirements on privatization

2.2 The pros and cons of privatization

.1 in the short-term

.2 in the long-term

2.3 Estimated cost of offering the RR for sale

2.4 What action should the state take?

3.0 What should the RR be in the long run?

3.1 Summary of the Railroad's historical role in development of Alaska

3.2 ARCA

3.3 What should be done now to maximize RR's use as a development tool?

.1 By RR

.2 By the State

3.4 Examples of development options (extentions)

.1 What known resource provinces could be tapped?

.2 How much would a railroad extention cost per mile?

3.5 What do rural residents and Native corporations think about such extentions?

3.6 What obstacles would such expansion encounter from federal agencies, especially federal land managers?

3.7 Are there environmental/engineering problems?

3.8 What are the potential benefits?

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

2/88 COMMONWEALTH NORTH RAILROAD COMMITTEE

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

Official Business

COMMITTEE:

House Transportation Committee

DATE:

SIGN-IN

Subject of meeting:

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

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

An Overview by the Commonwealth North Railroad Committee

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY? which bill
935 W. 3rd Ave. 99501	Loren L. Lounsbury Vice President	276-1414	Commonwealth North	
Chief R/W Agent	Milton H. Lentz	465-2985	DOT&PF	If requested HB 448
	Ted Trent			
Malcolm B. Roberts	2001 Churchill Rd Anchorage AK 99517	276-1414	Commonwealth North	yes

* indicates first public hearing

CONFIRMATION HEARINGS

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation:

2/26/88

3/16/88

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

March 16, 1988

****

COMMITTEE CALENDAR:

HB 511: "An Act relating to motor vehicle windshields and windows."

Confirmation Hearings on Mr. Mark A. Foster to the Board of Marine Pilots

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

a folder on HB 511 that includes:

item #1: HB 511
#2: fiscal note & position paper: Department of Public Safety
#3: a statement from Rep. Sund
#4: statutes
#5: a letter of support
#6: a proposed amendment

a folder on the confirmation hearings:

item #1: a resume from Capt. Howard Elsensohn
#2: a resume from Mr. Mark A. Foster
#3: a resume from Ms. Marlene Johnson

New Information: a letter from Ms. Shiela Gottehrer regarding Mr. Foster confirmation forms and witness register from the last hearings

STEVE COWPER
GOVERNOR

Received 2/8/88

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

Okay

February 9, 1988

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

In accordance with AS 39.05.080 and Article III Section 25 and 26 of the Alaska Constitution, I submit the following names for legislative confirmation of appointment to the positions noted:

SA DEPARTMENT OF ADMINISTRATION
Commissioner John M. Andrews

F&G DEPARTMENT OF FISH AND GAME
Commissioner Don W. Collinsworth

BOARDS AND COMMISSIONS

Alaska State Board of Public Accountancy
Bartlett, CPA, Thomas E. - Fairbanks
Term began 7/7/87 expires 4/25/91
Marshall, Deborah R. - Juneau
Term began 7/31/87 expires 4/25/91

Alcoholic Beverage Control Board
Stitt, Richard - Juneau
Term began 6/30/87 expires 1/31/89

State Board of Registration for Architects, Engineers, and Land Surveyors
Boswell, Robert B. - Fairbanks
Original term began 11/16/81, reappointed 10/1/87
expires 7/1/91

Athletic Commission
Andersen, Stanley C. - Nome
Original term began 2/10/86, reappointed 10/30/87
expires 5/14/91
Jackson II, Brady D. - Anchorage
Original term began 6/3/86, reappointed 10/30/87
expires 5/14/91

Board of Governors of the Alaska Bar
Stringer, Sandra S. - Fairbanks
Term began 5/22/87 expires 6/30/89
Williams, Jr., Lew M. - Ketchikan
Original term began 6/30/82, reappointed 6/1/87
expires 6/30/90

Board of Barbers and Hairdressers
Hall, Ellen M. - Anchorage
Term began 12/10/87 expires 7/1/91
Kueber, Marse A. - Fairbanks
Term began 6/1/87 expires 7/1/88

Alaska Commercial Fisheries Entry Commission
Smith, Philip J. - Juneau
Original term began 8/19/83, reappointed 10/14/87
expires 7/1/91

Board of Dental Examiners
Smole, DDS, H. Douglas - Anchorage
Term began 10/21/87 expires 2/1/89
Tauschek, DDS, Terrence A. - Anchorage
Term began 10/21/87 expires 2/1/91

Board of Education
Herrnsteen, Catherine - Kodiak
Term began 11/4/87, reappointed 2/1/88
expires 1/31/93

Board of Fisheries
Hodson, Frederick (Bud) D. - Anchorage
Term began 11/20/87 expires 1/31/89

Guide Board
Clark, Arthur L. - Fairbanks
Term began 10/1/87 expires 6/15/91

State Commission for Human Rights
Hurley, Katherine (Katie) T. - Wasilla
Term began 6/1/87 expires 1/31/92

Judicial Council
Okakok, Leona K. - Barrow
Term began 7/31/87 expires 5/18/93

Board of Marine Pilots
Elsensohn, Capt. Harold K. - Ketchikan
Term began 6/1/87 expires 6/1/91
Foster, Mark A. - Fairbanks
Term began 1/21/88 expires 6/1/91

225-2383
TBA

State Medical Board
Bowers, MD, William H. - Anchorage
Term began 12/2/87 expires 7/8/88
Thompson, MD, James W. - Juneau
Original term began 2/26/87, reappointed 1/21/88
expires 1/12/92

Board of Nursing
Veal, Franceda D. - Anchorage
Term began 12/22/87 expires 3/31/90

Occupational Safety and Health Review Board
Wingfield, Jesse C. - Fairbanks
Original term began 8/7/86, reappointed 10/1/87
expires 8/1/91

Alaska Oil and Gas Conservation Commission
Barnwell, William W. - Anchorage
Original term began 6/3/86, reappointed 10/30/87
expires 12/31/92

Board of Pharmacy
Nielsen, R.Ph., Christy C. - Fairbanks
Original term began 12/27/83, reappointed 12/22/87
term expires 4/1/91

State Physical Therapy and Occupational Therapy Board
Ingram, Beverly A. - Homer
Term began 2/5/88 expires 1/1/90
James, Nancy B. - Fairbanks
Term began 2/5/88 expires 1/1/92
McCarthy, Gary W. - Eagle River
Term began 2/5/88 expires 9/1/88

Professional Teaching Practices Commission
Barber, Ronnie L. - Fairbanks
Term began 9/8/87 expires 7/1/90
Dybdahl, Ph.D., Claudia S. - Anchorage
Term began 9/8/87 expires 7/ /90
Houghton, Richard C. - Noatak
Term began 9/8/87 expires 7/1/89
Wright, Syd - Petersburg
Term began 9/8/87 expires 7/1/90

Board of Psychologist and Psychological Associate Examiners
McCallon, Ph.D., Juanita H. - Auke Bay
Term began 10/1/87 expires 7/1/88

Alaska Public Offices Commission
Owen, Patrick H. - Anchorage
Term began 2/1/88 expires 2/1/92

Railroad Labor Relations Agency
Johnson, Marlene - Hoonah
Term began 10/2/87 with no expiration date

Real Estate Commission
Johnson, Ronald J. - Nikiski
Term began 6/15/87 expires 1/31/91
Waugaman, Candace G. - Fairbanks
Term began 6/15/87 expires 1/31/89
Wille, Paulette - Fairbanks
Term began 6/15/87 expires 1/31/91

Board of Veterinary Examiners
Leach III, DVM, James B. - Big Lake
Term begins 2/1/88 expires 1/31/92
Mersch, DVM, Stephen A. - Soldotna
Original term began 3/30/84, reappointed 12/22/87
expires 1/31/91

Alaska Workers' Compensation Board
Pierce, Mary A. - Anchorage
Original term began 7/31/84, reappointed 7/31/87
expires 7/1/90
Scott, Donald R. - Anchorage
Original term began 7/1/85, reappointed 7/31/87
expires 7/1/90
Thomas II, Joe J. - Fairbanks
Original term began 8/19/83, reappointed 7/31/87
expires 7/1/90
Thrasher, T.J. - Anchorage
Term began 7/31/87 expires 7/1/88

The resumes for these appointments will be submitted to the Fifteenth Alaska State Legislature through the clerks of both houses.

Sincerely,

Steve Cowper
Governor

Elsensohn

April 21, 1987

BOARDS & COMMISSIONS

APR 23 1987

Honorable Steve Cowper
Governor of the State of Alaska
Office of Governor Cowper
P.O. Box A
Juneau, Alaska 99811

Attention: Sheila Gottchrer

This letter is my resume' of sea time and piloting requested by your office.

I began going to sea as Ordinary Seaman in 1943. In 1943 I got my Third Mates License. In the years that followed I raised my qualifications to Master of Vessels of any gross tons, any waters. I have been piloting in Southeastern Alaska since the summer of 1973. On January of 1976 I became a full-time pilot here.

I am extremely interested in piloting here from the standpoint of safety. Shipping is very important to the economy of Alaska, but the potential dangers to lives, property, and ecology are very real. Because of these facts I believe the Board of Marine Pilots has a great responsibility to make piloting in Alaska as accident free as possible. In order to assist in reaching these goals, I would be pleased to be a member of the Board of Marine Pilots.

Respectfully,

Harold K. Elsensohn

Capt. H. K. Elsensohn
License No. 050

HKE:bjj

MARK A FOSTER
1220 Chena Ridge Road
Fairbanks, Alaska 99709
(907) 479-3688
457-6877 (wo)

Birthplace: Fairbanks, Alaska

EXPERIENCE:

May 06- Current — CITY OF FAIRBANKS.
Engineer, Electric Utility and Special Projects

Special Projects include: Member of City Manager's Ad Hoc Budget Committee, conducted detailed research on operating and capital budgets; Project Engineer for Proposed Electric Utility Sale, responsible for project administration, research and development of technical and policy issues, and preparation of reports for staff, management, Public Utilities Board and City Council; Engineering Department Management Plan, developed departmental goals and objectives to supplement 1987 budget; Engineering Department Review of City/Borough Unification, developed departmental issue paper reviewing unification issues and associated pros and cons; Engineering Department Compensation Review, review City of Fairbanks compensation policy since institution of 1979 personnel ordinance.

Research and preparation of plans, specifications, and contract documents for procurement and construction contracts. Administration of construction contracts. Research, preparation, and administration of professional services contracts with engineers, architects, and consultants. Research electric utility problems, develop alternative solutions, and prepare recommendations based on engineering feasibility and life cycle costing including benefit/cost analyses. Projects include: Coal Handling Facility, Ash Handling System, Chena #6 Battery House, Alaskaland Riverboat Basin Stabilization and Landscaping. Provide assistance to other engineers on: Power Plant Baghouse, Wastewater Treatment Plant Potable Water Pumps, Power Plant Demineralizers.

Aug. '84- May '86 — EBENAL GENERAL, INC. Fairbanks, Alaska
Vice-president, General Contractor specializing in commercial construction.

Develop detailed cost estimates and prepare bid packages for lump-sum, unit-price, and design/build contracts. Plan and develop construction schedules and cost control budgets. Prepare periodic estimates of project schedule and budget as basis for pay estimates. Procure materials, tools, and equipment as necessary. Coordinate and direct construction crews and multiple subcontractors to expedite completion of projects. Contract administration and coordination between company, owner, architect, engineers, and site inspectors. Maintenance of daily records including: submittals, as-builts, change orders, inspection records, and shop drawings. Projects from the 1985 construction season include: Chena Lakes Maintenance Facility, Chena Lakes Nature Trail, Chena Lakes Boat House, Moose Creek Fire Dept. Addition.

Aug.'84-
May '85

UNIVERSITY OF ALASKA, FAIRBANKS.
Chancellor's Office Internship.

Assisted with research of UAF Policy Manual. Coordinated 1984 UAF legislative forum for Interior Delegation. Coordinated and directed student inquiries. Aided UAF student lobbying efforts. Developed budget analysis data. Research projects included: high school graduate market study, faculty productivity, student loan program, tenure issues, capital projects and construction costs.

June '84-
Aug.'84

UNIVERSITY OF ALASKA, STATEWIDE ADMINISTRATION
Program Assistant, Office of Human Resource Development.

Assisted the Director in developing and conducting a compensation survey of classified staff across the state. Acquired knowledge of market surveys, position classifications, and compensation systems.

April'83-
Sept.'83,
May'82-
Sept.'82

CITY OF FAIRBANKS.
Building Inspector.

Inspected building construction to ensure compliance with building codes, plans, specifications, and other applicable requirements. Assist and advise architects, designers, engineers, constractors, and the general public in matters relating to construction and code requirements. Process building permit applications. Examine plans and specifications to ensure compliance with codes and ordinances.

EDUCATION:

Sept.'83-
Current

UNIVERSITY OF ALASKA, FAIRBANKS

Working toward Masters Degree in Arctic Engineering. Have completed over 40 credit hours of graduate curriculum. *Thesis topic: Life Cycle Costs of Public Construction in the State of Alaska.*

Sept.'79-
March'83

STANFORD UNIVERSITY. Stanford, California.

Graduated in March '83 with a B.S. in Civil Engineering. Member Stanford Student Chapter of the American Society of Civil Engineers. *Thesis: Economic Feasibility of Susitna Hydroelectric Project.*

Fall '75-
Spring '79

LATHROP HIGH SCHOOL. Fairbanks, Alaska.

Graduated Salutatorian. Served as Student Body President.

ADDITIONAL INFORMATION

Fairbanks North Star Borough Platting Board
Member, September '83 - April '85
Vice-Chair, August '84 - April '85

Candidate for Fairbanks City Council. Fall '83.

Associate Member American Society Civil Engineers(ASCE)
May '83 - Current.

Manager Statewide Student Information Network,
University of Alaska, November '83 - September '84
Aided student lobbying efforts in Juneau
Student liason to Board of Regents

Member of Fairbanks Code Review Commission
subcommittee on Energy Code, Fall '83.

STATE OF ALASKA BOARDS & COMMISSIONS

OFFICE OF THE GOVERNOR
Pouch A
Juneau, Alaska 99811-0101

MAY 9 1986

BOARDS AND COMMISSIONS RESUME

INSTRUCTIONS

A separate application is required for each position for which you apply. Complete and specific answers will aid in rapid and accurate processing of your resume. The initial determination of whether you qualify for the position specified will be based on this application.

Please type or print legibly in ink. Forward to the above address. Be sure your answers are correct. A willfully false answer may result in your disqualification or removal from office if you are appointed.

Position for which I am applying: Personnel Board

Please list any other State Board or Commission on which you serve:

REPORT ADDRESS AND TELEPHONE CHANGES PROMPTLY

Name	Previous Name applied under
Marlene JOHNSON	
Mailing Address	**Residence Address**
P.O. Box 218	#1 Hill St.
City, State and Zip Code	
Hoonah, Alaska 99829	
Home Telephone	**Business or Message Telephone**
907-945-3372	907-586-1512

AS 39.05.100 requires that a person appointed to a board or commission be a registered voter BEFORE the last general election held _____:

Are you a registered voter? ☒ YES ☐ NO

Voter Registration Number (Optional): 8998

Social Security Number (Optional): 574-10-6688

Have you ever been convicted of a misdemeanor within the past five years or a felony within the past ten years? ☐ YES ☒ NO
If "YES", explain the circumstances on a separate sheet of paper and attach it to this application. A conviction is not necessarily grounds for disqualification. The number of convictions, nature, recency, and relationship to the board position applied for will be evaluated and a determination will be made after a review of all relevant facts.

A policy in the Governor's Office pertaining to boards and commissions is that a member attend at least 75% of the meetings. Are there any circumstances in either your professional or personal life which would prevent you from participating at the required meetings? ☐ YES ☒ NO
If "YES", explain on a separate sheet of paper and attach to this application.

This position may require that the member travel to either urban or rural (or both) areas. Are there any circumstances which would prevent you from participating?

NO

CONFLICTS OF INTEREST: Certain Boards and Commissions require full disclosure of personal financial data under AS 39.50.010. If required for the Board or Commission for which you are applying, are you willing to do so?
☒ YES ☐ NO

Could you or any member of your family be affected financially by decisions to be made by the Board or Commission for which you have applied?
☐ YES ☒ NO If "YES", explain.

The Office of the Governor will not discriminate against an applicant for a Board or Commission based on Sex, Age, National Origin, Marital Status, Pregnancy, Handicap, Religion, or Parenthood.

01-012 (Rev. 8/84)

TRAINING & EXPERIENCE: (If resumé attached, it is not necessary to complete it. Fill in A-D)

A. List any professional licenses, certifications, or registrations and dates obtained that may be used as qualifying criteria:

None

B. List both formal and informal education and training experience (use additional paper if necessary):

High School - Juneau High graduate

C. List any community service positions, municipal government positions, state positions held, and list any awards received. These include both compensated and uncompensated positions (for example, president of a service organization or a mayor). Also include length of time served in the positions.

Hoonah School Board - Jan. 1961 Thru Oct. 1985
Rural Cap 1965 - 1974

D. Employment work history: paid, unpaid, or voluntary (use additional paper if necessary):

Southeast Skyways -	1969 - 1982
Wings of Alaska	1982 - 1986
Sealaska, Inc	1971 - 1986
Huna Totem, Inc	1974 - 1980
" " "	1983 - 1986

The Office of the Governor and the State of Alaska have an Affirmative Action Equal Employment Opportunity Program. To assist in the program, you are asked to voluntarily answer the following questions to provide the information necessary for reporting purposes. Under State and Federal law, the information you provide will not be used to illegally discriminate against you.

SEX

☐ Male
☒ Female

ETHNIC BACKGROUND

☐ White ☐ Black ☒ Alaska Native ☐ Asian or Pacific Islander
☒ American Indian ☐ Hispanic ☐ Other

Date of Birth error MJK

CERTIFICATION: I swear that the information I have entered on this form is true to the best of my knowledge. I understand that if I deliberately conceal or enter false information on the form my application may be rejected, I may be removed from the list of eligible candidates or I may be removed from the position. I agree that the Office of the Governor may contact present or former employers or other persons who know me to obtain additional information about my skills and abilities. I understand that the information on this application is public information and may be released through a legal request for such information.

Signature in Ink	Date
Marlene Johnson	5-6-86

STEVE COWPER
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 4, 1988

The Honorable Bette Cato
Chairperson
House Transportation Committee
P.O. Box V
Juneau, AK 99811

Dear Representative Cato:

Governor Cowper has appointed Mark Foster to a public seat on the Board of Marine Pilots. As a "public" member, Mr. Foster may not:

be engaged in the occupation that the board regulates;

be associated by legal contract with a member of the occupation that the board regulates except as a consumer of the service provided by the occupation; or

have a direct financial interest in the occupation that the board regulates.

Mr. Foster's education, background and experience have aptly prepared him for carrying out the powers and duties of the Marine Pilots Board:

1. involvement and participation in establishing and monitoring public policy;
   ("...assure protection of shipping and the safety of human life and property;")
   AS 08.62.040(a)(1)

2. research activities in work and education;

3. successful completion of undergraduate and graduate degrees from Stanford University and University of Alaska, Fairbanks.
   (ability to establish standards,
   adopt regulations,
   establish qualifications of pilots,
   "...make any other provision for proper and safe pilotage upon the waters..")
   AS 08.62.040

Mr. Foster possesses the attributes and qualifications of an exemplary public member--that is, he is concerned about ensuring good and fair public policy and maintaining high standards in the profession. He is highly intelligent, public-minded and most competent. He is an excellent problem solver and analytical thinker. As a public member he does not need to possess a particular knowledge of marine pilotage. Rather as a public member he should be and is objective, without a special interest or self-interest agenda, thoughtful and fair.

If you have any questions regarding the qualifications for public membership on the board, please contact me.

Sincerely,

Sheila K. Gottehrer

Sheila K. Gottehrer
Director
Boards and Commissions

Official Business

COMMITTEE:

House Transportation Committee

DATE: February 26, 1988

SIGN-IN

Subject of meeting:

*HCR 46: Relating to a Copper River Toll Road.

Confirmation HEarings on Capt. Harold K. Elsensohn and Mr. Mark Foster to the Board of Marine Pilots, and Ms. Marlene Johnson to the Railroad Labor Relations Agency

NAME Please include title	**ADDRESS** Please use full address. Please include zip.	**PHONE**	**REPRESENTING**	**DO YOU WANT TO TESTIFY?**

* indicates first public hearing

Official Business

COMMITTEE:

House Transportation Committee

DATE: March 16, 1988

SIGN-IN

Subject of meeting:

* HB 511: "An Act relating to motor vehicle windshields and windows."

Confirmation Hearings on Mr. Mark A. Foster to the Board of Marine Pilots

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
John Hartle	c/o House Judiciary	x4990	Rep. John Sund	Yes - HB 571
Sheldon Gottehrer	Governor's Office	x 3500	Governor	yes if asked - Conf. hearing

* indicates first public hearing

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

February 26, 1988

The Honorable Ben Grussendorf
Speaker of the House of Representatives
P.O. Box V
Juneau, Alaska 99811

Dear Mr. Speaker:

The House Transportation Committee has reviewed the nomination of Captain Howard K. Elsensohn to the Board of Marine Pilots, and makes the following recommendations:

CONFIRM	DO NOT CONFIRM	NO RECOMMENDATION

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

February 26, 1988

The Honorable Ben Grussendorf
Speaker of the House of Representatives
P.O. Box V
Juneau, Alaska 99811

Dear Mr. Speaker:

The House Transportation Committee has reviewed the nomination of Ms. Marlene Johnson to the Railroad Labor Relations Agency, and makes the following recommendations:

CONFIRM	DO NOT CONFIRM	NO RECOMMENDATION

Alaska State Legislature

House of Representatives

Committee on Transportation

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

Rep. Bette Cato, Chairman

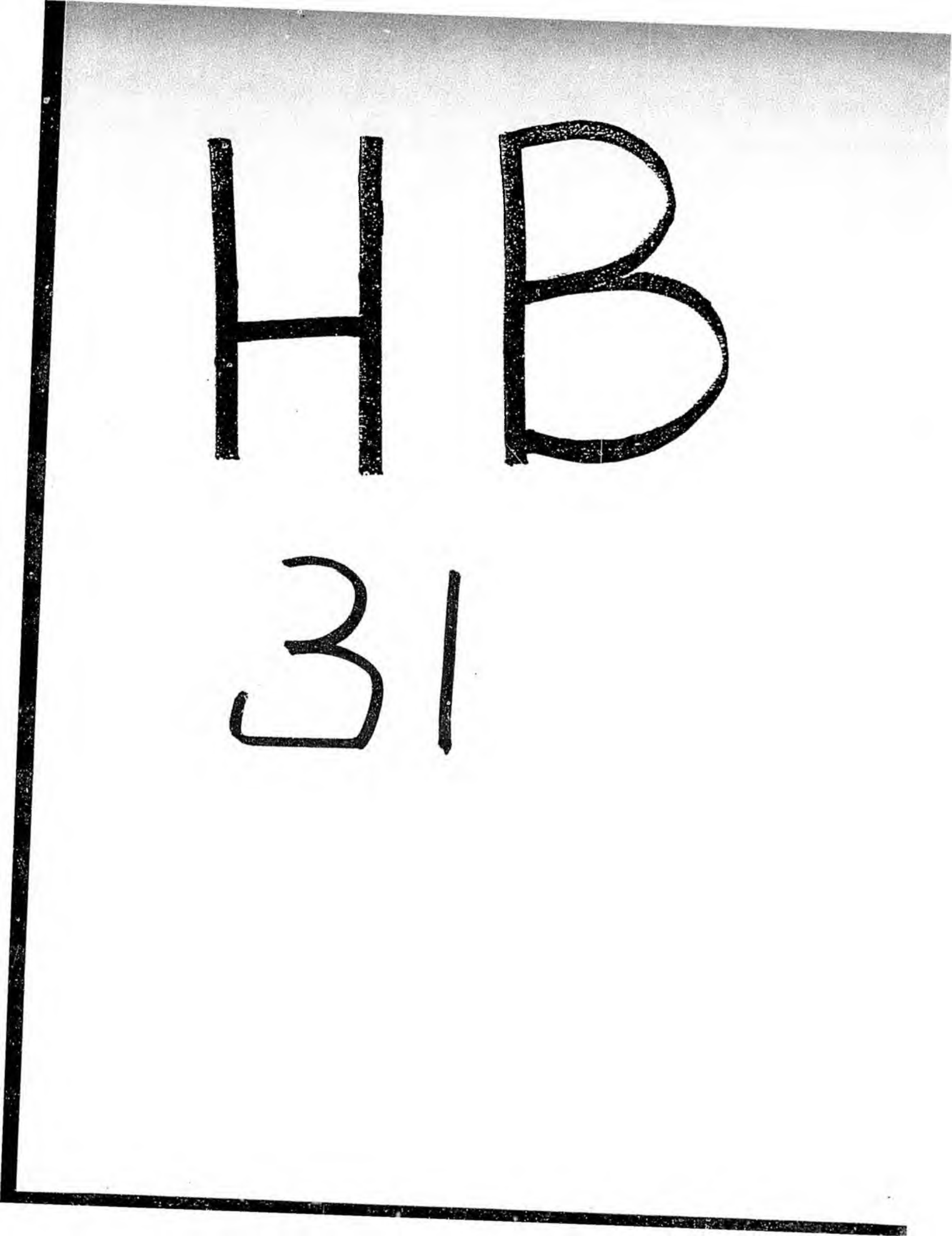
March 16, 1988

The Honorable Ben Grussendorf
Speaker of the House of Representatives
P.O. Box V
Juneau, Alaska 99811

Dear Mr. Speaker:

The House Transportation Committee has reviewed the nomination of Mr. Mark A. Foster to the Board of Marine Pilots, and makes the following recommendations:

CONFIRM	DO NOT CONFIRM	NO ~~RECOMMENDATION~~
Mike Miller		
Bette Cato		Bill Hudson
		Hamish Sprague


HB
31

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation:

2/9/87

2/11/87

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

February 9, 1987

FOR TODAY'S MEETING YOU HAVE:

A CURRENT STATUS REPORT ON HB 31

A COPY OF THE HOUSE COMMITTEE REPORT FORM SIGNED BY
HOUSE STATE AFFAIRS

A REPORT ON HB 31 WHICH INCLUDES:
- a copy of HB 31
- a current status report on HB 31
- a summary of HB 31
- a sectional analysis
- a fiscal note
- a position paper from the Dept. of Public Safety
- an excerpt from the Alaska Statutes
- an excerpt of the regulations of the Dept. of Public Safety

(7)

HOUSE COMMITTEE REPORT

1/28

Date referred: 1/19/87

FURTHER REFERRALS: Transportation

DATE: 1-26-87

The State Affairs Committee has considered HB 31

"An Act relating to registration of commercial and noncommercial motor vehicles; and providing for an effective date."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[X] zero with analysis 1/28

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Boucher

Menard

Hoffman

Ulmer

Donley

Davidson

SIGNING OTHER RECOMMENDATIONS:

Chairman's signature

INDEX

1. Cover Memo

2. Summary

3. HB 31

4. Sectional Analysis for HB 31

5. Position Papers

6. Fiscal Notes - Department of Public Safety

7. Alaska Statutes - Title 28 - Chapter 10
   Relating to Motor Vehicle Registration and Title

8. Department of Public Safety Regulations
   Relating to Motor Vehicle Registration and Title

Alaska State Legislature

REPRESENTATIVE
PAT POURCHOT

HOUSE FINANCE COMMITTEE
COMMITTEE ON OIL AND GAS

ANCHORAGE
P.O. BOX 104836
ANCHORAGE, AK 99510
(W) (907) 276-6818
(H) (907) 338-2425

JUNEAU
POUCH V
STATE CAPITOL
JUNEAU, AK 99811
(907) 465-3712

House of Representatives

MEMORANDUM

DATE: February 1, 1987

TO: House Transportation Committee
Representative Bette Cato, Chairman
Representative Henry Springer, Vice Chairman
Representative Red Boucher
Representative Mike Miller
Representative Bill Hudson

FROM: Representative Pat Pourchot
Representative Red Boucher

SUBJECT: HB 31, Relating to Registration of Commercial and Noncommercial Motor Vehicles

With increasing frequency, we hear complaints of commercial vehicles with out-of-state license plates operating on our highways. While some operators may pay the required registration fee, others do not. Enforcement of registration laws is difficult as there is no visual means to quickly identify the illegal nonregistered operator.

In addition, many new residents or nonresidents working temporarily instate fail to comply with state registration requirements, choosing instead to maintain their vehicle registration in other states. These residents benefit from our roads and jobs without paying the required fees.

HB 31 would eliminate distinctions between nonresident and resident commercial vehicles for purposes of registration, assessing fees, and display of license plates. Only licensed ICC and FMC carriers and unladen commercial vehicles operating under a one way trip permit would be exempted - although prominent display of permits would be required.

HB 31 would shorten the length of time a nonresident, noncommercial vehicle is exempt from state registration requirements and require proof of any exemption from registration.

We consider this legislation to be an important element of the Alaska residency and local hire issues in its attempt to enforce our vehicle registration laws and to legally, but forcefully, discourage the use of nonresident commercial vehicles.

Last session we introduced a bill with identical provisions, HB 456, which passed all committees of referral but died in the Senate Rules Committee while awaiting a vote by the full Senate in the final hours of the session.

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5138 HTRA HB 31 - HB 47 (FILE 1)

710

Rep. Pat Pourchot
Rep. Red Boucher
Jan. 19, 1987

SUMMARY

HB 31

Relating to Registration of Commercial and Noncommercial Motor Vehicles

Background

Current State law or regulations require the registration of all vehicles operating instate. However, many new residents or nonresidents working temporarily instate illegally maintain their vehicle registration in other states. These operators benefit from our roads and jobs without paying the required fees.

Current State law also does not specifically address the handling of nonresident commercial vehicles operating temporarily instate. Regulations now provide for permitting or registration for such vehicles. However, with the exception of licensed ICC and FMC carriers, the regulations do not require the display of a permit or registration for nonresident commercial vehicles. Thus, it is difficult for law enforcement officers and the public to distinguish between a vehicle holding a valid temporary permit and one operating illegally instate.

Additionally, fees for temporary permits for nonresident commercial vehicles are now determined administratively by prorating the resident commercial vehicle fee for the number of days the nonresident vehicle is registered for use instate. This method does not appear to result in fees appropriate for the privilege of operating nonresident commercial vehicles in Alaska.

HB 31 would accomplish the following:

1. Shorten the length of time a nonresident, noncommercial vehicle is exempt from State registration requirements and require proof of any exemption from registration.

2. Eliminate the distinction between resident and nonresident commercial vehicles for purposes of registration, assessing fees, and display of license plates.

3. Limit the authority for issuance of special permits and the exemption from normal registration to only short-term, one-way unladen commercial vehicles and licensed ICC and FMC carriers. Permits would have to be prominently displayed.

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

M E M O R A N D U M January 20, 1987

SUBJECT: Registration of Motor Vehicles - HB 31

TO: Representative Pat Pourchot

FROM: Michael F. Ford
Legislative Counsel

The following is a sectional analysis of HB 31, as requested:

Section 1

Lowers the nonresident exemption from registration of a non-commercial vehicle from 90 to 60 days, and the requirement that registration take place after employment is lowered from 15 to 10 days after the person becomes employed. Requires commercial vehicles to be registered when use begins, except as provided in AS 28.10.011 and 28.10.131(c).

Section 2

Requires the person claiming nonresident exemption from registration to provide proof of qualification for the exemption.

Section 3

Technical amendment in conjunction with section 4.

Section 4

Allows the owner of a commercial vehicle temporarily operating in-state to register a commercial vehicle, while maintaining title in another jurisdiction.

Section 5

Requires owners of commercial vehicles licensed by the I.C.C. or the F.M.C., and registered in another jurisdiction

who desire to retain registration and title in the other jurisdiction, to register the commercial vehicle, but exempts the owner from title requirements.

Section 6

Adds an additional exemption from registration requirements for an unladen commercial vehicle making a single continuous trip not exceeding 10 days.

Section 7

Requires special permits issued under AS 28.10.151 to be prominently displayed.

Section 8

Technical amendment in conjunction with section 4.

Section 9

Effective date.

MFF:mkr
m8/026

BILL NO: HB 31

DATE: January 19, 1987

TITLE: An Act relating to registration of commercial and noncommercial motor vehicles.

CONTACT: Bill Brown
465-4335

DEPARTMENT OF PUBLIC SAFETY

The bill will require full registration of commercial vehicles not used as legitimate interstate carriers, and reduce the time period in which a person is required to register a vehicle.

All commercial vehicles may now obtain a "trip permit" that allows them to operate in Alaska for up to 90 days. This gives summer commercial operators an advantage over Alaska residents who must pay full fees. This bill restricts use of the trip permit to only licensed interstate carriers, and requires temporary operators to pay full fees. This is done to put non-residents on an equal economic basis with Alaska residents while, at the same time, not placing a restrictive burden on legitimate interstate carriers.

The Department of Public Safety supports this bill.

William R. Nix
Acting Commissioner

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version : HB 31
Publish Date :

REQUEST:

Revision Date:
Title : An Act relating to registration of commercial and noncommercial motor..
Sponsor : Pourchot
Requestor : House State Affairs Comm.

Agency Affected : Public Safety
BRU : Motor Vehicles

Components :

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Will not have any fiscal impact. There may be a slight increase in revenue, however, we are unable to predict the amount.

JNR 1/22/87

Prepared by : Bill Brown — Phone : 465-4335
Division : Motor Vehicles — Date : 1-16-87

Approved by Commissioner : — Date : 1-22-87
Agency : Public Safety

Distribution (by preparer) :
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

February 11, 1987

FOR TODAY'S MEETING YOU HAVE:

A FOLDER ON HB 31 THAT INCLUDES:

* a copy of the Committee Substitute
* a letter of support from the Dept. of Public Safety Chief of Driver Services
* a current status report
* a copy of the House Committe Report form signed by House State Affairs
* a report on which includes
  - a copy of HB 31
  - a summary of HB 31
  - a sectional analysis
  - a fiscal note
  - a position paper from the Dept. of Public Safety
  - an excerpt from the Alaska Statutes
  - an excerpt from the regulations of the Dept. of Public Safety

A FOLDER ON HB 94 THAT INCLUDES:

* a copy of HB 94
* a current status report
* a bill analysis from the Dept. of Health & Social Services Division of Public Health
* ~~a fical note~~
* a report prepared by the U.S. Coast Guard
* background material from Rep. Taylor
  - a paper from House Research
  - a cost benefit analysis from the Coast Guard
  - a question/answer paper from the Coast

5-0229B
Ford
2/10/87

Original sponsors: Pourchot and Boucher

IN THE HOUSE BY THE TRANSPORTATION COMMITTEE

CS FOR HOUSE BILL NO. 31 (Transportation)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to registration of commercial and noncommercial motor vehicles; and providing for an effective date."

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

* Section 1. AS 28.10.121(a) is amended to read:

(a) A nonresident owner of a noncommercial vehicle registered outside the state is exempt from the registration provisions of this chapter for 60 [90] days after entry into the state if the vehicle at all times when driven in this state is registered in and has displayed upon it a currently valid registration plate issued for it by another jurisdiction. However, if the person becomes gainfully employed in the state or takes action that [WHICH] indicates an intention to acquire residence in the state, the person shall comply with the licensing and registration provisions of this chapter within 10 [15] days of commencement of employment or of taking action that [WHICH] indicates the person's intention to acquire residence. If the vehicle is a commercial vehicle, the vehicle must be registered when its commercial use begins except as provided in AS 28.10.011 and 28.10.131(c) [IN ACCORDANCE WITH AS 28.10.141 AND OTHER APPLICABLE PROVISIONS OF THIS CHAPTER].

* Sec. 2. AS 28.10.121 is amended by adding a new subsection to read:

(d) It is the responsibility of the person claiming exemption under this section to provide proof of qualification for the exemption.

* Sec. 3. AS 28.10.131(a) is amended to read:

(a) If a vehicle to be registered under this chapter is previously registered outside the state, the jurisdiction of registry shall be stated in the application, and the owner shall surrender to the department all evidence of out-of-state registration in the owner's [HIS] possession or control except as provided in this section or AS 28.10.141, and the department may require verification of the vehicle identification number.

* Sec. 4. AS 28.10.131 is amended by adding a new subsection to read:

(c) If the owner of a commercial vehicle desires to maintain title in another jurisdiction, the department, when satisfied that the applicant is temporarily operating in-state and is the lawfully registered owner of the commercial vehicle, may register the commercial vehicle without issuing a title and shall type or stamp on the face of the State of Alaska certificate of registration "No Title Issued."

* Sec. 5. AS 28.10.141 is amended to read:

Sec. 28.10.141. INTERSTATE USE OF VEHICLES. When, in the course of regular interstate operation in this state [OF] a commercial vehicle licensed by the Interstate Commerce Commission under 49 U.S.C. 1-1240 (Interstate Commerce Act) or regulated by the Federal Maritime Commission under 46 U.S.C. 804 (Interstate Commerce Act) is registered in another jurisdiction, and it is desirable to retain the registration and title of the vehicle in the other jurisdiction, the owner or an agent of the owner shall register the vehicle and pay all required fees and taxes and submit for inspection the certificate of registration issued by that jurisdiction. The department, when satisfied that the applicant is entitled to the exemption from the title requirements of this chapter, shall register the vehicle but may not issue a certificate of title. [NOTICE OF THE FACT THAT THE VEHICLE IS REGISTERED

IN ANOTHER JURISDICTION SHALL APPEAR ON THE CERTIFICATE OF REGISTRATION ISSUED BY THIS STATE AND IN THE RECORDS OF THE DEPARTMENT MAINTAINED UNDER AS 28.10.071.]

* Sec. 6. AS 28.10.151 is amended to read:

Sec. 28.10.151. VEHICLES TRANSPORTED UNDER SPECIAL PERMITS. When moved or driven under a special permit to be designed and issued by the department, the registration required by this chapter is not required of

(1) a vehicle under construction and which is not completed;

(2) a vehicle while being moved from one place to another for the purpose of inspection, weighing, or meeting other requirements of the department; or

(3) a vehicle while being moved or driven from one location to another for the purpose of rebuilding, dismantling, or permanently removing the vehicle from the highways and vehicular ways and areas of the state;

(4) an unladen commercial vehicle making a single continuous trip by a noncircular route for a period of time not exceeding 10 days.

* Sec. 7. AS 28.10.151 is amended by adding a new subsection to read:

(b) A special permit issued under this section shall be prominently displayed.

* Sec. 8. AS 28.10.201(d) is amended to read:

(d) Except for vehicles registered under AS 28.10.131(b) or (c) and 28.10.141, the department may not register a vehicle unless the applicant for registration at the same time applies for and obtains a certificate of title under this chapter, or presents satisfactory evidence that a certificate of title was previously issued to the

applicant. The department may not accept the application for the original certificate of registration or title to a vehicle unless the vehicle is in the state at the time of application. However, the department may accept an application for registration and certificate of title for a vehicle which is not in the state when the application is made by a registered and bonded dealer or by a resident of the state when the application is accompanied by a manufacturer's statement of origin, or in the case of a used vehicle, when the application is accompanied by a certificate of title issued in another jurisdiction [AND A CERTIFICATE OF INSPECTION BY A PEACE OFFICER OF THAT JURISDICTION STATING THAT THE VEHICLE HAS BEEN DETERMINED TO BE THE VEHICLE DESCRIBED IN THE CERTIFICATE OF TITLE AND THAT THE VEHICLE HAS NOT BEEN REPORTED STOLEN].

* Sec. 9. This Act takes effect immediately under AS 01.10.070(c).

STATE OF ALASKA

DEPARTMENT OF PUBLIC SAFETY

DIVISION OF MOTOR VEHICLES

STEVE COWPER, GOVERNOR

P.O. BOX 20
JUNEAU, ALASKA 99802-0020

PHONE: (907)465-2650

February 10, 1987

The Honorable Bette Cato
Chairman - House Transportation
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Re: HB 31

Dear Representative Cato:

I would like to take this opportunity to advise you and the Transportation Committee that the Division of Motor Vehicles supports this piece of legislation.

Since working with Representative Pourchot prior to his introduction of the bill, the division has decided to recommend another change to Section 8 of the bill. That change would be to delete lines 10, 11, 12 and 13 on page 4, and putting a period at the end of line 9. It is the feelings of the division that this wording is no longer necessary, and it is creating a hardship on Alaska residents who purchase used motor vehicles out of state. It is also causing extra processing time for an action we feel is no longer necessary.

I am sorry I had to leave the hearing yesterday before I was able to testify because of a time conflict with another hearing.

Sincerely,

Bill Brown
Chief of Driver Services

BB:ns

cc: Representative Pourchot

Official Business

COMMITTEE:

House Transportation

DATE: February 9, 1987

Subject of meeting:

HB 31: "An Act relating to registration of commercial and noncommercial motor vehicles; and providing for an effective date."

SIGN-IN

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Rep Pat Fourcht	HB 31			✓
Bill Brown	P.O. Box N	465-4335	DMV	
Bryce Hanley	P.O. Box V	465-4939	Representative	✓

Official Business

COMMITTEE:

House Transportation

DATE: February 11,1987

SIGN-IN

Subject of meeting:

HB 31 "An Act relating to registration of commercial and noncommercial motor vehicles; and providing for an effective date."

HB 94 "An Act relating to boat numbering, accidents, and safety; and providing for an effective date."

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
CDR. G.M. HARRIGAN	FED Building Box 3-5000 Juneau 99802	586-7474	U.S.C.G.	YES
CDR DIM WALDRON	612 Willoughby Ave Juneau 99801	586 7349	USCG MSO JUN	Yes
Randy Weaver	415 Coleman Juneau (H) 155 S. Seward Juneau, AK 99801 (W)	586-5255	Harbormaster	Yes
LT. D.M. Shippee	Fed Bldg	586 7398	USCG	NO
CWO W.R. Lird	Fed Bldg	586-7374	USCG	NO
MARILYN COFFMAN IPDCO	108 TROY AVE JUNEAU 99801	586-6113	U.S.C.G AUXILIARY	YES
T.J. Thrasher *	3443 Minn Anch 99503 HB # 31	463-3279	AK Trucking Assoc	HB31 yes
Bill Brown *	P.O. Box N 99811 HB # 31	465-4335	DMV	HB31 Yes
Gregg Olds Taylor	Barrow Jr. AK	465 4905	ME	YES

(5)

HOUSE COMMITTEE REPORT

2/13

Date referred: 1/28/87

FURTHER REFERRALS: Rules

DATE: February 11, 1987

The Transportation Committee has considered HB 31

"An Act relating to registration of commercial and noncommercial motor vehicles; and providing for an effective date."

RECOMMENDS:

[X] replace with CS HB 31(Trsp) [X] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Cato Bette Cato

Springer Kenneth Springer

Pearce Tom Pearce

Hudson Bill Hudson

Boucher E. L. Boucher

SIGNING OTHER RECOMMENDATIONS:

Bette Cato
Chairman's signature

HB

47

(FILE 1)

ALASKA RAILROAD CORPORATION

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

January 28, 1987 MAR 0 2 1987

Representative Dave Donley, Chairman
Labor & Commerce Committee
House of Representatives
P. O. Box V
Juneau, Alaska 99811

Re: HB 47, An Act Relating to the Alaska Railroad Corporation

Dear Representative Donley:

Thank you for allowing the Alaska Railroad Corporation ("ARRC") this opportunity to comment upon HB 47 which proposes significant changes to ARRC's enabling legislation.

We understand that your committee will conduct a work session on this bill and others today. I hope that our comments will be helpful as you review the legislation. Should questions arise which are not adequately addressed in our position paper, please feel to contact me. My phone number is 265-2461.

I do apologize for the length of our response and our delay in getting it to you. However, the bill recommends sweeping changes to a model of a public corporation created, as you know, by the 1984 legislature to operate the State-owned railroad. That model was intended to insure that the railroad would be a rail carrier generating, retaining, and managing its revenues to better serve Alaska's transportation and development needs. Although State leadership gave ARRC enough independence to conduct its activities as a separate and viable economic entity, a recognition of State ownership and essential governmental functions led to public accountability requirements manifested most clearly by open meetings, governor-appointed board members, financial and management audits, annual and oversight reports, legislative approval of land disposals, and long-range capital improvement and program plans. This blend of substantial financial and operational independence subject to State oversight has resulted in a quasi-public, quasi-private railroad armed with the flexibility it needs to react quickly to changing market, operational, and financial needs.

The model was created only after months, perhaps years, of research, study, discussion, and debate. If I had to choose one message to leave with you today, it would simply be that HB 47 proposes sweeping detrimental changes to the legislature's earlier vision of a financially independent, but publicly accountable, railroad only two years following transfer. The work reflected in the Alaska Railroad Corporation Act and ARRC's track record to date perhaps deserve the same commitment of time and careful deliberation before the Act's vision is in large part abandoned.

Our feeling is that in a number of ways HB 47 will restrict and curtail ARRC's ability to react meaningfully to changing freight and real estate markets to the detriment of its self-sufficiency and those many Alaskans who depend upon a viable rail transportation option in Alaska. Those who appear most likely to benefit by such changes are the railroad's water carrier, trucking, and real estate competitors.

Thank you very much.

Sincerely yours,

Larry D. Wood
General Counsel

cc: Members of the House Labor & Commerce Committee
F. G. Turpin, President & CEO

3671L

bcc: M.J. Yetter
J.B. Blasingame
P.C. Johnson, Esq.
L.J. Houle

POSITION PAPER / Alaska Railroad Corporation

House Bill 47: An Act Relating to the Alaska Railroad Corporation

I. Introduction. House Bill 47, introduced by Representatives Brown, Ellis and Boyer, proposes numerous and substantial changes to the Alaska Railroad Corporation Act, AS 42.40.010 et seq. ("ARCA"). The issues raised by the bill fall into four categories, each of which has been the subject of at least some recent media attention. All, we believe, are adequately accommodated or protected by existing laws or Alaska Railroad Corporation ("ARRC") board rules. The proposed changes will also harm the economic viability of the railroad.

These are the first major revisions of ARCA which have been proposed since 1984 when the law was enacted. The following discussions explain the sweeping limitations to ARRC's original State charter suggested by this bill. The legislature has previously directed that ARRC operate as a self-sustaining business and has blended substantial financial and operational independence with public accountability requirements. Many of HB 47's abrupt and significant changes threaten to destroy those dynamic characteristics which give ARRC the flexibility it needs to survive economically in today's declining freight markets.

ARRC strongly opposes HB 47 and respectfully recommends that ARCA remain unchanged.

II. Major Provisions of the Bill.

A. Moose Kills. One area of concern addressed by HB 47 is the effect of railroad operations on wildlife, specifically moose. The bill requires that ARRC salvage meat and consult with the State Department of Fish and Game (ADF&G) to minimize adverse effects. We believe that these proposals only duplicate present laws and ignore ARRC/ADF&G cooperation.

As a consequence of railroad, truck, and automobile operations in Alaska, moose are unfortunately killed We explain below that ARRC has already mitigated these losses by changing some equipment and operational techniques, repeatedly discussing remedial alternatives with State Fish & Game representatives, and insuring that, where possible, meat is salvaged.

B. Confidentiality. The bill restricts those subjects which may be protected as confidential and discussed by ARRC's Board at executive sessions. Freight divisions, contract rate agreements and discussions of land acquisitions

or disposals are targeted. As explained below, public discussion and disclosure of vital railroad market data will actually injure consumers by giving railroad competitors the opportunity to make rail transportation a less competitive option in Alaska.

C. Operations. Several sections of HB 47 require the railroad board to ensure that passenger and freight services are maintained at 1985 levels. Board approval will be required for any expansion or reduction of service. Present law requires involves Board approval only where a change in service levels is "major." Although inadequate financial resources may allow the Board to forego railroad expansions, it may not reduce the 1985 services levels for financial reasons. Presumably, any such reduction may require legislative approval.

Discussion which follows points out that railroad passenger service is a major drain on ARRC revenues: $1.5 million annually. Although State tourism needs, resident access requirements, and tradition may justify ARRC's commitment to passenger service, economics do not. Save for a few excursion lines, Alaska's is the only unsubsidized rail passenger service in America. Present State law requires ARRC to report significant and permanent service reductions to the legislature. However, despite these losses, ARRC has not reduced services. They have been increased. Innovations in equipment, scheduling, and routes have helped mitigate the $2 million annual loss which existed before transfer.

For its economic survival, however, ARRC depends upon the flexibility of its management to immediately respond to changing freight market conditions by expanding, modifying, or in some cases, reducing service levels. To the extent this bill will detract from ARRC's marketplace resiliency it will significantly defeat the State's earlier attempts to preserve rail freight service in Alaska.

D. Land Issues. HB 47's provisions also significantly affect ARRC's leasing, easements and permitting practices. The bill proposes that railroad managers may only enter into such land use agreements for one year or less; Board approval would be required for agreements of greater duration. The Board must hold at least one public hearing not less than 60 days before entering such agreements. In addition, it must make a written finding that these contracts are in the best interest of the people of the State, taking into consideration adjacent land uses, municipal land use plans and ordinances, economic development, revenue-generating potential, and public comment received.

The bill retains the current requirement that disposals be made at fair market value, but clarifies an exception for disposals to the State and municipalities. In addition, it

requires that any disposal of natural resources (e.g., gravel, timber) be made by competitive bid.

Finally, HB 47 would require legislative approval of all leases for over 35 years. ARCA presently allows longer leases so long as a right of termination is retained if the property is needed for railroad purposes after 35 years.

To the extent these significant modifications attempt only to underscore the need for public awareness of ARRC leasing decisions, we can applaud such concern. However, a discussion which follows points out that Board policies and rules already protect the public's need to know of railroad leasing activities. The ARRC, we believe, has already struck a careful balance between public involvement in its leasing decisions and its fundamental reliance upon real estate leasing practices which can adequately and quickly respond to market opportunities. Even a brief review of financial statements emphasizes the railroad's traditional and heavy reliance upon growing real estate revenues. HB 47's modifications promise to undermine railroad financial viability by seriously inhibiting marketing opportunities. The changes work to the advantage only of ARRC's competitors and, ironically, to the probable disadvantage of Alaska's public which, we believe, will increasingly depend upon aggressive development of private and public land resources.

III. HB 47's Impact.

A. Moose Kills. Like other Alaskans, ARRC is already subject to the requirements of AS 16.30 regarding salvage of big game. Moreover, the railroad has a history of cooperation with ADF&G, as attested by the attached article from that department's own in-house magazine. Corporation personnel continue to consult with ADF&G representatives and with fish and wildlife enforcement officers of the Department of Public Safety. Procedures are already in place to help insure killed moose are salvaged.

The unfortunate fact is that moose choose to use the cleared railroad track as well as public roads in years of heavy snowfall. For example, the winter of 1985-86 was extremely mild and only 17 moose were killed by railroad operations. In the 1984-85 snowy winter, more moose were killed on southcentral Alaska highways (319) than on the railroad right-of-way (316).

We believe the legislation is unnecessary. ARRC already abides by the State's salvage laws and it will continue to work with ADF&G personnel to mitigate moose losses.

B. Executive Session/Confidentiality. Sections 4 and 5 of HB 47 propose that confidential railroad marketing and

business data, including freight divisions and contract rate agreements, be disclosable to the public. The railroad's water carrier, trucking, real estate, and port competitors would reap the greatest benefit from this relaxation of the law. Using sensitive information related to railroad freight rates, developing markets, and business opportunities to their advantage, railroad competitors may successfully eliminate ARRC's capability to offer competitive freight rates and real estate in Alaska.

The State purchased the railroad in part to preserve a rail transportation option in Alaska. Therefore, it structured a public corporation which would vigorously pursue a market presence to best serve consumer needs and avoid State financial assistance. In ARCA the Alaska legislature recognized ARRC's need to protect its proprietary information from general public scrutiny to preserve that mandate of railroad self-sufficiency. HB 47 promises to largely undo this protection.

Rate divisions and contract rate agreements explain just how much ARRC charges to haul commodities. Divisions split freight revenues for particular shipments between the railroad and its connecting carriers; contract rate agreements establish freight charges between the railroad and its shippers. Armed with information collected from ARRC's files (or Board minutes since HB 47 would also eliminate freight divisions, contract rate agreements, and proposed land acquisitions and disposals as subjects which may be discussed in the Board's executive sessions), competitors may undercut railroad charges and contracts to their financial advantage in what are already highly competitive freight and real estate markets.

Federal law may also protect the freight rate information which railroad competitors seek through passage of this legislation.[1/] After the transfer of the railroad into

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1/ Please see 49 U.S.C. § 11910: "A common carrier . . . that knowingly discloses to another person, except the shipper or consignee, . . . (A) information about the nature, kind, quantity, destination, consignee, or routing of property tendered or delivered to that carrier . . . without the consent of the shipper or consignee, and (B) that information may be used to the detriment of the shipper or consignee or may disclose improperly, to a competitor the business transactions of the shipper or consignee, shall be fined not more than $1,000." Because divisions and contract rate agreements will contain such information, legal counsel should opine whether HB 47 will inevitably conflict with this federal mandate. Note that the Interstate Commerce Commission requires only that minimal aspects of contract rate agreements be filed with that agency.

State ownership, the federal Alaska Railroad Transfer Act ("ARTA") specified that the State-owned railroad would be a rail carrier engaged in interstate and foreign commerce subject to the jurisdiction of the ICC and entitled to all of the business opportunities available to comparable railroads, including contract rate agreements. 45 U.S.C. § 1207.

Like federal deregulation in the airline, trucking, and telephone industries, deregulation of certain rail activities in the Staggers Rail Act of 1980 was meant to promote the viability of the rail transportation option in America. The Act was passed as a response to the financial difficulties then plaguing the nation's railroads. Congress felt that much of the problem lay with excessive governmental regulations. Hence, it granted rail carriers the privilege to conduct their operations by contract as other businesses do. Instead of charging uniform tariffs of general applicability, railroads would be able to negotiate individual contracts with their shippers.

For example, no longer bound by difficult and time consuming notice and rate-making regulations in its competition for TOFC ("trailer on flat car") traffic, railroads, including ARRC, may adjust rates quickly to changing market conditions, contract directly with shippers for the movement of their freight, and offer special services and accomodations to customers on a one-to-one basis. Special care is taken to ensure that contract rate agreement information is not disclosed to competitors. The overriding thrust of the Staggers Act is to protect the confidentiality of contract provisions and to ensure to the purchasers of transportation services and to railroads a degree of confidentiality similar to that of other businesses throughout the country.

HB 47 threatens to largely eliminate legislative directions that all business opportunities available to other railroads be afforded to ARRC and that the corporation be operated "according to sound business management practices" on a self-sustaining basis. To be successful, ARRC must continue to offer competitively-priced services in the marketplace. HB 47's demand that the railroad's shipper and carrier agreements be open for inspection by its competitors may also be an indication that ARRC has made its mark as a serious competitor for freight in a diminishing Alaska market.

HB 47 also eliminates confidential Board discussions of the details related to proposed land acquisitions or disposals. The prospect of public discussion of the confidential terms of proposed real estate transactions would have a significant chilling effect on ARRC market opportunities. The bill ignores the reality that most businessmen and women do not announce land acquisitions or

development plans until all options have been quietly researched, examined, and discussed. If ARRC should ever compete with other industrial landowners for this highly competitive trade, it must have the flexibility to honor requests that proposal information be protected. Public involvement at this early stage may even go beyond what is required of State agencies. The public interest is presently and adequately protected by the current law and Board rules that require all sales of land be acted upon and approved by the Board and legislature in public session.

C. Operational Restraints. The legislature's vision that ARRC be self-sustaining will be severely impacted by HB 47's directive that passenger and freight service levels be maintained at 1985 levels. Also, present law already requires a detailed oversight report to be provided to the governor and legislature before ARRC may undertake a significant reduction in services. The report, and public Board action which proceeds it, ensures adequate protection of the public's interest and provides ample opportunity for public involvement as a recent proposed sale of exhausted rail passenger equipment demonstrated.

Although some adjustments are naturally required by changing markets and developing innovations, the corporation's commitment to existing levels of freight and passenger services is evident. In fact, ARRC has dramatically improved passenger services since transfer and is committed to the purchase of new passenger coaches and two newly refurbished self-propelled railcars. Nonetheless, passenger service amounts to a $1.5 million drain on ARRC's financial resources (down from a $2 million annual loss at transfer). However, to be economically viable, ARRC must have the ability to adapt to swings in the economic climate, particularly as freight markets change.

An examination of revenues from passenger service for the first 18 days of January 1987 demonstrates the need for flexibility in managing service levels. Total estimated revenues were $12,504 while the estimated costs were $59,900, for a loss of $47,496. Such seasonal variations in market demand are expected and the corporation has not moved to eliminate these services.

Managerial flexibility to match the overall level of services to market demands is essential. HB 47 would eliminate that flexibility, to the marked disadvantage of ARRC's financial self-sufficiency and to the probable advantage of railroad competitors.

D. Land Issues. The corporation is the owner of a substantial amount of land (over 22,000 acres in addition to right-of-way) suitable for commercial leasing. Long-term

leases of that land are subject to the provisions of a Board policy which was developed only after significant public input. The Board's leasing policy is intended to accommodate the continued viability of competitive railroad leasing and adequate public awareness and involvement.

The additional requirements imposed by this bill would adversely affect the corporation's leasing program in many respects. In ARRC's commercial setting, its ability to act decisively is often necessary to capitalize on real estate market trends. HB 47's 60-day notice requirement would significantly destroy ARRC's marketing efforts in a highly competitive economy and seriously impact any opportunity to obtain the highest possible return on rail land.

The delay and intense public scrutiny suggested by this legislation would also discourage many potential lessees who are both eager to finalize a transaction and reluctant to prematurely reveal their financial affairs in public. The present Board policy requires public Board action to approve leases of more than three years and advance public notice of lease approvals. These public Board meetings allow concerned citizens ample opportunity to submit their comments. Proposed lease development of railroad Government Hill is a recent example of this process in action. It appears to provide an adequate balance between aggressive development of ARRC lease opportunities with public awareness and input. HB 47's attempts to significantly complicate railroad leasing procedures promises to undermine the railroad's self-sufficiency without meaningfully improving ARRC's own recognition and implementation of its public accountability obligations.

The bill's restriction of leases to 35 years in duration without legislative approval would also undermine leasing opportunities. Most long-term ground lease terms start at 55 years to allow high-quality improvements to be amortized over the entire lease term. ARRC's present policy was designed to accommodate commercial lessees who envision substantial improvements to railroad property. Financial institutions will not loan money to these lessees to build significant improvements unless a longer lease term is assured. After considerable discussions involving ARRC representatives, prospective and present lessees, and banks, ARCA's present restriction on long-term leases (they may be terminated if needed for railroad purposes after 35 years) has satisfied lending institutions. Lessees are on their way to improving lease parcels. Parenthetically, those improvements will also substantially add to the State's equity as the owner of rail property.

An additional impact of HB 47 is a logistic one. The corporation is presently lessor or permittor in some 1200

agreements. On the average, roughly two dozen such agreements are processed through the corporation's real estate department a month. Some of these transactions involve minor amendments, but a considerable number are substantial changes. Were the Board of Directors required to hold a public hearing before every agreement is made, it would be forced to devote an inordinate amount of attention to commercial, market-dictated decisions more appropriately left to the corporate officers hired to apply their experience and skill in real estate leasing. ARCA's honorariums may not begin to adequately compensate a largely volunteer Board for such new management responsibilities. On the other hand, long-term leases may require Board scrutiny, and provision has been made to present them, following public notice, to the Board for approval at its public meetings.

HB 47 also requires a detailed inventory of land and natural resources in ARRC's annual report to the legislature. This detailing of "present uses, future development plans, and known resource development potential for the land, interests in land, and natural resources" calls for extraordinary research, development and planning efforts which ARRC is presently not funded or staffed to provide. Of course, specific land use planning for large industrial areas must and is being developed to effectively respond to market needs, but the comprehensive land and natural resources planning called for here can only compel the commitment of dwindling personnel and financial resources to less vital activities.

HB 47 amends AS 42.40.350(d) to expressly permit leases to municipalities at less than fair market value. This change is also unnecessary; ARRC has consistently interpreted an existing exception for State leases to include leases to political subdivisions.

Finally, the bill proposes that any sale of railroad natural resources be made by competitive bid. This is also an unnecessary and undesirable limitation. Similar to the marketing of rail leases, ARRC needs the flexibility to establish the fair market value of any natural resources slated for sale by means in addition to competitive bid. This is particularly true when market conditions are greatly fluctuating and values are best established over time. The proposal also ignores the reality that sales of gravel and rock, for example, may not be conducive to the artificial structuring of a competitive sale format because of time constraints, remote locations, and market conditions.

ARCA already calls for the "prudent operation of the railroad according to sound business management practices" and directs ARRC's Board and management to "manage the corporation on a self-sustaining basis." A limitation on the types of

permitted sales of natural resources is at best a redundancy which also calls for prudent decision-making and, at the worst, a limitation which also threatens the railroad's financial vitality.

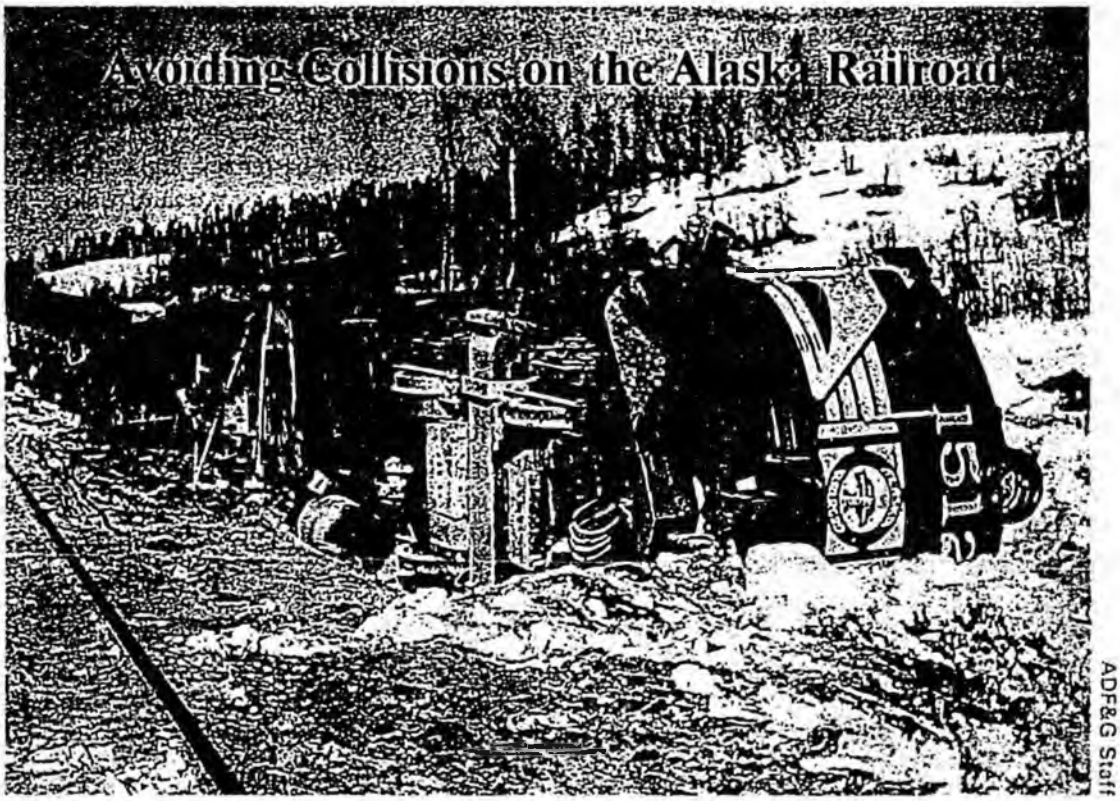
IV. Conclusion.

The Alaska Railroad Corporation opposes HB 47. The sweeping limitations it proposes upon railroad operations may not only undo the legislature's original vision of a quasi-private, quasi-public railroad armed with the flexibility it needs to survive in competitive freight and real estate markets, but seriously threaten its economic survival.

For all these reasons, we respectfully request that the bill's proposed amendments to the Alaska Railroad Corporation Act be rejected.

3654L

When Moose and Train Meet:



ADF&G Staff

by Jack C. Didrickson and Raymond J. Kramer

On the last day of February 1985, Alaska Railroad Locomotive Number 3006N chugged its way out of the Anchorage railroad yards bound for Fairbanks. None of its crew realized that an unwanted record would be set before it arrived at its destination the next morning. Nineteen moose would die that trip, crushed by the locomotive, while the helpless crew watched, unable to save the victims. And, as the winter snows continued, more moose died on almost every run until the annual total for the entire length of the railroad came to 385.

Fortunately, not every year is a duplicate of the winter of 1984-85. This past winter (1985-86), 17 moose were killed along the entire length of the Alaska Railroad.

What causes these mortalities, and what can be done to lessen or prevent them? These are questions of primary importance to not only game biologists and railroad employees, but also to the public, some of whom see this as a shameful situation that could be easily remedied. Although many ideas have been proposed and tried, there is no one good solution.

Initially, both ADF&G and the Alaska Railroad presumed that the high mortality in some years occurred simply because the moose population periodically fluctuated, with most kills occurring when the population was high. We now know this is not the case. By correlating the Alaska Railroad's daily records over the years with weather patterns which coincided with the chronology of high moose losses, we could see a pattern. In years of deep snow depth (three to five feet) for long periods of time, moose losses along the tracks drastically increased. Conversely, in winter periods of little snow, or when spring thaws decreased the snow depths, moose-train incidents significantly declined.

A majority of the 1984-85 mortalities occurred on the tracks between Willow and Talkeetna, in an area known as Game Management Unit (GMU) 14B. This is an area with a large moose population, most of which remains in the high reaches of the Talkeetna Mountains throughout the summer and fall. In winter, as snow and winds increase in these highlands, a large number of the moose move down the mountain slopes to their critical winter food supply of willows along the Susitna River.

Unfortunately, both the railroad and the main highway from Anchorage to Fairbanks bisect their migration path.

When snows exceed three feet, the moose find these man-made "trails" a convenient place to walk or rest, and therein lies the cause of the mortality. Moose are somewhat reluctant to leave these cleared areas and they have not, for the most part, learned to fear trains or autos. As a result, an additional 77 animals were killed by highway vehicles during the 1985 season. Also, many become stressed by deep snow and the lack of nearby browse. In residential areas along the highway, stressed moose belligerently chased dogs, children, and adults, with the result that another 40 were killed in defense of life and property, bringing the total loss of moose in GMU 14B to 502. Hunters, on the other hand, took only 216 animals in the following 20-day September season, before the deep snows set in.

Although a large percentage of mortalities for all years occurs between Willow and Hurricane, with a few other "hot spots," mortalities are otherwise fairly uniformly distrubuted along the entire length of the tracks; therefore, the problem is not merely a local one. A solution must be provided that works along the entire railroad corridor from Seward to Whittier to Fairbanks.

Meetings have been held between the Alaska Railroad personnel and ADF&G game biologists to seek answers and actions, and members of the public have enthusiastically offered innovative ideas, but no single, concrete solution has been found.

There are certain realities which must be faced where "compromise" simply won't work. The trains must run and they must run on or near schedule; too many people and businesses are dependent on the products delivered to interrupt service. Closing down the railroad in winter is no solution. Scheduling the trains to run only in daylight hours won't work, with only four to five hours of daylight present during the critical months. Accurately predicting where and when deep snows will occur is beyond human technology. We must look to the tracks and trains themselves for solutions.

Perhaps the most "far-out" solution offered so far was that of a giant cushioned rubber bumper attached to the front of the locomotive. Here, laws of physics and elasticity come to bear, causing visions of a moose being hit at 40 mph, sinking into this giant cushion, and then being sprung out in front of the train again, only to be picked up and thrust again, endlessly bouncing down the tracks.

Another more realistic attempt was to mount sonic whistles on the locomotive which might alert the animals. The experiment failed, however. When the train moved comparatively slowly, the whistles didn't whistle, and when it was very cold they froze into silence.

Slowing the train from 40 to 20 mph in "hot spot" areas was another idea. Not only did scheduling dif-

In times of heavy snow, moose make use of the cleared areas on the tracks of the Alaska Railroad for walking and resting. Here, a train has stopped for a moose bedded down on the tracks during a snowstorm in the winter of 1985.

M. Penn
Anchorage *Daily News*

ficulties make this impossible, but the trains couldn't climb certain grades on the icy tracks if momentum was lost.

Decking or covering the ties on trestle bridges to permit moose to safely cross was suggested, but this idea was denied because speed sensors on the train wheels reportedly will not work properly in the presence of the coverings.

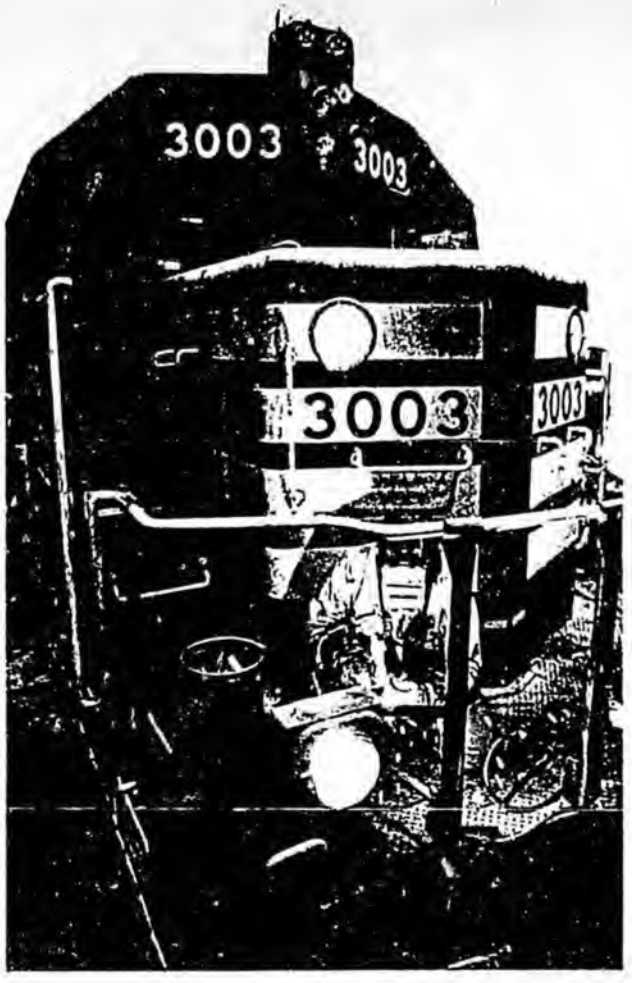
One of the major problems in deep snow is that of the "tunnel" effect which trains create with their own snow plow on the front. In this situation, once a moose is on the track, after struggling in deep snow, it won't leave even with a train bearing down on it. There is little room between the train and the wall of snow and the moose are often sideswiped. "Wing plowing," where special equipment plows 20 feet on either side of the tracks seems to have merit in certain areas where topography permits, but this is not the complete answer. When the railroad bed is significantly higher than surrounding terrain, moose still prefer the track bed to jumping down into deep snow.

The best, but perhaps most complicated, scheme offered so far is to allow permit hunters to harvest moose along the railway corridor, at times when heavy snowfall occurs. Logistically, this would prove difficult. First, permits would have to be fairly allocated and there would be no guarantee in any particular year that a hunt would be held. The hunt would occur only in areas determined to be "hot spots" and then only within a narrow corridor along the tracks. When snows are deep, snowmachines bog down and would prove worthless. Furthermore, hunters riding snowmachines, or even walking down the railroad right-of-way, simply would not be safe; eventually someone would be hit by a train.

The only apparent method of getting hunters afield would be to run a "hunter train" which could stop in designated areas, let hunters off for a period of time, and pick them up later, with their harvested moose. This plan, too, offers tremendous logistical problems and would require a great deal of common sense and wintercraft knowledge on the part of each hunter. If regular train schedules were to continue, each hunter would have to be back at his designated pickup point precisely on time, as the train could not delay its schedule. A hunter who took an animal too far away would perhaps have to leave all or part of his moose behind; this is a violation of wanton waste laws and would defeat the purpose of obtaining the meat.

Based on random permit drawing, there is a chance that some inexperienced hunters might be drawn who would have no idea of the severity of camping out in -40° weather. To leave them out in these conditions overnight could prove disastrous, particularly if a storm occurred. Inevitably, someone would get lost, frostbitten, or hypothermic.

For lack of a workable solution, the problem is far from resolved. We would all like to see a harvest shift from trains to hunters. In Canada, Sweden, Norway, and Russia, game managers are also seeking answers to this problem, but as yet no economically feasible solution has been found. Fencing both sides of the railway would not only be exorbitantly expensive, but would also cut the moose off from their winter habitat. Overpasses or underpasses, with wing fences to funnel the animals onto these routes, have shown promise in Europe, but because of the great mileage involved would require literally millions of dollars to accomplish effectively in Alaska. Just such an underpass has been proposed outside Anchorage under the Glenn Highway; the results of this experiment will tell us much over the next few years.



M. Penn
Anchorage *Daily News*

Frank Box, boilermaker for the Alaska Railroad, welds one of two lights that were attached to the locomotives to chase moose off the tracks.

Can our railbelt moose populations sustain these losses? The answer is a cautious "yes," with the adjustment of seasons and bag limits, but game managers would prefer to see a better use for the tons of meat that are spoiled by a train's crushing impact.

As Alaska moves into the 21st century, answers to this vexing problem may be found. In the meantime, game biologists must continue to obtain basic biological information to justify attempts at possible solutions.

Jack C. Didrickson, who has been with the department since 1959, serves as Area Game Biologist with the Division of Game, ADF&G, Palmer.

Raymond J. Kramer serves as Game Biologist, Division of Game, ADF&G, Anchorage.

Kay Brown

Alaska State Legislature
House of Representatives

MEMORANDUM

TO: Rep. Dave Donley, Chairman
House Labor and Commerce Committee

DATE: January 23, 1987

FROM: Rep. Kay Brown

RE: HB 47

HB 47, An Act relating to the Alaska Railroad Corporation, has been referred to the House Labor and Commerce Committee for consideration.

Thank you for scheduling a work session on the bill at 4:30 p.m., Wednesday, January 28.

The primary purpose of the bill is to ensure that the railroad's publicly-owned lands and resources are managed in the best interest of Alaskans.

HB 47 would limit the railroad's complete discretion to dispose of public lands through long-term leases. While a sale which disposes of the railroad's entire interest in land is subject to legislative approval, the railroad's chief executive officer, acting under delegated authority, can achieve a result similar to absolute title transfer by issuing a long-term lease. From a public interest perspective, issuing a long-term lease should be subject to procedures that ensure an opportunity for public participation before the decision is made.

The attached sectional analysis by George Utermohle, Legislative Counsel, describes the bill in more detail. I have also attached a memo by Utermohle discussing confidentiality standards.

I look forward to discussing HB 47 with your committee.

Attachments

cc: Rep. Ellis
Rep. Boyer

P. O. Box 20-2661
Anchorage, AK 99520-2661
(907) 272-0207

During Session:
P. O. Box V
Juneau, AK 99811
(907) 465-4998

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M January 22, 1987

SUBJECT: Section by section analysis of HB 47, An Act relating to the Alaska Railroad Corporation

TO: Representative Kay Brown

FROM: George Utermohle GU
Legislative Counsel

The following is the section-by-section analysis of HB 47 which you requested.

Section 1 amends AS 42.40.100 by expanding the duties of the board of the Alaska Railroad Corporation to include:

(1) maintenance of passenger and freight operations of the railroad at the same level as when the railroad was transferred from federal to state ownership or, if funding is available, expansion of passenger and freight operations beyond the level of service at the time of transfer;

(2) management of real property interests and natural resources owned by the corporation in the best interest of the people of the state; among the information which the board must consider in making its determination of what is in the best interests of the people of the state are land use ordinances and plans of cities and boroughs affected by railroad land management decisions, adjacent land uses, the development and revenue potential of the land, and public comment on land management decisions proposed by the board.

(3) consultation with the Alaska Department of Fish and Game on ways that the railroad can reduce the effects of railroad operations on wildlife.

Section 2 amends AS 42.40.120(b) to require the board of the Alaska Railroad Corporation to delegate authority to the executive officers of the railroad to grant leases, easements, permits, or other interests in railroad land for periods not exceeding one year. A grant of a lease,

easement, permit, or other interest in land for a period exceeding one year must be approved by the board of the corporation under Section 8 of the bill. Current law allows the executive officers of the railroad, through delegated authority, to enter into long term leases (up to 35 years under any conditions and exceeding 35 years if the lease is subject to termination by the railroad).

Section 3 amends AS 42.40.120(c) to require specific approval by the board of the Alaska Railroad Corporation before railroad services can be expanded or reduced in any way and before the corporation can lease, grant easements or permits, or allow use of railroad land for a period of time that exceeds one year.

Section 4 amends AS 42.40.170(b) to remove the authority of the board of the Alaska Railroad Corporation to discuss land disposal or acquisition issues in executive session. The board's authority to discuss matters related to divisions and contract rate agreements in an executive session is also repealed.

Section 5 amends AS 42.40.220(b) by limiting the items of information which the Alaska Railroad Corporation may withhold from public disclosure to the following items:

(a) personnel records

(b) communications with and work product of legal counsel

(c) information consistent with the standards and practices of the U.S. Interstate Commerce Commission for the protection of proprietary information associated with specific shippers.

The discretion of the corporation to identify additional similar types of information for non-disclosure is removed. Confidentiality is removed from information associated with divisions and contract rate agreements.

Section 6 amends AS 42.40.260 by requiring that the annual report prepared by the Alaska Railroad Corporation and provided to the governor and legislature include information on the land and natural resources held by the corporation. Pending proposals for the lease or disposal of land or natural resources must also be disclosed in the annual report.

Section 7 amends AS 42.40.285 by requiring that any lease of land by the Alaska Railroad Corporation for a period exceeding 35 years be approved by the legislature. The former exemption is repealed.

Section 8 amends AS 42.40.350(c) by permitting the Alaska Railroad Corporation to lease, grant easements in or permits for rail land for a term exceeding one year only if the board of the corporation determines that the transaction is in the best interests of the people of the state. Rail land is that land owned by the corporation that is not included in the railroad utility corridor along the main or branch lines of the railroad. At least 60 days before taking final action on the transaction, the board must prepare a written report on the proposed transaction and a determination that the transaction is in the best interests of the people of the state. The board must hold a public hearing in a city or borough affected by a lease, easement, or permit issued for a term exceeding one year.

Section 9 amends AS 42.40.350(d) by requiring that any lease or other disposal of land by the Alaska Railroad Corporation be at fair market value as determined by appraisal or by competitive bid unless the lease or disposal is to the state, a city or a borough.

Section 10 adds new language to AS 42.40.350 requiring that the disposal of natural resources from the land of the Alaska Railroad Corporation be by competitive bid unless the disposal is to the state or to a city or borough.

Section 11 adds new language to AS 42.40.420 to allow the Alaska Railroad Corporation to issue permits to individuals for temporary, short term, or emergency use of railroad land.

Section 12 adds a new section, AS 42.40.460, requiring the Alaska Railroad Corporation to salvage for human consumption the meat of big game animals killed by operations of the railroad.

GU:mkr
m8/036

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M January 21, 1987

SUBJECT: AS 42.40.170(b)(7) and AS 42.40.220(b); Information of a type treated as confidential under the standards and practices of the United States Interstate Commerce Commission

TO: Representative Kay Brown

FROM: George Utermohle
Legislative Counsel

This memorandum seeks to clarify the impact of certain language in AS 42.40.170(b)(7) and AS 42.40.220(b). Under the authority of these sections the Alaska Railroad Corporation may maintain the confidentiality of "information of a type treated as confidential under the standards and practices of the United States Interstate Commerce Commission." It is difficult to determine what information is kept confidential by this provision, however a review of the federal statutes and regulations pertaining to the Interstate Commerce Commission does explain what information is public.

Under 49 CFR 1001.1 the following records of carriers regulated by the Interstate Commerce Commission are available to the public:

(a) Copies of tariffs, rate schedules, quotations or tenders of a rate for transportation for the federal government, classifications, powers of attorney, concurrences, and contracts filed with the commission; however arrangements between carriers may be withheld from public disclosure if disclosure is not necessary in the public interest.

(b) Annual and other periodic reports containing answers to questions asked by the commission; the annual report must contain an account of the affairs of the carrier, in as much detail as the commission may require.

(c) Annual and other periodic reports, maps, profiles, and other data filed with the commission for the purpose of

valuing the property of the carrier; the commission may close these records to the public but must state its reasons for doing so. (49 U.S.C. 10783(d))

(d) All docket files, including pleadings, depositions, exhibits, transcripts of testimony, recommended and proposed reports, exceptions, briefs, reports and decisions of the commission in any proceeding, and carrier operating authorities granted in those proceedings.

(e) File and index of security interests in railroad property granted by carriers and required to be recorded with the commission.

Freight commodity shipment reports of railroads are also public. However reports involving the traffic of less than three shippers in a single commodity reporting class are not public. Information involving the traffic of less than three shippers must be included in supplemental reports which are confidential unless the commission approves their release. (49 CFR 1248.6)

According to the procedures of the Interstate Commerce Commission listed above, most of the information collected by the commission is public. Aside from the specific exemptions for freight commodity shipment reports involving less than three shippers in a single commodity reporting class and the discretionary exemptions for arrangements between carriers under 49 U.S.C. 10764(a)(2) and for valuation reports under 49 U.S.C. 10783(d), it is not clear what other information collected by the Interstate Commerce Commission may be withheld from public disclosure. Overall, a considerable amount of information about the operations of the Alaska Railroad is public information under the standards and practices of the Interstate Commerce Commission.

The true extent of the Alaska Railroad's power to withhold information under its authority to mirror disclosure decisions of the Interstate Commerce Commission cannot be ascertained in the abstract. Only on an issue by issue and case by case basis can the limits of the Alaska Railroad's power to withhold information be established. The ability to determine in advance what information is public is complicated by the discretionary authority of the Interstate Commerce Commission to make certain information confidential in one instance but to make it public in another instance. However, if the need should arise for information that the Alaska

Railroad lawfully withholds under the authority of AS 42.40.170(b)(7) and AS 42.40.220(b), the legislature always has the authority to force disclosure by repealing these provisions.

Confidentiality of information collected by the Interstate Commerce Commission is maintained to protect the proprietary and financial interests of carriers regulated by the commission and of third parties such as customers of the carriers. The Alaska Railroad Corporation, or the State of Alaska as owner of the corporation, may waive its right to confidentiality in proceedings before the commission and thus allow otherwise sensitive information to be made public. The primary issue that the corporation or state would want to consider once it decides that it no longer wants to keep certain information confidential, is whether the interest of third parties will be adversely affected by disclosure of the information and if so, should the information still be made public.

If I can provide further information on this subject, please contact me.

GU:mkr
m8/034

file copy

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M February 9, 1987

SUBJECT: Comments on HB 47 by General Counsel to the Alaska Railroad Corporation

TO: Representative Kay Brown

FROM: George Utermohle GU
Legislative Counsel

At the request of Peg Mentele of your staff, I have reviewed the letter and comments by Larry D. Wood to Representative Dave Donley, dated January 28, 1987, regarding HB 47. For the most part, Mr. Wood comments on issues related to the operation, autonomy, and competitive position of the Alaska Railroad Corporation. These issues are policy oriented matters within the purview of the legislature and are not legal issues.

However I did find two legal issues presented by Mr. Wood's letter that I could address. The first issue related to disclosure of confidential information of shippers and consignees by the railroad. 49 U.S.C. 11910(a)(1) authorizes a fine of not more than $1,000 upon an employee of a railroad who discloses "the nature, kind, quantity, destination, consignee or routing of property" delivered to the railroad if the information could be used to injure the shipper or consignee or if the information improperly releases information about the business transactions of the shipper or consignee. This prohibition against disclosure does not apply to situations where (1) the shipper or consignee consents to the disclosure; (2) the information is given to an employee of the state; or (3) the shipment of goods is within a state and not subject to the jurisdiction of the Interstate Commerce Commission. The federal law does not prohibit the release of the rate charged for shipping the goods, however release of just the amount charged for shipping goods is useless information without knowing the kind of goods shipped, the origin, and the destination of the goods. It is the information protected by 49 U.S.C. 11910(a)(1) that

conveys information value to the pure rate data. The release of just the rate data would not provide useful information.

The most significant exception to 49 U.S.C. 11910(a)(1) involves the release of protected information with the consent of the shipper or consignee. The railroad could require that shippers and consignees consent to disclosure of certain information as a condition of doing business. Such an arrangement would avoid the prohibition against disclosure, however there may be competitive and business ramifications if the Alaska Railroad was to require disclosure of otherwise confidential information.

To the extent that HB 47 does require release of information on divisions and contract rates protected under 49 U.S.C. 11910(a)(1) there does appear to be a conflict with federal law. As a general rule, federal law will prevail over contradictory provisions of state law. The disclosure requirements of HB 47 relating to release of division and contract rate information could be tailored to comply with federal law but the value of the information available may well be useless to the public or even to a competitor.

The second issue raised by Mr. Wood's letter relates to the lease of railroad land to municipalities at less than fair market value. In regard to AS 42.40.350(d), Mr. Wood says that "ARRC has consistently interpreted an existing exception for State leases to include political subdivisions." AS 42.40.350(d) states:

> (d) A lease or disposal of land approved by the legislature under AS 42.40.285 by the corporation to a party other than the state shall be made at fair market value as determined by a qualified appraiser or by competitive bid.

Since the term "state" as used in AS 42.40 is not defined, the definition of the term in AS 01.10.060(13) applies. In that section "state" means "the State of Alaska unless applied to the different parts of the United States and in the latter case it includes the District of Columbia and the territories." This definition refers only to the State of Alaska and does not include any reference to municipalities. Though municipalities, as political subdivisions of the state, draw their existence from the state, municipalities and the state are distinct legal, political, and corporate

entities. It could be argued that the term "State of Alaska" implicitly includes political subdivisions of the state, but there is not a strong case for that interpretation in my view.

Thus an ambiguity exists as to the meaning of AS 42.40.350(d). HB 42 resolves this ambiguity by expressly including municipalities within the coverage of the exception to fair market value disposals of railroad lands and resources.

GU:csh
c7/051

MAR 0 2 1987

Anchorage, Alaska
February 6. 1987

ALASKA RAILROAD CORPORATION 1987 LEGISLATIVE SESSION

FISCAL INFORMATION

House Bill No. 47
Publish date: 1/19/87

Title: An Act relating to the Alaska Railroad Corporation
Sponsors: Brown, Ellis and Boyer

HB 47 proposes numerous and substantial changes to the Alaska Raiload Corporation Act ("ARCA"). The issues fall into four categories, confidentiality of railroad marketing and business data, passenger and freight service operational restraints, leasing procedures, and wildlife losses.

A position paper submitted by the Alaska Railroad Corporation ("ARRC") has explained that the issues and concerns implied by the bill's provisions have been adequately accomodated or protected by existing laws and/or ARRC Board rules and management practices. In addition, many of HB 47's abrupt and significant changes threaten to destroy those dynamic characteristics which give ARRC the flexibility it needs to survive economically in today's declining freight markets. If this occurs, the legislature's earlier vision of a financially and operationally independent railroad will in large part be undone.

We anticipate that, as a result of this legislation, revenues will be lost and expenses will be increased. ARRC will be unable to sustain its operations without State subsidies. Given the fact that ARRC projects a very modest profit in 1987, subsidy requests should be expected to closely mirror the added costs and losses attributed to legislative changes. These figures are listed below.

Although it is extremely difficult to accurately estimate just what figures should be expected, the following summary provides a reasonable projection of anticipated annual expenses/losses.

Should the economy continue its present decline, these figures should be expected to increase, perhaps by as much as 10% per year.

Passenger Service Losses

As a result of innovations in equipment and scheduling, ARRC has been able to significantly reduce its passenger service losses which existed at transfer, some $2.2 million annually. HB 47 would require ARRC to maintain the "level of passenger...service provided at the time of transfer." If this means that ARRC would be required to add back to its passenger service the cost of a full service train to northbound winter service and replace its self-propelled rail diesel cars, an additional $512,000 loss should be anticipated. Should ARRC lose its financial self-sufficiency as a result of this requirement and others, entire State subsidy of passenger service would be required. Without meaningful innovations, the loss could be as high as $1.5 million annually.

Additional Real Estate Administrative Costs and Revenue Losses

The additional procedural requirements related to land leases and renewals are expected to require an additional $50,000 in administrative costs. Estimating a growth rate of 25% in real estate revenues and a 50% reduction in lease revenues due to significant procedural requirements and time delays not common to commericial enterprises, ARRC projects an annual $250,000 loss of real estate business.

Confidentiality of Railroad Marketing and Business Data

HB 47 proposes that, unlike other modes of transportation including truck and water barge, its confidential marketing data and proprietary business information be available for public, and competitor, inspection. Beyond the policy and legal issues raised by this suggestion, ARRC expects to lose a significant portion of its freight revenues should this proposal be implemented. These losses are directly attributed to restrictions in railroad marketing mechanisms and opportunities which would be caused by HB 47. General freight revenue losses are estimated at $4.6 million annually.

Total Annual Fiscal Impact

Passenger Service Losses	$1,500,000
Real Estate	300,000
General Freight Revenues	4,600,000
Total	$6,400,000

ALASKA RAILROAD CORPORATION

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

February 6, 1987

Representative Dave Donley, Chair
House Labor and Commerce Committee
Pouch V
Juneau, Alaska 99811

Re: HB 47, Labor and Commerce Committee Questions to ARRC

Dear Representative Donley,

Thank you for your January 29, 1987, letter. I do hope that the Alaska Railroad Corporation's position paper has been of some assistance to you and the Labor and Commerce Committee as HB 47 is considered.

We have answered the questions you sent with your letter. The answers and exhibits are attached. In a separate document we also provide some estimates of the bill's fiscal impact on the ARRC and the State of Alaska.

With the time available to us, some answers may not be as complete as we would have preferred. If additional questions arise, please feel free to call me at 265-2461.

Finally, we would simply reiterate that HB 47 is not remedial legislation. We believe that the concerns and issues implied by its provisions have been adequately addressed in the Alaska Railroad Corporation Act, other state or federal laws, Board rules and company policies, and management practices. Ironically, the legislation does threaten to largely undo the legislature's earlier vision of a self-sustaining, but publicly accountable, railroad.

Sincerely yours,

Larry D. Wood
General Counsel

cc: F.G. Turpin, President & CEO

Attached

3722L

Anchorage, Alaska
February 6. 1987

ALASKA RAILROAD CORPORATION 1987 LEGISLATIVE SESSION

FISCAL INFORMATION

House Bill No. 47
Publish date: 1/19/87

Title: An Act relating to the Alaska Railroad Corporation
Sponsors: Brown, Ellis and Boyer

HB 47 proposes numerous and substantial changes to the Alaska Raiload Corporation Act ("ARCA"). The issues fall into four categories, confidentiality of railroad marketing and business data, passenger and freight service operational restraints, leasing procedures, and wildlife losses.

A position paper submitted by the Alaska Railroad Corporation ("ARRC") has explained that the issues and concerns implied by the bill's provisions have been adequately accomodated or protected by existing laws and/or ARRC Board rules and management practices. In addition, many of HB 47's abrupt and significant changes threaten to destroy those dynamic characteristics which give ARRC the flexibility it needs to survive economically in today's declining freight markets. If this occurs, the legislature's earlier vision of a financially and operationally independent railroad will in large part be undone.

We anticipate that, as a result of this legislation, revenues will be lost and expenses will be increased. ARRC will be unable to sustain its operations without State subsidies. Given the fact that ARRC projects a very modest profit in 1987, subsidy requests should be expected to closely mirror the added costs and losses attributed to legislative changes. These figures are listed below.

Although it is extremely difficult to accurately estimate just what figures should be expected, the following summary provides a reasonable projection of anticipated annual expenses/losses.

Should the economy continue its present decline, those figures should be expected to increase, perhaps by as much as 10% per year.

Passenger Service Losses

As a result of innovations in equipment and scheduling, ARRC has been able to significantly reduce its passenger service losses which existed at transfer, some $2.2 million annually. HB 47 would require ARRC to maintain the "level of passenger...service provided at the time of transfer." If this means that ARRC would be required to add back to its passenger service the cost of a full service train to northbound winter service and replace its self-propelled rail diesel cars, an additional $512,000 loss should be anticipated. Should ARRC lose its financial self-sufficiency as a result of this requirement and others, entire State subsidy of passenger service would be required. Without meaningful innovations, the loss could be as high as $1.5 million annually.

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HB 47 proposes that, unlike other modes of transportation including truck and water barge, its confidential marketing data and proprietary business information be available for public, and competitor, inspection. Beyond the policy and legal issues raised by this suggestion, ARRC expects to lose a significant portion of its freight revenues should this proposal be implemented. These losses are directly attributed to restrictions in railroad marketing mechanisms and opportunities which would be caused by HB 47. General freight revenue losses are estimated at $4.6 million annually.

Total Annual Fiscal Impact

Passenger Service Losses	$1,500,000
Real Estate	300,000
General Freight Revenues	4,600,000
Total	$6,400,000

1. How much land was transferred to the ARRC from the federal government?

Response: Approximately 40,600 acres were transferred to the state-owned Alaska Railroad Corporation ("ARRC") by the federal government on January 5, 1985. Transfer documents included interim conveyances, quit claim deeds, exclusive use easement deeds, patents and exclusive licenses, each reflecting varying quality of ownership interest. As competing claims to the parcels of land involved are adjudicated by the federal Bureau of Land Management and surveyed, the title documents will be reissued and acreages may change.

2. What percentage or what approximate number of acres is railroad utility corridors?

Response: Railroad utility corridors comprise approximately 34% of the ARRC's total acreage, or 13,800 acres.

3. What percentage or what approximate number of acres is rail land?

Response: Rail land (non-right-of-way) constitutes 66% of the total real property of the corporation, or 26,800 acres.

4. What is the approximate number of acres of rail land which is necessary for the operation of the railroad? For example, for railroad terminals, yards, and offices.

Response: This figure cannot be accurately estimated at this time. As noted below, all rail lands are needed for support of railroad operations. Lease and permit revenues are responsible for a significant portion of ARRC income. Like other American railroads, ARRC depends upon its land resources to sustain its economic viability. See responses to Questions No. 6 and No. 17 below.

5. For each of the following local government entities, state the approximate number of acres of land located within each entity, give a general description of the land and major improvements and give the estimated fair market value of the land:

-- Anchorage
-- Seward
-- Fairbanks
-- Whittier
-- Palmer
-- Wasilla
-- Other municipalities

Response: The following figures are exclusive of the 200-foot right-of-way which runs throughout each governmental entity's jurisdiction. Fair market value figures are derived from the Jackson-Cross appraisal performed prior to transfer.

Anchorage: Approximately 660 acres in the Anchorage Terminal Reserve, of which some 300 acres are used for terminal operations. Approximately 95% of this district is zoned I-2 and intended primarily for heavy manufacturing, storage, major shipping terminals and other related uses. Uses which are generally permitted in commercial districts are also found here. Approximately 50% of the property is leased to third parties, whose improvements include warehouses, tank farms, Quonset huts and storage yards. An additional 900 acres is located at Portage and used in part for the railroad's loading facility and parking associated with the Whittier Shuttle. Fair market value estimated at $39 million.

Seward: Approximately 300 acres, of which 50 acres are used for railroad operations (i.e. TOFC yard, railroad dock). The remainder is unimproved and submerged lands in Resurrection Bay. Fair market value estimated at $1.4 million.

Fairbanks: Approximately 461 acres, of which some 270 acres are utilized for a TOFC yard, shops, and other railroad facilities. Approximately one-half of the remaining land is leased, for uses and with improvements similar to those found in Anchorage, i.e. warehouse, tank farms, Quonset huts, storage yards. Fair market value estimated at $6.1 million.

Whittier: Approximately 272 acres, of which approximately 150 are used for railroad operations. Major improvements include railroad docks, barge slips, ferry terminal, shuttle ramp, small boat harbor, and several commercial buildings leased to third parties. Fair market value estimated at $.9 million.

Palmer: Right-of-way only.

Wasilla: Right-of-way only.

Nenana: Approximately 270 acres, most of which is leased to the City of Nenana for commercial purposes. Fair market value estimated cannot readily be broken out of the "other" category in the Jackson-Cross appraisal.

Valdez: Approximately 60 acres, which includes raw and undeveloped land as well as trackage for rail barges and two lessees. Fair market value estimated at $365,000.

6. State the fair market value of (1) all land as described above and of (2) all rail land which is not necessary to the operation of the railroad.

Response: The fair market of the lands discussed in the responses above was obtained from the Jackson-Cross appraisal that was used as a basis for evaluation prior to transfer. Because of the overall declining economy statewide, ARRC believes that this fair market value (in the neighborhood of $51 million for the total real property now owned by ARRC) has probably decreased.

In light of the fact that revenues derived from non-operational leases and other uses of real estate by third parties represented 9.6% of the ARRC's total revenue in 1986, ARRC believes that all rail land is necessary for the operation of a financially sound railroad.

7. If the ARRC is unable to provide the fair market value as requested in the preceding questions, give the railroad's most accurate estimate of the fair market value, describe the basis of the estimate, and describe what steps have been taken, if any, to determine the actual fair market value.

Response: Since transfer, the ARRC has not commissioned a full fair market value appraisal of its properties. Individual appraisals are being done in accordance with the requirements of some lease agreements. These recent appraisals on individual parcels of leased land show a decline in value over the past two years.

8. Describe each lease affecting rail land, specifically including a general description of the land involved, the term of the lease, and the lease rate.

Response: The ARRC is presently the lessor in approximately 300 leases and permittor or grantor in some 700 other permits, road crossing agreements, easements or other land use agreements. ARRC will be happy to provide the Committee with a computerized listing summarizing the 1000 total agreements if it desires, but for convenience furnishes the following general information.

Revenues in 1986 from ground leases was approximately $5.5 million. Generally speaking the railroad lands are located in industrial zoned districts where the intended use is primarily for heavy manufacturing, storage, major shipping terminals and other related uses. The term of these ground leases ranges anywhere from 10 to 55 years. The average lease rate among the 300 tenants would fall between 8.5 and 9.5% per year. The annual rate being set in new leases is 9.5%, as established in a study performed for ARRC (copy attached).

9. Describe the leasing policy of the railroad for rail lands, including any factors considered and procedures followed

to determine whether the lease is for the benefit of the people of the state, is in conflict with the land use plans of local governments, is compatible with adjacent land uses, or to otherwise communicate with local governments and adjacent land owners.

Response: The attached copy of the ARRC's long-term lease policy indicates that the corporation considers all the factors listed in the Committee's question. The procedures followed are also addressed.

It is the policy of the ARRC Real Estate Department to approve of those leases, subdivisions, plats, and land uses that are consistent with local municipal ordinances and land use regulations. For example, for rail lands within the Municipality of Anchorage, Title 21 of the Municipality's ordinances, "Land Use Regulations", would be strictly adhered to with respect to leasing and approved activities of lessees, just as any other commercial enterprise.

10. What individual(s) is in charge of implementing the policies or procedures described in the preceding question?

Response: The ARRC's Director of Real Estate, Larry J. Houle, is the individual in charge of implementing the policies or procedures described in the preceding question. His actions are subject to the chain of approval expressed in the corporation's Approval Authority Guide (relevant pages are attached).

11. Is the ARRC currently considering any leases in addition to those identified or those to which ARRC is currently a party? If so, describe.

Response: There are presently five requests before the Real Estate Department to lease ARRC property. Three of these requests pertain to land located in the Fairbanks Terminal Reserve, each parcel approximately 5 acres in size. The fourth request to lease has been made by the Municipality of Anchorage for a tract ranging from 61.4 acres to as much as 120 acres in size located south of the mouth of Ship Creek. The fifth relates to acreage at the head of Passage Canal in Whittier.

12. Is the ARRC considering any development, sale or disposal of rail land or of any resources thereon? If so, describe.

Response: Presently, the only such activity being considered is the potential land trade with the Municipality of Anchorage for the Government Hill bluff area. There is a remote possibility that the Municipality of Anchorage may also be interested in the 12 acres of land underlying the Panoramic View Apartments also located on Government Hill.

13. What is the current status of the previously contemplated development of the bluff surrounding Government Hill, referred to by the residents as the Government Hill Greenbelt or West Bluff?

Response: In accordance with the ARRC Board of Directors' wishes expressed at its September 1986 monthly meeting, there is no development presently contemplated as to the bluff lands adjacent to the Government Hill area of Anchorage.

14. Describe any negotiations the ARRC is conducting with the Municipality of Anchorage regarding the above described development and any potential resolutions.

Response: There are no on-going negotiations between the Municipality and ARRC, although both parties have expressed interest in the concept of an exchange of lands which would permit the Municipality to administer the site as a greenbelt or park.

15. Is the ARRC currently negotiating or has the ARRC been requested to negotiate with any local governments regarding lease, transfer of interest, sale or other disposition of rail land? If so, please describe the local governments involved and issues raised in such negotiations or requests.

Response: The ARRC has worked with all of its host local governments in the past regarding uses of railroad land. For example, the City of Whittier requested a lease for a camper park located on railroad land. A lease was offered to the City but was never executed because funding for the project evaporated. A lease was finalized with the City of Seward for property underlying the new U.S. Coast Guard Shore Support Facility. At the request of the Tri-Valley community located in the Healy area, a long-term lease for a cemetery site was granted. The ARRC is presently finalizing a lease with the City of Palmer for expanded use of the old depot and beautification of the right-of-way through town. Negotiations are proceeding with the City of Nenana over the issue of periodic fair market rental value adjustments under its existing lease.

ARRC has also worked with local governments regarding historic sites. The City of Talkeetna and ARRC cooperated in the leasing of the German Bachelor's Cabin, although the lease was executed by ARRC and the Talkeetna Historical Society. The ARRC also worked with the state Department of Natural Resources in leasing property currently occupied by the Potter Section House south of Anchorage.

Finally, the ARRC has worked with the Municipality of Anchorage to achieve the development and construction of a portion of the Coastal Trail along and within the railroad right-of-way adjacent to Knik Arm in Anchorage. Negotiations are still underway regarding some aspects of this use. The Municipality of Anchorage has also initiated discussions with ARRC concerning its desire to assume a lease presently held by Anchorage Dredge and Dock. The Municipality plans a Ship Creek Landing development at the site, and has proposed that ARRC grant it a new lease for the property.

ARRC is involved in negotiations with several Native corporations regarding land entitlements under the Alaska Native Claims Settlement Act and the Alaska Railroad Transfer Act. Settlement of one of these matters was recently reached with Eklutna, Inc.

16. Describe the procedures the ARRC follows when a local government requests communication with the ARRC regarding rail land located within local government boundaries.

Response: When a local government communicates with ARRC for leasing purposes, the corporation responds either in writing or in person, at times by telephone. Responses may come from either the President and CEO or the Director of Real Estate. Communications regarding other activities on rail lands, either existing or proposed, such as road crossings or utility easements, are customarily assessed first by the appropriate technical department (e.g., Engineering, Telecommunications). The final permitting document is executed by the Real Estate Director.

17. Describe all natural resources, including without limitation, sand, gravel, oil, gas, timber and minerals on rail land, and any existing or planned inventory of those natural resources.

Response: No inventory has yet been taken, nor is one presently planned. Railroad lands do contain sand, gravel, timber, and coal reserves.

18. Describe all disposals of interest in, development of, or lease of any of the resources identified in response to the above question.

Response: The only agreement relating to disposal of such resources to date has been an entry permit granted to the Usibelli Coal Mine Company for exploratory analysis upon railroad properties located in the Healy area.

19. Describe all changes in the levels of freight and passenger service which have been implemented since the transfer from the federal government.

Response:

Changes in freight service since the transfer from the federal government:

a) ARRC has added daily scheduled overnight freight service between Anchorage and Fairbanks which is particularly important for shipments of petroleum products, trailers on flat cars, and general commodities.

b) ARRC has added unit trains for export coal service between Healy and Seward.

Changes in level of passenger services since transfer from the federal government:

a) ARRC found that ridership between Anchorage and Fairbanks in the winter was primarily from persons needing access to their homes and cabins between Anchorage and Hurricane. Consequently, ARRC increased the number of trips through the north local area (Anchorage to Hurricane) from eight per month during the 1984/85 winter to fourteen per month during the winter of 1986/87. With this increase in local service, ARRC found that a reduction in number of winter trips each month to Fairbanks from four to two served customers' needs.

b) The northline trains were split into an express and a local train during the summer season. This increased the number of trains on the north line from fourteen to twenty per week from 1984 to 1986.

c) The Budd car, a self-propelled rail diesel passenger coach (RDC), is used on the north local trains instead of full service trains.

d) The number of shuttles between Portage and Whittier increased from twenty-five per week during the summer of 1984 to thirty-four per week during the summer of 1986.

e) During the winter, the number of Portage/Whittier shuttles increased from six to eight per week from 1984/85 to 1986/87 with the addition of the Saturday Budd service.

f) Buses instead of passenger rail cars are used on the Whittier Shuttle and between Anchorage and Portage. This enables ARRC to provide faster service with direct pick-up and drop-off at many Whittier locations. This change was partially due to the retirement of an antiquated passenger train set. At Portage, the buses are driven onto flat cars for the rail trip to Whittier. There, the buses disembark and make various stops in the community.

g) Anchorage to Seward service was provided by Budd car one day a week during the summer of 1986 versus none in 1984.

20. Describe all currently proposed or planned changes in the levels of freight and passenger service which have been implemented since the transfer from the federal government.

Response:

Proposed changes in the level of freight service:

There are no proposed changes in the level of freight service at this time. ARRC plans to change its service level as and when needed to serve its customers and meet market demand.

Proposed changes in passenger services:

a) ARRC plans to purchase a new passenger train to arrive in 1988 which will increase the available seats in the summer season. The retirement of an antiquated train set may result in additional "sold-out" days during the 1987 summer season.

b) Seven more private rail passenger cars will arrive in 1987. This will add four hundred and twenty more available seats per day in the summer of 1987, between Anchorage and Fairbanks.

c) The number of Portage/Whittier shuttles increased from 25 per week during the summer of 1984, to 34 in 1986, and will probably increase to 42 in 1987.

d) If the Whittier citizens and other shuttle customers desire, the ARRC may replace two full train shuttles per week during the 1986/87 winter with four Budd car shuttles per week during the winter of 1987/88.

e) The Seward summer service will increase to three Budd car roundtrips per week in 1987 from one in 1986 and none in 1984.

f) ARRC may add one roundtrip per week to Seward during the 1987/88 winter.

21. Describe the procedures which the ARRC follows and the factors considered when it evaluates the need to change levels of freight or passenger service.

Response: Management reviews ARRC's costs, competitive factors, market demands, and customer and community needs before making a change in level of either freight or passenger

service. In some cases, ARRC management has attempted to elicit community input through public hearings.

22. Describe all changes in the rates charged by the railroad for hauling freight since the transfer from the federal government.

Response: ARRC has used contract rate agreements and exempt rate quotations in an effort to take better advantage of opportunities under deregulation as well as to respond to competitive pressures. As a result, individual rates have varied upward and downward. There have been no across-the-board changes in tariff rates. With regard to specific rate amounts that are not set forth in ARRC's tariff, please see answer to Question No. 29.

23. Describe all currently proposed or planned changes in the rates charged for hauling freight since the transfer from the federal government.

Response: ARRC plans to restructure its exempt rate quotes for intermodal traffic to simplify that segment of ARRC's business. ARRC plans to restructure exempt rate quotes for other segments in the future for the same reasons. Otherwise, ARRC does not have any present plans to change its rates other than to change them when necessary to meet competition and improve profitability.

24. Has the Board invoked an executive session to discuss the policy aspects (as opposed to the financial details) of acquisition or disposal of any interest in land? If so, please state when, describe the land affected, and the action discussed.

Response: No, the Board has not invoked an executive session to discuss the policy aspects of any land acquisition or disposal.

25. Why does the Board believe it is necessary to invoke executive session to discuss the policy aspects of acquisition or disposal of an interest in land?

Response: It would be necessary to invoke an executive session for discussion of land acquisition and disposal when the financial details of proposed transactions would have a significant chilling effect on the marketability or viability of the proposal. Depending upon the financial, operational, or legal aspects of a transaction, early public disclosure may discourage interest by responsible developers, afford real estate competitors an opportunity to frustrate ARRC plans, and/or increase or decrease market values to ARRC's detriment. Please note that no Board action can take place in executive session.

26. Describe each instance since February 1985 in which the Board has invoked an executive session to discuss the subjects described in A.S. 42.40.170(b)(7).

Response: Those instances included the following Board meetings:

February 15, 1985	- Board Mtg.	- Tariff Increase
November 21, 1985	- Board Mtg.	- Corporation Marketing Plan
		- Costing Procedures
December 19, 1985	- Board Mtg.	- Corporation Marketing Plan
February 20, 1986	- Board Mtg.	- Marketing Update
April 17-18, 1986	- Board Mtg.	- Marketing and Financial Projections
May 21, 1986	- Board Mtg.	- Marketing Update

Such information was also discussed in executive session as part and parcel of litigation reports. For example, a state case, City of Valdez v. ARRC, unsuccessfully sought protected pipe rate costing information, and an ICC boxcar exemption proceeding was an unsuccessful effort by watercarriers to deny ARRC the benefit of ICC deregulation of railroad boxcar movements.

27. Describe those specific categories of documents which the ARRC does not make public.

Response: ARRC does not specifically designate by type those documents that are open for public inspection and those that are not. Rather, when a particular request for information is received, ARRC first determines the nature of the request and then provides the information if it is not within the scope of those matters set forth in AS 42.40.210(b) and Board Rule No. 4.

ARRC's Board of Directors has adopted Rule 4, a copy of which is attached as an exhibit, which elaborates upon matters not available for public inspection.

28. Describe those specific categories of documents which the ARRC does make public.

Response: See response to Question No. 27.

29. Describe the specific types of documents which ARRC withholds from the public as being "proprietary information" associated with specific shippers consistent with the standards and practices of the ICC.

Response: The types of documents which fall into the category relating to proprietary information, divisions and

contract rate agreements would include cost studies, cost data, contract rate agreements, exempt rate quotations, divisions sheets, bills of lading, waybills, any documents relating to a shipper's business, and any notes or correspondence relating to any of the above.

30. Describe the specific types of documents which ARRC withholds from the public as being "proprietary information" associated with divisions consistent with the standards and practices of the ICC.

Response: See response to Question No. 29.

31. Describe the specific types of documents which ARRC withholds from the public as being "proprietary information" associated with contract rate agreements consistent with the standards and practices of the ICC.

Response: See response to Question No. 29.

32. Other than the specific types of documents described, describe other specific types of documents which the ARRC withholds from the public as "proprietary information" consistent with the standards and practices of the ICC.

Response: See response to Question No. 29.

33. List each rule pursuant to which the ARRC has designated documents as privileged or proprietary under A.S. 42.40.220 or otherwise, and describe the types of documents and information withheld from the public pursuant to each rule.

Response: See response to Question No. 27.

34. Describe the rationale of the ARRC in refusing to provide the Transportation Committee with documents requested by that committee in 1985 and 1986.

Response: It is our recollection that the information requested was operating costs for movement of freight via trailers on flat cars. Railroads in the United States have not been required by law to divulge costs. Such information has always been considered proprietary, and confidentiality has been protected. Clearly, such rules promote competition by allowing railroads the same business advantages and marketing mechanisms enjoyed by other transportation modes. In those instances where it was necessary for the Interstate Commerce Commission to have the costs in order to arrive at a conclusion, the cost data was submitted to the Commission on a confidential basis, was not divulged to the complainant or to the public, and did not appear in any printed report. Federal and state laws provide ARRC the same rights and benefits to

protect confidential information. This enables the company to price and contract its services on a businesslike basis and to respond quickly to market conditions.

35. Describe the documents and categories of information the ARRC refused to give to the Transportation Committee.

Response: Although we are not certain at this date what documents were refused, they were most probably those which would divulge confidential contract rates or operating costs, and which could be attributed to any freight service segment.

Categories of information which must remain confidential:

- contract rates
- operating costs for specific freight moves
- any information which would identify shipments concerning one shipper or consignee

36. Describe all procedures and practices by which the ARRC attempts to minimize the adverse effect of the operation of the railroad on wildlife.

Response: In cooperation with the Alaska Department of Fish and Game ("ADF&G"), the ARRC has experimented with numerous methods to minimize the adverse effects of its operations on wildlife, specifically big game. Historically, moose are the game population most affected by the railroad, primarily in years of deep snow (3 to 5 feet) for long periods of time. Unfortunately, many of the experiments have failed to demonstrate a reliable way to discourage moose usage of the plowed track (see response to Question No. 39 below). Presently, the effort is concentrated on plowing the right-of-way as wide as possible, and a combination of lights, horns and bells to frighten them away from the track. Where possible, the train engineers slow down to reduce the chance of a strike.

ARRC is again cooperating with ADF&G in its ongoing study of the moose mortality along the tracks. For example, arrangements are being made for game biologists to accompany a locomotive on several trips north this season. The corporation has also engaged a private consultant to develop electronic equipment to frighten the moose and drive them away from the track. Research and equipment design under that contract are scheduled for completion within the current winter season, with construction and installation of equipment to follow depending on the results of research.

37. Describe all actions taken by the ARRC if a train hits a moose, including names of people to whom the information is reported, reports made, and attempts to salvage meat.

Response: The ARRC has, at least since the early 1980's, cooperated with the ADF&G and fish and wildlife enforcement officers of the Department of Public Safety ("DPS") to ensure the retrieval and salvage of moose hit by trains. Since 1983, this process has been refined and carried on under an informal understanding by which railroad crews immediately reported a strike to the train dispatcher, who called the appropriate fish and wildlife number for the game management unit involved. If the moose was salvageable (that is, sufficiently intact after the collision), the railroad section crew was under instructions to transport the carcass to the nearest public road crossing, where DPS had notified the next eligible charity to pick it up. The process was completed within 20 hours after the collision and in most cases (when the section crew could be immediately contacted), within only a few hours. ADF&G game biologists have assured ARRC that game retrieval within this time frame is sufficient, so long as the air temperatures are as cold as is generally the case during the period when moose strikes occur.

The train which strikes a moose is required to stop and make an inspection unless it is clear that the animal is free of the track and presents no danger to train movement. The crew evaluates the condition of the animal (i.e. is it alive and crippled? is it salvageable if already dead?) and immediately notifies the Dispatcher by radio. The local section crew is then notified of the necessity to either dispatch a crippled moose and/or salvage the carcass. The carcass is field dressed, with the ARRC providing necessary equipment for this purpose, and delivered to crossings as discussed below.

This procedure was formalized for the current season with an addition to the ARRC's Timetable No. 120, a set of operating rules utilized by all operations personnel. A copy of the procedure is attached as an exhibit. It generally restates the process which had been previously developed by ARRC and DPS officers and includes the specific telephone numbers used by the Dispatcher to notify DPS. In addition, for the Gold Creek area where DPS has not in the past maintained a charity list (due to the area's isolation from the public road system), the ARRC has worked with DPS to distribute sign up sheets among area residents and return those sheets to DPS to compile a list of eligible recipients. In these areas, the ARRC crew retrieving a moose is authorized by DPS to transport the carcass to a convenient spot along the track for access by the next eligible recipient. The section crew members, residents of the area themselves, are well aware of the best locations for such pick-up.

Such salvage activities cost ARRC money and divert employees from other necessary duties. For example, in

calendar year 1986 (a year of light snowfall), approximately 200 man-hours were expended, for an estimated $5,000 in additional labor costs.

38. How many moose were hit by trains in each calendar year from 1980 through 1986?

Response: Rather than using figures for calendar years, the following statistics encompass the winter season of the indicated year, which is when most moose strikes occur. Figures for the years before 1984 were compiled by the ADF&G.

1979-80 - 54
1980-81 - 24
1981-82 - 50
1982-83 - 144
1983-84 - 63
1984-85 - 384
1985-86 - 37
1986-87 (to 2/6/87) - 91

39. Describe all other procedures of which the ARRC is aware which would additionally minimize the risk of hitting moose and state why the ARRC has not implemented such procedures.

Response: The ARRC is not aware of any other procedures it could employ which would fulfill the criteria addressed in this question. There have been other suggestions but in our experience they have proven unfeasible. Among the failed experiments are sonic whistles, which did not sound when the trains moved at slow speeds and froze when it was very cold; slowing the train, which raised havoc with schedules, made it impossible to climb certain grades on the icy track, and lead to many more crippled animals; and decking between ties on bridges so that moose can safely cross, which caused federally-required speed sensors on the train wheels to work improperly. Other, even less feasible ideas have been considered and rejected, such as installing a "bumper" on the front of locomotives. Operating the train only in daylight hours is equally impractical, since the problem arises in winter when those hours are too short to allow the shipping business of the railroad to survive. In addition, to meet shippers' arrival time requirements, night operations are essential.

Another suggestion, which does not appear feasible and has thus not been implemented by ADF&G and the ARRC, is a special "hunting season" to thin moose in the area when heavy snowfall occurs. This concept would be difficult to administer and has been soundly criticized by ADF&G personnel. See Dickerson, J.C. & Kramer, R.J., "When Moose and Train Meet: Avoiding

Collisions on the Alaska Railroad," Alaska Fish & Game (Sep.-Oct. 1986). A copy of this article is attached as an exhibit.

40. Describe all pesticides used by the ARRC, and the areas in which such pesticides are applied. Describe any complaints the ARRC has received regarding the use of pesticides, and describe the procedures the ARRC has or intends to implement to discuss such complaints in public.

Response: Beginning in the 1950's, the federal Alaska Railroad conducted a herbicide program to control vegetation along the railroad right-of-way. Vegetation maintenance is periodically required to ensure safe railroad operations. The state-owned ARRC has not applied any such chemicals since it took over operation of the railroad in 1985. It applied to the state Department of Environmental Conservation in 1985 for a permit to apply a herbicide known as hexazinone on the right-of-way. After public hearings, a working draft of ARRC's proposed Vegetation Maintenance Management Program study was distributed to interested parties for comment. To allow sufficient time for public and agency input, ARRC withdrew its application for spraying in 1985. No application was filed for the 1986 spraying season and thus the right-of-way has not been treated for some time.

Because of the likelihood of harm to its roadbed (vegetation allows water to seep in among ballast and gravels, weakening support of ties and rails) and the encroachment of brush along the right of way which blocks train crews' view (particularly to see dangers in time to avoid collisions), ARRC expects to file an application for a permit to apply hexazinone in the coming summer. All the comments received on the draft study will be used in the preparation of the permit application.

Hexazinone is low in toxicity to mammals, fish, birds, and invertebrates and has been fully tested to EPA standards. The permitting process will, of course, comply with the public notice and opportunity to comment required by state law and DEC regulations. See AS 42.40.440. ARRC has received complaints regarding the proposed use of any herbicide, including hexazinone, from a group of Talkeetna area residents in the past and expects they, as well as any others, will again have an opportunity to express their concerns on the matter in the public notice process.

41. Describe any action the ARRC has undertaken to determine alternate methods of vegetation control other than pesticides actions undertaken in the past.

Response: The working draft referred to in the response to Question No. 40 was commissioned from the Corps of Engineers and included an assessment of alternative methods of vegetation

control. The study concluded that the available alternatives, which included general expansion of roadbed maintenance, manual labor, and mechanical control, among others, were either cost prohibitive or not feasible to completely eliminate the need for herbicide application. ARRC does mechanically remove vegetation outside the ballast section of the roadbed.

42. Describe the current situation in Moose Pass.

Response: The current situation in Crown Point has remained largely unchanged during the fall and winter of 1986. Exhaustive environmental monitoring in addition to work already performed by ARRC has been ongoing by State of Alaska contractors. Currently Dames & Moore, a contractor working on behalf of the state, is completing work on a study to determine what chemical residues may still remain in the Crown Point impact area. The final report is due on March 2, 1987.

Despite study results which indicate that suspect chemicals are not present in homes or appear at or below ordinary household levels, complaints persist by some residents that the March 2, 1986 tank car release has a continuing detrimental effect on their health. Many other residents have returned to their "pre-release" lifestyles, and appear not to be impacted whatsoever. In an effort to determine the health and property issues, and to assist those who remain displaced, the defendants in a lawsuit brought by some 50 Crown Point residents have brought in experts to assist in the monitoring of ongoing problems. In addition, some claims have settled.

43. How many residents are still not living in their homes as a result of the incident at Moose Pass?

Response: It is difficult to determine precisely the number of residents that are currently out of their homes because of the gas release. Most residents of the area returned to their homes immediately after the incident. In the following months, some individuals moved back in the area on their own volition. Others have reaccommodated themselves in the area in new or renovated living quarters. Approximately 45 people remain out of their homes at the present time, which makes up approximately 18 families.

44. How much money has the State of Alaska paid to attempt to rectify the adverse effects at Moose Pass?

Response: In December 1986, the State of Alaska estimated that expenditures were in the neighborhood of $650,000.00. Estimates of the overall expenditure for the state by the time it ceases making payments exceed $850,000.00.

45. How much money has the ARRC paid to attempt to rectify the adverse effects at Moose Pass?

Response: Approximately $650,000.00 was initially spent in assisting Crown Point residents immediately after the release, and in clean up and environmental monitoring. Ongoing expenses are accruing as claims are settled, and costs are incurred for professional and outside services.

46. Describe the procedures the ARRC has implemented to prevent a recurrence of the type of incident that occurred at Moose Pass?

Response: New steam track heating procedures have been implemented which are intended to greatly reduce any risk of human error in the heating of tank car commodities. It must be noted, however, that the March 1986 release was not simply a case of the overheating of a tank car commodity. Once the error had been realized, railroad personnel properly contacted the consignee and shipper and explained the situation. The shipper's disastrous advice was that the product was probably not harmed and the car could be safely moved to its designation, where its load would cool. After the event, ARRC soon learned that the exothermic chemical reaction which resulted could have been easily avoided by cooling the shipment by running cold water through the car's steam coils. Procedures will also insure that accurate and reliable information concerning heating is received from shippers and/or manufacturers. Finally, UF-85, the commodity in the March tank car, is now heated by the consignee at the delivery point when necessary to offload it into tanker trucks. Rather than heating the entire load at once, the consignee heats the material as it enters the exit hoses. Temperatures are also well within safety ranges.

47. What is the policy of the ARRC with regard to hiring Alaskan residents?

Response: The ARRC was one of the first businesses in Alaska to join the Governor's Council on Alaskan Hire. ARRC recruits almost exclusively with Alaska Job Service offices throughout the state. The only positions which are advertised outside Alaska are those positions for which a highly qualified candidate cannot reasonably be expected to be found in the state or positions in our Seattle office.

Attached is Board Resolution No. 85-5: Relating to the policy of Hiring Alaska Residents.

48. What is the policy of the ARRC with regard to purchasing Alaskan goods and services?

Response: ARRC's Procedure 33-12.01, adopted at the July 18, 1985 ARRC Board Meeting states:

3.5 Female, Minority, and Alaskan Vendors. It is the policy of the ARRC to encourage meaningful participation of female, minority, and Alaskan owned vendor sources to provide useful and acceptable quality services or materials at competitive prices. Procurement personnel are responsible for making practical efforts to locate and solicit minority vendor bids for products or services. The Manager of Procurement is responsible for the effective implementation of this guideline in ARRC procurement activities.

This policy was subject to public review and input prior to adoption by the Board of Directors. A public hearing was conducted June 21, 1985 at ARRC Headquarters which was attended by approximately thirty local vendors. Their input was considered in the procedure subsequently presented to the Board on July 18, 1985, at which time public comment was allowed by the Board and considered prior to adoption. This procedure follows the legislature's mandate in ARCA "that the procurement procedures of the corporation meet accepted railroad industry standards." AS 42.40.100(8).

49. Who is the individual in charge of implementing the policies described above?

Response: The Manager, Procurement or his or her equivalent.

50. What percentage of ARRC employees are Alaskan residents?

Response: As of February 6, 1987, 98% of ARRC employees are Alaskan residents (some employees are located in Seattle).

51. What percentage of the goods and services (other than services rendered by employees) purchased by the ARRC are of Alaskan origin, production or manufacture?

Response: ARRC purchased approximately $8,000,000.00 in goods during 1986. Of this figure $4,000,000.00 represents locomotive and other fuels which are all of Alaska origin, production and manufacture. All office supplies, lumber and other building materials are purchased on the local market. Whether these are of Alaskan origin, production or manufacture is not known, except with respect to wooden railroad ties. During 1985-86, the ARRC purchased approximately 35,000 hardwood ties from Wrangell Forest Products Ltd. in southeast Alaska for its summer maintenance programs. Goods which are peculiar to the ARRC, such as locomotive parts, passenger car parts, and the like, are not obtainable on the local market and

must be purchased from vendors outside Alaska. Additionally, the majority of such parts must be obtained from the original manufacturer to maintain warranties.

Services purchased by ARRC include engineering expertise, legal counsel, risk management services, adjusters, printing and binding services, employee counseling services and medical referral services. To the greatest extent possible and available, these services are obtained through competitive procurement practices. In most cases these services are obtained from the local market.

52. Provide a copy of the 1985 budget of the ARRC.

Response: Attached (1985 Budget Prepared by Federal Railroad).

53. Provide a copy of the 1986 budget of the ARRC.

Response: Attached.

54. Provide a copy of the proposed 1987 budget of the ARRC.

Response: Attached.

55. To the extent it is not clearly reflected in the above budgets, state the percentage of total budget and dollar amount for each year identified above expended on or allocated to:

--administration of the ARRC
--travel expenses for executive level employees
--salary levels for each executive level employee
--fringe benefits for executive level employees

Response:

Percentage

1985	1986	1987	
21.9	20.5	19.2	administration of the ARRC
0.5	0.8	0.5	travel expenses (total management)
--	11.9	11.8	salary of non-represented employees

Thousands of Dollars

1985	1986	1987	
13,209	11,909	10,826	administration of the ARRC
322	450	300	travel expenses (total management)
--	6,919	6,668	salary of non-represented employees

Above percentages are approximate.

Salary Levels*:

Range	Number of Positions	Position
$125,000	1	President/CEO
$70,000-92,000	16	Vice Presidents and Department Managers (3 levels)
$58,000-64,000	40	Mid Level Managers (3 levels)
$22,000-53,000	56	First Level Managers and Professional Staff

* Information only for February 1987; prior years have not yet been compiled. Please advise if this is needed.

56. What was the final net profit or loss of the ARRC in 1985, 1986, and projected for 1987?

Response:

Thousands of Dollars

1985	1986	1987
7,133	(1,500) Estimated Loss	354 Estimated Income

57. What percentage of the ARRC's income for calendar years 1985 and 1986 was derived from passenger and freight operations, and how much from rail lands?

Response:

Percentage

Income 1985	Revenue 1985	Income 1986	Revenue 1986	
42.6	93.6	91.9	(440.0)	- Passenger and Freight
57.4	6.4	9.1	340.0	- Real Estate
100.0	100.0	100.0	100.0	- Total Percent

58. What was the actual dollar effect of the reduction of inventory (as described in the Performance Audit dated July 28, 1986) undertaken by the ARRC in 1985 and in 1986 on the figures identified in response to the above question?

Response:

Balance (Millions of Dollars)		
1-06-85	12-31-85	6-30-86
7.5	4.6	4.6

*Inventory was revalued during 1985 to compensate for obsolete items as well as remove from inventory those items of no value.

59. What dollar amount, including allocable overhead, was spent during each year of operation by the ARRC on

--management of rail lands
--provision of passenger and freight service
--other operations (describe)

Response:

Thousands of Dollars		
1985	1986	
500	650	Management of rail lands (estimated)
59,601	57,242	Passenger and freight service

3702L

EXHIBITS

Response to Question No. 8 Exhibit A	Market Analysis to Establish Fair Market Rental Rate Applicable to Alaska Railroad Corporation Leased Lands -- March 1986, Prepared by Franklin M. King, Jr., MAI,
Response to Question No. 9 Exhibit B	Alaska Railroad Corporation Long Term Lease Policy
Response to Question No. 10 Exhibit C	Alaska Railroad Corporation Approval Authority Guide, May 1985
Response to Question No. 27 Exhibit D	Rule 4 - Public Disclosure of Information
Response to Question No. 37 Exhibit E	Operating Circular No. 37 Engineering Bullention No. 87-01 Policy for Moose That Have Been Struck By Trains
Response to Question No. 39 Exhibit F	Article from Alaska Fish & Game "When Moose and Train Meet: Avoiding Collisions on the Alaska Railroad" by Jack C. Didrickson and Raymond J. Kramer
Response to Question No. 47 Exhibit G	Resolution No. 85-5: Relating to the policy of Hiring Alaska Residents
Response to Question No. 52 Exhibit H	1985 Budget Prepared by Federal Railroad
Response to Question No. 53 Exhibit I	1986 Budget
Response to Question No. 54 Exhibit J	1987 Approved Operating and Capital Budget

MARKET ANALYSIS TO ESTABLISH

FAIR MARKET RENTAL RATE

APPLICABLE TO ALASKA RAILROAD CORPORATION

LEASED LANDS -- MARCH 1986

PREPARED FOR:

Alaska Railroad Corporation
Larry J. Houle, Asst. V.P.
Realty Policy & Planning

PREPARED BY:

Franklin M. King, Jr., MAI
Executive Vice President
Real Estate Services Co.

File #86-16

EXHIBIT A

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ARR Long-Term Lease Policy
Appraiser's Qualification

CERTIFICATION

I certify that, to the best of my knowledge and belief,...

1.-- the statements of fact contained in this report are true and correct.

2.-- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.

3.-- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.

4.-- my compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.

5.-- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the American Institute of Real Estate Appraisers.

6.-- the use of this report is subject to the requirements of the American Institute of Real Estate Appraisers relating to review by its duly authorized representatives.

7.-- I am currently certified under the voluntary continuing education program of the American Institute of Real Estate Appraisers.

Franklin M. King, Jr., MAI

STUDY OBJECTIVE

The objective of this study is to estimate the current "fair market rental rate" applicable to lands leased under the terms and conditions of the Alaska Railroad Corporation's newly-drafted, Long-Term Lease Policy. The estimated rental rate (a/k/a lease rate) is to be applied to the market value of land (fee simple interest) to determine the annual rent payment. A copy of the Long-Term Lease Policy is included in the addenda to this report.

SCOPE OF INVESTIGATION

The appraiser reviewed the ARR Long-Term Lease Policy and, for comparison purposes, secured information on land leases throughout the State. The comparative lease data are divided into private and public sector categories.

Private Sector Leases:

Data was gathered on over 50 land leases between private parties. A breakdown of the leases by locale is: Anchorage - 46%; Juneau - 23%; Fairbanks - 17% and; other areas - 14%. When possible, the appraiser reviewed the lease instrument but, in some cases, it was necessary to rely on interviews of the parties and prior "write-ups" by other appraisers. A tabular summary of the private sector lease data is set forth later in this report. Additional details, leases copies,etc., are on file.

Public Sector Leases:

Various public entities have active land leasing programs and information on same was obtained through interviews and review of lease documents. Data sources included: State of Alaska (Department of Natural Resources); Municipality of Anchorage; City of Cordova; Fairbanks North Star Borough; City & Borough of Juneau; City of Kenai and; City of Seward. A summary of pertinent public sector lease data is contained later in this report.

SUMMARY OF LAND LEASE RATES

Private Sector Land Leases

Lease No.	Rent As % FMV	Eff. Date	Lease No.	Rent As % FMV	Eff. Date	Lease No.	Rent As % FMV	Eff. Date
A-1	10.0%	7-85	A-18	9.0%	7-81	J-2	10.0%	11-85
A-2	7.0%	1-84	A-19	10.0%	9-79	J-3	9.0%	12-84
A-3	9.0%	6-84	A-20	8.0%	8-79	J-4	10.0%	5-84
A-4	10.0%	7-84	A-21	8.5%	6-78	J-5	9.0%	7-83
A-5	10.0%	9-84	A-22	8.0%	6-77	J-6	10.0%	8-83
A-6	8.0%	1-84	A-23	8.0%	10-75	J-7	11.0%	9-82
A-7	7.6%	3-84	A-24	9.0%	4-73	J-8	8.0%	11-82
A-8	8.0%	1-84	F-1	10.0%	8-84	J-9	11.0%	1-79
A-9	5.8%	3-83	F-2	10.0%	7-84	J-10	10.0%	10-78
A-10	8.4%	3-83	F-3	10.0%	8-84	J-11	9.0%	9-76
A-11	10.5%	9-83	F-4	12.0%	1983	J-12	8.0%	4-72
A-12	14.0%	8-83	F-5	9.8%	10-82	O-1	6.8%	9-84
A-13	9.0%	3-83	F-6	13.0%	10-82	O-2	12.0%	11-84
A-14	10.0%	12-81	F-7	7.0%	1983	O-3	10.0%	4-83
A-15	13.0%	8-81	F-8	5.3%	2-78	O-4	8.0%	3-83
A-16	10.0%	4-81	F-9	7.7%	1978	O-5	10.0%	10-83
A-17	12.0%	4-81	J-1	12.0%	1-86	O-6	10.0%	7-81
						O-7	10.0%	12-81

Range of Lease Rates:	5.3% --- 14.0%
Average:	9.5%
Median:	10.0%
Mode:	10.0%

Public Sector land leases

State of Alaska (DNR)	6.0% --- 15.0%	(Eff. 1981 - 86)
Muni. of Anchorage (Port)	8.0% --- 10.0%	(Since late 1970's)
City of Cordova	9.0%	(Since mid-1970's)
Fairbanks N. Star Borough	10.0%	(7-84)
City & Borough of Juneau	9.0% --- 12.0%	
City of Kenai	6.0%	(Since mid-1960's)
City of Seward	8.0%	(Since mid-1970's)

MARKET DATA ANALYSIS

Lease Rates:

Private sector annual ground rents tend to be set within a range of about 5% to 14% of fair market value (FMV) as depicted on the facing page. The mean of the sample considered in this study was 9.5% and two-thirds of the private sector leases were at 8% to 10% of FMV. Nearly all of the leases involved commercial sites.

Unlike private sector lease rates which are normally determined through open-market negotiations, public sector rates are most often established by appraisal. Not surprisingly, the indicated lease rate range of 6% to 15% closely approximates that of the private sector. This range is demonstrated by State Department of Natural Resources (DNR) leases but, narrows when one considers that the low-end rates are applicable to residential and recreation lands and the high-end rates are for 25-year fixed rent leases.

It should also be noted that: (1) All but one of the Port of Anchorage leases are at 9% to 10% of FMV; (2) The most recent lease rates for City & Borough of Juneau lands are at 10% and; (3) The City of Kenai deliberately maintains a relatively low lease rate of 6%.

From all indications, lease rates are not locationally-sensitive but are fairly uniform in range around the State. There is also an apparent uniformity of rates over the past 10 or so years.

Lease Term:

The standard ARR long-term ground lease will be for 35 years (longer periods may be negotiated). Excluding five short-term leases (1 to 5 years), the private sector leases have an average term of 53.71 years (including optional renewal periods), with a median and mode of 50 years. The public sector lease terms were:

State of Alaska (DNR)	25 -- 55 yrs.
Port of Anchorage	19 -- 61 yrs., typ. 50 yrs.
City of Cordova	20 yrs.
Fairbanks N. Star Bor.	50 yrs.
City & Bor. of Juneau	35 yrs.
City of Kenai	55 -- 99 yrs.
City of Seward	30 yrs. typically

The five private short-term leases demonstrate lease rates of: 7.6% (A-1); 8.4% (A-10); 10.5% (A-11); 10% (A-14) and; 7% (F-6). These rates are in the central data range and there is no evidence that the term of lease has a measurable impact on the selection of a lease rate.

Rent Adjustment Method:

The standard ARR lease will provide for rent adjustments at 5-year intervals based on appraisal of fair market rental value. Rent revisions are to be regulated by a rent "floor" determined by changes in the CPI (All Urban Consumers - U.S. Cities Average) and a rent "ceiling" or "cap" established through negotiation.

Nearly one-half of the private sector long-term leases (confirmed cases) call for rent adjustments at 5-year intervals. The others varied with the frequency of rent adjustments ranging from annually to as seldom as 10-year intervals. Rent floors were typically set at prior rent amounts, although there were a few leases specifying minimum annual increases of 5%. Several of the leases have rent caps whereby maximum rent is determined by an annual percentage increase in the previous rent. The maximum rates of increase ranged from 4% to 15%/year with the average being 8.74%.

Most of the private sector, 5-year adjustable leases provide for rent revisions in line with CPI variations and a lesser number call for adjustments based on reappraisals. Since land value appreciation has usually exceeded inflation in most Alaskan cities, it would seem reasonable for reappraisal leases to carry lower rental rates than those of indexed leases. This is supported by a matched pair of leases (A-2 and A-5) which are similar except that the former is a reappraisal lease with a going in lease rate of 7% and the latter is an indexed lease with a rate of 10%. As can be expected of an imperfect market, paired leases O-2 (reappraisal with 12% rate) and O-3 (indexed with 10% rate) are contradictory.

The data are also inconsistent with respect to rent caps (see A-1 vs. A-2, A-6 vs. O-2 & A-5 vs. A-18) but, all other things being equal, a lease with reasonable limits on potential rent increases should reflect a higher going in rate than one without limitations.

All of the public sector leases surveyed call for periodic rent adjustments based on reappraisals and this is predominantly done at 5-year intervals. The newer State DNR leases do not provide for rent adjustments during the first 25 years and, predictably, their lease rates (9.5% to 15%) are normally higher than rates for leases that are updated to market rent levels on a more frequent basis. Relatively few of the public sector leases include rent floors or caps.

Lessee Expenses:

Long-term land leases are usually structured so that lessees pay all property expenses, i.e., land rent is net to the lessor. This is true of all the public sector leases surveyed and also of over 80% of the private sector leases (confirmed cases).

The standard ARR lease will require lessees to pay all property expenses and, as such, fits the market norm.

Subordination, A signment & Subleasing:

The standard ARR lease will not permit subordination of the lessor' interest (leased fee estate) but will allow assignment and subleasing with lessor approval. These are typical features as over 80% of confirmed private sector leases do not provide for subordination and 97% allow assignment and subleasing. Those leases allowing subordination to lessee financing exhibit lease rates ranging from 8% to 10% with an average rate of 8.6%. These rates seem low considering the added risk normally associated with subordination. However, it is recognized that there are factors blended into the rates.

Public sector leases do not allow subordination of the leased fee but usually permit assignment and subleasing with lessor consent.

Option to Purchase:

The ARR standard lease will not provide the lessee with an option to purchase the premises and, as would be expected, this is normally true of public sector leases. In those confirmed instances, 75% of private sector leases do not include an option to purchase either.

Although the sample data are inconclusive on this point, it would seem that an option to purchase should not affect lease rates if the price is at current market value. Other prices and unusual purchase terms could justifiably influence rental value.

Reversion of Lessee Improvements:

About 86% of the confirmed reversion clauses in the long-term private sector leases provide that either the improvements revert to the lessor upon expiration of the lease or the lessor may opt to remove same at lessee's expense. Notably, in these instances, the lease term (including renewal periods) approximates or exceeds the economic life expectancy of the improvements. This is also true in those few instances where the lessee has the option of removing the improvements.

Public sector reversion clauses vary, but most frequently call for tenant removal of improvements. Here again, lease periods are generally scheduled to approximate anticipated improvement economic life.

The ARR's standard reversion clause parallels that of the typical private lease in that,"....Lessor may, at its option, become the owner of all improvements located on the demised premises, or may require lessee, at the expense of lessee, to remove, demolish, or otherwise dispose of such improvements....".

Assuming that: (1) ARR lease periods will be negotiated to coincide with the normal useful life of lessee improvements and; (2) Salvage value will tend to be offset by the cost of removing improvements; then neither lessor nor lessee would benefit or lose from retention of the improvements upon expiration of the lease. Accordingly, lease rates would not be measurably affected by the reversion clause.

Condemnation Clause:

Private and public sector leases typically provide for awards based on the respective interests of the parties and, at a minimum, entitle lessees to awards for their improvements. The eminent domain provisions of the ARR lease are not unusual in that they specify lessee compensation to be governed by State law.

Arbitration:

The ARR lease provides for binding arbitration of disputes involving rent revisions, condemnation aspects and assignments of lessee's interest. Only 37% of the private sector leases (confirmed instances) allow for some form of arbitration and public sector leases do not normally include arbitration clauses.

Arbitration is normally a less expensive method of settling disputes than litigation and, as such, can benefit both landlord and tenant. Unfortunately, the sample data are mixed as to the effects of arbitration provisions (see A-2 & A-3 vs. A-6 and also A-18 vs. O-3). Even though there is no quantifiable market support, it seems reasonable that a small lease rate premium would accrue to an arbitration clause like that of the ARR lease.

LEASE RATE RECOMMENDATIONS

Although land leases constitute a large part of the market in some areas of the country, their limited use in Alaska makes it difficult to quantify differences in specific conditions and provisions. However, in spite of market irregularity, there is a relatively uniform range of lease rates around the State.

Private sector leases that are most comparable to the standard ARR lease are as follows:

Lease No.	Rate	Comparability
A-6	8.0%	Most similar
A-2	7.0%	Very similar but no arbitration
A-3	9.0%	Very similar but no arbitration
O-2	12.0%	Very similar but no rent cap
O-5	10.0%	Very similar but no rent cap
O-6	10.0%	Very similar but no rent cap
A-1	10.0%	Very similar but no rent cap or arbitration
Average=	9.4%	

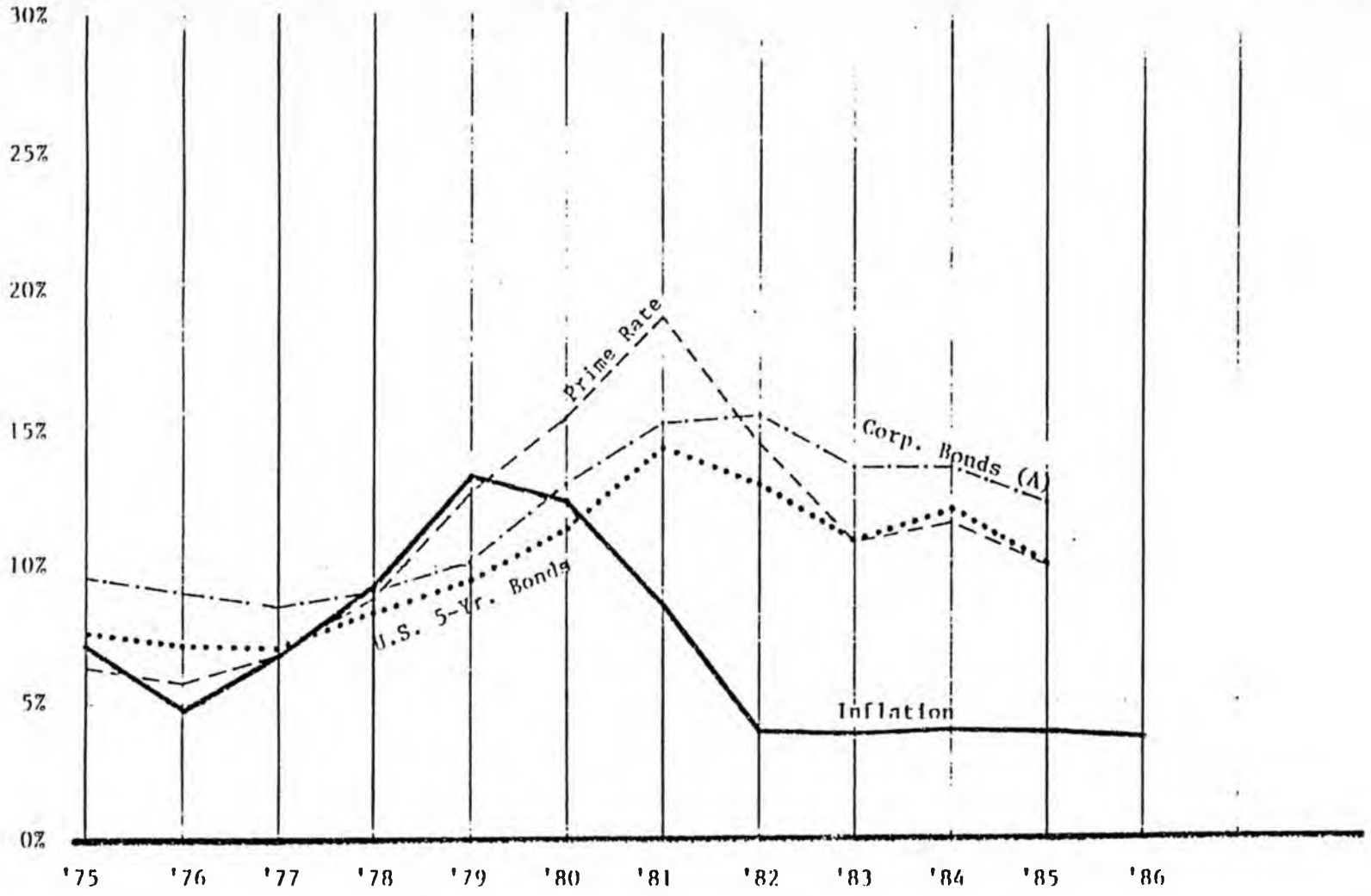
These leases epitomize market imperfection and, interestingly, their average rental rate is nearly the same as the average of the total private sector sample.

Based on analysis of private and public sector leases, a fair rental rate for ARR long-term leases would be at 9% to 10% or, say, 9.5% of market value. This lease rate is considered appropriate for all railbelt locales from Seward to Fairbanks (locational variations in land rents would, of course, be a function of land value).

This rate is based on the assumption that: (1) Lease periods will be negotiated to coincide with economic lives of lessee improvements; (2) The cost of removing such improvements at the end of a lease will be offset by their salvage value and; (3) Rent caps will be negotiated to limit rent increases to 5% to 10% per year.

It is recognized that methods of leasehold taxation vary within the State and those jurisdictions utilizing valuation of "possessory interests" tend to be more costly to lessees of tax-exempt lands than those that rely on appraisal of "rent savings". Nevertheless, the recommended lease rate of 9.5% is considered appropriate regardless of taxation method since it is consistent with the market norm, i.e., land rents are typically net to the lessor with the tenant being responsible for all property operating expenses.

S E L E C T E D E C O N O M I C I N D I C A T O R S



——— INFLATION: % change in C.P.I. (Dec. over Dec.). 1986 forecast of 3.7% by TIME magazine's Board of Economists.

····· U.S. 5-Yr. BONDS - Taxable

– – – PRIME RATE (yearly average).

—·—·— CORPORATE BONDS (A)

YIELD ANALYSIS

Ongoing inflation and land value increases over the term of most leases result in internal rates of return (IRR) or yield rates in excess of actual lease rates. Three possible scenarios involving an ARR lease with a fair market rental rate of 9.5% are as follows:

Assumptions: (1) Initial Land Value = $100,000
(2) Lease Term = 35 Years
(3) Reversion Value of Lessee Improvements = 0

	EXAMPLE A Inflation & Land Apprec. @ 3%/Yr. (compounded)	EXAMPLE B Rent Cap @ +25% Over Prior Amt. & Land Apprec. @ 5%/Yr. (comp.)	EXAMPLE C Rent Cap @ +50% Over Prior Amt. & Land Apprec. @ 10%/Yr. (comp.)
	Annual Rent	Annual Rent	Annual Rent
1st 5 Yrs.	$ 9,500	$ 9,500	$ 9,500
2nd " "	11,013	11,875	14,250
3rd " "	12,767	14,844	21,375
4th " "	14,800	18,555	32,063
5th " "	17,157	23,193	48,094
6th " "	19,890	28,992	72,141
7th " "	23,058	36,240	108,211
Land Rever. End 35th Yr	281,386	551,602	2,810,244
YIELD =	12.01%	13.42%	17.05%

Example A is believed to be on the conservative side as annual inflation has been closer to 4% since 1982 and is forecast at 3.7% for 1986 (see chart on facing page). Example C could be more representative of yield on urban lands such as those in Anchorage where the average compound rate of appreciation for commercial and industrial sites was 10.0% and 8.7%, respectively, over the past ten years (per survey data published annually by our firm).

Pre-tax yields in the range of 12% to 17% for ARR leases would certainly be in line with returns on competitive investments:

	4th Qtr.'85	3rd Qtr.'85	2nd Qtr.'85	4th Qtr.'84
Real Estate Yield	12.75-15%	12.75-15%	12.75-15%	13-15.5%
	December	September	June	December
Bond Yields				
Corp.(Aaa)	10.16%	11.07%	10.94%	12.13%
Corp.(A)	11.19%	11.99%	11.98%	12.92%
Corp.(Baa)	11.58%	12.48%	12.40%	13.40%

The real estate yields are on a pre-tax basis and are published by Real Estate Research Corporation. They primarily reflect IRR on unleveraged investments in prime properties such as major office buildings, industrial and R&D facilities, and large apartment complexes.

The bond yields are those of major corporations as reported by Moody's Bond Survey. Real estate capital requires greater yields than corporate bonds due to relative risk factors.

SYNOPSIS OF LAND LEASES - PRIVATE SECTOR

ANCHORAGE AREA	No. A-1	No. A-2	No. A-3	No. A-4	No. A-5
Lessor/Lessee	Sanchis/Fifth & "F" Bldg. Corp.	Murray & Scott/ Racheff & Bright	Korpi/Newcore Partnership	Tsakres/Kakaras	Toppers Oil/North-shore Partnership
Land Area/Use	41,914 s.f./Bank-office bldg.	2 acres/car wash	29,247 s.f./ office bldg.	30,258 s.f./Retail bldg.	10,000 s.f./Con-venience store
Lease Date	9-1-85	1-16-84	6-7-84	10-1-84	12-1-84
Term	25 years	25 years	75 years	55 years	25 years
Renewal Option	Three (5 yrs. ea.)	None	None	One (55 yrs.)	Four (5 yrs. ea.)
Annual Rent Effective Date	$1.55/s.f. 7-85	$.69/s.f. 1-84	$1.37/s.f. 6-84	$.79/s.f. 7-84	$2.40/s.f. 9-84
Rent Basis	10% FMV (est.)	7% FMV (stated)	9% FMV (stated)	10% FMV (est.)	10% FMV (est.)
Rent Adjustment	@ 5 yr. intervals. Greater of 10% FMV or CPI	11.7% step-up after 3rd yr.; 5th yr. & every 5 yrs. there-after by appraisal.	@ 5 yr. intervals by agreement or appraisal.	5% annual increase, implemented @ 3 yr. intervals.	CPI @ 5 yr. intervals.
Rent Floor/Ceiling	Floor @ prior rent	Limited to 50% increase over previous level	+ 50% ceiling on first adjust-ment		min. 5% increase annually; cap @ 8% annually.
Lessee Expenses	All	All	All	All	All
Assign/Sublet	Requires lessor consent	Requires lessor consent	Requires lessor consent	Yes (without lessor approval)	Requires lessor consent
Subordination	No	No	No	No	No
Option to Purchase	No	No	No	No	No
Reversion of Improvements	@ lessor's option	Removal @ lessee's option	@ lessor's option	To lessor	To lessor
Condemnation	Lessee award limited to improvements	Typical	Lessee award limited to improvements	Typical	All awards to lessor
Arbitration Clause	No.	No	No	No	No
Other					

SYNOPSIS OF LAND LEASES - PRIVATE SECTOR

	No. A-6	No. A-7	No. A-8	No. A-9	No. A-10
Lessor/Lessee	Riendl/George & Ferrara	Von Wichman/ Kiester, et al	Tsakres/Chambers, et al	Calais Co./ Saent Ltd.	Arctic Plaza/Cook Inlet Natives
Land Area/Use	64,825 s.f./ commercial	33,064 s.f./Medical office bldg.	39,146 s.f./strip mall	75,360 s.f./ commercial	20,000 s.f./ parking
Lease Date	7-1-84	3-2-84	2-1-84	3-83	3-83
Term	35 years	2 yrs. & 7 mos.	40 years	55 years	yr.-to-yr.
Renewal Option	Three (5 yrs. ea.)	Long-term replace.	Five (10 yrs. ea.)	Two (10 yrs. ea.)	
Annual Rent Effective Date	$.56/s.f. 1-84	$1.51/s.f. 3-84	$1.07/s.f. 1-84	$1.15/s.f. 3-83	$1.26/s.f. 3-83
Rent Basis	8% FMV (stated)	7.6% FMV (est.)	8% FMV (est.)	5.8% FMV (est.)	8.4% FMV (est.)
Rent Adjustment	@ 5 yr. intervals by agreement or appraisal	10% increase in 2nd year		Level 10 yrs.; then @ 5 yr. intervals based on 8.5% of agreed value	Nego. ea. yr.
Rent Floor/Ceiling	Floor @ orig. rent & ceiling @ +20% ea. adjustment			Floor @ initial rent; ceilings for 3 adjust. periods = 100%, 50% & 50%. No ceiling thereafter	
Lessee Expenses	All	All		All	All but taxes
Assign/Sublet	Requires lessor approval	Requires lessor approval		Requires lessor approval	No
Subordination	No	No		No	No
Option to Purchase	No	No		No	No
Reversion of Improvements	Removal @ lessee's option			@ lessor's option	N/A
Condemnation	Lessee award limited to improvements	All awards to lessor		Lessee award limited to improvements	No clause
Arbitration Clause	Yes-condemn.	No		No	No
Other		Method of Financing			Land not to be

SYNOPSIS OF LAND LEASE

ANCHORAGE AREA

	No. A-11	No. A-12	No. A-13		
Lessor/Lessee	Alaska Sales & Service/MacNutt	Dickerson/ Freeman	Bailey & Fredric J./Bowden	Nickel Investment Co./E. Drage	Co[illegible]
Land Area/Use	47,475 s.f./open storage	18,975 s.f./Auto motive services	75,111 s.f./office condos.	Service station	25,000 s.f./ Food Restaurant
Lease Date	9-1-83	8-8-83	3-30-83	12-4-81	11-15-81
Term	1 year	45 years	75 years	5 years	45 years
Renewal Option	None				Three(10 yrs.ea
Annual Rent Effective Date	$.63/s.f. 9-83	$2.53/s.f. 8-83	$1.92/s.f. 3-83	$19,440/12-81	$1.56/s.f. 8-81
Rent Basis	10.5% FMV (est.)	14% FMV (est.)	9% FMV (est.)	10% FMV (est.)	13% FMV (est.)
Rent Adjustment	None	@ 3 yr. intervals based on CPI-U.S. avg.	@ 5 yr. intervals alternate % increase & appraisal	17.8% increase 2nd yr.; + 8% ea. yr. therafter	Annual based on CPI changes (U.S. avg.)
Rent Floor/Ceiling		Floor @ orig. rent. Ceiling = +20% prior rent	Floor @ 5%/yr. increase. Ceiling @ 10%/yr. increase		
Lessee Expenses	All but taxes		All		All
Assign/Sublet				Requires lessor approval	Requires lessor approval
Subordination	No			Yes	No
Option to Purchase				No	No
Reversion of Improvements	N/A			Removal @ lessee's option	@ lessor's option
Condemnation					Lessee award limited to improvements
Arbitration Clause	No				No
Other	Land not to be built on			Use restricted to filling station	

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02-576(2/77)

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5139 HTRA HB 47 (FILE 1)

ANCHORAGE AREA

SYNOPSIS OF LAND LEASES – PRIVATE SECTOR

	No. A-11	No. A-12	No. A-13	No. A-14	No. A-15
Lessor/Lessee	Alaska Sales & Service/MacNutt	Dickerson/ Freeman	Bailey & Fredric J./Bowden	Hickel Investment Co./E. Drage	CIS Real Estate Co. /Bond
Land Area/Use	47,475 s.f./open storage	18,975 s.f./Auto motive services	75,111 s.f./office condos.	Service station	25,000 s.f./Fast Food Restaurant
Lease Date	9-1-83	8-8-83	3-30-83	12-4-81	11-15-81
Term	1 year	45 years	75 years	5 years	45 years
Renewal Option	None				Three(10 yrs.ea.)
Annual Rent Effective Date	$.63/s.f. 9-83	$2.53/s.f. 8-83	$1.92/s.f. 3-83	$19,440/12-81	$1.56/s.f. 8-81
Rent Basis	10.5% FMV (est.)	14% FMV (est.)	9% FMV (est.)	10% FMV (est.)	13% FMV (est.)
Rent Adjustment	None	@ 3 yr. intervals based on CPI-U.S. avg.	@ 5 yr. intervals alternate % increase & appraisal	17.8% increase 2nd yr.; + 8% ea. yr. therafter	Annual based on CPI changes (U.S. avg.)
Rent Floor/Ceiling		Floor @ orig. rent. Ceiling = +20% prior rent	Floor @ 5%/yr. increase. Ceiling @ 10%/yr. increase		
Lessee Expenses	All but taxes		All		All
Assign/Sublet				Requires lessor approval	Requires lessor approval
Subordination	No			Yes	No
Option to Purchase				No	No
Reversion of Improvements	N/A			Removal @ lessee's option	@ lessor's option
Condemnation					Lessee award limited to improvements
Arbitration Clause	No				No
Other	Land not to be built on			Use restricted to filling station	

SYNOPSIS OF LAND LEASES – PRIVATE SECTOR

ANCHORAGE AREA

	No. A-16	No. A-17	No. A-18	No. A-19	No. A-20
Lessor/Lessee	Chugach Investments/Maropix	Olympic Inc./ Maropix Alaska	Miller, et al/ Taco Johns of AK	Glenn Mall Assoc./ Pizza Hut	Armstrong/Pines Corporation
Land Area/Use	35,280 s.f./Fast Food restaurant	30,000 s.f./Fast Food restaurant	13,674 s.f./Fast Food restaurant	Fast Food restaurant	48,852 s.f./ Parking Lot
Lease Date	4-29-81	4-1-81	7-1-81	8-1-80	8-79
Term	45 years	45 years	5 years	20 years	55 years
Renewal Option	Three (5 yrs. ea.)	Three (10 yrs. ea.)	One (5 yrs.)		Three(5 yrs.ea.)
Annual Rent Effective Date	$1.13/s.f. 4-81	$1.30/s.f. 4-81	$.79/s.f. 7-81	$36,000/9-79	—/9-79
Rent Basis	10% FMV (est.)	12% FMV (est.)	9% FMV (est.)	10% FMV +4% gross	8% FMV (stated)
Rent Adjustment	@ 5 yr. intervals based on CPI (all-alaska)	Annually based on CPI-All AK	Upon renewal; based on CPI change	2nd 10 yrs. set @ $45M/yr. (25% increase) plus 4% of gross over $825M	@ 5 yr. intervals by appraisal value
Rent Floor/Ceiling	Ceiling @ +15% per year		Floor @ original rent		
Lessee Expenses	All	All	All	All	All
Assign/Sublet	Requires lessor approval	Requires lessor approval	Requires lessor approval	Requires lessor approval	Yes (without lessor consent)
Subordination	No		No		Yes-w/limits
Option to Purchase	After 3 yrs @ MAI appraisal		No		Yes @ scheduled prices
Reversion of Improvements			@ lessor's option		
Condemnation			Lessee award limited to improvements		
Arbitration Clause			No		Yes
Other					

ANCHORAGE AREA

	No. A-21	No. A-22	No. A-23	No. A-24
Lessor/Lessee	Gilmore/Gain & Watkins	S.S. Fuller/ Walsh	Turnagain Holding/Gittins Const.	NBA-Loussac/ 5th & D Ltd.
Land Area/Use	21,750 s.f./ apartments	87,579 s.f./mini-storage	Office Bldg.	6,500 s.f./commercial
Lease Date	6-78	6-77	10-75	4-73
Term	55 years	57 years	55 years	75 years
Renewal Option	None	None	None	None
Annual Rent Effective Date	$.47/s.f. 6-78	—/6-77	—/10-75	—/4-73
Rent Basis	8.5% FMV (est.	8% FMV (stated)	8% FMV (stated)	9% FMV (est.)
Rent Adjustment	25% increase begin year 6. Then rent sched. @ 8.5% of of val e	Level rent for 7 yrs. Then every 5 yrs. set @ 8% assessed value	@ 5 yr. intervals based on 8% appraised value	Every 5 years per CPI
Rent Floor/Ceiling				
Lessee Expenses				
Assign/Sublet	Requires lessor approval			
Subordination	Yes-w/conditions	Yes-w/limits	Yes	Yes
Option to Purchase	Yes @ scheduled prices	No	Yes @ FMV	Yes @ FMV
Reversion of Improvements		To lessor		
Condemnation				
Arbitration Clause	Yes	Yes	Yes	No
Other	Method of Financing			

SYNOPSIS OF LAND LEASES - PRIVATE SECTOR

FAIRBANKS AREA

	No. F-1	No. F-2	No. F-3	No. F-4	No. F-5
Lessor/lessee	Rockstad & Briskie/ Freeman	Bentley Trust/ Linck	Bentley Trust/ Sadoo	Sexton/Taco Bell	Alexander/First Nat'l Bank
Land Area/Use	22,707 s.f./auto-motive	41,000 s.f./Fast Food restaurant	34,430 s.f./strip mall	30,001 s.f./Fast Food restaurant	40,000 s.f./Branch Bank
Lease Date	8-84	7-84	8-84	1983	10-82
Term	55 years	20 years	20 years	20 years	55 years
Renewal Option		Two (10 yrs. ea.)	Two (10 yrs. ea.)	Three (5 yrs. ea.)	
Annual Rent Effective Date	$.90/s.f. 8-84	$1.20/s.f. 7-84	$1.20/s.f. 8-84	$1.20/s.f. 1983	$1.08/s.f. 10-82
Rent Basis	10% FMV (est.)	10% FMV (est.)	10% FMV (est.)	12% FMV (est.)	9.8% FMV (est.)
Rent Adjustment	Annually per CPI-Anch.				CPI every 5 years
Rent Floor/Ceiling	Floor @ - 5% & ceiling @ 7.5% of prior rent				
Lessee Expenses				All but taxes	All but taxes
Assign/Sublet					
Subordination					
Option to Purchase					
Reversion of Improvements					
Condemnation					
Arbitration Clause					
Other					

SYNOPSIS OF LAND LEASES - PRIVATE SECTOR

FAIRBANKS AREA

	No. F-6	No. F-7	No. F-8	No. F-9
Lessor/Lessee	Wometco & Lathrop Co./Wendy's	North Star Terminal/ARCO	New State Lands/ Northland Hub	Frontier Investors/Fred Meyer
Land Area/Use	25,000 s.f./Fast Food restaurant	20 acres/Open storage	5.5 acres/Discount Grocery store	4.25 acres/retail store
Lease Date	10-82	1983	2-78	1978
Term	30 years	5 years	50 years	30 years
Renewal Option		None	None	Five (5 yrs. ea.)
Annual Rent Effective Date	$1.44/s.f. 10-82	$3,000/ac. 1983	$.21/s.f. 2-78	$.54/s.f. 1978
Rent Basis	13% FMV (est.)	7% FMV (est.)	5.3% FMV (est.)*	7.7% FMV (est.)
Rent Adjustment		Successive annual increases of 20%, 17%, 14%, & 25%.	Up 56% 2nd yr.; +7.7% 4th yr.; then CPI.	
Rent Floor/Ceiling				
Lessee Expenses	All but taxes	All but taxes	All	
Assign/Sublet				
Subordination				
Option to Purchase			Yes @ scheduled prices	
Reversion of Improvements		N/A		
Condemnation				
Arbitration Clause				
Other		Land not to be built on	*8.1% FMV 2nd year	Sublease

SYNOPSIS OF LAND LEASES -- PRIVATE SECTOR

JUNEAU AREA

	No. J-1	No. J-2	No. J-3	No. J-4	No. J-5
Lessor/lessee	Fred Meyer/ Wendy/s	Smith/Freeman	Fluke, et al/ Taco Bell	Valley Centre Dev. Co./Howard, et al	Valley Centre Dev. Co./Juneau Motel
Land Area/Use	28,000 s.f./Fast Food restaurant	34,426 s.f./auto-motive svcs.	44,867 s.f./Fast Food restaurant	3.6/ac./Shop-ping mall	69,454 s.f./ Motel
Lease Date	1-86	11-12-85	12-84	9-1-83	7-12-83
Term	25 years	35 years	35 years	55 years	30 years
Renewal Option	Three (5 yrs. ea.)		Three (5 yrs. ea.)	One (10 yrs.)	Two(10 yrs.ea.)
Annual Rent Effective Date	$1.80/s.f. 1-86	$1.20/s.f. 11-85	$1.00/s.f. 12-84	$.96/s.f. 5-84	$.72/s.f. 7-83
Rent Basis	12% FMV (est.)	10% FMV (est.)	9% FMV (est.)	10% FMV (est.)	9% FMV (est.)
Rent Adjustment	Fixed 5 yrs. +25% 2nd 5 yrs. +20% @ 5 yr. intervals + 2 1/2% gross	Annually per CPI increase	Annually by CPI	Annually by CPI-Seattle	Annually by CPI-Seattle
Rent Floor/Ceiling		Ceiling @ 5%/yr.			
Lessee Expenses		All		All	All
Assign/Sublet		Requires lessor approval		Requires lessor approval	Requires lessor approval
Subordination		No		No	No
Option to Purchase		No		No	No
Reversion of Improvements		To lessor		To lessor	To lessor
Condemnation		Typical		Award allocated according to law	Award allocated accord. to law
Arbitration Clause		No		No	No
Other				Hamburger rest-aurant prohibited	

JUNEAU AREA

	No. J-6	No. J-7	No. J-8	No. J-9	No. J-10
Lessor/Lessee	Smith, et al/ Tathum	Valley Centre Dev. Co./Smith, et al	Erwin Ent./ Winton, et al	Erwin Ent./ Fed Alaska	Valley Centre Dev. Co./Mulgren, et al.
Land Area/Use	15,200 s.f./mini storage	3.25 ac./office condos	40,426 s.f./ commercial	7,150 s.f./ Branch Bank	19,412 s.f./convenience store
Lease Date	8-83	9-20-82	11-1-82	1-79	10-1-78
Term	50 years	55 years	50 years	40 years	15 years
Renewal Option		One (10 yrs.)			One (10 yrs.)
Annual Rent Effective Date	$.84/s.f. 8-83	$.66/s.f. 9-82	$.52/s.f. 11-82	$2.49/s.f. 1-79	$.30/s.f. 10-78
Rent Basis	10% FMV (est.)	11% FMV (est.)	8% FMV (est.)	11% FMV (est.)	10% FMV (est.)
Rent Adjustment	Annually by CPI-Seattle	Every 3 yrs. by CPI-Seattle	@ 5 yr. intervals CPI-Anch.	@ 5 yr. intervals CPI-Anch.	@ 2 yr. intervals, +6%
Rent Floor/Ceiling			Floor @ orig. rent	Floor @ orig. rent	
Lessee Expenses	All	All	All but land tax	All but land tax	All
Assign/Sublet	Requires lessor approval	Requires lessor approval	Requires lessor approval	Requires lessor approval	Requires lessor approval
Subordination	No		No	No	No
Option to Purchase	No		No	No	Yes @ scheduled prices
Reversion of Improvements	To lessor		To lessor	To lessor	N/A
Condemnation	Award allocated according to law				Lease ends. Award silent
Arbitration Clause	No		Yes	Yes	No
Other					

SYNOPSIS OF LAND LEASES - PRIVATE SECTOR

JUNEAU AREA

	No. J-11	No. J-12	No.	No.	No.
Lessor/lessee	Erwin Ent./ Vavalis	Smith/Bros./ C.E. Loveless			
Land Area/Use	12,000 s.f./ commercial	12 acres/Shop-ping center			
Lease Date	9-76	4-24-72			
Term	40 years	55 years			
Renewal Option		Five (10 yrs. ea.)			
Annual Rent Effective Date	$2.04/s.f. 9-76	$.08/s.f. 4-72			
Rent Basis	9% FMV (est.)	8% FMV (est.)			
Rent Adjustment	@ 5 yr. intervals CPI-Anchorage	Annually per CPI increase			
Rent Floor/Ceiling	Floor @ orig. rent				
Lessee Expenses	All but land tax	All			
Assign/Sublet	Requires lessor approval	Requires lessor approval			
Subordination	No	No			
Option to Purchase	No	Yes			
Reversion of Improvements	To lessor				
Condemnation					
Arbitration Clause	No	No			
Other					

OTHER AREAS

	No. O-1	No. O-2	No. O-3	No. O-4	No. O-5
Lessor/Lessee	Johnson/McLure	Withheld by request	Withheld by request	Kanakanen/Spenard Builders	Cottle/Collins
Land Area/Use	6.53 ac./commercial	1.37 ac./Fishing Lodge	21 acres/commercial	5 acres/Bldg. Supply store	/Retail & office bldg.
Lease Date	10-20-84	11-84	4-12-83	3-83	10-1-83
Term	55 years	5 years	25 years	30 years	22 1/2 years
Renewal Option	One (55 yrs.)	Five (5 yrs. ea.)	One (25 yrs.)	Two (10 yrs. ea.)	One (25 yrs.)
Annual Rent Effective Date	$.27/s.f. 9-84	$3,500/11-84	$.03/s.f. 4-83	— /3-83	$7,200/10-83
Rent Basis	6.8% FMV (est.)	12% FMV (stated)	10% FMV (est.)	8% FMV (est.)	10% FMV (stated)
Rent Adjustment	@ 5-yr. intervals by CPI-Anch.	@ 5 yr. intervals by appraisal	@ 5 yr. intervals CPI-Anch.	@ 5 yr. intervals by appraisal	@ 4 yr. intervals based on agreed value or by appraisal
Rent Floor/Ceiling	Floor @ prior rent	Floor @ orig. rent	Floor @ orig. rent	Ceiling @ 10% per year increase.	Floor @ previous rent level.
Lessee Expenses	All	All	All		All
Assign/Sublet		Requires lessor & BIA consent	Requires BIA approval		Requires lessor approval
Subordination		No	No		No
Option to Purchase		No	No		No
Reversion of Improvements	@ lessee's option	To lessor	To lessor		Lessor's option to retain or have removed
Condemnation		Award according to interests	Award according to interests		Lessee award limited to improvements
Arbitration Clause		Yes	Yes		Yes, as to rent dispute
Other	Wasilla	Bristol Bay	Houston area	Eagle River	Wasilla

SYNOPSIS OF LAND LEASES - PRIVATE SECTOR

OTHER AREAS

	No. O-6	No. O-7
Lessor/Lessee	Cottle/Persinger	U.I.C./H.W. Blackstock Co.
Land Area/Use	/Retail & office bldg.	--/commercial
Lease Date	4-1-81	12-8-81
Term	25 years	10 years
Renewal Option	One (25 yrs.)	Four (10 yrs. ea.)
Annual Rent Effective Date	$12,000/7-81	$4,800/12-81
Rent Basis	10% FMV (stated)	10% FMV (stated)
Rent Adjustment	@ 4-yr. intervals based on agreed value or by appraisal	@ end of 6 yrs., then @ 3 yr. intervals agreed or appr. value
Rent Floor/Ceiling	Floor @ previous rent level	
Lessee Expenses	All	
Assign/Sublet	Requires lessor approval	
Subordination	No	
Option to Purchase	No	
Reversion of Improvements	Lessor's option to retain or have removed	
Condemnation	Lessee award limited to improvements	
Arbitration Clause	Yes, as to rent dispute	
Other	Wasilla	Barrow

STATE OF ALASKA LAND LEASES (Dept. of Natural Resources)

ADL#	General Location	Type of Property	Lease Rate	Date Set	Rent Adjustment
1318	Seward	Tidelands	9% FMV	6-85	5-yr. intervals
19278	"	Comm. Site	" "	"	" "
32266	Kodiak	Tidelands	8% FMV	"	" "
---	Fairbanks	Rural Rec.	6% FMV	6-82	" "
103832	Juneau	Tidelands	12% FMV	1-86	Fixed 25 yrs., then @ 10 yr. intervals
203934	Valdez	"	13% FMV	10-85	"
101598	Juneau	Waterfront	15% FMV	9-85	"
410040	Tok	Rural Ac.	10% FMV	7-85	Fixed for 10 yrs
100835	Wrangell	Tidelands	12% FMV	8-85	Fixed 25 yrs., then @ 10 yr. intervals
102826	Ketchikan	"	" "	5-85	"
103824	Craig	"	" "	"	"
74170	Glennallen	Lib. Site	13% FMV*	3-85	"
62472	Fairbanks	Comm. Site	9.5% FMV**	6-84	Fixed for 25 yrs
102934	Juneau	Tidelands	12% FMV	4-84	" " " "
---	"	"	15% FMV	7-82	" " " "
30526	"	"	12.5% FMV	5-81	Fixed 25 yrs., then @ 10 yr. intervals

* Per appraisal. Actual rent administratively set at much lower rate.

** Reduced rate for remote location.

STATE OF ALASKA LAND LEASES

Various State agencies are involved in ground leasing but, in some cases, rents are not at market levels. For example, current land rents at the Anchorage International Airport were administratively-established some 15 years ago. State officials are aware that these rents are less than could be obtained in an open market atmosphere and a rent study was commissioned some time ago. Indications are that there will be an increase in the near future. However, airport officials believe it unlikely that rents will be brought to market levels as such would hamper efforts to promote the aviation industry.

Considered more pertinent are ground leases granted by the Department of Natural Resources (DNR). A tabular summary of data from several DNR leases is on the facing page.

The first four examples are old leases executed in the 1960's wherein annual land rents are adjusted at 5-year intervals based on reappraisals. Recent reappraisals of these and other similar leased properties have established rents at 6% to 9% of market value with residential and recreation land rents typically falling in the lower end of the lease rate range. Most updated rents for commercial and industrial ground are based on rates of 8% and 9%.

The last twelve examples are newer State leases wherein land rents are level for the first 25 years (10 years in one case). Annual rent for each 10-year period thereafter is set at market rent but cannot be greater than a 50% increase in the preceding rent. As would be expected, the rate range of 9.5% to 15% set for these leases is higher than typical rates for the 5-year adjustable DNR leases.

Some other characteristics of the typical DNR lease are briefly noted as follows:

Lease Period:

25 to 55 years.

Rent Adjustments:

Typically based on reappraisal wherein appraiser estimates both current market value of land and the applicable annual rate of return or lease rate.

Rent Floor/Ceiling:

Typically no floor. Ceiling identified in those leases adjustable after 25 years.

Lessee Expenses:

All expenses paid by lessees (rents are net to the State).

Subordination/Assignment/Subleasing:

Subordination of leased fee to lessee financing not permitted. Assignment and subleasing permissable with lessor appproval.

Option to Purchase:

None.

Reversion of Lessee Improvements:

Lessee to remove within 60 days or lessor may dispose of.

Condemnation:

Lessee entitled to award for lessee-owned improvements.

Arbitration:

Not typically provided for in lease.

PORT OF ANCHORAGE INDUSTRIAL LOTS

LEASE DATA

December 31, 1985

Lot No.	Lessee	Area	Current Annual Rent	Rental Rate	Most Recent Adjustment	Lease Date	Term
1D	TOTE	116,067 s.f.	$.675/s.f.	10%	6-17-85	5-1-77	19 yrs., 3 mos.
2B & 3A	TOTE	374,990 s.f.	$.600/s.f.	10%	7-24-85	8-1-75	21 yrs.
4A	Columbia Cement	230,497 s.f.	$.450/s.f.(1)	10%	2-1-84	2-1-69	30 yrs., plus two 10 yr. options
5D-1	Sea-Land	258,263 s.f.	$.347/s.f.	9.5%	12-10-80	8-1-70	21 yrs., plus 4 yr., 10 yr. option
5F-1	Sea-Land	141,490 s.f.	$.525/s.f.	9%	10-1-83	9-30-63	10 yrs., plus eight 5 yr. options
6C-1	Sea-Land	422,55[illegible] s.f.	$.405/s.f.(2)	9.5%	10-1-81	10-1-65	31 yrs., plus two 10 yr. options
6D-1	Sea-Land	303,508 s.f.	$.298/s.f.(2)	8%	2-1-80	2-1-65	31 yrs., plus two 10 yr. options
7B	Texaco	380,559 s.f.	$.337/s.f.	10%	2-1-82	7-1-64	30 yrs., plus four 5 yrs. options
8B & 8C	Anchorage Fueling & Service Co.	486,033 s.f.	$.374/s.f.(3)	10%	3-5-82	3-5-62	10 yrs., plus eight 5 yr. options

(1) Based on original unfilled condition.
(2) Includes contribution of paving.
(3) Average amount based on $.425/s.f. of filled land (9.1 acres) and $.150/s.f. of unfilled and easement encumbered land (2.06 acres)

01-051P

MUNICIPALITY OF ANCHORAGE LAND LEASES

Two major areas of municipal land leasing activity are the Merrill Field Airport and the Port of Anchorage. Merrill Field rents are administratively set to fund the operation of the airport and the data from those leases are not of much use in this study.

The Port of Anchorage subdivision is 100% leased and a tabular summary of lease data is presented on the facing page. The leases date back to the early 1960's and, for the most part, are similar in content. Some key characteristics are as follows:

Rental Rate:

Annual land rents are set at 8% to 10% of fair market value by agreement of the parties or by appraisal.

Lease Period:

Typically 50 years including renewal options.

Rent Adjustments:

Annual land rents are typically adjusted at 5-year intervals to fair rental value by mutual agreement or independent reappraisal.

Rent Floor/Ceiling:

Leases do not provide for rent minimums or caps.

Lessee Expenses:

All expenses paid by lessee (ground rents are net to the lessor).

Subordination/Assignment/Subleasing/Purchase Option:

No subordination of leased fee to lessee financing is allowed. Assignment and subleasing is permitted with lessor approval. Option to purchase is not granted.

Reversion of Lessee Improvements:

Newer leases provide that lessor may consent to retain improvements or may require their removal at lessee expense.

Condemnation:

Lessee entitled to award for value of lease and lessee improvements.

Arbitration:

Not provided for in leases but, lessees may appeal rent increases to the Port Commission.

CITY OF CORDOVA LAND LEASES

The City of Cordova has about 15 acres of industrial land under lease. This ground is subdivided into 15,000 to 80,000 s.f.+- lots and leased to various parties. Another 17 acres is expected to be available for lease in 1986. A summary of lease data is as follows:

Rental Rate:

Annual land rents are set at 9% of assessed value as determined by contract assessor. This rate is stated in the leases and has been in effect for many years.

Lease Period:

Typically 20 years with negotiable renewal options.

Rent Adjustments:

Annual land rents are adjusted at 3-year intervals based on "9% of the valuation as determined by a qualified appraiser". In practice, the stated rate is applied to the assessed land value which is normally updated annually.

Rent Floor/Ceiling:

Typically none.

Lessee Expenses:

All expenses paid by lessees (rent is net to the lessor).

Subordination/Assignment/Subleasing:

No subordination of leased fee to lessee financing allowed. Assignment and subleasing permitted with lessor's consent.

Option to Purchase:

Typically none.

Reversion of Lessee Improvements:

Typically the lessee must remove within 90 days or lessor may retain or remove at lessee's expense.

Condemnation & Arbitration Clauses:

Normally not in leases.

FAIRBANKS NORTH STAR BOROUGH LAND LEASE

The FNSB land leasing program is in it's infancy although the land base exceeds 100,000 acres. Most of the acreage is in remote locations but there are 200 acres +- near Fairbanks which will be concentrated on for disposition by leasing. At present, there are two land leases with another two or three expected to be consummated this year. One of the existing leases is 50% below market by assembly approval. The other lease is summarized as follows:

Lessor/Lessee:

FNSB/McKee Meats, Inc.

Rental Rate:

Annual land rent was set at 10% of the appraised value and this rate is stated in the lease.

Lease Period:

30 years beginning 7/23/84 plus two options to renew at 10 years each.

Rent Adjustments:

Annual land rent is adjusted at 5-year intervals based on 10% of appraised value. Land to be valued at time of reappraisal as if it were in the same state as at the beginning of the lease term excluding any improvements by the tenant.

Rent Floor/Ceiling:

None.

Lessee Expenses:

Rent is reportedly net to lessor (lease is silent on this point).

Subordination/Assignment/Subleasing:

Lease is silent on these items.

Option to Purchase:

None.

Reversion of Lessee Improvements:

Fixtures and structures shall be removed by lessee at end of lease.

Condemnation/Arbitration:

Not addressed in lease instrument.

CITY & BOROUGH OF JUNEAU LAND LEASES

The City & Borough of Juneau leases out some 50 parcels of land to various entities. The leasing program began many years ago and lease provisions have changed over time. A summary of lease data is as follows:

Rental Rate:

In recent years, new and revised leases reflect annual land rents based on 9% to 12% of fair market value. Most current rates are about 10%.

Lease Period:

Varies. Newer leases have maximum terms of 35 years.

Rent Adjustments:

Annual land rents are adjusted annually in some instances and at 3-year intervals in others. In the case of newer leases, adjusted rents are based on the City Assessor's recommendations as to both the market value of the land and the applicable rate of return.

Rent Floor/Ceiling:

Not typically provided in leases.

Lessee Expenses:

All expenses usually paid by lessee (rent is net to lessor).

Subordination/Assignment/Subleasing:

Subordination of leased fee to lessee financing is not permitted. Assignment and subleasing is usually permitted with lessor's approval.

Option to Purchase:

None.

Reversion of Lessee Improvements:

Typically lessee may remove or title reverts to lessor.

Condemnation:

Varies but lessee is normally entitled to award for improvements.

Arbitration:

Not typically provided for in leases.

CITY OF KENAI LAND LEASES

The City of Kenai leases out some 110 parcels of land (mostly city lots) to various private parties. The leasing program began in the mid-1960's and at present there are only 4 or 5 lots and some undeveloped acreage that are not leased. A summary of lease data is as follows:

Rental Rate:

Annual land rents are set at 6% of fair market value and this rate, which is stated in the leases, has been in effect since the inception of the leasing program. City officials acknowledge this is below rates utilized in other areas, but do not anticipate any changes in the foreseeable future. The most recent leases incorporating the 6% rate were executed in 1985.

Lease Period:

Typically 55 to 99 years.

Rent Adjustments:

Annual land rents are adjusted at 5-year intervals based on 6% of fair market value which is estimated by a "qualified independent appraiser". Fair market value is based on the condition of the lands on the date of lease plus the value of improvements made by the City subsequent to the date of lease.

Rent Floor/Ceiling:

City code provides that redetermined annual rent shall be limited to a 50% increase over the prior rent until the 30th anniversary, after which the cap provision shall no longer apply. This rent ceiling provision acknowledges that investors and developers need a reasonable assurance of stability in future rents.

Lessee Expenses:

All expenses paid by lessees (rent is net to the lessor).

Subordination/Assignment/Subleasing:

No subordination of leased fee to lessee financing allowed. Assignment and subleasing permitted with consent of lessor.

Option to Purchase:

None.

Reversion of Lessee Improvements:

Varies. Early leases provide for removal of improvements by lessee within 60 days or sale to succeeding lessee with lessor

appproval. Recent leases provide that title to improvements automatically vests in City upon termination.

Condemnation:

Rent abatement and award allocated by agreement or determined by arbitration if disputed.

Arbitration:

Not provided for in leases except in connection with condemnation clause.

CITY OF SEWARD LAND LEASES

The City of Seward leases out some 27 land parcels to private parties. These parcels are in or close to town. Lands still available for lease include 80 acres +- within the Seward Marine Industrial Center and 80 acres +- at the Fourth of July Creek industrial area. A summary of lease data is as follows:

Rental Rate:

Annual land rents are established at 8% of fair market value by appraisal. Although not stated in the leases, this rate has been in effect for the past 10-years and the City's appraiser does not expect any change in the near future. Most recent rents based on this rate were set in 1985. A summary of lease data is as follows:

Lease Period:

Typically 30 years. There are some shorter-term leases and a few in excess of 30 years, e.g. Suneel Alaska Corporation @ 55 years.

Rent Adjustments:

Annual land rents are adjusted at 5-year intervals based on MAI appraisal of fair market rental value exclusive of lessee's improvements.

Rent Floor/Ceiling:

Typically none.

Lessee Expenses:

All expenses paid by lessee (rent is net to lessor).

Subordination/Assignment/Subleasing:

No subordination of leased fee to lessee financing allowed. Appproval of lessor required for assignment and subleasing.

Option to Purchase:

None.

Reversion of Lessee Improvements:

Lessee to remove prior to expiration of lease or title to improvements vests in City.

Condemnation/Arbitration:

Award to be allocated as provided by law/Controversies or claims relating to leases to be settled in accordance with Uniform Arbitration Act of Alaska.

ALASKA RAILROAD CORPORATION

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

ALASKA RAILROAD CORPORATION

LONG TERM LEASE POLICY

The Alaska Railroad Corporation (referred to below as "Lessor" and "ARRC") will adhere to the following policies and guidelines when leasing real property for terms of five or more years. The policies and guidelines contained in this statement may be changed from time to time when the Alaska Railroad Corporation determines a change is appropriate.

1. PURPOSE

The purpose of this policy statement is to set forth guidelines and principles upon which the Alaska Railroad Corporation's standard long-term lease will generally be based. This statement is intended to give prospective Lessees and other interested persons information about the ARRC's policy with respect to its land lease program. However, this statement is not intended to provide the precise language that will appear in a lease or to substitute for or override any terms of a lease. It is important for prospective Lessees and other persons interested in a particular lease to carefully review the terms of the particular lease itself, because the lease (and not this policy statement) creates the legal relationship between Lessor and Lessee and defines the rights of each of the parties.

This policy governs new leases entered by the Alaska Railroad Corporation. Section 4 of the policy identifies circumstances under which an existing lease will be replaced by a new lease conforming to this policy statement.

2. PRE-LEASE MATTERS

2.01 COMMITMENTS. Long-term lease agreements require formal approval by ARRC Management. Neither letter proposals nor lease drafts will constitute a formal offer from Lessor. Such documents constitute nonfinal negotiating proposals by Lessor's representative and indicate the terms and conditions the representative is willing to recommend to Management. Lessor becomes bound only upon the execution of the typewritten lease by ARRC.

2.02 PUBLIC NOTICE AND RECORDATION OF LEASE. This provision relates to required public notice and public recording with respect to individual leases. It does not govern publication or relate to Lessor's marketing or leasing policies.

(a) Published Notice. Notice will be published in a newspaper of general circulation, serving the community where the property is located, for three (3) consecutive days, ending fifteen (15) days prior to the effective date of the proposed

EXHIBIT B

long-term lease. The notice will only describe the parcel to be leased, the proposed Lessee, date of proposed action, and the name, address, and telephone number of the Alaska Railroad Corporation representative.

(b) Memorandum of Lease. Upon the execution of this Agreement, both parties agree to execute a Memorandum Short Form Lease suitable for recording purposes.

2.03 ADMINISTRATIVE FEE. With Lessee's formal application to lease, Lessee will include payment of an administrative fee of Two Hundred Dollars ($200.00). The fee will apply to the first month's rental if a lease is executed. If the application is denied, the fee will be retained to defray administrative costs. Lessor may increase the administrative fee from time to time when an increase becomes necessary to cover costs.

2.04 PERFORMANCE OR CONSTRUCTION BONDS. At Lessor's option, Lessee will, before commencing construction of any improvement, including but not limited to subsurface improvements on the premises, deposit with the Lessor a bond or certificate thereof, in a sum not less than the cost of such construction and in form and with surety satisfactory to the Lessors, guaranteeing the completion of such construction free and clear of all mechanics' and materialmen's liens, together with such information and evidence as Lessors may reasonably require to assure that the Lessee is able to and will make all payments required by contract to be made as and when the Lessee is required to do so. The performance assurance, if required, may be in the form of surety, cash, assigned deposit, or irrevocable letter of credit.

2.05 PERMITS. All permits required by municipal, state or federal law are to be secured by and at the expense of Lessee.

2.06 PARCEL MAPS. The Lessor does not require the recording of parcel or subdivision maps. However, if a parcel or subdivision map is required by municipal ordinance, it must be approved by the proper governmental body and recorded by Lessee prior to execution of the lease or option to lease. Preparation of parcel or subdivision maps will be the responsibility of the Lessor; however, a nonrefundable deposit may be required of the Lessee to cover the cost of preparation.

2.07 CONDITION OF PROPERTY. Lessor will lease property "as is, with all faults", and without any representations or warranties by Lessor as to the characteristics or suitability of the Premises. Prior to execution of the Lease, Lessee will be given an opportunity to independently investigate the Premises, and to assess:

(i) the feasibility of developing the Premises for the purposes intended by Lessee;

(ii) the size and dimensions of the Premises;

(iii) the availability and adequacy of water, sewage and any utilities serving Premises;

(iv) the presence and adequacy of infrastructure or other improvements on, near, or affecting the Premises;

(v) the extent and condition of any grading or other site work already performed or hereafter required for Lessee's possible development of the Premises;

(vi) any surface, soil, subsoil or other physical conditions of or affecting the Premises, such as climate, geological, drainage, air, water or mineral conditions;

(vii) easements and reservations of record affecting the title;

(viii) the existence of governmental laws, regulations, ordinances, restrictions or requirements concerning the use density, location or suitability of the Premises for any existing or proposed development including such matters as zoning, building, subdivision, environmental and other regulations;

(ix) the necessity or availability of any rezoning, zoning variances, conditional use permits, building permits, environmental impact reports, parcel or subdivision maps, public reports and any other governmental approval;

(x) the necessity or existence of any dedications, taxes, fees, charges, costs or assessments that may be imposed in connection with any regulation or authorization or the obtaining of any required Permits; and

(xi) all matters concerning the condition, use and development of the Premises.

2.08 RELOCATION OF FACILITIES. Any necessary or desired relocation of Lessor's facilities will be made at the sole expense of Lessee. Lessee must communicate any request for relocation of Lessor's facilities before the lease is entered.

2.09 STORAGE OF HAZARDOUS MATERIALS. No leases will be granted for storage of hazardous materials (including gasoline and diesel fuel) unless Lessee first exhibits full compliance with municipal, state, and federal environmental laws and regulations, produces proof of satisfactory liability insurance naming Lessor as co-insured, and agrees to indemnify and save Lessor harmless from claims related to storage of such materials. Lessee is required to advise Lessor of intended storage of such materials before a lease is entered or extended. Lessee will schedule a pre-lease conference with Lessor to discuss the proposed storage, safety questions and compatibility of the proposed storage with adjoining land use; Lessee must furnish to Lessor copies of all permit applications, permits issued, denials of permits, and other actions on permit applications. Lessee whose use or storage of small quantities of hazardous materials is only incidental to business operations will be required to indemnify and save Lessor harmless from claims related to storage of such materials.

3. TERMS OF LEASES

3.01 PRINCIPLES GOVERNING RENT DETERMINATION. The following general principles govern rent determination by Lessor.

(a) Rent at Fair Market Value. Rent will be established at fair market value as agreed to by Lessor/Lessee and determined by a qualified appraiser or by competitive bid.

(b) Protection Against Inflation. Lessor will be protected against inflation by periodic revision of rent. Lessee will be protected against unforseeable inflation by maximum rent revision limits.

(c) Predictability of Rent. Rent revision should be accomplished in a manner that permits Lessee to engage in reasonable business planning and provides sufficient predictability to facilitate financing of Lessee's activities.

(d) Recognition of Value Contributed by Lessee. Permanent value contributed by Lessee to Lessor's ownership interest (such as nondepreciable improvements) should be recognized through appropriate amortization methods, including but not limited to credits against rent. Depreciable structures ordinarily will not represent such value, as the Lessee will be expected to amortize the full value of such structures over the Lease Term.

3.02 DETERMINATION OF RENT.

(a) Establishment of Initial Rent. Initial rent will be established at fair market value as agreed to by Lessor/Lessee and determined by a qualified appraiser, or by competitive bid, at Lessor's option. The initial rent will be adjusted during the term of the lease in the manner specified and prenegotiated in the lease. The standard long-term ground lease is for a period of thirty-five (35) years. However, lease terms that extend beyond the thirty-five (35) year period may be negotiated.

(b) Rent Revision Parameters. The long-term master lease will incorporate the following parameters establishing upper and lower limits for revision of rent.

(i) Minimum Revised Rent ("Rent Floor"). The new rent established by the rent revision procedure for a particular period will not be less than the prior period rent period.

(ii) Maximum Revision Rate ("Rent Cap"). A percentage rate establishing a maximum rate of rent revision (rent cap) to apply at the time of each revision will be predetermined and incorporated in the long-term lease.

(iii) Rental Rate and Rent Caps. ARRC's Board of Directors will periodically review the rental rate and rent caps. The rental rate will remain constant throughout the original Lease Term and will be stated in the lease.

(c) Rent Revision Process.

(i) Appraisal. The rent will be revised at a minimum every five (5) years or as otherwise negotiated in the lease. Lessor shall obtain a fair market value appraisal from an independent qualified appraiser. Appraisal instructions for each reopen period will be defined in the master lease document. At the end of the original Lease Term, the property is to be appraised at the highest and best use compared with similar properties within the community.

(ii) Arbitration. An arbitration clause will be incorporated into the lease to provide an equitable means of resolving disputes concerning the appraised value of the premises. The arbitrator's decision with respect to a rent revision shall be final.

(iii) Determination of Fair Market Value Rent By Use of Fixed Rental Rate. The rental rate used for rent revision under a lease will remain fixed during the term of the lease and the same rate will be employed in connection with all revisions. The rental rate will be based on an independent study of relevant Alaska markets to be periodically commissioned by ARRC and reviewed by the ARRC Board of Directors. The revised rent will be determined by applying to the appraised value a percentage representing the general return or rental rate in effect for ARRC properties on the date the lease is executed.

3.03 RENT CREDITS. Rent credits or rental offsets may be negotiated PRIOR to the installation of certain nondepreciable improvements. Upon installation, theses improvements immediately become the property of the Lessor and are to be considered in any future rent modification. Examples of nondepreciable improvements include, but are not limited to, excavation, backfill and gravel.

3.04 EFFECTIVE DATE OF RENT ADJUSTMENTS. Until any increase in the original rent rate (called the "Base Rent") is determined, Lessee shall pay the same Base Rent as was applicable the previous year. When an adjustment of Base Rent has been determined and Lessee notified, such adjusted Base Rent as so determined shall be due and payable to Lessor, retroactive to the commencement of the lease year for which such rental adjustment is made, and any deficiency resulting from such rent adjustment shall be payable within thirty (30) days after the giving of such notice to Lessee. Lessee will be responsible for NO MORE THAN NINETY (90) days of unbilled retroactive rent at the increased level.

3.05 PUBLIC ENTITIES. As a public corporation, the Alaska Railroad Corporation is exempt from taxation by local governments. In recognition of the Alaska Railroad Corporation's position as a participating member within each host community, the Alaska Railroad Corporation may lease its lands to the State and its political subdivisions at less than fair market value. Specific requests will be negotiated on a case-by-case basis. (The Alaska Railroad Corporation will also institute a fee-use permit system for municipalities for various kinds of land use that do not require leases. This program is not covered by this policy.)

3.06 TAXES AND ASSESSMENTS. Lessee will (a) pay all taxes on Lessee's improvements directly to the taxing authority, and (b) all assessments agreed to in the lease benefits of assessments not agreed to in the lease for public improvements levied against the property shall be paid for by Lessor.

3.07 INDEMNIFICATION AND LIABILITY INSURANCE.

(a) Indemnification. Lessee will be required to defend, and hold Lessor harmless against all liability, damages, costs, losses, and expenses arising out of Lessee's use or occupancy of the Premises.

(b) Liability Insurance. Lessee will, at his own expense, obtain and maintain in effect, during the whole of the Lease Term, comprehensive general liability insurance in respect to the leased premises, under policies naming Lessor as additional assureds, issued by an insurance company authorized to do business in Alaska with minimum limits of not less than the amounts specified by Lessor.

Satisfactory evidence of insurance will be furnished to the Lessor prior to the execution of the lease. This evidence will provide for thirty (30) days prior notice to Lessor of any written cancellation, nonrenewal, or material change in the policy.

3.08 TRACKAGE.

(a) Use of Lessee-Owned Trackage. A separate, standard form of track agreement will cover the installation, maintenance, and operation of trackage.

(b) Use of Lessor-Owned Trackage. Where Lessee desires use of Lessor-owned trackage, the lease form will provide such rights. Use of Lessor-owned trackage may be restricted to the extent Lessor deems necessary. The rental rate will be a standard, system-wide charge which may be revised by Lessor, from time to time. The current charge is $6.00 per track foot, per annum.

3.09 ENVIRONMENTAL AND OTHER LAWS AND REGULATIONS. Lessee, at its own expense, will comply with all laws, regulations, rules and orders applicable to its property and operations, regardless of when they become or became effective, including, without limitation, those relating to health, safety, noise, environmental protection, waste disposal, and water and air quality.

Should any discharge, leakage, spillage, emission, and pollution of any type occur upon or from the premises due to Lessee's own use and occupancy including subleasing and uses by others, Lessee, at its expense, will be obligated to clean the premises to the satisfaction of Lessor and any governmental body having jurisdiction thereover.

(Note: Lessor's ENVIRONMENTAL POLICY prohibits new leases for gasoline service stations or assignment of existing service station leases from the present Lessee to a third party having a substantially lesser net worth. Use of underground storage tanks for any purpose requires Lessor's specific approval. Oil and gasoline bulk plant leases will be written with Lessor's commercial lease indemnity and insurance provisions.)

3.10 USE OF PREMISES. Lessee's failure to commence use of the premises for the purposes specified in the Lease, or discontinuance of such use for a period to be specified in the lease, will constitute an event of default.

3.11 SUBORDINATION. Lessor will not agree to subordinate its legal title to land; however, Lessee may assign the lease to an institutional lender as security for a loan to finance development, subject to the provisions of Paragraph 3.14.

3.12 ASSIGNMENT. Assignment of the Leased Premises for any reason will require Lessor's prior written consent. Lessor will consent to an assignment only when Lessor is satisfied that Lessor's interests will not be adversely affected. Requests for consent to assignment of the Lease are to include the proposed assignee's current and complete financial statement as prepared by a certified public accountant in accordance with generally accepted accounting principles or the prior two (2) years' tax returns. An administrative fee will be charged by the ARRC to cover the cost of processing a request for assignment. The financial considerations of the assignment need not be disclosed to the ARRC. Approval of assignment will not be unreasonably withheld by the ARRC.

3.13 SUBLEASING. Lessor's written consent to a sublease is required before the Lessee enters the sublease. Copies of any sublease approved must be filed with Lessor and will be subject to the terms of the Master Lease relating to the terms and subleases. Any financial considerations can be "blocked out" by the Lessee and is not required to be disclosed to the ARRC.

3.14 OWNERSHIP OF SUBSURFACE IMPROVEMENTS. Tenant improvements to the subsurface estate, including excavation and backfill, become the property of Lessor upon installation and will be considered in all future rental modifications. Rental credits or offsets may be negotiated for certain nondepreciable improvements in accordance with Paragraph 3.03, above. Means and methods of construction must be of mutual benefit to Lessee and Lessor; for example, the economics of excavation and fill may be weighed against the economics of alternative piling construction methods. The type of improvement and method of installation must be approved by Lessor in advance.

3.15 REMOVAL AND OWNERSHIP OF ABOVE-SURFACE IMPROVEMENTS. Ownership of such above-surface improvements at the end of the Lease Term will be governed by the terms of the lease. The appropriate disposition of above-surface improvements as specified in the lease at the end of the Lease Term will depend on the circumstances surrounding a particular lease, including the length of the lease, the nature and value of the improvement contributed by the Lessee, the likelihood that the Lease will be renewed, and Lessor's assessment of the best use of the property following the expiration of the Lease.

3.16 LESSEE'S OBLIGATIONS WITH RESPECT TO IMPROVEMENTS. The Lessee will agree not to remove, destroy, waste or substantially modify improvements on the Premises without Lessor's prior written authorization. This policy is intended to protect the Lessor's security interest in the improvements on the Premises and to enhance land-use planning. Approval of improvements will not be unreasonably withheld by ARRC.

4. REPLACEMENT OF CERTAIN EXISTING LEASES

The Alaska Railroad Corporation will honor the binding terms of existing leases it acquired from the Federal Government. However, it is the policy of the Alaska Railroad Corporation, to the extent feasible, to bring existing leaseholds under the new standard long-term lease reflecting the principles set forth in this statement. This policy is adopted to implement the legislature's determination that fair market value should be obtained for leases, to make the administration of the leasing program more efficient and equitable as a whole, to promote uniformity, and to eliminate unnecessary controversy and uncertainty concerning the terms of leases issued by the Federal Government before the sale of The Alaska Railroad to the State of Alaska. To implement this policy, the following actions, among others, will be taken:

(a) If a Lessee desires extension of a Lease Term, and Lessor is agreeable to such extension, the existing lease will be terminated and a new lease consistent with this policy statement will be issued.

(b) If Lessee desires to change the area under lease by increasing or decreasing acreage, and Lessor is agreeable to such change, the existing lease will be terminated and a new lease consistent with this policy statement will be issued.

(c) All existing leases containing a provision allowing Lessor to terminate a lease upon ninety (90) days notice will be terminated after providing the required notice to the Lessee, and, at the time notice of termination is given, Lessor will offer Lessee an opportunity to enter a new lease consistent with this policy statement.

(d) Existing Lessees, at their option, will be given the opportunity to terminate their current leases and enter into the new Alaska Railroad Corporation long-term lease contract.

In appropriate cases, as determined by Lessor, an existing lease may be amended and restated, rather than replaced, by substitution of terms consistent with this policy statement. For example, Lessor will offer Lessee an amended lease in lieu of a new lease in cases where termination of the existing lease would cause the Lessee's note to become due and payable at the time of termination.

5. RENEWAL OF LEASES

It is the policy of the Alaska Railroad Corporation to approve a Lessee's request for renewal of a lease made no less than six (6) months prior to the end of the Lease Term when:

(a) The Lessee has faithfully complied with the requirements of the existing Lease;

(b) The Lessee's continuing use of the property is consistent with surrounding land use, any relevant land-use or development plans of Lessor, and the highest and best use of the property; and

(c) Lessor does not require the property for Railroad purposes.

The rental terms and renewed leases will be adjusted to incorporate the then-prevailing fair market rental value and will include rent revision requirements, in accordance with the lease policy and relevant provisions of law in effect at the time of renewal. To the extent terms of the existing lease are inconsistent with policy or law in effect at the end of the Lease Term, or are otherwise obsolete, the renewed lease will be modified to eliminate such inconsistent obsolete provisions.

6. REGULATORY AUTHORITY OF ALASKA RAILROAD CORPORATION

Under Section 390 of the Alaska Railroad Corporation Act (AS 42.40-390), the Board of Directors of the Alaska Railroad Corporation is given governmental authority to adopt exclusive rules governing use of Railroad lands by Lessees and others having interest in such lands. The terms of leases issued by the Alaska Railroad Corporation do not limit the Board's authority to adopt land-use rules governing activities on the leaseholds. Lessees will be given reasonable advance notice of any rule proposed to or under consideration by the Board that might affect activities on leasehold property or impose an obligation on Lessees.

The foregoing terms and conditions constitute, in part, guidelines and standards on which Lessor's long-term industrial lease is based. Many terms are not negotiable, and applicants are urged to study them very carefully. Please address all questions to Lessor's representative at the outset of negotiations:

Director, Real Estate
Alaska Railroad Corporation
P.O. Box 7-2111
421 West First Avenue
Anchorage, AK 99510-7069
(907) 265-2465 (telephone)
(907) 276-4495 (telecopy)

ALASKA RAILROAD CORPORATION

APPROVAL AUTHORITY GUIDE

MAY 1985

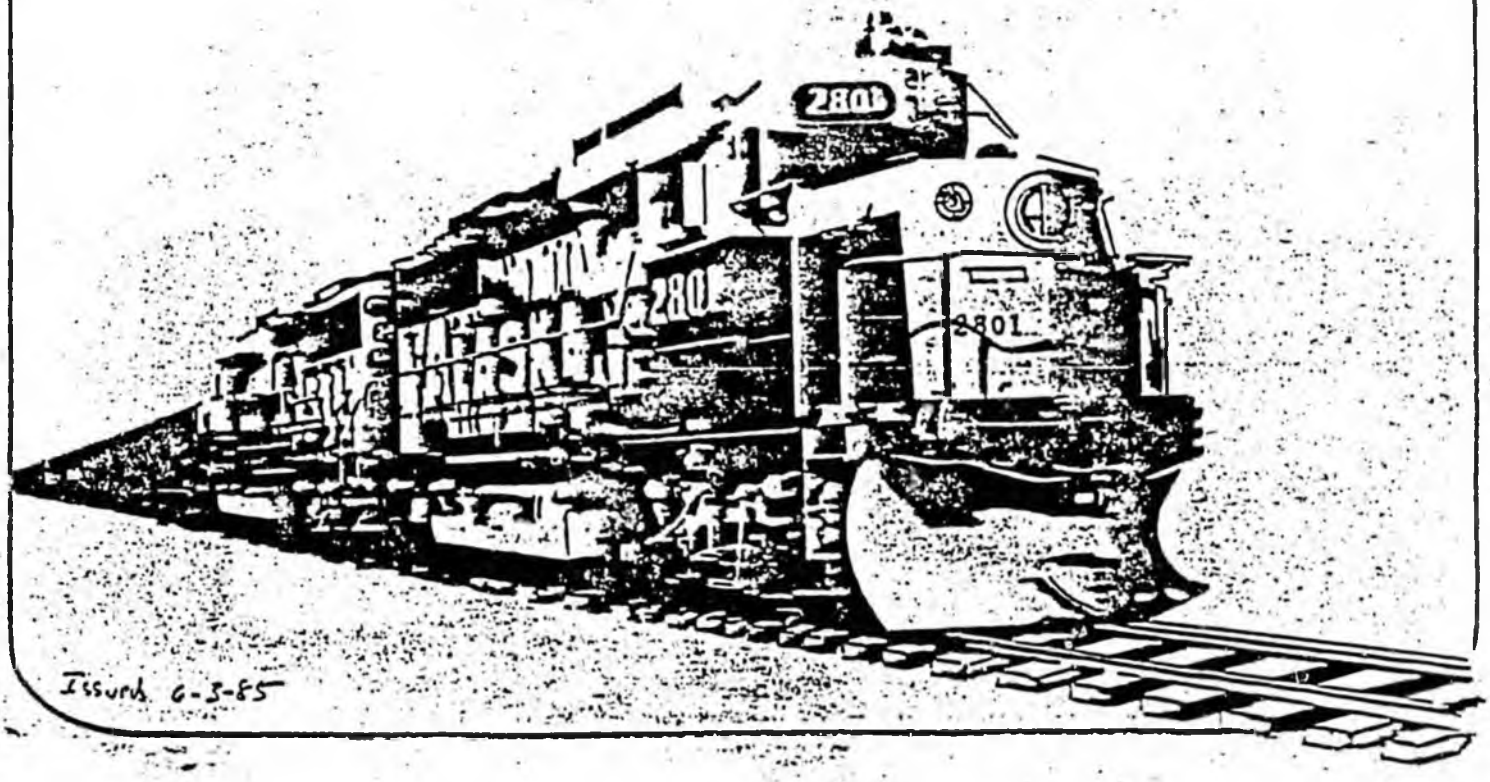


EXHIBIT C

	Management									
	Board of Directors	President & CEO	V.P., Finance	V.P., Operations	V.P., Marketing	Director, Administration	Director, Human Resources	Chief Counsel	Manager, Corporate Communications	Manager, Internal Control
Salary Actions - continued										
All Employees										
Approve Termination by ARRC for Any Reason (9) (16)		A	A	A	A	A	A/E	A		
Approve Promotion (9) (16)		A	A	A	A	A	A/E	A		
Approve Leave Without Pay		A	A	A	A	A	A	A	15 days	5 days
Approve Suspension for Any Reason (9) (16)		A	A	A	A	A	A/E	A		
Approve Membership, Attendance at Professional Meetings, Seminars and Reimbursable Course of Study		A	A	A	A	A	A	A	A	
Represented Employees										
Labor Agreements										
Negotiable with Unions (9)			E		E			E(17)		
Sign Labor Agreements (9) F		E		E			E(17)	E		
Public Relations										
Speeches, Publications, Press Releases, Advertising										
Having Significant Financial or Public Affairs Implications on the Railroad		A	E	E	E	E	E	E	A	
All Others		A	A	A	A	A	A	E	A	
Approve Company Position and Technical Papers on Internal Operations for Use by Company Personnel in Making Public Speeches, Answering Inquiries, Granting Press Interviews, Etc.		A	A	A	A	A	A	E	E	
Presentation of Company Position to Government and Other Agencies in Proceedings, Hearings or Pending Court Actions		A	A	A	A	A	A	A	E	
Miscellaneous										
Assign Company Vehicle		A	A	A	A	A				
Assign Company Take Home Vehicle		A								
Approve Issue of Firearms		A								
Approve Destruction of Corporate Records		A		E		A		E		
Approve Tours of Railroad Facilities		A	A	A	A	A	A			E
Operational Changes										
Extend Railroad Lines (22)	E	E	E	E						
Tariffs - Freight Rates (12)										
Establishing Tariffs			E		A					
Exempt Rates			E		A			E		
Contract Rates			E		A			E		
General Rate Increase			E		A					
Real Estate										
Approve Lease of Corporation Property										
Less than 3 yrs		A	E	E						
Over 3 yrs	A	E	E	E						
Over 35 yrs (23)	E	E	E	E				E		
Execute Eminent Domain (24)	E	E	E	E				E		
Execute the Contract										
Less than 10 yrs			A					E		
Over 10 yrs		A	E					E		E

Department Managers

	Superintendent, Transportation	Chief Engineer	Chief Mechanical Officer	Chief, Security	Manager, Sales	Manager, Marketing	Manager, Passenger Services	Director, Real Estate	Manager, Financial Services	Manager, Procurement	Manager, Supply	Manager, Administrative Services	Manager, Accounting	Manager, Information Systems
Authorization for Expenditures														
Capital AFE (Approved Budget) (1)	100k	100k	100k	10k	10k	10k	10k	10k	25k	10k	10k	10k	10k/E	10k
Expense AFE (Approved Budget)	250k	250k	250k	100k	100k	100k	100k	100k	100k	100k	100k	100k	100k	100k
Contracts & Letters of Agreement(3)														
Request for Contract	25k	25k	25k	10k	5k	5k	5k	5k	5k	5k/E(2)	5k	5k	5k	5k
Request for Sole Source Contract (Approved Budget)	10k	10k	10k	10k	2k	2k	2k	5k	2k	2k/E	2k	2k	2k	2k
Request for Personal Services Contract	3k	3k	3k	3k	3k	3k	3k	3k	3k	3k	3k	3k	3k	3k
Approve Contractor Time Sheets for Reimbursement	A	A	A	A	A	A	A	A	A	A	A	A	A	A
Execution of Contracts (4)									250k	100k/E				
Lease ARRC Equip to others for less than one year			E						A	A				
Purchasing (Approved Budget) (3)														
Material Requisition	25k	25k	25k	10k	5k	5k	5k	5k	5k	5k	5k(3)	5k	5k	10k
BPO Establishment	1k	1k	1k	1k	5k	5k	5k	5k	5k	5k	5k	5k	5k	10k
Establish FPO Releasor (17)	A	A	A	A	A	A	A	A	A	A	A	A	A	A
P.O.'s and Amendments (4)								100k	250k/E					
Transportation (Approved Budget)														
Authorized Transportation – Business and Training (8)														
Intrastate (May Approve Own Travel Authorization)	A	A	A	A	A	A	A	A	A	A	A	A	A	A
Approve Use of Charter Aircraft (Emergency)	A	A	A	A										
Rail Trip Pass	A	A	A	A	A	A	A					A		
Disbursements														
Invoices														
Covered by Contracts	50k(15)	50k	50k	20k	5k	5k	25k	10k	10k	5k	5k	10k	10k(7)	10k
Covered by P.O.'s (6)								75k	50k/E					
Transportation – MTLS														
Charter Aircraft	5k	5k	5k	5k										
Property Damage & Injury Claim			10k(13)	10k(16)							1k			
All Other (Including Check Requests Without Invoice)	1k	1k	1k	1k	1k	1k	1k	1k	1k	1k	1k	1k(9)	1k	1k
Payroll (Replacement Checks)													2,500	
Expense Accounts														
Regular Travel, Training Travel, & Business Expense	1,500	1,500	1,500	1k	2k	1k	1k	1k	500	500	500	500	500	500
Expense Advances														
Regular Travel, Training Travel, & Business Expense	1k	1k	1k	1k	1k	1k	1k	1k	500	500	500	500	500	500
Utility Bills		A												
Petty Cash Replenishment													1k	
Manual Checks													5k(11)	
Disposal of Material & Equipment														
Declare Excess to Department (Book Value)	10k	10k	10k	5k	A	A	A	A	A	A	A	A	A	A
Declare MTLS & Equipment Surplus to the ARRC									100k		50k			
Approve Sales									100k		50k			
Execute Sales Agreement									100k		50k			
Sign Title Certificate									A		A			
Banking and Finance														
Transfer Funds													A	
Establish Petty Cash Funds													2k	
Request to Borrow Funds									E				E	
Procure/Negotiate/ Execute Loan Contracts									A					
Execute Master Loan Agreements									E					
Litigation, Claims, & Insurance														
Claims Against Vendors, Suppliers, Contractors, Common Carriers				E					E				E	
Issue Customer Credits/Reduce Invoices													5k	
Write off Bad Debts														1k

RULE NO. 4 - PUBLIC DISCLOSURE OF INFORMATION

(Adopted 12-17-84
Amended 7-18-85)

A. Public Information:

As provided in AS 42.40.220, information in the possession of the Corporation is public and available to public inspection at reasonable times.

B. Restrictions on Disclosure:

As further provided under such provision and as required by the Alaska Railroad Transfer Act of 1982 (ARTA) (45 U.S.C. 1204), the following information is hereby designated to be of a privileged or proprietary nature and shall be withheld from public inspection:

1.) As required under Sec. 605(b) (ARTA), certain information of the Federal Alaska Railroad available to the Corporation, including, "proprietary business data, personnel records, and other information, the public disclosure of which is prohibited by law;"

2.) personnel records of the Corporation including but not limited to each employee's original application for employment and employment memorandum, resume, any and all salary information, reports of other employment investigations, tests, any letters of recommendation, reports of work performance, reports of the employee's progress, disciplinary actions, and such other records as may be created in the employee's initial employment and continued service to the Alaska Railroad Corporation. Personnel records may be released upon receipt of written authorization from the employee, former employee, or applicant whose records are requested. Such authorization shall specifically identify the information authorized for release.

For employees who transferred to the Corporation pursuant to P.L. 97-468, personnel records shall include the employee's Official Personnel Folder, Emergency Medical Folder, and any copies thereof. Disclosure of information contained in the Official Personnel Folder and Emergency Medical Folder shall be governed by applicable Federal law and regulation;

3.) communications with and work product of counsel;

4.) all other records, documents, data or information of a privileged or proprietary nature, including but not limited to proprietary information associated with specific shippers, divisions and contract rate agreements, and specifically including all information that may be withheld or protected from discovery in proceedings before the Interstate Commerce Commission consistent with the Commission's standards and practices;

5.) other information the subject of which could be discussed in executive session under AS 42.40.170;

6.) any other information or records required to be kept confidential by Federal or State law or regulations.

EXHIBIT D

ALASKA RAILROAD CORPORATION
TRANSPORTATION/ENGINEERING

January 14, 1987

OPERATING CIRCULAR NO. 37
ENGINEERING BULLETIN NO. 87-01

To: All Concerned

From: Supt. of Transportation
Chief Engineer

Subject: Policy for Moose That Have Been Struck by Trains

In addition to Special Instruction No. 6 of Timetable No. 120, the following will apply.

Crews of trains that strike moose will evaluate the condition of the moose and report to the train dispatcher, i.e. is it dead, crippled, or has it run away?

When the train crew reports the moose dead, the train dispatcher will notify the appropriate on duty section foreman. If after section work hours, the train dispatcher will arrange to have the foreman notified at morning lineup.

If the moose was reported as crippled, the train dispatcher will notify the appropriate section foreman so that the wounded animal may be humanely dispatched. Overtime is authorized for this purpose. If unable to reach the appropriate section foreman, the train dispatcher will try to contact an adjacent section foreman, Engineering Department supervisor, or call a District Roadmaster as applicable.

The section foreman will evaluate the carcass. If salvageable, the carcass will be field dressed. The foreman will advise the train dispatcher the road crossing the carcass will be delivered or that the carcass is not salvageable.

The train dispatcher will call the appropriate number below to advise that a moose was struck by a train and that a carcass is available for a charity to pick up at a particular crossing or that the carcass was not salvageable.

The disposal of salvageable moose meat is directed by the Division of Fish and Wildlife Protection of the State of Alaska Department of Public Safety (FWP). They will arrange for the carcass to be picked up at the applicable road crossing.

ARRC LOCATION	ALASKA STATE TROOPER DISPATCHER	
Seward to Portage	262-4453	Soldotna
Whittier Branch	269-5711	Anchorage
Portage to Matanuska	269-5711	Anchorage
Matanuska to Cantwell	745-4247	Palmer
(7:30 a.m. - 4:30 p.m. Monday through Friday; after hours call Anchorage)		
Cantwell to Eielson	452-2114	Fairbanks

EXHIBIT E

Neither FWP nor any employee of the ARRC may authorize any non-employee to enter upon Railroad property except at road crossings.

No employee may utilize any portion of a train killed moose nor give any part to any person except as designated by FWP.

When the salvaged carcass is taken into Whittier, the train dispatcher will contact Whittier Chief of Police who will arrange for the disposal of the carcass. FWP will be advised of the kill and disposition of the moose. The number for the Chief of Police is 474-2340.

If the initial report from the train crew was that the moose ran off, only a report to the designated telephone number is required.

T. R. Blackwell
Supt. of Transportation

F. C. Weeks
Chief Engineer

Distribution B, D, & F

DATE AND TIME POSTED_____

POSTED BY _____

ALASKA RAILROAD CORPORATION

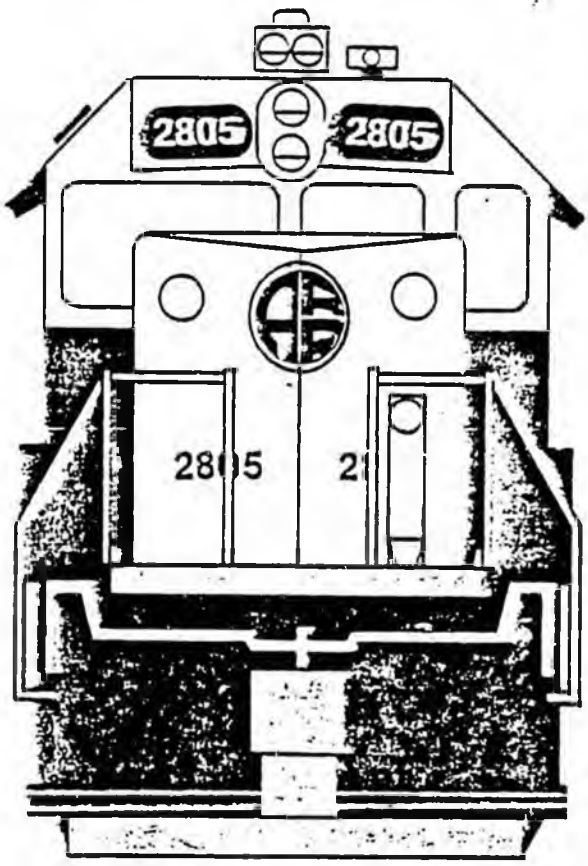
TIME TABLE NO. 120

In Effect at 12:01 A.M.
Alaska Daylight Savings Time
Sunday, July 20, 1986

F.G. TURPIN
President
and
Chief Executive Officer

A.T. POLANCHEK
Vice President, Operations

T.R. Blackwell
Superintendent of Transportation



4. HANDLING OF CARS CONTAINING HAZARDOUS MATERIALS:

For train placement, switching restrictions, emergency actions by train crews, shipping paper information and inspection requirements, refer to the Hazardous Materials chart in the back of this timetable.

Switching restrictions for cars placarded with Flammable Gas placard and Poison Gas placard apply to empty as well as loaded cars. Switching restrictions for TOFC/COFC also apply to flat cars with any placarded lading.

It will be the yard conductor's responsibility to know if any placarded cars are on a track before releasing any other cars into that track.

Conductors will review train consist for proper placement of all placarded cars. Cars improperly placed will be switched out to obtain proper placement prior to train movement.

The Emergency Response Identification number located in the center of each placard or on each waybill, switch ticket, or other document used to move hazardous materials, provides information and actions to be taken in the event of an accident or unintentional release of hazardous materials.

Should an accident occur, locate the waybills for cars involved or refer to the number on the placard. This four digit number is referenced in DOT Publication P.5800.3 or subsequent issues, Emergency Response Guidebook. The book, utilizing the four digit number, will provide vital information, the most significant potential hazards and gives guidance for initial actions to be taken by personnel involved or engaged in the initial response to an accident. Yardmasters, Chief Dispatcher and Trainmasters can provide the necessary response information from the guide book.

Emergency Response Personnel, police, fire, and/or medical, will be assisted and allowed access to accidents and/or incidents involving hazardous materials.

5. BLOCKING WYES/SIDINGS:

No siding or wye will be blocked with cars, engines, or on-track equipment unless authorized by the Train Dispatcher.

6. GAME ANIMALS/LIVESTOCK:

When trains hit any large animals, train will come to a complete stop and train inspection will be made except when it is known animal is clear of track and will cause no danger to movement of trains.

Whenever any animals are struck or killed by trains, a report must be made to the Train Dispatcher immediately.

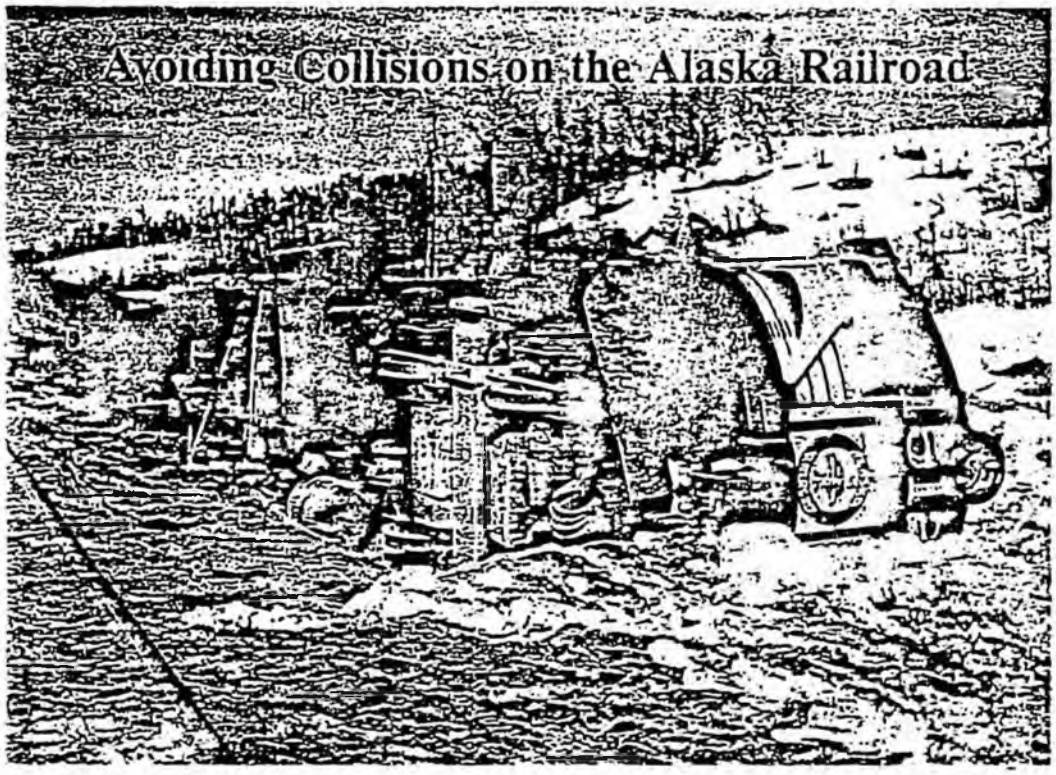
7. LOADING AND HANDLING HEAVY EQUIPMENT:

Trains handling cranes, draglines, shovels, and similar equipment set up with or without boom attached, must be handled under special arrangement.

Yardmasters or agents will insure proper placement of steel underframe flat cars of not less than 100,000 pounds capacity for loading of equipment specified above. It will be the responsibility of the Mechanical Department to inspect and accept such loads, advising the Yardmaster or Agent of acceptance, giving car number and maximum speed at which car may be moved. It will be the responsibility of the Yardmaster or Agent to see that no loads such as specified above will be placed in trains for movement until they have been accepted by the Mechanical Department and the Dispatcher has been notified of speed restrictions. Dispatcher will issue instructions covering restrictions. Equipment with boom attached must be loaded with boom trailing unless approval from Dispatcher is obtained for movement in forward position. Conductors handling loads with boom in forward position, except on work trains, will be authorized to do so by message from Dispatcher.

When Moose and Train Meet:

Avoiding Collisions on the Alaska Railroad



ADF&G Still

by Jack C. Didrickson and Raymond J. Kramer

EXHIBIT F

On the last day of February 1985, Alaska Railroad Locomotive Number 3006N chugged its way out of the Anchorage railroad yards bound for Fairbanks. None of its crew realized that an unwanted record would be set before it arrived at its destination the next morning. Nineteen moose would die that trip, crushed by the locomotive, while the helpless crew watched, unable to save the victims. And, as the winter snows continued, more moose died on almost every run until the annual total for the entire length of the railroad came to 385.

Fortunately, not every year is a duplicate of the winter of 1984-85. This past winter (1985-86), 17 moose were killed along the entire length of the Alaska Railroad.

What causes these mortalities, and what can be done to lessen or prevent them? These are questions of primary importance to not only game biologists and railroad employees, but also to the public, some of whom see this as a shameful situation that could be easily remedied. Although many ideas have been proposed and tried, there is no one good solution.

Initially, both ADF&G and the Alaska Railroad presumed that the high mortality in some years occurred simply because the moose population periodically fluctuated, with most kills occurring when the population was high. We now know this is not the case. By correlating the Alaska Railroad's daily records over the years with weather patterns which coincided with the chronology of high moose losses, we could see a pattern. In years of deep snow depth (three to five feet) for long periods of time, moose losses along the tracks drastically increased. Conversely, in winter periods of little snow, or when spring thaws decreased the snow depths, moose-train incidents significantly declined.

A majority of the 1984-85 mortalities occurred on the tracks between Willow and Talkeetna, in an area known as Game Management Unit (GMU) 14B. This is an area with a large moose population, most of which remains in the high reaches of the Talkeetna Mountains throughout the summer and fall. In winter, as snow and winds increase in these highlands, a large number of the moose move down the mountain slopes to their critical winter food supply of willows along the Susitna River.

Unfortunately, both the railroad and the main highway from Anchorage to Fairbanks bisect their migration path.

When snows exceed three feet, the moose find these man-made "trails" a convenient place to walk or rest, and therein lies the cause of the mortality. Moose are somewhat reluctant to leave these cleared areas and they have not, for the most part, learned to fear trains or autos. As a result, an additional 77 animals were killed by highway vehicles during the 1985 season. Also, many become stressed by deep snow and the lack of nearby browse. In residential areas along the highway, stressed moose belligerently chased dogs, children, and adults, with the result that another 40 were killed in defense of life and property, bringing the total loss of moose in GMU 14B to 502. Hunters, on the other hand, took only 216 animals in the following 20-day September season, before the deep snows set in.

Although a large percentage of mortalities for all years occurs between Willow and Hurricane, with a few other "hot spots," mortalities are otherwise fairly uniformly distrubuted along the entire length of the tracks; therefore, the problem is not merely a local one. A solution must be provided that works along the entire railroad corridor from Seward to Whittier to Fairbanks.

Meetings have been held between the Alaska Railroad personnel and ADF&G game biologists to seek answers and actions, and members of the public have enthusiastically offered innovative ideas, but no single, concrete solution has been found.

There are certain realities which must be faced where "compromise" simply won't work. The trains must run and they must run on or near schedule; too many people and businesses are dependent on the products delivered to interrupt service. Closing down the railroad in winter is no solution. Scheduling the trains to run only in daylight hours won't work, with only four to five hours of daylight present during the critical months. Accurately predicting where and when deep snows will occur is beyond human technology. We must look to the tracks and trains themselves for solutions.

Perhaps the most "far-out" solution offered so far was that of a giant cushioned rubber bumper attached to the front of the locomotive. Here, laws of physics and elasticity come to bear, causing visions of a moose being hit at 40 mph, sinking into this giant cushion, and then being sprung out in front of the train again, only to be picked up and thrust again, endlessly bouncing down the tracks.

Another more realistic attempt was to mount sonic whistles on the locomotive which might alert the animals. The experiment failed, however. When the train moved comparatively slowly, the whistles didn't whistle, and when it was very cold they froze into silence.

Slowing the train from 40 to 20 mph in "hot spot" areas was another idea. Not only did scheduling dif-

In times of heavy snow, moose make use of the cleared areas on the tracks of the Alaska Railroad for walking and resting. Here, a train has stopped for a moose bedded down on the tracks during a snowstorm in the winter of 1985.

M. Penn
Anchorage *Daily News*

ficulties make this impossible, but the trains couldn't climb certain grades on the icy tracks if momentum was lost.

Decking or covering the ties on trestle bridges to permit moose to safely cross was suggested, but this idea was denied because speed sensors on the train wheels reportedly will not work properly in the presence of the coverings.

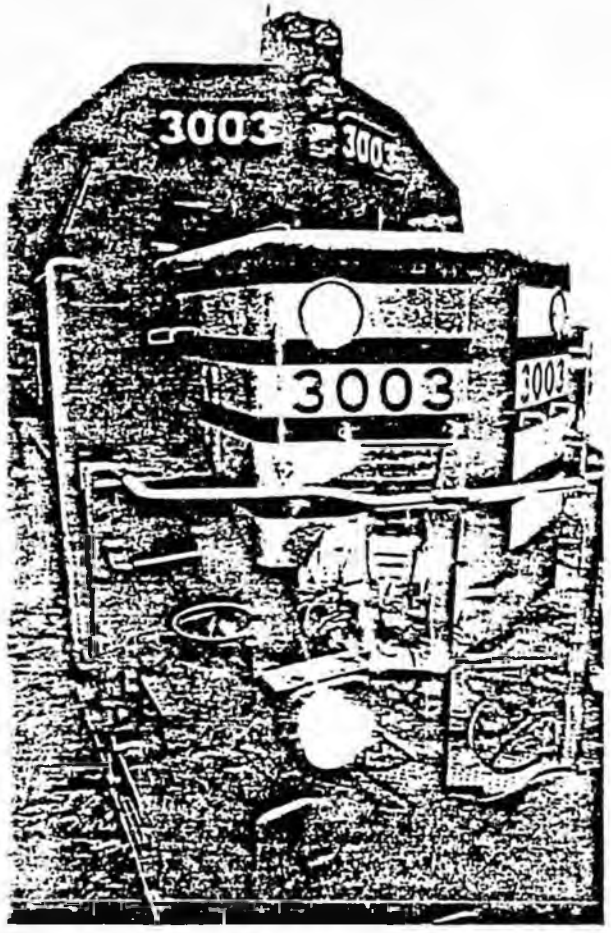
One of the major problems in deep snow is that of the "tunnel" effect which trains create with their own snow plow on the front. In this situation, once a moose is on the track, after struggling in deep snow, it won't leave even with a train bearing down on it. There is little room between the train and the wall of snow and the moose are often sideswiped. "Wing plowing," where special equipment plows 20 feet on either side of the tracks seems to have merit in certain areas where topography permits, but this is not the complete answer. When the railroad bed is significantly higher than surrounding terrain, moose still prefer the track bed to jumping down into deep snow.

The best, but perhaps most complicated, scheme offered so far is to allow permit hunters to harvest moose along the railway corridor, at times when heavy snowfall occurs. Logistically, this would prove difficult. First, permits would have to be fairly allocated and there would be no guarantee in any particular year that a hunt would be held. The hunt would occur only in areas determined to be "hot spots" and then only within a narrow corridor along the tracks. When snows are deep, snowmachines bog down and would prove worthless. Furthermore, hunters riding snowmachines, or even walking down the railroad right-of-way, simply would not be safe; eventually someone would be hit by a train.

The only apparent method of getting hunters afield would be to run a "hunter train" which could stop in designated areas, let hunters off for a period of time, and pick them up later, with their harvested moose. This plan, too, offers tremendous logistical problems and would require a great deal of common sense and wintercraft knowledge on the part of each hunter. If regular train schedules were to continue, each hunter would have to be back at his designated pickup point precisely on time, as the train could not delay its schedule. A hunter who took an animal too far away would perhaps have to leave all or part of his moose behind; this is a violation of wanton waste laws and would defeat the purpose of obtaining the meat.

Based on random permit drawing, there is a chance that some inexperienced hunters might be drawn who would have no idea of the severity of camping out in -40° weather. To leave them out in these conditions overnight could prove disastrous, particularly if a storm occurred. Inevitably, someone would get lost, frostbitten, or hypothermic.

For lack of a workable solution, the problem is far from resolved. We would all like to see a harvest shift from trains to hunters. In Canada, Sweden, Norway, and Russia, game managers are also seeking answers to this problem, but as yet no economically feasible solution has been found. Fencing both sides of the railway would not only be exorbitantly expensive, but would also cut the moose off from their winter habitat. Overpasses or underpasses, with wing fences to funnel the animals onto these routes, have shown promise in Europe, but because of the great mileage involved would require literally millions of dollars to accomplish effectively in Alaska. Just such an underpass has been proposed outside Anchorage under the Glenn Highway; the results of this experiment will tell us much over the next few years.



M. Penn
Anchorage Daily News

Frank Box, boilermaker for the Alaska Railroad, welds one of two lights that were attached to the locomotives to chase moose off the tracks.

Can our railbelt moose populations sustain these losses? The answer is a cautious "yes," with the adjustment of seasons and bag limits, but game managers would prefer to see a better use for the tons of meat that are spoiled by a train's crushing impact.

As Alaska moves into the 21st century, answers to this vexing problem may be found. In the meantime, game biologists must continue to obtain basic biological information to justify attempts at possible solutions.

Jack C. Didrickson, who has been with the department since 1959, serves as Area Game Biologist with the Division of Game, ADF&G, Palmer.

Raymond J. Kramer serves as Game Biologist, Division of Game, ADF&G, Anchorage.

Adopted July 18, 1985

Resolution No. 85-5:
Relating to the policy of
Hiring Alaska Residents

WHEREAS the Board of Directors of the Alaska Railroad Corporation has examined corporate statistics to determine the ratio of Alaska residents hired to non-residents; and

WHEREAS this examination reveals that nearly all new employees were Alaskans at the time of employment; and

WHEREAS sound justification existed for the employment of those non-residents;

NOW, THEREFORE, BE IT RESOLVED that management of the Corporation continue this performance in hiring Alaska residents to develop and to maintain a viable and stable workforce for both the Corporation and the State of Alaska.

EXHIBIT G

Prepared: ++21-Aug-85 ++

BEC/CASHFLOW
C:BUDGET86

The Alaska Railroad Corporation
Cash Flow Analysis
1985

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Income													
Freight	$3,445	$3,993	$4,150	$5,157	$5,363	$6,057	$6,178	$6,113	$5,643	$4,784	$4,894	$4,894	$59,671
Passenger	30	30	30	40	290	1,100	1,200	1,100	540	50	50	60	4,520
Real Estate	340	340	340	340	340	340	340	340	340	340	340	340	4,080
Other	410	410	410	410	410	410	410	410	410	410	410	410	4,920
Total Income	$4,225	$4,773	$4,930	$5,947	$7,083	$7,907	$8,128	$7,963	$6,933	$5,584	$4,894	$4,904	73,191
Expenditures													
Freight	$4,220	$4,445	$4,520	$4,450	$4,515	$4,915	$4,915	$4,915	$4,615	$4,565	$4,350	$4,350	$54,775
Passenger	60	60	60	150	450	1,515	1,535	1,585	855	150	150	150	6,640
Real Estate	24	25	25	30	30	30	30	30	30	30	30	30	344
Other	310	310	310	310	310	310	310	310	310	310	310	310	3,720
Total Expenditures	$4,614	$4,840	$4,915	$4,940	$5,305	$6,770	$6,790	$6,760	$5,810	$5,055	$4,840	$4,840	65,479
Net Income													
Freight	($775)	($452)	($370)	$707	$1,448	$1,142	$1,263	$1,198	$1,028	$219	($256)	($256)	$4,396
Passenger	(30)	(30)	(30)	(110)	(160)	(415)	(335)	(485)	(315)	(100)	(100)	(90)	(2,120)
Real Estate	316	315	315	310	310	310	310	310	310	310	310	310	3,736
Other	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Cash Flow	($389)	($67)	$15	$1,007	$1,698	$1,137	$1,338	$1,283	$1,123	$529	$54	$64	$7,712
preciation	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$400	$4,800
Net Income (Loss)	($789)	($467)	($385)	$607	$1,298	$737	$938	$883	$723	$129	($346)	($336)	$2,912
Accumulated Cash Flow	$4,511	$4,444	$4,459	$5,466	$7,164	$8,301	$9,639	$10,842	$11,965	$12,494	$12,548	$12,612	$12,612

NOTE: Assumes Starting January balance of $4,900,000 working capital fund provided by state.
Does not include interest earned on cash flow

EXHIBIT H

(4)

ALASKA RAILROAD CORPORATION

Pouch 7-2111
Anchorage, Alaska 99510 - 7069

November 27, 1984

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

Dear Governor Sheffield:

Enclosed for your information and consideration is the budget submittal for the Alaska Railroad Corporation. This document was approved at our November 21 Board meeting and includes our funding requests for the upcoming Legislative session.

In accordance with the authority granted in the Alaska Railroad Corporation Act, we established the calendar year as the Railroad's fiscal year for both its operating and capital budget cycles. This approach avoids placing a burden on the Railroad to perform end-of-year reporting during its busy summer activity, and provides greater ease for capital planning consistent with the Railroad's annual cycle of activity.

The first part of the enclosure contains the Railroad's CY-85 (calendar year) and CY-86 capital budget. The two-year program is for approximately $44.1 million. Projected revenues and available appropriations will be used to fund about $24.4 million. The remaining $19.7 million is being requested as part of the State's FY-86 capital budget.

The second part of this enclosure addresses the question of anticipated operating loss from continued passenger service. It is estimated that approximately $1.7 million in additional revenue in CY-85 and $1.9 million in CY-86 will be needed to cover operating costs for the Railroad's passenger operations. Consistent with the Alaska Railroad Corporation Act, we are submitting a report detailing the costs associated with the continued provision of these services. However, we have decided against requesting any subsidy at this time, but will cover these losses with other available revenues. In addition, it should be noted that about $7.5 million of the CY-86 capital budget includes capital assistance related to the continued provision of passenger service.

Due to our recent decision to switch to a calendar year fiscal year, the necessary material explaining the complete CY-85 and CY-86 operating budgets has not been completed. Another package with the detailed information on the operating budgets for these two years will be forwarded shortly.

Due to time constraints, the Board has not had an ample opportunity to become familiar with all components of the enclosed submittal. We anticipate the need to make some adjustments during the weeks ahead as we become better acquainted with this information and receive greater specificity on transfer-related costs and liabilities. By transmittal of this letter, the Board of Directors of the Alaska Railroad Corporation respectfully requests your concurrence with the capital funding request contained in this material.

If we can be of any further assistance in helping you review this matter, or if you would like us to be available in Juneau to discuss this further, please let us know.

Thank you for your consideration of this matter.

Sincerely,

James O. Campbell
Chairman of the Board

Enclosure

cc:
Frank Chapados, VChairman, ARR Corp. Board of Directors
Gerald Valinske, Member, ARR Corp. Board of Directors
Lewis Dickinson, Member, ARR Corp. Board of Directors
Myron Christy, Member, ARR Corp. Board of Directors
Richard Knapp, Commissioner, State DOT/PF
Richard Lyon, Commissioner, State DCED
Mark Hickey, State Railroad Coordinator
Arnold Polanchek, ARR Actg. General Manager

THE ALASKA RAILROAD
CALENDAR YEAR 1985 AND 1986 CAPITAL PROJECTS
$ IN MILLIONS

	CALENDAR YEAR 1985				CALENDAR YEAR 1986		
	Total CY '85 $18.0	ARR FY '84 $6.4	State FY '85 $6.0	State FY '86 $ 5.6	Total CY '86 $26.1	ARR CY'85 $12.0	State FY '86 $14.1
BUILDINGS							
1. Energy Conservation-Phase IV	1.250	1.250					
2. Warehouses	.110	.110					
3. Computer Air Conditioning	.065	.065					
4. Fuel Station Fairbanks					.100	.100	
	$1.425	$1.425			$ .100	$ .100	
ROADBED, TRACK & OTHER FACILITIES							
5. Ballast Placing	1.250	1.250			1.500	1.500	
6. Bank Widening	.450	.200		.250	.800	.800	
7. Rail Lubricators	.060		.060		.060		.060
8. Palmer Branch Rehabilitation	.400	.200		.200			
9. Rail/Tie Fasteners	.500	.200		.300	.750	.750	
10. Microwave Radio	.425		.425		.250	.250	
11. Bridges	.800	.500		.300	1.000	1.000	
12. Tunnels	1.500	.325	.115	1.060	1.000	1.000	
13. Utility Systems	.650			.650	.400		.400
14. Fuel Station Additions-Anchorage	.250			.250			
15. Whittier Ramp and TOFC Facilities	.475	.300		.175			
16. Eielson Branch Rehab	2.100	1.000		1.100	1.900		1.900
17. Barge Slip #2-Whittier	.300	.300					
18. Hot Box and Drag Detectors					.500		.500
19. TOFC Terminal Upgrade					1.500	1.500	
	$9.160	$4.275	$ .600	$4.285	$9.660	$6.800	$2.860

THE ALASKA RAILROAD
CALENDAR YEAR 1985 AND 1986 CAPITAL PROJECTS
$ IN MILLIONS

		CALENDAR YEAR 1985				CALENDAR YEAR 1986		
		Total CY '85 $18.0	ARR FY '84 $6.4	State FY '85 $6.0	State FY '86 $ 5.6	Total CY '86 $26.1	ARR CY'85 $12.0	State FY '86 $14.1
	EQUIPMENT							
20.	Locomotives	1.500		1.500		.700	.700	
21.	Hopper Cars	1.150		1.150		.490	.490	
22.	TOFC Cars	.920		.920		.385	.385	
23.	Covered Hoppers-Cement	.125		.125		.125	.125	
24.	Passenger Car Upgrade	.300		.300				
25.	Engineer Construction	.950	.415		.535	2.000	1.510	.490
26.	Snow Removal	.900		.900		1.100	1.100	
27.	Locomotive Crane	.800			.800	.800		.800
28.	Material Handling	.085	.085					
29.	Telecommunications Test	.125		.125		.100	.100	
30.	Upgrade Radios	.200	.200					
31.	Locomotive Rebuild					1.600		1.600
32.	Tank Cars					.550	.230	.320
33.	Flat Cars-Chain Tie Down					.400	.160	.240
34.	Axle Lathe					.100	.100	
35.	Wheel Lathe					.200	.200	
36.	Repair Dock Crane (Sew.)					.300		.300
		$7.055	$ .700	$5.020	$1.335	$8.850	$5.100	$3.750
	OTHER PROJECTS							
	Passenger Service							
37.	Glazing, Platforms, Repairs	.300		.300				
	Main Line							
38	-Denali Park					.100		.100
39	-Remanufacture 10 Cars					5.000		5.000
40	Shuttle Improvements					2.400		2.400
		$ .300		$ .300		$7.500		$7.500
	TOTALS	$18.020	$6.400	$6.000	$5.620	$26.110	$12.000	$14.110

THE ALASKA RAILROAD
CALENDAR YEAR 1985 PRIORITY CAPITAL PROGRAM

BUILDINGS

1. Energy Conservation-Phase IV	$1,250,000
2. Warehouses	110,000
3. Computer Air Conditioning	65,000
	$1,425,000

ROADBED, TRACK & OTHER FACILITIES

4. Ballast Placing	1,250,000
5. Bank Widening	450,000
6. Rail Lubricators	60,000
7. Palmer Branch Rehabilitation	400,000
8. Rail/Tie Fastners	500,000
9. Microwave Radio	425,000
10. Bridges	800,000
11. Tunnels	1,500,000
12. Utility Systems	650,000
13. Fuel Station Additions - Anchorage	250,000
14. Whittier Ramp and TOFC Facilities	475,000
15. Eielson Branch Rehabilitation	2,100,000
16. Barge Slip #2 - Whittier	300,000
	$9,160,000

EQUIPMENT

17. Locomotives (5) - Financed	1,500,000
18. Hopper Cars (65) - Financed	1,150,000
19. TOFC Cars (30) - Financed	920,000
20. Covered Hoppers - Cement (5)	125,000
21. Passenger Car Upgrade (17)	300,000
22. Engineer Construction	950,000
23. Snow Removal	900,000
24. Locomotive Crane	800,000
25. Material Handling	85,000
26. Telecommunications Test	125,000
27. Upgrade Radios	200,000
	$7,055,000

OTHER PROJECTS

28. Passenger Service - Glazing, Platforms, Repairs	380,000
	$380,000

TOTAL	$18,020,000

THE ALASKA RAILROAD

CALENDAR YEAR 1985 PRIORITY CAPITAL PROGRAM

BUILDINGS

1. Energy Conservation - Phase IV $1,250,000

Funds requested are part of a larger project approved in 1980. To date, $5.45 million has been obligated for this project. This $1.25 million will complete construction of Anchorage Railroad heating plants and eliminate dependence on the high-cost outmoded Knik Arm Power Plant for heat supply. Chugach Electric Association has stopped electricity generation at this plant and scheduled the shut down of steam production in 1985. This phase will install modern, efficient, and properly sized heating plants that will realize significant energy savings, and improve working conditions. Large sections of the 30-year-old steam distribution system with high heat losses and maintenance cost will be eliminated. The installed system will permit utilization of waste oil burners for shop heat and the processing of steam. The return on investment based on a $3.2 million investment is 27 percent.

2. Anchorage Warehouses $110,000

Provide for the fencing and paving of the Materials Yard in Anchorage. Relocation of the Material Yard will provide critically-needed space in the Anchorage train yard as well as co-locating this activity with the rest of the warehousing operation. Paving and fencing will allow material handling with forklifts instead of rail cranes and provide required security. The return on investment for this project will be 29 percent.

3. Computer Air Conditioning $65,000

Replace computer room air conditioner and upgrade Wang Room air conditioning capacity. The computer room air conditioner is in poor condition and not expected to operate reliably during the 1985 summer season. The Wang computer equipment operation has grown beyond the capacity of the existing air conditioning unit. Adequate air conditioning is essential for the computers to remain operational and to protect the Railroad's contracts and lease agreements with equipment suppliers.

ROADBED, TRACK AND OTHER FACILITIES

4. Ballast Placing $1,250,000

Annual restoration of track surface and alignment with ballast is required to maintain proper track structure in accordance with FRA Track Safety Standards, maintain safe train speeds, and to prevent accelerating maintenance costs due to deteriorating track structure. Distortions of track surface which occur due to frost action, permafrost melt, normal compaction and degradation of ballast require raising and realigning, and placing of new ballast. Additional select crushed ballast is used to improve drainage in order to decrease further distortions as well as prevent lateral displacement of the track structure due to increased train speeds, increased traffic, and thermal stresses.

5. Bank Widening $450,000

Provide 120,000 cubic yards of aggregate which is considered the minimum essential in an annual program to increase the stability of the Railroad's mainline embankment, reduce permafrost melt, and prevent waste of crushed ballast. Bank widening along the main line has been minimal since the earthquake repairs of 1964 and 1965. Approximately 250 miles of main-line subgrade requires widening of shoulders to standard width to maintain the track to line and grade, provide walkways for trainmen and permit maintenance of the track structure to FRA standards. Permafrost melt in past years has created a situation that is self-destructive. Crushed rock in many areas now runs directly to the bottom of the embankment slope. A critical area is the section from Dunbar to Happy (a permafrost region) where restoration of shoulders is a must.

6. Rail Lubricators $60,000

Install five rail lubricators to reduce rail wear and improve locomotive fuel consumption. Tests conducted by AAR, FRA FAST, and some Class I railroads indicate as much as a 40-percent reduction in locomotive fuel consumption as well as reduced wheel hunting and rail wear from selective rail/flange lubrication. The lubricators will extend the life of five miles of rail on curves an estimated two years, from seven to nine years. The return on investment is 59 percent. Payback is 1.8 years.

7. Palmer Branch Rehabilitation $400,000

This critical section of the Railroad requires rehabilitation in 1985 in order to maintain the existing and forecast levels of rail service. During the past year, over 6-1/2 million tons of gravel (79% of the total tonnage) moved over the Palmer Branch. The weight of rail on the Palmer Branch between milepost 3.6 and 4.5 is 70# compared to 115# rail on the main line. The 70# rail is inadequate for the loaded gravel cars. The rail has become surface bent and kinked. Angle bar failure is high and cross level is extremely difficult to maintain. Because the cross ties are in poor condition, 500 per mile must be replaced over the entire branch. Work will include replacing 2400 feet of curve worn 115# rail, shoulder cutting where mud now blocks drainage, and the introduction of standard ballast sections.

8. Elastomeric Rail/Tie Fastners $500,000

To increase rail stability, reduce longitudinal rail movement, and increase rail life on curves. This takes advantage of the "state of the art" fastners, commonly referred to as Pandrol plates and clips to provide a cost effective way of ensuring greater rail safety. Rail rotation on curves in recent years has increased lateral loading of gauge face which results in increased rail wear, rail corrugation, gauge widening, and rail rollover. Wood ties, cut spikes, and standard tie plates are no longer adequate under today's wheel loadings. The Pandrol plates and clips provide a wider base (15-1/2" vs 13") which increases stability, and provides a clamping force of +- 5000 psi per clip between plate and rail base. This clamping force also eliminates the need for rail anchors and, when used out-of-face on hardwood ties, will prevent rail rollover. Derailments caused by rail rollover in recent years probably could have been avoided if Pandrol plates and clips had been installed. Funds will purchase Elastomeric plates, clips, shoulder inserts, "E" clips, anchors, and screws.

9. Microwave Radio $425,000

Provides microwave radio telecommunications between Portage and Moose Pass and Hurricane and Gold Creek. Last year the Railroad completed a microwave system over the entire main line except for those two segments and from Portage to Whittier. This work will complete the replacement of open wire telephone pole lines with microwave except for the 12 miles from Portage to Whittier. The telephone pole line between Portage and Moose Pass is in need of major rebuilding at an estimated cost of $200,000. This line is also subject to outages from adverse winter conditions as well as man-made causes. With the increased traffic to Seward (coal export and TOFC), the pole line will be unable to carry the required data and communication traffic. Improved and reliable train communications will be provided in both areas. The return on investment based on rebuild cost avoidance is 139 percent.

10. Bridge Program $800,000

Funds are required for the cyclic replacement/renewal of bridges and culverts along the railroad trackage. The 1985 program includes major maintenance or renewal of 22 bridges, 23 culverts, and 2 tunnels. Repairs and maintenance are necessary to maintain bridges, culverts, and tunnels in a safe condition for rail traffic. Replacement of bridge timbers, culverts, and timber supports is necessary on a 30-year cycle, depending upon the quality of original materials, local environmental conditions and special circumstances, such as fires and accidents. These expenditures will minimize the requirements for placing slow orders which cause increased running time and operating cost.

11. Tunnel Program $1,500,000

Funds will be used to reconstruct the roadbed and track, replace tunnel timber supports and increase tunnel clearances in the five tunnels south of Portage between milepost 51 and 53. The result will be reduced maintenance costs, increased operating efficiency, and the minimizing of operational hazards. Winter icing problems require constant maintenance and the ever present threat of accidents. Tunnel supports need replacement and extension to prevent rock falls. Overhanging rock slopes which are unstable must be removed and stabilized. Avalanche hazard areas also require structural protective measures. Tunnel clearance will be increased to allow standard clearance in the tunnels. These tunnels are subject to continuous water problems that have deteriorated the track structure, necessitating reconstruction of the roadbed and track. The tonnage increases brought about by TOFC movements and the export of coal require the upgrading of these tunnels to an acceptable level for safe and efficient operating conditions. An engineering design contract was funded in the FY '84 budget.

12. Utility Systems $650,000

This is part of a multi-year program of replacement of 30-plus year old electrical, water, sewer, and heat distribution systems. The $650,000 in 1985 will concentrate on meeting EPA requirements which the Railroad considers as high priority. Utility systems in Anchorage, Fairbanks, and Whittier Yard areas have exceeded expected lives. Corrosion to pipes and valves, breakdown of electrical insulation and related aging problems are causing frequent maintenance efforts, energy waste and dangerous working conditions. Asbestos

pipe insulation, PCB oil in electrical gear, and non-code construction also requires replacement of these systems. This modernization will reduce costs, reduce losses due to outages, and remove health and life safety hazards. Return on investments on projects using these funds ranges from 34 to 68 percent, with an average ROI of 51 percent.

13. Anchorage Fuel Station Additions $250,000

Provides for effective and efficient operational upgrade of Anchorage locomotive fuel station. Includes the installation of lube oil and waterlines, relocation of fuel stanchions, and replacement of eight fuel meters. The lube and water lines are needed to enable full locomotive servicing at the fuel station. The current temporary arrangement is expensive to maintain (as it must be removed in the fall and reinstated in the spring) and serves only one track. Relocated fuel stanchions will eliminate the need for long hoses which are expensive to renew, difficult to handle, present a tripping hazard, and increase damage done to fueling valves from striking the pavement. New fuel meters will be remote readout temperature compensated. The current meters are inadequate due to restricted flow rate and lack of temperature compensation. They do not have the capability of measuring fuel added to the tanks. Return on investment is 36 percent with a payback of 4.3 years based on an estimated 20-year life.

14. Whittier Ramp and TOFC Facilities $475,000

To complete development of Whittier TOFC Yard. Includes construction of a loading ramp, installation of storm drains, lighting, fire protection, and grading. The full development of the TOFC Yard will permit efficient handling of van freight service. Drainage is required to allow a second TOFC track to be installed. With both TOFC tracks, 50 trailer flat cars can be loaded without switching the cars, thus allowing the handling of rail and trailer freight with one train crew. Loading ramp is required to permit handling of heavy equipment and TOFC which cannot be toplifted in Whittier without conflicting with the shuttle operation. Yard maintenance will be reduced by 1/2 of a man year because of better drainage.

15. Eielson Branch Rehabilitation Phase I $2,100,000

Current traffic projections over the portion of the Eielson Branch from Fairbanks to the North Pole Refinery are 575,000 revenue tons in 1985 and 850,000 revenue tons in 1986. This is an increase from 375,000 revenue tons in 1983 and 450,000 revenue tons in 1984. Between MP 6 to MP 18 there are 9.6 track miles of 75# rail with 16" joint bars. 75# non-control cooled rail is inadequate for present loads. Increased traffic and speed requires a heavier section for safety. The subgrade for the entire length is substandard. Certain locations would require additional shoulder material. The spacing is 20 ties per 39' rail. Fixed elevations would require a combination of undercutting and plowing. To be able to maintain this portion of track with the increase tonnage, it is necessary to rehabilitate this line. The work includes relaying 9.6 track miles of 75# rail with 115# rail, insulating subgrade, adding additional material to bring the subgrade up to standard width, sledding (plowing out old pitrun ballast), adding/replacing ties, placing ballast and surfacing track. At North Pole, the only auxiliary track the Railroad has for switching cars is the 1,500-foot North Pole siding. For the projected volume of traffic, an additional 4,000-foot siding is needed between North Pole and the refinery. The projected

traffic will require the Railroad to handle one loaded and one empty 50-70 car train at a time near the refinery. The proposed track will reduce the switching time at the refinery.

This work is a two-phased project; the first phase includes the rail relay and the siding at North Pole.

16. Whittier Barge Slip #2 $300,000

To improve the reliability and function of the Railroad's only operational barge slip in Whittier. The slip winches and hoists are 13 years old. The motors, gears, bearings, and electrical gear require major overhaul or replacement. The winches are frequently breaking down and the new double-deck barges introduced in 1984 put increased strain on this equipment beyond its original design. The shifting winches require relocation, new fairleads, and the addition of a consistent-tension feature to enable them to be used again with the current and projected barges.

EQUIPMENT

17. Purchase 5 New 2800HP Locomotives $1,500,000

Acquisition is essential to provide motive power for export coal trains operating between Healy and Seward in 1985 and subsequent years. The Railroad's current fleet of locomotives is not sufficient to provide power for the new export coal service. During the past summer (1984), an average of 90% (approximately 51 units) were dedicated to use in performing the existing business. Of the remaining 10% (6 units), 4% (2 units) were undergoing major repairs, and 6% (4 units) were receiving minor repairs and necessary periodic maintenance and service. During the summer's peak periods, gravel trains were frequently delayed as there were no units available to replace gravel train locomotives that required refueling or servicing. The purchase of 5 new locomotives will provide the minimum proposed consist of 5 units in this export coal service. The alternative of acquiring used locomotives was considered but ruled out in favor of the GP-49 2800 HP locomotives, four of which were purchased in October 1982. The GP-49, first built in 1982, incorporates the latest "state of the art" improvements providing dramatically increased pulling power making them ideal to meet the hill grades the coal train will encounter. The return of investment for these locomotives is 25 percent.

18. Purchase 65 100-ton Hopper Cars $1,150,000

Acquisition is essential to support export coal train service between Healy and Seward. The export coal train will require 65 cars per train. With this one set of cars, the train will operate three times a week. The type of car is compatible to the hopper cars used in North-end coal and Palmer-Anchorage gravel service, thus allowing interchange with present equipment. The existing hopper-car fleet is used to full capacity during the spring-summer-fall seasons. Failure to acquire these additional cars will necessitate allocation of the present fleet between coal and gravel service during the spring-summer-fall season and will endanger the Railroad's largest revenue commodity due to the inability to furnish rolling stock. Nonacquisition of these cars will also result in use of older high-maintenance cars for winter service. Maintenance cost of new cars is estimated as 3.4 cents per mile compared to approximately 8.0 cents for older cars. The return of investment for these hopper cars is 26 percent.

19. Acquire 30 Intermodal Platform Cars $920,000

Acquisition necessary to support increased TOFC service on all major segments of the Railroad's main line. This purchase involves 30 intermodal platform cars, each capable of moving three trailers of 27 to 50 feet and weighing up to 100,000 gross weight pounds per trailer. This will enable the Railroad to market trailers with heavy loads and thus take advantage of the 48' x 102" equipment presently entering the market. Several other benefits will accrue upon acquisition of these cars. The Railroad would return to the owner 13 cars now on daily rental, saving $118,625 annually. An additional 10 cars leased by Alaska Hydro-Train would be released saving $72,885 in annual mileage payments. Acquisition of these new cars would permit the reduction of one train weekly to Whittier and one to Seward saving $699,190 annually. Total annual savings is approximately $900,000. The return on investment for these cars is 24 percent.

20. Acquire 5 Covered Hopper Cars $125,000

Cars are needed to meet current and projected cement traffic. For the past four seasons, the demand for cement movement has consistently been in excess of the Railroad's ability to supply covered hopper cars. The Railroad's need is for 10 cars and this requests the acquisition of 5 used, covered hopper cars in 1985 with a follow up of 5 in 1986. In 1984, the Railroad had to lease 7 additional cars at $20 per day. Kaiser Cement Company also leased 5 cars. These temporary arrangements are more expensive for both parties and there is no assurance they can be leased in future seasons. The revenue loss is at least $285,000 annually due to equipment nonavailability based on 5 cars per week at $3,000 a car over a 19-week season. The return of investment based on a 10-year life is 200% with payback in less than one year.

21. Upgrade 17 Passenger Cars $300,000

To provide reliable air conditioning and essential passenger amenities to passenger cars used between Anchorage and Whittier to service cruise ships. This upgrade proposal will install 3 transformers and a train line in each car to service air conditioning, repair floors, repaint, repair upholstery and other deficiencies as necessary. The Railroad faces the real possibility that rail service provided the past two years to cruise ships docking at Whittier will be canceled with resultant loss of revenue unless the relatively poor passenger comfort from using these cars can be improved. This has created a serious public relations image for the Railroad. The cars rely on generators driven by the car wheels that also charge the batteries. The capacity of the batteries is such that the air conditioning can operate only about 30 minutes when the car is standing. The nature of the service provided necessitates the cars standing at Anchorage for approximately 6 hours between trips to Whittier. Because the cars are exposed to the sun during this period, the interior heat causes extreme discomfort to passengers on the return trip to Whittier. Based on loss of revenue if cruise ship service is cancelled, the return on investment is 167 percent.

22. Engineer Construction Equipment $950,000

Replace and modernize construction equipment used by the Engineering Department. The existing Engineering Department equipment fleet is inadequate to conduct maintenance and construction programs. Much of the equipment has been in service so long that frequent breakdowns occur which,

along with the unavailability of parts, results in high maintenance costs. Safety is a paramount concern and would be substantially enhanced with the replacement of older equipment. The $950,000 requested will replace 32 items which constitutes the highest priority needs and represents only 2 percent of the construction equipment inventory. Included are generators, compressors, rail saws, bull dozers, spike drivers, push cars, a tamper, a regulator, and other items--most of which are over 20 years old and some over 35. Return on investment varies with the piece of equipment ranging between 12 and 165 percent with an average ROI of 46 percent and payback in 2.3 year.

23. Snow Removal Equipment $900,000

Increased rail traffic and the expansion of van yards at Seward and Whittier and the new coal transload facility at Seward necessitates the acquisition of snow removal equipment to ensure prompt clearance and avoid any disruption in terminal service. The Railroad is confronted with a serious support problem in this area. Three snow blowers recently had to be retired, and the remaining fleet is old, unreliable and subject to frequent failures. Of the 18 graders, loaders, and snow blowers available, 5 were built in the 60's, 12 in the 70's, and 1 in 1981. The existing snow blowers are single-use machines which are idle most of the year. This proposes two major items--loaders, incorporating quick disconnects, snow blowers and buckets to provide versatility in order that they can be utilized throughout the year in a planned maintenance system. Return on investment is 40 percent.

24. Purchase One Locomotive Crane $800,000

To replace one of three 1950-era locomotive cranes. All three cranes (LC-103, 104, and 105) are over 30 years old and in very poor condition and are past due for heavy overhaul. Virtually all mechanical parts are worn beyond reclamation and wiring insulation is seriously deteriorated. Parts are no longer available for these cranes. Due to the advanced state of deterioration of these units, it is becoming impractical to continue them in a safe, serviceable condition much longer. The ditcher cranes are required to maintain track drainage ditches, remove slides, and improve unstable hillsides. The geological nature of the area through which the Railroad passes is very unstable, requiring constant clearing of drainage ditches, removal of rocks and mud from tracks and removing ice glaciers. The Railroad is vulnerable in three widely separate areas (Healy Canyon, Chase Bluffs, and the Spencer-Grandview). At times slides occur at all three locations. Serious subgrade and ballast saturation occurred during 1984 when two ditchers were clearing slides and one was in the shop for repairs. This condition necessitates the purchase of one replacement crane in 1985. Return on investment is 40 percent.

25. Material Handling Equipment $85,000

Purchase two truck-yard hostlers to replace two yard hostlers on lease at $16,800 per annum. The Railroad has expanded TOFC/COFC traffic, most notably SeaWay Express service into Seward and Alaska Hydro-Train roll on/roll off service into Whittier in 1984. In order to handle this traffic with cost-effective and reliable yard hostlers, replacement of the two leased vehicles, which are nearly 12 years old and in poor condition, with two new yard hostlers is advisable. Under terms of the lease agreement, the Railroad is responsible for cost of repairs and maintenance of the leased yard hostlers. Due

to age of these vehicles, downtime for repairs was as high as 20 percent. Parts are becoming obsolete, necessitating substitute parts to keep them operating. Return on investment is 19 percent.

26. Telecommunications Test Equipment $125,000

Purchase of telecommunications test equipment is required to be able to maintain the Railroad's communication systems within FCC and industry standards. Radio lab test equipment will provide a second radio lab position to service and maintain base, mobile, and portable radios as well as pagers. This will eliminate the summer backlog of radio repairs which has necessitated an extra man on train crews because of unrepaired radios. The Railroad has a very limited amount of microwave test equipment. As the microwave systems age, outages and reduced performance will result unless an adequate check program is enforced. Data systems test equipment is needed to isolate problems with software, hardware, and transmission systems. Estimated annual savings resulting from crew costs, microwave, and data system savings is $30,000.The average rate of return on investment for this equipment is 26 percent.

27. Upgrade Radio System $200,000

To improve dispatcher radio communications and install a communication capability within the Whittier tunnels. The current radio system is severely congested. This condition can be corrected by adding multi-channel capacity to the dispatcher radio system. Trains can then operate on alternate radio channels. The addition of communications in the Whittier tunnels will enable train crews to talk to the dispatcher while inside the tunnels. No communication from within the tunnel (3-1/2 miles) is possible now.

OTHER PROJECTS

28. Passenger Service-Glazing, Platforms, Repair $380,000

To provide improved passenger amenities by upgrading deficiencies that are principal causes of frequent tourist passenger complaints received by the Railroad and the State. Specifically these funds will be used to replace window glazing in six Amtrak dome cars ($240,000), improve by constructing or lengthening passenger platforms at Whittier nd Anchorage to accomodate cruise ship passengers, and selected repair of seating and carpeting.

THE ALASKA RAILROAD
CALENDAR YEAR 1986 PRIORITY CAPITAL PROGRAM

BUILDINGS

1. Fuel Station - Fairbanks	$100,000
	$100,000

ROADBED, TRACK & OTHER FACILITIES

2. Ballast Placing	1,500,000
3. Bank Widening	800,000
4. Rail Lubricators	60,000
5. Rail/Tie Fastners	750,000
6. Microwave Radio	250,000
7. Bridges	1,000,000
8. Tunnels	1,000,000
9. Utility Systems	400,000
10. Eielson Branch Rehabilitation	1,900,000
11. Hot Box and Drag Detectors	500,000
12. TOFC Terminal Update	1,500,000
	$9,660,000

EQUIPMENT

13. Locomotives (5) - Financing Payment	700,000
14. Hopper Cars (65) - Financing Payment	490,000
15. TOFC Cars (30) - Financing Payment	385,000
16. Covered Hoppers - Cement (5)	125,000
17. Engineer Construction	2,000,000
18. Snow Removal	1,100,000
19. Locomotive Crane	800,000
20. Telecommunications Test	100,000
21. Locomotive Rebuild (4)	1,600,000
22. Tank Cars (25) - Financed	550,000
23. Flat Cars - Chain Tie Down (20) Financed	400,000
24. Axle Lathe	100,000
25. Wheel Lathe	200,000
26. Repair One Dock Crane - Seward	300,000
	$8,950,000

OTHER PROJECTS

Passenger Service Projects:

27. Denali Park Station	100,000
28. Remanufacture Ten Cars	5,000,000
29. Shuttle Improvements	2,400,000
	$7,500,000

TOTAL	$26,110,000

THE ALASKA RAILROAD

CALENDAR YEAR 1986 CAPITAL PROGRAM

BUILDINGS

1. Warehouses $100,000

This represents a much needed but fractional part of the start of a multi-year program to replace or upgrade warehouses. To adequately plan and budget for the Railroad's warehouse needs, a $90,000 study will be initiated in 1985. This study, which will include a facilities plan and preliminary design for replacing warehouses, will form a basis of future capital budget items. Two of the existing Anchorage warehouses have exceeded their expected service lives and have serious deficiencies. This $100,000 will be used to fund the highest priority and most pressing immediate needs commensurate with traffic projection support in 1986.

ROADBED, TRACK AND OTHER FACILITIES

2. Ballast Placing $1,500,000

Annual restoration of track surface and alignment with ballast is required to maintain proper track structure in accordance with FRA Track Safety Standards, maintain safe train speeds, and to prevent accelerating maintenance costs due to deteriorating track structure. Distortions of track surface which occur due to frost action, permafrost melt, normal compaction and degradation of ballast require raising and realigning, and placing of new ballast. Additional select crushed ballast is used to improve drainage in order to decrease further distortions as well as prevent lateral displacement of the track structure due to increased train speeds, increased traffic, and thermal stresses.

3. Bank Widening $800,000

Provide 250,000 cubic yards of aggregate to increase the stability of the Railroad's mainline embankment, reduce permafrost melt, and prevent waste of crushed ballast. Bank widening along the main line has been minimal since the earthquake repairs of 1964 and 1965. Approximately 250 miles of main-line subgrade requires widening of shoulders to standard width to maintain the track to line and grade, provide walkways for trainmen and permit maintenance of the track structure to FRA standards. Permafrost melt in past years has created a situation that is self-destructive. Crushed rock in many areas now runs directly to the bottom of the embankment slope. A critical area is the section from Dunbar to Happy (a permafrost region) where restoration of shoulders is a must.

4. Rail Lubricators $60,000

Install five rail lubricators to reduce rail wear and improve locomotive fuel consumption. Tests conducted by AAR, FRA FAST, and some Class I railroads indicate as much as a 40-percent reduction in locomotive fuel consumption as well as reduced wheel hunting and rail wear from selective rail/flange lubrication. The lubricators will extend the life of five miles of rail on curves an estimated two years, from seven to nine years. The return on investment is 59 percent.

5. Elastomeric Rail/Tie Fastners $750,000

To increase rail stability, reduce longitudinal rail movement, and increase rail life on curves. This takes advantage of the "state of the art" fastners, commonly referred to as Pandrol plates and clips to provide a cost effective way of ensuring greater rail safety. Rail rotation on curves in recent years has increased lateral loading of gauge face which results in increased rail wear, rail corrugation, gauge widening, and rail rollover. Wood ties, cut spikes, and standard tie plates are no longer adequate under today's wheel loadings. The Pandrol plates and clips provide a wider base (15-1/2" vs 13") which increases stability, and provides a clamping force of +- 5000 psi per clip between plate and rail base. This clamping force also eliminates the need for rail anchors and, when used out-of-face on hardwood ties, will prevent rail rollover. Derailments caused by rail rollover in recent years probably could have been avoided if Pandrol plates and clips had been installed. Funds will purchase Elastomeric plates, clips, shoulder inserts, "E" clips, anchors, and screws.

6. Microwave Radio $250,000

Provides microwave radio telecommunications between Portage and Whittier. This will complete the replacement of open wire telephone pole lines with microwave over the entire main line. Besides removing the need for a pole line from Portage to the tunnels, it eliminates the marine cable in the tunnels and beyond to Whlittier which were placed in the 40's and about reached the end of their useful life. This microwave will avoid replacement of the pole line and marine cable at a cost of $200,000. The microwave will provide a higher capacity, more reliable and secure system. The return on investment is 140 percent with a payback in 1.25 years.

7. Bridge Program $1,000,000

Funds are required for the cyclic replacement/renewal of bridges and culverts along the railroad trackage. The 1986 program includes major maintenance or renewal of 16 bridges and 30 culverts. Included is major pier work on Bridge 264.1 (Susitna River at Gold Creek) and Bridge 86.6 (Bird Creek). Repairs and maintenance are necessary to maintain bridges, culverts, and tunnels in a safe condition for rail traffic. Replacement of bridge timbers, culverts, and timber supports is necessary on a 30-year cycle, depending upon the quality of original materials, local environmental conditions and special circumstances, such as fires and accidents. These expenditures will minimize the requirements for placing slow orders which cause increased running time and operating cost.

8. Tunnel Program $1,000,000

This is phase three of a multi-year program to rehabilitate the tunnels south of Portage between milepost 51 and 53. The completed project will result in reduced maintenance costs, increased operating efficiency, and the minimizing of operational hazards. Winter icing problems require constant maintenance and the ever present threat of accidents. Tunnel supports need replacement and extension to prevent rock falls. Overhanging rock slopes which are unstable must be removed and stabilized. Avalanche hazard areas also require structural protective measures. Tunnel clearance will be increased to allow standard clearance in the tunnels. These tunnels are subject to continuous water problems that have deteriorated the track structure, necessitating reconstruction of the roadbed and track. The tonnage increases brought about by TOFC movements

and the export of coal require the upgrading of these tunnels to an acceptable level for safe and efficient operating conditions. An engineering design contract was funded in the FY '84 budget, and phase two was funded in CY '85 budget.

9. Utility Systems $400,000

This is part of a multi-year program of replacement of 30-plus year old electrical, water, sewer, and heat distribution systems. The $400,000 in 1986 will concentrate on meeting EPA and OSHA requirements which the Railroad considers as high priority. Utility systems in Anchorage, Fairbanks, and Whittier Yard areas have exceeded expected lives. Corrosion to pipes and valves, breakdown of electrical insulation and related aging problems are causing frequent maintenance efforts, energy waste and dangerous working conditions. Asbestos pipe insulation, PCB oil in electrical gear, and non-code construction also requires replacement of these systems. This modernization will reduce costs, reduce losses due to outages, and remove health and life safety hazards. The return on investment is 34 percent.

10. Eielson Branch Renabilitation Phase II $1,900,000

Current traffic projections over the portion of the Eielson Branch from Fairbanks to the North Pole Refinery are 575,000 revenue tons in 1985 and 850,000 revenue tons in 1986. This is an increase from 375,000 revenue tons in 1983 and 450,000 revenue tons in 1984. Between MP 6 to MP 18 there are 9.6 track miles of 75# rail with 16" joint bars. 75# non-control cooled rail is inadequate for present loads. Increased traffic and speed requires a heavier section for safety. The subgrade for the entire length is substandard. Certain locations would require additional shoulder material. The spacing is 20 ties per 39' rail. Fixed elevations would require a combination of undercutting and plowing. To be able to maintain this portion of track with the increase tonnage, it is necessary to rehabilitate this line. The work includes relaying 9.6 track miles of 75# rail with 115# rail, insulating subgrade, adding additional material to bring the subgrade up to standard width, sledding (plowing out old pitrun ballast), adding/replacing ties, placing ballast and surfacing track. At North Pole, the only auxillary track the Railroad has for switching cars is the 1,500-foot North Pole siding. For the projected volume of traffic, an additional 4,000-foot siding is needed between North Pole and the refinery. The projected traffic will require the Railroad to handle one loaded and one empty 50-70 car train at a time near the refinery. The proposed track will reduce the switching time at the refinery.

This work is a two-phased project; the first phase included the rail relay and the siding at North Pole, this second phase includes placing shoulder material, sledding, tie renewal, placing ballast and surfacing the track.

11. Hot Box and Drag Detectors $500,000

This funds 5 of 12 hot-box and drag detectors the Railroad proposes to install in 1986, 1987 and 1988. The State sponsored SVERDRUP ARR engineering evaluation conducted in 1984 also recommended 12 be installed. The purpose of these detectors is to warn of wheel and bearing overheating and of equipment dragging on a moving train. By pinpointing the source of the defect in the train consist, the problem car can be set out before it causes a derailment. On the basis of preventing only one major derailment over a two-year period

costing $750,000 and equating to the total capital cost of 12 detectors, the return on investment is 85 percent.

12. TOFC Terminal Upgrade $1,500,000

The substantial increase in roll-on roll-off trailer traffic through Seward and Whittier in 1984 and anticipated greater level of this traffic in 1985 and in the future dictates an upgrading of TOFC terminal facilities, especially at Seward and Whittier. These finds will be used for paving, van packer storage facilites, and upgrading of the Railroads terminal facilities at Whittier, Seward, Fairbanks and Anchorage, with priority to Seward and Whittier. It is essential that the Railroad upgrade these terminals in order to retain this important traffic, increase safety, and improve the level of effectiveness and efficiency. Specifically the paving and upgrading will:

1) Increase productivity and efficiency in the operation of the van terminal;

2) Reduce damage to trailers and ladding resulting from soft surface causing loads to tip over;

3) Reduce damage to landing gear because of sinking into the ground;

4) Increase life of equipment (van packer, jockey trucks, forklifts) because dust will be minimal;

5) Provide a smooth operating surface thus minimizing vibration and resistant force in travel thereby increasing the life of equipment;

6) Increase handling capacity of van packer because of hard surface;

7) Increase safety in operation on hard surface as opposed to uneven gravel surface;

8) Reduce possibility of dropping trailers or containers attributed to uneven surface;

9) Reduce surface maintenance cost of grading.

EQUIPMENT

13. Purchase 5 New 2800HP Locomotives $700,000

Acquisition is essential to provide motive power for export coal trains operating between Healy and Seward in 1985 and subsequent years. The Railroad's current fleet of locomotives is not sufficient to provide power for the new export coal service. During the past summer (1984), an average of 90% (approximately 51 units) were dedicated to use in performing the existing business. Of the remaining 10% (6 units), 4% (2 units) were undergoing major repairs, and 6% (4 units) were receiving minor repairs and necessary periodic maintenance and service. During the summer's peak periods, gravel trains were frequently delayed as there were no units available to replace gravel train locomotives that required refueling or servicing. The purchase of 5 new locomotives will provide the minimum proposed consist of 5 units in this export

coal service. The alternative of acquiring used locomotives was considered but ruled out in favor of the GP-49 2800 HP locomotives, four of which were purchased in October 1982. The GP-49, first built in 1982, incorporates the latest "state of the art" improvements providing dramatically increased pulling power making them ideal to meet the hill grades the coal train will encounter. Return on investment is 25 percent. Locomotives will be purchased in 1985; this constitutes the annual payment of principal plus interest.

14. Purchase 65 100-ton Hopper Cars $490,000

Acquisition is essential to support export coal train service between Healy and Seward. The export coal train will require 65 cars per train. With this one set of cars, the train will operate three times a week. The type of car is compatible to the hopper cars used in North-end coal and Palmer-Anchorage gravel service, thus allowing interchange with present equipment. The existing hopper-car fleet is used to full capacity during the spring-summer-fall seasons. Failure to acquire these additional cars will necessitate allocation of the present fleet between coal and gravel service during the spring-summer-fall season and will endanger the Railroad's largest revenue commodity due to the inability to furnish rolling stock. Nonacquisition of these cars will also result in use of older high-maintenance cars for winter service. Maintenance cost of new cars is estimated as 3.4 cents per mile compared to approximately 8.0 cents for older cars. Return on investment is 26 percent. Hopper cars will be acquired in 1985; this constitutes the annual payment including principal and interest.

15. Acquire 30 Intermodal Platform Cars $385,000

Acquisition necessary to support increased TOFC service on all major segments of the Railroad's main line. This purchase involves 30 intermodal platform cars, each capable of moving three trailers of 27 to 50 feet and weighing up to 100,000 gross weight pounds per trailer. This will enable the Railroad to market trailers with heavy loads and thus take advantage of the 48' x 102" equipment presently entering the market. Several other benefits will accrue upon acquisition of these cars. The Railroad would return to the owner 13 cars now on daily rental, saving $118,625 annually. An additional 10 cars leased by Alaska Hydro-Train would be released saving $72,885 in annual mileage payments. Acquisition of these new cars would permit the reduction of one train weekly to Whittier and one to Seward saving $699,190 annually. Total annual savings is approximately $900,000. Return on investment is 24 percent. Cars will be acquired in 1985; this constitutes annual payment including principal and interest.

16. Acquire 5 Covered Hopper Cars $125,000

Cars are needed to meet current and projected cement traffic. For the past four seasons, the demand for cement movement has consistently been in excess of the Railroad's ability to supply covered hopper cars. The Railroad's need is for 10 cars of which 5 will be acquired in 1985 and this requests 5 in 1986. In 1984, the Railroad had to lease 7 additional cars at $20 per day. Kaiser Cement Company also leased 5 cars. These temporary arrangements are more expensive for both parties and there is no assurance they can be leased in future seasons. The revenue loss is at least $285,000 annually due to equipment nonavailability based on 5 cars per week at $3,000 a car over a 19-week season. Return on investment is 200 percent.

17. Engineer Construction Equipment $2,000,000

Replace and modernize construction equipment used by the Engineering Department. The existing Engineering Department equipment fleet is inadequate to conduct maintenance and construction programs. Much of the equipment has been in service so long that frequent breakdowns occur which, along with the unavailability of parts, results in high maintenance costs. Safety is a paramount concern and would be substantially enhanced with the replacement of older equipment. The $2,000,000 requested will replace 37 items which constitutes the highest priority needs and represents about 2 percent of the construction equipment inventory. Included are generators, compressors, rail saws, bull dozers, spike drivers, push cars, a tamper, a regulator, tie machines and other items--most of which are over 20 years old and some over 35. The average return on investment is 46 percent.

18. Snow Removal Equipment $1,100,000

Increased rail traffic and the expansion of van yards at Seward and Whittier and the new coal transload facility at Seward necessitates the acquisition of snow removal equipment to ensure prompt clearance and avoid any disruption in terminal service. The Railroad is confronted with a serious support problem in this area. Three snow blowers recently had to be retired, and the remaining fleet is old, unreliable and subject to frequent failures. Of the 18 graders, loaders, and snow blowers available, 5 were built in the 60's, 12 in the 70's, and 1 in 1981. The existing snow blowers are single-use machines which are idle most of the year. This purchase includes two graders, two all terrain haulers with 27 cubic yard capacity and one self-contained quick disconnect snow blower to be attached to an existing loader. Return on investment is 40 percent.

19. Purchase One Locomotive Crane $800,000

To replace one of three 1950-era locomotive cranes. All three cranes (LC-103, 104, and 105) are over 30 years old and in very poor condition and are past due for heavy overhaul. Virtually all mechanical parts are worn beyond reclamation and wiring insulation is seriously deteriorated. Parts are no longer available for these cranes. Due to the advanced state of deterioration of these units, it is becoming impractical to continue them in a safe, serviceable condition much longer. The ditcher cranes are required to maintain track drainage ditches, remove slides, and improve unstable hillsides. The geological nature of the area through which the Railroad passes is very unstable, requiring constant clearing of drainage ditches, removal of rocks and mud from tracks and removing ice glaciers. The Railroad is vulnerable in three widely separate areas (Healy Canyon, Chase Bluffs, and the Spencer-Grandview). At times slides occur at all three locations. Serious subgrade and ballast saturation occurred during 1984 when two ditchers were clearing slides and one was in the shop for repairs. This condition necessitates the purchase of one replacement crane in 1985, and one in 1986. Return on investment is 40 percent.

20. Telecommunications Test Equipment $100,000

Purchase of telecommunications test equipment is required to be able to maintain the Railroad's communication systems within FCC and industry standards. Radio lab test equipment will provide portable field equipment to service and maintain base, mobile, and portable radios as well as pagers. The Railroad has a very limited amount of microwave test equipment. As the

microwave systems age, outages and reduced performance will result unless an adequate check program is enforced. Data systems test equipment is needed to isolate problems with software, hardware, and transmission systems. Estimated annual savings resulting from crew costs, microwave, and data system savings is $18,100. Return on investment is 26 percent.

21. Rebuild Four Locomotives $1,600,000

Rebuild and upgrade four obsolescent locomotives to modern standards. The current locomotive fleet is capable of supporting planned service only if all units are serviceable at least 90% of the time. The oldest "second generation" power is the five GP-40's purchased from Conrail. These units will be 19 years old in 1986. One has already been virtually destroyed by fire and the wiring on the other four is in such bad condition that electrical fires are a constant probability. These units must either be replaced or rebuilt and upgraded. Our choices are:

1) Rebuild and upgrade all four units now at $400,000 each and then replace them in 10 years or,

2) Replace these four units as they self destruct, estimated to be one per year for the next four years.

Based on the present value (as of 1986) of the ten-year costs of the two options, option once costs #3.21 million and option two is $3.87 million, therefore, the best option is one which realizes a savings of $666,000 by rebuilding four units in 1986.

22. Purchase 25 Tank Cars $550,000

Acquisition is necessary to support steadily increasing petroleum traffic from the refinery at North Pole to Nenana, Anchorage and Seward. Volume is expected to double in 1986 and increase by 50% in 1987. Also, in addition, expansion of the refinery at North Pole, the Railroad needs to replace 10,000 gallon equipment which has exceeded the economic age limit for tank cars. Failure to acquire this equipment will result in loss of revenue due to the inability to handle additional traffic and the increased cost of handling the additional traffic because of movement in smaller 10,000 gallon units. Additional revenue expected from acquisition from this equipment will be $1,600,000 annually. This funding covers down payment and first year's payment plus financing charges and freight.

23. Purchase 20 Chain Tie-Down Cars $400,000

Cars are required to support additional roll-on roll-off business which is a result of the initiation of this type service by SeaWay Express and Alaska Hydro-Train. Need for cars has been further increased by markets developed since 1983 using present chain tie-down equipment. These cars eliminate approximately 80% of labor used to place machinery or vehicles on these railcars as compared to existing equipment and this results in savings for both the Railroad and the customer. Heavy duty features on these cars will also make the Railroad more competetive in the oilfield products market. Additional revenue expected from acquisition of this equipment is $720,000 annually. This finding covers down payment and first year's payment plus financing charges.

24. Axle Lathe $100,000

To increase axle machining capacity. Due to increased car and locomotive mileage, the Railroad is unable to keep up with the demand for new axles using the existing machine. The only practical alternate to buying an additional machine is to ship in completed wheel/axle sets. Mounted axles take up a lot of space and only 24 can be shipped on a 50 foot car at $66/foot on the barge. Axles can be shipped 140 to a car for the same price. Thus the shipping savings are enough to pay for the machine within three years. Return on investment based on a 25 year life of the machine is 62 percent.

25. Wheel Lathe $200,000

To maintain compliance with Association of American Railroad's regulations, an adequate wheel lathe is necessary. The existing Niles wheel lathe is worn to the point that the Railroad will not be able to continue to produce acceptable wheels (per AAR standards). The Railroad can buy a new lathe, rebuild the old, or send the work out. Sending out is not practical because barge costs alone would be $300 per wheel set. A new lathe will cost about one million dollars and require a new foundation. Rebuilding the present machine (and updating it with numerical control) will cost from $200,000 to $600,000. The rebuild can be done on a unit exchange basis keeping down time to an absolute minimum. The rebuilt machine will use the same foundation as the old machine - an additional advantage. Return on investment is 54 percent.

26. Repair One Dock Crane $300,000

The Railroad has two 45-ton Gantry cranes on the Railroad dock at Seward. One was built in 1941 (Colby) and one in 1942 (Washington). The Colby crane was recently moved to the west side while the Washington crane serves the east side. While not used extensively, both must be operable, since they are not mutually supporting each other. The options, on the older crane (Colby) are to replace it or rebuild it. However, to retain these options for future consideration, action is required in 1986 by repairing the crane housing in order to protect the machinery and perform a careful inspection. A complete rebuilding is estimated to cost about 40 percent of replacement cost. These funds are to protect the crane, perform a thorough inspection, and repair or rebuild to the extent funding will permit.

OTHER PROJECTS

PASSENGER SERVICE PROJECTS:

27. Denali National Park Station $100,000

To improve efficiency and safety of handling passengers and baggage at Denali National Park Station, to reduce train stopover time for loading, and to improve employee productivity. The station at Denali Park has been in operation for several decades without major improvement or upgrading. As many as 750 persons may utilize the station and its plaforms within a 30-minute period. In addition the movement of their baggage is a major commitment. This program will allow for design and construction of improvements to:

a) facilitate baggage handling in shorter time in a more efficient manner,

b) provide safety barriers and "cue-up" lines for patrons to utilize while waiting for train arrivals,

c) pave and otherwise improve the loading ramps and platforms used by the public.

Completion of these tasks will greatly reduce or eliminate a major safety hazard.

28. Remanufacture Ten Passenger Cars $5,000,000

Upgrade and improve service by remanufacturing ten passenger cars used in the provision of public transportation, thus reducing public discomfort, deminishing equipment failures, lowering operating costs, and extending the fleet life by 10-15 years of additional service. The Corportation will remanufacture ten passenger cars to modern specifications and standards intended to assure a service life into the 21st Century. A contract will be sought with a major Outside manufacturer for this service. Present equipment averages 35 years of age and is worn-out. Unless remanufactured or replaced public convenience and safety will require its retirement by 1987. The seasonal nature of Alaska rail service demands, and the reduced cost (by 60%) as compared to purchasing new passenger cars make this approach feasible. The remanufactured cars will be compatible with ten other cars similarly overhauled in 1981. In future years, the remaining cars in the fleet will be remanufactured.

29. Shuttle Improvements $2,400,000

Improve stationary and equipment facilities on Whittier-Portage Shuttle to acommodate public demand and improve basic acommodations to a level of minimal comfort. The project will provide paved assembly and parking areas, security fencing to eliminate theft and vandalism to vehicles, improvement of loading ramps, installation and improvement of area lighting, provision of small covered shelters for foot passengers waiting on trains, installation of "cue lines" for vehicles awaiting trainsportation to/from Marine Highway System, purchase of one modern shuttle coach, rebuilding of two shuttle baggage and power generator cars, and addition of updated safety lighting and power hookups to 14 flatcars used for movement of vehicles on Shuttle trains.

The very basic facilities in use in Portage reflect an era when only 20% of the present public business was carried. Whittier ground facilities are non-existent. During the next 5-10 years this service is expected to grow by about 100% and provides the only public land access to Whittier and the Marine Highway. These requested improvements, long overdue by most evaluations, are the result of user requests and analysis of the needs in order to provide the minimum level of decent public service by the Shuttle trains.

THE ALASKA RAILROAD CORPORATION

Operating Loss from provision of Passenger Train Service
Calendar Years 1985 and 1986

State Oversight Report information
as required by the
Alaska Railroad Corporation Act

November 27, 1984

Under the terms of AS 42.40.280 a State Oversight Report must be provided before undertaking an application for an appropriation to be used for providing any service that is not self-sustaining.

The Corporation has determined that the provision of the present level of passenger train services to the general public is not self-sustaining and that approximately $1.7 million in CY-85 and $1.9 million in CY-86 will be needed to cover the total operating costs for this service.

To comply with the Alaska Railroad Corporation Act, this report addresses the requirements of AS 42.40.280. The Corporation, however, is deferring any actual request for a subsidy for later action. A separate explanatory statement is being submitted detailing the capital budget request for $7.5 million in the CY-86 Corporation budget related to the continued provision of passenger service.

Sec. 42.40.280 (b)

"The report....shall be in writing, describe the proposed undertaking in detail, and specify"

THE ALASKA RAILROAD CORPORATION
PASSENGER SERVICES

General Description of Passenger Program

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Two classes of service are presently provided:

1. Scheduled passenger service and charter trains.

2. The Anchorage-Portage-Whittier "Shuttle".

THE WHITTIER SHUTTLE

Since 1967, the Shuttle has been supported in part by a contract with the State of Alaska which provides for payment of operating losses, and--to a very minor degree--equipment costs. This became a full service contract about 1978.

Since about 1980, the state has limited payments to $150,000 annually by requesting that amount of appropriation or limiting the budget item to that amount. The program is under contract with the Department of Transportation and Public Facilities (DOT&PF). The present contract will expire April 30, 1985. Because the Corporation is a state entity, this contract will be combined into the overall passenger service program of the Railroad after January 5, 1985.

Due to increased service frequency requested by the State in recent years, and increased internal costs to the Railroad, the operating subsidy amount is substantially inadequate. Our estimate is that the present $150,000 will be exhausted by February 1985.

This service earns a considerable surplus during the period from mid-May to early September, when tourism and recreational uses of Prince William Sound are at their peak. At other times it is very lightly patronized, primarily by those having business in Whittier or who reside there.

The 1984 Legislature was requested by the DOT&PF to provide $1 million for use in improving the worn out equipment on the Shuttle. $600,000 was appropriated. This money is now available and the department and the Railroad are jointly working to seek appropriate equipment improvements which can be accomplished for this amount. These funds will be expended on shuttle improvements, and their expenditure has been considered in conjunction with the Corporation's capital request for passenger improvments in CY-86.

The estimated amount of subsidy funds for operating assistance to the Shuttle in CY-85, based on FY84 service levels and no expansion of them, is $225,000.

SCHEDULED PASSENGER SERVICE AND CHARTER TRAINS

Passenger trains operate year-round from Anchorage to Fairbanks. From mid September until early May (about seven months) these trains are operated on a round trip basis once a week. During the remaining five months the trains operate daily between these cities.

One out of every five visitors to Denali National Park arrives or departs by an Alaska Railroad train. The demand for train seats outstrips our capacity on many days each summer. Listings in major tour publications and an active role in the State's tourist industry groups is maintained.

While summer tourist service does operate at a loss and returns no capital reserve funds, the amount of losses are small compared with those of other world railways. Well over 70% of the operating costs of this service are returned in fares, while the U.S. standards for Amtrak are presently 52% revenue generated and in Canada about 40% fare incomes.

Excluding capital and equipment replacement costs, the trains suffer operating losses of varying intensity:

------ During 1984, the loss by the Railroad for each passenger in summer months was about $4.79.

------ During 1984, the loss by the Railroad for each passenger carried in the other months, when once-weekly service is operated, approximated $294.85.

WHO RIDES ALASKA RAILROAD ANCHORAGE-FAIRBANKS TRAINS?

The summer daily trains cater almost exclusively (over 90%+ of the ridership) to visitors to Alaska, part of the second largest cash industry of the State. They also serve, as an adjunct, rural and remote area citizens of Alaska who have no other means of access to their homes. This service is under extreme pressure for increased capacity, and improved comfort levels. The Railroad presently has only a limited ability to meet that demand. Despite this limited capability to expand and absolutely no promotion by the ARR, the ridership

increased 16.8% in 1984 (nearly 23% if the privately owned Tour Alaska Inc. luxury cars are included).

Winter service, conversely, serves almost totally (98%) the rural and remote area residents of Alaska who live near the tracks. These residents travel only an average of 20-30 miles by rail from the closest road. Yet they are dependent on the railroad.

As few as 269 passengers rode these trains in an entire month during the winter of 1983-84 for a total of about 35 passengers on each one way train, which travels a route of 356 miles! It is no surprise that the per passenger out-of-pocket loss in operating this service is $294.85. In seven months of FY84 a grand total of 2772 passengers rode the trains north of Anchorage!

CRUISE SHIP SERVICE FOR THE TOURIST INDUSTRY

In 1982 a few test dockings at the Railroad's Port of Whittier proved the popularity of cruise ships bringing their passengers to Interior Alaska. This was the first breakthrough from the tradition of operating cruise ships only as far north as Skagway or Juneau.

In 1983, about 10,000 new passengers--all cruise ship patrons--rode chartered trains to Anchorage from Whittier. An equal group departed from Whittier, providing nearly double the tourism impact of round-trip tourists.

In 1984, this business improved again, with several dozen cruise ships representing two major tour operators using Whittier. Over 20,000 visitors shared the spectacular trip to or from Whittier by train to access their ship.

For 1985, a third company has scheduled arrivals in Whittier and an additional 10-12 thousand passengers are expected from this service. A spinoff of the popular business is a number of arrivals by Cunard Lines' "Sagafjord" at the Port of Anchorage in 1985. Approximately 40% of these passengers are expected to book passage on the Alaska Railroad trains to Denali Park and Fairbanks.

This service returns most of the railroad's out-of-pocket costs, and is serving as a major catalyst for the tourist industry in the heart of southcentral and interior Alaska.

A major problem is that the equipment used for special and charter service is old and must either be replaced soon or subjected to a major rebuilding by a shop outside Alaska.

The Railroad is at the point where a "GO" or "NO GO" decision must be made to either withdraw from this service soon or to invest substantial capital in equipment improvements.

OTHER SPECIAL TRAINS

A number of other special trains, mainly patronized by Alaskans, are operated in charter for groups or individuals, or operated as a "railroad" special train.

These include several trains a year to the Seward area--Salmon Derby, 4th of July; the State Fair of Alaska (2-3 trains); Nordic Ski Club, to the Kenai Mountains (4 trains with 700 passengers each); Railroad Week to the Palmer Transportation Museum; corporate charters for employees or VIP's; special party trains by groups to Whittier, Seward, and to the north; etc.

These trains are priced and marketed at a profit to the Railroad in operating costs, but not to return capital costs.

Occasional official trains are operated, such as for the 60th Anniversary of the Railroad, an anticipated special program for the State on January 5-6, 1985, or for promotion of Alaska or the railroad as a transportation carrier.

SPECIFIC REQUIREMENTS OF A STATE OVERSIGHT REPORT

Sec. 42.40.280 (b) (1)

The financial impact on the corporation is detailed in the attached statement of estimated income and expenses from our passenger service program in Calendar Years 1985 and 1986.

Losses of $1.7 million and $1.9 million are projected by operation of the same level of service as that which was offered in 1984.

Sec. 42.40.280 (b) (2)

The nature and level of the services provided passenger patrons of the corporation will not be affected if the corporation undertakes commitment of funds in the amounts stated above.

Sec. 42.40.280 (b) (3)

The action of providing an operating subsidy for passenger services is necessary and desirable because:

a. Services have been publicized and announced throughout the World for 1985 in conformance with the needs and practices of the tourism industry.

b. Elimination and/or reduction of passenger services below their present level would be a major blow to the total Alaska tourist industry.

c. Elimination and/or reduction of passenger services to Alaska citizens residing in remote or "bush" locations served only by the corporation would result in extreme hardship for these persons, in some cases of a life-threatening nature.

d. The provision of land access to Whittier would be severely restricted and reduced, and fares would rise substantially, during seven months each year when most of the traffic on the Shuttle trains is by Whittier residents.

Sec. 42.40.280 (b) (4)

The passenger services provided by the corporation are not expected to become self-sustaining financially during the next five years. Passenger service worldwide is operated basically as a public and/or social service. The present level of corporation service requires a much lower ratio of subsidy funding versus income from the service than elsewhere in North American and the World generally. The corporation's goal in continuing this service is to provide quality services at a realistic public cost to support essential access for Alaska citizens, and as a catalyst to the fast-growing statewide tourist industry.

Sec. 42.40.280 (b) (5)

While the corporation is presently not requesting an appropriation for the purpose of providing passenger service that is not financially self-sustaining, the likelihood of future application is strong.

The Act requires that the amount of any appropriation be calculated in accordance with United States Interstate Commerce Commission (ICC) standards for determining rail service subsidies.

Such standards do not presently exist. At one time, prior to the Staggers Rail Reform Act of 1980, the ICC did have certain regulations in effect which dealt with passenger subdidy computation. These were, however, designed for metropolitan area commuter rail service which is not directly comparable to Alaska services. These standards were repealed in their entirety in 1980.

In addition, the ICC standards provided for full cost recovery by rail carriers, plus management fees and profits. The corporation's computation of its passenger costs do not claim recovery of general overhead costs, costs for use of capital, or management/profit fees. Therefore, the corporation's level of subsidy is significantly below any which would result from using the old ICC standards.

Because no standards do exist, the corporation believes that this provision of the Act does not apply to the passenger services which it provides within Alaska.

THE ALASKA RAILROAD CORPORATION

Capital Budget Request CY-85 & CY-86
Passenger Services

November 27, 1984

The Corporation is requesting an appropriation for capital improvements during Calendar Years 1985 and 1986 which includes $7.5 million for projects within the passenger services functions of the Railroad.

Summarized, these funds will be expended as follows:

a. $100,000 for improvements to the station facilities at Denali National Park.

b. $2.4 million for station and terminal improvements, and rolling stock improvements, to the Whittier to Portage "Shuttle" service.

c. $5 million for remanufacture of ten (10) passenger cars from 1950-era equipment which is essentially worn out.

These improvements are the first phase of a general upgrading of the passenger service facilities and equipment on the Alaska Railroad. Except for a $4 million investment by the Congress in 1981, the railroad has never invested in a major upgrading of their passenger facilities. The 1950-era car fleet was acquired used in 1971 and is essentially intact, as-built, in service.

Unless investment is made in the above projects, public safety and comfort will be jeopardized and the corporation's ability to provide service at its present level will be significantly reduced.

THE ALASKA RAILROAD CORPORATION

PASSENGER SERVICES ESTIMATED DATA
INCOME & EXPENSE

($ 000)

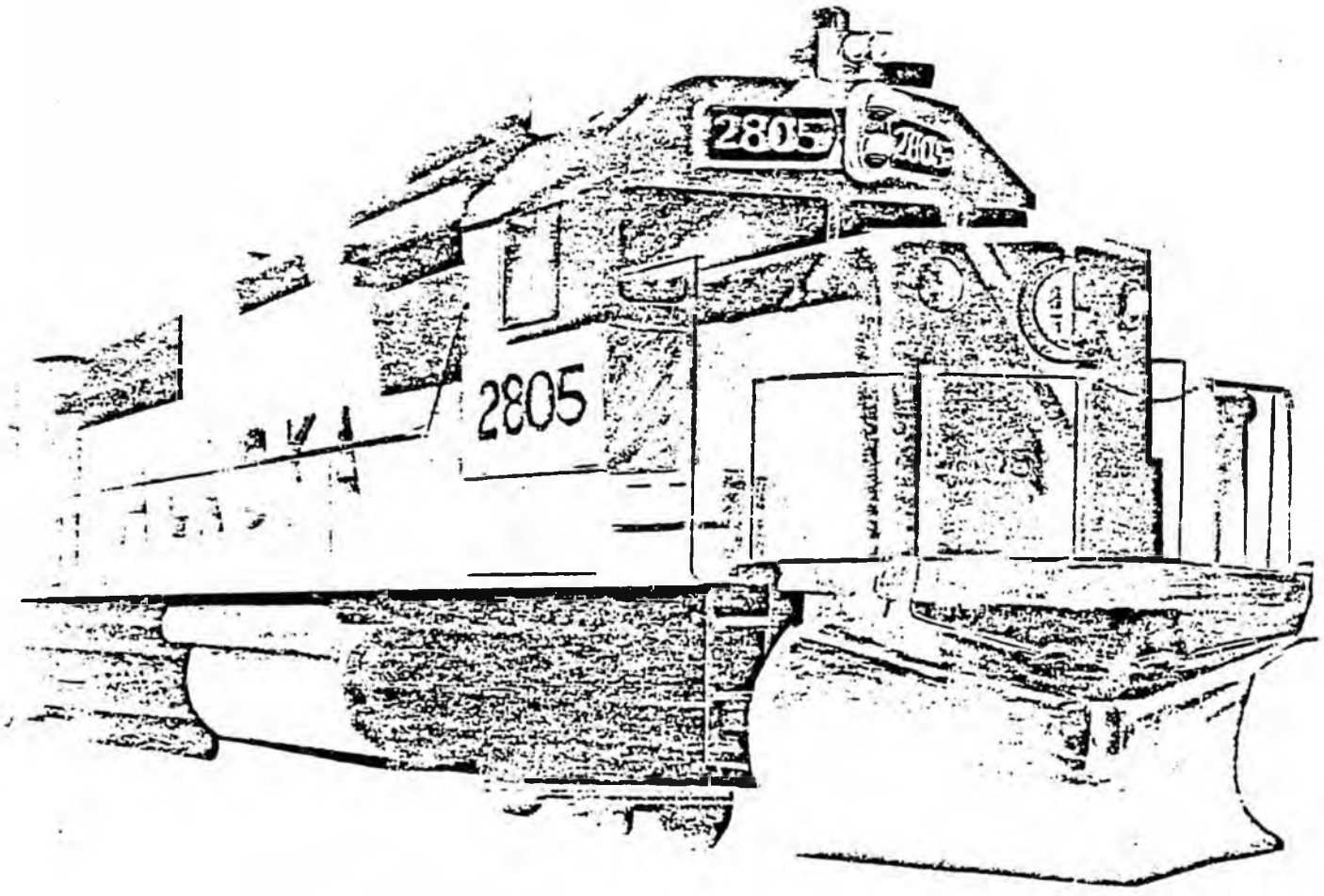
	CALENDAR YEAR 1985	CALENDAR YEAR 1986
EXPENSES BY DEPARTMENT		
TRANSPORTATION	3450	3950
MOTIVE POWER/EQPT.	1785	2040
MARKETING	180	205
CATERING	375	425
ACCOUNTING	50	58
TRACK MAINT.	405	450
TOTAL OP.COSTS	6245	7128
TOTAL REVENUE *	4520	5215
SERVICE LOSSES	1725	1917

* - ESTIMATED REVENUE AS OF 11/21/84 BEC

NOTE: THIS STATEMENT INCLUDES A.A.R. OPERATING COSTS ONLY. CORPORATE OVERHEAD AND CAPITAL INVESTMENT COSTS ARE NOT INCLUDED.

ALL PASSENGER SERVICE INCLUDED...MAINLINE, SHUTTLE, SPECIAL & CHARTER.

ANNUAL REPORT



PRESIDENT'S LETTER

Unlike New Year's resolutions, business goals and objectives are made with the thought in mind that they will be met or broken. I am happy to report that after one year of operation as a state-owned corporation, the Alaska Railroad has an impressive scorecard based on the goals we set and achieved. And this is a trend we expect to continue in the coming years.

Of course, none of this would be possible without the hard work of the corporation employees. Their dedication to the Alaska Railroad makes it possible for the corporation to achieve its objectives.

The overall goal of the Alaska Railroad Corporation is to foster and promote long-term economic growth and development in Alaska by providing transportation services on a self-sustaining basis at competitive rates and at the same time generate sufficient funds to upgrade and maintain the physical integrity of the railroad.

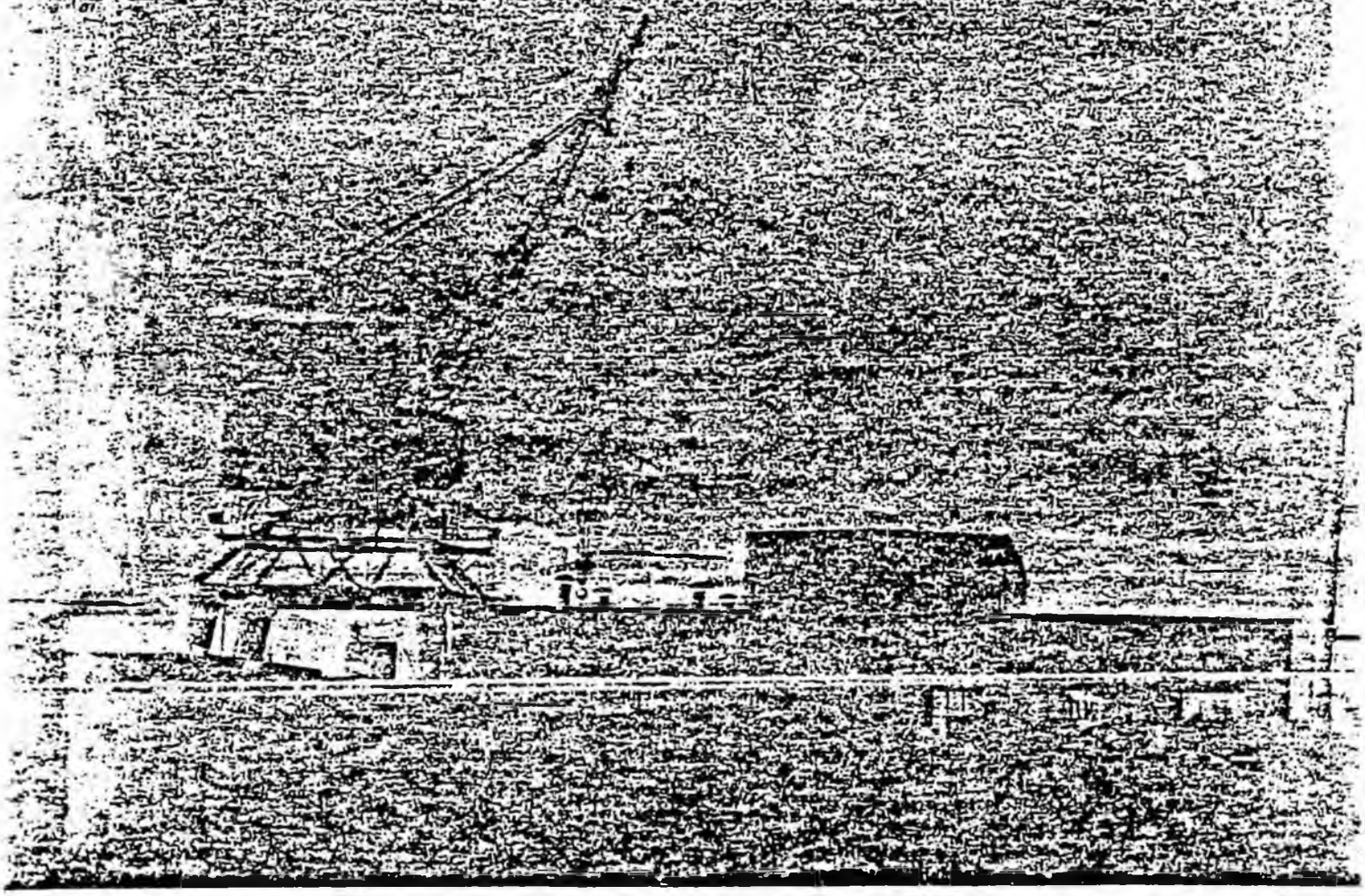
To achieve that overall goal, a three-year plan was developed that includes an extensive marketing program to increase our revenue, coupled with an intense effort to streamline our operations to reduce our costs. The

[illegible] modernizing the railroad, including purchasing new equipment, upgrading the track and roadbed and improving our physical plants.

The marketing objectives of our plan include increasing our revenue from petroleum products and our piggyback trailer service. In 1985 we added two new trains that give priority service to these customers, increasing petroleum revenues by 15 percent and piggyback revenues by 20 percent.

In addition, we plan over the next three years to reduce our losses from passenger service. No railroad makes money on passenger service, and the Alaska Railroad is no exception, recording losses of $18 million in 1985. With the purchase of two new rail diesel cars in late 1985, we expect to cut those losses by $500,000 in 1986 alone.

While we were attempting to boost revenues, we made major plans to reduce expenses by streamlining and implementing new computerized accounting, personnel, procurement, supply, [illegible] and distribution and preventive maintenance programs. Most of the projected savings are completed by year-end 1987. The remainder of the efforts should be completed in 1988.



Two significant cutbacks outlined in our three-year plan are reduction of our vehicle fleet by 25 percent and reduction of our operating employees by 20 percent. By the close of the first year we had cut our vehicle fleet by 22 percent and had better than expected inventory reductions, including track material, by 18 percent. Most of these items were sold at public auction, adding over $5 million to our cash revenues.

Our most ambitious objectives in the three-year plan are capital expenditures needed to modernize our equipment, improve efficiency and maintain the physical integrity of the railroad.

Equipment purchases planned for 1986 were 6 new locomotives and 115 new rail cars. In 1985 we bought five locomotives and 245 new rail cars for a total of $9 million. We also plan to replace our old, inefficient construction equipment. In 1985 we spent $600,000 and will purchase another $3 million worth in 1986.

All of these efforts would be fruitless if we did not pledge to protect gains and income. We maintain our outreach and marketing programs. We spent more on them in 1985 than at any time in the railroad's recent history. In this area, as well as all [illegible]

this year than following the Valdez oil spill, which caused $30 million in damage to the railroad.

Without impressive cost reductions and [illegible] there achieved by the Alaska Railroad Corporation [illegible] on its way to fulfilling the dream that has guided so many Alaskans to push for this railroad from the federal government. There were [illegible] trials and failures in 1985 and 1986 promises to hold its share of challenges. But I am confident that we can all be me

Frank C. Turpin
President and
Chief Executive Officer

For the Alaska Railroad Corporation, 1985 was a year of changes.

Change is inevitable in any business. It is a natural part of growth. However, for the Alaska Railroad Corporation, 1985 was a year of changes unlike any the Alaska Railroad had ever experienced.

The first and most dramatic change came within the first week of 1985, when on January 5 ownership of the Alaska Railroad was officially transferred from the federal government to the state of Alaska.

That transfer of ownership set the stage for many, many more changes, from management and personnel to policies and procedures. And with those changes a foundation was laid for the prosperous development of the newly formed Alaska Railroad Corporation.

Alaska paid the federal government $22.3 million for the Alaska Railroad. That purchase price included 655 miles of track, 38,000 acres of land including all rights-of-way, 1,545 units of rolling stock including locomotives, freight cars and passenger coaches, and four terminal facilities, one each in Seward, Whittier, Anchorage and Fairbanks.

A NEW CORPORATION

Transfer of railroad ownership to Alaska was made possible by the Alaska Railroad Transfer Act (ARTA), enacted by Congress in 1982. In 1984 the Alaska legislature adopted the Alaska Railroad Corporation Act (ARCA), establishing it as a public corporation of the state that would act as a separate, profit-making entity.

On January 5, 1985, as a result of the transfer, the federal railroad's financial books were closed. On January 6 the new state corporation technically began business with no operating funds. To meet the railroad's immediate money needs, the state legislature allocated, in addition to the sale price, a one-time startup fund of $10.9 million. The money was used to meet the corporation's first month's payroll and to continue several capital improvement projects that had been initiated under the federal system.

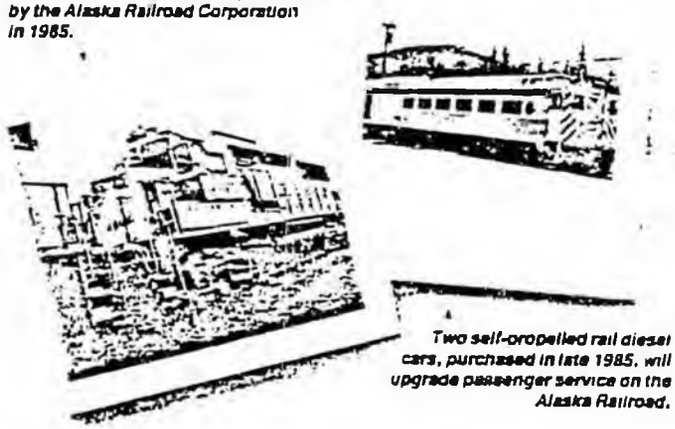
Within its first month of operation the new Alaska Railroad Corporation showed a profit, and continued to do so through the end of the year. In its first year of operation under state ownership, the Alaska Railroad Corporation netted $7.1 million, among the largest gains recorded by the railroad in its 62-year history.

John Riley, Federal Railroad Administrator, and Bill Sheffield, Governor of Alaska, signed an agreement January 5, 1985 to transfer the Alaska Railroad from federal to state ownership.

ARCA provided for the stewardship of the new corporation by a seven-member board of directors appointed by the Governor of Alaska.

The board is responsible for management of the corporation but has delegated certain powers and duties to Frank G. Turpin whom the board selected to serve as the railroad's president to guide the day-to-day operations of the corporation. He joined the railroad immediately upon transfer.

Five new locomotives were purchased by the Alaska Railroad Corporation in 1985.



Two self-propelled rail diesel cars, purchased in late 1985, will upgrade passenger service on the Alaska Railroad.

GOALS FOR 1985

As chief executive officer, Turpin set three goals for the new corporation: earn a profit without seeking state subsidies, broaden management emphasis from a concentration on operations to include marketing and finance, and modernize the railroad's rolling stock, equipment and physical plant.

Giant steps forward were accomplished in 1985 in all three areas. Each step meant changes as the railroad moved away from federal procedures and began operating more like a private business.

The first goal of earning a profit without state subsidies was accomplished in the first year. To control future spending and to get the best value from its revenue, the corporation developed a three-year capital spending program. The plan includes replacement or addition of several units of rolling stock and heavy equipment. The net result will be lower maintenance costs and improved service to customers.

MODERNIZING THE RAILROAD

The three-year plan also tied in with the corporation's goal to modernize the railroad. To improve freight hauling capabilities, 45 new intermodal flatcars called "articulated" cars were purchased for $4.5 million. The first step toward upgrading the aging locomotive fleet was the purchase of five new state-of-the-art diesel locomotives valued at $1 million each. The cars and locomotives arrived in the spring of 1985 and were placed in service immediately. At the close of the year the first of two 48-seat, self-propelled rail diesel cars (RDCs) arrived. The rebuilt cars were purchased to improve and reduce the cost of the winter passenger service and to augment summer and charter services.

The new cars and engines were obtained through a lease/purchase program that allowed the corporation to avoid seeking state subsidies. While the railroad had not been able to take advantage of the lease/purchase option under federal ownership, the corporation's unique position as a quasi-public enterprise enabled the railroad to make the best use of its revenue by leveraging its cash and buying on credit.

Doug Engebretson is a carman for the Alaska Railroad in Fairbanks. An average of 600 employees worked at the railroad in 1985.

NEW MANAGEMENT EMPHASIS

Other changes occurred within the railroad's Finance Department as steps were taken to equalize the emphasis on the three key departments in the railroad: operations, marketing and finance. A computerized accounting system was implemented to improve what had previously been manual procedures. Generally Accepted Accounting Principles (GAAP) were adopted as the railroad's accounting standards, which more closely matched revenue to expenses.

The Marketing Department took a more aggressive stance in seeking business for the railroad. The freight sales division was expanded by the addition of a freight sales manager with responsibility for the sales force in Anchorage and Seattle. Marketing developed and promoted two new unit trains, one for overnight trailer traffic and one for bulk petroleum products, to better meet the needs of Alaska shippers.

The Operations Department, responsible for all train movements and the upkeep on all rolling stock, equipment and track, in 1985 conducted the largest overall roadbed maintenance program in recent years. There were 81,000 linear feet of rail replaced, 26,000 new ties laid and about 200 miles of main line track resurfaced.

OUR EMPLOYEES

With all the changes that occurred at the Alaska Railroad Corporation, it is natural that employees would feel the impact. Steps were taken to streamline some departments while others added personnel. An average of 600 employees worked throughout the year, with peak employment topping the 900 mark during the busy summer construction season.

A significant change occurred in the personnel office when it was tied to the labor relations and the compensation and benefits divisions under the corporate umbrella title of Human Resources Department.

All but about 120 of the corporation's employees are represented by unions. There are seven bargaining units representing five unions: American Federation of Government Employees (blue collar and white collar units), American Train Dispatchers Association, Agents/Operators Unit; American Train Dispatchers Association, Train Dispatchers Unit; Brotherhood of Railway Carmen of the U.S. and Canada, International Association of Machinists and Aerospace Workers, and the United Transportation Union.

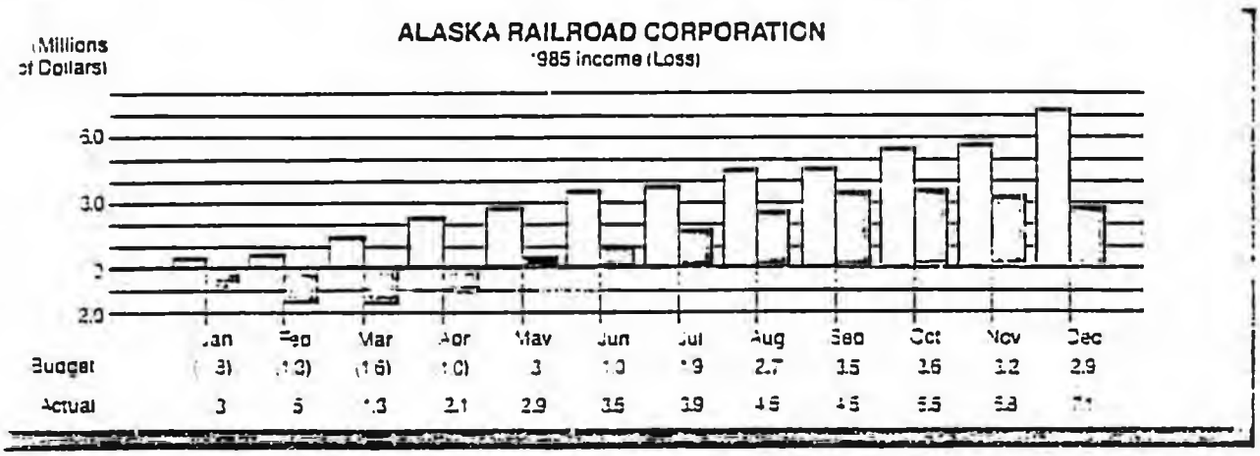
Under federal and state law the union contracts in existence at the time of transfer are to be renegotiated by the corporation within the first two years of operation under state ownership. Beginning in August 1985, for the first time in the history of the Alaska Railroad, all seven bargaining units and management met at the bargaining table to begin hammering out new contracts. Negotiations will continue in 1986.

THE FUTURE

Despite all the changes and reorganization it experienced in 1985, the Alaska Railroad Corporation is looking to 1986 as another year of challenges. An ambitious program is planned to continue to upgrade and improve the railroad's track and roadbed, its rolling stock and its physical plant. A $66 million operating budget was approved by the Board of Directors for 1986 plus $13.3 million in capital improvements.

The Marketing Department will continue its aggressive stance in seeking business for the railroad while providing new, more improved services to meet the customers' needs.

While 1985 was a year of transition for the Alaska Railroad, 1986 is expected to be a year of fine-tuning that will bring the corporation into the forefront of the transportation industry in Alaska.



The Operations Department is the part of the railroad most people are familiar with because it is most visible. Operations has three major divisions: Transportation, Motive Power and Equipment, and Engineering. Together these three divisions are responsible for all train movements, for the upkeep of all rolling stock and equipment, and for construction and maintenance of the track and roadbed and all railroad buildings.

Other divisions in Operations are less known, such as Security and Claims, Operating Rules and Hazardous Materials. Security and Claims is responsible for the security of the line including preventing trespassing and for investigating train and train-related accidents. This department also processes all claims for lost or damaged freight and equipment.

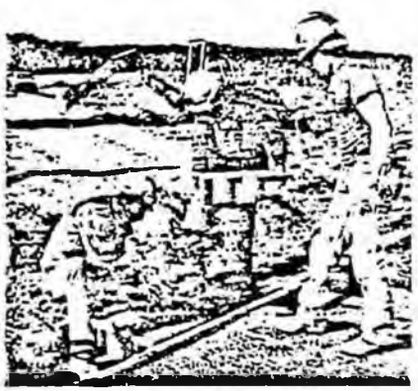
The Operating Rules Department administers the railroad's rules program for operating trains and equipment. To ensure understanding and compliance of the operating rules and special instructions, periodic training and testing is provided for operating personnel by this department.

The Hazardous Materials Office is responsible for inspecting equipment, rolling stock and buildings for compliance with corporate rules and regulations regarding the use and transportation of hazardous materials.

ENGINEERING

5 crews replaced about 26,00 crossties, relaid 81,000 linear feet of mainline rail using premium alloy rail, and turned another 40,500 feet of rail on curves. More than one-third of the rail system, or about 200 miles, was surfaced.

Bridge crews repaired and upgraded 23 steel and timber bridges, including the repair or installation of timber stringers, bulkheads, pilings, guard rails and bridge ties.



Maintenance workers installed a new, high technology material at railroad crossings that will provide a better crossing surface for the traveling public.

The single largest maintenance expenditure totalled about $2 million for rehabilitation of five tunnels between mile 51 and 53 of the main line. The two-year, $4 million project, about 50 miles north of Seward, will decrease maintenance of the tunnels and improve operations through that section of track. Work completed by the project contractor in 1985 included rock bolting of all the tunnels, ditching to improve drainage, and pouring four of 10 new reinforced concrete tunnel portals.

The Engineering Department coordinated with the state Department of Transportation and the Municipality of Anchorage in construction of two grade-separated crossings in the Anchorage area. The work included three new railroad bridges at Dimond Boulevard, 76th Avenue, and Campbell Creek, plus 1.6 miles of new mainline track. Work was begun also on the Municipality's West Northern Lights Boulevard project in Anchorage. When completed in 1986 it will be similar to the grade-separated crossing at Dimond Boulevard.

Engineering also coordinated with the Department of Transportation in Fairbanks in making track changes to the Fairbanks Yard to provide space for construction of a highway nearby and an overpass across the Fairbanks Yard. The work included construction of a balloon track to replace the wye and will eliminate a crossing in the middle of the yard.

Most of the work completed by the Engineering Department was designed to improve or enhance other areas of the Operations Department. For instance, electrical service was installed at the Anchorage and Fairbanks van terminals to provide "keep from freezing" (KFF) trailer service. KFF provides shippers with electrical power for heating and preserving goods shipped during the winter in trailers on flat cars.

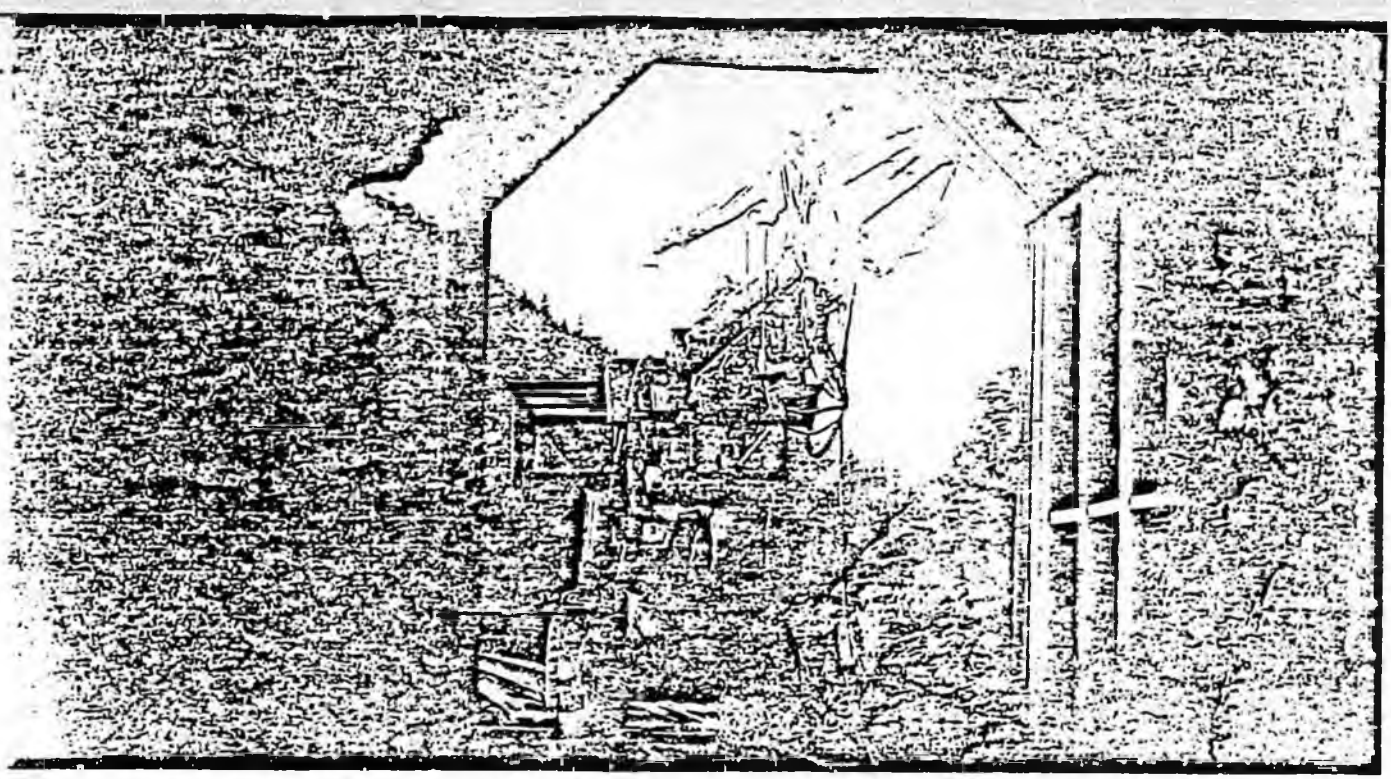
Increased truck-trailer traffic on the Alaska Railroad led to the construction of a 4,000-foot van track in Whittier to improve trailer-on-flatcar (TOFC) service. Other van terminal improvements were made both at Whittier and Seward including new trackage, lighting and drainage.

Upgrade of 12 miles of the Eielson Branch was begun with the replacement of 4.6 miles of 75-lb. rail with secondhand 115-lb. rail that was replaced on the main line. The branch line serves Ft. Wainwright, North Pole and Eielson Air Force Base. It is used for delivery of coal to fuel the military's power plants. A 4,100-foot siding was constructed on the branch line at North Pole to accommodate increased traffic expected to result from the expansion of the nearby oil refinery.

Throughout the year Engineering employees worked to upgrade and improve the railroad's physical plant. Facilities at Fairbanks, Denali Park, Anchorage and Seward were painted or remodeled; water, heating and sewage systems were improved; and roofs were replaced or insulated to reduce maintenance, repair defects, reduce heat loss and improve appearance and operation.

The single largest physical improvement was construction of boiler plants in several Anchorage facilities as part of the final phase of a three-step utility modernization program that eliminates the railroad's dependence on a nearby high-cost, outmoded, commercial heating plant. The results are significant energy savings and improved working conditions.

The project included installation of five boilers, including three 400-horsepower steam boilers in the old blacksmith shop, which when constructed in the early 1920s was the original railroad boiler plant, and two 125-horsepower hot water boilers in a new building constructed near the Anchorage warehouse area. Three smaller plants were installed to heat the general office building, which houses the Anchorage Passenger



Rehabilitation of five tunnels between Seward and Portage was the single largest track maintenance expenditure in 1985. The $4 million, two-year project will be completed in 1986.

Depot; the annex, which includes the accounting and computer personnel; and the Anchorage freight house, which includes the procurement offices.

This project will be completed in 1986 with installation of an energy management and control system, some minor renovations to buildings, and relocation of the car cleaning facility.

MOTIVE POWER AND EQUIPMENT

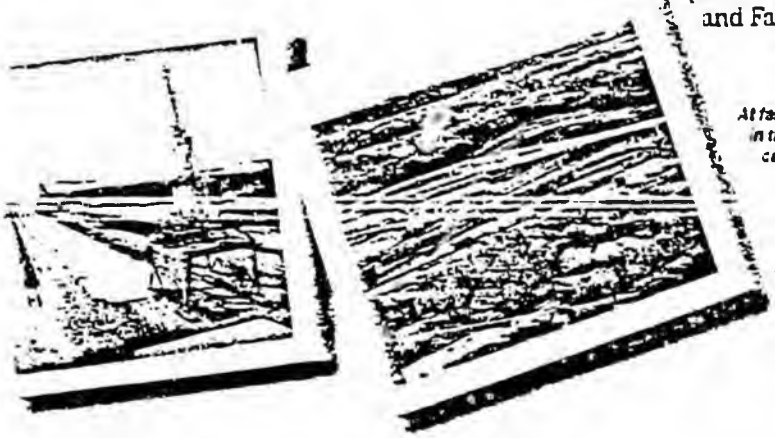
While the Engineering Department was working in 1985 to improve the condition of the railroad tracks, roadbed and physical plant, the Motive Power and Equipment (MP&E) Department acquired new rolling stock and equipment or overhauled much of what was already on hand.

Major purchases included five new state-of-the-art GP49 diesel locomotives manufactured by the Electro Motive Division of General Motors. The 2,300-horsepower locomotives have an anti-wheel-slip system that improves train performance and fuel consumption.

In an effort to improve the reliability of the existing locomotive fleet and to reduce maintenance costs, MP&E completed a major overhaul of the electrical components and trucks on two locomotives and completed the rewire and electrical upgrade to control circuits on a third. A fourth locomotive was repowered with new pistons, cylinder liners and heads.

Several locomotives were judged beyond economical repair and were retired, including No. 1500. An F-7 engine that had a glamorous history with the Alaska Railroad, No. 1500 provided the power for many ceremonial trains including two trains used during transfer ceremonies in January. No. 1500 also was featured in a motion picture filmed on the Alaska Railroad in 1985 called "Runaway Train." It was the grand old lady's last official duty before being retired and donated to a local transportation museum.

To improve freight-hauling capabilities, 45 articulated intermodal cars were purchased for TOFC service. Each car is hinged, or articulated, in three sections to allow for easier train movement. There is space on each car for three trailers. The cars are used primarily for hauling trailers between Anchorage and Fairbanks.



At far left, the railroad yard in Fairbanks includes about 440 acres in the heart of the city. A row of articulated flat cars shown at center awaits trailers for shipment to Anchorage.

Left, the Alaska Railroad owns about 660 acres near downtown Anchorage, most of which is at the mouth of Ship Creek. In the background is the roundhouse where all equipment maintenance and repairs are done.

MP&E began construction of two power cars and wired 15 of the new articulated cars to provide electricity for trailers carrying perishable goods and other commodities that might freeze.

Two self-propelled passenger cars were purchased in 1985 also. The cars, known as rail diesel cars or RDCs, were rebuilt with the installation of twin 347-horsepower Cummins engines and twin-disc transmissions. The first of the two cars was received in December 1985 and was placed in winter passenger service at the start of the new year.

For the first time MP&E placed an employee in the railroad's Seattle office to work exclusively with shippers in solving technical problems related to equipment use and loading requirements. A program establishing new rules for open-top loads was initiated to reduce the cost to shippers for improperly secured or heavy loads.

TRANSPORTATION

Train movements increased dramatically in 1985 and the Transportation Department worked to ensure those movements were made safely and efficiently. Gross trailing ton miles, a measurement for the movement of one ton over one mile, were up 25 percent in 1985 over 1984. Freight traffic accounted for the major portion of this increase, but passenger traffic also rose. Ridership surpassed the quarter-million mark for the first time in the railroad's history.

The first full year of export coal service by the railroad was completed in 1985. A steady source of revenue was derived from the three-unit-trains-a-week movement of coal from the Usibelli mine at Healy to Seward for export to Korea. The contract for hauling export coal began in December 1984 and since its inception 132 coal trains have hauled 671,000 tons of export coal.

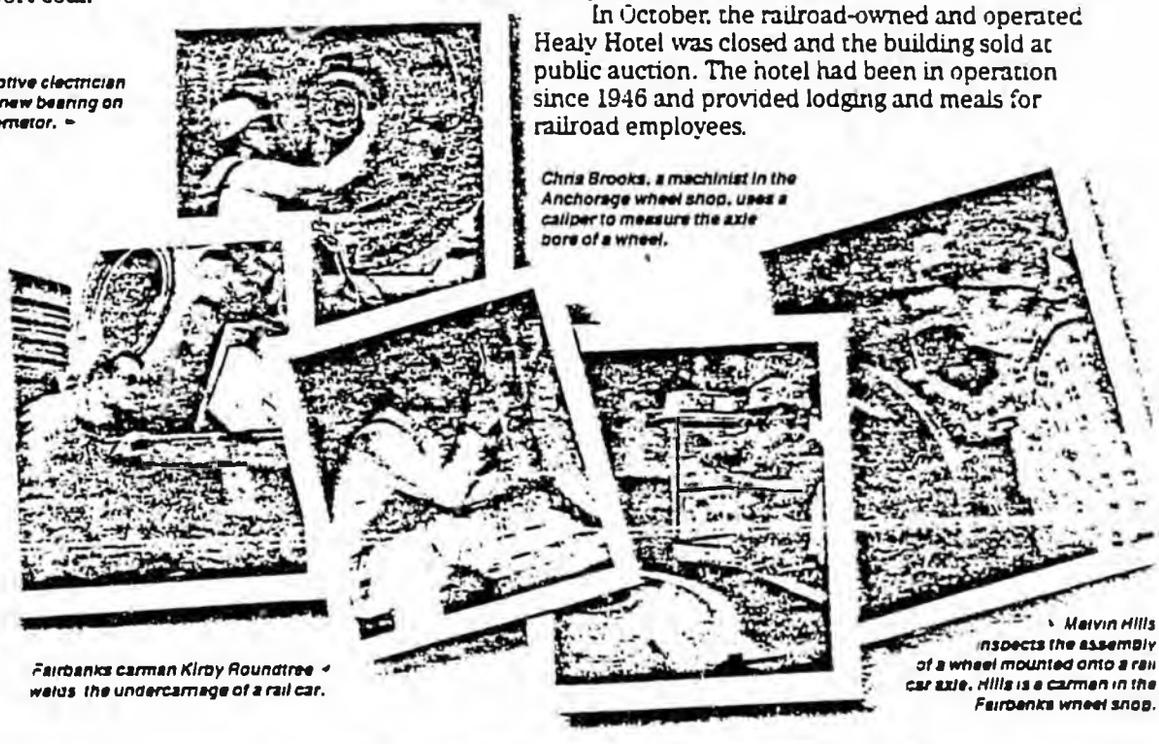
In addition, 562,000 tons of coal were moved from Healy to the Fairbanks area to provide fuel for five power plants in Interior Alaska and the military bases at Wainwright, Clear and Eielson.

In May 1985, a new intermodal freight service was inaugurated called the Arctic FOX, or Freight Overnight Express. This service is a unit trailer train that provides six-days-a-week overnight delivery of trailers and containers between Anchorage and Fairbanks. The Arctic FOX operates with an average of 10 articulated flat cars that provide space for about 30 trailers or containers. The FOX hauled 5,832 trailers in its seven months of operation in 1985.

The FOX is the first cabooseless train service operated on the Alaska Railroad and the first service operated with a two-member crew. This was made possible by the addition of train rear-end devices. These end-of-train monitors provide vital information to locomotive engineers operating cabooseless trains. Each device consists of two units, a receiver in the locomotive cab and a transmitter on the rear car of the train. Together these units allow crews to monitor air brake pressure, detect motion in the last car of the train and measure train distances traveled. The units also provide the rear-end car with an FRA-required amber light that automatically turns on at dark.

During the same time the Arctic FOX service was initiated, the Anchorage freight house operations were discontinued. All services for loading and unloading railcars, consolidation of freight, and rubber-tire delivery were contracted to local businesses in an effort to divest from some less profitable, labor-intensive operations. Because of the railroad's rapid growth in the intermodal business, all Anchorage freight house employees were transferred to Intermodal Services, which was established as a separate division within the Transportation Department.

In October, the railroad-owned and operated Healy Hotel was closed and the building sold at public auction. The hotel had been in operation since 1946 and provided lodging and meals for railroad employees.



Jim Trueblood, a locomotive electrician in Anchorage, installs a new bearing on a locomotive engine alternator.

Chris Brooks, a machinist in the Anchorage wheel shop, uses a caliper to measure the axle bore of a wheel.

Larry Newsham, technical services manager, inspects loaded rail cars before shipment from Seattle to Anchorage.

Fairbanks carman Kirby Roundtree welds the undercarriage of a rail car.

Melvin Hills inspects the assembly of a wheel mounted onto a rail car axle. Hills is a carman in the Fairbanks wheel shop.

Because of its high operating and maintenance costs, the hotel was closed in favor of a more economical means of providing these services by contracting with a local motel and cafe at Healy.

In December the second new freight service for 1985 began operating. A daily unit tank train service between Fairbanks and Anchorage, called the Oil Worker Limited or OWL, transports petroleum products from the local oil refinery southbound to Anchorage and gasoline northbound to Fairbanks from storage yards in Anchorage. This daily service greatly improved freight delivery service for these commodities and turnaround time on empty tank cars.

OPERATING RULES

In late 1985, after extensive review and consultation with railroads operating in the Lower 48, the Operating Rules Department began training operating personnel on an innovative new system known as Track Warrant Control. This system is used on many other U.S. railroads and is designed to expedite the movement of trains while providing a safe and efficient operation. It will replace the complicated and time-consuming train order method in use at the Alaska Railroad for decades. Target date for railroad-wide implementation of the Track Warrant Control system is set for February 1986.

SECURITY AND RISK MANAGEMENT

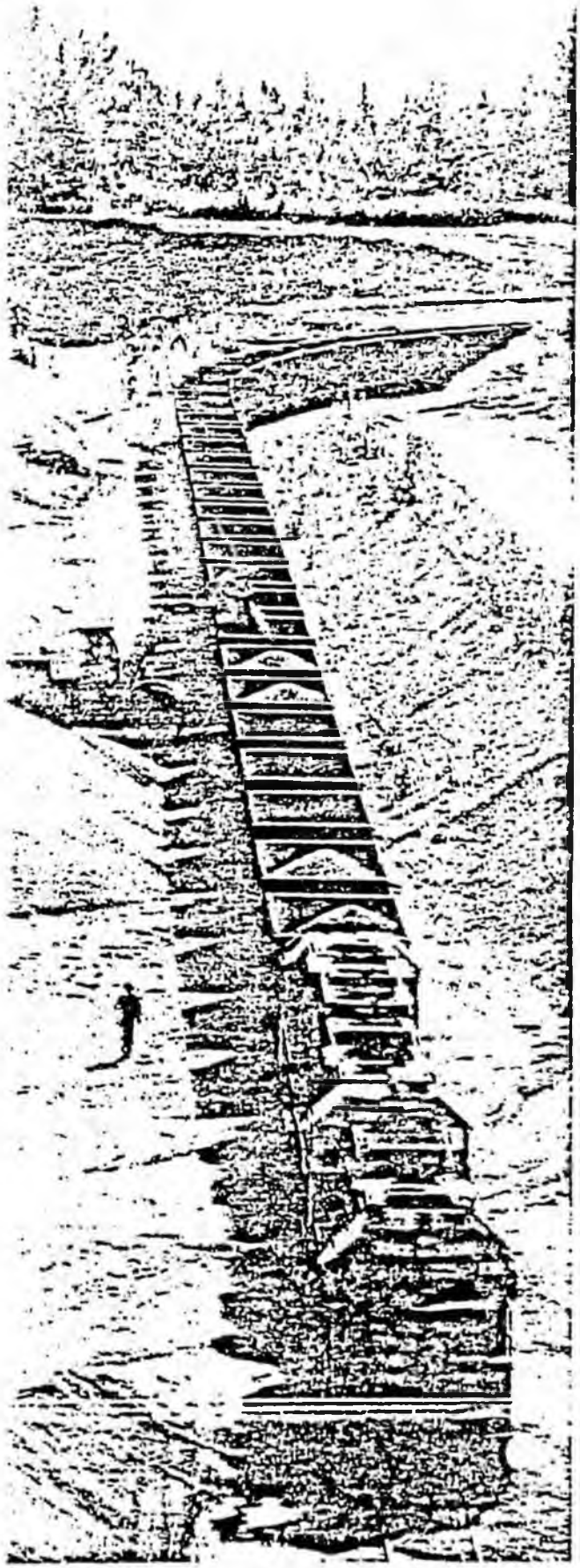
With the transfer of the Alaska Railroad to state ownership, the new corporation was required to organize a risk management program to provide insurance for property damage or loss, theft, fire, vandalism and other potential liabilities. For the first six months of 1985 the railroad operated on an interim program with coverage provided under the state of Alaska's risk management program.

During this interim period a review of the railroad's insurance needs was conducted and a risk management program developed that was marketed to domestic and foreign underwriters.

With the first year of experience as a reference, the risk management program is being assessed and modifications being made as the insurance markets dictate and as the corporation also continues to define and refine its specialized insurance needs.

HAZARDOUS MATERIALS

As part of its continuing safety program, the Alaska Railroad provided training and information regarding the loading and movement of hazardous materials to shippers as well as local fire fighting and emergency services personnel along the railbelt. The Hazardous Materials Specialist provides assistance to customers to ensure that materials shipped on the Alaska Railroad are loaded and placarded in compliance with federal regulations. Examples of materials shipped in 1985 include petroleum products such as gasoline and jet fuel, and chemicals for use in manufacturing.

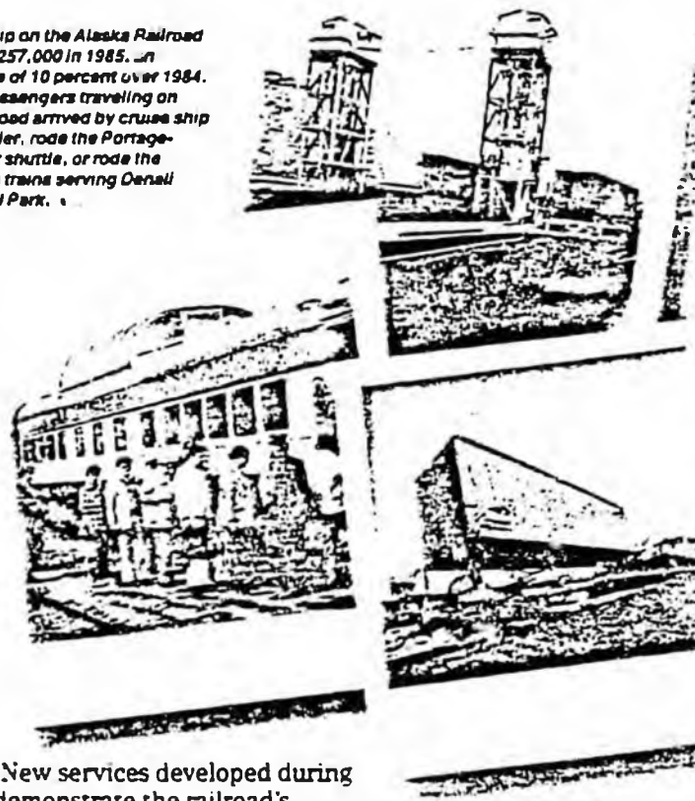


Gravel unit trains are loaded near Palmer, in the Matanuska Valley, 40 miles north of Anchorage.

To achieve the business goals of the new railroad, the Marketing Department expanded the activities of the department, placing greater emphasis on developing new markets for the railroad's services.

Marketing's role within the corporation includes selling, pricing, rate and service contracting, cost of service analysis, market planning, market research, market development, customer service, advertising and promotion of both freight and passenger service. It also includes management and development of the real estate holdings of the corporation.

Ridership on the Alaska Railroad totaled 257,000 in 1985, an increase of 10 percent over 1984. Most passengers traveling on the railroad arrived by cruise ship in Whittier, rode the Portage-Whittier shuttle, or rode the express trains serving Denali National Park.



Whittier is one of Alaska's major ports and is also an important freight terminal for the Alaska Railroad. Rail cars, truck trailers and containers bring goods to Alaska through Whittier.

Seward is another major port served by the railroad. Coal exports, rail cars, trailers and imported pipe shipments are moved by the railroad from this small seaport community.

A trailer is shipped on an articulated flat car, one of 45 specially designed cars bought by the railroad in 1985. Each flat car can carry three trailers.

New services developed during 1985 demonstrate the railroad's dedication to customer service. The first of these specialized services was initiated only four months after the railroad transfer. Named the Arctic FOX (Freight Overnight Express), the service provides overnight delivery of high priority, highway trailers between Anchorage and Fairbanks using specially designed articulated flat cars, the first equipment purchased by the railroad in 1985. The efficiency of the FOX operation permits the railroad to compete with motor carriers in this market and pass the cost saving along to the Alaska consumer. Since its inception in May, the popularity of the FOX has steadily increased. By the end of the year it was operating regularly at over 90 percent capacity.

Another priority service begun in 1985 was the OWL (Oil Worker Limited). This daily train transports jet fuel from the petroleum refinery at North Pole to Anchorage, returning to the Fairbanks area with gasoline and other petroleum products. The efficiency of this service has made it possible for the customer to double the shipping volume without increasing the number of tank cars it leases.

FREIGHT SERVICE

Freight service is the most important source of income for the railroad. In 1985 it resulted in three-quarters of the corporation's $67 million in revenue. Passenger service and real estate revenues accounted for another 13 percent of the total.

Over 90 percent of freight revenue is derived from five areas: rail cars from the Lower 48, coal, petroleum, gravel, and TOFC/COFC (trailer on flat car/container on flat car.) The remaining percentage of freight is split between pipe shipments and local freight. Rail cars, coal and TOFC/COFC are handled predominately at two of Alaska's major ports, Seward and Whittier.

One-fifth of the freight revenue is derived from coal shipments, either export or local delivery. Alaska coal is exported to Korea through a major coal transloading facility built at the Port of Seward in 1984. The coal export contract with the Koreans runs through 1992. During the first year of the contract (actually 13 months, including December 1984) 871,000 tons of coal were moved to Seward. That is about 20 percent below the volume projected because of lower consumption by the customer, Korea Electric Power Company.

Coal shipments within Alaska were also lower than expected. Warmer than usual temperatures in

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Interior Alaska resulted in reduced consumption by the five power plants in the Fairbanks area and the nearby military bases that use coal for fuel. About 562,000 tons were shipped locally in 1985.

Gravel and sand shipments, which move in unit trains between the Matanuska Valley and Anchorage, were the fifth largest revenue producers among all commodities shipped by rail. These shipments are tied to the cyclical rise and fall of the Anchorage area construction industry, which began to decline in 1985. Although lower activity in highway and building construction is anticipated again in 1986, a high volume of gravel is expected to move via the Alaska Railroad.

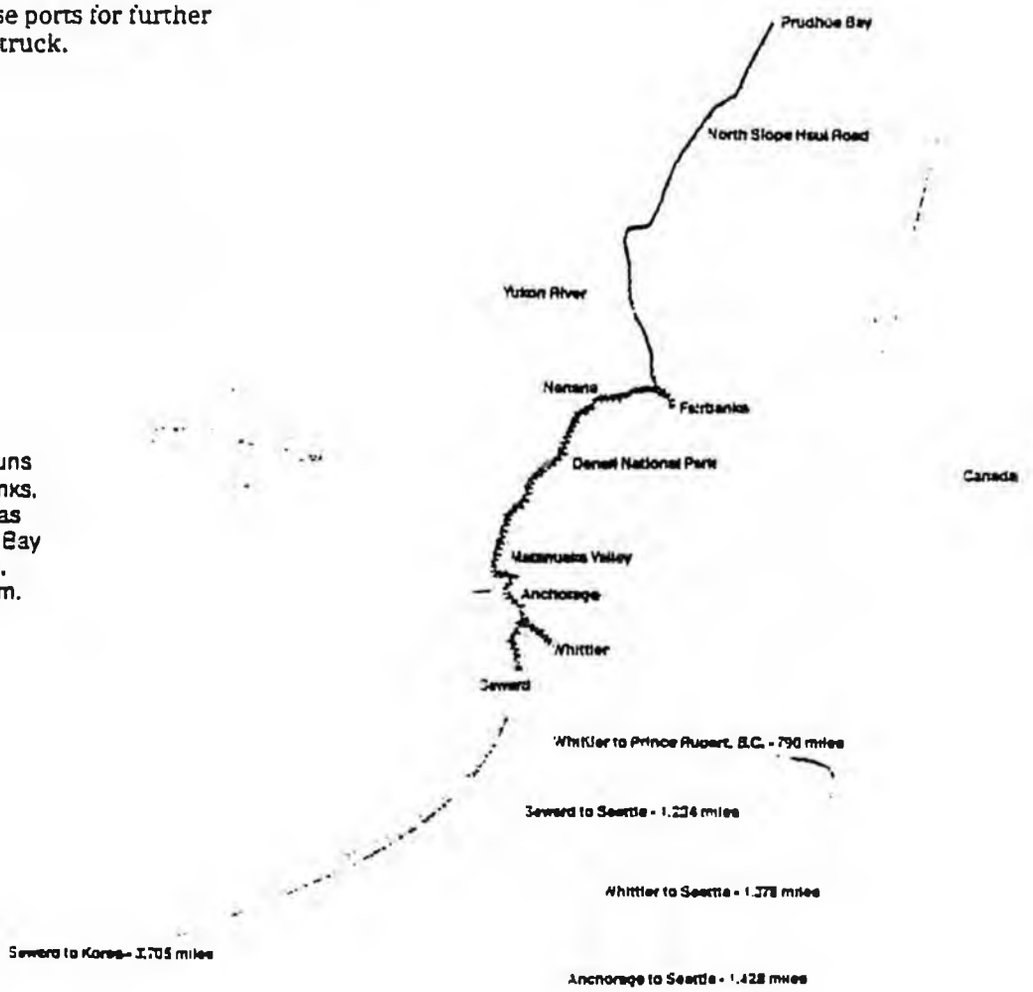
The Alaska Railroad connects with a number of water carriers providing a variety of excellent services from the Lower 48 to Alaska ports of Whittier, Seward, and Anchorage. Major rail carriers and truck lines connect with these water carriers at Seattle, Tacoma, and Prince Rupert, British Columbia. The water carriers provide frequent rail car barge, trailer, and container service.

Among the extensive railroad properties are the modern facilities at the ice-free ports of Whittier and Seward. Bulk and container cargos are unloaded at these ports for further transportation via rail and truck.

Interior Alaska covers thousands of square miles, much of it primitive wilderness; and, its towns and settlements are often isolated by distance and terrain. But, although the Alaska Railroad goes no farther than Fairbanks, it uses a combination of transportation modes, including motor carriers, river boats, and aircraft, to carry freight to the remote corners of the state.

Freight is transferred at Nenana to river barges which provide through routes and rates in connection with the railroad. This river freight service extends along the Tanana and Yukon rivers to Fort Yukon, and even to Marshall, just 150 miles from the Bering Sea. The railroad has for decades provided this essential service to the Bush, and is continuing to upgrade transportation facilities and services.

The railroad competes actively for the transportation of imported steel pipe products, which move into Alaska principally through the ports of Seward, Anchorage, and Valdez. The railroad moved 74,000 tons of pipe in 1985.



The "railbelt" region of Alaska runs 470 miles from Seward to Fairbanks, connecting southcentral Alaska as well as the interior and Prudhoe Bay with water carriers from Canada, the Lower 48, and the Pacific Rim.

An aggressive marketing effort and improved service by rail led to a strong recovery in this business in December. Ship traffic through Seward resumed late in the year, discharging pipe for movement to the North Slope oil fields through the railroad's terminal in Fairbanks.

The Alaska Railroad Corporation is a major supplier of transportation services for the petroleum industry. Steel pipe, drilling compounds, machinery, and supplies routinely move over the railroad to Fairbanks for further movement by motor carrier to the North Slope. Massive drilling rigs are fabricated by an Anchorage firm then disassembled for transportation to the oil fields.

PASSENGER SERVICE

The majority of the 257,000 passengers who chose the Alaska Railroad for travel in 1985 arrived on cruise ships through the railroad's port of Whittier, rode the Portage-Whittier shuttle, or rode the express trains serving Denali National Park. Ridership rose by almost 10 percent over 1984, making the year a record for the railroad's passenger train service.

The purchase of two specially rebuilt rail diesel cars (RDCs) received in late 1985 is expected to reduce significantly the cost of wintertime rail service to rural areas, where the greater part of passenger service losses are incurred. These self-propelled passenger cars are available for charter and excursion trains and to supplement other passenger services where necessary.

The Alaska Railroad offers several types of passenger services, depending on season and destination. These services include the Denali express, the rural local service, Whittier shuttle, Seward excursion, and winter service.

The Denali express is the summer service on the Anchorage - Denali Park - Fairbanks route. Trains leave Anchorage and Fairbanks daily from late May to mid-September and serve Denali National Park each way. The Denali express is the last traditional intercity passenger train in the United States and provides spectacular views of Mt. McKinley, the tallest mountain in North America.

The rural, or Bush, service which moves people and their belongings (such as animals, supplies, and food) to remote areas not served by highway or air, is a major public service of the railroad. Bush passengers flag the train at almost any point for personalized service. Wintertime essential Bush and shuttle services during the eight-month season result in about 7 percent of the railroad's annual passenger business. The railroad also provides weekly small freight shipment service to these remote homesites.

The 12-mile trip from Portage to the community of Whittier is traveled by what is familiarly known as the Whittier shuttle. The shuttle provides the only land access to this small but major seaport town. Passengers may ride the train or in their vehicles that are loaded onto flat cars at Portage. Much of the trip is through tunnels because of the many rugged mountains encountered between Portage and Whittier. The train makes several round trips daily between the two stops in the summer. Connections and reservations are available with the Alaska Marine Highway ferry service from Whittier to Valdez.

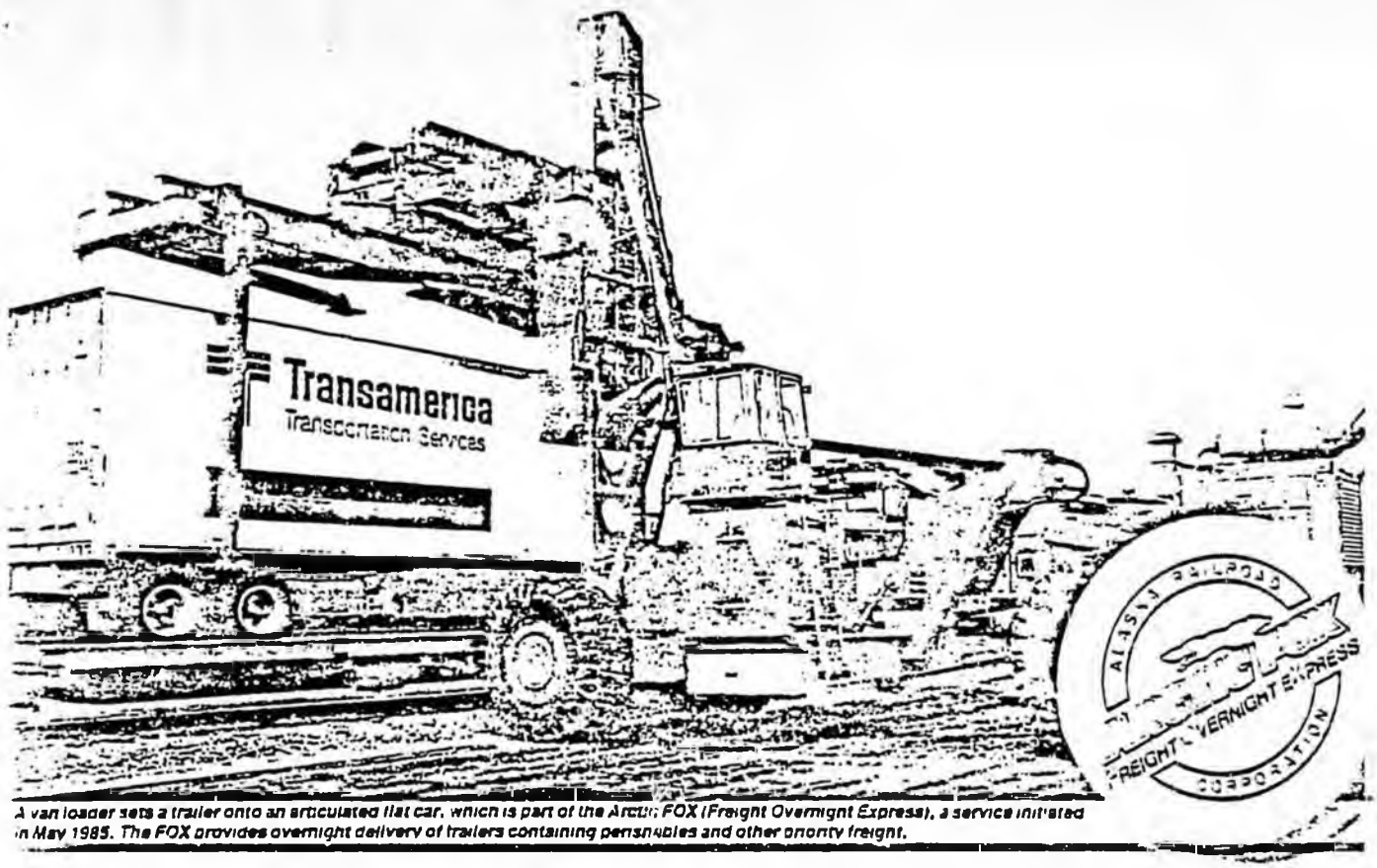
Cruise ship service to Whittier and significant increases in recreational use of the Prince William Sound region, coupled with a banner tourist year on the Valdez to Whittier state ferry route, boosted the number of passengers on the Whittier shuttle by over 20 percent. Ridership in 1986 promises to exceed 1985.

This 20,000-gallon tank car is part of the OWL (Oil Worker Limited), a new, daily unit train that brings jet fuel from North Pole to Anchorage, and returns to Fairbanks with gasoline and other petroleum products.

Coal is loaded at the Usibelli coal mine near Healy for shipment to Seward and then Korea. Twenty percent of freight revenue comes from local and export coal.

Phil Hibdon, left, and Dennis Smith, railroad marketing representatives, provide pricing information for freight service.

Bob Smith is a freight salesman in the railroad's Seattle office. His duties include selling freight services, making customer contacts and servicing existing contracts between the Lower 48 and Alaska.



A van loader sets a trailer onto an articulated flat car, which is part of the Arctic FOX (Freight Overnight Express), a service initiated in May 1985. The FOX provides overnight delivery of trailers containing perishables and other priority freight.

Passenger trains to Seward will begin regular service in 1986 after a 30-year absence. The Railroad was the original link between Anchorage and Seward but service was discontinued when highway travel became more popular. During the summer the railroad will offer a weekly day-long excursion from Anchorage to Seward. Passengers will see glistening glaciers, experience the view from high rocky ledges and wind along canyon streams on this 230-mile round trip through some of Alaska's most beautiful mountain territory.

Winter passenger service is provided on a reduced scale during the shoulder season of September to May. Passenger trains travel between Anchorage and Fairbanks twice each month and to Hurricane twice each weekend.

REAL ESTATE

The Alaska Railroad Corporation controls approximately 38,000 acres of land from the ports of Seward, Whittier and Anchorage to the interior city of Fairbanks. Approximately 40 percent of the land is a transportation corridor or railroad rights-of-way. The remaining real estate includes operational and nonoperational parcels within railbelt communities.

Since transfer of the railroad to state ownership, the scope and duties of the Real Estate Department have expanded to include a greater involvement in land-use planning. Coordinated efforts between Operations and Real Estate departments have been initiated to identify surplus lands available for long term lease. This would result in a more efficient use of undeveloped railroad properties. Leasing policies and practices have been written and implemented to create a more equitable and consistent approach to land management. Innovative ground lease techniques such as rent credits for certain non-depreciable lessee improvements and rent caps that create predictable and financially attractive lease documents will be made available under this new policy. Real estate revenues for 1985 were approximately $4.3 million.

During 1985, a study was initiated to analyze and recommend for the department an office automation system to catalog and create a database to store some 1,200 real estate lease and permit contracts. The recommendation will be implemented in 1986.

Positive steps are being taken to develop a closer working relationship within railbelt communities. The Real Estate Department recognizes the need for a more cooperative approach between the Alaska Railroad Corporation and its host municipalities and boroughs.

THE FUTURE

To implement the Marketing Department's diverse role within the railroad, a formal marketing plan was developed by the department and in late 1985 was approved by the Alaska Railroad Corporation Board of Directors. A key element of the plan calls for new, aggressive marketing programs to establish the identity of the Alaska Railroad throughout the Northwest as well as in the Alaska shipping community.

CHIEF COUNSEL'S OFFICE

The Chief Counsel and his staff were kept very busy in 1985 with the myriad legal issues facing the new railroad corporation.

Topics reviewed during the year by the legal staff included real estate, regulatory review of the rail industry and the railroad's rate structure, personnel and labor relations, commercial financing, and risk management.

The State Transfer Team, which was created prior to transfer of ownership of the railroad to coordinate that process, passed responsibility for many legal tasks to the Chief Counsel in the first quarter of 1985. Foremost among these assignments was continuing oversight of the conveyancing of 38,000 acres of railroad parcels and right-of-way from the federal government to the corporation. Survey, description, and procedural issues continue to be overshadowed by Native corporation claims to valuable railroad parcels. The railroad was involved in negotiations with Ahtna, Eklutna and Toghetthele native corporations. An agreement was reached with Ahtna Inc. in 19[illegible]. Negotiations will continue in 1986 to resolve the remaining claims.

The interpretation and application of both old and new railroad leases required considerable legal support. Corporate attorneys assisted in development of a new leasing policy and new master lease. The legal office also participated in the development of corporate relations with many state, federal, and military agencies regarding mutual land ownership and management concerns.

The legal staff was instrumental in the financing of millions of dollars in new equipment purchases in 1985 by preparing and negotiating necessary commercial documents. Procurement of equipment and materials also required legal review of solicitation packages and legal assistance in the resolution of bid disputes.

Competitor challenges to the corporation's pricing of piggyback traffic (truck trailers on flat cars) led the Chief Counsel to retain transportation and accounting experts to review the corporation's rate costing practice. The studies confirmed that the corporation's pricing was appropriate.

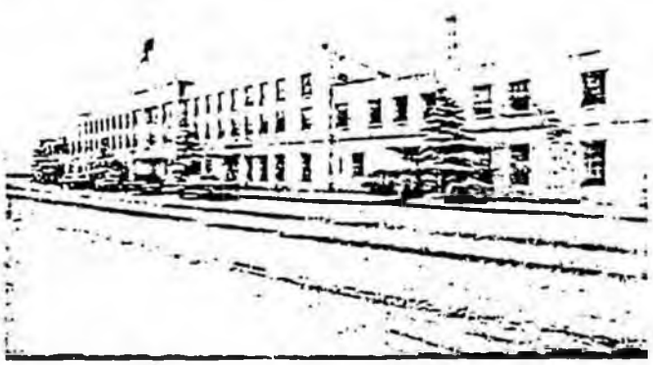
Competing water carriers fought unsuccessfully to deny the corporation any participation in the Interstate Commerce Commission's exemption of boxcar traffic from regulation. The exemption will permit more freedom in the marketing of transportation services.

Through the first year of state ownership, the corporation received relatively few claims for personal injury and property damage related to railroad operations. Corporate counsel participated in resolution of several of the claims and in review of the corporation's risk management procedures.

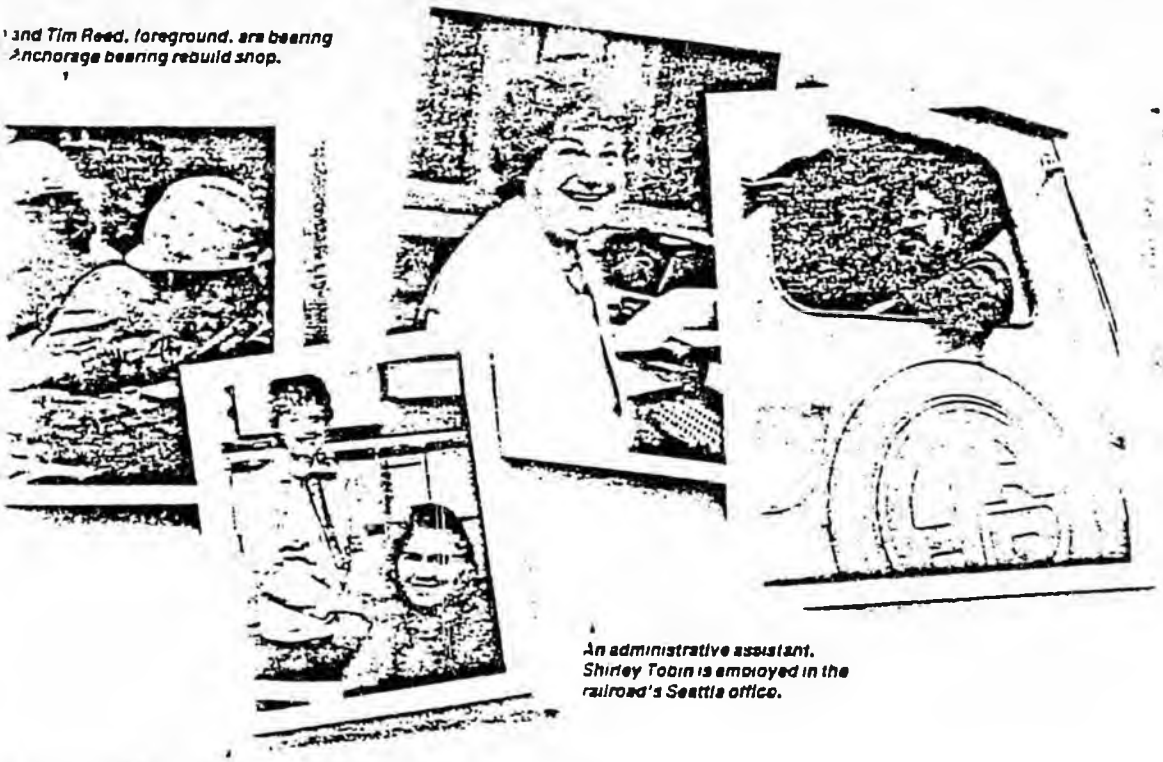
Given the breadth of 1985 corporate legal affairs, the Office of the Chief Counsel will be challenged by these and new assignments in 1986.

Terry T[illegible] specialis[illegible]

Cathie McLeod is a clerk-typist in the Fairbanks freight house.



The Alaska Railroad General Office building in Anchorage was constructed in 1942. It houses most of the corporation's administrative employees.



and Tim Reed, foreground, are bearing Anchorage bearing rebuild shop.

Chris Muniz, a truck driver for the railroad, assists in loading and unloading trailers on flat cars in the Anchorage yard.

An administrative assistant, Shirley Tobin is employed in the railroad's Seattle office.

Betty Elge is the dock agent, and Beverly Clauson, foreground, a clerk-typist, in Seward.

As a federal agency, the Alaska Railroad had adhered to federal hiring practices and personnel procedures. With transfer of ownership to the state, the railroad began to develop and implement policies and procedures that more closely responded to the needs of the new Alaska Railroad Corporation.

In the process, several personnel and employee relations functions were consolidated into one department. The Human Resources Department was created from the old Personnel Office. Added to it were Organization, Compensation and Benefits, Labor Relations, and Health, Safety and Environment. This reorganized department provides a full range of employee relations services for both management and employees. Affirmative action and the streamlining of recruiting and hiring practices are a top priority in better utilization of the work force.

Among the major Human Resources projects in 1985 was conversion of all personnel and payroll records to a fully automated, computerized system. Complete conversion to the new records system was expected by February 1986. This change will allow ready access to employee data and will insure an accurate employee record system.

Human Resources played a significant role in labor negotiations in 1985. According to both the federal transfer and state corporation acts, union contracts in existence at the time of transfer to state ownership are to be renegotiated by the corporation within the first two years of state operation. Beginning in August 1985, for the first time in the history of the Alaska Railroad, representatives from all seven bargaining units and management met at the bargaining table. This unique process called for bargaining with all the unions at once on items common to all the units. By year's end significant steps had been made toward reaching a mutually agreeable master contract.

Negotiations will continue in 1986 to finalize the master agreement after which each bargaining unit will have an opportunity to negotiate an addendum specifically for each union.

UNIONS REPRESENTING RAILROAD EMPLOYEES

(As of December 31, 1985)

Union	Employees
United Transportation Union	128
Brotherhood of Railway Carmen	40
International Association of Machinists and Aerospace Workers	89
American Federation of Government Employees	288
American Train Dispatchers Association	13
American Train Dispatchers Association, Train Dispatchers Unit	5
Blue collar and white collar units*	

Administration of all benefits programs for railroad employees is managed by the Organization, Compensation and Benefits Department in Human Resources. This department administers the new life insurance and medical care programs for employees, including vision, hearing and dental care. This new program is designed to cover new employees and transferred employees and was implemented in February 1985.

This department also implemented a pension plan and a tax-deferred savings plan for non-represented employees. These plans allow employees to contribute a portion of their pre-tax earnings to a retirement and investment program. The deferred savings plan allows employees to build funds for their retirement while reducing their current taxes. Employees who participated in the Civil Service Retirement program prior to transfer remain in that system.

A safe workplace and working conditions have always been a priority at the Alaska Railroad. Corporation-wide training programs in first aid and cardiopulmonary resuscitation were provided several times throughout the year by the Safety Office. Safety meetings were held throughout the railroad on a regular basis to keep safety in the forefront of employees' minds while at work and at home.

The result was a reduction in accidents and serious on-the-job injuries. At the close of the year the Alaska Railroad Corporation was in contention with other railroads of similar size for a second place Harriman Award. The Harriman is a national safety award presented by the Federal Railroad Administration. The railroad received a fourth place Harriman in 1984 and a third place in 1983.

BENEFIT PROGRAMS
(As of December 31, 1985)

PENSION PLAN	Federal Retirement System*	Corporation Program	Total
Employee Contributions	$1,338,311.56	$41,634.28	$1,379,945.84
Employer Contributions	$1,338,311.56	$35,389.00**	$1,373,700.56
TOTAL	$2,676,623.12	$77,023.28	$2,753,646.40

* Employees who participated prior to transfer remained in this program after state ownership.

** Employer contributions are based on projected cash payouts, reflecting information received from the trust administrator.

TAX DEFERRED SAVINGS

Employee Contributions***	$232,897.29

***The present plan covers permanent, non-union employees. Union employees may become eligible depending upon the outcome of contract negotiations.

CORPORATION PAID LEAVES
(In hours)

	Earned	Used
Annual Leave	91,533	71,975
Sick Leave	58,547	35,247
Administrative Leave*	—	6,209
Jury Duty	—	457
Military Leave	—	312

*Paid leave is granted for such activities as voter registration and voting, representing employee organizations, and attending conferences or conventions that would benefit the corporation.

NUMBER OF EMPLOYEES BY DEPARTMENT

CEO Staff	10
Operations	532
Administration/Human Resources	25
Finance	65
Marketing	27
TOTAL	659

EMPLOYEE YEARS OF SERVICE

Years	Employees	Years	Employees
32	1	14	26
30	3	13	16
29	2	12	13
28	2	11	63
27	2	10	46
25	1	9	19
24	3	8	9
23	5	7	12
22	4	6	32
21	4	5	29
20	8	4	24
19	8	3	33
18	8	2	25
17	10	1	65
16	10	Less than 1	184
15	14		

When the Alaska Railroad changed hands from federal to state government, the Finance Department was a primary recipient for dramatic alterations. The changes were part of a corporate three-year plan generated in early 1985. The Finance Department as well as the corporation met or exceeded its goals for the first year.

The financial reorganization began with a management-oriented focus on the department. Accordingly, the position of Vice President of Finance was created, with all finance, information systems, procurement and supply departments reporting to this position. Formerly, under federal administration, those departments reported to the Department of Administration.

An important objective outlined in the three-year plan was the purchase of new equipment. Under federal administration all major purchases were paid by cash appropriated by Congress as part of the federal Department of Transportation budget. The new Finance Department was able to prepare a financial package that emphasized lease-purchase agreements for equipment and also established a credit line for the new corporation. The package resulted in the purchase of approximately $12 million in new equipment such as flat cars, locomotives, rail diesel cars and computers. The corporation spent an additional $10 million for improvements to the mainline track, tunnels and other areas.

Installation of an on-line accounting and financial system was another giant step taken by Finance. A new IBM 4361 computer was added which handles accounts payable-receivable, general ledger, inventory, purchasing, payroll and personnel management. The new system uses modern on-line capabilities as the standard for its operations, which prior to transfer had depended on a manual accounting system. In addition to updating the railroad's finance and record keeping capabilities, the Finance Department was responsible for expanding the use of personal computers in several work areas. The new PCs generate a huge time and cost savings in every department in which they are used.

A major activity of the new corporation in 1985 was wrapping up all accounts receivables and payables left behind by the federal government. The Federal Railroad Administration (FRA) contracted with the Alaska Railroad Corporation to collect outstanding accounts receivable and make payments for outstanding federal debts. Over $12 million of federal accounts receivable was collected by the corporation, much of which was more than six months past due. The corporation received a collection fee based on its contract with the FRA.

Another major activity specifically involved the corporation's surplus inventories. The Finance Department streamlined the warehouse and supply operations by eliminating excess inventories through public auctions held throughout 1985, generating approximately $1 million in revenue. A more efficient supply operation has resulted from the reductions.

New computers help Dave Brazell, computer operator, to streamline the financial and record keeping process for the railroad.

The accounting department in Anchorage was substantially updated with the addition of a new computer which handles accounts payable and receivable, general ledger, inventory, purchasing, payroll and personnel management.

The corporation began divesting itself of the gift shop business in 1985. Though not finalized at the close of the year, sale of the Passenger Depot gift shops to the private sector is in progress.

When reflecting on 1985 I consider the major accomplishment of the Alaska Railroad Board of Directors was effectively setting the stage under state ownership for the future successful management of the Alaska Railroad.

As directors we fully realize that our first responsibility is to the citizens of Alaska. We also see a need to establish an arena of cooperation and accountability with the Governor and the state legislature. Thanks to the positive response of Governor Bill Sheffield and the oversight committees of the legislature, we were able to establish this bond of trust and were given the latitude to function in a free enterprise environment. This certainly contributed to our success in 1985 and provided a platform on which those who follow in our footsteps may build.

At our regular board meetings, in order to be more responsive to the needs of the communities we serve, as well as our customers, an opportunity is provided at each forum for public comment. It is this exchange that has given the board of directors an opportunity to receive input on such issues as leasing policies, bidding procedures, needs of our employees, and the public response to our services.

This ability to communicate on a local level with management, as well as the board of directors, has provided a vehicle for public communication that was practically nonexistent under federal ownership. I am sure this was the intent of Senator Ted Stevens and the many others who worked so long and hard for state ownership of the Alaska Railroad.

In 1985 we were able to benefit from the momentum of the prior year's economy, a stable work force and some creative management innovations by the railroad management. The result was increased earnings and a profit at the bottom line. However, 1986 will present new concerns. The Alaska Railroad, like any other business in Alaska, is not exempt from the predicted slowdown in the economy. It will take a concerted effort on the part of each of us to continue our first year's success.

The board of directors would be remiss if each member did not thank you for your patience and support during this first year. We are making history with this railroad and it is exciting.

James O. Campbell
Chairman of the Board of Directors

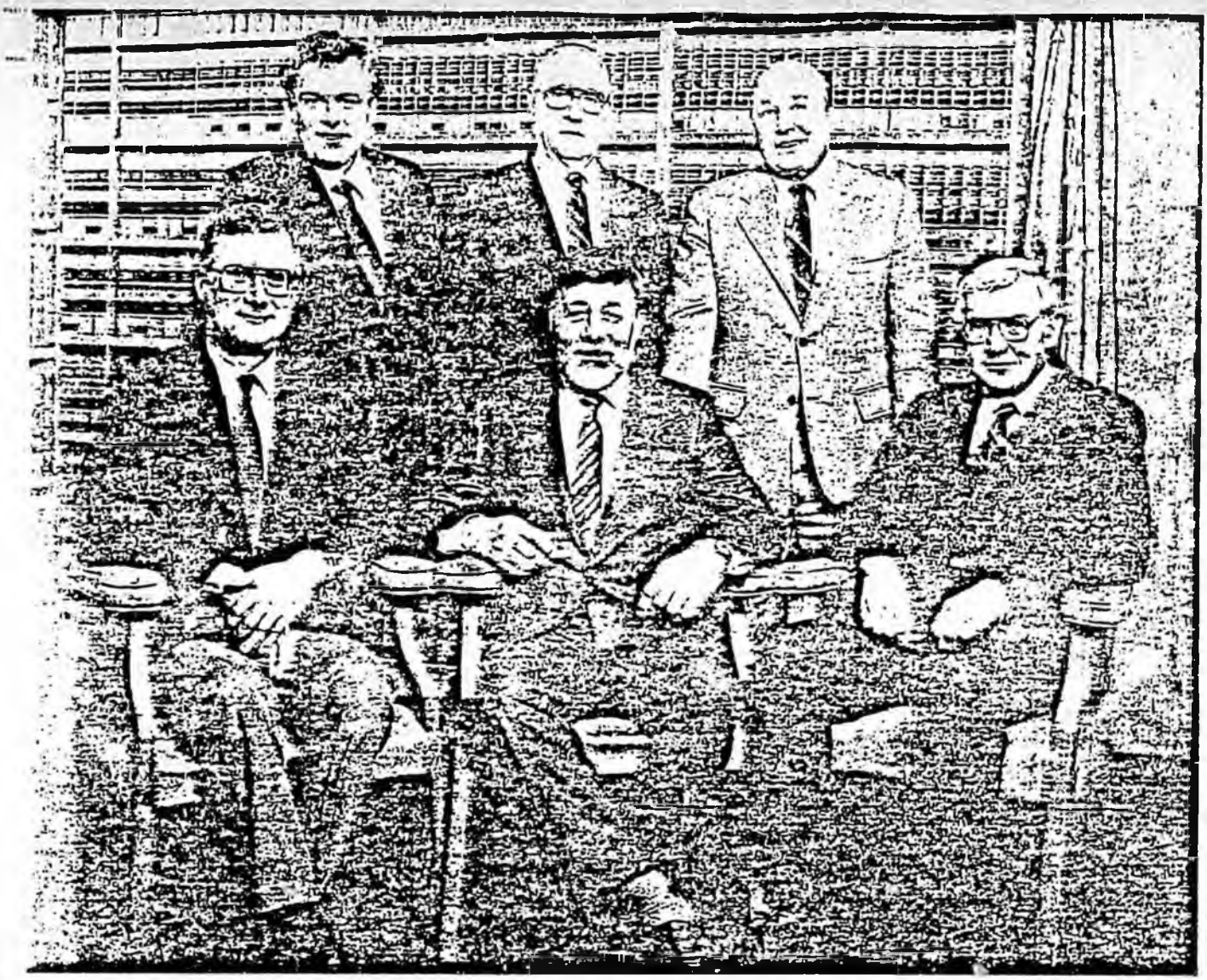
Prior to the transfer of the Alaska Railroad to state ownership in January 1985, a seven-member board of directors for the Alaska Railroad Corporation was appointed by Governor Bill Sheffield. Appointment of the board fulfilled a requirement outlined in the 1983 Alaska Railroad Corporation Act, which established the corporation.

The Alaska Railroad Corporation board is responsible for the management of the corporation but has delegated certain powers and duties to the Chief Executive Officer, Railroad President Frank Turpin.

James O. Campbell is chairman of the board of directors. He was president and general manager of Spenard Builders Supply when his retirement was announced in late 1985. Campbell has worked and served on numerous special committees and community service projects. A resident of Alaska since 1959 he has been an Anchorage assemblyman and president of the Anchorage Chamber of Commerce.

Board vice chairman is **Frank X. Chapados** of Fairbanks. He has been an Alaska resident since his birth in Juneau in 1914, and has worked most of his life in southeastern and interior Alaska. Currently, he is president and general manager of H & S Forwarders, Inc., in Fairbanks. Chapados was elected to the state House of Representatives in 1958, re-elected in 1961, and served as chairman of the Joint House & Senate Finance Committee. He has been active in many civic and community programs including being past president of the Fairbanks Chamber of Commerce. He has worked as an enforcement agent for the U.S. Fish and Wildlife Service and was also a U.S. Marshal in Fairbanks.

Myron M. Christy is the railroad board member from out of state. He resides in San Francisco and fulfills the directive of the legislature that one board member have at least 10 years of management experience in the railroad industry outside Alaska. Christy worked with the Western Pacific Railroad Company from 1950 to 1973 in many positions including president and CEO. Currently he is consultant and director for U.S. Leasing International, Inc.



The Board of Directors, seated from left: Commissioner Loren H. Lounsbury; Board Chairman James O. Campbell; and Lewis E. Dickinson. Standing from left are Gerald D. Valinske; Board Vice Chairman Frances X. Chapados; and Commissioner Richard J. Knapp. Shown separately below left is Myron M. Christy.

Lewis E. Dickinson is a founding partner of DOWL Engineers, a professional engineer and a registered land surveyor. As a railroad board member, he brings with him over 30 years of engineering experience and almost 25 years of business management experience. Prior to founding DOWL Engineers, he worked for the City of Anchorage in the city engineer's office.

Richard J. Knapp is one of the two state commissioners who serve on the railroad board. As commissioner for the Department of Transportation and Public Facilities, Knapp represents the transportation interests of the state. Knapp is a retired rear admiral of the U.S. Coast Guard, one of six appointed by President Carter in 1978. A graduate of the U.S. Coast Guard Academy, he served as district commander of the Coast Guard in Alaska from 1980 to 1984, and has a master's degree in business administration from George Washington University in Washington, D.C.

The second commissioner representing the state of Alaska is **Loren H. Lounsbury**, Commissioner of Commerce and Economic Development. Lounsbury is a 40-year Alaska resident, and graduated from Anchorage High School in 1952. He is a professional engineer and a registered land surveyor. Until his appointment as commissioner in January 1985, he was president of Lounsbury and Associates, Inc. Lounsbury has served on numerous community service boards and is the former Honorary Consul of the Republic of Korea for Anchorage.

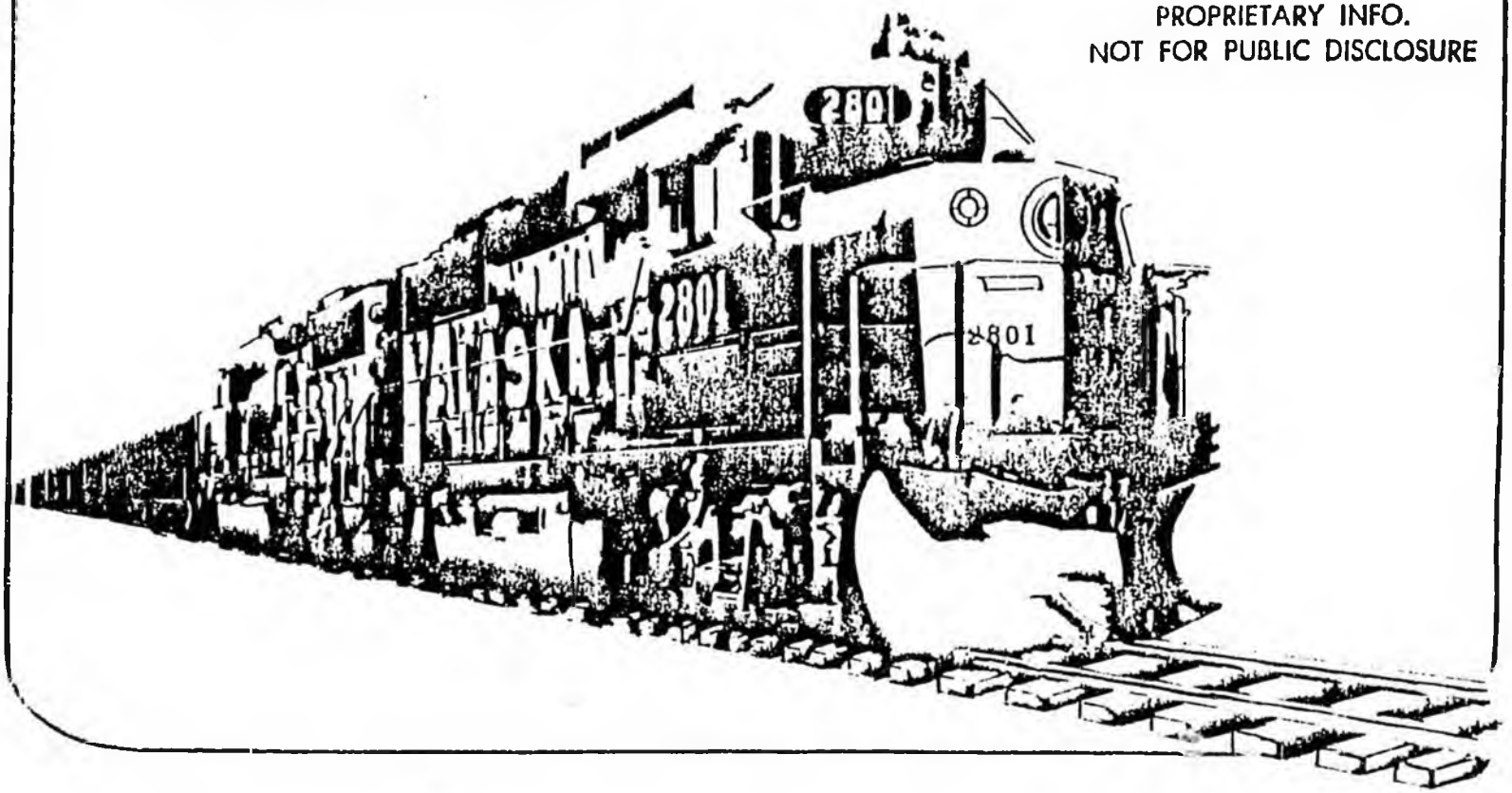
Gerald D. Valinske serves on the railroad board as a member of the United Transportation Union, Local 1626. He has been a conductor with the Alaska Railroad since 1975. A 12-year Alaska resident, Valinske worked with the Milwaukee Railroad as a brakeman prior to moving to Alaska. In 1984, he was a lobbyist for the United Transportation Union, American Federation of Government Employees, and the Brotherhood of Railway Carmen.

ALASKA RAILROAD CORPORATION

Financial Statements

December, 1985

PROPRIETARY INFO.
NOT FOR PUBLIC DISCLOSURE



ALASKA RAILROAD CORPORATION
Financial Statements
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ALASKA RAILROAD CORPORATION
Summary Balance Sheet
Through the Period Ending December 31, 1985
(In Thousands of Dollars)

	Dec. 31, 1985
Assets	
Current Assets	16,022
Properties	28,510
Land	13,850
Other	820
Total Assets	59,202
Liabilities and Owners Equity	
Liabilities	
Current Liabilities	11,228
Capital Lease Obligations	6,992
Total Liabilities	18,220
Owners Equity	
Investment by State of Alaska	33,849
Retained Earnings	7,133
Total Owners Equity	40,982
Total Liabilities and Owners Equity	59,202
Annualized Return on Investment	21.1%

ALASKA RAILROAD CORPORATION
1985 OPERATING PERFORMANCE ANALYSIS
Through the Period Ending December 31, 1985
(In Thousands of Dollars)

	December*			Year-To-Date			Latest Annual Estimate		
	Actual	Budget	Variance	Actual	Budget	Variance	Estimate	Budget	Variance
Revenues									
Railroad	3,210	4,154	(944)	56,322	64,191	(7,869)	56,322	64,191	(7,869)
Other	521	750	(229)	10,912	9,000	1,912	10,912	9,000	1,912
TOTAL	3,731	4,904	(1,173)	67,234	73,191	(5,957)	67,234	73,191	(5,957)
Cost and Expenses									
Railroad	3,570	3,452	118	45,437	50,334	(4,897)	45,437	50,334	(4,897)
Other	(1,447)	1,388	(2,835)	13,209	15,145	(1,936)	13,209	15,145	(1,936)
Depreciation	267	400	(133)	1,455	4,800	(3,345)	1,455	4,800	(3,345)
TOTAL	2,390	5,240	(2,850)	60,101	70,279	(10,178)	60,101	70,279	(10,178)
NET INCOME (LOSS)	1,340	(336)	1,676	7,133	2,912	4,221	7,133	2,912	4,221
CASH FLOW	1,607	64	1,543	8,588	7,712	876	8,588	7,712	876

EXPLANATION OF VARIANCES - YEAR-TO-DATE

- Revenues are lower due primarily to reduced coal shipments, gravel, TOFC/COFC, and miscellaneous shipments; Increased revenues have been obtained in petroleum products, real estate, and reimbursable work for State road crossing projects, etc.

- Expenses are down primarily due to early reduction in summer work force, reduced car hire costs, better fleet utilization, and accounting adjustments for inventories/depreciation due to Purchase Accounting Allocation Method, and reclassification of Summer Track Improvement Program from expense to capital in accordance with unit of property definition.

* Minor difference due to rounding

** The month of December, 1985, reflects adjustments to accruals/estimates for both revenue and expense.

ALASKA RAILROAD CORPORATION
PROJECT-TO-DATE CAPITAL PERFORMANCE SUMMARY
Budget vs Actual
Through the Period Ending December 31, 1985
(In Thousands of Dollars)

	Approved Budget	Amount Approp.	Latest Estimate	1985 YTD Expend.	1986
1984 Carryover	2,063	2,063	1,928	1,877	76
1985 Projects	13,187	8,207	14,203	7,170	8,128
TOTAL	15,250	10,270	16,131	9,047	8,204
State Funded (Cap. & Exp.)					
Transfer Funds	268	268	268	268	0
Shuttle Equipment - 528	925	0	925	0	925
Records Management - 529	15	15	15	5	10
Total State Funded	1,208	283	1,208	273	935

ALASKA RAILROAD CORPORATION
Balance Sheet
Through the Period Ending December 31, 1985
(In Thousands of Dollars)

	Jan. 6 1985	March 31 1985	June 30 1985	Sept. 30 1985	Dec. 31* 1985
ASSETS					
Current Assets					
Cash and Short-Term Investments	10,978	7,717	8,756	3,932	1,911
Accounts Receivable	710	10,187	13,920	16,756	11,275
Materials and Supplies	4,067	5,040	7,200	4,367	5,618
Total	15,755	22,944	29,876	25,055	18,804
Properties					
Transportation					
Road and Roadway Structures	0	0	91	91	10,623
Equipment	1,375	3,869	8,948	12,173	12,765
Non-Transportation	3,187	3,324	3,187	3,187	3,133
Total	4,562	7,193	12,226	15,451	26,521
Accumulated Depreciation and Amortization (Note A)	0	(230)	(568)	(940)	(1,455)
Properties - Net	4,562	6,963	11,658	14,511	25,066
Land	15,414	15,414	15,414	15,414	13,850
Other Assets	1,443	2,850	2,100	6,214	1,482
TOTAL ASSETS	37,174	48,171	59,128	61,194	59,202
LIABILITIES AND OWNERS EQUITY					
Liabilities					
Current Liabilities					
Accounts and Wages Payable	0	4,797	8,025	9,087	7,124
Notes Payable	0	0	0	0	1,000
Other Current Liabilities	1,263	1,942	2,222	1,382	1,126
Current Portion of Long-Term Leases (Note B)	237	424	750	384	1,978
Total	1,500	7,163	10,997	10,853	11,228
Long-Term Leases (Note B)	272	2,489	7,128	8,770	6,992
Other Liabilities and Deferred Credits	2,153	3,973	3,642	2,923	0
Total Liabilities	3,925	13,625	21,767	22,546	18,220
Owners Equity					
Investment by State of Alaska (Note C)	33,249	33,249	33,849	34,131	33,849
Retained Earnings	0	1,297	3,512	4,517	7,133
Total Owners Equity	33,429	34,546	37,361	38,648	40,982
TOTAL LIABILITIES AND OWNERS EQUITY	37,174	48,171	59,128	61,194	59,202
RETURN ON EQUITY (ANNUALIZED)		15.6%	20.7%	17.6%	21.1%

* Certain balance sheet items have been reclassified to conform with auditors YE 1985 financial statements.

ALASKA RAILROAD CORPORATION
Notes
To
Financial Statements

SEE AUDITOR'S YEAR END AUDITED FINANCIAL STATEMENTS

ALASKA RAILROAD CORPORATION
NOTE B
LEASE DISCLOSURE SCHEDULE

December 31, 1985

SEE AUDITOR'S YEAR END AUDITED FINANCIAL STATEMENTS

ALASKA RAILROAD CORPORATION
Statement of Income
Through the Period Ending December 31, 1985
(In Thousands of Dollars)

	December			Year-To-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
Revenues						
Railroad	3,210	4,154	(944)	56,322	64,191	(7,869)
Other	521	750	(229)	10,912	9,000	1,912
Total	3,731	4,904	(1,173)	67,234	73,191	(5,957)
Cost and Expenses						
Railroad						
Transportation	1,471	1,666	(195)	20,556	25,566	(5,010)
Ways and Structures	1,114	861	253	12,310	12,810	(500)
Equipment	1,703	925	778	12,571	11,958	613
General and Administrative*	(2,199)	1,220	(3,419)	10,418	13,293	(2,875)
Total	2,089	4,672	(2,583)	55,855	63,627	(7,772)
Operating Surplus	1,642	232	1,410	11,379	9,564	(1,815)
Interest Expense	154	0	154	561	0	561
Corporate Expense	(119)	168	(287)	2,230	1,852	378
Net Surplus	1,607	64	1,543	8,588	7,712	876
Depreciation	267	400	(133)	1,455	4,800	(3,345)
Net Income (Loss)	1,340	(336)	1,676	7,133	2,912	4,221

* Adjustments due to inventory re evaluation in accordance with purchase accounting allocation method.

ALASKA RAILROAD CORPORATION
Revenues by Commodity
Through the Period Ending December 31, 1985
(In Thousands of Dollars)

Commodity	December*			Year To Date			Latest Annual Estimate		
	Actual	Budget	Variance	Actual	Budget	Variance	Estimate	Budget	Variance
Pipe	269	310	(41)	3,253	3,780	(527)	3,253	3,780	(527)
Coal: Local	356	630	(274)	4,255	6,170	(1,915)	4,255	6,170	(1,915)
Export	402	551	(149)	5,179	6,612	(1,433)	5,179	6,612	(1,433)
Petroleum	1,030	687	343	11,833	9,681	2,152	11,833	9,681	2,152
Gravel	0	0	0	7,819	8,930	(1,111)	7,819	8,930	(1,111)
TOFC/COFC	358	814	(456)	7,008	10,548	(3,540)	7,008	10,548	(3,540)
Interline	574	861	(287)	10,530	10,513	17	10,530	10,513	17
Miscellaneous local	(168)	241	(409)	2,101	3,437	(1,336)	2,101	3,437	(1,336)
Total Freight	2,821	4,094	(1,273)	51,978	59,671	(7,693)	51,978	59,671	(7,693)
Passenger: North	239	10	229	2,959	3,300	(341)	2,959	3,300	(341)
South	81	30	51	1,102	645	457	1,102	645	457
Other	69	20	49	283	575	(292)	283	575	(292)
Total Passenger	389	60	329	4,344	4,520	(176)	4,344	4,520	(176)
Real Estate	(141)	340	(481)	4,322	4,080	242	4,322	4,080	242
All Other	662	410	252	6,590	4,920	1,670	6,590	4,920	1,670
Total Other	521	750	(229)	10,912	9,000	1,912	10,912	9,000	1,912
TOTAL	3,731	4,904	(1,173)	67,234	73,191	(5,957)	67,234	73,191	(5,957)

* The month of December, 1985, reflects accrual adjustments to conform with the audited year-end financial statements.

ALASKA RAILROAD CORPORATION
EXPENSE PERFORMANCE ANALYSIS
Through the Period Ending December 31, 1985

Department	Month			Year To Date		
	Actual*	Budget	Variance	Actual	Budget	Variance
Transportation[1]	1,471	1,666	(195)	20,556	25,566	(5,010)
Motive Power & Equipment	1,703	925	778	12,571	11,958	613
Ways & Structures[2]	1,114	861	253	12,310	12,810	(500)
Marketing	90	182	(92)	1,229	1,921	(692)
Overheads[3]	(2,255)	1,206	(3,461)	11,980	13,224	(1,244)
Depreciation[4]	267	400	(133)	1,455	4,800	(3,345)
Total	2,390	5,240	(2,850)	60,101	70,279	(10,178)

Explanation of Variances - Year-to-Date

(1) Decrease due to freight movements, primarily IOFC/COFC, gravel, and reduced coal traffic.

(2) Reduction results from accounting adjustment for Summer Track Improvement Program from expense to capital in accordance with ICC unit of property definitions offset by higher than budgeted personnel costs.

(3) Underrun due to inventory re-evaluation partially offset by increased insurance costs, reorganization costs and other miscellaneous costs.

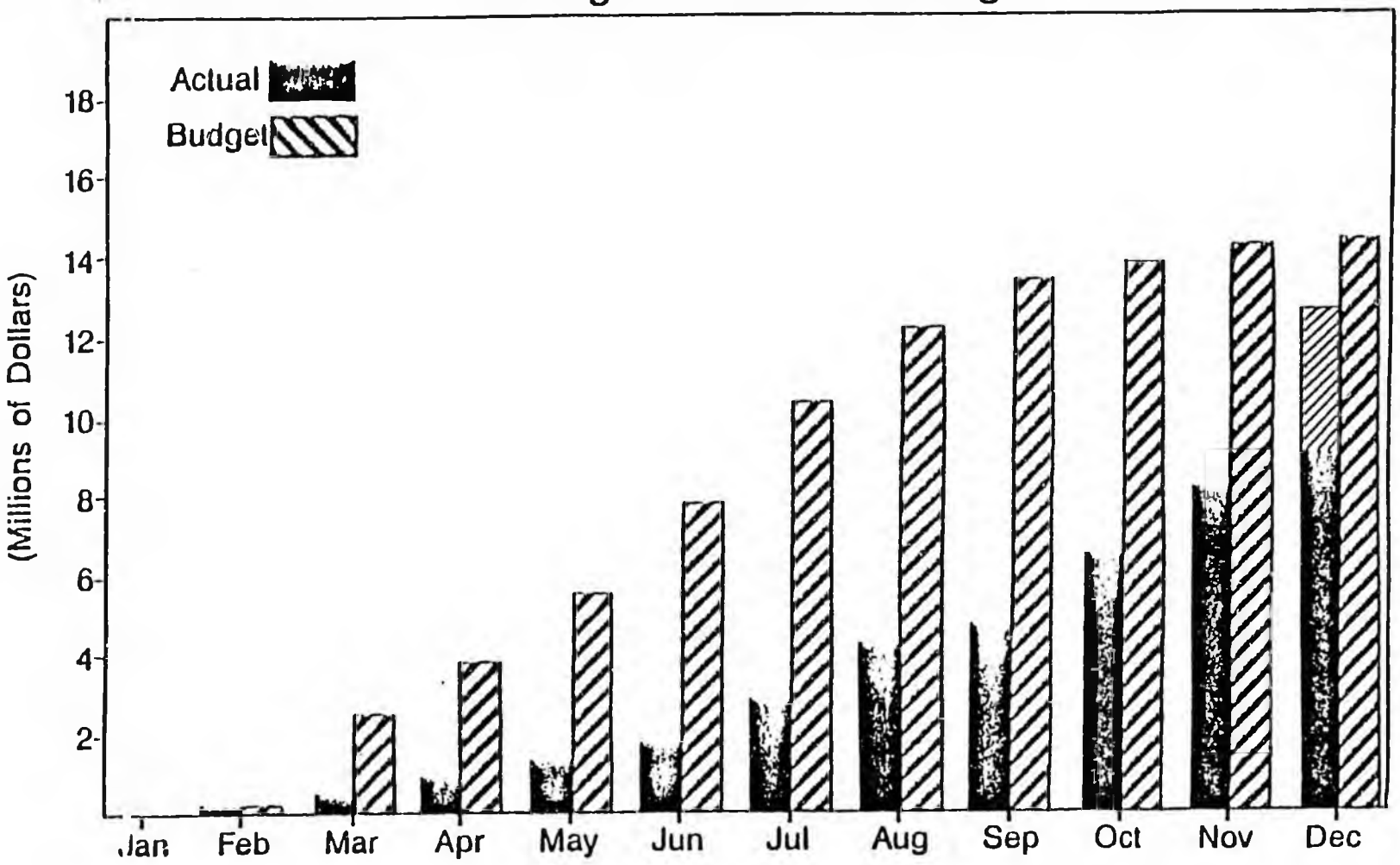
(4) Depreciation lower due to restatement of assets according to purchase accounting allocation method.

* December, 1985, reflects accrual adjustments to conform with audited year end financial statements.

Alaska Railroad Corporation

1985 Capital Expenditures

Through the Period Ending



3.5
Eng. Summer
Work Program

9.0

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Budget	0	.2	2.4	3.9	5.8	7.9	10.3	12.1	13.6	13.9	14.1	14.2
Actual	0	.2	.5	.7	1.2	1.7	3.0	4.2	4.8	6.8	8.2	12.5

ALASKA RAILROAD CORPORATION
PROJECT-TO-DATE CAPITAL PERFORMANCE SUMMARY
Budget vs Actual
Through the Period Ending December 31, 1985
(In Thousands of Dollars)

	Approved Budget	Amount Approp.	Latest Estimate	1985 YTD Expend.	1986
1984 Carryover	2,063	2,063	1,928	1,877	76
1985 Projects	13,187	8,207	14,203	7,170	8,128
TOTAL	15,250	10,270	16,131	9,047	8,204
State Funded (Cap. & Exp.)					
Transfer Funds	268	268	268	268	0
Shuttle Equipment - 528	925	0	925	0	925
Records Management - 529	15	15	15	5	10
Total State Funded	1,208	283	1,208	273	935

ALASKA RAILROAD CORPORATION
PROJECT-TO-DATE CAPITAL PERFORMANCE ANALYSIS
Budget vs Actual
Through the period ending December 31, 1985
In Thousands of Dollars

Projects	AFE No.	Approved Budget	Amount Appropriated	Latest Estimate	1985 YTD Expend.	Remainder of 1985	1986	Performance: Physical Completion %	Performance: Start Date	Performance: End Date	Status
1984 CARRYOVER:											
Seward TOFC Yard	606/107	31	31	21	21	-0-		100	9-85	10-85	C
Weigh-in-motion Scale	632/106	250	250	201	201	-0-	25	90	12-84	6-86	To Certify
Potter Hill Drainage	636	20	20	6	6	-0-		100	7-85	8-85	C
Auto Couplers	633	26	26	20	20	-0-		100		7-85	C
Loco. Plow Pilots	634/151	51	51	51	-0-	-0-	51	20	8-84	3-86	
TOFC Term. Imp. - Anch.	600	37	37	37	37	-0-		100		4-85	C See 85
Anch. Eng. Supply - (Ph. III)	501	871	871	871	871	-0-					C See 85
1984 Tunnel Program	511	431	431	431	431	-0-					C See 85
1984 Track Program	---	89	89	75	75	-0-		100		3-85	C
Other Misc. Projects	999	257	257	215	215	-0-					
TOTAL 1984		2,063	2,063	1,928	1,877	-0-	76				
1985 PROJECTS:											
Energy Conservation-(Ph IV)	501/101	1,250	1,250	1,250	514	-0-	746	80	6-85	5-86	
Warehouse Improvements	502/102	110	110	160	135	-0-	25	85	9-85	6-86	
Fencing - Security	503/102	65	65	-0-	-0-	-0-		-0-			Merged
Computer Air Conditioning	504/104	65	65	61	2	-0-	59	-0-			Rebid 86
Bank Widening	505/105	300	300	108	108	-0-		100	6-85	8-85	C
Rail Lubricators	506/141	60	24	25	25	-0-		100	8-85	11-85	C
Palmer Branch Rehab.	507	100	-0-	-0-	-0-	-0-					Deleted
Rail/Tie Fasteners	508/131	300	-0-	157	157	-0-		100	7-85	12-85	C
Microwave Radio (Ph I)	509	425	-0-	286	-0-	-0-	286	-0-	2-86	12-86	
Bridges	510/110	800	580	561	561	-0-		100	3-85	9-85	C
Tunnels (Ph II)	511/111	1,500	1,300	4,250	2,286	-0-	1,964	55	7-85	9-86	

Status Codes

A - AFE Preparation
B - Bid Process
C - Complete
D - Design
E - Evaluation
H - On Hold
M - Materials Ordered
R - Received
L - Lease/Purchase

AL/ RAIL COR ION
PROJECT-TO-DATE CAPI . PERFORMANCE ANALYSIS
Budget vs Actual
Through the period ending December 31, 1985
In Thousands of Dollars

Projects	AFE No.	Approved Budget	Amount Appropriated	Latest Estimate	1985 YTD Expend.	Remainder of 1985	1986	Performance: Physical Completion %	Performance: Start Date	Performance: End Date	Status
1985 PROJECTS:											
Utility Systems	512/112	650	291	550	24	-0-	536	-0-	8-85	10-86	D (20%)
Fuel Station Add.-Anch.	513/113	250	250	186	57	-0-	129	35	7-85	6-86	D (85%)
Whittier Ramp & TOFC Fac.	514/114	475	100	476	356	-0-	120	75	7-85	6-86	
Elelson Branch Rehab.	515/115	2,100	-0-	2,060	585	-0-	1,475	25	7-85	10-86	
Barge Slip #2-Whittier	516/116	300	158	175	-0-	-0-	175	-0-	5-86	7-86	D (10%)
Locomotives (5)	517/117	600	600	339	339	-0-	439	100		5-85	C,L
TOFC Cars (30)	518/118	422	400	473	473	-0-	214	100		5-85	C,L
Covered Cement Hoppers (5)	519	125	-0-	-0-	-0-	-0-					H
Passenger Car Upgrade (17)	520/120	300	42	48	48	-0-		100	6-85	10-85	C
Engineer Const. Equip. (021)	521/121	950	642	692	593	-0-	99	95	3-85	4-86	
Snow Removal Equipment	- -	450	Deleted	Deleted	-0-	-0-					
Locomotive Crane	523	800	-0-	460	-0-	-0-	460				L
Material Handling Equip.	524/108	85	24	24	24	-0-		80	8-85	1-86	
Telecom. Test Equip.	525/012	125	125	125	56	-0-	69	-0-	9-85	5-86	M
Upgrade Radios	526	200	-0-	300	-0-	-0-	300	-0-	4-86	12-86	
Passenger Services	527	380	-0-	380	-0-	-0-		-0-			H
NPR Projects - See page 3	999	-0-	334	323	269	-0-	54				See page 3
Flat Cars (15)	119	-0-	255	235	235	-0-	116	100	7-85	8-85	C,L
Const. Work Equip./Snow Rem.	531	-0-	-0-	-0-	-0-		300	-0-	1-86	3-86	B,L
TOFC Term. Imp. - Anch.	600	-0-	35	49	49	-0-		100	1-85	7-85	C
RDC Car Upgrade	144	-0-	-0-	-0-	-0-	-0-	150	75	9-85	1-86	L
32V Electric 4 Cabooses	153	-0-	100	100	46	-0-	54	35	9-85	11-86	
Electrify 15 TOFC	140	-0-	265	247	125	-0-	122	40	10-85	8-86	
MSA Term Dev.	006	-0-	172	18	18	-0-	10	100	9-85	10-85	C,L
PC Terminals	007	-0-	71	7	7	-0-	22	100	8-85	9-85	C,L
IBM Remotes	008	-0-	350	64	64	-0-	111	100	8-85	9-85	C,L
IBM Line Printer	016	-0-	24	1	1	-0-	7	100	10-85	11-85	C,L
Wang Equipment	021	-0-	275	13	13	-0-	86	100	12-85	12-85	C,L
TOTAL 1985		13,187	8,207	14,203	7,170	-0-	8,128				
GRAND TOTAL-ALL PROJECTS		15,250	10,270	16,131	9,047	-0-	8,204				

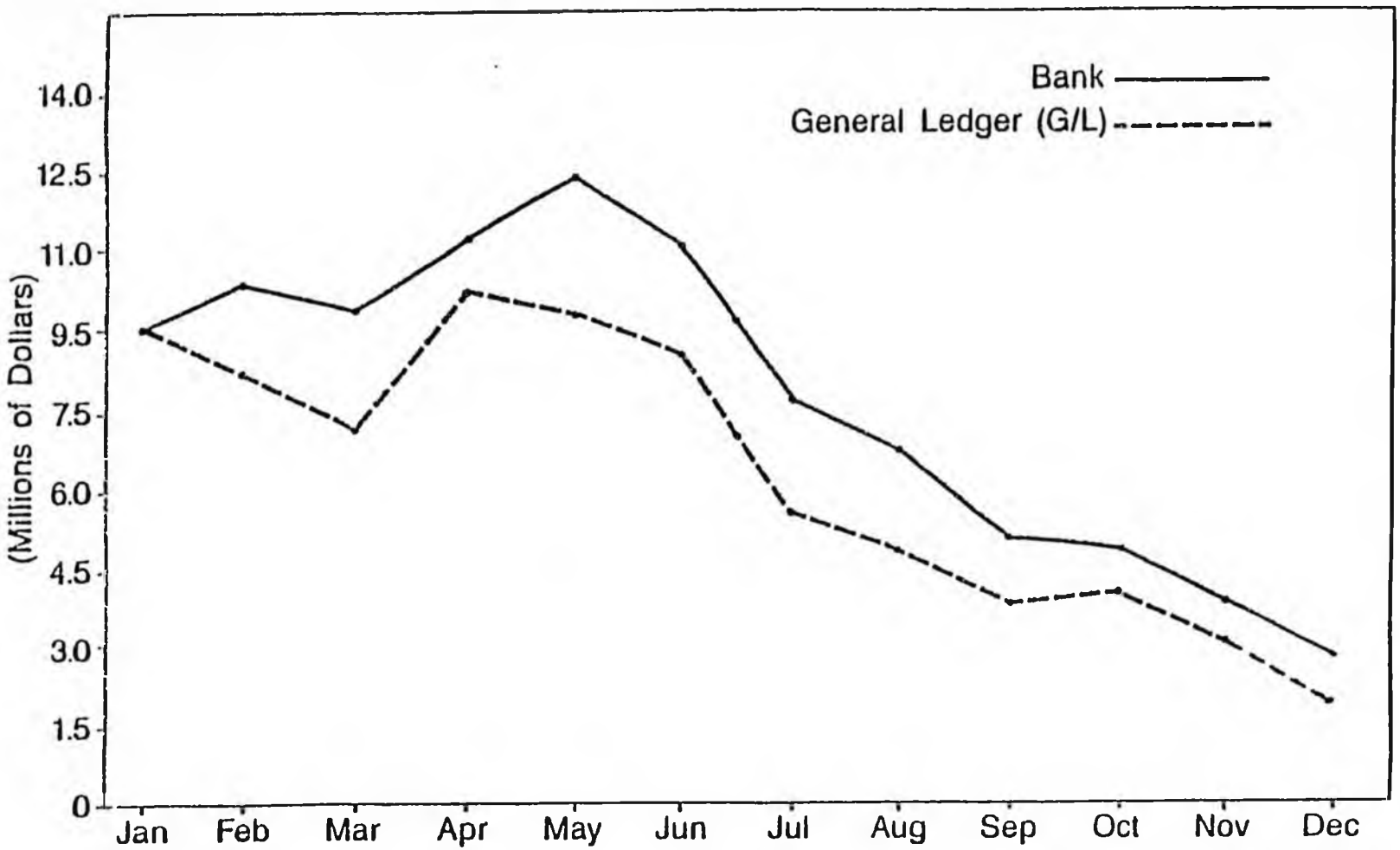
AI RAI) CO TIO
PROJECT-TO-DATE CAP. .L PERFORMANCE ANALYSIS
Budget vs Actual
Through the period ending December 31, 1985
In Thousands of Dollars

Projects	AIE No.	Approved Budget	Amount Appropriated	Latest Estimate	1985 YTD Expend.	Remainder of 1985	1986	Performance: Physical Completion %	Performance: Start Date	Performance: End Date	Status
1985 Non Proj. Res. (NPR)											
Rerailing Bridge	25001		12	12	12	-0-		100	10-84	4-85	C
Telex	75001		2	2	2	-0-		100	10-84	1-85	C
Dock Boards	65001		4	4	4	-0-		100	12-84	2-85	C
Computer, Mac	75003		5	5	.	-0-		100	12-84	2-85	C
Dishwasher	45001		3	2	2	-0-		100	1-85	2-85	C
Word Proc W/Printer (4)	65050		11	11	11	-0-		100	1-85	3-85	C
Plow on 5 SP 49's	150		51	51	16	-0-	35	40	11-85	3-86	
Radios (5)	25004		6	6	6	-0-		100	3-85	7-85	C
Chart Recorder	25006		2	2	2	-0-		100	5-85	6-85	C
Computer & Telex	75005		3	3	3	-0-		100	5-85	7-85	C
Copier - IM	75006		2	2	2	-0-		100	5-85	5-85	C
Computer - Mac	75008		3	3	3	0-		100	4-85	4-85	C
Telephone Sys.	75009		13	12	12	0-		100	4-85	7-85	C
Vans, Pass. (2)	15025		29	29	29	-0-		100	6-85	6-85	C
Budd-RDC(2)	142		60	60	41	-0-	19	90	6-85	1-86	Accept.
Mobile Radio	25010		2	2	2	-0-		100	6-85	12-85	C
Copier, Xerox	75010		10	10	10	-0-		100	6-85	6-85	C
Computer - Mac	75012		9	10	10	-0-		100	8-85	8-85	C
Camera & Accessories	75013		1	1	1	-0-		100	8-85	8-85	C
Logging Recorder	013		21	20	20	-0-		50	10-85	1-86	M
Remodel Procurement Office	143		6	8	8	-0-		100	12-85	12-85	C
Rad.-Tele. (Trans-2)	010		5	5	5	-0-		50	11-85	2-86	M
Rad.-Tele (Safety)	011		1	1	1	-0-		50	11-85	2-86	M
Comp. Mac (NIKI)	015		4	3	3	-0-		100	11-85	12-85	C
Furniture (Legal)	017		5	4	4	-0-		100	10-85	12-85	C
Computer - IBM (Oldham)	022		13	13	13	-0-		100	11-85	12-85	C
Rapicon Facsimile (3)	023		17	17	17	-0-		100	12-85	12-85	C
Furniture (Procurement)	024		4	4	4	-0-		100	12-85	12-85	C
Furniture (Marketing)	025		10	10	10	-0-		100	11-85	12-85	C
Telephones (Marketing)	026	___	11	11	11	-0-	___	100	11-85	12-85	C
Total 1985 NPR		-0-	334	323	269	-0-	54				

Alaska Railroad Corporation

Monthly Bank Balance

1985

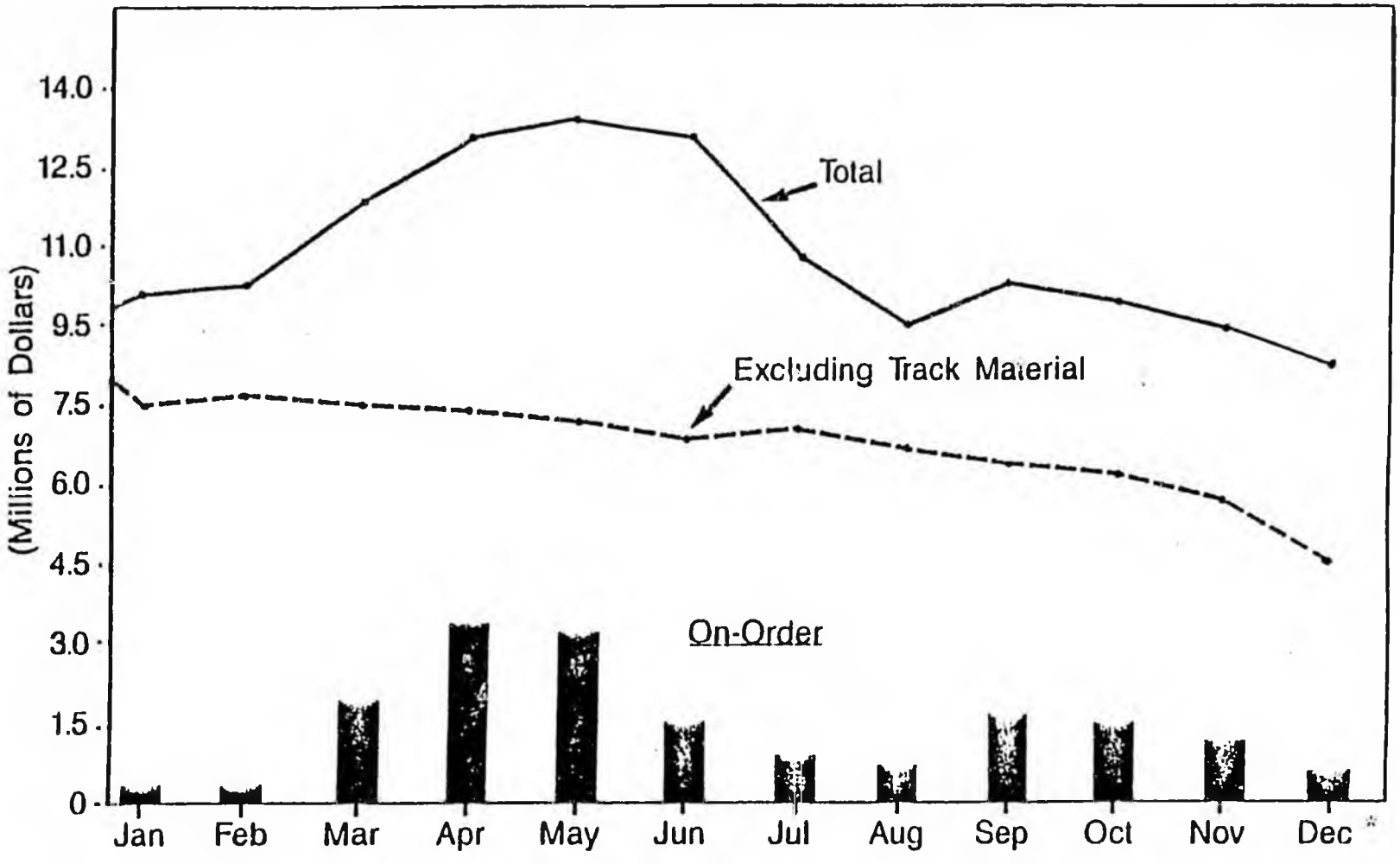


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Bank	9.5	10.5	9.9	11.1	12.2	11.0	7.6	7.0	5.2	4.9	4.1	2.9
G/L	9.5	8.1	7.1	10.1	9.7	8.8	5.6	4.7	3.9	4.0	3.0	1.9

Alaska Railroad Corporation

Inventory Level

1985



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec *
Total	10.0	10.2	11.9	12.8	13.2	12.8	10.5	9.5	10 '	9.8	9.4	8.2
On-Order	.4	.4	2.2	3.2	3.1	1.4	1.0	'		1.4	1.2	.6
Exclud. Track Material	7.5	7.6	7.5	7.3	7.1	6.8	6.9	6.5	6.2	5.9	5.7	4.6

* INVENTORY VALUE AT YEAR END 1985 WAS REVALUED DOWNWARD TO $5.6 MILLION TO CONFORM WITH THE APPRAISAL METHOD USED TO COMPLY WITH THE PURCHASE ALLOCATION ACCOUNTING METHOD.

ALASKA RAILROAD CORPORATION
Accounts Receivable Status
Through the Period Ending December 31, 1985

Type	Balance	AGING (DAYS) 0-15	16-30	31-45	46-60	over 60
Trade	8,002	2,437	1,339	1,496	627	2,103
%	100	30	17	19	8	26
Reimbursable	377	269	4	0	0	104
%	100	71	1	0	0	28
Real Estate	1,200	471	13	147	0	569
%	100	39	1	12	0	48
Estimated	1,696	1,696	0	0	0	
%	100	100	0	0	0	
Total	11,275	4,873	1,356	1,643	627	2,776
%	100	43	12	14	6	25

ALASKA RAILROAD CORPORATION
Current Investment Report
As of December 31, 1985

Principal Amount	Maturity Date	Length of Investment	Type of Investment	Interest Rate	Estimate Int. Income
515,343	Open	Open	Money Mkt	9.80%	2,104
100,000	01/21/86	182 day	CD	8.50%	4,061
100,000	01/21/86	182 day	CD	8.50%	4,061
100,000	05/09/87	540 day	CD	8.50%	1,275
815,343					11,501

1986

ALASKA RAILROAD CORPORATION
1986 BUDGET SUMMARY
REVISED FOR SALES TARGETS
(THOUSANDS OF DOLLARS)

	1986 BUDGET	1986 SALES TARGETS	VARIANCE DOLLARS	VARIANCE %
REVENUE	71,057	78,900	7,843	10
EXPENSE	63,166	69,440	6,274	9
SURPLUS (DEFICIT)	7,891	9,460	1,569	17
DEPRECIATION	1,800	1,800	0	0
NET INCOME (LOSS)	6,091	7,660	1,569	17

ALASKA RAILROAD CORPORATION
1986 EXPENSE BUDGET ANALYSIS
(THOUSANDS OF DOLLARS)

DEPARTMENT	1986 BUDGET	1985 BUDGET	1985 YTD THRU OCT	1985 LATEST ESTIMATE
TRANSPORTATION	16,359	25,560	17,921	20,800
ENGINEERING	16,140	12,810	12,801	10,870
MP&E	15,076	11,960	10,265	12,000
SPECIAL AGENTS	2,869	500	356	440
ADMINISTRATION	670	900	635	760
PERSONNEL	2,050	800	473	580
FINANCE	5,873	5,620	4,613	6,000
MARKETING	3,007	1,920	1,077	1,580
LEGAL	856	500	462	562
OTHER	515	4,910	3,668	5,228
SUB TOTAL	63,415	65,480	52,271	58,820
INTEREST EXPENSE	1,018	0	379	480
DEPRECIATION	1,800	4,800	1,064	1,300
SUB TOTAL	2,818	4,800	1,443	1,780
TOTAL EXPENSE	66,233	70,280	53,714	60,600

ALASKA RAILROAD CORPORATION
REVENUES BY COMMODITY
1986 BUDGET ANALYSIS
(IN THOUSANDS OF DOLLARS)

COMMODITY	1986 BUDGET	1985 STATUS BUDGET	1985 STATUS YTD THRU OCT	1985 STATUS LATEST ESTIMATE
PIPE	3,044	3,780	2,619	3,000
COAL: LOCAL	5,763	6,170	3,557	4,100
EXPORT	5,113	6,612	4,521	5,340
PETROLEUM	11,311	9,681	9,605	11,500
TOFC/COFC	8,239	10,548	5,998	7,000
INTERLINE	12,786	10,514	9,194	10,800
MISCELLANEOUS LOCAL	9,291	12,366	10,028	11,630
TOTAL FREIGHT	55,547	59,671	45,522	53,370
PASSENGER: NORTH	2,890	3,300	2,693	2,900
SOUTH	84	645	979	1,030
OTHER	1,436	575	213	300
TOTAL PASSENGER	4,410	4,520	3,885	4,230
REAL ESTATE	5,100	4,080	4,071	4,971
ALL OTHER	6,000	4,920	5,708	6,429
TOTAL OTHER	11,100	9,000	9,779	11,400
TOTAL REVENUE	71,057	73,191	59,186	69,000

ALASKA RAILROAD CORPORATION
1986 BUDGET HEADCOUNT SUMMARY

DEPARTMENT	FIRST QTR 1986	FIRST QTR 1985	SECOND QTR 1986	SECOND QTR 1985	THIRD QTR 1986	THIRD QTR 1985	FOURTH QTR 1986	FOURTH QTR 1985
(1) CORPORATE OFFICE	11	6	11	8	11	12	11	9
OPERATIONS	510	532	657	711	586	635	499	509
(2) HUMAN RESOURCES	29	19	29	19	29	18	29	21
(3) FINANCE	69	59	69	59	71	63	69	69
(4) MARKETING & SALES	37	18	50	17	50	27	37	26
TOTAL	656	634	816	814	747	755	645	634

(1) INCLUDES CHIEF COUNSEL AND STAFF

(2) INCLUDES DIRECTOR, ADMINISTRATION AND STAFF

(3) 1985 DOES NOT INCLUDE 6 CONTRACT COMPUTER OPERATORS WHICH HAS BEEN CONVERTED TO ARRC STAFF

(4) DOES NOT INCLUDE SUMMER HOST/HOSTESS PROGRAM OF 45 STUDENTS DURING SUMMER PASSENGER SEASON

ALASKA RAILROAD CORPORATION
1986 BUDGET HEADCOUNT SUMMARY

DEPARTMENT	FIRST QTR 1986	FIRST QTR 1985	SECOND QTR 1986	SECOND QTR 1985	THIRD QTR 1986	THIRD QTR 1985	FOURTH QTR 1986	FOURTH QTR 1985
(1) CHIEF EXECUTIVE OFFICE	11	6	11	8	11	12	11	9
OPERATIONS	515	532	650	711	629	635	504	509
(2) HUMAN RESOURCES	29	19	29	19	29	18	29	21
(3) FINANCE	69	59	69	59	71	63	69	69
(4) MARKETING & SALES	37	18	50	17	50	27	37	26
TOTAL	661	634	809	814	790	755	650	634

(1) INCLUDES CHIEF COUNSEL AND STAFF

(2) INCLUDES DIRECTOR, ADMINISTRATION AND STAFF

(3) 1985 DOES NOT INCLUDE 6 CONTRACT COMPUTER OPERATORS WHICH HAS BEEN CONVERTED TO ARRC STAFF

(4) DOES NOT INCLUDE SUMMER HOST/HOSTESS PROGRAM OF 45 STUDENTS DURING SUMMER PASSENGER SEASON

ALASKA RAILROAD CORPORATION
1986 S[illegible]DING PLAN
ACCOUNT ANALYSIS

SUMMARY

	1986 BUDGET	1985 LATEST ESTIMATE	1985 VARIANCE	1985 %
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	39,984	36,827	3,157	8
CONTRACTUAL SERVICES	5,936	4,670	1,266	27
MATERIALS & SUPPLIES	10,095	11,321	(1,226)	(11)
RENTALS, UTILITIES	2,763	3,703	(940)	(25)
INSURANCE, CASUALTY, TAXES	2,271	1,117	1,154	103
OTHER	1,017	364	653	179
TOTAL	62,066	58,002	4,064	7
DEBT SERVICE	1,100	415	685	165
GRAND TOTAL	63,166	58,417	4,749	8

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL COSTS REFLECT FULL STAFF LEVELS FOR YEAR, INCREASED SALES STAFF, SMALL INCREASE IN ADMINISTRATIVE WORK FORCE, INCREASED HEALTH BENEFIT COST AND PROVISION FOR MINIMAL WAGE ADJUSTMENT.
- CONTRACTUAL SERVICES INCREASE REFLECTS COST OF MARKETING PLAN, RELOCATION FOR TRANSFERRED EMPLOYEES, INCREASED TRAINING.
- MATERIALS AND SUPPLIES DECREASE REFLECTS REVALUATION OF INVENTORY.
- RENTALS AND UTILITIES DECREASE REFLECTS SAVINGS FROM KAPP ENERGY PROJECT, CLOSURE OF UNNECESSARY WAREHOUSES, ETC.
- INSURANCE INCREASE IS FOR A FULL YEAR EFFECT OF OUR RISK MANAGEMENT PROGRAM AT NEW RATES AND PROVISION FOR CASUALTY CLAIMS.
- OTHER INCREASE REFLECTS CONSOLIDATION OF FREIGHT EXPENSE FOR DIRECT, NON-STOCK PURCHASES TO THE PROCUREMENT DIVISION.
- DEBT SERVICE INCREASE REFLECTS FULL YEAR OF INTEREST EXPENSE ON LOCOMOTIVES, FLAT CARS, AND PLANNED 1986 CAPITAL ADDITIONS.

ALASKA RAILROAD CORPORATION
1986 SI .DING PLAN
DEPARTMENT ANALYSIS

SUMMARY

	1986 BUDGET	1985 LATEST ESTIMATE	1985 VARIANCE	1985 %
CORPORATE OFFICE	1,579	1,191	388	33
OPERATIONS	48,516	47,170	1,346	3
FINANCE	6,815	6,000	815	14
MARKETING	3,417	2,509	908	36
HUMAN RESOURCES	2,074	807	1,267	157
ADMINISTRATION	765	740	25	3
GRAND TOTAL	63,166	58,417	4,749	8

EXPLANATION OF MAJOR VARIANCES:

° CORPORATE OFFICE INCREASE REFLECTS ADDITIONAL COST FOR LITIGATION AND INCREASE IN LEGAL WORKFORCE.

° FINANCE INCREASE REFLECTS LARGER DEBT SERVICE AND REALIGNMENT OF CONTRACTUAL WORKFORCE.

° MARKETING INCREASE REFLECTS NEW MARKETING PLAN (500K), ADDITIONAL SALES FORCE AND RELOCATION TO UPTOWN OFFICE SPACE.

° HUMAN RESOURCES INCREASE REFLECTS NEW ORGANIZATION STRUCTURE, INCREASED RESPONSIBILITIES, COST FOR NEW ADMINISTRATIVE PROGRAMS AND SOME ADDITIONAL STAFF.

ALASKA RAIL AD CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS
SUMMARY

CONTRACTUAL SERVICES	1986 BUDGET	1985 LATEST ESTIMATE	1985 VARIANCE
CORPORATE OFFICE	757	672	85
OPERATIONS	2,625	2,555	70
FINANCE	753	934	(181)
MARKETING	920	433	487
HUMAN RESOURCES	805	50	755
ADMINISTRATION	76	26	50
TOTAL	5,936	4,670	1,266

EXPLANATION OF MAJOR VARIANCES:

° CORPORATE OFFICER INCREASE FOR ESTIMATED CORPORATE DONATIONS.

° MARKETING INCREASE REFLECTS IMPLEMENTATION OF NEW CORPORATE MARKETING PLAN.

° HUMAN RESOURCES REFLECTS REALIGNMENT OF ORGANIZATION, RELOCATION EXPENSES, SALARY ADMINISTRATION PROGRAM, AND INCREASED TRAINING.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS
SUMMARY

		1985	
MATERIALS & SUPPLIES	1986 BUDGET	LATEST ESTIMATE	VARIANCE
CORPORATE OFFICE	16	33	(17)
OPERATIONS	9,611	10,480	(869)
FINANCE	214	408	(194)
MARKETING	145	285	(140)
HUMAN RESOURCES	54	29	25
ADMINISTRATION	55	86	(31)
TOTAL	10,095	11,321	(1,226)

EXPLANATION OF MAJOR VARIANCES:

° DECREASES ARE A RESULT OF REVALUATION OF INVENTORY.

ALASKA RAIL ROAD CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS
SUMMARY

		1985	
RENTALS & UTILITIES	1986 BUDGET	LATEST ESTIMATE	VARIANCE
CORPORATE OFFICE	4	2	2
OPERATIONS	1,941	2,685	(744)
FINANCE	495	751	(256)
MARKETING	140	19	121
HUMAN RESOURCES	9	3	6
ADMINISTRATION	174	243	(69)
TOTAL	2,763	3,703	(940)

EXPLANATION OF MAJOR VARIANCES:

° DECREASES ARE GENERAL RESULTING FROM SAVINGS FROM NEW ENERGY SYSTEMS.

° INCREASE IN MARKETING REFLECTS RELOCATION OF OFFICE.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS
SUMMARY

		1985	
INSURANCE, CASUALTY EXPENSES	1986 BUDGET	LATEST ESTIMATE	VARIANCE
CORPORATE OFFICE	0	0	0
OPERATIONS	2,266	1,117	1,149
FINANCE	0	0	0
MARKETING	5	0	5
HUMAN RESOURCES	0	0	0
ADMINISTRATION	0	0	0
TOTAL	2,271	1,117	1,154

EXPLANATION OF MAJOR VARIANCES:

° OPERATIONS IS RESPONSIBLE FOR INSURANCE AND RISK PROGRAMS. INCREASE REFLECTS FULL YEAR PREMIUMS AT HIGHER RATES PLUS ADDITIONAL SMALL INCREASE TOWARDS END OF YEAR. ADDITIONALLY, REFLECTS ANTICIPATED LOSSES AND CLAIMS DUE TO FREIGHT DAMAGE, ROLLING STOCK DAMAGE, ETC.

ALASKA RAIL AD CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS
SUMMARY

		1985	
OTHER	1986 BUDGET	LATEST ESTIMATE	VARIANCE
CORPORATE OFFICE	50	0	50
OPERATIONS	0	0	0
FINANCE	1,899	779	1,120
MARKETING	149	0	149
HUMAN RESOURCES	19	0	19
ADMINISTRATION	0	0	0
TOTAL	2,117	779	1,338

EXPLANATION OF MAJOR VARIANCES:

- FINANCE INCREASE REFLECTS LARGER DEBT SERVICE AND FREIGHT CHARGES NOW RESPONSIBILITY OF PROCUREMENT (DIRECT PURCHASE AND NON-STOCK ITEMS).
- MARKETING INCREASE REFLECTS RELOCATION TO NEW UPTOWN OFFICE SPACE.

ALASKA RAILRO CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS
SUMMARY

SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	1986 DOLLARS	1986 PERSONNEL*	1985 LATEST ESTIMATE DOLLARS	1985 LATEST ESTIMATE PERSONNEL*
CORPORATE OFFICE	751	11	484	9
OPERATIONS	32,073	575	30,333	596
FINANCE	3,454	69	3,128	63
MARKETING	2,060	43	1,772	22
HUMAN RESOURCES	1,186	21	725	16
ADMINISTRATION	460	8	385	7
TOTAL	39,984	727	36,827	713

EXPLANATION OF MAJOR VARIANCES:

° CORPORATE OFFICE INCREASE REFLECTS ADDITIONAL LEGAL ASSISTANCE.

° OPERATIONS DECREASE REFLECTS A 3-MONTH SUMMER WORK PROGRAM RATHER THAN A 5-MONTH PROGRAM AND TRANSFER OF PASSENGER AGENT POSITIONS TO MARKETING.

° FINANCE INCREASE REFLECTS TAKEOVER OF CONTRACTUAL SERVICES IN SYSTEMS.

° MARKETING REFLECTS TRANSFER OF PASSENGER AGENTS FROM OPERATIONS DEPARTMENT AND ADDITIONAL SALES STAFF.

* AVERAGE QUARTERLY TOTAL

ALASKA RAIL \D CORPORATION
1986 SPENDING PLAN
CORPORATE OFFICE
SUMMARY

	1986 BUDGET	1985 LATEST ESTIMATE	1985 VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	752	484	274
CONTRACTUAL SERVICES	757	672	85
MATERIALS & SUPPLIES	16	33	(17)
RENTALS, UTILITIES	4	2	2
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	50	0	50
TOTAL	1,579	1,191	394
DEBT SERVICE	0	0	0
GRAND TOTAL	1,579	1,191	394

EXPLANATION OF MAJOR VARIANCES:

° PERSONNEL COSTS UP DUE TO INCREASED STAFFING IN CHIEF COUNSEL'S OFFICE INCLUDING ADDITIONAL SENIOR ATTORNEY, CLERICAL HELP AND PARALEGAL ASSISTANCE.

° CONTRACTUAL SERVICES UP AS A RESULT OF ANTICIPATED INCREASED LITIGATION.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
ADMINISTRATION
SUMMARY

	1986 BUDGET	1985 LATEST ESTIMATE	1985 VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	460	385	75
CONTRACTUAL SERVICES	76	26	50
MATERIALS & SUPPLIES	55	86	(31)
RENTALS, UTILITIES	174	243	(69)
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	0	0	0
TOTAL	765	740	25
DEBT SERVICE	0	0	0
GRAND TOTAL	765	740	25

EXPLANATION OF MAJOR VARIANCES:

° PERSONNEL EXPENSES REFLECTS INCREASE FOR FULL YEAR MANNING LEVELS AND ONE ADDITIONAL STAFF PERSON.

° CONTRACTUAL SERVICES INCREASE REFLECTS CONSOLIDATION OF OFFICE MACHINE EXPENSES IN ADMINISTRATIVE SERVICES DIVISION AND DEVELOPMENT OF RECORDS MANAGEMENT SYSTEM FOR CORPORATION.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
HUMAN RESOURCES
SUMMARY

	1986 BUDGET	1985 LATEST ESTIMATE	1985 VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	1,186	725	461
CONTRACTUAL SERVICES	805	50	755
MATERIALS & SUPPLIES	54	29	25
RENTALS, UTILITIES	9	3	6
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	19	0	19
TOTAL	2,074	807	1,267
DEBT SERVICE	0	0	0
GRAND TOTAL	2,074	807	1,267

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL COSTS REFLECT FULL YEAR EFFECT OF NEW ORGANIZATIONAL STRUCTURE TO INCLUDE INCREASE OF 3 NEW POSITIONS FOR APRIL-JUNE TIME FRAME.
- CONTRACTUAL SERVICES INCREASE DUE TO ACQUIRING RESPONSIBILITY FOR ALL TRAINING REQUIREMENTS, SAFETY EQUIPMENT PROGRAM, RELOCATION EXPENSES, AND SALARY ADMINISTRATION PROGRAM.

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02-576(2/77)

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
HUMAN RESOURCES
SUMMARY

	1986 BUDGET	1985 LATEST ESTIMATE	1985 VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	1,186	725	461
CONTRACTUAL SERVICES	805	50	755
MATERIALS & SUPPLIES	54	29	25
RENTALS, UTILITIES	9	3	6
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	19	0	19
TOTAL	2,074	807	1,267
DEBT SERVICE	0	0	0
GRAND TOTAL	2,074	807	1,267

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL COSTS REFLECT FULL YEAR EFFECT OF NEW ORGANIZATIONAL STRUCTURE TO INCLUDE INCREASE OF 3 NEW POSITIONS FOR APRIL-JUNE TIME FRAME.
- CONTRACTUAL SERVICES INCREASE DUE TO ACQUIRING RESPONSIBILITY FOR ALL TRAINING REQUIREMENTS, SAFETY EQUIPMENT PROGRAM, RELOCATION EXPENSES, AND SALARY ADMINISTRATION PROGRAM.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
OPERATIONS
SUMMARY

	1986 BUDGET	1985 LATEST ESTIMATE	1985 VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	32,073	30,333	1,740
CONTRACTUAL SERVICES	2,625	2,555	70
MATERIALS & SUPPLIES	9,611	10,480	(869)
RENTALS, UTILITIES	1,941	2,685	(744)
INSURANCE, CASUALTY, TAXES	2,266	1,117	1,149
OTHER	0	0	0
TOTAL	48,516	47,170	1,346
DEBT SERVICE	0	0	0
GRAND TOTAL	48,516	47,170	1,346

EXPLANATION OF MAJOR VARIANCES:

° PERSONNEL INCREASE REFLECTS FULL YEAR MANNING LEVELS IN ALL DEPARTMENTS.

° MATERIALS AND SUPPLIES REDUCTION BASED ON INVENTORY REVALUATIONS.

° RENTALS AND UTILITIES PROJECTED SAVINGS RESULTING FROM NEW HEATING SYSTEMS.

° INSURANCE, CASUALTY, TAXES INCREASE DUE TO INSURANCE PREMIUMS AND CASUALTY LOSS CLAIMS.

ALASKA RAILROAD CORPORATION
1986 SHIPPING PLAN
MARKETING
SUMMARY

	1986 BUDGET	1985 LATEST ESTIMATE	1985 VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	2,060	1,772	288
CONTRACTUAL SERVICES	920	433	587
MATERIALS & SUPPLIES	145	285	(140)
RENTALS, UTILITIES	140	19	121
INSURANCE, CASUALTY, TAXES	5	0	5
OTHER	149	0	149
TOTAL	3,417	2,509	908
DEBT SERVICE	0	0	0
GRAND TOTAL	3,417	2,509	908

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL COSTS UP DUE TO INCREASED SALES FORCE IN ANCHORAGE AND SEATTLE, PASSENGER SERVICES EXPANSION AND TRANSFER FROM TRANSPORTATION DEPARTMENT.
- CONTRACTUAL SERVICES UP 117% FOR FULL-SCALE MARKETING/ADVERTISING PROGRAM.
- UTILITIES INCREASE DUE TO MARKETING DEPARTMENT RELOCATING TO NEW UPTOWN OFFICE SPACE.

ALASKA RAILR' 'D CORPORATION
1986 SPL..DING PLAN
CORPORATE COMMUNICATIONS
SUMMARY

	1986 BUDGET	1985 LATEST ESTIMATE	1985 VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	84	64	20
CONTRACTUAL SERVICES	148	55	93
MATERIALS & SUPPLIES	5	3	2
RENTALS, UTILITIES	0	0	0
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	0	0	0
TOTAL	237	122	115
DEBT SERVICE	0	0	0
GRAND TOTAL	237	122	115

EXPLANATION OF MAJOR VARIANCES:

° PERSONNEL USAGES INCREASE DUE TO FULL YEAR OPERATIONS OF DIVISION.

° CONTRACTUAL SERVICES INCREASE DUE TO NEW PROGRAMS FOR SAFETY, RAILROAD POSTERS, ANNUAL REPORTS.

ALASKA RAILROAD CORPORATION
1986 SP)ING PLAN
CHIEF COUNSEL
SUMMARY

	1986 BUDGET	1985 LATEST ESTIMATE	1985 VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	490	242	248
CONTRACTUAL SERVICES	514	567	(53)
MATERIALS & SUPPLIES	9	26	(17)
RENTALS, UTILITIES	4	2	2
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	0	0	0
TOTAL	1,017	837	180
DEBT SERVICE	0	0	0
GRAND TOTAL	1,017	837	180

EXPLANATION OF MAJOR VARIANCES:

° PERSONNEL COSTS UP 102% DUE TO INCREASED STAFF TO INCLUDE ADDITIONAL ATTORNEYS FOR FULL YEAR, PARALEGAL ASSISTANCE, AND CLERICAL ASSISTANCE.

ALASKA RAILROAD CORPORATION
1986 SF DING PLAN
DETAIL ACCOUNT ANALYSIS

SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES

1986 BUDGET	39,984
1985 ESTIMATE	36,827
VARIANCE	3,157

EXPLANATION OF VARIANCE:

° WAGE ADJUSTMENT	$1,000	32
° CURRENT WORK FORCE FULL YEAR MANNING	875	28
° ADDITIONAL STAFF*	750	23
° PENSION PLAN CONTRIBUTION	125	4
° ANTICIPATED HEALTH BENEFIT INCREASE	200	7
° STATE OF ALASKA UNEMPLOYMENT COMPENSATION	200	6
TOTAL	$3,150	100

* ADDITIONAL STAFFING IS REQUIRED IN LEGAL AND ADMINISTRATION TO SUPPORT ACTIVITIES AND PROGRAMS THAT WERE PREVIOUSLY HANDLED IN THE FEDERAL SYSTEM BUT NOT BY THE RAILROAD. ADDITIONALLY, OUR ENHANCED MARKETING PROGRAM REQUIRES A LARGER SALES FORCE TO MAINTAIN CURRENT REVENUE AS WELL AS OBTAIN NEW BUSINESS.

ALASKA RAILROAD CORPORATION
1986 SI .DING PLAN
DEPARTMENT ANALYSIS

SUMMARY

	1986 BUDGET	1985 LATEST ESTIMATE	1985 VARIANCE	1985 %
CORPORATE OFFICE	1,579	1,191	388	33
OPERATIONS	48,516	47,170	1,346	3
FINANCE	6,815	6,000	815	14
MARKETING	3,417	2,509	908	36
HUMAN RESOURCES	2,074	807	1,267	157
ADMINISTRATION	765	740	25	3
GRAND TOTAL	63,166	58,417	4,749	8

EXPLANATION OF MAJOR VARIANCES:

° CORPORATE OFFICE INCREASE REFLECTS ADDITIONAL COST FOR LITIGATION AND INCREASE IN LEGAL WORKFORCE.

° FINANCE INCREASE REFLECTS LARGER DEBT SERVICE AND REALIGNMENT OF CONTRACTUAL WORKFORCE.

° MARKETING INCREASE REFLECTS NEW MARKETING PLAN (500K), ADDITIONAL SALES FORCE AND RELOCATION TO UPTOWN OFFICE SPACE.

° HUMAN RESOURCES INCREASE REFLECTS NEW ORGANIZATION STRUCTURE, INCREASED RESPONSIBILITIES, COST FOR NEW ADMINISTRATIVE PROGRAMS AND SOME ADDITIONAL STAFF.

ALASKA RAILROAD CORPORATION
1986 STANDING PLAN
ACCOUNT ANALYSIS

SUMMARY

	1986 BUDGET	1985 LATEST ESTIMATE	1985 VARIANCE	1985 %
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	39,984	36,827	3,157	8
CONTRACTUAL SERVICES	5,936	4,670	1,266	27
MATERIALS & SUPPLIES	10,095	11,321	(1,226)	(11)
RENTALS, UTILITIES	2,763	3,703	(940)	(25)
INSURANCE, CASUALTY, TAXES	2,271	1,117	1,154	103
OTHER	1,017	364	653	179
TOTAL	62,066	58,002	4,064	7
DEBT SERVICE	1,100	415	685	165
GRAND TOTAL	63,166	58,417	4,749	8

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL COSTS REFLECT FULL STAFF LEVELS FOR YEAR, INCREASED SALES STAFF, SMALL INCREASE IN ADMINISTRATIVE WORK FORCE, INCREASED HEALTH BENEFIT COST AND PROVISION FOR MINIMAL WAGE ADJUSTMENT.
- CONTRACTUAL SERVICES INCREASE REFLECTS COST OF MARKETING PLAN, RELOCATION FOR TRANSFERRED EMPLOYEES, INCREASED TRAINING.
- MATERIALS AND SUPPLIES DECREASE REFLECTS REVALUATION OF INVENTORY.
- RENTALS AND UTILITIES DECREASE REFLECTS SAVINGS FROM KAPP ENERGY PROJECT, CLOSURE OF UNNECESSARY WAREHOUSES, ETC.
- INSURANCE INCREASE IS FOR A FULL YEAR EFFECT OF OUR RISK MANAGEMENT PROGRAM AT NEW RATES AND PROVISION FOR CASUALTY CLAIMS.
- OTHER INCREASE REFLECTS CONSOLIDATION OF FREIGHT EXPENSE FOR DIRECT, NON-STOCK PURCHASES TO THE PROCUREMENT DIVISION.
- DEBT SERVICE INCREASE REFLECTS FULL YEAR OF INTEREST EXPENSE ON LOCOMOTIVES, FLAT CARS, AND PLANNED 1986 CAPITAL ADDITIONS.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
DETAIL ACCOUNT ANALYSIS

SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES

1986 BUDGET	39,984
1985 ESTIMATE	36,827
VARIANCE	3,157

EXPLANATION OF VARIANCE:

° WAGE ADJUSTMENT	$1,000	32
° CURRENT WORK FORCE FULL YEAR MANNING	875	28
° ADDITIONAL STAFF*	750	23
° PENSION PLAN CONTRIBUTION	125	4
° ANTICIPATED HEALTH BENEFIT INCREASE	200	7
° STATE OF ALASKA UNEMPLOYMENT COMPENSATION	200	6
TOTAL	$3,150	100

* ADDITIONAL STAFFING IS REQUIRED IN LEGAL AND ADMINISTRATION TO SUPPORT ACTIVITIES AND PROGRAMS THAT WERE PREVIOUSLY HANDLED IN THE FEDERAL SYSTEM BUT NOT BY THE RAILROAD. ADDITIONALLY, OUR ENHANCED MARKETING PROGRAM REQUIRES A LARGER SALES FORCE TO MAINTAIN CURRENT REVENUE AS WELL AS OBTAIN NEW BUSINESS.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
DETAIL ACCOUNT ANALYSIS

CONTRACTUAL SERVICES

1986 BUDGET	5,936
1985 ESTIMATE	4,670
VARIANCE	1,266

EXPLANATION OF VARIANCE:

		%
° MARKETING PLAN	$ 500	40
° RELOCATION EXPENSES	150	12
° HOME SALES ASSISTANCE	100	8
° SALARY ADMINISTRATION PROGRAM	60	5
° DONATION	50	5
° TRAINING BUDGET	250	20
° MISCELLANEOUS	150	10
TOTAL	$1,260	100

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
DETAIL ACCOUNT ANALYSIS

INSURANCE, CASUALTY, TAXES

1986 BUDGET	2,271
1985 ESTIMATE	1,117
VARIANCE	1,154

EXPLANATION OF VARIANCE:

		%
° CASUALTY, PROPERTY, BOILER, ETC.	$ 850	74
° LOSS & DAMAGE CLAIMS	200	17
° WORKERS COMPENSATION	100	9
TOTAL	$1,150	100

ALASKA RAIL[illegible]AD CORPORATION
1986 S[illegible]DING PLAN
CORPORATE OFFICE
SUMMARY

	1986 BUDGET	1985 LATEST ESTIMATE	1985 VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	752	484	274
CONTRACTUAL SERVICES	757	672	85
MATERIALS & SUPPLIES	16	33	(17)
RENTALS, UTILITIES	4	2	2
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	50	0	50
TOTAL	1,579	1,191	394
DEBT SERVICE	0	0	0
GRAND TOTAL	1,579	1,191	394

EXPLANATION OF MAJOR VARIANCES:

° PERSONNEL COSTS UP DUE TO INCREASED STAFFING IN CHIEF COUNSEL'S OFFICE INCLUDING ADDITIONAL SENIOR ATTORNEY, CLERICAL HELP AND PARALEGAL ASSISTANCE.

° CONTRACTUAL SERVICES UP AS A RESULT OF ANTICIPATED INCREASED LITIGATION.

ALASKA RAILROAD CORPORATION
1986 SHIPPING PLAN
FINANCE
SUMMARY

	1986 BUDGET	1985 LATEST ESTIMATE	1985 VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	3,454	3,128	326
CONTRACTUAL SERVICES	753	934	(181)
MATERIALS & SUPPLIES	214	408	(194)
RENTALS, UTILITIES	495	751	(256)
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	799	364	435
TOTAL	5,715	5,585	130
DEBT SERVICE	1,100	415	685
GRAND TOTAL	6,815	6,000	815

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL INCREASE DUE TO FULL MANNING LEVELS FOR 12 MONTHS AS A RESULT OF REORGANIZATION, FILLING VACANT POSITION, TAKEOVER OF CONTRACT WORK IN SYSTEMS.
- OTHER REFLECTS CONSOLIDATION OF FREIGHT EXPENDITURES UNDER THE PROCUREMENT AND SUPPLY DIVISIONS.
- DEBT SERVICE IS THE FULL YEAR EFFECT OF OUR 1985 LEVERAGED FINANCING PLUS 1985 PLANNED CAPITAL ADDITIONS.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
ADMINISTRATION
SUMMARY

	1986 BUDGET	1985 LATEST ESTIMATE	1985 VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	460	385	75
CONTRACTUAL SERVICES	76	26	50
MATERIALS & SUPPLIES	55	86	(31)
RENTALS, UTILITIES	174	243	(69)
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	0	0	0
TOTAL	765	740	25
DEBT SERVICE	0	0	0
GRAND TOTAL	765	740	25

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL EXPENSES REFLECTS INCREASE FOR FULL YEAR MANNING LEVELS AND ONE ADDITIONAL STAFF PERSON.
- CONTRACTUAL SERVICES INCREASE REFLECTS CONSOLIDATION OF OFFICE MACHINE EXPENSES IN ADMINISTRATIVE SERVICES DIVISION AND DEVELOPMENT OF RECORDS MANAGEMENT SYSTEM FOR CORPORATION.

ALASKA RAILROAD CORPORATION
1986 OPERATING BUDGET SUMMARY
(THOUSANDS OF DOLLARS)

	1986 BUDGET	1985 LATEST ESTIMATE	VARIANCE DOLLARS	VARIANCE %
REVENUE	71,057	69,000	2,057	3
EXPENSE	63,166	60,600	(2,566)	(4)
SURPLUS (DEFICIT)	7,891	8,400	(509)	(6)
DEPRECIATION	1,800	1,300	500	38
NET INCOME (LOSS)	6,091	7,100	(1,009)	(14)

ALASKA RAILROAD CORPORATION
1986 BUDGET HEADCOUNT SUMMARY

DEPARTMENT	FIRST QTR 1986	FIRST QTR 1985	SECOND QTR 1986	SECOND QTR 1985	THIRD QTR 1986	THIRD QTR 1985	FOURTH QTR 1986	FOURTH QTR 1985
(1) CORPORATE OFFICE	11	6	11	8	11	12	11	9
OPERATIONS	510	532	657	711	586	635	499	509
(2) HUMAN RESOURCES	29	19	29	19	29	18	29	21
(3) FINANCE	69	59	69	59	71	63	69	69
(4) MARKETING & SALES	37	18	50	17	50	27	37	26
TOTAL	656	634	816	814	747	755	645	634

(1) INCLUDES CHIEF COUNSEL AND STAFF

(2) INCLUDES DIRECTOR, ADMINISTRATION AND STAFF

(3) 1985 DOES NOT INCLUDE 6 CONTRACT COMPUTER OPERATORS WHICH HAS BEEN CONVERTED TO ARRC STAFF

(4) DOES NOT INCLUDE SUMMER HOST/HOSTESS PROGRAM OF 45 STUDENTS DURING SUMMER PASSENGER SEASON

ALASKA RAILRO CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS
SUMMARY

SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	1986		1985 LATEST ESTIMATE	
	DOLLARS	PERSONNEL*	DOLLARS	PERSONNEL*
CORPORATE OFFICE	751	11	484	9
OPERATIONS	32,073	575	30,333	596
FINANCE	3,454	69	3,128	63
MARKETING	2,060	43	1,772	22
HUMAN RESOURCES	1,186	21	725	16
ADMINISTRATION	460	8	385	7
TOTAL	39,984	727	36,827	713

EXPLANATION OF MAJOR VARIANCES:

° CORPORATE OFFICE INCREASE REFLECTS ADDITIONAL LEGAL ASSISTANCE.

° OPERATIONS DECREASE REFLECTS A 3-MONTH SUMMER WORK PROGRAM RATHER THAN A 5-MONTH PROGRAM AND TRANSFER OF PASSENGER AGENT POSITIONS TO MARKETING.

° FINANCE INCREASE REFLECTS TAKEOVER OF CONTRACTUAL SERVICES IN SYSTEMS.

° MARKETING REFLECTS TRANSFER OF PASSENGER AGENTS FROM OPERATIONS DEPARTMENT AND ADDITIONAL SALES STAFF.

* AVERAGE QUARTERLY TOTAL

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS
SUMMARY

		1985	
CONTRACTUAL SERVICES	1986 BUDGET	ATEST ESTIMATE	VARIANCE
CORPORATE OFFICE	757	672	85
OPERATIONS	2,625	2,555	70
FINANCE	753	934	(181)
MARKETING	920	433	487
HUMAN RESOURCES	805	50	755
ADMINISTRATION	76	26	50
TOTAL	5,936	4,670	1,266

EXPLANATION OF MAJOR VARIANCES:

- CORPORATE OFFICER INCREASE FOR ESTIMATED CORPORATE DONATIONS.
- MARKETING INCREASE REFLECTS IMPLEMENTATION OF NEW CORPORATE MARKETING PLAN.
- HUMAN RESOURCES REFLECTS REALIGNMENT OF ORGANIZATION, RELOCATION EXPENSES, SALARY ADMINISTRATION PROGRAM, AND INCREASED TRAINING.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS
SUMMARY

		1985	
MATERIALS & SUPPLIES	1986 BUDGET	LATEST ESTIMATE	VARIANCE
CORPORATE OFFICE	16	33	(17)
OPERATIONS	9,611	10,480	(869)
FINANCE	214	408	(194)
MARKETING	145	285	(140)
HUMAN RESOURCES	54	29	25
ADMINISTRATION	55	86	(31)
TOTAL	10,095	11,321	(1,226)

EXPLANATION OF MAJOR VARIANCES:

° DECREASES ARE A RESULT OF REVALUATION OF INVENTORY.

ALASKA RAIL AD CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS
SUMMARY

		1985	
RENTALS & UTILITIES	1986 BUDGET	LATEST ESTIMATE	VARIANCE
CORPORATE OFFICE	4	2	2
OPERATIONS	1,941	2,685	(744)
FINANCE	495	751	(256)
MARKETING	140	19	121
HUMAN RESOURCES	9	3	6
ADMINISTRATION	174	243	(69)
TOTAL	2,763	3,703	(940)

EXPLANATION OF MAJOR VARIANCES:

° DECREASES ARE GENERAL RESULTING FROM SAVINGS FROM NEW ENERGY SYSTEMS.

° INCREASE IN MARKETING REFLECTS RELOCATION OF OFFICE.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS
SUMMARY

		1985	
INSURANCE, CASUALTY EXPENSES	1986 BUDGET	LATEST ESTIMATE	VARIANCE
CORPORATE OFFICE	0	0	0
OPERATIONS	2,266	1,117	1,149
FINANCE	0	0	0
MARKETING	5	0	5
HUMAN RESOURCES	0	0	0
ADMINISTRATION	0	0	0
TOTAL	2,271	1,117	1,154

EXPLANATION OF MAJOR VARIANCES:

° OPERATIONS IS RESPONSIBLE FOR INSURANCE AND RISK PROGRAMS. INCREASE REFLECTS FULL YEAR PREMIUMS AT HIGHER RATES PLUS ADDITIONAL SMALL INCREASE TOWARDS END OF YEAR. ADDITIONALLY, REFLECTS ANTICIPATED LOSSES AND CLAIMS DUE TO FREIGHT DAMAGE, ROLLING STOCK DAMAGE, ETC.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS
SUMMARY

		1985	
OTHER	1986 BUDGET	LATEST ESTIMATE	VARIANCE
CORPORATE OFFICE	50	0	50
OPERATIONS	0	0	0
FINANCE	1,899	779	1,120
MARKETING	149	0	149
HUMAN RESOURCES	19	0	19
ADMINISTRATION	0	0	0
TOTAL	2,117	779	1,338

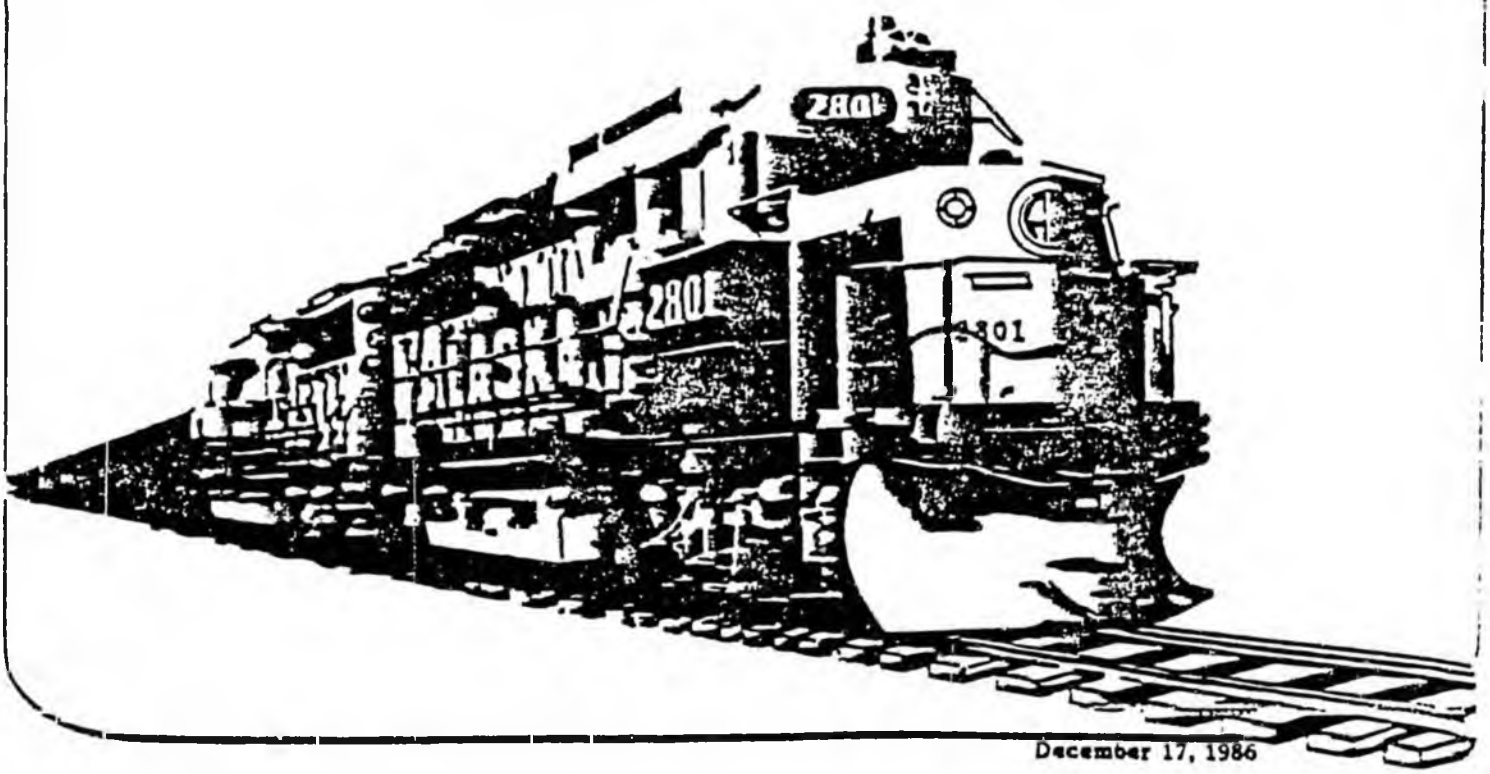
EXPLANATION OF MAJOR VARIANCES:

° FINANCE INCREASE REFLECTS LARGER DEBT SERVICE AND FREIGHT CHARGES NOW RESPONSIBILITY OF PROCUREMENT (DIRECT PURCHASE AND NON-STOCK ITEMS).

° MARKETING INCREASE REFLECTS RELOCATION TO NEW UPTOWN OFFICE SPACE.

ALASKA RAILROAD CORPORATION

1987 APPROVED OPERATING AND CAPITAL BUDGET



December 17, 1986

EXHIBIT J

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OPERATING AND CAPITAL BUDGET SUMMARY

ALASKA RAILROAD CORPORATION

1987 OPERATING AND CAPITAL BUDGET SUMMARY

($ 000's)

REVENUE	$ 56,760
EXPENSE	56,406
NET INCOME (LOSS) FROM OPERATIONS	354
ADD BACK NON-CASH ITEMS	4,620
CASH GENERATED FROM OPERATIONS	4,974
CAPITAL BUDGET CASH REQUIREMENTS	4,620
CASH SURPLUS/DEFICIT, 1987	354

ALASKA RAILROAD CORPORATION
1987 Projected Income Statement
($ 000's)

	1987 Budget	1986 Latest Estimate	Variance Dollars	Variance Percentage
REVENUES				
Railroad	45,600	45,200	400	0.9
Other	11,160	11,300	(140)	(1.2)
TOTAL	56,760	56,500	260	0.4
COST AND EXPENSES				
Railroad	39,580	42,524	(2,944)	(6.9)
Other	12,746	10,976	1,770	16.1
TOTAL	52,326	53,500	(1,174)	(2.1)
Bad Debt Reserve	480	600	(120)	(20.0)
Depreciation	3,600	2,400	1,200	50.0
TOTAL EXPENSE	56,406	56,500	(94)	(0.1)
NET INCOME (LOSS)	354	0	354	N/A

December 18, 1986

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5141 HTRA HB 47 (FILE 1) - HB 47 (FILE 2)

INCOME, REVENUE AND EXPENSE STATEMENTS

ALASKA RAILROAD CORPORATION
Revenues By Commodity
1987 Revenue Budget
(000's)

Commodity	1987 Budget	1986 Latest Estimate	Variance Dollar	Variance %
Pipe	1,000	2,125	(1,125)	(52.9)
Coal: Local	4,800	4,575	225	4.9
Export	5,600	5,700	(100)	(1.8)
Petroleum	10,500	10,200	300	2.9
Gravel	3,000	4,050	(1,050)	(25.9)
TOFC/COFC	7,000	6,000	1,000	16.6
Interline	7,000	7,050	(50)	(0.7)
Miscellaneous	1,000	700	300	42.9
TOTAL FREIGHT	39,900	40,400	(500)	(1.2)
Passenger:				
North Bound	3,300	2,700	600	22.2
South Bound	2,200	1,900	300	15.8
Charters, etc	200	200	0	0.0
TOTAL PASSENGER	5,700	4,800	900	18.8
Real Estate	6,000	5,500	500	9.1
Freight Related	662	540	122	22.6
All Other	4,498	5,260	(762)	(14.5)
TOTAL OTHER	11,160	11,300	(140)	(1.2)
TOTAL REVENUE	56,760	56,500	260	0.4

December 18, 1986

ALASKA RAILROAD CORPORATION
1987 Expense Budget Performance Analysis
($ 000's)

DEPARTMENT	1987 BUDGET	1986 Latest Estimate	Dollar Variance	Percentage
Railroad				
Transportation	13,990	15,200	(1,210)	(8.0)
Motive Power & Equipment	10,890	12,500	(1,610)	(12.9)
Engineering	11,999	12,050	(51)	(0.4)
Operations Staff	2,701	2,774	(73)	(2.6)
TOTAL RAILROAD	39,580	42,524	(2,944)	(6.5)
General & Administrative				
Corporate Office	525	625	(100)	(16.0)
Finance	4,599	5,120	(521)	(10.2)
Marketing	2,704	3,000	(296)	(10.0)
Administration	625	686	(61)	(8.9)
Human Resources	1,203	1,500	(297)	(19.8)
General Counsel	855	919	(64)	(7.0)
TOTAL G & A	10,511	11,850	(1,339)	(11.3)
Corporate Overhead				
Bad Debt Reserve	480	600	(120)	(20.0)
Interest Expense	1,920	726	1,194	164.5
Depreciation	3,600	2,400	1,200	50.0
Miscellaneous	315	(1,600)	1,915	N/A
TOTAL OVERHEAD	6,315	2,126	4,189	197.0
TOTAL	56,406	56,500	(94)	(0.1)

December 18, 1986

MANPOWER BUDGET

ALASKA RAILROAD CORPORATION
MANNING VARIANCE ANALYSIS
1984 - 1987

Division	1984 Average Manning	1985 Average Manning	1986 Average Manning	1987 Average Manning
President & CEO	9	6	4	2
Chief Counsel	4	3	7	6
Operations	586	606	564	483
Administration	7	8	8	8
Human Resources	11	12	19	15
Finance	69	67	64	62
Marketing	14	18	30	34
TOTAL	700	720	696	610

12-2-86

DEPARTMENTAL BUDGETS

ALASKA RAILROAD CORPORATION
1987 OPERATING BUDGET SUMMARY
(THOUSANDS OF DOLLARS)

	1987 PROPOSED BUDGET	1986 LATEST ESTIMATE	VARIANCE DOLLARS	VARIANCE %
REVENUE	56,760	56,500	260	0.4
EXPENSE	52,326	53,500	(1,174)	(2.1)
SURPLUS (DEFICIT)	4,434	3,000	1,434	47.8
BAD DEBT RESERVE	480	600	(120)	(20.0)
DEPRECIATION	3,600	2,400	1,200	50.0
NET INCOME (LOSS)	354	0	354	N/A

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ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
CORPORATE OFFICE
SUMMARY

	1987 PROPOSED BUDGET	1986 LATEST ESTIMATE	VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	264	349	(85)
CONTRACTUAL SERVICES	235	237	(2)
MATERIALS & SUPPLIES	11	11	0
RENTALS, UTILITIES	0	0	0
INSURANCE, CASUALTY	0	0	0
OTHER	15	28	(13)
TOTAL	525	625	(100)
DEBT SERVICE	0	0	0
GRAND TOTAL	525	625	(100)

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL REDUCTION REFLECTS RE-ASSIGNMENT OF SECRETARIAL SUPPORT FROM CEO TO ADMINISTRATION.
- OTHER EXPENSES REFLECT REDUCED FUNDING FOR CONTRIBUTIONS.

ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
OPERATIONS
SUMMARY

	1987 PROPOSED BUDGET	1986 LATEST ESTIMATE*	VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	26,582	29,013	(2,431)
CONTRACTUAL SERVICES	2,879	3,117	(238)
MATERIALS & SUPPLIES	6,723	6,824	(101)
RENTALS, UTILITIES	1,588	1,584	4
INSURANCE, CASUALTY	1,808	1,986	(178)
OTHER	0	0	0
TOTAL	39,580	42,524	(2,944)
DEBT SERVICE	0	0	0
GRAND TOTAL	39,580	42,524	(2,944)

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL REDUCTION REFLECTS REDUCED MANPOWER.
- CASUALTY LOSSES ARE EXPECTED TO BE LOWER IN 1987.
- MATERIAL AND SUPPLIES REFLECT A SMALLER SUMMER WORK PROGRAM.

* EXPENSES ADJUSTED DOWNWARD TO REFLECT IMPACT OF FLOOD DISASTER.

ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
FINANCE
SUMMARY

	1987 PROPOSED BUDGET	1986 LATEST ESTIMATE	VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	2,979	3,267	(288)
CONTRACTUAL SERVICES	980	1,224	(244)
MATERIALS & SUPPLIES	640	624	16
RENTALS, UTILITIES	0	0	0
INSURANCE, CASUALTY	0	0	0
OTHER	0	5	(5)
TOTAL	4,599	5,120	(521)
DEBT SERVICE	0	0	0
GRAND TOTAL	4,599	5,120	(521)

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL COST DECREASE REFLECTS FULL YEAR EFFECT OF ELIMINATION OF 3 PROFESSIONAL STAFF POSITIONS AND ASSOCIATED COSTS.
- CONTRACTUAL SERVICES REFLECTS WIND DOWN OF MSA ACCOUNTING SYSTEM INSTALLATION AND REMOVAL OF THE BURROUGH'S COMPUTER.

ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
MARKETING
SUMMARY

	1987 PROPOSED BUDGET	1986 LATEST ESTIMATE	VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	1,230	1,411	(181)
CONTRACTUAL SERVICES	1,352	1,429	(77)
MATERIALS & SUPPLIES	60	60	0
RENTALS, UTILITIES	62	100	(38)
INSURANCE, CASUALTY	0	0	0
OTHER	0	0	0
TOTAL	2,704	3,000	(296)
DEBT SERVICE	0	0	0
GRAND TOTAL	2,704	3,000	(296)

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL REDUCTIONS REFLECT VACANT SALES POSITION.
- OUTSIDE SERVICES COMPRISED OF COMMISSION TICKET SALES, WHITTIER BUS RENTALS, COACH/CABOOSE CLEANING, CATERING; DECREASE DUE TO REDUCTION OF ADVERTISING CONTRACT.
- RENTALS DECREASE IS DUE TO RELOCATION OF THE MARKETING STAFF TO THE VACANT OFFICE SPACE IN THE GENERAL OFFICE BUILDING.

ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
ADMINISTRATION
SUMMARY

	1987 PROPOSED BUDGET	1986 LATEST ESTIMATE	VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	388	367	21
CONTRACTUAL SERVICES	209	272	(63)
MATERIALS & SUPPLIES	28	47	(19)
RENTALS, UTILITIES	0	0	0
INSURANCE, CASUALTY	0	0	0
OTHER	0	0	0
TOTAL	625	686	(61)
DEBT SERVICE	0	0	0
GRAND TOTAL	625	686	(61)

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL COST DECREASE REFLECTS RE-ASSIGNMENT OF SECRETARIAL POSITIONS FROM CEO TO ADMINISTRATION AND PERSONNEL CUTS.
- OUTSIDE SERVICES DECREASE REFLECTS MOVING RESPONSIBILITY FOR BUDGETING ALL COMPUTER TYPE EQUIPMENT FROM ADMINISTRATION TO INFORMATION SYSTEMS.
- MATERIALS AND SUPPLIES REFLECTS A DECREASE DUE TO A ONE TIME ONLY PROJECT COMPLETED IN 1986.

ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
HUMAN RESOURCES
SUMMARY

	1987 PROPOSED BUDGET	1986 LATEST ESTIMATE	VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	905	1,147	(242)
CONTRACTUAL SERVICES	212	220	(8)
MATERIALS & SUPPLIES	86	133	(47)
RENTALS, UTILITIES	0	0	0
INSURANCE, CASUALTY	0	0	0
OTHER	0	0	0
TOTAL	1,203	1,500	(297)
DEBT SERVICE	0	0	0
GRAND TOTAL	1,203	1,500	(297)

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL COST DECREASE REFLECTS ELIMINATION OF 6 POSITIONS.

ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
GENERAL COUNSEL
SUMMARY

	1987 PROPOSED BUDGET	1986 LATEST ESTIMATE	VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	367	414	(47)
CONTRACTUAL SERVICES	484	501	(17)
MATERIALS & SUPPLIES	4	4	0
RENTALS, UTILITIES	0	0	0
INSURANCE, CASUALTY	0	0	0
OTHER	0	0	0
TOTAL	855	919	(64)
DEBT SERVICE	0	0	0
GRAND TOTAL	855	919	(64)

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL COSTS REFLECTS ELIMINATION OF GENERAL ATTORNEY POSITION.
- CONTRACTUAL SERVICES DECREASE REFLECTS REDUCED OUTSIDE ATTORNEY EXPENSES.

CAPITAL BUDGETS

CORRECTION

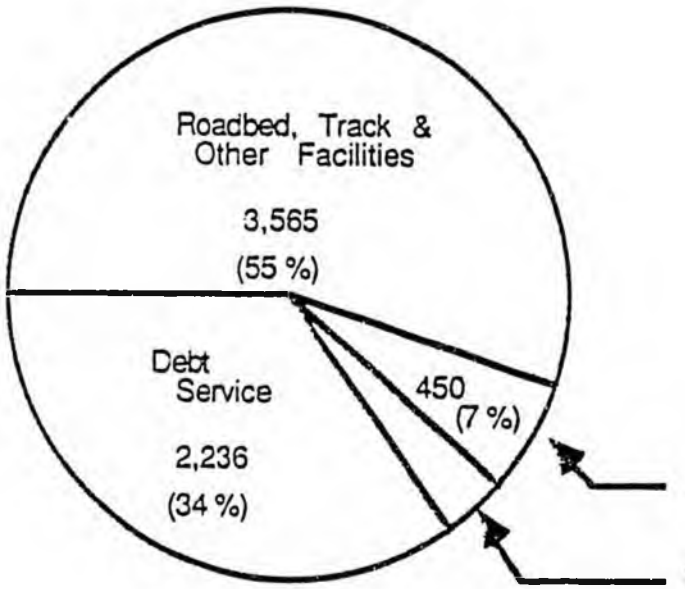
THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02-576(2/77)

CAPITAL BUDGETS

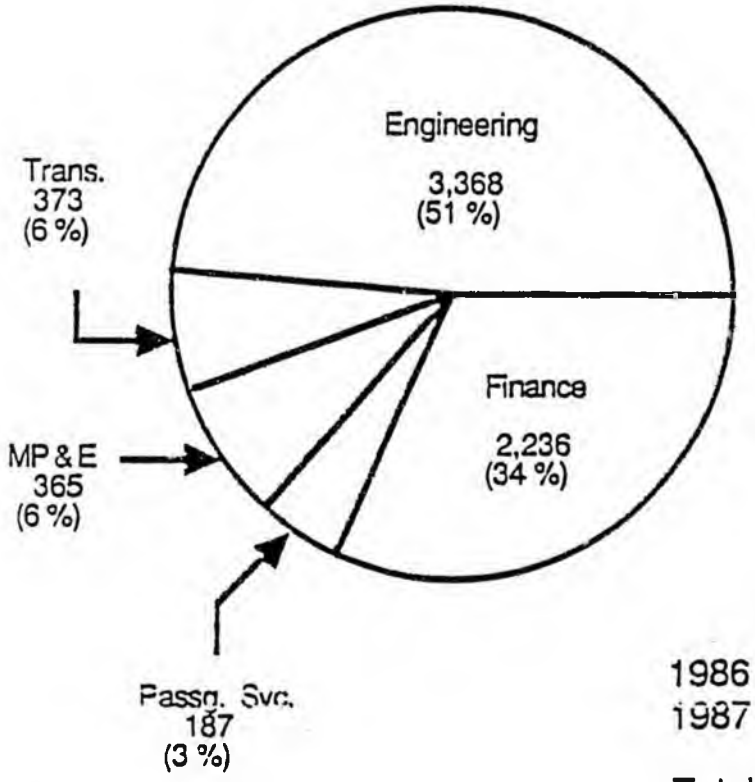
ALASKA RAILROAD CORPORATION
1987 CAPITAL PROGRAM

Thousands of Dollars



BY CATEGORY

6,529



BY DEPARTMENT

6,529

SPENDING

1986	Carryover	548
1987	New Projects	5,981
Total 1987	Spending	6,529

12-10-86

ALASKA RAILROAD CORPORATION
Capital Budget Summary
1987

DEBT SERVICE

INSTITUTION	PRINCIPLE	INTEREST	INTEREST RATE
Chase Manhattan			
Locomotives, GP-49	482,076.00	359,040.00	9.3
Articulated Flats,30	235,530.00	192,055.00	10.5
Construction Equipment	119,284.00	128,352.00	7.5
Locomotives, GP-38/3 (6)	279,002.00	229,917.00	8.0
Locomotive Cranes (3)	130,868.00	109,455.00	8.0
RDC, 1986 (3)	53,348.00	45,609.00	8.0
Subtotal	1,300,108.00	1,064,428.00	
Citicorp			
Locomotives, Construction Equip	214,278.00	161,821.00	8.3
Articulated Flats (15)	126,427.00	102,734.00	6.011
Subtotal	340,705.00	264,555.00	
Alaska Pacific Bank			
RDC, 1985 Upgrade	183,182.00	61,008.00	8.15
Subtotal	183,182.00	61,008.00	
Miscellaneous			
IBM (small equipment)	98,599.00	11,663.00	
IBM (mainframe)	221,727.00	71,937.00	
US Leasing (Wang Equip)	91,550.00	9,115.00	
Subtotal	411,876.00	92,715.00	
TOTAL DEBT SERVICE	2,235,871.00	1,482,706.00	

December 18,1986

(Cont)

	$ THOUSANDS	
	TOTAL VALUE	1987 SPENDING
1987 PROPOSED CAPITAL PROGRAM (CONT)		
Security		
Light Vehicles, (2)	32	32
Fencing, West Anchorage ROW	26	26
TOTAL	58	58
TOTAL OPERATIONAL PROJECTS	6.291	4.106
PASSENGER SERVICES UPGRADE		
Containerized Baggage	72	72
Denali Depot Upgrade	15	15
Whittier Flatcars	100	100
TOTAL PASSENGER SERVICES	187	187
TOTAL OPERATION AND PASSENGER SERVICES	6.478	4.293

December 18, 1986

OPERATIONS DEPARTMENT CAPITAL PROPOSAL

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
($000)

A.	PROJECT TITLE:	LIGHT VEHICLE REPLACEMENT PROGRAM
B.	LOCATION:	OPERATIONS DIVISION
C.	ESTIMATED COST:	$278
D.	ACCURACY OF COST ESTIMATE:	CLASS 111 (+ OR - 15%)
E.	STATUS OF ENGINEERING DESIGN & COST ESTIMATE:	N/A
F.	PROJECT DESCRIPTION:	PURCHASE 16 LIGHT VEHICLES

G. PROJECT JUSTIFICATION:

The present vehicles scheduled for replacement have body and rust damage, high mileage, and experience high maintenance costs. The vehicles' average age is eight years and mileage over 80,000. These vehicles have met or exceeded their forecasted economic life of five years or 70,000 miles.

Older vehicles with high mileage are difficult to maintain to ensure reliable operating status. An annual replacement program will result in lower vehicle maintenace cost, increase availability resulting in increased productivity, and a higher quality vehicle fleet.

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
($000)

A. PROJECT TITLE: UPGRADE ANCHORAGE TOFC YARD

B. LOCATION: SHIP CREEK

C. ESTIMATED COST: $65

D. ACCURACY OF COST ESTIMATE: CLASS 111 (+ OR - 15%)

E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE: N/A

F. PROJECT DESCRIPTION:

Resurface the existing TOFC Yard. The project will consist of fill, grading, compaction, and surfacing with D-1 or equivalent.

G. PROJECT JUSTIFICATION:

The current TOFC Yard has not received any major improvements since 1984. Over the last three years of constant use and exposure to weather conditions, the yard has deteriorated to an uneven, wash-board surface resulting in slower operations and potential safety hazards. In August, two employees claimed on-the-job back injuries from operating yard hostlers over this rough terrain for extended periods of time.

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
($000)

A. PROJECT TITLE: HEAD END POWER PLANT

B. LOCATION: ANCHORAGE

C. ESTIMATED COST: $75

D. ACCURACY OF COST ESTIMATE: CLASS 11 (+ OR - 10%)

E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE: COMPLETE

F. PROJECT DESCRIPTION:

Purchase and install a 315 KW head end power plant in locomotive 3010. This project was initiated in fourth quarter 1986 with $28 forecasted as a work in process carryover. The estimated 1987 expenditures is $75.

G. PROJECT JUSTIFICATION:

The modification of locomotive 3010 with a head end power unit provides the most utility to railroad operations. This modified locomotive will be used in passenger service and winter freight service. The winter utilization will consist of keep from freezing freight service.

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
($000)

A. PROJECT TITLE: MATERIAL HANDLING EQUIPMENT

B. LOCATION: ANCHORAGE

C. ESTIMATED COST: $20

D. ACCURACY OF COST ESTIMATE: CLASS III (+ OR - 15%)

E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE: N/A

F. PROJECT DESCRIPTION:

Purchase and install miscellaneous shop equipment

G. PROJECT JUSTIFICATION:

This investment pool represents an equipment replacement program established to update our shop equipment. The shop equipment will be replaced with new more efficient equipment when the old equipment breaks down beyond economic repair.

PROPOSED 1987 BASL .NE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
($000)

A. PROJECT TITLE: OVERHEAD CRANE IMPROVEMENTS

B. LOCATION: ANCHORAGE

C. ESTIMATED COST: $50

D. ACCURACY OF COST ESTIMATE: CLASS 11 (+ OR - 10%)

E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE: N/A

F. PROJECT DESCRIPTION:

Purchase and install new power supply for the General Repair Shop DC cranes.

G. PROJECT JUSTIFICATION:

The proposed new power supply will enable the crane to be operated from floor level controls versus from a cab on the crane. The new floor level controls will reduce labor requirements and improve shop safety. Additionally, noise levels will be reduced and improving the working conditions.

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
($000)

A. PROJECT TITLE: RAIL PROGRAM

B. LOCATION: SYSTEM WIDE

C. ESTIMATED COST: $319

D. ACCURACY OF COST ESTIMATE: CLASS III (+ OR - 15%)

E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE: COMPLETE

F. PROJECT DESCRIPTION:

Install 14,400 feet of alloy rail.

G. PROJECT JUSTIFICATION:

This is an annual major maintenance program designed to replace rail that has exceeded its useful life for mainline operations. The used rail will be cascaded to sidings and or yard tracks where re-required. The replacement rail will come from existing inventories and will not require a capital outlay.

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
($000)

A. PROJECT TITLE:	BALLAST PROGRAM
B. LOCATION:	SYSTEM WIDE
C. ESTIMATED COST:	$658
D. ACCURACY OF COST ESTIMATE:	CLASS III (+ OR - 15%)
E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE	COMPLETE

F. PROJECT DESCRIPTION:

Replace 60,000 cubic yards of ballast and resurface 300 miles of track.

G. PROJECT JUSTIFICATION:

This is an annual major maintenace program designed to replace ballast that has exceeded its useful life. The replacement ballast will come from existing inventories and will not require a capital outlay.

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
($000)

A PROJECT TITLE: BRIDGE PROGRAM

B. LOCATION: SYSTEM WIDE

C. ESTIMATED COST: $575

D. ACCURACY OF COST ESTIMATE: CLASS III (+ OR - 15%)

E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE: COMPLETE

F. PROJECT DESCRIPTION:

This is an annual program of major maintenance on steel bridges, timber trestles, and culverts. Deteriorated ties, piling, bridge timbers, and culverts are replaced on a programmed basis.

G. PROJECT JUSTIFICATION:

Timber bridge components have an average service life of 30 years. Major rehabilitation work in the 1952 - 1956 period resulted in a significant amount of 30+ year old timber in service. This program is required to replace these bridge members to reduce the risk of failure. Culvert replacements are required to maintain drainage and keep roadbed maintenance costs from increasing. Renewed bridges also reduces the cost of track maintenace at the bridge ends. The replacement and/or upgrade of the substructure of the bridges is required to ensure the load carrying capabilities of the bridge and maintain a safe operating railroad.

The material cost is estimated at $200 with the majority of the materials coming from existing inventory.

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
($000)

A PROJECT TITLE: RAIL TIE FASTNERS

B. LOCATION: SYSTEM WIDE

C. ESTIMATED COST: $100

D. ACCURACY OF COST ESTIMATE: CLASS III (+ OR - 15%)

E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE: COMPLETE

F. PROJECT DESCRIPTION:

Install 150 gage plates and 300 Pandrol tie plates on curves of 6 degrees or greater. This is a carryover project approved in the 1986 Capital Budget.

G. PROJECT JUSTIFICATION:

These devices prevent spreading track gage. Spreading of gage on sharp curves as well as rail rotation under severe lateral loading is a very serious concern for the Railroad. Constant regaging on wooden ties reduces tie service life by an estimated 15%.

The gage plates and Pandrol tie plates are in our current inventory minimizing any capital outlay for materials.

PROPOSED 1987 BASE. .NE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
($000)

A PROJECT TITLE: FIBER OPTIC CABLE TERMINALS

B. LOCATION: ANCHORAGE, PORTAGE, & WHITTIER

C. ESTIMATED COST: $112

D. ACCURACY OF COST ESTIMATE: CLASS III (+ OR - 15%)

E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE: COMPLETE

F. PROJECT DESCRIPTION:

Install digital fiber optical terminals to replace open wire pole line and marine cable system between Portage and Whittier. This is a carryover project approved in the 1986 Capital Budget.

G. PROJECT JUSTIFICATION:

The pole line cable system to Whittier was built in 1940 and is in need of major overhaul and replacement. The system received major damage during the 1964 earthquate and four sections have been replaced with temporary cable. In the last six years most of the lead splices have badly corroded and are close to failure. A replacement system will cost $325,000, but an agreement between Anchorage Telephone Utility and the Railroad has enabled us to utilize the fiber optic system between Anchorage and Whittier. This agreement will eliminate the need for replacement of the pole line. Purchasing the fiber optic terminals and connecting them to ATU's fiber optic system will give us full data and telephone service to the Whittier Terminal.

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
($000)

A. PROJECT TITLE: WHITTIER ELECTRIC

B. LOCATION: WHITTIER TERMINAL

C. ESTIMATED COST: $200

D. ACCURACY OF COST ESTIMATE: CLASS III (+ OR - 15%)

E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE: REVIEW STATUS

F. PROJECT DESCRIPTION:

Replacement of existing high voltage distribution system in the Whittier Yard.

G. PROJECT JUSTIFICATION:

The railroad has incurred a PCB contamination problem in the Whittier electrical distribution system. The current system is a non-standard distribution network which is contaminated with PCB's. A replacement system is necessary to eliminate future PCB problems and to minimize clean up costs of the current contaminated system.

PASSENGER SERVICES CAPITAL PROPOSAL

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
($000)

A. PROJECT TITLE — Containerized Baggage

B. LOCATION — Anchorage

C. ESTIMATED COST

40 Containers @ $800 each	$32,000
Fairbanks Forklifts	Already Owned
Anchorage Forklift	20,000
Denali Forklift	20,008
Total Cost	$72,000

D. ACCURACY OF COST ESTIMATE — Class 3

E. PROJECT DESCRIPTION
Purchase containers and forklifts to handle the baggage on the Anchorage via Denali to Fairbanks Express. The containerization will reduce the manual handling of the baggage.

F. PROJECT JUSTIFICATION
The ARRC needs to come into the modern ages with baggage handling. The containerized system will reduce staffing at Fairbanks and Anchorage and save layover time at Denali Park.

Cash Flow	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Equipment	(72)					
Anc/Fbx Labor Savings		24	24	24	24	24
Forklift Maintenance		(2)	(4)	(6)	(8)	(10)
Less 12 Hour Dead Head Trains		2	2	2	2	2
	(72)	24	22	20	18	16

Life Expectancy probably 7 years, use 5 to be conservative.

INTERNAL RATE OF RETURN 13.03%

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
($000)

A. PROJECT TITLE — Whittier Shuttle Flat Cars

B. LOCATION — Anchorage

C. ESTIMATED COST — 5 @ $20,000 each = $100,000
This project will be funded with State of Alaska Shuttle Funds.

D. ACCURACY OF COST ESTIMATE — Class 3

E. PROJECT DESCRIPTION
The cost of maintaining the current rail passenger cars used on the Whittier Shuttle was excessive so this equipment has been disposed of. In reviewing the alternatives, it appears that buses on flat cars may be the most cost effective. This requires the purchase of flatcars to place the buses on. The current flatcars are filled to capacity on numerous occasions so putting the buses on these would reduce vehicle capacity too much.

F. PROJECT ALTERNATIVES FOR WHITTIER PASSENGER EQUIPMENT
1. Rental Buses on Flatcars.
2. Purchased Buses on Flatcars.
3. Lease of Rail Passenger Equipment.

The cost of these three alternatives will be analyzed extensively prior to the actual purchase decision.

HB

47

(FILE 2)

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

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May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Labor & Commerce.

1/28/87

Pouch V
Juneau, Alaska 99811

Alaska State Legislature
House of Representatives

Phone:
(907) 465-3892

Labor and Commerce Committee

January 26, 1987

To: Members, House Labor and Commerce Committee

From: Representative Dave Donley, Chair
House Labor and Commerce Committee

Re: Proposed Committee Substitute - HB 47

On the prime sponsor's request, I have instructed my staff to prepare a committee substitute for HB 47, an act relating to the Alaska Railroad Corporation, for your review on Wednesday, January 28, at our 4:30 p.m. meeting.

The CS makes minor technical changes to language on Page 2, line 29, Page 3, line 22, Page 4, line 7, and on Page 6, line 4, to make the language consistent throughout the bill and with existing statute.

Further, the CS changes Page 3, line 22 to reinsert the phrase "in a major way", so that the language is consistent with current law.

Finally, there are two substantive changes in the CS. The first is Page 2, line 9 where the placement of a comma has been changed, thus changing the meaning of the sentence. The second is on Page 6, line 8, where language has been added to require that a public hearing be held at least 30 days before taking final action.

The bill's prime sponsor, Representative Kay Brown, will be present at the Wednesday meeting to explain both the intent of HB 47, and the changes presented in the CS.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version : CS HB 47 (L & C)
Publish Date :

REQUEST:

Revision Date: 2-18-87
Title : An Act relating to the Alaska Railroad Corporation
Sponsor : Rep. Kay Brown
Requestor : Labor & Commerce Committee

Agency Affected : Alaska Railroad Corporatio
BRU :
Components :

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		50.0	50.0	50.0	50.0	50.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	50.0	50.0	50.0	50.0	50.0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER		50.0	50.0	50.0	50.0	50.0
TOTAL	0	50.0	50.0	50.0	50.0	50.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See attached.

Prepared by : Rep. Kay Brown / House Labor & Commerce Phone : 465-4998
Division : Date : 2-18-87

Approved by Commissioner : Date :
Agency :

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

Analysis of fiscal impact of CSHB 47 (L&C)

New administrative requirements for public notice, hearing and written findings prior to significant land use actions could increase the railroad's costs of operation. The bill's requirement to salvage the meat of big game animals for human consumption also could require additional expenditures by the railroad. However, there would be no increase in costs borne by the state or the General Fund. Based on information provided by the railroad, I estimate that the increased costs to the railroad resulting from CSHB47 (L&C) should be no more than about $50,000 a year.

ALASKA RAILROAD CORPORATION

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

February 26, 1987

MAR 0 2 1987

Honorable Dave Donley, Chairman
Labor & Commerce Committee
House of Representatives
P.O. Box V
Juneau, Alaska 99811

Re: Committee Substitute for HB 47, An Act Relating to the Alaska Railroad Corporation

Dear Dave,

Thank you again for the opportunity to express our comments on House Bill 47 and a committee substitute at the Juneau hearing last week.

We've carefully reviewed the substitute and enclose our position paper and amended fiscal information. I understand that the bill has been passed to Bette's committee and will send her a courtesy copy of all of our written comments.

Despite the changes in the committee substitute which mitigate the impact of earlier proposals, we do remain adamantly opposed to the legislation. CSHB 47 recommends significant detrimental changes to the legislature's earlier vision of a financially independent, but publicly accountable, Alaska Railroad Corporation. We are especially hopeful that House leaders will not support the bill.

If you have questions about our additional statements, please feel free to contact me or our general counsel, Larry Wood.

Sincerely,

F.G. Turpin
President & CEO

cc: Honorable Bette Cato, Chairman
House Transportation Committee

James O. Campbell
Chairman, ARRC

3859L

POSITION PAPER / Alaska Railroad Corporation

COMMITTEE SUBSTITUTE FOR
HOUSE BILL 47

An Act Relating to the
Alaska Railroad Corporation

I. Introduction. As the Committee is aware, the Alaska Railroad Corporation ("ARRC") voiced strong objections to the provisions of House Bill 47 as originally introduced. The revisions contained in the Labor and Commerce Committee Substitute for House Bill 47 have alleviated several of the concerns previously expressed by ARRC. The Corporation applauds the committee's response to its concerns but remains opposed to enactment of the bill for the reasons set forth in the following discussion and in its previous position paper.

II. Provisions of Bill/Impact on ARRC.

A. Operations. The original provisions of HB 47 imposed unrealistic requirements on the ARRC Board to maintain passenger and freight service at 1985 levels. The Committee Substitute acknowledges economic reality and directs the Board to maintain (as well as expand) those service levels only when practicable in light of financial resources. In addition, unlike original HB 47, the Committee Substitute retains the present language of the Alaska Railroad Corporation Act ("ARCA") requiring Board approval only when management reduces or expands service "in a major way." ARRC agrees with the thrust of these changes in the bill. However, we continue to believe that there is no magic in the level of service provided by the federal government at the time of transfer and that this provision is superfluous. Board responsibility for adequate service to the people of Alaska is already sufficiently assured by the mandate in AS 42.40.100(5) that it "provide for safe, efficient, and economical transportation to meet the overall needs of the state". As previously noted, a legislative oversight report is presently required before a significant reduction or increase in service occurs. AS 42.40.280(a).

B. Moose Kills. The Committee Substitute retains the previous bill's language regarding salvage of big game meat and compulsory consultation with the Alaska Department of Fish & Game to minimize adverse effects of railroad operations on wildlife. As pointed out in ARRC's previous position paper and in other information and testimony furnished to the Labor and Commerce Committee, the Corporation already works closely with Game representatives and salvages moose meat. This portion of the bill continues to be duplicative and unnecessary.

C. Confidentiality. ARRC appreciates the Committee's efforts to accomodate the confidentiality requirements of federal law in this area. The original bill proposed to allow public disclosure of ARRC's contract rate agreements and freight divisions; the Committee Substitute restores these two items to the list of matters which may be considered at ARRC's executive Board sessions and designated as confidential by Board rule.

However, the Committee Substitute continues to limit the items which may be made confidential by Board rule to only those listed in the legislation. This unreasonably restricts the Board's ability to preserve confidentiality as to other matters, including those which it may consider at executive session. Creating such an inconsistency between the two statutes is unwarranted and unwise. The present law lists examples of confidential items in recognition of the fact that the Legislature cannot reasonably anticipate all those instances where privacy is warranted. The ARRC Board needs the flexibility to identify and protect proprietary and competition sensitive information furnished to it or generated within the Corporation.

Finally, the Committee injected a new requirement into the revised bill requiring ARRC to furnish to the Attorney General upon request any information withheld under the Board confidentiality rule. ARRC believes that this requirement would destroy the confidentiality of the material, inasmuch as Department of Law records are public documents unless some privilege attaches to them. The Department of Law does not represent ARRC. The Corporation retains independent legal counsel. No attorney-client privilege would protect the information furnished which could include commercial information protected by federal law. The State already has access to the targeted information through two State commissioner/ARRC Board members and through a legislative audit process where confidentiality requirements are preserved.

The Committee Substitute continues to require public Board discussions of proposed land acquisitions or disposals. ARRC strongly believes that such an approach will have a chilling effect on market opportunities. The public interest is sufficiently protected by current law which requires all disposals of land to be acted upon and approved by the Board and Legislature in public session.

D. Land Issues. In apparent response to the administrative burdens implicit in HB 47, the Committee Substitute now requires Board hearings and written findings only with regard to agreements involving "resource development, resource exploration, capital improvements, or other significant change in the use of rail land." Although this provision eases the financial and logistic burden presented by

the original language, such limitations do remain inappropriate if ARRC is to meaningfully compete in a commercial setting. The opportunity for public review of significant changes in land use is guaranteed by the legislative oversight and approval provisions which already exist in ARCA.

In addition, the new provision is vague and ambiguous. Rail land, to the extent it is the subject of third-party agreements, is commercially leased land. ARRC is ground lessor or permittor. It is unclear whether the hearing and written finding provision would apply to a lease which contemplates substantial capital improvements to the property--not an uncommon feature of a long-term ground lease. It is also unclear whether the provision would apply when property is to be leased or assigned to a new lessee who would use rail land for a different purpose than predecessor lessees. Would this amount to a "significant change in the use of rail land?" To the extent that the 60-day notice/written "best interest" determination and 30-day hearing process is triggered by ordinary commercial leasing practices, it will significantly inhibit the Corporation's ability to effectively compete in the real estate market environment. ARRC must have the flexibility to quickly, but responsibly, adjust to market needs.

In addition, to require the Board's written "best interest" determination to be made at least 60 days before taking action, yet requiring a public hearing at least 30 days in advance, appears illogical. Information of use to the Board's finding will likely be presented at the public hearing.

The Committee Substitute still requires the ARRC Board to determine that the people's best interest is served by any lease, permit or other land use authorization. While this determination is no longer expected to be made in writing or 60 days prior to action, it still injects inappropriate delays to commercial transactions. CSHB 47 lists various matters which must be considered by the Board as it formulates its "best interest" finding. However, the economic best interests of a self-sustaining railroad are not always identical with standards which are pertinent to the "best interest" determinations applied to State-owned land. The primary focus of State land decisions may not be projected financial benefits. Since ARRC depends heavily upon sensible and profitable development of its land resources to honor the Legislature's mandate for railroad economic viability, its focus fixes on careful, but decisive and aggressive, marketing of its leased lands. The ARCA requirement that leases be made at fair market value is a sufficient assurance that transactions will promote the State's ownership interest and achieve a fair return to ARRC. Substitution of a best interests standard is not consistent with ARRC's mission of economic independence.

The revised bill also requires Board approval of leases of more than one year's duration and legislative approval of leases with terms of greater than 35 years. As noted above, CSHB 47 also rejects confidential Board discussions of land acquisitions or disposals and requires an extensive and expensive inventory of natural resources and land uses on an annual basis. ARRC reiterates its objections to these provisons for the reasons expressed in its earlier submissions to this Committee.

III. Conclusion. Despite some improvements to the bill, the Committee Substitute for House Bill 47 threatens to seriously hamper the Corporation's ability to survive in present freight and real estate markets. For these reasons, we oppose CSHB 47 and request that the proposed amendments to ARCA be rejected.

3827L

Anchorage, Alaska
February 26, 1987

ALASKA RAILROAD CORPORATION 1987 LEGISLATIVE SESSION SUPPLEMENTAL FISCAL INFORMATION

Committee Substitute for House
Bill 47 (Labor & Commerce): An Act Relating
to the Alaska Railroad Corporation
Publish date: 2/17/87

Like its predecessor, the Committee Substitute for House Bill 47 proposes substantial changes to the Alaska Railroad Corporation Act ("ARCA"). As a result of its revisions, however, several of the adverse financial impacts of the original version of HB 47 have been reduced. The differences are outlined below; otherwise, the position expressed in the Alaska Railroad Corporation's previous fiscal information (attached) is still valid and applicable to this proposed legislation.

Passenger Services Losses. The changes in CSHB 47 allow ARRC to maintain levels of passenger service within those financial resources available. Hence, the $1.5 million loss earlier projected would not be required by law.

Real Estate Costs and Losses. The additional costs arising from real estate transactions have been lessened but not eliminated by the changes in CSHB 47. ARRC now estimates that an additional $30,000.00 will be expended to satisfy procedural requirements relating to land use agreements. While less commercial leasing will be affected, ARRC continues to project a $150,000.00 annual loss in real estate business. In addition, the detailed inventory of land, resources, actual and projected uses and plans, and development potential is estimated to cost $150,000.00 the first year and $35,000.00 to update annually thereafter.

Confidentiality of Marketing and Business Data. Inasmuch as the requirement to furnish confidential/proprietary business information to the Attorney General upon request opens that vital data to potential public scrutiny, ARRC continues to estimate freight losses as a result of CSHB 47 of $4.6 million annually.

Total Annual Fiscal Impact

Real Estate	$ 365,000 (first year)
General Freight Revenues	4,600,000
Total	$4,965,000

3833L

Office of General Counsel
February 25, 1987

CS HB 47
Changes from HB 47

I. Operations.

1. Makes the phrase "to the extent practicable within financial resources" apply to both expansion and maintaining 1985 levels of service. Formerly, because of placement of a comma, it applied only to the expansion of service.

2. Restores the phrase "in a major way" to the level of service change requiring Board approval. This provision now reads as originally enacted in ARTA.

3. Effect is still to specifically impose on the Board the responsibility to maintain or expand service at transfer levels to the extent financially practicable.

II. Wildlife.

1. No change from original HB 47.

III. Land Issues.

1. Still requires Board approval of leases over 1 year in length and Legislative approval of those over 35 years. Adds any options to renew into the computation of years involved.

2. Also still requires annual inventory of land and resources and for any natural resource disposal to be at competitive bid; still authorizes disposals to municipalities at less than fair market.

3. Changes the requirement that all leases, permits, etc. be preceded by Board written "best interest" finding and public hearing. Present proposal still requires Board to make such a finding for all leases, etc. but not in writing and not at any particular time. Best interest is still defined elsewhere in the bill to require consideration of adjacent land uses, municipal land use plans and ordinances, etc.

4. Adds a new section requiring written "best interest" finding by Board and public notice 60 days before final action on any "agreement that involves resource development, resource exploration, capital improvements, or other significant change in the use of rail land." Board must hold public hearing in affected municipality at least 30 days before taking final action.

IV. Confidentiality.

1. Restores "divisions and contract rate agreements" as items which may be considered by the Board in executive session. Continues to remove "land acquisition or disposal" from such status.

2. Restores "divisions and contract rate agreements" to the listing of items which can be made confidential by Board rule but still makes the list all inclusive and thus more limited than present Board rule categories.

3. Adds requirement that any information kept confidential under Board rule must be provided to the Attorney General upon request. Applies to personnel records, attorney communications and work product, and ICC-protected information such as divisions and contract rate agreements.

3834L

PRESIDENT'S OFFICE

FEB 25 '87

RECEIVED

FEB 26 1987

Office of the
General Counsel

ACTION	INFO	ACTION	INFO
MJY		ATP	
JBB		DAR	
LDW	✓	FCW	
VMH		LIH	
JDW			

Circ ____ Copy ____ File ____
Call Up ____

Dear Legislator:

I was distressed to read in the February 19, 1987, Anchorage Times article of Representative Kay Brown's House Bill 47.

The provision requiring board approval for any leasehold conveyances would severely hinder the Alaska Railroad's ability to operate and bargain in the real estate marketplace. The Alaska Railroad has a fiduciary responsibility to all Alaskans to maximize income from it's lands, and enhance it's profitability.

I had the opportunity to serve on an ad-hoc citizen/industry committee last year which advised the Alaska Railroad on revisions to it's leasing policy. This policy review aided the new management in bringing it's real estate management practices into the twentieth century.

The proposed legislation is a step backwards, and is typical of governmental over regulation.

Sincerely,

H. Norman Rokeberg
Jack White Company

Brown's bill steps backward

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The proposed legislation is a step backwards, and is typical of government over regulation.

H. Norman Rokeberg
Jack White Company
3201 C St.

2-24-87 ADT

I. ARRC'S ESTIMATED FISCAL IMPACT

ARRC estimated that HB 47 would have a fiscal impact of $6,400,000 annually. ARRC did not submit any factual data or meaningful analysis to support this estimate. The estimate appears to be based on a misunderstanding of the requirements of HB 47 or on concerns which are largely eliminated by the proposed CSHB 47.

For example, ARRC claims that since CSHB 47 requires maintenance of services to the level existing at the time of transfer, ARRC will be required to provide the precise service which existed at the time of transfer, including using certain types of RR equipment (which are no longer available) at a cost of 1.5 million annually. It is clear that such unreasonable, technical compliance would not be required. ARRC would only be required to provide the LEVEL OF SERVICE (not the precise same service) which existed at the time of transfer. Additionally, as the proposed CSHB 47 makes clear, such service would only required "to the extent PRACTICABLE WITHIN FINANCIAL RESOURCES AVAILABLE".

Next, ARRC simply asserts, without identifying a factual basis, that requiring public notice and competitive bidding in leasing railroad land and natural resources will result in all lease payments being REDUCED BY 50%.

Finally, ARRC states, again without benefit of any factual data, that if it cannot keep its rate documents confidential it will not be able to compete with truckers and shippers and it will lose 4.6 million dollars annually. While the soundness of this claim may be disputed, CSHB 47 allows ARRC to keep its rate documents confidential.

Thus, the fiscal on the ARRC should be greatly reduced under the CSHB 47 (L & C).

1. Explain the basis for ARRC's estimated fiscal impact.

II. THE VALUE OF RAILROAD LAND, INCLUDING RESOURCES (Reference: questions 5-7, 17, 18))

ARRC stated that it had a total of 40,600 acres, of which 13,800 were utility corridors and 26,800 were non-right-of-way. ARRC identified 1,923 of these acres as being in the heart of Alaska's cities (Anchorage, Seward, Valdez, Fairbanks, Whittier, and Nenana).

1. Where are the other 24,877 acres of rail lands?

2. Describe the location and existing improvements.

3. Estimate the value of these lands outside the municipalities.

4 . Regarding the estimates of fair market value for rail land in Alaskan cities, do ARRC's estimates include improvements? Is ARRC taking the position that the estimates are high? Does ARRC use these values as a basis for its leasing?

5. Describe known or suspected natural resources on rail land.

6. Describe the agreement with Usibelli. What rights were given? How much was paid? What are the terms, particularly regarding future developments?

III. LEASING PRACTICES (Reference: Questions 1-10)

ARRC acknowledges that there should be public involvement in leasing rail lands. See ARRC's letter to Rep. Donley, dated January 28, 2987, pp. 3 and 7. ARRC states that its long-term leasing policy is sufficient to ensure such public input occurs. However, the ARRC leasing policy requires only newspaper publication by legal description after a lease has been executed and is about to go into effect.

1. Under this policy, how is public input on long-term leasing decisions solicited or obtained?

2. ARRC appears to have dramatically increased its revenue from real estate (40% increase from 1985 to 1986) and has stated that it plans to place increasing emphasis on development of real estate. If this is true, it would appear that the clash between the public and the railroad has just begun and will dramatically increase as development continues. Does ARRC intend to pursue further development of rail lands?

3. Regarding question no. 57, what is the difference between "income" and "revenue" (real estate accounts for 57.4% of "income" but only 6.4% of "revenue").

IV. WILDLIFE PROTECTION/MEAT SALVAGE (Reference: questions 36-39)

Testimony from the moose federation will be presented. They have first-hand information on this issue.

Committee members may wish to question the ARRC regarding various devices which could lessen the moose kill, including:

-reducing speed on the Anchorage-Fairbanks freight run to

30 m.p.h. during periods of high snow and between the hours of twilight and 8:00 p.m.;

-installing a third headlight aimed higher than the existing two headlights;

-installing plywood between the rails on bridge areas so that moose are not tripped, trapped and run over.

V. CROWNPOINT (Reference: questions 42-46)

1. ARRC was not clear whether it or the state paid $650,000 for the Crown Point accident or who will pay the additional necessary monies. Who paid? Who's going to pay the rest? If the state, does ARRC intend to repay the state? Isn't this money a state subsidy?

2. How much did Borden Chemical, Alaska Oilfield Services or Unocal pay for Crown Point damages? Will those companies attempt to recover money from ARRC?

3. ARRC stated damage was the result of the shipper's bad advice. Is this generally agreed upon? Is ARRC seeking to recover money from the shipper?

4. Since Crown Point, ARRC has again improperly heated urea-formaldehyde. When did the subsequent accident(s) take place? What procedures has ARRC implemented since LAST accident?

5. What is status of the lawsuit brought by Crown Point residents? How many of the 18 families are plaintiffs in that lawsuit?

VI. SALARIES (Reference: question 55)

1. Do the salary figures include the value of benefits? If not, describe the benefits, additional compensation and allowances for each salary range, including travel and entertainment allowances.

2. In 1986 the ARRC spent $450,000 on travel. Who went where and what was the purpose?

3. What is the standard percentage of budget paid by other railroads for administrative expenses, executive salaries and benefits, and overhead?

VII. PROFITS AND LOSS; ACCOUNTING (Reference: questions 52-59)

1. ARRC estimates a $1,500,000 loss for 1986. What is the reason for this loss? Does this amount include any money paid or reserved for Crown Point damages?

2. What is represented by the $484,000 item for contractual services to the legal department? Does ARRC have a legal staff? Why is so much spent on outside counsel?

VII. FREIGHT AND PASSENGER SERVICE

1. Does the ARRC plan to haul tour buses to McKinley this summer? What will be the effect on the local economies if the tour buses no longer stop in the smaller communities?

2. May ARRC legally subsidize freight rates by using income earned from real estate to pay railroad expenses or overhead? What percentage of ARRC's overhead is allocated to real estate operations?

IX. MISCELLANEOUS

3. Section 3 cf Ch 153 SLA 84 requires a special report on the long term operations of ARRC and alternatives be submitted to the legislature by February 1, 1987. What is the status of that report?

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M February 18, 1987

SUBJECT: Section by section analysis of draft CSHB 47(L&C), An Act relating to the Alaska Railroad Corporation

TO: Representative Kay Brown

FROM: George Utermohle
Legislative Counsel

The following is the section-by-section analysis of the draft CSHB 47(L&C) which you requested.

Section 1 amends AS 42.40.100 by expanding the duties of the board of the Alaska Railroad Corporation to include:

(1) maintenance or expansion of passenger and freight operations at or above the level that existed when the railroad was transferred from federal to state ownership, if the funding is available;

(2) management of real property interests and natural resources owned by the corporation in the best interest of the people of the state; among the information which the board must consider in making its determination of what is in the best interests of the people of the state are land use ordinances and plans of cities and boroughs affected by railroad land management decisions, adjacent land uses, the development and revenue potential of the land, and public comment on land management decisions proposed by the board;

(3) consultation with the Alaska Department of Fish and Game on ways that the railroad can reduce the adverse effects of railroad operations on wildlife.

Section 2 amends AS 42.40.120(b) to require the board of the Alaska Railroad Corporation to delegate authority to the executive officers of the railroad to grant leases, easements, permits, or other interests in railroad land for a total term of less than one year. The term of a lease,

easement, permit, or other interest in railroad land subject to this section includes the initial term plus any options to renew. A grant of a lease, easement, permit, or other interest in land for a total term of a year or more must be approved by the board of the corporation under Section 8 of the bill. Current law allows the executive officers of the railroad, through delegated authority, to enter into long term leases (up to 35 years under any conditions and exceeding 35 years if the lease is subject to termination by the railroad).

Section 3 amends AS 42.40.120(c) to require specific approval by the board of the Alaska Railroad Corporation before the corporation can lease, grant easements or permits, or allow use of railroad land for a term, including any options to renew the agreement, of one year or more.

Section 4 amends AS 42.40.170(b) to remove the authority of the board of the Alaska Railroad Corporation to discuss land disposal or acquisition issues in executive session.

Section 5 amends AS 42.40.220(b) by limiting the kinds of information which the Alaska Railroad Corporation may withhold from public disclosure to the following items:

(a) personnel records

(b) communications with and work product of legal counsel

(c) information consistent with the standards and practices of the U.S. Interstate Commerce Commission for the protection of proprietary information associated with specific shippers, divisions, and contract rate agreements.

The Alaska Railroad Corporation shall provide any information kept confidential under these provisions to the Department of Law if the Attorney General requests to see the information.

Section 6 amends AS 42.40.260 by requiring that the annual report prepared by the Alaska Railroad Corporation and provided to the governor and legislature include information on the land and natural resources held by the corporation. Pending proposals for the lease or disposal of land or natural resources must also be disclosed in the annual report.

Section 7 amends AS 42.40.285 by requiring that any lease of land by the Alaska Railroad Corporation for a total period, including any options to renew, exceeding 35 years be approved by the legislature. The former exemption is repealed.

Section 8 amends AS 42.40.350(c) by permitting the Alaska Railroad Corporation to lease, grant easements in or permits for rail land for a total term, including options to renew, of one year or more only if the board of the corporation determines that the transaction is in the best interests of the people of the state. Rail land is that land owned by the corporation that is not included in the railroad utility corridor along the main or branch lines of the railroad. If the board does not make a determination that the lease, easement, permit, or other authorization to use rail land is in the best interests of the people of the state, then the transaction is void.

Section 9 amends AS 42.40.350(d) by requiring that any lease or other disposal of land by the Alaska Railroad Corporation be at fair market value as determined by appraisal or by competitive bid unless the lease or disposal is to the state, a city, or a borough.

Section 10 adds new language to AS 42.40.350. The disposal of natural resources from the land of the Alaska Railroad Corporation must be by competitive bid unless the disposal is to the state, a city, or borough.

At least 60 days before taking final action on any agreement that involves resource exploration or development, capital improvements, or other significant change in the use of rail land the board shall prepare a written finding of fact and a determination that the agreement is in the best interest of the people of the state. The board must publish a notice that it has prepared the finding of fact and the determination. At least 30 days before taking final action on the agreement the board must hold a public hearing in a city or borough affected by the agreement. Any agreement that is subject to these requirements is void if the requirements are not satisfied.

Section 11 adds new language to AS 42.40.420 to allow the Alaska Railroad Corporation to issue permits to individuals for temporary, short term, or emergency use of railroad land.

Section 12 adds a new section, AS 42.40.460, requiring the Alaska Railroad Corporation to salvage for human consumption the meat of big game animals killed by operations of the railroad.

GU:mkr
m9/025

Kay Brown

Alaska State Legislature
House of Representatives

MAR 0 2 1987

M E M O R A N D U M

TO: Rep. Bette Cato, Chairman
Transportation Committee

DATE: March 2, 1987

FROM: Rep. Kay Brown

RE: CSHB 147; Request for Transportation Comm. Assistance in Obtaining Documents

CSHB 47 has passed from the Labor and Commerce Committee to the Transportation Committee. While CSHB 47 was before the Labor and Commerce Committee, the Railroad stated that it would provide the legislature with a computerized summary of 300 leases if this information would be helpful. (See: Document submitted to L&C Committee, entitled Alaska Railroad Corporation 1987 Legislative Session, Fiscal Information, dated February 6, 1987, p. 3.) In that same document, the Railroad stated it had completed appraisals for some parcels of Railroad land and indicated that the Railroad had begun or completed a "fee-use permit system" for leasing to political subdivisions. (See: Response to 7, p. 3 and Exhibit B, section 3.05.)

Because the primary focus of CSHB 47 involves legislative and public oversight of Railroad management of state lands, I believe this information may be helpful to the Transportation Committee in evaluating CSHB 47. Therefore, I respectfully request that the Transportation Committee request this information from the Railroad.

For your convenience, I have attached a letter which may be used to request this information.

Thank you very much for your consideration. I look forward to working with you on this issue.

P. O. Box 20-2661
Anchorage, AK 99520-2661
(907) 272-0207

During Session:
P. O. Box V
Juneau, AK 99811
(907) 465-4998

March 2, 1987

Mr. F. G Turpin
President and CEO
Alaska Railroad Corporation
P.O. Box 7-2111
Anchorage, Alaska 99510-7069

Dear Mr. Turpin

Re: CSHB 47, an act relating to the Alaska Railroad Corporation

On behalf of the House Transportation Committee, I would like to thank you for the information the Alaska Railroad Corporation submitted to this Committee and to the Labor and Commerce Committee.

In the document submitted to the Labor and Commerce Committee on February 6, 1987, entitled Alaska Railroad Corporation 1987 Legislative Session, Fiscal Information, the Alaska Railroad Corporation indicated that it could submit a computerized summary of 300 leases, certain completed appraisals and information regarding a "fee-use permit system." The Transportation Committee has received a request for this information and would appreciate your providing this information at the earliest convenience.

Thank you for your help and cooperation.

Sincerely,

Representative Bette Cato, Chair
House Transportation Committee

Kay Brown

Alaska State Legislature
House of Representatives

M E M O R A N D U M

MAR 1 5 1987

TO: Rep. Bette Cato, Chair
House Transportation
Committee

DATE: March 16, 1987

FROM: Rep. Kay Brown

RE: Response to ARRC's Opposition to CS HB 47

I. Introduction

The Alaska Railroad Corporation (ARRC) acknowledges that the Labor and Commerce Committee Substitute for HB 47 addresses many of ARRC's concerns. However, ARRC still opposes CS HB 47 and submits a fiscal note of $4,965,000.

For your convenience, this response to ARRC's opposition to CS HB 47 follows the format used in the opposition statement.

II. Provisions of CS HB 47

A. Operations: HB 47 required ARRC to maintain or expand services at the level existing at the time of transfer; CS HB 47 limits this to the extent financially practicable. ARRC acknowledges that the CS eliminates the fiscal impact in this area. ARRC still objects, arguing that current law requiring ARRC to meet the needs of the people provides adequate safeguards in this area.

The new language is justified and needed to strengthen the presumption that the ARRC will meet the needs of the state by maintaining or expanding service levels.

B. Moose Kills: ARRC restates its objection; it feels these provisions are unnecessary because ARRC already complies with the provisions of the bill through administrative practice.

It is well established that the legislature may turn voluntary administrative practice into statutory obligations. Furthermore, there is disagreement as to whether the railroad is currently doing all that it can in this area. (See statement of the Alaska Outdoor Council, attached).

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During Session:
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Juneau, AK 99811
(907) 465-4998

C. Confidentiality: The response of ARRC to this issue does not appear to be based on a good faith analysis of CS HB 47. HB 47 required ARRC to make certain rate-making documents public. ARRC responded that this would destroy ARRC's ability to be competitive, at a cost of 4.6 million dollars annually. ARRC did not provide any back-up for this assertion. Nonetheless, CS HB 47 deleted this provision. However, CS HB 47 would allow the attorney general to have access to the confidential documents, and thereby allow to conduct an in-state investigation of rate-making. ARRC responded by speculating that this would destroy confidentiality as thoroughly as making the records public. Thus, ARRC maintains that the annual fiscal impact will be $4.6 million. ARRC did not provide any analysis to support this estimated fiscal impact.

Legal Services states it is clear that the Attorney General will be required to keep this information confidential. Thus, there will not be a $4.6 million impact.

ARRC additionally states this provision is unnecessary because ARRC provides certain financial information to its auditor.

D. Land Issues: HB 47 required public hearings and written findings before ARRC could enter into any land agreements for terms exceeding one year. CS HB 47 requires hearings and findings only for agreements exceeding one year which involve natural resources, capital improvements, or substantial changes in the use of rail land. Both versions require ARRC to manage rail lands in the best interests of the people and to determine fair market value based on competitive bidding or appraisals.

While ARRC agrees that public involvement in the management of public land is necessary, ARRC says CS HB 47 is inappropriate. Land management is the crux of the bill and needs to be addressed. Over 40,000 acres of state land have been transferred to the railroad, and it appears there is nearly a total lack of oversight and public influence or knowledge about management of that land. The Transportation Committee estimated rail assets were worth $500 million to $1 billion. The Municipality of Anchorage estimated that the 1,500 acres of land in Anchorage and Portage alone had a value in excess of $250 million. Yet, under current law, a single person has the authority to lease such assets for up to 99 years without any competitive bidding, public notice, or public input. ARRC continually asserts that current law provides for fair market value transactions, public notice and legislative oversight. These assertions are not correct.

The railroad itself acknowledges the need for public input but states that its the recently implemented procedures of publishing a notice of intent to lease in the classified ads and placing a sign on the property are sufficient. Neither of

these procedures actually creates any appreciable level of public awareness (for example, placing a sign in an undeveloped area to advertise a natural resources agreement would not lead to significant public awareness). Worse, these procedures are followed only when the railroad has decided that it will try to complete a particular transaction. CS HB 47 attempts to include the public at the inception--when the decision is being made to plan an industrial park, develop condominiums, or develop natural resources. Involving the public at this stage will not complicate commercial negotiations. Subject to fair market value considerations, the railroad would be free to negotiate the details of land leases after the public had the opportunity to influence the basic decision of whether to develop public lands. The bill requires competitive bidding to lease or sell natural resources such as oil, gas, coal and gravel.

The provisions of CS HB 47 are not vague. They would apply to all new leases and to extensions, assignments, subleasing, or grants of permission to lessees under existing leases which contemplate natural resource development, capital improvements, or changes in land use patterns. There is nothing illogical about requiring the Board to make written findings regarding development of a particular piece of property available to the public before a public meeting so that the public can investigate the findings and policy premise on which the decision was based.

Thank you for considering my views.

Attachment

cc: Members, House Transportation Committee
Rep. Donley
Rep. Ellis
Rep. Boyer
Sen. Josephson
Sen. Uehling

ALASKA OUTDOOR COUNCIL, INC.
3780 McGINNIS DR. JUNEAU, AK 99801
(907) 789-3450

March 7, 1987

Representative Kay Brown
Pouch V
Juneau, AK. 99811

Dear Representative Brown:

I would like to submit this letter as the official position of the Alaska Outdoor Council regarding House Bill 47.

For the record, the Alaska Outdoor Council is a federation of 45 Alaskan sportsmen and outdoor organizations with a membership of over 10,000. We would request that this testimony be entered on behalf of our statewide membership.

We have reviewed HB 47 and wish to support a portion of this legislation which is extremely important to our membership. Although the Alaska Outdoor Council would not take a position on much of this legislation, we do support that portion which would require the Alaska Railroad Corporation to salvage wild animals killed by the railroad which are utilized for human consumption. We would also support legislative requirements which would minimize railroad kills through greater safety precautions.

The past record of the Alaska Railroad has been less than satisfactory in dealing with railroad kills of wildlife, especially moose. Lack of salvage means a loss of hundreds of thousands of dollars annually in salvageable meat which could be utilized by many Alaskans.

The Alaska Outdoor Council appreciates the support of the legislature on this issue and we pledge our assistance and support.

Sincerely,

Ron Somerville

Ron Somerville
Executive Director

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

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

M E M O R A N D U M March 13, 1987

SUBJECT: Confidentiality of proprietary information associated with specific shippers, divisions and contract rate agreements under CSHB 47(L&C)

TO: Representative Kay Brown

FROM: George Utermohle GU
Legislative Counsel

Peg Mentele of your staff has asked whether the release of proprietary information associated with specific shippers, divisions, and contract rate agreements to the Department of Law under AS 42.40.220(b), as amended by sec. 5 of CSHB 47(L&C), would cause this information to be a public record available for public inspection.

The right to inspect public records is contained in AS 09.25.120. A person has the right to inspect records held by state agencies and instrumentalities of the state, including the Department of Law and the Alaska Railroad Corporation, unless the records are required to be kept confidential by a federal law or regulation or by state law. (AS 09.25.120(4)). Since the confidentiality of proprietary information associated with specific shippers, divisions, and contract rate agreements is maintained by the Alaska Railroad in order to conform with the standards and practices of the Interstate Commerce Commission on these matters, this information is exempt from public disclosure under AS 09.25.120. The release of this information to the Department of Law will not cause this information to become public because those provisions of federal law and regulation and state law that allowed the information to be confidential while in the possession of the Alaska Railroad Corporation also apply to the Department of Law.

Thus proprietary information associated with specific shippers, divisions, and contract rate agreements that is confidential under AS 09.25.120 and AS 42.40.220(b) retains its confidential status even when the information is in the possession of the Department of Law.

GU:mkr
m9/140

STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

P.O. BOX 3-2000
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February 2, 1987

The Honorable Kay Brown
Alaska State Legislature
P. O. Box V
Juneau, AK 99811

Dear Representative Brown:

You recently requested information about moose mortality on the Alaska Railroad (ARR) and the guiding industry. In your discussion with Regional Game Supervisor Dan Timm he said that the department would provide more information on these subjects. This letter responds to your letter to Dan Timm of January 19 regarding the issue of moose mortality. I will follow-up with a letter on the guiding industry shortly.

With respect to moose mortality on the ARR, I have enclosed several documents which summarize the problem, actions we have suggested that the railroad take to help reduce mortality, and the railroad's response. I have also included information about road kills in the Matanuska/Susitna Valley.

Prior to state ownership of the ARR, moose mortality was notably under reported. As you can see from the enclosures, July 1, 1984 - June 30, 1985, was the worst year on record with 382 moose killed. The great majority of animals were killed between Houston and Chase between late-January and late-March. When the packed snow depth is 30 to 35 inches, the mortality rate increases markedly. At that point, moose are primarily looking for areas of minimal snow depth to conserve energy; because they are plowed, railroad and highway rights-of-way are highly attractive.

Many moose-railroad collisions result in unsalvageable meat. However, moose meat fit for human consumption is taken by ARR personnel to the nearest crossing and the location is reported to Fish and Wildlife Protection (FWP) officers. A list of needy families in the Matanuska/Susitna Valley is maintained by FWP, and when salvageable moose meat becomes available, a family is called. Other animals probably are picked up and used by residents living near the track. When

animals are unfit for salvage, the ARR removes the carcasses from the immediate right-of-way and puts them in heavy brush, ravines, or similar locations. Although we do not have records on the proportion of moose salvaged in prior years, as of January 3, 44 moose had been killed by train this winter and 10 were reported for salvage to FWP.

It is possible that some of the 34 unreported animals were utilized by local residents, but most were unfit for salvage. As of January 3, 60 moose have been killed by cars in the same area, and nearly all of these animals were salvaged.

Our interpretation of current regulations is that the ARR is not required to notify FWP when an animal is killed. You asked whether legislation should be introduced to require salvage. In our view the ARR, under state ownership, is being sufficiently cooperative in the salvage of most moose fit for human consumption, particularly considering the remoteness of the area, winter weather conditions, the relatively few workers on the line during winter months, and the relatively high cost of salvaging meat. With continuing public interest and concern for train-caused moose mortality, the ARR should remain very cooperative.

You also asked if the ARR has been cooperative in trying to reduce moose collisions. As you will see from the enclosed letters, the department has made a number of suggestions to reduce collisions, and we will make additional suggestions to the ARR after we have analyzed currently available data. Unlike the situation which existed when the railroad was federally owned, ARR officials have been very cooperative in letting us see their daily records and in openly discussing the problem.

Some of our suggestions have been adopted and likely reduced moose mortality in the latter part of the 1984-85 winter. Others have not been adopted because of federal regulations governing railroad operations, high monetary cost, or other reasons.

Nothing short of complete fencing on both sides of at least 65 miles of track with over- or underpasses to facilitate moose movements will reduce moose mortality to a bare minimum. However, fencing and maintenance of moose passage structures would cost several million dollars and even then would not eliminate mortality. Sweden, British Columbia, and other areas have problems such as ours, but they too have not found an adequate solution.

Following the high moose mortality in the winter of 1984-85 on the railroad and highways, the Board of Game acted to reduce hunter harvest in the affected area. The moose population has responded well. It is preferable that

hunters take moose during severe winters than for trains to kill them. However, hunting along the ARR right-of-way can also create problems because the ARR has concerns with people being on or near the right-of-way, or using the railroad right-of-way for access.

Thank you for the opportunity to provide you with background information and suggestions regarding moose mortality. If you have any questions on this material, please do not hesitate to contact us. Best wishes for success in your new role as state representative.

Sincerely,

Don W. Collinsworth
Commissioner

Enclosures

cc: William Nix, Acting Commissioner
Department of Public Safety

Lew Pamplin, Director
Game Division, Department of Fish and Game

ALASKA RAILROAD CORPORATION

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

February 17, 1987

James O. Campbell, Chairman
Board of Directors
Alaska Railroad Corporation
c/o 826 Overlook Place
Anchorage, Alaska 99501

Re: Sale or Lease of the Assets of the Alaska Railroad Corporation

Dear Jim:

You have asked that I point out and discuss the parameters of a sale or lease of the assets of the Alaska Railroad Corporation ("ARRC"). I am pleased to do so.

I.

EXECUTIVE SUMMARY

Sale of the Alaska Railroad

When the State of Alaska purchased the Alaska Railroad in January, 1985, it agreed to many sale terms. These terms include a provision in the federal Alaska Railroad Transfer Act ("ARTA") that requires the State to turn over any profits of a subsequent sale or transfer of the railroad to the United States, if the sale occurs within the first five years of State ownership.

In the face of this restriction the Alaska Railroad Corporation Act ("ARCA") requires the Alaska Railroad Corporation ("ARRC") to include in its annual report an analysis of potential arrangements to sell the railroad every five years, including documentation of at least three offers to sell the railroad. These must be bona fide attempts by the State-owned railroad to sell all or part of its assets and operations.

The combination of ARTA's requirement that the State turn over any sale profits to the federal government if the railroad is sold before January 5, 1990, and the huge cost of researching, preparing, soliciting, and negotiating meaningful sale or transfer alternatives justify repeal of ARCA's direction that sale offers be solicited by ARRC. This is very simply accomodated by repealing the second sentence of AS 42.40.260(b):

> The analysis shall include documentation of at least three offers to sell the corporation initiated by the corporation during the last five years.

Of course, the requirement that ARRC offer to sell the railroad three times every five years could be simply modified to begin in 1990. However, complete repeal of this sentence does not eliminate the legislature's original desire that ARRC pursue a disposal of its assets. The first sentence of AS 42.40.260(b) would remain:

> Every five years the annual report shall include an analysis of potential sale arrangements whereby the corporation may be transferred into private ownership.

Total repeal of the "three offers" requirement seems preferable to continuing an artificial stimulus to sales efforts even after 1990. Instead, "potential sale arrangements" would be initiated by market opportunities and railroad and State needs.

Some may suggest that offers to sell the railroad could stipulate that the sale will not be consummated until after 1990, thus avoiding ARTA's requirement that profits from an earlier sale be surrendered to the United States. The private operator could be granted a lease of railroad lands and operations until then. However, there are legal pitfalls to this approach if the lessee does not have a clear option to back out of a sale slated for 1990 and beyond. Otherwise, the "lease" may be determined to be a pre-1990 "sale" and subject to the ARTA restriction. Also, even a well-drafted lease will not be a "sale" which will satisfy ARCA's "three offers to sell" mandate.

For these reasons, we continue to recommend that AS 42.40.260(b) be repealed in part.

Efforts to sell the railroad seem premature until the State has decided whether sale of the railroad lies in the public's best interest. On one hand, profits of a sale after 1990 may help to bolster declining State revenues. However, an early or untimely sale to a private owner operator may endanger continued vitality of the line in a recessing economy.

Finally, at least that portion of the special governor s report required by ARCA to review operational alternatives and the transfer of all or part of the railroad operations to the private sector should be funded and completed. Its conclusions will greatly assist State leaders as they consider sale issues.

At a minimum, ARRC should be allowed to delay its solicitation of responsible offers until it receives a clear direction from Juneau that a sale should be pursued before 1990.

II.

DISCUSSION

Legal Constraints: ARTA's Strings

At the beginning of this century, railroading was a financial failure in Alaska. Convinced of a legitimate need for year-around access to Fairbanks and other Interior communities, the federal government wisely purchased the remnants of the Alaska Northern and Tanana Valley railroads to establish The Alaska Railroad. With considerable governmental support, the line ultimately stretched from Seward to Fairbanks' satellite communities. Serving Alaska's transportation and development needs for 70 years, the Alaska Railroad was an established government institution by 1982 when the guidelines for its sale to the State of Alaska were set forth in ARTA. Yet, Congress recognized that continuation of the railroad's services was vitally important to many Alaska communities which substantially or completely depend upon the carrier's operations. Congressional concerns about continued railroad operations, belief that the State was enjoying a bargain, and skepticism about the prospects of an entirely private railroad led to the attachment of some important strings to the sales agreement.

First, if within five years after transfer to the State (January 5, 1990) Alaska sells or transfers all or substantially all of the railroad, the sale or transfer proceeds which exceed the State's costs of Railroad improvements and liabilities must be paid to the United States. In other words, the State's profits from a sale before 1990 automatically inure to the federal government.[1/]

Second, if within ten years after transfer to the State (January 5, 1995) all or part of the Railroad's property is converted to a use which would prevent railroad operations,

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1/ There is no express setoff for the State's original purchase price and start up costs. Presumably, these sums are "net liabilities" incurred by the State for the railroad. Caution dictates that this interpretation be agreed to by the U.S. Attorney General before the line is sold or transferred. The Attorney General is required to enforce this section of the Act.

that property and its improvements will revert to the United States. To prevent this reversion, the State may tender the property's fair market value. While this limitation will not prevent sale or transfer to a private owner or operator, it is intended to encourage continued rail service until 1995. It could also impact the line's sale value.

Finally, if use of Railroad right of way is discontinued, ownership in the land will revert to the U.S. The federal government will then convey the land to adjoining landowners.

Although these few limitations do not restrict further railroad transfers, they do represent economic liabilities, especially until 1990. The timing of the State's disposal plan is therefore particularly critical.

ARCA's Marching Orders: Too Little Too Soon?

The State of Alaska agreed to abide by ARTA's sales terms. For instance, it has ensured that the railroad is a rail carrier operating, retaining, and managing its own revenues to better serve Alaska's transportation and development needs. In framing the public corporation's operating characteristics in ARCA to conform to this expectation, State leadership gave ARRC enough independence to conduct its activities as a separate and viable economic entity.

Exemptions from laws which apply to State agencies mean generally that ARRC receives and manages its own revenues, supplies, equipment, facilities and real estate, establishes its own personnel policies, compensation systems, and employment agreements, promulgates its own rules to govern all internal and external affairs, and controls its own purchasing, financing, and budgeting needs. On the other hand, a recognition of ARRC's State ownership and essential governmental functions led to public accountability requirements manifested by open meetings, Governor-appointed board members, procurement and ethical codes substantially equivalent to State models, financial and management audits, annual and oversight reports, legislative approval of land disposals, and long-range capital improvement and program plans. This blend of substantial financial and operations independence subject to State oversight results in a quasi-public, quasi-private railroad armed with the flexibility it needs to quickly react to changing markets and operational and financial needs. However, the ARRC model was not designed to last forever. It was formed only to "operate and manage the Alaska Railroad pending eventual transfer of the Railroad to the private sector."

Budget slashes by the federal government raised a very real State concern that the railroad's drain on a dwindling treasury would be ended by surplusing the line and its assets with no guarantee of continued rail operations in Alaska. The State's purchase of the railroad was intended to preserve an important link in Alaska's transportation network without creating another Marine Highway System to bleed the State's own treasury. But legislators never intended that the State would long own and operate a railroad. They gave ARRC directions to find a private buyer, if it could, within a reasonably short time frame. However, these disposal directions are sketchy, probably untimely in light of ARTA restrictions, and poorly drafted in contrast to the scholarship generally reflected in ARCA.

ARCA requires ARRC's annual report to contain "an analysis of potential sale arrangements every five years whereby the corporation may be transferred into private ownership." This analysis must include "documentation of at least three offers to sell the corporation initiated by the corporation during the last five years."[2/]

Unfortunately, the ground rules for these offers are not provided. The spectrum of the meaning of "sale" is broad, extending to such alternatives as public offerings of stock by a business corporation, direct purchase by individuals, partners, or parent corporations, management and/or employee buyouts, leases with options to buy, and separate sales of real property, operating facilities, and equipment. To render some meaning to ARRC sales efforts we must imply an intent that mere technical compliance with the sale offers provision is insufficient. The offers must be good faith overtures to bona fide potential purchasers who have the interest and ability to consummate an acceptable disposal arrangement.

Although the corporation is required to initiate offers to sell its assets, the governor may sell or lease the railroad and dissolve the corporation. The sale must be approved by the

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2/ The reference to "corporation" is an error: the public corporation is not a business corporation with transferable stock. The clear intent, however, is that ARRC attempt to sell all or substantially all of its assets. Despite the use of "transferred," offers to sell, not offers to lease or transfer, are probably expected.

legislature.[3/]

ARCA requires that sale or lease terms guarantee continued railroad operations and, at a minimum, reimburse the State for money it has spent in connection with the Alaska Railroad. Therefore, to insure continued rail operations, any offer to sell must include a reversion of the railroad's property to the State should the line cease to operate. Unlike the federal government's ten year cap on a reversion affecting non-right of way lands, an open-ended reversion will virtually guarantee some degree of railroad operations by a private operator. But an open-ended reversion will also have a substantial impact on the railroad's market value. Without it, the private firm will have considerable flexibility in retaining or disposing of railroad assets.

The ARCA sale and lease sections create ambiguities, apparent inconsistencies, and lack definity. However, those problems are substantially overcome by reasonable interpretations of the statute to ascertain the State's probable intentions. ARRC may then consider a very broad spectrum of sale and lease alternatives.

The Next Step: What Are the Available Options?

A. Option One - Request Repeal of AS 42.40.260 and/or Completion of Special Governor's Report

AS 42.40.260(b) provides simply:

> Every five years the annual report shall include an analysis of potential sale arrangements whereby the corporation may be transferred into private ownership. The analysis shall include documentation of at least three offers to sell the corporation initiated by the corporation during the last five years.

Repeal of only the emphasized portion of the statute will eliminate a premature sale without eradicating the legislature's original desire that ARRC pursue a disposal of

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3/ In searching for consistency between these separate sections, the corporation's offer should be consummated by the governor (he can also initiate his own offers) and then presented to the legislature for approval. Although the corporation's power to consummate its own transaction may be necessarily implied, legislative approval is also either an express or implied requirement and exposes the agreement to the governor's veto in any event. The best course suggests that the governor should become involved early in the sales effort.

its assets. However, this amendment will require legislative action. Another alternative which will require State funding but avoids any reopening of ARCA for changes this year is discussed below.

A special governor's report is required by a temporary law enacted with ARCA. A private consultant must research, consider, and comment upon what long term railroad operations will best serve Alaska's needs. The report must contain specific recommendations on operational alternatives and transfer of all or part of the railroad operation to the private sector. Unfortunately, funding for the study was not provided to meet a February 1, 1987, deadline. This information seems critical to a meaningful legislative review of disposal alternatives. The report may also measurably assist any legislative reconsideration of its direction that ARRC attempt to sell the railroad before 1990. The report should also discuss another ingredient to a complete transfer: clear land title. ARRC is not expected to receive patent to all of its lands until 1989 or later.

The report may consider the importance of continued rail operations in Alaska and recommend those specific reversion terms which will require operations by a private buyer for a specified period without greatly depressing the line's sales value.

Some consideration must also be given to the loss of important exemptions from federal and State laws now enjoyed by the State-owned railroad. For example, a private owner will not be shielded from tax and railroad worker's compensation, retirement, and unemployment laws. Tax-exempt financing will not be available to meet operational needs. Clearly, the economic impact to these changes can and should be measured since they will influence the railroad's sales price and, perhaps, its vitability as a totally private operation.

A report which also identifies operational alternatives should also significantly defray ARRC's expenses by narrowing its search for viable sale or lease options should ARCA not be amended.

If the legislature funds the Governor's report this year it may later reconsider, if necessary, ARCA's directive that the railroad's assets be sold in the face of a troubling ARTA deterrent.

At a minimum ARRC's sales efforts should be delayed until the State has reaffirmed its instruction that the line be sold, if possible, by 1990. Otherwise, ARRC's time and resources may be wasted if offers are prepared, tentatively accepted, and then rejected by the legislature.

B. Option Two - Proceed With Sale Or Lease Offers

The breakdown of large railroads into much smaller short lines has recently lead to the pooling of a great deal of expertise and experience in these disposals. The success of short lines will depend upon managerial experience in proposing lower operations and labor costs and aggressively pursuing new and expanded markets. The options seem endless and without consultants' assistance ARRC may soon become muddled in an explosion of information. Market opportunities are also difficult to identify and seize without capable assistance from those experienced in a number of marketing, financial, and operations disciplines.

Nonetheless, offers to sell the railroad can be prepared. If they are properly drafted, they may even avoid the requirement that profits of an early sale must be turned over to the United States. For instance, a private operator may lease all or part of the railroad's operations until 1990 when a sale will be consummated. As noted above, however, a lease must grant a prospective lessee the clear right to reject a purchase in 1990 and beyond. Otherwise, it will be declared a "sale" which may be subject to the ARTA restriction upon early sales of the railroad. In addition, a "lease" will not satisfy ARCA's "three offers to sell" requirement.

Within the relm of opportunities for transfer of the railroad, either by sale, lease or lease with a purchase option, there are infinite possibilities. Here is a listing of just some of the sale, lease, or transfer alternatives:

1. Sale of all of ARRC's assets, both real estate and personalty, to an existing corporation such as the Burlington Northern or CSX.

2. Sale of only the right of way, other railroad operating properties, and railroad equipment to an existing corporation.

3. No. 2 with an agreement that the purchaser manage the non-operating properties.

4. Nos. 1, 2 or 3 except that the transfer is by lease or lease with a purchase option instead of by sale.

5. Transfer of only portions of the railroad, such as the Anchorage-Fairbanks, Fairbanks-North Pole, and Whittier-Anchorage portions to those shippers who most use those portions.

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6. Creation of a business corporation to own the entire railroad:

6.1 Capitalized by a public stock offering..

6.2 Employee purchase with substantial financing through debt securities or state financing terms.

6.3 Management purchase with substantial financing through debt securities or state financing terms.

6.4 Purchase by Alaskans through permanent fund dividend "check-off".

III.

CONCLUSION

The Board and management of ARRC should request direction from Juneau regarding ARCA's mandate to attempt an early sale of the railroad. Should State leaders renew their desire that the railroad be sold before 1990 and profits be turned over to the United States, ARRC can proceed to develop a disposal plan which includes alternatives for consideration. On the other hand, the State may wish to delay or repeal directions that offers be solicited while it considers what long-term railroad operations are in the public's best interest. Funding of the special governor's report seems to be a crucial first step to meaningful discussion of the principal issue involved: private or continued public ownership of the Alaska Railroad? If transfer of the line and its assets to the private sector is truly desired, the timing and general direction of disposal plans should also be considered.

Finally, ARRC may simply proceed to execute ARCA's direction that offers to sell the railroad be put together and implemented. A preliminary first step appears to be to retain consultants well-versed in railroad sales processes. Sound, practical advice seems vital before choices are made amongst a host of sales and transfer alternatives.

Very truly yours,

Larry D. Wood
General Counsel

cc: Members of the Board of Directors
F. G. Turpin, President and Chief Executive Officer

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STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF FISH AND GAME

DIVISION OF GAME

333 RASPBERRY ROAD
ANCHORAGE, ALASKA 99502

344-0541

March 7, 1985

Mr. Frank G. Turpin
President & Chief Executive Officer
Alaska Railroad Corporation
Pouch 7-2111
Anchorage, AK 99510-7069

Dear Mr. Turpin:

The recent high rate of moose/train collisions prompted us to investigate the problem and to recommend possible solutions. We appreciate your cooperation in this matter and your concern for the animals has been apparent.

The following discussion and recommendations would result in fewer moose mortalities on the railroad. Some of these actions have already been taken by the railroad and some may not be feasible. Obviously, our expertise is not in running a railroad! The recommendations are based on a graduate student's study of moose on the railroad in the late 1950s, our area biologist's (Jack Didrickson) past experience with this chronic problem, and two recent trips by Jack between Wasilla and Fairbanks in a lead engine's cab. Mr. Didrickson has been the area game biologist at Palmer for nearly 20 years, and his area of responsibility includes the Willow to Talkeetna track which has been the area of greatest moose mortality for many years.

IMMEDIATE ACTIONS

1. Accurate reporting of milepost locations on moose/train encounters should be required daily.

   We have had difficulty acquiring accurate information in the past concerning specific collision sites and annual total moose mortality on the railroad. We request that you develop a system to provide us with daily records of moose collisions by milepost location. This will provide a firm basis on which to implement other recommended actions, and it will help us in

management of the moose population. In some winters, such as this one, mortality is significant and accurate mortality reporting will assist in setting annual hunting regulations and evaluating overall population mortality. Expedient reporting by milepost will also aid in the efficient salvage of moose meat. We would appreciate receiving any records you may have regarding moose/train collisions in previous years. It would also be helpful to us if you could supply a "track chart" from Wasilla to Chase. Finally, we should exchange information about moose concentrations this winter and in subsequent winters.

2. Train speed should be reduced in problem areas.

Your orders to reduce train speed to 20 to 30 mph from Willow to Talkeetna were well placed and have already resulted in fewer collisions. Without the benefit of precise locations of collisions, we recommend an expansion of the slow order to include the area between Wasilla and Chase. As information is compiled for the rest of this winter and in subsequent winters, slow orders can undoubtedly be modified to allow increased train speeds between moose concentration areas. There will be some winters (and portions of others) when slow orders are not necessary. As you know, the slower a train is going the more time a moose has to get out of the way (if it is so inclined), and the more time the engineer has to further slow the train. We realize that it may take a mile or more for a train to stop, depending on speed, train weight and track grade. It may not be feasible to stop when moose are encountered, but any extra slowing by the train should help. Moose will quickly disperse from the tracks when temperatures warm and snow settling and thawing occurs. Slow orders should remain in effect until snow depths decrease and moose disperse.

3. Maximum distance of snow removal should be continued in problem areas.

The removal of snow with a spreader or wing blade from up to 20' from the tracks was a positive action on your part. A narrow tunnel or sidewalls of snow leaves the animals no escape route. As specific chronic locations are identified, the wing blade can be used only in those areas. For the remainder of this winter, we recommend continued use of the wing blade where terrain permits between Willow and Talkeetna and expand this to include the area between Wasilla and Chase. New snow should be removed as soon as possible because moose increase their movements from place to place immediately after a snow.

4. Adjust timing of train runs.

During winters of heavy snow when moose are concentrated near the right-of-way, we believe that running trains during daylight hours would substantially reduce collisions. Moose and other wildlife are more easily approached and less wary during the night and increase their activity during early morning and late evening hours. Based on limited observations, it appears that one train closely following another by an hour or less difference would be desirable. Moose are oftentimes scared from the tracks by a train and they may not move back on the tracks until a second train has passed. This behavior was observed the night that Mr. Didrickson was on a train immediately behind another one. Future observations by railroad personnel and our biologists would test the validity of this recommendation.

5. Adjust engine headlight.

An upward adjustment of at least one of the two or four headlights on each engine would allow the crew to see moose at a greater distance. The train could thus be slowed more, giving an animal increased time to clear the tracks. We endorse the engineers' "tactics" of turning off the lights once a moose is seen, and then flashing the lights and using the whistle. Constant bright lights at night disorient and "mesmerize" wildlife, so the animals should not be fixed with a steady beam.

6. Continue experiment with ultrasonic scare device.

The initial test of the effectiveness of an ultrasonic scare device was inconclusive. The devices were attached to the lead engine on one run to Fairbanks and moose behavior was observed. One moose was killed on that run. The devices were removed on the return run, but moose behavior was similar and no moose were killed. We put the devices back on engine #3008 and have asked your personnel to keep track of moose collisions by #3008 versus other lead engines. Even if ultrasonic sound can reach animals over the train noise, placement of such devices on the engine is a problem. The devices are easily plugged with snow, rain or other matter, and the manufacturer says they are not wind-activated until speeds reach 30 mph. In this regard, we were pleased to hear of your efforts to develop an electronically activated ultrasonic scare device. Hopefully, it will prove effective in conjunction with other preventative measures.

LONG-TERM SOLUTIONS

Moose/train collisions are a chronic problem which become acute in winters of deep snow accumulation such as this year. The moose population using the Wasi a to Talkeetna right-of-way has been increasing since the severe winters of the early 1970s and this increase undoubtedly has contributed to the present high collision rate. There are, however, actions which can be taken to reduce moose mortality in future years; complete elimination of the problem is not, unfortunately, a realistic goal. In addition to the proposed actions discussed above, the following recommendations may assist in developing long-term solutions to this problem.

1. Replace walkways on bridges.

We understand that metal walkways between rails on bridges were removed sometime ago when electronic sensors on the underside of trains were installed. The metal walkways caused the sensors to be inoperative. If waterproof plywood were placed between rails, the animals would once again have a safe travel lane across bridges. This becomes especially important when a moose is running ahead of a train at night and the animal tries to cross a bridge. Furthermore, without this modification, an animal that drops between the ties and is hit by a train is reportedly more apt to damage the traction motors located on the underside of the engines.

2. Create "artificial" rights-of-way.

Moose frequent the railroad right-of-way for two main reasons: the area is comparatively snow free and it provides a good source of food. Large numbers of moose are driven from the high country by deep snow and they encounter the railroad during their migration to lowlands. Some moose continue westward and winter near the Parks Highway and along the Susitna River. Other moose come from west of the Susitna River and also winter in the river bottom and east to the railroad. In total, moose in the river-highway-railroad corridor from Willow to Talkeetna probably now number at least 3,000.

The growth of moose food or browse (small trees and brush) has been stimulated in the right-of-way from, as we understand, two main factors: tree-clearing by dozers, particularly near crossings to enhance visibility; and the termination of brush control by spraying for environmental reasons.

After a system of accurate moose/train collision reporting has been established and the more serious problem sections of track identified, mechanical means of brush control in the right-of-way should be implemented. Depending on terrain, permafrost conditions, and land ownership, dozers or other suitable machinery could create and maintain an "artificial" right-of-way some distance from the track during winters of deep snow accumulation. This would provide areas of lesser snow depth for the animals and would stimulate regrowth of browse.

Another habitat-oriented recommendation is to create large areas of browse at least ½ mile from the tracks. Excellent quality and abundant food sources would attract moose away from the tracks. Large scale habitat enhancement can be accomplished by "chaining" with dozers, fire, or mechanical "tree crushers" depending upon site specific conditions. The department has used all three techniques in Alaska and we own three 40-ton tree crushers for such work on the Kenai Peninsula. We would be pleased to explore the possibilities of large scale habitat enhancement with the railroad, should you feel this is a feasible alternative. We have advanced the possibility and desirability of moose habitat enhancement within the Susitna River Valley north to Talkeetna, but other priorities and funding limitations probably preclude such work in the immediate future.

Your cooperation and sensitivity to the moose/train collision problem are appreciated and the positive actions to date have resulted in reduced moose mortality. Thank you for the opportunity to allow our biologist to make first-hand observations from a locomotive. Should deep snows continue, we would again like to observe from your locomotives. We will continue working with you to reduce the severity of the problem and I am sure that after an accurate collision reporting system is implemented we can make more definitive recommendations.

Sincerely,

W. Lewis Pamplin, Jr.
Director

cc: Don Collinsworth, Commissioner
Bob Hinman, Deputy Director
Regional Supervisors

ALASKA RAILROAD CORPORATION

Pouch 7-2111 • Anchorage, Alaska 99510-7069

March 21, 1985

Mr. W. Lewis Pamplin, Jr.
Director
Division of Game
Department of Fish and Game
State of Alaska
333 Raspberry Road
Anchorage, AK 99502

Dear Mr. Pamplin:

This is in response to your letter of March 7, 1985, pertaining to recommendations and possible solutions to reducing moose/train incidents.

Mr. Jack Didrickson recently met with some of our staff and is aware of our most current efforts to implement the suggestions proposed by Fish and Game.

In adhering to the format of your letter, the following is the current status of the items in the order presented in your letter.

IMMEDIATE ACTIONS

1. Daily reporting of moose/train encounters.

   The Chief Train Dispatcher is maintaining mileposts locations on moose/train encounters daily. Our security department verifies the accuracy of the information before distribution to Fish and Game.

2. Reducing train speed in problem areas.

   The reduced train speeds may have been partly responsible for reducing collisions; however, it was observed that incidents of moose maiming increased dramatically. Even at reduced train speeds, trains could not stop in time to avoid collisions when the moose displayed their inconsistent behavior patterns that included not getting off the tracks for approaching trains. Some moose weakened by hunger remained bedded down between the rails and either refused or were too weak to remove themselves from the track.

   Mr. Didrickson informed us of the maiming problem and inquired about the feasibility of further reducing train speed or resuming normal speeds to prevent maiming. To reduce speeds further would have put the trains in the speed range where harmonics develop within the train that increase the probability of derailments, due to the "rock and roll" of the cars. The alternative was to resume speeds to normal safe track speeds.

3. Maximum distance of snow removal.

The snow fleet will continue to operate as needed and the wing blade will be used to the maximum, as permitted by the terrain.

Additionally, a private individual was given permission to clear the snow by grading a path on the Railroad right-of-way. The areas this was done include Mileposts 210 and 211. Cuts were also made 90 degrees to the cleared area to encourage moose exists. Results of these efforts have not been ascertained.

4. Adjust timing of train runs.

The volume of traffic that the Alaska Railroad is presently committed to prohibits running trains only in daylight hours. Commitment to our customers demands reliable and timely service. To reduce operations to daylight hours would have a serious economic impact on commerce within the State of Alaska.

5. Adjust engine headlights.

The focusing of locomotive headlights is regulated by the Federal Railroad Administration. The headlights on our locomotives are adjusted consistent with these regulations.

At Mr. Didrickson's suggestion, we have installed "ditch" lights on one locomotive to illuminate the right-of-way on either side of the tracks. The rationale was that by turning the headlight off when approaching a moose, these ditch lights would illuminate to the side of the tracks, thus encouraging the moose to migrate off the track. The results of this trial application have proven to be ineffective. There were five moose collisions on the first trip using this procedure.

6. Ultrasonic devices.

It is our hope that future developments in this field may offer feasibility towards application of ultrasonic techniques in deterring moose from the Railroad. We have been advised that technological development in this field will be an extended process.

LONG TERM SOLUTIONS

1. Replace walkways on bridges.

   The metal was removed from between the rails on bridges, because it provided an uninterrupted smooth surface, which "fooled" the radar sensing units on our most sophisticated locomotives. In doing so, the locomotive control responded as if it has experienced a control failure, which in turn resulted in erratic pulling power and caused train handling problems. Plywood covering would recreate the smooth surface and the problems associated with it.

   We are researching what can be applied to a bridge covering that would allow the radar frequency to respond as required, while allowing moose to cross the bridges without risking injury by falling between the rails.

2. Create artificial rights-of-way.

   Our engineering department is in the process of formulating the Alaska Railroad Corporation Vegetation Control Program for the upcoming season. It is anticipated that mechanical brush cutting will be a significant part of this program. The probability of the Railroad participating in habitat enhancement programs outside our own right-of-way would be very low, because available resources will have to be committed to in-house priorities. Large scale programs of moose habitat enhancement areas developed by your Department in the future may prove beneficial.

We will continue to work closely with your Department concerning future recommendations as they develop. Hopefully through our joint efforts, solutions can be found to reduce moose mortality on the Railroad in future winters of deep snow accumulation.

Sincerely,

F. G. Turpin
President and Chief Executive Officer

D I V I S I O N O F G A M E

344-0541

November 13, 1985

Mr. Frank Turpin, President
Alaska Railroad Corporation
Pouch 7-2111
Anchorage, AK 99510-7069

Dear Mr. Turpin:

We in the Department of Fish and Game (ADF&G) thank you and your staff for meeting with us on October 15, 1985 and thoroughly discussing the moose/train collision problem. I believe that both our organizations sincerely want to cooperate in a mutual effort to explore, test, and implement those things which will reduce moose mortality during winter along your right-of-way. Actions should obviously be practical and of real benefit. I am particularly please that you have made available to us your daily train records so that we can extract specific information which will provide an objective basis for our future recommendations and response on your part.

As a summary of possible solutions, in this letter I will summarize those things which we've suggested to you and/or have been suggested to us that may reduce mortality. Then I will ask that a few specific things be done this winter. The broad spectrum of possible solutions is:

Trains or Their Scheduling

-- reduce speed to 20-30 mph in moose concentration areas (you responded that prolonged slow speed generates undesirable track harmonics)

-- daylight operation (you responded that efficient freight moving requires night hauling so people receive freight during the day)

-- time spacing between trains (we recommend minimum spacing)

-- number of trains during winter (we recommend the fewer the better)

-- modifications to engines

- sound scare devices (you are working with the U. of A., EE Dept.)

- headlight adjustment (we recommended upward adjustment so that animals can be seen sooner)

- angled light to illuminate the animal's escape path (the first night used, a moose hit the light)

— track car precede each train to scare moose off tracks

Modifications in or Near the Right-of-Way

— keep the right-of-way browse free (we have supported use of an environmentally safe herbicide)

— remove snow a maximum distance from tracks with spreader plow in problem areas (you mostly plow with engine blades)

— fill in open spaces between rails on trestles (apparently your sensors that electronically control power to drive wheels don't work when those spaces are covered)

— use of scents/odors or recorded wolf howls to discourage moose from using the area

— fixed lighting in problem areas

— maintain snow free areas adjacent to the tracks

— creation of browse/wintering areas some distance from tracks

— moose-proof fencing in problem areas (used in Sweden)

Other and Miscellaneous

— special hunt in problem areas to convert train mortality to hunter mortality (a short term "solution" that could create liability problems for you, and time/manpower problems for us if hunters had to be accompanied — you and we were going to further explore this possibility)

— public perception (in future contacts with the press, we will put railroad moose kills in numerical and biological context with other mortality sources such as hunter harvest and road kills).

— use of "stun guns" by people on engines to scare moose off tracks when a strike is imminent (would necessitate a very slow train).

— humane dispatch of crippled animals (we've recommended train crews carry rifles, but this is apparently illegal, and sometimes impractical for trains to stop; engineers notify dispatcher of strikes and he notifies Fish and Wildlife Protection).

-- disposition and utilization of dead moose (we would appreciate knowing of your efforts in this regard beyond notification of FWP).

Winter 1985-86

Based on our observations last winter, engine-only plowing in deep snow creates a tunnel which holds moose on the tracks. In our view scare devices, slower trains and other actions probably would have some, but minimum effect in deep tunneled snow. Even when a wing plow was used, where the grade was steep and the plow didn't follow the downward grade contour moose would sometimes leave the tracks ahead of a train, flounder in deep snow and return to the tracks to be hit.

We request that this winter the railroad wing plow a section of track in an experimental way to quantify the effectiveness of wing plowing. Part of the plowed area could be quickly done and part more carefully done to follow grade contours. Another technique which we would like to see experimentally tried is the removal of snow in diagonal lanes away from the track, the theory being that moose running ahead of a train would leave the track at snow-free areas. This experiment could be done in areas with or without wing plowing and if successful, would offer an alternative technique to reduce kills. Based on the compilation of moose kill and snow depth information from last winter which Jack Didrickson analyzed and distributed at our meeting, we'd suggest not wing plowing and/or angular "lane plowing" until the snow reached and settled to a depth of 25" or more in the Willow-Talkeetna area.

Would the railroad also agree to a small experiment of covering a trestle or part of a trestle with plywood or if we can obtain it, military style landing mat? The trestles were formerly covered with metal sheeting and plywood or the porous mat may not affect your electronic seneors like metal did.

Our concept of a permit hunt is to implement it only when moose collisions became an acute problem and no other solution is at hand. It would in part convert one form of mortality to another, but it would also put large numbers of people in the immediate right-of-way area which would frighten animals to some distance from the tracks. We understand and appreciate your very real concerns for public safety and railroad liability, so we likely will not propose such a hunt to the Board of Game in 1986. Should we devise a permit hunt that meets our mutual requirements, opportunities to create such a hunt will occur in January and late May or early June.

We will soon be contacting Marcy Trump about extracting information from the daily train records. We would also again appreciate the opportunity to ride trains this winter and we will be contacting Marcy or Mr. Blackwell about this.

Thank you again for your past cooperation and we are anxious to help design an experiment for this winter.

Sincerely,

Dan Timm
Acting Region II Supervisor

cc: Lew Pamplin, Director - Game Division
Jack Didrickson, Area Game Biologist

ALASKA RAILROAD CORPORATION

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

CC to:
Jack D.
Ron M.
Karl S.
Greg B.
Lew P.
Ted S.
Bob T.
Jim F
Anch. mgmt. staff

December 20, 1985

Mr. Dan Timm
Acting Regional Supervisor
Department of Fish and Game
State of Alaska
333 Raspberry Road
Anchorage, AK 99518-1599

Dear Mr. Timm:

As mentioned on your December 17 letter, newspapers have a tendency not to report the total story and oftentimes leave the reader wondering just what the complete facts of the issue may be.

For the upcoming winter season, we plan to experiment with a sound device that we expect to arrive shortly. These devices apparently have been successful on motor vehicles, and hopefully they will work on our trains this winter.

The plowing along the railroad right-of-way will be accomplished by additional wing plowing by our spreaders when they are removing snow. The wing on a spreader has an effective extension of about 20 feet per side so where optimum terrain allows, there will be a trough of approximately 40 feet for the moose to traverse. We are not sure if the increased winging will be successful; because as you know, the snow area from the slope of the subgrade, where the wing plows, will be softer than the track structure itself.

Thank you for the opportunity to provide you with the complete facts; and I appreciate your interest and share your concerns.

Sincerely,

F. G. Turpin
President and Chief Executive Officer

Table 1. Numbers of moose killed by collisions with trains in the Alaska Railroad right-of-way between Seward and Fairbanks during winter (October through April) and summer (May through September) periods, 1963-86.

Year[a]	Period		Total
	Summer	Winter	
1963-64	-	45	45
1964-65	7	37	44
1965-66	4	34	38
1966-67	5	49	54
1967-68	2	30	32
1968-69	2	9	11
1969-70	2	7	9
1970-71	3	149	152
1971-72	2	87	89
1972-73	5	23	28
1973-74	2	16	18
1974-75	1	69	70
1975-76	7	30	37
1976-77	4	23	27
1977-78	9	14	23
1978-79	2	162	164
1979-80	1	52	53
1980-81	4	16	20
1981-82	9	37	46
1982-83	18	130	148
1983-84	8	57	65
1984-85	7	375	382
1985-86	20	15	35

[a] Data obtained from Alaska Railroad (Department of Transportation) dispatch files. Many moose hit and killed by trains are not reported (Rausch 1956).

Table . Numbers of moose reported killed by collisions with vehicles on highway right-of-ways in Game Management Subunits 14 A and B, 1970-1986.

Year[a]	Game Management Subunit[b]	
	14A	14B
1970-71	99	10
1971-72	109	7
1972-73	36	3
1973-74	33	6
1974-75	40	5
1975-76	34	6
1976-77	80	7
1977-78	79	5
1978-79	108	41
1979-80	29	15
1980-81	13	10
1981-82	72	15
1982-83	182	22
1983-84	94	39
1984-85	51	77
1985-86	24	5

[a] Calendar dates for years are from 1 July to 30 June.

[b] Numbers of moose listed as killed are numbers actually reported to the Alaska Department of Public Safety. Many moose hit by vehicles and killed may not be reported and others may be hit and injured and die later away from the roadway undetected.

Midweek Frontiersman

Serving Alaska's Mat-Su Borough with News since 1947
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14 JAN 1987

Moose

(Continued from Front Page)

completely enthusiastic about the program.

Dave Walker, Mile 87 Parks Highway, said he believes the program needs to be organized better.

"They have no coordination at all," he said.

Walker said he had to travel about 35 miles to the other side of Trapper Creek to get his moose charity this year while Trapper Creek residents have had to travel to his area to get their moose.

Five moose have been killed at his "front door" in the last two weeks, but now he's no longer eligible, Walker said.

Walker runs a Salvation Army food bank from his video store, Video 87, and shares his moose charities with other families. He said he has participated in the program for a number of years, but has not

Moose on the move are highway hazard

By ERIC TROYER
Frontiersman staff

Heavy snows have driven moose out of the hills and onto Valley highways where motorists are having to skid and swerve to avoid collisions.

But the drivers don't always succeed; large numbers of moose are being killed in collisions here lately, with about 50 kills reported on the Parks Highway north of Big Lake. Five more have been killed on the Glenn Highway, seven in the Wasilla area and three in the Palmer area, Alaska State Troopers said.

Moose typically become a road hazard in the winter when heavy snows make cleared roadways more attractive to travel in.

When a moose gets caught high and dry on a road staring down two thousand pounds of hurtling steel, its chances of survival are slim. Vehicles don't usually fare much better.

The famed Aluska Railroad "Moose Gooser" also takes a number of moose lives over the course of a winter when deep snow makes a plowed rail line an attractive trail.

But when these denizens of the north lose their lives on Alaska's transportation lines someone often benefits.

The troopers have a program that allows selected people to salvage the meat from moose killed on the roads and railroads. Attempting such a salvage without permission from the troopers is illegal.

Anyone can apply to be eligible for a "moose charity," but there are usually only about 40 moose charities a year for about 1,000 applications.

Need is not a prerequisite to apply, but it is used to determine who goes first on the list.

When a moose charity is reported police dispatchers call the next person on the list for the area. That person may then butcher the moose.

Linda Gange on the Parks Highway said the program has worked well for her and her husband, who is disabled.

"I think it's great!" she said.

In each of the past three years the Ganges have gotten a moose from the program. Their neighbors help them to butcher and haul the meat, she said.

"We're in a good area," Gange said, adding "I guess it's not a good area for the poor old moose."

The applications are divided into four areas: Palmer, Wasilla, the Parks Highway and the Glenn Highway. The Parks Highway usually has the highest number of moose charities in a winter.

Lloyd Haessler, Mile 63.5 Parks Highway, said he has been participating in the program for 30 years and that the moose meat really helps out during the winter.

However, not everyone is

(Please see Moose Backpage)

THE ALASKA RAILROAD LEASEHOLDERS ASSOCIATION
P. O. BOX 4-2479
ANCHORAGE, ALASKA 99509

MAR 1 2 1987

March 10, 1987

House Transportation Committee
Honorable Bette Cato, Chair
P. O. Box V
Juneau, Alaska 99811

Re: House Bill 47

Dear Representative Cato,

The letterhead name of the group fairly describes the organization from which this letter comes. Our association was organized in 1967 in response to the bureaucratic predations of the Alaska Railroad under federal ownership. Membership is limited to current lessees of the Alaska Railroad and is mostly composed of small, local businesses. Our members directly create well over a thousand local jobs.

I and representatives of our association have been working closely with the staff of the railroad for more than a year to help develop a new leasing policy. The results of this effort have just been approved by the Directors of the railroad and steps are being taken to put it into practice.

Our association believes the new policy to be responsible, flexible, and fair to both lessee and railroad and therefore to ALL Alaskans. It contains both a workable public hearing and appeal process.

As long term tenants, some of whom have been cast in reinforced concrete for 30 or more years on railroad leases, we are vitally concerned with any change in the practices or procedures of the railroad which would affect our abilities to improve, sublease, transfer leases, or finance our operations on these leases. We are all locked into long term commitments so our very livelihoods are at stake along with those of our employees.

The past few years clearly show how imperative it is for business to be able to react quickly and flexibly to changing business conditions. This agility must include the Alaska Railroad which is also a business and which is woven deeply into the economic fabric of most of Alaska.

THE ALASKA RAILROAD LEASEHOLDERS ASSOCIATION

What happens to the Alaska Railroad has its effect on every Alaskan.

We have been reviewing H. B. 47. This bill appears to us to add a layer of regulation with its inevitable attendant bureaucracy to the administration of railroad land. In the light of the new leasing policy our association does not believe this additional regulation to be necessary or desirable. We urge you to eliminate the provisions of H. B. 47 which would require further additional time and effort in the administration of railroad lands beyond what is presently required.

Very truly yours,

James R. Clinton

James R. Clinton,
President

Government Hill Community Council
812 Delaney Street
Anchorage, Alaska 99501

APR 10 1987

April 2, 1987

Representative Betty Cato
P.O. Box V
Juneau, Alaska 99811

Re: Committee Substitute to House Bill 47:
An act relating to the Alaska Railroad Corporation

Dear Representative Ellis,

The Government Hill Community Council has been actively following the progress of House Bill 47, especially in regards to land use of the Government Hill Greenbelt. At our March 16th meeting, the Government Hill Community Council passed a resolution endorsing the House bill to the extent that it affects land use management and leasing of railroad properties. The resolution passed unanimously.

We are aware that House Bill 47 has not yet been scheduled for hearing. We request that you schedule this bill for hearing at your earliest convenience.

Very truly yours,

GOVERNMENT HILL COMMUNITY COUNCIL

James E. Hill, President

JH/ah

APR 15 1987

Anchorage·*Star of the North*
Chamber of Commerce

April 13, 1987

Representative Bette Cato
Alaska State Legislature
P.O. Box V (MS3100)
Juneau, AK 99811

Dear Representative Cato:

The Anchorage Chamber of Commerce has been and is a strong supporter of the Alaska Railroad. We are appreciative of earlier legislation passed to provide railroad management with the opportunity to operate in the most business like environment. We are concerned with recent legislative efforts this session to direct unnecessary oversight and layers of bureaucracy at the railroad.

Our Chamber applauds your efforts to study these individual bills. We hope your efforts, and efforts of others in the House and Senate, will prevent unnecessary management interference. The Anchorage Chamber believes, "...if it isn't broken, don't fix it".

Sincerely,

Wayne K. Beckwith
Executive Vice President

WKB/sp

415 F Street, Anchorage, Alaska 99501-2254 (907) 272-2401

B&C SUPPLY
DIVISION OF Republic Automotive Parts, Inc.
• AUTOMOTIVE • INDUSTRIAL

MAIN OFFICE
5491 MINNESOTA DR.
ANCHORAGE, ALASKA 99518
TELEPHONE (907) 562-2047
BRANCHES IN
FAIRBANKS • KENAI • KODIAK • ANCHORAGE
PALMER • SOLDOTNA • WASILLA • VALDEZ
EAGLE RIVER • HOMER • SITKA

MAR 20 1987

March 5, 1987

Pouch V
Juneau, AK 99811

Gentlemen:

This letter is to support the passage of House Bill #47, particularly the section that required the Alaska Railroad to open its financial records to the public.

Much more needs to be done to prevent the State from being in direct competition with private enterprize, but this bill is a step in the right direction.

The financial disclosure should be in sufficient detail to allow the reader to determine how the railroad's losses are financed, what kind of taxes are paid and to what extent the State subsidizes its operations.

The State's ownership of the railroad has been a severe economic hardship on the trucking industry, and to businesses supported by the truckers such as parts, fuel and tire dealers.

We urge you to give this bill your support.

Sincerely,

Birdie Matz

Birdie Matz,
Store Manager,
B&C Auto Supply-Eagle River.

BM/nm

MAR 1 5 1987

March 1, 1987

POUCH V
Juneau, AK 99811

This letter is to support House Bill #47, in particular the section requiring the Alaska Railroad to open its' financial records to the public.

We believe the financial disclosure should be in sufficient detail to allow the reader the option to determine how the railroad's losses are financed, what kind of taxes are paid and to what extent the State subsidizes its operation.

The State's ownership of the railroad has been a severe economic hardship on the trucking industry and to the businesses that industry supports, such as, parts and supplies, fuel and tire dealers.

Much more needs to be done to prevent the State from being in direct competition with private enterprise but this Bill is a step in the right direction.

We urge you to give this Bill your support.

Sincerely,

John C. Tower

John C. Tower, President
J & T TRUCKING & LEASING, INC.

JCT/sjt

SERVICE LEASING, INC.
P. O. Box 223
Eagle River, Alaska 99577

FEB 27 1987

February 23, 1987

Betty Cato
Committee Chairman
Pouch V
Juneau, Alaska 99811

This letter is to support the passage of House Bill #47, particularly the section that requires the Alaska Railroad to open its financial records to the public.

Much more needs to be done to prevent the State from being in direct competition with private enterprise, but this bill is a step in the right direction.

The financial disclosure should be in sufficient detail to allow the reader to determine how the railroad's losses are financed, what kind of taxes are paid, and to what extent the State subsidizes its operation.

The State's ownership of the railroad has been a severe economic hardship on the trucking industry, and to businesses supported by the truckers such as parts, fuel, and tire dealers.

We urge you to give this bill your support.

Sincerely,

Curly Doggett
President,
Service Leasing, Inc.

Curly Doggett

MAR 0 5 1987

February 25, 1987

Representative Kay Brown
P.O. Box V
Room #515
Juneau, AK 99811

Dear Representative Brown:

As a commercial tenant occupying railroad land on Government Hill I am concerned to read of House Bill #47. This proposed legislation is a step backwards to a system more antiquated than the Federal Land Mismanagement program that we just got rid of.

Since the State took over the railroad my dealing with Real Estate Representatives has been very fair and reasonable. New railroad policies and lease contracts now have a long overdue "private sector" flavor. For the first time these new contracts actually offer a tenant something to sell in the open market. I feel your bill would hamper management decisions of the railroad to the severe detriment of current tenants, future tenants and the business community at large.

Sincerely,

[illegible]

[illegible] TESACO
[illegible], AK 99501

POSTMARKED
IN
ANCHORAGE

POSTMARKED 6 MAR/ANCH.

MAR 1 0 1987

February 27, 1987

The Honorable Kay Brown
House of Representatives
P.O. Box V
Juneau, AK 99811

Dear Representative Brown:

We have recently become aware of House Bill 47 and its proposed changes to the Alaska Railroad Corporation Act. It is our belief that legislation of this nature may have an adverse and detrimental effect on our position as lessees of railroad land and, ultimately, upon our respective business operations.

As long-time tenants occupying railroad land, we were initially concerned about yet another public bureaucracy administering rail industrial lands. However, since transfer to the State, we believe the management of the Alaska Railroad Corporation (including its Board of Directors) has developed and implemented land use policies in a fair and commercially reasonable manner. The recnt development of ARRC's long-term lease policy is an example of a fair and workable public hearing process, with the corporation exhibiting sensitivity to concerns expressed by the affected public.

In sum, House Bill 47 appears to add another layer of procedures and considerations which seem excessive and burdensome in a commercial decision-making process. We see no reason to change the ARRC's current approach to land management and urge that the bill's provisions on this subject be rejected.

Sincerely,

Don Stoneburner — KEYSTONE SERVICES, INC.

[signature] — Denali Transportation Corp. Inc

[signature] — CHRIS BERG INC.

Vernon W Hickel — Vern Hickel Construction Co.

Jack L. Richardson — Craig Taylor Equip Co.

Lenore M. Clinton	Lessee
N. F. Koelbel	Enterprise Co.
Joseph Marshall	the E. J. Bartells Co.

Mary E. Schenker
701 Dogwood Street
Anchorage, AK. 99501
(907) 272-9851

April 4, 1987

APR 6 1987

Representative Betty Cato
Alaska State Legislature
House of Representatives
P.O. Box V
Juneau, Alaska 99811

Dear Representative Cato:

Thursday evening Jim Hill, President of Government Hill Community Council, relayed a message from Peg Mantele, aid to Representative Kay Brown. I was asked to forward a copy of a letter to the editor I wrote to The Anchorage Times to Representative Brown and also a copy to you. A copy is enclosed. Unfortunately the Times edited my letter and made some errors in so doing. I had addressed my remarks to Mr. Kuechle, the writer of an earlier letter to the editor. As this is not acceptable policy, the Times changed my letter to third person. In the process they completely garbled the second to the last paragraph. It originally read as follows: "If you have parklands in your neighborhood, Mr. Kuechle, more power to you. But don't be overconfident. You may think the municipality owns them. Maybe they do. Then again you could wake up some morning to see a row of townhouses rising on your former greenbelt! This almost happened to Government Hill last fall. It was averted through Community Council appeal. The large Government Hill contingent was granted a 90-day moratorium by the railroad's board of directors. This has been extended to permit negotiations with the municipality." Also the 27° panorama should read "270°."

I rewrote substantially the same message but in different form to the Anchorage Daily news on March 17. Michael Carey, one of their editors, informs me it will appear in the News within the next few days. I am enclosing a copy of my rough draft of that letter for your information.

Yours truly,

Mary E. Schenker

enclosures (2)

701 Dogwood Street
Anchorage, Alaska 99501

APR 6 1987

March 17, 1987

Letters from the People
Anchorage Daily News
P.O. Box 14-9001
Anchorage, Alaska 99514-9001

Attention: Mr. Michael Carey

In a letter to the News George Kuechle implied that only a "few" Government Hill property owners out for personal gain will benefit by curbing the Alaska Railroad's leasing powers as proposed by H.B. 47. The truth is that all Alaskans stand to profit by requiring our railroad to operate in the public interest and hold public hearings before leases are canceled.

At present the railroad may on 30 days' notice terminate any lease! Brown's Point, Harvard, and Alderwood Parks as well as our greenbelt are jeopardized. A planned town-house development on some of these lands was averted last fall through Community Council appeal to the railroad's board of directors. H.B. 47's requirements are intended to protect all neighborhoods from experiencing similar crises.

If present leasing powers go unchecked and if the railroad and the municipality fail to negotiate to protect parklands, we profit-hungry property owners won't be the only ones who lose. Here are some others:

1. Municipal taxpayers who will lose their considerable investment in park developments

2. Anchorage curlers and square dancers who lease park buildings

3. Tourists and newspaper photographers who will lose access to one of the city's most spectacular views

4. All residents who presently enjoy the parks

Few if any Hill people bear the railroad ill will. Many of us are ex-employees. We are neighbors of long standing and I for one love the sound of train whistles in the night. We should not be expected, however, to forfeit our parks to improve the railroad's balance sheet.

Yours truly,

Mary E. Schenker

Protecting the greenbelts

Dear Editor:

I am one of those "few" contemptible Government Hill property owners referred to in Mr. Kuehle's letter to The Times. He first decried Rep. Brown's HB 47 that would curb the railroad's authority '.. cancel leases on 30 day's notice without a he..ng, and require it to operate in the public interest. "The Alaska Railroad belongs to all Alaskans," he stated, "not just a few property owners on Government Hill who would like to see greenbelts next to their homes for personal gain." Well, I confess. If our parks and greenbelt are retained and designated as public lands, I'll make tremendous profits. Here are some:

1. I'll continue to live across from Alderwood Park, a modest open space adjoining the greenbelt where children frolic, neighbors walk their dogs, and families picnic.

2. I'll continue to traverse the greenbelt's rim or hike its trails marveling at the beauty of the Chugach Range and the reflections in downtown's shimmering towers. When I arrive at Brown's Point, I'll again enjoy a 27-degree panorama so spectacular that in summer busloads of tourists stand in awe.

3. I'll continue to play tennis on Harvard Park's courts as kids shoot baskets nearby. In winter I'll watch yougsters sled while curlers curl and square dancers twirl in their adjacent clubs.

If Mr. Kuechle's park lands in his neighborhood, more power to him. But don't be overconfident. He may think the municipality owns them. Maybe they do. Then again he could wake up some morning to see a row of townhouses rising on his former greenbelt! This almost happened to Government Hill last fall. It was averted through Community Council appeal. The large Government Hill contingent was granted a 90-day moratorium by the railroad's board of directors. This has been extended to permit negotiations with the municipality.

H.B. 47 was introduced not to hamper the railroad but to temper its exceptional powers. The least any neighborhood should expect is a right to cry out when its assets are imperiled. Public hearings are a must!

granted board permit road least cry ings

Sorry, paper skyjacked

Mary E. Schenker
701 Dogwood St.

DELIM \
INBOX

SUBJECT: FINAL STATS 02/18/87 SENT 02/18/87 22:06
FROM: LIOCHTM
FOLDER: SECURITY LEVEL: 2 RETENTION PERIOD: PERM

....+....2....+....3....+....4....+....5....+....6....+....7....+....8.. 001/01

*** FINAL TELECONFERENCE STATISTICS *** 001/02

001/03
001/04

DATE: __FEBRUARY 18TH, 1987_____ 001/05
SITE: __ANCHORAGE, ALASKA_____ 001/06
SPONSOR: __HOUSE LABOR AND COMMERCE COMMITTEE_____ 001/07
SUBJECT: __HB 47 ALASKA RAILROAD CORP._____ 001/08
LOCAL MODERATOR: __HARRY TRACY MANDREGAN_____ 001/09
001/10

********** 001/11
001/12

TESTIFIED: 001/13

NAME\REPRESENTING	ADDRESS	PHONE #	
1. STAN SMITH	4414 EAST 6TH ANCH.,AK. 99508	338-1971	001/14
1.(A) INTERNATIONAL MOOSE FOUNDATION			001/15
2. TIM BUEZINSKI	9599 BESYTOM DRIVE #468	349-1682	001/16
3. JOE GOODRICH	7509 OLD HARBOR RD. 99504	333-5656	001/17

001/18

MORE...
DELIM \
INBOX

SUBJECT: FINAL STATS 02/18/87 SENT 02/18/87 22:06
FROM: LIOCHTM
FOLDER: SECURITY LEVEL: 2 RETENTION PERIOD: PERM

....+....2....+....3....+....4....+....5....+....6....+....7....+....8.. *******

3. JOE GOODRICH	7509 OLD HARBOR RD. 99504	333-5656	001/18
4. STUART C. HALL	BOX 300 ANCHORAGE 99510	279-9759	001/19
5. MARK SPOHN	5321 TUDOR TOP CIRCLE 99507	562-5496	001/20

001/21

********** 001/22
001/23

OBSERVED: 001/24

NAME\REPRESENTING	ADDRESS	PHONE #	
1. BUD GREENE	1045 EAST KLATT RD.	344-5247	001/25
2. JOE RULE	5906 SOUTH TAHITI LOOP	563-7002	001/26
3. BEN RULE	1727 BARTLETT ANCHORAGE	563-7002	001/27
4. DENNIS JONES	BOX 41650 ANCHORAGE		001/28
5. STEPHEN V. JANIK	1650 THUJA 99507	349-4854	001/29
6. H. PRENT GAZAWAY	1521 WEST 14TH ANC 99501	277-2073	001/30
7. EARLE BEESLEY	5400 COPE STREET ANCHORAGE	563-4421	001/31
8. VIVIAN HAMILTON	BOX 107500	265-2675	001/32
9. LARRY HOULE			001/33

001/34

MORE...
DELIM \
INBOX

SUBJECT: FINAL STATS 02/18/87 SENT 02/18/87 22:06
FROM: LIOCHTM
FOLDER: SECURITY LEVEL: 2 RETENTION PERIOD: PERM

....+....2....+....3....+....4....+....5....+....6....+....7....+....8.. *******
001/34

********** 001/35
001/36

TESTIFIED: ____5_____ START TIME: __4:43 PM 001/37
OBSERVED: ____9_____ END TIME: __6:05 PM 001/38
TOTAL: ___14_____ 001/39
001/40
001/41
001/42

(7)

HOUSE COMMITTEE REPORT

Date referred: 1/19/87 FURTHER REFERRALS: Transportation

DATE: WEDNESDAY, 2/18/87

The Labor & Commerce Committee has considered HB 47

"An Act relating to the Alaska Railroad Corporation."

RECOMMENDS:

[X] replace with CSHB47(L&C) [ ] the same title
[ ] a new title

[ ] attached amendment(s)
- [ ] do pass
- [ ] do not pass
- [ ] no recommendation
- [ ] individual recommendations
- [ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[X] fiscal impact
[ ] zero fiscal note
[ ] zero with analysis
[ ] same as previous fiscal note published _____
[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

SIGNING OTHERWISE: P.C. Tibbles - no-rec

Smart Memorial T. AMENDMENTS - BRIDGES & TRASH PROTECTION

Clif Davidson (no-rec)

Dave Donley
Chairman's signature

Official Business

COMMITTEE: HOUSE LABOR AND COMMERCE

DATE: FEB. 18, 1987 4:30

Subject of meeting: HB 47, ALASKA RAILROAD CORPORATION

SIGN-IN

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Ron Somerville	Juneau	9-2399	Ak. Outdoor Council	Yes
Don Hennessey	8244 Service Anch	—	ARR Visit Comm	YES
Frank Tu[illegible]in	P.O. Box 7-2111 Anch, AK 99510-7069	265-2433	AK. Railroad	YES
James Campbell	" "	"	"	"
Marv Yetter	" "	"	"	"

HB

62

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation:

2/2/87

Alaska State Legislature

House of Representatives

JANUARY 23, 1987
Committee on Transportation

Rep. Bette Cato, Chairman

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

INSIDE YOUR FOLDERS ARE:

- HB 62 An Act relating to ferries and ferry terminals and establishing the Alaska Marine Highway Authority

- An analysis of HB 62

- Review of FY'88 Governor's Budget for the Alaska Marine Highway System

OVERVIEW OF HOUSE BILL 62

The purpose of the Act is to establish an authority for the operation, management, planning and construction of facilities for the Marine Highway System with a legal existence independent of and separate from the state government.

The authority consists of a seven member board appointed by the Governor. The Authority is a public corporation of the state and is an instrumentality of the state D.O.T. BUT has a legal existence independent of and separate from the state.

The directors serve at the pleasure of the Governor for four year terms. The directors receive no compensation but are entitled to travel and per diem expenses authorized by law for state boards and commissions.

The Authority shall employ an executive director who is responsible for selecting and employing additional staff as necessary.

The Authority may adopt and enforce by-laws and regulations for the conduct of its business and for the use of its services and facilities.

It is assumed the Authority would utilize the State Accounting System where possible.

The following assumptions are made:

1. The Alaska Marine Highway Authority's time and attendance, personnel and accounting systems would interface the existing State systems and be compatible.

2. There would be an annual appropriation for full operating costs of the authority each year that would be made up of expected revenue, i.e. program receipts and a general fund subsidy to cover the remainder.

3. The authority would continue to use:

    a. State owned office buildings
    b. The State Mail System
    c. The state equipment fleet
    d. The statewide purchasing contracts
    e. Share communications lines
    f. Insurance, bonding, etc. as now supplied
    g. Legal service from the Attorney General's office

4. The Directors of the Authority would meet an average of three days per month or thirty six days per year.

5. Administrative support would be provided to the Board of Directors from their existing staff

REVIEW OF FY88 GOVERNOR'S BUDGET

FOR

ALASKA MARINE HIGHWAY SYSTEM

ITEM	COMPARISON INCREASE OR DECREASE OVER FY 87	
MARINE ADMINISTRATION		
Administration	+105.0	4.7%
MARINE FACILITIES ENGINEERING		
Management	+51.6	3.8%
CIP	+51.6	2.9%
MARINE MARKETING AND SERVICES		
Marketing Management	+908.0	66.0%
Southeast Shore facilities	-353.3	-13.0%
Southwest Shore facilities	-210.2	-31.0%
BUDGET COMPONENT		
Management	+153.3	14.6%
Southeast Vessel oper/overhaul	-7695.9	-17.4%
Southwest vessel overhaul	-1274.0	-13.7%
Retirement Incentive	1143.3	100.0%

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

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Mary Van Nimwegen

H. Transportation

January 23, 1987

1:30pm

THE FOLLOWING PAGES WERE TREATED AS
A UNIT IN THE ORIGINAL FILE.

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THE ALASKA MARINE HIGHWAY SYSTEM

It is generally acknowledged that changes are required in the Alaska Marine Highway System.

In order to make these changes we need to identify what the areas of concern are:

ARE THEY:

1. Revenue shortfalls - Are revenues generated adequate?
   Does AMHS continue to hold it's share of the market?
   Are management decisions dramatically affecting the revneue picture?
   What can be done to increase revenues OR decrease expenses?

2. Services?
   a. Proposed cuts in services
   b. lack of adequate services to accommodate in-state transportation needs

3. Scheduling - Is the scheduling of ferries convenient and adequate to meet the needs of the residents of the communities it serves?

4. Marketing - Is the Marine Highway being marketed properly?

5. Personnel - Is the department top heavy/bottom heavy?
   When cuts to AMHS budget are made, are these cuts absorbed in personnel and in services?

6. Management - Are management decisions for AMHS made after extensive consideration of the alternatives?
   Is adequate time spent working toward improving AMHS?
   Does management have representation from the various aspects of the industry to enable well researched decisions to be made?
   What could help improve and expand the decision making process?
   Should decisions for AMHS be made by by DOT management?

SUMMER SCHEDULING - AMHS

Vessels servicing the North and Southbound runs

Malaspina - Monday and Thursday services from Prince Rupert to Skagway via Ketchikan, Wrangell Petersbury, Juneau, Haines

Taku - Sunday and Tuesday services from Prince Rupert to Skagway vai Ketchikan, Wrangell Petersbury, Juneau, Haines

Matanuska - Tuesday service Seattle to Skagway via Ketchikan, Wrangell, Petersbury, Juneau Haines

Columbia - Friday service from Seattle to Skagway via Ketchikan, Wrangell, Petersburg, Juneau Haines

****

Le Conte - Monday service leaves Petersburg to Skagway via Kake, Sitka, Angoon, Tenekee, Hoonah, Juneau, Haines

Thursday service Pelican to Haines via Hoonah and Juneau

Aurora - Monday, Tuesday, Thursday, Saturday and Sunday services from Ketchikan to Hollis

Friday service from Hyder to Hollis via Ketchikan

Tustumena - Provides continual service between Seward, Kodiak, Seldovia, Homer and Port Lions. Provides summer service between Valdez and Cordova

Bartlett - Sails on a daily basis to provide services between the ports of Valdez, Whittier and Cordova in summer.

The new FY 88 budget for AMHS proposes the following cuts:

a. Reduce Malaspina service by four months

b. Reduce Taku service by six months

c. Columbia lay up planned for 6 months

d. Scheduled service lay up of all vessels

This will mean only the Matanuska will operate year round on this north and southbound run. As a result of these reductions in service and layups 164 crew members will be impacted

****

Service to Prince of Wales Island and Southeast communities

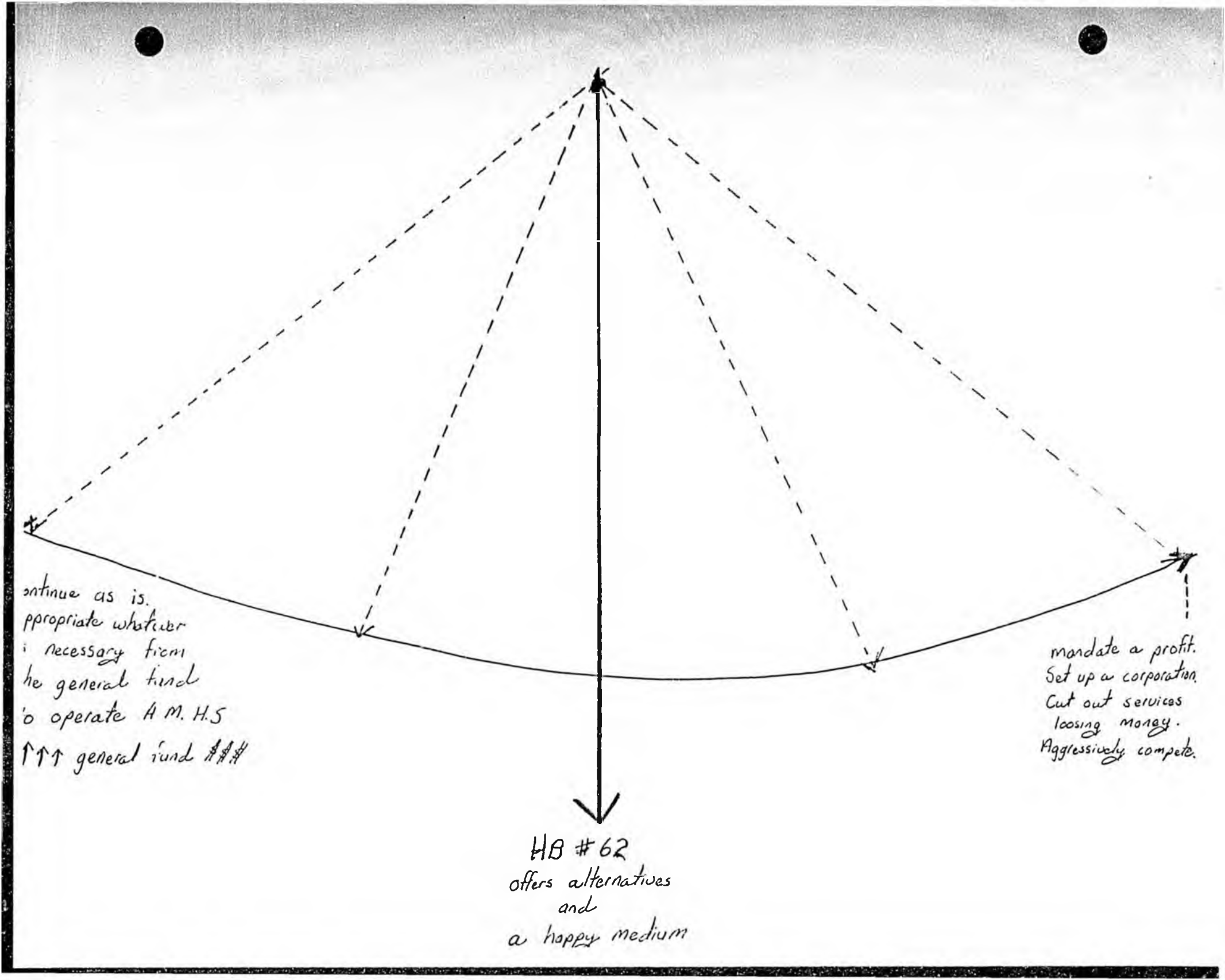
a. Reduce the Aurora service by four months resulting in a single feeder vessel service in Southeast for eight months of the year versus the current four month period.
The Le Conte would be the single feeder vessel.
The Chilkat would increase service by four months to supplement service between Ketchikan and Prince of Wales Island.

****

Service to Southwest system

a. Reduce the Bartlett service by six months. The Tustumena will provide service for the entire Southwest system. Services between Cordova and Valdez in winter would not be available for 2 months because the Bartlett would be in lay up and the Tustumena would be in for servincing

****


ontinue as is.
ppropriate whatever
i necessary from
he general fund
'o operate A M. H.S
↑↑↑ general fund ###
mandate a profit.
Set up a corporation.
Cut out services
loosing money.
Aggressively compete.
HB #62
offers alternatives
and
a happy medium

OVERVIEW OF ALASKA MARINE HIGHWAY SYSTEM

Under the direction and supervision of House Transportation Chairman, Representative Bette Cato, House Transportation Committee staff, Rhonda Cargill and Wendy Chamberlain attended the Alaska Marine Highway Advisory Board Meeting. A meeting was also held with Deputy Commissioner Joe Camp who provided a great deal of information to the Chairman. This is an overview of those meetings. Due to the Chairman's strong interest in the Marine Highway System this report also includes information on areas researched, and answers to questions asked by the Chairman.

On Friday August 12th, 1985 the Alaska Marine Highway Authority Advisory Board had its' first meeting with Alaska Marine Highway. Approximately 2 years ago the Governor appointed members to a Marine Highway Task Force. The Task force work ended after completion of the Task Force Report which included 139 recommendations.

The Southeast Conference Board of Directors, comprised of southeast district representatives, southeast legislators, and southeast community mayors wrote to the Governor and the Department of Transportation requesting the task force be continued as an active board and be expanded to include representation from each marine highway "user" community. This would insure ongoing communication between the State administration and the people of Alaska serviced by the ferry system.

Although the task force was disbanded, Commissioner Knapp felt that the Southeast Conference provided a mechanism for input and recommendations from many of the southeast communities, and hence the Southeast Conference appointed representatives from each of the communities to serve on the Alaska Marine Highway Advisory Board.

The Advisory Board plans to meet with Marine Highway on a quarterly basis. As this was the first meeting an overview of Marine Highway was given by Commissioner Knapp and Deputy Commissioner Camp.

As this overview of Marine Highway is being done in August, 1985 it may be necessary to update this report to reflect any unanticipated changes made by Marine Highway during the next few months. Information gathered from monitoring and oversight of AMHS by the Chairman and staff will also be updated.

ALASKA MARINE HIGHWAY REPORT

Personnel

Commissioner of DOT - Richard Knapp
Deputy Commissioner - Joe Camp

There are 725 persons with Marine Highway who work afloat.
155 persons work ashore
During the past summer there were 350 vessel employees required to fill 231 jobs per week on all vessels. Considering two crews that [illegible] permanent jobs with 350 called persons to fill in. Despite this there were times when there were not enough personnel to dispatch to cover all positions on vessels. Sick leave and vacation leave taken by employees accounted for a large portion of the personnel shortage.

Most of the personnel for Marine Highway are under union agreement. New contracts were recently agreed upon, these contracts are in effect until 1988.

Over 90% of unlicensed personnel are Alaskan residents
Over 50% of the masters, mates and pilots are Alaskan residents
Under 50% of the engineers are Alaskan residents

64% of the Marine Highway's total operating budget is for personnel services costs and benefits for employees.

During the past several months various "letters to the editor" have appeared in local newspapers drawing attention to the high salaries earned by Marine Highway management. The figures presented by Deputy Commissioner Joe Camp and those outlined in the Alaska Marine Highway budget indicate the following:
21% of ashore Marine Highway personnel earn over $40,000/year
32% of afloat Marine Highway personnel earn over $40,000/year

Alaska Marine Highway has recently reached an acceptable agreement with the Marine Engineers Beneficial Association on the local hire of engineers, therefore the percentage of Alaska hire of engineers should increase.

Vessel Information

The Alaska Marine Highway currently has nine vessels in operation. These include:

M/V Chilkat - the original ship of the Alaska Marine Highway She was acquired in 1959 and services the Southeast Panhandle.

M/V Malaspina - built in 1963, renovated in 1972 she services Northbound and Southbound areas

M/V Matanuska - built in 1963, renovated in 1978 she services Northbound and Southbound areas

M/V Taku - built in 1963, renovated in 1981, services northbound and southbound ports.

M/V Tustumena - built in 1964, renovated in 1969, services Seldovia, Homer, Port Lions and Kodiak.

M/V Bartlett - launched in 1968 she services Cordova, Valdez and Whittier.

M/V Columbia - She is the largest of Alaska's ferries and was launched in 1973.

M/V LeConte - Launched in 1973 servicing the Northern Panhandle.

Plans for the future for vessels

As the M/V Chilkat is the oldest vessel, the Marine Highway plans to retire the M/V Chilkat in the summer of 1986. She will stay in reserve for emergencies.

There is currently a masterplan being developed for the Alaska Marine Highway a draft of which should be available for the next legislative session. This plan will include a report on fast ferries.
Hopefully these fast ferries will provide a comfortable, cost effective and efficient alternative for various southeast communities.
The Marine Highway plans to request funds for the purchase of fast ferries in their FY 87 budget. (Federal and State)
Preliminary estimates show the cost of the fast ferry to be between 2-3 million dollars.
Further information on these ferries will be available when the masterplan is completed.

The Tustamena requires major passenger refurbishing. A recent survey showed a lot of life left in the hull of the Tustamena and therefore the Alaska Marine Highways plans to request refurbishing funds for the Tustamena in the FY 1988 budget. (Fed. & State)

Currently, each vessel is laid up for repairs annually. These routine repairs and maintanence can usually be completed in 30 days. Alaska Marine Highway has received a great deal of publicity over the recent laying up of the Colombia. It is anticipated that the Colombia will be in dead ship lay up in Seattle until at least March 1, 1986. The maintanence work on the Colombia is being done in Seattle, this in itself has created a great deal of controversy, particularly among Marine Highway employees.

The decision to place the Colombia in dead ship lay up was made because of revenue shortfalls. It costs approximately $90,000 more per run to sail the Colombia as compared to the other vessels that complete the same run. The maintenance contract was awarded to a Seattle firm because it was considerably less expensive and because no facilities are currently available in Alaska to allow for ships to be laid up for a long period of time. It is anticipated that next year the Ketchikan facility will be completed and ship lay up will then be done in Ketchikan, however, at the present time the additional cost of laying a ship up in the state of Alaska makes this unfeasible.
The plan for bringing the Colombia out of lay up and the expenses and considerations for the lay up are explained fully in the budget section.

Marine Highway would also like to increase the number of ocean going vessels they have available. Currently only the Tustamena is able to make runs to the Aleutian chain or any other "ocean" areas.

Future plans for terminals and facilities

Alaska Marine Highway recently reached an agreement with Canada on the use of the Prince Rupert facility. In the near future a 5 year lease will be signed for the facility with options to renew every five years for the next 20 years.

In June this year Marine Highway began providing services to the community of Hyder. This community will be serviced once a week by the Marine Highway. There are no plans to move the terminal from Prince Rupert to Hyder at this time, however, monies will be requested in the FY 87 budget to build a facility in Hyder. If approved this terminal may be considered for use in conjuction with the Prince Rupert terminal for north and southbound services. As Federal funds can only be used for capital projects such as purchasing and refurbishing of vessels, rebuilding and reparing facilities etc. it is likely that the much of the funding required to build the facility in Hyder will be requested from the Federal Government.

The $38 million Ketchikan vessel maintainence facility is underway and is scheduled for completion in December, 1986. The maintenance work is currently being done in Seattle, therefore this should be a definite asset to the community of Ketchikan and the State.

Funds have been allocated for construction of shore facilities at Kodiak, Homer, Seldovia and Whittier. Much of this funding is received from the Federal Government. For Example:

Kodiak	(Federal)	$2,790,000
	(State)	210,000

This facility will be an important step towards increasing the quality and efficiency of the service provided by the M/V Tustumena and/or the Tustumena replacement vessel.

Homer	(Federal)	$3,255,000
	(State)	245,000

This project is being coordinated with the City of Homer's revised Port Development/Small Boat Harbor project.

Seldovia Ferry Terminal	(Federal)	$3,255,000
	(State)	245,000

Additional site reconnaissance and preliminary engineering is being done on this project to enable shuttle ferry service for Homer/Seldovia.

Whittier Ferry Terminal (Federal) $2,180,000
(State) 140,000

Funds were allocated for this project in FY 86. Due to the poor condition of the current structure immediate reconstruction will be necessary.

Current Marine Highway Preliminary Engineering Projects.

Valdez Ferry Terminal - $50,000
After the preliminary engineering is done funds for construction of this project will be requested in future years budgets

Seward Ferry Terminal - $75,000
This facility is in very poor condition. Alaska Marine Highway made an emergency appropriation of $150,000 in August, 1985 to assist with repair of pilings and bumpers at this terminal. After the preliminary engineering and location study is completed Alaska Marine Highway plans to request capital construction funds for this project.

Plans are in progress to build new immigration offices and ticketing offices in the Prince Rupert facility.

A new terminal in Metlakatla should be completed in May of 1986. Metlakatla will then be serviced by the Aurora via Prince of Wales Island, this will allow the Chilkat to retire.

Terminal work is now being done at both the Wrangell and Petersburg facilities

MARINE HIGHWAY FY 86 BUDGET

FY 86 Budget for Marine Highway

The next section reviewed is the budget. Under the direction of the Chairman, this section was monitored and reviewed continually. This information is being presented now because much of the decision making and questions asked regarding such matters as ferry scheduling, areas serviced, fares and overall operations are made based on their overall impact on the budget.

In FY 86 the total budget for Alaska Marine Highway is $68 million This is a $3 million or 4% increase over FY 85.

The total budget breaks down as follows:

$32 million state funds
$36 million project revenue

In FY 86 the Legislature changed slightly the way in which funds are appropriated for Alaska Marine Highway. Previously, all revenues from Marine Highway went into the general funds and an amount was appropriated from the Legislature for operation and maintenance of Alaska Marine Highway.

In FY 86 Alaska Marine Highway requested a $68 million dollar budget. The Legislature approved this amount and appropriated $32 million from the general fund. The remaining $36 million is to come from revenue generated by Alaska Marine Highway. If they do not generate this amount, they will have to make cuts to balance their budget. This allowed Alaska Marine Highway to receive Legislative approval for the budget amount requested, and yet provides management with the challenge of making decisions that will directly affect their revenues and in turn their overall operating budget.

Although it is early in the fiscal year, information provided to the Chairman indicate that the $36 million in projected revenues for the year may have been somewhat optomistic.
The projected revenues were approximately a $3 million increase over FY 85. It is realistic to expect that Marine Highway will increase revenues slightly over FY 85. Taking this into consideration Marine Highway anticipate that the "magic number" for "additional" revenues that they will need to generate to be approximately $1.3 million.

With overall revenue figures available as of September, 1985 it has become apparent that Marine Highway management will have to make operating cuts if they are to balance their budget for FY86. To date preliminary estimates show that cuts up to $1.3 million will have to be made by management. In an attempt to meet this shortfall, Marine Highway has implemented the following cost saving measures:

1. Lay up the M/V Colombia in Seattle until at least March 1, 1986. As stated earlier, each year the vessels go into lay up for approxmimately 30 days for rountine maintanence. Because the Colombia is the most expensive vessel run on the Seattle run, and, the winter operating costs exceed the revenues generated management decided to lay her up.
A contract for the maintanence and repairs to the Colombia was awarded to a Seattle based firm. When consideration was given in an attempt to lay up the Colombia in Ketchikan the additional cost made this unfeasible.
The cost comparison done by Marine Highway was as follows:

Contract work in Seattle	$143,000
Contract work in Ketchikan	$528,000

Several factors account for the higher costs to lay up the vessel in Ketchikan.

a. Cost to steam the ship would be very expensive, as the Ketchikan facility is not completed there is not adequate power available to steam the ship.
600 amps is required
280 amps power available from ship

b. Cost for 122 days of crew salary for 10 crew members. This was estimated to amount to approximately $297,000.

c. Garbage collection would have to be arranged
d. Sewer disposal (estimated to be $12,000)
e. Telephone

It is hoped that the Colombia will be brought out of lay up and crewed March 1st, however, Marine Highway management may find it necessary to leave the Colombia in lay up status until April. This decision will be made late December when the revenue picture becomes clearer.

2. Discussions between Representative Cato and Marine Highway management in early December provided no other definite information on proposed cuts or changes in service to balance the budget. Areas management stated may need to be considered included assessing the toll free lines and evaluating the cost of maintaining this service. Marine Highway management state that the cost of providing these toll free lines is very expensive, particularly the intrastate lines. Therefore careful consideration may need to be given to the actual benefit verses the cost of this service in the upcoming months.

re: THE SHORTFALL IN REVENUE PROJECTIONS:

Alaska Marine Highway is concerned about the shortfall in revenue projection for FY 86. After many discussions, meetings and evaluation of information available, management feel the following areas contribute to this shortfall:

1. Airline fares

With the recent ultra super saver fare reduction by both Alaska and Western airlines many people are using air as a means of transportation because with the current price structure it is considerably faster and less expensive to fly. A decline in reservations is also being voiced by a number of local hotels who state that reservations are down as much as 30% under previous years. Inexpensive fares to Europe and other overseas countries are considered to be one reason for this as people are taking advantage of these low fares to travel overseas.

2. Cruiseship lines more competitive.

M/V Stardancer, owned by an overseas company loads in Vancouver and sails on a 3 day trip to Haines with a 4 day return trip. The Stardance makes stops in Juneau, Misty Fjords and Tracy Arm. This vessel has the capacity to carry approximately 300 vehicles. The fares for this trip are lower than fares charged by Alaska Marine Highway.

Example:

Standard Automobile shipping cost	
Seattle to Haines on Alaska Marine Highway	$500.00
Vancouver to Haines on M/V Stardancer	$250.00
25 to 26 foot motor home	
Seattle to Haines on Alaska Marine Highway	$1,000.00
Vancouver to Haines on M/V Stardancer	$350.00

Cabins

Cabin prices on the M/V Stardancer vary depending on the luxury of the cabin, however, a person may travel on the Stardancer in an inside cabin, with his/her meals included for the same price as a standard cabin on Alaska Marine Highway excluding meals.

2. Passenger load down

Although reservations for this summer were as projected, the actual revenue generated as a result of this travel is down. Alaska Marine Highway management feel that while numbers are up, the actual distance that individual passengers travelled is down and hence revenues are down.
The Seattle run is the most profitable run.
From information available it appears that the number of persons travelling on this run is down AND, the number of large vehicles transported on this run is also down.
In summary, this summer the Alaska Marine Highway system transported a greater number of passengers and vehicles, however, passengers travelled shorter distances. Also, while there was an increase in the number of vehicles transported by Alaska Marine Highway, the number of oversized vehicles travelling was down considerably.

Both long distance travel and large vehicle transportation are two areas that are very profitable for Marine Highway.

Representative Cato was assured the problem of "no shows" would be overcome this year as new regulations (attached), requiring advance payment of tickets and penalties for cancellation went into effect October 1st, 1985. Previously, persons who made reservations could pick up and pay for their ticket on the day of sailing. This, although very convenient for the traveller made the problem of "no shows" very frustrating and expensive.
The threatened strike by the masters, mates and pilots also had an effect as people either cancelled their reservations or used alternative means of travel.

WHAT ARE THE SOLUTIONS?

Proposed solutions to these concerns are currently being discussed. As several of these solutions go hand in hand with proposed changes in ferry scheduling and services this section will be outlined next along with the proposed changes.

Ferry Scheduling

Along with being one of the most difficult tasks for Alaska Marine Highway, scheduling is also one of the areas that many of the complaints arise over.

In order for persons to be able to plan for their vacations, ferry schedules are printed months in advance.
The decisions on next summers schedule were made September 1st 1985. This schedule has already been sent to the printers.
Once schedules are printed the department is locked in as far as the number of vessels servicing an area, the number of runs being made per week and the pricing structure for fares, therefore long range decisions have to be made as accurately as possible well in advance.

Possible Solutions

In discussions with Representative Cato, Deputy Commissioner Joe Camp outlined the many alternatives that have been explored.

1. Agressively compete with the cruise lines.

2. Increase services on the most heavily booked runs to try and increase revenues.

3. Increase services on the most profitable runs. The revenue and direct expenses graphs included in the appendices provides a clear breakdown on each runs revenue verses direct expenses.

4. Cut services

5. Evaluate all the runs and have fares structured to attempt to make each run, where possible, cover expenses. (See attached graph in appendices)

6. Look at alternatives - fast ferries - as a more cost effective method of travel to areas within the state.

It is the intent of DOT and Alaska Marine Highway to continue all areas currently serviced. Runs made within Alaska to the smaller rural communities are not profitable, and, in many cases these runs only return revenues to cover approximately 20-30% of the expenses. Both Commissioner Knapp and the Chairman feel that services must be continued to these areas, they are remote parts of Alaska that have very few alternatives available. One of the main reasons Alaska Marine Highway was put into service was to provide a means of transportation within Alaska.

Several of the above alternatives are being considered at this time.

1. Increase services.
   The most heavily booked runs are the north and southbound runs from Seattle and Prince Rupert to Haines and Skagway. A great difference is apparent when the profitability of these two runs is compared:

Current service and revenues

Seattle to Skagway - 1 trip per week
1000 passengers (total) 165 vehicles
200 state rooms

Revenue for this run $325,000.00

Prince Rupert to Skagway - 2 trips per week
1400 passengers 330 vehicles
400 state rooms

Revenue from this run $213,000.00

The above breakdown shows that by carrying fewer people and fewer vehicles per week the Seattle run returns $107,000 more than the Prince Rupert run.

Consideration has been given to raising the fares on the Prince Rupert run to make the same profit as the Seattle run, however this would mean a 50% increase in fares. Marine Highway has therefore increased the fares on the Seattle run 4% and increased fares on the Prince Rupert run 8%.

In an attempt to take advantage of the more profitable Seattle run, Marine Highway has decided to make an additional weekly run from Seattle during the summer instead of Prince Rupert. This change is reflected in the new ferry schedules.

The graphs that follow and also those included in the appendices given an actual breakdown of each run and show revenues generated verses expenses incurred.

Other areas discussed or review

The reservations section of the Marine Highway is an area that is very busy. While on tour of the facility with Mr. Camp the telephones were ringing constantly. This is another area that many people complain about, - not being able to reach the Marine Highway for reservations.

There are currently 9 lines available to Marine Highway:
These calls are answered in priority from Group 1 to 3.
Group 1 - 2 toll free lines for use within Alaska
Group 2 - 3 lines available for local callers
Group 3 - 4 toll free numbers for out of state use.

As you will see from the attached summary, 5163 calls were made to Marine Highway on August 5th, 1985. Of this 1389 calls were answered from the 2 toll free in state lines compared to 1400 from the 4 toll free out of state lines. This possibly explains the difficulty getting through to Marine Highway within Alaska.
The department is considering deleting one of the toll free out of state lines and possibly adding another toll free in state line for use by Alaskans. This addition may not be possible if revenues for the year continue to be down from those projected.
The cost of maintaining a toll free in state line is considerably more expenses because of in state telephone rates.

Although the 4 toll free out of state lines are constantly in use the time taken with each of the out of state calls is much longer than the local and in state calls. This is due to the fact that many people call from other states to make inquiries on everything from scheduling to the weather and are usually unfamiliar with the area and request a description on each port of call, which in turn ties up the staff and the lines for a considerable length of time. Therefore, deletion of one or more of the out of state toll free lines would be both cost saving and time saving.

Other office procedures

One of the biggest obstacles facing the Marine Highway should be overcome in this fiscal year. At the present time much of the hardware needed to make the computer system truly effective is not on line. Therefore in order to compare revenues from ticket sales month to month each ticket has to be individually punched into the

computer before a monthly figure is available. Currently the information available in from sales 2 to 3 months previous. The necessary hardware has been purchased and is currently being installed. This will provide accurate, up to date information on revenues generated for the previous months. This will help with management decisions such as fare structures etc.

All time sheets for all marine highway onshore an offshore personnel are computed by hand. Requests for funds for computers will be in the FY 87 budgets.

In summary, Alaska Marine Highway system has several short time priorities:

a. To make the necessary adjustments or cuts to balance the FY 86 operating budget. It is hoped that any adjustments or necessary cuts will have the least amount of impact on services or personnel.
b. To assess and implement methods to attain projected revenues. To work toward overcoming any obstacles and agressively compete in the transportation business.
c. To automate the offices to provide the most current and accurate information on passengers travelled, revenues generated and expenses incurred and therefore allow management to react more agressively to industry demands and swings, and to implement any changes that may be necessary for them to meet or exceed their projections.

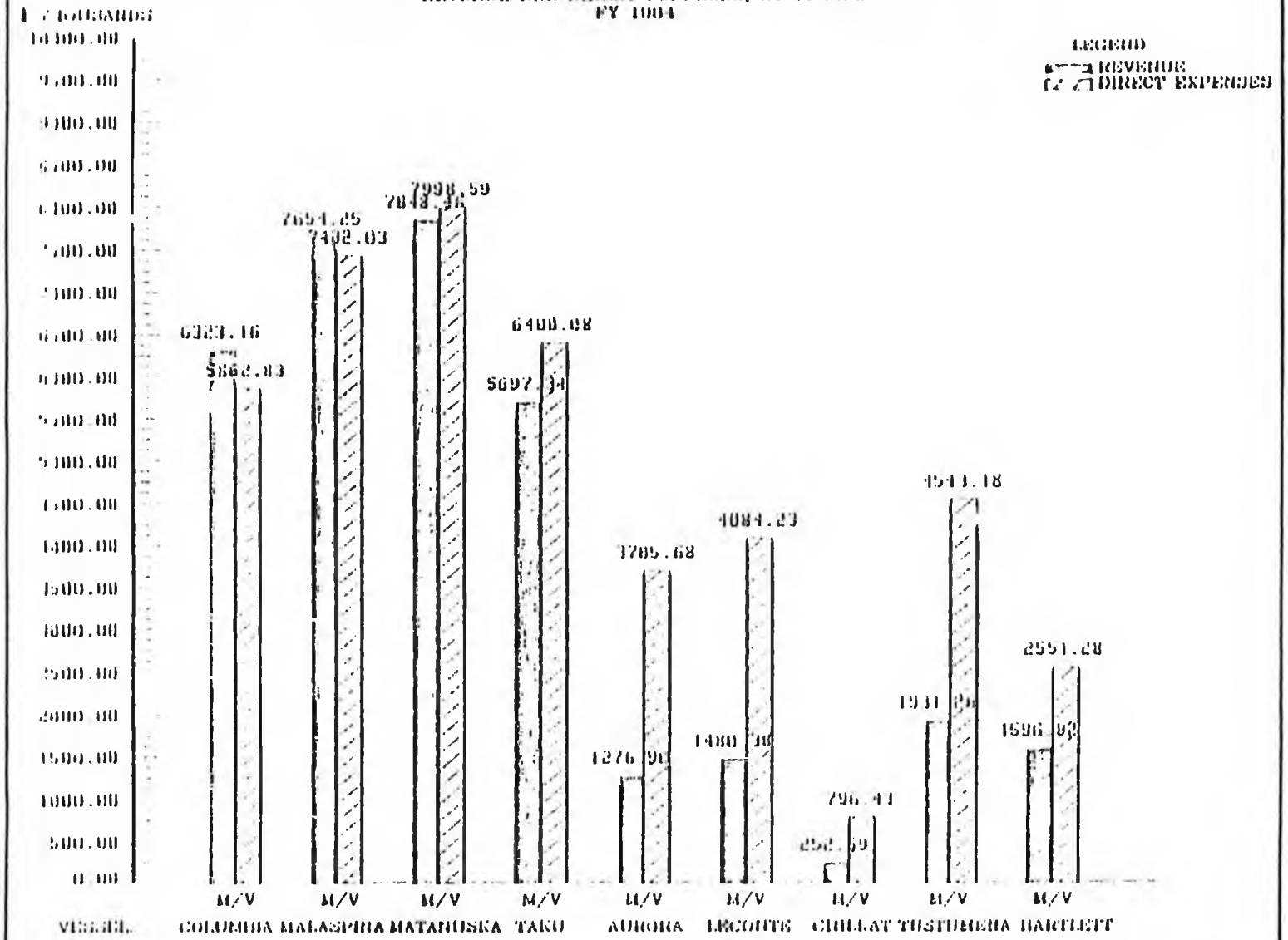
The Long term plans for Marine Highway include looking into the fast ferries as an alternative. Constructing, upgrading and rebuilding facilities and vessels and providing more cost effective, efficient services both onshore and offshore.

Representative Bette Cato, Chairman

Rhonda Cargill
Wendy Chamberlain
House Transportation Committee Staff

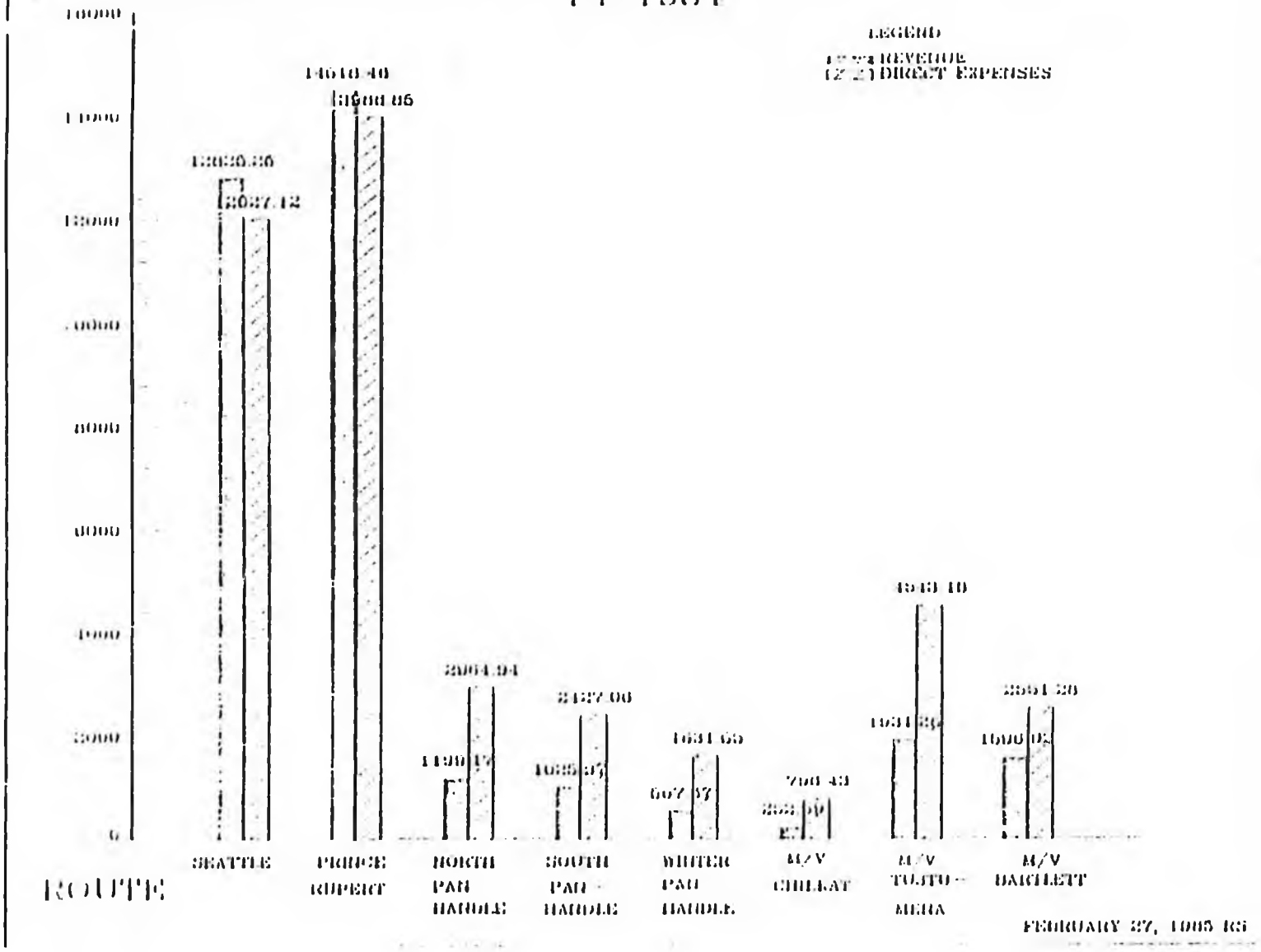
ALASKA MARINE HIGHWAY SYSTEM

REVENUE AND DIRECT EXPENSES, BY VESSEL
FY 1004



ALASKA MARINE HIGHWAY SYSTEM

REVENUE AND DIRECT EXPENSES BY ROUTE
FY 1984



FEBRUARY 27, 1985 83

AUTO WEEKLY

7/29 - 8/05

SYSTEM ACTIVITY

AGENT GROUP : 1 Total Time : 168:00
Period Covered : Jul/29/95 Mon 4:00 AM to Aug/05/95 Mon 4:00 AM

	INCOMING CALLS							
	Answered Before Tone	Answered After Tone	Handled	Abandoned	Offered	Over-flowed	Night Service	OUTGOING CALLS
Mon-29	448	498	946	51	997	0	37	11
Tue-30	313	454	767	48	815	0	35	4
Wed-31	418	363	781	42	823	0	32	13
Thu-01	810	630	840	129	969	0	32	17
Fri-02	277	486	763	104	867	0	38	9
Sat-03	73	273	346	54	422	0	33	2
Sun-04	116	123	239	31	350	0	40	13
Mon-05	0	0	0	0	0	0	3	0
TOTALS	1357	2827	4684	479	5163	0	390	87

SERVICE LEVELS

Number of Calls Handled Within XX Seconds

:	5	10	20	30	60	90	180	OVER
:	1374	695	407	193	479	333	749	721
.X :	26.3%	14.1%	8.6%	4.1%	10.3%	6.3%	15.9%	15.3%

AUTO WEEKLY

AGENT ACTIVITY

ENT GROUP : 1 Total Time : 168:00
iod Covered : Jul/29/85 Mon 4:00 AM to Aug/05/85 Mon 4:00 AM

	TOTAL CALLS				AVERAGE DURATION Min:sec			
AGENT	Incoming	Outgoing	Internal	Transfer	Incoming	Outgoing	Internal	Wrap
41	308	3	3	3	3:48	0:00	0:37	0:33
42	379	8	1	1	3:50	3:07	0:30	3:-0
43	49	18	1	0	1:31	1:57	0:22	7:33
44	505	2	3	2	3:13	0:40	0:20	4:13
45	464	30	3	3	1:45	1:18	0:00	0:-0
46	413	0	3	3	4:06	0:00	0:06	1:33
47	137	2	0	0	1:29	3:30	0:00	5:01
48	384	0	4	3	3:54	0:20	0:05	3:17
50	0	0	0	0	0:00	0:00	0:00	0:00
51	193	1	1	1	3:42	1:40	0:10	3:33
52	118	13	1	1	3:50	3:55	0:01	1:13
53	74	1	1	2	3:13	3:40	0:13	0:-0
54	348	2	3	1	3:34	1:30	0:27	1:-0
60	0	0	0	0	0:00	0:00	0:00	0:00
61	0	0	0	0	0:00	0:00	0:37	0:00
62	0	0	0	0	0:00	0:00	0:00	0:00
	0	0	0	0	0:00	0:00	0:01	0:00
TOTAL CALL	4700	87	45	30				

ALLOCATION OF TIME

Hr:min

AGENT	Signed In Duration	Incoming	Outgoing	Internal	Wrap-Up	Available	Unavailable
41	33:57	9:45	0:00	0:01	0:03	4:15	33:53
		18.0%	.0%	.0%	.0%	7.5%	73.5%
42	33:59	18:00	0:17	0:00	5:32	4:43	4:27
		53.7%	.3%	.0%	16.5%	14.0%	14.5%
43	11:43	1:31	0:35	0:00	0:32	1:57	7:08
		12.9%	5.0%	.0%	4.5%	16.3%	60.3%
44	43:13	27:05	0:01	0:00	3:13	3:13	3:43
		64.1%	.0%	.0%	5.3%	14.7%	13.3%
45	43:49	13:32	0:35	0:00	0:01	10:35	13:35
		31.3%	1.2%	.0%	.0%	24.3%	-3.3%
46	43:47	33:35	0:00	0:01	0:33	3:01	3:37
		56.4%	.0%	.0%	1.3%	11.7%	30.3%
47	9:35	2:35	0:01	0:00	1:05	1:55	0:00
		37.3%	.1%	.0%	18.3%	34.0%	.1%
-	37:48	13:47	0:00	0:00	4:43	3:35	3:43
		41.3%	.0%	.0%	8.7%	21.3%	8.7%
50	0:00	0:00	0:00	0:00	0:00	0:00	0:00
		.0%	.0%	.0%	.0%	.0%	.0%
51	17:33	11:57	0:02	0:00	2:13	2:15	1:13
		37.3%	.1%	.0%	13.3%	13.7%	8.1%
52	33:43	24:35	0:35	0:00	7:45	10:24	1:13
		88.1%	1.1%	.0%	13.5%	33.3%	.7%
53	43:09	37:37	0:07	0:01	0:35	7:01	0:12

54	40:36	25:55	0:03	0:01	3:10	8:30	3:15
		63.8%	.1%	.0%	7.4%	20.9%	7.5%
60	0:00	0:00	0:00	0:00	0:00	0:00	0:00
		.0%	.0%	.0%	.0%	.0%	.0%
61	0:00	0:00	0:00	0:00	0:00	0:00	0:00
		.0%	.0%	.0%	.0%	.0%	.0%
	0:00	0:00	0:00	0:00	0:00	0:00	0:00
		.0%	.0%	.0%	.0%	.0%	.0%
71	0:00	0:00	0:00	0:00	0:00	0:00	0:00
		.0%	.0%	.0%	.0%	.0%	.0%
GROUP TOTAL	416:45	215:58	2:10	0:04	28:10	71:30	99:07
		51.8%	.5%	.0%	6.7%	17.1%	23.7%

JUL 15 1985

NOTICE OF PROPOSED CHANGES IN THE
REGULATIONS OF DEPARTMENT OF TRANSPORTATION AND
PUBLIC FACILITIES

Notice is given that the Department of Transportation and Public Facilities, under authority vested by AS 44.42.030, proposes to adopt regulations in Title 17 of the Alaska Administrative Code, dealing with Alaska Marine Highway tickets, to implement AS 44.42.020 as follows:

(1) 17 AAC 70.220(a) and (b) are proposed to be amended to incorporate the provisions of 17 AAC 70.221, and

(2) 17 AAC 70.221 is proposed to be adopted to establish procedures for refunds on Alaska Marine Highway tickets with the amount refunded, reduced depending upon when in relation to sailing the cancellation of the reservations occurs, the time of the year the space is reserved, and the particular route.

Notice is also given that any person interested may present written statements or arguments relevant to the proposed action by writing to Deputy Commissioner, Alaska Marine Highway System, Pouch R, Juneau, Alaska 99811, so that they are received no later than August 9, 1985.

This action is not expected to require an increased appropriation.

Copies of the proposed regulations may be obtained by writing to:

Merv Griggs
Alaska Marine Highway System
Pouch R
Juneau, Alaska 99811

The Department of Transportation and Public Facilities, upon its own motion or at the instance of any interested person, may, after the deadline stated above, adopt proposals within the scope of this notice without further notice or may decide to take no action on them.

DATE: _____

_____
Joe D. Camp
Deputy Commissioner
Alaska Marine Highway System
Department of Transportation
and Public Facilities

17 AAC 70.220(a) and (b) are amended as follows:

17 AAC 70.220. REFUND OF FARES, RATES OR CHARGES. (a) Passage tickets for passengers or vehicle deck space when presented by the legal owner, within one year of valid date, may be redeemed, subject to the provisions of 17 AAC 70.221, under the following conditions:

(1) unused passage tickets when travel was not performed or when transportation was not provided will be refunded at full value upon application;

(2) changes in destination, number of persons ticketed, size of vehicle or other details that result in the transportation provided being of lesser value than the purchase price of the passage ticket, must be adjusted on the basis of the true published value of the transportation provided; the adjusted difference will be refunded upon application;

(3) lost tickets may be refunded upon application and certification of loss.

(b) Tickets issued for stateroom or berth accommodations, when presented by the legal owner, may be redeemed, subject to the provisions 17 AAC 70.221, under to the following conditions:

(1) if canceled prior to sailing full refund may be made upon application,

(2) when travel distance is shorter than originally ticketed, or when all berths originally ticketed are not used, no adjustment in charges for the berth or stateroom service will be allowed. (Eff. 7/8/72, Reg 42; am / / , Reg.)

17 AAC 70.221. REFUND OF TICKET AMOUNTS. (a) Amounts refunded on tickets shall be reduced from the full ticket price for routes specified in this section as follows:

(1) if cancelled thirty days prior to sailing, 100 percent is refunded;

(2) if cancelled more than twenty days, but less than thirty days before sailing, 80 percent is refunded;

(3) if cancelled more than ten, but less than twenty days before sailing, 60 percent is refunded;

(4) if cancelled less than ten days before sailing -0 percent is refunded; and

(5) if the vessel sails without cancellation of the tickets, nothing is refunded;

(b) The provisions of this section apply to the following routes:

(1) all tickets for sailings using Seattle as a point of origin or as a destination;

(2) all tickets for sailings northbound from Prince Rupert during June and July of each year;

(3) all tickets for sailings southbound to Prince Rupert from July 15 through September 15 of each year;

(4) all tickets for any sailing between Whittier and Valdez; and

(5) all tickets for individual sailings specified in the Alaska Marine Highways' schedule. Schedules are issued for the periods October 1 through April 30 and May 1 through September of 30 each year. Copies of the schedules may be obtained from The Alaska Marine Highway System, Pouch R, Juneau, Alaska 99811. (Eff. / / / , Reg.)

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

DEPUTY COMMISSIONER—ALASKA MARINE HIGHWAY SYSTEM

POUCH R
JUNEAU, ALASKA 99811
(TELEX 45-312)
PHONE (907) 465-3950

November 4, 1985

All Employees
Alaska Marine Highway System

I am writing this letter to all employees in response to a letter (copy attached) published on Thursday, October 31 in the Juneau Empire. That letter got my attention for three reasons:

1) It contained persistent false rumors and accusations;

2) it was allegedly signed by a dedicated employee who had recently died; and

3) it mentioned one event that occurred after his death.

On Friday morning, November 1, while pondering how Mr. Clark could have written a letter about something that occurred after his death, I received a call from Mr. Carl Sampson, Managing Editor of the Empire. He had just received a call from Mr. Clark's daughter who had informed him that Mr. Clark could not have written or had anything to do with that letter since Mr. Clark had been gravely ill in a Portland hospital for some time before his death. The Friday Empire carried an editorial (copy attached) that states the Editor's position much better than I can.

Even though some individual or group of individuals has taken advantage of Mr. Clark and his family and possibly the letter to the editor should be ignored, I believe I owe it to all of you to answer with facts the false charges that letter implied. My comments respond paragraph by paragraph to the letter to the editor.

Our labor costs are high. Over 53.5 percent of our total operating budget is in personal services costs and benefits for our vessel employees. Shore employee personal services and benefits are less than 9.5 percent of our total operating budget. No other major vessel operator faces those types of labor costs to my knowledge and experience. Most of the wages are hard earned and well deserved, but management must ensure that we do not pay for services not needed.

Office personnel have not tripled. In fact, there have been a total of only 15 personnel added to the authorized Alaska Marine Highway System (AMHS) personnel count since July 1980 and seven of these were approved this year and are Capital funded positions to manage construction projects for Marine Facilities Engineering. It may seem to the unknowning as if many positions have been added to headquarters staff since AMHS has consolidated under one Deputy Commissioner. With the exception of the 15 new personnel, all other positions have long been employed in Department of Transportation and Public Facilities (DOT&PF), doing AMHS work. Many were simply located elsewhere where they reported to different supervisors but they were performing AMHS tasks. The DOT&PF reorganization in 1983/84 simply located them centrally in the same organization which, incidentally has made us more responsive and efficient. There are 7 persons or 4.7 percent in the shore staff of AMHS earning $60,000 or more. There are 69 or over 3.1% of all vessel personnel earning that much or more. In addition, there are 205 or 24% of all vessel personnel earning between $40,000 and $60,000. Ashore there are 24 or 16.3% earning those wages. Shoreside supervisors and managers are not eligible for overtime even though many extra hours of work are required. The shore staff to vessel employee ratio of AMHS compares very favorably with the Washington State Ferries. Washington State Ferries have one person ashore for every four afloat while AMHS has one person ashore for every 5.3 persons afloat.

In the winter our administrative staff must still order the supplies, account for revenues and expenses, pay the bills, dispatch personnel, handle payroll, prepare budgets, manage capital construction projects and make reservations. There is no slack period ashore as there is on the routes.

We are implementing a limited number of training programs for our shoreside staff just as we are for our vessel personnel. Both programs will increase as our budget will allow. Non-performers, both afloat and ashore are being appropriately dealt with within the bounds of union contracts.

Management philosophy is not intended to be antagonistic toward vessel personnel. When I was at sea I made a vow that if ever I was in a management position ashore, I would ensure that the shore staff always remembered that their only reason for being was to support the ships. We are dedicated to making AMHS a more efficient organization that better serves the needs of all Alaskans. We are antagonistic to any personnel who seem only to think of how they can get more for doing less or those who fail to remember that our sole reason for operating is to serve the public.

Mr. Black and I were recruited from outside the state. We both had extensive experience in managing and working with civilian crewed vessels. Many successful businesses recruit ex-military personnel for their proven track record as cost effective managers. We both hope to remain in Alaska for a long time. Incidentally, we have given all vessel employees who collect COLA but who are "P. O. Box Alaska residents" the opportunity to correct past errors without penalty. Those who we now identify as having filed false claims in order to collect COLA will be dealt with to the limits of the law including termination and collection actions to recover COLA paid non-residents. Only the cheaters should be bothered by this. Alaska residents and those honest outsiders who don't collect COLA should be happy to see it happen.

Some marketing surveys have been conducted for specific purposes. Where appropriate and where funding is available the recommendations are implemented.

I made the statement that I thought airline super saver fares were the principle cause of falling revenue this year. There are many other factors involved and we are taking whatever action we can to counter those losses. One will be to sail two vessels out of Seattle next summer. Our service to Hyder was the result of legislation that required it. DOT&PF argued against it in all committee hearings because of the anticipated losses. The $47,000 loss was for the entire summer, not each week. We will again serve Hyder/Stewart next summer, but since we will be carrying vehicles we should not have a loss.

Last summer we had over 850 vessel employees to fill 331 jobs per week on all vessels. Considering two crews that totals 662 permanent jobs with 138 relief personnel to fill in. In spite of that number of extra personnel we sometimes did not have enough personnel to dispatch to cover all positions on all vessels. We did not sail below Coast Guard certificate. AMHS is the only seasonal business I know of that has allowed almost unlimited leave during the peak season. Too liberal a leave policy and a higher than usual "not fit" situation during a portion of this summer left us short. With the funding shortages we have, hiring additional personnel was not the answer, but better managing the personnel we have may be. We are seriously considering limiting all personnel to no more than one work week leave and then only for a limited number on leave each week between May 15 and September 15 next year. I dislike having to limit leave but we are in a seasonal business whether we like it or not.

M/V COLUMBIA will be in a dead ship lay up status until at least March 1. Todd Shipyard will also complete the industrial overhaul during that period. To lay COLUMBIA up in Ketchikan this year would have cost AMHS a minimum of $328,000 in auditable costs. The Todd Shipyard contract is for $143,000, or a savings of $385,000. That savings equates to two extra weeks sailing for a mainline vessel, providing service to the public.

Shoreside employees travel on passes only when they are on official business, therefore reservations for cabins are in order and meals are included in lieu of per diem. Occasionally, I take my vehicle when I travel on official business on the ferry. It is a cost savings measure as I then do not need to rent a car at destination and I only do this if there is adequate space available. Shoreside personnel do not receive passes for vacation travel. Shoreside employees' family members never receive passes for passage or meals. Mr. Black's daughter was, traveling on a purchased ticket, erroneously not charged for an evening meal on M/V COLUMBIA this summer. Mr. Black brought it to the attention of the Port Steward and thought it was resolved before he left the ship. After debarking, he discovered the meal had not been paid for and he paid the bill the next COLUMBIA trip through Juneau.

I firmly believe that we have the finest system and that we have more dedicated, hard working employees than any organization of comparable size anywhere in the world. We must all work together to improve our system so that it can function to its fullest to provide service to the public. To the majority of you who work so hard for our system, I say thanks, keep up the good work and help us realize the real potential this system has.

Sincerely,

Joe D. Camp
Deputy Commissioner

Enclosures

JUNEAU EMPIRE - October 31, 1985

Letters

Ferries need help from top down

Dear Sirs,

This letter is a response to the growing antipathy being created in the Alaska Marine Highway Systems (A.M.H.S.) between shipboard personnel and the management in the Juneau office. Management seems oblivious to its contribution to waste in state government and prefers to put the blame on "high" labor costs. Examples of mismanagement are rife, but we will explore only a few in this document.

Office personnel and mid-level managers have about tripled in the past five year, with officer's wages averaging $60,000 a year. One might compare ferry management (in terms of the ratio of office to line workers) with private shipping companies or the Washington State Ferries. They operate with a fraction of the personnel and have bigger budgets, more ships, and larger payrolls.

Each winter half the ships are laid up in the shipyard for maintenance, but there is never a reduction in force in office personnel. Actual ships and compliment crews are static, while office workers multiply exponentially.

There is no policy of continuing (or even initial) management training. Poor personnel are never removed, just shifted to a different title – usually a position of more responsibility.

Management philosophy is antagonistic to shipboard workers and is heavily infiltrated by ex-military personnel. Since when is the military a good place to recruit people to be cost effective?

Top management has been imported from outside the State of Alaska, even though Governor Sheffield in a recent press interview still gives lip service to local hire on state financed projects.

There have been approximately 11 marketing surveys done for the state in as many years (at what cost?) that have NEVER been utilized. Evidently no one in Juneau knows how to analyze and implement the data gathered by the firms contracted for the surveys.

A D.O.T. official in a recent public statement blamed loss of ferry revenue on super saver air fares, but said the A.M.H.S. is taking steps to save money at the operational level. So far this has translated into less sailors and stewards to work shipboard during peak summer months, and inaugurating weekly trips to Hyder, Alaska, at $47,000 per trip.

Lay up on "dead ships" (those vessels with no maintenance being done and no workers aboard) are being tied up to sit in ports outside of Alaska. These docking fees could just as easily go to Alaskan cities with docking facilities.

Ethical standards for any operation, be it public service, the private sector or the military, are set by the leadership and filter down to subordinates. At the A.M.H.S. we are given the examples of "do as I say, not as I do." Memorandums are issued denying employees traveling on passes from (1) reserving staterooms or (2) having free meals aboard the ship, yet an official's daughter travels with her father while he is ostensibly on official business, all meals provided to them at state expense. On a recent "special" voyage to Sitka, officials traveling on passes reserved their stateroom accommodations, even after their own memos (dated two weeks previously) state quite clearly there would be no exceptions to the pass-reservation rule.

The old adage "Physician, heal thyself" might be well applied to a bloated, inefficient bureaucracy whose typical response to declining state revenues and calls for a more cost effective program is to blame the workers who set no policy, have little or no control of day-to-day operations and who struggle to interpret variable and often capricious office politics.

Please sign us,
Frustrated Public Servants

Larry Clark
P.O. Box 2515
Juneau, 99803

JUNEAU EMPIRE - November 1, 1985

An apology for an abuse of a privilege

A newspaper has many jobs: to inform, to entertain and to provide a forum for the expression of opinions. Each of those functions is important, because together they provide a well-rounded view of the world around us. If one of those functions had to be chosen as most important, the free expression of opinion would probably be it. That's because in a democracy, the free expression of opinion is not reserved for the few, it is a privilege enjoyed by all.

Most of the time, people express their opinions in a responsible manner. Once in a great while, however, that privilege is abused. It doesn't happen when an individual speaks deeply held beliefs, and it doesn't happen when an honest error in fact is stated.

It happens when an individual, or group of individuals, purposely seeks to deceive.

By all indications, that's what happened in a letter to the editor published in Thursday's Empire. In it, someone apparently forged another person's signature. While that is bad enough, the person whose name had been forged had passed away nine days after the letter was dated. The family says he had been severely ill in Oregon and there is no way he could have written the letter or had anything to do with it.

Maybe the person who forged that letter has a just cause. Or maybe he thought he was being real smart by taking another man's name. But no matter how you look at it, nothing can justify this sort of flagrant and willful abuse of a privilege. Whoever did it not only destroyed his credibility and perpetrated the most irresponsible of deceptions, he needlessly hurt the man's family, friends and former co-workers.

What can justify that sort of action? Nothing. What can make up for the hurt? Nothing.

We offer our apologies to the members of Larry Clark's family and the many other people who we hurt by publishing that letter, and you can bet we will make every effort to make sure this never happens again.

If the person responsible for this deception had any courage or sense of right, he or she would also apologize to the family and to the public.

DIVISION OF ADMINISTRATIVE SUPPORT
ALASKA MARINE HIGHWAY SYSTEM

Martin J. Nusbaum, Director

- With its staff of 51 the Division of Administrative Support was able to meet its objective of providing the necessary supply, personnel and finance functions for the Alaska Marine Highway System by meeting the following objectives.
- Payroll and dispatching errors decreased by 25%.
- Decrease in crew travel pay due to dispatch errors by 23%.
- Decrease in time on recording crew seniority points by 33%.
- Decreased processing time whereby vendor payments were accomplished under thirty days from time of invoice to payment.
- Further progress is anticipated in FY 86 in that objectives toward improving systems with the help of computers is expected to be made in the following areas:
- Prompt and accurate rating and response to marine employee applicants as to hiring qualifications and compliance with affirmative action.
- Improve warehouse and inventory control procedures. Reduce error rate to 2%.
- Establishment of cost centers including management and accounting requirements to identify profit/loss for services performed.

ALASKA MARINE HIGHWAY SYSTEM
DIVISION OF MARKETING AND SERVICES

Josephine Emery, Director

- A major change took place within the Division of Marketing and Services in FY 85 when reservations' functions were centralized in Juneau. A staff of 65 includes reservations positions which were shifted from both the Seattle and Anchorage offices, which had previously shared the reservations load, to the Juneau office. Toll free lines, two Alaskan and four out-of-state were installed along with appropriate electronic call distribution, monitoring and reporting. This has proven effective with the number of unanswered telephone calls being reducted significantly.

- Most of the objectives of the Division were reached as the response to telephone and letter inquiries improved as planned and the number of vehicles transported increased from 94,000 to 99,000 as projected. However, two objectives were not reached. Passenger traffic did not reach projected levels as ridership actually declined one percent compared to the projected rise of three percent.

- With passenger traffic declining, revenue also fell short of projections by nearly six percent at $32.6 million.

ALASKA MARINE HIGHWAY SYSTEM
DIVISION OF MARINE FACILITIES ENGINEERING

Harold Moeser, Director

- With the FY 85 funding level Marine Facilities Engineering was able to meet its objectives in the development and obligation of $10,700,000 in capital construction. Projects included the rehabilitation of the M/V MATANUSKA and Petersburg Ferry Terminal ($7,500,000), and new or major improvements at Tenakee, Hoonah and Ketchikan ($3,200,000).

- The staff total of 20 includes a Naval Architect and five registered professional engineers. Beginning in FY 85 a full time Shore Maintenance Manager function was established to schedule and contract for shore maintenance as needed.

- The legislature authorized 7 additional positions for FY 86 which will allow this Division to target for an FY 86 capital construction output of $26,000,000. The primary emphasis will be in completing the Ketchikan Ship Repair Yard ($13,000,000), improvements to vessels M/V COLUMBIA (Bow Thruster), M/V BARTLETT and M/V MATANUSKA ($2,600,000), and new or improved terminal facilities at Wrangell, Metlakatla and Seward ($5,200,000). Maintenance of all Alaska Marine Highway Terminals is ongoing and estimated to be $200,000 per year.

ALASKA MARINE HIGHWAY SYSTEM
DIVISION OF MARINE OPERATIONS

Eugene H. Black, Director

Objectives of FY 85

- Full utilization of our capital assets, our ships, and shore facilities.
- Provide additional service the private sector could not offer. This deals with new Alaskan ports and frequency of service.
- Increase ship operating days and passenger boardings.
- Reduce overhaul costs
  a. Increasing productivity per labor hour
  b. Improved scheduling
  c. Shorter layup period
- Improve passenger service by upgrading facilities and expanding passenger food service options.
- Re-engine the M/V MATANUSKA.
- Upgrade safety equipment to state of the art on all Alaska Marine Highway System vessels.

The number of employees under Alaska Marine Highway System supervision

- Nine shoreside management positions to supervise 725 vessel positions.

Accomplishments

- The ships were better utilized with an increase in ships operating days.
- Service to Alaskan communities was expanded by scheduled trips to Hyder, Alaska. Service across the Gulf of Alaska was expanded and studies are being done to analyze this area.
- Overhaul costs were reduced by several changes in management practice.

a. Executed second year of a five (5) year service contract with main engine manufacturer for the maintenance of the main engines on the M/V COLUMBIA with an estimated annual cost savings of 300,000 dollars, which has resulted in improved operational reliability of the M/V COLUMBIA.

b. Better scheduling of layup personnel resulted in more productivity with smaller crew levels.

c. Less days were spent in layup status resulting in more use of Alaska Marine Highway System vessels.

- Extensive upgrading of Alaska Marine Highway System vessels occurred in FY 85. The major ones that affected Passenger Services are:

a. Reinstituted year-round table service for dinner meal on board Seattle run ships.

b. Installed Amtrak style recliners on M/V's LeCONTE, AURORA and COLUMBIA.

c. Installed toddler play area on M/V's TAKU and MALASPINA.

d. Major carpet upgrading on M/V's MALASPINA, LeCONTE and TAKU.

e. Remodel of Cocktail Lounge and Dining Room on the M/V MALASPINA.

f. Installed public showers on the M/V AURORA and M/V LeCONTE.

- The M/V MATANUSKA was re-engined. The life cycle cost savings justified this project. The fuel consumption comparisons are very favorable after the first four months of operations.

- Several safety related changes were made to bring Alaska Marine Highway System up to the state of the art.

a. Upgraded all radar systems in the fleet with state of the art capability.

b. Installed new extended skeg on the M/V COLUMBIA to improve her handling characteristics.

c. Conducted firefighting and CPR training programs for employees in Deck, Engine and Stewards Departments.

d. Continued upgrading the plumbing, electrical and ventilation systems aboard the ships.

e. Increased emphasis on the upgrading of all navigational equipment.

The change in direction from FY 84 to FY 85 was more a consolidation than a change. More efficient use of Alaska Marine Highway System Facilities, better scheduling of work and personnel, and expanded frequency of service.

FY 86 is a year where due to budgetary restraints, major cost cutting measures are being put in place. It is our intention to not retreat in regard to increasing our passenger boardings comparison. We are planning to accomplish more but with less. The proposed changes are:

a. By better scheduling, the M/V COLUMBIA will be layed up during the least profitable period. Even with the layup, passenger boardings should show a reasonable increase. The savings from this measure will result in a cost savings of approximately $431,952.16 due to her being in cold ship status void of crew.

b. The average time the ships will remain in maintenance/overhaul status will be cut, allowing additional time on the run to offset the M/V COLUMBIA layup.

c. Size of overhaul crew levels will be cut by 11%. Due to improved procedures and scheduling, the work will be completed in less days.

d. The food service during overhaul period will be replaced with meal per diem, which will result in a cost savings of $241,915.46.

e. There will be a change to two mainline ships calling on Seattle during the summer season, which will result in savings from less expensive supply costs and should increase revenues due to more passenger miles being logged.

ALASKA MARINE HIGHWAY SYSTEM

WEEKS OF SHIPS OPERATIONS - By Calendar Year

	1981	1982	1983	1984	1985	PLANNED 1986
Four Mainline Vessels - Southeast	128.9	135.4	133.8	150.7	146.0	155.6
Two Feeder Vessels - Southeast	82.4	84.5	81.2	83.5	87.2	90.2
M/V CHILKAT - Southeast	44.9	48.5	47.3	47.3	46.9	47.6
Feeder Vessels including M/V CHILKAT	127.3	133.0	128.5	130.8	134.1	137.8
Total Southeast System	256.2	268.4	262.3	281.5	280.1	293.4
M/V TUSTUMENA	43.4	45.0	43.8	43.0	43.9	43.8
M/V BARTLETT	52.2	44.5	44.6	44.8	44.5	44.8
Total Southwest System	95.6	89.5	88.4	87.8	88.4	88.6
Total AMHS	351.8	357.9	350.7	369.3	368.5	382.0

ALASKA MARINE HIGHWAY SYSTEM

WEEKS OF SHIPS OPERATIONS - By Fiscal Year

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87 BASE	FY 87 REQUESTED
Four Mainline Vessels - Southeast	120.4	141.9	132.0	145.2	142.0	155.8	153.1	160.1
Two Feeder Vessels - Southeast	87.0	85.9	79.7	86.0	86.2	90.8	90.9	90.9
M/V CHILKAT - Southeast	45.2	48.2	47.5	47.3	47.0	47.5	30.8*	30.8*
Feeder Vessels Including M/V CHILKAT	132.2	134.1	127.2	133.3	133.2	138.3	121.7*	121.7*
Total Southeast System	252.6	276.0	259.2	278.5	275.2	294.1	274.8*	281.8*
M/V TUSTUMENA	43.7	44.7	44.0	43.0	44.0	43.7	43.6	43.6
M/V BARTLETT	42.2	44.2	44.8	44.8	44.6	44.7	43.3	43.3
Total Southwest System	85.9	88.9	88.8	87.8	88.6	88.4	86.9	86.9
Total AMHS	338.5	364.9	348.0	366.3	363.8	382.5	361.7*	368.7*

*The M/V CHILKAT is removed from service February 1, 1987.

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

POUCH Z
JUNEAU, ALASKA 99811
PHONE (907) 465-3900

OFFICE OF THE COMMISSIONER

February 28, 1985

Ms. Sally Smith
President
Southeast Conference
P. O. Box 20
Douglas, AK 99824

Dear President Smith:

This is in response to your recent letters to Deputy Commissioner Joe Camp and me regarding reactivation and expansion of the Marine Highway Task Force. The Task Force was appointed by Governor Sheffield, and its work ended with completion of the Task Force Report. I do not believe it would be beneficial to reactivate and expand the Task Force at this time.

I do, however, see some benefits from having an advisory group to work with the Alaska Marine Highway System. I believe such a mechanism currently exists within the Southeast Conference. I would like to suggest that your Transportation Committee or some other group from your organization assume such a role. I can see the need for regular meetings and suggest for your consideration, quarterly meetings to be scheduled by the Advisory Group at their convenience with the concurrence of the Deputy Commissioner of the Alaska Marine Highway.

Sincerely,

A. J. Kemp
Commissioner

cc: Joe Camp, Deputy Commissioner
Alaska Marine Highway System

SOUTHEAST CONFERENCE

P.O. Box 23 • Douglas, Ak. 99824

(907) 586-6846

February 5, 1985

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

Dear Governor Sheffield:

The Southeast Conference board of directors, comprised of Southeast district representatives, Southeast legislators, and Southeast community mayors, has reviewed the Marine Highway Task Force report to the State and is following the implementation of those recommendations we support.

The Southeast Conference board requests the Marine Highway Task Force be continued as an active board and be expanded to include a representative from each marine highway "user" community. This would ensure ongoing communication between the State administration and the people of Alaska serviced by the ferry system.

We shall appreciate your comments regarding this request which the board believes will achieve a balanced direction for the future of the marine highway system.

Respectfully,

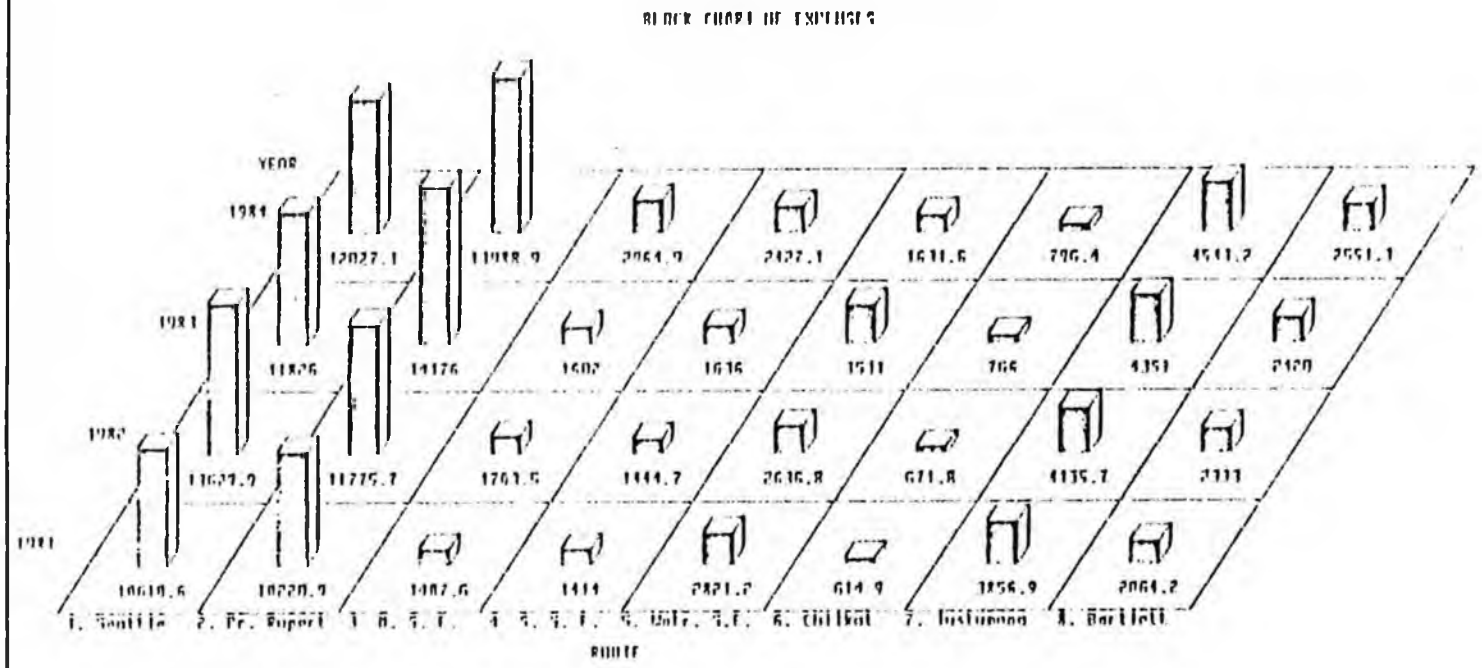
Sally Smith

Sally Smith
President

ALASKA MARINE HIGHWAY SYSTEM

Direct Expenses by Route and Fiscal Year, 1981 - 1984

$ Thousands

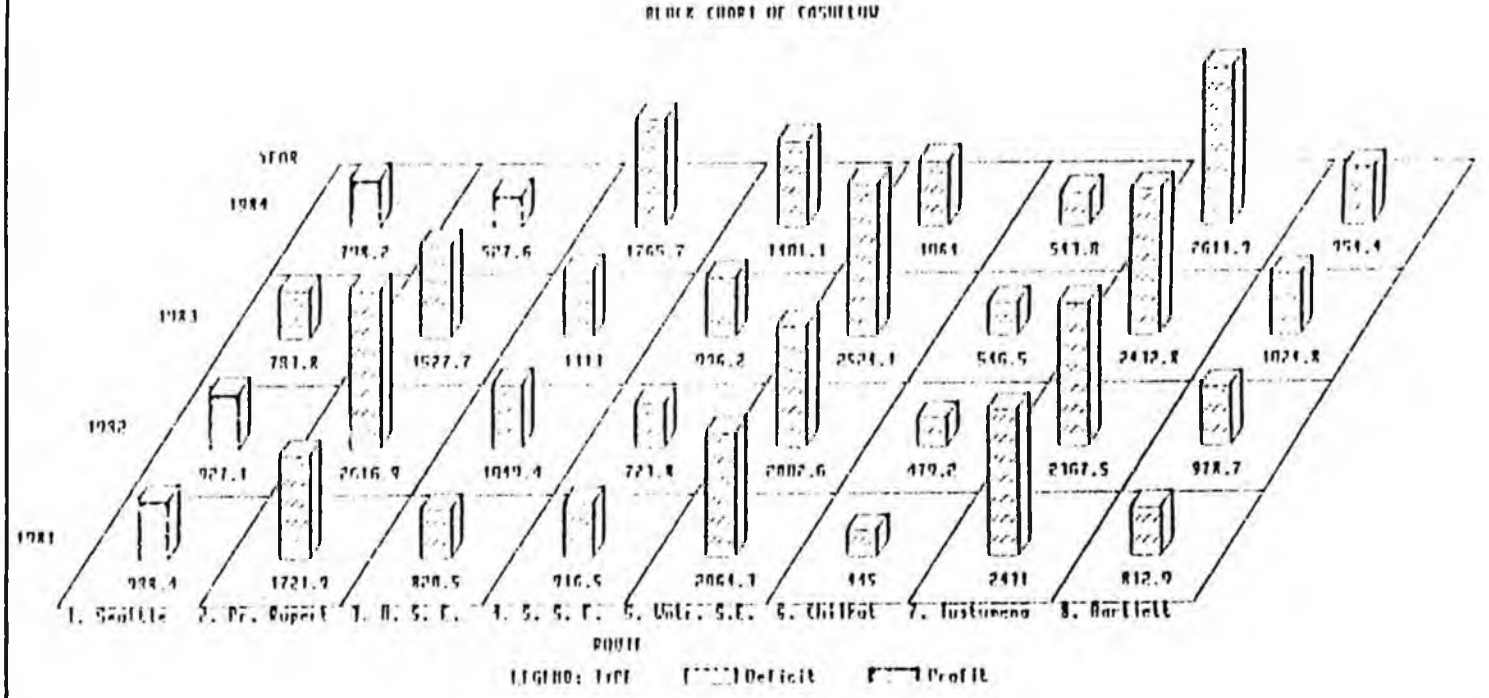


Compiled February 27, 1985

ALASKA MARINE HIGHWAY SYSTEM

Profit or Deficit by Route and Fiscal Year, 1981 - 1984

$ Thousands



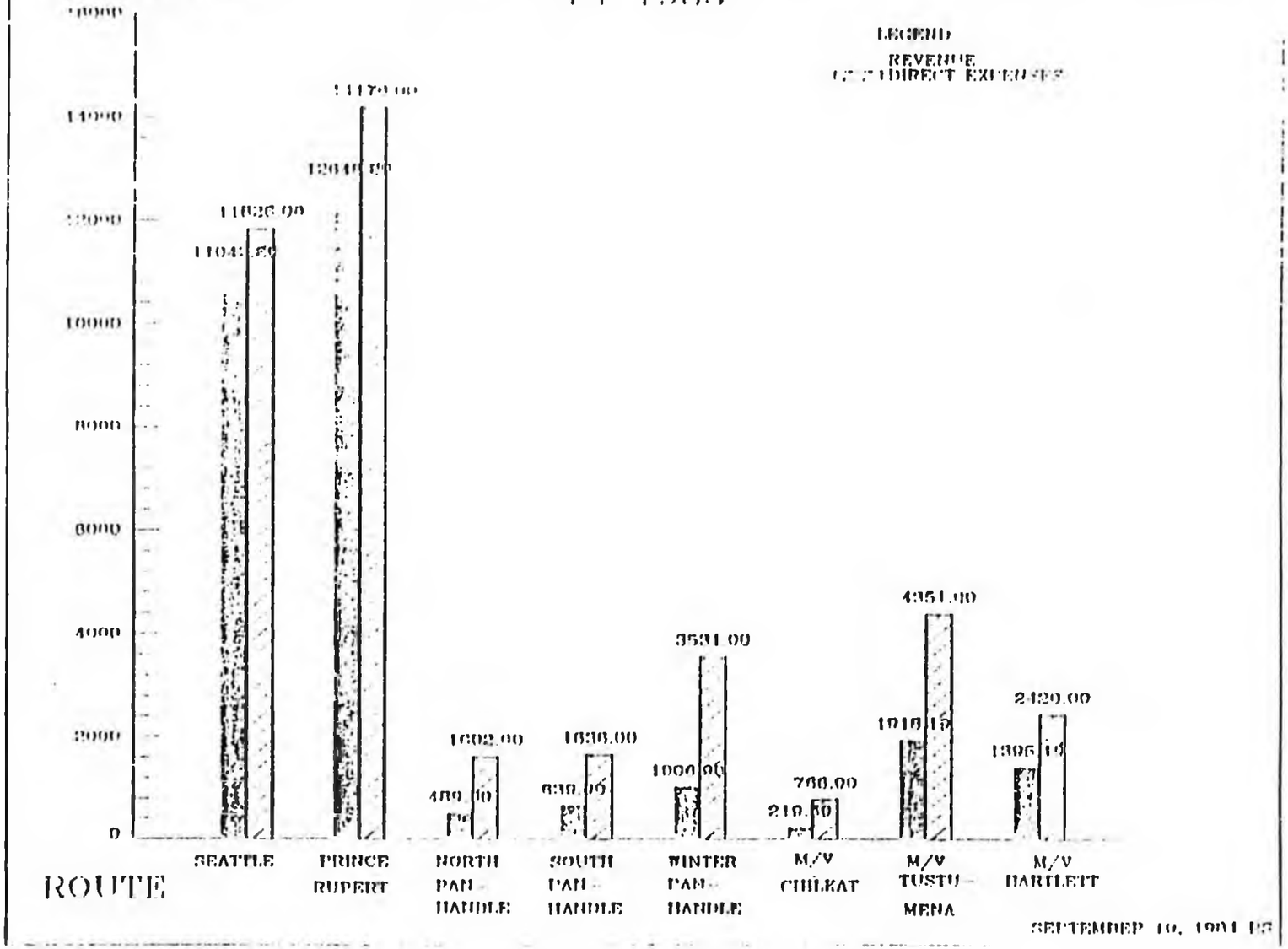
Compiled February 27, 1985

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5143 HTRA HB 62

715

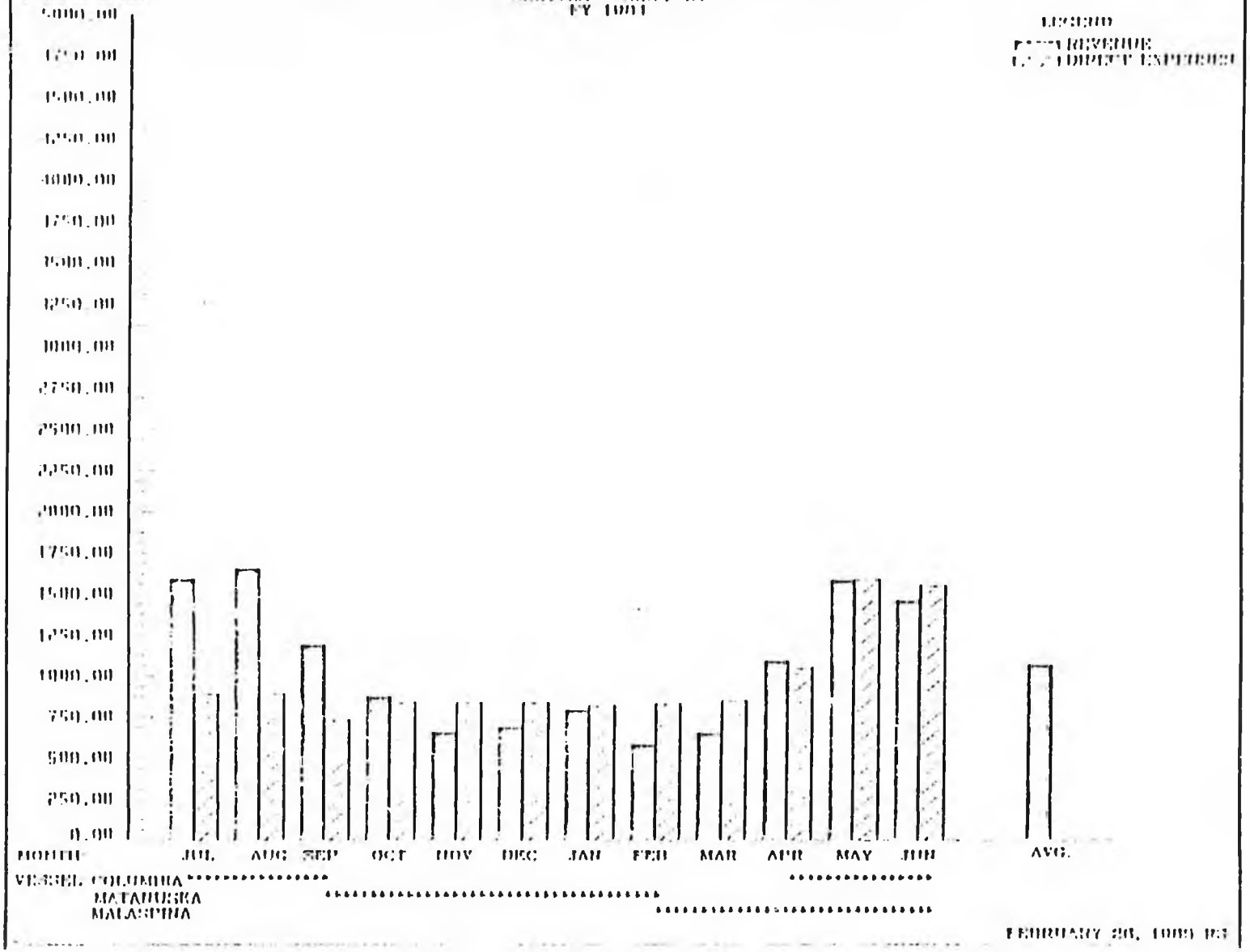
ALASKA MARINE HIGHWAY SYSTEM

REVENUE AND DIRECT EXPENSES BY ROUTE
FY 1983



ALASKA MARINE HIGHWAY SYSTEM

REVENUE AND DIRECT EXPENSES, BY MONTH
SEATTLE - SKAGWAY
FY 1991

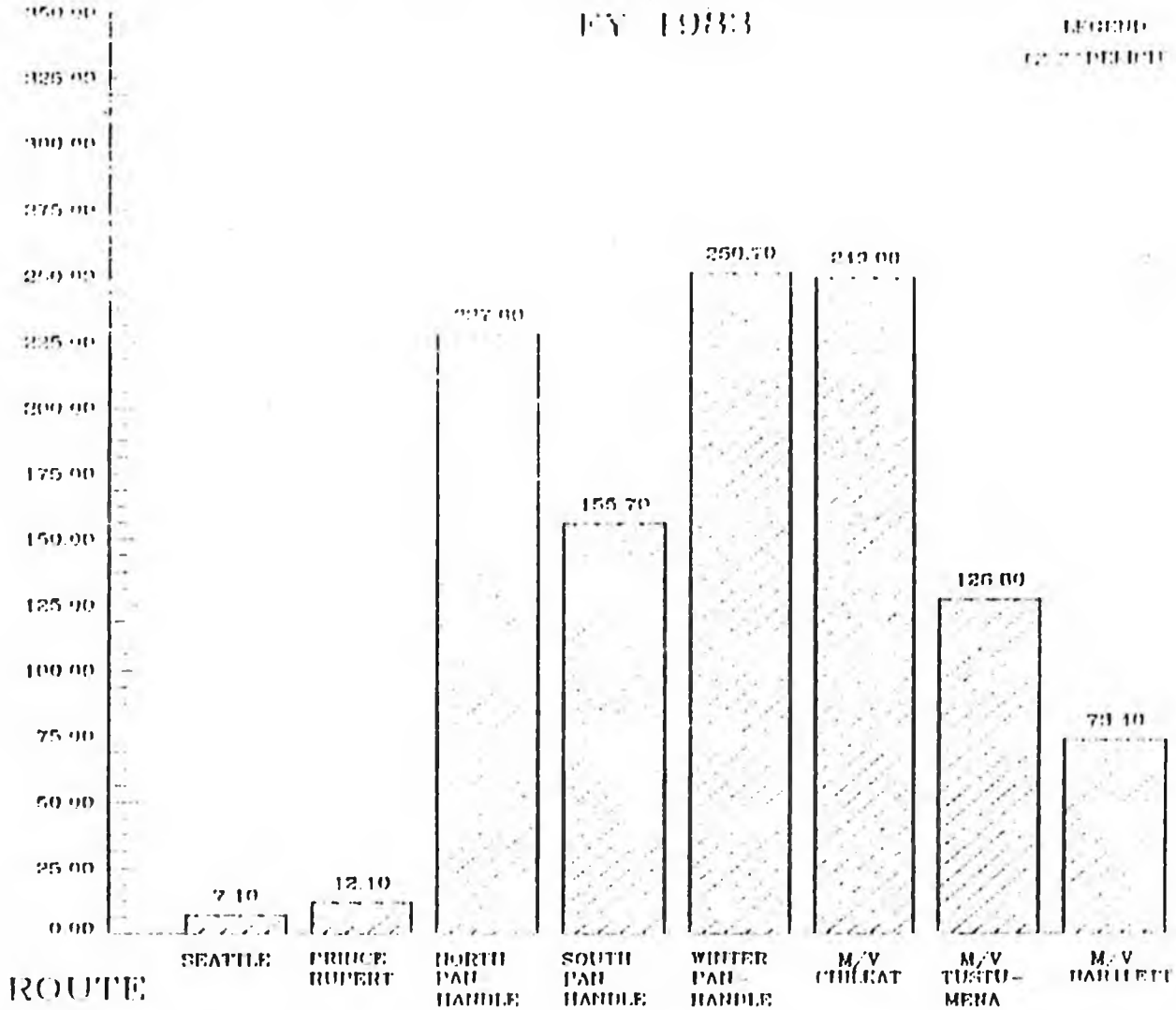


FEBRUARY 28, 1991 [illegible]

ALASKA MARINE HIGHWAY SYSTEM

PROFIT OR DEFICIT
AS A PERCENT OF REVENUE
BY ROUTE

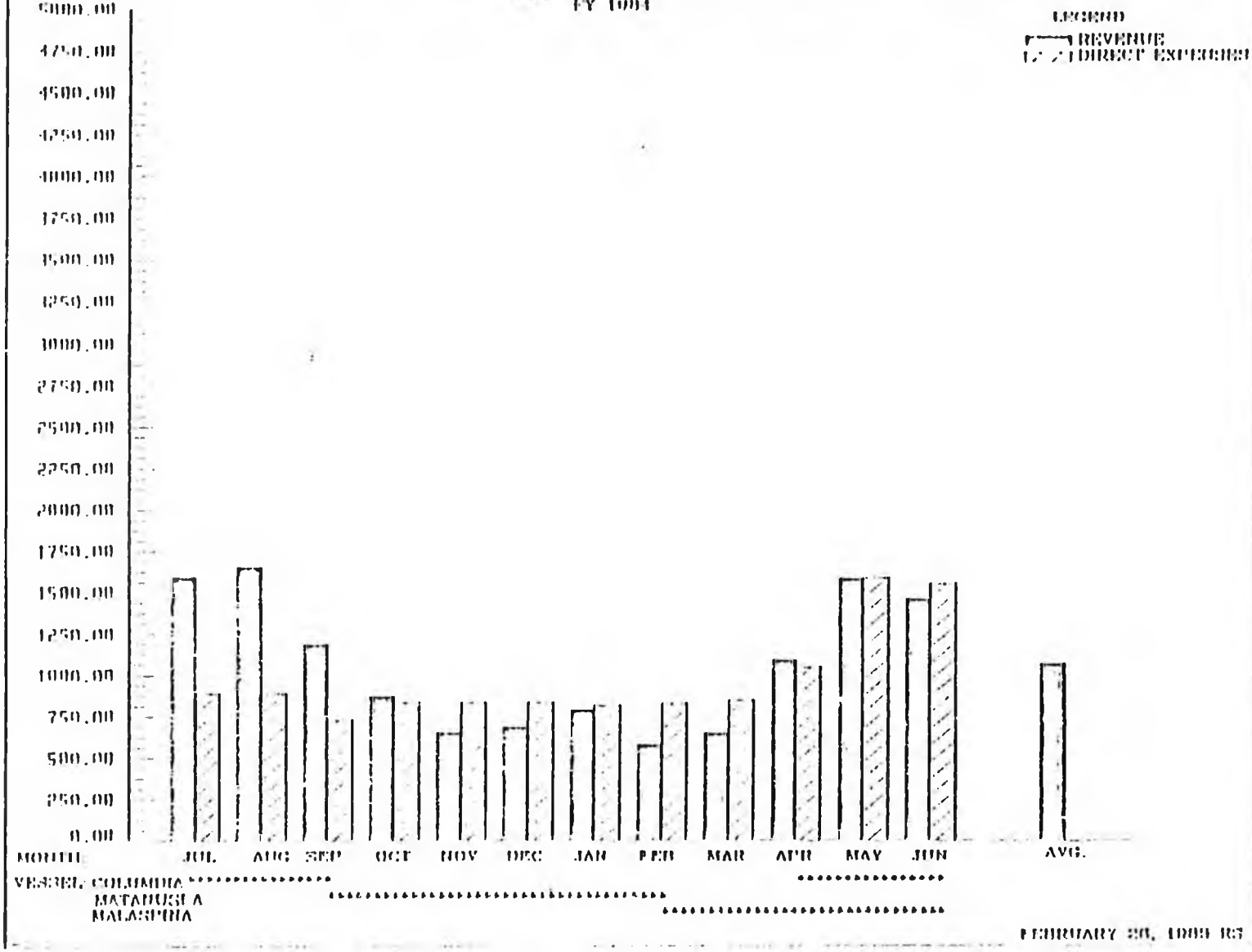
FY 1983



SEPTEMBER 10, 1984 BS

ALASKA MARINE HIGHWAY SYSTEM

REVENUE AND DIRECT EXPENSES, BY MONTH
SEATTLE - SKAGWAY
FY 1991



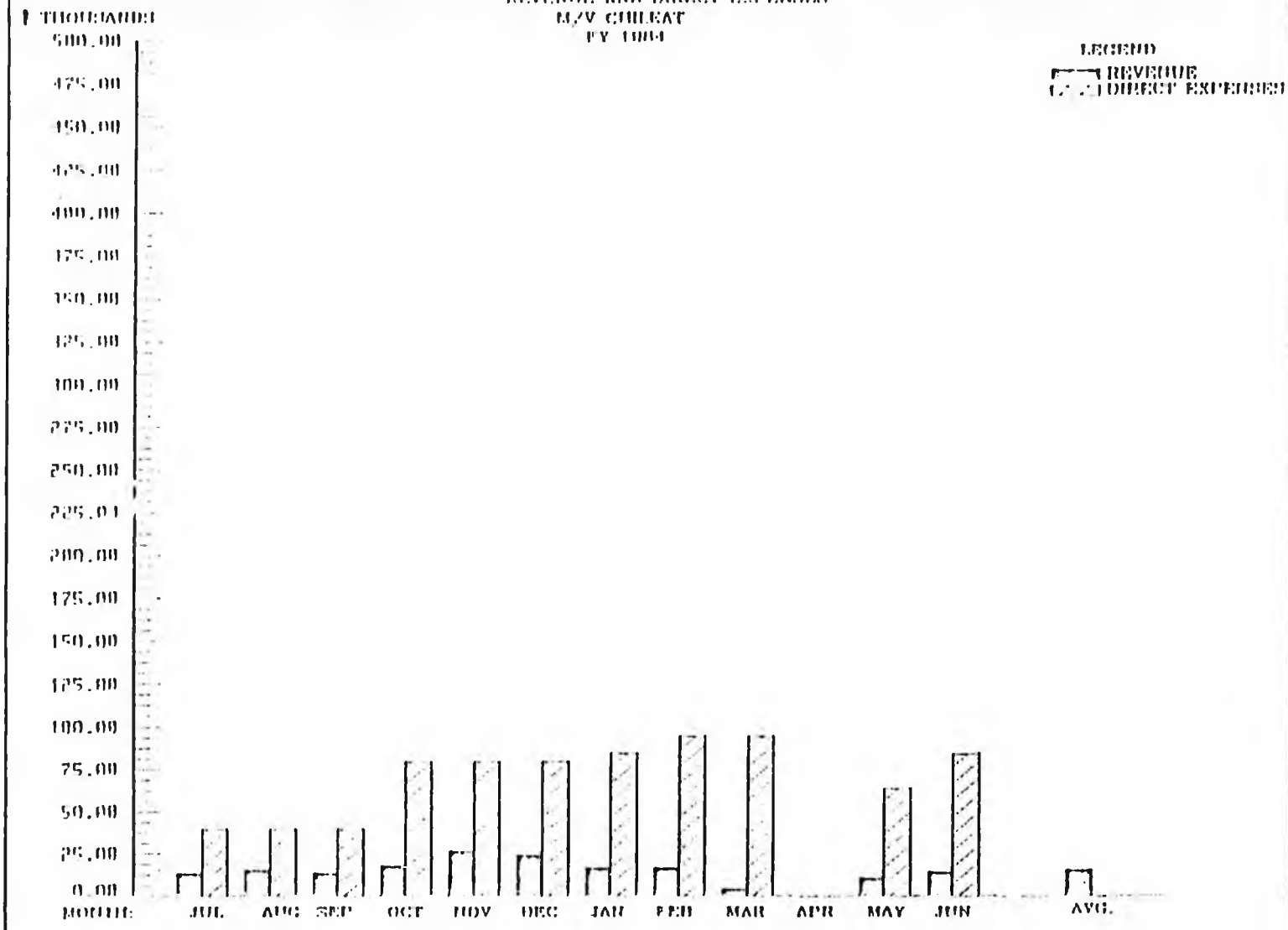
FEBRUARY 20, 1990 RS

ALASKA MARINE HIGHWAY SYSTEM

REVENUE AND DIRECT EXPENSES

M/V CHILKAT

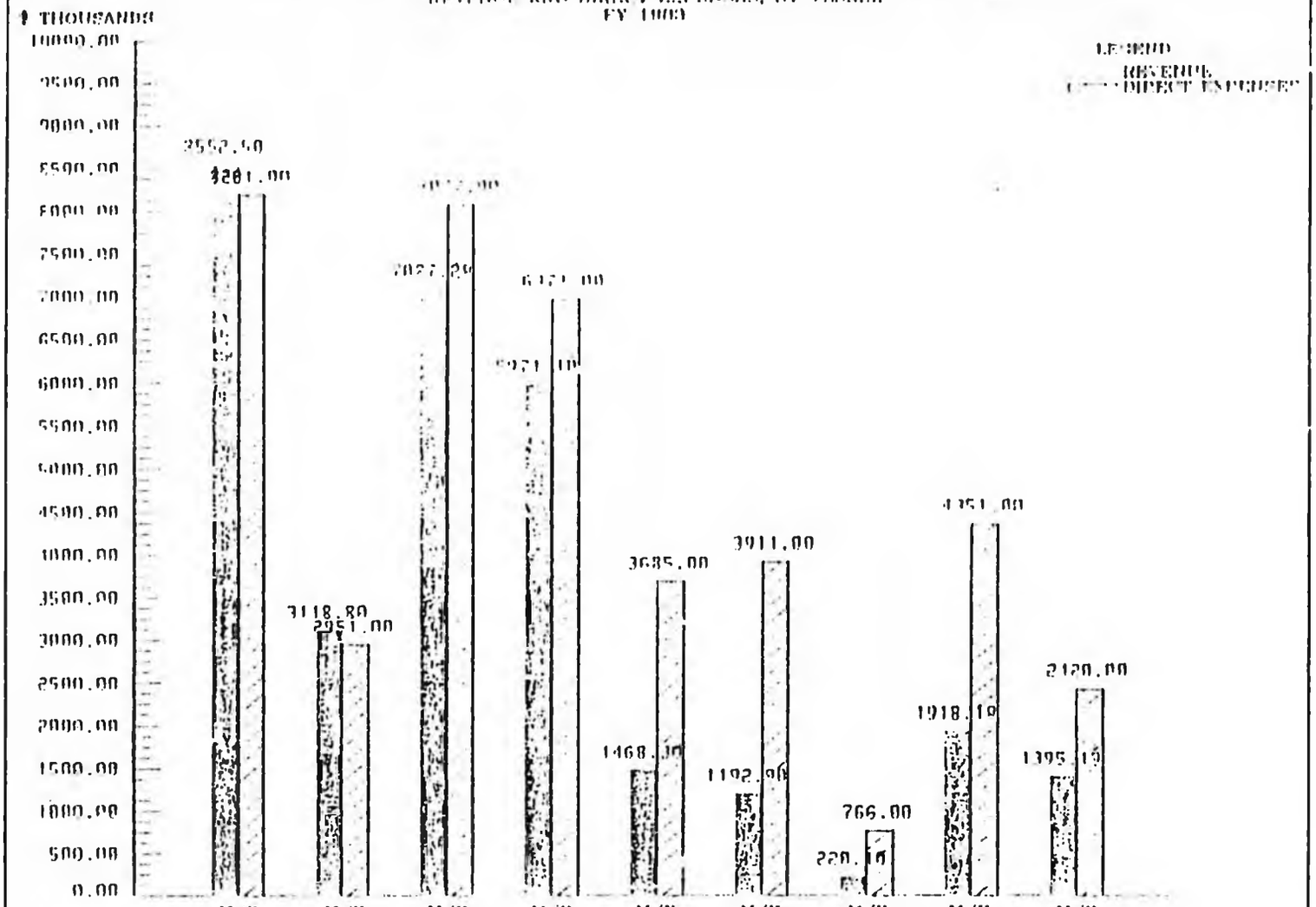
FY 1004



FEBRUARY 27, 1005 R3

ALASKA MARINE HIGHWAY SYSTEM

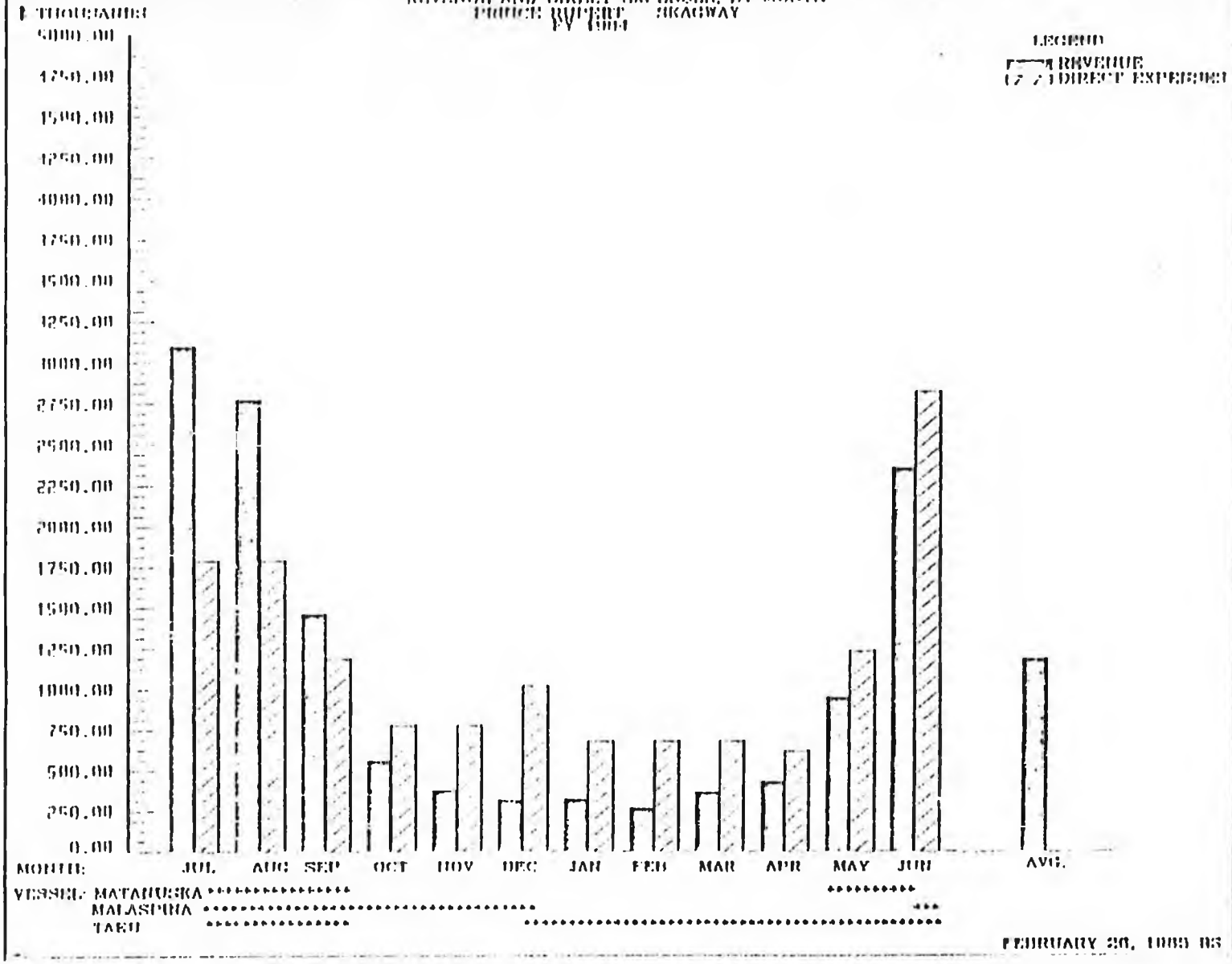
REVENUE AND DIRECT EXPENSES, BY VESSEL
FY 1000



SEPTEMBER 10, 1001 RS

ALASKA MARINE HIGHWAY SYSTEM

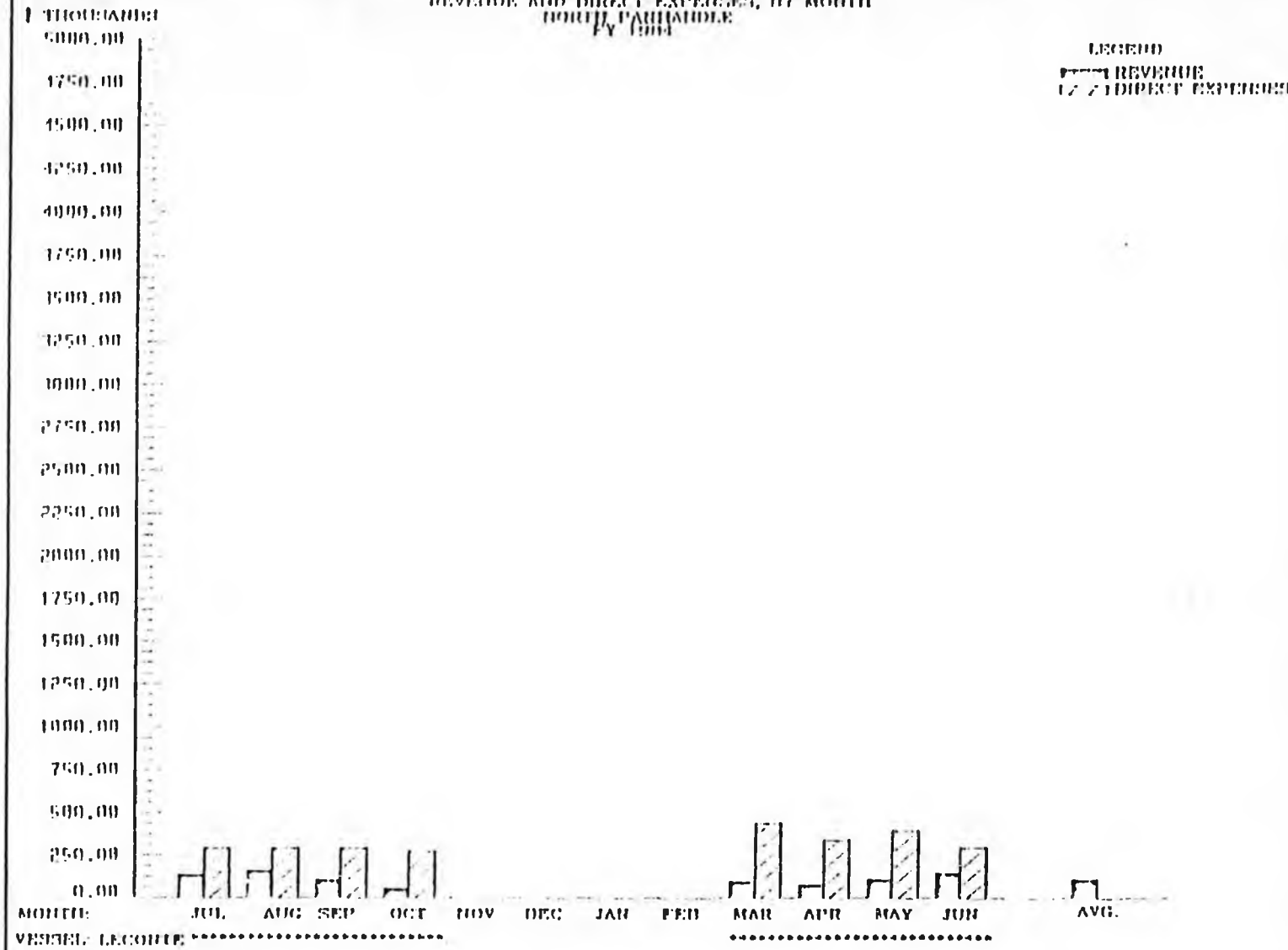
REVENUE AND DIRECT EXPENSES BY MONTH
PRINCE RUPERT - SKAGWAY
FY 1984



FEBRUARY 20, 1985 08

ALASKA MARINE HIGHWAY SYSTEM

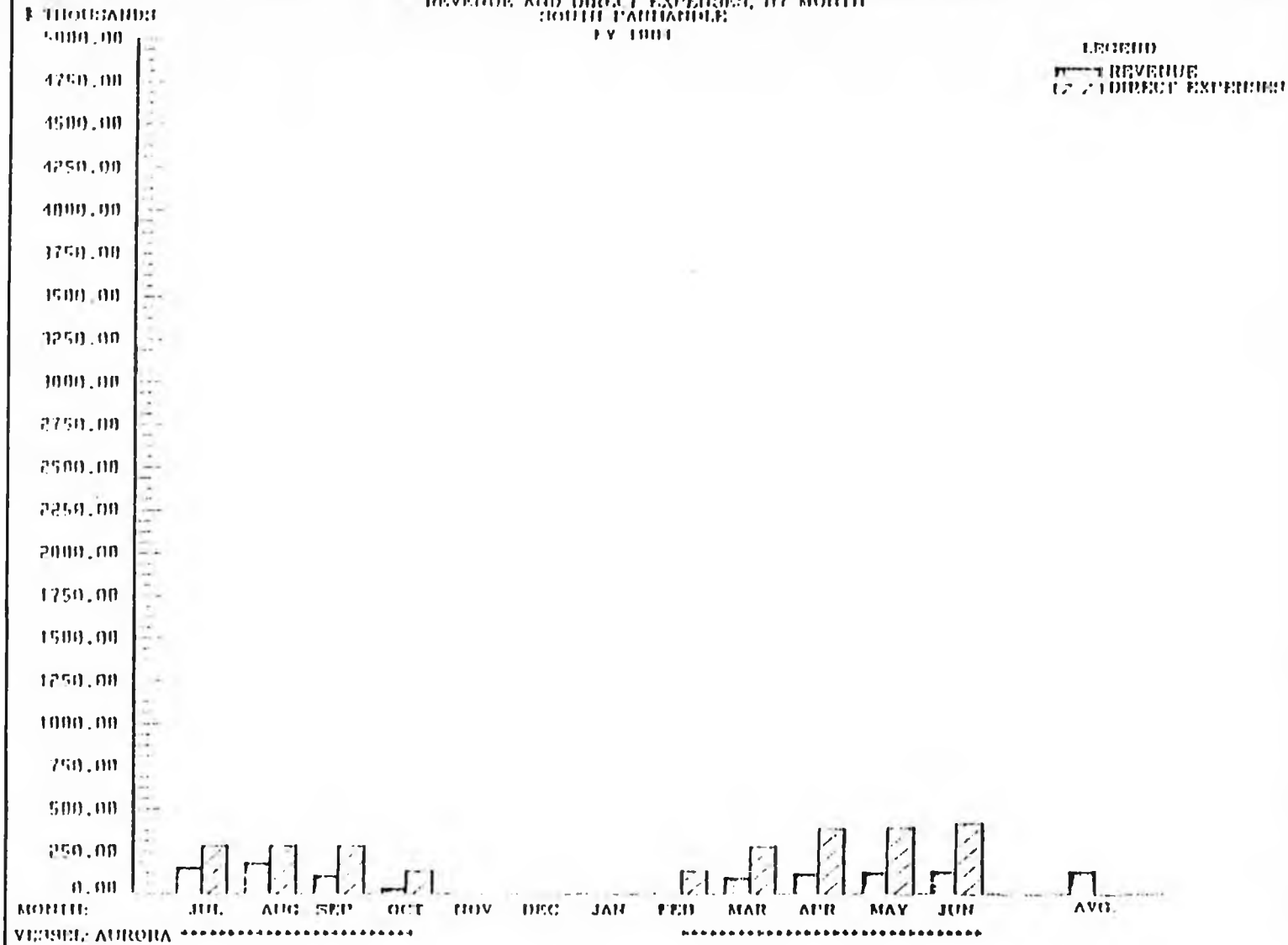
REVENUE AND DIRECT EXPENSES, BY MONTH
SOUTH PANHANDLE
FY 1994



FEBRUARY 28, 1995 R3

ALASKA MARINE HIGHWAY SYSTEM

REVENUE AND DIRECT EXPENSES, BY MONTH
SOUTH PANHANDLE
FY 1991



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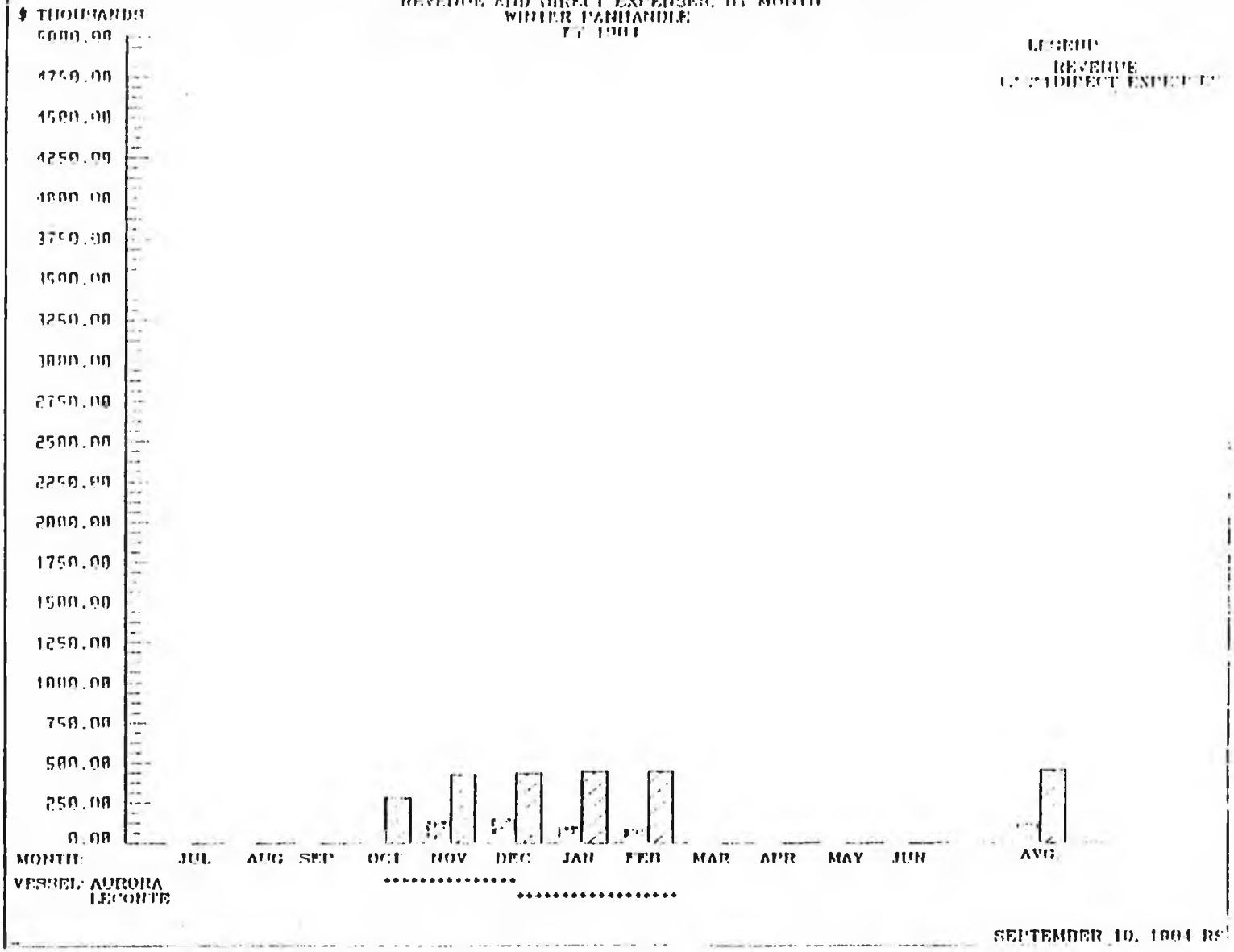
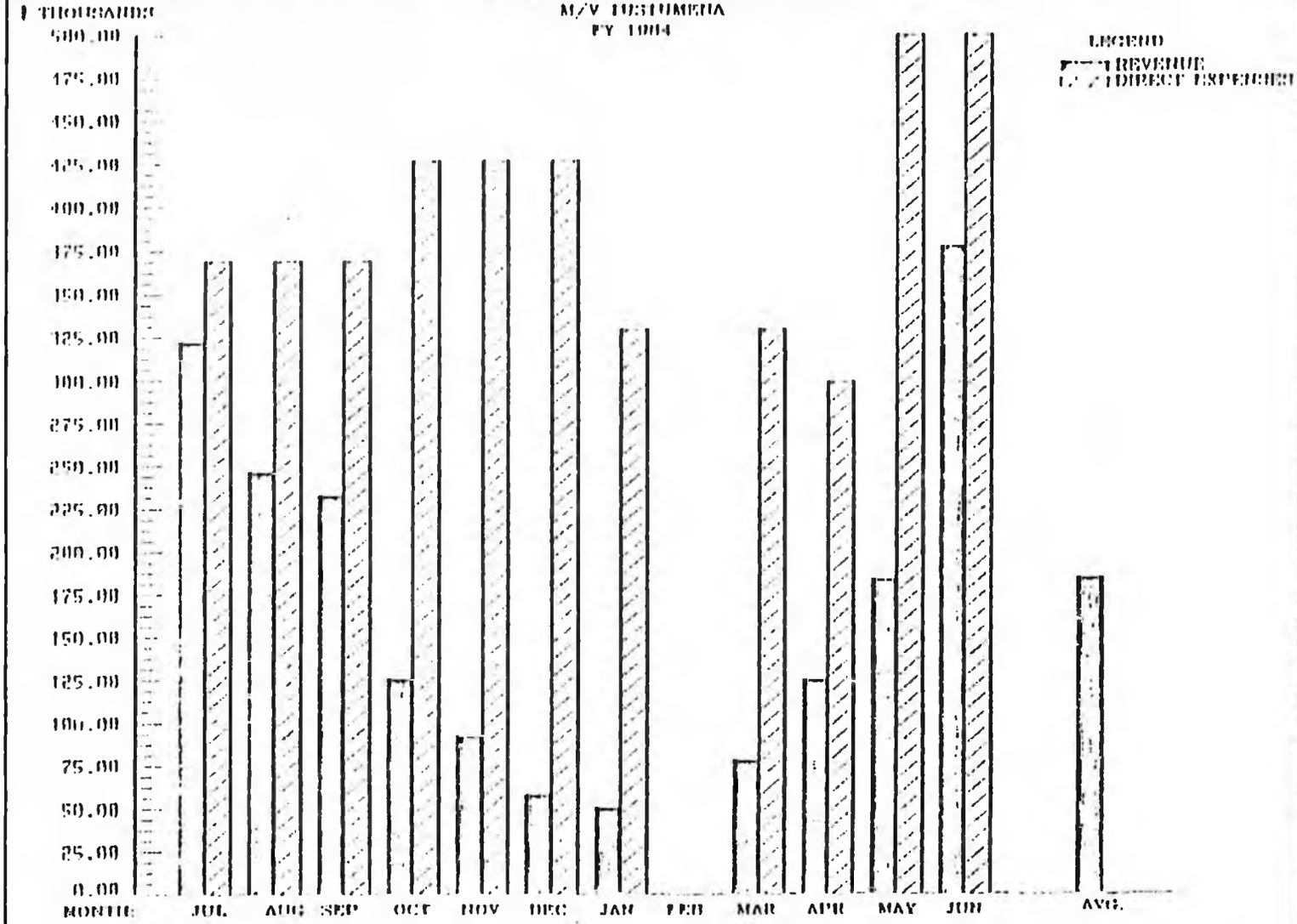
ALASKA MARINE HIGHWAY SYSTEM

REVENUE AND DIRECT EXPENSES BY MONTH
WINTER PANHANDLE
FY 1991



ALASKA MARINE HIGHWAY SYSTEM

REVENUE AND DIRECT EXPENSES
M/V COLUMBIA
FY 1994



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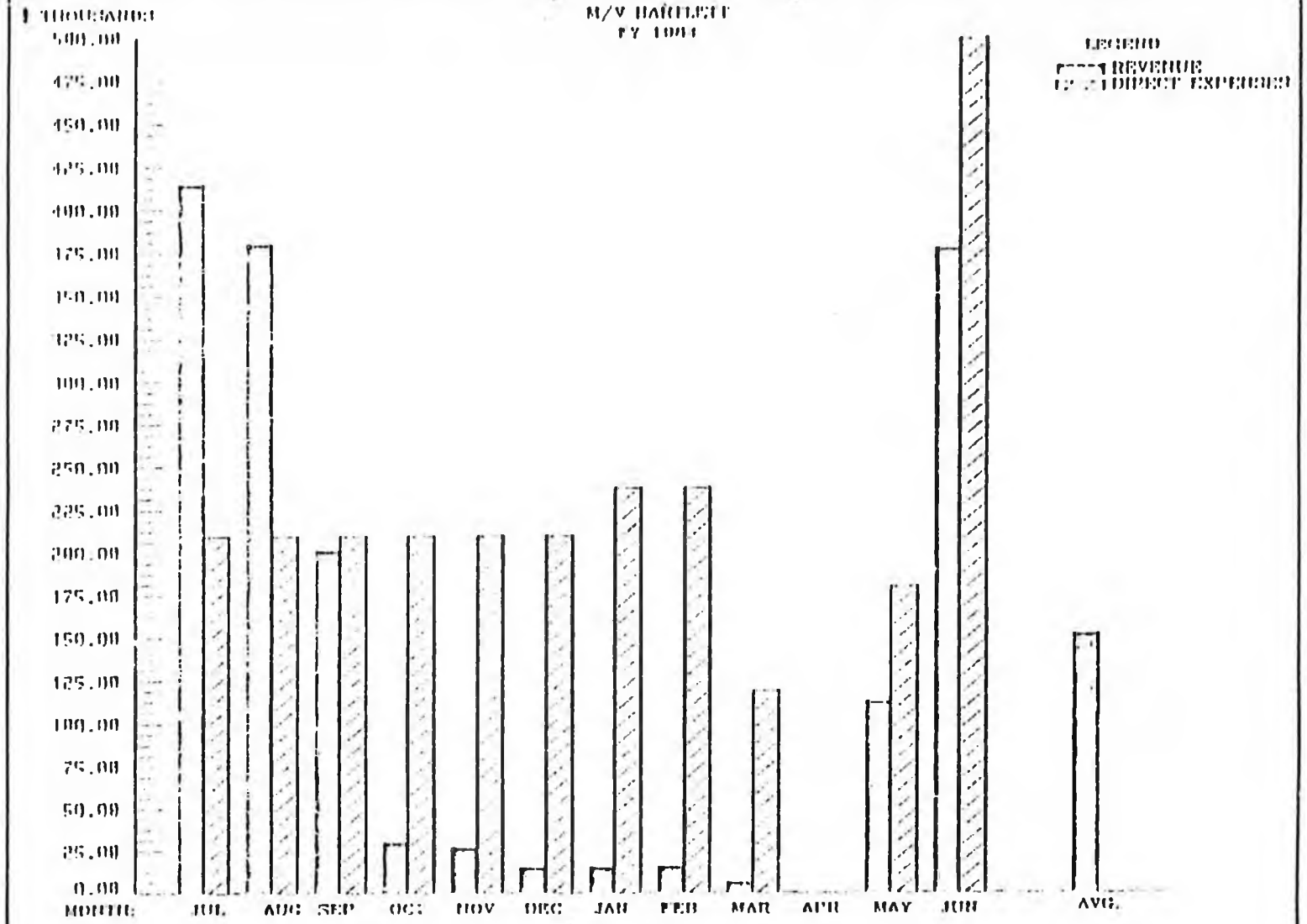
ALASKA MARINE HIGHWAY SYSTEM

REVENUE AND DIRECT EXPENSES
M/V HARTLETT
FY 1991



FEBRUARY 27, 1995 08

AUTO WEEKLY

LINE UTILIZATION

Total Lines : 9 Total Time : 168:00
Period Covered : Jul/29/85 Mon 4:00 AM to Aug/05/85 Mon 4:00 AM

* - Not connected

	LINE	NUMBER OF CALLS					TIME IN USE Hr:Min			
		In	Out	Abandoned	Night Service	Total	In	Out	Total	Total Use
ALASKA Sec										
GROUP 1 :										
	3	698	0	93	49	840	82:30	0:00	82:28	37.1%
	6	448	0	100	1	549	43:10	0:00	43:11	25.7%
TOTALS		1146	0	193	50	1389	105:41	0:00	105:40	31.4%
GROUP 2 :										
[illegible]	7	755	33	15	121	924	55:04	1:07	57:13	40.9%
[illegible]	8	448	33	3	1	475	44:06	0:51	44:55	26.7%
	9	305	11	5	1	333	33:31	0:05	33:33	19.3%
TOTALS		1508	57	23	123	1731	142:30	2:04	144:35	28.3%
[illegible] 2 :										
[illegible]	1	834	0	73	94	1000	73:47	0:00	73:47	43.1%
[illegible]	2	553	0	33	13	647	54:37	0:00	54:33	32.5%
[illegible]	3	383	0	57	1	441	42:13	0:00	42:11	25.1%
	4	266	2	46	0	314	31:57	1:00	31:57	19.0%
TOTALS		3036	3	357	37	3433	199:33	0:00	199:34	29.8%

	In	Out	Abandoned	Night Service	Total
SYSTEM TOTALS	4684	57	479	330	5510

	AVERAGE CALL DURATION Min:Sec		LINES ALL BUSY			
	Inbound	Outbound	Total Hr:Min	Average Min:Sec	Longest Min:Sec	Percent of Total Time
GROUP 1 :	5:00	0:00	26:37	1:57	8:50	15.9%
[illegible] 2 :	5:20	1:40	14:46	1:31	15:09	8.7%
[illegible] 3 :	[illegible]	0:00	14:43	1:03	7:58	8.8%

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

P.O. Box T, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

September 29, 1986

MEMORANDUM

TO: Representative Bette Cato

FROM: Mary Jennings
Legislative Analyst

RE: Ferry Stystems in Washington State and British Columbia
Research Request 87-025

You requested general information regarding the ferry systems in Washington State and British Columbia. Information on fares, traffic, employee unions and financial structure is provided below.

Washington State Ferry System

The Washington State Ferry (WSF) system began operation in 1951. The system was purchased from individuals who had been operating ferries on the Puget Sound since the turn of the century. The state purchased 10 ferries, 20 terminals and miscellaneous supplies for $4.95 million. Today, the Marine Division of the Washington State Department of Transportation controls assets valued at over $308 million and operates 22 vessels which carry seven million vehicles and 17 million passengers each year.

All of the ferries are capable of carrying cars as well as passengers. The largest vessels in the system are two 440-foot "jumbo" ferries, each with a capacity of 206 autos and 2,000 passengers. The smallest ferry (150 feet) is capable of carrying 40 autos and 200 passengers. The total car-carrying capacity of all the ferries is 2,412. The ferries are not equipped with sleeping facilities, although food service is available on the majority of the vessels.

The system operates nine routes serving 20 terminal locations throughout Puget Sound. Routes are devoted to both commuting and recreational travel. The shortest route is 1.5 nautical miles (15 minutes) to the Tacoma urban area, and the longest route is 38 nautical miles (3-1/2 hours) to the San Juan Islands. Recreational travel accounts for 32 percent of all ferry trips. Seventy percent of all passengers are recreational travelers.

The British Columbia Ferry Corporation

The British Columbia Ferry (BCF) Corporation was created in 1960 by the provincial government. The system began after two private ferry companies operating in B.C. went on strike. During 1961, with purchase of the assets of one of the striking companies, the corporation operated two ships over one route and employed approximately 225 people. In 1985, the BCF was consolidated with the coastal fleet of the Provincial Division of the Ministry of Transportation and gained 14 vessels and ten routes. Today BCF operates 39 vessels over 25 routes and employs approximately 2,700 people. The system is a Crown Corporation, which means it is publicaly owned and pays no provincial or federal income taxes.

Of the 39 ships operated by the system, 38 have car carrying capabilities. The largest vessels are five 457-foot "jumbo" ferries that can each carry 360 venicles and 1,300 passengers. The smallest vessel is a 38-foot passenger-only ferry with a capacity of 40 people. Two vessels have sleeping facilities and approximately half offer food service.

The shortest route in the system is two nautical miles (18 minutes) and the longest is 274 nautical miles (15 hours). The busiest route is between Vancouver and Victoria--the provincial capital. All of the routes are day routes except for one, which becomes an overnight trip during the winter season. The corporation serves urban commuters, recreational travelers, and a great number of business travelers between the mainland and the capital. Summer is the busiest season; during the winter, traffic drops by approximately 50 percent.

Fares. Fares for the most heavily used route between Vancouver and Victoria are $19 for a car and driver and $4 for a passenger. Today's fares represent about a 200 percent increase for vehicles and a 100 percent increase for passengers over fares charged when the corporation began operation in 1960. Reservations are utilized for vehicles and passengers on one route and for vehicles on only two routes. Credit cards are accepted only on the routes which utilize reservations.

Traffic. Until 1982, the BCF had experienced a steady growth in traffic. Since that time, volume has decreased slightly each year. The system expects 1986 to set all time traffic records due the increase in tourism at the World's Exposition in Vancouver. According to the corporation, traffic is handled efficiently by the current vessels and there are no plans for fleet expansion.

Employees. Of the 2,700 employees, all are unionized except for the ship's captains. The British Columbia Ferry and Marine Workers Union represents the workers.

TABLE 1

Washington State Department of Transportation
Marine Division
Washington State Ferries

CROSS SOUND FARES: 1969 -- 1985

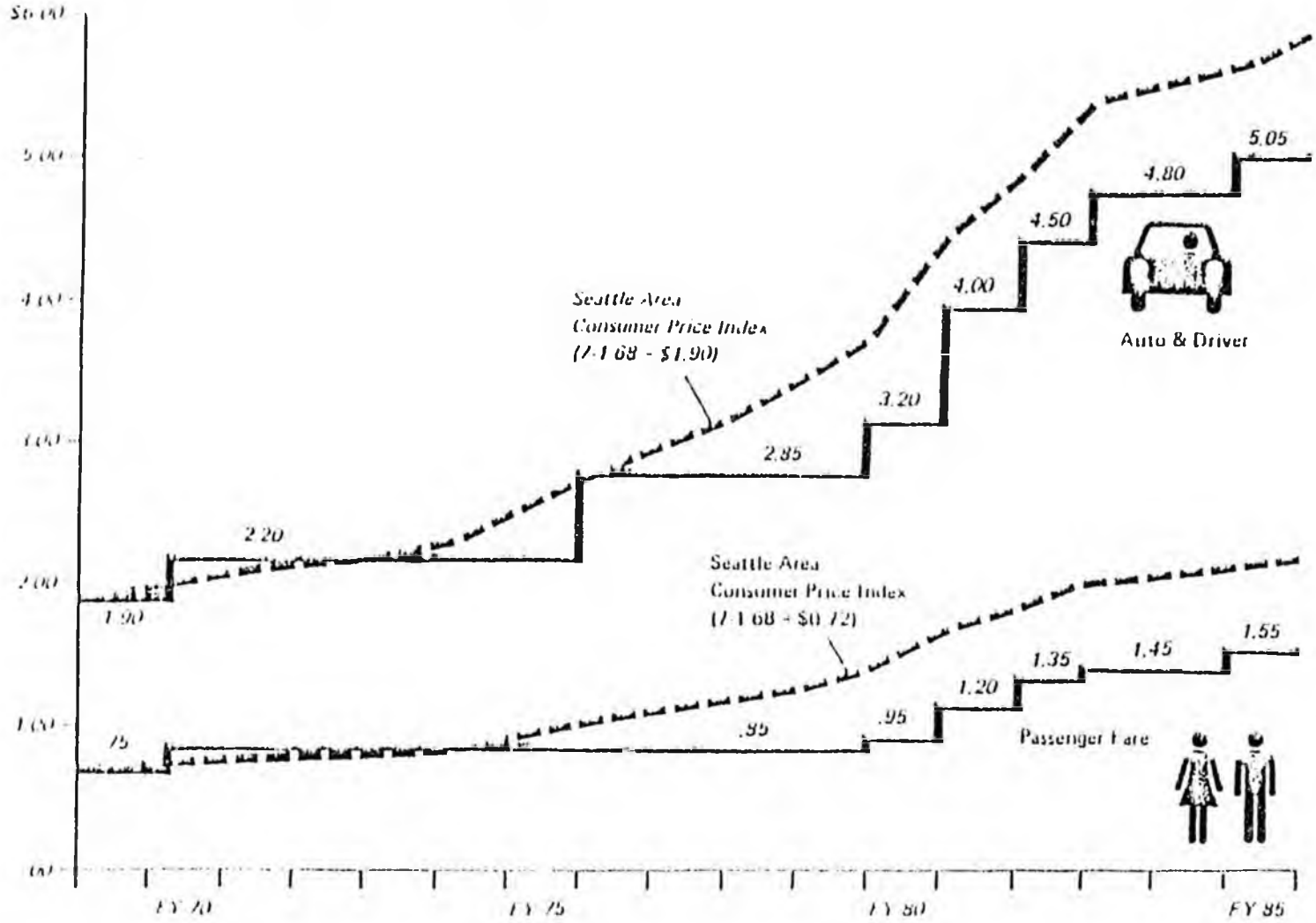
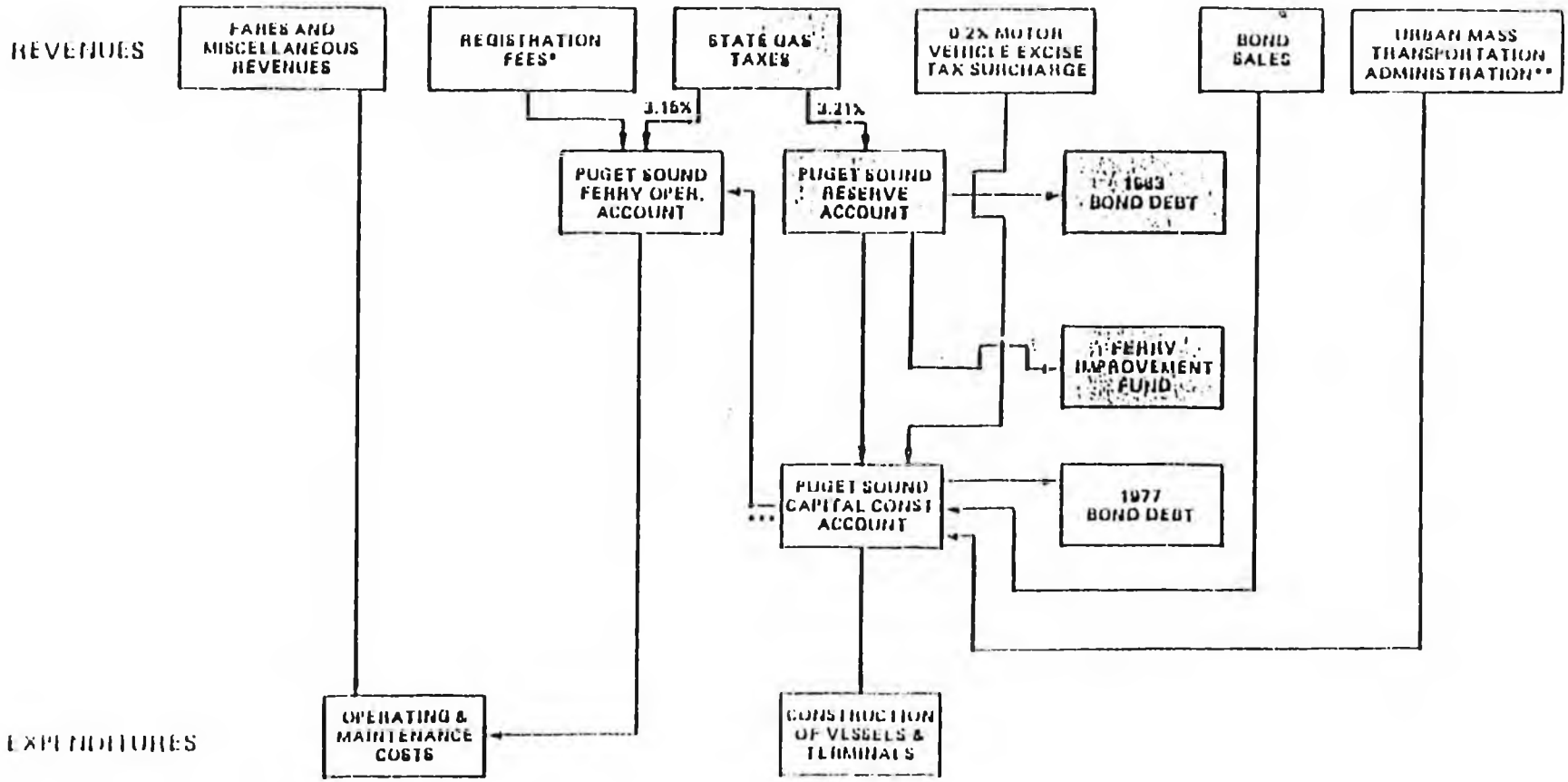


TABLE 3

Washington State Department of Transportation
Marine Division

WASHINGTON STATE MARINE TRANSPORTATION FINANCING



* 27.17% of $7.40 of new car and $1.40 of old car registration fees

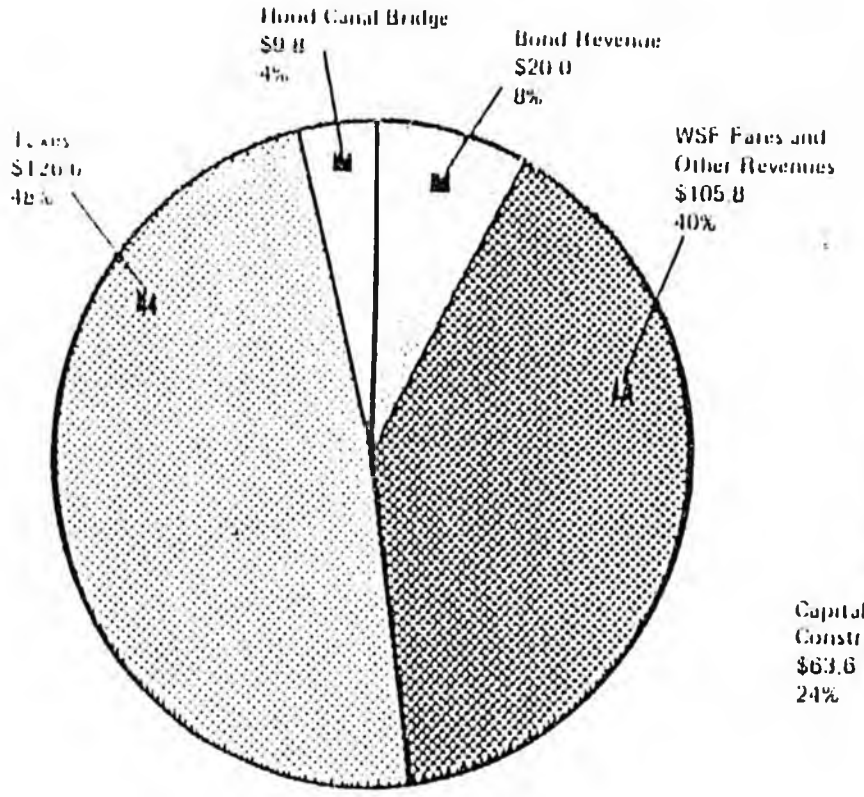
** UMTA is part of the U.S. Department of Transportation.

*** Receipts from Bond Sales and UMTA cannot be transferred as tax support for operations

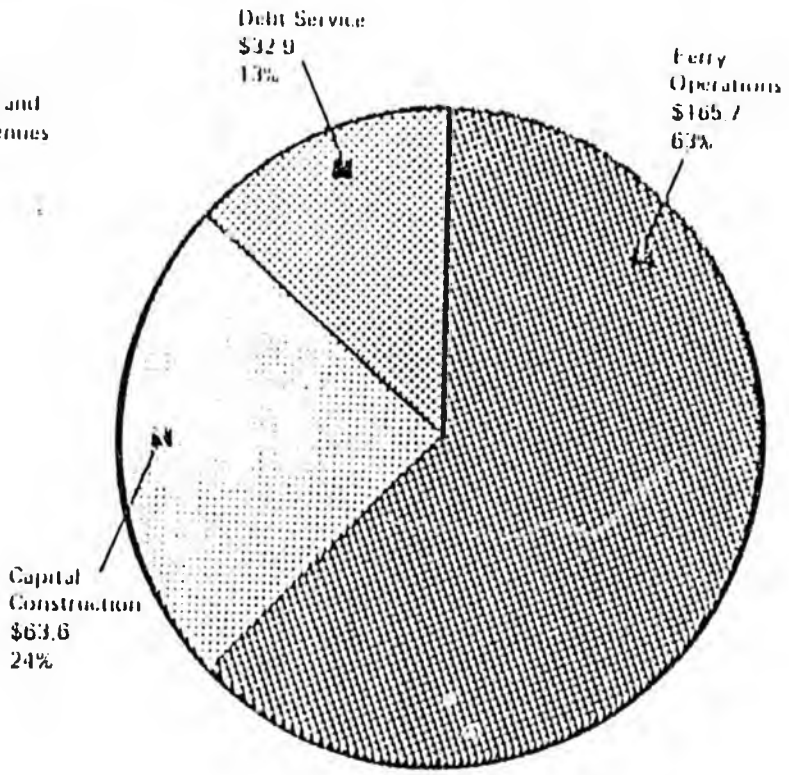
Washington State Department of Transportation
Marine Division

TABLE 5

1988 1987 ANTICIPATED REVENUES AND EXPENDITURES



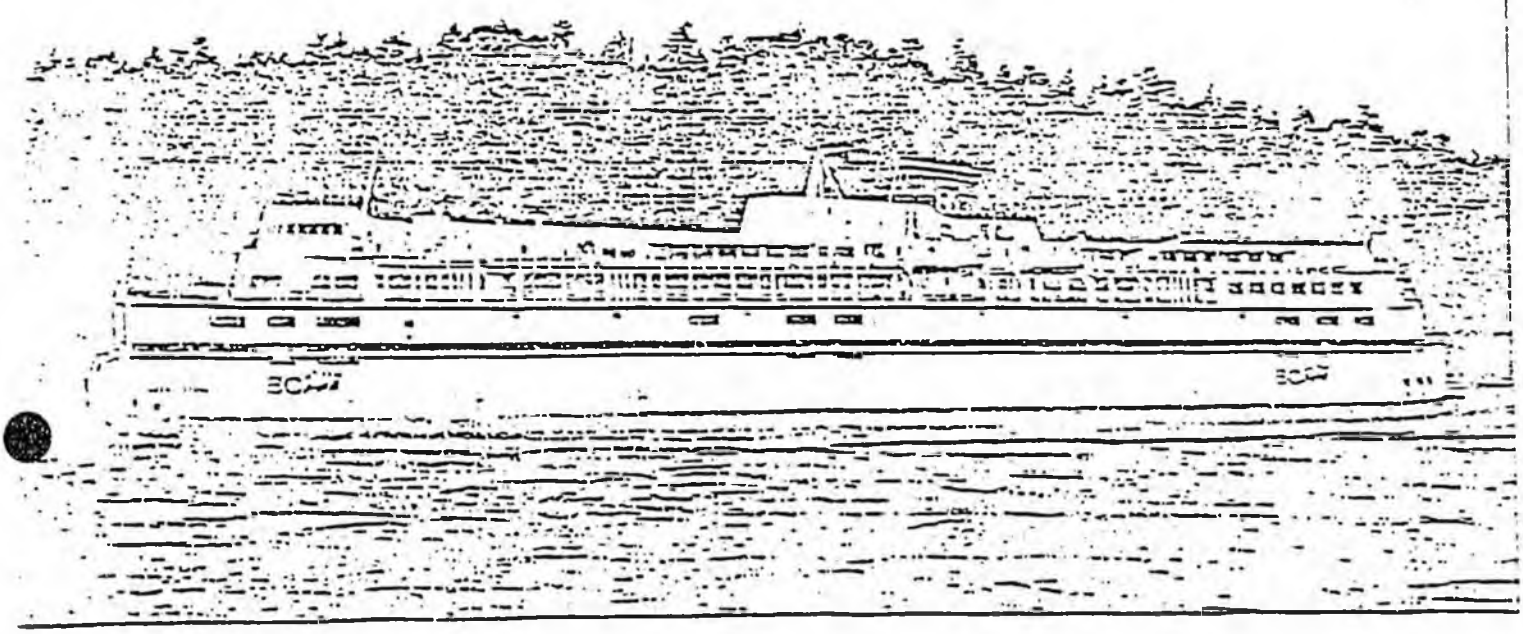
REVENUES



EXPENDITURES

BRITISH COLUMBIA
FERRY CORPORATION

ANNUAL REPORT
1984/85



CORRECTION

THIS DOCUMENT
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TO ASSURE LEGIBILITY

02-576(2/77)

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

P.O. Box T, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

September 29, 1986

MEMORANDUM

TO: Representative Bette Cato

FROM: Mary Jennings
Legislative Analyst

RE: Ferry Stystems in Washington State and British Columbia
Research Request 87-025

You requested general information regarding the ferry systems in Washington State and British Columbia. Information on fares, traffic, employee unions and financial structure is provided below.

Washington State Ferry System

The Washington State Ferry (WSF) system began operation in 1951. The system was purchased from individuals who had been operating ferries on the Puget Sound since the turn of the century. The state purchased 18 ferries, 20 terminals and miscellaneous supplies for $4.85 million. Today, the Marine Division of the Washington State Department of Transportation controls assets valued at over $308 million and operates 22 vessels which carry seven million vehicles and 17 million passengers each year.

All of the ferries are capable of carrying cars as well as passengers. The largest vessels in the system are two 440-foot "jumbo" ferries, each with a capacity of 206 autos and 2,000 passengers. The smallest ferry (150 feet) is capable of carrying 40 autos and 200 passengers. The total car-carrying capacity of all the ferries is 2,412. The ferries are not equipped with sleeping facilities, although food service is available on the majority of the vessels.

The system operates nine routes serving 20 terminal locations throughout Puget Sound. Routes are devoted to both commuting and recreational travel. The shortest route is 1.5 nautical miles (15 minutes) in the Tacoma urban area, and the longest route is 28 nautical miles (3 hours) in the San Juan Islands. Recreational travel accounts for 32 percent of all ferry trips. Seventy percent of all passengers are recreational travelers.

Fares. Fares range from $0.95 (passenger) and $3.40 (car and driver) for a 15-minute route to $5.50 (passenger) and $23.65 (car and driver) for a 3-1/2-hour route. Table 1 presents a history of cross sound auto and driver fares and passenger fares and the consumer price index during the last sixteen years. The table indicates that fares have increased at a pace comparable to the Seattle area consumer price index. The WSF does not utilize reservations, except for cars on the Anacortes, Washington-Sidney, B.C. route during the summer months only. The WSF does not accept credit cards for payment of fare.

Traffic. Table 2 shows that systemwide traffic grew steadily during the 1970s but declined in the early 1980s, when Washington experienced a severe economic downturn. Since 1982, total traffic volume has been gradually returning to the 1979 peak. Traffic has already exceeded previous highs on many routes. The system makes an average of 323 daily trips, carrying 47,000 passengers and 19,000 vehicles. The smallest route has 534 average daily passengers and 200 vehicles; the largest has 8,554 average daily passengers and 4,325 vehicles. The summer months are the busiest time: traffic drops by 67 percent during the winter.

During the past six years, WSF has acquired six new vessels. Due to reduced traffic and these new vessels, the system has been able to avoid increasing service hours. Total system vehicle traffic is projected to grow at an average annual rate of 0.4 percent during the next six years. Traffic on some routes is expected to decline, while other routes are expected to expand substantially. To accomodate the growth, the system plans to purchase four passenger-only vessels. These ferries will be utilized on runs that currently experience traffic overloads during certain service periods.

Employees. The WSF employs approximately 950 year-round employees, with 250 employees added during the summer months. All employees are unionized. The three unions representing WSF employees are: Captains, Mates, and Pilots Union; Inland Boatmen's Union; and Marine Engineers Beneficiaries Association.

Financial Structure. Fare revenues have covered approximately 70 percent of operating expenditures and 40 percent of operating and capital expenditures during the last three fiscal years. In addition to fares, the WSF system acquires revenue from taxes and a toll bridge. Table 3 is a flow chart depicting how the revenues from fares, car registration fees, gas and vehicle taxes, bond sales, and federal funds are channeled into different accounts to cover operating and maintenance, ferry improvement, construction, and debt service expenses. Table 4 is a history of operating expenses and revenue sources of the WSF since 1967. Table 5 presents anticipated revenues and expenditures in the 1985-1987 biennium.

The British Columbia Ferry Corporation

The British Columbia Ferry (BCF) Corporation was created in 1960 by the provincial government. The system began after two private ferry companies operating in B.C. went on strike. During 1961, with purchase of the assets of one of the striking companies, the corporation operated two ships over one route and employed approximately 225 people. In 1985, the BCF was consolidated with the coastal fleet of the Provincial Division of the Ministry of Transportation and gained 14 vessels and ten routes. Today BCF operates 39 vessels over 25 routes and employs approximately 2,700 people. The system is a Crown Corporation, which means it is publicaly owned and pays no provincial or federal income taxes.

Of the 39 ships operated by the system, 38 have car carrying capabilities. The largest vessels are five 457-foot "jumbo" ferries that can each carry 360 venicles and 1,500 passengers. The smallest vessel is a 33-foot passenger-only ferry with a capacity of 40 people. Two vessels have sleeping facilities and approximately half offer food service.

The shortest route in the system is two nautical miles (18 minutes) and the longest is 274 nautical miles (15 hours). The busiest route is between Vancouver and Victoria--the provincial capital. All of the routes are day routes except for one, which becomes an overnight trip during the winter season. The corporation serves urban commuters, recreational travelers, and a great number of business travelers between the mainland and the capital. Summer is the busiest season; during the winter, traffic drops by approximately 50 percent.

Fares. Fares for the most heavily used route between Vancouver and Victoria are $19 for a car and driver and $4 for a passenger. Today's fares represent about a 200 percent increase for vehicles and a 100 percent increase for passengers over fares charged when the corporation began operation in 1960. Reservations are utilized for vehicles and passengers on one route and for vehicles on only two routes. Credit cards are accepted only on the routes which utilize reservations.

Traffic. Until 1982, the BCF had experienced a steady growth in traffic. Since that time, volume has decreased slightly each year. The system expects 1986 to set all time traffic records due the increase in tourism at the World's Exposition in Vancouver. According to the corporation, traffic is handled efficiently by the current vessels and there are no plans for fleet expansion.

Employees. Of the 2,700 employees, all are unionized except for the ship's captains. The British Columbia Ferry and Marine Workers Union represents the workers.

Financial Structure. The BCF operates each year on a $40 million (Canadian) subsidy from the provincial government. Due to the large increase in traffic from Expo, the corporation hopes to show a profit this year.

* * * *

I hope you find this information useful. I am expecting detailed traffic and financial reports from the British Columbia Ferry Corporation and will contact you when I receive them. Please contact our office if you have any questions.

MJ

Attachments

TABLE 1

Washington State Department of Transportation
Marine Division
Washington State Ferries

CROSS SOUND FARES: 1969 -- 1985

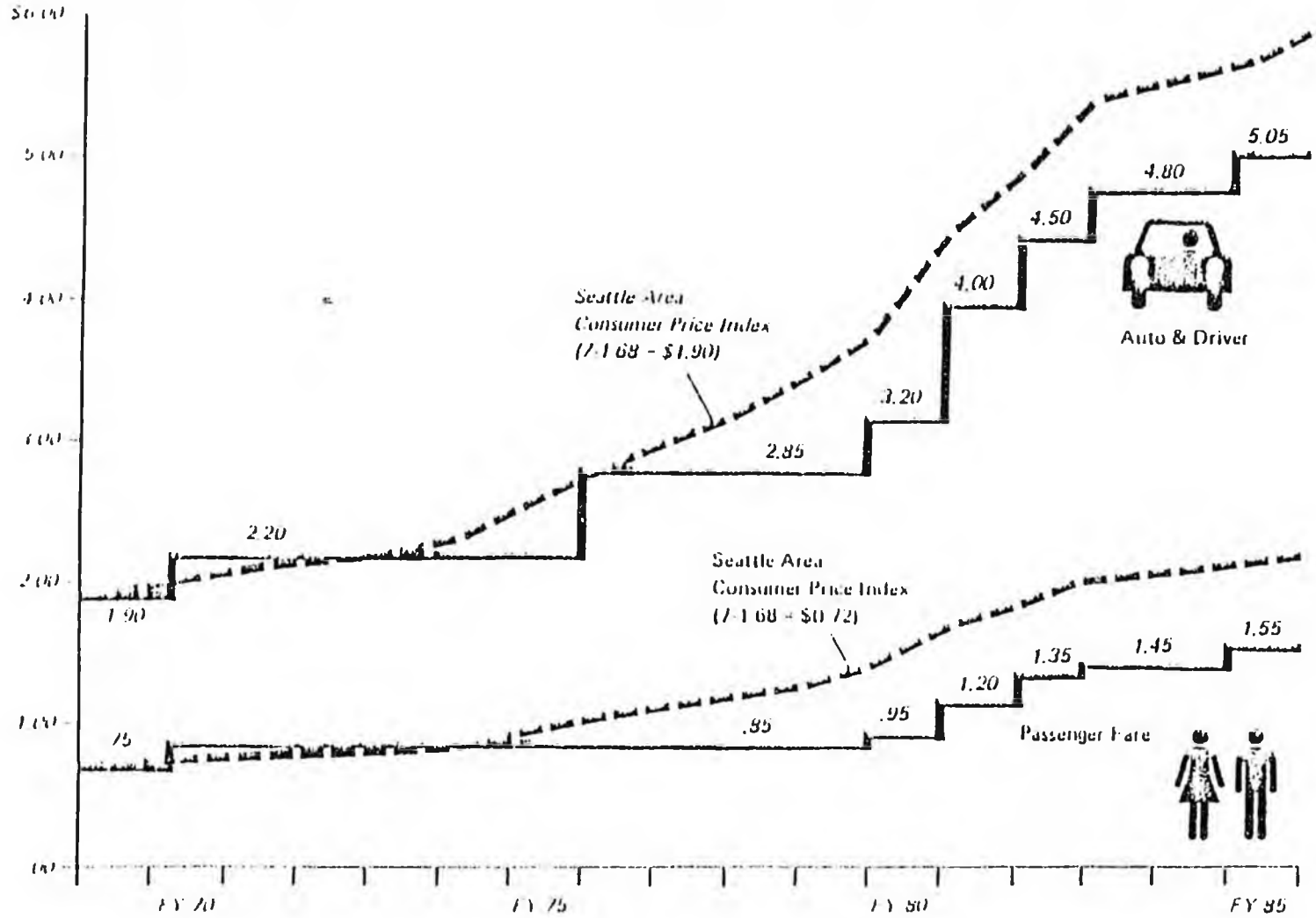


TABLE 2

Washington State Department of Transportation
Marine Division
Washington State Ferries

TOTAL TRAFFIC (Passengers and Vehicles)

(Annualized by 12 Month Moving Totals)

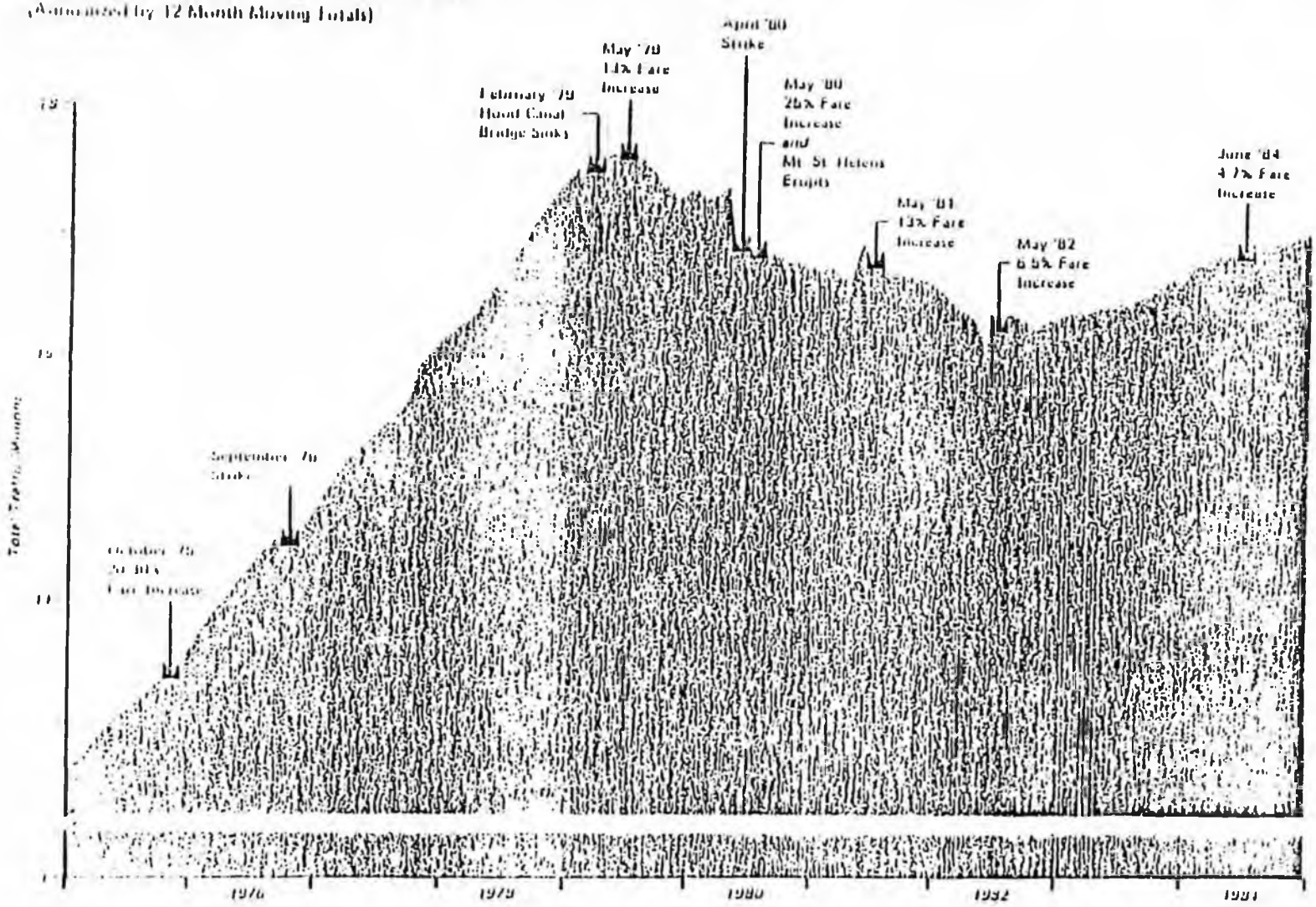
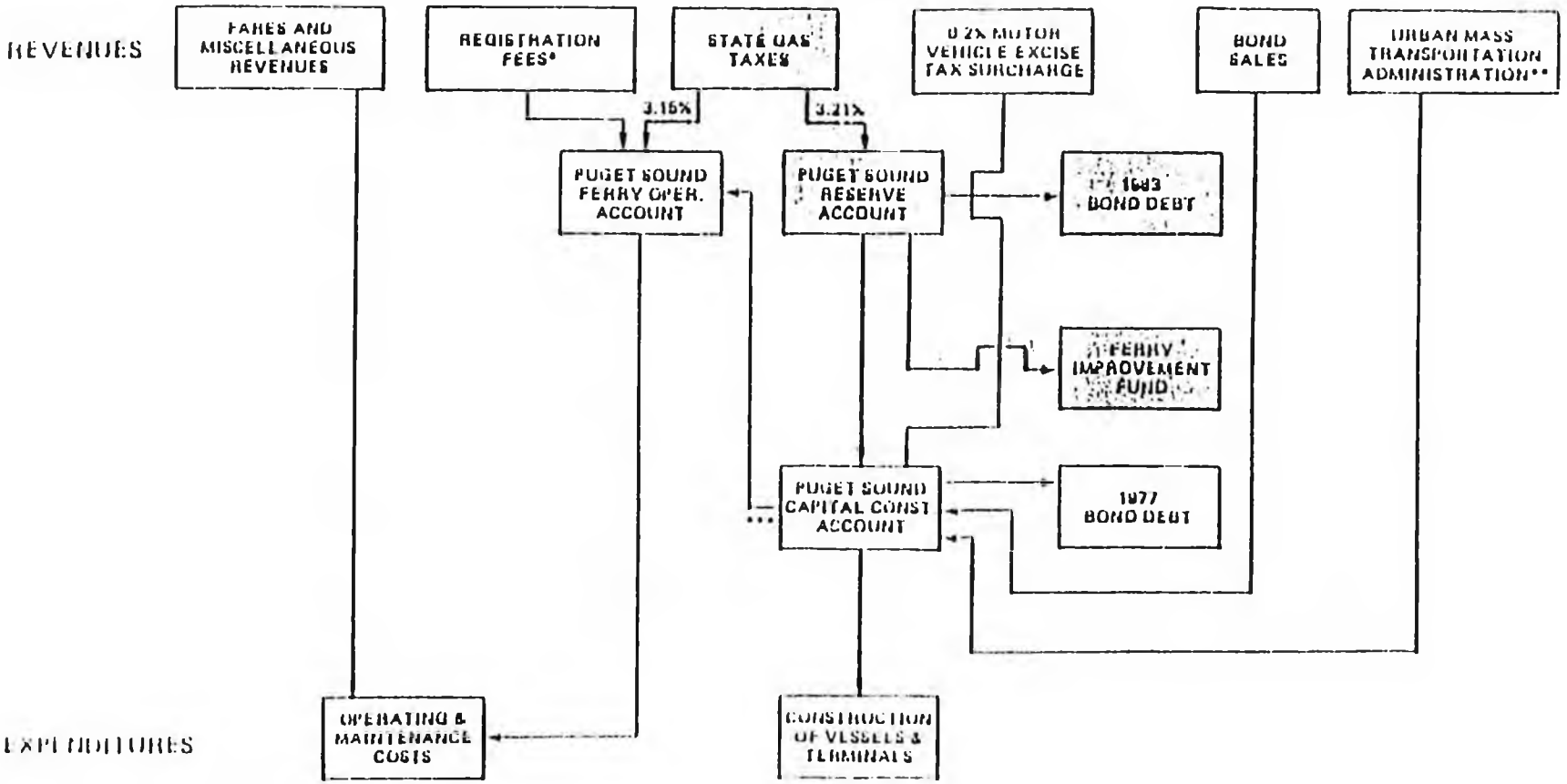


TABLE 3

Washington State Department of Transportation
Marine Division

WASHINGTON STATE MARINE TRANSPORTATION FINANCING



* 2/17's of $7.40 of new car and $1.40 of old car registration fees

** UMTA is part of the U.S. Department of Transportation

*** Receipts from Bond Sales and UMTA cannot be transferred as tax support for operations

Washington State Department of Transportation
Marine Division
Washington State Ferries

TABLE 4

OPERATING EXPENSES AND REVENUE SOURCES

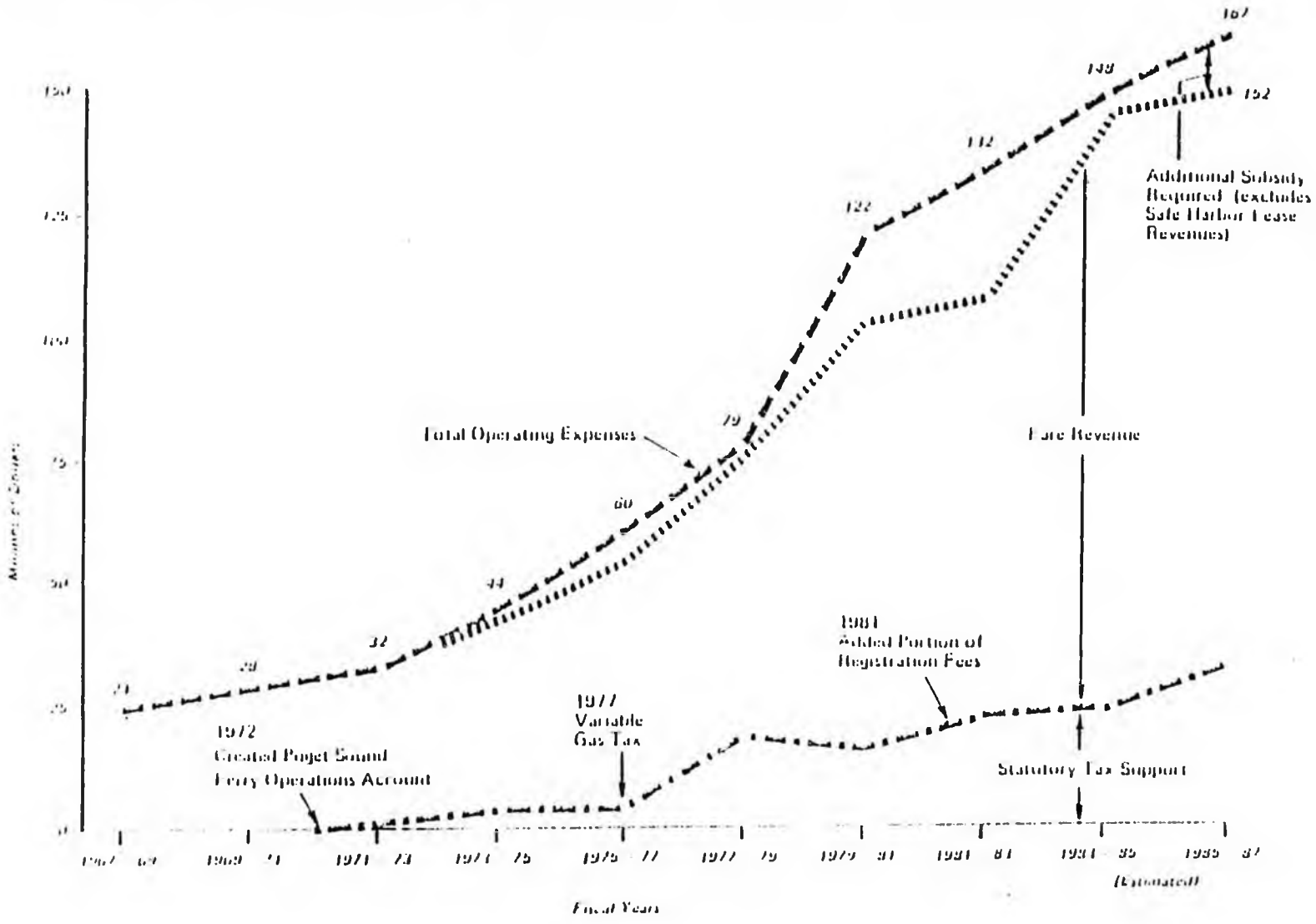
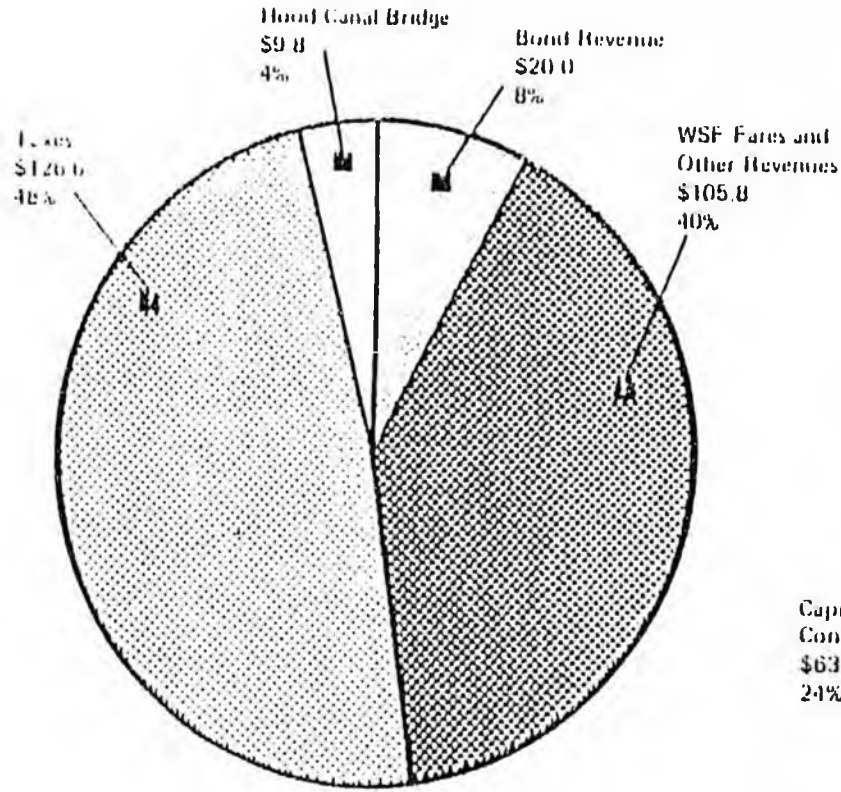
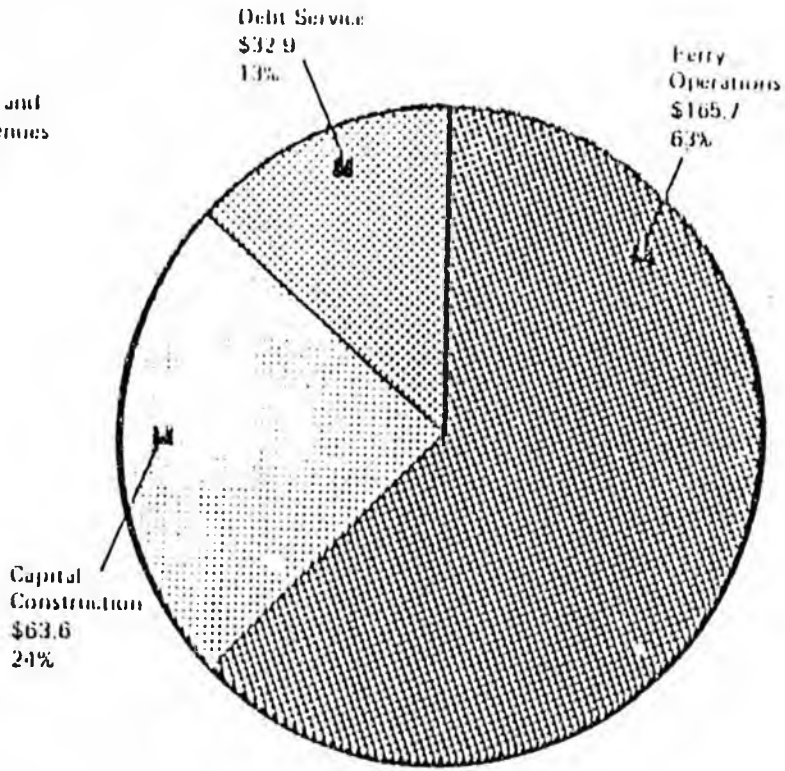


TABLE 5

1986 1987 ANTICIPATED REVENUES AND EXPENDITURES



REVENUES



EXPENDITURES

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

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Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

November 3, 1986

MEMORANDUM

TO: Representative Bette Cato

ATTN: Rhonda Thompson

FROM: Mary Jennings MJ
Legislative Analyst

RE: Washington and British Columbia Ferry System
Research Request 87.025 (Additional Information)

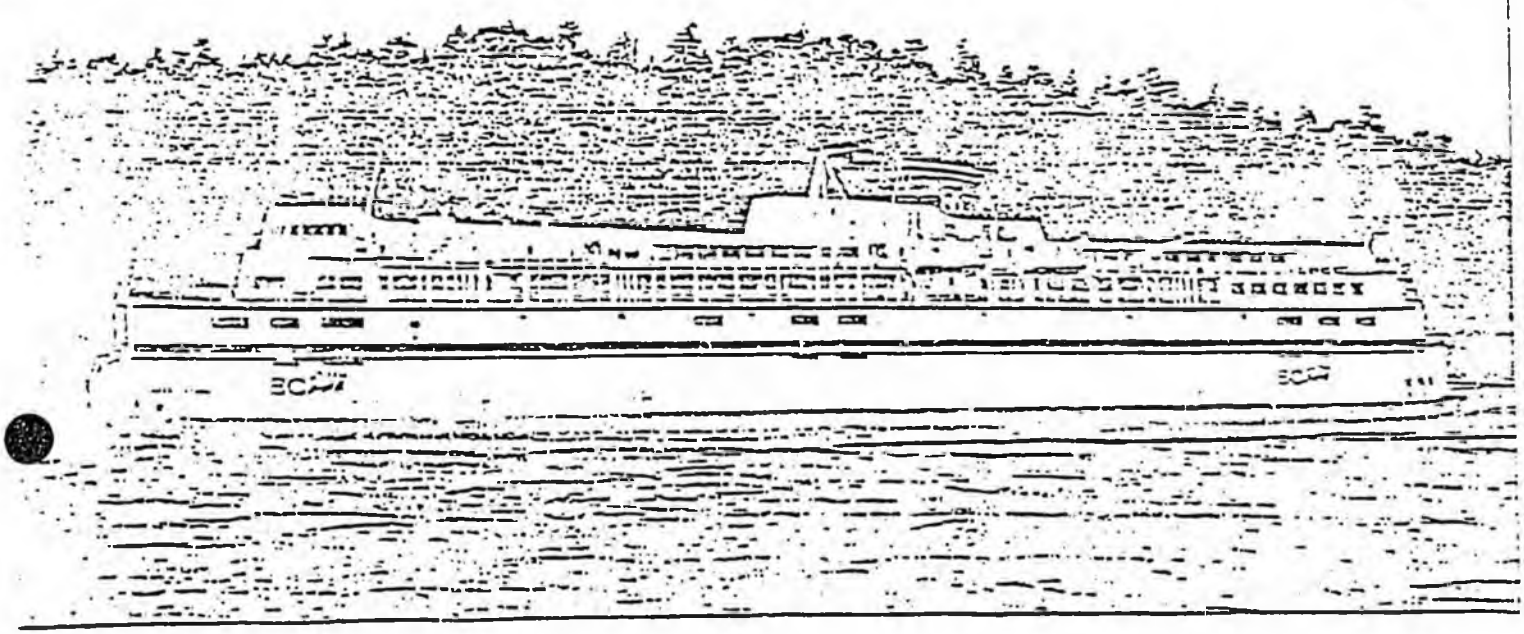
I recently received some additional material from the British Columbia Ferry Corporation. Attached is the FY 1984/85 annual report of the corporation and a report containing general information about the system. I hope you find this information useful. Please contact me if you have any questions.

MJ

Attachments

BRITISH COLUMBIA
FERRY CORPORATION

ANNUAL REPORT
1984/85



The Honourable
ROBERT G. ROGERS
Lieutenant Governor
of the Province of British Columbia

MAY IT PLEASE YOUR HONOUR:

I respectfully submit herewith the Annual Report of the British Columbia Ferry Corporation for the fiscal year ended March 31, 1985 in compliance with the provisions of the Ferry Corporation Act.

ALEX V. FRASER
Minister of Transportation and Highways

June 3, 1985

Board of Directors 3
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ALEX V. FRASER
Minister, Transportation & Highways
Province of British Columbia
Minister Responsible

B.M. HODGSON (1)
Chairman of the Board

R.H. WRIGHT (1)(3)
Vice-Chairman/ President
Oak Bay Marina Ltd.

M.D.W. YOUNG (3)
Barrister & Solicitor

A.L. MICHAUD (1)(4)
President
Michaud Investments

J. MORRIS (3)
Retired

W.E.M. HICK (1)(2)
Physician & Surgeon

W.A. DUNCAN (2)(4)
Retired

J.E. PRICE (4)
Managing Director
Beach Gardens Resort

B. BALDWIN (3)
General Manager

J.J. ESTOCK (1)
Assistant General Manager
Finance & Administration

K. BAGSHAW
Corporate Counsel

A.S. LUKINUK (1)
Corporate Secretary

(1) Member - Executive Committee
(2) Member - Finance Committee
(3) Member - Planning Committee
(4) Member - Audit Committee

The Honourable Alex V. Fraser
Minister of Transportation & Highways:

1984-85 yielded appreciable reductions in the B.C. Ferry Corporation's operating deficit. This was achieved while still meeting the Corporation's mandate of offering the best possible service in the most efficient manner. While 1983-84 was effectively a year of stabilization and overall operational streamlining, this past fiscal year has been one of significant adjustment to the service to high loss areas. At the same time, the modest traffic growth experienced in 1983-84 over that of 1982-83 was once again reversed in 1984-85. The traffic results were well below expectations, with vehicles at 4,460,069 and passengers at 11,912,943. This represents a decline of .5% in vehicles and 3.9% in passengers over 1983-84.

In keeping with the British Columbia Government's instructions to pare costs in all possible areas, a major assessment review of high loss areas was completed. The review, which touched on all aspects of service to the North Coast, Sunshine Coast and Gulf Islands, took a three-pronged approach: 1) to reduce operating costs, particularly during the low revenue off season period by more closely matching schedules to traffic demand and patterns; 2) to provide residents of communities dependent upon the ferries as a transportation link with a service that would meet their day to day requirements; and, 3) to maximize the Corporation's role in the province's vital tourist industry.

I am pleased to report that the success of the Ferry Corporation's ongoing cost reducing program is due in part to the spirit of cooperation that prevailed between the communities concerned and the Corporation in implementing cost reducing measures that have already yielded impressive results. For example, service to the North Coast was reduced between Prince Rupert and Port Hardy during traditionally low traffic months. However, the projected savings allowed the Corporation to carry out ship renovations necessary to implement a day boat operation during the summer tourist season. The summer of 1985 will see the launching of this new day cruise service between Prince Rupert and Port Hardy - a service that will substantially increase the tourist activity to northern communities.

Efficiency measures undertaken on the Sunshine Coast also involved a reduction in the number of sailings. However, a ramp at Langdale terminal was doubledecked with the result that the route can now be fully operated with a doubledecked ship. This has effectively increased the lift-off capacity while at the same time allowing the Corporation to operate the service in a more cost efficient manner.

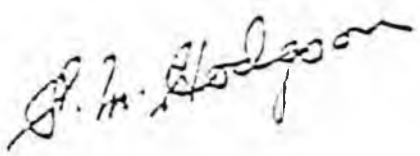
While the emphasis this past year was directed to cutting costs on specific routes, overall savings were achieved in all facets of the operation. Labour costs, which account for the major part of the operating budget, were substantially reduced by a general streamlining of the establishment in line with the provisions of the collective agreement.

As mentioned, the anticipated turnaround in traffic levels did not materialize during 1984-85. Indeed, while in 1983-84 a slight increase in vehicles and passengers was experienced, this past year has seen a decline of 22,638 vehicles and 484,962 passengers. Nevertheless, despite the general decline in traffic, the month of August set an all-time record for passengers and vehicles. Also, a hopeful indication that recovery has begun is the performance of commercial vehicle traffic. For all routes, commercial traffic was up 3% over 1983-84 and 6% over 1982-83. For the last quarter of 1984-85, commercial traffic on the two Vancouver Island routes was up 8.8%. In the past, commercial traffic has often been a precursor or leading indicator of overall traffic trends.

With this in mind plans are underway to meet the increased demand during Expo '86. The fleet's expansion since 1980 by way of lifting five major vessels, plus the ships presently laid up, has put the Corporation in an excellent position to meet projected vehicle lift-off demands. In addition, bus passenger pick up and drop off zones are being revamped at the major terminals to make it a more attractive and convenient means of travel.

British Columbia's ferry fleet plays an important role in preserving the coastal residents' way of life by offering a vital transportation link. At the same time the fleet itself is seen by millions of tourists as a major attraction. The B.C. Ferry Corporation's employees, management and board of directors take pride in meeting the many and varied needs of their travelling public.

On behalf of the Board,



Stuart M. Hodgson
Chairman

The Corporation has now experienced three straight recessionary years with little or no growth in most categories of traffic. The notable exception to this pattern is the 3% increase in commercial vehicles – a hopeful sign toward economic recovery in British Columbia.

In spite of soft traffic patterns, the future looks promising. In the face of adversity over the past three years, costs have actually been reduced through careful planning of ship and crew schedules. It is encouraging to note that these and other continuing management efficiencies have resulted in a further 8% reduction of operating expenses while net revenue increased 5% in spite of declines in traffic. The increase in revenue was in part, a reflection of the very modest increase in fares. Vehicle fares increased by approximately 5% in February of 1985.

The Corporation is now leaner, more efficient and well positioned to take advantage of the anticipated return to healthy traffic growth expected over the next two years.

Good progress was made this year in a continuing effort to improve overall efficiency of the fleet through the application of a more precise match between capacity and traffic. Input from local residents has become a regular feature of the planning process. Community meetings were held on the Sunshine Coast, the North Coast and the Gulf Islands to discuss proposed schedule changes.

Although service was cut back on some routes, the number of sailings for the entire system increased by 3% in 1984/85. There was a total of 70,313 one-way sailings.

Sunshine Coast service and efficiency were improved with the introduction of the converted "Queen of Alberni" into operation on the Langdale-Horseshoe Bay route in conjunction with upgraded terminal facilities at Langdale.

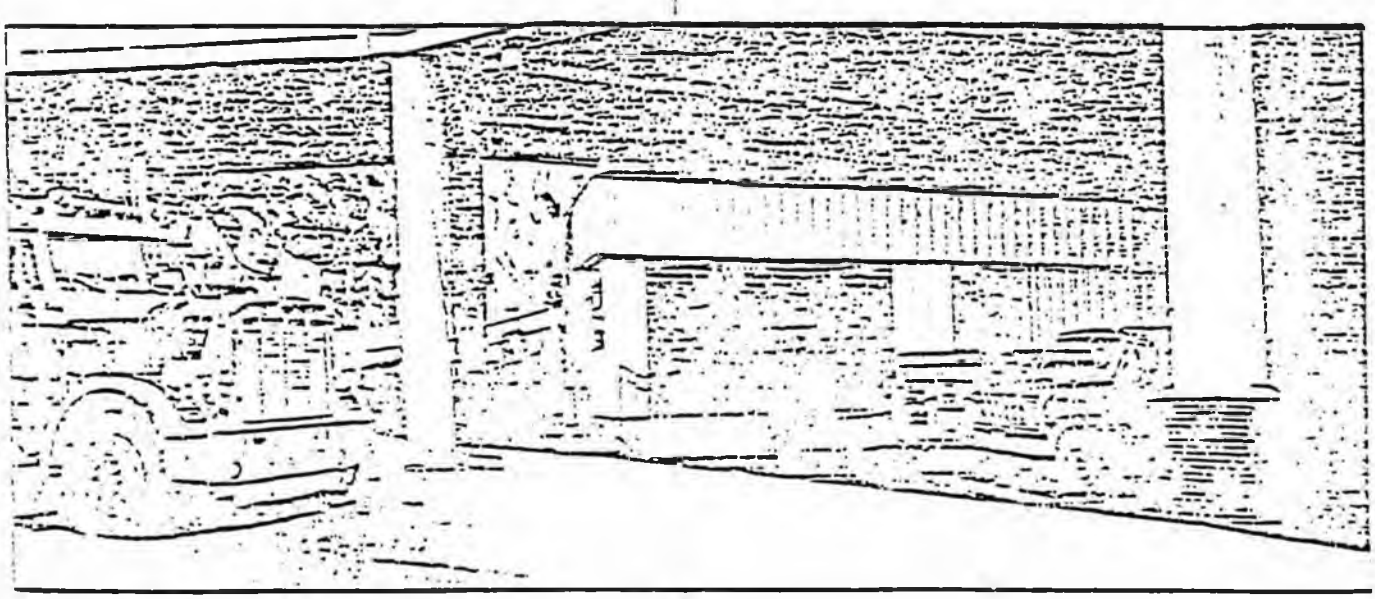
On the North Coast substantial cuts were made in winter service, with the elimination of the Tsawwassen leg of the Prince Rupert-Port Hardy route from the winter operation. A single ship made one trip per week to Port Hardy and two round trips to Skidegate.

In addition, the chartered Prince Rupert-Masset tug and barge service for drop trailers was terminated March 31, 1985. Commercial drop trailers will be carried on the regular ferry route from Prince Rupert to Skidegate. During 1984/85 it was decided that the summer service between Prince Rupert and Port Hardy would be a daylight operation commencing the summer of 1985.

The most significant improvements in efficiency have resulted from better scheduling of crews. Overtime costs have been substantially reduced. A policy of flexible vessel licences has enabled the Corporation to vary the size of crews throughout the day according to the requirements of traffic.

One of the new management tools introduced in 1984/85 was an Executive Network of microcomputers.

The Executive Network provides senior management with traffic statistics, revenue information, spreadsheet applications and forecasting models. Senior managers are using the system to monitor current traffic and demands on schedules. Historical data can be viewed in order to identify trends. By combining



Passenger waiting room, Horseshoe Bay

...ne features with a forecasting model, it is possible to ...ly predict capacity utilizations, licence requirements and probable overloads. By using the spreadsheet application, senior managers can analyze various scenarios with regard to tariff and revenue items. The system, therefore, is a powerful tool that can aid senior management in both short term and long term planning.

Engineering

The Corporation's major construction project this year was the refitting of the "Queen of Alberni." The contract was placed February 27, 1984 and 105 days later, on June 11, 1984, the ship was back in service with a new upper car deck doubling its original vehicle capacity.

Coinciding with this project was a major upgrading of facilities at Langdale Terminal. The vehicle loading ramps were double-decked in order to permit simultaneous loading of both vehicle decks. New offices and waiting rooms were constructed and the holding compound layout was redesigned.

Modifications were commenced on the "Queen of the North" to suit the new "Day Cruise" service. Because of the cancellation of contracted tug and barge service to the Queen Charlotte Islands, both the "Queen of the North" and "Queen of Prince Rupert" were outfitted to carry refrigerated trucks by installation of new car deck exhaust systems to enable truck trailing units to operate during the crossing of Hecate Strait. The holding compound at Skidegate Terminal was increased in size to accommodate drop trailer traffic.

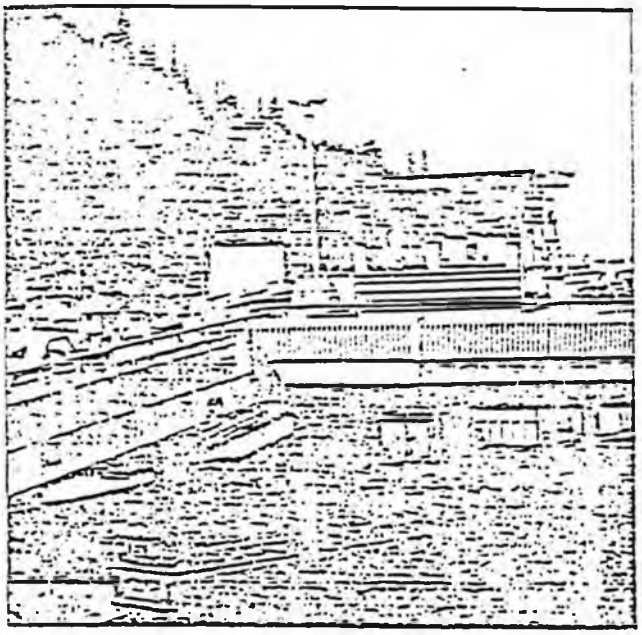
Improvements in facilities at major terminals have continued.

At Swartz Bay a new passenger pick-up facility was completed adjacent to the docks, thus shortening the walking distance for disembarking foot passengers and alleviating congestion at the departure ticketing area. New toll booths were built in order to improve the flow of traffic and expand the holding compound. Planning is underway at Swartz Bay for double-laning the upper vehicle ramp at Number 1 Berth; for expansion of the refrigerated and dry stores area; and for construction of a new bus passenger loading facility which will include six bus bays and a new passenger waiting room.

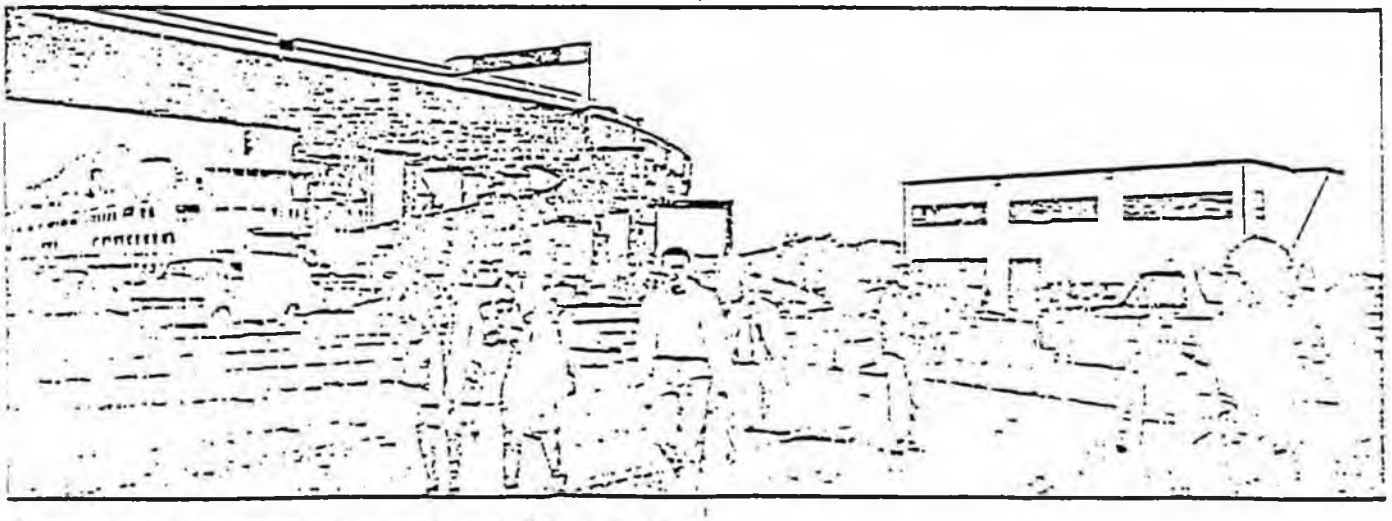
At Tsawwassen the upper vehicle ramp at Number 2 Berth has been widened to two lanes, thus speeding the loading and unloading process, and the cafeteria was expanded to provide additional seating.

At Horseshoe Bay the upper vehicle holding area was extended and a new passenger waiting room and control tower were built.

After a period of extensive testing during 1983-84, fuel metres have been fitted to all major vessels. The fuel metres, together with better ship scheduling, has resulted in total fuel consumption in 1984/85 of 76,256,000 litres, a 3% reduction from the previous year.



Control tower, Horseshoe Bay



Overhead ramp, passenger waiting room, and office, Langdale

New fleet colours are appearing on the vessels as they go into refit for regular maintenance. Approximately half the vessels have now been repainted. The EXPO 86 logo is being painted on funnels in conjunction with the repainting program.

Catering

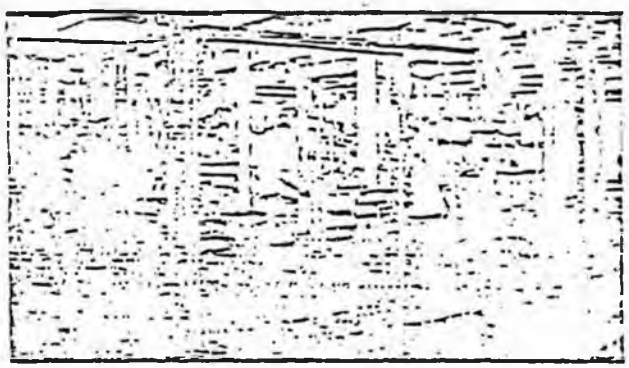
The past fiscal year was a period of consolidation for the Catering and Passenger Services area. Total revenue declined as a result of lower passenger traffic, smaller average expenditure per passenger and the closing of marginal outlets. Although within budget, the Gross Profit percentage was slightly lower than the previous year. Menu price increases were kept at a minimum in response to the public's resistance to high priced menu items.

General operating expenses were reduced substantially with the result that the net operating loss was reduced from previous years in spite of declining revenue.

Reductions in Route #10 (Port Hardy-Prince Rupert) operations have produced substantial drops in both liquor and store.com revenue; however, the lost revenue was more than offset by reduced expenses. Anticipated sales increases on the new day run concept should more than replace these lost marginal sales with very productive revenue dollars.

Ongoing emphasis on newsstand development has produced an increase in both sales and newsstand gross profit in spite of limited passenger traffic. In support of this trend, the Vancouver Class vessels will be featuring new expanded gift shops with three vessels completed prior to the summer of 1985.

The new Tsawwassen test kitchen and Quality Control Supervisor continue to produce basic improvements in food quality. Although gradual, these improvements have proven to be lasting and consistant throughout the fleet. Revised food purchasing procedures have also been effective in improving quality consistance and value.

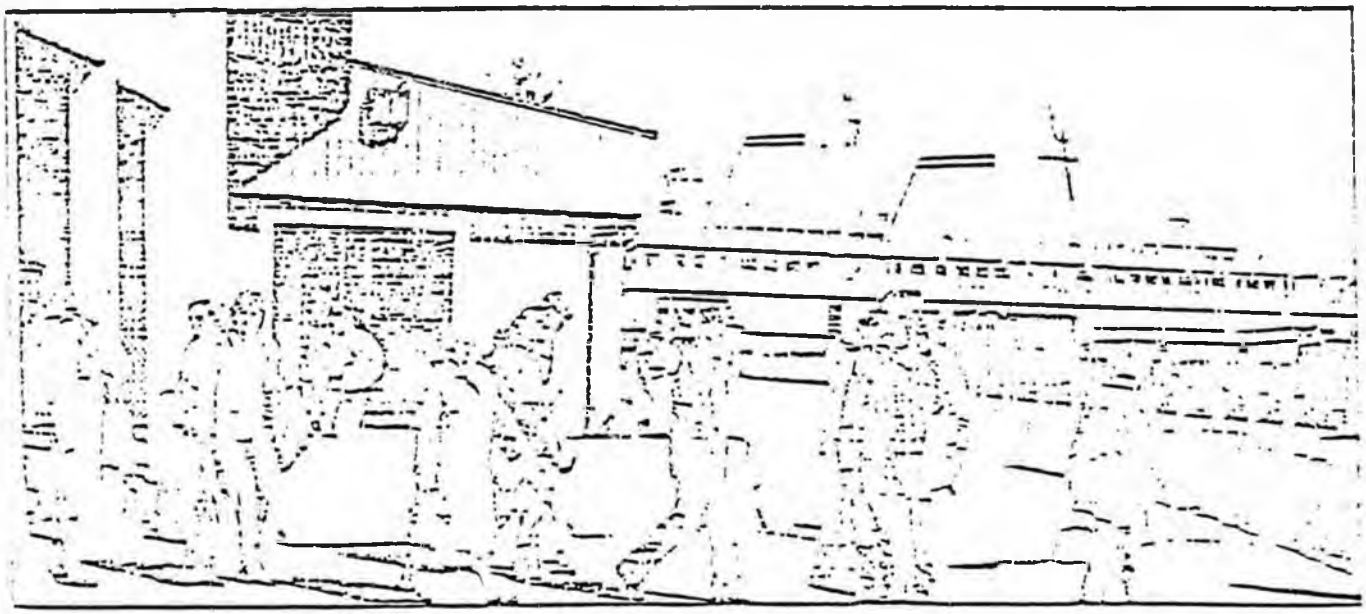


Expanded newsstand/giftshop

Communications

B.C. Ferries has continued to expand its role in the promotion of tourism, in recognition of the significance of this growing industry to British Columbia and the Corporation as a major source of revenue. A major activity this winter has been the promotion of the Day Cruise, which is to be introduced on the Northern route to Prince Rupert in the summer of 1985.

The Corporation has also expanded its activities in major travel shows in key market areas of the U.S. and Canada, working in close cooperation with Tourism B.C. and the tourism regions of the province. The past year also featured more involvement with local tourism communities in areas served by the Corporation.



Foot passenger arrivals, Swartz Bay

mputerized reservations for the Gulf Islands and North st which were completed in 1983 have been streamlined. now offer an even more efficient service to travel agents and the general public. This process will continue as we prepare well ahead for the anticipated volume of enquiries that will be generated by Expo 86.

Labour Relations

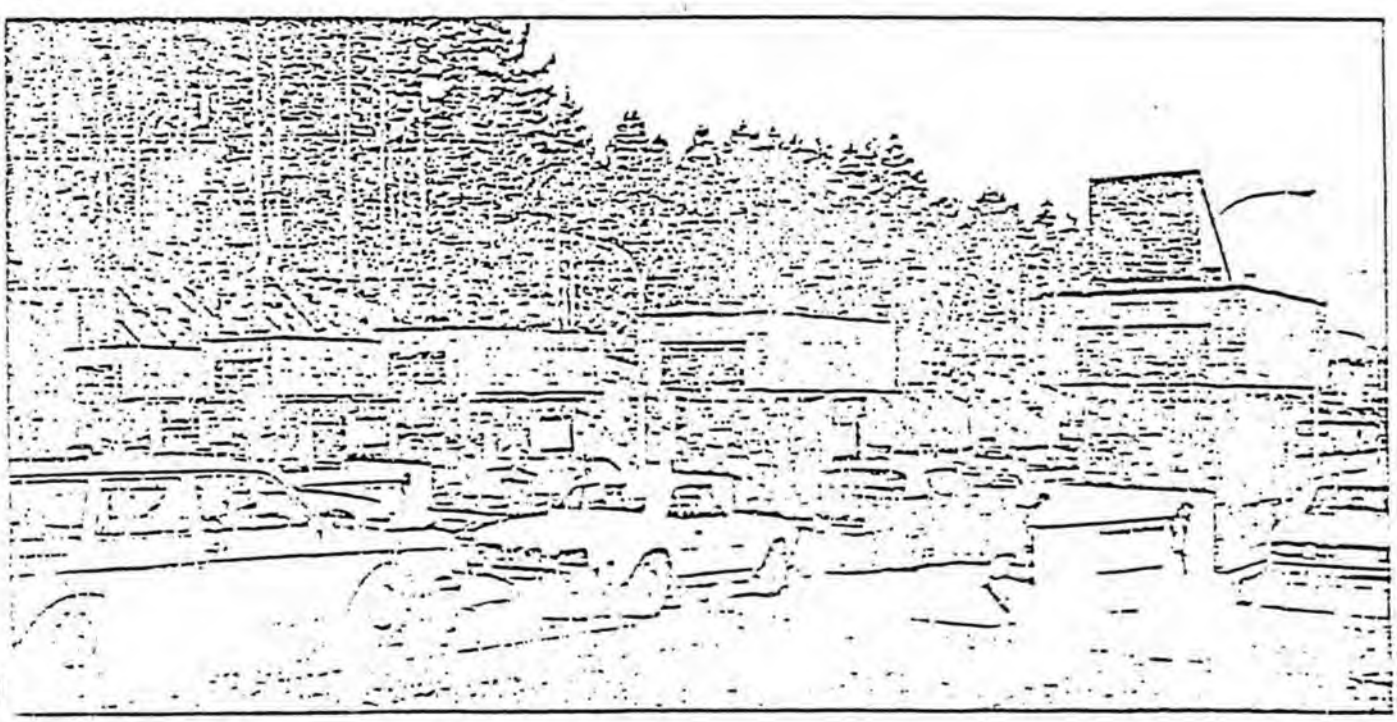
The main Labour Relations activity during 1984 was the administration of the collective agreement that was concluded in 1983. This included developing a layoff and recall procedure with the Union which allowed the Corporation to downsize its work force.

A number of grievances arose as a result of the new contract language; however, the parties were able to resolve these differences of opinion in accordance with procedures established under the collective agreement. This last fiscal year saw no time loss due to picket action of any kind, including third-party picketing.

Personnel

The greater flexibility in manning and improvements in scheduling afforded by the Agreement concluded on October 30, 1983, impacted most significantly on the personnel function in 1984. A new bargaining unit establishment, reflecting the orporation's ongoing commitment to reduce overall wage osts by means of the rationalization of the Corporation's an resource requirement to a level commensurate with its operational requirements, was accepted and approved. At the same time the Corporation's commitment to reduce its outstanding banked overtime liability continued with positive results; careful manpower planning reduced the total banked overtime by 31%.

The new bargaining unit establishment of 1951 positions resulted in a reduction of 221 positions effective October 10, 1984. Where the reduction impacted on an employee it was effected in consultation with that employee, his Union representative and his Union executive. As a result of the extensive preparatory work completed, and despite the inevitable rippling effect of "bumping," the overall reduction in the number of employees was brought about with a minimum of disruption of personal inconvenience. Of those employees who were laid off and who elected to return to work with the Corporation when work is available, and after allowing for attrition of present regular employees through retirement, death, disabilities, etc. it is considered that the vast majority will return to work as full time regular employees within the next 18 months. In the interim, they will be offered every opportunity to work for the Corporation throughout the busy summer months or any other time that their services can be used.



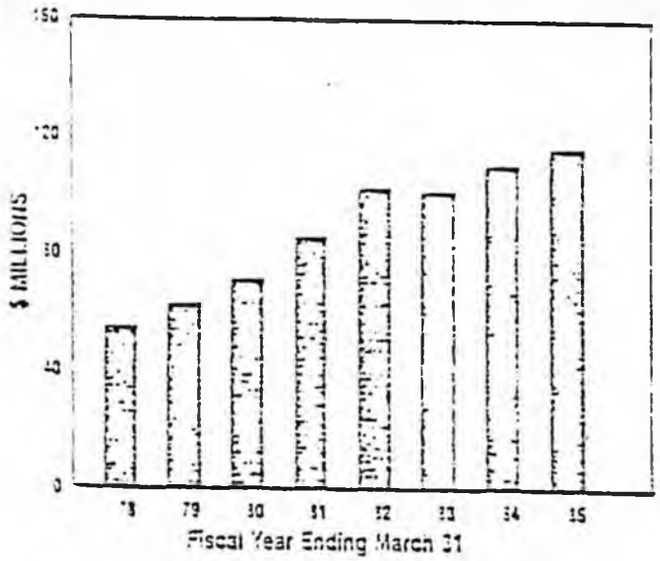
A.L. Collier
President and
Chief Executive Officer

Vehicle toll booths, Swartz Bay

NET OPERATING REVENUE + 5%

Despite the lack of significant traffic growth in recent years, revenues have been growing as a result of regular, modest, annual fare increases.

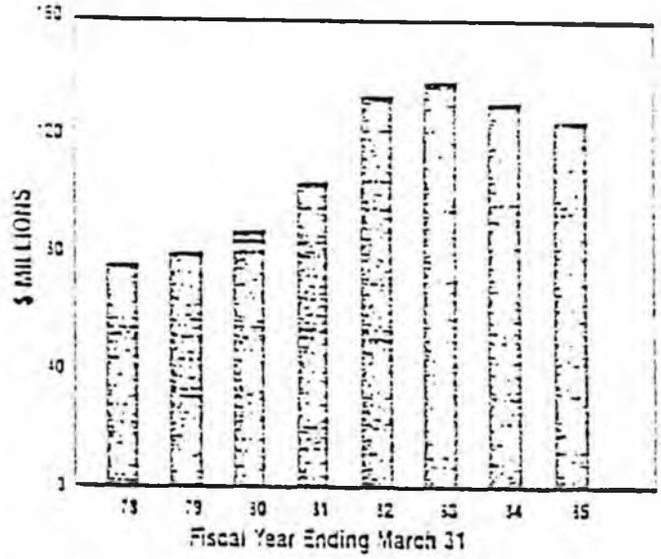
Net operating revenue has grown at an average rate of 7.7% per year over the past five years.



OPERATING EXPENSES – 5%

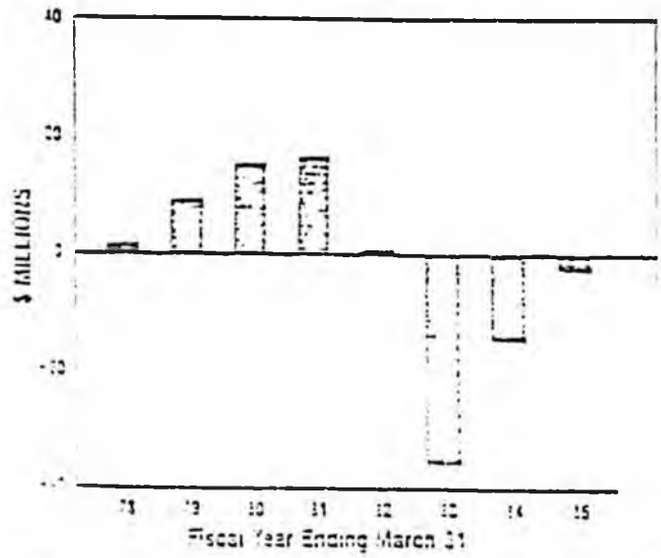
After a period of sharply rising costs in the late 70's and early 80's, operating expenses have been brought under control over the past three years.

This restraint was essential due to lack of traffic growth and a major reduction in the provincial government subsidy.



INCOME/LOSS AFTER SUBSIDY & DEPRECIATION

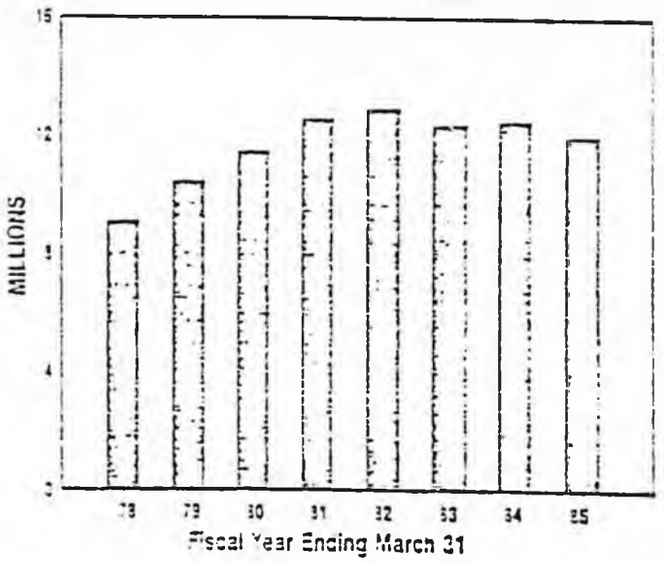
Despite the lack of traffic growth there has been a strong financial recovery over the past three years as a result of operating cost restraint and modest fare increases.



TOTAL PASSENGERS – 4%

After a small increase in 1983/84, passenger traffic has fallen again in 1984/85.

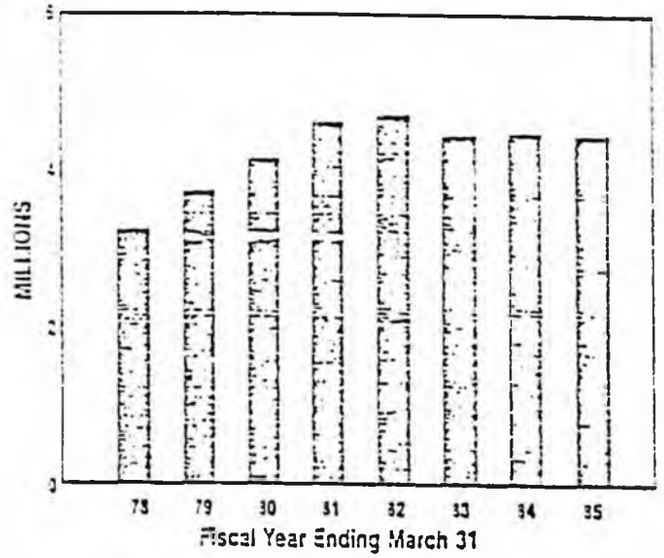
Over the past 24 years, 185 million passengers have been carried. The 200 millionth passenger is expected during the summer of 1986.



TOTAL VEHICLES – 0.5%

Total vehicle traffic has remained virtually unchanged over the past three years.

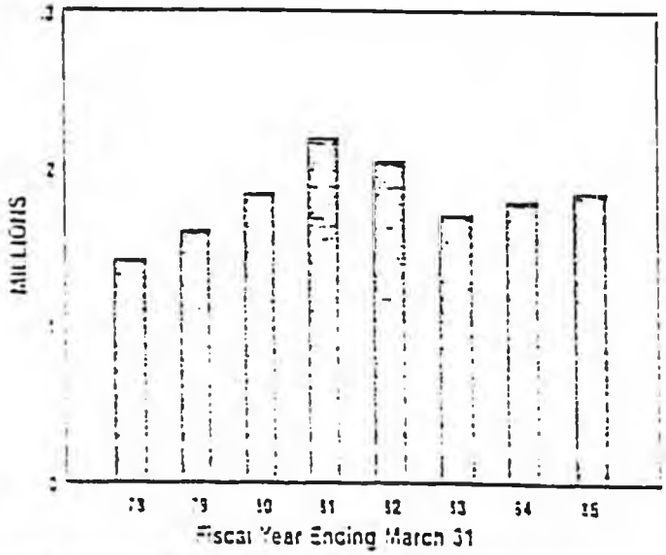
Over 87 million vehicles have been carried since 1960.



COMMERCIAL VEHICLES + 3%

Commercial vehicles have shown a steady increase over the past two years after suffering a sharp decline in the early 1980's.

In the past, commercial traffic has usually been a precursor or leading indicator of changes in other traffic categories.



THORNE RIDDELL
Chartered Accountants

AUDITORS' REPORT

To the Lieutenant-Governor in Council
Province of British Columbia

We have examined the balance sheet of British Columbia Ferry Corporation as at March 31, 1985 and the statements of income, deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thorne Riddell

Chartered Accountants

Victoria, Canada
May 21, 1985

Balance Sheet
as at March 31, 1985

ASSETS

	1985	1984
	(expressed in thousands)	
CURRENT ASSETS		
Cash (Note 1)	$ 11,943	$ 3,361
Accounts receivable (Note 2)	200	505
Inventories (Note 3)	9,558	9,252
Prepayments and deposits	349	583
	22,150	14,201
RESERVED FUNDS (Note 4)	7,817	—
FIXED ASSETS (Note 5)		
Ships, berths, buildings, equipment and land	477,374	465,418
Less accumulated depreciation	204,709	173,645
	279,165	291,773
	$309,132	$305,974

APPROVED BY THE BOARD

Director

Director

LIABILITIES

	1985	1984
	(expressed in thousands)	
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 18,261	$ 19,456
Deferred revenue	1,575	1,544
	19,836	21,000
LONG-TERM DEBT (Note 5)	36,446	36,586
ACCRUED SICK LEAVE LIABILITY (Note 7)	5,218	5,344
	61,500	62,430

SHAREHOLDERS' EQUITY

SHARE CAPITAL		
Authorized		
1,000,000 shares without par value with a maximum consideration of $100,000,000		
Issued		
83,512 shares	6,351	6,351
CONTRIBUTED SURPLUS (Note 3)	250,401	250,401
DEFICIT	(15,720)	(13,708)
	241,632	243,544
COMMITMENTS (note 13)		
	$303,132	$305,974

Statement of Income

YEAR ENDED MARCH 31, 1985
(expressed in thousands)

	1985	1984
Operating Revenues		
Tolls	$100,628	$ 94,828
Catering	22,396	23,737
Other income (note 9)	2,506	1,949
	125,530	120,514
Less cost of food and goods sold	8,993	9,174
	116,537	111,340
Operating Expenses		
Salaries, wages and benefits	79,513	83,449
Fuel and lubricants	23,385	25,352
Materials, operating supplies and services	10,166	10,338
Contracted replacements, repairs and maintenance	5,263	5,950
Marketing, general and administrative	3,530	3,513
Charter fees	2,925	2,946
	125,308	132,553
Operating Loss Before Subsidy	8,771	21,213
Province of British Columbia Subsidy (note 10)	43,000	43,000
Income from operations	34,229	21,787
Interest Expense (note 11)	5,177	6,198
INCOME BEFORE DEPRECIATION	29,052	15,589
Depreciation	31,064	30,586
LOSS FOR THE YEAR AFTER DEPRECIATION	$ 2,012	$ 14,997

Statement of Deficit

YEAR ENDED MARCH 31, 1985
(expressed in thousands)

	1985	1984
Deficit (accumulated income reinvested in corporation assets) at beginning of year	$ 13,708	$ (1,299)
Loss for the year after depreciation	2,012	14,997
DEFICIT AT END OF YEAR	$ 15,720	$ 13,708

Statement of Changes in Financial Position

YEAR ENDED MARCH 31, 1985
(expressed in thousands)

	1985	1984
SOURCES (USES) OF CASH		
CASH FROM OPERATIONS (Note 12)	$ 23,355	$ 17,198
FINANCIAL ACTIVITIES		
Proceeds from promissory note issue	—	14,739
Repayment of note payable	—	(30,000)
Cash reserved for funding accrued sick leave liability	(4,172)	—
Sinking fund payments	(3,145)	(302)
Cash used in financial activities	(7,317)	(15,563)
INVESTMENT ACTIVITIES		
Fixed asset additions	(12,456)	(7,142)
Proceeds on sale of fixed assets	—	9
Cash used in investment activities	(12,456)	(7,133)
INCREASE (DECREASE) IN CASH	8,082	(5,518)
CASH AT BEGINNING OF YEAR	3,861	9,379
CASH AT END OF YEAR	$ 11,943	$ 3,861

Note: In this statement cash includes only cash available for day to day operations and does not include Reserved Funds cash.

Summary of Accounting Policies

YEAR ENDED MARCH 31, 1985

In accordance with Section 8(7) of the *Ferry Corporation Act* the financial statements of the Corporation are prepared in accordance with generally accepted accounting principles. Significant accounting policies followed in the preparation of these financial statements are:

Inventories –

Inventories are valued at the lower of cost and current replacement cost.

Long-Term Disability –

Amounts paid to the Superannuation Branch of the Public Service Commission under the Long-Term Disability Plan are accounted for by the Corporation on the basis of accruing in the financial statements that portion estimated to be payable to employees until retirement for individual disability with the balance of the amounts paid being included in prepaid expenses.

Fixed Assets –

Acquired from the Province of British Columbia effective January 1, 1977:

(a) Ships

Ships, which comprise part of the total assets acquired from the Province effective January 1, 1977 by Order-In-Council dated December 16, 1975 and transferred at an assigned value of $1, have been revalued by the Corporation and are reflected in the accompanying financial statements at their estimated depreciated replacement value as at January 1, 1977 on the basis of construction records for labour and materials valued at 1977 cost exclusive of any federal ship building subsidies which may have been available during the extended period of years during which the individual ships were built and during which such subsidies fluctuated substantially. The estimated depreciated replacement value of the ships at January 1, 1977 is not intended to reflect fair market value of the fleet nor can it be considered to approximate fair market value because of the specialized nature and limited saleability of the ships themselves.

In addition, three ships presently under charter by the Province until 1994 are subchartered to the Corporation for the same period at an annual cost of $1 each, with the Corporation being responsible for all operating, repair, and maintenance costs. Under the terms of the subcharter agreement with the Province, the Corporation may in 1994 request that the Province exercise its option to purchase these ships at its own expense in accordance with the terms of its charter agreement. In the event that such option is exercised, clear title to the ships will be transferred to the Corporation. As a result of these transactions and agreements, these ships are reflected as capital assets of the Corporation in the accompanying financial statements and are similarly stated at their estimated depreciated replacement value as at January 1, 1977.

(b) Berths, buildings and equipment

Berths, buildings and equipment also comprise part of the total assets acquired from the Province effective January 1, 1977 by Order-In-Council dated December 16, 1976 and transferred at an assigned value of $1.

These assets are reflected in the accompanying financial statements at their estimated depreciated replacement value as at January 1, 1977 based upon an appraisal made by Universal Appraisal Company Limited as at that date.

Additions and disposals subsequent to January 1, 1977:

The costs of major replacements, additions, extensions and improvements are capitalized in the fixed asset accounts. The costs of maintenance, repairs, minor renewals or replacements are charged against income. On retirement or disposal of fixed assets, the costs thereof and the related accumulated depreciation are eliminated from the accounts and any gains or losses are reflected in the statement of income.

On October 1, 1983 the remaining buildings and equipment at Deas Dock facility, not acquired from the Province on January 1, 1977 were transferred at an assigned value of $1. These assets are reflected in the accompanying financial statements at their estimated depreciated replacement value as at October 1, 1983 based upon an appraisal made by Universal Appraisal Company Limited as at that date.

Depreciation –

Fixed assets are depreciated on the straight line method based upon the following useful lives:

Ships	25 years
Berths	5 - 10 years
Buildings and equipment	4 - 25 years

Amortization of Promissory Note Discount and Issue Costs –

Promissory note discount is amortized on a compound interest method over the term of the debt. Issue costs are amortized on a straight-line basis over the term of the debt.

Provision for Annual Refit Costs –

The Corporation provides for ship refit expense by charging against income the anticipated costs over the period between refits.

Notes to Financial Statements

YEAR ENDED MARCH 31, 1985

1. CASH AND SHORT-TERM INVESTMENTS

Funds, other than those required for immediate settlement of liabilities, are invested in short-term commercial securities authorized pursuant to the terms and provisions of the Financial Administration Act of British Columbia. The investments are arranged through the Ministry of Finance of the Province.

2. ACCOUNTS RECEIVABLE

Provision has been made for the uncollectibility of a 1980 accounts receivable of $1,950,619 due from the British Columbia Steamship Company (1975) Ltd. for the lease and modifications to the Lessee's specifications of the M.V. "Queen of Prince Rupert".

3. INVENTORIES

	1985	1984
	(expressed in thousands)	
Spare components, parts and supplies	$ 6,997	$ 6,392
Fuel and lubricants	1,153	1,930
Goods for resale and catering supplies	413	440
	$ 8,563	$ 8,762

4. RESERVED FUNDS

The Corporation has segregated assets that are required for specific purposes or as required by long-term debt obligations.

	1985	1984
	(expressed in thousands)	
Sinking funds for long-term debt (note 6)		
Administered by the Province	$ 345	$ —
Administered by the Corporation	3,300	—
	3,645	—
Fund for accrued sick leave liability (note 7)	4,172	—
	$ 7,817	$ —

5. FIXED ASSETS

	1985 (expressed in thousands)			1984
	Cost or Appraised Value	Accumulated Depreciation	Net Book Value	Net Book Value
Ships owned	$ 282,725	$ 105,472	$ 177,253	$ 192,561
Ships under capital lease	72,697	22,256	50,441	43,771
Berths, buildings and equipment	120,524	76,881	43,643	50,966
Land	723	—	723	723
Construction in progress	1,305	—	1,305	3,732
	$ 477,974	$ 204,709	$ 273,365	$ 291,773

6. LONG-TERM DEBT

	1985	1984
	(expressed in thousands)	
Long-term debt issued by the Corporation		
9.85% Promissory notes (effective rate of 15.73%), are repayable in five equal annual instalments of $5.7 million commencing March 5, 1988	$ 28,500	$ 28,500
Less unamortized discount and issue costs	6,473	7,332
	22,027	21,168
12.38% Promissory note (effective rate of 12.44%) due September 9, 2003 is repayable by annual sinking fund payments of $322,492 commencing September 9, 1984	14,758	14,758
Less unamortized issue costs	17	18
	14,741	14,740
	36,768	35,908
Sinking fund payment required within one year	322	322
	$ 36,446	$ 35,586

Principal and sinking fund payments due in each of the next five years:

1986	1987	1988	1989	1990
$322,492	$322,492	$6,322,492	$6,322,492	$6,322,492

The Province of British Columbia unconditionally guarantees the payment of principal and interest on the Promissory notes.

7. ACCRUED SICK LEAVE LIABILITY

On September 1, 1979 the Corporation introduced short-term illness and injury and long-term disability plans and as of that date all employees ceased accruing sick leave credits. Under the collective agreement with the employees, in the event of illness, the accumulated sick time may be withdrawn prior to retirement and on retirement any balance remaining is payable in cash at 50% of accredited time. The liability as at March 31, 1985 based upon a recent actuarial evaluation by Reed Stenhouse Associates Limited established the present lump sum value of cash payouts on retirement to all employees at $4,172,000 which, with interest will accumulate an amount required to meet those obligations. The recorded liability as actuarially evaluated in 1982 with accrued interest net of withdrawals to 1985 exceeded the current evaluation by $1,569,391. One third of the excess is reflected in current operations and the balance will be reflected in operations of the next two fiscal periods. Funds reserved for liquidation of this liability are invested in short-term commercial security (Note 1).

8. CONTRIBUTED SURPLUS

	1985	1984
	(expressed in thousands)	
Excess of estimated depreciated replacement value over assigned value of $1 of assets acquired from the Province of British Columbia		
- Ships, berths, buildings and equipment effective January 1, 1977	$ 249,674	$ 249,674
- Buildings and equipment effective October 1, 1983	727	727
	$ 250,401	$ 250,401

9. OTHER INCOME

	1985	1984
	(expressed in thousands)	
Parking and ancilliary traffic revenue	$ 947	$ 837
Interest earned on funds in bank and short-term investments	1,559	1,112
	$ 2,506	$ 1,949

10. PROVINCIAL SUBSIDY AND BENEFITS

The Corporation receives a subsidy from the Province of British Columbia which is determined annually.

Included in fixed assets as "ships under capital lease" are three ships leased from the Province at an annual cost of $1 each. The annual cost of these charters to the Province is $4,819,300. In addition the Corporation utilizes Crown land for terminals and highway access without rental or property taxes. The value of these benefits is indeterminable. The Corporation, as an agent of the Crown, is not liable to taxation, including taxation on improvements, except insofar as the Crown is liable.

The Corporation utilizes Ministries and Agencies of the Provincial Government for negotiation and purchase of fuel, materials, and communications. The aggregate of these transactions is $39.3 million (1984 - $45.3 million).

11. INTEREST EXPENSE

	1985	1984
	(expressed in thousands)	
Interest expense, amortization of promissory note discount and amortization of debt issue cost on:		
- long term debt	$ 5,171	$ 4,292
- short term borrowings	6	1,906
	$ 5,177	$ 6,198

12. CASH FROM OPERATIONS

	1985	1984
	(expressed in thousands)	
Loss for the year after depreciation	$(2,312)	$(14,397)
Items not involving cash		
Depreciation	31,364	30,886
Amortization of promissory note discount and issue costs	360	741
Loss on retirement of fixed assets	—	248
Increase (decrease) in accrued sick leave liability	(528)	(184)
Cash generated from continuing operations	28,886	16,742
Cash generated from (used for) operating working capital		
Accounts receivable	(295)	104
Inventories	396	269
Prepayments and deposits	(288)	1,542
Accounts payable and accrued liabilities	(1,196)	(1,349)
Deferred revenue	(130)	(130)
Cash generated from operations	$ 28,365	$ 17,198

13. COMMITMENTS

The Corporation is contractually committed to modify the passenger areas on the M.V. "Queen of the North" and to complete terminal compound improvements at Skidegate and Departure Bay. The total estimated cost of these capital projects is $0.9 million and as at March 31, 1985 the estimated remaining cost to complete these commitments is $0.4 million.

Not included in the accounts is a lease commitment of $5.4 million for the M.V. "Quinsam" which is fully recoverable through a non-cancellable sub-lease with the Ministry of Transportation and Highways for British Columbia.

14. COMPARATIVE FIGURES

Certain comparative figures for the previous year have been reclassified to conform with the March 31, 1985 financial statement presentation.

Statistical Review

YEAR ENDED MARCH 31

	1985	1984	1983	1982	1981	1980
			(expressed in thousands)			
Financial						
Operating Revenue - Gross	$125,630	$120,514	$110,689	$112,199	$ 99,552	$ 82,367
Operating Expense	125,308	132,553	139,013	133,856	104,956	88,695
Operating Loss before Subsidy	8,771	21,213	37,213	31,221	14,261	13,567
Subsidy	43,000	43,000	43,000	58,391	58,106	49,447
Cash Flow from Operations	23,355	17,198	(8,305)	36,331	44,311	36,583
Depreciation and Amortization	31,064	30,566	34,724	26,087	22,148	20,271
Interest on Debt	5,177	5,198	5,073	393	779	880
Working Capital (Deficiency)	2,214	(5,799)	(37,506)	(11,495)	15,512	21,373
Additions to Property	12,456	7,142	26,304	74,376	44,319	39,369
Total Assets	303,132	305,974	335,370	357,317	334,396	312,048
Long-term Debt	36,446	35,586	20,429	31,716	13,764	15,513
Operating						
Traffic						
- Passengers	11,913	12,398	12,275	12,764	12,513	11,423
- Vehicles	4,460	4,483	4,463	4,713	4,526	4,161
Miles						
- Passengers	269,703	283,745	273,975	339,395	334,073	314,344
- Vehicles	96,531	97,569	97,020	118,533	116,313	106,735
Utilization						
- Passengers	28%	28%	27%	28%	28%	28%
- Vehicles	58%	56%	60%	68%	60%	57%

CORPORATE INFORMATION

HEAD OFFICE

818 Broughton Street
Victoria, B.C.
V8W 1E4

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V6Z 2A9

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Thorne Riddell
707 Fort Street
Victoria, B.C.
V8W 3G3

CORPORATE COUNSEL

Lacher Downs
2100 Pacific Centre South
700 W. Georgia Street
Vancouver, B.C.
V7Y 1A8

BANKERS

Bank of Nova Scotia
Victoria, B.C.

Canadian Imperial Bank of Commerce
Victoria, B.C.

Statistical Review

YEAR ENDED MARCH 31

	1985	1984	1983	1982	1981	1980
			(expressed in thousands)			
Financial						
Operating Revenue – Gross	$125,630	$120,514	$110,569	$112,199	$ 99,552	$ 82,867
Operating Expense	125,308	132,553	139,013	133,355	104,356	88,695
Operating Loss before Subsidy	3,771	21,213	37,213	31,221	14,251	13,667
Subsidy	43,000	43,000	43,000	53,391	53,105	49,447
Cash Flow from Operations	29,355	17,193	(3,005)	35,331	44,311	38,383
Depreciation and Amortization	31,064	30,585	34,724	26,087	22,143	20,271
Interest on Debt	5,177	5,193	5,073	393	779	880
Working Capital (Deficiency)	2,214	(6,799)	(37,306)	(11,495)	15,512	21,373
Additions to Property	12,456	7,142	26,304	74,376	44,319	39,359
Total Assets	303,132	305,974	335,370	357,317	334,396	312,048
Long-term Debt	36,446	35,536	20,428	31,716	13,764	15,513
Operating						
Traffic						
– Passengers	11,313	12,398	12,275	12,764	12,513	11,423
– Vehicles	4,460	4,483	4,463	4,713	4,626	4,161
Miles						
– Passengers	269,703	283,745	278,375	309,396	304,078	314,344
– Vehicles	96,531	97,569	97,020	116,533	116,318	106,735
Utilization						
– Passengers	38%	38%	37%	38%	39%	39%
– Vehicles	33%	33%	33%	43%	33%	37%

CORPORATE INFORMATION

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BANKERS

Bank of Nova Scotia
Victoria, B.C.

Canadian Imperial Bank of Commerce
Victoria, B.C.

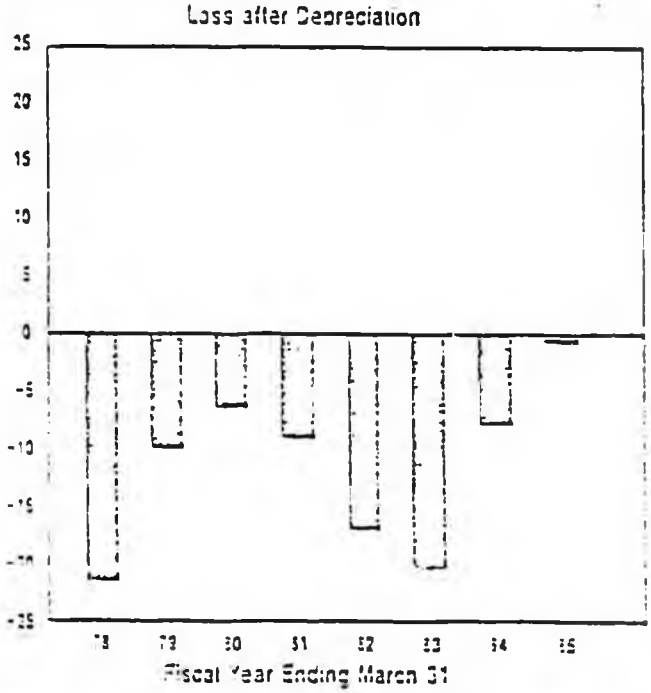
VANCOUVER ISLAND

The two Mainland-Vancouver Island routes are among the busiest ferry routes in the world, carrying 7.8 million passengers and 2.8 million vehicles in 1984/85.

A concentrated effort at improving cost efficiency over the past 3 years has resulted in a tremendous reduction in the loss.

For the first time this year the Vancouver Island routes are very close to a break-even operation.

VANCOUVER ISLAND
Loss after Depreciation

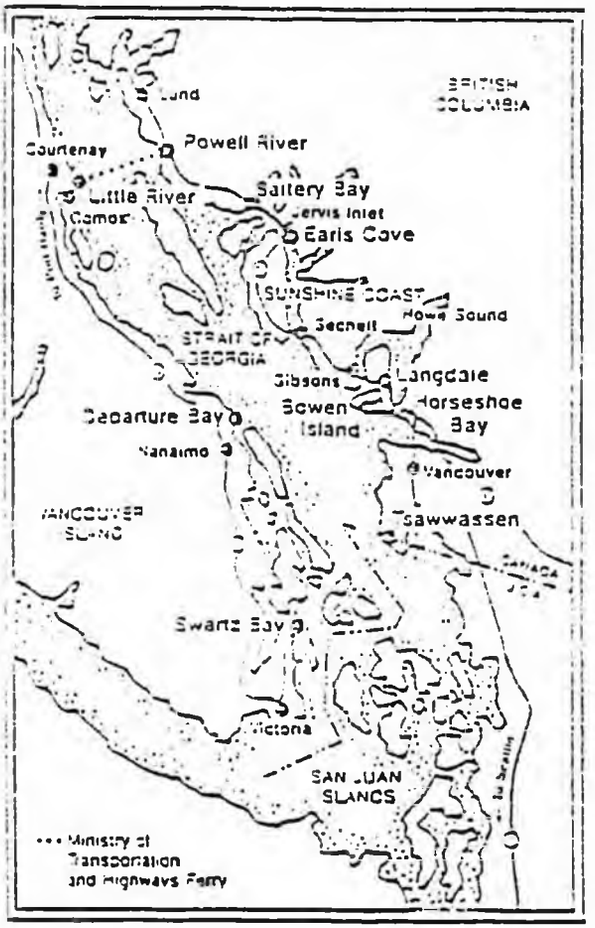


SUNSHINE COAST

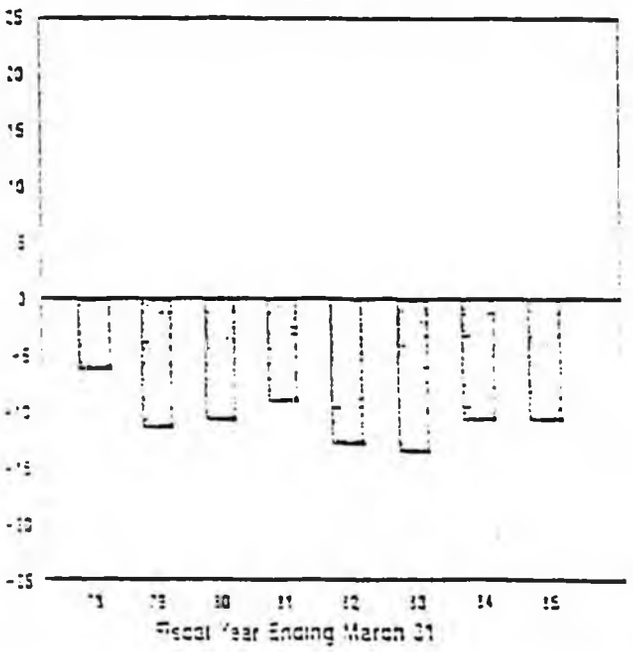
The Sunshine Coast includes four routes:
Horseshoe Bay - Langdale
Horseshoe Bay - Bowen Island
Earls Cove - Saltery Bay
and the passenger-only service from Langdale-Gambier Island-Keates Island.

These routes carried 2.6 million passengers and 1 million vehicles in 1984/85. Although traffic has declined in each of the past three years, there has been an improvement in the financial performance.

The loss in 1984/85 was $11 million, virtually unchanged from the previous fiscal year.



SUNSHINE COAST
Loss after Depreciation

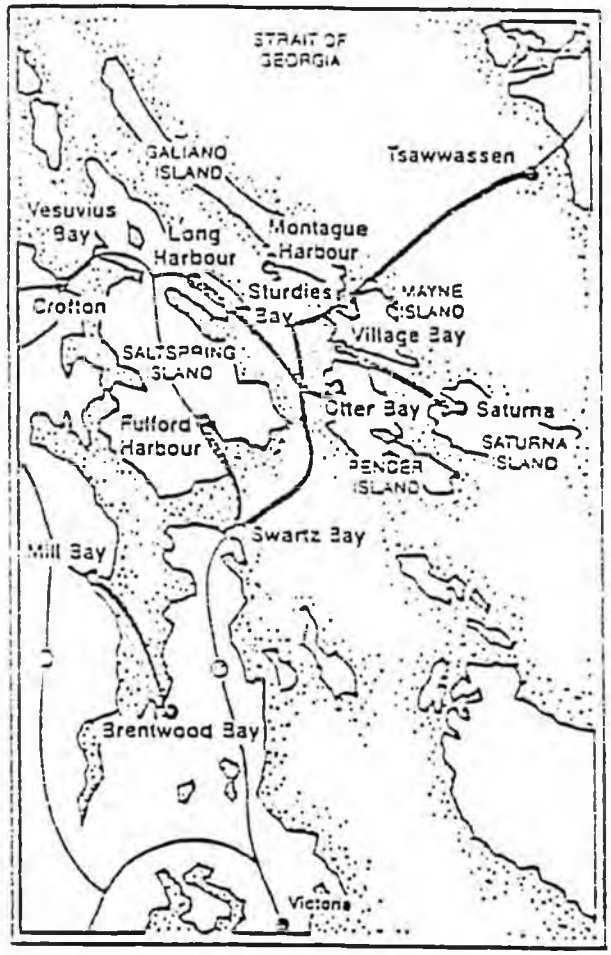


GULF ISLANDS

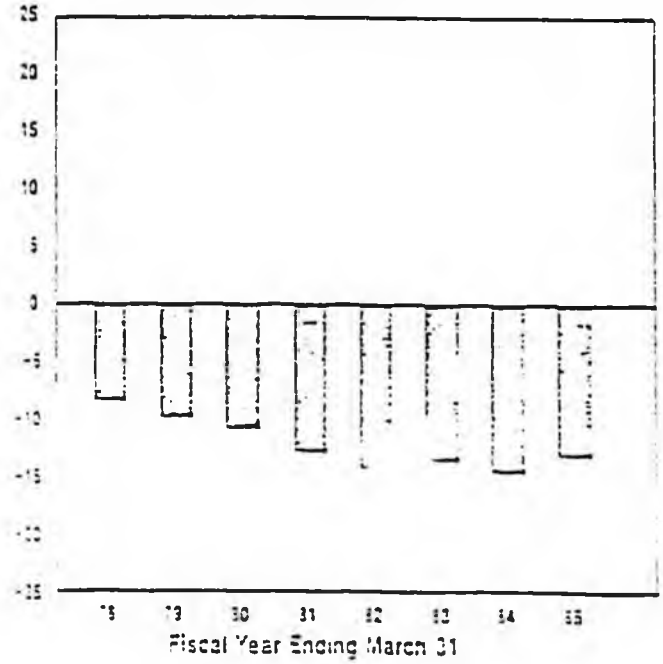
The Gulf Islands vessels service the islands of Salt Spring, Pender, Galiano, Mayne and Saturna. The region also includes the Brentwood-Mill Bay route.

In 1984/85 these routes carried 1.5 million passengers and 623,000 vehicles.

The operating loss in 1984/85 was $13 million, which is a 9% reduction from the previous year.



GULF ISLANDS
Loss after Depreciation



Fiscal Year Ending March 31

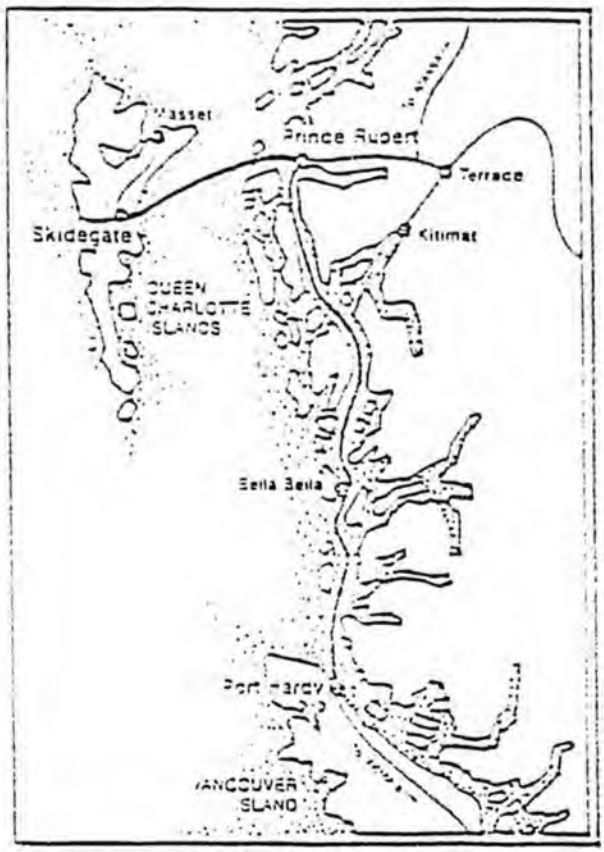
NORTH COAST

The North Coast services include:
Prince Rupert - Port Hardy
Prince Rupert - Skidegate.

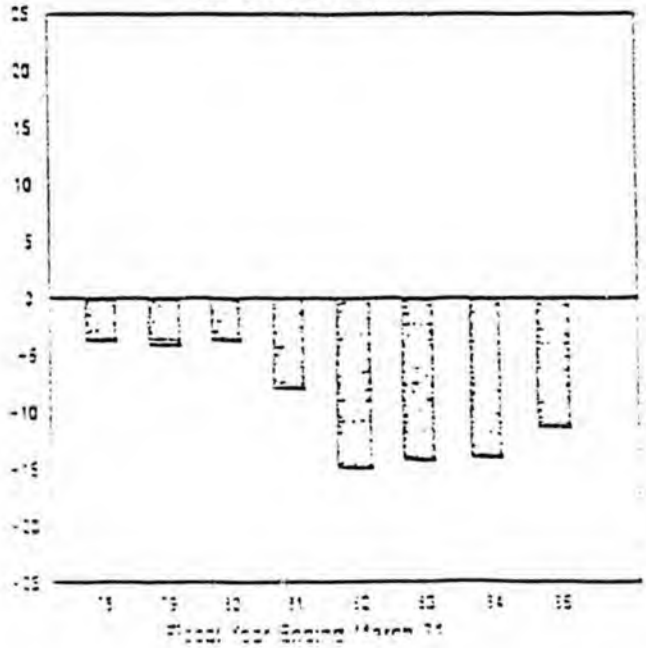
In addition the Corporation has contract services for passenger routes from Prince Rupert to Port Simpson and Kincolith.

Until March 31, 1985 there was also a contract tug-and-barge service between Prince Rupert and Masset.

For the three years previous to 1984/85 the loss on these routes averaged about $16 million per year. With the elimination of Tsawwassen-Port Hardy service and other cost efficiencies the operating loss has been reduced by 19% to $11 million.



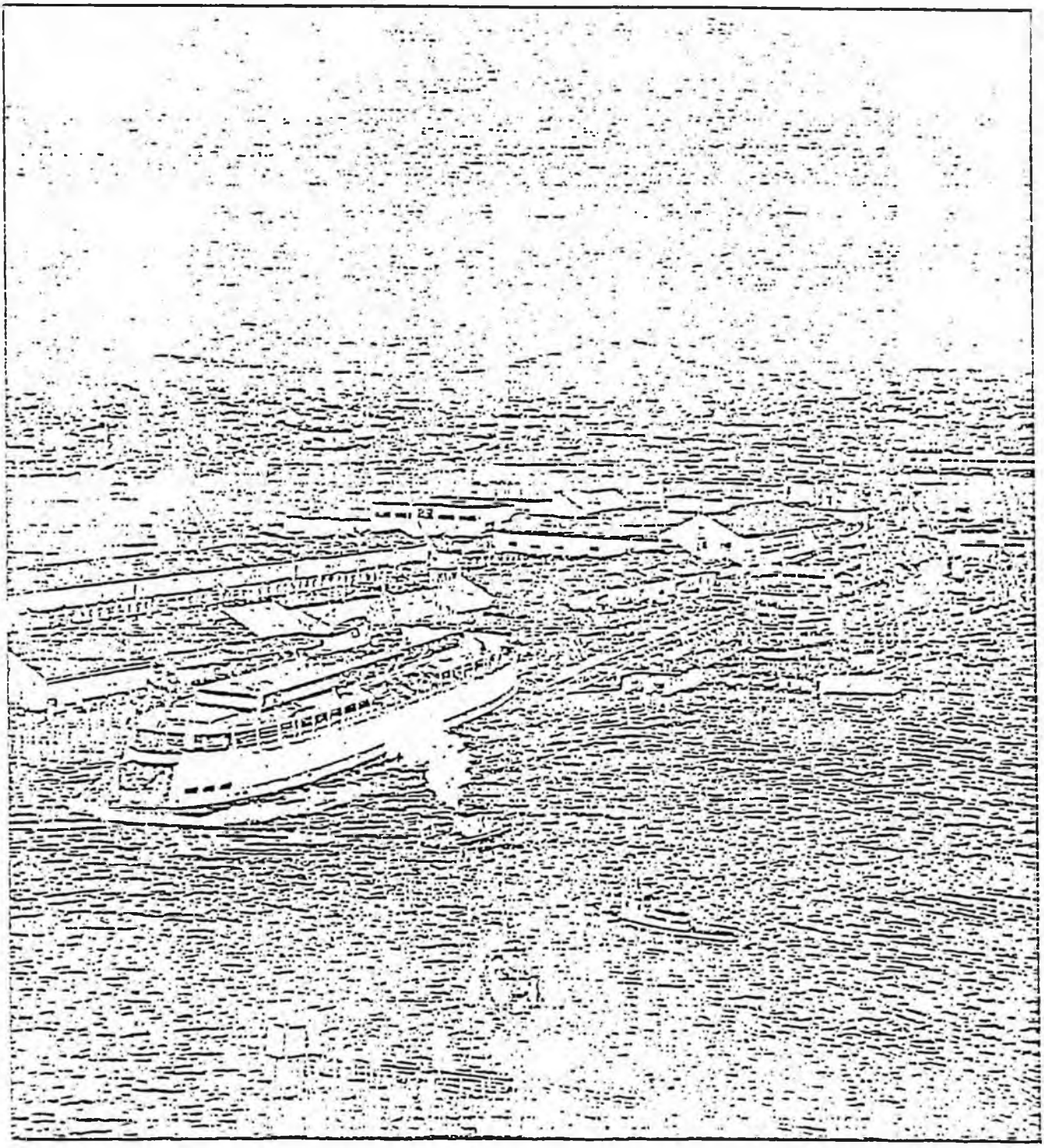
NORTH COAST
Loss after Depreciation



Fiscal Year Ending March 31

Year End	Passengers	Vehicles
March 31, 1961	692,000	321,000
March 31, 1962	2,040,000	697,000
March 31, 1963	2,655,000	895,000
March 31, 1964	3,130,000	1,034,000
March 31, 1965	3,300,000	1,195,000
March 31, 1966	4,000,000	1,333,000
March 31, 1967	4,477,000	1,516,000
March 31, 1968	4,361,000	1,530,000
March 31, 1969	4,774,000	1,783,000
March 31, 1970	5,571,000	2,102,000
March 31, 1971	5,953,511	2,223,412
March 31, 1972	6,771,337	2,552,505
March 31, 1973	7,529,385	2,824,964
March 31, 1974	8,538,297	3,169,582
March 31, 1975	9,512,501	3,558,234
March 31, 1976	9,912,738	3,760,099
March 31, 1977	8,383,502	3,044,167
March 31, 1978	9,018,376	3,253,017
March 31, 1979	10,399,203	3,758,528
March 31, 1980	11,423,405	4,161,302
March 31, 1981	12,512,393	4,525,917
March 31, 1982	12,753,564	4,712,951
March 31, 1983	12,275,466	4,462,731
March 31, 1984	12,397,905	4,482,707
March 31, 1985	11,912,943	4,460,069
Total	184,676,231	67,306,285

	Year Built	Year Converted	Overall Length	Gross Tons	Capacity Auto	Capacity Pass.
Jumbo Class						
Queen of Alberni	1976	84	546	5863	310	1416
Queen of Cowichan	1976		457	8551	362	1466
Queen of Coquitlam	1976		457	8551	362	1466
Queen of Oak Bay	1981		457	8969	362	1466
Queen of Surrey	1981		457	8969	362	1466
V Class						
Queen of Vancouver	1962	'70,'81	428	5430	358	1360
Queen of Victoria	1962	'70,'81	428	5430	358	1360
Queen of Esquimalt	1963	'69, 82	428	5430	375	1360
Queen of Saanich	1963	'72, 82	428	5430	375	1360
Stretched Class						
Queen of Nanaimo	1964	78	428	4939	192	987
Queen of New Westminster	1964	74	428	4904	192	987
Queen of Burnaby	1965	78	428	4903	192	987
Northern Ships						
Queen of Prince Rupert	1966		382	5884	80	458
Queen of the North	1969	80	410	8807	185	750
Major Ships						
Queen of Sidney	1960		336	3123	138	389
Queen of Tsawwassen	1960		336	3127	138	389
Minor Ships						
Bowen Queen	1965	'79	279	1476	70	390
Mayne Queen	1965	'79	279	1476	70	340
Powell River Queen	1965	'79	279	1486	70	400
Howe Sound Queen	1964		241	795	70	330
Queen of the Islands	1963		236	1717	40	483
Mill Bay	1956		120	175	16	168
Saltspring Queen	1949		145	273	30	197
Vesuvius Queen	1960		150	277	32	177
Dogwood Princess II	1979		42	21	—	38



BRITISH COLUMBIA FERRY CORPORATION

1986 FACT SHEET

Chairman of the Board - Stuart M. Hodgson
President & Chief Executive Officer - Andrew L. Collier
General Manager & Chief Operations Officer - George Baldwin

Ships and Areas Covered

Vancouver - Victoria (Tsawwassen - Swartz Bay)

M.V. "Queen of Esquimalt"
M.V. "Queen of Saanich"
M.V. "Queen of Vancouver"
M.V. "Queen of Victoria"

Vancouver - Nanaimo (Horseshoe Bay - Departure Bay)

M.V. "Queen of Alberni"
M.V. "Queen of Cowichan"
M.V. "Queen of Oak Bay"
M.V. "Queen of Surrey"

Sunshine Coast (Horseshoe Bay - Langdale)

M.V. "Queen of Coquitlam"

Vancouver Island - Salt Spring Island

M.V. "Bowen Queen" (Swartz Bay - Fulford Harbour)
M.V. "Salt Spring Queen" (Vesuvius - Crofton)

Vancouver Island - Gulf Islands (Swartz Bay, Mayne, Galiano, Pender, Saturna Is.)

M.V. "Mayne Queen"
M.V. "Vesuvius Queen" (Swartz Bay - Gulf Is. Supplementary)

Sechelt - Powell River (Earls Cove - Saltery Bay)

M.V. "Powell River Queen"

Horseshoe Bay - Bowen Island (Snug Cove)

M.V. "Howe Sound Queen"

Vancouver - Gulf Islands (Tsawwassen - Galiano - Mayne - Pender - Gabriola Is.

M.V. "Queen of Tsawwassen"

. 2

Port Hardy - Bella Bella - Prince Rupert (Summer)
Port Hardy - Bella Bella - Prince Rupert - Skidegate (Winter)

M.V. "Queen of the North" (Year-round)

Prince Rupert - Skidegate (Summer)

M.V. "Queen of Prince Rupert"

Brentwood - Mill Bay

M.V. "Mill Bay"

Langdale - Gambier Island - Keats Island

M.V. "Dogwood Princess II"

Prince Rupert - Port Simpson - Kincolith

Passenger Service only (under contract)

Other Vessels

M.V. "Queen of Burnaby"
M.V. "Queen of the Islands"
M.V. "Queen of Nanaimo"
M.V. "Queen of New Westminster"
M.V. "Queen of Sidney"

Pay Parking Lots Available

Departure Bay	350 vehicles
Horseshoe Bay	180 "
Langdale	85 "
Swartz Bay	450 "
Tsawwassen	1250 "

Catering

Passengers have the convenience of an enlarged cafeteria system on the converted ferries. These cafeterias have seating for up to 224 people at one time. There is also a snack bar on the four vessels operating between Tsawwassen and Swartz Bay. These ships also provide buffet service during the peak summer schedule. Catering facilities are also on most other vessels servicing the major routes and at major terminals except Horseshoe Bay.

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Employees

There are approximately 2000 employees in the system, compared with 200 when the ferry service began in 1960.

Ships Services

Passenger elevators have been installed in all the major and 'C' Class ships, specifically for those who are unable to manage the stairs. The M.V.s "Queen of Sidney" and "Queen of Tsawwassen" do not have elevators. All major ferries have nursing mothers facilities, non-smoking sections, and restrooms for the disabled.

Machine Repair Shop

A service unique to the ferry business is the combined machine repair shop established at Deas Dock on the Fraser River, which allows for a planned program of continuing preventative maintenance. Another unique service is the most modern and completely equipped life raft servicing centre in Canada, also located at Deas Dock. Refitting and lay-up berths are now in operation on the man-made basin at this location.

Capsule History

The idea of a ferry system germinated when Vancouver Island was isolated during the Seamen's Strike in July 1958. Private ferry companies were approached to provide the solution with the Provincial Government undertaking to build highway and wharf facilities on Vancouver Island and the mainland to provide the quickest possible service. When private industry turned down the plan, the Government decided to go ahead on its own.

In March 1959, the Provincial Government announced plans to enter the ferry business. The first contracts were let to Victoria Machinery depot and Burrard Dry Dock for the M.V. "Sidney" and the M.V. "Tsawwassen".

Landings were built at Swartz Bay to service Victoria and at Tsawwassen to service Vancouver. At the latter site, a two-mile causeway was built which used 2,500,000 cubic yards of boulder, rock, and gravel fill.

Inauguration of the two-hour service started on June 15, 1960.

On September 1, 1961, the Gulf Island Service was purchased by the British Columbia Ferry Authority. In October 1961, Black Ball Ferries Ltd., which operated ferries from Horseshoe Bay to Nanaimo and to the Sunshine Coast, was purchased.

The inaugural run of the M.V. "Queen of Prince Rupert", sailing the Inside Passage to Prince Rupert from Kelsey Bay, was in May 1966.

In April 1967, British Columbia Ferries purchased the "Pere Nouvel", which was renamed the M.V. "Sunshine Coast Queen", to replace the "Langdale Queen" and the "Sechelt Queen" on the Howe Sound service. This double-ended ferry was the largest in the fleet at that time, having a capacity of over 180 cars. This is no longer the case, as the stretch-lifted ferries now have lift-off capabilities of up to 400 vehicles. The "Sunshine Coast Queen" has since been sold.

In June 1967, the M.V. "Mill Bay" was purchased from Coast Ferries and serves the Saanich Peninsula between Brentwood Bay, on the Peninsula, to Mill Bay, approximately 15 miles from Duncan.

The "Howe Sound Queen", which has a carrying capacity of 70 automobiles, was taken over to replace the "Bowen Queen" to alleviate the increasing traffic on the Horseshoe Bay/Bowen Island route.

The jumbo vessels, Queens of "Cowichan" and "Coquitlam", were added to the fleet in 1976. Both capable of carrying 362 automobiles each, they were joined by the "Queen of Alberni", built specifically to carry overheight, commercial, and recreational vehicles. All have elevators and on board cafeterias.

On January 1, 1977, British Columbia Ferries became British Columbia Ferry Corporation, a Crown Corporation. The Chairman of the Board is Stuart Hodgson, President is Andrew Collier. George Baldwin is the General Manager.

Three minor vessels, the M.V.s "Mayne Queen", "Powell River Queen", and "Bowen Queen", were stretched and repowered in 1979. Each ship is now capable of carrying 70 vehicles.

In May 1979, the "Dogwood Princess II" replaced the "Dogwood Princess" on the Gambier and Keats Islands route. The new passenger-only vessel carries 38 people.

On May 29, 1980, the M.V. "Queen of the North", formerly the "Queen of Surrey", commenced service on the Inside Passage run. Port Hardy became the new terminus on northern Vancouver Island on May 31, 1979, replacing Kelsey Bay. During the summer, this vessel departs from Port Hardy every other day with an en route stop at Bella Bella once a week. In the off-season service between the two ports is on a once-weekly basis.

The "Queen of Prince Rupert" was chartered by B.C. Steamship Company to operate between Seattle, Washington and Victoria during the summer of 1980. She was returned to B.C. Ferries in October of that year and commissioned to the service between Prince Rupert and Skidegate, Queen Charlotte Islands. The "Queen of Prince Rupert" operates on the Skidegate - Prince Rupert route in the summer.

Two more jumbo (360-car) ferries, the Queens of "Surrey" and "[illegible]", were built at Burrard Yarrows Corporation in Vancouver and Victoria. They entered service in May and June of 1981.

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An innovative new conversion program was begun in 1981 with the "lifting" of two of the "stretched" vessels, the Queens of "Vancouver" and "Victoria". Each ship was cut in half horizontally, just below the passenger (promenade) deck, raised vertically 10 feet on hydraulic jacks, and an upper car deck was added. This same operation has since been effected on the Queens of "Saanich" and "Esquimalt" and these four converted ships are now carrying record loads of vehicles.

On June 15, 1985, the B. C. Ferry Corporation celebrated its 25th Anniversary of operation, a significant milestone in the history of British Columbia.

On October 6, 1985, the 14 saltwater ferries (formerly operated by the Provincial Ministry of Transportation and Highways) were transferred to the B.C. Ferry Corporation making the Crown Corporation one of the largest ferry operations in the world in terms of number of ships (39) and number of routes (24). Over 400 employees joined B.C. Ferries at the same time, increasing the number of workers in the ferry fleet to approximately 2600, rising to over 3000 in summer.

Alterations and Innovations

Over the years since the inception of the ferry service, innovations have continuously been undertaken to improve and increase capacities. When the first two ships were built, they were modelled on the style of Black Ball ferries. The Queens of "Sidney" and "Tsawwassen" are both very similar to Black Ball's "Coho". Then, when the next seven ships were built, the plans differed and, because of this change, each of these ships have been able to undergo alterations that have greatly improved their lift-off potential.

In 1968, ramps were installed on the car decks leading to mezzanine decks affixed to the midships bulkhead. This innovation increased the car carrying space from 110 vehicles to 150. Then, starting in 1969, an amazing (at that time) alteration took place. Each ship was taken to the shipyard, cut in half, and an 84 foot section was built, floated into place, and the ship was welded together again! This further increased the capacity for vehicles to 200. At the same time, the dining rooms were extended and solarium seating was added in the new section aft of the bridge on the sun deck.

As time went on, more and more people were using the popular ferries, and line-ups in the peak travel periods became a problem. More ferries were needed, so three new vessels were commissioned. Two of them were built on the lines of Washington State ferries; the third, with basically the same lines, was constructed to carry primarily overweight, recreational, and commercial traffic. This was in 1976 but in 1978, it became evident that another two 'C' Class (or Super ferries) were required and they were built with yet more improvements, enabling them to carry 350 cars.

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In the spring of 1981, an enormous ar' exciting conversion program was commenced. Two of the original seven major vessels, those built between 1961 and 1964 and which had already been"stret-hed", were now to be "lifted". The ship was cut in half again, this time horizontally, the top half raised on hydraulic jacks, and a new deck inserted. The upper sun deck solariums also underwent change, they were covered in and made into more useful and attractive seating areas. The midships lounge on the promenade deck was also renovated with a snack bar added. Since then, two more of this class vessel have been converted, this time adding ramps, bringing the car carrying capability to, believe it or not, 400 cars!

The "Queen of Alberni", B.C. Ferries' "overheight vehicle" ship, was lifted in the spring of 1984 increasing her car-carrying capacity from 150 to 300 vehicles and returned to service on the Horseshoe Bay/Langdale route 3 months later.

At her 1986 refit, the "Queen of Alberni's" passenger lounges and cafeteria were enlarged making this vessel more suitable for service on the Horseshoe Bay/Departure Bay route.

During the Expo season (May - October, 1986), five ferries that had been in lay-up were repainted in the new B.C. Ferry colours (red, marine blue, and white) and came into service to assist with the heavy demand expected during the World's Fair.

Yes, since 1960, there have been many changes, both on and off the ships of B.C. Ferries. Carpeted decks, where there was once linoleum; cafeterias with an extensive menu; elevators (the new ships have two each); restrooms for the disabled; and pay phones. And ashore, special ramps had to be constructed to comply with the converted vessels' modifications; overhead walkways extended, improved, and carpeted for foot pasesengers' comfort: greater parking areas; new and more ticket booths; and extra berths and docking facilites. The list just goes on!

Marketing & Public Relations
86 02 19

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

P.O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

January 15, 1987

MEMORANDUM

TO: Representative Bette Cato

FROM: Mary Jennings MJ
Legislative Analyst

RE: Options for the Alaska Marine Highway System to Operate Similarly to Cruise Ships
Research Request 87.058

You requested a discussion of options for the Alaska Marine Highway System (AMHS) to operate more similarly to cruise ships on the mainline route. The mainline is the route from Seattle to Skagway via Prince Rupert; four ships operate on the mainline at different times of the year.

Background

The number of cruise ships that operate in the waters of Southeast Alaska has grown dramatically during the past few years. According to the State Division of Tourism, over 90 percent of all tourists in Southeast arrive by way of cruise ships. Although specific data are not available from cruise ship companies, one can assume that the expansion that has occurred is an indicator of profitabity. The AMHS vessels that operate on the mainline generate revenue equal to approximately 80 percent of costs. Since ferries and cruise ships operate basically over the same route, the question arises as to why the cruise ships are able to operate at a profit and the ferries are not. The following sections of this memorandum present a discussion of options that would allow the AMHS to operate more similarly to cruise ships.

Reducing Labor Costs

Labor costs of onboard personnel of AMHS ferries account for approximately 50 percent of a vessel's operating costs. According to persons contacted in various cruise ship companies, the labor costs of cruise ships are much lower than ferries. None of the cruise ship companies were willing to give specific data concerning operating costs, but one company official estimated that the labor cost of the AMHS were more than twice as high as the labor costs of a cruise ship. The official added that this was not due to less on-board personnel but because cruise ships utilized nonunion labor at relatively low wages.

Due to union labor on AMHS vessels, labor costs can be reduced only by contract negotiations. Contracts are scheduled for negotiation during 1988. Potential cost savings may be realized if contracts can be negotiated for lower wages, although it is doubtful that the unions would accept wages at the same level as cruise ship workers.

Leasing to Private Industry

According to the Executive Director of the Inland Boatman's Union, the current contract does not allow nonunion workers on vessels leased by the State. The union does not feel that this is a negotiable issue. Therefore, even if mainline operation were leased to the private sector it would still be difficult to lower labor costs to cruise ship levels. The option of selling the vessels to private industry also exists, but because this would remove the vessels from control of the State, this option was not researched.

Year Round Full Capacity

A cruise ship company representative stated that cruise ship lines are able to operate profitably because their vessels operate at full capacity year-round. This is achieved by operating in different locations, such as Europe and the South Pacific, during the winter in North America. According to Joe Camp, Deputy Commissioner of the Alaska Marine Highway System, the level of ferry useage drops by approximately half during the period from October to May. Mr. Camp did not feel it was feasible for AMHS ferries to operate outside Alaska during the winter because this would leave many Alaska communities without ferry transportation. He also doubted that ferry unions would be amenable to operating outside Alaska for half of the year.

Package Tours

Travel agents suggested that AMHS could compete more effectively if trips were offered as a package of complete services. Agents stated that the majority of cruise ship passengers buy package tours that include all aspects of their trip, from meals to airfare. According to travel agents with whom I spoke, the AMHS would have to change several areas of service in order to accommodate the package tour traveler. One travel agent suggested that the AMHS should redesign staterooms into a uniform two-bed size because this is the standard package tour booking size. (Ferries are designed in two, three and four-bed size.) One agent suggested that ferries should dock in communities for longer periods of time and only during the day. The agent stated that because the ferries tend to dock in the middle of the night, it is difficult to coordinate ferry useage with other tourism-related activities. The agent also suggested that the ferries should dock closer to downtown areas because this is more convenient for tourists.

Other travel agents suggested that the ferry should offer higher quality food and onboard entertainment, such as discos and gaming.

The AMHS representatives felt that many of the changes to allow package tours would be costly and would conflict with the system's goal of providing basic transportation services for Alaskans. One official stated that to redesign all staterooms into a two-bed size would require a great deal of lay up time and would be expensive. Additionally, AMHS stated it would be difficult to schedule mainline vessels for strictly daytime docking because this would conflict with the schedules of feeder vessels that also use mainline docks. Another AMHS official stated that many downtown docking facilities that the cruise ships use would not accommodate ferries because of the need for vehicle-loading facilities.

Additional Marketing

One cruise ship company stated that a high level of marketing is an important factor in determining the level of business of a cruise ship company. According to Joe Camp, marketing of the AMHS has suffered in the past two fiscal years due to budget cuts. He stated that the system plans to spend more money on marketing this year and will emphasize mainline operations. For example, Mr. Camp stated that a "weekend getaway" promotional program is being developed to encourage Seattle area residents to ride the ferry during the months of May and September when ferry traffic is moderate. The system plans to offer a package tour that will include a ferry ride to a port in Alaska and a flight back to Seattle. The AMHS is working with the Port of Seattle, Alaska Airlines and Seattle area travel agents.

Raising Ticket Prices.

During the summer of 1987, a roundtrip ticket on the AMHS between Seattle and Skagway will cost $396. A comparable length trip on a cruise ship will cost anywhere from $2,000 to $5,000 dollars. As mentioned earlier, the cruise ship package includes many other services besides travel. If the AMHS were to include additional services with the ticket price, then rates may be increased to be more comparable with cruise ship rates. It is questionable whether it would be feasible for the system to offer different levels of service on the mainline route--one level for package tours and another level to provide basic transportation needs. According to AMHS, the additional administration to provide two levels of service would be costly. Additionally, operations of the ship would have to altered drastically to provide the same services offered on cruise ships.

Independent Travelers

Bob Dindinger, who is a member of the Southeast Tourism Marketing Council, felt that the AMHS could best increase tourist useage by targeting the independent traveler. He stated that the independent traveler is not as convenience-oriented as a tour ship traveler and therefore is more amenable to ferry useage.

A study by the State Division of Tourism indicates that during the 1970s, 68 percent of independent travelers came through Southeast and today only seven percent visit this area. The study indicates that the majority of independent travelers now visit the Southcentral area. Mr Dindinger felt that this is due to promotional campaigns by Anchorage and Fairbanks directed toward the independent traveler. He stated that the council is currently working with the State Division of Tourism and tourism-related businesses in Southeast, including the AMHS, to develop a promotional campaign to attract independent travelers to Southeast.

Mr. Dindinger had other ideas that would allow the ferry system to compete more aggressively in the overall tourism market. He suggested that a travel agent's commission for booking ferry space should be raised from the current seven percent to ten percent. He stated that a ten percent commission is the standard commission awarded to travel agents. Mr. Dindinger felt that the seven percent commission awarded by the AMHS is a disincentive to travel agents who might otherwise promote ferry travel. Mr. Dindinger added that a study has shown that over half of all independent travelers utilize travel agents.

Mr. Dindinger also suggested that the system should pre-sell only 80 percent of its space 90 days before departure instead of the current 90 percent. He felt the remaining 20 percent should be sold full price. He felt that this would increase revenues because less space would discounted by a travel agent's commissions. He also noted that it might leave more space open to Alaskans, who tend to make reservations closer to departure dates.

I hope you find this information useful. If you have any questions please feel free to contact me.

MJ

STATE OF ALASKA
THE LEGISLATURE

JAN 6 1987

POUCH V STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M December 12, 1986

SUBJECT: Alaska Marine Highway System
(Work Order No. 15-0270)

TO: Representative Bette Cato

FROM: George Utermohle
Legislative Counsel

You have asked whether certain recommendations for improvements to the Alaska Marine Highway System (AMHS) can be implemented through legislation. This memorandum addresses those recommendations.

ONE: ALLOW AMHS TO OPERATE AS A SEPARATE ENTITY FROM THE DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES.

Government agencies may be conferred with a wide range of independence. Most government agencies are established as subordinate entities within a department and are subject to the centralized administration and control of the commissioner of the department. The divisions within the departments fall into this category. Certain other agencies are attached to a department only for administrative purposes and have a legislative mandate distinct from that of the department. These agencies, such as the Alaska State Building Authority, the Alaska Housing Finance Corporation, and the Alaska Railroad Corporation, are usually state corporations and operate independently of any policy control by the commissioner of the department. Even among these independent agencies there is considerable variation in the amount of autonomy conferred on them. The agency with the greatest degree of independence is the Alaska Railroad Corporation (ARRC). ARRC maintains its own administrative and budgeting functions, as well as policy development functions independent of any other state agency, including the legislature. This high degree of independence is granted by the legislature and thus can be reduced or eliminated by the legislature.

Generally, the highest degree of independence occurs at the department level. Any state agency could be raised to the level of department. The former Division of Corrections was moved from the Department of Health and Social Services and was made into a separate department of its own. The major draw backs to this approach are the costs involved and the Alaska Constitution. When a department is created a commissioner and staff must be hired, and independent accounting, budgeting, purchasing, personnel, and other services must be established. The Alaska Constitution limits the executive branch of government to twenty principal departments. (art. III, sec. 22, Ak Const.) There are currently fifteen principal departments in the executive branch.

The Alaska Marine Highway System is currently a line division within DOTPF and is subject to administrative, budgetary, and policy oversight by the commissioner. AMHS would achieve greater independence from DOTPF by making it a an independent corporation within the department. HB 23 (Fourteenth Legislature) did exactly that. HB 23 created the Alaska Marine Highway Authority as a corporation within DOTPF. The department would exercise no control over the Authority, but could handle the administrative functions such as purchasing, payroll, etc.

TWO. ALLOW AMHS TO OPERATE WITHOUT REQUIRING IT TO MAKE A PROFIT LIKE THE ALASKA RAILROAD CORPORATION.

AMHS is not required to make a profit. Neither is ARRC. The only mandate to ARRC is that it should generally operate the railroad on a self-sustaining basis.

AHMS is not required to return a profit or even break even under its current mandate. HB 23 did not change this, even though management of the marine highway system was transferred to an independent state corporation.

THREE: SEPARATE MANAGEMENT, ACCOUNTING, AND OPERATION OF THE MARINE HIGHWAY SYSTEM FROM DOTPF.

AMHS can operate independently of the administrative structure of DOTPF by creating an independent administrative structure within the current division. Administrative independence can also be achieved by conferring the necessary authority on an independent state corporation to manage the marine highway system. Administrative independence comes as a matter of course when an agency is made a department.

The Alaska Marine Highway Authority proposed in HB 23 had considerable control over its own operations. HB 23 did not specifically mention whether the authority was to perform its own administrative work. Whether an independent authority does its own administrative work is mostly a matter of whether the legislature appropriates funds for administrative services. So, it is not necessary for HB 23 to confer administrative independence on the Alaska Marine Highway Authority, but mention of such an intent in the bill would assure that money will be allocated to that function.

FOUR: ENSURE THAT AMHS CONTINUES TO PROVIDE IN-STATE TRANSPORTATION SERVICES.

Establishing priorities for the service by AMHS is a very straight forward process. All that is required is that the legislature establish those priorities. Such priorities can be established through appropriations or through legislation establishing priorities or levels of service for the marine highway system. For example, if you wish to ensure that ferry service is provided to certain towns or no service is provided outside the state, these requirements can be specified in statute.

FIVE: PROVIDE A MECHANISM FOR OVERSIGHT AND INPUT TO THE MARINE HIGHWAY SYSTEM, PARTICULARLY FROM PRIVATE INDUSTRY.

State agencies receive oversight and input on a daily basis from the public which they serve. Oversight and input are also received from commissioners, the governor, and the legislature (especially through the budget process). In a number of instances the legislature has created specific mechanisms for input and oversight of state agencies. These mechanisms vary in formality from the loosely-knit but extensive system of fish and game advisory boards to the boards of independent state corporations which have explicit requirements for public and private industry members.

In HB 23 an independent state corporation was created with responsibility for operating the marine highway system. The board of the corporation included a number of seats restricted to members of various private industry groups and to members of the public from various parts of the state. Such a mechanism as this assures that some oversight and input to the marine highway system takes place.

If you should decide to introduce legislation on the marine highway system, please contact me with your specific proposals. If I can provide further assistance, please contact me.

GU:mkr
m7/066

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

DEPUTY COMMISSIONER—ALASKA MARINE HIGHWAY SYSTEM

POUCH R
JUNEAU, ALASKA 99811
(TELEX 45-312)
PHONE: (907) 465-3950

August 14, 1986

Mr. Stephan Mason
Acting Chairman
Coalition for the Improvement of
Alaska Marine Highway System
P. O. Box 9625
Ketchikan, AK 99901

Dear Mr. Mason:

I appreciate the opportunity to reply to your letter of August 1. Many of the questions have been asked of me personally on my various ship visits and obviously my answers have not reached all the right ears. The following should provide factual data and I hope it will clear up some popular misconceptions currently in circulation. The deadline you imposed has made it difficult to research all of the technical and detailed data you have requested. That information will be forwarded at a later date. I will restate or paraphrase your question, then provide the answer.

1. Q. Give us background information regarding lost jobs.

   A. For FY 87 Alaska Marine Highway System (AMHS) like other branches of State government, was cut below FY 86 levels. These cuts came in several increments of various amounts during the budget process and included cost avoidances achieved through reduction in fuel prices. It was and continues to be our goal to provide the maximum amount of service to the public with the resources available. During the process it was determined that cutting of approximately $700,000 in vessel personal services would result in less severe cuts in scheduled vessel service than would otherwise be required. This decision was made for two reasons; 1) to continue maximum service to the public and 2) maximum service means maximum employment. The guidelines used to determine which positions would be cut were; 1) not adversely effect safety, 2) not adversely effect passenger services and 3) keep additional overtime to a minimum. The Director of Operations outlined the requirements to the shoreside department heads who then met and agreed on specific positions for cuts. I reviewed and approved the cuts.

2. Q. How much money was estimated would be saved by each department cut and all collectively?

A.

Engineer Department	$178,000
Deck Department	303,700
Purser	33,300
Steward	208,800
Total	$723,300

3. Q. How much increased overtime has been submitted from each department since the job cuts. How much increased overtime has been submitted collectively?

A. There has been substantial overtime submitted. It is being compiled and analyzed as limited staff time permits. I will forward the results of this effort when it is completed.

4. Q. When exactly can we expect all these lost jobs to be reinstated?

A. AMHS is conducting an internal review of shipboard manning comparing required functions and work loads with manning. This study is expected to be completed this fall. Upon completion of this review, the preliminary finding will be reviewed with union and operating personnel prior to making any final determination. Both licensed and unlicensed input will be solicited and discussed. The result of this process should provide us with a valid manning document, based on required functions, workloads and services aboard each vessel.

5. Q. How many jobs have been eliminated from Department of Transportation and Public Facilities beach operations in accordance with recent funding cuts. What job positions and titles were eliminated and were these people terminated or moved to other positions within your operation? What exactly is the revenue savings currently reflecting these job cuts on the beach?

A. The following matrix should answer the above questions for AMHS.

FY 87 Budget Reductions prior July 1

Position/Title	Who	Action	Where did the incumbent go	Estimated Savings (in Thousands)
Administrative Assistant	vacant	Delete	vacant	34.1
Director of Marketing & Services	Emery	Delete	accepted classified service job	39.9
Secretary I	McCorcle	Delete	transferred to another department	31.8
Reservation Specialist	vacant	Delete	vacant	46.6
Accounting Clerk II	Roberson	PFT to seasonal	reduced pay	15.3
Accounting Clerk II	Harrigan	PFT to seasonal	reduced pay	10.6
Accounting Clerk II	Ketcham	PFT to seasonal	reduced pay	10.6
Clerk III	Salazar	PFT to seasonal	reduced pay	5.2
Clerk III	Seagrave	PFT to seasonal	reduced pay	5.2
Clerk III	Annand	PFT to seasonal	reduced pay	5.2
Clerk III	vacant	PFT to seasonal	reduced pay	5.2
Clerk III	vacant	PFT to seasonal	reduced pay	5.2
Clerk IV	Romzek	PFT to seasonal	reduced pay	5.8
Budgeted overtime for various positions		Delete		48.6
				309.3

Additional Cuts ordered since July 1

Position/Title	Who	Action	Where did the incumbent go	Estimated Savings (in Thousands)
Director of Operations	Black	Terminated	Terminated August 15	32.9
Secretary I	Vaden	Layoff	Lay off 8/29	27.6
Planner	Lindbeck	Layoff	Bumped down Jr. person Lay off 8/29	45.2
Payroll Supervisor	O'Connor	retirement	leave vacant	45.7
Ferry Services Manager III	Clark	retirement	leave vacant	43.3
Accounting Technician I	Reddekopp	PFT reduced to 30 hr wk	reduced pay	12.6
Clerk III	Del Fierro	PFT reduced to 30 hr wk upon retirement	reduced pay beginning September 96	10.0
Stockhandler	Currie	Seasonal reduced from 9.6 months to 6 months	reduced pay	11.9
			Total	279.7

The net result is that approximately 15 percent of the total shoreside AMHS staff have had their jobs eliminated, held vacant or experienced some lesser degree of negative effect on their pay.

6. Q. How does that revenue savings correspond to the estimated revenue cuts the shore-side DOT&PF operations are expected to take in response to current funding cuts?

A. The Department of Transportation and Public Facilities was required to take an overall 15% cut in the operating budget. If each element within the Department had been required to absorb that degree of cut the AMHS service and employment would have been severely crippled. By allocating total DOT&PF resources AMHS initially took approximately a 10% cut while the rest of the Department absorbed the rest. Impacts of this funding level would have included laying up the Columbia indefinitely and dropping one main line ship from winter service to southeast. When presented to the Governor this was considered unacceptable and he restored $2 million to take the COLUMBIA out of layup and put on schedule to take advantage of the busy season. This meant that AMHS took approximately a 7% cut while the rest of the Department took an 18% cut.

7. Q. May we have an official statement concerning Mr. Black's dismissal?

A. Mr. Black was relieved of duties as Director of Operations on July 16. He has been assigned some technical projects to work on prior to his final day at work on August 15.

8. Q. What transfer of job functions will this represent?

A. There are no plans to refill the position at this time nor has a decision been made as to whether or not it will be refilled. In the interim, I am taking on the responsibility of the Division and am relying heavily on the Port Captain, Port Engineer and Passenger Services Manager for day-to-day operations.

9. Q. Who has access to our reservations system and to our standby reservations and wait lists? What kind of confidentiality can we expect in regard to protecting our reservations from being raided by private enterprise?

A. All AMHS terminals have access to Reservation Management System (RMS II). Vista Travel in Fairbanks is the only travel agency with access to RMS and they finally became operational in late June 1986. Because of the special equipment requirements and technical difficulties experienced when we were actively attempting to bring

Vista Travel "on-line" I believe it would be almost impossible for an unauthorized party to gain usable access to RMS II. I have heard many rumors that "STARDANCER" has access to RMS II. I don't believe it. I have heard stories that "someone made a reservation on AMHS and was immediately called by STARDANCER and offered a better deal". I would like to talk to someone this actually happened to in order to attempt to reconstruct what happened. The only possible connection of STARDANCER to State of Alaska "lists" I am aware of is the fact that the Division of Tourism compiles a computer list of all people who respond to their Vacation Planner questionnaire and indicate they would consider visiting Alaska by "ferryliner" and this list is available for sale to any firm wishing to purchase it.

10. Q. What were the exact figures on passenger and vehicle reservations made for the special Expo sailing of the M/V MATANUSKA?

A.

	Southbound	Northbound
Passengers	159	147
Vehicles	13	24

At no time was either sailing booked full and there is no reason potential passengers should have been told it was full.

11. Q. Exactly how many reservations were made for Alaska State Government officials and dignitaries?

A. One. A reservation was made for DOT&PF Commissioner Knapp with the hope that he would be available to make the trip and present a letter from Governor Sheffield to the "Counsel General of the Expo". Other State business prevented Commissioner Knapp from making the trip and Captain R. M. Johnson presented the letter from the Governor.

12. Q. Were Governor Sheffield and Lt. Governor McAlpine scheduled to sail on that special Expo trip.

A. No.

13. Q. Exactly how many passengers actually showed for the sailing? How may vehicles?

A.

	Southbound	Northbound
Passengers	75	75
Vehicles	10	17

14. Q. Please give us the exact amount collected on the cancellation fees.

A. None. All passengers who paid in advance made the trip. Since there were numerous staterooms and car deck space available for additional passengers desiring to make reservations the manifests were not purged of those who had not paid.

15. Q. How much revenue was expended on the Expo sailing?

A. The M/V MATANUSKA was operating on the Seattle route, Tuesday sailings. On May 20, the M/V MATANUSKA called in Vancouver, B. C. instead of proceeding on south to Seattle, therefore the only additional costs of the "Expo trip" were those incurred directly as a result of calling in Vancouver. Those costs were as follows:

Agency fee	Canadian	$1,350.00
Pilot	Canadian	2,017.55
Berthage	Canadian	2,700.13
Miscellaneous	Canadian and U.S.	596.62
Total	U. S.	$4,936.56

16. Q. Please give us a complete description of the complete Expo advertising campaign and its cost.

A. No money was budgeted or expended on special advertising for the Expo sailing. Maximum advantage was taken of radio public service announcements, press releases and media interviews, all at no cost to AMHS.

17. Q. A number of questions were asked concerning repairs and upgrade to the Haines and Skagway docks with the implication that these were undertaken by AMHS in order to accommodate STARDANCER.

A. I will deal with Skagway first. The City of Skagway obtained a grant from the State of Alaska to improve the ore dock to accommodate SUNDANCER. AMHS had no part in that grant. The Haines transfer bridge and tower were old and in need of replacement just as the Petersburg and Wrangell facilities were. Replacement of the Haines facilities was budgeted in FY 81. Design specifications were completed and received FHWA approval in January 1981. The project was advertised in November 1983 and construction began March 6, 1984. This dock was designed for AMHS vessels only. The STARDANCER was modified to fit Haines rather than the other way around, and for the record STARDANCER pays approximately $1,000.00 per hour to use the Haines dock on a not to interfere basis with AMHS vessels.

18. Q. Who authorized the solicitation of AMHS traffic in line for boarding AMHS vessels by McDonald Enterprise/Sundance Cruise lines? Who authorized their use of the Haines terminal building for the same?

A. No one. In fact the State Terminal Tariff prohibits their use of our building. When it was brought to my attention that this was happening, I immediately had it stopped.

19. Q. How much of the Haines dock was federally funded? How much was State taxpayer funded?

A. Haines terminal project

State general funds	$ 159,591.91
FHWA funds	2,246,636.09
Total	$2,406,228.00

20. Q. Was the M/V COLUMBIA instructed to priority-load Juneau vehicles out of Haines during the summer of 1985? If so, who authorized it and for what reasons?

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A. There were no changes in standby loading procedures ordered for M/V COLUMBIA or any other vessels out of Haines last summer.

21. Q. Was the M/V AURORA instructed to load only Ketchikan/Hollis traffic out of Prince Rupert during the summer of 1985?

A. No. If there was space available after loading all reserved vehicles, standby vehicles would be loading in their order on the standby list.

22. Q. Why have you not initiated an additional flyer inclusion on all tickets indicating a passengers "final destination"?

A. This may be a good idea as the data would be useful. We do have data on passengers disembarking at Haines and Skagway but we do not have final destination. Presently there is no staff time available to compile the data because of other higher priority work and reduced staff.

23. Q. What was price per gallon for fuel in Seattle and Skagway during the time M/V MALASPINA was on the Seattle run in the winter of 1985? (December 1984, January and February 1985). How much fuel did M/V MALASPINA purchase from each facility during that time?

A.

	Price	Amount Purchased
Skagway	.919 gal	208,193 gals
Seattle	.738 gal	202,649 gals

The M/V MALASPINA is required to fuel in Skagway for stability reasons.

24. Q. What is being done to publish and promote the life saving and waterway safety contributions of the Alaska Marine Highway vessels.

A. If the press has not already covered the story a press release is prepared. In addition, articles are carried in the DOT&PF newsletter In Transit as appropriate.

25. Q. May we have a complete list of all rescue operations by AMHS vessels, all records of assistance to vessels in trouble, and all contributions made by AMHS vessels in the area of public waterway safety?

A. No specific record is kept other than the entries in the ship's logs. Complete retrieval would require prohibitive efforts.

26. Q. We would greatly appreciate receiving a full and complete selection of personal and/or community commendations which exist. (In the area mentioned in Q. 25.)

A. No such file exists. As such letters and/or commendations are received, they are sent with a forwarding letter to the vessel Master and/or individuals as appropriate. An example is enclosed.

27. Q. Please give us a description of the Seattle phone reservation system from 1982 to the present.

A. In 1982 and until December 1984, the Seattle office had four telephone reservation clerks. Reservations were centralized in Juneau in December 1984 and toll free lines from both "outside" and within Alaska were established to the Juneau office. The Seattle "reservations" office was closed (the terminal and ticketing remained) and the four reservation clerk positions were transferred to Juneau.

28. Q. How many phone lines existed at which periods of time? When was the toll free 800 number installed? How long was it in existence and how much did it cost? When was it removed, how many non-toll free lines were installed to replace it?

A. When the Centralized Reservation Office was established in Juneau in December 1983 it was set up with two Alaska-only toll free lines, four "outside" toll free lines and three local lines. The "outside" toll free lines were discontinued in April 1986 because of budgetary restrictions. At that time an additional Alaska-only toll free line and three additional non-toll free (907) lines were installed. The actual bills paid for the toll free lines are as follows:

		Outside lines	Alaska only lines
January	1985	$ 4,612.92	
February	1985	3,337.19	$ 7,793.54
March	1985	4,191.61	16,486.63
April	1985	5,510.98	12,507.86
May	1985	8,059.46	15,307.62
June	1985	7,714.86	15,307.62
July	1985	8,456.62	15,307.62
August	1985	5,828.09	17,263.15
September	1985	4,481.02	16,264.00
October	1985	3,201.24	4,398.77
November	1985	2,506.58	6,716.92
December	1985	3,152.71	781.11
January	1986	7,141.40	2,515.70
February	1986	6,391.85	23,741.05
March	1986	4,878.45	21,099.20
April	1986	101.32	25,646.09
May	1986		25,621.65
June	1986		29,342.40
July	1986		28,681.00
		$79,566.30	$284,251.93

29. Q. Josephine Emery was Director of Marketing for what period of time?

A. Mrs. Emery was Director of Marketing and Services from January 1984 until May 1986.

30. Q. Could you please give us a description of her duties as Director of Marketing?

A. Her primary responsibilities included managing a $4.7 million operating budget along with the development, revision and communication of policies, rules and procedures for the promotion and sales of passenger, vehicle and stateroom space on the system which carries approximately 370,000 passengers and 100,000 vehicles.

She participated in the tourism industry to promote travel on the system, monitored community needs and probable effects of changing schedules or capacity; monitored passenger services on vessels; and responded to customer complaints.

She also supervised 65 employees, located in 13 offices and terminals in Seattle, Washington; Prince Rupert, B. C. and Alaska. She was responsible for publication and distribution of seasonal schedules and acted as project manager for the development and maintenance of a second generation computerized Reservation Management System (RMS II).

31. Q. What were her accomplishments as Director of Marketing?

A. She was Project Manager for the development of second generation Computer Reservation Management system; centralized and increased reservation sales office hours. Introduced toll-free numbers and introduced electronic call distribution system in central reservation office to assist planning for proper staffing, monitor efficiency and provide necessary data for future staffing levels; timely publication and distribution of printed schedules; employees in uniforms to improve Alaska Marine Highway system image and assist in public identification; coordinated promotional programs with the State Division of Tourism; and served on the Board of Directors of the Southeast Tourism Council and Juneau Convention and Visitor Bureau.

32. Q. Please give us a brief history of her prior marketing experience.

A. 1978 - 1980 Instructor - Tanana Valley Community College. Instructed three credit course - "Fundamentals of Transportation".

1974 - 1978 Manager, Passenger Services and Sales. Wien Air Alaska, Fairbanks.

1961 - 1974 Supervisor, Marketing and Sales - Western Airlines. Seattle, San Francisco, Ketchikan and Anchorage.

33. Q. How much was the advertising budget for FY 82 through FY 86?

A. The base budget printing and advertising line item for FY 82 through FY 86 was as follows:

FY 82	121.7
FY 83	149.4
FY 84	177.7
FY 85	125.3
FY 86	161.4

34. Q. What was the general breakdown of advertising costs for FY 85 and FY 86?

A. FY 85 breakdown: Summer and Winter schedules printing $90,000; tickets $20,000; miscellaneous printing and print advertising $14,000.

FY 86 breakdown: Summer and Winter schedules printing $100,000; tickets $30,000; miscellaneous printing, photo contest and print advertising $31,000.

35. Q. Who decided to implement the cancellation fees?

A. I did.

36. Q. Do you think the cancellation fees are particularly unfair during the busy summer months when the rooms, in particular, can be resold and bring in their expected revenue?

A. No, I do not. The cancellation penalty is a tool to encourage people who change their mind about traveling to cancel their reservation in order that we may then offer the space to someone on our "wait-list", a new innovation which allows our reservation's center personnel to confirm reservations for people on the wait-list as cancellations occur. This is in contrast to the standby list which only allows people in the terminal to board if there is a no-show. Before the penalty individuals were not cancelling their reservations causing the computer to show the vessel "booked solid". Other potential passengers then could not make reservations and when the person with the original reservation "no showed" we sailed with light loads. Staterooms almost always are filled on board by "cabin standby", passengers, but others may have decided not to travel because of non-availability of confirmed car deck or stateroom space.

37. Q. For exactly how many years was the no-charge stopover option available?

A. Staterooms have always been charged on a trip segment basis. This is the first year trip segment fares have been charged for other classes of fares.

38. Q. Who decided to discontinue this attractive travel incentive?

A. I did to help cover some of our costs during a year when operation of our vessels was directly tied to earned revenue for the first time.

39. Q. Could you please give us the cost increase figures on a fare from Seattle/Skagway with stops in Ketchikan, Wrangell, Petersburg, Juneau and Haines as opposed to a through fare?

A.

Trip Segment Fare		Through Fare	
Sea-Ktn	138	Sea-Sgy	208
Ktn-Wrg	22		
Wrg-Psg	14		
Psg-Jnu	36		
Jnu-Hns	18		
Hns-Sgy	10		
Total	238	Total	208

40. Q. Are you considering reinstating the travel incentive of through fares?

A. Yes, either through elimination of or by lowering the difference in costs.

41. Q. May we have a list of private organizations that the State has contracted with for labor with their physical location and address?

A. AMHS has contracted on occasion for specific jobs when cost analysis has shown contracting out to be less expensive. Specifically, the M/V MATANUSKA staterooms were cleaned by Coast Janitorial Service following the reengining of that vessel in Portland. The contracted

job cost $8,230.00. The Chief Steward has stated he needed 10 stewards to do the job which would have cost $21,918.00 per diem and wages (minimum guarantee included) and $376.70 in travel cost. The cost avoidance was approximately $14,064.70. Additionally, a contract has been signed with a company, Wright Service, to provide assistance in cleaning staterooms on the vessel turn arounds in Skagway. The contract calls for a cost of $6.25 per room. This is measured against the cost of "turn around" stewards from Juneau to Skagway to Juneau and the overtime plus the limited time in port. This program has been accepted by Chief Stewards as necessary, especially when there is limited turn around time in Skagway. Other contracts are entering into only if specific cost avoidance can be shown.

42. Q. How much was spent on contracted labor in 1984, 85 and 86?

A. This information is not readily available. As staff time will allow the answer will be researched and the information provided at a later date.

43. Q. How many "Comprehensive Plans" have been done regarding proposed operating plans for the Alaska Marine Highway System?

A. The Alaska Marine Highway is currently developing a comprehensive System Plan as recommended in the 1984 AMHS Task Force Report. It is scheduled to be completed this fall, and to my knowledge this is the only comprehensive plan developed in recent history.

The Southeast Region of DOT&PF has a Southeast Transportation Plan developed in 1980 that address AMHS as well as other modes of transportation in Southeast Alaska. It was updated earlier this year. It is a plan that addresses transportation from a regional aspect and does not go into detail nor does it address all the aspects that the AMHS System Plan will include.

44. Q. Is the AMHS System Plan Policy Workshop report yet another "proposed comprehensive plan"?

A. No. It is a small portion of the System Plan under development.

Sincerely,

Joe D. Camp
Deputy Commissioner

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Enclosure

cc: copy of August 2, 1986 Coalition letter
enclosed
The Honorable Robert H. Ziegler, Sr.
Alaska State Legislature
The Honorable Jim Duncan
Alaska State Legislature
The Honorable Richard I. Eliason
Alaska State Legislature
The Honorable Peter Goll
Alaska State Legislature
The Honorable Ben Grussendorf
Alaska State Legislature
The Honorable Mike M. Miller
Alaska State Legislature
The Honorable Bill Ray
Alaska State Legislature
The Honorable John Sund
Alaska State Legislature
Karen Hofstad, President
Southeast Conference
R. J. Knapp, Commissioner
Len Laurance, Chairman
Governor's Task Force
The Honorable Robin L. Taylor
Alaska State Legislature

* * * * * DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES * * * * *

SHORT FORM PAGE	BUDGET COMPONENT	86 ACT	87 AUTH	87 REV	88 GOV	88 GOV - 87 REV COMPARISON	
	TRANSPORTATION						
	OFFICE OF THE COMMISSIONER						
2	COMMISSIONER'S OFFICE	641.6	575.8	536.9	504.1	-32.8	-6.1%
4	STATEWIDE DEPUTY COMMISSIONER	779.0	242.7	218.5	207.9	-10.6	-4.9%
6	EQUAL EMPLOYMENT & CIVIL RIGHT		704.1	704.1	681.7	-22.4	-3.2%
8	INTL ARPT REVENUE CNTRL OFFICE				228.5	228.5	100.0%
10	DATA AND WORD PROCESSING	8.3					
12	INTERNAL REVIEW	679.5	842.5	842.5	842.5		
	*** PROGRAM TOTAL ***	2108.4	2365.1	2302.0	2464.7	162.7	7.1%
	STATEWIDE MANAGEMENT & FINANCE						
16	MANAGEMENT AND FINANCE	2102.7	2124.6	2124.6	2456.6	332.0	15.6%
18	DATA AND WORD PROCESSING	72.7					
20	STATE EQUIPMENT FLEET	304.6	441.0	441.0	756.5	315.5	71.5%
	*** PROGRAM TOTAL ***	2480.0	2565.6	2565.6	3213.1	647.5	25.2%
	STATEWIDE INFORMATION SYSTEMS						
24	INFORMATION SYSTEMS	2435.4	2167.8	1911.8	1911.8		
	STATE PLANS, PROGRAMS & BUDGET						
28	PLANS, PROGRAMS & BUDGET	1769.8	1846.2	1669.3	1673.1	3.8	0.2%
30	STATEWIDE AVIATION PLANNING	274.9	250.5	245.8	245.8		
32	DATA AND WORD PROCESSING	98.4					
34	UNBUDGETED RSA'S BPR/IARF	823.3					
	*** PROGRAM TOTAL ***	2966.4	2096.7	1915.1	1918.9	3.8	0.2%
	STATEWIDE RESEARCH						
38	STATEWIDE RESEARCH	964.3	774.9	711.2	746.2	35.0	4.9%
	STATEWIDE ENG & OPS STANDARDS						
42	ENG & OPS STANDARDS	2453.0	2286.0	2050.7	1741.7	-309.0	-15.1%
44	DATA AND WORD PROCESSING	15.6					
46	CIP PROGRAM	2657.4	3497.5	3497.5	3754.8	257.3	7.4%
48	UNBUDGETED RSA'S	69.7					
	*** PROGRAM TOTAL ***	5195.7	5783.5	5548.2	5496.5	-51.7	-0.9%
	CENTRAL REGION ADMIN SERVICES						
52	ADMINISTRATIVE SERVICES	2073.9	1710.1	1618.7	1618.7		
54	STATE EQUIPMENT FLEET	5814.5	6132.1	6132.1	6116.7	-15.4	-0.3%
56	DATA AND WORD PROCESSING	20.7					
58	AIRPORT LEASING	328.2	271.2	271.2	391.9	120.7	44.5%
	*** PROGRAM TOTAL ***	8237.3	8113.4	8022.0	8127.3	105.3	1.3%
	CENTRAL REGION PLANNING						
62	PLANNING	1516.4	1113.6	1046.1	963.8	-82.3	-7.9%
64	DATA AND WORD PROCESSING	8.5					
66	UNBUDGETED RSA'S	694.3					
	*** PROGRAM TOTAL ***	2219.2	1113.6	1046.1	963.8	-82.3	-7.9%
	CENTRAL REGION DESIGN & CONST.						
70	ENGINEERING MANAGEMENT	2166.2	5233.8	5140.4	4987.3	-153.1	-3.0%
72	DATA AND WORD PROCESSING	43.7					
74	CIP PROGRAM	20282.6	23139.0	23139.0	22850.2	-288.8	-1.2%

* * * * * DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES * * * * *

SHORT FORM PAGE	BUDGET COMPONENT	86 ACT	87 AUTH	87 REV	88 GOV	88 GOV - 87 REV COMPARISON	
	*** PROGRAM TOTAL ***	22492.5	28372.8	28279.4	27837.5	-441.9	-1.6%
	CENTRAL REGION MAINT. & OPER.						
78	HIGHWAYS AND AVIATION	28462.6	26956.5	21193.8	16989.4	-4204.4	-19.8%
80	TRAFFIC SIGNAL MANAGEMENT	826.0	1126.0	1126.0	1126.0		
82	FACILITIES	3429.0	3395.7	2927.7	2901.2	-26.5	-0.9%
84	ADMINISTRATION	1283.6	1155.3	996.5	864.4	-132.1	-13.3%
	*** PROGRAM TOTAL ***	34001.2	32633.5	26244.0	21881.0	-4363.0	16.6%
	ANCHORAGE INT AIRPORT						
88	FIELD MAINTENANCE	2661.3	3090.0	3090.0	3068.9	-21.1	-0.7%
90	BUILDING MAINTENANCE	3483.1	3647.8	3647.8	4140.4	492.6	13.5%
92	SECURITY	3879.5	4063.0	4063.0	4326.0	263.0	6.5%
94	CUSTODIAL	2797.6	3272.2	3272.2	3204.9	-67.3	-2.1%
96	EQUIPMENT MAINTENANCE	1275.8	1319.5	1319.5	1319.5		
98	ADMINISTRATION	3224.7	3661.7	3661.7	3989.6	327.9	9.0%
100	DATA AND WORD PROCESSING	1.5	60.8	60.8	60.8		
	*** PROGRAM TOTAL ***	17323.5	19115.0	19115.0	20110.1	995.1	5.2%
	NORTH REGION ADMIN. SERVICES						
104	INTERIOR DIS. ADMIN. SERVICES	2044.7	1672.8	1672.8	1540.4	-132.4	-7.9%
106	WESTERN DIS. ADMIN. SERVICES	344.5	337.0	168.1	144.1	-24.0	-14.2%
108	SOUTHCENTRAL DIS. ADMIN. SVCS	403.1	345.6	195.6	195.6		
110	DATA AND WORD PROCESSING	33.2	38.5	32.7	32.7		
112	INTERIOR DIS STATE EQUIP FLEET	6730.8	7008.6	7008.6	7008.6		
114	WESTERN STATE EQUIP. FLEET	871.3	935.2	935.2	963.2	28.0	3.0%
116	SC DISTRICT STATE EQUIP. FLEET	2141.6	2328.3	2328.3	2300.3	-28.0	-1.2%
118	AIRPORT LEASING/PROPERTY MGMT				337.8	337.8	100.0%
	*** PROGRAM TOTAL ***	12569.2	12666.0	12361.3	12542.7	181.4	1.5%
	NORTHERN REGION PLANNING						
122	PLANNING	1197.1	975.6	975.6	951.1	-24.5	-2.5%
124	UNBUDGETED RSA'S, UPR P.R. SUS	327.8					
	*** PROGRAM TOTAL ***	1524.9	975.6	975.6	951.1	-24.5	-2.5%
	NORTHERN REGION DESIGN & CONST						
128	ENGINEERING MANAGEMENT	2382.1	2967.9	2857.6	2848.3	-9.3	-0.3%
130	DATA AND WORD PROCESSING	105.5					
132	CIP PROGRAM	18732.8	21133.4	21133.4	21022.5	-110.9	-0.5%
	*** PROGRAM TOTAL ***	21220.4	24101.3	23991.0	23870.8	-120.2	-0.5%
	INTERIOR DISTRICT MAINT & OPER						
136	HIGHWAYS & AVIATION	23069.1	21060.5	16853.1	14947.3	-1905.8	-11.3%
138	FACILITIES	4709.4	4482.2	3877.4	3654.4	-223.0	-5.8%
140	ADMINISTRATION	1107.1	763.2	763.2	589.0	-174.2	-22.8%
	*** PROGRAM TOTAL ***	28885.6	26305.9	21493.7	19190.7	-2303.0	10.7%
	WESTERN DISTRICT MAINT & OPER						
144	HIGHWAYS AND AVIATION	4122.0	3893.6	3007.6	2695.9	-311.7	10.4%
146	FACILITIES	670.7	661.0	574.8	574.8		
148	ADMINISTRATION	306.7	159.5	135.6	135.6		
	*** PROGRAM TOTAL ***	5099.4	4714.1	3718.0	3406.3	-311.7	8.4%
	SOUTHCENTRAL DISTRICT M & O						

* * * * * DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES * * * * *

SHORT FORM PAGE	BUDGET COMPONENT	86 ACT	87 AUTH	87 REV	88 GOV	88 GOV - 87 REV COMPARISON	
152	HIGHWAYS AND AVIATION	6728.6	6413.1	5046.5	4048.4	-998.1	-19.8%
154	FACILITIES	1719.9	1930.2	1742.4	1692.0	-50.4	-2.9%
156	ADMINISTRATION	431.8	329.1	279.7	279.7		
	*** PROGRAM TOTAL ***	8880.3	8672.4	7068.6	6020.1	-1048.5	-14.8%
	FAIRBANKS INT AIRPORT						
160	FIELD MAINTENANCE	1306.4	1694.1	1694.1	1584.1	-110.0	-6.5%
162	BUILDING MAINTENANCE	1225.5	1432.3	1432.3	1382.3	-50.0	-3.5%
164	SECURITY	2736.8	2717.9	2717.9	3032.8	314.9	11.6%
166	CUSTODIAL	619.4	683.1	683.1	658.1	-25.0	-3.7%
168	ADMINISTRATION	1049.5	1367.8	1367.8	1417.8	50.0	3.7%
	*** PROGRAM TOTAL ***	6937.6	7895.2	7895.2	8075.1	179.9	2.3%
	S.E. REGION ADMIN. SERVICES						
172	ADMINISTRATIVE SERVICES	1313.0	1039.8	898.1	953.1	55.0	6.1%
174	DATA AND WORD PROCESSING	9.8					
176	STATE EQUIPMENT FLEET	1740.0	2015.4	2015.4	1660.6	-354.8	-17.6%
	*** PROGRAM TOTAL ***	3062.8	3055.2	2913.5	2613.7	-299.8	-10.3%
	SOUTHEAST REGION PLANNING						
180	PLANNING	547.5	376.8	345.3	365.3	20.0	5.8%
182	DATA AND WORD PROCESSING	10.6					
	*** PROGRAM TOTAL ***	558.1	376.8	345.3	365.3	20.0	5.8%
	SOUTHEAST REGION DES. & CONST.						
186	ENGINEERING MANAGEMENT	1246.5	1322.4	1245.9	4012.8	2766.9	222.1%
188	DATA AND WORD PROCESSING	63.6					
190	CIP PROGRAM	8087.0	8671.2	8671.2	5833.1	-2838.1	-32.7%
192	UNBUDGETED RSA'S SCH SUR/DSGN	2.2					
	*** PROGRAM TOTAL ***	9399.3	9993.6	9917.1	9845.9	-71.2	-0.7%
	SOUTHEAST REGION M & O						
196	HIGHWAYS & AVIATION	7996.5	7611.8	6305.6	4339.6	-1966.0	-31.2%
198	FACILITIES	4890.2	4608.7	3872.4	3726.9	-145.5	-3.8%
200	ADMINISTRATION	393.1	392.6	326.2	324.7	-1.5	-0.5%
	*** PROGRAM TOTAL ***	13279.8	12613.1	10504.2	8391.2	-2113.0	-20.1%
	MARINE ADMINISTRATION						
204	ADMINISTRATION	2405.4	2226.7	2226.7	2331.7	105.0	4.7%
206	DATA AND WORD PROCESSING	46.8					
	*** PROGRAM TOTAL ***	2452.2	2226.7	2226.7	2331.7	105.0	4.7%
	MARINE FACILITIES ENGINEERING						
210	MANAGEMENT	393.5	433.0	433.0	433.0		
212	CIP	970.8	1341.5	1341.5	1393.1	51.6	3.8%
	*** PROGRAM TOTAL ***	1364.3	1774.5	1774.5	1826.1	51.6	2.9%
	MARINE MARKETING AND SERVICES						
216	MARKETING MANAGEMENT	1410.2	1363.2	1363.2	2271.2	908.0	66.6%
218	SOUTHEAST SHORE FACILITIES	2389.8	2712.9	2712.9	2359.6	-353.3	-13.0%
220	SOUTHWEST SHORE FACILITIES	650.6	678.2	678.2	468.0	-210.2	-31.0%
222	DATA AND WORD PROCESSING	258.7					
	*** PROGRAM TOTAL ***	4709.3	4754.3	4754.3	5098.8	344.5	7.2%
	MARINE OPERATIONS						

* * * * * DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES * * * * *

SHORT FORM PAGE	BUDGET COMPONENT	86 ACT	87 AUTH	87 REV	88 GOV	88 GOV - 87 REV COMPARISON	
226	MANAGEMENT	820.2	1047.8	1047.8	1201.1	153.3	14.6%
228	SOUTHEAST VESSEL OPER/OVERHAUL	47337.4	44267.1	44267.1	36571.2	-7695.9	-17.4%
230	SOUTHWEST VESSEL OPER/OVERHAUL	9416.0	9315.6	9315.6	8041.6	-1274.0	-13.7%
	*** PROGRAM TOTAL ***	57573.6	54630.5	54630.5	45813.9	-8816.6	-16.1%
232	RETIREMENT INCENTIVE PROGRAM				1143.3	1143.3	100.0%
	*** TRANSPORTATION TOTAL ***	277940.7	279857.1	262229.9	246157.6	-16072.3	-6.1%
	********** TOTAL AGENCY EXPENDITURES	277940.7	279857.1	262229.9	246157.6	-16072.3	-6.1%
	********** AGENCY FUNDING						
	FED RCPTS	3058.4	3697.6	3697.6	3697.6		
	GEN FUND	176161.1	161444.1	143380.6	120972.0	-22408.6	-15.6%
	OTHER FUNDS	98721.2	114713.4	115151.7	121488.0	6336.3	5.5%

13	* * * * * DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES * * * * *				13
14	* * * * * *	* * * * * *			14
15	STATEWIDE PROGRAMS	15,751,200	7,747,700	8,003,500	15
16	OFFICE OF THE COMMISSIONER				16
17	COMMISSIONER'S OFFICE (6 POSITIONS)	504,100			17
18	STATEWIDE DEPUTY COMMISSIONER (4 POSITIONS)	207,900			18
19	EQUAL EMPLOYMENT AND CIVIL RIGHTS (12 POSITIONS)	681,700			19
20	INTERNATIONAL AIRPORT REVENUE FUND CONTROLLER'S OFFICE (4 POSITIONS)	228,500			20
21	INTERNAL REVIEW (14 POSITIONS)	842,500			21
22	STATEWIDE MANAGEMENT AND FINANCE				22
24	MANAGEMENT AND FINANCE (42 POSITIONS)	2,456,600			24
24	STATE EQUIPMENT FLEET (9 POSITIONS)	756,500			24
25	STATEWIDE INFORMATION SYSTEMS				25
26	INFORMATION SYSTEMS (31 POSITIONS)	1,911,800			26

DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)					
	ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION FUND SOURCES: GENERAL FUND	APPROPRIATION FUND SOURCES: OTHER FUNDS	
STATEWIDE PLANS, PROGRAMS, AND BUDGET					
PLANS, PROGRAMS AND BUDGET (31 POSITIONS)	1,673,100				
STATEWIDE AVIATION PLANNING (4 POSITIONS)	245,800				
STATEWIDE RESEARCH					
STATEWIDE RESEARCH (12 POSITIONS)	746,200				
STATEWIDE ENGINEERING AND OPERATIONS STANDARDS					
ENGINEERING AND OPERATIONS STANDARDS (28 POSITIONS)	1,741,700				
CIP PROGRAM (58 POSITIONS)	3,754,800				
CENTRAL REGION PROGRAMS		58,809,600	24,627,300	34,182,300	
CENTRAL REGION ADMINISTRATIVE SERVICES					
ADMINISTRATIVE SERVICES (36 POSITIONS)	1,618,700				
STATE EQUIPMENT FLEET (58 POSITIONS)	6,116,700				
AIRPORT LEASING (7 POSITIONS)	391,900				
CENTRAL REGION PLANNING					
PLANNING (18 POSITIONS)	963,800				
CENTRAL REGION DESIGN AND CONSTRUCTION					
ENGINEERING MANAGEMENT (75 POSITIONS)	4,987,300				
CIP PROGRAM (521 POSITIONS)	22,850,200				
CENTRAL REGION MAINTENANCE AND OPERATIONS					
HIGHWAYS AND AVIATION (241 POSITIONS)	16,989,400				
TRAFFIC SIGNAL MANAGEMENT	1,126,000				
FACILITIES (26 POSITIONS)	2,901,200				
ADMINISTRATION (18 POSITIONS)	864,400				
ANCHORAGE INTERNATIONAL AIRPORT		20,110,100		20,110,100	

	DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)				
			APPROPRIATION	APPROPRIATION FUND SOURCES	
		ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
	FIELD MAINTENANCE (50 POSITIONS)	3,068,900			
	BUILDING MAINTENANCE (49 POSITIONS)	4,140,400			
	SECURITY (79 POSITIONS)	4,326,000			
	CUSTODIAL (69 POSITIONS)	3,204,900			
	EQUIPMENT MAINTENANCE (15 POSITIONS)	1,319,500			
	ADMINISTRATION (24 POSITIONS)	3,989,600			
	DATA AND WORD PROCESSING	60,800			
	NORTHERN REGION PROGRAMS		65,981,700	26,832,200	39,149,500
	NORTHERN REGION ADMINISTRATIVE SERVICES				
	INTERIOR DISTRICT ADMINISTRATIVE SERVICES (30 POSITIONS)	1,540,400			
	WESTERN DISTRICT ADMINISTRATIVE SERVICES (3 POSITIONS)	164,100			
	SOUTHCENTRAL DISTRICT ADMINISTRATIVE SERVICES (7 POSITIONS)	195,600			
	DATA AND WORD PROCESSING	32,700			
	INTERIOR DISTRICT STATE EQUIPMENT FLEET (56 POSITIONS)	7,008,600			
	WESTERN DISTRICT STATE EQUIPMENT FLEET (9 POSITIONS)	963,200			
	SOUTHCENTRAL DISTRICT STATE EQUIPMENT FLEET (21 POSITIONS)	2,300,300			
	AIRPORT LEASING AND PROPERTY MANAGEMENT (5 POSITIONS)	337,800			
	NORTHERN REGION PLANNING				
	PLANNING (16 POSITIONS)	951,100			
	NORTHERN REGION DESIGN AND CONSTRUCTION				
	ENGINEERING MANAGEMENT (38 POSITIONS)	2,848,300			

	DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)				
			APPROPRIATION	APPROPRIATION FUND SOURCES	
		ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
	CIP PROGRAM (484 POSITIONS)	21,022,500			
	INTERIOR DISTRICT MAINTENANCE AND OPERATIONS				
	HIGHWAYS AND AVIATION (174 POSITIONS)	14,947,300			
	FACILITIES (25 POSITIONS)	3,654,400			
	ADMINISTRATION (7 POSITIONS)	589,000			
	WESTERN DISTRICT MAINTENANCE AND OPERATIONS				
	HIGHWAYS AND AVIATION (30 POSITIONS)	2,695,900			
	FACILITIES (5 POSITIONS)	574,800			
	ADMINISTRATION (2 POSITIONS)	135,600			
	SOUTHCENTRAL DISTRICT MAINTENANCE AND OPERATION				
	HIGHWAYS AND AVIATION (57 POSITIONS)	4,048,400			
	FACILITIES (16 POSITIONS)	1,692,000			
	ADMINISTRATION (6 POSITIONS)	279,700			
FAIRBANKS	INTERNATIONAL AIRPORT		8,075,100		8,075,100
	FIELD MAINTENANCE (17 POSITIONS)	1,584,100			
	BUILDING MAINTENANCE (8 POSITIONS)	1,382,300			
	SECURITY (43 POSITIONS)	3,032,800			
	CUSTODIAL (13 POSITIONS)	658,100			
	ADMINISTRATION (12 POSITIONS)	1,417,800			
SOUTHEAST	REGION PROGRAMS		21,216,100	10,228,800	10,987,300
	SOUTHEAST REGION ADMINISTRATIVE SERVICES				
	ADMINISTRATIVE SERVICES (22 POSITIONS)	953,100			
	STATE EQUIPMENT FLEET (15 POSITIONS)	1,660,600			

DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)				
		APPROPRIATION	APPROPRIATION FUND SOURCES	
	ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
SOUTHEAST REGION PLANNING				
PLANNING (2 POSITIONS)	$65,300			
SOUTHEAST REGION DESIGN AND CONSTRUCTION				
ENGINEERING MANAGEMENT (67 POSITIONS)	5,812,800			
CIP PROGRAM (118 POSITIONS)	5,833,100			
SOUTHEAST REGION MAINTENANCE AND OPERATIONS				
HIGHWAYS AND AVIATION (55 POSITIONS)	4,339,600			
FACILITIES (26 POSITIONS)	3,726,900			
ADMINISTRATION (6 POSITIONS)	324,700			
ALASKA MARINE HIGHWAY SYSTEM		55,070,500	51,026,800	4,043,700
MARINE ADMINISTRATION				
ADMINISTRATION (44 POSITIONS)	2,331,700			
MARINE FACILITIES ENGINEERING				
MANAGEMENT (5 POSITIONS)	$33,000			
CIP PROGRAM (22 POSITIONS)	1,393,100			
MARINE MARKETING AND SERVICES				
MARKETING MANAGEMENT (32 POSITIONS)	2,271,200			
SOUTHEAST SHORE FACILITIES (38 POSITIONS)	2,359,600			
SOUTHWEST SHORE FACILITIES (5 POSITIONS)	468,000			
MARINE OPERATIONS				
MANAGEMENT (16 POSITIONS)	1,201,100			
SOUTHEAST VESSEL OPERATIONS AND OVERHAUL (62) POSITIONS)	36,571,200			
SOUTHWEST VESSEL OPERATIONS AND OVERHAUL (98 POSITIONS)	8,041,600			

January 27, 1987

DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES
OPERATING BUDGET COMPARISON
AND NARRATIVE OVERVIEW
FY86 AUTHORIZED - FY88 GOVERNOR'S REQUEST
(in millions)

Source of Funding	FY86 Authorized	FY87 Authorized	FY87 Revised	FY88 Governor's Request*	$ Change FY87 Rev. to FY88
Gen. Fund	$177.8	$161.4	$143.4	$124.1	($19.3)
Other Funds	116.2	118.5	118.8	122.1	3.3
Dept. Totals	$294.0	$279.9	$262.2	$246.2	<$16.0>
% G.F. Change From Previous Year	<0.4>%	<9.2>%	<11.2>%	<13.6>%	

*Excludes $5.2 million switch to user fees for Dalton Highway toll charges.

General fund decrements totalling $21.1 million and one general fund increment for $1.8 million for Marine Highways Risk Management increases have been accepted by the Governor. This is a net reduction of $19.3 million for the Department of Transportation and Public Facilities (DOT&PF). This yields a 13.5% departmental reduction from the FY87 Revised general fund budget. Please note this includes a net reduction of approximately 14% for the Alaska Marine Highway System (AMHS) and a 13.1% cut for all remaining DOT&PF general funds.

In addition, it is proposed that $5.2 million be changed from general funds to user fees to reflect operation of the Dalton Highway as a toll road. This would bring the general fund (GF) reduction to $24.5 million, or 17.1% of the Department's FY87 Revised GF budget. However, since this proposal would require separate legislative action this funding change is being considered as a part of the proposal for new legislation rather than as a part of the Department's budget.

Excluding the AMHS, and the Dalton Toll proposal, a general fund reduction of 13.1% and $11.0 million from the FY87 Revised GF level of $84 million is proposed. This 13.1% reduction in FY88

would mean that units of the department other than AMHS have been reduced by 36.1% since the FY86 authorized GF budget.

A net reduction for the general fund portion must be viewed in light of the overall impact to revenue from cuts to the AMHS. The AMHS has a FY'87 general fund revised budget of approximately $60 million and a subsidy level of about $30 million. We have identified the impacts from reducing the subsidy level by about $6 million, which results in a total reduction to the AMHS general fund budget of about $8.4 million due to revenue cuts.

MAJOR HIGHLIGHTS

The following depicts the major impacts from adoption of these proposals:

(1) Elimination of all state maintenance on nearly 1,600 miles of roads currently on the state maintenance system that are not considered the highest priority routes, or do not require minimal maintenance efforts due to investment of federal funds;

(2) Elimination of all maintenance except for minimal safety repairs and physical highway protection (which adds a hidden cost for increased legal liability) for approximately 800 miles of highways that are not priority routes, but have federal investment requiring continued state efforts to protect this investment;

(3) Reduction of maintenance funding by another 8% on the remaining 2900 miles of roads, which means a total reduction well in excess of 25% for maintenance and operation of these facilities in less than 18 months;

(4) Elimination or reduction of airport maintenance by over 7%, with particular emphasis on daytime operations only and major reduction of winter maintenance at certain airports statewide;

(5) Substantial reductions in Marine Highway service including unmanned layup of 6 vessels for a total of 29 months. This will affect at least 230 crew members. This leaves the Southeast system with no change to summer service, but only one mainline vessel and one feeder vessel for the other 8 months of the year, and the Southwest system with single vessel service for 6 months and no service for 2 months during the winter.

(6) Institution of a toll or user fee charge of approximately $500 per trip, per 18-wheeler for commercial use of the James Dalton Highway north of the Yukon River, which

may lead to eventual closure due to inability to recover adequate fees;

(7) Elimination of maintenance for campgrounds, rest areas, turnouts and waysides, land fills, and litter pickup for state highways to preserve funds for essential M&O functions; and

(8) Reductions in facilities maintenance including janitorial services for state buildings from 5 to 3 days per week, grounds-keeping, and clearing of snow and ice from sidewalks and parking areas.

HIGHWAY MAINTENANCE & OPERATIONS

The impact to highway M&O is particularly troublesome when viewed in a longer term context. Since 1980, DOT&PF's responsibilities have grown over 10%, while available real dollars have decreased by nearly 30% under the FY'87 revised budget.

To gain additional perspective, consider the likely effects of the FY'87 reductions already taken:

(1) Little preventative maintenance anywhere on the system, which means little highway crack sealing, patching or resurfacing.

(2) Traffic services such as snow plowing, striping, and pothole patching can only be performed on a priority basis, and roads to recreational areas and low traffic rural and suburban areas can be plowed only if time permits; and

(3) Routine summer maintenance will have to be eliminated or drastically curtailed if extraordinary winter snow and ice conditions occur.

Following the M&O cuts in August 1986, it is no longer possible to cut further on the basis of a straight percentage decrease across the entire system. Instead, it has been necessary to structure further reductions on a programmatic basis by classifying the highway system as follows:

(1) Category I: Priority routes that provide the intrastate connecting system between the population and economic centers, airports, and major harbors, thereby covering Alaska's fundamental transportation links.

(2) Category II: Routes where the state has invested sufficient federal funds to contractually bind us to provide a minimum level of maintenance to realize anticipated service life of the constructed improvements.

(3) Category III: All other routes that the state currently has on the state maintenance system.

We have further differentiated the importance of state efforts for maintenance into eight groups. These are in increasing order of importance (1) snow and ice control on Category III roads within organized governmental units; (2) all activities on Category III roads within organized governmental units; (3) snow and ice control on Category II routes within organized governmental units; (4) snow and ice control for Category III routes outside governmental units; (5) snow and ice control on Category II roads outside governmental units; (6) all activities on Category III roads outside governmental units; (7) maintenance at 30% of historical levels for Category II roads within governmental units; and (8) maintenance at 30% of historical levels on Category II routes outside governmental units.

The basic assumption is that a currently organized governmental unit would be better able, and probably more likely, to assume maintenance responsibilities for routes within their boundaries than people outside of a governmental unit. Please note this may require legislative action to grant road powers in certain cases. This also recognizes that for many routes in rural areas there is not an identifiable user group to assume this responsibility. We have also assumed that while snow and ice control is important, it is less critical in the long run than basic life/safety and structural maintenance efforts, partially because of our agreement with the Federal Highway Administration (FHWA) to prevent highway deterioration.

While we tried to structure the decrements in increasing order of importance, and with as much individual selection as possible to allow decisions other than simply "take it or leave it," it is important to underscore the radical and severe nature of these proposals. First, these cuts have been prepared on top of other drastic cuts that we're currently managing, with cost data gaps regarding current performance. Second, there has been no public involvement to review and legitimize the methodology. Third, there may be administrative code and federal legal constraints hindering or preventing implementation of some of these proposals. Finally, there is probably a hidden cost of increased legal liability from implementing these proposals, which needs to be scrutinized.

AVIATION/BUILDING MAINTENANCE & OPERATIONS

The FY'87 aviation cuts have also severely curtailed preventative maintenance work, such as runway crack sealing and patching. Snow and ice removal may not always occur, depending on available manpower. Certified airports may not be open for all scheduled flights if safe operational conditions cannot be provided, or if overtime is not available to provide required crash/fire/rescue (CFR) services. Additional curtailment of routine summer maintenance efforts may also occur.

The proposed FY'88 decrements reduce these efforts further, and force more service elimination. Elimination of winter maintenance may force operators to perform their own snow control or to switch to a different airport. Reductions or elimination of CFR activities may restrict the types of aircraft now using certain runways. Specific impacts include the winter closure of Nome's North/South runway, and service reductions or eliminations at Barrow, Umiat, Northway, Bettles, Tanana, Unalakleet, Talkeetna, and Kotzebue. If significant cuts are pursued in the aviation M&O area, more work is needed to ensure an equitable level of service reductions statewide.

FY'87 reductions for building M&O have meant that efforts on heating and ventilation components have been limited to emergency repairs. Considerable deferred maintenance continues to accrue. Any FY'88 cuts would further exacerbate these problems.

ALASKA MARINE HIGHWAY SYSTEM

To date the AMHS has not incurred any substantial reductions in available general funds, although there have been service reductions to offset cost increases. Since the AMHS's portion of DOT&PF overall general fund budget is about 40%, it has become necessary to scrutinize all components carefully and to propose ways to achieve significant general fund reductions to accommodate your request.

Since the AMHS is a transportation entity that generates revenue, the true cost to the state is not the total general fund appropriation, but is the net general fund cost or subsidy. Accordingly, we have proposed three sets of decrements to reduce the net subsidy by about $6 million for FY'88. Although we have not structured our proposal in this fashion, we believe serious consideration should be given to changing the current budget method to provide program receipt authority to expend generated revenues, along with the general fund subsidy needed to achieve the selected service level. This separation in funding would make it clearer to all concerned there is a revenue aspect to the AMHS.

The following depicts the specific impacts from reducing the subsidy level by $6 million:

(1) Reduce M/V MALASPINA service by four months. Reduce M/V Taku service by six months. Both vessels would be placed in unmanned layup. In combination with the already scheduled layup of the M/V COLUMBIA for six months and the overhaul periods for every ship, this will leave only one mainline vessel in service from Seattle or Prince Rupert to Skagway for eight months of the year. This will impact approximately 164 crew members during this period.

(2) Reduce M/V AURORA service by four months resulting in single feeder vessel service in Southeast for eight months of the year versus the current four month period. The M/V CHILKAT would increase service by four months to supplement service between Ketchikan and Prince of Wales Island.

(3) Reduce M/V BARTLETT service by six months. The M/V TUSTUMENA will provide service for the entire Southwest system, resulting in general service reductions in the winter, particularly between Valdez and Cordova. There would be no service for two months during the winter.

There are several key assumptions under each scenario. The basic intent is to maximize service for Alaskans, at the expense of tourist business if necessary. Although no service or cost saving assumptions have been included for eliminating Seattle service since current data is inconclusive, we intend to continue reviewing this option as a means to improve service for Alaskans without increasing the subsidy. Another key assumption is that it would be more cost efficient to maintain the same level of summer service for the entire 1987 summer before instituting reductions. This is because of (1) the FY'87 budget authorizes initiation of this level; (2) these are the high revenue months; (3) we have already published our schedule and are accepting reservations; and (4) it would minimize the impact from implementing cuts immediately. If earlier implementation of service cuts is desired, we can analyze this further.

We have not made any assumptions regarding possible savings to minimize service cuts by fare increases. Further work is needed to ascertain what service level savings can be obtained without increasing the subsidy, although we believe there are some possibilities here. Finally, no assumptions have been made about further savings from negotiating wage and benefit concessions or

crew size reductions, or through major streamlining of the administrative side. Please also note there is an increment to fund additional risk management expenses not covered in the current base budget, which if not funded will cause a further reduction in service.

It is important to underscore that the proposed service cuts are not "set in concrete," but merely a general sense of what service levels would be by reducing the subsidy level by $6 million. On the other hand, our current review of available data suggests that changes fairly close to these would be needed to obtain the targeted level of savings. The AMHS is a difficult entity to analyze correctly to achieve the savings we believe can be made, while preserving essential service levels. Any decision to achieve major subsidy reductions will require more work together to ensure we have a rational proposal.

JAMES DALTON HIGHWAY

While the Dalton Highway remains an important transportation facility, we believe it is reasonable to consider covering all or some of the high annual M&O costs through a user fee or toll charge. This is not a new issue, as evidenced by the state's success in including the special provision in Sec. 1113 of the Alaska National Interest Lands Conservation Act, which allows the charging of tolls without facing an obligation to repay federal-aid highway money used to construct the road.

The primary user and beneficiary from continued operation are North Slope oil producers and Aleyska. While it can be argued that we'd be biting the hand that feeds us, and clearly there would be some reduction in tax receipts because of the additional costs, we know of no covenant or agreement requiring continuation of this support at our expense. The Department of Law has advised us that there may be some changes to state statutes needed prior to initiating this proposal.

The per mile M&O cost for the Dalton is higher by at least 70% than for any other major rural transportation route in Interior District. Further, it is worth noting that since state assumption of this responsibility in 1978, we have spent about $50 million in state capital dollars to support this function. While it is conceivable that the net effect over time might be closure of the road because aviation and/or marine modes are selected as the more economical means for support of North Slope oil activities, we believe these are exactly the type of hard choices Alaskans are facing under declining revenues.

Outside of the hue and cry from the oil industry, the other major group negatively impacted would be the trucking industry, particularly owner-operators. We are sympathetic to this concern in light of currently depressed conditions, but ultimately the most cost efficient means of transporting goods must be used to maintain economic stability and growth in Alaska. One answer, which incidentally might also help address the general complaints about "unfair" competition from the Alaska Railroad Corporation (ARRC), would be an interim state assisted training program to relocate trucking industry people into other job opportunities. Another entity that would be negatively impacted if the Dalton closed would be the ARRC since they now haul a fair portion of this business to Fairbanks. It might be necessary to contact them to obtain an assessment of this impact.

A toll to recover the full charge of the department's maintenance and operations costs for the Dalton Highway would mean a charge of about $500 per trip for an 18-wheeler. Our costs are estimated to be $5.2 million annually, approximately $4.3 million in Interior M & O's Highway and Aviation component and $.9 million in the Facilities component. In addition, we have requested an increment for $.4 million in user fees to cover the costs associated with collection of the toll charges (.3 million would be the

annual cost, plus a one time cost of moving and modifying the checkpoint facility). The proposed toll does not include the capital coats for resurfacing or major maintenance of this road.

ADMINISTRATION/PLANNING/DESIGN & CONSTRUCTION

During prior reduction reviews, considerable general funds reductions were obtained in these areas. A total of 30.5% of general funds have been cut in these areas between the FY'86 authorized and FY'87 revised budgets. For example, a considerable portion of the reductions made to achieve the FY'87 revised budget were in these areas, allowing AMHS and M&O cuts to be considerably less than otherwise would have been the case.

Our decrements do include some additional general fund cuts in the planning areas. Otherwise, we are not proposing any further cuts at this time. It appears that sizeable "fat" trimming has already occurred. There is also a potential problem of making reductions to the point that we face problems with the FHWA and Federal Aviation Administration as to whether we are maintaining sufficient state funded management and administration to continue qualifying for federal highway and aviation money. Finally, we do not want to propose any cuts in the administrative or accounting side at least until we have a better handle on the magnitude of those problems, and the level of resources needed to fix them.

One change in the transfer area warrants mention. We are proposing to raise the State Equipment Fleet (SEF) fixed fee rate from 51% of the budgeted FY'87 rate back to 72% of that rate. This rate was dropped as a one-time cost savings measure for FY'87, with an understanding that the rate would be re-instated to keep the Highway Working Capital Fund fiscally sound over the long term. It is our intention to maintain the 72% rate level for at least the next two years, and then reassess what, if any, additional adjustments are needed, particularly in light of possible reduced need for equipment due to other budget reductions. We project this increase will allow us to meet vehicle replacement demand, while maintaining a positive cash flow. This means increased fee costs of about $1.8 million for DOT&PF, which represents about 35% of the SEF's business.

REORGANIZATION SAVINGS

The attached budget submission includes some adjustments for organizational changes that have already been made, including the deletion of a net 5 PX positions based on already taken personnel actions. While further general fund savings are anticipated through additional reorganization and streamlining of current operations, we are not prepared to present any further proposals at this time.

The Commissioner wants to assess the overall operations for a period of time to ensure we don't destroy valuable portions of the organization that are working well. It may be that some of these savings won't materialize until mid to late FY'88 or at the start of FY'89. Accordingly, we respectfully request an understanding that any savings in these areas will be given priority consideration for use to restore reduced or deferred DOT&PF M&O activity.

REVENUE GENERATION

One way to offset some of the impact of both the proposed FY'88 and actual FY'87 reductions is to generate more revenue through our proposal to increase the motor fuel tax from 8¢ to 16¢ per gallon. We estimate this will generate approximately $20 million in additional revenue. We recommend using this increase to help local governments and communities to pay for the increased M&O costs for those roads and highways removed from the state maintenance system. There may be other ways to generate further receipts, such as airport landing and tie-down fees, to offset other reductions. We will continue to review these possibilities.

SUMMARY

DOT&PF provides the state with numerous, essential transportation services. There is no doubt that transportation serves a critical economic role in a state such as ours. We fear pursuing major cuts, particularly in highway and aviation M&O, will only exacerbate our current problems.

Accordingly, until we can develop some of these proposals more fully, including greater acceptance by local communities of many of these responsibilities, it is imperative that we carefully analyze adoption of the large reductions we have identified, and if possible, find other revenues to avoid drastic reductions.

OVERVIEW OF QUESTIONS ASKED BY HOUSE FINANCE COMMITTEE MEMBERS DURING A PRESENTATION BY THE DEPARTMENT OF TRANSPORTATION.

Tuesday, January 26 1987, Commissioner Gutierrez and staff for the Department of Transportation gave a budget presentation and overview to the House Finance Committee.

Attached please find the Department's proposed FY 88 budget from the Governor's office and an overview of the proposed budget changes and cuts.
Much of the information presented at this meeting is in the attached DOT overview report. Rather than be repetitive I felt it may be helpful to update you on some of the questions raised by House Finance Committee members at this meeting.

1. Why have such substantial cuts been made in the areas of M & O and to the Alaska Marine Highway System?

   In 1985, major cuts were made in the areas such as management and design and construction. No cuts have been made in the AMHS and very minimal cuts, have been made in M & O during the previous few years budget cuts. Another point to consider is that when looking at the cuts made to AMHS these cuts reflect cuts from the 1987 "actual" figure and not the revised figures - therefore, the cut to AMHS is actually less than in other areas.

2. How did the department go about categorizing Class I, II and III roads - were they categorized on a user basis?

   No. The department felt that if roads were categorized on a user basis, heavily populated areas would have a great deal more Class I roads than rural areas. Several factors were taken into consideration including whether the road provides freight transportation needs (Valdez to Fairbanks), whether the road provides the only access to the area, how many people live in the area and numerous other factors where also taken into consideration. The department feels that this area is one that will need further consideration and will ask for community input and advice from local area DOT personnel to help prioritize the roads.

3. With the Capital Projects Cleanup, why can't we just get a computer print out of the total number of projects currently authorized? Then, compile a list of those projects that are physically under construction, complete these projects and start over again with all other projects so that are books and information would be correct and so that the problems with the Federal Government Highway on reimbursement of Federal dollars could be overcome? How long would it take to get this list?

It would be possible to compile a list and have it available in a very short time, 3-5 days. The department feels this would be very inaccurate as the problem is with billings not being made to projects. Therefore, it would take some time to figure out what monies had not been billed to projects and get the paper path moving along. Also, some projects are in the planning and design phase, some are under construction, some have been completed and require outstanding bills to be logged in before the project can be closed out. Because of the methods used for billing to the projects and the way in which project tracking has been done, the department now finds that there are currently thousands of projects that are in question.
Because of the poor accounting system information requested on projects before 1985 is difficult to provide accurately. The older the project, the harder it becomes to provide accurate information.

As of 6/30/85, the capital projects clean up list identified each project and the status of the project. When the department changed over to the new state accounting system this information was not recorded. The department is currently working on correcting the problems that exist.
Mr. Bob Poe has been hired to head up this project and the department is currently working on:

1. Correcting the Federal billing system problem. At the present time all bills submitted for Federal reimbursement receive a manual audit from the Feds before reimbursement is made. This is partly due to previous incorrect billings and also an inefficient system for compiling the bills.
   The department is in the process of requesting proposals for putting in place a system that will adequately perform all FHWA billings. The contract should be awarded within 45 days and the system should be in place in 6 months.

2. The department is also bringing on board two C.P.A.'s to help set up and administer the new accounting system.

4. Is there statutory language changes required to turn the Dalton Highway into a toll road? Is there anything that prevents turning a road that received consideral Federal funds into a toll road?

Based on discussions with the Department of law, DOT believes it advisable to amend As 19.40 to make it clear this arrangement would be legal, therefore yes, an amendment to the AS 19.40 would be required. The State of Alaska has a specific exemption from the requirements under Section 11.13 of the lands bill and relieves the state of any requirement to repay Federal monies used to build this road.

5. On the three tier maintenance program plan, is there some kind of legislation needed to establish a tier reduction program rather than the usual pro-rated reductions usually implemented?

The Department would like to investigate this further, As Mr. Hickey sees it now the statutes provide the Commissioner with a great deal of latitude to make these decisions. The department has administrative procedures in place as well as regulations which require the department to receive public input and recommendations however, at the present time it does not appear that anything legislative would be required.
This will need to be looked into further.

6. You refer to an increase in legal liability because of the reduced maintenance, could you explain further?

The Commissioner stated the department will have to state the level of service it will provide. He feels that if in fact, a road is open, there is a responsibility to provide a minimum level of maintenance on the road. The Commissioner is not sure what this level is and he feels the department will need to consult with the Attorney General's office for legal direction. However, he has raised the question and feels it must be addressed.

7. How will user fees on the Dalton Highway affect the lift axle? If the axle is on the truck would there be a toll for this axle? How is the department addressing the overall lift axle question?

In terms of the toll charge, if the axle were down and used for weight carrying purposes, it would be charged at the same level - $100/axle.
As far as the question on regulations, the department has suspended implementation of the regulation to give the department and the legislature a chance to look at some of the issues. There is considerable controversy about some of the issues and, frankly, with the rapid change in economic conditions this issue may require rethinking on how to phase in a proposal. The department still has some basic concerns. There are a lot of concerns about the safety of using the lift axle, the test performed by the department would suggest they are a problem and many drivers have stated to the department in hearings that they are a problem.

Enforcement is a problem because they are used for weight purposes at the scale houses and then in order to avoid wear and tear they are not used. The department is looking at a new proposal that would allow for lift axles to continue under certain conditions such as Washington has just done.
Steerable as opposed to fixed
Certification from the manufacturer that they are properly guaged to carry the weight they are carrying
Controls on the outside only
The department is still looking into this but feels this type of proposal may be acceptable.

8. Do you envision the $20 million revenue from doubling the motor fuel tax coming back to municipal governments through some sort of statutory shared taxes or how do you envision this? How does the $20 million relate to the actual cost of maintaining roads today?

The administration is going to propose legislation to provide for the pass back of this money. The total M & O cut talked about in Category I II and III is about $10 million. With the cuts taken in the past plus this years $10 million total cuts in the past few years in M & O will total about $20 million. This therefore should be sufficient to offset these cuts.

9. Who would have to pay for use of the toll road?

The proposal is a new proposal and has a charge for light vehicles, this charge would be less but there would be a charge for any user of the road on a structured basis.

10. Where do you place schools in the three category system?

It would be catagorized depending on whether the school is on a route. If the school is on a category III route we would be looking for the schools to take on the responsibility.
DOT may have to reconsider this categorizing and receive additional input.
Concerns were expressed by Senator Fischer about the roads to schools not being open and yet the constitutional requirement to provide education.
DOT will have to consider this.

11. Why is there an increase in the total dollars for the state equipment fleet, state planning and research and yet dramatic cuts are shown for M & O. What are the philosophical goals of the department?

The administrative sections, planning, research and administration is roughly 12% of the overall general fund dollars of the department budget. In FY 87 revised a large cut was made in these areas and none in AMHS and very little in O & M. The department would be willing to look at the budget more closely as the figures shown are not set. Until the department has a better feel for things such as the Capital Project cleanup they did not want to get rid of any available personnel.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version : HB 62
Publish Date :

REQUEST:

Revision Date:
Title : "An Act...establishing the Alaska Marine Highway Authority."
Sponsor : Cato
Requestor : Cato

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		187.7	197.1	207.0	217.4	228.3
TRAVEL		104.0	109.2	114.7	120.4	126.4
CONTRACTUAL		232.0	134.6	141.3	148.1	155.5
SUPPLIES		19.5	20.5	21.5	22.6	23.7
EQUIPMENT		20.5				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		569.9	461.4	484.5	508.8	534.2
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		569.9	461.4	484.5	508.8	534.2
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME		4	4	4	4	4
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See Attached

Prepared by : Mark S. Hickey, Deputy Commissioner, Operations (4/87) Phone : 465-3900
Division : Commissioner's Office Date : 01/29/87

Approved by Commissioner : [signature] Date : 1/30/87
Agency : Dept. of Transportation and Public Facilities

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. 62

HB 62

FISCAL NOTE ANALYSIS

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

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

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

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

The following assumptions were made:

1. The legislation would take effect July 1, 1987.

2. The "Alaska Marine Highway Authority's" time and attendance, personnel, and leave accounting computer systems will be completed with existing funding and will interface with existing State systems.

3. There would be an annual appropriation for full operating costs of the Authority each year that would include all revenues generated (Program Receipts) and a General Fund subsidy appropriation to cover the balance of costs needed to maintain the currently budgeted level of vessel operating schedules.

4. An inflation factor of five percent has been included for future years beyond FY 88.

5. The position of Deputy Commissioner would be converted to Executive Director and administrative support would be provided to the Board of Directors by the existing staff and the additional positions requested. No transfers of positions would be made from the Department of Transportation and Public Facilities.

6. The Authority would continue to use:

   A. State-owned office buildings.
   B. The State mail system
   C. The State equipment fleet.
   D. The statewide purchasing contracts (i.e. fuel).
   E. "Shared" communications lines.
   F. Insurance, bonding, etc., as now supplied.
   G. Legal services from the Attorney General's Office.

7. The Directors of the Authority would meet an average of three days per month, or thirty-six days per year.

DETAIL OF FY 88 COSTS

MARINE ADMINISTRATION BRU

Personal Services - 1 PFT Position			$ 53.3
Analyst/Programmer IV	$ 53.3		
Travel			65.0
Transportation and per diem for seven directors to attend monthly meetings (3 days each in various locations statewide)	35.0		
Transportation and per diem for Executive Director, section chiefs, and other staff as required to attend monthly directors' meetings.	30.0		
Contractual Services			$163.2
Professional Services		$122.5	
Transcription services for directors' meetings	$ 2.5		
Annual audit by CPA	20.0		
Initial legal services	100.0		

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. 62

Contractual Services (Continued)			
Communication		9.5	
Local telephone service for new position	.5		
Long distance telephone cost	2.0		
Postage	5.0		
Network connect fees for new terminal	2.0		
Advertising, Printing and Binding		20.0	
Printing, photography, etc.	5.0		
Advertising of directors' meetings	5.0		
Initial printing of stationery	10.0		
Rental for Land, Buildings and Space		1.2	
Room rental for directors' meetings	1.2		
Other Expenditures and Services		10.0	
Mail clerk services (to be RSA'd to DOT&PF)	10.0.		
Supplies and Materials			9.5
Office & Library Supplies Routine supplies for new position and directors' meetings	7.5		
Data Processing Supplies	2.0		
Equipment			10.5
Office equipment for new position	.5		
Data processing equipment for new position	10.0		
Marine Administration BRU TOTAL			$301.5

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. 62

MARINE FACILITIES ENGINEERING BRU

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. 62

SUMMARY OF FY 88 COSTS

	Marine Administration	+	Marine Fac. Engineering	=	Total
Personal Services	53.3 (1 PFT)		134.4 (3 PFT)		187.7 (4 PFT)
Travel	65.0		39.0		104.0
Contractual Services	163.2		75.0		238.2
Supplies & Materials	9.5		10.0		19.5
Equipment	10.5		10.0		20.5
Totals	301.5	+	268.4	=	569.9

FY 89 COSTS

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

Contractual Services (Marine Administration BRU)		$110.0
Initial Legal Fees	$100.0	
Initial Printing Costs	10.0	
Equipment (Both BRU's)		20.5

Position Title	No. of Positions	Range/Step	Barg. Unit
Analyst/Programmer IV	1	19/A	G

Time Status	Staff Months	Location	Election District
PFT	12.0	Juneau	04

Type of Expenditure		Amount
1	2	3
Salary	40.032	
Benefits	13.271	
Premium Pay		
Other		
Total Personal Services		53.3
Travel		
Contractual		2.5
Commodities		.5
Equipment		10.5
Other		
Total Cost		66.8

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	66.8
I A Receipts	1006	
CIP Receipts	1061	
Other		

Justification

Creation of an Authority would require data processing support services which are currently provided by the Department of Transportation and Public Facilities.

This position will be responsible for systems maintenance and enhancement of the reservations system (RMS II) and other information systems specific to the Alaska Marine Highway Authority.

Equipment costs include office equipment and necessary computer equipment (terminal, microcomputer, printer, etc.).

Request For New Position

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

BRU: Marine Administration

Component: Administration

FY 88

Position Title	Maintenance Worker II	No. of Positions	1	Range/Step	54/A	Barg. Unit	LTC
Time Status	PFT	Staff Months	12.0	Location	Juneau	Election District	04

Type of Expenditure		Amount
1	2	3
Salary	32,391	
Benefits	11,064	
Premium Pay 10 hrs OT/mo.	2,990	
Other		
Total Personal Services		46.4
Travel		13.0
Contractual		.5
Commodities		.5
Equipment		1.0
Other		
Total Cost		61.4

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	61.4
I A Receipts	1006	
CIP Receipts	1061	
Other		

Justification

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

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

Request For New Position

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

BRU: Marine Facilities Engineering

Component: Engineering Management

FY 88

Position Title	Maintenance Worker I	No. of Positions	Range/Step	Barg. Unit
		1	55/A	LTC
Time Status	Staff Months	Location	Election District	
PFT	12.0	Juneau	04	

Type of Expenditure		Amount
1	2	3
Salary	30,592	
Benefits	10,561	
Premium Pay 10 hrs OT/mo.	2,825	
Other		
Total Personal Services		44.0
Travel		13.0
Contractual		.5
Commodities		.5
Equipment		1.0
Other		
Total Cost		59.0

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	59.0
I A Receipts	1006	
CIP Receipts	1061	
Other		

Justification

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

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

Request For New Position

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

BRU: Marine Facilities Engineering

Component: Engineering Management

FY 88

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HB 62
REQUEST
Publish Date:

Revision Date:
Agency Affected: Division of Personnel
Title: An act relating to ferries and ferry terminals and establishing the Alaska Marine Highway Authority
BRU: Personnel
Components: Centralized Administrative Services
Sponsor: Cato
Requestor:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

There would be no fiscal impact on the Division of Personnel.

Prepared By: Diana DeSimone, Director
Phone: 465-4430
Division: Division of Personnel
Date: 1/28/87
Approved by Commissioner: Darrell Baker
Date:
Agency: Department of Administration

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

9/403/0127-1172-3

Rev. 9/16/86

POSITION PAPER
HB 62

House Bill 62 establishes the Alaska Marine Highway Authority as an independent public corporation for the operation, management, planning and construction of the State's marine highway system.

Section 19.70.040 specifies that the authority shall hire an executive director and may employ additional staff as necessary. The proposed language clearly and appropriately places the employees of the Authority in the classified service. However, the status of the executive director and legal counsel are not clearly delineated.

> "The executive director and legal counsel are in the exempt service under AS 39.25.110."

Also add another section to the bill which states:

> "AS 39.25.110 is amended by adding a new paragraph to read:
>
> (23) The executive director and legal counsel of the Alaska Marine Highway Authority."

The Department of Administration/Division of Personnel's position on this bill is neutral.

Diana DeSimone

Diana DeSimone, Director
Division of Personnel

1/30/87
Date

Garrey Peska

Commissioner Garrey Peska
Department of Administration

Date

THE PRECEDING PAGES WERE TREATED AS
A UNIT IN THE ORIGINAL FILE.

HB

74

STATE OF ALASKA
THE LEGISLATURE

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

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May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation:

2/16/87

2/27/87

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

February 16, 1987

FOR TODAY'S MEETING YOU HAVE:

A FOLDER ON HB 74 THAT INCLUDES:

* a copy of HB 74
* a bill analysis from Rep. Sund
* a fiscal note
* a position paper from the Dept. of Public Safety
* a copy of the House Committee Report from the State Affairs Committee
* a current status report
* an excerpt from the Alaska State Statutes

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

February 27, 1987

FOR TODAY'S MEETING YOU HAVE:

A FILE ON HB 74 THAT INCLUDES:
* the committee substitute for HB 74
* a copy of HB 74
* a current status report on HB 74
* the committee minutes from February 16th
* a summary of HB 74 from Rep. Sund
* a fiscal note from the Dept. of Public Safety
* a position paper from the Dept. of Public Safety
* a House Committee Report from State Affairs
* an excerpt from tne state statutes

A FILE ON HB 94 THAT INCLUDES:
* a copy of HB 94
* a current status report on HB 94
* the committee minutes from February 11th
* a bill analysis from the Dept of Health & Social Services
* fatality statistics from the Coast Guard
* a report on HB 94 from the Coast Guard
* support information from House Research and the U. S. Coast Guard

A FILE ON HB 118 THAT INCLUDES:
* a copy of HB 118
* a current status report on 118
* a memorandum from Rep. Shultz
* a fiscal note from the Dept. of Natural Resources
* a position paper from the Dept. of Natural Resources

Original sponsors: Sund, Gruenberg,
Taylor and Donley

IN THE HOUSE BY THE TRANSPORTATION COMMITTEE

CS FOR HOUSE BILL NO. 74 (Transportation)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to motorcycle license plates."

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

* Section 1. AS 28.10.181(c) is amended to read:

(c) Special request plates. Upon application by the owner of a passenger vehicle, noncommercial van or pick-up truck, or motor home, the department may design and issue registration plates containing a series of not more than six letters or numbers or combination of letters and numbers as requested by the owner. Upon application by the owner of a motorcycle, the department may design and issue registration plates containing a series of not more than four letters or numbers or combination of letters and numbers as requested by the owner. The department may, in its discretion, disapprove the issuance of registration plates under this subsection when the requested symbols are a duplication of an existing registration or when the symbols are considered unacceptable by the department.

JOHN SUND, REPRESENTATIVE
2505 2nd Avenue
Ketchikan, Alaska 99901
(907) 225-5552

While in Juneau
P. O. Box V
Juneau, Alaska 99811
(907) 465-4919

To: Representative Cato
Chair, House Transportation Committee

From: Representative Sund

Date: February 9, 1987

Subj: House Bill 74
Personalized Motorcycle License Plates
Scheduling Request

House Bill 74 would allow motorcycle owners to obtain personalized license plates. Car, truck and motor home owners already have this option. House Bill 74 simply adds motorcycles to the already established program.

Currently, the state charges an additional $30 license fee for personalized plates above the standard $35 fee for cars and motor homes and the $40 license fee for trucks and vans. The rate for motorcycle license fees is $20.

Allowing motorcycles owners to obtain personalized license plates would generate additional revenue to the state. Please see the attached fiscal analysis.

I would appreciate it if you could schedule HB 74 sometime in the near future.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version : HB 74
Publish Date :

REQUEST:

Revision Date:
Title : An Act relating to motorcycle license plates.
Sponsor : Sund
Requestor : House State Affairs

Agency Affected : Public Safety
BRU : Motor Vehicles

Components : Vehicle Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		.8	.2	.2	.2	.2
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	.8	.2	.2	.2	.2
CAPITAL						
REVENUE	-0-	7.5	1.5	1.5	1.5	1.5

FUNDING: (Thousands of Dollars)

GENERAL FUND		.8	.2	.2	.2	.2
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See page 2.

Prepared by : Bill Brown
Division : Motor Vehicles
Phone : 465-4335
Date : 1-28-87

JNR 1/29/87

Approved by Commissioner :
Agency : Public Safety
Date : 1/29/87

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 74

EXPENDITURES:

Contractual	
License Plates @ $2.50 x 250	.6
Postage @ $.76 x 250	.2
Total	.8

After the original impact of 250 personalized motorcycle license plates the first year, it is estimated there will be 50 such plates issued in FY89 and subsequent years.

REVENUES:

FY88 is based on issuance of 250 personalized motorcycle license plates at cost to owner of $30 per plate.

FY89 and subsequent years based on issuance of 50 new personalized motorcycle license plates per year.

INFORMATION:

As a result of the FY88 budget decrement the Division of Motor Vehicles may discontinue issuing personalized license plates as of July 1, 1987.

It is realized there will be few requests for personalized motorcycle plates. However, if the position in the Special Programs Unit of DMV, which now issues personalized plates, is not funded in the operating budget it is the intent of the department to not issue any personalized license plates under AS 28.10.181(c), including motorcycles.

The department feels it would not be appropriate to request funding in this fiscal note for a part-time position so personalized plates could be issued only to motorcycle owners if we discontinue issuing such plates to the other classes of vehicles that are now eligible. It is also felt it would be inappropriate to request funding in this fiscal note to reestablish a position that may be deleted in the operating budget when the majority of the position's duties are not affected by this bill.

BILL NO: HB 74 DATE: January 30, 1987

TITLE: An Act relating to motorcycle license plates

CONTACT: Bill Brown
465-4335

Current law authorizes the issuance of personalized (vanity) license plates for use on passenger vehicles, noncommercial vans or pickup trucks, and motor homes. This bill includes motorcycles as a type of vehicle for which the department may issue personalized plates.

The inclusion of motorcycles as a class of vehicle that would be eligible for a personalized license plate would have a slight impact on the department. Special plates do require extra processing and handling, thus take considerable more time when originally applied for than a regular registration.

As a result of the FY88 budget decrement the Division of Motor Vehicles may discontinue issuing personalized license plates as of July 1, 1987. It is realized there will be few requests for personalized motorcycle plates. However, if the position in the Special Program Unit of DMV, which now issues personalized plates, is not funded in the operating budget it is the intent of the department to not issue any personalized license plates under AS 28.10.181(c), including motorcycles.

The department is oppossed to this bill because it is felt that a time when we are cutting positions and functions is not the time to be adding additional duties.

William R. Nix
Acting Commissioner

DEPARTMENT OF PUBLIC SAFETY

HOUSE COMMITTEE REPORT

(7)

Date referred: 1/23/87 FURTHER REFERRALS: Transportation

DATE: 2-6-87

The State Affairs Committee has considered HB 74

"An Act relating to motor license plates."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[X] fiscal impact [ ] same as previous fiscal note published _____

[ ] zero fiscal note

[ ] zero with analysis [ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Scott Wimmer (I WISH IT WAS 7 LETTERS)

John Ulmer

P.C. Braden

Terry Martin

Cliff Davidson

Dave Donley

SIGNING OTHER RECOMMENDATIONS:

John Ulmer

Chairman's signature

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF PUBLIC SAFETY

P.O. BOX 20
JUNEAU, ALASKA 99802-0020

DIVISION OF MOTOR VEHICLES

PHONE: (907)465-2650

February 3, 1987

The Honorable John Sund
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Representative Sund:

Enclosed is a draft of a fiscal note which the department will submit for the proposed House State Affairs committee substitute to HB 74, which changes the number of digits authorized on a personalized license plate from six to seven.

The division has turned down several requests in the past for seven digit plates. Thus, it is felt there would be a large influx the first year, and a new position would be requested to handle that increase. I would again like to emphasize it is currently our intent to discontinue issuing personalized license plates on July 1, 1987, because of necessary budget cuts. This would apply even if the amended version were to pass with the new position. The one position could not handle the increase, plus the current workload.

Our main priority must be to provide the basic services to the public at our field offices, rather than providing non-essential services to a select few. This is the reason the position who currently handles personalized license plates was cut rather than a position who works the counter in a field office.

An item which was brought to my attention today is that a motorcycle license plate with six digits, let alone seven, would take away part of the basic purpose of a license plate, which is to provide identification of a vehicle from a distance. The motorcycle license plate is considerably smaller than a regular license plate, thus it was felt a maximum of four or five digits, preferably four, should be allowed for these plates.

If you have any questions, or I can be of any other assistance, let me know.

Sincerely,

Bill Brown
Chief of Driver Services

BB:ns

cc: The Honorable Fran Ulmer
Chairman, House State Affairs

12.1 81 H

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

D R A F T

Bill Version : Proposed CS HB 74(SA)
Publish Date :

REQUEST:

Revision Date:
Title : An Act relating to motorcycle license plates.
Sponsor : Sund
Requestor : Sund

Agency Affected : Public Safety
BRU : Motor Vehicles
Components : Vehicle Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		31.4	16.0	16.5	17.0	17.5
TRAVEL						
CONTRACTUAL		60.8	4.0	4.1	4.2	4.3
SUPPLIES		.1	.1	.1	.1	.1
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		92.3	20.1	20.7	21.3	21.9
CAPITAL						
REVENUE		157.5	16.5	16.5	16.5	16.5

FUNDING: (Thousands of Dollars)

GENERAL FUND		92.3	20.1	20.7	21.3	21.9
FEDERAL FUNDS						
OTHER						
TOTAL		92.3	20.1	20.7	21.3	21.9

POSITIONS:

FULL-TIME		1				
PART-TIME			1	1	1	1
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See Page 2.

JNR 2/3/87
Prepared by : Bill Brown
Division : Motor Vehicles
Phone : 465-4335
Date : 2-3-87

Approved by Commissioner :
Agency : Public Safety
Date :

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. PROPOSED CSHB 74 (SA) DRAFT

EXPENDITURES:

Personal Services		
One Motor Vehicle Rep III, Anchorage (full time first year, part time second and subsequent years)	31.4	31.4
Contractual		
Data Processing changes	25.0*	
License Plates 5,000 @ $5.00	25.0	
250 @ $2.50 (m/c)	.6	
Postage 5,000 plates @ 1.75 per set	8.8	
250 plates @ $.76 per plate	.2	
General correspondence 2,625 @ $.22	.8	
Printing Temporary registrations 5,250 x .07	.4	
Total	60.8	60.8
Commodities		
Normal Office Supplies	.1	.1
	Total	92.3

*One time charge

REVENUES:

FY88 is based on issuance of 5,000 regular personalized license plates with 7 digits, and 250 motorcycle personalized license plates at the cost to the owner of $30.00 per application.

FY89 and subsequent years based on issuance of 500 regular personalized license plates, over and above the current trend, and 50 new motorcycle personalized license plates per year.

INFORMATION:

This fiscal note reflects what the increased cost would be to issue personalized license plates to motorcycles, and increase the number of digits on personalized plates from six to seven.

The position in the Special Programs Unit of DMV which now handles personalized plates is not funded in the FY88 operating budget due to the required decrement. The new position requested in this fiscal note would not be able to handle the increase, plus current workload of the deleted position.

Therefore, it is the current intent of the department to not hire the position requested in this fiscal note, and to discontinue issuing personalized license plates on July 1, 1987.

HOUSE COMMITTEE REPORT

(7)

Date referred: 2/9/87

FURTHER REFERRALS:

DATE: February 27, 1987

The Transportation Committee has considered HB 74

"An Act relating to motorcycle license plates."

RECOMMENDS:

[X] replace with Committee Substitute HB 74 [X] the same title

[ ] a new title

[ ] attached amendment(s)

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[X] same as previous fiscal note published 1/29/87

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Chairman's signature

Official Business

COMMITTEE:

House Transportation

DATE: February 16, 1987

SIGN-IN

Subject of meeting:

HB 74: "An Act relating to motorcycle license plates."

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?	
Bill Brown	P.O. Box N	465-4335	DMV	HB 74	Yes
Nevette Brown	Rep Sund		Rep Sund	HB 74	Yes

Official Business

COMMITTEE:

House Transportation Committee

DATE: February 27, 1987

SIGN-IN

Subject of meeting:

HB 74: "An Act relating to motorcycle license plates."
HB 94: "An Act relating to boat numbering, accidents, and safety; and providing for an effective date.
HB 118: "An Act relating to decisions on right-of-way lease applications."

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?	
John Manning	Health & Social Services Planner P.O. BOX H-06C Juneau, 99811	465-3141	EMS/DPH/DHSS	Yes (HB94)	94
Elliot Lipson	9001 Long Run Dr. Juneau 99801	789-0989	self	no	
HAROLD MOLES	Vice President, Operations 2BKS AK 1001 NOBLE Suite 240 99701	456-876	Northwest Pipeline ALASKAN	HB 118 yes	HB 118
GRETCHEN DEER	Special Assistant to The Commissioner PO. Box N, Juneau, Ak 99811	465-4300	Public Safety	HB 94 Yes	94
D.M. WALDROW	612 Willoughby Ave Juneau 99801	586 7349	USCG	Yes HB 94	94
M.A. CONWAY	P.O. BOX 3-5000, Juneau, AK 99802	586-7197	USCG	NO	
G.M. HARBEN	CCGD 17 (m)	586-7471	USCG	HB94 IF NEEDED	94
Bill Brown	P.O. Box N	465-4335	DMV	Answer Questions HB 94	74
Kip Shultz	AK State Legislature	465-4940	sponsor of HB 118		

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF PUBLIC SAFETY

DIVISION OF MOTOR VEHICLES

P.O. BOX 20
JUNEAU, ALASKA 99802-0020

PHONE: (907)465-2650

February 19, 1987

The Honorable Bette Cato
Chairman - House Transportation
Alaska State Legislative
P.O. Box V
Juneau, Alaska 99811

Dear Representative Cato:

During the hearing on HB 74 on February 16, 1987, you requested some data concerning the number of license plates DMV issues for no fee and to charitable organizations. The last year for which these figures are currently available is calendar year 1985.

The no fee plates are as follows:

Handicapped	978
Disabled	70
Amateur Radio Op.	365
Prisoner of War	28
Senior Citizen	8,821

The number of charitable organization plates, which includes churches and non-profit organizations, was 2,472. There is a $5.00 registration fee for these vehicles.

If I can be of any further assistance let me know.

Sincerely,

Bill Brown
Chief of Driver Services

BB:ns

12-L8LH

HB

78

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation:

4/14/87

4/27/87

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

April 24, 1987

COMMITTEE CALENDAR:

HB 78: "An Act relating to the operation of farm equipment on state highways."

FOR THIS MEETING YOU HAVE:

A folder on HB 78 that includes:

* a copy of HB 78
* a sectional analysis
* three zero fiscal notes and three position papers:
  - one from the Dept. of Comm. & Economic Dev.
  - one from the DOT/PF
  - one from the Dept. of Public Safety
* a description of types of vehicular permits
* letters of support
* a copy of the minutes from the last committee of referral
* a copy of the House Labor & Commerce Committee Report

[redacted] — EXISTING STATUTE
— PROPOSED NEW STATUTORY LANGUAGE
— CHANGES MADE BY CS FOR HB 78

5-0088B ✓
Levy
4/11/87

Original sponsor: Miller

IN THE HOUSE

CS FOR HOUSE BILL NO. 78 ( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to the operation of farm equipment on state highways."

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

* Section 1. AS 19.10.060 is amended to read:

Sec. 19.10.060. REGULATION OF WEIGHT AND LOAD OF VEHICLES AND USE OF HIGHWAYS DURING CERTAIN SEASONS. The department, with respect to highways under its jurisdiction, may

(1) establish limitations on weight, size, and load of vehicles, except as otherwise provided in AS 19.10.065;

(2) [REPEALED

(3)] prohibit the operation or impose restrictions on vehicular use of highways during certain seasons of the year.

* Sec. 2. AS 19.10 is amended by adding a new section to read:

Sec. 19.10.065. OPERATION OF FARM EQUIPMENT ON HIGHWAYS. (a) Implements of husbandry, as defined by regulation under AS 28.05.011, are not subject to restrictions adopted under AS 19.10.060(1) unless the implement is the load of another vehicle. Implements of husbandry may be operated on highways subject to the department's jurisdiction without obtaining a permit, as provided in this section.

(b) The incidental operation of an implement of husbandry up to 12 feet wide on a state highway is authorized without a permit if the implement

(1) is operated only during daylight hours;

(2) displays a slow-moving vehicle emblem on the rear of

the implement;

(3) displays a red flag on the implement in a location that affords greatest visibility; and

(4) is moving from one farm operation to another within 50 miles of the home base of the implement of husbandry.

(c) An implement of husbandry that is more than 12 feet wide may be operated on a state highway without a permit if it meets the provisions of (b) of this section and is preceded by a pilot car during operation on the highway.

* Sec. 3. AS 28.10.011 is amended to read:

Sec. 28.10.011. VEHICLES SUBJECT TO REGISTRATION. Every vehicle driven, moved, or parked upon a highway or other public parking place in the state shall be registered under this chapter except when the vehicle is

(1) driven or moved on a highway only for the purpose of crossing the highway from one private property to another, including an implement of husbandry as defined by regulation;

(2) driven or moved on a highway under a dealer's plate or temporary permit as provided for in AS 28.10.031 and 28.10.181(j);

(3) special mobile equipment as defined by regulation;

(4) owned by the United States;

(5) moved by human or animal power;

(6) exempt under 50 U.S.C. App. 501-591 (Soldier's and Sailor's Civil Relief Act);

(7) driven or parked only on private property;

(8) the vehicle of a nonresident as provided under AS 28.10.121;

(9) a commercial interstate vehicle under AS 28.10.141;

(10) transported under a special permit under AS 28.10.151;

(11) being driven or moved on a highway, vehicular way, or a public parking place in the state that is not connected by a land highway or vehicular way to

(A) the land-connected state highway system, or

(B) a highway or vehicular way with an average daily traffic volume greater than 499;

(12) a mobile home as defined by regulation;

(13) an implement of husbandry operated in accordance with the provisions of AS 19.10.065.

Alaska State Legislature

REPRESENTATIVE
MIKE W. MILLER
P.O. Box 55094
North Pole, Alaska 99705
(907) 488-2687

District 18
North Pole
Badger Road
Eielson
Moose Creek
Salcha

While in Juneau
Pouch V
Juneau, Alaska 99811
(907) 465-4976

House of Representatives

MEMORANDUM

TO: Representative Bette Cato, Chairman,
House Transportation Committee

FROM: Representative Mike Miller

RE: House Bill 78, "An Act relating to the operation of farm equipment on state highways."

DATE: 4/14/87

I would like to formally request that House Bill 78 be scheduled for a hearing before the House Transportation Committee.

HB 78 was heard by the House Labor and Commerce Committee on Tuesday, April 14th at which time, a committee substitute was adopted. The bill will now be formally referred to the Transportation Committee during the House floor session Wednesday, April 15th.

If you have any questions regarding this request, please contact me at 465-4976.

MEMORANDUM

TO: Representative Mike Miller

FROM: Staff

RE: Analysis of CS HB 78(L&C), "An Act relating to the operation of farm equipment on state highways."

DATE: 4/14/87

Section 1

Amends the current statutory authority of the Department of Commerce and Economic Development to regulate the weight, size, and load of vehicles operating on the State highway system. Adds an exemption which is outlined in section 2 of the bill.

Section 2

Adds a new statutory section allowing implements of husbandry to operate on the State highway system without obtaining a permit. This section also establishes four criteria, for implements up to 12 feet in width, that must be met to qualify for the permit exemption. The implement may only be operated on the highway system during daylight hours. A slow-moving vehicle emblem must be displayed on the rear of the implement. The implement must display a red flag where it affords the greatest visibility. The permit exemption is only good for moves within a 50 mile radius of the implements home base.

Implements that exceed 12 feet in width are eligible for the permit exemption if they meet the four requirements for narrower implements and are preceded by a pilot car during operation on the highway.

Section 3

Adds implements of husbandry to the list of vehicles that are exempt from the motor vehicle registration requirements of AS 28.10.011.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____ Bill Version: HB 78
Publish Date: _____

Revision Date: _____ Agency Affected: Comm. & Econ. Dev.
Title: Farm implements on highways BRU: Measurement Standards

Sponsor: _____ Components: _____
Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Joe Swanson, Director Phone: 345-7750
Division: Measurement Standards Date: April 14, 1987

Approved by Commissioner: J. Anthony Smith, Commissioner Date: April 14, 1987
Agency: Department of Commerce and Economic Development

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

0003k41487a

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF MEASUREMENT STANDARDS

P.O. BOX 111686
ANCHORAGE, ALASKA 99511
PHONE: (907) 345-7750

March 24, 1987

MAR 30

Representative Mike Miller
P.O. Box V
Juneau, Alaska 99811

SUBJECT: HB78

Dear Representative Miller:

We recommend inserting the following language on page 1, line 24, of House Bill 78:

..." without obtaining a permit [,as] while moving from one farming operation to another within fifty (50) miles of the home base of the implement of husbandry and as further provided in this section."

The purpose of this language is to allow the movement of equipment from one field to another or from the farm's equipment storage area to a field under its own power, yet not allow the equipment to be moved from, for example, the Point McKenzie area to Anchorage for repair. When traveling distances greater than fifty miles, we feel the equipment should be loaded on a truck and a permit required.

With this change, we are in support of this legislation. We feel that this will provide the necessary flexibility during the short growing season.

Sincerely,

Joe Swanson
Director

JS:cs/P.5.

cc: John Williams, Deputy Commissioner
Department of Commerce and
Economic Development

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST:

Bill Version : HB 78
Publish Date : 1/28/87

Revision Date: 4-9-87
Title : Operation of Farm Equipment On State Highways
Sponsor : Miller
Requestor : Donley

Agency Affected :
BRU :
Components :

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This bill has no fiscal impact to the Department of Transportation & Public Facilities

Prepared by : Bruce R. Freitag
Phone : 465-2957
Division : Engineering & Operations Standards
Date : 4/10/87

Approved by Commissioner : Mark A. Hu
Date : 4/13/87
Agency : DOT&PF

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

Dept. of Transportation & Public Facilities

Position Paper

BILL NO: HB 78

APPROVED: Mark S. Hickey
Commissioner

TITLE: An Act Relating to the Operation of Farm Equipment on State Highways

DATE:

The proposed legislation would considerably relax existing restrictions concerning the movement of farm equipment on state highways.

The legislation does not directly impact the department, but could create unsafe conditions for other highway users as noted below:

(1) For "daylight hours", certain restrictions should apply to prevent movement where high-speed traffic conditions exist. "Daylight hours" should also be defined as in the existing DCED Permit Manual.

(2) A permit should always be required in order to apply any load controls for a particular piece of equipment in a given area.

(3) "Oversize" signs and flashing lights should be required for those slow moving pieces of equipment the same as would be required for any other wide-load move - especially as most rural farm state routes have limited sight distance.

(4) Since most rural state roads have driving lanes less than twelve feet in width, any movement of slow farm equipment over ten feet in width should have at least one pilot car.

(5) By allowing farm implements of widths greater then 8 1/2 feet to use highways without a permit there would be no way of revoking their movement if safety problems result. A revocation section should be added to the existing proposal.

In summary, since the department is concerned with providing safe facilities for the motoring public, we feel the above items should be considered in the development of your legislation. Most of the above information was taken from the attached Washington regulations.

For further information call Susan Fleischhauer at 465-3900.

and remove the unit from the highway when any of the above conditions exist which could create an unsafe movement.

WAC 468-38-270 Construction equipment. Pursuant to RCW 46.44.091(3), permits may be issued to move equipment on approved highways whose single axle weight is not more than 45,000 pounds if operating on single pneumatic tires having a rim width of 20 inches or more and a rim diameter of 24 inches or more. If the vehicle has dual pneumatic tires, the rim width shall be at least 16 inches and the rim diameter shall be at least 24 inches.

WAC 468-38-280 Special Equipment. Special equipment employing axle groupings other than the conventional single or tandem axle must first be approved by the department before permits will be granted authorizing the unit to operate on state highways.

A retractable axle carrying weight allowed under RCW 46.44.041 shall have a manufacturer's rating of at least 10,000 pounds, shall be self-steering, and shall have the capacity to be activated only from outside the driver's compartment: PROVIDED, The requirement that controls be activated only from outside the driver's compartment shall not apply to existing trucks presently equipped with hydraulically loaded lift axles which presently can be activated inside the driver's compartment.

WAC 468-38-290 farm implements.

(1) Farm implement means any device that directly affects the production of agricultural products. For purposes of this section, it must weigh less than forty-five thousand pounds. It must move on pneumatic tires when on public highways and must be less than twenty feet wide.

Spray rigs including fertilizer or chemical applicator rigs or equipment auxiliary to any of these rigs are farm implements.

(2) Permits: Farm implements less than fourteen feet wide do not require a special permit for movement on state highways other than fully controlled limited access highways.

A quarterly or annual permit to move farm implements may be purchased by a farmer or by a person engaged in the business of selling or maintaining farm implements. Such a permit or copy will allow the person or company identified on the permit to draw, drive, or haul any farm implement on state highways.

(3) Movements of oversize farm implements are subject to the following regulations:

(a) An unescorted farm implement shall travel at least five hundred feet behind other vehicles so as to allow other drivers to pass.

(b) If five or more vehicles line up behind a farm implement, the operator of the farm implement shall pull off the road at the first point wide enough to allow traffic to pass safely.

(c) Oversize farm implements may be moved only during daylight hours. Such movements are prohibited at the times and on the those days listed in WAC 468-38-230.

The department may permit movements outside daylight hours during an emergent harvest season to a company or farmer who requests and receives permission in writing. Pilot cars are required for such movements as prescribed in subsection (4)(c) of this section.

(d) Convoying with pilot cars may be used to move farm implements. Two-way radio equipment shall be provided to the pilot cars.

(e) Lights: Requirements for hazard warning lights visible from one thousand feet, clearance lights, reflectors, and other lights shall be as prescribed in RCW 46.37.160.

(4) Flags, signs, and escorts are required for the movement of farm implements as follows:

(a) Flags: If the farm implement is over eight and one-half feet wide, it must display red flags at least twelve inches square so as to wave freely on all four corners of the vehicle and at the extreme ends of all protrusions, projections, or overhangs.

(b) Signs: If the farm implement is over eight and one-half feet wide, OVERSIZE LOAD signs visible to oncoming and overtaking traffic must be displayed. These signs must meet the requirements of WAC 468-38-190. A farm implement preceded and followed by pilot cars is not required to display such signs.

(c) Escort cars: On two-lane state highways, escort cars must precede and follow if the farm implement is over twelve and one-half feet wide. Vehicles or loads whose width is between ten and twelve and one-half feet are exempt from having escort cars only when operating within fifty miles of the business owning the equipment.

On multiple-lane state highways, one escort car in the rear is required if vehicle or load is more than fourteen feet wide.

Other requirements for escort cars and their operation are prescribed by WAC 468-38-110.

When approval to use a flagnerson instead of an escort vehicle is given, the permit shall specifically state that exemption.

(d) Posting a route may be used in lieu of escort cars if the route to be traveled is less than two miles. Signs reading OVERSIZE VEHICLE MOVING AHEAD on a square at least three feet on each side shall be placed at points before the oversize farm implement enters or leaves the highway and at any entry points along the way. These signs must be removed immediately after the oversize movement has been completed.

(6) Any other provision of law to the contrary notwithstanding, district courts having venue have concurrent jurisdiction with the superior courts for the imposition of any penalties authorized under this section.

(7) For the purpose of determining additional penalties as provided by subsection (2) of this section, "excess weight" means the poundage in excess of the maximum gross weight prescribed by RCW 46.44.042 and 46.44-.041 plus the weights allowed by RCW 46.44.047, 46-.44.091, and 46.44.095.

(8) The penalties provided in subsections (1) and (2) of this section shall be remitted as provided in chapter 3.62 RCW or RCW 10.82.070. For the purpose of computing the basic penalties and additional penalties to be imposed under the provisions of subsections (1) and (2) of this section the convictions shall be on the same vehicle or combination of vehicles within a twelve-month period under the same ownership.

(9) Any state patrol officer or any weight control officer who finds any person operating a vehicle or a combination of vehicles in violation of the conditions of a permit issued under RCW 46.44.047, 46.44.090, and 46.44.095 may confiscate the permit and forward it to the state department of transportation which may return it to the permittee or revoke, cancel, or suspend it without refund. The department of transportation shall keep a record of all action taken upon permits so confiscated, and if a permit is returned to the permittee the action taken by the department of transportation shall be endorsed thereon. Any permittee whose permit is suspended or revoked may upon request receive a hearing before the department of transportation or person designated by that department. After the hearing the department of transportation may reinstate any permit or revise its previous action.

Every permit issued as provided for in this chapter shall be carried in the vehicle or combination of vehicles to which it refers and shall be open to inspection by any law enforcement officer or authorized agent of any authority granting such a permit.

Upon the third finding within a calendar year of a violation of the requirements and conditions of a permit issued under RCW 46.44.095 as now or hereafter amended, the permit shall be canceled, and the canceled permit shall be immediately transmitted by the court or the arresting officer to the department of transportation. The vehicle covered by the canceled permit is not eligible for a new permit for a period of thirty days.

(10) For the purposes of determining gross weights the actual scale weight taken by the arresting officer is prima facie evidence of the total gross weight.

The chief of the state patrol, with the advice of the department, may adopt reasonable rules to aid in the enforcement of this section. [1985 c 351 § 6; 1984 c 258 § 327; 1984 c 7 § 58; 1979 ex.s. c 136 § 75; 1975 '76 2nd ex.s. c 64 § 23.]

Rules of court: Monetary penalty schedule——JTIR 6.2.

Court Improvement Act of 1984——Effective dates——Severability——Short title——1984 c 258: See notes following RCW 3.30.010.

Intent——1984 c 258: See note following RCW 3.46.120.

Severability——1984 c 7: See note following RCW 47.01.141.

Effective date——Severability——1979 ex.s. c 136: See notes following RCW 46.63.010.

Effective dates——Severability——1975-'76 2nd ex.s. c 64: See notes following RCW 46.16.070.

RCW 46.44.110 Liability for damage to highways, bridges, etc. Any person operating any vehicle or moving any object or conveyance upon any public highway in this state or upon any bridge or elevated structure that is a part of any such public highway is liable for all damages that the public highway, bridge, or elevated structure may sustain as a result of any illegal operation of the vehicle or the moving of any such object or conveyance or as a result of the operation or moving of any vehicle, object, or conveyance weighing in excess of the legal weight limits allowed by law. This section applies to any person operating any vehicle or moving any object or contrivance in any illegal or negligent manner or without a special permit as provided by law for vehicles, objects, or contrivances that are overweight, overwidth, overheight, or overlength. Any person operating any vehicle is liable for any damage to any public highway, bridge, or elevated structure sustained as the result of any negligent operation thereof. When the operator is not the owner of the vehicle, object, or contrivance but is operating or moving it with the express or implied permission of the owner, the owner and the operator are jointly and severally liable for any such damage. Such damage to any state highway or structure may be recovered in a civil action instituted in the name of the state of Washington by the department of transportation. Any measure of damage to any public highway determined by the department of transportation by reason of this section is prima facie the amount of damage caused thereby and is presumed to be the amount recoverable in any civil action therefor. [1984 c 7 § 59; 1961 c 12 § 46.44.110. Prior: 1937 c 189 § 57; RRS 6360-57.]

Severability——1984 c 7: See note following RCW 47.01.141.

RCW 46.44.120 Liability of owner, others, for violations. Whenever an act or omission is declared to be unlawful in chapter 46.44 RCW, the owner or lessee of any motor vehicle involved in such act or omission is responsible therefor. Any person knowingly and intentionally participating in creating an unlawful condition of use, is also subject to the penalties provided in this chapter for such unlawful act or omission.

If the person operating the vehicle at the time of the unlawful act or omission is not the owner or lessee of the vehicle, such person is fully authorized to accept the citation and execute the promise to appear on behalf of the owner or lessee. [1980 c 104 § 2; 1971 ex.s. c 148 § 1; 1969 ex.s. c 69 § 1.]

RCW 46.44.130 Farm implements——Gross weight and size limitation exception——Penalty. The limitations of RCW 46.44.010, 46.44.020, 46.44.030, and 46-.44.041 shall not apply to the movement of farm implements of less than forty-five thousand pounds gross weight, a total length of seventy feet or less, and a total outside width of fourteen feet or less when being moved while patrolled, flagged, lighted, signed, and at a time of

day in accordance with rules hereby authorized to be adopted by the department of transportation and the statutes. Violation of a rule adopted by the department as authorized by this section or a term of this section is a traffic infraction. [1979 ex.s. c 136 § 76; 1975 '76 2nd ex.s. c 64 § 20; 1975 1st ex.s. c 168 § 3; 1973 1st ex.s. c 1 § 1.]

Effective date——Severability——1979 ex.s. c 136: See notes following RCW 46.63.010.

Effective dates——Severability——1975-'76 2nd ex.s. c 64: See notes following RCW 46.16.070.

Effective date——1975 1st ex.s. c 168: See note following RCW 46.44.091.

RCW 46.44.140 Farm implements——Special permits——Penalty. In addition to any other special permits authorized by law, special permits may be issued by the department of transportation for a quarterly or annual period upon such terms and conditions as it finds proper for the movement of (1) farm implements used for the cutting or threshing of mature crops; or (2) other farm implements that may be identified by rule of the department of transportation. Any farm implement moved under this section must have a gross weight less than forty-five thousand pounds and a total outside width of less than twenty feet while being moved, and such movement must be patrolled, flagged, lighted, signed, at a time of day, and otherwise in accordance with rules hereby authorized to be adopted by the department of transportation for the control of such movements.

Applications for and permits issued under this section shall provide for a description of the farm implements to be moved, the approximate dates of movement, and the routes of movement so far as they are reasonably known to the applicant at the time of application, but the permit shall not be limited to these circumstances but shall be general in its application except as limited by the statutes and rules adopted by the department of transportation.

A copy of the governing permit shall be carried on the farm implement being moved during the period of its movement. The department shall collect a fee as provided in RCW 46.44.0941.

Violation of a term or condition under which a permit was issued, of a rule adopted by the department of transportation as authorized by this section, or of a term of this section is a traffic infraction. [1984 c 7 § 60; 1979 ex.s. c 136 § 77; 1973 1st ex.s. c 1 § 2.]

Severability——1984 c 7: See note following RCW 47.01.141.

Effective date——Severability——1979 ex.s. c 136: See notes following RCW 46.63.010.

RCW 46.44.150 Highway improvement vehicles——Gross weight limit excesses authorized——Limitations. The state, county, or city authority having responsibility for the reconstruction or improvement of any public highway may, subject to prescribed conditions and limitations, authorize vehicles employed in such highway reconstruction or improvement to exceed the gross weight limitations contained in RCW 46.44.041 and 46.44.042 without a special permit or additional fees as prescribed by chapter 46.44 RCW, but only while operating within the boundaries of project limits as defined in the public works contract or plans. [1983 c 3 § 121; 1975 1st ex.s. c 63 § 1.]

RCW 46.44.160 Monthly or quarterly permits for additional tonnage. When vehicles for which licensed tonnage has been purchased on a monthly or quarterly basis pursuant to RCW 46.16.135 or 46.85.120 as now or hereafter amended, then the additional tonnage provided for in RCW 46.44.095 may be purchased on a monthly or a quarterly basis: *Provided*, That the total additional tonnage purchased under RCW 46.44.095 is not less than six thousand pounds. The fee for a monthly permit shall be one-twelfth the amount charged for a corresponding twelve-month period, and the fee for a quarterly permit shall be one-fourth the amount charged for a corresponding twelve-month permit, and shall further be reduced by one-twelfth for each full calendar month of the quarter that has elapsed at the time the quarterly permit is purchased. In addition, a fee of five dollars shall be charged for each monthly or quarterly permit issued hereunder.

The quarterly periods covered by this section shall be registration quarters consisting of three registration months. The first quarter shall commence with registration month one. [1981 c 229 § 1; 1975-'76 2nd ex.s. c 64 § 21; 1975 1st ex.s. c 196 § 1.]

Effective dates——Severability——1975-'76 2nd ex.s. c 64: See notes following RCW 46.16.070.

RCW 46.44.170 Mobile home movement special permit and decal——County treasurer certification of taxes paid——Vehicle license plates——Rules. (1) Any person moving a mobile home as defined in RCW 46.04.302 upon public highways of the state must obtain a special permit from the department of transportation and local authorities pursuant to RCW 46.44.090 and 46.44.093 and shall pay the proper fee as prescribed by RCW 46.44.0941 and 46.44.096.

(2) A special permit issued as provided in subsection (1) of this section for the movement of any mobile home shall not be valid until the county treasurer of the county in which the mobile home is located shall endorse or attach thereto his certificate that all property taxes due in that calendar year, and all delinquent taxes upon the mobile home being moved have been satisfied. Further, any mobile home required to have a special movement permit under this section shall display an easily recognizable decal: *Provided*, That endorsement or certification by the county treasurer and the display of said decal is not required when a mobile home is to enter the state or is being moved from a manufacturer or distributor to a retail sales outlet or directly to the purchaser's designated location or between retail and sales outlets. It shall be the responsibility of the owner of the mobile home or the agent to obtain such endorsement from the county treasurer and said decal.

(3) Nothing herein should be construed as prohibiting the issuance of vehicle license plates for a mobile home,

Lights: Flashing amber lights at least 6 inches in diameter shall be mounted on the upper outer edges of the rear of the trailing unit. They shall be in good working order, and clearly visible, and meet the requirements of WAC 468-38-110(12).

County Treasurer Validation: If a mobile home is to be moved on public highways, the county treasurer of that county must certify that all property taxes due on that mobile home have been paid (RCW 46.44.170). A decal indicating that county taxes have been paid must be affixed to the mobile home. This is an essential element of the permit, and the permit is invalid without it.

FARM IMPLEMENTS

Definition: A farm implement means any device that directly affects the production of agricultural products. It does NOT include:

a. Implements having a gross weight of 45,000 pounds or more;

b. Those more than 20 feet wide;

c. Those not equipped with pneumatic tires when operating on the highway surface; or

d. Those more than 14 feet wide unless used for the harvest of mature crops.

Permits: Farm implements do not need permits to operate on the state highway system unless they are more than 14 feet wide except that permits are required to operate any oversize farm vehicle on the interstate system (WAC 468-38-290).

Vehicles not meeting the criteria of "farm implements" must have permits to be driven or drawn on state highways.

Regulations for the Movement of Farm Implements:

a. If the implement is more than 8½ feet wide, it must display bright red flags at least 12 inches square on all four corners and on any protrusions.

b. It must keep at least a 500 foot distance between itself and other vehicles. If five or more vehicles line up behind it, it must pull off the roadway to let the traffic clear.

c. Movement may be made only during daylight hours and when visibility is at least 1,000 feet. If an emergency exists, WSDOT or the Washington State Patrol may allow nighttime movements with escort cars. In that case, the farm implement must be properly lighted and have two 4 inch double face flashing amber lights positioned at the widest points on the farm implement.

d. On two-lane highways, if the implement is over 8½ feet but less than 12½ feet wide, OVERSIZE LOAD signs in front and back must be attached; if 12½ to 20 feet wide, escort cars must precede and follow as well.

Vehicles between 10 and 12-1/2 feet wide are exempt from escort car requirements only when operating within 50 miles of the business owning the equipment.

e. On a multiple-lane highway, if the implement is over 8½ but less than 14 feet wide, the implement shall have an OVERSIZE LOAD sign on the rear; if between 14 to 20 feet wide, an escort vehicle shall follow as well.

f. A flagperson may be used under some circumstances when stipulated on the permit. A route may be posted indicating movement of farm implements under some conditions. (See WAC 468-38-290.)

g. Farm implements may be moved in convoy when escort cars are equipped with two-way radio equipment.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: CSHB 78 (L&C)
Publish Date:

REQUEST
Revision Date:
Title: "An Act relating to the operation of farm equipment on highways."
Sponsor: Rep. Miller
Requestor: House Transportation

Agency Affected: Public Safety
BRU: Alaska State Troopers
Components: Detachments & CIB

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING:: (Thousands of Dollars)

GENERAL FUNDS		0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact is anticipated.

JM 4/23/87

Prepared by: Francis C. Allan F.C.A. Phone: 269-5691
Division: Alaska State Troopers Date: 4/20/87

Approved by Commissioner: Arthur English Date: 4/23/87
Agency: Public Safety

Distribution (by preparer):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

page ____ of ____

BILL NO: CSHB 78 (L&C)

DATE: 4/20/87

TITLE: "An Act relating to the operation of farm equipment on state highways."

CONTACT: Major Walter J. Gilmour
Acting Director
Alaska State Troopers

DEPARTMENT OF PUBLIC SAFETY / / BILL BOARD

To allow for movement of farm equipment upon roadways and provide guidelines, requirements, and restrictions for such movements.

This version of HB 78 contains no changes which alter the original position of the Division of Alaska State Troopers. It clarifies AS 19.10.065(B)(1) as to daylight hours, (3) as to placement of the red flag and (4) limits distance allowed to within 50 miles from home base. All of these changes are of a positive nature and make the statute more easily understood.

The Division of Alaska State Troopers is neutral on this legislation.

Arthur A. English
Commissioner

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version : HB 78
Publish Date :

REQUEST:

Revision Date:
Title : "An Act relating to the operation of farm equipment..."
Sponsor : Rep. Miller
Requestor : House Labor & Commerce

Agency Affected : Public Safety
BRU : Alaska State Troopers
Components : Detachments & CIB

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

No fiscal impact is anticipated.

F.C.A.

Prepared by : Francis C. Allan
Division : Alaska State Troopers
Phone : 269-5691
Date : 2/19/87

JMH 2/24/87

Approved by Commissioner : William R. Nix
Agency : Public Safety
Date : 2/20/87

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

MAR 18 1987

BILL NO: HB 78

DATE: 3/16/87

TITLE: "An Act relating to the operation of farm equipment on state highways."

CONTACT: Major Walter J. Gilmour
Acting Director
Alaska State Troopers

DEPARTMENT OF PUBLIC SAFETY / / /

TYPES OF PERMITS

Throughout this manual we refer to vehicles and vehicles with loads. It is important to distinguish between the two.

Permits may be issued for vehicles that exceed the legal limitations. These permits may be issued for vehicles capable of being driven on a highway but which are designed for purposes other than the transportation of a load upon a highway. Examples of such vehicles may be self propelled cranes, off road construction equipment or other road maintenance equipment.

Permits may be issued for vehicles with loads that exceed the legal limitations. These permits are intended to allow the transportation of a non-reducible load on a standard size vehicle or on specialized hauling equipment that is designed for the transportation of non-reducible oversize or overweight loads.

Permits may be issued for certain specialized hauling equipment designed to transport oversize and overweight loads. These permits are issued to allow the movement of the trailer with or without a load. Permits may be issued for extended periods to allow the movement of the empty or loaded trailer. Normally, a load that extends beyond the width or length of an overwidth trailer will require a single trip permit. It must also be understood that the permit allowing the use of specialized equipment does not authorize loading side by side, stacking or loading end to end. This permit is designed to allow the movement of equipment that would not normally be transported on a legal trailer. An example of such specialized hauling equipment is a ten foot wide lowboy.

Oversize and/or overweight permits may be issued for various lengths of time as described below:

1. Single Trip: One move from origin to destination and return for a specific period of time. Usually one day unless the move is of a greater distance.

2. Extended Period Permits (monthly periods for up to a maximum of one year)

   A. Vehicles

      1. Vehicle dimensions may not exceed:

         a. 10 feet wide
         b. 15 feet high
         c. Legal length including front and/or rear overhangs not to exceed 10 feet.

   B. Vehicles with Loads

      1. Truck-tractor semi-trailer:

         a. Vehicle may not exceed legal length or width.

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b. When loaded with a non-reducible load and with proper lighting, the maximum dimensions may be:

(1) 10 feet wide
(2) 15 feet high
(3) 75 feet long, including overhangs. The maximum overhang, front and/or rear, is 10 feet.

NOTE: Normally, when empty, stretch trailers must meet legal limitations. When loaded, the above dimensions apply.

2. Specialized hauling equipment:

a. Lowboys

(1) Lowboy trailer may be a maximum of 10 feet wide without the use of outriggers.
(2) When loaded with a non-reducible load and with proper lighting, the maximum dimensions may be:

(a) 10 feet wide
(b) 15 feet high
(c) 75 feet long, including overhangs. The maximum overhang, front and/or rear, is 10 feet.

3. Multi-Move: Issued for a period of 30 days when numerous moves are involved for the same piece of equipment. The permit must be filled out in full leaving out date of move, origin, and destination. Each time the piece of equipment is moved, the user must call the issuing office for approval of the move.

4. Pre-Issue: A number of permits up to ten per applicant, issued in advance, for a specific type of load or move which is moved frequently (mobile homes, trusses, etc.). Permit usage must be made within a 30 day period and used for only one move. These permits are completed in their entirety but lack the date, time, origin, destination, and route of movement. This portion is completed by the applicant after verification of the move and approval from the issuing permit office.

5. Seasonal: A permit issued to government agencies and public utilities only, exceeding 30 days but not exceeding 12 months, for equipment used exclusively in the maintenance of highways and other public facilities.

6. Doubles: An authorization agreement is used to allow truck-tractor and trailers in a doubles configuration to the maximum length of 105 feet on the Glenn Highway from Anchorage to Palmer, the Parks Highway from Fairbanks to its junction with the Glenn Highway, and the Richardson Highway from Fairbanks to Delta Junction or other designated routes as determined by the Department of Transportation and Public Facilities, Department of Public Safety or the Department of Commerce and Economic Development. Loads must be of legal weight, width, and height.

7. Convoys: No more than two mobile homes being towed on their own axles or three self propelled off the road type vehicles shall be allowed per convoy, or a total combined vehicle length of 200 feet (including pilot

7. *Convoys: Oversize vehicles or vehicles with loads may be authorized to move in convoy when there are no more than two vehicles with loads or three off the road type vehicles in a convoy and the overall length of the convoy, including pilot cars, does not exceed 200 feet. The maximum width of vehicles or vehicles with loads, in convoy, is 14 feet. Each permit application for convoy will be considered individually and, when justified, convoy permits may be issued when criteria for weather, road conditions, traffic, and safety are met. Convoys are not allowed in city areas.*

Convoy permits shall be single trip permits only.

"Oversize" signs for each convoy shall clearly state the number of units in the convoy, with one pilot car required in front and one pilot car in the rear. The permit shall stipulate that a maximum distance of 1,000 feet between each convoyed unit is allowed during travel status and, if two convoys are involved, a distance of one mile must be maintained between the rear pilot car of the first convoy and the front pilot car of the rear convoy at all times.

The issuance of the permit stipulates that traffic behind a convoy shall not be allowed to build unreasonably. Where it is not feasible to pull off the roadway, convoys must come to a stop and flagpersons equipped with hand paddles and red flags are required to direct the traffic buildup. A violation of this restriction may result in voiding the permit and may be grounds for denial of future permits.

8. Equipment Engaged in Snow Removal: Special permits may be issued for equipment engaged in snow removal operations. Maximum widths allowed are 12'0" for graders and 10'0" for loaders and are to be issued on a seasonal basis. These permits will be marked: "Valid for Snow Removal Operations Only" and are not valid for general construction use.

   Other conditions of the permit are that equipment operated during the hours of darkness or adverse weather conditions shall be equipped with stop lights, taillights, clearance lights, and reflectors mounted on extremities. In areas of high traffic volume, no movement is allowed from 7 to 8 a.m. and 4:30 to 6 p.m., Monday through Friday, unless an emergency or snow removal is in progress. Amber rotating or flashing beacons visible for a distance of 1,000 feet under normal conditions are required. "Oversize" signs and pilot cars shall be waived when engaged in a working status but are required when in a general travel status.

9. Exceptions: Exceptions are listed here for clarification:

   A. Bulk (dry) Cement - Vehicles must be legal in all dimensions and combined vehicle weight. A permit may be issued to allow for the shifting of the load as long as the legal gross weight is not exceeded. Applicant agrees to use all care in loading to maintain legal axle loadings. Permits may be issued for seasonal periods.

   B. Car Carriers - Maximum height 15 feet, 6 inches and overall length including overhangs not to exceed 85 feet. Car carriers may travel 24 hours a day, seven days a week, including holidays, on specific designated routes. Permits may be issued for extended periods.

   C. Cylindrical Hay Bales - Bales may be loaded side by side provided that the maximum width does not exceed 10 feet. The vehicle with load must be legal in all other respects. Movement is restricted to daylight hours only, and to the normal peak traffic restrictions. Permits may be issued for extended periods.

D. Farm Equipment - Vehicles may move Saturday and Sundays from one field to another during harvest season or emergency situations only. Ordinarily, integral components of farm equipment need not be removed on movements within a 50 mile radius of the point of origin. No movement will be allowed in town during 7:00 a.m. to 8:00 a.m. and 4:30 p.m. to 6:00 p.m., Monday through Friday or past noon on Saturdays, all day Sunday or holidays. Each towing or self propelled vehicle must have its own individual permit.

E. Construction Equipment - Ordinarily, removal and separate transport of appurtenances will not be required for a move within a 50 mile radius of point of origin if weight is not a detriment to the roadway and bridges involved in the route of travel. Generally, outside of the local boundary areas (defined as a 50 mile radius), appurtenances will require removal, however, equipment with appurtenances attached may move outside a local boundary area if weight is legal and width does not exceed 10 feet.

F. Tanks - Loads may be stacked in a pyramid fashion as long as the dimensions do not exceed 15 feet high, 10 feet wide, and legal length. Weight must be legal. Permits may be issued for an extended period.

G. Truck Mounted Cranes - In local areas, a front overhang of up to 15 feet may move during hours of darkness if a rotating or flashing beacon is mounted at the extreme end of the boom. Permits may be issued for an extended period.

H. Trusses and/or Glu Lam Beams - Loads may be 15 feet high, may have a front and/or rear overhang of 15 feet and the truss or glu lam may not exceed 60 feet long.

[redacted]

MAR 23 1987

March 11, 1987

Representative Dave Donley
Chairman House Labor and Commerce Commitee
Pouch V
Juneau, AK 99811

The Honorable Donley,
My name is Mike Bigge and I am a member of the North Pole Chapter of the Future Farmers of America. I am writing to you to ask you to support HB 78 which Representative Miller has introduced. This bill would allow us to move our equipment from our fields in Fairbanks to our fields in North Pole without having to get a permit. Obtaining a permit to move farm equipment is a very expensive and time consuming job. As a concerned member and also a person who has used the farm equipment on several occasions. I once again urge you to support HB 78.

Thank You for your valuable time.

Sincerely.

Mike Bigge

Mike Bigge

908 Clear Street

North Pole, AK

99705

MAR 23 1987

March 11, 1987

Representative Dave Donley
House Labor & Commerce Committee
Pouch V
Juneau, AK 99811

The Honorable Donley:

I am writing to you about HB 78. I sincerely wish that you would take action and support this bill. I am in the ninth grade, and plan on being an FFA member. How are we ever going to succeed in the field of Agriculture if everytime we move from one field to another we must get a permit. We are involed in several public service projects that require the use of our equipment and the cost of getting permits for each piece of equipment makes it very expensive. With the permits costing $15 if we moved our 6 pieces of our equipment to Creamers Field and back it would cost us $180.

We are working on a field there and in North Pole by the High School and so we are moving the equipment many times during the summer. We would go broke before we would be able to succeed in the field of Agriculture. My dad is a hard working farmer also, and he could never afford to pay that much everytime he moves his equipment. I am asking you to please support HB 78.

Thank you very much for your time.

Sincerely,

[redacted]

[redacted]
[redacted]
[redacted]

[redacted]

MAR 23 1987

March 11, 1987

Chairman Dave Donley
House Labor & Commerce Committee
Pouch V
Juneau, AK. 99811

Dear Honorable Donley:

I'm writing you about HB 79. We need to get more [illegible] State Highways with our [illegible] equipment [illegible] with low costs. It costs too much for a [illegible] pieces of equipment from North Pole to Fairbanks to harvest hay from Creamers Field and then back again. We need to take action on, and pass HB 79.

Thank you for your time.

Sincerely,

Marek G. Dodson

Marek G. Dodson
3307 Black Road
North Pole, AK. 99705

MAR 23 1987

March 11, 1987

Representative Dave Donley
House Labor & Commerce Comm.
P.O. Box V
Juneau AK 99811

The Honorable Donley:

I am writing to you regarding House Bill Number [illegible] on Equipment of state highways. This is of interest to me because I am a member of Future Farmers of America (FFA). FFA is a service organization which does community work [illegible] up keep of North Pole Park and care of Creamers Field, are a few of the things we do. In some of our work we use farm equipment, because we are a service organization we do not have much money, and we cannot afford to pay a fee everytime we wish to do a service that requires our equipment.

It is my feeling that you should not put a charge on farm equipment using state highways. I feel hat we should not have to go to DOT/PF before we operate on the highway.

I have just recently learned how to operate a tractor and I am eager to put my knowledge to use.

It would [illegible] us our [illegible] through the state involved with agriculture. [illegible] passing House Bill [illegible]

Sincerely yours,

[illegible]

[illegible]
[illegible]
[illegible]

(7)

HOUSE COMMITTEE REPORT

Date referred: 1/28/87 FURTHER REFERRALS: Transportation

DATE: 4/14

The Labor & Commerce Committee has considered HB 78

"An Act relating to the operation of farm equipment on state highways."

RECOMMENDS:

[X] replace with CS HB 78 (L+C) [ ] the same title
[ ] a new title

[ ] attached amendment(s)

- [ ] do pass
- [ ] do not pass
- [ ] no recommendation
- [ ] individual recommendations
- [ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact
[X] zero fiscal note
[X] zero with analysis
[ ] same as previous fiscal note published _____
[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Scott Hammond
Cliff Davidson
Mike Kopsa

SIGNING OTHER RECOMMENDATIONS:

Walt Furnace NO REC
Dave Donley NO REC
Jim Ellis no rec

Chairman's signature

(7)

HOUSE COMMITTEE REPORT

Date referred: 4/15/87 FURTHER REFERRALS:

DATE: April 27, 1987

The Transportation Committee has considered HB 78

"An Act relating to the operation of farm equipment on state highways."

RECOMMENDS:

[ ] replace with CSHB 78(L&C) [X] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[X] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[X] same as previous zero fiscal note published House 4/15/87 DOT/I House 4/15/87 DCED

SIGNING DO PASS:

Lemmel Longy

Irene Ibarra

M.W. Miller

Bill Hudson

Bette Cates

SIGNING OTHER RECOMMENDATIONS:

Bette Cates

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: April 27, 1987

SIGN-IN

Subject of meeting:

HB 78: "An Act relating to the operation of farm equipment on state highways."

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Rep. Mike Miller	The Alaska State Legislature P.O. Box V, Juneau 99801	465-4976	Sponsor of HB 78	HB 78

HB

94

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation:

2/11/87

2/27/87

3/09/87

Alaska State Legislature

House of Representatives

Committee on Transportation

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

Rep. Bette Cato, Chairman

February 11, 1987

FOR TODAY'S MEETING YOU HAVE:

A FOLDER ON HB 31 THAT INCLUDES:

* a copy of the Committee Substitute
* a letter of support from the Dept. of Public Safety Chief of Driver Services
* a current status report
* a copy of the House Committe Report form signed by House State Affairs
* a report on which includes
  - a copy of HB 31
  - a summary of HB 31
  - a sectional analysis
  - a fiscal note
  - a position paper from the Dept. of Public Safety
  - an excerpt from the Alaska Statutes
  - an excerpt from the regulations of the Dept. of Public Safety

A FOLDER ON HB 94 THAT INCLUDES:

* a copy of HB 94
* a current status report
* a bill analysis from the Dept. of Health & Social Services Division of Public Health
* ~~a fiscal note~~
* a report prepared by the U.S. Coast Guard
* background material from Rep. Taylor
  - a paper from House Research
  - a cost benefit analysis from the Coast Guard
  - a question/answer paper from the Coast

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

February 27, 1987

FOR TODAY'S MEETING YOU HAVE:

A FILE ON HB 74 THAT INCLUDES:
* the committee substitute for HB 74
* a copy of HB 74
* a current status report on HB 74
* the committee minutes from February 16th
* a summary of HB 74 from Rep. Sund
* a fiscal note from the Dept. of Public Safety
* a position paper from the Dept. of Public Safety
* a House Committee Report from State Affairs
* an excerpt from the state statutes

A FILE ON HB 94 THAT INCLUDES:
* a copy of HB 94
* a current status report on HB 94
* the committee minutes from February 11th
* a bill analysis from the Dept of Health & Social Services
* fatality statistics from the Coast Guard
* a report on HB 94 from the Coast Guard
* support information from House Research and the U. S. Coast Guard

A FILE ON HB 118 THAT INCLUDES:
* a copy of HB 118
* a current status report on 118
* a memorandum from Rep. Shultz
* a fiscal note from the Dept. of Natural Resources
* a position paper from the Dept. of Natural Resources

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

March 9, 1987

FOR TODAY'S MEETING YOU HAVE:

A BINDER ON HB 94 THAT INCLUDES:

* the second committee substitute for HB 94
* the first committee substitute for HB 94
* a copy of HB 94
* a fiscal note from the Dept. of Public Safety
* a position paper from the Dept. of Public Safety
* committee minutes from other hearings on HB 94
* a bill analysis from the Dept. of Health & Social Services
* fatality statistics from the U. S. Coast Guard
* U. S. Coast Guard report on HB 94
* a memorandum on HB 94 from House Research
* a cost analysis and a question/answer paper from the U. S. Coast Guard

A FOLDER ON HCR 13 THAT INCLUDES:

* a copy of committe questions to DOT/PF
* a copy of HCR 13
* a fiscal note & position paper from DOT/PF
* committee minutes from the other hearing on HCR 13
* a fact sheet on the Bethel road
* a map of the Bethel airport road
* maps from DOT/PF
* a letter from an engineering consultants firm
* a fact sheet on the Red Dog Mine

5-0314L
Hein
2/27/87

Original sponsor: Taylor

IN THE HOUSE

CS FOR HOUSE BILL NO. 94 ( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to boat numbering, accidents, and safety; and providing for an effective date."

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

* Section 1. AS 05.25 is amended by adding new sections to read:

ARTICLE 1. NUMBERING AND REGISTRATION.

Sec. 05.25.200. CERTIFICATE OF NUMBER REQUIRED ON BOAT. (a) A person may not operate a boat on state water, and an owner of a boat may not knowingly allow another to operate the owner's boat on state water, unless

(1) the owner of the boat holds a current, valid certificate of number issued in the owner's name as owner

(A) under this chapter;

(B) by an agency of the federal government; or

(C) by the state of principal use that issued the certificate of number under a federally approved numbering system; and

(2) the certificate of number is carried on the boat in a manner that protects the certificate from the elements, and is available for inspection by a state, federal, or municipal law enforcement officer.

(b) A certificate of number for a boat less than 26 feet in length and leased or rented to another for the latter's noncommercial operation of fewer than seven days may be retained on shore by the boat's owner or representative at the place from which the boat

departs or returns to the possession of the owner or the owner's representative. If the certificate of number is retained on shore, then a copy of the lease or rental agreement must be carried on the boat. The lease or rental agreement must

(1) be signed by the owner of the boat or the owner's representative, and by the person leasing or renting the boat; and

(2) specify the period for which the boat is leased or rented.

Sec. 05.25.205. IDENTIFYING NUMBER ON FORWARD HALF OF BOAT. (a) A person may not operate a boat on state water unless there is painted on or permanently attached to each side of the forward half of the boat a current, valid identifying number awarded to the boat

(1) under this chapter;

(2) by an agency of the federal government; or

(3) subject to the provisions of AS 05.25.215, by another state that awards identifying numbers under a federally approved numbering system.

(b) An identifying number shall be painted on or permanently attached to each side of the forward half of the vessel in a position that provides clear legibility for identification. Each number must read from left to right and must be in plain vertical block characters of good proportion not less than three inches in height. The number must be of a color that contrasts with the color of the background and shall be maintained so that it is clearly visible and legible. Each number must have spaces or hyphens that are equal to the width of a letter other than "I" or a number other than "1" between the letter and number groupings.

(c) On boats so configured that a number on the hull or superstructure would not be easily visible, the number shall be painted on

or attached to a backing plate that is attached to the forward half of the boat so that the number is visible from each side of the boat.

(d) A number other than the identifying number may not appear on the forward half of the boat.

Sec. 05.25.210. APPLICATION FOR BOAT NUMBER. (a) The owner of a boat that is operated principally on state water, or a dealer who wishes to demonstrate one or more boats on state water, shall apply to the department for an identifying number. The application must include the true name of the owner, the residence or business address of the owner, a description of the boat or boats, and other information required by the department or under Coast Guard regulations. The application shall be signed by the owner and must be accompanied by the prescribed fee.

(b) A certificate of number may be issued to a dealer for use on more than one boat.

Sec. 05.25.215. APPLICATION BY OWNER HAVING NUMBER AWARDED BY FEDERAL GOVERNMENT OR ANOTHER STATE. The owner of a boat covered by a number that is still in effect and that has been issued under federal law or a federally approved numbering system of another state shall apply to the department for an identifying number within 10 days after the expiration of the applicable reciprocity period provided in AS 05.25.240(6).

Sec. 05.25.220. CERTIFICATE OF NUMBER FEES. (a) The commissioner shall adopt regulations establishing fees for original, renewal, and duplicate certificates of number, and for dealer demonstration certificates of number.

(b) The fee for a certificate of number shall be prorated according to the number of months the certificate will be in effect.

(c) The fees in this section are in addition to any other tax or

license fee for a boat.

Sec. 05.25.225. ISSUANCE OF CERTIFICATE OF NUMBER AND VALIDATION STICKERS; STICKERS PLACED ON BOATS. (a) If the application is in order, the department shall issue to the owner a certificate of number that shall state the identifying number awarded to the boat, the name and address of the owner, the state of principal use, the normal use of the boat, the description of the boat, the hull identification number, make, year, length, type of hull material, type of propulsion and type of fuel, the issue date, and the expiration date of the certificate of number. The certificate of number shall be wallet size.

(b) The department shall issue a set of validation stickers bearing the year through which the certificate of number is issued. The year shall be indicated by the colors blue, international orange, green, and red, in rotation beginning with red for stickers that expire in 1988. A validation sticker must be approximately three inches square. The stickers shall be placed three inches to the rear of the identifying number placed on the boat as required under AS 05.-25.205.

Sec. 05.25.230. EXPIRATION OF CERTIFICATE OF NUMBER; RENEWAL OF CERTIFICATE AND STICKERS. (a) A certificate of number expires three years after the last day of the month in which the certificate is issued.

(b) The department may require the surrender of the expired certificate of number before issuing a new certificate of number.

(c) The identifying number awarded to a boat by the department remains the same.

(d) An application for renewal of a certificate of number shall be made in the same manner as provided in AS 05.25.210. The application shall be accompanied by the fee required under AS 05.25.220. The

department shall renew certificates of number and issue validation stickers in the same manner as provided in AS 05.25.225.

(e) A certificate of number is invalidated if

(1) the boat is subsequently documented or required to be documented;

(2) the boat is sold or destroyed;

(3) the applicant supplies false information in the application for the certificate;

(4) the owner, through legal process, involuntarily loses the ownership interest in the boat for which the certificate is issued.

Sec. 05.25.235. REPORT OF TRANSFER, ABANDONMENT OR DESTRUCTION OF BOAT, OR CHANGE OF ADDRESS OF OWNER. (a) Within 15 days after the transfer of all or a part of the interest of the owner in a boat, or the abandonment or destruction of a boat, for which a certificate of number has been awarded under this chapter, the owner shall notify the department of the transfer of interest, destruction, or abandonment.

(b) Within 15 days after a change of address, the owner of a boat for which a certificate of number has been awarded under this chapter shall report the change to the department.

Sec. 05.25.240. EXEMPTIONS. The following classes of boats are exempt from the provisions of AS 05.25.200 - 05.25.235:

(1) a boat that has a valid marine document issued by the United States Coast Guard;

(2) a foreign boat operated only temporarily in state water;

(3) a boat owned and operated by the United States or a state or by an entity or political subdivision of the United States or a state, except recreational type public vessels;

(4) a ship's lifeboat used solely for lifesaving purposes;

(5) a boat belonging to a class of boats that has been exempted from the provisions of AS 05.25.200 - 05.25.235 by the department as provided in AS 05.25.910;

(6) a boat already covered by a number that is still in effect and that has been issued to it under

(A) federal law and the boat has not been in this state for more than one year; or

(B) a federally approved numbering system of another state and the boat has not been in this state for more than 60 consecutive days; and

(7) a boat that is not propelled by machinery.

ARTICLE 2. BOATING ACCIDENTS.

Sec. 05.25.300. DUTIES OF OPERATORS AND WITNESSES AT ACCIDENTS. (a) The operator of a boat involved in an accident that results in injury or death to a person or causes damage to property immediately shall stop the boat as close as possible to the scene of the accident and shall remain at the scene of the accident until the operator has fulfilled the requirements of (b) of this section.

(b) The operator of a boat involved in an accident resulting in injury or death to a person or damage to property shall

(1) give to the other operator, to the owner or a surviving occupant of the other boat or damaged property, or to another appropriate person, the name, address, and identifying number of the boat that the operator is operating, and the name and address of any other occupants of the boat; and

(2) render reasonable assistance to every person injured in the accident, including the conveying or the making of arrangements for the conveying of the person to a physician, surgeon, or hospital

for medical or surgical treatment, if it is apparent that treatment is necessary or if conveyance is requested by an injured person.

(c) A witness to the accident shall furnish to the operator, occupant, or injured person, the name and address of the witness.

Sec. 05.25.305. ACCIDENT REPORT REQUIRED. (a) The operator of a boat involved in an accident shall submit a report of the accident to the department in the form and manner the department prescribes if the accident results in

(1) the death of a person;

(2) injury to a person requiring medical treatment beyond first aid;

(3) the disappearance from the boat of a person under circumstances indicating death or injury;

(4) damage to the boat or other property in an aggregate amount of more than $200; or

(5) complete loss of the boat.

(b) The department may require a person who submits an insufficient report under this section to file a supplemental report, and may require a witness to the accident to submit a report to the department.

(c) If the operator of a boat is incapable of submitting a required accident report, the owner of the boat, if different from the operator, or a person who was in the boat at the time of the accident who is capable of submitting a report, shall submit the report or cause the report to be submitted.

(d) A report required under this section shall be submitted

(1) within 48 hours after the accident if a perso dies within 24 hours after the accident;

(2) within 48 hours after the accident if a person is

injured and requires medical treatment beyond first aid, or disappears from a boat; and

(3) within 10 days after the accident or death if an earlier report is not required under this subsection.

Sec. 05.25.310. FORM OF REPORT; SENDING DEATH CERTIFICATE TO DEPARTMENT. (a) The department shall prepare and make available to the public forms for accident reports required under AS 05.25.305. The report form must call for the information required in casualty and accident reports under United States Coast Guard regulations and other information the department may require. The form must provide that the person who completes the form shall sign and date it upon completion.

(b) The state registrar of vital statistics shall, on or before the 15th day of each month, forward to the department a copy of the death certificate covering each death that occurred during the second preceding calendar month and that resulted from a boat accident in state water.

Sec. 05.25.315. CONFIDENTIAL NATURE OF REPORT. (a) An accident report submitted to the department shall be without prejudice to the individual reporting and shall be for the confidential use of administrative and enforcement agencies only.

(b) The department upon written request, shall, if available, disclose the following information to a party involved in the accident, or, in the event of the party's death, to a member of the party's family, or to the party's personal representatives:

(1) the identity of the owner, operator, and occupants, and the identifying number of a boat involved in an accident;

(2) the names of companies insuring the owner or operator; and

(3) the identity of witnesses to the accident.

(c) A report under AS 05.25.300 - 05.25.315 may not be used as evidence in a civil or criminal trial arising out of the accident. The department shall furnish, upon demand of a person who has or claims to have made a report or upon demand of a court, a certificate showing that a specified accident report has or has not been made to the department, solely to prove a compliance or a failure to comply with the requirement that a report be submitted to the department.

(d) The department shall compile and may analyze all accident reports and shall publish annually, or at more frequent intervals, statistical information relating to boat accidents.

(e) In response to a request from an authorized official or agency of the United States, or in compliance with United States Coast Guard regulations or any requirement under 46 U.S.C. 6101 - 6103, the department shall transmit information compiled or otherwise available to the department from the accident reports required under AS 05.-25.305.

Sec. 05.25.320. NOTICE OF ACCIDENT RESULTING IN DEATH OR DISAPPEARANCE; DUTIES OF PASSENGERS. (a) When, as a result of an occurrence that involves a boat or its equipment, a person dies or disappears from a boat, the operator shall, without delay, by the quickest means available, notify the department of the

(1) date, time, and exact location of the occurrence;

(2) name of each person who died or disappeared;

(3) number and name of the boat; and

(4) names and addresses of the owner and operator.

(b) When the operator of a boat cannot give the notice required under (a) of this section, each person on board the boat shall notify the department or determine that the notice has been given.

Sec. 05.25.325. APPLICATION OF AS 05.25.300 - 05.25.320. (a) Except as otherwise provided in this section or under AS 05.25.910, the provisions of AS 05.25.300 - 05.25.320 apply to all boats operated in state water, except when inconsistent with an applicable law or regulation of an agency of the United States, in which case the federal law or regulation shall prevail.

(b) The provisions of AS 05.25.300 - 05.25.320 do not apply to

(1) a boat that has a valid document issued by the United States Coast Guard;

(2) foreign boats operated temporarily in state water;

(3) a boat owned and operated by the United States or by an entity of the United States;

(4) a lifeboat used solely for lifesaving purposes; or

(5) a boat required to have a certificate of inspection under 46 C.F.R., Chapter I.

Sec. 05.25.330. OWNER'S CIVIL LIABILITY. An owner of a boat is liable for injury or damage caused by the negligent operation of the boat, whether the negligence consists of a violation of a state statute or failure to observe ordinary care in the operation of the boat as the rules of the common law require. The owner is not liable, however, unless the boat is used with the owner's express or implied consent. It is rebuttably presumed that the boat is being operated with the knowledge and consent of the owner if, at the time of the injury or damage, it is under the control of the owner's spouse, father, mother, brother, sister, son, daughter, or other member of the owner's immediate family. This chapter does not relieve any other person from a liability that the person would otherwise incur, and does not authorize or permit recovery in excess of injury or damage actually incurred.

ARTICLE 3. BOATING SAFETY.

Sec. 05.25.400. BOATING SAFETY EDUCATION. The department, in cooperation with the Department of Education, shall offer public education programs designed to reduce boating accidents.

Sec. 05.25.405. SAFETY EQUIPMENT. (a) A boat operated on inland water shall carry and exhibit between sunset and sunrise at least one white light to show all around the horizon.

(b) A boat operated on inland water shall carry at least one readily accessible life preserver, lifebelt, ring buoy, or other device of the type approved by the United States Coast Guard for each person on board. A boat carrying passengers for hire shall carry at least one readily accessible life preserver of the type approved by the United States Coast Guard for passenger-carrying boats for each person on board.

(c) A motor-driven boat operated for hire shall carry a fire extinguisher capable of promptly and effectively extinguishing burning gasoline.

Sec. 05.25.410. ADDITIONAL EQUIPMENT. The commissioner may require by regulation that a boat or class of boats shall carry or install additional equipment necessary for the safety of persons and property. To the extent considered by the commissioner to be consistent with the safety of persons and property, the regulations must conform to the regulations of the United States Coast Guard for inland water.

Sec. 05.25.415. DIVER'S FLAG. A person who is in the water using an underwater breathing device may display a diver's flag constructed of rigidly supported material at least 12 inches by 12 inches in area of red background with a white diagonal stripe. The diver's flag may be displayed on a boat or surface float and must extend a

minimum distance of three feet from the surface of the water. The diver's flag shall be placed at or near the point of submergence and constitutes a warning that a diver is submerged and may be within 100 feet of the flag. A diver shall remain within 100 feet of the diver's flag while at or near the surface. A boat operator within sight of a diver's flag shall proceed with caution, steering clear of the flag by a distance of at least 100 feet. If, because of the location of the diver's flag, it is impossible to steer clear of the flag by at least 100 feet, then the boat operator shall proceed at no-wake speeds or five miles per hour, whichever is necessary to maintain steerage in the seaway. A diver's flag shall be displayed only while diving operations are underway.

Sec. 05.25.420. WATER SKIS AND SURFBOARDS. A person may not operate a boat on the inland waters of this state for towing a person on water skis, or a surfboard, or similar devices unless

(1) the boat is equipped with a rearview mirror in which the person being towed can be viewed; or

(2) there is in the boat a person 12 years of age or older, in addition to the operator, in a position to observe the progress of the person being towed.

Sec. 05.25.425. PROHIBITED OPERATION. (a) A person may not operate a boat or manipulate water skis, a surfboard, or a similar device on state water in a reckless or negligent manner so as to endanger the life or property of another person.

(b) A person may not operate or give permission for another person to operate a boat that is not equipped as required under this chapter and regulations adopted under this chapter.

ARTICLE 4. GENERAL PROVISIONS.

Sec. 05.25.900. ACCOUNTING AND DISPOSITION OF FEES. The

commissioner of administration shall separately account for fees collected under this chapter that the department deposits in the general fund. The annual estimated balance in the account may be used by the legislature to make appropriations to the department to carry out the purposes of this chapter.

Sec. 05.25.910. EXEMPTIONS. Except when inconsistent with federal laws and regulations, the commissioner may exempt from a provision of this chapter a class of boats if the commissioner determines that the safety of persons and property will not be materially promoted by the applicability of the provision to the class of boats. The commissioner may not exempt a class of boats from the numbering requirements of this chapter unless the commissioner determines that the numbering will not materially aid in their identification and unless the Secretary of Transportation has exempted from numbering the same boats or class of boats.

Sec. 05.25.920. ENFORCEMENT. A peace officer may enforce this chapter and in the exercise of enforcement may stop and board boats that the officer reasonably believes are or may be subject to this chapter.

Sec. 05.25.930. PENALTIES. A person who violates a provision of this chapter is guilty of a misdemeanor and is punishable by a fine of not more than $500, or by imprisonment of not more than six months, or by both.

Sec. 05.25.940. REGULATIONS. The commissioner shall adopt regulations necessary for the implementation of this chapter.

Sec. 05.25.990. DEFINITIONS. In this chapter, unless the context requires otherwise,

(1) "boat" means every type of watercraft used or capable of being used as a means of transportation on water, but does not

include aircraft equipped to land on water, boathouses, or personal flotation devices;

(2) "commissioner" means the commissioner of the Department of Public Safety;

(3) "dealer" means a person who engages wholly or in part in the business of buying, selling, or exchanging boats, either outright or on conditional sale, bailment lease, chattel mortgage, or otherwise;

(4) "department" means the Department of Public Safety;

(5) "length" means the length of a boat measured from end to end over the deck excluding sheer;

(6) "motorboat" means a boat propelled in whole or in part machinery, including boats temporarily equipped with detachable motors;

(7) "operate" means to navigate or otherwise use a boat on water;

(8) "owner" means a person who has a property interest other than a security interest in a boat and the right of use or possession of the boat, but does not include a lessee unless the lease is intended as security;

(9) "ownership" means a property interest other than a security interest;

(10) "passenger" means a person on board a boat who is not the master, operator, crew member, or other person engaged in a capacity in the business of the boat;

(11) "state of principal use" means the state on whose water a boat is used or is to be used during most of a calendar year;

(12) "state water" means water within the territorial limits of the state, the marginal sea adjacent to the state, and the

high seas when navigated as part of a journey or ride to or from the shore of the state.

* Sec. 2. AS 05.25.010, 05.25.012, 05.25.020, 05.25.030, 05.25.040, 05.25.050, 05.25.060, 05.25.070, 05.25.080, 05.25.090, and 05.25.100 are repealed.

* Sec. 3. This Act takes effect January 1, 1988.

5-0314L
Hein
3/6/87

Original sponsor: Taylor

IN THE HOUSE BY THE TRANSPORTATION COMMITTEE

CS FOR HOUSE BILL NO. 94 (Transportation)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to boat numbering, accidents, and safety; and providing for an effective date."

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

* Section 1. AS 05.25 is amended by adding new sections to read:

ARTICLE 1. NUMBERING AND REGISTRATION.

Sec. 05.25.200. CERTIFICATE OF NUMBER REQUIRED ON BOAT. (a) A person may not operate a boat on state water, and an owner of a boat may not knowingly allow another to operate the owner's boat on state water, unless

(1) the owner of the boat holds a current, valid certificate of number issued in the owner's name as owner

(A) under this chapter;

(B) by an agency of the federal government; or

(C) by the state of principal use that issued the certificate of number under a federally approved numbering system; and

(2) the certificate of number is carried on the boat in a manner that protects the certificate from the elements, and is available for inspection by a state, federal, or municipal law enforcement officer.

(b) A certificate of number for a boat less than 26 feet in length and leased or rented to another for the latter's noncommercial operation of fewer than seven days may be retained on shore by the boat's owner or representative at the place from which the boat

departs or returns to the possession of the owner or the owner's representative. If the certificate of number is retained on shore, then a copy of the lease or rental agreement must be carried on the boat. The lease or rental agreement must

(1) be signed by the owner of the boat or the owner's representative, and by the person leasing or renting the boat; and

(2) specify the period for which the boat is leased or rented.

Sec. 05.25.205. IDENTIFYING NUMBER ON FORWARD HALF OF BOAT. (a) A person may not operate a boat on state water unless there is painted on or permanently attached to each side of the forward half of the boat a current, valid identifying number awarded to the boat

(1) under this chapter;

(2) by an agency of the federal government; or

(3) subject to the provisions of AS 05.25.215, by another state that awards identifying numbers under a federally approved numbering system.

(b) An identifying number shall be painted on or permanently attached to each side of the forward half of the vessel in a position that provides clear legibility for identification. Each number must read from left to right and must be in plain vertical block characters of good proportion not less than three inches in height. The number must be of a color that contrasts with the color of the background and shall be maintained so that it is clearly visible and legible. Each number must have spaces or hyphens that are equal to the width of a letter other than "I" or a number other than "1" between the letter and number groupings.

(c) On boats so configured that a number on the hull or superstructure would not be easily visible, the number shall be painted on

or attached to a backing plate that is attached to the forward half of the boat so that the number is visible from each side of the boat.

(d) A number other than the identifying number may not appear on the forward half of the boat.

Sec. 05.25.210. APPLICATION FOR BOAT NUMBER. (a) The owner of a boat that is operated principally on state water, or a dealer who wishes to demonstrate one or more boats on state water, shall apply to the department for an identifying number. The application must include the true name of the owner, the residence or business address of the owner, a description of the boat or boats, and other information required by the department or under United States Coast Guard regulations. The application shall be signed by the owner and must be accompanied by the prescribed fee.

(b) A certificate of number may be issued to a dealer for use on more than one boat.

Sec. 05.25.215. APPLICATION BY OWNER HAVING NUMBER AWARDED BY FEDERAL GOVERNMENT OR ANOTHER STATE. The owner of a boat covered by a number that is still in effect and that has been issued under federal law or a federally approved numbering system of another state shall apply to the department for an identifying number within 10 days after the expiration of the applicable reciprocity period provided in AS 05.25.240(6) or (7).

Sec. 05.25.220. CERTIFICATE OF NUMBER FEES. (a) The commissioner shall adopt regulations establishing fees for original, renewal, and duplicate certificates of number, and for dealer demonstration certificates of number.

(b) The fee for a certificate of number shall be prorated according to the number of months the certificate will be in effect.

(c) The fees in this section are in addition to any other tax or

license fee for a boat.

Sec. 05.25.225. ISSUANCE OF CERTIFICATE OF NUMBER AND VALIDATION STICKERS; STICKERS PLACED ON BOATS. (a) If the application is in order, the department shall issue to the owner a certificate of number that shall state the identifying number awarded to the boat, the name and address of the owner, the state of principal use, the normal use of the boat, the description of the boat, the manufacturer's hull identification number if one exists, make, year, length, type of hull material, type of propulsion and type of fuel, the issue date, and the expiration date of the certificate of number. The certificate of number shall be wallet size.

(b) The department shall issue a set of validation stickers bearing the year through which the certificate of number is issued. The year shall be indicated by the colors blue, international orange, green, and red, in rotation beginning with red for stickers that expire in 1988. A validation sticker must be approximately three inches square. The stickers shall be placed three inches to the rear of the identifying number placed on the boat as required under AS 05.-25.205.

Sec. 05.25.230. EXPIRATION OF CERTIFICATE OF NUMBER; RENEWAL OF CERTIFICATE AND STICKERS. (a) A certificate of number expires three years after the last day of the month in which the certificate is issued.

(b) The department may require the surrender of the expired certificate of number before issuing a new certificate of number.

(c) The identifying number awarded to a boat by the department remains the same.

(d) An application for renewal of a certificate of number shall be made in the same manner as provided in AS 05.25.210. The

application shall be accompanied by the fee required under AS 05.25.-220. The department shall renew certificates of number and issue validation stickers in the same manner as provided in AS 05.25.225.

(e) A certificate of number issued under this chapter is invalidated if

(1) the boat is subsequently documented or required to be documented;

(2) the boat is sold, destroyed, or abandoned;

(3) the applicant supplies false information in the application for the certificate;

(4) the fees for issuance or renewal of the certificate are not paid;

(5) 60 days have passed since the boat ceased to be used principally in the state; or

(6) the owner, through legal process, involuntarily loses the ownership interest in the boat for which the certificate is issued.

Sec. 05.25.235. REPORT OF TRANSFER, ABANDONMENT OR DESTRUCTION OF BOAT, OR CHANGE OF ADDRESS OF OWNER. (a) The owner of a boat for which a certificate of number has been issued under this chapter shall notify the department of any of the following events within 15 days after the event occurs:

(1) the transfer of all or a part of the ownership interest in the boat;

(2) the theft or recovery of the boat;

(3) the destruction of the certificate of number; or

(4) an event described in AS 05.25.230(e).

(b) Within 15 days after a change of address, the owner of a boat for which a certificate of number has been awarded under this

chapter shall report the change to the department.

Sec. 05.25.240. EXEMPTIONS. The following classes of boats are exempt from the provisions of AS 05.25.200 - 05.25.235:

(1) a boat that has a valid marine document issued by the United States Coast Guard;

(2) a foreign boat operated only temporarily in state water;

(3) a boat, other than a recreational type public boat, owned and operated by the United States or an entity or political subdivision of the United States, or owned and operated for government purposes by a state or an entity or political subdivision of a state;

(4) a ship's lifeboat;

(5) a boat belonging to a class of boats that has been exempted from the provisions of AS 05.25.200 - 05.25.235 by the department under AS 05.25.910;

(6) a boat with a certificate of number issued by the United States Coast Guard, for a period of one year after the date of issuance;

(7) a boat with a current, valid certificate of number issued by another state having a federally approved numbering system, for a period of 60 days after arriving in the state; and

(8) a boat that is not propelled by machinery.

ARTICLE 2. BOATING ACCIDENTS.

Sec. 05.25.300. DUTIES OF OPERATORS AND WITNESSES AT ACCIDENTS. (a) The operator of a boat involved in an accident that results in injury or death to a person or causes damage to property immediately shall stop the boat as close as possible to the scene of the accident and shall remain at the scene of the accident until the operator has fulfilled the requirements of (b) of this section.

(b) The operator of a boat involved in an accident resulting in injury or death to a person or damage to property shall

(1) give to the other operator, to the owner or a surviving occupant of the other boat or damaged property, or to another appropriate person, the name, address, and identifying number of the boat that the operator is operating, and the name and address of any other occupants of the boat; and

(2) render reasonable assistance to every person injured in the accident, including the conveying or the making of arrangements for the conveying of the person to a physician, surgeon, or hospital for medical or surgical treatment, if it is apparent that treatment is necessary or if conveyance is requested by an injured person.

(c) A witness to the accident shall furnish to the operator, occupant, or injured person, the name and address of the witness.

Sec. 05.25.305. ACCIDENT REPORT REQUIRED. (a) The operator of a boat involved in an accident shall submit a report of the accident to the department in the form and manner the department prescribes if the accident results in

(1) the death of a person;

(2) injury to a person requiring medical treatment beyond first aid;

(3) the disappearance from the boat of a person under circumstances indicating death or injury;

(4) damage to the boat or other property in an aggregate amount of more than $200; or

(5) complete loss of the boat.

(b) The department may require a person who submits an insufficient report under this section to file a supplemental report, and may require a witness to the accident to submit a report to the

department.

(c) If the operator of a boat is incapable of submitting a required accident report, the owner of the boat, if different from the operator, shall submit the report or cause the report to be submitted.

(d) A report required under this section shall be submitted

(1) within 48 hours after the accident if a person dies within 24 hours after the accident;

(2) within 48 hours after the accident if a person is injured and requires medical treatment beyond first aid, or disappears from a boat; and

(3) within 10 days after the accident or death if an earlier report is not required under this subsection.

Sec. 05.25.310. FORM OF REPORT; SENDING DEATH CERTIFICATE TO DEPARTMENT. (a) The department shall prepare and make available to the public forms for accident reports required under AS 05.25.305. The report form must call for the information required in casualty and accident reports under United States Coast Guard regulations and other information the department may require. The form must provide that the person who completes the form shall sign and date it upon completion.

(b) The state registrar of vital statistics shall, on or before the 15th day of each month, forward to the department a copy of the death certificate covering each death that occurred during the second preceding calendar month and that resulted from a boat accident in state water.

Sec. 05.25.315. CONFIDENTIAL NATURE OF REPORT. (a) An accident report submitted to the department shall be without prejudice to the individual reporting and shall be for the confidential use of administrative and enforcement agencies only.

(b) The department upon written request, shall, if available, disclose the following information to a party involved in the accident, or, in the event of the party's death, to a member of the party's family, or to the party's personal representatives:

(1) the identity of the owner, operator, and occupants, and the identifying number of a boat involved in an accident;

(2) the names of companies insuring the owner or operator; and

(3) the identity of witnesses to the accident.

(c) A report under AS 05.25.300 - 05.25.315 may not be used as evidence in a civil or criminal trial arising out of the accident. The department shall furnish, upon demand of a person who has or claims to have made a report or upon demand of a court, a certificate showing that a specified accident report has or has not been made to the department, solely to prove a compliance or a failure to comply with the requirement that a report be submitted to the department.

(d) The department shall compile and may analyze all accident reports and shall publish annually, or at more frequent intervals, statistical information relating to boat accidents.

(e) In response to a request from an authorized official or agency of the United States, or in compliance with United States Coast Guard regulations or any requirement under 46 U.S.C. 6101 - 6103, the department shall transmit information compiled or otherwise available to the department from the accident reports required under AS 05.-25.305.

Sec. 05.25.320. NOTICE OF ACCIDENT RESULTING IN DEATH OR DISAPPEARANCE; DUTIES OF PASSENGERS. (a) When, as a result of an occurrence that involves a boat or its equipment, a person dies or disappears from a boat, the operator shall, without delay, by the quickest

means available, notify the department of the

(1) date, time, and exact location of the occurrence;

(2) name of each person who died or disappeared;

(3) number and name of the boat; and

(4) names and addresses of the owner and operator.

(b) When the operator of a boat cannot give the notice required under (a) of this section, each person on board the boat shall notify the department or determine that the notice has been given.

Sec. 05.25.325. APPLICATION OF AS 05.25.300 - 05.25.320. (a) Except as otherwise provided in this section or under AS 05.25.910, the provisions of AS 05.25.300 - 05.25.320 apply to all boats operated in state water, except when inconsistent with an applicable law or regulation of an agency of the United States, in which case the federal law or regulation shall prevail.

(b) The provisions of AS 05.25.300 - 05.25.320 do not apply to

(1) a boat that has a valid document issued by the United States Coast Guard and that is operated only for nonrecreational purposes;

(2) foreign boats operated temporarily in state water only for nonrecreational purposes;

(3) a boat owned and operated for government purposes by the United States or by an entity of the United States; or

(4) a ship's lifeboat.

ARTICLE 3. BOATING SAFETY.

Sec. 05.25.400. BOATING SAFETY EDUCATION. The department, in cooperation with the Department of Education, shall offer public education programs designed to reduce boating accidents.

Sec. 05.25.405. SAFETY EQUIPMENT. (a) A boat operated on nonnavigable water shall carry and exhibit between sunset and sunrise

at least one white light to show all around the horizon.

(b) A boat operated on inland water shall carry at least one readily accessible life preserver, lifebelt, ring buoy, or other device of the type approved by the United States Coast Guard for each person on board. A boat carrying passengers for hire shall carry at least one readily accessible life preserver of the type approved by the United States Coast Guard for passenger-carrying boats for each person on board.

Sec. 05.25.410. ADDITIONAL EQUIPMENT. The commissioner may require by regulation that a boat or class of boats when operated on inland water shall carry additional equipment necessary for the safety of persons and property. To the extent considered by the commissioner to be consistent with the safety of persons and property, the regulations must conform to the regulations of the United States Coast Guard for water subject to the jurisdiction of the United States.

Sec. 05.25.415. DIVER'S FLAG. (a) A person who is in the water using an underwater breathing device may display a diver's flag constructed of rigidly supported material at least 12 inches by 12 inches in area of red background with a white diagonal stripe. The diver's flag may be displayed on a boat or surface float and must extend a minimum distance of three feet from the surface of the water. The diver's flag shall be placed at or near the point of submergence and constitutes a warning that a diver is submerged and may be within 100 feet of the flag. A diver shall remain within 100 feet of the diver's flag while at or near the surface. A diver's flag shall be displayed only while diving operations are underway.

(b) A boat operator within sight of a diver's flag shall proceed with caution, steering clear of the flag by a distance of at least 100 feet. If, because of the location of the diver's flag, it is

impossible to steer clear of the flag by at least 100 feet, then the boat operator shall proceed at no-wake speeds or five miles per hour, whichever is necessary to maintain steerage in the seaway.

(c) A diver's flag under this section may be used with, but not in place of, an International Code flag "A" if required under 33 U.S.C. following 1602 (Rule 27, International Regulations for Preventing Collisions at Sea, 1972).

Sec. 05.25.420. PROHIBITED OPERATION. (a) A person may not operate a boat or manipulate water skis, a surfboard, or a similar device on state water in a reckless or negligent manner so as to endanger the life or property of another person.

(b) A person may not operate or give permission for another person to operate a boat that is not equipped as required under this chapter and regulations adopted under this chapter.

ARTICLE 4. GENERAL PROVISIONS.

Sec. 05.25.900. ACCOUNTING AND DISPOSITION OF FEES. The commissioner of administration shall separately account for fees collected under this chapter that the department deposits in the general fund. The annual estimated balance in the account may be used by the legislature to make appropriations to the department to carry out the purposes of this chapter.

Sec. 05.25.910. EXEMPTIONS. Except when inconsistent with federal laws and regulations, the commissioner may exempt from a provision of this chapter a class of boats if the commissioner determines that the safety of persons and property will not be materially promoted by the applicability of the provision to the class of boats. The commissioner may not exempt a class of boats from the numbering requirements of this chapter unless the commissioner determines that the numbering will not materially aid in their identification and

unless the United States Secretary of Transportation has exempted from numbering the same boats or class of boats.

Sec. 05.25.920. ENFORCEMENT. A peace officer may enforce this chapter and in the exercise of enforcement may stop and board boats that the officer reasonably believes are or may be subject to this chapter.

Sec. 05.25.930. PENALTIES. A person who violates a provision of this chapter is guilty of a misdemeanor and is punishable by a fine of not more than $500, or by imprisonment of not more than six months, or by both.

Sec. 05.25.940. REGULATIONS. The commissioner shall adopt regulations necessary for the implementation of this chapter.

Sec. 05.25.990. DEFINITIONS. In this chapter, unless the context requires otherwise,

(1) "boat" means every type of watercraft used or capable of being used as a means of transportation on water, but does not include aircraft equipped to land on water;

(2) "commissioner" means the commissioner of the Department of Public Safety;

(3) "dealer" means a person who engages wholly or in part in the business of buying, selling, or exchanging boats, either outright or on conditional sale, bailment lease, chattel mortgage, or otherwise;

(4) "department" means the Department of Public Safety;

(5) "inland water" means water that is inland of the territorial sea baseline and not subject to the jurisdiction of the United States;

(6) "length" means the length of a boat measured from end to end over the deck excluding sheer;

(7) "motorboat" means a boat propelled in whole or in part by machinery, including boats temporarily equipped with detachable motors;

(8) "nonnavigable water" means lakes, rivers, and other waterways in the state that are not classified under federal law or regulation as navigable water of the United States and to which 33 U.S.C. 1601-1608 do not apply;

(9) "operate" means to navigate or otherwise use a boat on water;

(10) "owner" means a person who has a property interest other than a security interest in a boat and the right of use or possession of the boat, but does not include a lessee unless the lease is intended as security;

(11) "ownership" means a property interest other than a security interest;

(12) "passenger" means a person on board a boat who is not the master, operator, crew member, or other person engaged in a capacity in the business of the boat;

(13) "state of principal use" means the state on whose water a boat is used or is to be used during most of a calendar year;

(14) "state water" means water within the territorial limits of the state.

* Sec. 2. AS 05.25.010, 05.25.012, 05.25.020, 05.25.030, 05.25.040, 05.25.050, 05.25.060, 05.25.070, 05.25.080, 05.25.090, and 05.25.100 are repealed.

* Sec. 3. This Act takes effect January 1, 1988.

STATE OF ALASKA

OFFICE OF THE GOVERNOR

BILL ANALYSIS

DEPARTMENT	DIVISION	BILL NUMBER	SPONSOR
Health & Social Services	Public Health, Emergency Medical Srvs.	HB 94	Representative Taylor

DEPARTMENT POSITION

The Department of Health and Social Services supports this legislation

PREPARED BY	DATE	COMMISSIONER'S SIGNATURE	DATE
Mark Johnson	2/10/87	Myra M. Munson	2/11/87

SUMMARY

OTHER AGENCIES AFFECTED BY BILL	CONSTITUENT GROUP(S) AFFECTED BY BILL
Department of Public Safety	Boat owners and manufacturers
ORGANIZATIONAL SUPPORT FOR BILL	**ORGANIZATIONAL OPPOSITION TO BILL**

FISCAL IMPACT: ☒ NONE ☐ FISCAL NOTE ATTACHED

BACKGROUND/LEGISLATIVE INTENT

This Act amends AS 05.25 by adding sections requiring boats to register with the Department of Public Safety, to display registration numbers on the boat, and to maintain a current registration on the boat when in operation. This bill also contains provisions for the reporting of of accidents and boating safety requirements.

ANALYSIS OF BILL/PROGRAM EFFECTS

The Department of Health and Social Services supports the passage of HB 94 and its intent to reduce boating accidents and their associated deaths and injuries. Unintentional injuries are the leading cause of death in Alaska. Among the causes of these injuries, water transport related deaths are second only to deaths from motor vehicle accidents. In 1985 there were 94 deaths reported related to water transport accidents and 25 additional deaths due to drowning were recorded.

This bill includes the provision of boating safety education programs. DHSS has developed a water safety curriculum for children ("Cold Water Winners"). In cooperation with the Dept. of Public Safety, the University of Alaska's Marine Advisory program, and various private agencies, DHSS has also deveoped an extensive marine safety and survival curriculum. The continuation of these activities should be suported by the passage of this bill. Appropriations made to carry out the purposes of this bill should specifically include the provision of boating safety training as well as the administration of registration and accident reporting functions.

AMENDMENTS PROPOSED

N/A

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS OR ANALYSIS.

01-009 (Rev. 12/87)

HOUSE TRANSPORTATION COMMITTEE

HB 94

SAFE BOATING BILL

CDR G. M. HARBEN, USCG

CDR D. M. WALDRON, USCG

Since the turn of the century, boating has steadily grown to become one of the nation's most popular pastimes. Correspondingly, the boating accident statistics have also grown. As the years went by the Congress enacted several pieces of legislation to deal with the growing problem. Finally, on August 10, 1971, the Federal Boat Safety Act was signed into law establishing minimum standards which would provide the public with reasonably safe boats and equipment. At the same time the Act stressed the need for the individual states to enact equivalent legislation of their own, thus motivating the public to boating safety awareness through public education and operator and equipment requirements.

With the enactment of the Federal Boat Safety Act of 1971, the vast majority of states have recognized the inherent dangers associated with boating and during the ensuing years, 49 states have enacted boating safety legislation which squarely faced the problems head on. Their actions and subsequent programs have significantly turned the tide of rising boating accidents and deaths within their states. These programs have received national acclaim for the advancements that have been made in the field of boating safety education and public protection.

To better coordinate their activities among themselves, the National Association of State Boating Law Administrators (NASBLA) was formed to serve as a viable public forum for reviewing and improving upon the federally approved state boating programs.

In Alaska, the only state where there is no Federally approved state boating program, the Coast Guard acts as the boating law administrator for areas that fall under Federal jurisdiction. Consequently, because of this very limited Federal Boating Safety Program, Alaska's boaters are paying dearly through personal injury, loss of life and loss of property. In 1985 70 people lost their lives in recreational boating accidents, 70% of these tragedies occurred on inland Alaskan waters such as lakes, rivers and sheltered waters.

This was second only to motor vehicle fatalities as the largest category of accidental deaths. When this figure is compared with the rest of the United States, Alaska has by far the worst boating record --- over 40 times the National average. Only California (76) and Texas (72) had more fatalities and these states have 24 times the number of registered boats.

Another thing to be remembered in the case of California, is that the boating season in many areas of the state lasts year round, unlike Alaska, which has a boating season of 6 months or less.

It is evident from these statistics that Alaska has a severe boating problem when compared to the rest of the United States. What can we do to solve this problem or at least bring it under control?

The most effective and proven means for dealing with this problem

would be to legislate a comprehensive state boating safety program.

How is a state boating safety program going to change Alaska's unenviable record of boating activity?

First of all, it will identify and charge a state agency with the responsibility for implementing a coordinated boating safety program. Not just another law enforcement program of the Department of Public Safety, but more importantly a means to implement a comprehensive public education program.

Why an education program?

With a state as vast as Alaska the emphasis needs to be focused on public education. The resources and expertise of the Department of Education would be utilized to assist in the development and operation of a public education program. In addition, the Coast Guard can be called upon for assistance, training and advice for program development in order to establish effective programs.

How would public protection be handled with the new law?

In addition to the education program, incorporation of the Federal boating regulations into the state boating law would provide procedures and policies for dealing with violators, as well as provide for the minimum operator requirements for safety equipment

and boat operation. Specific sections of the act will empower state law enforcement officials with the necessary authority to carry out its provisions. Existing manpower form the Alaska State Troopers and the Fish and Wildlife Protection could be utilized for public protection purposes without the necessity of recruiting more personnel to enforce boating laws.

The Coast Guard does not have access or jurisdiction to the inland areas where most of the fatalities occur. Each year the number of complaints received by the Alaska State Troopers, the Coast Guard and other state and federal agencies concerning the negligent operation of boats continues to mount, especially along the inland rivers.

With the passage of a state boating safety act, where will the revenues come from to administer these programs?

There is a National Recreational Boating Safety Financial Assistance program, for these states with a federally approved safe boating program.

In-state revenue available would be would be moneys generated by a state operated boating registration program. At the present time this program is administered on behalf of the Federal government by the Coast Guard in Juneau, with all the revenues from this program being deposited in the U. S. Treasury. None of the revenues remain in Alaska!!

What advantages are there to numbering boats?

Most importantly, boats need to be numbered to aid in search and rescue. For example, if a boat is found adrift or capsized, in just a matter of minutes the boat owner can be identified through the numbers on the hull and a check can be made with owner, relatives or neighbors to if there was anyone on board or if the boat was just adrift.

The boat registration program also provides an added benefit for the prospective boat buyer. Financial institutions will more readily lend money for the purchase of boats if some form of previous ownership can be provided.

Boat numbers also fulfill other useful purposes. Among them law enforcement, educational contact, accident reporting and consumer defect notification. Whether used for tracing a person for the negligent operation of a boat, to provide boating safety materials, or notify a consumer of a possible product defect, it helps protect and serve the public welfare.

With the passage of a comprehensive state boating safety program won't the Coast Guard reduce its efforts in boating safety in Alaska?

Quite the contrary, the Coast Guard has a dedicated commitment to boating safety in Alaska. The presence of a state boating safety

program would lend a new dimension to the Coast Guard's role in this area. Specifically, the Coast Guard would assist the State in establishing its own program, provide training to State law enforcement officers and work hand in hand with State and local agencies.

But what if the legislature fails to enact a state boating safety law, what will the consequences be?

With no possibility of the Coast Guard expanding their boating program, the number of boating accidents and fatalities will continue to soar as the boating population grows.

Without a doubt the proposed state boating law will provide the boaters of Alaska with a program designed to meet their special needs without burdening the non-boater.

COAST GUARD ASSISTANCE

1. Training and assistance will be provided by the Coast Guard for initial development of educational programs.

2. Initial training of law enforcement officers to assist in the development of an effective public protection program.

3. The Coast Guard will continue its coastal boarding program for enforcement of boating safety laws.

4. The Coast Guard will continue with present educational programs --- in relation to the Coast Guard Auxiliary.

5. The Coast Guard will remain a viable support agency for state assistance.

ADVANTAGES TO STATE IN ESTABLISHING A BOATING SAFETY PROGRAM

1. The State will assume management, administration and control of the program.

2. Revenues will remain in Alaska, available for state usage, instead being deposited with the Federal government.

3. Offers programs and protection to the entire state, not just coastal areas.

4. The means of reducing Alaska's tragic boating fatality statistic.

U.S. Department of Transportation

United States Coast Guard

Does Alaska need a safe boating law?

CCGD17 (b) 13NOV8

One dead, one lost as skiff overturns

Kodiak Man Lost Overboard

On August 13, the Coast Guard suspended the s
for John Sparks, 49, of Kodiak, who fell overboard
the 36-foot seiner *Shadrack* somewhere near Whs
The skipper of the *Shadrack* reported the man
the afternoon of August 12. He was last seen on deca
headed for Ouzinkie. According to Coast
esman Mark Farmer, Sparks could not swim.

Fishing boat still missing

1 dead, 1 missing in skiff accident

Two Lost In Boat Accide At Ketch an

Boater Drowns

ANCHORAGE (AP) — A 21-year-old
an drowned
Ivanoff Bay
and Point, the
eported.
The man was identified as Michael
Kalmakoff of Ivanoff Bay, troopers
said.
His companion in the boat, 23-year-
old Alexander Calugan, managed to
swim to shore.
People aboard another boat pulled
Kalmakoff from the water and per-

2 teen-agers missing after raft trip

Two lost at sea near Cape St. Elias

5 rescued after boat sinks

Seward man drowns in Resurrection Bay

Though earli
dicated there were four
members aboard the 82-foot

Search for boy suspende

The Associated Press

JUNEAU — The U.S Coast Guard and Alaska State
ers suspended their
a 17-year-

Officer Glenn Rosenhol
the Coast Guard office
neau.
Tackett, of Hillsboro
had been in Alaska a
week Wednesday whe
14-foot skiff

thorough
side is dry, turn it inside
to dry again, this will pre
mildew and odor.
ins can

with you
tional flotation may
impossible to dive down
get out of a flooded compa
If caught in this situ
t out of the suit, swi
the space and hudd
others or climb on top

Fishing vessel sinks; crew missin

Seas were
riday in th
e Coast
led a fi
a se
oat.
Two
bers of the
Sea
Normar II were
as Alex Halsworth and
Ridgely, said Coast
Glenn Rosenholm in
Ju
wa
Though earli
dicated there were four
members aboard the 82-foot

nholm said there was
ot about that.
might be four, it might be
ive," Rosenholm said. "They're
having a tough time figuring out
who was aboard."

Search on for family in dinghy

Search suspende

The Associated Press

JUNEAU — The U.S
Guard Friday said it has
pended the search for the
of five people aboard a
boat that ran aground a
100 miles southwest of
neau.
Two men died in the

Search goes on for missing skippe

The five-day search involved a
the Civil Air Patrol volunteers from J
The area from Lituya Bay near Cape F
of Prince of Whales Island, and up to
"The weather was excellent during the entire search. There were
no sightings whatsoever of anything," said Farmer, said the
"The Maritime Safety Agen
today," Lance Jo

Coast Guard searches for Sitka seiner Camel

rescued the four.
erator was iden-
liam H. Stallaker.
a 26-foot
sank abo
Seward. T
Mariner

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

P.O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

January 27, 1987

MEMORANDUM

TO: Representative Robin Taylor

ATTN: Elsa Froehlich Demeksa

FROM: Mary Jennings MJ
Legislative Analyst

RE: State Assumption of Boat Registration and Safety Programs
Research Request 87.090

You requested that we provide: 1) an estimate of costs and revenues that would result if the State were to begin a boat registration program; 2) a discussion of the benefits of a State boating safety program; and 3) a discussion of costs and revenues of boat registration and boating safety programs in Washington, Oregon, Texas and California.

Background

In other states, the fees generated from registration and titling of undocumented or pleasure boats are used to provide boating safety programs. These programs enforce registration of boats in both inland and coastal waters, enforce safe boating regulations, and provide education to the public on safe boating practices. Alaska is the only state that does not require statewide registration of undocumented boats and, as a result, does not have a boating safety program. According to the U.S. Coast Guard, the minimal enforcement of boating safety regulations that occurs in Alaska results in improperly equipped pleasure boats and a general lack of safe boating practices. The Coast Guard notes that Alaska has the highest boating fatality rate in the nation.

Federal law requires all boats that operate in coastal waters to be numbered. In Alaska, the Coast Guard presently registers undocumented power boats used in coastal waters. The Coast Guard charges a two dollar renewal fee, which is deposited into the U.S. treasury. The Coast Guard provides this service for an estimated annual cost of $53,000. Registration generates approximately $70,000 in annual revenues.

Registration Fees. The Coast Guard estimates that if boating registration were enforced by the State in both coastal and inland waters, approximately 50,000 boats would be registered. Fees for registration in other states range from one dollar to $50. An annual fee of $10 dollars

($30 per three years) is recommended by the Coast Guard. At present, there are 1,200 vessels with Alaska numbers from Washington, Oregon, and other west coast states. The Coast Guard recommends that out-of-state boats be charged $50 per year.

Operating Cost and Revenues. If Alaska were to initiate a boat registration program, the Coast Guard stated that the present boat registration computer system could be used by the State. (Software changes would be required to provide titling capability.) The Coast Guard estimates that costs to start the registration operation would be $35,000 and that annual operating costs would be approximately $95,000. Based upon the number of boats estimated to be eligible for registration and the suggested fees, the Coast Guard estimates that annual revenues would be $550,000 (for a breakdown of data, see Attachment A).

Federal Funds. States with boating safety programs are eligible to receive federal funds to enhance their programs. One-third of a $30 million dollar fund, which is appropriated annually by Congress, is divided equally among states and the remainder is distributed based upon the number of vessels registered in the state and the amount of money spent by the state for boating safety. The Coast Guard estimates that Alaska would receive approximately $250,000 in federal funds if a boating safety program were initiated.

Benefits. A program that enforced boating regulations and provided education on safe boating practices would likely result in greater safety in Alaska's waters. In addition, the initiation of a State boat registration and a boating safety program would likely result in the creation of several jobs. Based upon the number of boats, the Coast Guard estimates that 2.2 positions would be needed to administer registration. Personnel would also be needed for enforcement and for safety education. Funding for these jobs could come from registration fees and federal funds.[1]

Washington

Boating registration and boating safety programs in Washington are administered by the Department of Parks and Recreation. The department reports that approximately 150,000 boats are registered in the state. An annual registration fee of $6 is charged. In addition to this fee, an excise tax based on 0.5 percent of the depreciated value of a boat is charged. The title fee is $5. Revenues are deposited into the state's general fund. Counties in Washington are allowed to charge an additional 50 cents per foot; these revenues are kept at the county level. Washington collects approximately $5 million in annual registration fees. The state's boating safety program has an annual operating cost of approximately $300,000, which includes the cost of registration administration, educational programs, and some limited enforcement of regulations.

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[1]Although the State Constitutior prohibits and dedication of user fees to a program's budget, the legislature has routinely appropriated program receipts to the program that generated the revenue.

Robert Porterfield, of the Washington Department of Parks and Recreation, stated that revenue raised from boat registration is viewed as a means of providing money to the state's general fund in addition to providing funds to operate the boating safety program. He added that because funding is not appropriated to local governments for the enforcement of boating registration, compliance is poor. He felt that only about half of all eligible boats in the state were registered.

Oregon

Oregon, which has 143,000 registered boats, collects approximately $1.5 million annually in boat registration and title fees. Registration fees are based upon a sliding scale and range from $11 for a boat less that 12 feet to $21 for a boat over 20 feet. A $7 fee is charged to title boats. Revenue generated from boat registration is dedicated to the Marine Board Fund, which is used for the boating safety program and construction of boating facilities. The state spends approximately $500,000 annually to operate its boating safety program. The Oregon State Marine Board, which administers the program, stated that these operating costs include registration administration, law enforcement, and safety education.

Paul Donhuffner, of the State Marine Board, stated that because Oregon dedicates boat registration fees to a fund for boating-related functions, compliance with registration is excellent. He said that this was because Oregonians feel the fees are justified because they are used to improve aspects of boating in Oregon.

Texas

Boating registration and safety in Texas is administered by the State Department of Parks and Wildlife. Approximately 605,000 boats are registered in Texas. Fees for registration range from $12 for a 16-foot boat to $30 for a boat over 40 feet. A title fee of $5 dollars is charged for all boats over 14 feet. All revenue is deposited to the State Parks and Wildlife Fund which is used for boating safety and other related programs. The department was not able to provide operating and revenue data, but stated that 23 full-time and 12 seasonal employees are utilized to operate the registration and safety program.

Jim Ramsey, of the department, stated that the boating safety program utilizes game wardens who are specifically assigned to water safety patrol and enforcement of safety regulations. He added that state law requires that each boat registration document be accompanied by a pamphlet on boating safety when mailed to the boat owner.

California

The California Department of Boating and Waterways reports that approximately 650,000 boats are registered in the state. A $9 fee is charged to initially register undocumented boats and thereafter a $5 annual renewal fee is charged. The department reports that $4.8 million is collected annually in boat registration fees. All revenues are deposited into the Harbor and Water Craft Fund, which is used for the boating safety program.

The operating cost of the boating safety program, which includes registration administration, enforcement, facility construction, and education programs, is approximately $6.1 million. According to David Johnson, the legislative coordinator for the department, the program also receives revenue from a boat gasoline tax. Mr. Johnson stated that California has good compliance with its registration and safety laws.

I hope you find this information useful. I have requested a copy of the boat registration fee schedules in the other states from the National Association of Safe Boating Law Administrators. I will send it to you when I receive it. Please feel to contact me if you have any questions.

MJ

Attachment

U.S. Department of Transportation
United States Coast Guard

Commanding Officer
Marine Safety Office

612 Willoughby Ave
Juneau, AK 99801
(907) 586 7349

16750
9 Jan 87

The Honorable Robin Taylor
House of Representatives
P.O. Box V
Juneau, Alaska 99811

Dear Representative Taylor:

All States except Alaska received at least $200,000 in federal funds for boating safety last year. Alaska's share would have been about $250,000. The recreational (not commercial) boating accident death rate in Alaska is forty times the national average. Alaska is the only state that has the Federal Government selling boat registration to its citizens with the funds going to the U.S. Treasury.

I hope that I have sufficiently aroused your interest enough to review the attached information. One or more of your colleagues will be entering legislation this session regarding boating safety and registration for the State of Alaska. The potential benefit to the citizens of Alaska is quite evident, as well as the need for state involvement in the safety and welfare of thousands of boaters.

If you are interested in discussing this area of mutual concern, please call me at 586-7349 or feel free to stop by at 612 Willoughby Street.

Sincerely,

D. M. WALDRON
Commander, U. S. Coast Guard
Marine Safety Office Juneau, Alaska
Commanding Officer

COST/BENEFIT ANALYSIS
BOAT REGISTRATION, STATE OF ALASKA

Background:

The Coast Guard presently registers undocumented power boats used in the coastal waters of Alaska. Estimated costs for this service is as follows:

Personnel 1.1 man years	$35K
Computer Generated Forms	8K
Postage	5K
Overhead (office space, computer, etc.)	5K
Estimated costs based on 30,000 boats, renewals every 3 years	$53K

Renewal Fees at $2 per year have averaged about $70K to the U.S. Treasury.

Proposal: That the State of Alaska establish a boating registration program and eventually a boating safety program. All power boats in the state would be required to be registered, not just in coastal (Federal) waters. It is estimated that this would be at least 50,000 vessels. Fees for other states range from $1 per year to over $50 per year. An annual fee of $10 ($30 for 3 years) is suggested. At present there are about 1200 vessels with Alaska numbers from Washington, Oregon, and other west coast states. It is recommended that out of state boats be charged $50 per year. The present computer system's use could be negotiated for use by the state. Software changes would be required to provide titling capability and would cost about $25K. Costs are estimated as follows: (based on 50K boats, 3 year renewal)

Operating Costs

Personnel 2.2 man years	$60K
Forms	15K
Postage	10K
Overhead	10K
	95K

Startup Costs

Furniture, Setup Costs	$ 5K
Software Changes	25K
Computer Terminals	3K
Misc Expenses	2K
	35K

Total first year expenses $130K.

First year estimated revenues (at $10/boat, $30 for 3 years)

1/3 X present 30K boats	10Kx$30 =	300K
New Vessels (not presently registered)	10Kx$30 =	300K
Out of State Vessels ($150 for 3 yrs)	400x$150 =	60K
	TOTAL	660K

Second year

1/3 present vessels (10K)		300K
New Vessels (5K)		150K
Out of State Vessels (.4K)		60K
	TOTAL	510K

Third year

1/3 present vessels (10K)		300K
New Vessels (3K)		90K
Out of State (.4K)		60K
	TOTAL	450K

Fourth year

Registered Vessel (20K)		600K
New Vessels (2K)		60K
Out of State (.4K)		60K
	TOTAL	720K

Revenues should tend to stabilize (at about 50K boats) at $500-600K.

There are many other benefits that are not easily quantified as follows:

a. Enforcement of boating safety regulations - At present, federal enforcement is minimal in most areas of Alaska resulting in pleasure vessels not properly equipped for Alaskan waters.

b. Fee for present registration not remaining in the state.

c. Federal funds in excess of $250K are being lost because of lack of boating safety program.

d. Present fatality rate for a summer month recreational boating season is 40 times the national average. An equivalent death rate in Minnesota per 100,000 boats would be 1694 deaths! The loss of 70 Alaskans last year is hard to ignore or put a price tag on.

e. The creation of jobs for boating registration and boating safety utilizing revenue from the registration program and federal funds would benefit Alaska especially at this time.

f. The mechanism for assessing local user fees based on the zip code of the boat owner could be implemented in the software changes. This would provide equitable, low cost collection of local user fees.

g. Alaskans would have a vested interest in having vessels comply with safety standards and registration requirements.

h. Harbormasters would have better control over vessels in their harbors and enforcement authority to require vessels to comply.

i. Excess registration and federal grant funds would be available for law enforcement equipment and for hiring additional personnel.

j. Federal enforcement would probably remain at current levels.

SAFE BOATING BILL

Questions and Answers

Q. Why does the Coast Guard want Alaska to pass a Boating Bill?

A. Because Alaska has the highest boating death rate in the U.S.

Because the Coast Guard does not have jurisdiction over all waters of the state and there is no law applicable to many Alaskan boats.

Because a law forms the basis from which to educate people on a local level, on how they should equip their boats for their own safety.

Because an acceptable law will allow the federal government, thrcugh the Coast Guard, to enter into a mutual agreement with the state for conducting a coordinated educational program (and enforcement when and where necessary) throughout the state.

Because the state can recieve federal funds to assist in boating safety activities.

Q. How can you legislate safety on boats?

A. You can't really. People must be simultaneously educated regarding the NEED for safety. A good example is traffic laws. They don't prevent all the accidents and deaths on the road - but they do give most people a safe guideline by which to drive.

Q. Would the state law be similar to federal law?

A. Yes. It would require boats to carry the same equipment required by Federal law. At present in Alaska there is no law requiring such things as red and green lights at night, fire extinguishers on boats of appropriate size and type, Coast Guard aproved life-saving devices, etc.. In 61% of the 1985 fatalities, either there were no personal flotation devices on board or approved devices that were accessible were not used.

Q. Why would the state want to take over the job of boat registration from the Coast Guard?

A. Net revenues to the state could amount to over 300K. This is

A. If past statistics can prove a point . . . YES!. Since the passage of the Safe Boating Law of 1971, fatalities have decreased across the nation by 30% while the number of boats has increased by 50%. This statistic has to prove that a better educated public is a safer public. The Bill will provide a springboard for education and reasonable enforcement to the safety of all, and by this it will hopefully reduce our tragically high boating accident fatalities.

Q. Where can answers be obtained to questions not listed here?

A. Contact: Chief, Boating Safety Division
Seventeenth Coast Guard District
Box 3-5000
Juneau, AK 99802-1217
PH: 907 586 7072

FEDERAL GRANTS FOR STATE BOATING SAFETY FY 86

FY 1986
$27992250.00

	state	total authorized	percentage of total	boats registered	percentage of boats	amount for boats	state funds expended	percentage of expended	amount for expended	equal amounts	st
1	AL	$660020.97	2.36%	229890	2.44%	$227265.89	$2126989.00	2.79%	$259963.61	$172791.67	
4	AZ	$387272.55	1.38%	112047	1.19%	$110768.02	$848566.00	1.11%	$103712.86	$172791.67	
5	AR	$536281.27	1.92%	309831	3.28%	$306294.39	$467964.25	0.61%	$57195.21	$172791.67	
6	CA	$1682130.42	6.01%	619087	6.56%	$612020.34	$7341750.00	9.62%	$897318.41	$172791.67	
8	CO	$271690.89	0.97%	66016	0.70%	$65262.45	$275212.00	0.36%	$33636.78	$172791.67	
9	CT	$350394.07	1.25%	72591	0.77%	$71762.40	$865970.00	1.13%	$105840.00	$172791.67	
10	DE	$272876.86	0.97%	37402	0.40%	$36975.07	$516359.33	0.68%	$63110.12	$172791.67	
11	DC	$284248.60	1.02%	3391	0.04%	$3352.29	$884499.00	1.16%	$108104.64	$172791.67	
12	FL	$1439786.27	5.14%	517365	5.48%	$511459.46	$6181696.52	8.10%	$755535.14	$172791.67	
13	GA	$607124.94	2.17%	225812	2.39%	$223234.44	$1727185.00	2.26%	$211098.84	$172791.67	
15	HI	$321305.30	1.15%	13112	0.14%	$12962.33	$1109064.25	1.45%	$135551.32	$172791.67	
16	ID	$297765.24	1.06%	67471	0.71%	$66700.84	$476944.00	0.62%	$58292.73	$172791.67	
17	IL	$510415.30	1.82%	275470	2.92%	$272325.61	$534260.51	0.70%	$65298.03	$172791.67	
18	IN	$443259.69	1.58%	173006	1.83%	$171031.20	$813580.00	1.07%	$99436.83	$172791.67	
19	IA	$484735.79	1.73%	175470	1.86%	$173467.07	$1133002.35	1.49%	$139477.05	$172791.67	
20	KS	$280495.71	1.00%	83305	0.88%	$82354.10	$207410.11	0.27%	$25349.94	$172791.67	
21	KY	$474225.22	1.69%	114546	1.21%	$113238.50	$1539789.05	2.02%	$188195.06	$172791.67	
22	LA	$648080.05	2.32%	312119	3.31%	$308556.27	$1366131.86	1.79%	$166732.11	$172791.67	
23	ME	$339453.59	1.11%	117842	1.25%	$116496.88	$164988.00	0.22%	$20165.05	$172791.67	
24	MD	$1358420.31	4.65%	142795	1.51%	$141165.05	$8545674.00	11.19%	$1044463.60	$172791.67	
25	MA	$558219.87	1.99%	184140	1.95%	$182038.11	$1664113.00	2.18%	$203390.10	$172791.67	
26	MI	$1215350.24	4.34%	665540	7.05%	$657943.10	$3146877.00	4.12%	$384615.48	$172791.67	
27	MN	$1069184.96	3.82%	629291	6.67%	$622107.87	$2244170.00	2.94%	$274285.43	$172791.67	
28	MS	$425681.03	1.52%	122237	1.30%	$120841.71	$1080397.83	1.42%	$132047.65	$172791.67	
29	MO	$697537.58	2.50%	328440	3.48%	$324690.97	$1645007.00	2.15%	$201054.94	$172791.67	
30	MT	$234935.52	0.84%	34395	0.36%	$34002.39	$230250.00	0.30%	$28141.46	$172791.67	
31	NE	$232723.61	0.83%	54913	0.58%	$54286.19	$46192.89	0.06%	$5645.76	$172791.67	
32	NV	$262346.78	0.94%	31288	0.33%	$30930.86	$479656.49	0.63%	$58624.25	$172791.67	
33	NH	$229804.24	0.82%	0	0.00%	$0.00	$466469.96	0.61%	$57012.58	$172791.67	
34	NJ	$703745.56	2.51%	140884	1.49%	$139275.86	$3204662.00	4.20%	$391678.04	$172791.67	
35	NM	$233612.00	0.83%	34114	0.36%	$33724.60	$221694.00	0.29%	$27095.73	$172791.67	
36	NY	$947557.07	3.39%	331742	3.51%	$327955.28	$3655746.00	4.79%	$446819.12	$172791.67	
37	NC	$477882.78	1.71%	202908	2.15%	$200591.88	$855000.00	1.12%	$104499.23	$172791.67	
38	ND	$210357.37	0.75%	33723	0.36%	$33338.06	$34590.00	0.05%	$4227.64	$172791.67	
39	OH	$1013734.56	3.62%	338184	3.58%	$334323.75	$4145096.13	5.43%	$506619.14	$172791.67	
40	OK	$545640.47	1.95%	193022	2.05%	$190818.72	$1489348.00	1.95%	$182030.09	$172791.67	
41	OR	$436772.76	1.56%	140003	1.48%	$138404.92	$1027449.00	1.35%	$125576.18	$172791.67	
42	PA	$726693.31	2.60%	217293	2.30%	$214812.68	$2774384.61	3.63%	$339088.96	$172791.67	
44	RI	$211159.29	0.75%	31231	0.33%	$30874.51	$61307.76	0.08%	$7493.12	$172791.67	
45	SC	$598602.20	2.14%	221339	2.35%	$218812.49	$1693632.72	2.22%	$206998.04	$172791.67	
46	SD	$215001.93	0.77%	33091	0.35%	$32713.28	$77703.17	0.10%	$9496.98	$172791.67	
47	TN	$467556.32	1.67%	196446	2.08%	$194203.64	$822778.00	1.08%	$100561.02	$172791.67	
48	TX	$1305017.00	4.66%	599591	6.35%	$592746.88	$4413947.00	5.78%	$539478.45	$172791.67	
49	UT #	$286849.57	1.02%	51781	0.55%	$51189.94	$514378.00	0.67%	$62867.96	$172791.67	
50	VT	$217440.48	0.78%	29774	0.32%	$29434.14	$124550.03	0.16%	$15222.67	$172791.67	
51	VA	$417509.76	1.49%	148999	1.58%	$147298.23	$797077.48	1.04%	$97419.87	$172791.67	
53	WA	$472885.41	1.69%	253980	2.69%	$251090.91	$401017.09	0.53%	$49012.84	$172791.67	
54	WV	$226136.76	0.81%	38762	0.41%	$38299.77	$123099.00	0.16%	$15045.32	$172791.67	
55	WI	$779879.92	2.79%	436221	4.62%	$431241.69	$1438747.00	1.89%	$175845.56	$172791.67	
56	WY	$203470.90	0.73%	19831	0.21%	$19604.64	$90611.00	0.12%	$11074.60	$172791.67	
60	AQ	$172868.78	0.62%	78	0.00%	$77.11	$0.00	0.00%	$0.00	$172791.67	
72	PR #	$215220.98	0.77%	23083	0.24%	$22819.52	$160445.00	0.21%	$19609.80	$172791.67	
75	PT	$172979.50	0.62%	190	0.00%	$187.63	$0.00	0.00%	$0.00	$172791.67	
78	VI #	$186881.47	0.67%	3425	0.04%	$3385.90	$87578.00	0.11%	$10703.90	$172791.67	
		$27992250.00		9438487		$9330750.00	$76343060.40		$9330750.00	$9330750.00	

Based on non federal share in Budget Information Section of FY 85 Application.

US Department of Transportation
United States Coast Guard

Commander
Seventeenth Coast Guard District

P.O. Box 3-5000
Juneau, AK 99802 -1217
Staff Symbol: (b)
Phone: (907) 586-7467

16750
12 February 1987

The Honorable B. Cato
Alaska House of Representatives
P. O. Box V
Juneau, AK 99801

Dear Representative Cato:

These statistics were obtained from various states concentrating on when they adopted their Safe Boating Law, annual fatalities, and most important the number of registered boats. In some cases, although the number of fatalities did not decrease, they remained level while the number of registered boats increased drastically.

Year Passed	State, Reg Boats and Fatalities That YR	1985 Reg Boats and Fatalities
	Arizona	
1972	62,912(6)	111,702(6)
	Delaware	
1974	27,251(7)	39,875(2)
	Florida	
1974	248,898(82)	537,086(65)
	South Carolina	
1977	160,336(41)	221,322(17)

Similar statistics continue for other states. A State Education Program has a positive effect on reducing fatalities even in the face of increased boating activity.

Thank you for any support you can lend to this effort in Alaska. Enclosed are copies of this letter for all House Transportation Committee members.

Sincerely,

G. M. HARBEN
Commander, U. S. Coast Guard
Chief, Boating Safety Division
Seventeenth Coast Guard District

Encl: (1) Copies of CDR HARBEN ltr 16750 of 12 FEB 87

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

DRAFT

Bill Version: CSHB 94 (TRSP)
Publish Date:

REQUEST
Revision Date:
Title: An Act relating to boat numbering..."
Sponsor: Rep. Taylor
Requestor: House Transportation

Agency Affected: Public Safety
BRU: DPS Administration

Components: Boating & Water Safety

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		192.2	395.8	407.7	419.9	432.5
TRAVEL		19.9	41.0	42.2	43.5	44.8
CONTRACTUAL		113.5	117.0	120.5	124.1	127.8
SUPPLIES		49.5	51.0	52.5	54.1	55.7
EQUIPMENT		132.0	7.2	7.4	7.6	7.8
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	507.1	612.0	630.3	649.2	668.6
CAPITAL						
REVENUE	0	515.0	515.0	515.0	515.0	515.0

FUNDING:: (Thousands of Dollars)

GENERAL FUNDS	0	257.1	322.0	340.3	359.2	378.6
FEDERAL FUNDS		250.0	290.0	290.0	290.0	290.0
OTHER						
TOTAL	0	507.1	612.0	630.3	649.2	668.6

POSITIONS:

FULL-TIME	0	4	4	4	4	4
PART-TIME		13	13	13	13	13
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This fiscal note contains a 3% inflation factor. Equipment costs on five boats are one-time costs and will not continue beyond FY 88.

FY 88 funding level in Personal Services and Travel lines assumes start-up of January 1, 1988.

JNR 3/9/87

Prepared by: Gretchen Derr, Special Ass't
Division: Commissioner's Office
Phone: 465-4322
Date: 3/06/87

Approved by Commissioner:
Date: 3/9/87
Agency: Public Safety

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

* FY 88 - with program implementation effective on January 1, 1988 - budget estimates include start-up costs for equipment: 5 boats, $125.0; 5 vehicles, $41.4; enforcement and training position costs, $192.2. FY 89 (and each fiscal year continuing) salary and benefit costs are summarized: Administrative Officer, Accounting Clerk, Education Specialist, Publication Specialist, 2 Data Processing Clerks, Clerk Typist; and 10 Compliance Officers (Seasonal): $395.8. Space will come from currently available facilities; utilities, communications, travel, commodities, and office equipment needs are estimated for each position.

Costs are derived from broad-brush estimates due to short time-frame preparation. A 3% inflation rate is added.

I. Restricted

Federal funds for boat safety training may be available in the sum of $250.0 for the first year and approximately $290.0 for subsequent years.

II. Unrestricted Revenues (see chart pg. 3)

CONTINUATION OF FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSHB 94 (TRSP)

Revenue estimates:

II. Unrestricted

Number of Boats to Register By Year	Registered Boats 30,000 $30 X	Boats Currently Not Registered Carried Through the Triennial Cycle 6,600 1st Yr $30 X	6,600 2nd Yr $30 X	6,600 3rd Yr $30 X	6,600 4th Yr $30 X	6,600 5th Yr $30 X	Fines Aprox. $17.0 Year	TOTAL REVENUE
1st Year (88) 10000+6600	$300.0	$198.0	- - -	- - -	- - -	- - -	$17.0	$515.0
2nd Year (89) 10000+6600	300.0	- - -	$198.0	- - -	- - -	- - -	17.0	515.0
3rd Year (90) 10000+6600	300.0	- - -	- - -	$198.0	- - -	- - -	17.0	515.0
4th Year (91) 10000+6600	300.0	- - -	- - -	- - -	$198.0	- - -	17.0	515.0
5th Year (92) 10000+6600	300.0	- - -	- - -	- - -	- - -	$198.0	17.0	515.0

Notes:

1. Boat registration fee, average, is $30 triennial.
2. According to our estimates, by the fourth year there will be approximately 50,000 boats registered.
3. Of the 30,000 boats already registered, we estimate 33 1/3% (or 10000 boats) will register during the 1st year, 10000 in the 2nd year, and the remainder (10000) in the 3rd year.
4. Register 6,600 boats currently not registered during each year for three years (Coast Guard estimates 20,000 boats not registered). Anticipate three-year period before majority of citizens would be in compliance.
5. Estimate $17.0 in fines levied per year.

Position Title	No. of Positions	Range/Step	Barg. Unit
Clerk Typist II	1	7A	GGU

Time Status	Staff Months	Location	Election District
PFT	12.0 months	Juneau	4

Type of Expenditure		Amount
1	2	3
Salary	18.5	
Benefits	6.0	
Premium Pay		
Other		
Other Personal Services		24.5
Travel		
Contractual		6.0
Commodities		2.5
Equipment		2.0
Other		
Total Cost		35.0
Funding Source for Total Cost		
Federal Receipts	1002	17.3
G.F. Match	1003	
General Fund	1004	17.7
I-A Receipts	1006	
CIP Receipts	1061	
Other		

Justification

This position will provide clerical support needed through the typing and filing of correspondence, training materials and related documents.

REQUEST FOR NEW POSITION

Agency: Public Safety
BRU: DPS Administration
Component: Boating and Water Safety

Revised Date

FY 88

Position Title	No. of Positions	Range/Step	Barg. Unit
Data Processing Clerk II	2	9A	GGU

Time Status	Staff Months	Location	Election District
PFT	12.0	Juneau	4

Type of Expenditure		Amount
1	2	3
Salary	41.5	
Benefits	13.5	
Premium Pay		
Other		
Other Personal Services		55.0
Travel		
Contractual		6.0
Commodities		2.0
Equipment		
Other		
Total Cost		63.0
Funding Source for Total Cost		
Federal Receipts	1002	31.1
G.F. Match	1003	
General Fund	1004	31.9
I-A Receipts	1006	
CIP Receipts	1061	
Other		

Justification

These positions will be responsible for the accepting and processing data on boating and watercraft material, i.e. registration and accident data. These positions will also be responsible for maintenance of data.

Support costs include minimal contractual and supply costs.

REQUEST FOR NEW POSITION

Agency: Public Safety
BRU: DPS Administration
Component: Boating and Watercraft Safety

Revised Date

FY 88

Position Title	No. of Positions	Range/Step	Barg. Unit
Compliance Officers	4	12A	GGU

Time Status	Staff Months	Location	Election District
S	6.0 months	Juneau	4

Type of Expenditure		Amount
1	2	3
Salary	49.7	
Benefits	18.8	
Premium Pay	8.0	
Other		
Other Personal Services		76.5
Travel		12.0
Contractual		20.6
Commodities		14.0
Equipment		50.0
Other		
Total Cost		173.1
Funding Source for Total Cost		
Federal Receipts	1002	85.3
G.F. Match	1003	
General Fund	1004	87.8
I-A Receipts	1006	
CIP Receipts	1061	
Other		

Justification

These positions will be responsible for the seasonal enforcement of the statutes modified by HB 94. These positions will verify compliance with registration requirements; participate in safety and educational programs; followup on boating accident reports, investigating accidents as necessary; inspect boats for required safety equipment and navigation lights; verify compliance with ski observer requirements; patrol marine events; investigate reports of reckless or negligent vessel operation; and, cite suspected violators.

Approximately 10 hours of overtime for each month of position funding will be required.

Support costs include travel funds necessary to aid investigations, etc. Contractual costs include funds for 5 HMCF pickup expenses. Commodities include funding for uniforms, fuel for trucks and patrol vessels, and food essentials. Costs include purchase of 5 18-21' Boston Whaler type boats to be used by Compliance Officers (one-time expense).

Position Title	No. of Positions	Range/Step	Barg. Unit
Compliance Officers	2	12A	GGU

Time Status	Staff Months	Location	Election District
S	6.0 months	Palmer	16

Type of Expenditure		Amount
1	2	3
Salary	25.6	
Benefits	8.3	
Premium Pay	4.0	
Other		
Other Personal Services		37.9
Travel		4.0
Contractual		10.3
Commodities		7.0
Equipment		25.0
Other		
Total Cost		84.2
Funding Source for Total Cost		
Federal Receipts	1002	41.5
G.F. Match	1003	
General Fund	1004	42.7
I-A Receipts	1006	
CIP Receipts	1061	
Other		

Justification

These positions will be responsible for the seasonal enforcement of the statutes modified by HB 94. These positions will verify compliance with registration requirements; participate in safety and educational programs; followup on boating accident reports, investigating accidents as necessary; inspect boats for required safety equipment and navigation lights; verify compliance with ski observer requirements; patrol marine events; investigate reports of reckless or negligent vessel operation; and, cite suspected violators.

Approximately 10 hours of overtime for each month of position funding will be required.

Support costs include travel funds necessary to aid investigations, etc. Contractual costs include funds for 5 HWCF pickup expenses. Commodities include funding for uniforms, fuel for trucks and patrol vessels, and food essentials. Costs include purchase of 5 18-21' Boston Whaler type boats to be used by Compliance Officers (one-time expense).

Position Title	No. of Positions	Range/Step	Barg. Unit
Compliance Officers	2	12A	GGU

Time Status	Staff Months	Location	Election District
S	6.0 months	Fairbanks	20

Type of Expenditure		Amount
1	2	3
Salary	28.2	
Benefits	10.5	
Premium Pay	4.0	
Other		
Other Personal Services		42.7
Travel		4.0
Contractual		10.3
Commodities		7.0
Equipment		25.0
Other		
Total Cost		89.0
Funding Source for Total Cost		
Federal Receipts 1002		43.9
G.F. Match 1003		
General Fund 1004		45.1
I-A Receipts 1006		
CIP Receipts 1061		
Other		

Justification

These positions will be responsible for the seasonal enforcement of the statutes modified by HB 94. These positions will verify compliance with registration requirements; participate in safety and educational programs; followup on boating accident reports, investigating accidents as necessary; inspect boats for required safety equipment and navigation lights; verify compliance with ski observer requirements; patrol marine events; investigate reports of reckless or negligent vessel operation; and, cite suspected violators.

Approximately 10 hours of overtime for each month of position funding will be required.

Support costs include travel funds necessary to aid investigations, etc. Contractual costs include funds for 5 HWCF pickup expenses. Commodities include funding for uniforms, fuel for trucks and patrol vessels, and food essentials. Costs include purchase of 5 18-21' Boston Whaler type boats to be used by Compliance Officers (one-time expense).

REQUEST FOR NEW POSITION

Agency: Public Safety
BRU: DPS Administration
Component: Boating & Watercraft Safety

FY 88

Position Title	No. of Positions	Range/Step	Barg. Unit
Compliance Officers	2	12A	GGU

Time Status	Staff Months	Location	Election District
S	6.0 months	Soldotna	5

Type of Expenditure		Amount
1	2	3
Salary	26.5	
Benefits	9.9	
Premium Pay	4.0	
Other		
Other Personal Services		40.4
Travel		4.0
Contractual		10.3
Commodities		7.0
Equipment		25.0
Other		
Total Cost		86.7
Funding Source for Total Cost		
Federal Receipts	1002	42.7
G.F. Match	1003	
General Fund	1004	44.0
I-A Receipts	1006	
CIP Receipts	1061	
Other		

Justification

These positions will be responsible for the seasonal enforcement of the statutes modified by HB 94. These positions will verify compliance with registration requirements; participate in safety and educational programs; followup on boating accident reports, investigating accidents as necessary; inspect boats for required safety equipment and navigation lights; verify compliance with ski observer requirements; patrol marine events; investigate reports of reckless or negligent vessel operation; and, cite suspected violators.

Approximately 10 hours of overtime for each month of position funding will be required.

Support costs include travel funds necessary to aid investigations, etc. Contractual costs include funds for 5 HWCF pickup expenses. Commodities include funding for uniforms, fuel for trucks and patrol vessels, and food essentials. Costs include purchase of 5 18-21' Boston Whaler type boats to be used by Compliance Officers (one-time expense).

REQUEST FOR NEW POSITION

Agency: Public Safety
BRU: DPS Administration
Component: Boating & Watercraft Safety

Position Title	No. of Positions	Range/Step	Barg. Unit
Publication Specialist I	1	13A	GGU

Time Status	Staff Months	Location	Election District
PPT	6.0	Juneau	4

Type of Expenditure		Amount
1	2	3
Salary	13.2	
Benefits	4.3	
Premium Pay		
Other		
Other Personal Services		17.5
Travel		
Contractual		31.0
Commodities		3.0
Equipment		1.0
Other		
Total Cost		52.5
Funding Source for Total Cost		
Federal Receipts 1002		25.9
G.F. Match 1003		
General Fund 1004		26.6
I-A Receipts 1006		
CIP Receipts 1061		
Other		

Justification

This position would be responsible for assisting in designing a boating safety printed program in coordination with Federal, State and local authorities, as well as with private organizations. Contractual costs include funds needed for video and printed material for the boating safety program. Additional minimal support costs are included.

REQUEST FOR NEW POSITION

Agency: Public Safety
BRU: DPS Administration
Component: Boating and Watercraft Safety

Position Title	No. of Positions	Range/Step	Barg. Unit
Education Specialist I	1	19A	GGU

Time Status	Staff Months	Location	Election District
PFT	12.0	Juneau	4

Type of Expenditure		Amount
1	2	3
Salary	40.0	
Benefits	13.0	
Premium Pay		
Other		
Other Personal Services		53.0
Travel		15.0
Contractual		15.0
Commodities		3.0
Equipment		1.0
Other		
Total Cost		87.0

Funding Source for Total Cost		
Federal Receipts	1002	42.9
G.F. Match	1003	
General Fund	1004	44.1
I-A Receipts	1006	
CIP Receipts	1061	
Other		

Justification

The Education Specialist would be responsible for designing a boating safety program in coordination with Federal, State, and local authorities, as well as with private organizations. This position would be responsible for traveling to many of the cities throughout the state in order to put on training classes each year.

This position will train other departmental employees on how to conduct boating safety education training. This individual will be the unit supervisor.

REQUEST FOR NEW POSITION

Agency: Public Safety
BRU: DPS Administration
Component: Boating and Watercraft Safety

Position Title	No. of Positions	Range/Step	Barg. Unit
Accounting Clerk III	1	9A	GGU

Time Status	Staff Months	Location	Election District
PPT	6.0	Juneau	4

Type of Expenditure		Amount
1	2	3
Salary	10.4	
Benefits	3.4	
Premium Pay		
Other		
Other Personal Services		13.8
Travel		
Contractual		1.0
Commodities		2.0
Equipment		1.0
Other		
Total Cost		17.8
Funding Source for Total Cost		
Federal Receipts	1002	8.7
G.F. Match	1003	
General Fund	1004	9.1
I-A Receipts	1006	
CIP Receipts	1061	
Other		

Justification

This part-time position will perform all accounting duties for the division, including the three field offices. Duties will include vendor payments, research and communications, document filing, petty cash, reconciliation of statements, travel payments, record keeping and reports required for adequate administrative controls.

Position Title	No. of Positions	Range/Step	Barg. Unit
Administrative Officer I	1	17A	GGU

Time Status	Staff Months	Location	Election District
PPT	6 Months	Juneau	4

Type of Expenditure		Amount
1	2	3
Salary	17.4	
Benefits	5.6	
Premium Pay		
Other		
Other Personal Services		23.0
Travel		.8
Contractual		3.0
Commodities		2.0
Equipment		2.0
Other		
Total Cost		30.8

Funding Source for Total Cost		
Federal Receipts	1002	15.2
G.F. Match	1003	
General Fund	1004	15.6
I-A Receipts	1006	
CIP Receipts	1061	
Other		

Justification

This position will manage all aspects of contracting with other agencies for performance of registration and record keeping; will provide oversight of activity, reporting statistics, federal training grants, accounting and other fiscal responsibilities of the new division. The Administrative Officer I will supervise the Accounting Clerk III and the Data Entry Clerk II and be responsible for the collection and analyzing of data and the preparatior of annual reports.

REQUEST FOR NEW POSITION

Agency: Department of Public Safety
BRU: DPS Administration
Component: Boating and Watercraft Safety

FY 88

BILL NO: HB 94 DATE: February 27, 1987

TITLE: An Act relating to boat numbering, accidents, and safety; and providing for an effective date

CONTACT: James D. Vaden

DEPARTMENT OF PUBLIC SAFETY

This bill was drafted to allow the State of Alaska to receive federal funds for registering boats in Alaska.

This bill would require the Department of Public Safety to:

1. Develop a boating numbering system;

2. develop and maintain a record keeping system;

3. develop an accident reporting system;

4. develop and present a boating safety education program;

5. promulgate regulations.

As a result of this bill, extensive public information and education would be required prior to implementation or enforcement.

Federal funding is available until April 1, 1989. These funds are distributed to the states using the following criteria:

a. one-third of funds are allocated equally each fiscal year among eligible states;

b. one-third of funds based on reported number of vessels registered;

c. one-third of funds based on state obligations and expenditures for RSB programs during the prior fiscal year.

This would give the state approximately $250.0 for the first year, and up to $290.0 thereafter.

In order to receive funds from the Aquatic Resource Trust Fund, the Department must provide the following:

1. There are sufficient state matching funds available from general revenues, vessel numbering and licensing fees, state marine fund tax, or from a fund established from those funds to finance a state recreational boating safety program.

2. An approved vessel numbering system.

3. Cooperative boating assistance program between the U.S. Coast Guard and the state to include:

(Continued on page 2)

a. law enforcement,
b. accident investigation,
c. search and rescue,
d. marine events,
e. Coast Guard Auxiliary assistance on state waters.

4. Adequate patrol to insure laws are enforced to include:

a. sufficient uniform patrol to insure compliance with all aspects of boating safety and regulations,

b. that the individuals have received in-service training,

c. procedures to selectively assign individuals to vessel traffic.

5. Adequate boating education programs:

a. must meet or exceed minimum standards established by the National Association of State Boating Law Administrators,

b. classes must be offered both in classroom and through correspondence.

6. Approved system for reporting marine fatalities.

As with most federal funds which require certification that the grantee has complied, the requirements and audits become more stringent with the passage of time. In this case, boat registration and record keeping could be accomplished with one or two clerks. Analyzing accident data would initially require the collection and input of the data, the analysis, and an Annual Report. If the number of accidents reported remain constant (62 in 1985), this could be accomplished by a part-time clerk. However, this bill requires all accidents with more than $200.00 damage be reported; there are few accidents that would not involve $200.00 damage. If those are reported, it could result in a significant quantity of work.

The Coast Guard requires uniformed officers to patrol and enforce the state's laws and regulations concerning boating safety. This could create a tremendous responsibility if we are expected to patrol all state waters, to include the three-mile limit and virtually all streams and lakes.

Certainly we could be asked why we are not patrolling the Kenai River during peak salmon runs, or Big Lake during the summer. Neither the Troopers nor Fish and Wildlife Protection have the manpower available for these patrols. Additionally, the bill requires in-service training for officers who are assigned these enforcement responsibilities.

(Continued on page 3)

In order to fully comply with the bill and the Coast Guard's requirements, we would need some level of enforcement officer assigned to nearly every community which enjoys recreational boating activities.

The following amendments are proposed:

AS 05.25.200(a)(2). It is not feasible to keep the Certificate of Number on a boat unless it is produced in such a manner that it would be protected from the elements.

AS 05.25.220. Should be rewritten to include a fee to be paid by a dealer which would include a certificate to be displayed, if requested, when demonstrating a boat. Fees under this section should be established by regulation.

AS 05.25.225. Fees should be set by regulation.

AS 05.25.225 (c). Amended to read: "The registration fees in this section are in addition to any other tax or license fee."

AS 05.25.230 (b). Amended to read: "The Department shall design and issue a set of validation stickers bearing the year through which the Certificate of Number is issued. The validation sticker must be three inches square and shall be placed three inches to the rear of the identifying number, when placed on the boat as required by AS 05.25.205."

AS 05.25.235. Amended to read: "The Department of Public Safety shall develop procedures for a staggered registration system."

AS 05.25.245. Seems awkward. Perhaps this could be entitled "Exceptions." AS 05.25.200, etc., do not apply.

Article 2. Sections 05.25.300, 305, 310, 315, 320 need to be rewritten. Should start with duties to others, immediately report, exchange information, file written reports, etc.; something to keep it in chronological order.

Section 05.25.330. Addresses owners civil liability. We are not accustomed to seeing this type of information in bills of this nature. Normally we address the owner's financial liability.

William R. Nix
Acting Commissioner
Department of Public Safety

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF PUBLIC SAFETY

OFFICE OF THE COMMISSIONER

P.O. BOX N
JUNEAU, ALASKA 99811-1200
PHONE: 465-4322

March 9, 1987

The Honorable Robin Taylor
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Taylor:

We have the following suggestions for CSHB94.

Section 05.25.200(a)(2) states, "The certificate of number is carried on the boat in a manner that protects the certificate from the elements, and is available for inspection by a state, federal, or municipal law enforcement officer."

If we want a certificate carried on open boats, we should design it so it could be kept on board and protected from the elements. Perhaps a card embossed on plastic like a credit card would be appropriate.

Section 05.25.210, entitled "Application for Boat Number," should probably be entitled "Application for Dealer Certificate." I do not believe it is possible to describe the boat or boats (see line 10, page 3 of the working draft dated 3/06/87). Instead, this certificate should identify the dealer and the lengths of vessels which can be operated or demonstrated under the certificate. This would also allow us to charge different dealers different fees.

Section 05.25.225 should be entitled "Issuance of certificate and validation decals."

I find 05.25.200, 05.25.205, and 05.25.225(b) confusing as written. Section 05.25.225(b) should be broken down and include display of decals, placement of numbers, and carrying and displaying certificate, under Section 05.25.200.

Section 05.25.230 should be entitled "Expiration and Renewal of Certificates." We do not need to address "stickers" in any event; they should be addressed as "decals."

12-L2LH

If we charge an appropriate fee of $10.00 per year for an outboard, we would collect $30.00 for the certificate. However, if we charge $100.00 or more for a $100,000.00+ yacht, they may have to pay $300.00 up front. Unless the Coast Guard's computer cannot handle it, perhaps it would be more reasonable to propose a two-year certificate, at $15.00 per year, particularly since the certificate becomes void if the vessel is transferred.

Section 05.25.320 should be renumbered to 05.25.305.
Section 05.25.305 should be renumbered to 05.25.310.
Section 05.25.310 should be renumbered to 05.25.315, and
Section 05.25.315 should be renumbered to 05.25.320.

We agree that this is an important bill. We are attempting to be very conservative in our fiscal note. The Coast Guard is attempting to sell this bill as something that will save lives. If that is true, then there must be enforcement.

Our Fish and Wildlife Protection Troopers are attempting to protect the resources. That is their primary responsibility. There is a conflict when you think these officers can patrol effectively for both. In most cases, sport fishing enforcement will suffer the most by our present budget reductions. There will be few state enforcement officers to tackle this added responsibility. We need this modest fiscal note to provide a minimal enforcement presence.

As Deputy Commissioner Vaden said, "If you just want a registration and numbering program, let's not take the federal money. We can register the boats for about $50,000.00 a year and collect $300,000.00."

However, if we are going to take the federal dollars, then we must provide for a "boating safety program" which complies with federal mandates. This would be a minimal enforcement effort.

To do this job correctly and save lives would cost the State a tremendous amount of money.

Sincerely,

Gretchen A. Derr
Special Assistant

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5146 HTRA HB 94 - HB 100

718

Honorable Chair and members of the Committee. My name is Gretchen Derr, I am from the Department of Public Safety.

The Department of Public Safety is Neutral on this piece of legislation.

The purpose of this bill is to generate revenues for the State, both in fees received from a vessel numbering system, and through federal assistance funds. This bill is designed to address boating safety and boating registration while generating revenues for the State, etc.

Passage of this bill would require the Department to:

1. develop a boat numbering system;

2. develop and maintain a record-keeping system;

3. develop an accident reporting system;

4. develop and present boating safety education programs; and,

5. promulgate regulations.

Prior to implementation of this bill, extensive public education would be required to advise the public of the change in this responsibility from the federal government to the State.

Federal assistance funds from the Acquatic Resource Trust Fund are available through April 1, 1989. There is a bill in Congress to extend the Trust Fund; however, it has not passed, and is still in Committee. The State would receive approximately $250.0 the first year and up to $290.0 per year thereafter under the current law.

In order for the State to qualify for these funds, we must meet a number of requirements:

1. develop an approved vessel numbering system;

2. provide sufficient state matching funds -- these funds could come from fees received through vessel numbering.

3. maintain a cooperative boating assistance program with the U.S. Coast Guard;

4. provide adequate patrol to insure compliance with all laws and regulations concerning boating safety;

5. provide a boating safety program which meets the standards established by the National Association of State Boating Law Administrators; and, finally,

6. have an approved system for reporting marine fatalities.

The Department feels that, as with most federal funds which required certification that the grantee has complied, the requirements and audits become more stringent with the passage of time. There is no free lunch.

The Coast Guard requires uniformed officers to patrol and enforce the state's laws and regulations. This could create a tremendous responsibility if we are required to patrol all state waters - including the three-mile limit and all lakes and streams.

The Department could not fully meet the federal requirements with existing personnel -- that is, the reduced number of enforcement personnel we will have in FY88.

Subj: ALASKA HOUSE BILL 94

g. Section 5.25.240 discusses the report of transfer, abandonment or destruction of boat or change of address of owner. 33 CFR 174.13 incorporates the provision of 33 CFR 173.29 mandating that the owner must also provide the issuing authority with notice of the theft/recovery of the vessel or destruction of the certificate of number. These matters should be included with the required notice provisions of this section.

h. Section 5.25.245 sets forth the applicability of the numbering portion of the draft state law. Subsection 4 thereof provides that AS 5.25.200 - 5.25.240 do not apply to ship's lifeboats" used soley for lifesaving purposes". This qualification as to ships' lifeboats goes further than the requirments of 33 CFR 174.11 which incorporates the requirements of 33 CFR 173.11(d). Whereas Coast Guard regulations state that ships' lifeboats are to be exempted from state numbering requirements, the State of Alaska purports to exempt only those ships' lifeboats that are used soley for lifesaving purposes. The issue of the use of ships' lifeboats as small passenger vessels for passenger lightering has been a local bone of contention. Therefore, this provision which would exempt only those lifeboats that are properly used as such may indeed be considered a legitimate exercise of the State's authority.

i. Section 5.25.325 sets forth the applicability of AS 5.25.300 through 5.25.320, the provisions dealing with accident reporting. Subsection (b) provides exemption for certain vessels from the applicability of the section. 33 CFR 174.101 sets for the requirements for applicability of state casualty reporting systems and encorporates 33 CFR 173.51 therein. 33 CFR 173.51 provides that all uninspected vessels which are either required to be numbered or used for recreational purposes fall under the casualty and accident reporting regulations. Insofar as draft 5.25(b)(1) and (2) would exempt a documented or foreign boat being used by its operator for recreational purposes from the casualty reporting regulations, this section conflicts with the federal law. Therefore, this section should be modified to more closely mirror the provisions of 33 CFR 173.51.

j. Section 5.25.330 deals with the owner's civil liability. This section includes the provision that the owner of the boat is liable for injury or damage caused by the negligent operation of the boat whether the negligence consists of a violation of a state statute or a failure to use ordinary care. Such a provision seems to create a "per se" negligence rule which arguably could create liability based merely upon

the expiration of a certificate of number notwithstanding the use of reasonable care. Insofar as the legislature intends this effect there is no objection from the standpoint of federal law. However, comment is made to insure that the ramifications of this language are fully considered prior to its inclusion in the final bill.

k. Section 5.25.405 contains provisions relating to safety equipment on recreational vessels. Subsection (a) has a requirement for a white light. It is noted that the COLREGS and the requirements therein for lights control exclusively in the navigable waters of the State of Alaska. This provision dealing with lights therefore should be modified to state its applicability to only non-navigable waters. Moreover, if the state desires to include provisions for lights and shapes, etc., the statute should make reference to the international navigation rules.

l. Section 5.25.415 requires a diver's flag. This provision likewise can have effect only insofar as it does not conflict with the COLREGS. Rule 27 of the COLREGS sets forth the requirements for the exhibition of lights and shapes for vessels engaged in diving operations. Subsection (e) requires that a vessel which cannot exhibit all the lights and shapes described must still exhibit three all around lights in a verticle line where they can best be seen, the highest and lowest of these lights being red and the middle being white and a rigid replica of the international code flag "A" not less than one meter in height in a manner providing all around visibility. This section of the Alaska bill purports to require a different flag when diving operations are underway. The application of the diving flag laws in conjunction with the COLREGS was discussed in 434 Coast Guard Law Bulletin 24, corrected by (G-LMI) letter 16672 dated 12 November 1985. In short, the ruling has been made that the "Alpha" flag signal is to be flown as a means of indicating when a small vessel engaged in diving operations is restricted in ability to maneuver. Flying a state prescribed flag may be used as a personal identifying signal and may be used either in conjunction with the "Alpha" flag signal when the vessel is restricted in the ability to maneuver or alone if the vessel is not restricted in ability to maneuver. However, a vessel is not exempt from flying the code "Alpha" flag merely because it is flying a state prescribed flag and that state prescribed flag cannot be allowed to impair the visibility of the code "Alpha" flag. I would suggest that the draft bill be modified to reflect the foregoing.

(5) **HOUSE COMMITTEE REPORT** 2/11

Date referred: 1/30/87 FURTHER REFERRALS: Judiciary
Finance

DATE: March 9, 1987

The Transportation Committee has considered HB 94

"An Act relating to boat numbering, accidents, and safety; and providing for an effective date."

RECOMMENDS:

[X] replace with CS HB 94 (Transportation) [X] the same title
[ ] a new title

[ ] attached amendment(s)

[X] do pass
[ ] do not pass
[ ] no recommendation
[ ] individual recommendations
[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

[X] fiscal impact
[ ] zero fiscal note
[ ] zero with analysis
[ ] same as previous fiscal note published _____
[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Bill Hudson
C. C. Bunker
Heinrich Springer
Bette Cato

SIGNING OTHER RECOMMENDATIONS:

House Finance - Do Pass

Bette Cato
Chairman's signature

Official Business

COMMITTEE:

House Transportation

DATE: February 11,1987

SIGN-IN

Subject of meeting:

HB 31 "An Act relating to registration of commercial and noncommercial motor vehicles; and providing for an effective date."

HB 94 "An Act relating to boat numbering, accidents, and safety; and providing for an effective date."

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
CDR. G.M. HARBEN	FED BUILDING Box 3-5000 Juneau 99802	586-7474	U.S.C.G.	YES
CDR DM WALDRON	612 Willoughby Ave Juneau 99801	586-7349	USCG MSO JUN	Yes
Randy Weaver	415 Coleman 155 S. Seward Juneau, AK 99801 Juneau	586-5255	Harbormaster	Yes
LT. D.M. Shipbrook	Fed Bldg	586-7398	USCG	NO
CWO W.R. Laird	Fed Bldg	586-7314	USCG	NO
MARILYN COFFMAN IPDCO	108 TROY AVE JUNEAU 99801	586-6113	U.S.C.G AUXILIARY	YES
T.J. Thrasher * IPDCO	3443 Mcinn. Anch 99503 HB# 31	463-3279	AK Trucking Assoc.	HB31 yes
Bill Brown *	P.O. Box N 99811 HB# 31	465-4335	DMV	HB31 Yes
Greg Abrigtson	Board V. Jr. AK	465-4905	ME	YES

Official Business

COMMITTEE:

House Transportation Committee

DATE: February 27, 1987

SIGN-IN

Subject of meeting:

HB 74: "An Act relating to motorcycle license plates."
HB 94: "An Act relating to boat numbering, accidents, and safety; and providing for an effective date.
HB 118: "An Act relating to decisions on right-of-way lease applications."

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?	
John Manning	title: Health & Soc Svc Planner P.O. BOX H-06C; Juneau, 99811	465-3141	EMS/DPH/DHSS	Yes (HB94)	94 *
Elliot Lipson	9001 Long Run Dr. Juneau 99801	789-0989	self	no	
Harold Moles	title: 2BKs AK 1001 Noble Suite 240 99701	456-8700	Northwest Pipeline ALASKAN	HB 118 yes	HB 118
Gretchen Deer	title: spec. Assist. to Comm. P.O. Box N, Juneau, AK 99811	465-4322	Dept Public Safety	HB 94 Yes	94
D.M. Waldrow	612 Willough by Ave Juneau 99801	586 7349	USCG	Yes HB94	94 *
M.A. Conway	title: P.O. Box 3-5000, Juneau, AK 99802	586-7197	USCG	NO	
G.M. Harben	CCGD 17 (m)	586-7471	USCG	HB94 IF NEEDED	94
Bill Brown	P.O. Box N	465-4335	DMV	Answer Questions HB 94	74 +
Rep. Richard Shultz	Ak State Legis	465-4940	Sponsor of HB118		

Official Business

COMMITTEE:

House Transportation Committee

DATE: March 9, 1987

SIGN-IN

Subject of meeting:

HB 94: "An Act relating to boat numbering, accidents, and safety; and providing for an effective date."

HCR 13 Relating to the expeditious redesign and reconstruction of the airport road in Bethel.

NAME Please include title	ADDRESS Please include zip	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
CTM GM HARBEN	USCG FED BUILDING	586-7474	USCG	IF NEEDED No
Cdr DM WALDRON	USCG MSO Juneau	5867349	USCG	If Needed *
CDR M.A. CONWAY	USCG DISTRICT 17	586-7197	USCG	
GRETCHEN DERR SPECIAL ASST	P.O. Box N, Juneau, AK 99811	465-4328	Public Safety	Answer Questions if necessary
MARK S. JOHNSON	Dept. of Health & Social Services EMS Section P.O. Box H-06C JUNEAU	465-3027	AHSS	SUPPORT HB 94 if needed
SUSAN FLEISCHMANN	DEPT. OF TRANSPORTATION	465-3900	DOT&PF	ANSWER QUESTIONS IF NECESSARY *

HB

100

STATE OF ALASKA
THE LEGISLATURE

POUCH Y · STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3640

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation:

3/6/87

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

March 6, 1987

FOR TODAY'S MEETING YOU HAVE:

A BINDER ON HB 100 THAT INCLUDES:

* a copy of HB 100
* a bill analysis
* a copy of the statute that would be amended by HB 100
* a legal opinion regarding the railroad's budget and fiscal records
* a copy of the statutes outlining the railroad's exemption from certain laws
* a legal opinion regarding the Alaska Railroad Corporation Act
* ~~a fiscal note from the Dept. of Commerce and Economic Development~~
* the Alaska Railroad Corporation's response to HB 100
* selected questions asked to the Alaska Railroad Corporation by House Labor & Commerce

A copy of several reports from the Alaska Railroad Corporation

THE FOLLOWING PAGES WERE TREATED AS
A UNIT IN THE ORIGINAL FILE.

ANNUAL REPORT

ALASKA RAILROAD CORPORATION

1985

SECTIONAL ANALYSIS HB 100

Chapter 40 Sec 42.40.260 - annual report of the Alaska Railroad.

Section 1 (a) Line 10 thru 17 are the same as are currently in the statute

Commencing at Line 18 "The report shall also" thru to Line 7 on Page 2 of the bill - this underlined section has all been added to the current statutes.

Line 19 - (1) requires the annual report to include the goals and objective of the board for the fpreceeding fiscal year and any modifications.

Line 22 (2) requires proposed plans to implement goals and objectives be included in the report.

Line 27 (3) requires the report include a budget to carry out proposed plans, and explanation of services, service costs and total number of persons employed be included in the annual report.

Line 4
Page 2 (4) requires the report include receipts and expenditures for the preceeding fy, and, and estimate of the receipts during the current fiscal year, and an estimate of receipts for the suceeding fiscal year.

(7/5)

HOUSE COMMITTEE REPORT

Date referred: 2/2/87

FURTHER REFERRALS: Finance

DATE: March 6, 1987

The Transportation Committee has considered HB 100

"An Act relating to the annual report of the Alaska Railroad Corporation."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Chairman's signature

(29) enter into agreements with a state agency or other instrumentality of the state; and

(30) do all things necessary or desirable to carry out the powers and duties of the corporation granted or necessarily implied in this chapter or other laws of the state or the laws or regulations of the federal government. (§ 2 ch 153 SLA 1984)

Sec. 42.40.260. Annual report. (a) Within 90 days following the end of the fiscal year of the Alaska Railroad the board shall distribute to the governor and to the legislature a report describing the operations and financial condition of the corporation during the preceding fiscal year. The report may include suggestions for legislation relating to the structure, powers or duties of the corporation or to the operation or facilities of the corporation. Subject to AS 42.40.220, the report shall itemize the cost of providing each category of service offered by the railroad and the income generated by each category.

(b) Every five years the annual report shall include an analysis of potential sale arrangements whereby the corporation may be transferred into private ownership. The analysis shall include documentation of at least three offers to sell the corporation initiated by the corporation during the last five years. (§ 2 ch 153 SLA 1984)

Jack Meyer, AG most specific

Sec. 42.40.270. Audits. (a) The board shall have the financial records of the corporation audited annually by an independent certified public accountant experienced in railroad accounting. The board shall have an annual performance audit conducted by a recognized railroad management expert to assure that the railroad is being managed and operated effectively and efficiently in accordance with the requirements of this chapter and that each appropriation is used to directly support those services for which the appropriation was requested. Auditors shall use the standards required under AS 42.40.100(9) and determine whether appropriations received for a service that is not self-sustaining were calculated in accordance with United States Interstate Commerce Commission standards for determining rail service subsidies.

(b) The corporation shall make all of its financial records available to an auditor appointed by the governor and to the legislative audit division for examination. Disclosure to the public by the auditor or legislative audit division of this information is subject to AS 42.40.220 and rules implementing that section. (§ 2 ch 153 SLA 1984)

STATE OF ALASKA
THE LEGISLATURE

JAN 2 2 1987

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M January 22, 1987

SUBJECT: Budget and fiscal records of the Alaska Railroad Corporation (Work Order 15-0271)

TO: Representative Bette Cato

FROM: George Utermohle GU
Legislative Counsel

You have asked that the budget and fiscal records of the Alaska Railroad Corporation be more available to the legislature.

While the corporation is exempt from the Executive Budget Act and the Fiscal Procedure Act, under AS 42.40.220(a) information in the possession of the corporation is public and is open to public inspection. The only information which the corporation may withhold from the public are matters of a privileged or proprietary nature such as personnel records, communications and work product of legal counsel and other information associated with specific shippers, divisions, and contrast rate agreements. (AS 42.40.220(b)) Budget and fiscal records of the corporation are not included in the matters that the corporation may withhold from disclosure. Thus the legislature should already have access to budget and fiscal information of the corporation as well as the financial and performance audits conducted under AS 42.40.270.

However if the corporation can legally withhold budget and fiscal information under AS 42.40.220(b) or if that information has simply been difficult to obtain, then the following amendment is proposed in order to require the corporation to provide some of the information that you seek:

AS 42.40.260(a) is amended to read:

> (a) Within 90 days following the end of the fiscal year of the Alaska Railroad the board shall distribute to the governor and to the legislature a report describing

the operations and financial condition of the corporation. The report shall include

(1) the goals and objectives of the board for the preceding fiscal year and modifications of the goals and objectives for the current fiscal year;

(2) proposed plans to implement goals and objectives, including estimates of future service needs, proposed modifications of existing services and establishment of new services, and the estimated financial and personnel resources to carry out the proposed plan;

(3) a budget to carry out its proposed plans in the current fiscal year including an explanation of services to be provided, the total number of persons employed or under contract by the corporation for personnel services including those for capital improvements, the need for the services, the cost of the services and other related information requested by the governor or legislature;

(4) a report of the receipts and the expenditures during the preceding fiscal year, an estimate of the receipts during the current fiscal year, and an estimate of the receipts for the succeeding fiscal year.

The report may include suggestions for legislation relating to the structure, powers or duties of the corporation or to the operation or facilities of the corporation. Subject to AS 42.40.220, the report shall itemize the cost of providing each category of service offered by the railroad and the income generated by each category.

If I can provide further assistance on this matter, please contact me.

GU:mkr
m8/C38

Chapter 40. Alaska Railroad Corporation.

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

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

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

Article 1. Establishment and Organization.

Section
10 Establishment of the corporation
20 Board of directors
30 Term of office
40 Vacancies
50 Compensation and expenses
60 Board officers

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

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

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

Article 4. Powers and Duties.

Section
250. General powers
260. Annual report
270. Audits
280. State oversight reports
285. Legislative approval required
290. Long-range capital improvement and program plan
300. Use of corporation assets
310. Indemnification

Sec. 42.40.250. General powers. In addition to the exercise of other powers authorized by law, the corporation may

(1) adopt a seal;

(2) adopt bylaws governing the business of the corporation;

(3) sue and be sued;

(4) appoint trustees and agents of the corporation and prescribe their powers and duties;

(5) hire legal counsel to represent the corporation;

(6) make contracts and execute instruments necessary or convenient in the exercise of its powers and duties;

(7) acquire by purchase, lease, bequest, devise, gift, exchange, the satisfaction of debts, the foreclosure of mortgages, or otherwise, personal property, rights, rights-of-way, franchises, easements, and other interests in land, and acquire by appropriation water rights that are located in the state, taking title to the property in the name of the corporation;

(8) hold, maintain, use, operate, improve, lease, exchange, donate, convey, alienate, encumber, or otherwise grant a security interest in, or authorize use or dispose of, land or personal property, subject to other provisions of this chapter;

(9) contract with and accept transfers, gifts, grants or loans of funds or property from the United States and the state or its political subdivisions, subject to other provisions of federal or state law or municipal ordinances;

(10) undertake and provide for the management, operation, maintenance, use, and control of all of the property of the corporation, including all land and personal property of the Alaska Railroad transferred under 45 U.S.C. 1203(a) and described in the report dated July 14, 1983, as amended, submitted to Congress and the legislature under 45 U.S.C. 1204(a);

(11) recommend to the legislature and the governor any tax, financing, or financial arrangement the corporation considers appropriate for expansion or extension and operation of the Alaska Railroad;

(12) maintain offices and facilities at places it designates;

(13) apply to the state, the United States, and foreign countries or other proper agencies for the permits, licenses, rights-of-way, or approvals necessary to construct, maintain, and operate transportation and related services, and obtain, hold, and reuse the licenses and permits in the same manner as other railroad operators;

(14) prescribe rates to be charged for services provided by the Alaska Railroad consistent with 45 U.S.C. 1201 — 1214 (Alaska Railroad Transfer Act of 1982);

(15) determine the routes, schedules, and types of service to be provided by the Alaska Railroad;

(16) enter into contracts, leases, and other agreements with connecting carriers, shippers, and other persons concerning the services, activities, operations, property, and facilities of the corporation, including agreements that contain provisions to preserve and expand the railroad's traffic base;

(17) plan for and undertake expansion of the railroad and railroad activities, including extension of the rail system, and contract with other modes of transportation service connecting to the rail system;

(18) hire and discharge railroad personnel and determine benefits and other terms and conditions of employment;

(19) assume all rights, liabilities, and obligations of the Alaska Railroad in accordance with 45 U.S.C. 1201 — 1214 (Alaska Railroad Transfer Act of 1982);

(20) maintain a security force to enforce municipal ordinances, state laws, and the corporation's rules with respect to violations that occur on or to property owned, managed or transported by the corporation;

(21) issue its bonds upon approval of the legislature and provide for and secure their payment, provide for the rights of their holders and hold or dispose of them;

(22) purchase the corporation's bonds at a price not more than the principal amount of them plus interest;

(23) cancel bonds of the corporation purchased by the corporation;

(24) secure the payment of its bonds by pledge, mortgage, or other lien on its contracts, revenues, income, or property;

(25) consent to the modification of the rate of interest, time of payment of an installment of principal or interest, or other term of a loan, contract, or agreement to which the corporation is a party;

(26) borrow money, including the amounts necessary to establish reasonable reserves, and pay financing charges and interest on bonds for a reasonable period after which the corporation estimates other money will be available to pay the interest, consultant, advisory, and legal fees, and other expenses necessary or incident to borrowing;

(27) acquire, hold, and dispose of stocks, memberships, contracts, bonds, general or limited partnership interests or other interests in another corporation, association, partnership, joint venture, or other legal entity, and exercise the powers or rights in connection with these interests that are provided in contracts or agreements and that are allowed by law concerning the satisfaction of debts;

(28) undertake and provide for the acquisition, construction, maintenance, equipping, and operation of connecting, switching, terminal, or other railroads and railroad facilities;

(29) enter into agreements with a state agency or other instrumentality of the state; and

(30) do all things necessary or desirable to carry out the powers and duties of the corporation granted or necessarily implied in this chapter or other laws of the state or the laws or regulations of the federal government. (§ 2 ch 153 SLA 1984)

Sec. 42.40.260. Annual report. (a) Within 90 days following the end of the fiscal year of the Alaska Railroad the board shall distribute to the governor and to the legislature a report describing the operations and financial condition of the corporation during the preceding fiscal year. The report may include suggestions for legislation relating to the structure, powers or duties of the corporation or to the operation or facilities of the corporation. Subject to AS 42.40.220, the report shall itemize the cost of providing each category of service offered by the railroad and the income generated by each category.

(b) Every five years the annual report shall include an analysis of potential sale arrangements whereby the corporation may be transferred into private ownership. The analysis shall include documentation of at least three offers to sell the corporation initiated by the corporation during the last five years. (§ 2 ch 153 SLA 1984)

Sec. 42.40.270. Audits. (a) The board shall have the financial records of the corporation audited annually by an independent certified public accountant experienced in railroad accounting. The board shall have an annual performance audit conducted by a recognized railroad management expert to assure that the railroad is being managed and operated effectively and efficiently in accordance with the requirements of this chapter and that each appropriation is used to directly support those services for which the appropriation was requested. Auditors shall use the standards required under AS 42.40.100(9) and determine whether appropriations received for a service that is not self-sustaining were calculated in accordance with United States Interstate Commerce Commission standards for determining rail service subsidies.

(b) The corporation shall make all of its financial records available to an auditor appointed by the governor and to the legislative audit division for examination. Disclosure to the public by the auditor or legislative audit division of this information is subject to AS 42.40.220 and rules implementing that section. (§ 2 ch 153 SLA 1984)

Sec. 42.40.280. State oversight reports. (a) The board shall provide a state oversight report to the governor and the legislature before undertaking

(1) expansion, reduction, or diversification of services provided by the railroad upon the date of transfer or as provided under this chapter that the board determines would represent a significant and permanent change in the level and nature of services provided; or

(2) an application for an appropriation to be used for providing any service that is not self-sustaining.

(b) The report under (a) of this section shall be in writing, describe the proposed undertaking in detail, and specify

(1) its financial impact on the corporation;

(2) its impact on the level and nature of services provided by the corporation;

(3) the reasons the action is necessary or desirable to achieve the purposes of this chapter;

(4) whether and when the undertaking or service is expected to be self-sustaining financially; and

(5) if the undertaking requires an appropriation to be used for providing a service that is not self-sustaining, that the amount of the appropriation has been strictly calculated in accordance with United States Interstate Commerce Commission standards for determining rail service subsidies. (§ 2 ch 153 SLA 1984)

Sec. 42.40.285. Legislative approval required. Unless the legislature approves the action by law, the corporation may not

(1) exchange, donate, sell, or otherwise convey its entire interest in land;

(2) issue bonds;

(3) extend railroad lines; this paragraph does not apply to a spur, industrial, team, switching or side track;

(4) lease land for a period in excess of 35 years unless the corporation reserves the right to terminate the lease if the land is needed for railroad purposes. (§ 2 ch 153 SLA 1984)

Sec. 42.40.290. Long-range capital improvement and program plan. (a) The corporation shall prepare and the board shall adopt a long-range capital improvement and program plan. The plan shall explain the manner in which the corporation intends to accomplish the purposes of this chapter and the corporation's anticipated capital improvements during each of the five years after the plan is adopted.

(b) The board shall annually review and approve revisions to the long-range capital improvement and program plan. The board shall provide copies of the updated plan to the governor and the legislature by December 1 of each year. (§ 2 ch 153 SLA 1984)

Sec. 42.40.905. Notice of legal actions. (a) The corporation shall notify the Department of Law within 30 days before initiating legal action unless special circumstances exist that require immediate legal action to protect the corporation assets or to continue existing service.

(b) If notice of legal action is not given under (a) of this section, within seven days of taking action the board shall notify the Department of Law of the action taken and of the special circumstances that exempted the action from the requirements of (a) of this section. (§ 2 ch 153 SLA 1984)

Sec. 42.40.910. Exemption from taxation. (a) The exercise of the powers granted by this chapter shall be in all respects for the benefit of the people of the state, for their well-being and prosperity, and for the improvement of their social and economic conditions. Subject to (b) of this section, the real and personal property of the corporation and its assets, income, and receipts are exempt from all taxes and special assessments of the state or a political subdivision of the state.

(b) Bonds and notes issued under this chapter are issued by a body corporate and public of the state and for an essential public and governmental purpose. Therefore, the bonds and notes, the interest and income from them, and all fees, charges, funds, revenue, income and other money pledged or available to pay or secure the payment of the bonds and notes or interest on them, are exempt from taxation except for inheritance, transfer, and estate taxes.

(c) This section does not affect or limit an exemption from license fees, property taxes, or excise, income or other taxes, provided under any other law, nor does it create a tax exemption with respect to the interest of any business enterprise or other person, other than the corporation. (§ 2 ch 153 SLA 1984)

Sec. 42.40.920. Application of existing laws. (a) The corporation is not subject to the jurisdiction of the Alaska Transportation Commission.

(b) [Effective July 1, 1987] Unless specifically provided otherwise in this chapter, the following laws do not apply to the operations of the corporation:

sets up DOT
(1) AS 19; - Highways & Ferries
(2) AS 30.15; - Navigation, Harbors + Shipping - State grants for port facilities constru
(3) AS 35; - Public Buildings, Works & Improvements
(4) AS 36.30, except as specifically provided in that chapter; - Public Contracts
(5) AS 37.05: Public Finance — financial reports - uniform accounting
(6) AS 37.07: - Exec. Budget Act
(7) AS 37.10.010 — 37.10.060. Public Funds
(8) AS 37.10.085; - Fin. Aid to Corporations in State or political subdiv.
(9) AS 37.20; - Acceptance of federal funds.

(10) AS 37.25; - Misc provisions re appropriations
(11) AS 38; — Public Lands
(12) AS 44.62.010 — 44.62.320. (§ 2 ch 153 SLA 1984; am § 41 ch 106 SLA 1986) - Admin Procedures Act. - applies primarily to developing regulations

Effect of amendments. — The 1986 amendment, effective July 1, 1987, inserted paragraph (4) of subsection (b) and redesignated the following paragraphs accordingly.

Editor's notes. — Prior to July 1, 1987, subsection (b) read as follows: "(b) Unless specifically provided otherwise in this chapter, the following laws do not apply to the operations of the corporation

"(1) AS 19;
"(2) AS 30.15;
"(3) AS 35;
"(4) AS 37.05;
"(5) AS 37.07;
"(6) AS 37.10.010 — 37.10.060;
"(7) AS 37.10.085;
"(8) AS 37.20;
"(9) AS 37.25
"(10) AS 38;
"(11) AS 44.62.010 — 44.62.320."

Sec. 42.40.930. Conflicting laws inapplicable. If provisions of AS 42.40 conflict with the provisions of other state law, the provisions of AS 42.40 prevail. Provisions of AS 42.40 shall be construed so that they do not conflict with 45 U.S.C. 1201 — 1214 (Alaska Railroad Transfer Act of 1982). (§ 2 ch 153 SLA 1984)

Sec. 42.40.935. Railroad facilities code compliance. (a) Not later than two years after the date of transfer the corporation in consultation with the Department of Labor shall develop and adopt a plan to achieve compliance with AS 18.60. The plan shall be implemented and compliance achieved within five years after it is adopted.

(b) No later than two years after the date of transfer, the corporation in consultation with the Department of Public Safety and appropriate municipal officials, shall develop and adopt a plan to achieve compliance with building and related safety codes applicable to facilities of the corporation. The plan shall be implemented and compliance achieved within five years after it is adopted. In the sole determination of the commissioner of public safety, any existing building owned or controlled by the corporation that does not present a serious safety hazard and for which compliance would be uneconomical in consideration of its remaining useful life shall be exempted from compliance with state or municipal safety codes. (§ 2 ch 153 SLA 1984)

Sec. 42.40.940. Sale or lease of the railroad. (a) The governor may provide for the sale or lease of the Alaska Railroad and dissolve the corporation if

(1) it can be assured that the railroad will continue to operate after the sale or lease; and

(2) under the terms of the sale or lease, the state will receive the amount of money it has spent in connection with the Alaska Railroad

(b) A sale under this section is subject to approval by law. (§ 2 ch 153 SLA 1984)

Sec. 42.40.950. Reversion of assets. Except as provided in AS 42.40.940, if the corporation ceases to exist its assets revert to the state. (§ 2 ch 153 SLA 1984)

Sec. 42.40.980. Definitions. In this chapter unless the context otherwise requires,

(1) "board" means the board of directors of the Alaska Railroad Corporation;

(2) "bonds" means bonds, bond anticipation notes, notes, refunding bonds, or other obligations;

(3) "collective bargaining" means the performance of the mutual obligation of the corporation or its designated representatives and the representatives of the employees to meet at reasonable times, including meetings in advance of the budget making process, and negotiating in good faith with respect to wages, hours, and other terms and conditions of employment, or the negotiation of an agreement, or negotiation of a question arising under an agreement and the execution of a written contract incorporating an agreement reached if requested by either party, but these obligations do not compel either party to agree to a proposal or require the making of a concession;

(4) "corporation" means the Alaska Railroad Corporation;

(5) "date of transfer" means the date on which the United States Secretary of Transportation delivers the transfer documents under 45 U.S.C. 1201 -- 1214 (Alaska Railroad Transfer Act of 1982);

(6) "employees" means all persons employed by the corporation including executive officers;

(7) "executive officer" means the corporation's chief executive officer, assistant chief executive officer, assistant to the chief executive officer, chief of administration, superintendent of transportation, manager of marketing and sales, chief engineer, chief mechanical officer, manager of industrial development and real estate, manager of budget and accounting, manager of planning, manager of personnel, manager of supply and procurement, chief of security, manager of operating rules, manager of data processing, manager of strategy, manager of operations planning, manager of supply, manager of procurement, manager of safety, manager of administrative procedure, chief counsel, or if so designated by the board, any employee who fulfills these management functions under a different title or who exercises a similar or comparable level of responsibility or supervision;

(8) "land" means any interest in real property, including tide and submerged land, and any right appurtenant to the interest.

JAN 6 1987

STATE OF ALASKA
THE LEGISLATURE

POUCH V STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M December 11, 1986

SUBJECT: Alaska Railroad Corporation Act
(Work Order No. 15-0271)

TO: Representative Bette Cato

FROM: George Utermohle GU
Legislative Counsel

You have asked a number of questions regarding the Alaska Railroad Corporation (ARR). This memorandum is in answer to those questions.

ONE: WHAT ARE THE LEGAL AND ECONOMIC EFFECTS OF THE EXEMPTIONS CONTAINED IN AS 42.40.920?

AS 42.40.920 specifically exempts ARR from compliance with eleven parts of the statutes.

(1) AS 19

AS 19 addresses highways and ferries. Generally AS 19 is irrelevant to ARR, however there are some sections that could affect railroad operations. In AS 19.05 - 19.40 "utility" is defined to include railroads, so that those provisions of AS 19 addressing the interactions between the Department of Transportation and Public Facilities (DOTPF) and utilities also apply to railroads. In particular AS 19.25.010 - 19.25.020 provides that utilities may be located in highway right-of-ways with the approval of DOTPF and that utilities can be removed from highway right-of-ways if necessary to construct or repair highways.

The economic effect of this provision is to free ARR from the obligation to consult with DOTPF before locating its tracks within a highway right-of-way or to remove tracks from a highway right-of-way. The exemption puts ARR in a better position to negotiate with DOTPF for relocation of tracks from highway right-of-ways, so that DOTPF may have to

bear a larger portion of the cost of relocation. If ARR did not have this exemption, it would be in the same position as other utilities such as power companies, gas companies, and other railroads.

(2) AS 30.15

AS 30.15 provides for state participation in port development projects by authorizing grants to municipalities. The selection and support of port development projects is subject to some control by DOTPF. ARR is exempted from this process for port development.

This exemption enhances the autonomy of ARR more than it promotes economic efficiency of the railroad. Without the exemption ARR may have its port development projects complicated by cooperation with municipalities and DOTPF, but the economic cost of the cooperation should not be significant.

(3) AS 35

AS 35 relates to the construction of public facilities. ARR is exempt from several significant provisions of this title.

AS 35.05.010 designates DOTPF as the agency responsible for construction of public works in the state.

AS 35.10.015 delegates responsibility for enforcement of regulations for handicapped access to public buildings to DOTPF.

AS 35.10.025 requires that state facilities comply with local building codes.

AS 35.10.090 - 35.10.120 makes DOTPF responsible for establishing priorities for port development and for applying for federal funds for harbor facilities.

AS 35.10.160 makes DOTPF responsible for the planning, design, and construction of public facilities. This section also requires that life-cycle costing be used in estimating the total cost of proposed public facilities.

AS 35.27.020 requires that one per cent of the construction cost of public facilities be allocated to art in public places.

AS 35.30 requires that DOTPF and University of Alaska building projects receive the approval of municipal planning authorities.

ARR receives a considerable economic benefit from the exemptions from state handicapped access regulations, participation in the one-per cent-for-art program, and compliance with municipal building codes and planning ordinances.

The exemption from state handicapped access regulations may not mean any real economic benefit to ARR. ARR is still subject to federal regulations regarding handicapped access to federally licensed common carriers and to demands of the market that the railroad serves.

(4) AS 37.05

AS 37.05 is the Fiscal Procedures Act. The act requires that state agencies submit annual financial reports and statements. The act also makes the Department of Administration responsible for accounting, public records, purchasing, and space leasing for state agencies. AS 37.05.230 requires competitive bidding for goods and services purchased by state agencies and grants a bidder's preference to Alaskan businesses. AS 37.05.230 will be repealed on July 1, 1987 and replaced by provisions of the State Procurement Code (AS 36.30).

This exemption gives greater autonomy to ARR, but does not confer a measurable economic benefit on ARR.

(5) AS 37.07

AS 37.07 is the Executive Budget Act. The act requires the governor to prepare and the legislature to review budgets for state agencies. The effect of this exemption is to assure the autonomy of ARR. There is no significant economic benefit to ARR as a result of this exemption.

(6) AS 37.10.010 - 37.10.060

AS 37.10.010 - 37.10.060 requires the Department of Administration to disburse money for state agencies and the Department of Revenue to deposit in the state treasury all money received by state agencies. The exemption from these provisions assures autonomy for ARR without conferring an economic benefit.

(7) AS 37.10.085

AS 37.10.085 prohibits the state from subscribing to capital stock of corporations, from lending credit to corporations, and from borrowing money for the use of a corporation. This exemption permits ARR to invest its funds in corporations and enhances the autonomy that ARR has over its own capital.

(8) AS 37.20

AS 37.20 establishes procedures for receipt of money, property, and land from the federal government. This exemption allows ARR to receive aid from the federal government without having to receive the aid through the governor, Department of Administration, or the Department of Natural Resources. This exemption enhances the autonomy of ARR by freeing ARR from having to cooperate with other agencies in order to receive federal aid. There is no particular economic benefit to ARR associated with this exemption because ARR could still receive federal aid through the processes established in AS 37.20.

(9) AS 37.25

AS 37.25 establishes the lapse date for one year appropriations and for capital appropriations. This exemption makes it necessary for an appropriation to ARR to specifically designate a lapse date.

(10) AS 38

AS 38 relates to the management of state lands. Under AS 38 land in the public domain is managed by the Department of Natural Resources. The disposal of state land to private owners and to municipalities and the exchange of land between state, federal, and municipal governments and private landowners is also controlled under AS 38.

Most provisions of AS 38 would affect ARR only indirectly by establishing procedures for the use and management of railroad lands. However AS 38.35.020 provides for pipeline right-of-ways across state lands including railroad lands. By exempting ARR from the pipeline right-of-way provisions a pipeline company must negotiate a right-of-way across railroad lands just as if ARR was a private company.

The exemption from AS 38 enhances the autonomy of ARR by allowing ARR to manage its own land. The exemption does not confer a direct economic benefit on ARR, but may indirectly result in savings for land management costs associated with the detailed notice and public hearing requirements of AS 38.

(11) AS 44.62.040 - 44.62.320

AS 44.62.040 - 44.62.320 relates to the procedures for the adoption of regulations and for public meetings. The operation of ARR is controlled by rules adopted by the Board of the corporation in accordance with the procedures set out in AS 42.40.180. The procedures under AS 42.40.180 are analogous to the procedures required by the Administrative Procedures Act (AS 44.62) but are much less detailed regarding the notice required and the timing of the process.

The Railroad Labor Relations Agency, however, must fully comply with the Administrative Procedures Act.

ARR is also exempt from the "open meetings" law (AS 44.62.310). However ARR is subject to AS 42.40.150 and 42.40.170 which are analogous to the open meetings law. Unless the board of the corporation is discussing privileged or confidential information, the board must discuss its business in public.

The exemption from the provisions of the Administrative Procedures Act relating to adoption of regulations simplifies the process for making rules governing the railroad. The economic impact of this exemption is that ARR does not incur the costs associated with the complex procedures required to adopt regulations under AS 44.62.

The exemption from the "open meetings" law enhances the autonomy of ARR by freeing the railroad's decision-making process from the statute applicable to other government agencies. However, since ARR is required to hold open meetings under its own legislation, there is no real difference between ARR and other state agencies.

(12) AS 36.30

Effective July 1, 1987 ARR will be exempt from the State Procurement Code. However, ARR must adopt procurement procedures which are substantially equivalent to the procedures contained in the State Procurement Code and the regulations adopted under the authority of the Code. (AS 36.30.015(e))

Since ARR must adopt procurement procedures equivalent to the State Procurement Code, ARR is not truly exempt.

The only effect of this exemption is that it reflects the legislature's acknowledgement of the relatively independent status of ARR.

TWO: YOU HAVE STATED THAT YOU WOULD LIKE TO SEE ARR PROVIDE MORE INFORMATION ON ITS REVENUES, RATES, FINANCES, AND OPERATIONS. THE FOLLOWING IS A SUMMARY OF REPORTS REQUIRED OF ARR.

Ninety days after the end of ARR's fiscal year on December 31 ARR must prepare an annual report relating to the operations and financial conditions of the corporation. (AS 42.40.260) Every five years the annual report must contain a report on offers to sell the railroad. The annual report is subject to restrictions on the release of confidential information (AS 42.40.220); these restrictions may limit the informational value of the annual report.

ARR must prepare an oversight report when a significant and permanent expansion, reduction, or diversification is made in the level and nature of services provided and when the ARR applies to the legislature for a subsidy to provide rail service. (AS 42.40.280) The report must include discussions on the financial impact the railroad, on the impact of the action on the level and nature of services, on the reasons for the action, on whether and when the project will be self-supporting, and on whether the subsidy has been calculated in accordance with the standards of the Interstate Commerce Commission. ARR has not been required to prepare an oversight report to date.

ARR must prepare a five year capital improvement plan and update it annually. (AS 42.40.290) The plan must explain the manner in which the ARR will achieve the purposes of the Alaska Railroad Corporation Act. ARR must submit the report to the legislature by December 1 of each year. ARR has prepared the five year plan and at least one annual update. The update for 1986 has not been released yet.

The governor is required to contract with a private consultant for a special report on the long term operations of the railroad that are in the best interest of the state. The report must include specific recommendations on operational alternatives and on transfer of all or part of the railroad

operations to the private sector. The report is due February 1, 1987. The funds for this report lapsed without being spent. The consultant was never hired. This report has not been and is not likely to be completed.

THREE: WHAT ARE THE REQUIREMENTS FOR THE SALE OF THE RAILROAD? WHAT IS THE TIME FRAME? WHAT HAS BEEN DONE TO DATE? WHAT HAPPENS IF ARR DOES NOT COMPLY WITH THE STATUTE?

There is no specific requirement that the railroad be sold. AS 42.40.940 authorizes the governor to sell or lease the railroad and dissolve the Alaska Railroad Corporation if

> (1) it can be assured that the railroad will continue to operate after the sale or lease; and
>
> (2) under the terms of the sale or lease, the state will receive the amount of money it has spent in connection with the Alaska Railroad.

The legislature must approve any sale.

AS 42.40.260(b) requires ARR to include in its annual report once every five years

> an analysis of potential sale arrangements whereby the corporation may be transferred into private ownership. The analysis shall include documentation of at least three offers to sell the corporation initiated by the corporation during the last five years.

This language can be construed as a requirement that ARR make three offers to sell the railroad every five years, but this language does not require the railroad to be sold.

There is no time period in which the railroad must be sold. The only time period involved is the requirement that ARR report on three offers to sell the railroad every five years.

To date ARR has made no offers to sell the railroad. The annual report containing information on offers to sell the railroad is due by 1990.

AS 42.40 contains no sanctions for failure to sell the railroad or to make the offers to sell the railroad. If ARR does not make the offers to sell the railroad, the only result will be that the railroad will not be sold.

Please contact me if you have further questions regarding the Alaska Railroad Corporation Act.

GU:mkr
m7/061

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HB 100
Publish Date: HOUSE 3/9/87

REQUEST

Bill/Resolution No.: HB 100
Title: Alaska Railroad Annual Report

Sponsor: Representative Cato
Requestor: House Transportation
Date of Request: March 6, 1987

FISCAL DETAIL

Agency Affected: Commerce & Economic Dev.
BRU:

Components:

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

According to the Alaska Railroad Corporation, the information requested in HB 100 can be provided by the Alaska Railroad Corporation without a great deal of additional expense.

Prepared by: Representative Bette Cato
Phone: 465-4858
Division: House Transportation, Chairman
Date: March 6, 1987

Approved by Commissioner: Bette Cato
Date:
Agency: The Alaska State Legislature

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

9/16/86

FACSIMILE COVER SHEET

TO: Honorable Bette Cato, Chairman
House Transportation Committee

FROM: Larry D. Wood, Esq.

General Counsel's Office
Alaska Railroad Corporation

DATE: March 5, 1987

NUMBER OF PAGES (including cover sheet): 10

If any questions/problems with transmittal, please call (907) 265-2461.

3395L

PLEASE NOTE: WE ARE SENDING THE ORIGINALS AND EXHIBITS OUT TODAY BY AIRBORNE EXPRESS. THANK YOU.

ALASKA RAILROAD CORPORATION

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

VIA TELECOPY

March 5, 1987

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

Re: HB 100, An Act Relating to the Annual Report of the Alaska Railroad Corporation

Dear Representative Cato,

We understand that on Friday, March 6, 1987, the House Transportation Committee will be considering HB 100 which proposes some changes to the annual report of the Alaska Railroad Corporation ("ARRC"). We are hopeful that the committee will find the Corporation's position paper useful as it reviews the bill.

Unfortunately, Frank Turpin is out of town and is unable to present our comments personally. However, I know that he would want me to extend his best regards and to thank you for your continued interest in Railroad-related activities.

Because of travel budget cuts, we do not currently plan to send an ARRC representative to the hearing, but can arrange it if you believe a Railroad presence is imperative. As an alternative, our Director of Administration, Jim Blasingame, or I will be available during Friday afternoon to answer questions or concerns generated by the position paper. Our telephone numbers are 265-2425 and 265-2461, respectively.

Thank you very much.

Sincerely yours,

Larry D. Wood
General Counsel

cc: F. G. Turpin, President & CEO

3897L

POSITION PAPER / Alaska Railroad Corporation

HOUSE BILL NO. 100

An Act Relating to the Annual
Report of the Alaska Railroad Corporation

I. Introduction

The Alaska Railroad Corporation Act ("ARCA") requires the Board of Directors of the Alaska Railroad Corporation ("ARRC") to prepare and distribute an annual report to the governor and legislature within 90 days following the end of each corporate fiscal year. HB 100 proposes amendments to ARCA's annual report section, AS 42.40.260(a), which are intended to add several items which must be discussed in the report.

The substance of these items appear to be generally covered in ARRC's annual report, long-range or five-year capital improvement and program plan and its yearly updates, performance and financial audits, and operating and capital budgets. However, even if the same information may be largely available now, HB 100 reflects a desire that all of it be combined in the railroad's annual report. Should the bill be favorably considered for this reason, ARRC requests that the legislation be amended to call for the items to be presented in a supplement to the annual report. Because year-end financial information would also appear in this supplement, we request that 120 days, rather than 90, be available for annual report preparation.

II. Discussion

Part A of the following discussion explains current ARCA goal setting and reporting requirements in greater detail and compares them to HB 100's modifications of the law. Part B describes changes to HB 100 which will help mitigate its impact on ARRC operations if the bill is passed.

A. ARCA's Present Planning and Reporting Requirements

In short, HB 100 will require that ARRC's annual report include:

1. The Board's goals and objectives;

2. Proposed plans to implement these goals and objectives;

3. A budget to carry out proposed plans; and

4. A report of past, present, and future receipts and expenditures.

Currently, the corporation's goals and objectives and its plans to implement them are contained in its long-range or five-year capital improvement and program plan. Goals and objectives are also discussed in ARRC's annual report and a consultant's management audit measures ARRC's success in attaining them. Moreover, ARRC's budget is prepared before the close of each fiscal year. A report of railroad receipts and expenditures appears in the yearly financial audit which is published in the annual report. These plans, reports, audits, and budgets are presently available to the governor and legislature to assist their review of railroad activities.

We have attached ARRC's five-year plan, 1985 annual report, performance audit, and 1987 operating and capital budget. As noted, the financial audit is published in the annual report.

For examples of current ARRC planning and reporting, the reader may turn to ARRC's five-year plan. The plan must be updated annually and copies provided to the governor and legislature by December 1 of each year. It "must explain the manner in which the corporation intends to accomplish the purposes of this chapter and the corporation's anticipated capital improvements during each of the five years after the plan is adopted." AS 42.40.290.

Corporate goals and objectives are divided into four categories, physical plant, revenue, personnel, and general on page four of the current plan. Physical plant goals, for example, include "Major effort to upgrade equipment to improve efficiency and lower maintenance costs will continue throughout the planning period." Page 5. Efforts to implement this goal are explained in the Plans Priority and Classification of Capital section and also appear in the form of a capital spending program on page 18.

The corporation's goals for 1985 also appear on page 4 of the 1985 annual report. Goals and accomplishments are discussed by department throughout the report. In addition, ARCA requires that the annual report describe the operations and financial condition of the corporation during the preceding fiscal year. The report must itemize the cost of providing each category of service offered by the railroad and the income generated by each category.

The goal of "modernizing the railroad's rolling stock, equipment and physical plant" is repeated in the 1985 annual report. A detailed discussion of improvements and maintenance appears in the performance audit as another means of measuring goal attainment. The operating and capital budget lists those projects and expenditures which propose specific actions to achieve upgrade and maintenance objectives.

Finally, the budget and audited year-end financial statements appearing in the annual report do substantially include the information identified by HB 100's final paragraphs. ARRC's 1987 operating and capital budget lists those services each department will provide during the fiscal year. A manpower budget projects the number of personnel needed to accomplish operating and capital goals.

Although in separate formats, railroad plans, reports, audits, and budgets already largely cover the data and information targeted by HB 100. However, the bill's primary focus may be upon combining the information into an enlarged or supplemented annual report. Should HB 100 receive favorable consideration for this or other reasons, there are two modifications which would greatly alleviate its anticipated impact upon corporate operations.

B. Proposed Amendments to HB 100

First, because financial information would be included in the annual report, ARRC requests that the report be due 120 days, not 90, following the end of the railroad's fiscal year. By this time, audited data would more likely be available. Our experience last year indicates that 90 days is not a realistic deadline given the delays inherent in exhaustive, external financial reviews.

Second, we request that the information directed by HB 100 to be combined or provided in the annual report actually appear in a supplement. To effect this change, HB 100 could be easily modified by adding "A supplement to" before "The report" in line 18.

Although primarily a report to the governor and legislature (who, of course, represent ARRC's "shareholders"), the annual report is also used as a marketing tool. In the manner of private corporations, ARRC provides copies of its annual report to customers, potential customers, carriers, and government officials to promote and market its operations and services. We are concerned that a voluminous report will contain information of little interest to such groups, increase publication costs, and seriously damage this effective marketing tool. On the other hand, a supplemented report can be easily and less expensively provided to meet legislative needs. Finally, goals related to market strategies and costing

models will contain sensitive, sometimes confidential, information which should not be widely disseminated.

C. Fiscal Impact of HB 100

Because we view the tasks as largely already required by present law, favorable consideration and passage of a modified HB 100 will mostly have an administrative impact upon ARRC. To the extent that composites and additional information may be needed for an supplemented annual report, we presently believe that they can be provided without a great deal of additional expense in the area of staff and Board time, wordprocessing, copying, printing, and postage.

II. Conclusion

HB 100 requires information to be inserted in ARRC's annual report which is largely already available to the legislature in the railroad's annual report, five-year plan and updates, audits, and operating and capital budget. However, should the bill receive favorable legislative consideration, we request two amendments which will ensure a more realistic report deadline and preserve the marketing advantages of the present annual report format.

3898L

ALASKA RAILROAD CORPORATION

Five Year Plan

Issued July, 1986

PROPRIETARY INFO.
NOT FOR PUBLIC DISCLOSURE

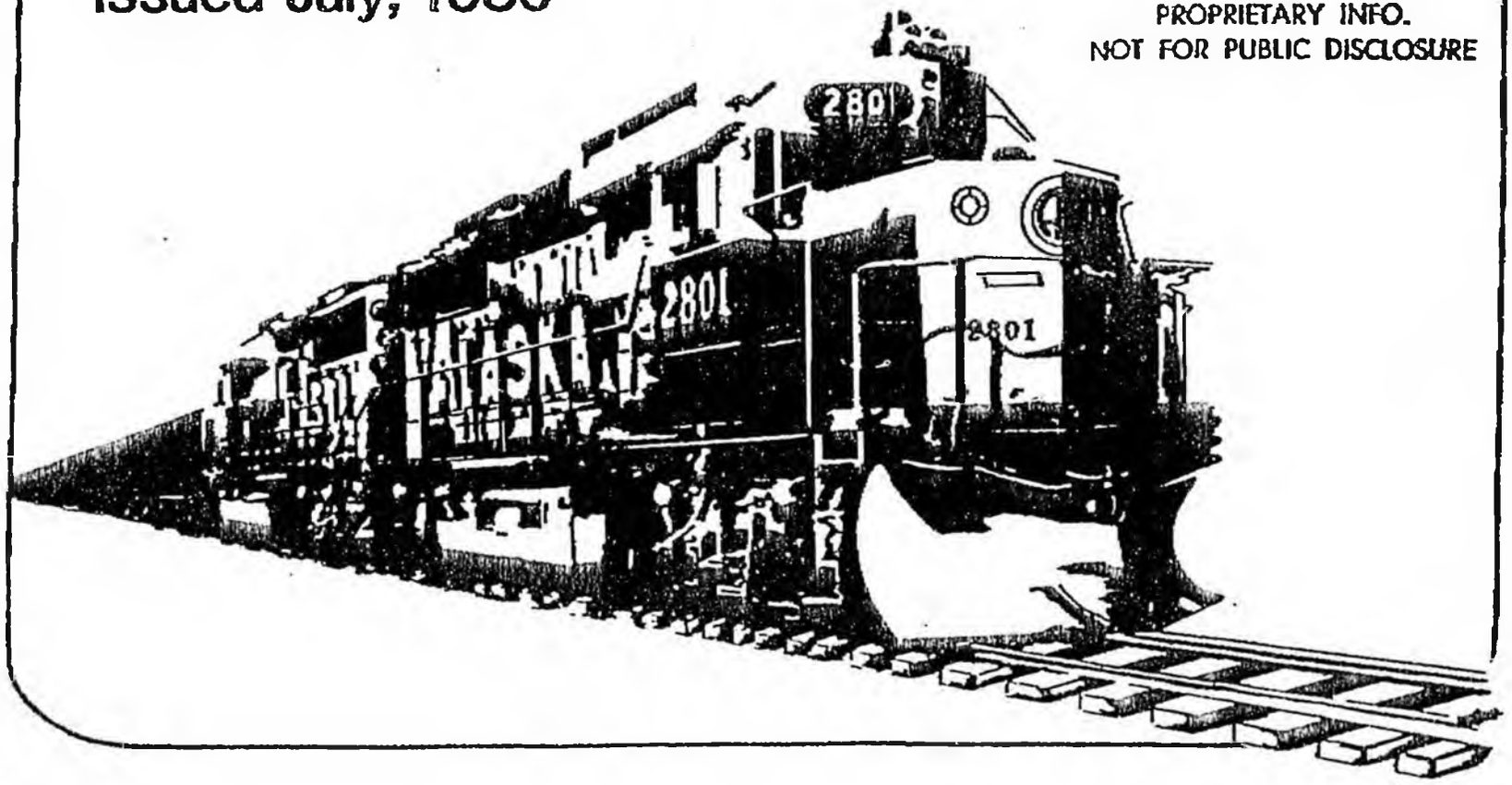


EXHIBIT A

MAR 05 '87 14:14 ARRC.ANCH ALASKA

MAR 05 '87 14:15 ARRC ANCH ALASKA

ANNUAL REPORT

ALASKA RAILROAD CORPORATION

1985

EXHIBIT B

MAR 05 '87 14:16 ARRC.ANCH ALASKA

TO THE BOARD OF DIRECTORS

OF THE ALASKA RAILROAD CORPORATION

A PERFORMANCE AUDIT

OF THE ALASKA RAILROAD

JANUARY 5, 1985 - DECEMBER 31, 1985

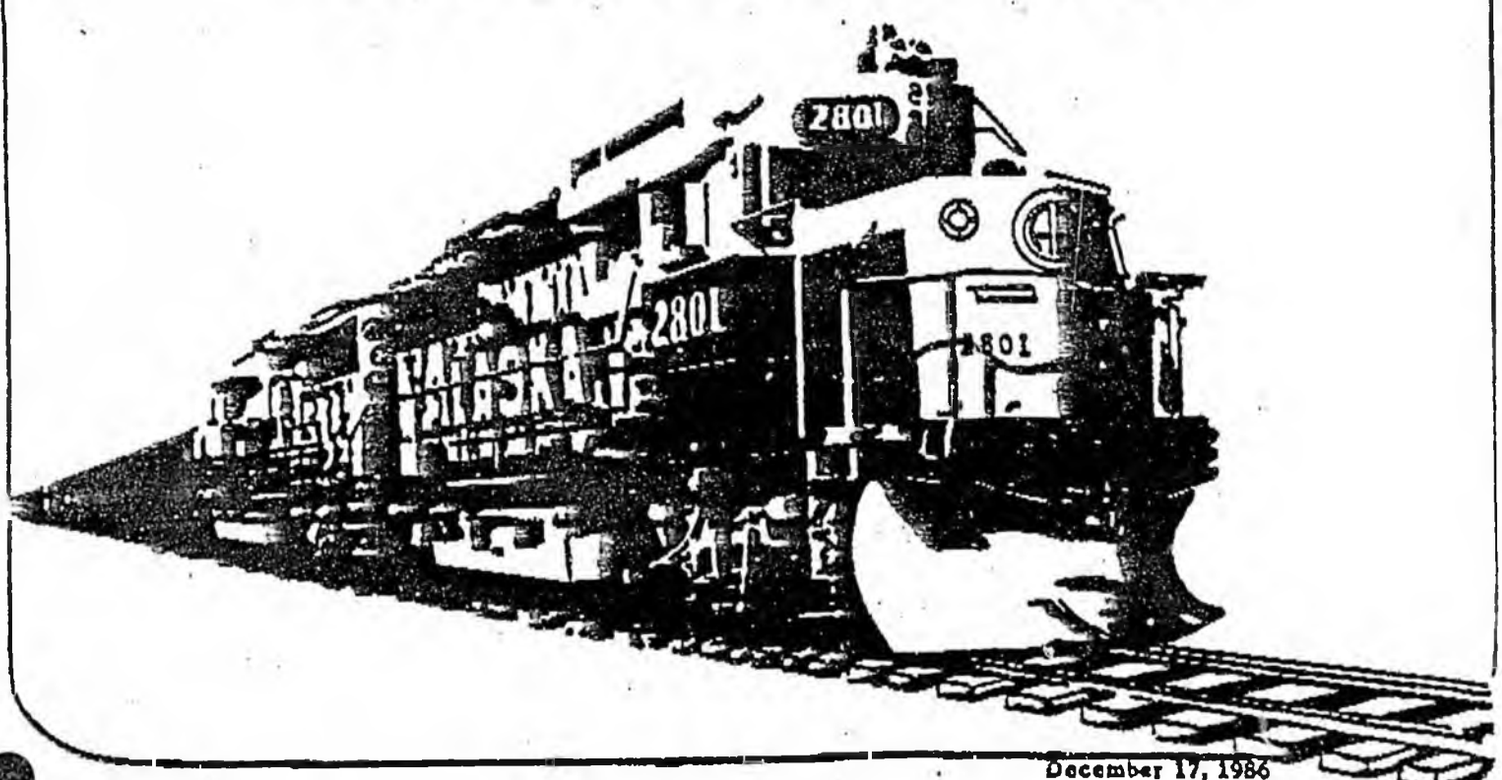
G. W. MAXWELL

JULY 28, 1986

EXHIBIT C

ALASKA RAILROAD CORPORATION

1987 APPROVED OPERATING AND CAPITAL BUDGET



December 17, 1986

EXHIBIT D

ALASKA RAILROAD CORPORATION

Pouch 7-2111 • Anchorage, Alaska 99510-7069

January 12, 1987

Ms. Penelope Weyhrauch
Legislative Analyst
Alaska State Legislature House of
Representatives Research Agency
P.O. Box Y
State Capital
Juneau, Alaska 99811-3100

Dear Ms. Weyhrauch:

Your letter dated December 4, 1986 to Mr. Larry Wood, General Counsel of the Alaska Railroad Corporation, was referred to me for response.

You have asked for our assessment of negative impacts that the Alaska Railroad Corporation ("ARRC") might experience if the statutory exemptions in AS 42.40.920 were repealed. Unfortunately, your question does not avail itself of a simple response.

In order to answer your question, it is important to understand the various laws and agreements which circumscribe ARRC's existence and operations. The federal Alaska Railroad Transfer Act ("ARTA"), 45 U.S.C. §§1201-1214, authorized the transfer of the Alaska Railroad to ARRC and established the ground rules for the State's purchase of the Railroad. As part of that act, the State was required to make certain declarations and agreements to abide by the sale terms. The state Alaska Railroad Corporation Act ("ARCA"), AS 42.40.010-.990, implemented the State's commitments all within the requirements of ARTA through the creation of a public corporation to own and operate the Alaska Railroad.

ARTA, the State's own declarations and agreements to abide by those sale terms, and ARCA insure that the State-owned railroad shall be a rail carrier generating, retaining, and managing its own revenues for railroad purposes to better serve Alaska's transportation and development needs. In framing the operating characteristics of the public corporation to conform to this expectation, Alaska's leadership, both federal and state, gave ARRC enough independence to conduct its activities as a

separate and viable economic entity. Exemptions from laws which apply to state agencies mean generally that ARRC promotes, receives, and manages its own revenues, supplies, equipment, facilities, and real estate, establishes its own personnel policies, compensation systems, and employment agreements, promulgates its own rules and regulations to govern internal and external affairs, and manages its own purchasing, financing, and budgeting needs. On the other hand, a desire for public accountability requires open meetings, appointments by the Governor to the railroad board, procurement and ethical codes substantially equivalent to State models, financial and management audits, annual and oversight reports, legislative approval of certain real estate transactions, and long-range capital improvement and program plans. This wise blend of financial and operations independence with State oversight requirements results in a quasi-public, quasi-private railroad armed with the flexibility needed to quickly react to changing market, financial, and legal needs and with the accountability mechanisms necessary to satisfy the governmental aspects of its operations.

As a result of the dual legislative desires of self-sufficiency and public accountability all within the confines of ARTA, the Alaska legislature created a public corporation unlike any other public corporation in Alaska. This is reflected in the legislative findings and purposes which accompanied ARCA. See 1984 Alaska Session Laws, Chapter 153, Section 1. The findings and purposes clauses state that the public corporation is to be exclusively responsible for the management of the financial and legal obligations of the Alaska Railroad, carry out its responsibilities on a self-sustaining basis, and provide for the prudent operation of the railroad according to sound business management practices. Also, ARCA creates a "viable economic entity with the powers and duties necessary to operate and manage the Alaska Railroad pending eventual transfer of the Railroad to the private sector." ARCA and its legislative history reflect a legislative desire that the railroad operate as independently as possible from the State to facilitate the smooth transfer of its business and assets to a private owner. Indeed, AS 42.40.260 requires that ARRC's annual report contain every five years an analysis of potential sale arrangements, including documentation of at least three offers to sell ARRC.

Under AS 42.40.920, ARRC is exempt from the following statutes:

(1) AS 19;
(2) AS 30.15;
(3) AS 35;
(4) AS 37.05;
(5) AS 37.07;
(6) AS 37.10.010 - 37.10.050;
(7) AS 37.10.080;
(8) AS 37.20;

(9) AS 37.25;
(10) AS 38;
(11) AS 44.62.040 - 44.62.320.

A careful review of these statutes demonstrates how each conflicts with ARCA or ARTA. Titles 19 and 35 set forth the powers and duties of the Department of Transportation and Public Facilities ("DOT/PF") to plan, construct, maintain and operate transportation facilities, including state ferries, airports and water and harbor facilities, and to plan and construct public buildings, boat harbors, dikes and breakwaters. Since ARRC operates as a self-sustaining public corporation, exemptions from Titles 19 and 35 insure that ARRC is responsible for its own facilities and operations.

AS 30.15 provides for state grants of monies and land for construction of local port facilities. ARRC's exemption precludes municipalities from using ARRC funds or lands for port facility development.

Exemptions from portions of Title 37 are required by ARTA which states that "revenues generated by the state-owned railroad shall be retained and managed by the state-owned railroad for railroad and related purposes." 45 U.S.C. §1207(a)(5). AS 37.05, the Fiscal Procedures Act, establishes uniform accounting, purchasing, post auditing, and related financial provisions for all "state agencies" and requires state agencies to submit reports, documents, and statements to the Department of Administration for accounting purposes, requires federal funds received by state agencies to be deposited in the state treasury, makes the Department of Administration responsible for all accounts and purchases of state agencies, requires competitive bidding procedures, and imposes other financial and reporting requirements. The exemption from AS 37.05 conforms to ARTA by allowing ARRC to maintain and control its own accounts and to act as its own purchasing agent.

The exemption from AS 37.07, the Executive Budget Act, also conforms to ARTA by allowing the ARRC to budget and manage its revenues as a separate economic entity.

AS 37.10.010 - .060 designates the Department of Administration as the custodian of state funds and requires all officers, boards and commissions to account to the Department of Revenue for moneys received. Again, an exemption from AS 37.10.010 to 37.10.060 allows ARRC to manage its own revenues.

AS 37.25 determines which unexpended appropriations lapse and which do not. This exemption insures that all ARRC's monies are available to it from year to year.

AS 37.10.035 prohibits political subdivisions from subscribing to the stock of a corporation and from loaning credit or

borrowing money for a corporation's use. Exemption from AS 37.10.085 permits ARRC to manage its revenues by placing its funds in a wide range of investments, including lending its credit and borrowing money for the use of a corporation.

AS 37.20 authorizes the governor to accept federal grants and transfers of property. Transferred land falls within the jurisdiction of the Department of Natural Resources. ARRC's exemption from AS 37.20 insured that federal railroad property, including land, building, monies, personnel property and structures, would be directly conveyed to ARRC rather than to the Departments of Administration, Natural Resources and Transportation and Public Facilities.

Title 38 states that the lands of the state are to be managed by the Department of Natural Resources. Exemption from Title 38 conforms to ARTA's and ARCA's mandate that ARRC manage railroad real estate.

AS 44.62.040 to 44.62.320, much of the Administrative Procedures Act, provide procedures for adopting and implementing regulations in state government. These provisions are supplanted by ARCA's AS 42.40.170 - .270, which call for publicly adopted rules by ARRC's board of directors.

The eradication of one or more of the ARCA exemptions will substantially change the model of a self-sufficient, competitive and accountable public railroad corporation that was created by Alaska's state and federal leadership. Furthermore, through the development of its own personnel, procurement, surplus property, budget, accounting, and land and lease plans, policies, and procedures, ARRC stands ready for expeditious transfer to the private sector. The short history of ARRC operations have underscored the wisdom of the legislature's original direction. We very much support that mission and would most appreciate the opportunity to comment upon proposed legislation to change or amend it.

I hope this adequately answers your question. Please feel free to call if you have any further questions.

Yours very truly,

E. Thaddeus Lewis
Associate General Counsel

cc: F. G. Turpin
L. D. Wood, Esq.

3505L

Questions asked to the Alaska Railroad Corporation by the House Labor & Commerce Committee, 1987.

26. Describe each instance since February 1985 in which the Board has invoked an executive session to discuss the subjects described in A.S. 42.40.170(b)(7).

Response: Those instances included the following Board meetings:

February 15, 1985 - Board Mtg. - Tariff Increase
November 21, 1985 - Board Mtg. - Corporation Marketing Plan
- Costing Procedures
December 19, 1985 - Board Mtg. - Corporation Marketing Plan
February 20, 1986 - Board Mtg. - Marketing Update
April 17-18, 1986 - Board Mtg. - Marketing and Financial Projections
May 21, 1986 - Board Mtg. - Marketing Update

Such information was also discussed in executive session as part and parcel of litigation reports. For example, a state case, City of Valdez v. ARRC, unsuccessfully sought protected pipe rate costing information, and an ICC boxcar exemption proceeding was an unsuccessful effort by watercarriers to deny ARRC the benefit of ICC deregulation of railroad boxcar movements.

27. Describe those specific categories of documents which the ARRC does not make public.

Response: ARRC does not specifically designate by type those documents that are open for public inspection and those that are not. Rather, when a particular request for information is received, ARRC first determines the nature of the request and then provides the information if it is not within the scope of those matters set forth in AS 42.40.210(b) and Board Rule No. 4.

ARRC's Board of Directors has adopted Rule 4, a copy of which is attached as an exhibit, which elaborates upon matters not available for public inspection.

28. Describe those specific categories of documents which the ARRC does make public.

Response: See response to Question No. 27.

29. Describe the specific types of documents which ARRC withholds from the public as being "proprietary information" associated with specific shippers consistent with the standards and practices of the ICC.

Response: The types of documents which fall into the category relating to proprietary information, divisions and

contract rate agreements would include cost studies, cost data, contract rate agreements, exempt rate quotations, divisions sheets, bills of lading, waybills, any documents relating to a shipper's business, and any notes or correspondence relating to any of the above.

30. Describe the specific types of documents which ARRC withholds from the public as being "proprietary information" associated with divisions consistent with the standards and practices of the ICC.

Response: See response to Question No. 29.

31. Describe the specific types of documents which ARRC withholds from the public as being "proprietary information" associated with contract rate agreements consistent with the standards and practices of the ICC.

Response: See response to Question No. 29.

32. Other than the specific types of documents described, describe other specific types of documents which the ARRC withholds from the public as "proprietary information" consistent with the standards and practices of the ICC.

Response: See response to Question No. 29.

33. List each rule pursuant to which the ARRC has designated documents as privileged or proprietary under A.S. 42.40.220 or otherwise, and describe the types of documents and information withheld from the public pursuant to each rule.

Response: See response to Question No. 27.

34. Describe the rationale of the ARRC in refusing to provide the Transportation Committee with documents requested by that committee in 1985 and 1986.

Response: It is our recollection that the information requested was operating costs for movement of freight via trailers on flat cars. Railroads in the United States have not been required by law to divulge costs. Such information has always been considered proprietary, and confidentiality has been protected. Clearly, such rules promote competition by allowing railroads the same business advantages and marketing mechanisms enjoyed by other transportation modes. In those instances where it was necessary for the Interstate Commerce Commission to have the costs in order to arrive at a conclusion, the cost data was submitted to the Commission on a confidential basis, was not divulged to the complainant or to the public, and did not appear in any printed report. Federal and state laws provide ARRC the same rights and benefits to

protect confidential information. This enables the company to price and contract its services on a businesslike basis and to respond quickly to market conditions.

35. Describe the documents and categories of information the ARRC refused to give to the Transportation Committee.

Response: Although we are not certain at this date what documents were refused, they were most probably those which would divulge confidential contract rates or operating costs, and which could be attributed to any freight service segment.

Categories of information which must remain confidential:

- contract rates
- operating costs for specific freight moves
- any information which would identify shipments concerning one shipper or consignee

36. Describe all procedures and practices by which the ARRC attempts to minimize the adverse effect of the operation of the railroad on wildlife.

Response: In cooperation with the Alaska Department of Fish and Game ("ADF&G"), the ARRC has experimented with numerous methods to minimize the adverse effects of its operations on wildlife, specifically big game. Historically, moose are the game population most affected by the railroad, primarily in years of deep snow (3 to 5 feet) for long periods of time. Unfortunately, many of the experiments have failed to demonstrate a reliable way to discourage moose usage of the plowed track (see response to Question No. 39 below). Presently, the effort is concentrated on plowing the right-of-way as wide as possible, and a combination of lights, horns and bells to frighten them away from the track. Where possible, the train engineers slow down to reduce the chance of a strike.

ARRC is again cooperating with ADF&G in its ongoing study of the moose mortality along the tracks. For example, arrangements are being made for game biologists to accompany a locomotive on several trips north this season. The corporation has also engaged a private consultant to develop electronic equipment to frighten the moose and drive them away from the track. Research and equipment design under that contract are scheduled for completion within the current winter season, with construction and installation of equipment to follow depending on the results of research.

37. Describe all actions taken by the ARRC if a train hits a moose, including names of people to whom the information is reported, reports made, and attempts to salvage meat.

RULE NO. 4 - PUBLIC DISCLOSURE OF INFORMATION

(Adopted 12-17-84
Amended 7-18-85)

A. Public Information:

As provided in AS 42.40.220, information in the possession of the Corporation is public and available to public inspection at reasonable times.

B. Restrictions on Disclosure:

As further provided under such provision and as required by the Alaska Railroad Transfer Act of 1982 (ARTA) (45 U.S.C. 1204), the following information is hereby designated to be of a privileged or proprietary nature and shall be withheld from public inspection:

1.) As required under Sec. 605(b) (ARTA), certain information of the Federal Alaska Railroad available to the Corporation, including, "proprietary business data, personnel records, and other information, the public disclosure of which is prohibited by law;"

2.) personnel records of the Corporation including but not limited to each employee's original application for employment and employment memorandum, resume, any and all salary information, reports of other employment investigations, tests, any letters of recommendation, reports of work performance, reports of the employee's progress, disciplinary actions, and such other records as may be created in the employee's initial employment and continued service to the Alaska Railroad Corporation. Personnel records may be released upon receipt of written authorization from the employee, former employee, or applicant whose records are requested. Such authorization shall specifically identify the information authorized for release.

For employees who transferred to the Corporation pursuant to P.L. 97-468, personnel records shall include the employee's Official Personnel Folder, Emergency Medical Folder, and any copies thereof. Disclosure of information contained in the Official Personnel Folder and Emergency Medical Folder shall be governed by applicable Federal law and regulation;

3.) communications with and work product of counsel;

4.) all other records, documents, data or information of a privileged or proprietary nature, including but not limited to proprietary information associated with specific shippers, divisions and contract rate agreements, and specifically including all information that may be withheld or protected from discovery in proceedings before the Interstate Commerce Commission consistent with the Commission's standards and practices;

5.) other information the subject of which could be discussed in executive session under AS 42.40.170;

6.) any other information or records required to be kept confidential by Federal or State law or regulations.

EXHIBIT D

THE PRECEDING PAGES WERE TREATED AS
A UNIT IN THE ORIGINAL FILE.

HOUSE BILL 100 - AN ACT RELATING TO THE ANNUAL REPORT OF THE ALASKA RAILROAD CORPORATION.

GOOD AFTERNOON - MY NAME IS REPRESENTATIVE BETTE CATO.

AFTER SEVERAL YEARS OF LISTENING TO THE ANNUAL PRESENTATION BY THE ALASKA RAILRAOD CORPORATION BOARD AND MANAGEMENT, AND REVIEWING THE ANNUAL REPORT BY THE CORPORATION TO THE LEGISLATURE, I FELT THE NEED FOR A MORE COMPLETE, INDEPTH REPORT BEING MADE AVAILABLE THAT WOULD ENABLE US TO PROPERLY EVALUATE THE RAILROAD'S OPERATIONS.

I WAS DIRECTLY INVOLVED WITH THE TRANSFER OF THE RAILROAD TO STATE OWNERSHIP. MANY HOURS WERE SPENT WRITING STATUTES THAT SET UP A "QUASI" PUBLIC CORPORATION AS AN INSTRUMENTALITY OF THE STATE WITHIN THE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT, HOWEVER, THE CORPORATION HAS A LEGAL EXISTENCE INDEPENDENT OF AND SEPARATE FROM THE STATE.

THE POWERS OF THE CORPORATION ARE VESTED IN A SEVEN MEMBER BOARD OF DIRECTORS APPOINTED BY THE GOVERNOR.

WHILE I DO AGREE THAT THE CORPORATION NEEDS THIS AUTONOMY IF THEY ARE OPERATE SUCESSFULLY AS A CORPORATION, I DO FEEL THE NEED FOR THE GOVERNOR AND THE LEGISLATURE TO HAVE ACCESS TO A REPORT THAT CONTAINS A COMPLETE OVERVIEW OF THE RAILROADS OPERATIONS, BUDGET, REVENUES, EXPENDITURES, CAPITAL EXPENDITURES AND GOALS FOR THE NEXT FISCAL YEAR.

CHAPTER 40 SECTION 42.40.920 - APPLICATION OF EXISTING LAWS PROVIDES THE CORPORATION WITH 12 EXEMPTIONS. THESE EXEMPTIONS, WHICH WOULD NORMALLY APPLY TO A STATE AGENCY, DO NOT APPLY TO THE ALASKA RAILROAD CORPORATION BECAUSE IT WAS FELT THE AUTONOMY OF THE CORPORATION WOULD BE GREATLY

IMPAIRED IF IT WAS TO COMPLY WITH THESE EXEMPTIONS. A COPY OF THESE EXEMPTIONS IS SHOWN IN YOUR FOLDERS UNDER THE SECTION LEGAL AND EXEMPTIONS - PAGE 219. ALSO AVAILABLE IS A LEGAL OPINION ON THE RAMIFICATIONS OF REPEALING THESE EXEMPTIONS. THE CORPORATION AND LEGAL SERVICES BOTH AGREE THAT THIS INFORMATION SHOULD BE PROVIDED. THE CORPORATION BY LAW MAY WITHHOLD INFORMATION FROM THE PUBLIC THAT IS OF A PROPRIETARY NATURE SUCH AS PERSONNEL RECORDS, COMMUNICATIONS AND RATE STRUCTURES,

THE CORPORATION ADOPTED RULE NUMBER 4 - PUBLIC DISCLOSURE OF INFORMATION ON 12-17-84 AND AMENDED THIS RULE ON 7-18-85. THIS RULE, WHICH YOU WILL FIND ON THE LAST SHEET OF YOUR PACKETS, SETS DOWN THE INFORMATION THE RAILROAD HAS DESIGNATED AS PRIVILEGED INFORMATION AND THEREFORE WITHHELD FROM PUBLIC INSPECTION. NONE OF THE INFORMATION REQUIRED BY HB 100 FALLS INTO RULE 4.

IN THE RESPONSE FROM THE RAILROAD, THEY STATE THAT MUCH OF THE INFORMATION REQUESTED IS CURRENTLY PROVIDED BY THE RAILROAD. ON YOUR DESKS YOU WILL SEE A LARGE PACKET WHICH IS A SAMPLE OF SOME OF THIS INFORMATION REQUESTED. ~~I~~ MYSELF, HAVE ~~"~~AD A DIFFICULT TIME OBTAINING SOME OF THIS INFORMATION. ~~AND I HAVE ALSO RECEIVED NUMEROUS COMPLAINTS FROM INDIVIDUALS WHO HAVE ALSO EXPERIENCED THE SAME PROBLEM~~.

I DO FEEL IF WE, THE LEGISLATURE, IS RESPONSIBLE FOR OVERSIGHT OF THE ALASKA RAILROAD CORPORATION, WE NEED TO HAVE A COMPLETE OVERVIEW REPORT CONTAINING ALL THE RELEVANT INFORMATION NECESSARY FOR US TO MAKE A WELL INFORMED DECISION ON THE OPERATIONS AND FUTURE OF THE RAILROAD.

THE STATE SPENT $22.9 MILLION ON THE PURCHASE OF THE RAILROAD AND PROVIDED AN ADDITONAL $10.9 MILLION FOR THE FIRST YEARS OPERATIONAL FUNDS. I FEEL WE HAVE A RESPONSIBILITY TO ENSURE THAT THE STATE'S INVESTMENT IS MANAGED PROPERLY.

THE INFORMATION REQUESTED IN HB 100 WILL ENABLE US TO PROVIDE THIS PROPER OVERSIGHT.

THANK YOU FOR LISTENING TO ME.

From: The Alaska Railroad Initiative Committee

Donald Hennessey, Chairman

Representing:

Owner-operators, Road Houses(Parks highway), Repair Shops, mechanics, Allied Workers and 4500 Alaskans that signed our pilot initiative.

We heartily endorse HB 100 because an oversight committee can not oversee an operation without a full insight of the operation. The Alaska Railroad has been less than enthusiastic about informing the legislature. A point of discussion at the October Board Meeting was on the timing of disposal and purchase of passenger cars to avoid reporting to the Oversight Committee. The ARR has consistently over estimated their planned capital expenditures on many phases. The roadbed and track are prime example. Because the railroad has consistently over estimated income and expenditures by 15 to 20 per cent, we feel the requirement of a detailed explanation of the difference between estimated and actual income and expenditure would be in order. The only other business, we know of, that may survive with this type of variance between estimated and actual might be architechural businesses working on public buildings This has caused an on going raging debate. An explanation should be provided if the ARR's proposed and actual track and roadbed capital budget fails to meet or approach the Sverdrup Engineering Report and recommendations. The deteriation of roadbed is the biggest single factor in loss of assets and the easiest to hide or ignore for several years.

REPORT OF THE GOVERNOR'S TASK FORCE ON

RAIL LINE ABANDONMENT

RAIL DIVISION OREGON PUBLIC UTILITY COMMISSIONER OCTOBER 1986

Deferred Maintenance

Maintenance of way and structures is the third of the three major expenses in railroad operation. It is both a symptom of abandonment and a cause. Initially, deferred maintenance is a result of lower revenues; ultimately, deferred maintenance lowers service levels and discourages shipper use.

The decline of rail traffic system-wide over the last 20 yea s has encouraged the larger railroads to diversify and disinvest in railway operations. The companies tended to delay the purchase of new track and equipment and to defer maintenance (replacement of track, ties and ballast), where lower maintenance levels would not greatly affect train operations. High use lines usually get plenty of attention, but low-density lines have often been allowed to deteriorate. Normal maintenance on a low-density line runs between $3,000 and $7,000 per mile per year. For a long line with one or two shippers, that is a significant cost.

Many branch lines subject to abandonment suffer from deferred maintenance. In some cases the cost of rehabilitating the line, using either public or private money, is unjustifiable given even the most optimistic traffic level. This not only is a disincentive to line improvement for the owning railroad, it is a disincentive to anyone else interested in buying the line.

A good example of how deferred maintenance can contribute to the abandonment of a line is the Wilkins line, located in Linn County. (see Case Studies) Approximately $3 million was needed to bring the line to minimum standards. Given the very low traffic levels on the line, such an enormous investment would have been unwise.

(1)

HOUSE COMMITTEE REPORT

Date referred: 2/2/87 FURTHER REFERRALS: Finance

DATE: March 6, 1987

The Transportation Committee has considered HB 100

"An Act relating to the annual report of the Alaska Railroad Corporation."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Chairman's signature

Official Busine

COMMITTEE:

House Transportation Committee

DATE: March 6, 1987

SIGN-IN

Subject of meeting:

HB 100: "An Act relating to the annual report of the Alaska Railroad Corportation."

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
[illegible]	8244 Seaview Street Anchorage 99502	243-4473	ALASKA RAILROAD INT COMMITTEE	Yes
TJ Thrasher	AK Trucking 3443 Minnesota	463-3279	AK Trucking	No
Barry Beyer	DCED	2504	DCED	Yes

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02–576(2/77)

REPORT OF THE GOVERNOR'S TASK FORCE ON

RAIL LINE ABANDONMENT

RAIL DIVISION OREGON PUBLIC UTILITY COMMISSIONER OCTOBER 1986

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A good example of how deferred maintenance can contribute to the abandonment of a line is the Wilkins line, located in Linn County. (see Case Studies) Approximately $3 million was needed to bring the line to minimum standards. Given the very low traffic levels on the line, such an enormous investment would have been unwise.

Construction of the highway system has had a much broader and significant impact on the modal choice, in this case between rail and motor carriage. However, the highway cost structure is not artificial, since highway users pay fees which, in a cumulative sense, are designed to cover the costs of constructing and maintaining the highway system.

6. Railroad Taxation

Railroad taxation, particularly property taxation, is a particularly thorny problem. The task force looked at railroad taxation for ways of providing incentives to railroads to keep branch lines in operation, only to discover that the method of taxation made developing incentives difficult.

All three of the Class I Carriers and some of the short lines have filed suits against the Oregon Department of Revenue. These suits are costly to all parties and are creating growing animosities between the state and the railroads. Also, as the number of short lines in the state increases, the manner of appraising short lines deserves to be reviewed. The task force did not have the expertise or the authorization to embark on a study of the state tax system, but members of task force felt such a study is needed.

7
(5)

HOUSE COMMITTEE REPORT

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DATE: March 6, 1987

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RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Finance - Yes

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: March 6, 1987

SIGN-IN

Subject of meeting:

HB 100: "An Act relating to the annual report of the Alaska Railroad Corportation."

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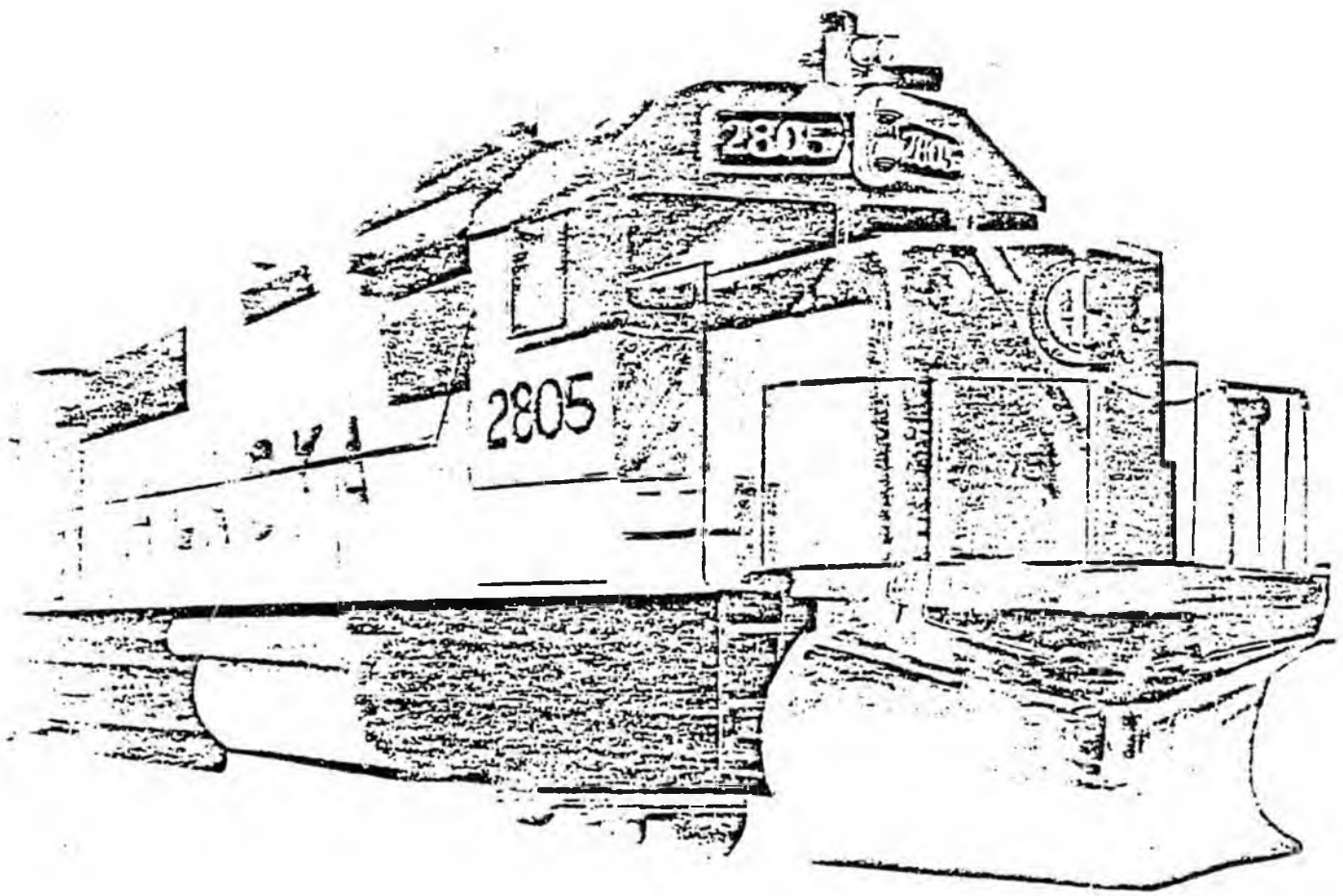
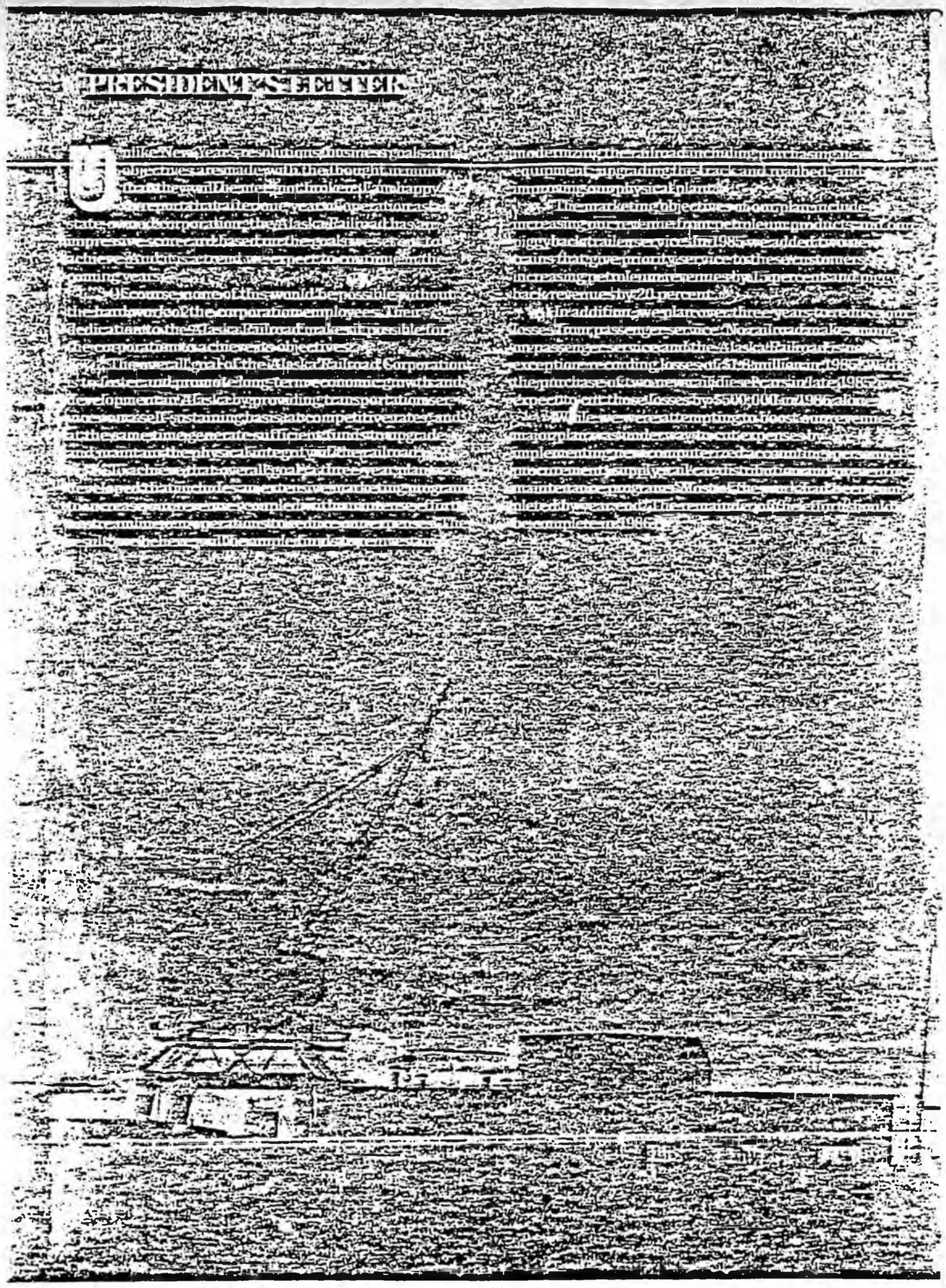
[illegible]	8244 Sarview Street Anchorage 99502	243-4473	ALASKA RAILROAD INT COMMITTEE	Yes
TJ Thrasher	AK Trucking 3443 Minnesota	463-3279	AK Trucking	No
Barry Bear	DCED	2504	DCED	Yes

A N N U A L R E P O R T





For the Alaska Railroad Corporation, 1985 was a year of changes.

Change is inevitable in any business. It is a natural part of growth. However, for the Alaska Railroad Corporation, 1985 was a year of changes unlike any the Alaska Railroad had ever experienced.

The first and most dramatic change came within the first week of 1985, when on January 5 ownership of the Alaska Railroad was officially transferred from the federal government to the state of Alaska.

That transfer of ownership set the stage for many, many more changes, from management and personnel to policies and procedures. And with those changes a foundation was laid for the prosperous development of the newly formed Alaska Railroad Corporation.

Alaska paid the federal government $22.3 million for the Alaska Railroad. That purchase price included 655 miles of track, 38,000 acres of land including all rights-of-way, 1,545 units of rolling stock including locomotives, freight cars and passenger coaches, and four terminal facilities, one each in Seward, Whittier, Anchorage and Fairbanks.

A NEW CORPORATION

Transfer of railroad ownership to Alaska was made possible by the Alaska Railroad Transfer Act (ARTA), enacted by Congress in 1982. In 1984 the Alaska legislature adopted the Alaska Railroad Corporation Act (ARCA), establishing it as a public corporation of the state that would act as a separate, profit-making entity.

On January 5, 1985, as a result of the transfer, the federal railroad's financial books were closed. On January 6 the new state corporation technically began business with no operating funds. To meet the railroad's immediate money needs, the state legislature allocated, in addition to the sale price, a one-time start-up fund of $10.9 million. The money was used to meet the corporation's first month's payroll and to continue several capital improvement projects that had been initiated under the federal system.

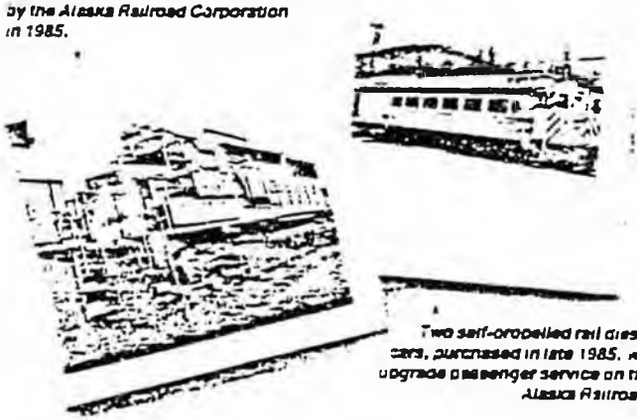
Within its first month of operation the new Alaska Railroad Corporation showed a profit, and continued to do so through the end of the year. In its first year of operation under state ownership, the Alaska Railroad Corporation netted $7.1 million, among the largest gains recorded by the railroad in its 62-year history.

John Riley, Federal Railroad Administrator, and Bill Sheffield, Governor of Alaska, signed an agreement January 5, 1985 to transfer the Alaska Railroad from federal to state ownership.

ARCA provided for the stewardship of the new corporation by a seven-member board of directors appointed by the Governor of Alaska.

The board is responsible for management of the corporation but has delegated certain powers and duties to Frank G. Turpin whom the board selected to serve as the railroad's president to guide the day-to-day operations of the corporation. He joined the railroad immediately upon transfer.

Five new locomotives were purchased by the Alaska Railroad Corporation in 1985.



Two self-propelled rail diesel cars, purchased in late 1985, will upgrade passenger service on the Alaska Railroad.

GOALS FOR 1985

As chief executive officer, Turpin set three goals for the new corporation: earn a profit without seeking state subsidies, broaden management emphasis from a concentration on operations to include marketing and finance, and modernize the railroad's rolling stock, equipment and physical plant.

Giant steps forward were accomplished in 1985 in all three areas. Each step meant changes as the railroad moved away from federal procedures and began operating more like a private business.

The first goal of earning a profit without state subsidies was accomplished in the first year. To control future spending and to get the best value from its revenue, the corporation developed a three-year capital spending program. The plan includes replacement or addition of several units of rolling stock and heavy equipment. The net result will be lower maintenance costs and improved service to customers.

MODERNIZING THE RAILROAD

The three-year plan also tied in with the corporation's goal to modernize the railroad. To improve freight hauling capabilities, 45 new intermodal flatcars called "articulated" cars were purchased for $4.5 million. The first step toward upgrading the aging locomotive fleet was the purchase of five new state-of-the-art diesel locomotives valued at $1 million each. The cars and locomotives arrived in the spring of 1985 and were placed in service immediately. At the close of the year the first of two 48-seat, self-propelled rail diesel cars (RDCs) arrived. The result cars were purchased to improve and reduce the cost of the winter passenger service and to augment summer and charter services.

The new cars and engines were obtained through a lease/purchase program that allowed the corporation to avoid seeking state subsidies. While the railroad had not been able to take advantage of the lease/purchase option under federal ownership, the corporation's unique position as a quasi-public enterprise enabled the railroad to make the best use of its revenue by leveraging its cash and buying on credit.

NEW MANAGEMENT EMPHASIS

Other changes occurred within the railroad's Finance Department as steps were taken to equalize the emphasis on the three key departments in the railroad: operations, marketing and finance. A computerized accounting system was implemented to improve what had previously been manual procedures. Generally Accepted Accounting Principles (GAAP) were adopted as the railroad's accounting standards, which more closely matched revenue to expenses.

The Marketing Department took a more aggressive stance in seeking business for the railroad. The freight sales division was expanded by the addition of a freight sales manager with responsibility for the sales force in Anchorage and Seattle. Marketing developed and promoted two new unit trains, one for overnight trailer traffic and one for bulk petroleum products, to better meet the needs of Alaska shippers.

The Operations Department, responsible for all train movements and the upkeep on all rolling stock, equipment and track, in 1985 conducted the largest overall roadbed maintenance program in recent years. There were 31,000 linear feet of rail replaced, 26,000 new ties laid and about 200 miles of main line track resurfaced.

OUR EMPLOYEES

With all the changes that occurred at the Alaska Railroad Corporation, it is natural that employees would feel the impact. Steps were taken to streamline some departments while others added personnel. An average of 600 employees worked throughout the year, with peak employment topping the 900 mark during the busy summer construction season.

A significant change occurred in the personnel office when it was tied to the labor relations and the

Doug Engebretson is a carman for the Alaska Railroad in Fairbanks. An average of 600 employees worked at the railroad in 1985.

compensation and benefits divisions under the corporate umbrella title of Human Resources Department.

All but about 120 of the corporation's employees are represented by unions. There are seven bargaining units representing five unions: American Federation of Government Employees (blue collar and white collar units), American Train Dispatchers Association, Agents/Operators Unit; American Train Dispatchers Association, Train Dispatchers Unit; Brotherhood of Railway Carmen of the U.S. and Canada, International Association of Machinists and Aerospace Workers, and the United Transportation Union.

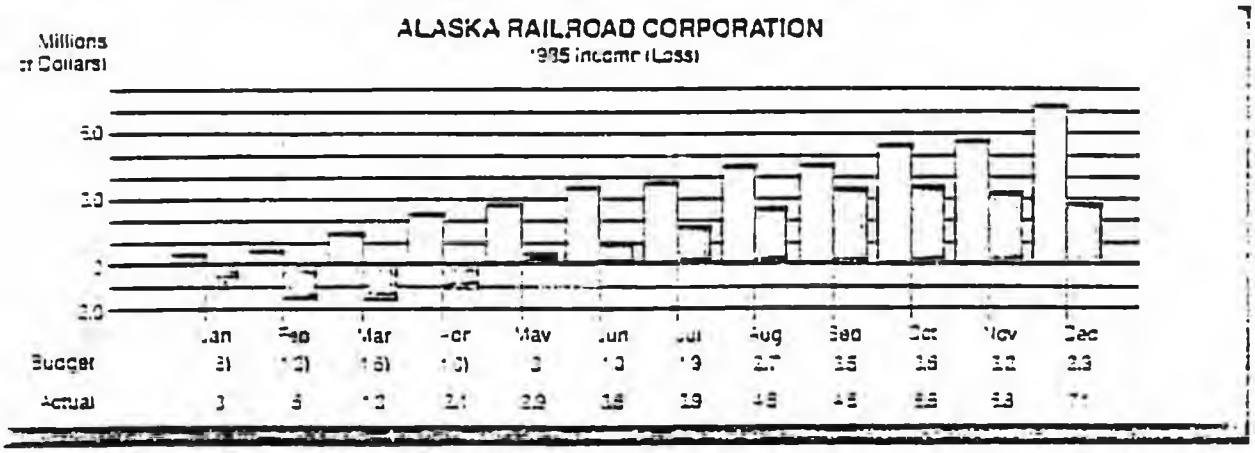
Under federal and state law the union contracts in existence at the time of transfer are to be renegotiated by the corporation within the first two years of operation under state ownership. Beginning in August 1985, for the first time in the history of the Alaska Railroad, all seven bargaining units and management met at the bargaining table to begin hammering out new contracts. Negotiations will continue in 1986.

THE FUTURE

Despite all the changes and reorganization it experienced in 1985, the Alaska Railroad Corporation is looking to 1986 as another year of challenges. An ambitious program is planned to continue to upgrade and improve the railroad's track and roadbed, its rolling stock and its physical plant. A $66 million operating budget was approved by the Board of Directors for 1986 plus $13.3 million in capital improvements.

The Marketing Department will continue its aggressive stance in seeking business for the railroad while providing new, more improved services to meet the customers' needs.

While 1985 was a year of transition for the Alaska Railroad, 1986 is expected to be a year of fine-tuning that will bring the corporation into the forefront of the transportation industry in Alaska.



The Operations Department is the part of the railroad most people are familiar with because it is most visible. Operations has three major divisions: Transportation, Motive Power and Equipment, and Engineering. Together these three divisions are responsible for all train movements, for the upkeep of all rolling stock and equipment, and for construction and maintenance of the track and roadbed and all railroad buildings.

Other divisions in Operations are less known, such as Security and Claims, Operating Rules and Hazardous Materials. Security and Claims is responsible for the security of the line including preventing trespassing and for investigating train and train-related accidents. This department also processes all claims for lost or damaged freight and equipment.

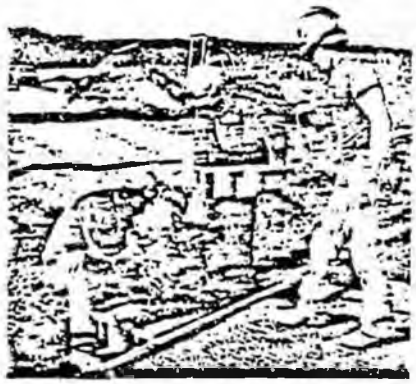
The Operating Rules Department administers the railroad's rules program for operating trains and equipment. To ensure understanding and compliance of the operating rules and special instructions, periodic training and testing is provided for operating personnel by this department.

The Hazardous Materials Office is responsible for inspecting equipment, rolling stock and buildings for compliance with corporate rules and regulations regarding the use and transportation of hazardous materials.

ENGINEERING

In 1985 crews replaced about 26,000 crossties, relaid 31,000 linear feet of mainline rail using premium alloy rail, and turned another 40,500 feet of rail on curves. More than one-third of the rail system, or about 200 miles, was surfaced.

Bridge crews repaired and upgraded 23 steel and timber bridges, including the repair or installation of timber stringers, bulkheads, pilings, guard rails and bridge ties.



Maintenance workers installed a new, high technology material at railroad crossings that will provide a better crossing surface for the traveling public.

The single largest maintenance expenditure totalled about $2 million for rehabilitation of five tunnels between mile 51 and 53 of the main line. The two-year, $4 million project, about 50 miles north of Seward, will decrease maintenance of the tunnels and improve operations through that section of track. Work completed by the project contractor in 1985 included rock bolting of all the tunnels, ditching to improve drainage, and pouring four of 10 new reinforced concrete tunnel portals.

The Engineering Department coordinated with the state Department of Transportation and the Municipality of Anchorage in construction of two grade-separated crossings in the Anchorage area. The work included three new railroad bridges at Dimond Boulevard, Tern Avenue, and Campbell Creek, plus 1.6 miles of new mainline track. Work was begun also on the Municipality's West Northern Lights Boulevard project in Anchorage. When completed in 1986 it will be similar to the grade-separated crossing at Dimond Boulevard.

Engineering also coordinated with the Department of Transportation in Fairbanks in making track changes to the Fairbanks Yard to provide space for construction of a highway nearby and an overpass across the Fairbanks Yard. The work included construction of a balloon track to replace the wye and will eliminate a crossing in the middle of the yard.

Most of the work completed by the Engineering Department was designed to improve or enhance other areas of the Operations Department. For instance, electrical service was installed at the Anchorage and Fairbanks van terminals to provide "keep from freezing" (KFF) trailer service. KFF provides shippers with electrical power for heating and preserving goods shipped during the winter in trailers on flat cars.

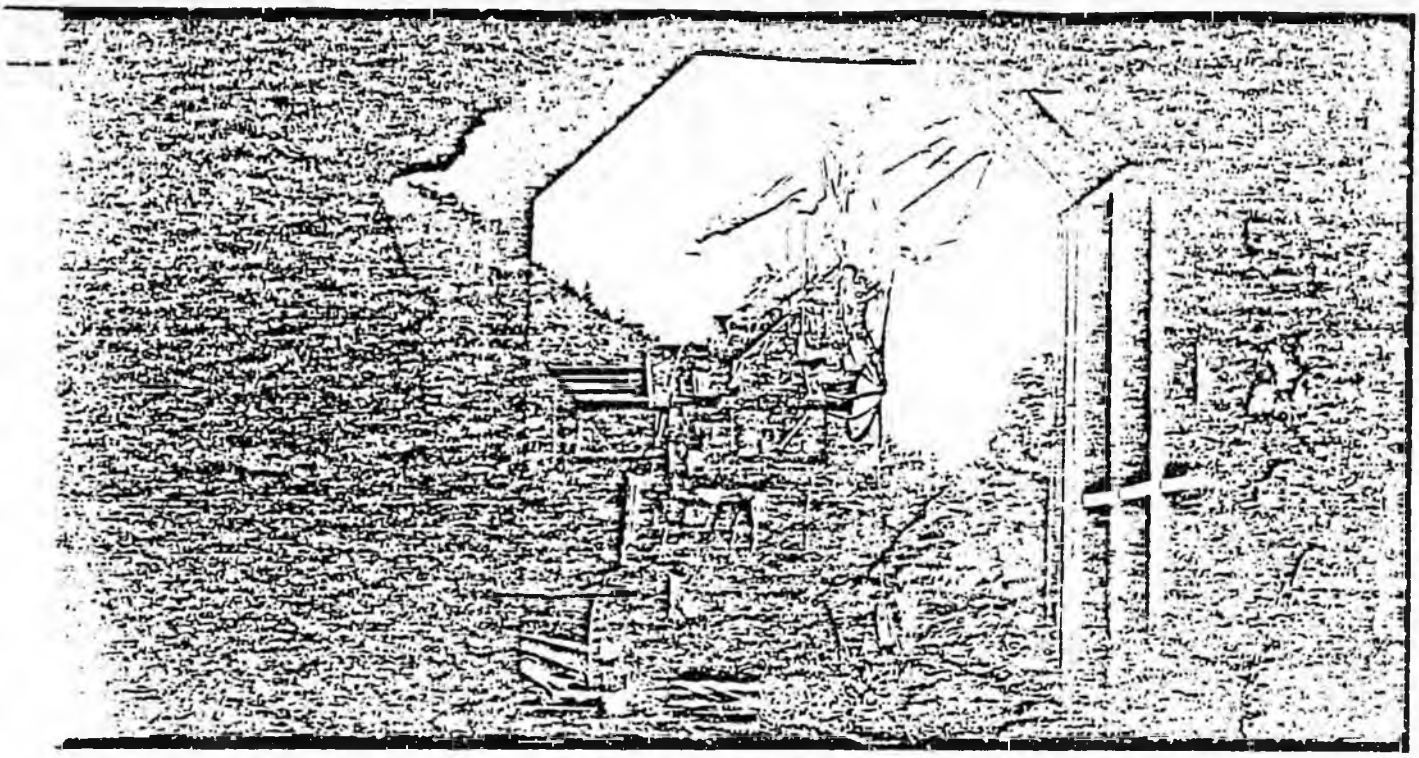
Increased truck-trailer traffic on the Alaska Railroad led to the construction of a 4,000-foot van track in Whittier to improve trailer-on-flatcar (TOFC) service. Other van terminal improvements were made both at Whittier and Seward including new trackage, lighting and drainage.

Upgrade of 12 miles of the Eielson Branch was begun with the replacement of 4.6 miles of 75-lb. rail with secondhand 115-lb. rail that was replaced on the main line. The branch line serves Ft. Wainwright, North Pole and Eielson Air Force Base. It is used for delivery of coal to fuel the military's power plants. A 4,100-foot siding was constructed on the branch line at North Pole to accommodate increased traffic expected to result from the expansion of the nearby oil refinery.

Throughout the year Engineering employees worked to upgrade and improve the railroad's physical plant. Facilities at Fairbanks, Denali Park, Anchorage and Seward were painted or remodeled; water, heating and sewage systems were improved; and roofs were replaced or insulated to reduce maintenance, repair defects, reduce heat loss and improve appearance and operation.

The single largest physical improvement was construction of boiler plants in several Anchorage facilities as part of the final phase of a three-step utility modernization program that eliminates the railroad's dependence on a nearby high-cost, outmoded, commercial heating plant. The results are significant energy savings and improved working conditions.

The project included installation of five boilers, including three 400-horsepower steam boilers in the old blacksmith shop, which when constructed in the early 1920s was the original railroad boiler plant, and two 125-horsepower hot water boilers in a new building constructed near the Anchorage warehouse area. Three smaller plants were installed to heat the general office building, which houses the Anchorage Passenger



Rehabilitation of five tunnels between Seward and Portage was the single largest track maintenance expenditure in 1985. The $4 million, two-year project will be completed in 1986.

Depot: the annex, which includes the accounting and computer personnel; and the Anchorage freight house, which includes the procurement offices.

This project will be completed in 1986 with installation of an energy management and control system, some minor renovations to buildings, and relocation of the car cleaning facility.

MOTIVE POWER AND EQUIPMENT

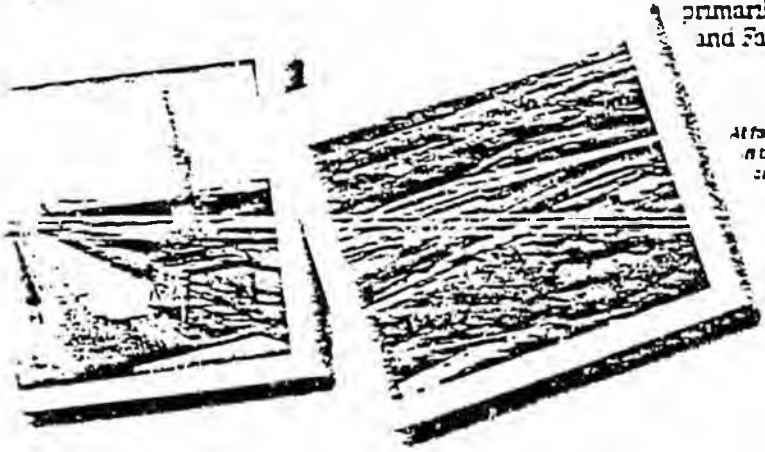
While the Engineering Department was working in 1985 to improve the condition of the railroad tracks, roadbed and physical plant, the Motive Power and Equipment (MP&E) Department acquired new rolling stock and equipment or overhauled much of what was already on hand.

Major purchases included five new state-of-the-art GP49 diesel locomotives manufactured by the Electro Motive Division of General Motors. The 2,300-horsepower locomotives have an anti-wheel-slip system that improves train performance and fuel consumption.

In an effort to improve the reliability of the existing locomotive fleet and to reduce maintenance costs, MP&E completed a major overhaul of the electrical components and trucks on two locomotives and completed the rewire and electrical upgrade to control circuits on a third. A fourth locomotive was repowered with new pistons, cylinder liners and heads.

Several locomotives were judged beyond economical repair and were retired, including No. 1500. An F-7 engine that had a glamorous history with the Alaska Railroad, No. 1500 provided the power for many ceremonial trains including two trains used during transfer ceremonies in January. No. 1500 also was featured in a motion picture filmed on the Alaska Railroad in 1985 called "Runaway Train." It was the grand old lady's last official duty before being retired and donated to a local transportation museum.

To improve freight-hauling capabilities, 45 articulated intermodal cars were purchased for TOFC service. Each car is hinged, or articulated, in three sections to allow for easier train movement. There is space on each car for three trailers. The cars are used primarily for hauling trailers between Anchorage and Fairbanks.



At far left, the railroad yard in Fairbanks includes about 440 acres in the heart of the city. A row of articulated flat cars shown at center awaits trailers for shipment to Anchorage.

Left, the Alaska Railroad owns about 660 acres near downtown Anchorage, most of which is at the mouth of Ship Creek. In the background is the roundhouse where all equipment maintenance and repairs are done.

MP&E began construction of two power cars and wired 15 of the new articulated cars to provide electricity for trailers carrying perishable goods and other commodities that might freeze.

Two self-propelled passenger cars were purchased in 1985 also. The cars, known as rail diesel cars or RDCs, were rebuilt with the installation of twin 347-horsepower Cummins engines and twin-disc transmissions. The first of the two cars was received in December 1985 and was placed in winter passenger service at the start of the new year.

For the first time MP&E placed an employee in the railroad's Seattle office to work exclusively with shippers in solving technical problems related to equipment use and loading requirements. A program establishing new rules for open-top loads was initiated to reduce the cost to shippers for improperly secured or heavy loads.

TRANSPORTATION

Train movements increased dramatically in 1985 and the Transportation Department worked to ensure those movements were made safely and efficiently. Gross trailing ton miles, a measurement for the movement of one ton over one mile, were up 25 percent in 1985 over 1984. Freight traffic accounted for the major portion of this increase, but passenger traffic also rose. Ridership surpassed the quarter-million mark for the first time in the railroad's history.

The first full year of export coal service by the railroad was completed in 1985. A steady source of revenue was derived from the three-unit-trains-a-week movement of coal from the Usibelli mine at Healy to Seward for export to Korea. The contract for hauling export coal began in December 1984 and since its inception 132 coal trains have hauled 671,000 tons of export coal.

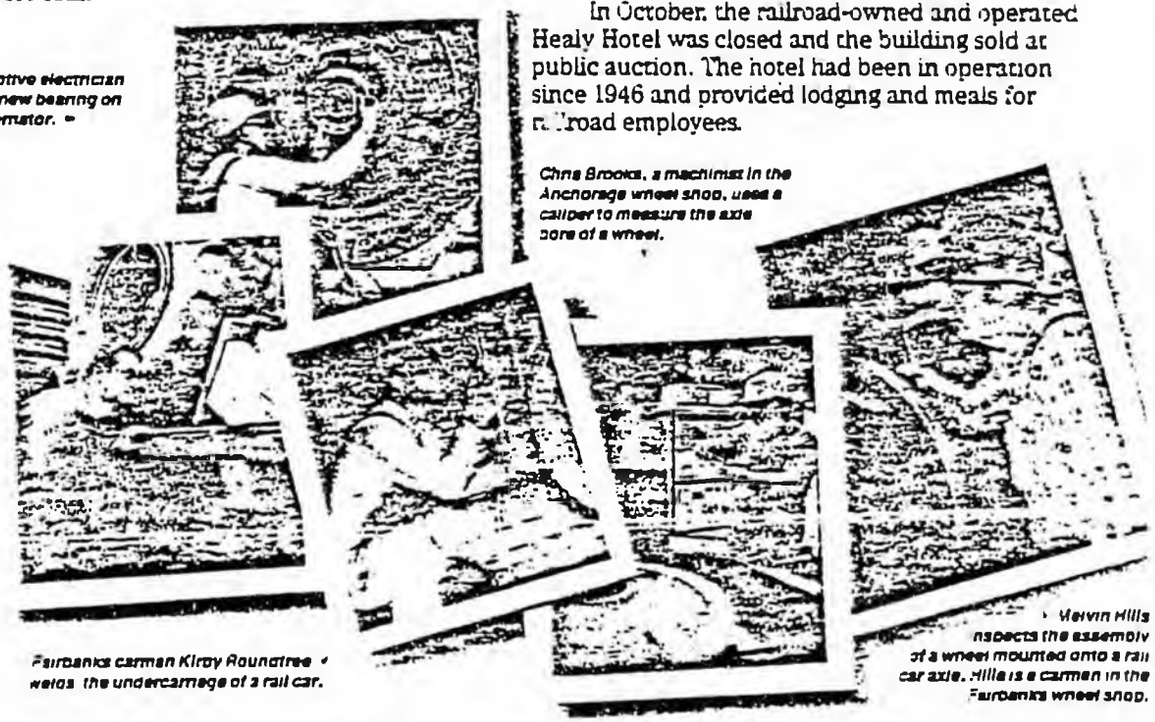
In addition, 562,000 tons of coal were moved from Healy to the Fairbanks area to provide fuel for five power plants in Interior Alaska and the military bases at Wainwright, Clear and Eielson.

In May 1985, a new intermodal freight service was inaugurated called the Arctic FOX, or Freight Overnight Express. This service is a unit trailer train that provides six-days-a-week overnight delivery of trailers and containers between Anchorage and Fairbanks. The Arctic FOX operates with an average of 10 articulated flat cars that provide space for about 30 trailers or containers. The FOX hauled 5,332 trailers in its seven months of operation in 1985.

The FOX is the first cabooseless train service operated on the Alaska Railroad and the first service operated with a two-member crew. This was made possible by the addition of train rear-end devices. These end-of-train monitors provide vital information to locomotive engineers operating cabooseless trains. Each device consists of two units, a receiver in the locomotive cab and a transmitter on the rear car of the train. Together these units allow crews to monitor air brake pressure, detect motion in the last car of the train and measure train distances traveled. The units also provide the rear-end car with an FRA-required amber light that automatically turns on at dark.

During the same time the Arctic FOX service was initiated, the Anchorage freight house operations were discontinued. All services for loading and unloading railcars, consolidation of freight, and rubber-tire delivery were contracted to local businesses in an effort to divest from some less profitable, labor-intensive operations. Because of the railroad's rapid growth in the intermodal business, all Anchorage freight house employees were transferred to Intermodal Services, which was established as a separate division within the Transportation Department.

In October, the railroad-owned and operated Healy Hotel was closed and the building sold at public auction. The hotel had been in operation since 1946 and provided lodging and meals for railroad employees.



Jim Truesdood, a locomotive electrician in Anchorage, installs a new bearing on a locomotive engine alternator.

Chris Brooks, a machinist in the Anchorage wheel shop, uses a caliper to measure the axle bore of a wheel.

Larry Newsham, technical services manager, inspects insulated rail cars before shipment from Seattle to Anchorage.

Fairbanks carman Kirby Roundtree welds the undercarriage of a rail car.

Melvin Hills inspects the assembly of a wheel mounted onto a rail car axle. Hills is a carmen in the Fairbanks wheel shop.

Because of its high operating and maintenance costs, the hotel was closed in favor of a more economical means of providing these services by contracting with a local motel and cafe at Healy.

In December the second new freight service for 1985 began operating. A daily unit tank train service between Fairbanks and Anchorage, called the Oil Worker Limited or OWL, transports petroleum products from the local oil refinery southbound to Anchorage and gasoline northbound to Fairbanks from storage yards in Anchorage. This daily service greatly improved freight delivery service for these commodities and turnaround time on empty tank cars.

OPERATING RULES

In late 1985, after extensive review and consultation with railroads operating in the Lower 48, the Operating Rules Department began training operating personnel on an innovative new system known as Track Warrant Control. This system is used on many other U.S. railroads and is designed to expedite the movement of trains while providing a safe and efficient operation. It will replace the complicated and time-consuming train order method in use at the Alaska Railroad for decades. Target date for railroad-wide implementation of the Track Warrant Control system is set for February 1986.

SECURITY AND RISK MANAGEMENT

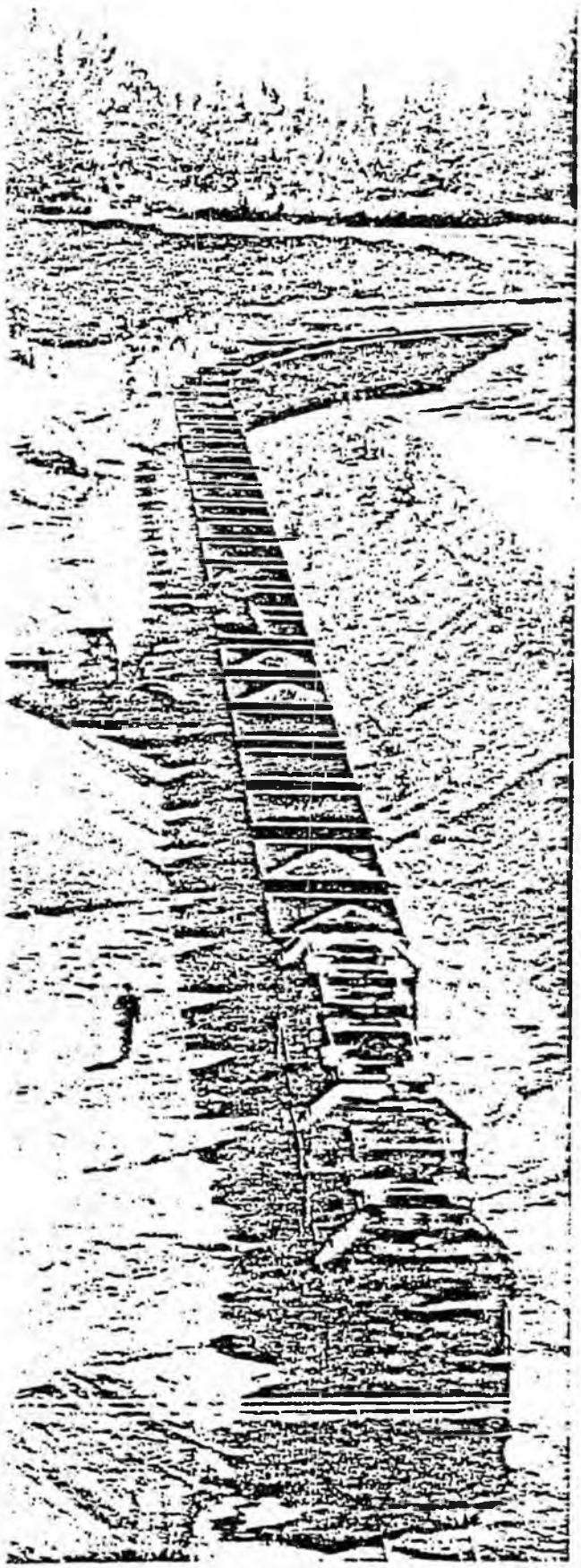
With the transfer of the Alaska Railroad to state ownership, the new corporation was required to organize a risk management program to provide insurance for property damage or loss, theft, fire, vandalism and other potential liabilities. For the first six months of 1985 the railroad operated on an interim program with coverage provided under the state of Alaska's risk management program.

During this interim period a review of the railroad's insurance needs was conducted and a risk management program developed that was marketed to domestic and foreign underwriters.

With the first year of experience as a reference, the risk management program is being assessed and modifications being made as the insurance markets dictate and as the corporation also continues to define and refine its specialized insurance needs.

HAZARDOUS MATERIALS

As part of its continuing safety program, the Alaska Railroad provided training and information regarding the loading and movement of hazardous materials to shippers as well as local fire fighting and emergency services personnel along the railbelt. The Hazardous Materials Specialist provides assistance to customers to ensure that materials shipped on the Alaska Railroad are loaded and placarded in compliance with federal regulations. Examples of materials shipped in 1985 include petroleum products such as gasoline and jet fuel, and chemicals for use in manufacturing.

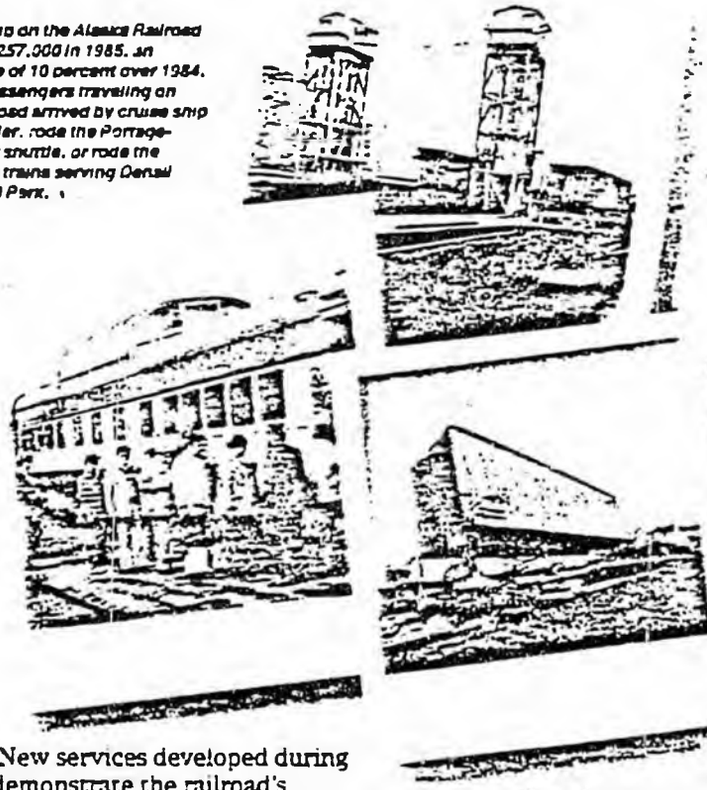


Travel unit trains are loaded near Palmer, in the Matanuska Valley, 40 miles north of Anchorage.

To achieve the business goals of the new railroad, the Marketing Department expanded the activities of the department, placing greater emphasis on developing new markets for the railroad's services.

Marketing's role within the corporation includes selling, pricing, rate and service contracting, cost of service analysis, market planning, market research, market development, customer service, advertising and promotion of both freight and passenger service. It also includes management and development of the real estate holdings of the corporation.

Ridership on the Alaska Railroad totaled 257,000 in 1985, an increase of 10 percent over 1984. Most passengers traveling on the railroad arrived by cruise ship in Whittier, rode the Portage-Whittier shuttle, or rode the express trains serving Denali National Park.



Whittier is one of Alaska's major ports and is also an important freight terminal for the Alaska Railroad. Rail cars, truck trailers and containers bring goods to Alaska through Whittier.

Seward is another major port served by the railroad. Coal exports, rail cars, trailers and imported pipe shipments are moved by the railroad from this small seaport community.

A trailer is shipped on an articulated flat car, one of 45 specially designed cars bought by the railroad in 1985. Each flat car can carry three trailers.

New services developed during 1985 demonstrate the railroad's dedication to customer service. The first of these specialized services was initiated only four months after the railroad transfer. Named the Arctic FOX (Freight Overnight Express), the service provides overnight delivery of high priority, highway trailers between Anchorage and Fairbanks using specially designed articulated flat cars, the first equipment purchased by the railroad in 1985. The efficiency of the FOX operation permits the railroad to compete with motor carriers in this market and pass the cost saving along to the Alaska consumer. Since its inception in May, the popularity of the FOX has steadily increased. By the end of the year it was operating regularly at over 90 percent capacity.

Another priority service begun in 1985 was the OWL (Oil Worker Limited). This daily train transports jet fuel from the petroleum refinery at North Pole to Anchorage, returning to the Fairbanks area with gasoline and other petroleum products. The efficiency of this service has made it possible for the customer to double the shipping volume without increasing the number of tank cars it leases.

FREIGHT SERVICE

Freight service is the most important source of income for the railroad. In 1985 it resulted in three-quarters of the corporation's $67 million in revenue. Passenger service and real estate revenues accounted for another 13 percent of the total.

Over 90 percent of freight revenue is derived from five areas: rail cars from the Lower 48, coal, petroleum, gravel, and TOFC/COFC (trailer on flat car/container on flat car). The remaining percentage of freight is split between pipe shipments and local freight. Rail cars, coal and TOFC/COFC are handled predominately at two of Alaska's major ports, Seward and Whittier.

One-fifth of the freight revenue is derived from coal shipments, either export or local delivery. Alaska coal is exported to Korea through a major coal transloading facility built at the Port of Seward in 1984. The coal export contract with the Koreans runs through 1992. During the first year of the contract (actually 13 months, including December 1984) 671,000 tons of coal were moved to Seward. That is about 20 percent below the volume projected because of lower consumption by the customer, Korea Electric Power Company.

Coal shipments within Alaska were also lower than expected. Warmer than usual temperatures in

interior Alaska resulted in reduced consumption by the five power plants in the Fairbanks area and the nearby military bases that use coal for fuel. About 562,000 tons were shipped locally in 1985.

Gravel and sand shipments, which move in unit trains between the Matanuska Valley and Anchorage, were the fifth largest revenue producers among all commodities shipped by rail. These shipments are tied to the cyclical rise and fall of the Anchorage area construction industry, which began to decline in 1985. Although lower activity in highway and building construction is anticipated again in 1986, a high volume of gravel is expected to move via the Alaska Railroad.

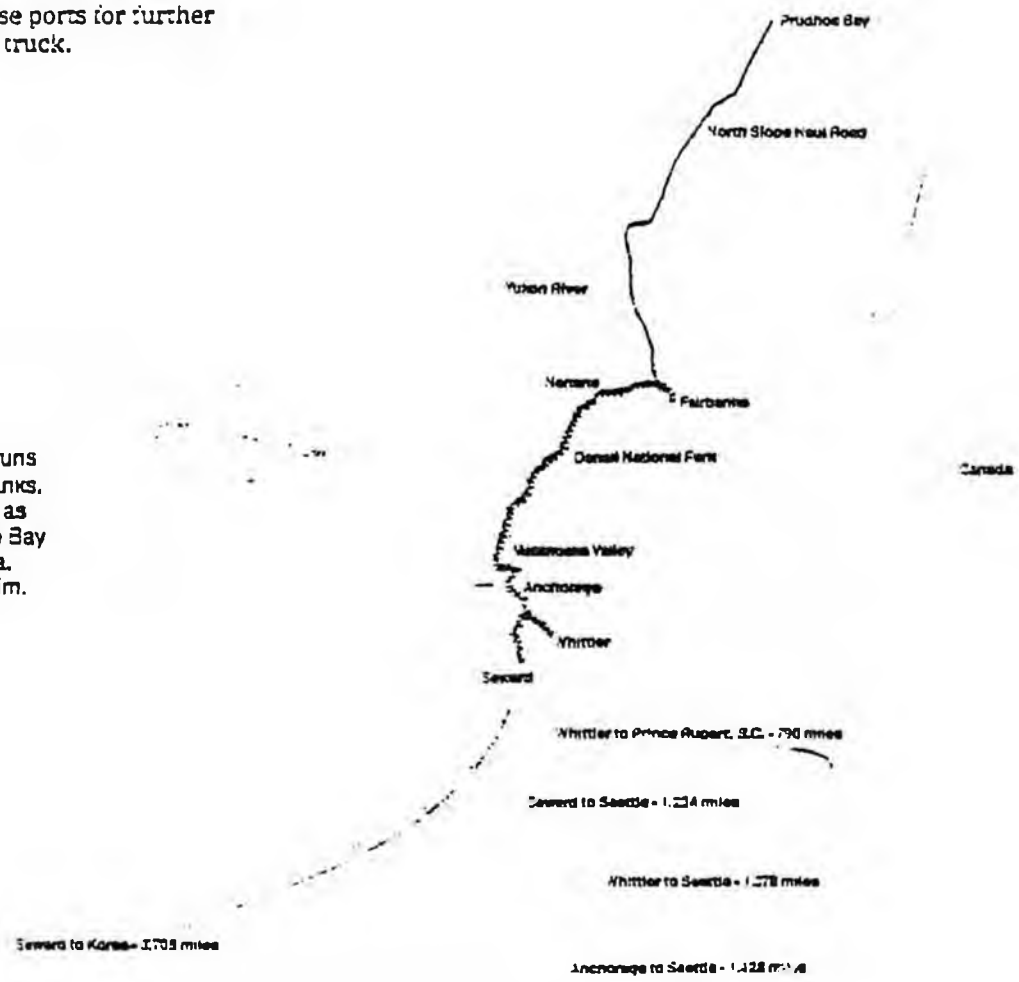
The Alaska Railroad connects with a number of water carriers providing a variety of excellent services from the Lower 48 to Alaska ports of Whittier, Seward, and Anchorage. Major rail carriers and truck lines connect with these water carriers at Seattle, Tacoma, and Prince Rupert, British Columbia. The water carriers provide frequent rail car barge, trailer and container service.

Among the extensive railroad properties are the modern facilities at the ice-free ports of Whittier and Seward. Bulk and container cargos are unloaded at these ports for further transportation via rail and truck.

Interior Alaska covers thousands of square miles, much of it primitive wilderness; and, its towns and settlements are often isolated by distance and terrain. But, although the Alaska Railroad goes no farther than Fairbanks, it uses a combination of transportation modes, including motor carriers, river boats, and aircraft, to carry freight to the remote corners of the state.

Freight is transferred at Nenana to river barges which provide through routes and rates in connection with the railroad. This river freight service extends along the Tanana and Yukon rivers to Fort Yukon, and even to Marshall, just 150 miles from the Bering Sea. The railroad has for decades provided this essential service to the Bush, and is continuing to upgrade transportation facilities and services.

The railroad competes actively for the transportation of imported steel pipe products, which move into Alaska principally through the ports of Seward, Anchorage, and Valdez. The railroad moved 74,000 tons of pipe in 1985.



The "railbelt" region of Alaska runs 470 miles from Seward to Fairbanks, connecting southcentral Alaska as well as the interior and Prudhoe Bay with water carriers from Canada, the Lower 48, and the Pacific Rim.

An aggressive marketing effort and improved service by rail led to a strong recovery in this business in December. Ship traffic through Seward resumed late in the year, discharging pipe for movement to the North Slope oil fields through the railroad's terminal in Fairbanks.

The Alaska Railroad Corporation is a major supplier of transportation services for the petroleum industry. Steel pipe, drilling compounds, machinery, and supplies routinely move over the railroad to Fairbanks for further movement by motor carrier to the North Slope. Massive drilling rigs are fabricated by an Anchorage firm then disassembled for transportation to the oil fields.

PASSENGER SERVICE

The majority of the 257,000 passengers who chose the Alaska Railroad for travel in 1985 arrived on cruise ships through the railroad's port of Whittier, rode the Portage-Whittier shuttle, or rode the express trains serving Denali National Park. Ridership rose by almost 10 percent over 1984, making the year a record for the railroad's passenger train service.

The purchase of two specially rebuilt rail diesel cars (RDCs) received in late 1985 is expected to reduce significantly the cost of wintertime rail service to rural areas, where the greater part of passenger service losses are incurred. These self-propelled passenger cars are available for charter and excursion trains and to supplement other passenger services where necessary.

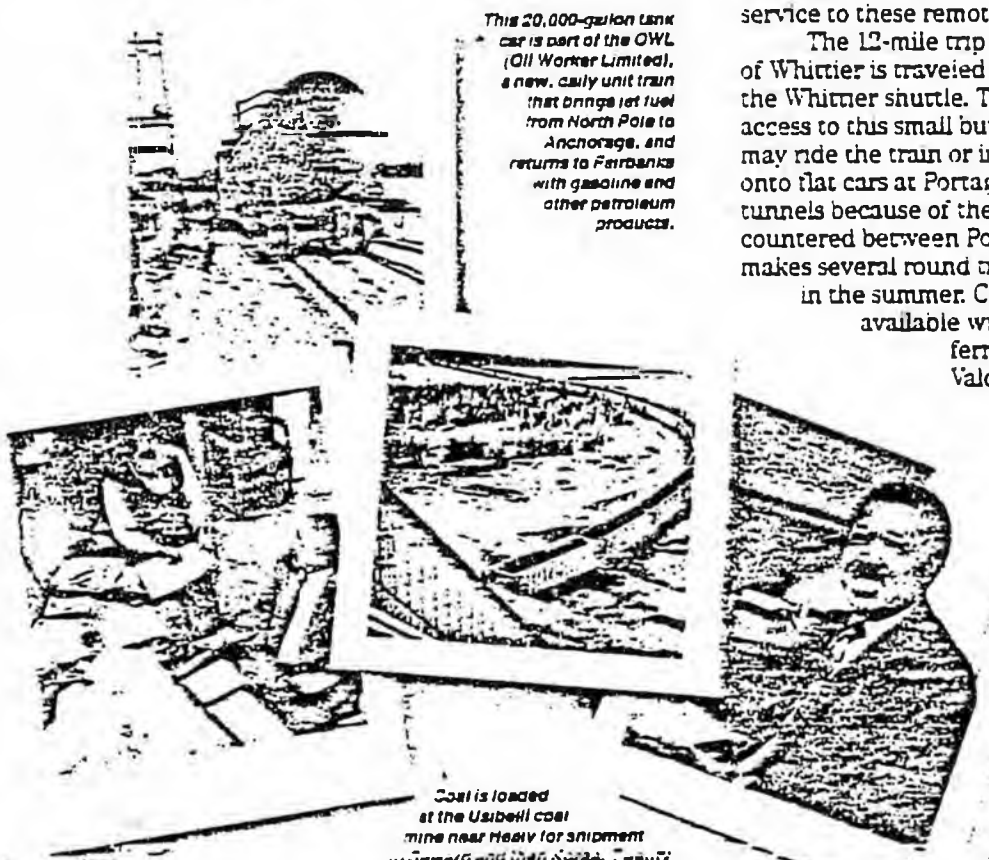
The Alaska Railroad offers several types of passenger services, depending on season and destination. These services include the Denali express, the rural local service, Whittier shuttle, Seward excursion, and winter service.

The Denali express is the summer service on the Anchorage - Denali Park - Fairbanks route. Trains leave Anchorage and Fairbanks daily from late May to mid-September and serve Denali National Park each way. The Denali express is the last traditional intercity passenger train in the United States and provides spectacular views of Mt. McKinley, the tallest mountain in North America.

The rural, or Bush, service which moves people and their belongings (such as animals, supplies, and food) to remote areas not served by highway or air, is a major public service of the railroad. Bush passengers flag the train at almost any point for personalized service. Wintertime essential Bush and shuttle services during the eight-month season result in about 7 percent of the railroad's annual passenger business. The railroad also provides weekly small freight shipment service to these remote homesites.

The 12-mile trip from Portage to the community of Whittier is traveled by what is familiarly known as the Whittier shuttle. The shuttle provides the only land access to this small but major seaport town. Passengers may ride the train or in their vehicles that are loaded onto flat cars at Portage. Much of the trip is through tunnels because of the many rugged mountains encountered between Portage and Whittier. The train makes several round trips daily between the two stops in the summer. Connections and reservations are available with the Alaska Marine Highway ferry service from Whittier to Valdez.

Cruise ship service to Whittier and significant increases in recreational use of the Prince William Sound region, coupled with a banner tourist year on the Valdez to Whittier state ferry route, boosted the number of passengers on the Whittier shuttle by over 20 percent. Ridership in 1986 promises to exceed 1985.

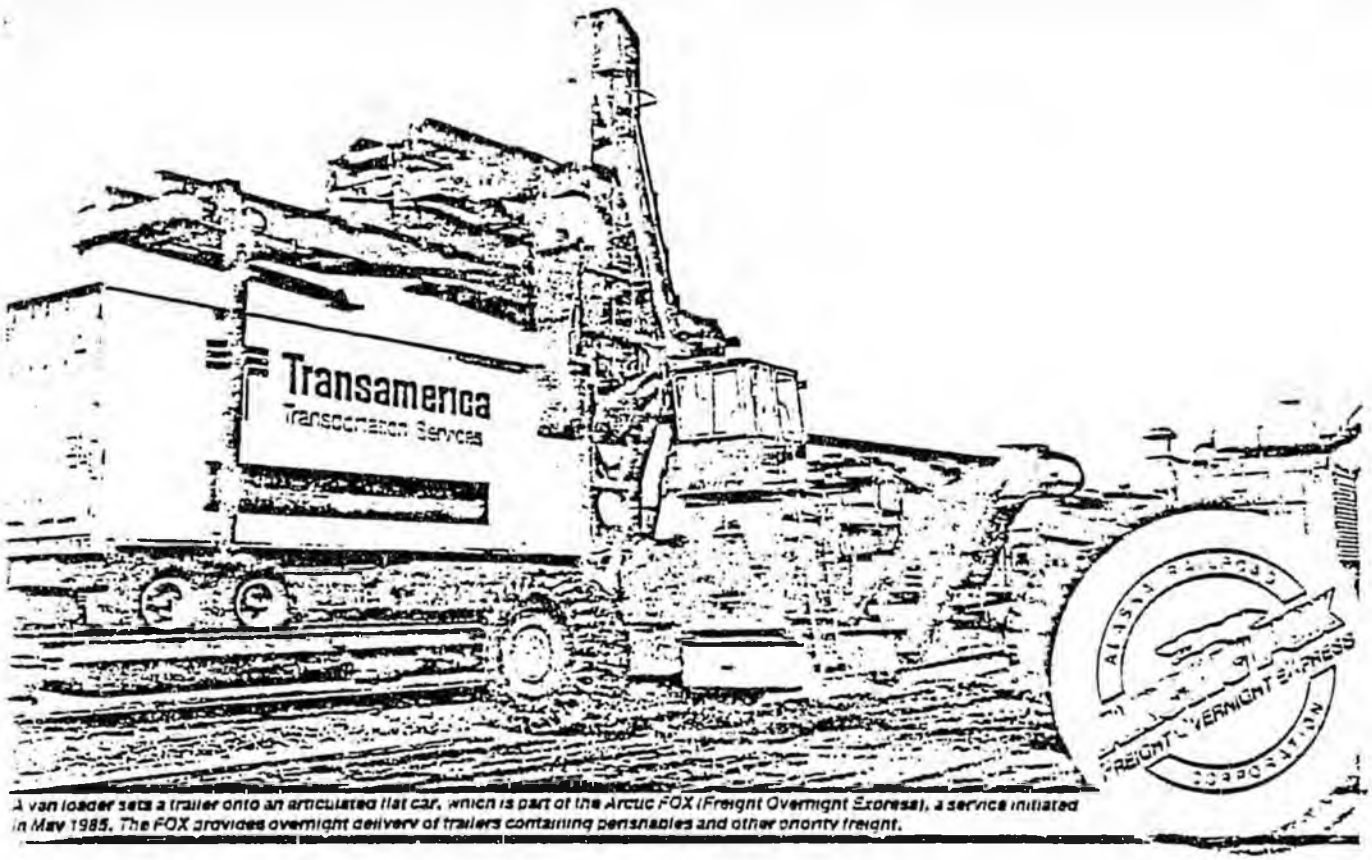


This 20,000-gallon tank car is part of the OWL (Oil Worker Limited), a new, daily unit train that brings jet fuel from North Pole to Anchorage, and returns to Fairbanks with gasoline and other petroleum products.

Coal is loaded at the Usibelli coal mine near Healy for shipment to Seward and then Korea. Twenty percent of freight revenue comes from local and export coal.

Phil Hibdon, left, and Dennis Smith, railroad marketing representatives, provide pricing information for freight service.

Bob Smith is a freight salesman in the railroad's Seattle office. His duties include selling freight services, making customer contacts and servicing existing contracts between the Lower 48 and Alaska.



A van loader sets a trailer onto an articulated flat car, which is part of the Arctic FOX (Freight Overnight Express), a service initiated in May 1985. The FOX provides overnight delivery of trailers containing perishables and other priority freight.

Passenger trains to Seward will begin regular service in 1986 after a 30-year absence. The Railroad was the original link between Anchorage and Seward but service was discontinued when highway travel became more popular. During the summer the railroad will offer a weekly day-long excursion from Anchorage to Seward. Passengers will see glistening glaciers, experience the view from high rocky ledges and wind along canyon streams on this 230-mile round trip through some of Alaska's most beautiful mountain territory.

Winter passenger service is provided on a reduced scale during the shoulder season of September to May. Passenger trains travel between Anchorage and Fairbanks twice each month and to Hurricane twice each weekend.

REAL ESTATE

The Alaska Railroad Corporation controls approximately 38,000 acres of land from the ports of Seward, Whittier and Anchorage to the interior city of Fairbanks. Approximately 40 percent of the land is a transportation corridor or railroad rights-of-way. The remaining real estate includes operational and nonoperational parcels within railbelt communities.

Since transfer of the railroad to state ownership, the scope and duties of the Real Estate Department have expanded to include a greater involvement in land-use planning. Coordinated efforts between Operations and Real Estate departments have been initiated to identify surplus lands available for long term lease. This would result in a more efficient use of undeveloped railroad properties. Leasing policies and practices have been written and implemented to create a more equitable and consistent approach to land management. Innovative ground lease techniques such as rent credits for certain non-depreciable lessee improvements and rent caps that create predictable and financially attractive lease documents will be made available under this new policy. Real estate revenues for 1985 were approximately $4.3 million.

During 1985, a study was initiated to analyze and recommend for the department an office automation system to catalog and create a database to store some 1,200 real estate lease and permit contracts. The recommendation will be implemented in 1986.

Positive steps are being taken to develop a closer working relationship within railbelt communities. The Real Estate Department recognizes the need for a more cooperative approach between the Alaska Railroad Corporation and its host municipalities and boroughs.

THE FUTURE

To implement the Marketing Department's diverse role within the railroad, a formal marketing plan was developed by the department and in late 1985 was approved by the Alaska Railroad Corporation Board of Directors. A key element of the plan calls for new, aggressive marketing programs to establish the identity of the Alaska Railroad throughout the Northwest as well as in the Alaska shipping community.

CHIEF COUNSEL'S OFFICE

The Chief Counsel and his staff were kept very busy in 1985 with the myriad legal issues facing the new railroad corporation.

Topics reviewed during the year by the legal staff included real estate, regulatory review of the rail industry and the railroad's rate structure, personnel and labor relations, commercial financing, and risk management.

The State Transfer Team, which was created prior to transfer of ownership of the railroad to coordinate that process, passed responsibility for many legal tasks to the Chief Counsel in the first quarter of 1985. Foremost among these assignments was continuing oversight of the conveyancing of 38,000 acres of railroad parcels and right-of-way from the federal government to the corporation. Survey, description, and procedural issues continue to be overshadowed by Native corporation claims to valuable railroad parcels. The railroad was involved in negotiations with Ahtna, Eklutna and Toghetthele native corporations. An agreement was reached with Ahtna Inc. in 1985. Negotiations will continue in 1986 to resolve the remaining claims.

The interpretation and application of both old and new railroad leases required considerable legal support. Corporate attorneys assisted in development of a new leasing policy and new master lease. The legal office also participated in the development of corporate relations with many state, federal, and military agencies regarding mutual land ownership and management concerns.

The legal staff was instrumental in the financing of millions of dollars in new equipment purchases in 1985 by preparing and negotiating necessary commercial documents. Procurement of equipment and materials also required legal review of solicitation packages and legal assistance in the resolution of bid disputes.

Competitor challenges to the corporation's pricing of piggyback traffic (truck trailers on flat cars) led the Chief Counsel to retain transportation and accounting experts to review the corporation's rate costing practice. The studies confirmed that the corporation's pricing was appropriate.

Competing water carriers fought unsuccessfully to deny the corporation any participation in the Interstate Commerce Commission's exemption of boxcar traffic from regulation. The exemption will permit more freedom in the marketing of transportation services.

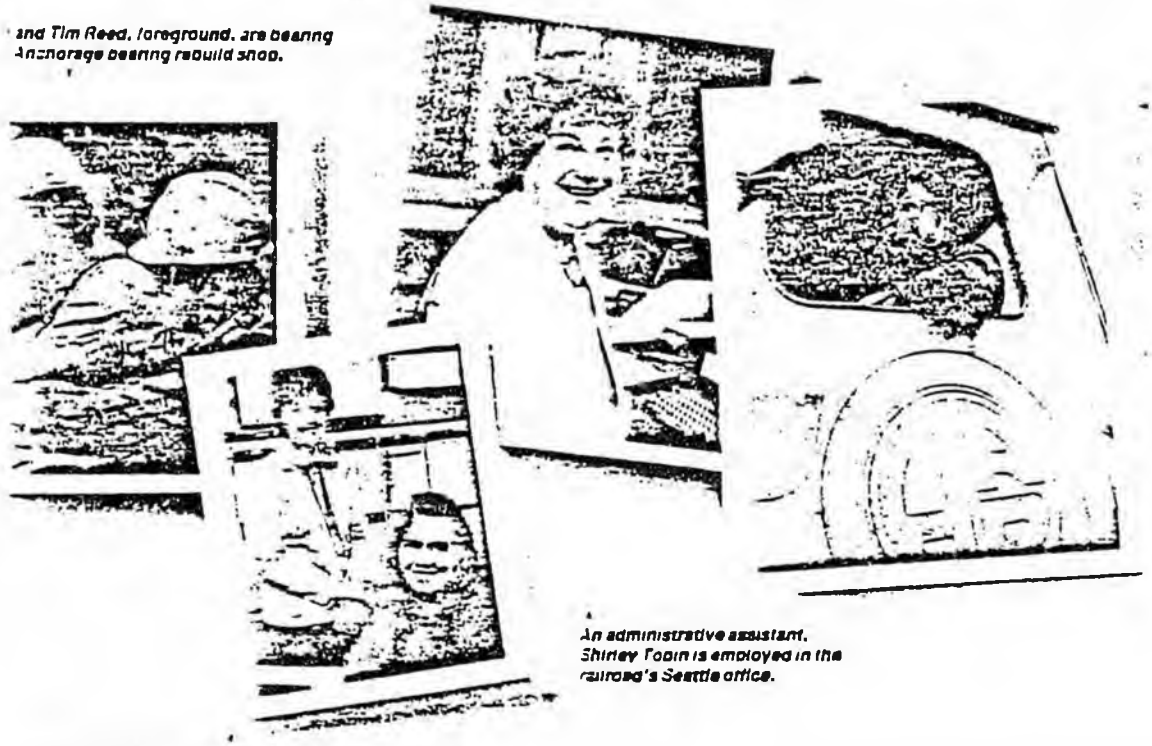
Through the first year of state ownership, the corporation received relatively few claims for personal injury and property damage related to railroad operations. Corporate counsel participated in resolution of several of the claims and in review of the corporation's risk management procedures.

Given the breadth of 1985 corporate legal affairs, the Office of the Chief Counsel will be challenged by these and new assignments in 1986.

Terry T... specialist

Cathie McLeod is a clerk-typist in the Fairbanks freight house.

The Alaska Railroad General Office building in Anchorage was constructed in 1942. It houses most of the corporation's administrative employees.



and Tim Reed, foreground, are bearing Anchorage bearing rebuild shop.

Chris Muniz, a truck driver for the railroad, assists in loading and unloading trailers on flat cars in the Anchorage yard.

An administrative assistant, Shirley Fobin is employed in the railroad's Seattle office.

Betty Elge is the dock agent, and Beverly Clauson, foreground, a clerk-typist, in Seward.

As a federal agency, the Alaska Railroad had adhered to federal hiring practices and personnel procedures. With transfer of ownership to the state, the railroad began to develop and implement policies and procedures that more closely responded to the needs of the new Alaska Railroad Corporation.

In the process, several personnel and employee relations functions were consolidated into one department. The Human Resources Department was created from the old Personnel Office. Added to it were Organization, Compensation and Benefits, Labor Relations, and Health, Safety and Environment. This reorganized department provides a full range of employee relations services for both management and employees. Affirmative action and the streamlining of recruiting and hiring practices are a top priority in better utilization of the work force.

Among the major Human Resources projects in 1985 was conversion of all personnel and payroll records to a fully automated, computerized system. Complete conversion to the new records system was expected by February 1986. This change will allow ready access to employee data and will insure an accurate employee record system.

Human Resources played a significant role in labor negotiations in 1985. According to both the federal transfer and state corporation acts, union contracts in existence at the time of transfer to state ownership are to be renegotiated by the corporation within the first two years of state operation. Beginning in August 1985, for the first time in the history of the Alaska Railroad, representatives from all seven bargaining units and management met at the bargaining table. This unique process called for bargaining with all the unions at once on items common to all the units. By year's end significant steps had been made toward reaching a mutually agreeable master contract.

Negotiations will continue in 1986 to finalize the master agreement after which each bargaining unit will have an opportunity to negotiate an addendum specifically for each union.

UNIONS REPRESENTING RAILROAD EMPLOYEES

(As of December 31, 1985)

Union	Employees
United Transportation Union	128
Brotherhood of Railway Carmen	40
International Association of Machinists and Aerospace Workers	89
American Federation of Government Employees	288
American Train Dispatchers Association	13
Train Dispatchers Unit	5
Blue collar and office craft units	

Administration of all benefits programs for railroad employees is managed by the Organization, Compensation and Benefits Department in Human Resources. This department administers the new life insurance and medical care programs for employees, including vision, hearing and dental care. This new program is designed to cover new employees and transferred employees and was implemented in February 1985.

This department also implemented a pension plan and a tax-deferred savings plan for non-represented employees. These plans allow employees to contribute a portion of their pre-tax earnings to a retirement and investment program. The deferred savings plan allows employees to build funds for their retirement while reducing their current taxes. Employees who participated in the Civil Service Retirement program prior to transfer remain in that system.

A safe workplace and working conditions have always been a priority at the Alaska Railroad. Corporation-wide training programs in first aid and cardiopulmonary resuscitation were provided several times throughout the year by the Safety Office. Safety meetings were held throughout the railroad on a regular basis to keep safety in the forefront of employees' minds while at work and at home.

The result was a reduction in accidents and serious on-the-job injuries. At the close of the year the Alaska Railroad Corporation was in contention with other railroads of similar size for a second place Harriman Award. The Harriman is a national safety award presented by the Federal Railroad Administration. The railroad received a fourth place Harriman in 1984 and a third place in 1983.

BENEFIT PROGRAMS
(As of December 31, 1985)

PENSION PLAN	Federal Retirement System*	Corporation Program	Total
Employee Contributions	$1,338,311.56	$41,634.28	$1,379,945.84
Employer Contributions	$1,338,311.56	$15,389.00**	$1,373,700.56
TOTAL	$2,676,623.12	$57,023.28	$2,753,646.40

* Employees who participated prior to transfer remained in this program after state ownership.

** Employer contributions are based on projected cash payouts, reflecting information received from the trust administrator.

TAX DEFERRED SAVINGS

Employee Contributions***	$232,697.29

***The present plan covers permanent, non-union employees. Union employees may become eligible depending upon the outcome of contract negotiations.

CORPORATION PAID LEAVES
(In hours)

	Earned	Used
Annual Leave	91,533	71,975
Sick Leave	58,547	35,247
Administrative Leave*	—	6,209
Jury Duty	—	1,457
Military Leave	—	116

*Paid leave is granted for such activities as voter registration and voting, representing employee organizations, and attending conferences or conventions that would benefit the corporation.

NUMBER OF EMPLOYEES BY DEPARTMENT

CEO Staff	10
Operations	532
Administration/Human Resources	25
Finance	35
Marketing	27
TOTAL	559

EMPLOYEE YEARS OF SERVICE

Years	Employees	Years	Employees
32	1	14	26
30	3	13	18
29	2	12	13
28	2	11	53
27	2	10	46
25	1	9	19
24	3	8	9
23	5	7	12
22	4	6	22
21	4	5	29
20	8	4	24
19	3	3	33
18	3	2	25
17	10	1	65
16	10	Less than 1	184
15	14		

When the Alaska Railroad changed hands from federal to state government, the Finance Department was a primary recipient for dramatic alterations. The changes were part of a corporate three-year plan generated in early 1985. The Finance Department as well as the corporation met or exceeded its goals for the first year.

The financial reorganization began with a management-oriented focus on the department. Accordingly, the position of Vice President of Finance was created, with all finance, information systems, procurement and supply departments reporting to this position. Formerly, under federal administration, those departments reported to the Department of Administration.

An important objective outlined in the three-year plan was the purchase of new equipment. Under federal administration all major purchases were paid by cash appropriated by Congress as part of the federal Department of Transportation budget. The new Finance Department was able to prepare a financial package that emphasized lease/purchase agreements for equipment and also established a credit line for the new corporation. The package resulted in the purchase of approximately $12 million in new equipment such as flat cars, locomotives, rail diesel cars and computers. The corporation spent an additional $10 million for improvements to the mainline track, tunnels and other areas.

Installation of an on-line accounting and financial system was another giant step taken by Finance. A new IBM 4361 computer was added which handles accounts payable/receivable, general ledger, inventory, purchasing, payroll and personnel management. The new system uses modern on-line capabilities as the standard for its operations, which prior to transfer had depended on a manual accounting system. In addition to updating the railroad's finance and record keeping capabilities, the Finance Department was responsible for expanding the use of personal computers in several work areas. The new PCs generate a huge time and cost savings in every department in which they are used.

A major activity of the new corporation in 1985 was wrapping up all accounts receivables and payables left behind by the federal government. The Federal Railroad Administration (FRA) contracted with the Alaska Railroad Corporation to collect outstanding accounts receivable and make payments for outstanding federal debts. Over $12 million of federal accounts receivable was collected by the corporation, much of which was more than six months past due. The corporation received a collection fee based on its contract with the FRA.

Another major activity specifically involved the corporation's surplus inventories. The Finance Department streamlined the warehouse and supply operations by eliminating excess inventories through public auctions held throughout 1985, generating approximately $1 million in revenue. A more efficient supply operation has resulted from the reductions.

New computers help Dave Brazzell, computer operator, to streamline the financial and record keeping process for the railroad.

The accounting department in Anchorage was substantially updated with the addition of a new computer which handles accounts payable and receivable, general ledger, inventory, purchasing, payroll and personnel management.

The corporation began divesting itself of the gift shop business in 1985. Though not finalized at the close of the year, sale of the Passenger Depot gift shops to the private sector is in progress.

When reflecting on 1985 I consider the major accomplishment of the Alaska Railroad Board of Directors was effectively setting the stage under state ownership for the future successful management of the Alaska Railroad.

As directors we fully realize that our first responsibility is to the citizens of Alaska. We also see a need to establish an arena of cooperation and accountability with the Governor and the state legislature. Thanks to the positive response of Governor Bill Sheffield and the oversight committees of the legislature, we were able to establish this bond of trust and were given the latitude to function in a free enterprise environment. This certainly contributed to our success in 1985 and provided a platform on which those who follow in our footsteps may build.

At our regular board meetings, in order to be more responsive to the needs of the communities we serve, as well as our customers, an opportunity is provided at each forum for public comment. It is this exchange that has given the board of directors an opportunity to receive input on such issues as leasing policies, bidding procedures, needs of our employees, and the public response to our services.

This ability to communicate on a local level with management, as well as the board of directors, has provided a vehicle for public communication that was practically nonexistent under federal ownership. I am sure this was the intent of Senator Ted Stevens and the many others who worked so long and hard for state ownership of the Alaska Railroad.

In 1985 we were able to benefit from the momentum of the prior year's economy, a stable work force and some creative management innovations by the railroad management. The result was increased earnings and a profit at the bottom line. However, 1986 will present new concerns. The Alaska Railroad, like any other business in Alaska, is not exempt from the predicted slowdown in the economy. It will take a concerted effort on the part of each of us to continue our first year's success.

The board of directors would be remiss if each member did not thank you for your patience and support during this first year. We are making history with this railroad and it is exciting.

James O. Campbell
Chairman of the Board of Directors

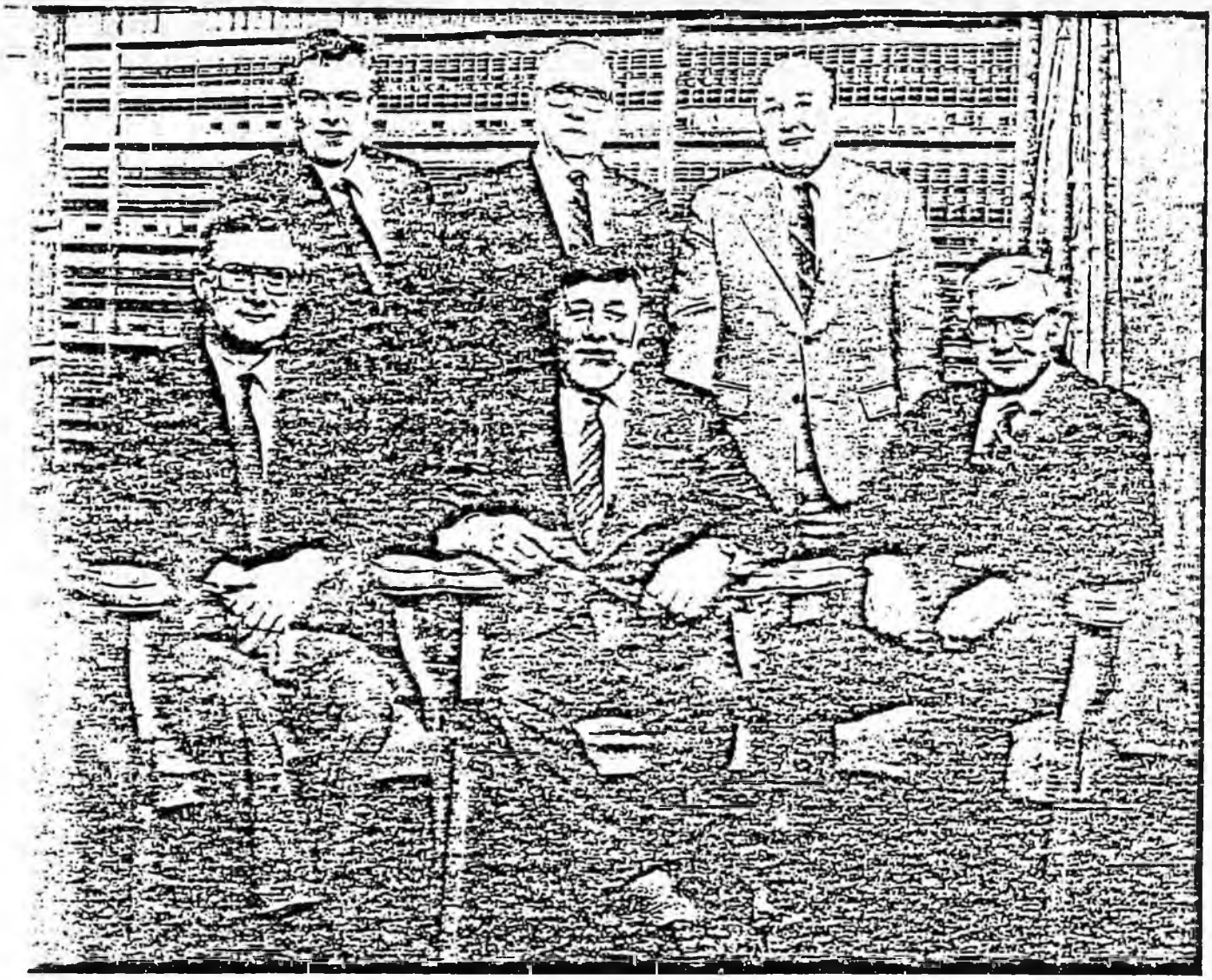
Prior to the transfer of the Alaska Railroad to state ownership in January 1985, a seven-member board of directors for the Alaska Railroad Corporation was appointed by Governor Bill Sheffield. Appointment of the board fulfilled a requirement outlined in the 1983 Alaska Railroad Corporation Act, which established the corporation.

The Alaska Railroad Corporation board is responsible for the management of the corporation but has delegated certain powers and duties to the Chief Executive Officer, Railroad President Frank Turpin.

James O. Campbell is chairman of the board of directors. He was president and general manager of Spenard Builders Supply when his retirement was announced in late 1985. Campbell has worked and served on numerous special committees and community service projects. A resident of Alaska since 1959 he has been an Anchorage assemblyman and president of the Anchorage Chamber of Commerce.

Board vice chairman is **Frank X. Chapados** of Fairbanks. He has been an Alaska resident since his birth in Juneau in 1914, and has worked most of his life in southeastern and interior Alaska. Currently, he is president and general manager of H & S Forwarders, Inc., in Fairbanks. Chapados was elected to the state House of Representatives in 1958, re-elected in 1961, and served as chairman of the Joint House & Senate Finance Committee. He has been active in many civic and community programs including being past president of the Fairbanks Chamber of Commerce. He has worked as an enforcement agent for the U.S. Fish and Wildlife Service and was also a U.S. Marshal in Fairbanks.

Myron M. Christy is the railroad board member from out of state. He resides in San Francisco and fulfills the directive of the legislature that one board member have at least 10 years of management experience in the railroad industry outside Alaska. Christy worked with the Western Pacific Railroad Company from 1950 to 1979 in many positions including president and CEO. Currently he is consultant and director for U.S. Leasing International, Inc.



The Board of Directors, seated from left: Commissioner Loren H. Lounsbury; Board Chairman James O. Campbell; and Lewis E. Dickinson. Standing from left are Gerald D. Valinske; Board Vice Chairman Frances X. Chapados; and Commissioner Richard J. Knapp. Shown separately below left is Myron M. Christy.

Lewis E. Dickinson is a founding partner of DOWL Engineers, a professional engineer and a registered land surveyor. As a railroad board member, he brings with him over 30 years of engineering experience and almost 25 years of business management experience. Prior to founding DOWL Engineers, he worked for the City of Anchorage in the city engineer's office.

Richard J. Knapp is one of the two state commissioners who serve on the railroad board. As commissioner for the Department of Transportation and Public Facilities, Knapp represents the transportation interests of the state. Knapp is a retired rear admiral of the U.S. Coast Guard, one of six appointed by President Carter in 1978. A graduate of the U.S. Coast Guard Academy, he served as district commander of the Coast Guard in Alaska from 1980 to 1984, and has a master's degree in business administration from George Washington University in Washington, D.C.

The second commissioner representing the state of Alaska is **Loren H. Lounsbury**, Commissioner of Commerce and Economic Development. Lounsbury is a 40-year Alaska resident, and graduated from Anchorage High School in 1962. He is a professional engineer and a registered land surveyor. Until his appointment as commissioner in January 1985, he was president of Lounsbury and Associates, Inc. Lounsbury has served on numerous community service boards and is the former Honorary Consul of the Republic of Korea for Anchorage.

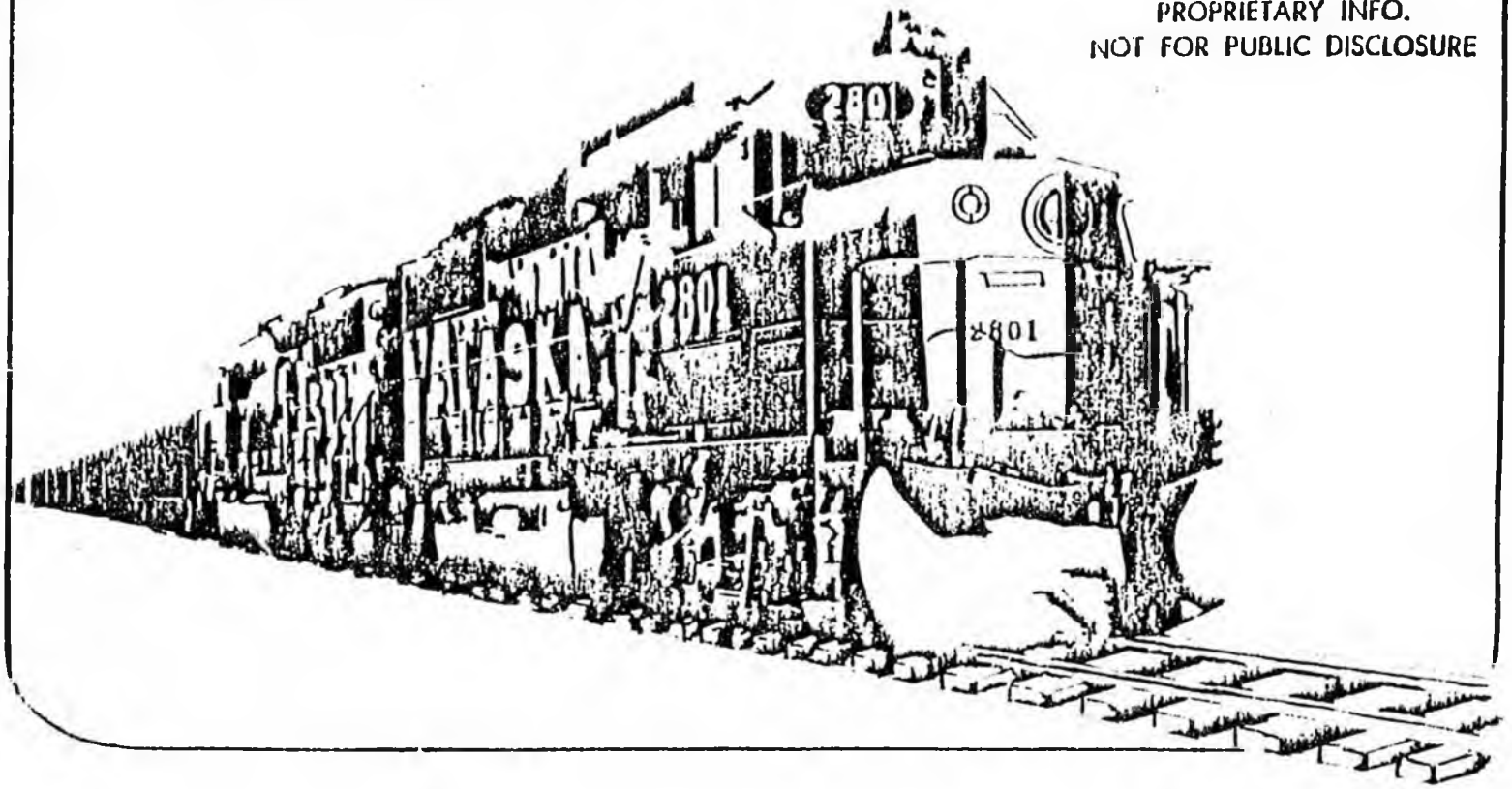
Gerald D. Valinske serves on the railroad board as a member of the United Transportation Union, Local 1626. He has been a conductor with the Alaska Railroad since 1975. A 12-year Alaska resident, Valinske worked with the Milwaukee Railroad as a brakeman prior to moving to Alaska. In 1984, he was a lobbyist for the United Transportation Union, American Federation of Government Employees, and the Brotherhood of Railway Carmen.

ALASKA RAILROAD CORPORATION

Financial Statements

December, 1985

PROPRIETARY INFO.
NOT FOR PUBLIC DISCLOSURE



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ALASKA RAILROAD CORPORATION
Financial Statements
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ALASKA RAILROAD CORPORATION
Summary Balance Sheet
Through the Period Ending December 31, 1985
(In Thousands of Dollars)

	Dec. 31, 1985
Assets	
Current Assets	16,022
Properties	28,510
Land	13,850
Other	820
Total Assets	59,202
Liabilities and Owners Equity	
Liabilities	
Current Liabilities	11,228
Capital Lease Obligations	6,992
Total Liabilities	18,220
Owners Equity	
Investment by State of Alaska	33,849
Retained Earnings	7,133
Total Owners Equity	40,982
Total Liabilities and Owners Equity	59,202
Annualized Return on Investment	21.1%

ALASKA RAILROAD CORPORATION
1985 OPERATING PERFORMANCE ANALYSIS
Through the Period Ending December 31, 1985
(In Thousands of Dollars)

	December*			Year-to Date			Latest Annual Estimate		
	Actual	Budget	Variance	Actual	Budget	Variance	Estimate	Budget	Variance
Revenues									
Railroad	3,210	4,154	(944)	56,322	64,191	(7,869)	56,322	64,191	(7,869)
Other	521	750	(229)	10,912	9,000	1,912	10,912	9,000	1,912
TOTAL	3,731	4,904	(1,173)	67,234	73,191	(5,957)	67,234	73,191	(5,957)
Cost and Expenses									
Railroad	3,570	3,452	118	45,437	50,334	(4,897)	45,437	50,334	(4,897)
Other	(1,447)	1,388	(2,835)	13,209	15,145	(1,936)	13,209	15,145	(1,936)
Depreciation	267	400	(133)	1,455	4,800	(3,345)	1,455	4,800	(3,345)
TOTAL	2,390	5,240	(2,850)	60,101	70,279	(10,178)	60,101	70,279	(10,178)
NET INCOME (LOSS)	1,340	(336)	1,676	7,133	2,912	4,221	7,133	2,912	4,221
CASH FLOW	1,607	64	1,543	8,588	7,712	876	8,588	7,712	876

EXPLANATION OF VARIANCES - YEAR-TO DATE

- Revenues are lower due primarily to reduced coal shipments, gravel, TOFC/COFC, and miscellaneous shipments; increased revenues have been obtained in petroleum products, real estate, and reimbursable work for State road crossing projects, etc.

- Expenses are down primarily due to early reduction in summer work force, reduced car hire costs, better fleet utilization, and accounting adjustments for inventories/depreciation due to Purchase Accounting Allocation Method, and reclassification of Summer Track Improvement Program from expense to capital in accordance with unit of property definition.

* Minor difference due to rounding

** The month of December, 1985, reflects adjustments to accruals/estimates for both revenue and expense.

ALASKA RAILROAD CORPORATION
PROJECT-TO-DATE CAPITAL PERFORMANCE SUMMARY
Budget vs Actual
Through the Period Ending December 31, 1985
(In Thousands of Dollars)

	Approved Budget	Amount Approp.	Latest Estimate	1985 YTD Expend.	1986
1984 Carryover	2,063	2,063	1,928	1,877	76
1985 Projects	13,187	8,207	14,203	7,170	8,128
TOTAL	15,250	10,270	16,131	9,047	8,204
State Funded (Cap. & Exp.)					
Transfer Funds	268	268	268	268	0
Shuttle Equipment - 528	925	0	925	0	925
Records Management - 529	15	15	15	5	10
Total State Funded	1,208	283	1,208	273	935

ALASKA RAILROAD CORPORATION
Balance Sheet
Through the Period Ending December 31, 1985
(In Thousands of Dollars)

	Jan. 6 1985	March 31 1985	June 30 1985	Sept. 30 1985	Dec. 31* 1985
ASSETS					
Current Assets					
Cash and Short-Term Investments	10,978	7,717	8,756	3,932	1,911
Accounts Receivable	710	10,187	13,920	16,756	11,275
Materials and Supplies	4,067	5,040	7,200	4,367	5,618
Total	15,755	22,944	29,876	25,055	18,804
Properties					
Transportation					
Road and Roadway Structures	0	0	91	91	10,623
Equipment	1,375	3,869	8,948	12,173	12,765
Non-Transportation	3,187	3,324	3,187	3,187	3,133
Total	4,562	7,193	12,226	15,451	26,521
Accumulated Depreciation and Amortization (Note A)	0	(230)	(568)	(940)	(1,455)
Properties - Net	4,562	6,963	11,658	14,511	25,066
Land	15,414	15,414	15,414	15,414	13,050
Other Assets	1,443	2,050	2,100	6,214	1,482
TOTAL ASSETS	37,174	48,171	59,128	61,194	59,202
LIABILITIES AND OWNERS EQUITY					
Liabilities					
Current Liabilities					
Accounts and Wages Payable	0	4,797	8,025	9,087	7,124
Notes Payable	0	0	0	0	1,000
Other Current Liabilities	1,263	1,942	2,222	1,382	1,126
Current Portion of Long-Term Leases (Note B)	237	424	750	384	1,978
Total	1,500	7,163	10,997	10,853	11,228
Long-Term Leases (Note B)	272	2,489	7,120	8,770	6,992
Other Liabilities and Deferred Credits	2,153	3,973	3,642	2,923	0
Total Liabilities	3,925	13,625	21,767	22,546	18,220
Owners Equity					
Investment by State of Alaska (Note C)	33,249	33,249	33,849	34,131	33,849
Retained Earnings	0	1,297	3,512	4,517	7,133
Total Owners Equity	33,429	34,546	37,361	38,648	40,982
TOTAL LIABILITIES AND OWNERS EQUITY	37,174	48,171	59,128	61,194	59,202
RETURN ON EQUITY (ANNUALIZED)		15.6%	20.7%	17.6%	21.1%

* Certain balance sheet items have been reclassified to conform with auditors YE 1985 financial statements.

ALASKA RAILROAD CORPORATION
Notes
To
Financial Statements

SEE AUDITOR'S YEAR END AUDITED FINANCIAL STATEMENTS

ALASKA RAILROAD CORPORATION
NOTE D
LEASE DISCLOSURE SCHEDULE

December 31, 1985

SEE AUDITOR'S YEAR END AUDITED FINANCIAL STATEMENTS

ALASKA RAILROAD CORPORATION
Statement of Income
Through the Period Ending December 31, 1995
(In Thousands of Dollars)

	December			Year-To-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
Revenues						
Railroad	3,210	4,154	(944)	56,322	64,191	(7,869)
Other	521	750	(229)	10,912	9,000	1,912
Total	3,731	4,904	(1,173)	67,234	73,191	(5,957)
Cost and Expenses						
Railroad						
Transportation	1,471	1,666	(195)	20,556	25,566	(5,010)
Ways and Structures	1,114	861	253	12,310	12,810	(500)
Equipment	1,703	925	778	12,571	11,958	613
General and Administrative[A]	(2,199)	1,220	(3,419)	10,418	13,293	(2,875)
Total	2,089	4,672	(2,583)	55,855	63,627	(7,772)
Operating Surplus	1,642	232	1,410	11,379	9,564	(1,815)
Interest Expense	154	0	154	561	0	561
Corporate Expense	(119)	168	(287)	2,230	1,852	378
Net Surplus	1,607	64	1,543	8,588	7,712	876
Depreciation	267	400	(133)	1,455	4,800	(3,345)
Net Income (Loss)	1,340	(336)	1,676	7,133	2,912	4,221

[A] Adjustments due to inventory re evaluation in accordance with purchase accounting allocation method.

ALASKA RAILROAD CORPORATION
Revenues by Commodity
Through the Period Ending December 31, 1985
(In Thousands of Dollars)

Commodity	December*			Year To Date			Latest Annual Estimate		
	Actual	Budget	Variance	Actual	Budget	Variance	Estimate	Budget	Variance
Pipe	269	310	(41)	3,253	3,780	(527)	3,253	3,780	(527)
Coal: Local	356	630	(274)	4,255	6,170	(1,915)	4,255	6,170	(1,915)
Export	402	551	(149)	5,179	6,612	(1,433)	5,179	6,612	(1,433)
Petroleum	1,030	687	343	11,833	9,681	2,152	11,833	9,681	2,152
Gravel	0	0	0	7,819	8,930	(1,111)	7,819	8,930	(1,111)
IOFC/COFC	358	814	(456)	7,008	10,548	(3,540)	7,008	10,548	(3,540)
Interline	574	861	(287)	10,530	10,513	17	10,530	10,513	17
Miscellaneous Local	(168)	241	(409)	2,101	3,437	(1,336)	2,101	3,437	(1,336)
Total Freight	2,821	4,094	(1,273)	51,978	59,671	(7,693)	51,978	59,671	(7,693)
Passenger: North	239	10	229	2,959	3,300	(341)	2,959	3,300	(341)
South	81	30	51	1,102	645	457	1,102	645	457
Other	69	20	49	283	575	(292)	283	575	(292)
Total Passenger	389	60	329	4,344	4,520	(176)	4,344	4,520	(176)
Real Estate	(141)	340	(481)	4,322	4,080	242	4,322	4,080	242
All Other	662	410	252	6,590	4,920	1,670	6,590	4,920	1,670
Total Other	521	750	(229)	10,912	9,000	1,912	10,912	9,000	1,912
TOTAL	3,731	4,904	(1,173)	67,234	73,191	(5,957)	67,234	73,191	(5,957)

* The month of December, 1985, reflects accrual adjustments to conform with the audited year-end financial statements.

ALASKA RAILROAD CORPORATION
EXPENSE PERFORMANCE ANALYSIS
Through the Period Ending December 31, 1985

Department	Month			Year To Date		
	Actual*	Budget	Variance	Actual	Budget	Variance
Transportation[1]	1,471	1,666	(195)	20,556	25,566	(5,010)
Motive Power & Equipment	1,703	925	778	12,571	11,958	613
Ways & Structures[2]	1,114	861	253	12,310	12,810	(500)
Marketing	90	182	(92)	1,229	1,921	(692)
Overheads[3]	(2,255)	1,206	(3,461)	11,980	13,224	(1,244)
Depreciation[4]	267	400	(133)	1,455	4,800	(3,345)
Total	2,390	5,240	(2,850)	60,101	70,279	(10,178)

Explanation of Variances - Year-to-Date

(1) Decrease due to freight movements, primarily TOFC/COFC, gravel, and reduced coal traffic.

(2) Reduction results from accounting adjustment for Summer Track Improvement Program from expense to capital in accordance with ICC unit of property definitions offset by higher than budgeted personnel costs.

(3) Underrun due to inventory re-evaluation partially offset by increased insurance costs, reorganization costs and other miscellaneous costs.

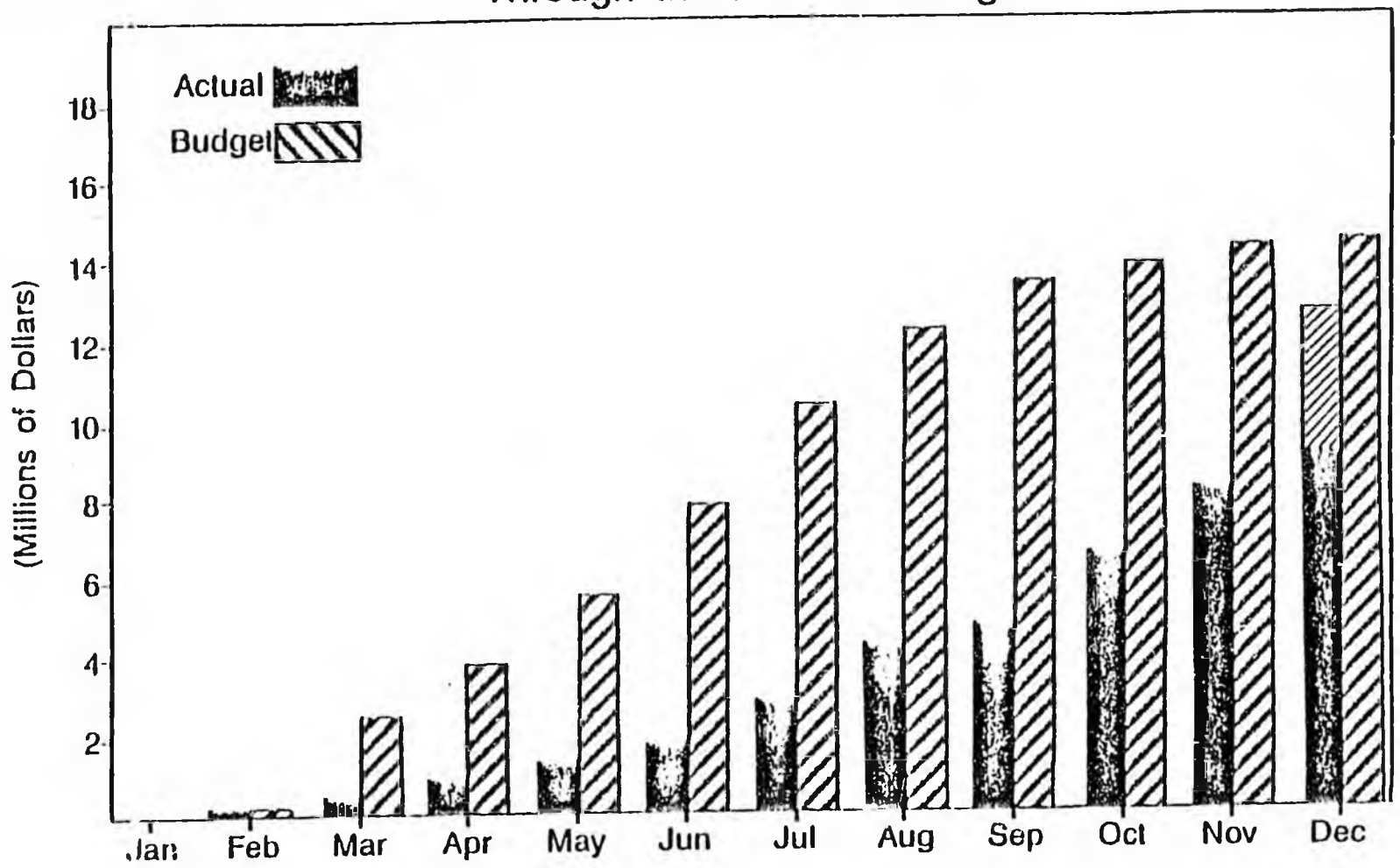
(4) Depreciation lower due to restatement of assets according to purchase accounting allocation method.

* December, 1985, reflects accrual adjustments to conform with audited year end financial statements.

Alaska Railroad Corporation

1985 Capital Expenditures

Through the Period Ending



3.5
Eng. Summer
Work Program

9.0

Budget	0	.2	2.4	3.9	5.8	7.9	10.3	12.1	13.6	13.9	14.1	14.2
Actual	0	.2	.5	.7	1.2	1.7	3.0	4.2	4.8	6.8	8.2	12.5

ALASKA RAILROAD CORPORATION
PROJECT-TO-DATE CAPITAL PERFORMANCE SUMMARY
Budget vs Actual
Through the Period Ending December 31, 1985
(In Thousands of Dollars)

	Approved Budget	Amount Approp.	Latest Estimate	1985 YTD Expend.	1986
1984 Carryover	2,063	2,063	1,928	1,877	76
1985 Projects	13,187	8,207	14,203	7,170	8,128
TOTAL	15,250	10,270	16,131	9,047	8,204
State Funded (Cap. & Exp.)					
Transfer Funds	268	268	268	268	0
Shuttle Equipment - 528	925	0	925	0	925
Records Management - 529	15	15	15	5	10
Total State Funded	1,208	283	1,208	273	935

ALASKA RAILROAD CORPORATION
PROJECT-TO-DATE CAPITAL PERFORMANCE ANALYSIS
Budget vs Actual
Through the period ending December 31, 1985
In Thousands of Dollars

Projects	AFE No.	Approved Budget	Amount Appropriated	Latest Estimate	1985 YTD Expend.	Remainder of 1985	1986	Performance: Physical Completion %	Performance: Start Date	Performance: End Date	Status
1984 CARRYOVER:											
Seward TOFC Yard	606/107	31	31	21	21	-0-		100	9-85	10-85	C
Weigh-in motion Scale	632/106	250	250	201	201	-0-	25	90	12-84	6-86	To Certify
Potter Hill Drainage	636	20	20	6	6	-0-		100	7-85	8-85	C
Auto Couplers	633	26	26	20	20	-0-		100		7-85	C
Loco. Plow Pilots	634/151	51	51	51	-0-	-0-	51	20	8-84	3-86	
TOFC Term. Imp. - Anch.	600	37	37	37	37	-0-		100		4-85	C See 85
Anch. Eng. Supply - (Ph. III)	501	871	871	871	871	-0-					C See 85
1984 Tunnel Program	511	431	431	431	431	-0-					C See 85
1984 Track Program		89	89	75	75	-0-		100		3-85	C
Other Misc. Projects	999	257	257	215	215	-0-					
TOTAL 1984		2,063	2,063	1,928	1,877	-0-	76				
1985 PROJECTS:											
Energy Conservation-(Ph IV)	501/101	1,250	1,250	1,250	514	-0-	746	80	6-85	5-86	
Warehouse Improvements	502/102	110	110	160	135	-0-	25	85	9-85	6-86	
Fencing - Security	503/102	65	65	-0-	-0-	-0-		-0-			Merged
Computer Air Conditioning	504/104	65	65	61	2	-0-	59	-0-			Rebid 86
Bank Widening	505/105	300	300	100	100	-0-		100	6-85	8-85	C
Rail Lubricators	506/141	60	24	25	25	-0-		100	8-85	11-85	C
Palmer Branch Rehab.	507	100	-0-	-0-	-0-	-0-					Deleted
Rail/Tie Fasteners	508/131	300	-0-	157	157	-0-		100	7-85	12-85	C
Microwave Radio (Ph I)	509	425	-0-	286	-0-	-0-	286	-0-	2-86	12-86	
Bridges	510/110	800	580	561	561	-0-		100	3-85	9-85	C
Tunnels (Ph II)	511/111	1,500	1,300	4,250	2,286	-0-	1,964	55	7-85	9-86	

Status Codes

A - AFE Preparation	D - Design	M - Materials Ordered
B - Bid Process	E - Evaluation	R - Received
C - Complete	H - On Hold	L - Lease/Purchase

ALASKA RAILROAD CORPORATION
PROJECT-TO-DATE CAPITAL PERFORMANCE ANALYSIS
Budget vs Actual
Through the period ending December 31, 1985
In Thousands of Dollars

Projects	AFE No.	Approved Budget	Amount Appropriated	Latest Estimate	1985 YTD Expend.	Remainder of 1985	1986	Performance: Physical Completion %	Performance: Start Date	Performance: End Date	Status
1985 PROJECTS:											
Utility Systems	512/112	650	291	550	24	-0-	536	-0-	8-85	10-86	D (20%)
Fuel Station Add.-Anch.	513/113	250	250	186	57	-0-	129	35	7-85	6-86	D (85%)
Whittier Ramp & TOFC Fac.	514/114	475	100	476	356	-0-	120	75	7-85	6-86	
Eielson Branch Rehab.	515/115	2,100	-0-	2,060	585	-0-	1,475	25	7-85	10-86	
Barge Slip #2 Whittier	516/116	300	150	175	-0-	-0-	175	-0-	5-86	7-86	D (10%)
Locomotives (5)	517/117	600	600	339	339	-0-	439	100		5-85	C,I
TOFC Cars (30)	518/118	422	400	473	473	-0-	214	100		5-85	C,I
Covered Cement Hoppers (5)	519	125	-0-	-0-	-0-	-0-					H
Passenger Car Upgrade (17)	520/120	300	42	48	48	-0-		100	6-85	10-85	C
Engineer Const. Equip. (021)	521/121	950	642	692	593	-0-	99	95	3-85	4-86	
Snow Removal Equipment	-	450	Deleted	Deleted	-0-	-0-					
Locomotive Crane	523	800	-0-	460	-0-	-0-	460				I
Material Handling Equip.	524/108	85	24	24	24	-0-		80	8-85	1-86	
Telecom. Test Equip.	525/012	125	125	125	56	-0-	69	-0-	9-85	5-86	H
Upgrade Radios	526	200	-0-	300	-0-	0-	300	-0-	4-86	12-86	
Passenger Services	527	300	-0-	300	-0-	-0-		-0-			H
MPR Projects - See page 3	999	-0-	334	323	269	-0-	54				See page 3
Flat Cars (15)	119	-0-	255	235	235	-0-	116	100	7-85	8-85	C,I
Const. Work Equip./Snow Rem.	531	-0-	-0-	-0-	-0-		300	-0-	1-86	3-86	B,I
TOFC Term. Imp. - Anch.	600	-0-	35	49	49	-0-		100	1-85	7-85	C
REC Car Upgrade	144	-0-	-0-	-0-	-0-	-0-	150	75	9-85	1-86	I
32V Electric 4 Cabooses	153	-0-	100	100	46	-0-	54	35	9-85	11-86	
Electrify 15 TOFC	140	-0-	265	247	125	-0-	122	40	10-85	8-86	
MSA Term Dev.	006	-0-	172	18	18	-0-	10	100	9-85	10-85	C,I
PC Terminals	007	-0-	71	7	7	-0-	22	100	8-85	9-85	C,I
IBM Remotes	008	-0-	350	64	64	-0-	111	100	8-85	9-85	C,I
IBM Line Printer	016	-0-	24	1	1	0-	7	100	10-85	11-85	C,I
Wang Equipment	027	-0-	275	13	13	-0-	86	100	12-85	12-85	C,I
TOTAL 1985		13,187	8,207	14,203	7,170	-0-	8,128				
GRAND TOTAL-ALL PROJECTS		15,250	10,270	16,131	9,047	-0-	8,204				

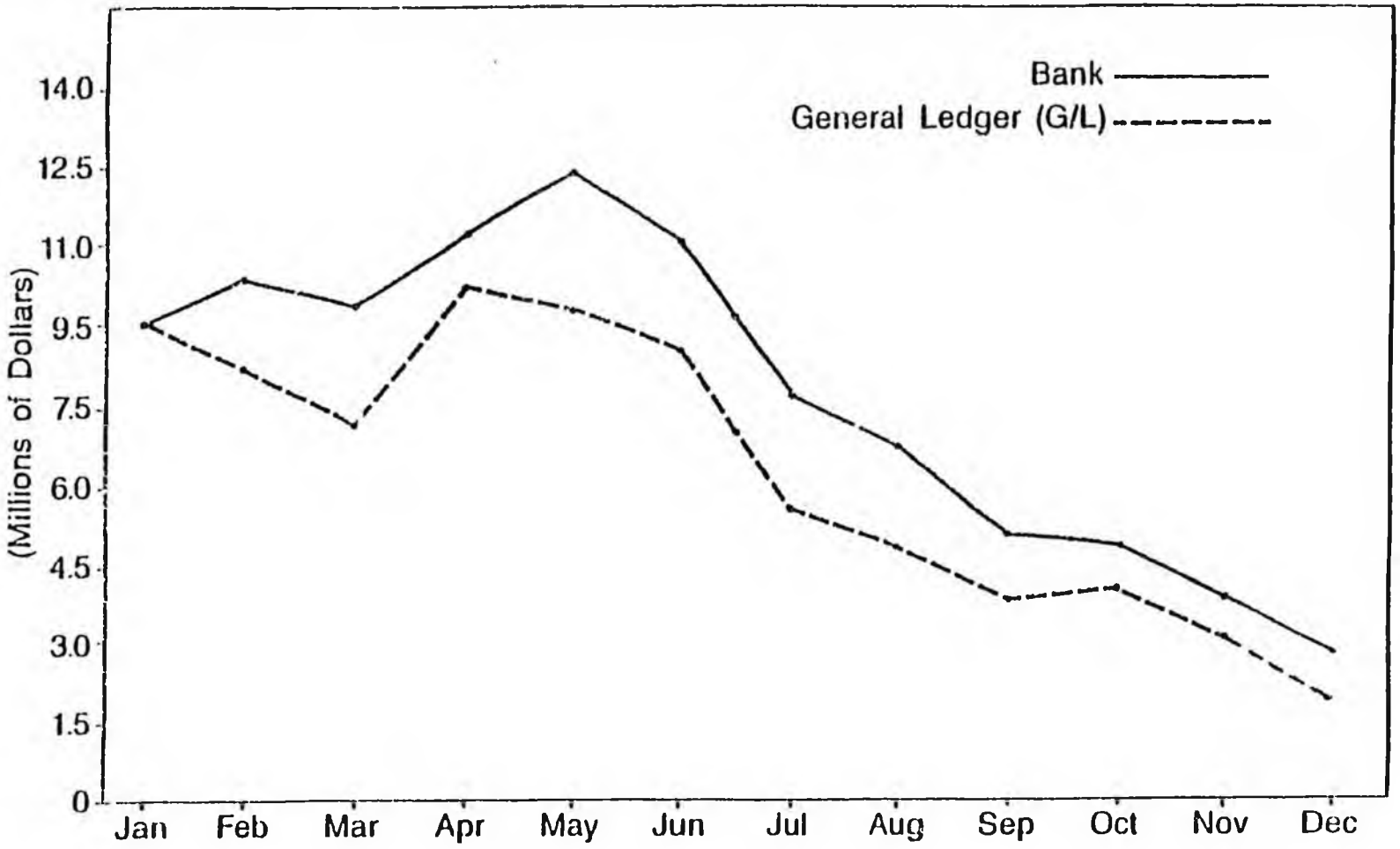
AI RAI) CO .TIO
PROJECT-TO-DATE CAP. .L PERFORMANCE ANALYSIS
Budget vs Actual
Through the period ending December 31, 1985
In Thousands of Dollars

Projects	AIE No.	Approved Budget	Amount Appropriated	Latest Estimate	1985 YTD Expend.	Remainder of 1985	1986	Performance: Physical Completion %	Performance: Start Date	Performance: End Date	Status
1985 Non Proj. Res. (NPR)											
Rerailing Bridge	25001		12	12	12	-0-		100	10-84	4 85	C
Telex	75001		2	2	2	-0-		100	10 84	1-85	C
Dock Boards	65001		4	4	4	0-		100	12-84	2 85	C
Computer, Mac	75003		5	5	5	-0-		100	12-84	2 85	C
Dishwasher	45001		3	2	2	-0-		100	1-85	2 85	C
Word Proc W/Printer (4)	65050		14	11	11	-0-		100	1-85	3 85	C
Plow on 5 JP 49's	150		51	51	16	-0-	35	40	11-85	3 86	
Radius (5)	25004		6	6	6	-0-		100	3-05	7 85	C
Chart Recorder	25006		2	2	2	-0-		100	5-85	6 85	C
Computer & Telex	75005		3	3	3	-0-		100	5-05	7 85	C
Copier - IM	75006		2	2	2	-0-		100	5-85	5 85	C
Computer - Mac	75008		3	3	3	0-		100	4-85	4-85	C
Telephone Sys.	75009		13	12	12	-0-		100	4-85	7 85	C
Vans, Pass. (2)	15025		29	29	29	-0-		100	6-85	6 85	C
Budd HDC(!)	142		60	60	41	-0-	19	90	6 85	1-86	Accept.
Mobile Radio	25010		2	2	2	-0-		100	6-85	12 85	C
Copier, Xerox	75010		10	10	10	-0-		100	6 85	6 85	C
Computer - Mac	75012		9	10	10	-0-		100	8-85	8 85	C
Camera & Accessories	75013		1	1	1	-0-		100	8 85	8-85	C
Logging Recorder	013		21	20	20	-0-		50	10 85	1 86	M
Remodel Procurement Office	143		6	8	8	-0-		100	12-85	12 85	C
Rad.-Tele (Trans-2)	010		5	5	5	-0-		50	11-85	2 86	M
Rad.-Tele (Safety)	011		1	1	1	-0-		50	11-85	2 86	M
Comp. Mac (NIKI)	015		4	3	3	-0-		100	11-85	12 85	C
Furniture (Legal)	017		5	4	4	-0-		100	10-85	12 85	C
Computer - IBM (Oldham)	022		13	13	13	-0-		100	11-85	12 85	C
Rapicon Facsimile (3)	023		17	17	17	-0-		100	12 85	12-85	C
Furniture (Procurement)	024		4	4	4	0-		100	12-85	12 85	C
Furniture (Marketing)	025		10	10	10	0-		100	11-85	12 85	C
Telephones (Marketing)	026	___	11	11	11	-0-	___	100	11-85	12 85	C
Total 1985 NPR		-0-	334	323	269	-0-	54				

Alaska Railroad Corporation

Monthly Bank Balance

1985

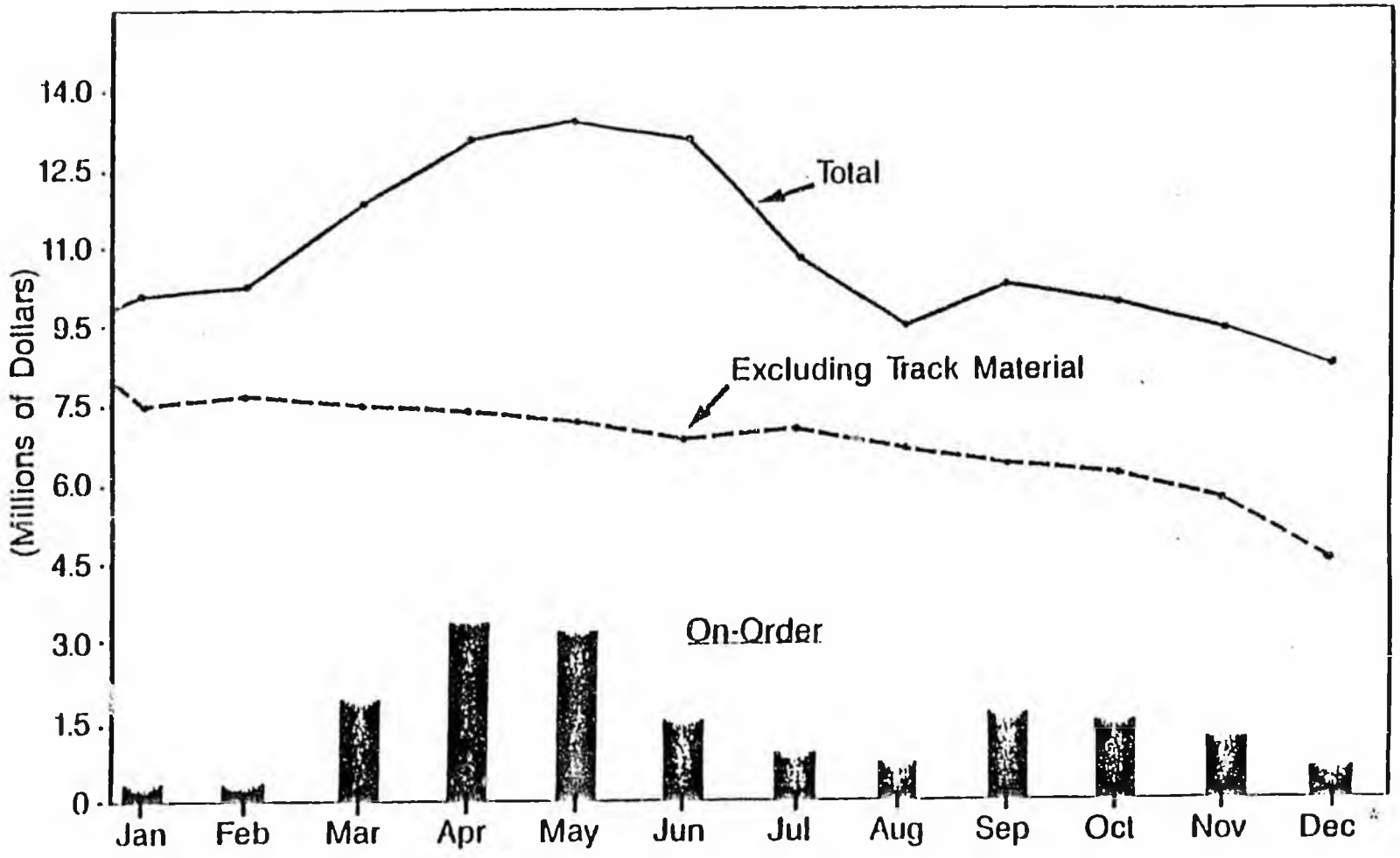


Bank	9.5	10.5	9.9	11.1	12.2	11.0	7.6	7.0	5.2	4.9	4.1	2.9
G/L	9.5	8.1	7.1	10.1	9.7	8.8	5.6	4.7	3.9	4.0	3.0	.9

Alaska Railroad Corporation

Inventory Level

1985



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total	10.0	10.2	11.9	12.8	13.2	12.8	10.5	9.5	10.1	9.8	9.4	8.2
On-Order	.4	.4	2.2	3.2	3.1	1.4	1.0	.9	1.6	1.4	1.2	.6
Exclud. Track Material	7.5	7.6	7.5	7.3	7.1	6.8	6.9	6.5	6.2	5.9	5.7	4.6

* INVENTORY VALUE AT YEAR END 1985 WAS REVALUED DOWNWARD TO $5.6 MILLION TO CONFORM WITH THE APPRAISAL METHOD USED TO COMPLY WITH THE PURCHASE ALLOCATION ACCOUNTING METHOD.

ALASKA RAILROAD CORPORATION
Accounts Receivable Status
Through the Period Ending December 31, 1985

Type	Balance	AGING (DAYS) 0-15	16-30	31-45	46-60	over 60
Trade	6,002	2,437	1,339	1,496	621	2,103
%	100	30	17	19	8	26
Reimbursable	377	269	4	0	0	104
%	100	71	1	0	0	28
Real Estate	1,200	471	13	147	0	569
%	100	39	1	12	0	48
Estimated	1,696	1,696	0	0	0	
%	100	100	0	0	0	
Total	11,275	4,873	1,356	1,643	621	2,776
%	100	43	12	14	6	25

ALASKA RAILROAD CORPORATION
Current Investment Report
As of December 31, 1985

Principal Amount	Maturity Date	Length of Investment	Type of Investment	Interest Rate	Estimate Int. Income
515,343	Open	Open	Money Mkt	9.80%	2,104
100,000	01/21/86	182 day	CD	8.50%	4,061
100,000	01/21/86	182 day	CD	8.50%	4,061
100,000	05/09/87	540 day	CD	8.50%	1,275
815,343					11,501

1986

ALASKA RAILROAD CORPORATION
1986 BUDGET SUMMARY
REVISED FOR SALES TARGETS
(THOUSANDS OF DOLLARS)

	1986 BUDGET	1986 SALES TARGETS	VARIANCE DOLLARS	VARIANCE %
REVENUE	71,057	78,900	7,843	10
EXPENSE	63,166	69,440	6,274	9
SURPLUS (DEFICIT)	7,891	9,460	1,569	17
DEPRECIATION	1,800	1,800	0	0
NET INCOME (LOSS)	6,091	7,660	1,569	17

ALASKA RAILROAD CORPORATION
1986 EXPENSE BUDGET ANALYSIS
(THOUSANDS OF DOLLARS)

DEPARTMENT	1986 BUDGET	1985 BUDGET	1985 YTD THRU OCT	1985 LATEST ESTIMATE
TRANSPORTATION	16,359	25,560	17,921	20,800
ENGINEERING	16,140	12,810	12,801	10,870
MP&E	15,076	11,960	10,265	12,000
SPECIAL AGENTS	2,869	500	356	440
ADMINISTRATION	670	900	635	760
PERSONNEL	2,050	800	473	580
FINANCE	5,873	5,620	4,613	6,000
MARKETING	3,007	1,920	1,077	1,580
LEGAL	856	500	462	562
OTHER	515	4,910	3,668	5,228
SUB TOTAL	63,415	65,480	52,271	58,820
INTEREST EXPENSE	1,018	0	379	480
DEPRECIATION	1,800	4,800	1,064	1,300
SUB TOTAL	2,818	4,800	1,443	1,780
TOTAL EXPENSE	66,233	70,280	53,714	60,600

ALASKA RAILROAD CORPORATION
REVENUES BY COMMODITY
1986 BUDGET ANALYSIS
(IN THOUSANDS OF DOLLARS)

COMMODITY	1986 BUDGET	1985 STATUS BUDGET	1985 STATUS YTD THRU OCT	1985 STATUS LATEST ESTIMATE
PIPE	3,044	3,780	2,619	3,000
COAL: LOCAL	5,763	6,170	3,557	4,100
EXPORT	5,113	6,612	4,521	5,340
PETROLEUM	11,311	9,681	9,605	11,500
TOFC/COFC	8,239	10,548	5,998	7,000
INTERLINE	12,786	10,514	9,194	10,800
MISCELLANEOUS LOCAL	9,291	12,366	10,028	11,630
TOTAL FREIGHT	55,547	59,671	45,522	53,370
PASSENGER: NORTH	2,890	3,300	2,693	2,900
SOUTH	84	645	979	1,030
OTHER	1,436	575	213	300
TOTAL PASSENGER	4,410	4,520	3,885	4,230
REAL ESTATE	5,100	4,080	4,071	4,971
ALL OTHER	6,000	4,920	5,708	6,429
TOTAL OTHER	11,100	9,000	9,779	11,400
TOTAL REVENUE	71,057	73,191	59,186	69,000

ALASKA RAILROAD CORPORATION
1986 BUDGET HEADCOUNT SUMMARY

DEPARTMENT	FIRST QTR		SECOND QTR		THIRD QTR		FOURTH QTR	
	1986	1985	1986	1985	1986	1985	1986	1985
(1) CORPORATE OFFICE	11	6	11	8	11	12	11	9
OPERATIONS	510	532	657	711	586	635	499	509
(2) HUMAN RESOURCES	29	19	29	19	29	18	29	21
(3) FINANCE	69	59	69	59	71	63	69	69
(4) MARKETING & SALES	37	18	50	17	50	27	37	26
TOTAL	656	634	816	814	747	755	645	634

(1) INCLUDES CHIEF COUNSEL AND STAFF

(2) INCLUDES DIRECTOR, ADMINISTRATION AND STAFF

(3) 1985 DOES NOT INCLUDE 6 CONTRACT COMPUTER OPERATORS WHICH HAS BEEN CONVERTED TO ARRC STAFF

(4) DOES NOT INCLUDE SUMMER HOST/HOSTESS PROGRAM OF 45 STUDENTS DURING SUMMER PASSENGER SEASON

ALASKA RAILROAD CORPORATION
1986 BUDGET HEADCOUNT SUMMARY

DEPARTMENT	FIRST QTR 1986	FIRST QTR 1985	SECOND QTR 1986	SECOND QTR 1985	THIRD QTR 1986	THIRD QTR 1985	FOURTH QTR 1986	FOURTH QTR 1985
(1) CHIEF EXECUTIVE OFFICE	11	6	11	8	11	12	11	9
OPERATIONS.	515	532	650	711	629	635	504	509
(2) HUMAN RESOURCES	29	19	29	19	29	18	29	21
(3) FINANCE	69	59	69	59	71	63	69	69
(4) MARKETING & SALES	37	18	50	17	50	27	37	26
TOTAL	661	634	809	814	790	755	650	634

(1) INCLUDES CHIEF COUNSEL AND STAFF

(2) INCLUDES DIRECTOR, ADMINISTRATION AND STAFF

(3) 1985 DOES NOT INCLUDE 6 CONTRACT COMPUTER OPERATORS WHICH HAS BEEN CONVERTED TO ARRC STAFF

(4) DOES NOT INCLUDE SUMMER HOST/HOSTESS PROGRAM OF 45 STUDENTS DURING SUMMER PASSENGER SEASON

ALASKA RAILROAD CORPORATION
1986 S[illegible]DING PLAN
ACCOUNT ANALYSIS

SUMMARY

	1986 BUDGET	1985 LATEST ESTIMATE	1985 VARIANCE	1985 %
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	39,984	36,827	3,157	8
CONTRACTUAL SERVICES	5,936	4,670	1,266	27
MATERIALS & SUPPLIES	10,095	11,321	(1,226)	(11)
RENTALS, UTILITIES	2,763	3,703	(940)	(25)
INSURANCE, CASUALTY, TAXES	2,271	1,117	1,154	103
OTHER	1,017	364	653	179
TOTAL	62,066	58,002	4,064	7
DEBT SERVICE	1,100	415	685	165
GRAND TOTAL	63,166	58,417	4,749	8

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL COSTS REFLECT FULL STAFF LEVELS FOR YEAR, INCREASED SALES STAFF, SMALL INCREASE IN ADMINISTRATIVE WORK FORCE, INCREASED HEALTH BENEFIT COST AND PROVISION FOR MINIMAL WAGE ADJUSTMENT.
- CONTRACTUAL SERVICES INCREASE REFLECTS COST OF MARKETING PLAN, RELOCATION FOR TRANSFERRED EMPLOYEES, INCREASED TRAINING.
- MATERIALS AND SUPPLIES DECREASE REFLECTS REVALUATION OF INVENTORY.
- RENTALS AND UTILITIES DECREASE REFLECTS SAVINGS FROM KAPP ENERGY PROJECT, CLOSURE OF UNNECESSARY WAREHOUSES, ETC.
- INSURANCE INCREASE IS FOR A FULL YEAR EFFECT OF OUR RISK MANAGEMENT PROGRAM AT NEW RATES AN[illegible]VISION FOR CASUALTY CLAIMS.
- OTHER [illegible]ASE REFLECTS CONSOLIDATION OF FREIGHT EXPENSE FOR DIRECT, NON-STOCK PURCHASES TO THE PROCUREMENT DIVISION.
- DEBT SERVICE INCREASE REFLECTS FULL YEAR OF INTEREST EXPENSE ON LOCOMOTIVES, FLAT CARS, AND PLANNED 1986 CAPITAL ADDITIONS.

ALASKA RAILROAD CORPORATION
1986 SI .DING PLAN
DEPARTMENT ANALYSIS

SUMMARY

	1986 BUDGET	1985 LATEST ESTIMATE	1985 VARIANCE	1985 %
CORPORATE OFFICE	1,579	1,191	388	33
OPERATIONS	48,516	47,170	1,346	3
FINANCE	6,815	6,000	815	14
MARKETING	3,417	2,509	908	36
HUMAN RESOURCES	2,074	807	1,267	157
ADMINISTRATION	765	740	25	3
GRAND TOTAL	63,166	58,417	4,749	8

EXPLANATION OF MAJOR VARIANCES:

° CORPORATE OFFICE INCREASE REFLECTS ADDITIONAL COST FOR LITIGATION AND INCREASE IN LEGAL WORKFORCE.

° FINANCE INCREASE REFLECTS LARGER DEBT SERVICE AND REALIGNMENT OF CONTRACTUAL WORKFORCE.

° MARKETING INCREASE REFLECTS NEW MARKETING PLAN (500K), ADDITIONAL SALES FORCE AND RELOCATION TO UPTOWN OFFICE SPACE.

° HUMAN RESOURCES INCREASE REFLECTS NEW ORGANIZATION STRUCTURE, INCREASED RESPONSIBILITIES, COST FOR NEW ADMINISTRATIVE PROGRAMS AND SOME ADDITIONAL STAFF.

ALASKA RAIL AD CORPORATION
1985 SPENDING PLAN
ACCOUNT ANALYSIS
SUMMARY

		1985	
CONTRACTUAL SERVICES	1986 BUDGET	LATEST ESTIMATE	VARIANCE
CORPORATE OFFICE	757	672	85
OPERATIONS	2,625	2,555	70
FINANCE	753	934	(181)
MARKETING	920	433	487
HUMAN RESOURCES	805	50	755
ADMINISTRATION	76	26	50
TOTAL	5,936	4,670	1,266

EXPLANATION OF MAJOR VARIANCES:

° CORPORATE OFFICER INCREASE FOR ESTIMATED CORPORATE DONATIONS.

° MARKETING INCREASE REFLECTS IMPLEMENTATION OF NEW CORPORATE MARKETING PLAN.

° HUMAN RESOURCES REFLECTS REALIGNMENT OF ORGANIZATION, RELOCATION EXPENSES, SALARY ADMINISTRATION PROGRAM, AND INCREASED TRAINING.

ALASKA RAIL. .D CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS
SUMMARY

		1985	
MATERIALS & SUPPLIES	1986 BUDGET	LATEST ESTIMATE	VARIANCE
CORPORATE OFFICE	16	33	(17)
OPERATIONS	9,611	10,480	(869)
FINANCE	214	408	(194)
MARKETING	145	285	(140)
HUMAN RESOURCES	54	29	25
ADMINISTRATION	55	86	(31)
TOTAL	10,095	11,321	(1,226)

EXPLANATION OF MAJOR VARIANCES:

° DECREASES ARE A RESULT OF REVALUATION OF INVENTORY.

ALASKA RAIL ROAD CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS
SUMMARY

		1985	
RENTALS & UTILITIES	1986 BUDGET	LATEST ESTIMATE	VARIANCE
CORPORATE OFFICE	4	2	2
OPERATIONS	1,941	2,685	(744)
FINANCE	495	751	(256)
MARKETING	140	19	121
HUMAN RESOURCES	9	3	6
ADMINISTRATION	174	243	(69)
TOTAL	2,763	3,703	(940)

EXPLANATION OF MAJOR VARIANCES:

° DECREASES ARE GENERAL RESULTING FROM SAVINGS FROM NEW ENERGY SYSTEMS.

° INCREASE IN MARKETING REFLECTS RELOCATION OF OFFICE.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS
SUMMARY

		1985	
INSURANCE, CASUALTY EXPENSES	1986 BUDGET	LATEST ESTIMATE	VARIANCE
CORPORATE OFFICE	0	0	0
OPERATIONS	2,266	1,117	1,149
FINANCE	0	0	0
MARKETING	5	0	5
HUMAN RESOURCES	0	0	0
ADMINISTRATION	0	0	0
TOTAL	2,271	1,117	1,154

EXPLANATION OF MAJOR VARIANCES:

° OPERATIONS IS RESPONSIBLE FOR INSURANCE AND RISK PROGRAMS. INCREASE REFLECTS FULL YEAR PREMIUMS AT HIGHER RATES PLUS ADDITIONAL SMALL INCREASE TOWARDS END OF YEAR. ADDITIONALLY, REFLECTS ANTICIPATED LOSSES AND CLAIMS DUE TO FREIGHT DAMAGE, ROLLING STOCK DAMAGE, ETC.

ALASKA RAIL AD CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS
SUMMARY

		1985	
OTHER	1986 BUDGET	LATEST ESTIMATE	VARIANCE
CORPORATE OFFICE	50	0	50
OPERATIONS	0	0	0
FINANCE	1,899	779	1,120
MARKETING	149	0	149
HUMAN RESOURCES	19	0	19
ADMINISTRATION	0	0	0
TOTAL	2,117	779	1,338

EXPLANATION OF MAJOR VARIANCES:

- FINANCE INCREASE REFLECTS LARGER DEBT SERVICE AND FREIGHT CHARGES NOW RESPONSIBILITY OF PROCUREMENT (DIRECT PURCHASE AND NON-STOCK ITEMS).
- MARKETING INCREASE REFLECTS RELOCATION TO NEW UPTOWN OFFICE SPACE.

ALASKA RAILRO CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS
SUMMARY

SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	1986 DOLLARS	1986 PERSONNEL*	1985 LATEST ESTIMATE DOLLARS	1985 LATEST ESTIMATE PERSONNEL*
CORPORATE OFFICE	751	11	484	9
OPERATIONS	32,073	575	30,333	596
FINANCE	3,454	69	3,128	63
MARKETING	2,060	43	1,772	22
HUMAN RESOURCES	1,186	21	725	16
ADMINISTRATION	460	8	385	7
TOTAL	39,984	727	36,827	713

EXPLANATION OF MAJOR VARIANCES:

° CORPORATE OFFICE INCREASE REFLECTS ADDITIONAL LEGAL ASSISTANCE.

° OPERATIONS DECREASE REFLECTS A 3-MONTH SUMMER WORK PROGRAM RATHER THAN A 5-MONTH PROGRAM AND TRANSFER OF PASSENGER AGENT POSITIONS TO MARKETING.

° FINANCE INCREASE REFLECTS TAKEOVER OF CONTRACTUAL SERVICES IN SYSTEMS.

° MARKETING REFLECTS TRANSFER OF PASSENGER AGENTS FROM OPERATIONS DEPARTMENT AND ADDITIONAL SALES STAFF.

* AVERAGE QUARTERLY TOTAL

ALASKA RAIL \D CORPORATION
1986 SPENDING PLAN
CORPORATE OFFICE
SUMMARY

		1985	
	1986 BUDGET	LATEST ESTIMATE	VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	752	484	274
CONTRACTUAL SERVICES	757	672	85
MATERIALS & SUPPLIES	16	33	(17)
RENTALS, UTILITIES	4	2	2
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	50	0	50
TOTAL	1,579	1,191	394
DEBT SERVICE	0	0	0
GRAND TOTAL	1,579	1,191	394

EXPLANATION OF MAJOR VARIANCES:

° PERSONNEL COSTS UP DUE TO INCREASED STAFFING IN CHIEF COUNSEL'S OFFICE INCLUDING ADDITIONAL SENIOR ATTORNEY, CLERICAL HELP AND PARALEGAL ASSISTANCE.

° CONTRACTUAL SERVICES UP AS A RESULT OF ANTICIPATED INCREASED LITIGATION.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
ADMINISTRATION
SUMMARY

	1986 BUDGET	1985 LATEST ESTIMATE	1985 VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	460	385	75
CONTRACTUAL SERVICES	76	26	50
MATERIALS & SUPPLIES	55	86	(31)
RENTALS, UTILITIES	174	243	(69)
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	0	0	0
TOTAL	765	740	25
DEBT SERVICE	0	0	0
GRAND TOTAL	765	740	25

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL EXPENSES REFLECTS INCREASE FOR FULL YEAR MANNING LEVELS AND ONE ADDITIONAL STAFF PERSON.
- CONTRACTUAL SERVICES INCREASE REFLECTS CONSOLIDATION OF OFFICE MACHINE EXPENSES IN ADMINISTRATIVE SERVICES DIVISION AND DEVELOPMENT OF RECORDS MANAGEMENT SYSTEM FOR CORPORATION.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
HUMAN RESOURCES
SUMMARY

	1986 BUDGET	1985 LATEST ESTIMATE	1985 VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	1,186	725	461
CONTRACTUAL SERVICES	805	50	755
MATERIALS & SUPPLIES	54	29	25
RENTALS, UTILITIES	9	3	6
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	19	0	19
TOTAL	2,074	807	1,267
DEBT SERVICE	0	0	0
GRAND TOTAL	2,074	807	1,267

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL COSTS REFLECT FULL YEAR EFFECT OF NEW ORGANIZATIONAL STRUCTURE TO INCLUDE INCREASE OF 3 NEW POSITIONS FOR APRIL-JUNE TIME FRAME.

- CONTRACTUAL SERVICES INCREASE DUE TO ACQUIRING RESPONSIBILITY FOR ALL TRAINING REQUIREMENTS, SAFETY EQUIPMENT PROGRAM, RELOCATION EXPENSES, AND SALARY ADMINISTRATION PROGRAM.

ALASKA RAILROAD CORPORATION
1986 SF DING PLAN
OPERATIONS
SUMMARY

	1986 BUDGET	1985 LATEST ESTIMATE	1985 VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	32,073	30,333	1,740
CONTRACTUAL SERVICES	2,625	2,555	70
MATERIALS & SUPPLIES	9,611	10,480	(869)
RENTALS, UTILITIES	1,941	2,685	(744)
INSURANCE, CASUALTY, TAXES	2,266	1,117	1,149
OTHER	0	0	0
TOTAL	48,516	47,170	1,346
DEBT SERVICE	0	0	0
GRAND TOTAL	48,516	47,170	1,346

EXPLANATION OF MAJOR VARIANCES:

° PERSONNEL INCREASE REFLECTS FULL YEAR MANNING LEVELS IN ALL DEPARTMENTS.

° MATERIALS AND SUPPLIES REDUCTION BASED ON INVENTORY REVALUATIONS.

° RENTALS AND UTILITIES PROJECTED SAVINGS RESULTING FROM NEW HEATING SYSTEMS.

° INSURANCE, CASUALTY, TAXES INCREASE DUE TO INSURANCE PREMIUMS AND CASUALTY LOSS CLAIMS.

ALASKA RAILROAD CORPORATION
1986 SHIPPING PLAN
MARKETING
SUMMARY

	1986 Budget	1985 Latest Estimate	1985 Variance
Salaries, Wages, and Other Personnel Expenses	2,060	1,772	288
Contractual Services	920	433	587
Materials & Supplies	145	285	(140)
Rentals, Utilities	140	19	121
Insurance, Casualty, Taxes	5	0	5
Other	149	0	149
TOTAL	3,417	2,509	908
Debt Service	0	0	0
GRAND TOTAL	3,417	2,509	908

Explanation of Major Variances:

- Personnel costs up due to increased sales force in Anchorage and Seattle, Passenger Services expansion and transfer from Transportation Department.
- Contractual Services up 117% for full-scale marketing/advertising program.
- Utilities increase due to Marketing Department relocating to new uptown office space.

ALASKA RAILR' 'D CORPORATION
1986 SPL..DING PLAN
CORPORATE COMMUNICATIONS
SUMMARY

	1986 BUDGET	1985 LATEST ESTIMATE	1985 VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	84	64	20
CONTRACTUAL SERVICES	148	55	93
MATERIALS & SUPPLIES	5	3	2
RENTALS, UTILITIES	0	0	0
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	0	0	0
TOTAL	237	122	115
DEBT SERVICE	0	0	0
GRAND TOTAL	237	122	115

EXPLANATION OF MAJOR VARIANCES:

° PERSONNEL USAGES INCREASE DUE TO FULL YEAR OPERATIONS OF DIVISION.

° CONTRACTUAL SERVICES INCREASE DUE TO NEW PROGRAMS FOR SAFETY, RAILROAD POSTERS, ANNUAL REPORTS.

ALASKA RAILROAD CORPORATION
1986 SP DING PLAN
CHIEF COUNSEL
SUMMARY

	1986 BUDGET	1985 LATEST ESTIMATE	1985 VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	490	242	248
CONTRACTUAL SERVICES	514	567	(53)
MATERIALS & SUPPLIES	9	26	(17)
RENTALS, UTILITIES	4	2	2
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	0	0	0
TOTAL	1,017	837	180
DEBT SERVICE	0	0	0
GRAND TOTAL	1,017	837	180

EXPLANATION OF MAJOR VARIANCES:

° PERSONNEL COSTS UP 102% DUE TO INCREASED STAFF TO INCLUDE ADDITIONAL ATTORNEYS FOR FULL YEAR, PARALEGAL ASSISTANCE, AND CLERICAL ASSISTANCE.

ALASKA RAILROAD CORPORATION
1986 SF DING PLAN
DETAIL ACCOUNT ANALYSIS

SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES

1986 BUDGET	39,984
1985 ESTIMATE	36,827
VARIANCE	3,157

EXPLANATION OF VARIANCE:		%
° WAGE ADJUSTMENT	$1,000	32
° CURRENT WORK FORCE FULL YEAR MANNING	875	28
° ADDITIONAL STAFF*	750	23
° PENSION PLAN CONTRIBUTION	125	4
° ANTICIPATED HEALTH BENEFIT INCREASE	200	7
° STATE OF ALASKA UNEMPLOYMENT COMPENSATION	200	6
TOTAL	$3,150	100

* ADDITIONAL STAFFING IS REQUIRED IN LEGAL AND ADMINISTRATION TO SUPPORT ACTIVITIES AND PROGRAMS THAT WERE PREVIOUSLY HANDLED IN THE FEDERAL SYSTEM BUT NOT BY THE RAILROAD. ADDITIONALLY, OUR ENHANCED MARKETING PROGRAM REQUIRES A LARGER SALES FORCE TO MAINTAIN CURRENT REVENUE AS WELL AS OBTAIN NEW BUSINESS.

ALASKA RAILROAD CORPORATION
1986 SI ,DING PLAN
DEPARTMENT ANALYSIS

SUMMARY

		1985		
	1986 BUDGET	LATEST ESTIMATE	VARIANCE	%
CORPORATE OFFICE	1,579	1,191	388	33
OPERATIONS	48,516	47,170	1,346	3
FINANCE	6,815	6,000	815	14
MARKETING	3,417	2,509	908	36
HUMAN RESOURCES	2,074	807	1,267	157
ADMINISTRATION	765	740	25	3
GRAND TOTAL	63,166	58,417	4,749	8

EXPLANATION OF MAJOR VARIANCES:

° CORPORATE OFFICE INCREASE REFLECTS ADDITIONAL COST FOR LITIGATION AND INCREASE IN LEGAL WORKFORCE.

° FINANCE INCREASE REFLECTS LARGER DEBT SERVICE AND REALIGNMENT OF CONTRACTUAL WORKFORCE.

° MARKETING INCREASE REFLECTS NEW MARKETING PLAN (500K), ADDITIONAL SALES FORCE AND RELOCATION TO UPTOWN OFFICE SPACE.

° HUMAN RESOURCES INCREASE REFLECTS NEW ORGANIZATION S' .UCTURE, INCREASED RESPONSIBILITIES, COST FOR NEW ADMINISTRATIVE PROGRAMS AND SOME AI ITIONAL STAFF.

ALASKA RAILROAD CORPORATION
1986 STANDING PLAN
ACCOUNT ANALYSIS

SUMMARY

	1986 BUDGET	1985 LATEST ESTIMATE	1985 VARIANCE	1985 %
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	39,984	36,827	3,157	8
CONTRACTUAL SERVICES	5,936	4,670	1,266	27
MATERIALS & SUPPLIES	10,095	11,321	(1,226)	(11)
RENTALS, UTILITIES	2,763	3,703	(940)	(25)
INSURANCE, CASUALTY, TAXES	2,271	1,117	1,154	103
OTHER	1,017	364	653	179
TOTAL	62,066	58,002	4,064	7
DEBT SERVICE	1,100	415	685	165
GRAND TOTAL	63,166	58,417	4,749	8

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL COSTS REFLECT FULL STAFF LEVELS FOR YEAR, INCREASED SALES STAFF, SMALL INCREASE IN ADMINISTRATIVE WORK FORCE, INCREASED HEALTH BENEFIT COST AND PROVISION FOR MINIMAL WAGE ADJUSTMENT.
- CONTRACTUAL SERVICES INCREASE REFLECTS COST OF MARKETING PLAN, RELOCATION FOR TRANSFERRED EMPLOYEES, INCREASED TRAINING.
- MATERIALS AND SUPPLIES DECREASE REFLECTS REVALUATION OF INVENTORY.
- RENTALS AND UTILITIES DECREASE REFLECTS SAVINGS FROM KAPP ENERGY PROJECT, CLOSURE OF UNNECESSARY WAREHOUSES, ETC.
- INSURANCE INCREASE IS FOR A FULL YEAR EFFECT OF OUR RISK MANAGEMENT PROGRAM AT NEW RATES AND PROVISION FOR CASUALTY CLAIMS.
- OTHER INCREASE REFLECTS CONSOLIDATION OF FREIGHT EXPENSE FOR DIRECT, NON-STOCK PURCHASES TO THE PROCUREMENT DIVISION.
- DEBT SERVICE INCREASE REFLECTS FULL YEAR OF INTEREST EXPENSE ON LOCOMOTIVES, FLAT CARS, AND PLANNED 1986 CAPITAL ADDITIONS.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
DETAIL ACCOUNT ANALYSIS

SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES

1986 BUDGET	39,984
1985 ESTIMATE	36,827
VARIANCE	3,157

EXPLANATION OF VARIANCE:		%
° WAGE ADJUSTMENT	$1,000	32
° CURRENT WORK FORCE FULL YEAR MANNING	875	28
° ADDITIONAL STAFF*	750	23
° PENSION PLAN CONTRIBUTION	125	4
° ANTICIPATED HEALTH BENEFIT INCREASE	200	7
° STATE OF ALASKA UNEMPLOYMENT COMPENSATION	200	6
TOTAL	$3,150	100

* ADDITIONAL STAFFING IS REQUIRED IN LEGAL AND ADMINISTRATION TO SUPPORT ACTIVITIES AND PROGRAMS THAT WERE PREVIOUSLY HANDLED IN THE FEDERAL SYSTEM BUT NOT BY THE RAILROAD. ADDITIONALLY, OUR ENHANCED MARKETING PROGRAM REQUIRES A LARGER SALES FORCE TO MAINTAIN CURRENT REVENUE AS WELL AS OBTAIN NEW BUSINESS.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
DETAIL ACCOUNT ANALYSIS

CONTRACTUAL SERVICES

1986 BUDGET	5,936
1985 ESTIMATE	4,670
VARIANCE	1,266

EXPLANATION OF VARIANCE:

		%
° MARKETING PLAN	$ 500	40
° RELOCATION EXPENSES	150	12
° HOME SALES ASSISTANCE	100	8
° SALARY ADMINISTRATION PROGRAM	60	5
° DONATION	50	5
° TRAINING BUDGET	250	20
° MISCELLANEOUS	150	10
TOTAL	$1,260	100

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
DETAIL ACCOUNT ANALYSIS

INSURANCE, CASUALTY, TAXES

1986 BUDGET	2,271
1985 ESTIMATE	1,117
VARIANCE	1,154

EXPLANATION OF VARIANCE:		%
° CASUALTY, PROPERTY, BOILER, ETC.	$ 850	74
° LOSS & DAMAGE CLAIMS	200	17
° WORKERS COMPENSATION	100	9
TOTAL	$1,150	100

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
CORPORATE OFFICE
SUMMARY

	1986 BUDGET	1985 LATEST ESTIMATE	1985 VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	752	484	274
CONTRACTUAL SERVICES	757	672	85
MATERIALS & SUPPLIES	16	33	(17)
RENTALS, UTILITIES	4	2	2
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	50	0	50
TOTAL	1,579	1,191	394
DEBT SERVICE	0	0	0
GRAND TOTAL	1,579	1,191	394

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL COSTS UP DUE TO INCREASED STAFFING IN CHIEF COUNSEL'S OFFICE INCLUDING ADDITIONAL SENIOR ATTORNEY, CLERICAL HELP AND PARALEGAL ASSISTANCE.
- CONTRACTUAL SERVICES UP AS A RESULT OF ANTICIPATED INCREASED LITIGATION.

ALASKA RAILROAD CORPORATION
1986 SHIPPING PLAN
FINANCE
SUMMARY

	1986 BUDGET	1985 LATEST ESTIMATE	1985 VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	3,454	3,128	326
CONTRACTUAL SERVICES	753	934	(181)
MATERIALS & SUPPLIES	214	408	(194)
RENTALS, UTILITIES	495	751	(256)
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	799	364	435
TOTAL	5,715	5,585	130
DEBT SERVICE	1,100	415	685
GRAND TOTAL	6,815	6,000	815

EXPLANATION OF MAJOR VARIANCES:

° PERSONNEL INCREASE DUE TO FULL MANNING LEVELS FOR 12 MONTHS AS A RESULT OF REORGANIZATION, FILLING VACANT POSITION, TAKEOVER OF CONTRACT WORK IN SYSTEMS.

° OTHER REFLECTS CONSOLIDATION OF FREIGHT EXPENDITURES UNDER THE PROCUREMENT AND SUPPLY DIVISIONS.

° DEBT SERVICE IS THE FULL YEAR EFFECT OF OUR 1985 LEVERAGED FINANCING PLUS 1985 PLANNED CAPITAL ADDITIONS.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
ADMINISTRATION
SUMMARY

	1986 BUDGET	1985 LATEST ESTIMATE	1985 VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	460	385	75
CONTRACTUAL SERVICES	76	26	50
MATERIALS & SUPPLIES	55	86	(31)
RENTALS, UTILITIES	174	243	(69)
INSURANCE, CASUALTY, TAXES	0	0	0
OTHER	0	0	0
TOTAL	765	740	25
DEBT SERVICE	0	0	0
GRAND TOTAL	765	740	25

EXPLANATION OF MAJOR VARIANCES:

° PERSONNEL EXPENSES REFLECTS INCREASE FOR FULL YEAR MANNING LEVELS AND ONE ADDITIONAL STAFF PERSON.

° CONTRACTUAL SERVICES INCREASE REFLECTS CONSOLIDATION OF OFFICE MACHINE EXPENSES IN ADMINISTRATIVE SERVICES DIVISION AND DEVELOPMENT OF RECORDS MANAGEMENT SYSTEM FOR CORPORATION.

ALASKA RAILROAD CORPORATION
1986 OPERATING BUDGET SUMMARY
(THOUSANDS OF DOLLARS)

	1986 BUDGET	1985 LATEST ESTIMATE	VARIANCE DOLLARS	VARIANCE %
REVENUE	71,057	69,000	2,057	3
EXPENSE	63,166	60,600	(2,566)	(4)
SURPLUS (DEFICIT)	7,891	8,400	(509)	(6)
DEPRECIATION	1,800	1,300	500	38
NET INCOME (LOSS)	6,091	7,100	(1,009)	(14)

ALASKA RAILROAD CORPORATION
1986 BUDGET HEADCOUNT SUMMARY

DEPARTMENT	FIRST QTR 1986	FIRST QTR 1985	SECOND QTR 1986	SECOND QTR 1985	THIRD QTR 1986	THIRD QTR 1985	FOURTH QTR 1986	FOURTH QTR 1985
(1) CORPORATE OFFICE	11	6	11	8	11	12	11	9
OPERATIONS	510	532	657	711	586	635	499	509
(2) HUMAN RESOURCES	29	19	29	19	29	18	29	21
(3) FINANCE	69	59	69	59	71	63	69	69
(4) MARKETING & SALES	37	18	50	17	50	27	37	26
TOTAL	656	634	816	814	747	755	645	634

(1) INCLUDES CHIEF COUNSEL AND STAFF

(2) INCLUDES DIRECTOR, ADMINISTRATION AND STAFF

(3) 1985 DOES NOT INCLUDE 6 CONTRACT COMPUTER OPERATORS WHICH HAS BEEN CONVERTED TO ARRC STAFF

(4) DOES NOT INCLUDE SUMMER HOST/HOSTESS PROGRAM OF 45 STUDENTS DURING SUMMER PASSENGER SEASON

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS
SUMMARY

SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	1986		1985 LATEST ESTIMATE	
	DOLLARS	PERSONNEL*	DOLLARS	PERSONNEL*
CORPORATE OFFICE	751	11	484	9
OPERATIONS	32,073	575	30,333	596
FINANCE	3,454	69	3,128	63
MARKETING	2,060	43	1,772	22
HUMAN RESOURCES	1,186	21	725	16
ADMINISTRATION	460	8	385	7
TOTAL	39,984	727	36,827	713

EXPLANATION OF MAJOR VARIANCES:

° CORPORATE OFFICE INCREASE REFLECTS ADDITIONAL LEGAL ASSISTANCE.

° OPERATIONS DECREASE REFLECTS A 3-MONTH SUMMER WORK PROGRAM RATHER THAN A 5-MONTH PROGRAM AND TRANSFER OF PASSENGER AGENT POSITIONS TO MARKETING.

° FINANCE INCREASE REFLECTS TAKEOVER OF CONTRACTUAL SERVICES IN SYSTEMS.

° MARKETING REFLECTS TRANSFER OF PASSENGER AGENTS FROM OPERATIONS DEPARTMENT AND ADDITIONAL SALES STAFF.

* AVERAGE QUARTERLY TOTAL

ALASKA RAIL..AD CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS
SUMMARY

		1985	
CONTRACTUAL SERVICES	1986 BUDGET	LATEST ESTIMATE	VARIANCE
CORPORATE OFFICE	757	672	85
OPERATIONS	2,625	2,555	70
FINANCE	753	934	(181)
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TOTAL	5,936	4,670	1,266

EXPLANATION OF MAJOR VARIANCES:

° CORPORATE OFFICER INCREASE FOR ESTIMATED CORPORATE DONATIONS.

° MARKETING INCREASE REFLECTS IMPLEMENTATION OF NEW CORPORATE MARKETING PLAN.

° HUMAN RESOURCES REFLECTS RE/.IGNMENT OF ORGANIZATION, RELOCATION EXPENSES, SALARY ADMINISTRATION PROGRAM, AND INCREASED TRAINING.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS
SUMMARY

		1985	
MATERIALS & SUPPLIES	1986 BUDGET	LATEST ESTIMATE	VARIANCE
CORPORATE OFFICE	16	33	(17)
OPERATIONS	9,611	10,480	(869)
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MARKETING	145	285	(140)
HUMAN RESOURCES	54	29	25
ADMINISTRATION	55	86	(31)
TOTAL	10,095	11,321	(1,226)

EXPLANATION OF MAJOR VARIANCES:

° DECREASES ARE A RESULT OF REVALUATION OF INVENTORY.

ALASKA RAIL AD CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS
SUMMARY

		1985	
RENTALS & UTILITIES	1986 BUDGET	LATEST ESTIMATE	VARIANCE
CORPORATE OFFICE	4	2	2
OPERATIONS	1,941	2,685	(744)
FINANCE	495	751	(256)
MARKETING	140	19	121
HUMAN RESOURCES	9	3	6
ADMINISTRATION	174	243	(69)
TOTAL	2,763	3,703	(940)

EXPLANATION OF MAJOR VARIANCES:

- DECREASES ARE GENERAL RESULTING FROM SAVINGS FROM NEW ENERGY SYSTEMS.
- INCREASE IN MARKETING REFLECTS RELOCATION OF OFFICE.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS
SUMMARY

		1985	
INSURANCE, CASUALTY EXPENSES	1986 BUDGET	LATEST ESTIMATE	VARIANCE
CORPORATE OFFICE	0	0	0
OPERATIONS	2,266	1,117	1,149
FINANCE	0	0	0
MARKETING	5	0	5
HUMAN RESOURCES	0	0	0
ADMINISTRATION	0	0	0
TOTAL	2,271	1,117	1,154

EXPLANATION OF MAJOR VARIANCES:

° OPERATIONS IS RESPONSIBLE FOR INSURANCE AND RISK PROGRAMS. INCREASE REFLECTS FULL YEAR PREMIUMS AT HIGHER RATES PLUS ADDITIONAL SMALL INCREASE TOWARDS END OF YEAR. ADDITIONALLY, REFLECTS ANTICIPATED LOSSES AND CLAIMS DUE TO FREIGHT DAMAGE, ROLLING STOCK DAMAGE, ETC.

ALASKA RAILROAD CORPORATION
1986 SPENDING PLAN
ACCOUNT ANALYSIS
SUMMARY

		1985	
OTHER	1986 BUDGET	LATEST ESTIMATE	VARIANCE
CORPORATE OFFICE	50	0	50
OPERATIONS	0	0	0
FINANCE	1,899	779	1,120
MARKETING	149	0	149
HUMAN RESOURCES	19	0	19
ADMINISTRATION	0	0	0
TOTAL	2,117	779	1,338

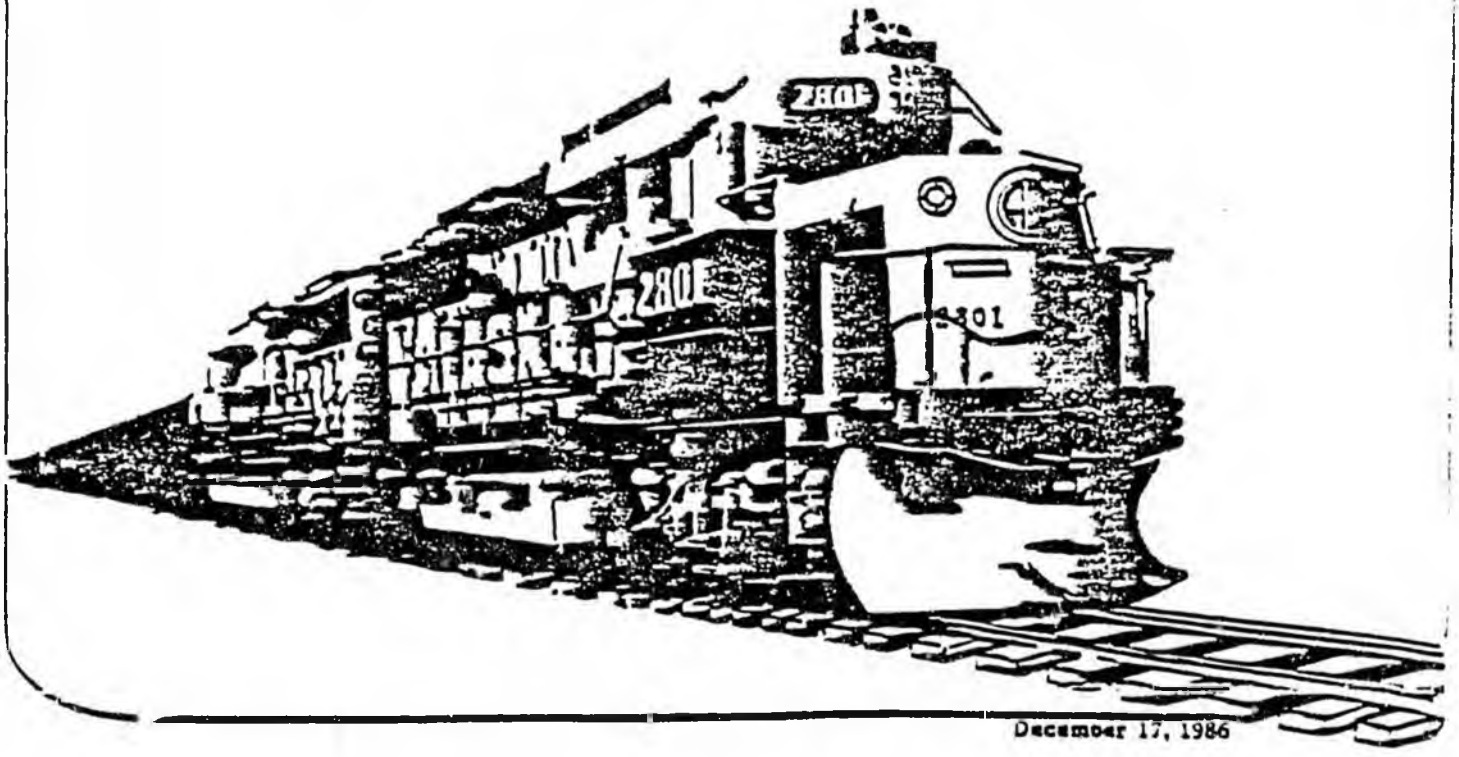
EXPLANATION OF MAJOR VARIANCES:

° FINANCE INCREASE REFLECTS LARGER DEBT SERVICE AND FREIGHT CHARGES NOW RESPONSIBILITY OF PROCUREMENT (DIRECT PURCHASE AND NON-STOCK ITEMS).

° MARKETING INCREASE REFLECTS RELOCATION TO NEW UPTOWN OFFICE SPACE.

ALASKA RAILROAD CORPORATION

1987 APPROVED OPERATING AND CAPITAL BUDGET



December 17, 1986

EXHIBIT J

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III.	MANPOWER BUDGET	7
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OPERATING AND CAPITAL BUDGET SUMMARY

ALASKA RAILROAD CORPORATION

1987 OPERATING AND CAPITAL BUDGET SUMMARY

($ 000's)

REVENUE	$ 56,760
EXPENSE	56,406
NET INCOME (LOSS) FROM OPERATIONS	354
ADD BACK NON-CASH ITEMS	4,620
CASH GENERATED FROM OPERATIONS	4,974
CAPITAL BUDGET CASH REQUIREMENTS	4,620
CASH SURPLUS/DEFICIT, 1987	354

ALASKA RAILROAD CORPORATION
1987 Projected Income Statement
($ 000's)

	1987 Budget	1986 Latest Estimate	Variance Dollars	Variance Percentage
REVENUES				
Railroad	45,600	45,200	400	0.9
Other	11,160	11,300	(140)	(1.2)
TOTAL	56,760	56,500	260	0.4
COST AND EXPENSES				
Railroad	39,580	42,524	(2,944)	(6.9)
Other	12,746	10,976	1,770	16.1
TOTAL	52,326	53,500	(1,174)	(2.1)
Bad Debt Reserve	480	600	(120)	(20.0)
Depreciation	3,600	2,400	1,200	50.0
TOTAL EXPENSE	56,406	56,500	(94)	(0.1)
NET INCOME (LOSS)	354	0	354	N/A

December 18, 1986

INCOME, REVENUE AND EXPENSE STATEMENTS

ALASKA RAILROAD CORPORATION
Revenues By Commodity
1987 Revenue Budget
(000's)

Commodity	1987 Budget	1986 Latest Estimate	Variance Dollar	Variance %
Pipe	1,000	2,125	(1,125)	(52.9)
Coal: Local	4,800	4,575	225	4.9
Export	5,600	5,700	(100)	(1.8)
Petroleum	10,500	10,200	300	2.9
Gravel	3,000	4,050	(1,050)	(25.9)
TOFC/COFC	7,000	6,000	1,000	16.6
Interline	7,000	7,050	(50)	(0.7)
Miscellaneous	1,000	700	300	42.9
TOTAL FREIGHT	39,900	40,400	(500)	(1.2)
Passenger:				
North Bound	3,300	2,700	600	22.2
South Bound	2,200	1,900	300	15.8
Charters, etc	200	200	0	0.0
TOTAL PASSENGER	5,700	4,800	900	18.8
Real Estate	6,000	5,500	500	9.1
Freight Related	662	540	122	22.6
All Other	4,498	5,260	(762)	(14.5)
TOTAL OTHER	11,160	11,300	(140)	(1.2)
TOTAL REVENUE	56,760	56,500	260	0.4

December 18, 1986

ALASKA RAILROAD CORPORATION
1987 Expense Budget Performance Analysis
($ 000's)

DEPARTMENT	1987 BUDGET	1986 Latest Estimate	Dollar Variance	Percentage
Railroad				
Transportation	13,990	15,200	(1,210)	(8.0)
Motive Power & Equipment	10,890	12,500	(1,610)	(12.9)
Engineering	11,999	12,050	(51)	(0.4)
Operations Staff	2,701	2,774	(73)	(2.6)
TOTAL RAILROAD	39,580	42,524	(2,944)	(6.5)
General & Administrative				
Corporate Office	525	625	(100)	(16.0)
Finance	4,599	5,120	(521)	(10.2)
Marketing	2,704	3,000	(296)	(10.0)
Administration	525	586	(61)	(8.9)
Human Resources	1,203	1,500	(297)	(19.8)
General Counsel	355	919	(64)	(7.0)
TOTAL G & A	10,511	11,850	(1,339)	(11.3)
Corporate Overhead				
Bad Debt Reserve	480	600	(120)	(20.0)
Interest Expense	1,920	726	1,194	164.5
Depreciation	3,600	2,400	1,200	50.0
Miscellaneous	315	(1,600)	1,915	N/A
TOTAL OVERHEAD	6,315	2,126	4,189	197.0
TOTAL	56,406	56,500	(94)	(0.1)

December 18, 1986

MANPOWER BUDGET

ALASKA RAILROAD CORPORATION
MANNING VARIANCE ANALYSIS
1984 - 1987

Division	1984 Average Manning	1985 Average Manning	1986 Average Manning	1987 Average Manning
President & CEO	9	6	4	2
Chief Counsel	4	3	7	6
Operations	586	606	564	483
Administration	7	8	8	8
Human Resources	11	12	19	15
Finance	69	67	64	62
Marketing	14	18	30	34
TOTAL	700	720	696	610

12-2-86

DEPARTMENTAL BUDGETS

ALASKA RAILROAD CORPORATION
1987 OPERATING BUDGET SUMMARY
(THOUSANDS OF DOLLARS)

	1987 PROPOSED BUDGET	1986 LATEST ESTIMATE	VARIANCE DOLLARS	VARIANCE %
REVENUE	56,760	56,500	260	0.4
EXPENSE	52,326	53,500	(1,174)	(2.1)
SURPLUS (DEFICIT)	4,434	3,000	1,434	47.8
BAD DEBT RESERVE	480	600	(120)	(20.0)
DEPRECIATION	3,600	2,400	1,200	50.0
NET INCOME (LOSS)	354	0	354	N/A

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ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
CORPORATE OFFICE
SUMMARY

	1987 PROPOSED BUDGET	1986 LATEST ESTIMATE	VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	264	349	(85)
CONTRACTUAL SERVICES	235	237	(2)
MATERIALS & SUPPLIES	11	11	0
RENTALS, UTILITIES	0	0	0
INSURANCE, CASUALTY	0	0	0
OTHER	15	28	(13)
TOTAL	525	625	(100)
DEBT SERVICE	0	0	0
GRAND TOTAL	525	625	(100)

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL REDUCTION REFLECTS RE-ASSIGNMENT OF SECRETARIAL SUPPORT FROM CEO TO ADMINISTRATION.
- OTHER EXPENSES REFLECT REDUCED FUNDING FOR CONTRIBUTIONS.

ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
OPERATIONS
SUMMARY

	1987 PROPOSED BUDGET	1986 LATEST ESTIMATE*	VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	26,582	29,013	(2,431)
CONTRACTUAL SERVICES	2,879	3,117	(238)
MATERIALS & SUPPLIES	6,723	6,824	(101)
RENTALS, UTILITIES	1,588	1,584	4
INSURANCE, CASUALTY	1,808	1,986	(178)
OTHER	0	0	0
TOTAL	39,580	42,524	(2,944)
DEBT SERVICE	0	0	0
GRAND TOTAL	39,580	42,524	(2,944)

EXPLANATION OF MAJOR VARIANCES:

° PERSONNEL REDUCTION REFLECTS REDUCED MANPOWER.
° CASUALTY LOSSES ARE EXPECTED TO BE LOWER IN 1987.
° MATERIAL AND SUPPLIES REFLECT A SMALLER SUMMER WORK PROGRAM.

* EXPENSES ADJUSTED DOWNWARD TO REFLECT IMPACT OF FLOOD DISASTER.

ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
FINANCE
SUMMARY

	1987 PROPOSED BUDGET	1986 LATEST ESTIMATE	VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	2,979	3,267	(288)
CONTRACTUAL SERVICES	980	1,224	(244)
MATERIALS & SUPPLIES	640	624	16
RENTALS, UTILITIES	0	0	0
INSURANCE, CASUALTY	0	0	0
OTHER	0	5	(5)
TOTAL	4,599	5,120	(521)
DEBT SERVICE	0	0	0
GRAND TOTAL	4,599	5,120	(521)

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL COST DECREASE REFLECTS FULL YEAR EFFECT OF ELIMINATION OF 3 PROFESSIONAL STAFF POSITIONS AND ASSOCIATED COSTS.
- CONTRACTUAL SERVICES REFLECTS WIND DOWN OF MSA ACCOUNTING SYSTEM INSTALLATION AND REMOVAL OF THE BURROUGH'S COMPUTER.

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
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720

ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
MARKETING
SUMMARY

	1987 PROPOSED BUDGET	1986 LATEST ESTIMATE	VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	1,230	1,411	(181)
CONTRACTUAL SERVICES	1,352	1,429	(77)
MATERIALS & SUPPLIES	60	60	0
RENTALS, UTILITIES	62	100	(38)
INSURANCE, CASUALTY	0	0	0
OTHER	0	0	0
TOTAL	2,704	3,000	(296)
DEBT SERVICE	0	0	0
GRAND TOTAL	2,704	3,000	(296)

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL REDUCTIONS REFLECT VACANT SALES POSITION.
- OUTSIDE SERVICES COMPRISED OF COMMISSION TICKET SALES, WHITTIER BUS RENTALS, COACH/CABOOSE CLEANING, CATERING; DECREASE DUE TO REDUCTION OF ADVERTISING CONTRACT.
- RENTALS DECREASE IS DUE TO RELOCATION OF THE MARKETING STAFF TO THE VACANT OFFICE SPACE IN THE GENERAL OFFICE BUILDING.

ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
ADMINISTRATION
SUMMARY

	1987 PROPOSED BUDGET	1986 LATEST ESTIMATE	VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	388	367	21
CONTRACTUAL SERVICES	209	272	(63)
MATERIALS & SUPPLIES	28	47	(19)
RENTALS, UTILITIES	0	0	0
INSURANCE, CASUALTY	0	0	0
OTHER	0	0	0
TOTAL	625	686	(61)
DEBT SERVICE	0	0	0
GRAND TOTAL	625	686	(61)

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL COST DECREASE REFLECTS RE-ASSIGNMENT OF SECRETARIAL POSITIONS FROM CEO TO ADMINISTRATION AND PERSONNEL CUTS.
- OUTSIDE SERVICES DECREASE REFLECTS MOVING RESPONSIBILITY FOR BUDGETING ALL COMPUTER TYPE EQUIPMENT FROM ADMINISTRATION TO INFORMATION SYSTEMS.
- MATERIALS AND SUPPLIES REFLECTS A DECREASE DUE TO A ONE TIME ONLY PROJECT COMPLETED IN 1986.

ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
HUMAN RESOURCES
SUMMARY

	1987 PROPOSED BUDGET	1986 LATEST ESTIMATE	VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	905	1,147	(242)
CONTRACTUAL SERVICES	212	220	(8)
MATERIALS & SUPPLIES	86	133	(47)
RENTALS, UTILITIES	0	0	0
INSURANCE, CASUALTY	0	0	0
OTHER	0	0	0
TOTAL	1,203	1,500	(297)
DEBT SERVICE	0	0	0
GRAND TOTAL	1,203	1,500	(297)

EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL COST DECREASE REFLECTS ELIMINATION OF 6 POSITIONS.

ALASKA RAILROAD CORPORATION
1987 SPENDING PLAN
GENERAL COUNSEL
SUMMARY

	1987 PROPOSED BUDGET	1986 LATEST ESTIMATE	VARIANCE
SALARIES, WAGES, AND OTHER PERSONNEL EXPENSES	367	414	(47)
CONTRACTUAL SERVICES	484	501	(17)
MATERIALS & SUPPLIES	4	4	0
RENTALS, UTILITIES	0	0	0
INSURANCE, CASUALTY	0	0	0
OTHER	0	0	0
TOTAL	855	919	(64)
DEBT SERVICE	0	0	0
GRAND TOTAL	855	919	(64)

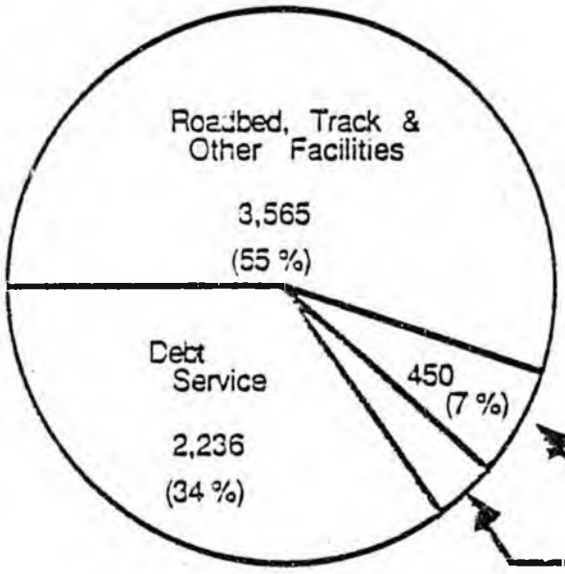
EXPLANATION OF MAJOR VARIANCES:

- PERSONNEL COSTS REFLECTS ELIMINATION OF GENERAL ATTORNEY POSITION.
- CONTRACTUAL SERVICES DECREASE REFLECTS REDUCED OUTSIDE ATTORNEY EXPENSES.

Capital Budgets

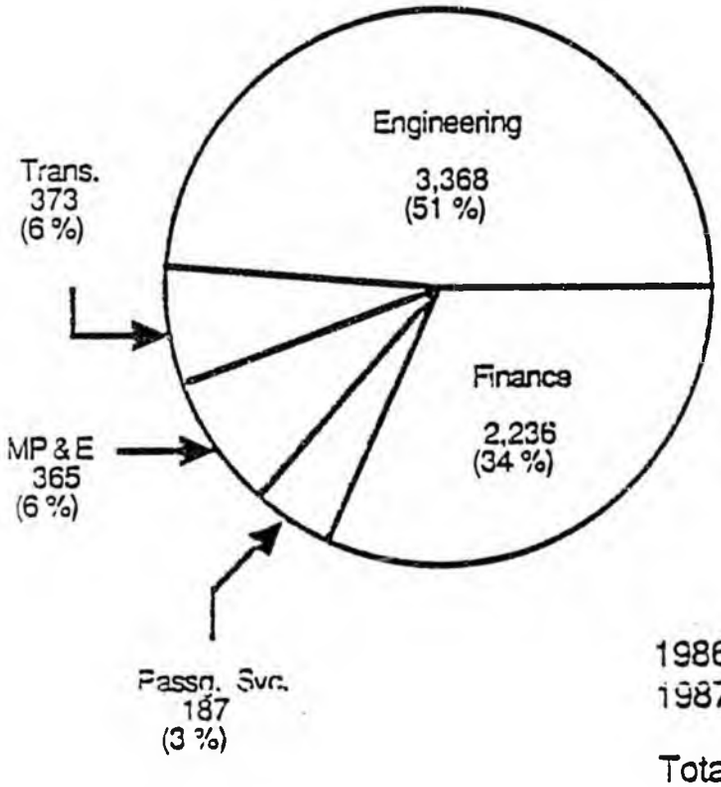
ALASKA RAILROAD CORPORATION
1987 CAPITAL PROGRAM

Thousands of Dollars



BY CATEGORY

6,529



BY DEPARTMENT

6,529

SPENDING

1986	Carryover	548
1987	New Projects	5,981
Total 1987	Spending	6,529

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ALASKA RAILROAD CORPORATION
Capital Budget Summary
1987

DEBT SERVICE

INSTITUTION	PRINCIPLE	INTEREST	INTEREST RATE
Chase Manhattan			
Locomotives, GP-49	482,076.00	359,040.00	9.3
Articulated Flats,30	235,530.00	192,055.00	10.5
Construction Equipment	119,284.00	128,352.00	7.5
Locomotives, GP-38/3 (6)	279,002.00	229,917.00	8.0
Locomotive Cranes (3)	130,868.00	109,455.00	8.0
RDC, 1986 (3)	53,348.00	45,609.00	8.0
Subtotal	1,300,108.00	1,064,428.00	
Citicorp			
Locomotives, Construction Equip	214,278.00	161,821.00	8.3
Articulated Flats (15)	126,427.00	102,734.00	6.011
Subtotal	340,705.00	264,555.00	
Alaska Pacific Bank			
RDC, 1985 Upgrade	183,182.00	61,008.00	8.15
Subtotal	183,182.00	61,008.00	
Miscellaneous			
IBM (small equipment)	98,599.00	11,663.00	
IBM (mainframe)	221,727.00	71,937.00	
US Leasing (Wang Equip)	91,550.00	9,115.00	
Subtotal	411,876.00	92,715.00	
TOTAL DEBT SERVICE	2,235,871.00	1,482,706.00	

December 18,1986

(Cont)

	$ THOUSANDS	
	TOTAL VALUE	1987 SPENDING
1987 PROPOSED CAPITAL PROGRAM (CONT)		
Security		
Light Vehicles, (2)	32	32
Fencing, West Anchorage ROW	26	26
TOTAL	58	58
TOTAL OPERATIONAL PROJECTS	6,291	4,106
PASSENGER SERVICES UPGRADE		
Containerized Baggage	72	72
Denali Depot Upgrade	15	15
Whittier Flatcars	100	100
TOTAL PASSENGER SERVICES	187	187
TOTAL OPERATION AND PASSENGER SERVICES	6,478	4,293

December 18, 1986

OPERATIONS DEPARTMENT CAPITAL PROPOSAL

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
($000)

A.	PROJECT TITLE:	LIGHT VEHICLE REPLACEMENT PROGRAM
B.	LOCATION:	OPERATIONS DIVISION
C.	ESTIMATED COST:	$278
D.	ACCURACY OF COST ESTIMATE:	CLASS 111 (+ OR - 15%)
E.	STATUS OF ENGINEERING DESIGN & COST ESTIMATE:	N/A
F.	PROJECT DESCRIPTION:	PURCHASE 16 LIGHT VEHICLES

G. PROJECT JUSTIFICATION:

The present vehicles scheduled for replacement have body and rust damage, high mileage, and experience high maintenance costs. The vehicles' average age is eight years and mileage over 80,000. These vehicles have met or exceeded their forecasted economic life of five years or 70,000 miles.

Older vehicles with high mileage are difficult to maintain to ensure reliable operating status. An annual replacement program will result in lower vehicle maintenace cost, increase availability resulting in increased productivity, and a higher quality vehicle fleet.

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
($000)

A. PROJECT TITLE: UPGRADE ANCHORAGE TOFC YARD

B. LOCATION: SHIP CREEK

C. ESTIMATED COST: $65

D. ACCURACY OF COST ESTIMATE: CLASS 111 (+ OR - 15%)

E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE: N/A

F. PROJECT DESCRIPTION:

Resurface the existing TOFC Yard. The project will consist of fill, grading, compaction, and surfacing with D-1 or equivalent.

G. PROJECT JUSTIFICATION:

The current TOFC Yard has not received any major improvements since 1984. Over the last three years of constant use and exposure to weather conditions, the yard has deteriorated to an uneven, wash-board surface resulting in slower operations and potential safety hazards. In August, two employees claimed on-the-job back injuries from operating yard hostlers over this rough terrain for extended periods of time.

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
($000)

A. PROJECT TITLE:	HEAD END POWER PLANT
B. LOCATION:	ANCHORAGE
C. ESTIMATED COST:	$75
D. ACCURACY OF COST ESTIMATE:	CLASS 11 (+ OR - 10%)
E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE:	COMPLETE

F. PROJECT DESCRIPTION:

Purchase and install a 315 KW head end power plant in locomotive 3010. This project was initiated in fourth quarter 1986 with $28 forecasted as a work in process carryover. The estimated 1987 expenditures is $75.

G. PROJECT JUSTIFICATION:

The modification of locomotive 3010 with a head end power unit provides the most utility to railroad operations. This modified locomotive will be used in passenger service and winter freight service. The winter utilization will consist of keep from freezing freight service.

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
($000)

A. PROJECT TITLE:	MATERIAL HANDLING EQUIPMENT
B. LOCATION:	ANCHORAGE
C. ESTIMATED COST:	$20
D. ACCURACY OF COST ESTIMATE:	CLASS III (+ OR - 15%)
E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE:	N/A

F. PROJECT DESCRIPTION:

Purchase and install miscellaneous shop equipment

G. PROJECT JUSTIFICATION:

This investment pool represents an equipment replacement program established to update our shop equipment. The shop equipment will be replaced with new more efficient equipment when the old equipment breaks down beyond economic repair.

PROPOSED 1987 BASL .NE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
($000)

A. PROJECT TITLE: OVERHEAD CRANE IMPROVEMENTS

B. LOCATION: ANCHORAGE

C. ESTIMATED COST: $50

D. ACCURACY OF COST ESTIMATE: CLASS 11 (+ OR - 10%)

E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE: N/A

F. PROJECT DESCRIPTION:

Purchase and install new power supply for the General Repair Shop DC cranes.

G. PROJECT JUSTIFICATION:

The proposed new power supply will enable the crane to be operated from floor level controls versus from a cab on the crane. The new floor level controls will reduce labor requirements and improve shop safety. Additionally, noise levels will be reduced and improving the working conditions.

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
($000)

A. PROJECT TITLE: RAIL PROGRAM

B. LOCATION: SYSTEM WIDE

C. ESTIMATED COST: $319

D. ACCURACY OF COST ESTIMATE: CLASS III (+ OR - 15%)

E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE: COMPLETE

F. PROJECT DESCRIPTION:

Install 14,400 feet of alloy rail.

G. PROJECT JUSTIFICATION:

This is an annual major maintenance program designed to replace rail that has exceeded its useful life for mainline operations. The used rail will be cascaded to sidings and or yard tracks where re-required. The replacement rail will come from existing inventories and will not require a capital outlay.

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
($000)

A. PROJECT TITLE:	BALLAST PROGRAM
B. LOCATION:	SYSTEM WIDE
C. ESTIMATED COST:	$658
D. ACCURACY OF COST ESTIMATE:	CLASS III (+ OR - 15%)
E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE	COMPLETE

F. PROJECT DESCRIPTION:

Replace 60,000 cubic yards of ballast and resurface 300 miles of track.

G. PROJECT JUSTIFICATION:

This is an annual major maintenace program designed to replace ballast that has exceeded its useful life. The replacement ballast will come from existing inventories and will not require a capital outlay.

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
($000)

A. PROJECT TITLE: BRIDGE PROGRAM

B. LOCATION: SYSTEM WIDE

C. ESTIMATED COST: $575

D. ACCURACY OF COST ESTIMATE: CLASS III (+ OR - 15%)

E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE: COMPLETE

F. PROJECT DESCRIPTION:

This is an annual program of major maintenance on steel bridges, timber trestles, and culverts. Deteriorated ties, piling, bridge timbers, and culverts are replaced on a programmed basis.

G. PROJECT JUSTIFICATION:

Timber bridge components have an average service life of 30 years. Major rehabilitation work in the 1952 - 1956 period resulted in a significant amount of 30+ year old timber in service. This program is required to replace these bridge members to reduce the risk of failure. Culvert replacements are required to maintain drainage and keep roadbed maintenance costs from increasing. Renewed bridges also reduces the cost of track maintenace at the bridge ends. The replacement and/or upgrade of the substructure of the bridges is required to ensure the load carrying capabilities of the bridge and maintain a safe operating railroad.

The material cost is estimated at $200 with the majority of the materials coming from existing inventory.

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
($000)

A. PROJECT TITLE: RAIL TIE FASTNERS

B. LOCATION: SYSTEM WIDE

C. ESTIMATED COST: $100

D. ACCURACY OF COST ESTIMATE: CLASS III (+ OR - 15%)

E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE: COMPLETE

F. PROJECT DESCRIPTION:

Install 150 gage plates and 300 Pandrol tie plates on curves of 6 degrees or greater. This is a carryover project approved in the 1986 Capital Budget.

G. PROJECT JUSTIFICATION:

These devices prevent spreading track gage. Spreading of gage on sharp curves as well as rail rotation under severe lateral loading is a very serious concern for the Railroad. Constant regaging on wooden ties reduces tie service life by an estimated 15%.

The gage plates and Pandrol tie plates are in our current inventory minimizing any capital outlay for materials.

PROPOSED 1987 BASE ME CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
($000)

A PROJECT TITLE: FIBER OPTIC CABLE TERMINALS

B. LOCATION: ANCHORAGE, PORTAGE, & WHITTIER

C. ESTIMATED COST: $112

D. ACCURACY OF COST ESTIMATE: CLASS III (+ OR - 15%)

E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE: COMPLETE

F. PROJECT DESCRIPTION:

Install digital fiber optical terminals to replace open wire pole line and marine cable system between Portage and Whittier. This is a carryover project approved in the 1986 Capital Budget.

G. PROJECT JUSTIFICATION:

The pole line cable system to Whittier was built in 1940 and is in need of major overhaul and replacement. The system received major damage during the 1964 earthquate and four sections have been replaced with temporary cable. In the last six years most of the lead splices have badly corroded and are close to failure. A replacement system will cost $325,000, but an agreement between Anchorage Telephone Utility and the Railroad has enabled us to utilize the fiber optic system between Anchorage and Whittier. This agreement will eliminate the need for replacement of the pole line. Purchasing the fiber optic terminals and connecting them to ATU's fiber optic system will give us full data and telephone service to the Whittier Terminal.

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
($000)

A. PROJECT TITLE: WHITTIER ELECTRIC

B. LOCATION: WHITTIER TERMINAL

C. ESTIMATED COST: $200

D. ACCURACY OF COST ESTIMATE: CLASS III (+ OR - 15%)

E. STATUS OF ENGINEERING DESIGN & COST ESTIMATE: REVIEW STATUS

F. PROJECT DESCRIPTION:

Replacement of existing high voltage distribution system in the Whittier Yard.

G. PROJECT JUSTIFICATION:

The railroad has incurred a PCB contamination problem in the Whittier electrical distribution system. The current system is a non-standard distribution network which is contaminated with PCB's. A replacement system is necessary to eliminate future PCB problems and to minimize clean up costs of the current contaminated system.

PASSENGER SERVICES CAPITAL PROPOSAL

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
($000)

A. PROJECT TITLE — Containerized Baggage

B. LOCATION — Anchorage

C. ESTIMATED COST

40 Containers @ $800 each	$32,000
Fairbanks Forklifts	Already Owned
Anchorage Forklift	20,000
Denali Forklift	20,000
Total Cost	$72,000

D. ACCURACY OF COST ESTIMATE — Class 3

E. PROJECT DESCRIPTION
Purchase containers and forklifts to handle the baggage on the Anchorage via Denali to Fairbanks Express. The containerization will reduce the manual handling of the baggage.

F. PROJECT JUSTIFICATION
The ARRC needs to come into the modern ages with baggage handling. The containerized system will reduce staffing at Fairbanks and Anchorage and save layover time at Denali Park.

Cash Flow	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Equipment	(72)					
Anc/Fbx Labor Savings		24	24	24	24	24
Forklift Maintenance		(2)	(4)	(6)	(8)	(10)
Less 12 Hour Dead Head Trains		2	2	2	2	2
	(72)	24	22	20	18	16

Life Expectancy probably 7 years, use 5 to be conservative.

INTERNAL RATE OF RETURN 13.05%

PROPOSED 1987 BASELINE CAPITAL BUDGET
SUPPLEMENTAL PROJECT INFORMATION SHEET
($000)

A. PROJECT TITLE — Whittier Shuttle Flat Cars

B. LOCATION — Anchorage

C. ESTIMATED COST — 5 @ $20,000 each = $100,000
This project will be funded with State of Alaska Shuttle Funds.

D. ACCURACY OF COST ESTIMATE — Class 3

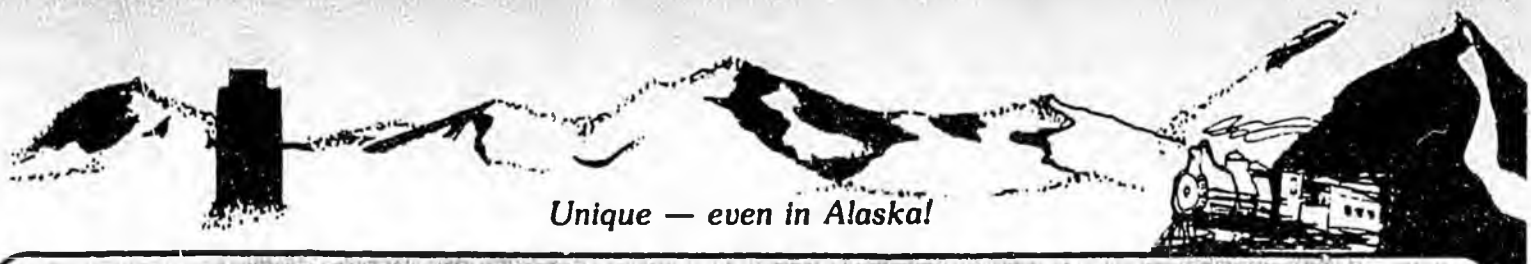
E. PROJECT DESCRIPTION
The cost of maintaining the current rail passenger cars used on the Whittier Shuttle was excessive so this equipment has been disposed of. In reviewing the alternatives, it appears that buses on flat cars may be the most cost effective. This requires the purchase of flatcars to place the buses on. The current flatcars are filled to capacity on numerous occasions so putting the buses on these would reduce vehicle capacity too much.

F. PROJECT ALTERNATIVES FOR WHITTIER PASSENGER EQUIPMENT
1. Rental Buses on Flatcars.
2. Purchased Buses on Flatcars.
3. Lease of Rail Passenger Equipment.

The cost of these three alternatives will be analyzed extensively prior to the actual purchase decision.

HB

101



Unique — even in Alaska!

THE CITY OF WHITTIER

APR 6 1987

March 31, 1987

The Honorable Representative Bette Cato
P.O. Box V
Juneau, AK 99811

Dear Representative Cato,

Please extend our warmest greetings to your staff and colleagues. We are submitting this letter for your perusal in lieu of in person testimony on HB 101 while it is in committee.

We perceive this measure to be a first step if you will, in the process of enabling a project of this nature to go forward. At this time, the measure costs us nothing but the energy spent on its consideration in the legislature. It is our strongly held belief that this measure is essential for us to even begin to consider any of the options that have been suggested for improved transportation access from Portage to Whittier. Through this legislation we envision a future project that will be self sufficient with regard to the retirement of [illegible] al financial obligations.

We believe that sometime in the future a road will be constructed which will serve to connect the last unpaved link between Whittier and Anchorage. This will thereby increase the utility of the Port of Whittier as a freight handling terminal for the entire state by enhancing current rail only operations. It would also add to the convenience of the many visitors from Anchorage who utilize Whittier as the closest access to the recreational opportunities on Prince William Sound. Other benefits would include the impacts that would be felt by the fishing industry in western Prince William Sound and the flexibility that could be enjoyed by the tourism industry in their scheduling through this Port.

Sincerely,

Courtland H. Ofelt, Ed.D.
City Manager

Georgia L. Buck,
Mayor

P.O. Box 608 Whittier, Alaska 99693 (907) 472-2327

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

April 1, 1987

FOR TODAY'S MEETING YOU HAVE:

A FOLDER ON HB 196 THAT INCLUDES:

* a copy of HB 196
* an amendment offered by the Dept. of Commerce & Economic Development
* a fiscal note from the Dept. of Commerce
* a copy of the statutes impacted by HB 196
* a sectional analysis

A FOLDER ON HB 101 THAT INCLUDES:

* a copy of HB 101
* a sectional analysis
* a fiscal note and position paper from DOT/PF
* a copy of the statutes impacted by HB 101
* a letter of support from the City of Whittier
* a resolution from the Alaska Municipal League
* a newspaper article
* a map of the proposed toll road

report on the DOT/PF capital project cleanup

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

February 26, 1988

TO: Senate Transportation Committee Members

FROM: Representative Bette Cato BC

SUBJECT: HB 101

I have reviewed the proposed committee substitute for CSHB 101 and I am happy with the changes.

Essentially, the proposed changes would allow ANY state toll facility to be constructed provided the conditions in AS 37.15.730 are met. Oringinally, HB 101 required Knik Arm Crossing and the Whittier Toll road be the first state toll facilities constructed.

Thank you for considering CSHB 101.

Original sponsor: Cato

IN THE HOUSE BY THE TRANSPORTATION COMMITTEE

SENATE CS FOR CS FOR HOUSE BILL NO. 101 (Transportation)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to state toll facilities."

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

* Section 1. AS 19.05.040(11) is amended to read:

(11) establish, levy, and collect tolls, fees, charges, and rentals for the use of state roads, highways, bridges, tunnels, crossings, and causeways; and

* Sec. 2. AS 37.15.720 is amended to read:

Sec. 37.15.720. STATE TOLL FACILITIES. The state is authorized to acquire, construct, equip, and maintain toll bridges, tunnels, highways, roads, crossings, and causeways found to be necessary by the commissioner of transportation and public facilities.

* Sec. 3. AS 37.15.730 is amended to read:

Sec. 37.15.730. REVIEW OF TOLL FACILITY PROJECTS [KNIK ARM CROSSING]. A toll facility may be financed under AS 37.15.610 - 37.15.760 [NOTWITHSTANDING THE PROVISIONS OF AS 37.15.720 THE FIRST STATE TOLL FACILITY TO BE FINANCED UNDER AS 37.15.610 - 37.15.760 IS THE KNIK ARM CROSSING NEAR ANCHORAGE] if the following conditions are met for that toll facility:

(1) the department submits to the governor and the legislature a feasibility study that finds that the toll facility [CROSSING] is financially feasible and able to produce revenue adequate to repay the bonds with which it is financed;

(2) if financing in addition to revenue bonds is required to finance the toll facility [ANTICIPATED], the department submits to

the governor and legislature a finance plan that includes [TO INCLUDE] an estimate of the total cost of the toll facility [PROJECT] and a description of the sources of money that will be used to finance the total cost of the toll facility [PROJECT]; and

(3) the office of management and budget reviews the feasibility study and the finance plan, if required, and reports its findings and recommendations to the governor and legislature not later than 90 days after the study and plan are received by the office.

* Sec. 4. AS 37.15.760(7) is amended to read:

(7) "toll facilities" means highways, roads, bridges, tunnels, crossings, and causeways upon which tolls, charges, rentals, or other user fees are placed by the commissioner of transportation and public facilities.

Offered: 5/3/88
Referred: Rules

5-0493P

Original sponsor: Cato

IN THE HOUSE BY THE FINANCE COMMITTEE

SENATE CS FOR CS FOR HOUSE BILL NO. 101 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to state toll facilities."

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

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(1) the department submits to the governor and the legislature a feasibility study that finds that the toll facility [CROSSING] is financially feasible and able to produce revenue adequate to repay the bonds with which it is financed;

(2) if financing in addition to revenue bonds is required to finance the toll facility [ANTICIPATED], the department submits to

the governor and legislature a finance plan that includes [TO INCLUDE] an estimate of the total cost of the toll facility [PROJECT] and a description of the sources of money that will be used to finance the total cost of the toll facility [PROJECT]; and

(3) the office of management and budget reviews the feasibility study and the finance plan, if required, and reports its findings and recommendations to the governor and legislature not later than 90 days after the study and plan are received by the office.

* Sec. 4. AS 37.15.760(7) is amended to read:

(7) "toll facilities" means highways, roads, bridges, tunnels, crossings, and causeways upon which tolls, charges, rentals, or other user fees are placed by the commissioner of transportation and public facilities.

* Sec. 5. The Department of Transportation and Public Facilities shall construct the Copper River highway as a toll facility in accordance with Sec. 37.15.73 if federal discretionary highway bridge funds are authorized by the federal government for the reconstruction and repair of the Million Dollar Bridge over the Copper River and the approaches to the bridge.

Alaska State Legislature

SENATE

Official Business

P.O. Box V
State Capitol
Juneau, Alaska 99811

May 8, 1988

MESSAGE TO THE HOUSE

MR. SPEAKER

The Senate has passed CS FOR HOUSE BILL NO. 101 (FIN) with the following amendments:

SENATE CS FOR CS FOR HOUSE BILL NO. 101 (Finance) am S
"An Act relating to state toll facilities."

Amendment No. 1 By Jones and Coghill

Page 2, line 15: After "facility"

Insert "in accordance with Sec. 37.15.730"

and is returning for consideration.

Certify:

Nancy Quintock
Nancy Quintd
Senate Secretary

Under Rule 43(b) of the Uniform Rules, engrossment was waived and certified copies of the amendment is above.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

Bill Version: SCS CS HB 101 (Finance)
Publish Date:

FISCAL NOTE

REQUEST:
Revision Date:
Title: State Toll Facilities

Agency Affected: State Bond Committee
BRU:

Sponsor: Senate Finance
Requestor: Senate Finance

Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS		1000.0	2000.0	2100.0	2100.0	2100.0
TOTAL OPERATING		1000.0	2000.0	2100.0	2100.0	2100.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER		1000.0	2000.0	2100.0	2100.0	2100.0
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker MB
Division: Treasury

Phone: 465-2350
Date: May 3, 1988

Approved by Commissioner: Hugh Malone PWTOR
Agency: Department of Revenue

Date: 5/3/88

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

SCS CS HB 101 (Finance)
Fiscal Note Analysis

The following amounts of debt service on $22,000,000 of toll facilities revenue bonds assume a 30 year maximum maturity and an average interest rate of 9 percent:

	Fund Source	
Fiscal Year	Toll Facilities Construction Fund	Toll Facilities Revenue Fund
1989	$1,000,000	0
1990	2,000,000	0
1991	1,000,000	$1,100,000
1992		2,100,000
1993		2,100,000

The amounts paid from the Toll Facilities Construction Fund are capitalized interest (interest during construction). Total debt service to maturity (including capitalized interest) would be approximately $68 million.

Up to $6.5 million of the bond proceeds might be required for capitalized interest, a debt service reserve fund of $2.1 million, and issuance costs. This would leave $15.5 million available for construction costs.

CHUGACH ALASKA CORPORATION

April 9, 1987 APR 14 1987

The Honorable Bette M. Cato
Alaska State Legislature
P. O. Box V
Juneau, Alaska 99811

Dear Madam:

This is to convey Chugach Alaska Corporation's support for the passage of House Bill 101 amending Alaska Statutes 19 and 37 to provide for the establishment the Whittier Toll Road. The road will greatly enhance access not only to the existing community at Whittier but also to Passage Canal and the Prince William Sound. The corporation owns approximately 450 acres west of town where it is planning to develop its recreation and tourism resources.

The State's long standing interest in the project is attested to by its formal reports and correspondence with the City of Whittier dating from the late sixties to the present. The latest study has identified several feasible options which can be financed either entirely through a toll-related revenue bond or through a combination of the toll bonding and outside capital. The passage of this bill into law this year will coincide well with the further analysis of the final options and other land use planning that is planned in the area.

The progress of this bill is critical for the well being of the south-central region's tourism and recreation economy. The Prince William Sound Tourism Coalition, of which CAC is a member, is beginning its second year of guiding the development of the area's recreational resources into a condition that will accomodate a world class visitor experience.

Thank you for your work on this important bill. If we can assist you further on this matter, please do not hesitate to contact us.

Sincerely,

CHUGACH ALASKA CORPORATION

Keith Gordaoff

Keith Gordaoff
Chief Executive Officer

KG:jc

Chugach Alaska Building, 3000 A Street, Suite 400, Anchorage, Alaska 99503
(907) 563-8866, Telex: CHUGACHAK AHG 26497, Fax: (907) 563-8402

CC: The Honorable Georgia Buck, Mayor
City of Whittier

The Honorable Jan Faiks, President
Alaska State Senate

The Honorable Steve Cowper, Governor
State of Alaska

HOUSE BILL 101 - AN ACT RELATING TO STATE TOLL FACILITIES.

~~THE CITY OF WHITTIER HAS EXPERIENCED TREMENDOUS GROWTH SINCE ITS DEVELOPMENT DURING WORLD WAR II. WHEN YOU CONSIDER THE MANY BENEFITS THAT A CITY LIKE WHITTIER COULD PROVIDE NOT ONLY TO THE CITY AND LOCAL RESIDENTS, BUT TO THE STATE AS A WHOLE I THINK YOU WILL AGREE THAT ANY INVESTMENT MADE TOWARD~~ THE FUTURE GROWTH AND DEVELOPMENT OF THE CITY OF WHITTIER WOULD VERY ADVANTAGEOUS TO THE STATE OF ALASKA.

THE POPULATION OF WHITTIER IS 362. THIS NUMBER INCREASES TO OVER 900 HUNDRED DURING THE SUMMER MONTHS. THERE ARE OVER QUARTER MILLION TOURISTS VISIT THE CITY OF WHIITIER EACH YEAR BY SHIP OR VIA THE ALASKA RAILROAD.

THIS IS A CITY THAT HAS AN IDEAL LOCATION. CURRENTLY ONE CAN TAKE A 35 MINUTE TRAIN RIDE FROM PORTAGE TO WHITTIER, APPROXIMATELY 11 MILES. WITH THIS CLOSE PROXIMITY TO ANCHORAGE MANY ANCHORAGE RESIDENTS MOORE THEIR BOATS AT ONE OF THE 340 BOAT SLIPS AVAILABLE IN WHITTIER. THIS NUMBER COULD BE INCREASED DRAMATICALLY IF MORE SLIPS WERE AVAILABLE AS WHITTIER CURRENTLY HAS A WAITING LIST OF OVER 400 PEOPLE. WHEN WE CONSIDER THAT HERE LIES A COMMMUNITY THAT NOT ONLY OFFERS TOURISTS THE OPPORTUNITY TO SEE SOME OF THE MAGNIFICANT BEAUTY ALASKA HAS TO OFFER BUT, WHITTIER IS IDEALLY LOCATED TO PROVIDE ALASKA WITH ONE OF THE MAJOR PORTS FOR INTERNATIONAL TRADE. WITH THE ALASKA RAILROAD PROVIDING CONTINUAL SERVICE FROM WHITTIER TO ANCHORAGE AND, THE POSSIBILITIES OF DEVELOPING THE PORT AND HARBOR AREAS IN WHITTIER THE BENEFITS TO SHIPPERS AND FREIGHT COMPANIES ARE OBVIOUS.

THERE IS ONE BIG HURDLE TO OVERCOME IF THE POTENTIAL OF THE CITY OF WHITTIER IS TO BE TRULY REALIZED. ACCESS
HB 101 HELP TO OVERCOME THIS MAJOR PROBLEM BY PROVIDING THE DEPARTMENT OF TRANSPORTATION THE AUTHORITY TO CONSTRUCT A TOLL ROAD TO THE CITY OF WHITTIER. THE TOLL ROAD WOULD BE CONSTRUCTED UTILIZING EXISTING STRUCTURES.

HB 101 STATES THAT THE WHITTIER TOLL ROAD WILL BE THE FIRST STATE TOLL FACILITY FINANCED IF THE FOLLOWING CONDITIONS ARE MET:

1. tHE DEPARTMENT SUBMITS TO THE GOVERNOR AND THE LEGISLATURE A FEASBILITY STUDY THAT FINDS THAT THE PROJECT IS FINANCIALLY FEASIBLE AND ABLE TO PRODUCE REVENUE ADEQUATE TO REPAY THE BONDS WITH WHICH IT FINANCED.
2. IF FINANCING IN ADDTION TO REVENUE BONDS IS ANTICIPATED THE DEPARTMENT SUBMITS TO THE GOVERNOR AND LEGISLATURE A FINANCE PLAN THAT INCLUDES AN ESTIMATE OF THE TOTAL COST OF THE PROJECT AND THE SOURCES OF MONIES THAT WILL BE USED TO FINANCE THE TOTAL COST OF THE PROJECT.
3. THE OFFICE OF MANAGEMENT AND BUDGET REVIEWS AND RECOMMENDS TO THE GOVERNOR THE FEASIBILITY OF THIS PROJECT.

WHILE HB 101 WILL GREATLY BENEFIT BOTH THE CITY OF WHITTIER AND THE STATE OF ALASKA BY PROVING ACCESS TO THE CITY OF WHITTIER, THIS BILL DOES NOT DRAMATICALLY CHANGE THE EXISTING STUTUES. AS YOU WILL SEE IN YOU FOLDERS THE

STATUTES CURRENTLY PROVIDES FOR THE TOLL ROAD TO BE CONSTRUCTED FOR THE KNIK ARM CROSSING.

I FEEL THAT IF WE ARE TO CONTINUE TO PURSUE TO ECONOMIC GROWTH AND DEVELOPMENT OF THIS STATE AND, CONTINUE TO WORK TOWARD INCREASING TOURISM WE NEED TO SUPPORT LEGISLATION THAT WILL WORK TOWARD THESE GOALS.

THANK YOU FOR LISTENING TO ME.

(5)

HOUSE COMMITTEE REPORT

Date referred: 2/2/87 FURTHER REFERRALS: Finance

DATE: April 1, 1987

The Transportation Committee has considered HB 101

"An Act relating to state toll facilities."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[X] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Chairman's signature

'Official' Business

COMMITTEE:

House Transportation Committee

DATE: April 1, 1987

SIGN-IN

Subject of meeting:

HB 196: Air Carriers Regulations

*HB 101: "An Act relating to state toll facilities."

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Lobbyist Rod Stoops	Box 1211 Juneau, 99802	586-3340	AACA	Yes
Rick Rear	Box D Juneau	465 2504	DCED	Yes

* indicates first public hearing

HB

115

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation:

3/4/87

3/11/87

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

March 4, 1987

FOR TODAY'S MEETING YOU HAVE:

A FOLDER ON HB 115 THAT INCLUDES:

* a copy of HB 115
* a fiscal note from DOT/PF
* a fiscal note from the Dept. of Public Safety
* a position paper from the Dept. of Public Safety
* a map of the Dalton Highway
* an excerpt from the state statutes
* an excerpt from DOT's regulations
* 2 resolutions from the Fairbanks Chamber of Commerce
* a newspaper article
* the construction agreement between the state of Alaska and Alyeska Pipeline Service Co.
* a letter from the Office of the Governor

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

March 11, 1987

FOR TODAY'S MEETING YOU HAVE:

A BINDER ON HB 115 THAT INCLUDES:

* a copy of HB 115
* a copy of the questions sent to DOT/PF
* a fiscal note from DOT/PF
* a position paper and fiscal note from the Dept. of Public Safety
* an overview of HB 115 from Rep. Frank
* a map of the Dalton Highway
* an excerpt from the state statutes
* an excerpt from the federal statutes
* an excerpt from the DOT/PF regs
* an opinion from the attorney general's office
* the construction agreement between the State of Alaska and the Alyeska Pipeline Service Company
* a letter from the attorney general to the office of the governor
* two resolutions from the Fairbanks Chamber of Commerce
* a statement from the executive director of the Alaska Trucking Association
* a newspaper article

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HB 115
REQUEST
Publish Date:
Revision Date:
Agency Affected: DOT&PF
Title: Opening the entire Dalton Highway to the public without toll.
BRU:
Sponsor: Frank
Components:
Requestor: Cato

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		<243.0>	<243.0>	<243.0>	<243.0>	<243.0>
TRAVEL						
CONTRACTUAL		<127.0>	<27.0>	<27.0>	<27.0>	<27.0>
SUPPLIES		<20.0>	<20.0>	<20.0>	<20.0>	<20.0>
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		<390.0>	<290.0>	<290.0>	<290.0>	<290.0>
CAPITAL						
REVENUE		<5600.0>	<5500.0>	<5500.0>	<5500.0>	<5500.0>

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (IARF)		<390.0>	<290.0>	<290.0>	<290.0>	<290.0>
TOTAL						

POSITIONS:

FULL-TIME		<5>	<5>	<5>	<5>	<5>
PART-TIME		<1>	<1>	<1>	<1>	<1>
TEMPORARY						

ANALYSIS: This bill will remove the authority to charge tolls on the Dalton Highway. These are estimated to produce $5.6 million in FY88 to support the maintenance and operating costs of this route. These tolls would have been deposited in the General Fund to offset the budgeted costs for operation.

The deletion of the requirement for the checkpoint will not impact the 1988 budget because funding is not included.

The reduced operating expenditures and funding are related to the estimated costs of collection of the tolls.

Prepared by: Ron B. Lind, Director
Phone: 465-4070
Division: Plans, Programs, and Budget
Date: 2/27/87

Approved by Commissioner: Mike D. Hi
Date: 3/3/87
Agency: DOT&PF

Distribution (by preparer):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

BILL NO: HB 115

DATE: February 27, 1987

TITLE: "An Act relating to public use of the Dalton Highway."

CONTACT: Maj. Walter J. Gilmour
Acting Director
Alaska State Troopers

DEPARTMENT OF PUBLIC SAFETY

HB 115 will open the Dalton Highway for public access for the entire year.

The Division of Alaska State Troopers will need to provide a full range of law enforcement services to include accident response and investigation, search and rescue and patrol in order to protect the users of the highway. Winter use of the highway will result in a need to provide these services under difficult conditions, and equipment costs reflect this fact.

The Department of Public Safety is opposed to this legislation.

WILLIAM R. NIX
Acting Commissioner

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HB 115
REQUEST
Publish Date:
Revision Date:
Agency Affected: Public Safety
Title: "An Act relating to public use of the Dalton Highway."
BRU: Alaska State Troopers
Sponsor: Rep. Frank
Components: Detachments & CIB
Requestor: House Transportation

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		281.4	289.8	298.5	307.5	316.7
TRAVEL		8.0	8.2	8.5	8.7	9.0
CONTRACTUAL		92.9	95.7	98.6	101.5	104.6
SUPPLIES		13.2	13.6	14.4	14.8	15.3
EQUIPMENT		89.2				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		484.7	407.3	420.0	432.5	445.6
CAPITAL						
REVENUE						

FUNDING:: (Thousands of Dollars)

GENERAL FUNDS		484.7	407.3	420.0	432.5	445.6
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME		4	4	4	4	4
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

See attached schedule.

Prepared by: Francis C. Allan
Phone: 269-5691
Division: Alaska State Troopers
Date: 2/27/87

Approved by Commissioner: William R. Nix
Date: 3/3/87
Agency: Public Safety

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

CONTINUATION OF FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 115

In order to keep the Dalton Highway open throughout the entire year, a full range of law enforcement services must be maintained. In order to provide accident response, patrol, investigation and search and rescue services, four additional State Trooper positions will be needed; one at Coldfoot, one at 7-Mile Camp, and two others in Prudhoe Bay. The costs below summarize their Personal Services and related costs. It is anticipated that equipment will be needed in the first year only and that a 3% inflationary cost will be incurred each year after 1988.

	Trooper Coldfoot	Trooper 7-Mile	Trooper Prudhoe Bay	Trooper Prudhoe Bay	Increased Helo Oper. Costs (1)	Total
Personal Services	71.5	66.9	71.5	71.5		281.4
Travel	2.0	2.0	2.0	2.0		8.0
Contractual	8.5	8.5	42.1	32.5	1.3	92.9
Supplies	3.3	3.3	3.3	3.3		13.2
Equipment	22.3	22.3	22.3	22.3		89.2
	107.6	103.0	141.2	131.6	1.3	484.7

(1) - Helicopter costs include one additional trip up and down the highway, fueling at Coldfoot and Prudhoe Bay (contract). This is expected to involve seven hours @ $187 per hour.

Position Title	No. of Positions	Range/Step	Barg. Unit
State Trooper	1	76/A	PSEA

Time Status	Staff Months	Location	Election District
PFT	12.0	Coldfoot	22

Type of Expenditure		Amount
1	2	3
Salary	48,516	
Benefits	12,454	
Premium Pay	4,478	
Other	6,097	
Total Personal Services		71.5
Travel		2.0
Contractual		8.5
Commodities		3.3
Equipment		22.3
Other		
Total Cost		107.6

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	107.6
I-A Receipts	1006	
CIP Receipts	1061	
Other		

Justification

A fully trained and experienced law enforcement officer is needed to provide accident response, patrol, investigation and Search and Rescue along the Dalton Highway. This trooper position must have a 4 X 4 vehicle (152P) in order to be able to travel the rough road during winter conditions. All other costs are average Trooper costs and are based upon experience.

Currently, The FY88 FWP operating plan calls for the elimination of the FWP Trooper stationed in Coldfoot. This state housing unit will be occupied by this new AST Trooper.

Request For New Position

Agency: Department of Public Safety

BRU: Alaska State Troopers

Component: Detachments & CIB

Revised Date

FY 88

Position Title	State Trooper	No. of Positions	Range/Step	Barg. Unit
		1	76/A	PSEA
Time Status	Staff Months	Location		Election District
PFT	12.0	7-Mile		22

Type of Expenditure		Amount
1	2	3
Salary	45,060	
Benefits	11,567	
Premium Pay	4,159	
Other	6,097	
Total Personal Services		66.9
Travel		2.0
Contractual		8.5
Commodities		3.3
Equipment		22.3
Other		
Total Cost		103.0

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	103.0
I-A Receipts	1006	
CIP Receipts	1061	
Other		

Justification

A fully trained and experienced law enforcement officer is needed to provide accident response, patrol, investigation and Search and Rescue along the Dalton Highway. This trooper position must have a 4 X 4 vehicle (152P) in order to be able to travel the rough road during winter conditions. All other costs are average Trooper costs and are based upon experience.

Under the current AST FY88 plan, the 7-Mile housing unit was to be vacated and sub-leased as part of the reduction. This new trooper position however will occupy the unit.

Request For New Position

Agency: Department of Public Safety

BRU: Alaska State Troopers

Component: Detachments & CIB

Revised Date

FY 88

Position Title: State Trooper		No. of Positions: 1	Range/Step: 76/A	Barg. Unit: PSEA
Time Status: PFT	Staff Months: 12.0	Location: Prudhoe Bay		Election District: 22

Type of Expenditure		Amount
1	2	3
Salary	48,516	
Benefits	12,454	
Premium Pay	4,478	
Other	6,097	
Total Personal Services		71.5
Travel		2.0
Contractual		42.1
Commodities		3.3
Equipment		22.3
Other		
Total Cost		141.2

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	141.2
I-A Receipts	1006	
CIP Receipts	1061	
Other		

Justification

A fully trained and experienced law enforcement officer is needed to provide accident response, patrol, investigation and Search and Rescue along the Dalton Highway. This trooper position must have a 4 X 4 vehicle (152P) in order to be able to travel the rough road during winter conditions. All other costs are average Trooper costs and are based upon experience.

Contractual costs include housing and office space at a cost of $2,800 per month, which is based upon previous AST experience in Prudhoe Bay as assumes space availability.

Request For New Position

Agency: Department of Public Safety
BRU: Alaska State Troopers
Component: Detachments & CI

FY 88

Position Title	State Trooper	No. of Positions	Range/Step	Barg. Unit
			76/A	PSEA
Time Status	Staff Months	Location	Election District	
PFT	12.0	Prudhoe Bay	22	

Type of Expenditure		Amount
1	2	3
Salary	48,516	
Benefits	12,454	
Premium Pay	4,478	
Other	6,097	
Total Personal Services		71.5
Travel		2.0
Contractual		32.5
Commodities		3.3
Equipment		22.3
Other		
Total Cost		131.6

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	131.6
I-A Receipts	1006	
CIP Receipts	1061	
Other		

Justification

A fully trained and experienced law enforcement officer is needed to provide accident response, patrol, investigation and Search and Rescue along the Dalton Highway. This trooper position must have a 4 X 4 vehicle (152P) in order to be able to travel the rough road during winter conditions. All other costs are average Trooper costs and are based upon experience.

Contractual costs include a leased housing space of approximately $24,000 per year, assuming that it is available.

Request For New Position

Agency: Department of Public Safety

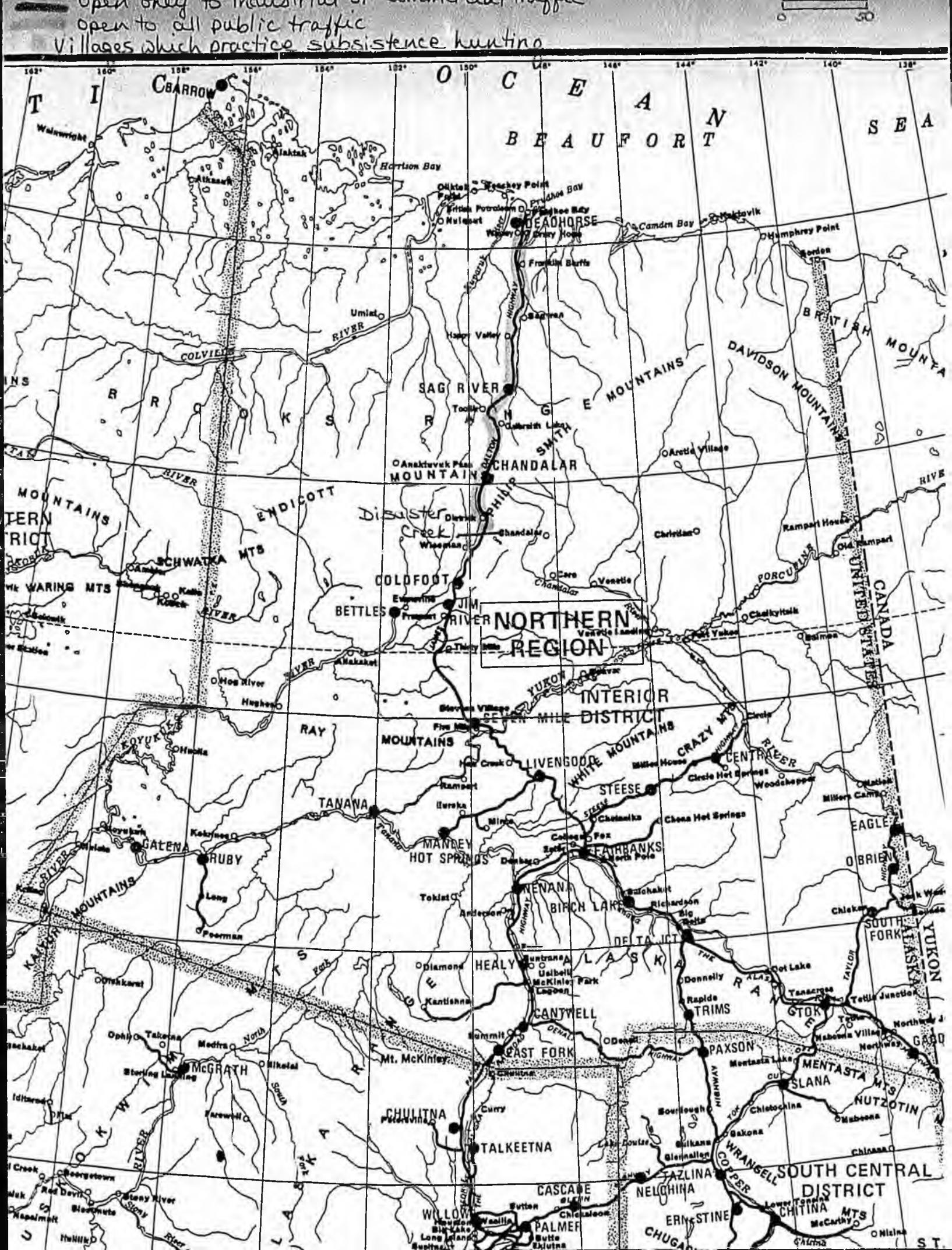
BRU: Alaska State Troopers

Component: Detachments & CIB

Revised Date

FY 88

open only to industrial or commercial traffic
open to all public traffic
Villages which practice subsistence hunting


OCEAN
BEAUFORT SEA
BARROW
Wainwright
Atqasuk
Harrison Bay
Atkasook
Oliktok Point
Prudhoe Bay
British Petroleum
Nuiqsut
DEADHORSE
Camden Bay
Kaktovik
Humphrey Point
Gordon
Franklin Bluffs
Umiat
RIVER
COLVILLE
Happy Valley
Sagwon
BROOKS RANGE MOUNTAINS
DAVIDSON MOUNTAINS
SAG RIVER
Toolik
Galbraith Lake
SMITH
Anaktuvuk Pass
CHANDALAR
MOUNTAIN
Arctic Village
ENDICOTT
MOUNTAINS
Disaster Creek
Dietrich
Chandalar
Wiseman
Christian
Rampart House
Old Rampart
PORCUPINE
RIVER
SCHWATKA MTS
Ambler
Shungnak
Kobuk
WARING MTS
COLDFOOT
Evansville
Cara
Chandalar
Venetie
JIM
BETTLES
RIVER
NORTHERN
REGION
Chalkyitsik
Fort Yukon
Eagle
Nakakakat
Hog River
Hughes
YUKON
RIVER
INTERIOR
SEVEN MILE DISTRICT
Stevens Village
Circle
CRAZY MTS
RAY
MOUNTAINS
WHITE MOUNTAINS
Hot Springs
LIVENGOOD
Miller House
CENTRAL
Circle Hot Springs
Woodchopper
Rampart
STEESE
Eureka
Minto
Chatanika
Chena Hot Springs
Miller Camp
TANANA
Koyukuk
Huslia
Koyukuk
Kokrines
GALENA
RUBY
MANLEY
HOT SPRINGS
College
Fox
FAIRBANKS
North Pole
EAGLE
O'BRIEN
Long
Poorman
Tolstof
NENANA
Anderson
BIRCH LAKE
Richardson
Big Delta
Chicken
SOUTH FORK
YUKON
DELTA JCT
Diamond
HEALY
Suntrana
Usibelli
McKinley Park
Lagoon
Donnelly
Rapids
TRIMS
Tanacross
Tetlin Junction
GTOK
Northway
Northway Village
Mabeuna Village
GARD
Kantishna
CANTWELL
Summit
Denali
EAST FORK
PAXSON
Mentasta Lake
MENTASTA MTS
SLANA
NUTZOTIN
Mt. McKinley
Ophir
Takotna
Medfra
McGRATH
Nikolai
Sourdough
Chistochina
Mabeuna
Gakona
Lake Louise
Glennallen
CHULITNA
Curry
TALKEETNA
WRANGELL
COPPER
TAZLINA
SOUTH CENTRAL
DISTRICT
Chitina
NELCHINA
CASCADE
Sutton
Chickaloon
WILLOW
Wasilla
PALMER
Butte
Eklutna
ERNESTINE
McCarthy
MTS
Nizina
CHUGACH
Red Devil
Georgetown
Stony River
Sleetmute
Napaimute
Iliamna
Kuskokwim
Yukon
Tanana
Koyukuk
Chena
Susitna
Tok
Alaska
Taylor
Highway
Denali
Glenn
Richardson
Parks
Edgerton
Old Valdez
Alaska Range
Wrangell Mountains
Chugach Mountains
Talkeetna Mountains
Kuskokwim Mountains
Brooks Range
Endicott Mountains
Schwatka Mountains
Waring Mountains
Baird Mountains
Kobuk River
Noatak River
Colville River
Sagavanirktok River
Yukon River
Tanana River
Koyukuk River
Kuskokwim River
Susitna River
Copper River
Gulkana River
Delta River
Nenana River
Chena River
Salcha River
Goodpaster River
Tanana Flats
Yukon Flats
Minto Flats
Kantishna River
Toklat River
Teklanika River
Sanctuary River
Hess Creek
Beaver Creek
Fort Yukon
Arctic Circle
Tropic of Cancer
Prime Meridian
Fairbanks
Anchorage
Valdez
Glenn Highway
Richardson Highway
Alaska Highway
Taylor Highway
Denali Highway
Steese Highway
Elliott Highway
Dalton Highway
Parks Highway
Edgerton Highway
Old Valdez Trail
Alaska Railroad
Tok Cut-off
Denali Highway
Glenn Highway
Richardson Highway
Alaska Highway
Taylor

Greater Fairbanks Chamber of Commerce

First National Center
100 Cushman Street
(907) 452-1105
P.O. Box 74446
Fairbanks, Alaska 99707

RESOLUTION 3-0287

A RESOLUTION TO OPEN THE DALTON HIGHWAY TO THE GENERAL PUBLIC

WHEREAS, there is no justifiable reason that the general public should not have access to a public highway, and

WHEREAS, public funds are used to maintain this road, and

WHEREAS, the denial of the public to use the Dalton Highway as any other highway in Alaska, as stated in A.S. 19.40.120, is discriminatory, and

WHEREAS, there are existing state and federal regulations which provide for management of public use of land and resources adjoining public highways, and

WHEREAS, the opening of the Dalton Highway has been part of the program of work as stated in the Interior Transportation Needs Study developed by the Greater Fairbanks Chamber of Commerce;

NOW, THEREFORE, be it resolved, that the Greater Fairbanks Chamber of Commerce recommends that the Legislature pass HB 115 without further restrictions.

Be it further resolved that this resolution be sent to the following:

Governor Cowper
The Interior Delegation
The Congressional Delegation
The Commissioner of Transportation

DATED THIS 23rd DAY OF February, 1987

BY _____
James Dodson, Chairman of the Board

BY _____
Althea St. Martin, Acting President

Greater Fairbanks Chamber of Commerce

First National Center
100 Cushman Street
(907) 452-1105
P.O. Box 74446
Fairbanks, Alaska 99707

RESOLUTION 1-0287

A RESOLUTION RECOMMENDING THAT A TOLL SHOULD NOT BE CONSIDERED ON THE DALTON HIGHWAY

WHEREAS, Fairbanks is facing an economic down trend, and

WHEREAS, more effort needs to be placed on trying to assist Fairbanks to recover and continue to offer competitive services in deploying freight through Fairbanks to users along and at the end of the Dalton Highway, and

WHEREAS, a toll could work an economic hardship on any business planning to use the road, and

WHEREAS, the Greater Fairbanks Chamber of Commerce feels that the road should not be used as a single purpose road, and

WHEREAS, this proposed toll would represent a double tax on the oil industry,

NOW, THEREFORE, be it resolved that options other than a toll being placed on a road in Alaska (specifically the Dalton Highway), be considered as a method to generate more state revenue.

BE IT FURTHER RESOLVED that this resolution be sent to the following:
Governor Cowper
The Interior Delegation
The Congressional Delegation
Commissioner of Transportation

DATED THIS Feb. 23 87 DAY OF 2-23- , 1987

BY _____
James Dodson, Chairman of the Board

BY _____
Althea St. Martin, Acting President

Ex-lawmaker says Dalton should be open

By JOHN FRIDRICH
Staff Writer

A former Fairbanks lawmaker who fought to open the Dalton Highway to the public, told a forum held Wednesday the U.S. Constitution makes it clear the portion of the road now closed to the public should be open.

"That was my reason, and I can't speak for anybody else, for trying to get it open and open to everyone on the same terms," Charlie Parr told about 60 people who attended a panel discussion held by the Alaska Outdoor Council.

The Dalton Highway, built in 1974 at a cost of $307 million so the Trans-Alaska Pipeline could be constructed, stretches from Livengood to Prudhoe Bay, a distance of 415 miles.

Since 198[illegible], two years after the state took over maintenance duties from the Alyeska Pipeline Service Co., the southern half of the highway has been opened to the public. The northern half has been closed, however, with permits available only to people who have a commercial purpose in the area north of Disaster Creek, such as oil production.

Although several people brought up safety issues during the 1½-hour discussion, the prevailing sentiment among people in the audience who spoke was that the road should be open to Prudhoe Bay.

"They're trying to make it something special and I think that's wrong," said Andy Mlscovich, who added that a toll on trucks proposed by Gov. Steve Cowper to raise maintenance funds is sending industry the wrong message.

The state Department of Transportation and Public Facilities spent $6.5 million for maintenance of the Dalton Highway in fiscal year 1986, a figure that is projected to be $4.9 million in the 1988 budget, according to Fritz Guenther, DOT maintenance engineer for the Northern Region.

At its peak, the road handled 215 vehicles daily, but that has dropped to around 75 a day during the summer in the past two years, Guenther said. State officials say a toll on truck traffic would bring in about $5.6 million annually.

He said keeping the road surface intact is a problem, an issue that several people also raised. Another was efforts by the North Slope Borough, oil industry and truckers to keep the northern part of the road closed. DOT maintains a checkpoint three months of the year and gets money from the North Slope Borough to keep it manned an additional two months, which drew objections from several people.

Much of the discussion centered on public access to hunting, an issue towards which the Department of Fish and Game has generally adopted a neutral position, said Dick Bishop, regional supervisor of the agency's game division.

In theory, the area's wildlife could be effectively managed if the road was open, but the practical end is a different story, he said. "In practical terms, especially considering everybody is short of money, I think it may be very difficult; it has been difficult in any case, to have adequate enforcement of fish and game in that area," Bishop said.

As it stands, there a[illegible]e laws prohibiting all-terrain vehicle use within five miles of either side the road, but it's technically not possible to prosecute violators, Bishop said.

Areas of discrimination related to the road's closure were also aired. Firearms can not be used for hunting in that 10-mile wide corridor, but people can use guns in the pursuit of trapping in that area. Bow and arrow hunters are allowed in the corridor, another area that some found discriminatory. Certain rifles and ATVs can be used near Paxson, but not along the haul road.

"They ought to look at all areas of discrimination," said one man.

CONSTRUCTION AGREEMENT

This Agreement was made and entered into this 11th day of June, 1971, between the STATE OF ALASKA, hereinafter referred to as State, acting by and through its Commissioner of Highways, hereinafter called the Commissioner, and ALYESKA PIPELINE SERVICE COMPANY, a Delaware corporation, its successors and assigns, hereinafter referred to as Contractor.

The State and the Contractor agree that:

1. The Contractor shall perform, or cause to be performed, at the Contractor's sole expense, all the work and labor required to construct a highway for the State of Alaska generally described as follows: (1) from a point on the Livengood to Yukon highway approximately three miles northwest of the Yukon Radio Repeater Tower to the South bank of the Yukon River and (2) from the North bank of the Yukon River to Prudhoe Bay, Alaska. The Contractor shall also construct, at its sole expense, all the said highway and facilites related thereto which Contractor deems necessary or useful to the construction of that highway (both segments together hereinafter referred to as Highway), in accordance with those documents listed and described in Exhibit A, all of which documents are by reference incorporated herein and made a part hereof. All of said construction of the Highway and related facilities shall be substantially in accordance with secondary highway standards for the State of Alaska. At the time this Agreement is executed by the parties hereto, the said documents will describe only that part of

the highway north of the Yukon River; however, as soon thereafter as practicable, the parties hereto shall supplement Exhibit A with a document or documents describing route alignment of that segment of the highway south of the said River. Upon proper application by Contractor, the State shall issue to Contractor a Utility Permit, in State's customary form and subject to all requirements of the law and the State's standard conditions, granting the Contractor authority to lay the trans Alaska pipeline across the said Highway at the locations along the Highway indicated on Exhibit A in its present form and as supplemented by the parties hereto.

2. The State will be responsible for securing, in advance of construction, all rights-of-way across State and Federal lands for the Highway and all facilities related thereto which Contractor deems necessary or useful to the construction of the Highway. The State will also be responsible for obtaining free use of mineral materials from Federal and State of Alaska lands for use in the construction of the Highway. If the State does not, however, secure such rights-of-way and permits, it shall not be liable for damages, if any, resulting therefrom. The State will also acquire all necessary rights-of-way across private lands, and the Contractor agrees to reimburse the State the actual cost of the acquisition thereof, as determined solely by the Commissioner. In order for the State to acquire such right-of-way in an orderly fashion, the Contractor agrees to furnish the State for its use a plat of the right-of-way required across private lands in advance of such right-of-way acquisition.

3. The Highway shall be a State highway and may be used by Contractor, its employees, agents and sub-contractors in a lawful manner for the construction and operation of the trans Alaska pipeline without incurring any State-imposed tolls or costs for such use of the Highway, except for applicable motor vehicle taxes, licenses and fees, such as the Alaska Motor Fuel Oil Tax, and such other fees and costs imposed by law, regulations and customary conditions of its utility permits. During construction of the trans Alaska

pipeline the Contractor shall have the right to traverse the Highway with construction equipment of all kinds as necessary or convenient to Contractor in such construction, provided however that Contractor shall repair damage to said Highway caused by such construction equipment, and provided further that such damage shall not be constituted to include normal wear and tear. Any damages apart from normal wear and tear as determined by the Commissioner will be repaired by the Contractor at its own cost and expense and to the satisfaction of the Commissioner.

4. When the Commissioner determines in writing that there is no danger to the public from hazards associated with construction, the Highway may be opened by the State for use by the public during construction of the trans Alaska pipeline.

5. The Contractor shall perform all work and labor required by this Agreement and shall conform with the plans and specifications listed and described in Exhibit A attached hereto. The Contractor shall carry Workmen's Compensation Insurance in an approved amount. The Contractor will comply with all federal, state and local laws and regulations and all stipulations, covenants, and agreements specified herein and included in Exhibit A, or Exhibit A as it may be amended, by mutual agreement, and in the Environmental Stipulations. "Environmental Stipulations" means the Environmental Stipulations of the Department of the Interior for the Trans Alaska Pipeline System (hereinafter referred to as Environmental Stipulations) insofar as they are applicable to construction of the Highway, and all rights and rights of action which accrue to the United States under the Environmental Stipulations of the Department of the Interior accrue also to the State. The State may revise or amend the applicable Environmental Stipulations if unforeseen conditions arise during construction or maintenance of the Highway. If there is non-compliance with the provisions of this paragraph, the work or

materials shall be moved and replaced or otherwise corrected by and at the expense of the Contractor.

6. Contractor, its agents and employees, are and shall act as independent contractor and not as officers, employees, or agents of the State in the performance of this Agreement.

7. Any dispute concerning a question of fact or a value judgment arising under this contract (which is not disposed of by agreement of the parties) shall be finally decided by the Commissioner.

8. Contractor shall immediately notify the Commissioner of commencement of construction hereunder. Prior to the time such notice is given by Contractor and accepted by the State either party to this Agreement may elect, in writing, to terminate this Agreement and upon termination shall thereafter be relieved of all obligations hereunder; provided that said termination shall not become final until the Contractor has immediately paid to the State the actual costs incurred by the State pursuant to or by reason of this Agreement, thereafter the Contractor shall be relieved of all obligations imposed under this Agreement.

9. The State shall inspect the construction of the Highway and authorized representatives of the State shall be allowed access to all parts of the work and shall be furnished with such information and assistance by the Contractor as is required to make a complete and detailed inspection.

10. Upon written notice from the Contractor of the completion of the construction of the Highway or any segment thereof, the State will make an inspection of the Highway or such segment. If such construction is found completed in accordance with all terms and provisons of this agreement, that inspection shall constitute the final inspection and the State will accept construction of the Highway or the segment or segments found to be so completed and shall notify the Contractor in writing of such acceptance as of the date of the final inspection. Thereafter State shall maintain the portions of the Highway so accepted in accord with standards established by the Commissioner and Contractor shall have no further responsibility or obligation or liability

of any kind under this Agreement with respect to portions of the Highway so accepted, provided that Contractor shall reimburse State its actual, direct , out-of-pocket cost of such maintenance until either (1) State permits public access to any portion of the road except for restricted use which must be jointly approved or (2) the trans Alaska pipeline is commissioned and first oil is transported therein from Prudhoe Bay to Valdez, Alaska, whichever shall first occur. Such cost shall include no overhead or other indirect cost whatever and shall not exceed $800,000 for any calendar year.

11. Any structure, property, land, stream or wildlife harmed or damaged by the Contractor, its employees or agents, during the construction or maintenance of the Highway shall be reconstructed, repaired, rehabilitated and restored by the Contractor at the direction of the Commissioner, so that the condition thereof, in the judgment of the Commissioner, is at least equal to the conditions thereof immediately prior to such damage or destruction. The Contractor shall further abate at the direction of the Commissioner any condition or conditions existing with respect to the Highway or its related facilities, during construction or maintenance thereof caused by the Contractor, its employees or agents, which may be causing harm or damage to any person, structure, property, land, stream or wildlife.

12. The Contractor shall pay the State for any damage suffered or cost or expense incurred by the State in any way arising from or connected with any operation under this Agreement whenever such damage, cost or expense results from any breach of the Agreement or from any wrongful or negligent act of the Contractor, its employees, agents or subcontractors. Upon the mailing of written notice by the Commissioner to the Contractor of the nature and amount of such damage to, or cost or expense of, the State, the Contractor shall pay the State therefor.

13. The Contractor shall indemnify, defend and hold harmless the State against and from any and all demands, claims or liabilities of every

nature whatsoever, arising directly or indirectly from or in any way connected with any or all of the following: (1) the construction or maintenance by the Contractor, its employees, agents or subcontractors, of the Highway or of any facility or structure used in connection therewith, and (2) the use or occupancy, whether authorized or not, by any person whomsoever of any land owned by the State which is the subject of any permit or right granted to the Contractor, its employees, agents or subcontractors; provided, however, that the Contractor is not responsible for injuries or damages caused by employees of the State.

14. The Contractor is and shall be liable, without regard to negligence, and shall pay the State or other person or entity thereto for any damage or loss occasioned to fish and wildlife and their habitat by construction and operations of the Contractor, its employees, agents or subcontractors, for work done under this Agreement.

15. The construction and maintenace of the Highway pursuant to this Agreement are subject to the employment preference provisions of AS 36.10.010 -110 to the extent permitted by Federal Law.

16. In the event the Commissioner determines in writing that the Contractor, its employees, agents and subcontractors have failed or refused to comply with any provision of this Agreement or of the Environmental Stipulations the State may without liability to the Contractor, its employees, agents and subcontractors, suspend or terminate any or all of the activities under this Agreement. Work so suspended or terminated shall not be resumed until the Commissioner gives the Contractor written authorization to do so.

17. In the event of any inconsistency in the provisions of the documents listed below, the following order of preference shall be observed:

(1) This Construction Agreement;
(2) Specifications;
(3) Design Criteria;
(4) Drawings.

18. Before this Agreement becomes effective, pursuant to the provisions of AS 19.40.030, the State in lieu of bonds or individual sureties required by AS 36.25.010, may accept corporate undertakings which include the same essential provisions of the bonds or individual sureties required by AS 36.25.010 and which are satisfactory to the State, from each of the corporations owning an interest in the Alyeska Pipeline Service Company.

19. The Contractor shall furnish to the State all records of geological data, hydrological data, soil core drillings and terrain temperature measurements made during pre-construction investigations, test results, engineering standards, basic data and technical criteria relating to the design and construction of the Highway and other similar information.

20. Exhibit A attached hereto at the execution of this Agreement describes that portion of the Highway crossing Dietrich Pass in the Brooks Range as designed with grades up to 24%. The parties agree that said Exhibit shall be amended to reduce the maximum grade for that portion of the Highway between Station 1155+00 in Segment 4 and Station 159+50 in Segment 5 to grades of approximately 12%; provided, that if State can demonstrate to Contractor that said grade for said portion of the Highway can be reduced to less than 12% (without adding to the difficulty of constructing the pipeline) for a cost not to exceed $10.4 million, which is the present estimated cost, then Contractor will construct said portion of the Highway to the lesser grade as demonstrated by State; however, in the event Contractor's estimates of unit costs as set forth in Exhibit B attached hereto are modified by reason of renegotiation with its subcontractors or otherwise, then said $10.4 million maximum shall be adjusted accordingly.

21. This Agreement shall be binding upon and inure to the benefit of the parties in this Agreement and their successors and assigns.

IN WITNESS WHEREOF, the parties hereunto have caused this Agreement

to be executed by their authorized officers and their seals to be affixed as of the day and date first written above.

STATE OF ALASKA

BY: _____
Commissioner of Highways

ATTEST

BY: _____
Secretary

ALYESKA PIPELINE SERVICE COMPANY

BY: _____
Vice President

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K — STATE CAPITOL
JUNEAU 99811

January 17, 1978

Fran Ulmer, Director
Division of Policy
Development & Planning
Office of the Governor
Pouch AD
Juneau, Alaska 99811

Re: North Slope Haul Road

Dear Ms. Ulmer:

INTRODUCTION

You have asked our opinion on several issues concerning the North Slope Haul Road (hereinafter "Haul Road" or "Road"). While most of these questions were addressed, either directly or indirectly, in a September 7, 1976 Attorney General's Opinion to former director of Policy Development & Planning Robert LeResche, this opinion will supplement and update that previous opinion.

The Haul Road extends north from Livengood, Alaska across the Yukon River and on to Prudhoe Bay, Alaska. The road south of the Yukon River and the bridge across the river are currently open to the public and maintained by the state in the same manner as are all other state highways. This opinion will deal primarily with the approximately 370 miles of road between the Yukon River bridge and Prudhoe Bay

which were constructed for the State by Alyeska Pipeline Service Company (hereinafter "Alyeska") pursuant to a Construction Agreement dated June 21, 1971, as subsequently amended.

The pertinent factual background of the Haul Road was summarized in Part II of the September 7, 1976 opinion. Two important matters which occurred after that earlier opinion are pertinent here. First, on June 17, 1977, an agreement was executed by the State and Alyeska listing remaining work items to be completed by Alyeska on the Haul Road by mid-October, 1978, and providing that control of the Road would be retained by Alyeska until that time. Second, Congress has approved the Alcan route for the gas pipeline from the North Slope. This route parallels the Haul Road from Prudhoe Bay to Fairbanks, and the Road will be necessarily used in the construction of the line.

You have asked us to discuss issues concerning maintenance obligations of the State, means by which access to the Road may be limited, if at all, and possible funding sources for maintenance costs. We will discuss those questions in the order stated.

I. MAINTENANCE

Maintenance of the Haul Road presents unique considerations because of its geographic location, the surrounding terrain, and the extreme climatic conditions to which

the road is exposed. There is also an additional factor which is unique to the Haul Road. Unlike other state highways, the Road is the subject of a contractual maintenance obligation which arises from the June 11, 1971 Construction Agreement bewteen the State and Alyeska. Paragraph 10 of that agreement, as amended, provides in part that after acceptance of the completed Haul Road from the construction contractor (Alyeska), the "State shall maintain the portions of the highway so accepted in accord with standards established by the commissioner . . ." This provision clearly imposes a duty of maintenance on the State, though it also specifically recognizes that the commissioner may set the particular standards for maintenance.

The contractual obligation of the State to maintain the Haul Road requires no greater commitment than the general duty of the State to maintain all public highways. This duty of maintenance is one of the primary characteristics that defines a public highway. Prillaman v. Commonwealth, 100 S.E. 2d 4 (Va. 1957).*/ The general duty of maintenance has been delegated by the legislature to the Department of Highways (AS 19.05.010 and .030(1)) and transferred to the new Department of Transportation and Public Facilities (DOTPF) by Executive Order No. 39 (1977) as of

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*/ The State also has the same obligation to maintain all highways constructed with Federal highway funds under § 12 of the Project Agreement granting such funds.

July 1, 1977. Pursuant to both general powers and the specific contractual obligations present in this case, the commissioner of DOTPF, in his discretion, may determine reasonable standards for maintenance of the Haul Road. That discretion includes the power to close the Road seasonally, or otherwise to prevent damage, or danger to traffic. (AS 19.05.100 and AS 28.05.010(4)). No obligation exists to maintain the Haul Road or any other highway year-round or to particular standards other than that set generally by AS 19.05.130(9) which provides:

> "maintenance" means the preservation of each type of highway, roadside structure and facility as nearly as possible in its original condition as constructed, or as subsequently improved, and the operation of highway facilities and services to provide satisfactory and safe highways.

Despite the broad nature of the Commissioner's discretion in the area of highway maintenance, it is conceivable that some actions might constitute a breach of that obligation. For example, the maintenance standards established by the commissioner of DOTPF might be unreasonable or actual maintenance might fall short of reasonable standards established. If the State were to somehow breach its obligation to Alyeska to maintain the Haul Road, it could possibly be liable to Alyeska for damages. These damages would probably be measured by estimating the difference between the value to Alyeska of use of the Road maintained according

to reasonable standards and the value to Alyeska of use of the Road as actually maintained. Because Alyeska's use of the Haul Road for maintenance and operation of the oil pipeline is expected to be much less than its use of the Road during construction of the pipeline, and because other transportation options available to Alyeska may not be much more costly than use of the Road, it is unlikely that such damages would be substantial. However, any breach of the State's obligation to Alyeska to maintain the Road would probably also constitute a breach of the State's obligation to maintain the Road under paragraph 12 of its Project Agreements with the Federal Highway Administration (FHWA) and 23 U.S.C. § 116. That would not open the State to damages, but it could nonetheless, have serious legal consequences including possible vulnerability to an action for specific performance and possible loss of future Federal Aid Highway funds.

The obligation of the State to maintain the Haul Road will not become operative until the State accepts the Haul Road from Alyeska. (¶10 of June 11, 1971 Construction Agreement as amended.) According to a recent agreement between the State and Alyeska, this will be in the first half of October, 1978, assuming Alyeska completes the ten work items listed therein according to Federal secondary road standards. (¶12 of June 17, 1977 Agreement.) When

the State accepts the Road, it will be a completed public highway under the State's control and subject to the State's obligation of maintenance. Alyeska will no longer be subject to any duty to maintain the Road or any part of it.

Even after the Haul Road is accepted by the State, Alyeska may wish to voluntarily assume responsibility for some maintenance on all or part of the Road. If the reasonable maintenance standards set by the commissioner of DOTPF do not reach the level or duration of maintenance desired by Alyeska, nothing would prevent Alyeska from entering an arrangement with the State whereby Alyeska would perform or pay for extraordinary maintenance above that otherwise performed by the State. For example, Alyeska may wish to maintain all or part of the Road during seasonal periods when the State may choose not to maintain the Road at all. Likewise, Alyeska may wish to maintain parts of the Road which they plan to use more heavily than other parts to a higher level than that provided by the State.

The State might make similar agreements for special maintenance with Alcan Pipeline Company (Alcan). If the Alcan gas line construction schedule requires use of the Haul Road during seasonal periods when the State chooses not to maintain the Road, Alcan may wish to assume maintenance responsibility for those periods. Similarily, if Alcan's gas pipeline construction activity requires a higher level

of maintenance of the Haul Road than is required by the reasonable maintenance standards set by the commissioner of DOTPF, Alcan may wish to enter into an agreement with the State to perform or pay for extraordinary maintenance above that otherwise performed by the State.

By assuming responsibility to maintain the Haul Road, above the reasonable standards set by the State, both Alyeska and Alcan could make possible more intensive use of the Road and/or use of the Road during seasonal suspension of state maintenance. Also, weight restrictions which might otherwise necessarily be imposed by the commissioner of DOTPF under AS 19.10.060(1), AS 28.05.020(3), and 17 AAC 25.100(a) could be avoided or minimized.*/

In conclusion, the State will have the responsibility of maintaining the Haul Road to reasonable minimum

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*/ It has been suggested that the commissioner of the Department of Natural Resources may insert a provision in the Alcan right-of-way lease requiring Alcan to assume all or part of the State's obligations to maintain the Haul Road. The lease will be granted under the Right-of-Way Leasing Act, AS 38.15. Under AS 38.315.120(c), the commissioner may insert only "reasonable provisions that he determines the public interest requires." We have some doubt whether such a provision, requiring an activity outside the right-of-way to be leased, could be considered reasonable and valid. The Haul Road will not be part of the Alcan "pipeline" as defined in AS 38.35.250(12). In contrast, access roads between the Haul Road and the Alcan right-of-way will clearly be part of the Alcan "pipeline" and Alcan can validly be required to maintain those roads in the lease. Likewise, Haul Road maintenance can not properly be viewed as part of the consideration or rental for the lease because AS 38.35.140 limits the price of a pipeline right-of-way lease to the fair market value of the land leased.

standards after acceptance of the Road from Alyeska. Either Alyeska or Alcan can assume part of this responsibility or the responsibility to maintain the Road to higher standards or during seasonal periods of no state maintenance.

II. LIMITS ON ACCESS

The second primary attribute of the Haul Road once it is accepted as a public highway is the public's right of access to and use of the Road. This right is subject to reasonable restrictions and regulations calculated to secure the best practical benefit and enjoyment of the public. (Part III A., p. 16 of the September 7, 1976 opinion and authority cited therein.) Such restrictions and regulations must be directed toward the protection of the public health, safety, and general welfare in exercise of the State's police power. This power is exceptionally broad and need only be exercised in a manner that is reasonable and not arbitrary. (See Part III. B., pp. 22-3 of the September 7, 1976 opinion and cases cited therein.) Distinctions may be made according to classifications of types of potential users as long as the classifications bear a fair and substantial relation to the purpose of the regulations. Isakson v. Rickey, 550 P.2d 359, 363 (Ak. 1976).

The broad power of the State to regulate and restrict access to public highways, including the Haul Road, has been delegated by the legislature to the commissioner of

DOTPF. Under AS 19.05.040, the Department (of Transportation and Public Facilities) may:

(4) control access to highways;
(5) regulate roadside development; (and)
(6) preserve and maintain the scenic beauty along state highways.

Under AS 19.10.100, the department may close a highway "when it is necessary to exclude traffic from any portion of a highway." Under AS 28.05.010:

> The commissioner of (DOTPF) has the power and duty:
>
> (4) to order a public road or highway, or portion of it, closed entirely or closed as to certain classes of vehicles when for any reason the use or continued use of it would cause damage or be dangerous to traffic, or when it is being . . . maintained in such a manner as to require restriction of traffic . . .

Finally, under AS 28.105.020(3)

> The commissioner of (DOTPF) may adopt rules and regulations . . . governing the size, weight, and load limits of all vehicles operating upon public roads, highways, or bridges . . .

Various possible options for valid restrictions on access to the Haul Road in exercise of the commissioner's broad police power based authority were discussed at pages 23 to 30 of the September, 1976 opinion. In the interest of brevity, we will summarize those options here:

1) Delay opening Road to the general public for a reasonable but finite period. The commissioner may delay opening the Haul Road for a reasonable period. Such a delay

clearly could be justified by the need for completion and implementation of a comprehensive land use plan for the vast fragile newly roaded area adjacent to the Haul Road, coupled with the need for adequate facilities and services to protect the public safety and welfare, such as Trooper and Fish & Wildlife Protection patrols and stations. An additional justification for a delayed opening to the general public is the expected volume of traffic related to construction of the Alcan gas pipeline, especially considering the nature of the traffic which will likely be predominately large trucks and heavy equipment and involve a number of crossings and entrances and exits. Such heavy industrial traffic on a secondary road could very likely pose problems to the safety of the average citizen driving the Haul Road in a private vehicle which couls be avoided by restricting access.

2) Interim Distinction between Industrial and Non-Industrial Users. As suggested above, a temporary delay in opening the Road to the general public would most likely be accompanied by allowance of access to industrial users during the interim. Under Paragraph 3 of the June 11, 1971 Construction Agreement between the State and Alyeska, Alyeska and its employees, agents and sub-contractors must be allowed to use the Haul Road for operation of the oil pipeline. Also, the state and national interest in fast, efficient, economical construction of the gas pipeline seems to require

special consideration and access to traffic related to Alcan's gas line construction. Likewise, it may well be in the state's and nation's best interest to grant similar special consideration and access to other industrial traffic, especially that related to operation and maintenance of the oil pipeline and to oil, gas, and mineral exploration, development, and production, both along the Haul Road right-of-way and at P dhoe Bay.

The classification of potential Haul Road users into industrial and non-industrial users would, in our opini n satisfy the equal protection test enunciated by the Alaska Supreme Court in Isakson v. Rickey, supra. Non-industrial users (general public, private vehicle traffic) would pose the greatest threat of degradation to the heretofore isolated environs of the Haul Road in the absence of the completion and implementation of a land use plan. Unlimited public use would generate a far greater necessity for Trooper and Fish & Wildlife Protection presence and for other private sector services and facilities such as gas, food, lodging, campgrounds, trails, emergency auto maintenance and repairs.*/ A distinction then, between industrial

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*/ There is no obligation on the part of the State to provide any such services and facilities along the Haul Road which it is not obligated to provide on any other highway. Nonetheless, the absence of such private commercial presence along the Haul Road is part of the justification for police power restriction of general public access to protect the public health, safety, and welfare. If the option of temporarily restricting general access to private vehicles is chosen, however, the state should provide any assistance it can in the planning and provision of such facilities for the time when they will be needed.

and private use would be reasonable, even under the intensive scrutiny prescribed by Isakson. (See pp. 28-29 of September, 1976 opinion.)

3) Limiting Public Access to Mass Transit. There is a strong possibility that the commissioner of DOTPF may validly exercise his broad power to control access to highways by prohibiting the use of private vehicles on the Haul Road altogether and confining public access to the Road to mass transit vehicles such as buses. Although there is no case authority directly in point, cases upholding bus and carpool lanes and ramps seem to provide by analogy, a rational basis for such a restriction. These cases are discussed at pages 25-27 of our 1976 Opinion. A contrary ruling would mean that the right of public access to highways is the same as the right to use private motor vehicles on the highway, regardless of a alternative means provided for access. We do not believe such a holding would be warranted in the case of the Haul Road where the use of private vehicles would cause environmental and safety problems which can be avoided by provision of mass transportation.

Restriction of general public access to the Haul Road to utilization of mass transit is more than an iterim option - it is an option for permanent use of the road as well. However, if it is chosen as a permanent measure, legislation would be desirable to clarify the commissioner's

authority in this area, although this limitation may well be within the commissioner's already existing authority.

The options mentioned below are also equally valid as either interim or permanent measures.

4) Seasonal Denial of Access. The commissioner may validly deny access to the general public or to all potential Haul Road users on a seasonal basis.

5) Vehicle Quota. The commissioner may validly impose a maximum on the number of vehicles allowed on the Haul Road at one time or during a specific period. The maximum may apply either to all vehicles or only to non-industrial vehicles.

6) Regulation of Manner of Vehicle Use. The commissioner may also control the way in which vehicles are used on the Haul Road such as by allowing stopping or turning off only at designated points.

In addition to these listed options which were discussed in the 1976 Opinion, several other valid access restriction options are worthy of mention. One of these is restricting access to the Haul Road only to private vehicles which have certain required equipment. Examples of equipment which might be required are 4-wheel drive, snow tires, chaines, tow chain, survival gear, and food and water for a specified number of Days. Under AS 28.05.030(a):

> The commissioner of public safety may adopt regulations governing . . .
>
> (3) the required equipment to be carried

Although all of the existing regulations adopted under this authority apply to vehicles on all state highways (See e.g. 13 AAC 04), there is no apparent reason why special requirements may not be imposed on vehicles used on a special highway such as the Haul Road.

Whatever options (interim or permanent) are finally adopted, we believe it follows that the State may establish a system for the issuance of permits for Haul Road use which reflects the restrictions imposed. Such a permit system could probably be established through regulations adopted by the commissioner of DOTPF under his existing broad authority. However, as with the option of limiting general public access to mass transit vehicles, specific legislation would strengthen and clarify this approach. The permit system could incorporate criteria which would give preference to industrial users over non-industrial users or criteria which would give preference to some industrial users over others. It could allow for some limited access to private non-industrial vehciles. Alternatively, it could limit non-industrial permit issuance to mass transit vehicles such as buses.

The options listed may be combined with each other in a variety of ways and they may be applied to all or only a part of the Road. The options are available as either permanent or interim controls. Any option imposed as either

a temporary or permanent restriction on access, however, must be a valid exercise of the police power.

III. FUNDING

The final general subject area addressed by this opinion is that of financing the maintenance of the Haul Road. Because of the uniqueness of the Road, its maintenance may require expenditure far above that required for other state highways. As discussed in Part I above, part of the cost of maintaining the Road may be shifted from the State to industrial users such as Alcan and/or Alyeska by agreement. Essentially, the costs which may be shifted by agreement are those generated by maintenance above the reasonable standards to which the state would otherwise maintain the Road or by maintenance during periods the state would not otherwise maintain it.

There is little that may be validly done presently to pass on the cost of maintaining the Haul Road directly to the users of the road. One limited possibility is through the use of the permit system option previously mentioned. A fee could be required for issuance of the permits, and this fee could generate a slight amount of revenue over and above the cost of administering the permit program. However, such a permit fee must be primarily based upon an estimate of the cost of administering the permit program, and if it were established at a level much higher than a reasonable estimate of that cost, it would be invalid for reasons which

will appear shortly.

The status of the Haul Road as part of the Federal Aid Highway System is the major obstacle blocking the passage of maintenance costs through to users of the Road. The Haul Road is part of Federal Aid Secondary (FAS) Route 681 which extends from Livengood to Prudhoe Bay. As such, the State received funds for environmental surveillance of its construction pursuant to a "Project Agreement" dated May 23, 1974 from the Federal Highway Administration (FHWA). The Project Agreement authorized expenditure by the State of nearly $3 million Federal funds, but indications are that only approximately half or $1.5 million of these funds have been or will be expended by the State. Placement of the Haul Road on the FAS system, execution of the Project Agreement, and State receipt and expenditure of FHWA funds bring the Road under the provisions of Title 23 of the United States Code and of the Code of Federal Regulations.

23 U.S.C. § 301 provides that, (with an exception not applicable to the Haul Road), "all highways constructed under this Title shall be free from tolls of all kinds." Because of this prohibition, the State is unable to impose tolls, or any special user fee on Haul Road users, as long as the Road remains on the FAS system. (See pp. 29-34 of September, 1976 Opinion.) The only way tolls or user fees may be imposed on the Haul Road is by removing the Road from the Federal Aid System. Such a removal would require the

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concurrence of the FHWA or, in the alternative, an Act of Congress. It is possible that the FHWA would require repayment of the Federal funds used for surveillance of construction of the road as a condition to its concurrence in removal from the system. However, there is no legal requirement of such a condition.

The FHWA has recently taken the position that it lacks the authority to concur in the removal of a highway from the Federal Aid System even if federal funds spent constructing the highway are repaid. This position is stated in a Memorandum of Law by the Office of the Chief Counsel for FHWA dated September 14, 1976 which is based on a 1958 decision of the Comptroller General, 38 Comp. Gen. 266 (October 3, 1958). In all frankness, we do not believe that this preliminary opinion by the Chief Counsel correctly states the law. FHWA's insistence on Congressional authorization for removal of a highway from the Federal Aid System ignores the precedent set in New York which is discussed in Bogart v. Westchester County, 57 N.Y.S. 2d 506 at 513 (Sup. Ct. 1945); aff'd 59 N.Y.S.2d 77 (App. Div. Second Dept. 1945), the FHWA's own Policy and Procedure Memorandum 10-1, May 28, 1965 and the FHWA's own regulation 23 CFR § 470.111(b). That regulation provides:

> Federal Highway Administration approval of a deletion or a route from any Federal-aid system, without reclassification and

> redesignation to another Federal-aid system, shall relieve the State of its obligation to the Federal Government to maintain portions thereof constructed as Federal-aid projects with the exception of defense access-road projects constructed under the provisions of Volume 6, Chapter 9, Section 5 of the Federal-Aid Highway Program Manual. Such deletion shall also relieve the State of any other obligations included in project agreements executed for Federal-aid projects on portions of the deleted route. (Emphasis added).

Subsection (c) further provides for reinstatement of a route previously deleted from a Federal Aid system if a State agrees to resume its maintenance obligation.

> Requests for reinstatement of routes deleted from any Federal-aid system shall be approved by FHWA only when the State expressly agrees to resume its obligation for the maintenance of any portion of the route previously constructed as a Federal-aid project. Resumption of any other obligations included in project agreements executed for Federal-aid projects on the route being considered for reinstatement shall be mutually agreed to by the State and the FHWA.

These regulations, which are now in effect and the above cited FHWA Policy and Procedure Memorandum in effect when the Haul Road Project Agreement was executed, give rise to serious doubt as to the validity of FHWA's position that it may not approve deletion of a route from the Federal Aid system without congressional approval. However, the FHWA position is significant as an indication of the agency's reluctance to give its approval to removal of the Haul Road from the FAS system. There is nothing which would require

FHWA to give its approval, short of an Act of Congress. Therefore, the FHWA position may be self-fulfilling.

If removal of the Haul Road is accomplished, with or without Congressional legislation, tolls may be imposed on users of the Road, but the tolls must be authorized by State legislation. Moreover, under paragraph 3 of the June 11, 1971 State-Alyeska Construction Agreement, any tolls imposed must exempt Alyeska and its employees, agents, and sub-constractors who use the Road for the operation and maintenance of the oil pipeline. Such an exemption would be legally valid since it would be a part of the consideration to Alyeska from the State for building the Haul Road.

The discussion of removing the Road from the Federal Aid System has focussed primarily on the Road north of the Yukon River Bridge. However, it is possible, of course, to broaden the outlook toward removing the bridge as well from the federal system. If removal included reimbursement of FHWA funds used by the State for construction, an additional $25 million would have to be repaid by the State. This is the approximate amount of FHWA funds received by the State for construction of the bridge under a separate Project Agreement. The bridge, though the subject of this separate Agreement, is part of the same FAS Route 681 as the Road, which extends from Livengood to Prudhoe Bay. Removal of both the bridge and the Road from the Federal Aid System

would simply allow the point at which tolls were collected to be moved to the south end of the bridge and tolls could be set at a level which would include the costs related to the bridge.

Removal of the Road north of the bridge from the Federal Aid System would not necessitate removal of the bridge also. Under 23 U.S.C. § 129(c), Federal aid funds may validly be used on a project approaching a toll road as long as the project "will have some use irrespective of its use for such toll road." If the Road north of the bridge were removed from the Federal Aid System and made a toll road the bridge could have some use irrespective of its use as an approach to the toll road. It provides access to both sides of the Yukon River with its enormous recreational potential. The area could be developed and improved and combined with a tourist service and information center as suggested by some and the independent usefulness of the bridge would be augmented.

Removal of the Road and/or bridge from the Federal Aid System may be accomplished by obtaining the approval of FHWA pursuant to 23 C.F.R. § 470.111(b). However, in light of the FHWA position that, despite its own regulation, it lacks the authority to grant such approval, Congressional action may be the most practical, expeditious means to accomplish removal. If FHWA reevaluates its position and

grants removal approval administratively, it is likely that it will require as a condition, reimbursement of Federa funds spent in construction of whatever part of FAS Route 681 is to be removed. If Congressional approval is obtained, it may or may not be conditioned upon reimbursement. Once removal is accomplished, tolls may be imposed if the Alaska legislature provides the authority.*/ Part of the revenue from the tolls may be used to amortize the cost of reimbursement.**/

Congress has approved removal of roads and bridges from the Federal Aid System in the past to enable states to impose tolls.***/ Most of these approvals required repayment of Federal Aid Highway funds used to construct the highway, but the repayment was credited to the balance of Federal Aid Highway funds apportioned to the State and made available to that State for expenditure on other highway projects. (e.g. P.L. 93-87, § 131(a)). Thus, the repayment required by

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*/ The legislature has granted the authority to levy bills only on bridges to the Alaska Toll Bridge Authority - AS 44.57.180(a).

**/ 23 U.S.C. § 129(a), which delineates the valid uses of revenue from toll facilities constructed as part of the Federal Aid System pursuant to pre-construction agreements, would not apply.

***/ E.G.: P.L. 83-350, § 22, May 6, 1954 (Connecticut); P.L. 86-657, § 6, July 14, 1960 (Delaware and Maryland); P.L. 90-495, § 20(a), August 23, 1968 (New Jersey); P.L. 91-605, § 145, December 31, 1970 (Michigan); and P.L. 93-87, § 131, August 13, 1973 (New Hampshire).

Congress is less a reimbursement than a transfer of funds to other highways or routes in the state.

Short of removal of the Haul Road from the Federal Aid System and imposition of tolls on its users, the only other means for funding the cost of maintaining the Road are indirect and statewide. The graduated commercial vehicle tax (AS 28.10.200(b)(4)) could be increased. The motor fuel tax of 8¢/gallon (AS 43.40.010) could be increased. The partial motor fuel tax refund of 6¢/gallon for non-highway use of fuel (AS 43.40.030) could be adjusted, narrowed, or eliminated.*/ All of these measures would, of course, require legislative action. There may be other statewide revenue generating possibilities involving taxes or fees imposed on the basis of mileage, vehicle weight or type, or other classification with a rational basis.

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*/ The off highway use motor fuel tax refund is now available only for fuel other than aviation or watercraft fuel not used in conjunction with vehicles licensed to be operated on public highways under AS 28.10. Under AS 28.10.030, all vehicles used on public highways must be licensed (registered). The only exceptions relevant to the Haul Road are vehicles used only cross highways and special mobile equipment which is defined in AS 28.10.650(14) includes most heavy construction equipment (AS 28.10.040(1) and (3)).

We trust we have adequately responded to your questions concerning the Haul Road in this opinion. If you have any further questions, or if you would like to discuss any portion of this opinion in greater detail, please do not hesitate to contact us.

Yours very truly,

AVRUM M. GROSS
ATTORNEY GENERAL

By:
Peter B. Froehlich
Assistant Attorney General

PFB:bvd

cc: Commissioner Harris
Commissioner LeResche

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

March 4th, 1987

TO: Commissioner Mark Hickey

FROM: Representative Bette Cato

SUBJECT: House Bill 115 - Representative Steve Frank
Public Use of the Dalton Highway

During the House Transportation Committee meeting held on Wednesday, March 4, 1987, the committee members asked the department to provide information on the following:

a. The statute that applies to the opening of the road in 1980 from Dietrich to the Yukon.

b. How many years the road has actually been open.

c. How many accidents have occurred on the road since it has been open.

d. A breakdown on the accidents:
   1. number of accidents on this road in the summer months compared to the winter months
   2. The number of accidents involving commercial vehicles as compared with non commercial.

e. Since the opening of this road, the enviromental impacts in the summer months compared to the winter months.

d. The overall total number of accidents that have occurred on the Dalton Highway.

This bill is scheduled for a second public hearing on Wednesday March 11th. I would appreciate a representative from the department being available to answer the above questions and provide any additional information required.

Thank you

Bette

Representative Bette Cato
House Transportation Chairman

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

OFFICE OF THE COMMISSIONER

P.O. BOX Z
JUNEAU, ALASKA 99811-2500
PHONE: (907) 465-3900

March 11, 1987

RE: HB 115 - Public Use
of the Dalton Highway

The Honorable Bette Cato
Alaska State House of Representatives
P. O. Box V
Juneau, AK 99811

Dear Representative Cato:

The following is the department's response to questions from the March 4 House Transportation Committee meeting concerning the Dalton Highway.

A. Provide (copy of) the statute that applies to the opening of the road in 1980 from Dietrich to the Yukon.

A copy of the statute, AS 19.40.110, is attached.

B. How many years has the road actually been open?

The Dalton Highway was completed in 1974 and turned over to the State in 1978. In 1981, it was opened to the public as far as Dietrich from June 1 to September 1. Since January, 1983, it has been open to the public as far as Dietrich year-round.

C. How may accidents have occurred on the road since it has been open?

The total number of accidents recorded on the Dalton Highway (Livengood to Deadhorse) from 1977 through September 1986, is 245. Of those, 87 were between Livengood and the Yukon River Bridge, and 158 were north of the Yukon River. On the section of road between the Yukon River and Dietrich, there have been 36 accidents during 66 months of restricted use and 40 accidents during 51 months of open, public use. Accident statistics are attached.

D. Show a breakdown on the number of accidents on this road in the summer months compared to the winter months.

The following accident numbers are presented by section of road and by month. Figures are an average from 1977 through September 1987.

	J	F	M	A	M	J	J	A	S	O	N	D
Livengood-Yukon River	9	6	7	1	4	3	8	2	11	18	5	13
Yukon River-Dietrich	6	4	9	6	0	3	5	8	9	5	11	11
Dietrich-Deadhorse	6	9	12	2	2	4	7	8	3	5	8	15
TOTAL	21	19	28	9	6	10	20	18	23	28	24	39

E. Since opening the road, (what are) the environmental impacts in the summer months compared to the winter months.

There is not quantifiable information available to use which would make it possible to answer this question. Therefore, any response would only be subjective.

F. The overall total number of accidents that have occurred on the Dalton Highway.

See response to question "C".

G. Provide a copy of the Attorney General's Opinion that states that the Department of Transportation and Public Facilities currently has the authority to charge tolls.

A copy of the February 20, 1987 Opinion is attached.

H. Is Alyeska Pipeline Service Company exempt from toll activities?

The Attorney General's office has reviewed the original Construction Agreement between Alyeska and the State of Alaska. Attached is their response.

I. How many miles of federal route is there south of Deadhorse to Dietrich?

The entire Dalton Highway from Livengood to the Deadhorse Airport is a federal-aid route. It is 416 miles long. The portion from Dietrich to Deadhorse is 205 miles long.

J. How long has the bridge at Dietrich been open to the public year-round?

The Dalton Highway has been open to Dietrich (Disaster Creek Checkpoint at MP 211) year-round since January, 1983.

K. What are the accident statistics on the portion of the Dalton Highway currently open to the public?

Compiles accident statistics for the Livengood-Yukon River and Yukon River-Disaster Creek Checkpoint sections are attached. Note that the compilations are for 1977 to present. For the Yukon River-Disaster Creek section the compilation includes information from several years before it was open to the public. We have information on individual accidents on computer and can retrieve and compile it by date or by milepost.

Sincerely,

Mark S. Hickey
Commissioner

Attachment

ACCIDENT STATISTICS

MORE
TWR/ACCIDENTS ALASKA DOT/PF 03/05/87
ROUTE 150000 YEARS 1977 - PRESENT 11:50:35.
MILES 072.85 - 134.86 DALTON HWY JCT ELLIOTT HWY AT MP66 TO YUKON R BRIDGE

.------ACCIDENT------.			.---LOCATION---.		D	NBR	.--INJURY---.			PROPTY	EV	C	CO
NUMBER	DATE	TIME	ROUTE	MILEPT	G	VEH	FAT	MAJ	MIN	DAMAGE	TP	H	ND
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ACCIDENT TYPE	.-----INJURIES----. FATAL	MAJOR	MINOR	PROPTY DAMAGE	.---COUNTS---. VEH.	ACCIDENT
TYPE 1 - FATALITIES	2	0	0	90000	2	2
TYPE 2 - MAJOR INJURIES		15	1	206172	11	10
TYPE 3 - MINOR INJURIES			25	691000	23	22
TYPE 4 - PROP. DAMAGE ONLY				508329	56	40
-- TOTALS ----------)	2	15	26	1495501	109	87

MORE
TWR/ACCIDENTS ALASKA DOT/PF 03/05/87
ROUTE 150000 YEARS 1977 - PRESENT 11:59:05.E
MILES 134.86 - 290.58 DALTON HWY YUKON RIVER BRIDGE TO CHECK POINT MP211

.------ACCIDENT------.			.---LOCATION---.		D	NBR	.--INJURY---.			PROPTY	EV	C	CO
NUMBER	DATE	TIME	ROUTE	MILEPT	G	VEH	FAT	MAJ	MIN	DAMAGE	TP	H	ND
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ACCIDENT TYPE	.-----INJURIES----. FATAL	MAJOR	MINOR	PROPTY DAMAGE	.---COUNTS---. VEH.	ACCIDENT
TYPE 1 - FATALITIES	1	0	1	24000	2	1
TYPE 2 - MAJOR INJURIES		13	3	279500	17	13
TYPE 3 - MINOR INJURIES			16	134575	15	13
TYPE 4 - PROP. DAMAGE ONLY				408170	59	40
-- TOTALS ----------)	1	13	20	846245	107	77

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

STEVE COWPER, GOVERNOR

P.O. BOX K—STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

February 20, 1987

M E M O R A N D U M

TO: Honorable Steve Cowper
Governor

FROM: Grace Berg Schaible
Attorney General

BY: Arthur H. Peterson
Assistant Attorney General
Legislation/Regulations Section

RE: Toll on Dalton Highway
Our file: 773-87-0129

At our February 7, 1987, meeting on legislation, you asked whether it would be necessary to have a bill to authorize charging a toll for use of the Dalton Highway. The short answer is no. In fact, at least one bill (SB 132, by Coghill) has been introduced to prevent charging such a toll.

AS 19.05.040 lists the powers of the Department of Transportation and Public Facilities (DOTPF). Paragraph (11) of that statute provides that the department may

> establish, levy, and collect tolls, fees, charges, and rentals for the use of state roads, highways, bridges, crossings, and causeways.

AS 19.45.001 is the definition section for AS 19.05 -- AS 19.40. Paragraph (9) of that statute defines "highway" as follows:

> "highway" includes a highway (whether included in primary or secondary systems), road, street, trail, walk, bridge, tunnel, drainage structure and other similar or related structure or facility, and right-of-way thereof, and further includes a ferry system, whether operated solely inside the state or to connect with a Canadian highway, and any such related facility.

Clearly, the James Dalton Highway, established under AS 19.40, fits that definition. Thus, it is within the power of DOTPF to charge a toll for the use of this highway. AS 19.40.-100(a) provides that "the department shall maintain the highway and keep it open to industrial or commercial traffic throughout

the year." Keeping the highway open for this kind of traffic does not mean that the department may not charge a toll for the use of the highway.

AS 37.15.610 -- 37.15.760 provide for toll facilities revenue bonds. AS 37.15.720 authorizes construction, maintenance, etc., of toll bridges, highways, etc. AS 37.15.740 authorizes the DOTPF commissioner to charge fees, tolls, etc., for use of such facilities. However, these two statutes should be read in the context of AS 37.15.610 -- 37.15.760, i.e., as applicable to facilities constructed with money derived from the issuance of bonds under those sections. This does not detract from DOTPF's general authority to charge tolls, as described above.

GBS:AHP:md

cc: Jay Hogan, Director
Division of Budget Review
Office of Management & Budget
Governor's Office

Mary Halloran, Director
Division of Planning
Office of Management & Budget
Governor's Office

John Halterman, Director
Division of Audit & Management Services
Office of Management & Budget
Governor's Office

George Sullivan
Legislative Liaison
Governor's Office

Jack McGee
Assistant Attorney General
Juneau

MEMORANDUM State of Alaska

TO: Honorable Mark S. Nickey
Commissioner
Department of Transportation
and Public Facilities

DATE: March 10, 1987

FILE NO.:

THRU:

TELEPHONE NO.: 465-3603

SUBJECT: Dalton Highway (Haul Road) Agreement with Alyeska

FROM: Grace Berg Schaible
Attorney General

By:
Jack B. McGee
Assistant Attorney General
Transportation Section-Juneau

You recently asked our office two questions concerning the above agreement (copy attached). Your questions and our answers follow:

1) Does the agreement preclude DOT/PF from charging tolls on the Dalton Highway?

Answer: Paragraph 3 of the agreement says in effect that except for "such other fees and costs imposed" by law or regulation, no "tolls or costs" shall be charged Alyeska, its employees, agents and subcontractors for Alyeska's use of the highway "for the construction and operation of the trans Alaska pipeline."

Three conclusions follow from a close reading of paragraph 3:

a) It is clear that paragraph 3 does not operate to prohibit tolls for vehicles other than those operated by Alyeska, its employees, agents, and subcontractors.

b) It is at least arguable that paragraph 3 does not prohibit user fees for vehicles operated by Alyeska provided they are imposed by regulation.

c) In any event, paragraph 3 does not prohibit a toll for those vehicles operated by Alyeska that are not used for the construction and operation of the pipeline.

2) Does the agreement require the state to provide maintenance on the Dalton Highway for an indefinite period of time?

Answer: Paragraph 10 of the agreement says that after inspection and upon acceptance of the highway by the state, the "state shall maintain the portions of the highway so accepted in accord with standards established by the commissioner and the contractor shall have no further responsibility or obligation or liability" for the portion of the highway accepted by the state.

a) This section does not require the state to maintain the highway indefinitely; it operates to relieve Alyeska from the legal obligation of maintaining the highway to the standards referred to in paragraph 1 after state acceptance.

b) Paragraph 10 specifically leaves the question of the level of maintenance to the discretion of the commissioner. Moreover, AS 19.40.120 specifically authorizes the state to close the highway in accord with the commissioner's discretion under AS 19.10.160.

JBM:ebc

Alaska State Legislature

STEVE FRANK
DISTRICT 20A
Finance Committee

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While in Juneau
P. O. Box V
Juneau, Alaska 99811
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House of Representatives

To: All Members,
House Transportation Committee

From: Rep. Steve Frank

Re: House Bill 115 - "An Act relating to the Dalton Highway, and providing for an effective date."

Date: March 4, 1987

House Bill 115 would statutorily open the Dalton Highway to the general public and prohibit the imposition of a toll for vehicular traffic.

Currently, the Dalton Highway is open to the public as far as Disaster Creek which lies about half way between the Yukon River bridge and Prudhoe Bay. State statutes allow vehicles with an industrial or commercial purpose to travel beyond this point but those vehicles are required to obtain a permit from the Department of Transportation. There is a checkpoint at Dietrich Camp, 31 miles north of Disaster Creek, open from June 1 through September 1 each year to check permits and keep unauthorized travelers from entering the closed portion of the road.

The term "commercial use" causes some obvious problems with consistency. For example, if a person wants to drive up the highway to sightsee, they would be denied access. However, if that same person buys a business license as a tour operator, he or she could obtain a permit.

Paramount to the logic of this bill is the belief that the road should be open to the public because it is a publicly owned road, and is maintained with millions of public dollars.

Moreover, opening the Dalton Highway would encourage tourism and improve access to our natural resources. Also, residents would have the opportunity to visit a unique area of our state for hiking, sightseeing, camping, photography,

fishing & hunting under certain restrictions, and other types of outdoor recreation.

Certainly, there are legitimate safety, environmental and fish & game protection concerns; however, those concerns can be adequately addressed and they, by themselves, should not deny public use of the road. Other Alaska highways such as the Taylor and the Steese are similar in nature. They are remote and travelers do need to take special precautions and be aware of potential dangers while traveling these roads. In addition, the environment and fish & game must be protected and these needs can be adequately addressed by the Departments of Environmental Conservation and Fish & Game.

As indicated earlier, HB 115 would also prevent the Department of Transportation from charging a toll for use of the Dalton Highway. The reasons to prohibit the imposition of a toll are philosophical, practical and legal.

First of all, the policy of the State should be to encourage commerce and other uses of our public facilities. We don't charge tolls on any other roads in the state, why start here?

Secondly, as a practical matter, the tolls collected from the so called "single user" will be deductible expenses in calculating our oil & gas taxes and neither DOT/PF nor the Office of Management & Budget has done an analysis to show the reduction in those taxes. Therefore, they haven't properly calculated the net revenues of a toll to the General Fund or conversely, the negative fiscal note prepared by DOT/PF for HB 115.

Finally, from the perspective of the Federal Highway Administration and the construction agreement with Alyeska Pipeline Service Company, legal impediments to charging a toll may exist.

The Federal Highway Administration has taken the position that because federal funds were used in part to build the Dalton Highway and it is on the Federal Aid Secondary System, that 23 U.S.C. 301 applies; it provides that "...all highways constructed under this title shall be free from tolls of all kinds." There is some difference of opinion as to whether it would take an act of Congress to remove the Dalton Highway from the Federal System; however, at best the issue must be addressed and resolved.

Also, a construction agreement applicable to the Dalton Highway between the Commissioner of Highways of the State of Alaska and the Alyeska Pipeline Service Company (June 11, 1971) stipulates:

"3. The Highway shall be a State highway and may be used by Contractor, its employees, agents and sub-contractors in a lawful manner for the construction and operation of the trans Alaska pipeline without incurring any State-imposed tolls or costs for such use of the Highway, except for applicable motor vehicle taxes, licenses and fees, such as the Alaska Motor Fuel Oil Tax, and such other fees and costs imposed by law, regulations and customary conditions of its utility permits."

In conclusion, opening the Dalton Highway to the public without a toll will encourage economic development and increase recreational opportunities. Your favorable consideration of this legislation would be appreciated.

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PUBLIC LAW 96-487 [H.R. 39]; December 2, 1980

ALASKA NATIONAL INTEREST LANDS CONSERVATION ACT

For Legislative History of this and other Laws, see Table 1, Public Laws and Legislative History, at end of final volume

An Act to provide for the designation and conservation of certain public lands in the State of Alaska, including the designation of units of the National Park, National Wildlife Refuge, National Forest, National Wild and Scenic Rivers, and National Wilderness Preservation Systems, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Alaska National Interest Lands Conservation Act.
16 USC 3101 note.

SECTION 1. This Act may be cited as the "Alaska National Interest Lands Conservation Act".

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TITLE I—PURPOSES, DEFINITIONS, AND MAPS

PURPOSES

16 USC 3101.

SEC. 101. (a) In order to preserve for the benefit, use, education, and inspiration of present and future generations certain lands and waters in the State of Alaska that contain nationally significant natural, scenic, historic, archeological, geological, scientific, wilderness, cultural, recreational, and wildlife values, the units described in the following titles are hereby established.

(b) It is the intent of Congress in this Act to preserve unrivaled scenic and geological values associated with natural landscapes; to provide for the maintenance of sound populations of, and habitat for, wildlife species of inestimable value to the citizens of Alaska and the Nation, including those species dependent on vast relatively undeveloped areas; to preserve in their natural state extensive unaltered arctic tundra, boreal forest, and coastal rainforest ecosystems; to protect the resources related to subsistence needs; to protect and preserve historic and archeological sites, rivers, and lands, and to preserve wilderness resource values and related recreational opportunities including but not limited to hiking, canoeing, fishing, and sport hunting, within large arctic and subarctic wildlands and on

areas, and national conservation areas, and shall not be prohibited unless, after notice and hearing in the vicinity of the affected unit or area, the Secretary finds that such use would be detrimental to the resource values of the unit or area. Nothing in this section shall be construed as prohibiting the use of other methods of transportation for such travel and activities on conservation system lands where such use is permitted by this Act or other law.

(b) Notwithstanding any other provisions of this Act or other law, in any case in which State owned or privately owned land, including subsurface rights of such owners underlying public lands, or a valid mining claim or other valid occupancy is within or is effectively surrounded by one or more conservation system units, national recreation areas, national conservation areas, or those public lands designated as wilderness study, the State or private owner or occupier shall be given by the Secretary such rights as may be necessary to assure adequate and feasible access for economic and other purposes to the concerned land by such State or private owner or occupier and their successors in interest. Such rights shall be subject to reasonable regulations issued by the Secretary to protect the natural and other values of such lands.

TEMPORARY ACCESS

SEC. 1111. (a) IN GENERAL.—Notwithstanding any other provision of this Act or other law the Secretary shall authorize and permit temporary access by the State or a private landowner to or across any conservation system unit, national recreation area, national conservation area, the National Petroleum Reserve—Alaska or those public lands designated as wilderness study or managed to maintain the wilderness character or potential thereof, in order to permit the State or private landowner access to its land for purposes of survey, geophysical, exploratory, or other temporary uses thereof whenever he determines such access will not result in permanent harm to the resources of such unit, area, Reserve or lands. 16 USC 3171.

(b) STIPULATIONS AND CONDITIONS.—In providing temporary access pursuant to subsection (a), the Secretary may include such stipulations and conditions he deems necessary to insure that the private use of public lands is accomplished in a manner that is not inconsistent with the purposes for which the public lands are reserved and which insures that no permanent harm will result to the resources of the unit, area, Reserve or lands.

NORTH SLOPE HAUL ROAD

SEC. 1112. (a) IN GENERAL.—So long as that section of the North Slope Haul Road referred to in subsection (c) is closed to public use, but not including regulated local traffic north of the Yukon River, regulated industrial traffic and regulated high occupancy buses, such regulation to occur under State law, except that the Secretary, after consultation with the Secretary of Transportation, and the Governor of Alaska shall agree on the number of vehicles and seasonality of use, such section shall be free from any and all restrictions contained in title 23, United States Code, as amended or supplemented, or in any regulations thereunder. Prior to executing an agreement pursuant to this subsection, the Secretary and the Governor of Alaska shall consult with the head of any unit of local government which encompasses lands located adjacent to the route of the North Slope Haul Road. The State of Alaska shall have the authority to limit access, 16 USC 3172.

impose restrictions and impose tolls, notwithstanding any provision of Federal law.

(b) RELEASE.—The removal of restrictions shall not be conditioned upon repayment by the State of Alaska to the Treasurer of the United States of any Federal-aid highway funds paid on account of the section of highway described in subsection (c), and the obligation of the State of Alaska to repay these amounts is hereby released so long as the road remains closed as set forth in subsection (a).

(c) APPLICATION OF SECTION.—The provisions of this section shall apply to that section of the North Slope Haul Road, which extends from the southern terminus of the Yukon River Bridge to the northern terminus of the Road at Prudhoe Bay.

STIKINE RIVER REGION

Consultation with Canadian Government and report to Contress. 16 USC 3173.

SEC. 1113. Congress finds that there is a need to study the effect of this Act upon the ability of the Government of Canada to obtain access in the Stikine River region of southeast Alaska. Accordingly, within five years from the date of enactment of this Act, the President shall consult with the Government of Canada and shall submit a report to the Congress containing his findings and recommendations concerning the need, if any, to provide for such access. Such report shall include, among other things, an analysis of the need for access and the social, environmental and economic impacts which may result from various forms of access including, but not limited to, a road along the Stikine and Iskut Rivers, or other alternative routes, should such access be permitted.

TITLE XII—FEDERAL-STATE COOPERATION

ALASKA LAND USE COUNCIL

16 USC 3181.

SEC. 1201. (a) ESTABLISHMENT.—There is hereby established the Alaska Land Use Council (hereinafter in this title referred to as the "Council").

Presidential appointment.

(b) COCHAIRMEN.—The Council shall have Cochairmen. The Federal Cochairman shall be appointed by the President of the United States with the advice and consent of the Senate. The State Cochairman shall be the Governor of Alaska.

(c) MEMBERS.—In addition to the Cochairmen, the Council shall consist of the following members:

(1) the head of the Alaska offices of each of the following Federal agencies: National Park Service, United States Fish and Wildlife Service, United States Forest Service, Bureau of Land Management, Heritage Conservation and Recreation Service, National Oceanic and Atmospheric Administration, and Department of Transportation;

(2) the Commissioners of the Alaska Departments of Natural Resources, Fish and Game, Environmental Conservation, and Transportation; and

(3) two representatives selected by the Alaska Native Regional Corporations (in consultation with their respective Village Corporations) which represent the twelve geographic regions described in section 7(a) of the Alaska Native Claims Settlement Act.

Any vacancy on the Council shall be filled in the same manner in which the original appointment was made.

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

STEVE COWPER, GOVERNOR

P.O. BOX K—STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

February 20, 1987

M E M O R A N D U M

TO: Honorable Steve Cowper
Governor

FROM: Grace Berg Schaible
Attorney General

BY: Arthur H. Peterson
Assistant Attorney General
Legislation/Regulations Section

RE: Toll on Dalton Highway
Our file: 773-87-0129

At our February 7, 1987, meeting on legislation, you asked whether it would be necessary to have a bill to authorize charging a toll for use of the Dalton Highway. The short answer is no. In fact, at least one bill (SB 132, by Coghill) has been introduced to prevent charging such a toll.

AS 19.05.040 lists the powers of the Department of Transportation and Public Facilities (DOTPF). Paragraph (11) of that statute provides that the department may

> establish, levy, and collect tolls, fees, charges, and rentals for the use of state roads, highways, bridges, crossings, and causeways.

AS 19.45.001 is the definition section for AS 19.05 -- AS 19.40. Paragraph (9) of that statute defines "highway" as follows:

> "highway" includes a highway (whether included in primary or secondary systems), road, street, trail, walk, bridge, tunnel, drainage structure and other similar or related structure or facility, and right-of-way thereof, and further includes a ferry system, whether operated solely inside the state or to connect with a Canadian highway, and any such related facility.

Clearly, the James Dalton Highway, established under AS 19.40, fits that definition. Thus, it is within the power of DOTPF to charge a toll for the use of this highway. AS 19.40.-100(a) provides that "the department shall maintain the highway and keep it open to industrial or commercial traffic throughout

STATEMENT FROM T.J. THRASHER - EXECUTIVE DIRECTOR

ALASKA TRUCKING ASSOCIATION

T. J. Thrasher had planned to attend this meeting to testify, however, unfortunately she had to remain in Anchorage until tonight.

T. J. wished to express the Trucking Association's position on House Bill 115.

The Trucking Association agree the Dalton Highway should not be a toll road.

They agree this road should be open to the public.

The Association support HB #115, HOWEVER, they do have several concerns they would like to see addressed if the road is opened to the public.

1. They feel that unless the Department of Transportation agree to maintain and upgrade the road there will be definite safety problems. The road is not in a safe condition.

2. There are no provisions or amenities past Hilltop and there are many stretches where you cannot pull off.

While the Trucking Association does support HB #115, they would like to see these concerns addressed.

As per telephone conversation with T.J. Thrasher on Wednesday, March 4th, 1987 at 9.10 a.m.

Resource Development Council for Alaska, Inc.

807 "G" Street, Suite 200, Anchorage, Alaska 99501-3448
Box 100516, Anchorage, Alaska 99510-0516 – 907/276-0700

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Paula P. Easley

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Senator Ted Stevens
Senator Frank Murkowski
Congressman Don Young

March 5, 1987

Representative Steve Frank
Alaska State Legislature
Pouch V
Juneau, AK 99811

re: HB 115 and SB 132

Dear Steve:

The Resource Development Council is pleased to support HB 115 and SB 132, Acts relating to public use of the Dalton Highway. Our Executive Committee's action in this regard was unanimous.

We agree that these bills will allow the state to further develop the industries that rely on access to Northern Alaska. We need to encourage development and use of this key element in the state's road system if we are to foster development of valuable resources.

Please call on RDC if we can be of assistance to your office on this issue.

Sincerely,

RESOURCE DEVELOPMENT COUNCIL
for Alaska, Inc.

Paula P. Easley
Executive Director

cc: Senator Jack Coghill
Mayor Juanita Helms
Mayor Bill Walley

FEB 17 1987

Feb. 12 - 1987

House Transportation Commission
Chairperson - Representative Bettie Cato
Fourth V Juneau 99811 -

Dear Chairperson.

I am vitally interested in our state transportation system. I am having my troubles in getting access (except during 5 winter months) to both patented & unpatented claims - in the Yukon Charley Preserve.

Now, I hear of - the continued abuse I am right to use - the Dalton Highway. The Gov. even has even suggested a toll fee -

This is totally unacceptable under our constitution - so let us forget it and offer this road to the public.

This road - is access to the major source of Alaska income - Prudhoe Bay. The initial return to Limited is a disgrace to a civilized society.

It should be - the best road in the nation - for the wealth it gives access to and it is not by a long-shot.

The entire state of Alaska deserves an income to a large degree - and should be instated in the areas it provides.

If they are not - maybe we need some changes - North & South Alaska maybe?

Thankyou for opening up this road to the public - improving it, and hopefully expanding the source of income - our natural resources.

Alaskan Patriot

Joseph E Vogler

J. Vogler
[illegible]
Fbks AK
99707

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

STEVE COWPER, GOVERNOR

P.O. BOX K—STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

February 20, 1987

M E M O R A N D U M

TO: Honorable Steve Cowper
Governor

FROM: Grace Berg Schaible
Attorney General

BY: Arthur H. Peterson
Assistant Attorney General
Legislation/Regulations Section

RE: Toll on Dalton Highway
Our file: 773-87-0129

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Clearly, the James Dalton Highway, established under AS 19.40, fits that definition. Thus, it is within the power of DOTPF to charge a toll for the use of this highway. AS 19.40.-100(a) provides that "the department shall maintain the highway and keep it open to industrial or commercial traffic throughout

the year." Keeping the highway open for this kind of traffic does not mean that the department may not charge a toll for the use of the highway.

AS 37.15.610 -- 37.15.760 provide for toll facilities revenue bonds. AS 37.15.720 authorizes construction, maintenance, etc., of toll bridges, highways, etc. AS 37.15.740 authorizes the DOTPF commissioner to charge fees, tolls, etc., for use of such facilities. However, these two statutes should be read in the context of AS 37.15.610 -- 37.15.760, i.e., as applicable to facilities constructed with money derived from the issuance of bonds under those sections. This does not detract from DOTPF's general authority to charge tolls, as described above.

GBS:AHP:md

cc: Jay Hogan, Director
Division of Budget Review
Office of Management & Budget
Governor's Office

Mary Halloran, Director
Division of Planning
Office of Management & Budget
Governor's Office

John Halterman, Director
Division of Audit & Management Services
Office of Management & Budget
Governor's Office

George Sullivan
Legislative Liaison
Governor's Office

Jack McGee
Assistant Attorney General
Juneau

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ALASKA TRUCKING ASSOCIATION

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Resource Development Council for Alaska, Inc.

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Box 100516, Anchorage, Alaska 99510-0516 – 907/276-0700

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Senator Ted Stevens
Senator Frank Murkowski
Congressman Don Young

March 5, 1987

Representative Steve Frank
Alaska State Legislature
Pouch V
Juneau, AK 99811

re: HB 115 and SB 132

Dear Steve:

The Resource Development Council is pleased to support HB 115 and SB 132, Acts relating to public use of the Dalton Highway. Our Executive Committee's action in this regard was unanimous.

We agree that these bills will allow the state to further develop the industries that rely on access to Northern Alaska. We need to encourage development and use of this key element in the state's road system if we are to foster development of valuable resources.

Please call on RDC if we can be of assistance to your office on this issue.

Sincerely,

RESOURCE DEVELOPMENT COUNCIL
for Alaska, Inc.

Paula

Paula P. Easley
Executive Director

cc: Senator Jack Cognill
Mayor Juanita Helms
Mayor Bill Walley

Feb AK 99707
Feb. 12 - 1987

FEB 17 1987

House Transportation Commission
Chairperson - Representative Bettie Cato
Pouch V Juneau 99811 -

Dear Chairperson.

I am vitally interested in our state transportation system. I am having my troubles in getting access (except during 5 winter months) to both patented & unpatented claims - in the Yukon Charley Preserve.

Now, I hear of the continued abuse I am right to use the Dalton Highway. The Gov. even has even suggested a toll fee.

This is totally unacceptable under our constitution - so let us forget it and offer this road to the publics.

This road - is access to the major source of Alaska income - Prudhoe Bay. The initial return to Limited is a disgrace to a civilized society.

It should be the best road in the nation - for the wealth it gives access to and it is not by a long-shot.

The entire state of Alaska seems to income to a large degree - and should be interested in the access it provides.

If they are not - maybe we need some changes - North & South Alaska maybe?

Thankyou for opening up this road to the public - improving it, and hopefully expanding the income - our natural resources.

Alaskan Patriot

Joseph E Vogler

Vogler
Box 70
Fbks AK
99707

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE CATO

NAME: JOHN HOLLAND
TITLE:
ADDRESS: 503 BULLION DRIVE
CITY: FAIRBANKS ZIP: 99712
PHONE: 457-1630
BILL NO:
SUBJECT: DALTON HIGHWAY
MESSAGE: THE DALTON HIGHWAY IS A PUBLIC ROAD THAT WAS BOUGHT AND MAINTAINED WITH PUBLIC FUNDS. AS SUCH IT SHOULD BE OPEN TO THE PUBLIC. EOM/AN

POMID: 07095104
DATE: 03/05/87
TIME: 09:51:04
LIONAME: FAIRBANKS LIO

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HUDSON	DUNCAN
PEARCE	FISCHER
SPRINGER	HENSLEY
ADAMS	UEHLING
BROWN	ZHAROFF
GOLL	
LARSON	
POURCHOT	
RIEGER	
SWACKHAMMER	
WALLIS	

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE CATO

NAME: EDNA LYON
TITLE:
ADDRESS: 629 W. 9TH
CITY: ANCHORAGE ZIP: 99501
PHONE: 272-5715
BILL NO:
SUBJECT: BUDGET
MESSAGE: I FEEL THE LEGISLATORS AND THE STATE EMPLOYEES SHOULD TAKE A 5% SALARY CUT. NO MORE PERMANENT FUND DIVIDEND CHECKS.

POMID: 03100029
DATE: 03/05/87
TIME: 10:08:29
LIONAME: ANCHORAGE LIO

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SPRINGER	SUND	STURGULEWSKI
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ULMER	WALLIS	UEHLING
ZAWACKI		ZHAROFF

NO DIST MSGS

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE CATO

NAME: RALPH ROBERTS
TITLE:
ADDRESS: 2718 GORDON ROAD
CITY: NORTH POLE ZIP: 99705
PHONE: 488-1702
BILL NO:
SUBJECT: DALTON HIGHWAY
MESSAGE: I WISH TO SAY THAT THE DALTON HWY. IS KEPT OPEN TO THE PUBLIC BECAUSE IT WAS BOUGHT WITH PUBLIC FUNDS AND IS MAINTAINED WITH PUBLIC FUNDS AND SHOULD BE OPEN TO THE PUBLIC. EOM/MJO

MAR 0 6 1987

POMID: 07110520
DATE: 03/05/87
TIME: 11:05:20
LIONAME: FAIRBANKS LIO

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	PEARCE	SHULTZ	
	GRUSSENDORF	MARTIN	
	PETTYJOHN		

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE CATO

NAME: DONALD DAVIS
TITLE:
ADDRESS: BOX 883
CITY: FAIRBANKS ZIP: 99707
PHONE: 488-0699
BILL NO:
SUBJECT: HIGHWAYS
MESSAGE: I WOULD LIKE TO SAY THAT THE DALTON HIGHWAY WAS PURCHASED WITH PUBLIC FUNDS AND IS MAINTAINED WITH PUBLIC FUNDS AND SHOULD BE OPEN TO THE PUBLIC. THE LEVEL 3 ROADS IN THE FAIRBANKS AREA AND STATE-WIDE FOR THAT MATTER THAT WOULD BE DROPPED FROM PUBLIC MAINTENANCE UNDER GOV. COWPER'S RECONSTRUCTION PLAN SHOULD BE ADVERTISED IN THE PUBLIC NEWSPAPERS TO MAKE THE PUBLIC AWARE. EOM/MJO

POMID: 07133538
DATE: 03/05/87
TIME: 13:35:38
LIONAME: FAIRBANKS LIO

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	BOUCHER	DAVIDSON	RODEY
	FURNACE	MENARD	ELIASON
	HOFFMAN	PEARCE	FAHRENKAMP
	SHULTZ	GRUSSENDORF	COGHILL
	MARTIN	PETTYJOHN	FAIKS
	MILLER		ABOOD

23 February, 1987

Dick Mackey, owner and operator of Coldfoot services, called to voice his opinion over the Dalton Highway. He asserts that the Dalton Highway "north of the Yukon should be treated no differently than south of the Yukon."

He explained that in '81 Gov. Hammond opened the highway from the Yukon north to Deitrich camp for 3 months out of the year. By Gubernatorial decree, he asked Mackey to operate a service area 12 months at Coldfoot.

Later, during the Sheffield adminstration, Mackey pointed out to Gov. Sheffield that it made no sense for him to be there 12 months when the road was only open to the public for 3 months. Sheffield agreed and opened the highway to Dietrich.

Deitrich is not a safety checkpoint, claims Mackey, but a political one. There is no reason for restricting access, according to Mackey, as those who wish to hunt already do so, and there is no corporate land to deny access to that would be effected by such an action. If it is to be a safety check-point, he says, ask folks to demonstrate that they have a 5 gallon can of gas, tools or whatever, and let the folks go.

Westours and Princess tours are taking buses up there this summer, and the business done has doubled. One state agency spends millions to promote tourism while another throws roadblocks in the way.

He claims that the checkpoint is a farce, that privately D.O.T. officials despise the loathsome checkpoint, and that the constitution of Alaska states that any road which is built and maintained with public funds is to be accessible by the public which pays for it.

PLEASE SUPPORT HB115.

I asked that he put some of this in writing so that it could be used as testimony in a hearing at some later date.

HOUSE COMMITTEE REPORT

(7)

Date referred: 2/11/87 FURTHER REFERRALS: Finance

DATE: March 11,1987

The Transportation Committee has considered HB 115

"An Act relating to public use of the Dalton Highway."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[X] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Bette Pat

Bill Hudson

Mike Miller

Wm Keaveny

Hannah Springer

SIGNING OTHER RECOMMENDATIONS:

Bette Pat

Chairman's signature

Official Business

COMMITTEE: House Transportation Committee

DATE: March 4, 1987

Subject of meeting: *HB 115: "An Act relating to public use of the Dalton."

SIGN-IN

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
✓ Jim Vadon	Dep. Comm. Box N Juneau, AK	465-4322	Public Safety	Yes
✓ Mark Hickey	Commissioner Box Z Juneau, AK	465-3900	Transportation	Yes
Phil Holdsworth	Lobbyist Juneau.	586-1383	AMA	Yes.
Steve Frank	Juneau		Sponsor	Yes
Bob Lance	Volunteer covering HB 115 FBKS	586-2345	AK Environmental Lobbyist	Yes
Ron Somerville	Executive Director Juneau	789-2399	AK. Outdoor Council	Yes
Dan Savage Savage	Administrative Asst.	465-3732	Rep Walsh	

* indicates first public hearing

Official Business

COMMITTEE: House Transportation Committee

DATE: March 11, 1987

Subject of meeting: HB 115: "An Act relating to public use of the Dalton Highway."

HCR 13

SIGN-IN

	NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?	
7	William "Bill" Smith	Fairbanks	266-1440	Alaska DOT/PF	HCR 13	
2	Ron Somerville	Juneau 3750 McGinnis Juneau 99801	789-2399	AK. Outdoor Council	Yes	115
4	Bob Pance	BKS	586-2345	AEL		115
5	Dean Savage	Cap Cm 501	3732	Rep. Kay Walker	yes	115
3	Mark Ihlenfeldt			DOT/PF		
6	Rep. Lyman Hoffman	ASL	4453	Sponsor HCR 13		
1	Rep Steve Frank	ASL	3709	" HB 115		115

Alaska State Legislature

REPRESENTATIVE
PAT POURCHOT

HOUSE FINANCE COMMITTEE
COMMITTEE ON OIL AND GAS

ANCHORAGE
P.O. BOX 104836
ANCHORAGE, AK 99510
(W) (907) 276-6818
(H) (907) 338-2425

JUNEAU
POUCH V
STATE CAPITOL
JUNEAU, AK 99811
(907) 465-3712

House of Representatives

MEMORANDUM

MAR 18 1987

DATE: March 13, 1987

TO: David Teal, Director
House Research

FROM: Representative Pat Pourchot, Chair
House Finance Subcommittee - DOT/PF

Pat

SUBJECT: Request for information on Dalton Highway trucking

In our review of the current DOT/PF budget, one proposed change receiving considerable scrutiny is the imposition of a toll on the Dalton Highway (the Haul Road) to pay for the operating and maintenance costs of the road. Current plans call for a toll sufficient to cover the costs of the approximate $5.2 million in Operations and Maintenance. This would be based on the number of axles and is estimated to work out to be about $500 roundtrip for an "18-wheeler."

The criticism raised is that the cost will make commercial trucking on the road economically prohibitive and force the abandonment of the route in favor of air transportation. Such a switch would not only result in significantly higher operating costs on the North Slope, but would reportedly cause the dislocation of significant economic activity and employment in the Fairbanks area associated with Haul Road trucking.

It is very hard to evaluate the proposal and its reported impacts without more detailed facts. I would greatly appreciate your help in researching some of this needed economic information, as much of it apparently lies outside the expertise or knowledge of DOT/PF. Specifically, we would like to know what the toll costs would mean to shippers or truckers relative to the other transport costs involved in moving goods from Fairbanks to Prudhoe Bay; how existing trucking costs compare to air transport alternatives; some indication as to the elasticity of demand for the Haul Road in light of significant tolls; and the importance of Haul Road trucking as an economic activity in the Fairbanks area.

Thank you for your help in this matter.

HB

118

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

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May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation:

2/25/87

2/27/87

3/13/87

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

February 25, 1987

FOR TODAY'S MEETING YOU HAVE:

A FOLDER ON HB 118 THAT INCLUDES:

* a copy of HB 118
* a memorandum from Rep. Shultz
* a fiscal note from the Dept. of Natural Resources
* a position paper from the Dept. of Natural Resources
* a current status report on HB 118

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

February 27, 1987

FOR TODAY'S MEETING YOU HAVE:

A FILE ON HB 74 THAT INCLUDES:
* the committee substitute for HB 74
* a copy of HB 74
* a current status report on HB 74
* the committee minutes from February 16th
* a summary of HB 74 from Rep. Sund
* a fiscal note from the Dept. of Public Safety
* a position paper from the Dept. of Public Safety
* a House Committee Report from State Affairs
* an excerpt from the state statutes

A FILE ON HB 94 THAT INCLUDES:
* a copy of HB 94
* a current status report on HB 94
* the committee minutes from February 11th
* a bill analysis from the Dept of Health & Social Services
* fatality statistics from the Coast Guard
* a report on HB 94 from the Coast Guard
* support information from House Research and the U. S. Coast Guard

A FILE ON HB 118 THAT INCLUDES:
* a copy of HB 118
* a current status report on 118
* a memorandum from Rep. Shultz
* a fiscal note from the Dept. of Natural Resources
* a position paper from the Dept. of Natural Resources

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

March 13, 1987

FOR TODAY'S MEETING YOU HAVE:

A BINDER ON HB 118 THAT INCLUDES:

* a copy of HB 118
* an overview of HB 118 from Rep. Shultz
* a fiscal note and position paper from the Dept. of Natural Resources
* the minutes from the two previous House Transportation Committee public hearings on HB 118
* an excerpt from the state statutes

Representative Dick Shultz

Alaska State House of Representatives
P.O. Box V • Juneau, Alaska 99811 • (907) 465-4940
Home: P.O. Box 487 • Tok, Alaska 99780

Member
House Resources Committee

M E M O R A N D U M

TO: Members of the House
Transportation Committee

FROM: Representative Dick Shultz

DATE: February 24, 1987

RE: HB 118 "Decisions on ROW Lease Applications"

Presently under AS 38.35.100(B), the Commissioner of DNR must make the determination that the applicant is "fit, willing and able to perform the transportation" prior to issuing a right-of-way lease.

Past interpretation of this standard has meant that any applicant must have the financial capability to go forth with the project which would utilize the right-of-way.

In today's world a right-of-way permit has a value all its own when negotiating financing. To make financing a condition of the ROW lease application hampers a project's chances of becoming a financial reality.

This bill amends the Right-of-Way Lease Act so that the Commissioner can condition a grant of right-of-way so that the applicant can receive the right-of-way but must demonstrate the it is "fit, willing and able" prior to being allowed to start construction on that right-of-way.

The current standard of "fit, willing and able" is not circumvented but the finding is postponed to a later phase in the process.

I believe it is important in these times to allow modifications in our statutes that assist industry in the real world, without lifting our standards.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST:

Bill Version : HB 118
Publish Date :

Revision Date: February 23, 1987
Title : ROW Lease Applications

Agency Affected : Natural Resources
BRU: Land & Water Management

Sponsor : Representative Shultz
Requestor : House Transportation

Components :

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by : Carol Wilson
Division : Commissioner's Office

Phone : 465-2400
Date : 2/25/87

Approved by Commissioner : Date :
Agency : Natural Resources

Distribution (by preparer):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

400 WILLOUGHBY AVE.
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400

February 24, 1987

The Honorable Bette Cato
Chair
House Transportation Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99801

Dear Representative Cato:

Subject: House Bill 118, relating to decisions on right-of-way lease applications.

Position: The Department of Natural Resources supports the amendment to the oil and gas pipeline right-of-way leasing statute (AS 38.35.100(b)) described in this bill.

Background: House Bill 118 would allow the commissioner to issue a conditional pipeline right-of-way lease even if the applicant is not presently "fit, willing and able."

The existing "fit, willing and able" standard requires the applicant to be nearly ready to begin construction before a right-of-way lease can be issued. In other words, financing has to be reasonably assured, gas sale contracts and markets in place, and construction designs substantially completed.

The commissioner currently has only one alternative to finding an applicant "fit, willing and able," and that is to deny the application. This bill would provide the commissioner with an additional alternative; the ability to issue a conditional right-of-way lease, subject to conditions that ensure the applicant will become "fit, willing and able."

This bill would have a positive effect on the economic development of pipeline projects in Alaska and would not reduce the "fit, willing and able" standards an applicant would be required to meet prior to actual construction of a pipeline.

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Recommendation: To ensure that the applicant is required to become "fit, willing and able" within a reasonable period of time, add the words "within a prescribed amount of time" to line 15, after the word "able."

Please let me know if you would like additional information.

Sincerely,

Judith M. Brady
Commissioner

cc: Committee Members
Sponsor
Governor's Legislative Liaison

HOUSE TRANSPORTATION COMMITTEE

HB 118

March 13, 1987

Madam Chairman:

My name is Harold Moles, Vice President of Northwest Alaskan Pipeline with offices in Fairbanks, Alaska. Northwest Alaskan Pipeline has reimbursed the State of Alaska over five million dollars on permit activities related to a state ROW lease, and believes AS 38.35.100, as currently written, is a workable statute with definitive criteria for issuing a State ROW lease.

Before amending this statute as proposed in HB 118, leaving the issuance of a ROW lease "subject to conditions established by the Commissioner", the state may want to ask more important questions, such as:

1) Does the applicant have the financial and technical capability to construct the project in a responsible manner to protect public lands and the environment along with the residents of Alaska-

2) Does the applicant have gas purchases agreements or is gas ~~&~~ cc supply even available for the project?

3) Is an export license in place?

4) Or is the project even economically feasible?

Madam Chairman, thank you for the opportunity today to provide this testimony for the record.

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JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF PIPELINE SURVEILLANCE

NWA-82-062

1001 NOBLE STREET, SUITE 450
FAIRBANKS, ALASKA 99701
PHONE: (907) 456-4835

June 21, 1982

Edwin A. Kuhn, Director
Government & Environmental Affairs
Northwest Alaskan Pipeline Company
One Lafayette Centre
1120 20th Street, N. W., Suite S-700
Washington, D. C. 20036

Re: Further Processing of the Right-of-Way Lease(s) Referenced in the Behlke to Kuhn Letter of June 18, 1982 (NWA-82-038)

Dear Mr. Kuhn:

The following project developments:

1) NWA's decision to request a separate right-of-way lease for the conditioning plant;

2) Multi-year delay in the project schedule; and

3) Cancellation of the reimbursement agreement with the State for pre-right-of-way lease work;

have resulted in substantial changes in the status of the Northwest Alaskan Pipeline Company (NWA) Right-of-Way lease application and of its future processing by the State.

The Department of the Interior (DOI) Right-of-Way Grant as issued to Northwest Alaskan Pipeline Company on December 1, 1980, contained a set of Stipulations that had been developed with significant input from representatives of the State of Alaska. The overall objective, as you are aware, was to have a State Right-of-Way Lease with stipulations similar to the DOI Right-of-Way Grant, an objective the State still maintains. Therefore, in the past several years the majority of NWA project related documents which received a coordinated State agency review have actually been fulfilling requirements of the DOI Right-of-Way Grant as well as the pending State Lease. For example, when NWA filed its pipeline right-of-way lease with the State, it deferred submission of several items pending ongoing work with State and Federal agencies in the preparation of key "1.6.1 Plans" which it indicated would serve two

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purposes; 1) be elements of the right-of-way lease application, and, 2) satisfy subsequent lease stipulations. With an adequate level of State agency review, this was an acceptable process. Indeed completed 1.6.1 Plans would, in general, go farther than required for right-of-way lease applications. However, these plans have not been completed, and, by virtue of NWA's cancellation of its pre-lease, reimbursable services agreement with the State, State participation in further reviews of post-lease related items (i.e., 1.6.1 Plans) is not possible. Those key 1.6.1 Plans which were to have been prepared in conjunction with State and Federal agencies and which were to satisfy both the requirements of the lease application and subsequent lease stipulations include the following 1.6 Plans referenced in the application.

Blasting
Camps Plan
Clearing Plan
Environmental Briefings Plan
Fire Control Plan
Pesticides, Herbicides and Chemicals
Quality Assurance/Quality Control
Human-Carnivore Interaction Plan
Restoration Plan
Visual Resources Plan
River Training Structures
Stream, River and Floodplain Crossings
Wetland Construction
Erosion and Sedimentation Control
Oil and Hazardous Substances Control, Cleanup and Disposal

Additional deficiencies in NWA's Right-of-Way Application are identified, as listed below:

1) Schedule - the schedule, as filed, is obviously incorrect in light of recent announcements. NWA should at such time as it is prepared to do so, provide realistic estimates of initiation and completion dates to which it intends to adhere;

2) It is not possible to determine from the present application NWA's technical capability to:

   a) protect property interests;

   b) prevent adverse environmental impact;

   c) undertake necessary restoration and revegetation;

   d) properly develop material sites or disposal sites; and

   e) protect the interests of subsistence resource users along the pipeline right-of-way and in the vicinity of related activities.

3) The present application does not demonstrate the applicant's financial capability to fulfill the requirements of A.S. 38.35.100. Extensive rhetoric, submitted in support of NWA's financial capability to perform the proposed transportation, related only to government approvals (President's Decision, Federal Right-of-Way Grant, etc.) which do not prove the sponsor's financial capability to perform the proposed transportation of natural gas. Though the items enumerated by NWA, in support of its application, (plus the later waiver package approval) are some of the conditions necessary for the obtaining of financing, events of the past year certainly prove that they do not provide financing. When the NWA financial plan is ready for submission to the FERC, it also should be submitted to the State as part of an extensively amended application for a State Right-of-Way Lease, so that the Commissioner may reasonably determine if NWA is actually financially capable to perform the transportation proposed;

4) No agreement has been obtained with Alaska Department of Transportation and Public Facilities (ADOT/PF) covering highway useage, damage, and encroachments (Yukon River Bridge, Atigun Pass, Ice Cut Hill, proximity, thermal workpads, etc.); and

5) As indicated before, a conditioning plant lease application should be filed separately.

6) AS 38.35.050 also requires that all persons planning to own an interest in a pipeline must join in the application. The application must be amended to reflect changes in interest in ownership.

It appeared last year when NWA filed its lease application that NWA's financial capability would now be established, and, through work and negotiation with the State, NWA would be able, by now, to satisfy the lease application requirements of A.S. 38.35. Unfortunately, those developments, optimistically anticipated by NWA and this office a year ago, have not happened. At this point, the lease application does not meet the requirements of A.S. 38.35.050 to the extent that the analysis required under A.S. 38.35.080 could be properly accomplished and the Commissioner could make the decision required under A.S. 38.35.100.

When the proper amendments have been provided and when the separate conditioning plant lease application has been received by this office, the pipeline lease application and the conditioning plant application processing will again be resumed through the normal State pipeline leasing process. The recently announced delays provide more than adequate time for NWA to provide the State with the amendments for further processing of the lease(s) as well as providing more than adequate time for the State to process the lease prior to the time it will actually be needed. This is, of course, only true if NWA does not allow the preparation of the application amendment and the plant lease application to drag on.

Sincerely,

C. Behlke

Charles E. Behlke
State Pipeline Coordinator
Office of the Pipeline Coordinator

CEB/de

cc: John Katz, Commissioner, Department of Natural Resources, Juneau
Wilson Condon, Attorney General, Department of Law, Juneau
John Rhett, Federal Inspector, Office of the Federal Inspector, Washington, D. C.
Robert Loeffler, Counselor, Morrison and Foerster, Washington, D. C.

JAY S. HAMMOND, GOVERNOR

NWA-82-038

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF PIPELINE SURVEILLANCE

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June 18, 1982

Edwin A. Kuhn, Director
Government & Environmental Affairs
Northwest Alaskan Pipeline Company
One Lafayette Centre
1120 20th Street, N.W., Suite S-700
Washington, D. C. 20036

Re: Major Issues

Dear Mr. Kuhn:

Reference is made to the Northwest Alaskan Pipeline Company (NWA) letters dated November 5, 1981, (GOA-81-1133), January 8, 1982, (GOA-82-1004), February 16, 1982, (GOA-82-1021), and March 29, 1982, (GOA-82-1034) regarding NWA's application for a right-of-way lease for the gas pipeline and the Alaska Gas Conditioning Facility. In these communications, specifically the February 16, 1982, letter, NWA responded to some of the major issues identified by the State in previous letters.

The purpose of this letter is to address and explain, in further detail, the State's position with respect to the pending NWA application for a lease. I will attempt to respond to each point covered in your recent letters, and I also will identify other outstanding concerns which continue to be important but which NWA has not addressed.

State-Selected and Tentatively Approved Lands

Your assessment of my previous verbal statements regarding Tentatively Approved (TA'd) lands is correct, except that I have never thought the State's control of TA'd lands could be in question and have considered any such question to be frivolous.

At the time land becomes TA'd, the Federal government has no further alternative but to patent the land to the State upon survey. Thus, only the State issues the Right-of-Way (ROW) lease on TA'd land. The only exception to this is that TA'd lands which were withdrawn and properly

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selected pursuant to Alaska Native Claims Settlement Act (ANCSA), but not yet conveyed, may be leased with the concurrence of the State, the Native corporation(s), and the Federal government.

The topic of selected lands has not, to the best of my memory, been raised before. Pursuant to Federal regulation, land is segregated at the time it is selected by the State. Prior to Alaska National Interest Lands Conservation Act (ANILCA) no procedure was spelled out in the law for conveyance of any interest in selected lands to a third party. Arguably, prior to ANILCA selected lands could not be conveyed to a third party at all, until becoming TA'd, whereupon the State could convey. However, the standard procedure, which was acceptable to the State, was that, following the State's concurrence, the Federal government could convey interests in selected land to third parties. You will note that this procedure was followed on the IAPS project. However, at no time has the Federal government notified the State that it wished to issue a ROW grant to NWA on selected lands; thus, it did not seek the State's concurrence prior to the issuance of the Federal ROW grant as is required, and which was required even prior to ANILCA, for the conveyance to a third party of interests in selected lands.

Since State concurrence to convey rights to selected land was neither sought nor obtained by Department of Interior (DOI) for the NWA ROW grant, the Federal government did not convey a ROW grant across selected lands, because it lacked the authority, without prior State concurrence, to do so. (Again, where State-selected land was opened for Native selection pursuant to ANCSA and selected by a Native corporation, all parties must concur in any grant or lease to third parties.)

At some point, should the project become an imminent reality, NWA would appear to be well advised to seek a Right-of-Way Grant from the Federal government to cover those lands which (1) were validly State-selected on December 1, 1980, and (2) still remain in that category. (Clearly those lands which were State-selected on December 1, 1980, and which have become TA'd or patented since will be covered by the State Right-of-Way Lease.) Such a grant would have to receive the formal concurrence of the State, prior to its issuance. The State's concurrence would probably be conditioned on the Federal lease's lapsing at the time of TA with the State lease becoming effective simultaneously. The State lease must contain a provision for the inclusion of lands which "hereafter" become TA'd, patented, or otherwise acquired. If a Federal Grant covering selected lands is ultimately obtained by NWA, the TA would, of course, be subject to the Federal grant conditions to the extent that the State recognizes prior authorized activities conducted pursuant to that grant prior to TA.

Any actions by Northwest on TA'd lands which do not comply with the above-outlined procedure could place NWA in a trespass posture and would be dealt with accordingly by the State.

Socioeconomic Matters

I was pleased to receive NWA's proposed socioeconomic planning activities attached to your letter of February 16, 1982. However, as indicated by NWA in the initial, and only, negotiating meeting of July 12, 1981, and corroborated by my letter to Kuhn of August 18, 1981, I have been awaiting NWA's written response to the draft Socioeconomic Stipulations given to NWA on March 18, 1981. Thus far, there has been no response by NWA, except for the NWA socioeconomic planning document of February 16, 1982.

It appears that your proposed socioeconomic planning activities of February 16, 1982, constitute a further elaboration of your letter of December 8, 1980, (COA-80-1189), in which you outlined similar plans. As you noted in your December 8, 1980, letter, "the impact plans are presumably a part of the Stipulations, and a complete assessment requires us to review them in their larger context" (emphases added).

While it appears that you have reassessed the plans outlined in your December 8, 1980, letter in light of the initial draft Socioeconomic Stipulations transmitted to your office on March 18, 1981, we are unable to comment upon their adequacy in the absence of knowing how the proposed planning fits into the larger context of the proposed Stipulations which, as you correctly observed, needs to be done.

The State views NWA's obligation to minimize the cost impact to the potential rate-payers as being parallel to, and not in conflict with, sound social impact management. Minimal disruption of services and infrastructure both inside and outside the corridor upon which the project depends for support can only enhance the smooth progress of project construction. NWA estimates (Center Point Justification, Vol. V, July 1, 1980, page 4-12) that each break in project cadence will cost two million dollars, and, given the close and complex interrelationship between project activities and State and local support systems, the possible points of inadvertent conflict and disruption are many. NWA recognizes this, as you point out in your December 8, 1980, letter.

We believe that planning in these areas is important both to the success of the project and for the avoidance of unnecessary disturbance to Alaskan communities. However, the plans which you have set forth fall far short of the extent of those promised by the April 1978, agreement signed by Mr. McMillian and Governor Hammond. Clearly, NWA still has a great deal of work to do.

NWA has expressed cost concerns for its potential rate-payers; however, the State sees little virtue in the concept of its communities and some of its citizens suffering severe, adverse, unmitigated socioeconomic impacts in order to reduce costs to the rate-payers. NWA has equally as important an obligation to mitigate adverse impacts on Alaska as it does

to attempt to mitigate the cost impact to the potential rate-payers. We see no possible reason for the Alaskan communities and adversely impacted citizens to become, essentially, paying partners in the project while not receiving the benefits which the other equity partners and the rate-payers would receive.

Similarity of Federal and State Right-of-Way Grant/Lease

The State has been working to have the technical and environmental segments of the State Right-of-Way lease be as consistent with the Federal Right-of-Way Grant as is prudent at the time of offering of the lease. Though I anticipate the similarities to be very considerable, differences are deemed necessary to reflect:

A) NWA's response, to date, to the Federal stipulations;

B) Movement of the NWA pipeline ROW location, after development of the Federal stipulations, to close proximity to State highways at locations extending over approximately 270 miles of the right-of-way;

C) Socioeconomic implications (including plans identified in my letter of March 18, 1991) to citizens of Alaska not addressed by the Federal Right-of-Way Grant;

D) Additional State concerns for the health, safety, and welfare of State citizens;

E) Additional Stipulation 1.6.1 Plans to cover the Haul Road and the possible choice by contractors to use snow/ice workpads and roads;

F) The State Lease Stipulations will not contain a preamble; and

G) The State Lease will contain additional language dealing with Stop Orders and other matters which, in the Federal Grant, are covered by regulations incorporated by reference.

You have expressed concerns regarding the potential inclusion of a field authorization procedure in the State Right-of-Way lease. It is the State's position that field authorizations to proceed are necessary since Notices to Proceed (NTP's) will be issued, generally, many months prior to the beginning of work and prior to contractors' bidding on the work covered by the NTP. It is not the purpose of the proposed field authorizations to change the stipulations of a Right-of-Way Lease. The principal purpose of the field authorization is to provide a check on field conditions, field staking (where necessary), and compliance of the contractor's work plan, submitted immediately prior to the initiation of work, with the lease stipulations. I certainly agree that the contractor must not be exposed to the possibility of having conditions of the

lease, principally the stipulations, subject to unilateral change by the State during the course of the bidding and contract award processes or during the mobilization and construction processes.

It is also important for a high level of government authority to be located in the field to expedite field changes proposed by the contractors through the project sponsors. The field authorization also will allow this to be achieved, and it should be a positive improvement of the State Right-of-Way Lease over the Federal Right-of-Way Grant.

You have mentioned that the field authorization concept may affect "fixed-price contracting." I think your concerns have been addressed above; however, the State is concerned about possible interpretations of what "fixed-price contracting" actually is. Does NWA mean that it will contract on the basis of a fixed-cost for a completed spread of pipeline or a completed foot of pipeline, or does it mean, on the other hand, that NWA will contract, for example, on a fixed-unit basis per cubic yard of excavation for trench, workpad, haul, etc.? The concept of a fixed-unit price bid for each of the separate components of a completed unit of pipeline is not a fixed-price bid, but is, rather, an open-ended bid. Such unit-cost bidding would not meet the concept of fixed-price bidding required by the President's Decision and would certainly leave the possibilities for cost overruns wide-open. Indeed, it would probably promote cost overruns. The State is curious to know what NWA's precise definition of the term "fixed-price contracting" is.

Highway Matters

You have expressed concern about the State's position that all highway-related matters must be brought to agreement simultaneously.

On January 26, 1981, (NWA-81-70), the SPCO informed NWA of the key issues which require negotiation between NWA and the Alaska Department of Transportation and Public Facilities (ADOT/PF). Included with that letter was an identification of 13 points requiring resolution in addition to Highway Indemnification. It is the intent of this office to include as a binding part of the lease an agreement between ADOT/PF and NWA which addresses the following:

- Highway Indemnification;
- Alignment;
- Construction scheduling (minimize conflicts between NWA and ADOT/PF highway improvement programs);
- Yukon River Bridge (risk analysis);
- Ice Cut Hill;
- Five-Mile Airport;
- Governor's Haul Road Policy;
- Pipe Haul, corresponding permits, methods, and scheduling;
- Regulatory enforcement (weights, measures, public safety);
- Security within the camps and along the Haul Road;

- The use of various State airports and the need for improvement of existing facilities;
- Atigun Pass; and
- Availability of Mineral Materials.

Thus far, NWA has been quite anxious to reach agreements with the State on these critical areas in which NWA desires to obtain special concessions from the State to allow the pipeline to be constructed within the Dalton Highway and, in some cases, beneath the road surface, while exposing the State and the driving public to the attendant risks, hazards, and traffic delays on this most important of the State's industrial highways, not to mention additional risks to the Yukon River Bridge's integrity and to the transportation (and production) of crude oil from the North Slope. For more than two years, the State has repeatedly, (by letter and verbally), indicated that NWA must develop, for the State's review and approval, thermal analyses and appropriate mitigation designs for thaw settlement for the approximately 270 miles of workpad, which would severely impact the short-and long-term stability of the highway, immediately adjacent to the Prudhoe Bay highway. To date, though NWA has developed preliminary proposed designs and construction plans for the Yukon River Bridge, Ice Cut Hill, and Atigun Pass, no such long-term thermal design or thaw settlement mitigation designs have been presented by NWA to the State for review.

NWA's construction plans call for considerable highway-hauling of pipe and gravel in an overload or over-dimension mode. Such loads are hazardous to the driving public and generally destructive to the highways involved. NWA has stated that it wants to be treated in a "non-discriminatory" fashion with regard to highway usage. It interprets the term "non-discriminatory" to allow NWA to inflict highway damages which the State has estimated to potentially be approximately $170 M (1980 $'s). Thus, on the one hand, NWA wishes the State to "sign off" now on the very considerable concessions which NWA desires from the State that will clearly discriminate against the traffic rights of other users of the highway and will certainly create massive additional road maintenance problems; while, on the other hand, NWA wishes to delay, until some undesignated future time, resolution of the important matters of thermal design of 270 miles of work pad and of the highway damages which NWA's work plans clearly indicate will occur to the State's highways. In addition, NWA's risk analysis supporting its desire to locate its pipe on the Yukon River Bridge has ignored the potential losses of revenue to the State and the North Slope oil producers which a possible disastrous gas pipeline-generated accident could cause. That risk analysis has also ignored construction activities risks. Thus, the risk analysis, by virtue of its incompleteness, really does not answer the question, "What is the risk to the State and others of the construction and operation of the NWA pipe on the Yukon River Bridge?"

The State declines to accept hundreds of million of dollars of NWA highway and other damages while simultaneously giving NWA hundreds of millions of dollars of concessions for which the State and travelling public would incur indirect expenditures. It also declines to needlessly endanger the continued, timely production of crude oil from Prudhoe Bay. Thus, the State insists that all highway related matters must be resolved simultaneously in a single agreement. The State Department of Transportation and Public Facilities is prepared, as it has been for the past two years, to discuss any or all highway matters with NWA which would lead to a complete, acceptable agreement.

Separate Lease for Pipeline and Conditioning Plant

The State accepts the concept of separate ROW leases for the gas conditioning plant and the pipeline across State lands, when highway related and socioeconomic matters are satisfactorily resolved for inclusion or reference in the two ROW leases and when NWA has satisfied certain other conditions (discussed later).

On April 17, 1981, Commissioner LeResche waived the requirements for the filing of a separate Form DL10-130 (pursuant to 11 AAC 80.005) for the Conditioning Plant because the Plant was to be included as an addendum to the Pipeline Right-of-Way Lease. Since NWA has recently determined that it desires separate leases for the pipeline and conditioning plant, a Form DL10-130 for the Conditioning Plant lease must be filed.

Certainly, according to the present project schedule, the two leases can be developed and could go to the required public hearings well in advance of initiation of construction unless, of course, NWA continues to ignore the State's important highway and socioeconomic concerns.

Subsistence

Not discussed in your letter of February 16, 1982, is the topic of subsistence, addressed in my letter of May 14, 1981. The impacts of the project on various rural subsistence users (subsistence hunting, fishing, trapping, etc.) may be quite important. In my letter I noted that NWA would have to be prepared to identify and set forth the potential subsistence impacts of the project and commit to appropriate impact mitigation plans. I stated that subsistence use of resources requires the continued presence, during construction, of normally usable resources and the timely accessibility to the resource for the users. NWA studies, to date, address the present existence of some subsistence resources. This and information documenting the present subsistence use of such resources must be related by NWA to the presence and accessibility of the resources to subsistence users during the construction process. If the construction process and scheduling cannot reasonably accommodate normal subsistence resource harvests in the area, proper mitigation

procedures must be set forth by NWA for review and discussion among the people effected so that a suitable set of mitigation procedures, where necessary, may be finalized, approved by the State, and implemented by NWA.

Applicability of AS38.35 to Temporary Facilities

NWA requested, in the January 8, 1982, and the March 29, 1982, letters, that the State ROW lease (AS 38.35) cover temporary facilities. Whereas I had initially hoped that temporary facilities, including access roads, camps, disposal sites, could be included under AS 38.35, I have now determined that leases issued pursuant to AS 38.35 can cover only the permanent pipeline facilities (for example, if permanent access roads can be identified, NWA should submit a list of these to the State for inclusion under AS 38.35) including the pipeline. All remaining facilities (temporary-use areas, including disposal sites) will be processed under AS 38.05, and the possibility of issuing 38.05 permits for period in excess of one year is being explored. However, I have not requested a formal Attorney Generals (AG's) opinion on the applicability of AS 38.35 to temporary facilities. Should NWA wish to pursue this topic further (AG's opinion) please inform Commissioner Katz.

Further Processing of the Right-of-Way Lease

Several deficiencies exist at this time in the NWA Right-of-Way Lease application. The details of the deficiencies are dealt with by a separate letter, however, a summary of the deficiencies are as follows:

1) No valid application exists for a separate lease for the conditioning plans (previously discussed, page 7);

2) When NWA filed its pipeline Right-of-Way Lease with the State it deferred submission of several items pending then ongoing work with State and Federal agencies in the preparation of key "1.6.1 Plans". These plans have still not been completed, and by virtue of NWA's cancellation of its pre-lease, reimbursable services agreement with the State, State participation in the pre Right-of-Way Lease development of the lease application is no longer possible. Thus, the NWA's statement in several locations of its lease application justifying deferral is no longer valid. Prior to further processing of the Lease, now through normal State operations, these items of the application must be properly completed and submitted for review; and

3) In NWA's lease application several very subjective statements are made in support of NWA's financial capability to perform the transportation proposed in its application. It is abundantly clear that though the President's Decision and a Federal Right-of-Way Grant (and later, the "waiver package") are necessary to allow NWA to obtain financial capability to perform the actions outlined in the

Right-of-Way Lease application, they do not provide or guarantee such financial capabilities. Also, a definition of all persons owning or planning to own an interest in the project has not been provided in the application, as is required by statute.

Because of the continuing absence of the items mentioned above, as required by AS 38.35.050 and 11 AAC 80.005, it has not been possible for the State to move to the procedures set forth on AS 38.35.080(a), (b), and (c) which must precede a decision on the application as required by AS 38.35.100.

To summarize: a complete lease application must be filed for the Conditioning Plant, and the lease application for the pipeline Right-of-Way must be amended to properly and completely address the information required by AS 38.35 and 11 AAC 80.005. When the existing lease application have been properly amended, the lease application processing will be carried forth through the normal State processing procedures for such applications. The most recently announced project delays of three years should provide adequate time for processing through the normal channels if NWA provides the necessary information to complete its lease application in a timely manner. However, if NWA continues to ignore important aspects of its Right-of-Way lease application, it will create additional delays which, certainly, the State will have no control over. NWA should be advised that the review of the significant amount of still outstanding information for the lease application will require several months prior to proceeding with the requirements of AS 38.35.080 and AS 38.35.100. Public hearings also require lead time. Thus, processing of a properly ammended Right-of-Way Lease application will not be an instantaneous matter. It is thus, extremely important that the numerous remaining deficiencies in the lease application, which I have summarized above and itemize by separate letter, be properly addressed according to a realistic time schedule if NWA is not to create additional, future delays in the issuance of the appropriate leases.

Sincerely,

C. Behlke

Charles E. Behlke
State Pipeline Coordinator
Office of the Pipeline Coordinator

CEB/de

cc: John Katz, Commissioner, Department of Natural Resources, Juneau
Wilson Condon, Attorney General, Department of Law, Juneau
John Rhett, Federal Inspector, Office of the Federal Inspector, Washington, D. C.
Robert Loeffler, Counselor, Morrison and Foerster, Washington, D. C.

THE PRECEDING DOCUMENT(S) MAY NOT FILM LEGIBLY BECAUSE OF POOR QUALITY OF THE ORIGINAL.

Are the Japanese and South Koreans finally getting ready to buy Alaskan natural gas?

Gas for the lamps of Seoul?

By Lawrence Minard

If the Japanese, Koreans and Taiwanese are serious about reducing their trade surpluses—$81 billion, combined, last year—against the U.S., there is a U.S. product to which they could quickly commit: Alaskan natural gas. So much natural gas comes up with the crude oil on the North Slope that the Prudhoe Bay field's owner-operators, Standard Oil and Arco, are reinjecting the gas at the rate of 2.6 billion cubic feet a day (bcf/d).

Over the years, several schemes have been advanced to create a market for the gas. One was the Alaska Natural Gas Transportation System (Angts) proposal, which was approved by the U.S. and Canadian governments in 1977. Under it, a 4,790-mile pipeline would have been built from the North Slope through Canada, piping the gas into midwestern and California markets *(see map)*. Projected cost in 1980: about $40 billion, which reflected inflation and interest rates at the time.

The Angts proposal remains the only federally approved gas pipeline project. But falling energy prices have postponed the project, perhaps indefinitely: five of the original ten members of the consortium backing Angts have dropped out. Says a leading North Slope oil executive bluntly: "Angts is dead."

What may have more life in it is a five-year-old competing proposal by Anchorage's Yukon Pacific Corp. to ship liquefied natural gas across the Pacific. Yukon Pacific has substantial backers, including CSX Corp., with a one-third interest; former Alaska Governor Walter J. Hickel and other investors, with another one-third; and Supra Corp., one-third. Supra's owners include former Arco Chairman Robert O. Anderson and shipping magnate Daniel K. Ludwig.

Yukon Pacific's proposed Trans-Alaska Gas System (Tags) would run a pipeline along most of the existing Trans-Alaska oil pipeline's right-of-way 800 miles south to Valdez. There the gas would be liquefied and shipped to Asia.

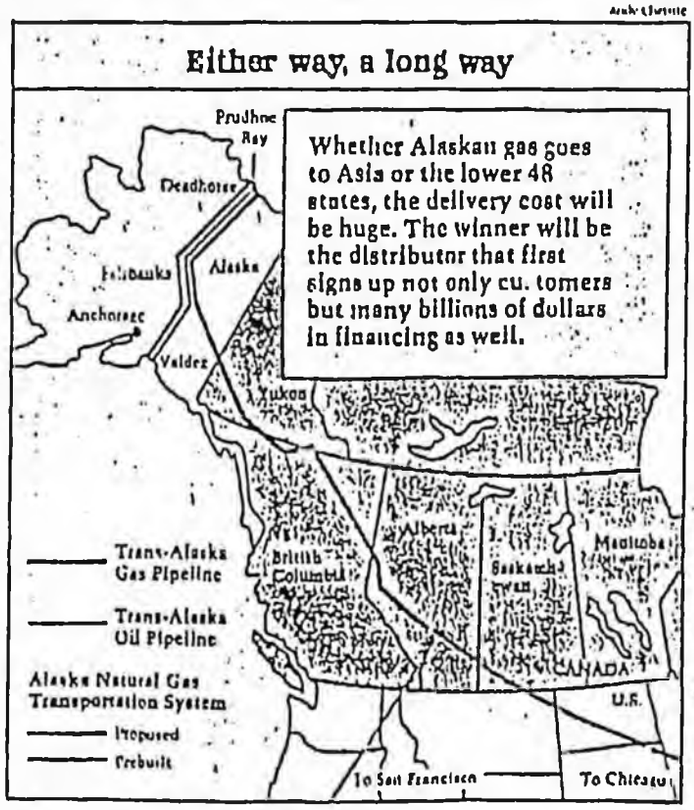
In his modest Anchorage offices, Yukon Pacific Chief Executive Howard Griffith says he would like to market all 14 million metric tons of liquefied natural gas a year (the equivalent of around 2 billion cubic feet daily) of North Slope gas available. But Tags, he adds, could be viable on half that volume.

Japan is the most obvious prospect. It currently consumes around 28 million metric tons of gas annually, most of it imported from Indonesia and Brunei. Projecting energy needs is notoriously difficult. But according to the Japan Gas Association's latest forecast, Japanese gas consumption will rise to over 42 million metric tons annually by the year 2000. Yet contracts and commitments have been signed for up to 35 million metric tons. Yukon Pacific wants to supply the additional 7 million or 8 million metric tons.

But so large is Tags' scale, says Yukon Pacific Treasurer Mead Treadwell, that "it's too big for any one country to take on." For Tags to work well, Korea would have to sign on for around 6 million metric tons a year. Or Taiwan would have to.

Why have the Asians so far failed to commit to Alaskan gas? Price, mainly. In 1982 the estimated cost of Tags' pipeline, compressor stations and 15 LNG tankers was $14 billion (some $27 billion, factoring in inflation and prevailing interest rates). That put Alaskan gas at a steep disadvantage against gas from Indonesia and Brunei. Alaskan gas is still at a disadvantage, but somewhat less so. Falling inflation and interest rates, and improved knowledge of arctic and subarctic construction gleaned from the North Slope's 1974-84 building boom, have sharply reduced all North Slope construction cost projections. Says Treadwell: "Once we applied a lot of study to that $14 billion number, we came up with less than $10 billion, at least 10% less."

Treadwell expects the U.S.-Japan Energy Working Group, created by President Reagan in 1983 to promote U.S. energy exports to Japan, will conclude this year that Tags is viable. He predicts the



Japanese will sign letters of intent to buy Alaskan gas early next year, with deliveries beginning in 1995 or 1996. Treadwell also notes that the Commerce and State departments have forcefully raised the gas issue in trade talks with the Japanese and Koreans. "Support like that," says Treadwell, "doesn't go unnoticed over there."

If Yukon Pacific can sell gas to the Asians and arrange Tags' financing, it will still face a fight from its primary competitor, the Alaska Natural Gas Transportation System. Late last month, lawyers for Angts insisted to the Federal Energy Regulatory Commission that Angts has exclusive right to market existing North Slope gas reserves, implying that Yukon Pacific has nothing to sell. On Yukon Pacific's side in this debate is the state of Alaska. It doesn't care who trades in its gas, so long as someone does.

Standard Oil President Frank Mosier would also like to sell his Prudhoe Bay gas. Mosier doubts that either Angts or Tags will move ahead until oil gets back over $25 a barrel. But he says: "If someone can make Tags work, we stand ready to make our gas available. We'd feel blessed if something happened to allow us to market our North Slope gas." ■

(7)

HOUSE COMMITTEE REPORT

Date referred: 2/11/87

FURTHER REFERRALS: Resources

DATE: March 13, 1987

The Transportation Committee has considered HB 118

"An Act relating to decisions on right-of-way lease applications."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[X] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Mike Miller

Hannah Sprenger

D. A. Bowden

Bette Cato

SIGNING OTHER RECOMMENDATIONS:

Bill Thomson - NO Rec.

Bette Cato

Chairman's signature

Official Business

COMMITTEE: House Transportaiton

DATE: February 25, 1987

SIGN-IN

Subject of meeting:

* HB 118 "An Act relating to decisions on right-of-way lease applications."

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
HARRY NOAH	P.O. Box 101700 Anchorage AK 99510	277-1596	YUKON PACIFIC CORP. - manager of Permitting	yes
Richard Thompson	Dept. of Natural Resources - Juneau	465-2400	DNR - chief of contracts	No / Questions only
Rep Shultz	Ak State Legislature	465-4914	sponsor of HB 118	yes

Official Business

COMMITTEE:

House Transportation Committee

DATE: February 27, 1987

SIGN-IN

Subject of meeting:

HB 74: "An Act relating to motorcycle license plates."
HB 94: "An Act relating to boat numbering, accidents, and safety; and providing for an effective date.
HB 118: "An Act relating to decisions on right-of-way lease applications."

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?	
John Manning	Health & Social Services Planner P.O. BOX H-06C Juneau, 99811	465-3141	EMS/DPH/DHSS	Yes (HB94)	94 *
Elliot Lipson	9001 Long Run Dr. Juneau 99801	789-0989	self	no	
HAROLD MOLES	Vice President, Operations 2BKS AK 1001 NOBLE Suite 240 99701	456-876	Pipeline NORTHWEST ALASKAN	HB 118 yes	HB 118
GRETCHEN DEER	Special Assistant to The Commissioner PO. Box N, Juneau, AK 99811	465-4300	Public Safety	HB 94 Yes	94
D.M. WALDRON	612 Willoughby Ave Juneau 99801	586 7349	USCG	Yes HB 94	94 *
M.A. CONWAY	P.O. Box 3-5100, Juneau, AK 99802	586-7197	USCG	NO	
G.M. HARBEN	CCGD 17 (dp)	586-7471	USCG	HB-94 IF NEEDED	94
Bill Brown	P.O. Box N	465-4335	DMV	Answer questions HB 74	74 *
Kip Shultz	AK State Legislature	465-4940	sponsor of HB 118		

Official Business

COMMITTEE: House Transportation Committee

DATE: March 13, 1987

Subject of meeting:

HB 118: "An Act relating to decisions on right-of-way lease applications."

SIGN-IN

NAME PLEASE INCLUDE TITLE	ADDRESS PLEASE USE COMPLETE ADDRESS PLEASE INCLUDE ZIP	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Harold Moles	Vice President Northwest Alaskan FBKs AK 99712	456-8700	Northwest Alaskan Pipeline	yes
Jeff Jonkel	General Counsel Yukon Pacific		Yukon Pacific	yes
Meg Hayes	DNR	2400		answer questions
Dirk Tuttle	DOT	2490		yes

HB

123

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation

4/22/87

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

April 22, 1987

COMMITTEE CALENDAR:

HB 123: "An Act relating to the issuance of international airport revenue bonds; and providing for an effective date."

FOR THIS MEETING YOU HAVE:

A folder on HB 123 that includes:

* a copy of HB 123
* two letters from the Governor
* a fiscal note from DOT/PF
* a fiscal note from the Department of Revenue
* a letter of support
* a copy of the statutes impacted by HB 123

JUNEAU

February 10, 1987

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that relates to the manner by which international airport revenue bonds may be sold. The principal purpose of this bill is to authorize the sale of international airport revenue bonds by either private or public sale (similar, for example, to the Alaska Industrial Development Authority's authority under AS 44.88.090(d)). Present law requires that airport revenue bonds be sold by public sale. While a public sale is often desirable, it is at times in the best interests of the state to sell bonds by private or negotiated sale. For example, a private sale may enable the state to move quickly to take advantage of favorable market conditions. The bill provides this desirable flexibility.

I urge your prompt review and approval of this legislation.

Sincerely,

Steve Cowper
Governor

STEVE COWPER
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

APR 21 1987

April 19, 1987

The Honorable Bette Cato
Chair, House Transportation Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Cato:

As you are aware, HB 123 is in your committee. I feel this legislation is quite important to the proper operation and functioning of my administration.

I would appreciate your committee review and action on this legislation and your personal assistance to move this bill out of your committee. As we both know, this legislative session will soon be drawing to a close.

If you have any questions please contact my legislative office and either George or Bob will see that the appropriate people promptly respond to you.

Thank you for your continued support.

Sincerely,

Steve Cowper
Governor

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HB 123
Publish Date:

REQUEST:

Revision Date:
Title: Issuance of International Airport Revenue Bonds
Sponsor: Rules by Request of Governor
Requestor: House Transportation

Agency Affected: Department of Revenue
BRU: Treasury
Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker MB
Division: Treasury
Phone: 465-2350
Date: April 17, 1987

Approved by Commissioner: H Malone
Agency: Department of Revenue
Date: 4/19/87

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill version: HB 123
Publish date: 2/11/87

REQUEST
Bill/Resolution No.:
Title: Relating to International Airport Revenue Bonds

Sponsor: Governor
Requestor: House Rules Committee
Date of Request: 12/9/86

FISCAL DETAIL
Agency Affected: DOT&PF
BRU: Anchorage International Airport

Components: Commissioner's Office

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: There is no identifiable fiscal impact for this bill. A private sale of International Airport Revenue Bonds may enable the State to move quickly to take advantage of favorable market conditions.

Prepared By: William R. Snell
Phone: 266-1440
Division: Central Region Deputy Commissioner
Date: 12/9/86

Approved by Commissioner: Rocky Gutierrez
Date: 12/12/86
Agency: Department of Transportation & Public Facilities

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

9/16/86

Government Finance Associates, Inc.

101 Carnegie Center, Princeton, New Jersey 08540
(609)452-1575
Corporate Headquarters

New York City Offices
Suite 1301
71 Broadway
New York, New York 10006
(212)809-5700

Northwest Offices
Suite 1200
1211 SW Fifth Avenue
Portland, Oregon 97204
(503)222-1405

March 4, 1986

The Honorable Milton B. Barker
Deputy Commissioner
Department of Revenue
State of Alaska
333 Willoughby Avenue
Pouch SB
Juneau, AK 99811

Dear Milt:

This letter has been drafted to set forth the reasons legislation should be enacted by the Alaska legislature to allow the securities issued by the Anchorage International Airport to be sold on a negotiated basis. It should be immediately emphasized, however, that as a matter of public policy, competitive sales should be encouraged and utilized to the maximum extent possible. Nevertheless, as described below, a series of reasons exist to authorize negotiated sales for these securities.

As a matter of practice, negotiated sales are appropriate when they can save interest expense or market cost for the issuer. Under the following conditions, negotiated sales can be cost-effective.

1. New Security. If the borrower sells a security with characteristics unlike those employed for other securities previously sold by the borrower, then the issue is a candidate for being sold on a negotiated basis.

2. Volatile Market. During periods in the recent past, the tax-exempt market has experienced substantial volatility in interest rates. In such periods, the timing flexibility that is available from negotiated sales can result in lower interest expense and a more stable borrowing.

3. Uncertainty In The Market Place. Since January 1, 1986, the tax-exempt market has been particularly unsettled, responding to the Tax Reform Act passed

by the House of Representatives at the end of 1985. Frequently, unanticipated events create uncertainty, and in these circumstances, the ability of a borrower to negotiate can prove beneficial. For example, the City of Phoenix, a highly rated city, offered a bond issue in early January on a competitive basis. Because of the unsettled conditions, Phoenix received only one bid, with interest rates which were comparatively very high. The City decided to reject the bid, but it subsequently sold the issue on a negotiated basis with more favorable results.

4. Credit Concerns. If the market needs to be "sold" on the creditworthiness of a particular security issue, a negotiated sale is a much more effective way of doing it. The underwriting group is responsible for educating the market about the credit. It is unlikely that a competitive sale can adequately accomplish this education process.

As you know, as a result of many of the ideas presented above (i.e., the expanded use of new debt instruments, the general volatility in the market, and increased credit problems), an increasing number of negotiated issues have come to market. While Airport securities may continue to be sold competitively, we believe it wise to provide the Airport the additional flexibility to sell debt on a negotiated basis.

If you have further questions, please do not hesitate to contact us.

Best regards,

J. Chester Johnson

jm

(7)

HOUSE COMMITTEE REPORT

Date referred: 2/11/87 FURTHER REFERRALS: Finance

DATE: April 22, 1987

The Transportation Committee has considered HB 123

"An Act relating to the issuance of international airport revenue bonds; and providing for an effective date."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact [ ] same as previous fiscal note published _____

[X] zero fiscal note

[ ] zero with analysis [ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Bill Hudson

Herman Springer

Bette Cato

R. G. Tinsley

SIGNING OTHER RECOMMENDATIONS:

Bette Cato

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: April 22, 1987

SIGN-IN

Subject of meeting:

*HB 123: "An Act relating to the issuance of international airport revenue bonds; and providing for an effective date."

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Exec. Dir. Alaska Internat. Aird. System Doyle Reiff	Box 190204 Anchorage 99519-0204 ~~P.O. Box 60305, Fbnks 99706~~	266-1400 434-2500	DOT/PF	
acting director of Anch Intr Airp. Larry Michau	Box 190204, Anchorage, 99519-0204	266-1422 266-1400	DOT/PF	
manager of Statewide Aviation Gina Marie Lindsay	Box 196900 Anch, 99519	243-1111	DOT/PF	

* indicates first public hearing

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5150 HTRA HB 150 - HB 156

122

HB

150

STATE OF ALASKA
THE LEGISLATURE

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

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May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation

4/6/88

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

April 6, 1988

****

COMMITTEE CALENDAR:

HB 150: "An Act relating to taking a propelled vehicle of another."

SB 463: "An Act relating to unused airline tickets."

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

a folder on HB 150 that includes:

item #1: HB 150
#2: fiscal note - Dept. of Public Safety
#3: petition of support
#4: statutes

a folder on SB 463 that includes:

item #1: SB 463
#2: a statement from Sen. Josephson
#3: fiscal note - Department of Revenue
#4: statutes
#5: support statements - Mark Air
Reeve Aleutian Airways
#6: opposition statement - National Association of Unclaimed Property Administrators

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SSHB 150
PUBLISH DATE:

FISCAL NOTE

REQUEST

Revision Date:
Title: "An Act relating to taking a propelled vehicle of another."
Sponsor: Rep. Taylor, Zawacki, et al
Requestor: House Transportation

Agency Affected: Public Safety
BRU: Alaska State Troopers
Components: Criminal Investigation Bureau

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY88	FY89	FY90	FY91	FY92	FY93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUNDS						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact is anticipated.

Prepared by: Francis C. Allan
Division: Alaska State Troopers
Phone: 269-5691
Date: 3/30/88

Approved by Commissioner: Arthur English for
Agency: Public Safety
Date: 3/30/88

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

February 26, 1988

Representative Robin Taylor
P.O. Box V (MS-3100)
Juneau, Alaska 99811

Dear Representative Taylor:

Enclosed please find copies of the petition that has been circulating in Petersburg. The citizens of Petersburg would like the Legislature to change the Laws regarding Stolen Vehicles. We feel that a person who steals a vehicle, be it an automobile, boat, or airplane; should be prosecuted as having committed a Felony, rather than Criminal Mischief. The fact that we live on an island is immaterial, and should not make a difference in the level of punishment for stealing a vehicle.

Only you, as our elected representative, can author a Bill to change the Law. So we are formally requesting you to do this.

If I can be of any assistance to you in doing this, please feel free to contact me.

We still have petitions out, in Petersburg, but it appears that we have 100% of the adult population in favor of the above change; AND we also have the endorsement of the Petersburg City Council.

Respectfully yours,

Gayle M. Eastwood

enc:

cc: Governor Cowper
Senator Jones
Representative Sund

We, the citizens of Petersburg, feel the need for a change from "Joy-riding" to Grand Theft Auto, if a person steals a vehicle. We feel that it is immaterial if we live on an island or not. It is a case of taken someone's property without their permission and should receive the penalty for their actions. If the owners leave their key in the ignition, that is between their insurance company and themselves. The thief should be prosecuted as a car thief.

Please put Street address

NAME		ADDRESS	
Belinda Clayton	BELINDA CLAYTON BOX 582	Petersburg AK 99833	#9 Birch St.
Vera Wagner		"	"
Sharon Hubbard		Box 1662 PSG	
Mike B Riedel	POB 1440	Petersburg AK 99833	Aimee Roe
Jessie Casey	Box 1375	Petersburg Ak 99833	Terrie Casey
Mark & Ryan	POX 1021	Petersburg AK 99833	1021
Lynn Becky	Box 547	Petersburg AK	99833
Lisa Irish	Box 333	400 3rd Ave N	Petersburg AK
Dorothy Ringle	Box 315	100 S 5th ST	Petersburg AK 99833
Mary Jane Krutz	Box 1113	1004 N Nordic Dr	Petersburg, AK 99833
Teresa Snipes		200 Sandy Beach Road	Petersburg, AK 99833
Kim Miller	3401A Mitkof Hiway	PSG AK	99833
Karen Severson	Box 1502	Psg. AK	99833
Debra J. Carroll	Box 324	324 Mitkof Hwy	Psg. AK 99833
Teresa Goodwin	Box 1565	PSG AK	99832
Beverly Hammer	Box 233	200 Fourth St	Psby AK 99833
Eric Siebenaler	200 2nd #9	Petersburg, AK	99833
Michael J Musewski	Box 1134	Petersburg	AK 99833 Michael Musewski
William Reid	Box 1010	Petersburg, AK	99833
Eric Ross	Box 1144	708 Mitkof Hwy	Petersburg
Erling Roth	Box 1008	311 E Nordic Dr	Petersburg AK 99833
Victoria McDonald	Box 556	105 Lewis Lane	Petersburg AK 99835
MARGARET ROGERS	BOX 513	602 IRA ST.	Petersburg AK 99833
Teresa Watson	Box 1010	1113B Valdez	Petersburg AK 99833
Jackie R Tyson	Box 16	706 N Nordic Dr	Petersburg AK 99833
Martha Powell	1021	1010 N Nordic Dr	Petersburg AK 99833
KATHRYN CHANEY	1276	1113B N NORDIC DR	PETERSBURG 99833
David E Helmick	PO Box 913	Papke's Landing	Petersburg David Helmick
Ethel Bell	P.O. Box 1474	Petersburg	Alaska
Tracy L Dunsford	706 Odin	Prince Ak	General Delivery
Cecilia Thompson	PO 1404	Petersburg	
Mike Bish	Box 47	Petersburg	Alaska
Peter J Pilcher	3401A Mitkof Hwy	Petersburg	AK 99833
Edna Wilbert	TINA HUGGER Box 873	Petersburg Alaska	6 Hillcrest Hill
Kay Beam	321 Mitkof Hiway	Petersburg AK 99833	(Box 1618)
Joe Jo White	Box 246	Petersburg AK 99833	
Kathy A Wood	Box 707	PSG, AK	99833
Jeffrey Reuca	Box 1086	340 Mitkof Highway	Petersburg AK 99833 Jeffrey Reuca
Jack Hino	Box 1272	103 Cornelius Rd	Petersburg AK 99833
Judith Scheinberger	Box 1641	285 Mitkof Highway	Petersburg AK 99833
[illegible]	Box 105	Pet	AK
Mike Scott		Halibut Bay	AK
Dawn Caples	Box 524	Psg	AK 99833 (205 Fram)
Mary Tatt	Box 1403	276 Old Mine	Rd - Kitchen

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NAME	ADDRESS	
Dave N. Ohmer	613 Sandy Beach Road	Dave Ohmer
Britt Powell	Box 627	Petersburg
Terri L. Ohmer	[illegible]	[illegible]
James G. Ohmer	[illegible]	[illegible]
William Feech	110 HARBOR WAY	Box 545
Judy Benjamin	1125	
Bill I. Johnson	Box 1655	
Spencer Murphy	BOX 1701	
JERRY HEGER	P.O Box 435	
R.H. Sherman	P.O. Box 89	3469
Fay Willard	Box 941	City
Jim Dan Pope	Box 1751	City
Helen Dean	Box 689	503 Nordic Dr.
Darrell Wright	Box 1002	
Wal Logan Wall	P.O. Box 35	Petersburg AK
Jeff Griffin	P.O Box 1091	
Charles O Polo	P.O. Box 38	1117B Valkyrie St. Petersburg, AK
Margaret Jacobsen	P.O Box 201	Petersburg AK
David W. Woodward	David Woodward Box 782	
Paul Pieper	Box 836	Petersburg
[illegible]	Box 32	PSG
Jill Mika	BOX 1524	PSG
Doug Powell	Box 947	Petersburg AK
Tracy Littleton	Box 978	PSG
Andrea Bell	Box Bell	PSG Cinthea Fine
Frank Pinnow	Box 1275	PSG, AK 99835
Bryce Kent Kruse	Box 544	CITY
Christine Medford	Box 1746	City
Elmer L Cope	Box 3	PSG
Ernest Bell	P.O. Box 1275	PSG
Roland Christy	Box 826	PSG
Dennis Clark	Box 76	PSG Dennis Clark
Robert Erickson	Box 988	PSG Robert Erickson
Kenneth Kyll	Box 1767	PSG
Tracy MacDonald	P.O. Box 924	PSG
Rocco Fernandez	Box 662	PSG
Peggy Ann Hall	Box 1264	PSG
David R Ryans	Box 996	PETERSBURG, AK.
Jerry Cook	" 1628	
Robert Cook	" 1628	
[illegible]	" 264	PSG AK Tom Matney
[illegible]	BOX 1505	PSG AK
Mark Woodworth	Box 1552	PSG AK

theft

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	NAME	ADDRESS
	Ken Taylor	Box 1677 PSG AK
	R Christensen	Box 824 Petersburg AK
✓	D. Olaw	Box 814, Pbg Ak
✓	B. Welde	Box 875 PSG AK
1024	Jerry C. Bayonas	Box 521 PSG AK
	Kristen K. Thompson	Box 521 Petersburg AK
	Marilyn Wiehl-Myers	Box 1056, PSG AK
	Stan E. Karilyn O'Neil	Box 912, Pbg AK.
	W. Earl Midkiff	Box 990 Petersburg, AK.
	Dennis Commodore	Box 730 Pbg, AK
	Peter P. Dodgard	Box 162 PSG AK
	Laura Decker	P.O. Box 1063 PSG
	Curtis Olson	Box 231, Petersburg AK
	George Voorhees	Box 615 PSG
	Cynthia Shelton	Box 464 Petersburg AK
	Jan Davis	City Petersburg AK
	[illegible]	P.O. Box 135
	[illegible]	PO 707 Petersburg, Alaska
	[illegible]	[illegible]
	Esselman, Frank	P O Box 581, Petersburg, Alaska.
	Myrtle Davidson	P.O. Box 1336, PSG, AK.
	Dave	P.O. Box 1348 Petersburg
	Cathy Pearson	PO Box 1056 Petersburg AK
	Jack N Bunt	P.O. Box 1113 Petersburg, AK
	[illegible]	PO Box 277 PSG AK
	Deanna Haynes	Box 452 Petersburg, Alaska
	Cindy Lucas	Box 770 PSG AK
	[illegible]	Box [illegible] AK
	[illegible]	Box 481 Petersburg
	Christine L Waterhouse	Box 253 PSG
	DAVID SLOOBANSKI	Box 1711
	Terry Terry	Box 1371 Psg, AK
	Kristyne Kabinger	Box 1252 PSG AK
	Maree Ness Brunner	Box 1195 Psg, AK
	Heather Cain	Box 1083 Psg, AK
	Kenny Olson	Box 1557 PSG AK
	Sandy Reid	Box 1187 Psg AK
	[illegible]	Box 432 "
	Carol K. Poling	Box 1531 Psg Ak
	Ingrid Medalia	Box 352 " "
	[illegible]	Box 504 " "
	[illegible]	Box 1701 " "
	[illegible]	Box 1701 " "
	[illegible]	Box 803 Petersburg Alaska

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NAME	ADDRESS	
Dennis Duncan	711 Wrangell Ave	Petersburg
[illegible]	116 [illegible]	Petersburg
Ruth A. Benitz	405 Haugen Dr	Petersburg
Robert L Benitz	405 Haugen Dr	Petersburg
[illegible]	723 [illegible]	Petersburg
Richard Dybdahl	261 Excursion Inlet	Petersburg
Clark Monduth	P.O. Box 766	Petersburg
[illegible]	P.O 271	City
Pam Newell	74 200 2nd ST Box 622	City
Judini Mastricola	1306 Wrangell Box 305	Petersburg
R & Rock Pile	PO Box 1678	Petersburg
Marsha Jewell	P.O. Box 815	Petersburg
Wanda Goodrich	PO Box 1718	Petersburg
Howard La Beau	P.O Box 821	Petersburg
Helen Tetterell	Box 947	Petersburg
Myrtle Lyons	Box 74	P.S.B.G.
Elizabeth J. Ward	Box 1093	PSBG
Billie D Nyberg	Box 1043	Petersburg Ak.
Dennis Emmonegger	Box 730	Petersburg, Ak.
Peter A Colbeck	Generak Delivery	D-BURG
Patricia Mundle	Box 710	Petersburg
[illegible]	Box 695	[illegible]
Richard P. Stone	Box 1434	Petersburg
1110 Rene MacDonald	Box 575	Petersburg
Pete Wallen	Box 495	Petersburg
[illegible]	PO Box 273	Petersburg
Margaret V Black	P.O. Box 443	Petersburg
Sonja Bakewell	P.O. Box 190	Petersburg
Nels Borresen	P.O. Box 1063	Petersburg
Julia Nelson	PO Box 421	Petersburg
[illegible]	P.O. Box 118	Petersburg
[illegible]	Box 1735	"
Theresa K. Osborn	Box 1516	Petersburg AK
Mary I Hambly	Box 1111	Petersburg
Beaufus Thomassen	Box 81	Petersburg
Linda L Nystrom 1114	Box 1082	Petersburg
[illegible]	Box 1082	"
[illegible] 1115	Box 1327	PSBG
[illegible]	PO Box 487	Pete
[illegible]	P O Box 473	PSG
[illegible]	Box 1508	Pete
[illegible]	Box 930 801 Fram	Petersburg

Kathy Hamilton Box 174 City
Dessen Reid PO Box 174 City

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NAME	ADDRESS
Brent H. Tronk	Box 1333 400 2nd Ave. N. Petersburg AK 99833
Hagles M. Roesel	Box 1040 Psg. AK. 99833
Robert W Lukis	Box 881 Psg. AK 99833
Ted Weisenburger	Box 86 Psg AK. 99833
Donna Mylrea	Box 152 PSG-J AK 99833
Godey Mathiesen	Box 1124 PSG. AK 99833
Robert McGillvary	Box 1124 PSG. AK. 99833
Russ Lutz	Box 1353 PSG AK- 99833
Richard Hoyt	Box 1411 PSG AK 99833
Barry Olson	Box 514 " " "
Eric Fritz 1120	Box 271 " " "
Steve Miller	361
Chris Lyon 1121	Box 285 PSG AK 99833
Susan Seely	Box 1413 Wrangell AK 99833
Lonnie Hansen	Box 610 PSG AK 99833
Peggy Bellows	Box 481 PSG AK 99833
Penny Steele	Box 843 PSG AK 99833
Jim Stein	Box 366 PSG AK 99833
Kathy Knight 22	Box 1658 PSG AK 99833
Patricia Pahl	Box 97 PSG " " 99833
Rebecca Pendleton	Box 1033 " " "
Glenn D. Floyd 1124	Box 323 " " "
Christine L Hohenstatt	Box 253 PSG. AK 99833
Mrs. Teresa A. Estes 1125	Box 279 Petersburg AK 99833
Mr. Gregory Greiner 1126	Box 125 " "
Ken Yeatts 1127	Box 1477 PSG AK "
Douglas A Cranmer	Box 363 PSG AK 99833
Debra McCallum 1128	Box 1663 PSG AK 99833
Nancy Davis 1129	Box 373 PSG
Randy Kozlosky	1256 Town
John C Loudrys	Box 173 PSG Alaska 99833
Linda Kay Crane	161
Dee E Johnson 1130	Box 458 PSG AK 99833
Traci Nicholson	Box 1655 PSG AK 99833
Shelby Jean Walker 1131	Box 1315 PSG AK 99833
Jon Kelly 1132	Box 745 Petersburg AK
Donald Gusta 1133	Box 149 Petersburg AK 99833
Mark A. Ken	Box 1778 Petersburg
Bob Lee	Box 1066 PSG
Jane Edwards 1134	Box 1773 PSG
Tom Drenon 1135	Box 1655 PSG
Marianne K. Harris 1136	Box 823 PSG
	Box 479 Pete

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	NAME	ADDRESS	
113	Courtney Lyons	Box 189	14 Magella Petersburg AK.
114	Arland J. LaDeaux	Box 907	Petersburg AK
	Joel Lowe		
	Mark Lowe	Box 1468	Petersburg AK
	[illegible]	Box 846	Pts AK
	[illegible]	Box 84	P.G. AK
	[illegible]	Box 1473	P.S.G. A.K
	[illegible]	Box 898	" "
116	Michael R. Peterson	Box 605	Petersburg AK 99833
	Cynthia L. Waddell	Box 1723	Petersburg AK 99833
	Randy Waddell	"	" " "
118	Mark Martinsen	Box 331	Petersburg AK 99833
119	[illegible]	Box 1026	Petersburg AK 99833
	[illegible]	Box 77	Petersburg AK 99833
	[illegible]	Box 1364	Petersburg AK 99833
	[illegible]	Box 668	P.O. AK 99833
	[illegible]	Box 1053	P.S.G. AK
	[illegible]	378	P.S.G.
	[illegible]	Box 1478	P.S.G. 99833
	[illegible]	P.O. 365	P.S.G. 99833
	[illegible]	P.O. 1025	P.S.G. 99833
	[illegible]	P.O. Box 512	P.S.G. AK 99833
124	[illegible]	P.O. Box 1032	P.S.G. AK 99833
	[illegible]	Box 1524	P.S.G. AK 99833
	[illegible]	Box 1065	P.S.G. AK 99833
	[illegible]	Box 761	Petersburg AK 99833
127	[illegible]	Box 1555	Petersburg AK 99833
	[illegible]	Box 133	P.S.G. AK 99833
	[illegible]	Box 1624	P.S.G. AK 99833
	[illegible]	Box 690	Petersburg AK 99833
132	[illegible]	Box 423	P.S.G. AK 99833
134	[illegible]	Box 363	P.S.G. AK 99833
135	[illegible]	Box 267	P.S.G. AK 99833
	[illegible]	Box 20	" " "
137	[illegible]	Box 134	" " "
	[illegible]	Box 910	" " "
	[illegible]	Box 935	P.S.G. AK
	[illegible]	Box 207	P.S.G. AK
	[illegible]	Box 162	P.S.G. AK 99833
	[illegible]	Box 641	P.S.G. AK
149	Steve Bergman	365	P.S.G. AK
150	MIKE COOPER	Box 171	P.S.G. AK 99833

William E. [illegible] Petersburg AK Del. Steal A CAR go to JAIL

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NAME	ADDRESS
Janice Atolou - James Stolpe	2000 SANDY BEACH RD
Susan Altschuler	501 Halgen DR. Box 258
Donald Beck	Box 341 8645
John Ross	Box 716 800 S 18TH ST City
Lewis Crump	B. 7563 4151 MILE OF Hwy
Wendy Schuster	Box 786 14 S. 3RD St.
W.C. Green	Box 725 Psg. AK
Archie Buckwell	Box 819 Psg AK
Jack M Kinman	Box 1290 Psg AK
Elias Lucas	Box 1161 Psg AK
Mitchell Eide	Box 14 Psg AK
Arnal A Anderson	Box 1454 Psg AK
Lewis Nicholas	Box 1292 Psg AK
Larry McCullough	Box 707 Psg AK
Richard Lee	Box 1046 Psg AK
Mike Tillion	Box 1704 Psg AK
Dennis Stanchfield	Box 1326 Psg AK
Patricia Lee	Box 752 Petersburg
Rick M Fleming Rick Fleming	Box 1092 - Petersburg AK. 99833
Ivan STEPHEN	Box 584 Psg, AK 99835
Chuck M. Hubbard	P.O. Box 1566 Psg, AK. 99833
Bella Rhyne	Box 476 - Psg. AK 99833
Anna Lou SADLER	Box 1463 Psg AK 99833
Tracy & Alex Reid	Box 1107 Petersburg, AK 99833
Dean Johnson	Box 257 Petersburg AK 99833
Dennis Emmerson	Box 732 Psg, AK. 99833
Richard Burrell II	Box 75 Petersburg AK 99833
Byron A Fuhs	Box 141 PETERSBURG AK 99833
Bob Deering	Box 1326 11 7½ Mi Mile of Hwy
John W. Haugne	Box 1312 Psg AK. 99833
Hunt Wahlhuet	Box 424 Psg AK
Angela Montemayor	Box 1424 Psg. AK 99833
Bruce Beucler	Box 952 PSG AK 99833
Elmer Duncan	
Donna Martinsen	1306 Wrangell Ave - Box 385 Petersburg
Jenna Rogers	807 Wrangell Ave. Box 502 Petersburg, AK
Pete Kibellus	Box 414
David Gale	Box 402
Tim M Martin	Box 1173 Petersburg AK
MR. D. McCay	Box 161 PSG, AK 99833
MSteve Comer	Box 1174 PSG AK
GERHARD HILLER	Box 136 PSG, AK
WILLIAM DEAN	Box 683 PSG AK - 523 S. Nordic Dr.

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NAME		ADDRESS		
Sig Mathisen		Box 1460	Petersburg, Alaska	9985
[illegible]	[illegible]	Box 829	"	"
[illegible]		Box 513	"	"
James A. McEwen	[illegible]	PO Box 1530	Petersburg AK.	
Carpie Westin	[illegible]	Box 114	"	"
Lars Eide	[illegible]	PO Box 941	"	"
Marvin MacKenzie		Box 274	"	"
Edward Lyons	[illegible]	Box 830	Petersburg Alaska	998
Wes Abbott	[illegible]	Box 185	Petersburg AK	99833
David D. Clayton	[illegible]	Box 882	Petersburg AK	99833
Marilynne [illegible]	[illegible]	Box 882	PETERSBURG AK	99833
Jack Peterson		Box 1765	PETERSBURG AK	99833
[illegible]	[illegible]	General Delivery	Petersburg, AK	9983
Frances A. Hubbard	[illegible]	Box 981	Petersburg AK	998
Thomas H. Hubbard	[illegible]	Box 981	Petersburg, AK	998
Brad Shrogel	[illegible]	Box 647	Petersburg AK	
George P. [illegible]	[illegible]	Box 615	PSG	
William Keating	[illegible]	Box 1520	PSG	
Jack H. Willis		Box 204	PSG	
[illegible]		" 507	"	
[illegible]	[illegible]	Box 552	PSG	
Dale Ross	Dale Ross	Box 532	PSG	
Ray Perkins	[illegible]	Box 504	PSG	
Dick Tilden	[illegible]	Box 875	PSG	
James Taylor		Box 1967	Ketchikan AK	
Sherry Fahey		Box 991	Petersburg	
John Winters		Box 152	Petersburg AK	
[illegible]				
[illegible]	[illegible]	Box 503	PSG	
Woody [illegible]	[illegible]	[illegible]	PSG	
William A Prue		New Del.	Petersburg AK 99833	
Wendy Lewis	[illegible]	Box 16	"	"
George H. Dyke		Box 1303	"	"
Charlie Parsons		143	"	"
Kathleen Bent		Box 561	"	"
Tim Howell		172		
[illegible]		Box 1580	"	"
Tom Bloomquist		Box 654	"	"
Cindy Bloomquist		Box 689		
[illegible]		Box 863	"	"
Kirsten Hale		571	"	"

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NAME	ADDRESS	
[illegible]	Box 623	Pbg.
[illegible]	Box 446	
[illegible]	Box 155	
[illegible]	Box 206	Petersburg
[illegible]	1586	99833
[illegible]	box 1	PSG
[illegible]	Box 1170	PSG
[illegible]	Box 1562	Pskay
[illegible]	Box 1302	PSG, AK
[illegible]	Box 25	PSG, AK
[illegible]	Box 923	PSG AK
[illegible]	BOX 135	PSG AK
[illegible]	Gen Del	PSG AK
[illegible]	Po Box 1147	PSG AK
[illegible]	P.O. Box 566	PSG
[illegible]	P.O. Box 130	Petersburg City
[illegible]	P.O. Box 123	Petersburg AK
[illegible]	box 1161	Psg. AK 99833
[illegible]	Po Box 1651	Psg AK 99833
[illegible]	Box 552	City
[illegible]	Box 872	City
[illegible]	Box 681	Petersburg
[illegible]	Box 1423	City
[illegible]	Gen Del	City
[illegible]	Box 174	City
[illegible]	Box 174	City
[illegible]	932	"
[illegible]	Box	"
[illegible]	835	"
[illegible]	Box 1145	PSG
[illegible]	Box 166	PSG
[illegible]	Box 938	PSG
[illegible]	Box 131	PSG
[illegible]	Box 607	"
[illegible]	Box 1325	Psg
[illegible]	Box 1273	Petersburg
[illegible]	Box 1044	Petersburg
[illegible]	BOX 1243	Petersburg
[illegible]	Box 446	"
[illegible]	Box 62	Petersburg
[illegible]	Box 275	Petersburg
[illegible]	Box 1185	Petersburg

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NAME PRINT	SIGNATURE	STREET ADDRESS	BOX #
Chris Valentine	Chris Valentine	P.O Box 1146	PSG
Jeanne Wheat	Jeanne Wheat	[illegible]	PSG
Joni Wheat	Joni Wheat	Box 1274	PSG
Marge Fike	Marge Fike	Box 181	PSG
Linda Bunge	Linda Bunge	Box 238	PSG
Edward Buryanski	Edward Buryanski	Box 1418	PSG
Pamela Durst	Pamela Durst	Box 1164	PSG
Billie Taylor	Billie Taylor	Box 1267	PSG
Susan Hosford	Susan Hosford	Box 1757	PSG
H.G. Gilliland	H.G. Gilliland	Box 107	PSG
[illegible]	[illegible]	[illegible]	[illegible]
[redacted]			
Delia Nilsen	Delia Nilsen	Box 1287	PSG
Effie Evans	Effie Evans	Box 263	PSG
Beulah E. Lubin	Beulah E. Lubin	188 Mitkof Highway	PSG
MARK WEAVER	Mark Weaver	Box 1181	PETERSBORG
Barbara Edwards	Barbara Edwards	PS 511	"
Ruth Sandvik	Ruth Sandvik	Box 526	"
[illegible]	[illegible]	Box 1586	PSG
[illegible]	Shelley Hjort	Box 1364	Kake
Joy Jansen	Joy Jansen	Box 631	803 S Nordic Dr, PSG, AK 99833
Colleen Stetten	Colleen Stetten	Box 1671	PSG
RICHARD J. WALSH	Richard J. Walsh	Box 1480	PSG
Cynthia L. Britten	Cynthia L. Britten	Box 693	PSG
Edna G. Compton	Edna G. Compton	Box 943	Petersburg
Connie Gutknecht	Connie Gutknecht	Box 775	Petersburg
Alice Longworth	Alice Longworth	Box 328	PSBG AK
Jess Wanberg	Jess Wanberg	Box 643	PSBG AK
Kenneth H. Elmore	Kenneth H. Elmore	1306 Nordic Dr Apt 1	Petersburg AK 9833
Tina M. Curtiss		P.O. Box 878 PETERSBURG AK 99833	907-772-3995
William P Sharp		Box 627 Petersburg AK 99833	907-772-4448
Warrior - Heavenly			

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NAME		ADDRESS		
DON KOENIGS	Don Koenigs	P.O. Box 674	700 E St. PETERSBURG, AK	99833
Matthew SKAFLESTAD		304	304 Sandy Beach	99833
Muriel A. Phillips		P.O. Box 1289	200 S 2nd St., Petersburg	99833
Wally Pihlstrom	Wally Pihlstrom	P.O. Box 414	110 N 3rd	"
Kim McFadyen	Kim McFadyen	" 592	129 Kings Road	" 99833
Miriam Hubbard	Miriam Hubbard	Box 981	105 S. Nordic Drive	99833
Ally Andruss	Ally Andruss	Box 1332	Petersburg, AK	99833
Hilly M. Adamaard	Hilly M. Adamaard	Box 1054 - 321 Mitkof Hwy		99833
Kim E. Wickes	P.O. Box 152	Petersburg	AK	99833
Lyn Hilbert	Lyn Hilbert	Box 873	Petersburg AK	99833
Karen Cornelius	Karen Cornelius	PO Box 1727	Petersburg, AK	99833
Ruth Dawson	Ruth Dawson	PO Box 206	Petersburg, AK	99833
Wayne Jesse Smith	Box 703	Petersburg, AK	99833	
Sylvia Jarson	Box 802	Petersburg AK	99833	
[illegible]	3 w 9	P3 / AK		
PETER PETRICIC	Box 1637	Pbg AK	99833	
Bob Davis	Box 1234	Petersburg AK	99833	
Mary McNeil	Box 265	Petersburg AK	99833	
[illegible] Wilson	P.O. Box 1587	Petersburg, AK	99833	
Kathy Conner	P.O. Box 1354	Petersburg AK	99833	
Marcia Rust Mayeri	P. Stewart	Box 961	Petersburg, AK	99833
Grace & Alex Reid	Box 1187	Petersburg, AK	99833	
Roy & Sandra Sadler	Box 1676	Petersburg AK	99833	
Christina Morrison	Box 259	Petersburg AK	99833	
VIVIAN F. HEASLEY	Vivian F. Heasley	Box 607 - Petersburg	AK 99833	
Carol A Woody	Carol A Woody	Gen Del	Petersburg AK	99833
Kathy Woodby	Box 1181	Petersburg, AK	99833	
Kenneth A. Brown	Box 721	Petersburg, AK	99833	
[illegible] Hale	Box 514	Pbg	99833	
[illegible]	Box 991	Pbg		
Joann E. Fjelstad	Box 206	Pbg AK	99833	
Curtis Troyer	Curtis Troyer	Box 691	Pbg. AK	99833
Thomas McKeown	Box 326	PSG AK	99833	
Michael R Heasley	Michael R Heasley	PO Box 607	Petersburg, AK	99833
Ethel Demmert	Ethel Demmert	Box 1734	Petersburg	99853
Beth Allison-Strauss	Beth Allison-Strauss	Box 967	Petersburg	
Nicia Reed				
[illegible] Saddler		Box 1463	PSG	99833
Patricia A Wickes		Box 97	PSG	99833
Kelly A Reinstra		Box 968	Pbg	99833
Judy E Ellingson	Ellingson	Box 564	PSG	99833
Lew Brantley		Box 838	PSG	"
Dawn Burkhart		Box 1530	PSG	99833

Adam A Enders Box 234 City

Thomas W. Rockwell Box 1305 Petersburg

Louise McDaniel Box 601 Petersburg City

Glendy Sharp Box 442 Petersburg 1853

Barry E. Bracken Box 1201 705 Sandy Beach Road

JEAN A. CURRY 572 209 " " " Sitka

c/o Tuynes Box 583 ✓

~~✓~~ Margaret Rucklin Box 1217 917 Edmonds

~~KATH~~ Hammer BK 1194 104 S. Sinclair Alley Peg. AK 99833

~~Patty~~ Thomsen 304 608 620 So 2nd Peg AK 99833

~~Bob~~ Bennett Box 916 mi 4 Mitkof Hwy Peg., Ak 99833

(7)

HOUSE COMMITTEE REPORT

Date referred: 3/9/88 FURTHER REFERRALS: Judiciary

DATE: 4-6-88

The Transportation Committee has considered SSHB 150

"An Act relating to taking a propelled vehicle of another."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[X] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Bette Ann

Mike Miller

SIGNING OTHER RECOMMENDATIONS:

Bette Ann

Chairman's signature

Official Business

COMMITTEE: House Transportation Committee

DATE: April 6, 1988

SIGN-IN

Subject of meeting:

* HB 150: "An Act relating to taking a propelled vehicle of another."

SB 463: "An Act relating to unused airline tickets."

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY? (which bill)
Mike Cerkovnik	VP Finance and Controller PO Box 196769 Anchorage AK 99502	243-1484	MarkAir	SB 463
Steve Kittel	DOR P.O Box SA Juneau	465-2320	Dept of Revenue	SB 463
Sen. Josephson				SB 463
Stephanie Joannides	Law - PO Box K	5-3428	Dept of Law	HB 150
Reed Stoops	Box 1211 Juneau	6-3340	AACA	SB 463

* indicates first public hearing

HB

155

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation:

3-9-87

3-23-87

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

March 23, 1987

FOR TODAY'S MEETING YOU HAVE:

A FOLDER ON HB 155 THAT INCLUDES:

* a copy of HB 155
* a copy of the House Committee Report signed by the House Committee on Community & Regional Affairs
* a fiscal note & position paper fr[illegible] DOT/PF
* a fiscal note & position paper [illegible] the Dept. of Community & Regional Affairs
* a copy of the statutes impacted by HB 155
* a sectional analysis from Legal Services
* a bill worksheet
* a letter of support from the Alaska Rural Electric Cooperative Association
* a letter from the Alaska Municipal League
* misc. other letters

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST:

Bill Version: HB 155
Publish Date: 3/6/87

Revision Date:
Title: Utility Relocation on Municipal Projects
Sponsor: Cato
Requestor:

Agency Affected: DOT/PF
BRU:

Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Does not impact DOT&PF.

John P. Simpson 3/6/87

Prepared by: Theron H. Bond
Division: Engineering & Operations Standards
Phone: 465-2957
Date: 3/6/87

Approved by Commissioner: Mark D. Hickey
Date: 3/9/87
Agency:

Distribution (by preparer):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

Dept. of Transportation & Public Facilities

Position Paper

BILL NO: HB 155

TITLE: Utility Relocation on Municipal Projects

APPROVED: Mark Hickey MSH
Commissioner

DATE: 3/9/87

The Department of Transportation and Public Facilities supports HB 155.

The legislation would require municipalities to treat utility relocation, incident to municipal road and other project construction, in a manner similar to that currently required for utility relocation on State highway, airport and public facility construction. As the bill is written, it would apply only to utilities regulated under AS 42.05.

For further information call Susan Fleischhauer at 465-3900.

(5) HB 155

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version : HB 155
Publish Date :

REQUEST:

Revision Date:
Title : An Act..change, relocation etc of utility facilities incident to construction

Agency Affected : Community & Regional Affairs
BRU : Local Government Assistance

Sponsor : Rep. Cato
Requestor : House C&RA

Components : Training & Development

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by : Barbara Stevenson, LGS
Phone : 465-4750
Division : Municipal & Regional Assistance
Date : 3/4/87

Approved by Commissioner : David G. Hoffman
Date : 3-4-87
Agency : Community & Regional Affairs

Distribution (by preparer) :
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

(4) HB 155

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

☐ *P.O. BOX B*
JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4700

☐ *949 E. 36TH AVENUE, SUITE 400*
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

March 6, 1987

POSITION PAPER

RE: HB 155 -- "An Act relating to the change, relocation, or removal of utility facilities incident to the construction of road or other projects by a municipality."

SPONSOR: Representative Cato

Effects of Bill:

Section 1 of the bill simply adds another home rule limitation appropriate for this bill.

Section 2 of the bill designates to municipalities the power to order a utility within a municipal grants right-of-way to be changed, relocated, or removed and provides for the cost of the order to borne by the municipality if the facility is within the municipalities' jurisdiction.

Comments:

The majority of utility facilities are owned and operated by municipalities in rural areas. This bill will place the burden of all costs relating to movement of utilities on the entity requesting the movement.

Because of the costs associated with utility relocation, the Department believes that the proposed legislation would provide the means for municipalities to thoroughly review proposed changes before requiring the movement of utilities. The Department recognizes that this bill may place additional costs on governments, but since the cost is created by the local government, this is not unreasonable. The Department does not oppose this bill.

David G. Hoffman By Doug Griffin

David G. Hoffman, Commissioner

21-P1LH

(6) HB 155

AS29.10.200 DOCUMENT= 11 OF 11 PAGE = 1 OF 6
CHAPTER = 29.10
SECTION = 29.10.200
TITLE = 29
HEADINGS TITLE 29.
Municipal Government.
CHAPTER 10.
Home Rule Municipalities.
ARTICLE 2.
Home Rule Limitations.
CITATION Sec. 29.10.200.
CATCH LINE
LIMITATION OF HOME RULE POWERS.
ref. in 10. HB115
TEXT Only the following provisions of this title apply to home rule municipalities as prohibitions on acting otherwise than as provided. These provisions supersede existing and prohibit future home rule enactments that provide otherwise:
(1) AS 29.05.140 (transition)
(2) AS 29.06.010 (change of municipal name)
(3) AS 29.06.040 - 29.06.060 (annexation and detachment)

AS29.10.200 DOCUMENT= 11 OF 11 PAGE = 4 OF 6
(38) AS 29.35.500 - 29.35.590 (hazardous materials and wastes)
(39) AS 29.40.160(a) - (c) (title to vacated areas)
(40) AS 29.40.200 (subdivisions of state land)
(41) AS 29.45.010 - 29.45.570 (property taxes)
(42) AS 29.45.650(c), (d), and (f) (sales and use tax)
(43) AS 29.45.700(a) (power of levy)
(44) AS 29.47.200(b) (security for bonds)
(45) AS 29.47.260 (construction)
(46) AS 29.60.050(a) (limitation on computation and use of payment)
(47) AS 29.60.120(a) and (c) (state aid for health facilities and hospitals)
(48) AS 29.65 (general grant land)
HISTORY (Sec. 6 ch 74 SLA 1985; am secs. 1, 2 ch 38 SLA 1986; am sec. 6 ch 70 SLA 1986; am sec. 12 ch 80 SLA 1986; am sec. 3 ch 108 SLA 1986)
(49) New 29.35.075 ref. here.
ANNOTATIONS
Revisor's notes. - Reorganized in 1986 to maintain the referenced provisions in numerical order.

AS29.35.010 DOCUMENT= 1 OF 46 PAGE = 1 OF 6
CHAPTER = 29.35
SECTION = 29.35.010
TITLE = 29
HEADINGS TITLE 29.
Municipal Government.
CHAPTER 35.
Municipal Powers and Duties.
ARTICLE 1.
General Powers.
CITATION Sec. 29.35.010.
CATCH LINE
GENERAL POWERS.
TEXT All municipalities have the following general powers, subject to other provisions of law: -

state may be liable to a contractor by reason of the encroachment.

(c) The cost of change, relocation, or removal necessitated by highway construction is a cost of highway construction to be paid in accordance with AS 19.45.001(4) as follows:

(1) by the department as a cost of highway construction, if the utility facility is installed or authorized under a utility permit or a regulation after the effective date of this Act and is installed in the location specified in the permit;

(2) by the department as a cost of highway construction, if the facility was installed before the effective date of this Act under a utility permit issued on or after July 1, 1960, and is in the location specified in the permit;

(3) by the department as a cost of highway

AS19.25.020 DOCUMENT= 2 OF 22 PAGE = 3 OF 4

construction, if the utility facility was installed before July 1, 1960, or before the road became part of the state highway system;

(4) by the department as a cost of highway construction, if the utility permit that requires the utility to pay the relocation cost was issued more than five years before the contract for the highway construction project was first advertised;

(5) by the utility in all other cases, unless the commissioner finds it is in the public interest for the cost to be paid by the department.

(d) If requested by a municipality, the department shall implement this chapter by requiring to the maximum extent possible location underground of electric power transmission lines within the municipality.

HISTORY (Secs. 2, 3 ch 57 SLA 1961; am sec. 4 ch 106 SLA 1977; am sec. 3 ch 142 SLA 1986)

ANNOTATIONS

REVISOR'S NOTES A reference to AS 19.45.001(4) was substituted for a reference to AS 19.05.130(4) in subsection (c) to conform

AS35.25.020 DOCUMENT= 2 OF 2 PAGE = 1 OF 5

CHAPTER = 35.25
SECTION = 35.25.020
TITLE = 35

HEADINGS TITLE 35.
Public Buildings, Works, and Improvements.
CHAPTER 25.
General Provisions.

CITATION Sec. 35.25.020.

CATCH LINE

DEFINITIONS.

TEXT In this title, unless the context requires otherwise,

(1) "construction" or a derivative of the term "construction" means construction, reconstruction, alteration, improvement, or major repair;

(2) "cost of change, relocation, or removal" means the entire cost incurred by the utility properly attributed to the change, relocation, or removal of a facility, less any costs for improvements or upgrading over and above the cost of a functionally equal facility; if a facility is to be relocated and replaced with new equipment, there shall also

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

)2–576(2/77)

AS29.10.200 DOCUMENT= 11 OF 11 PAGE = 1 OF 6
CHAPTER = 29.10
SECTION = 29.10.200
TITLE = 29
HEADINGS TITLE 29.
Municipal Government.
CHAPTER 10.
Home Rule Municipalities.
ARTICLE 2.
Home Rule Limitations.
CITATION Sec. 29.10.200.
CATCH LINE
LIMITATION OF HOME RULE POWERS. ref. in 10. HB115
TEXT Only the following provisions of this title apply to home rule municipalities as prohibitions on acting otherwise than as provided. These provisions supersede existing and prohibit future home rule enactments that provide otherwise:
(1) AS 29.05.140 (transition)
(2) AS 29.06.010 (change of municipal name)
(3) AS 29.06.040 - 29.06.060 (annexation and detachment)

AS29.10.200 DOCUMENT= 11 OF 11 PAGE = 4 OF 6
(38) AS 29.35.500 - 29.35.590 (hazardous materials and wastes)
(39) AS 29.40.160(a) - (c) (title to vacated areas)
(40) AS 29.40.200 (subdivisions of state land)
(41) AS 29.45.010 - 29.45.570 (property taxes)
(42) AS 29.45.650(c), (d), and (f) (sales and use tax)
(43) AS 29.45.700(a) (power of levy)
(44) AS 29.47.200(b) (security for bonds)
(45) AS 29.47.260 (construction)
(46) AS 29.60.050(a) (limitation on computation and use of payment)
(47) AS 29.60.120(a) and (c) (state aid for health facilities and hospitals)
(48) AS 29.65 (general grant land)
HISTORY (Sec. 6 ch 74 SLA 1985; am secs. 1, 2 ch 38 SLA 1986; am sec. 6 ch 70 SLA 1986; am sec. 12 ch 80 SLA 1986; am sec. 3 ch 108 SLA 1986)
ANNOTATIONS (49) New 29.35.075 ref. here.
Revisor's notes. - Reorganized in 1986 to maintain the referenced provisions in numerical order.

AS29.35.010 DOCUMENT= 1 OF 46 PAGE = 1 OF 6
CHAPTER = 29.35
SECTION = 29.35.010
TITLE = 29
HEADINGS TITLE 29.
Municipal Government.
CHAPTER 35.
Municipal Powers and Duties.
ARTICLE 1.
General Powers.
CITATION Sec. 29.35.010.
CATCH LINE
GENERAL POWERS.
TEXT All municipalities have the following general powers, subject to other provisions of law: -

TEXT (a) Municipalities have the following general powers, subject to other provisions of law:

(1) to establish and prescribe a salary for an elected or appointed municipal official or employee;

(2) to combine two or more appointive or administrative offices;

(3) to establish and prescribe the functions of a municipal department, office, or agency;

AS29.35.070 DOCUMENT= 7 OF 46 PAGE = 1 OF 3

CHAPTER = 29.35
SECTION = 29.35.070
TITLE = 29
HEADINGS TITLE 29.
Municipal Government.
CHAPTER 35.
Municipal Powers and Duties.
ARTICLE 1.
General Powers.
CITATION Sec. 29.35.070.
CATCH LINE
PUBLIC UTILITIES.
TEXT (a) The assembly acting for the area outside all cities in the borough and the council acting for the area in a city may regulate, fix, establish, and change the rates and charges imposed for a utility service provided to the municipality or its inhabitants by a utility that is not subject to regulation under AS 42.05 unless that utility is exempted from regulation under AS 42.05.711(a) or (d) – (k).

(b) A municipality may provide for a reasonable deposit for

Add body of HB115 here
29.35.075 RELOCATION OF UTILITY FACIL

AS19.25.010 DOCUMENT= 1 OF 22 PAGE = 1 OF 2

CHAPTER = 19.25
SECTION = 19.25.010
TITLE = 19

for reference DOTPF statute citations as amended last year. by HB160

HEADINGS TITLE 19.
Highways and Ferries.
CHAPTER 25.
Protection and Use of State Highways and Roads.
ARTICLE 1.
Utilities in Highways.
CITATION Sec. 19.25.010.
CATCH LINE
USE OF RIGHTS-OF-WAY FOR UTILITIES.
TEXT A utility facility may be constructed, placed, or maintained across, along, over, under or within a state right-of-way only in accordance with regulations prescribed by the department and if authorized by a written permit issued by the department.
HISTORY (Sec. 8 art VII title II ch 152 SLA 1957; am sec. 3 ch 106 SLA 1977)
AMENDMENT NOTES
EFFECT OF AMENDMENTS The 1977 amendment rewrote this section.

AS19.25.020 DOCUMENT= 2 OF 22 PAGE = 2 OF 4

removed in accordance with the order, the facility becomes an unauthorized encroachment and may be disposed of in accordance with AS 19.25.240 – 19.25.250. In addition, the owner of the facility shall indemnify the state for any amount for which the state may be liable to a contractor by reason of the

state may be liable to a contractor by reason of the encroachment.

(c) The cost of change, relocation, or removal necessitated by highway construction is a cost of highway construction to be paid in accordance with AS 19.45.001(4) as follows:

(1) by the department as a cost of highway construction, if the utility facility is installed or authorized under a utility permit or a regulation after the effective date of this Act and is installed in the location specified in the permit;

(2) by the department as a cost of highway construction, if the facility was installed before the effective date of this Act under a utility permit issued on or after July 1, 1960, and is in the location specified in the permit;

(3) by the department as a cost of highway

AS19.25.020 DOCUMENT= 2 OF 22 PAGE = 3 OF 4

construction, if the utility facility was installed before July 1, 1960, or before the road became part of the state highway system;

(4) by the department as a cost of highway construction, if the utility permit that requires the utility to pay the relocation cost was issued more than five years before the contract for the highway construction project was first advertised;

(5) by the utility in all other cases, unless the commissioner finds it is in the public interest for the cost to be paid by the department.

(d) If requested by a municipality, the department shall implement this chapter by requiring to the maximum extent possible location underground of electric power transmission lines within the municipality.

HISTORY (Secs. 2, 3 ch 57 SLA 1961; am sec. 4 ch 106 SLA 1977; am sec. 3 ch 142 SLA 1986)

ANNOTATIONS

REVISOR'S NOTES A reference to AS 19.45.001(4) was substituted for a reference to AS 19.05.130(4) in subsection (c) to conform

AS35.25.020 DOCUMENT= 2 OF 2 PAGE = 1 OF 5

CHAPTER = 35.25
SECTION = 35.25.020
TITLE = 35

HEADINGS TITLE 35.
Public Buildings, Works, and Improvements.
CHAPTER 25.
General Provisions.

CITATION Sec. 35.25.020.

CATCH LINE

DEFINITIONS.

TEXT In this title, unless the context requires otherwise,

(1) "construction" or a derivative of the term "construction" means construction, reconstruction, alteration, improvement, or major repair;

(2) "cost of change, relocation, or removal" means the entire cost incurred by the utility properly attributed to the change, relocation, or removal of a facility, less any costs for improvements or upgrading over and above the cost of a functionally equal facility; if a facility is to be relocated and replaced with new equipment, there shall also

the change, relocation, or removal of a facility, less any costs for improvements or upgrading over and above the cost of a functionally equal facility; if a facility is to be relocated and replaced with new equipment, there shall also

AS35.25.020 DOCUMENT= 2 OF 2 PAGE = 2 OF 5

be subtracted from the entire cost any salvage value derived from the old facility;

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

(4) "encroachment" includes a tower, pole, poleline, pipe, pipeline, driveway, private road, fence, billboard, stand or building, or a structure or object of any kind that is or has been placed in, on, under, or over a portion of a public facility;

(5) "maintenance" means the preservation of each type of facility as nearly as possible in its original condition as constructed, or as improved;

(6) "public building" means a building owned or controlled and held by the state for government or public use;

(7) "public facility" or "public work" means a structure or project constructed or maintained by the department except airports and highways, and includes public buildings, boat harbors, port facilities, dikes, jetties, and breakwaters;

AS35.25.020 DOCUMENT= 2 OF 2 PAGE = 3 OF 5

(8) "utility" includes a corporation, company, individual, or association of individuals, or a lessee, trustee, or court-appointed receiver, that owns, operates, manages, or controls a line, plant, pipeline, or system for furnishing, producing, generating, transmitting, or distributing power, electricity, communications, telecommunications, water, gas, oil, petroleum products, coal or other mineral slurry, steam, heat, light, chemicals, air, sewage, drainage not connected with public facility drainage, irrigation, or similar products including publicly owned fire and police signal systems and street lighting systems that directly or indirectly serve the public or a segment of the public; "utility" also includes a corporation, company, individual, or association of individuals, or a lessee, trustee, or court-appointed receiver that owns, operates, manages, or controls any system for furnishing transportation of goods or persons by means of a railway, tramway, cableway, conveyor, flume, canal, tunnel, pipeline, or a similar means;

(9) "utility facility" includes poles, plants, lines, trenches, bridges, utilidors, tunnels, pipelines, and any

AS35.25.020 DOCUMENT= 2 OF 2 PAGE = 4 OF 5

other system for furnishing, producing, generating, transmitting, or distributing power, electricity, communications, telecommunications, water, gas, oil, petroleum products, coal or other mineral slurry, steam, heat, light, chemicals, air, sewage, drainage not connected with a public facility drainage system, irrigation, or another substance; "utility facility" also includes a system for furnishing transportation of goods or persons by means of a railway, tramway, cableway, conveyor, flume, canal, tunnel,

as constructed, or as improved;

(6) "public building" means a building owned or controlled and held by the state for government or public use;

(7) "public facility" or "public work" means a structure or project constructed or maintained by the department except airports and highways, and includes public buildings, boat harbors, port facilities, dikes, jetties, and breakwaters;

(8) "utility" includes a corporation, company, individual, or association of individuals, or a lessee, trustee, or court-appointed receiver, that owns, operates, manages, or controls a line, plant, pipeline, or system for furnishing, producing, generating, transmitting, or distributing power, electricity, communications, telecommunications, water, gas, oil, petroleum products, coal or other mineral slurry, steam, heat, light, chemicals, air, sewage, drainage not connected with public facility drainage, irrigation, or similar products including publicly owned fire and police signal systems and street lighting systems that directly or indirectly serve the public or a segment of the public; "utility" also includes a corporation, company, individual, or association of individuals, or a lessee, trustee, or court-appointed receiver that owns, operates, manages, or controls any system for furnishing transportation of goods or persons by means of a railway, tramway, cableway, conveyor, flume, canal, tunnel, pipeline, or a similar means;

(9) "utility facility" includes poles, plants, lines, trenches, bridges, utilidors, tunnels, pipelines, and any

other system for furnishing, producing, generating, transmitting, or distributing power, electricity, communications, telecommunications, water, gas, oil, petroleum products, coal or other mineral slurry, steam, heat, light, chemicals, air, sewage, drainage not connected with a public facility drainage system, irrigation, or another substance; "utility facility" also includes a system for furnishing transportation of goods or persons by means of a railway, tramway, cableway, conveyor, flume, canal, tunnel, pipeline, or a similar means.

HISTORY (Sec. 3 art I title I ch 152 SLA 1957; am secs. 1, 2 ch 122 SLA 1960; am sec. 1 ch 96 SLA 1962; am Executive Order No. 39, sec. 11 (1977); am sec. 8 ch 142 SLA 1986)

ANNOTATIONS

CROSS REFERENCES For the responsibility and authority of the supreme court over state court facilities, see AS 22.05.025.

AMENDMENT NOTES

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

(3) HB 155

STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

MEMORANDUM March 6, 1987

SUBJECT: Sectional analysis of HB 155

TO: Representative Heinrich Springer, Chair
House Community and Regional Affairs
Committee

FROM: Tamara Brandt Cook
Director
Division of Legal Services
TBC

Here is the sectional analysis that you requested of HB 155.

Sec. 1. Adds to the list of home rule limitations a reference to the new section added in this bill, so that home rule, as well as general law, municipalities are bound by that section.

Sec. 2. Permits a municipality to order a utility to change, relocate, or remove a facility if necessary as a result of a construction project. The order must give the utility a reasonable time for compliance. If the facility is not changed, it may be disposed of by the municipality. The cost of the change shall be allocated as provided in the permit, franchise, or agreement with the municipality. If no allocation has been agreed to, the cost is borne by the municipality only if the facility has been placed in a municipal right-of-way under a valid easement or permit that specifies the location of the facility and the facility is within two horizontal feet of that location, or if the facility was installed before the municipality had a system for granting easements or permits for utility facilities. A definition of "cost of change, relocation, or removal" is provided. The section applies to home rule and general law municipalities.

TBC:mkr
m9/110

House Bill 155

THIS LEGISLATION RELATES TO THE RELOCATION OF UTILITY FACILITIES OF A MUNICIPAL CONTRUCTION PROJECT. HOUSE BILL 155 WOULD CLARIFY THE LAWS AS TO WHEN THE UTILITY PAYS AND WHEN THE MUNICIPALTIY PAYS FOR THE RELOCATION OF UTILITIES. WHEN THERE IS A WRITTEN AGREEMENT ON THESE MATTERS BETWEEN PARTIES, THE AGREEMENT WOULD GOVERN.

WHEN THERE IS NOT A WRITTEN AGREEMENT ON ALLOCATION COSTS, THE MUNICIPALITY WOULD PAY IF THE UTILITY FACILITY IS PROPERLY LOCATED UNDER A PERMIT OF IF THE UTILITY FACILITY WAS INSTALLED BEFORE THE MUNICIPALITY PERMIT SYSTEM APPLIED TO THE CONSTRUCTION OF THE FACILITY IN QUESTION.

BY MAKING UTILITY RELOCATION COSTS A COST OF THE HIGHWAY PROJECT, THE LOCAL UTILITY RATE PAYER IS RELIEVED OF THIS BURDEN. WITHOUT THIS LEGISLATION, THE MUNICIPALITY CONSIDERS ALL OF THE BENEFITS OF A PROPOSED PROJECT, BUT IT ONLY CONSIDERS PART OF THE COST.

SEC. 1 OF HOUSE BILL 155 ADDS TO THE LIST OF HOME RULE LIMITATIONS A REFERENCE TO THE NEW SECTION ADDED IN THIS BILL.

SEC. 2 PERMITS A MUNICIPALITY TO ORDER A UTILITY TO CHANGE, RELOCATE, OR REMOVE A FACILITY IF NECESSARY AS A RESULT OF A CONSTRUCTION PROJECT. THE ORDER MUST GIVE THE UTILITY A REASONABLE TIME FOR COMPLIANCE. THE COST OF THE CHANGE SHALL BE ALLOCATED AS PROVIDED INTHE PERMIT, FRANCHISE OR AGREEMENT WITH THE MUNICIPALITY. IF NO ALLOCATION HAS BEEN AGREED TO THE COST IS BORNE BY THE MUNICIPLAITY ONLY IF THE FACITLY HAS BEEN PLACED IN A MUNICIPAL RIGHT-OF-WAY UNDER A VILID EASEMENT OFR PERMIT THAT SPECIFIES THE LOCATION OF THE FACILITY AND THE FACILITY IS WITHIN TWO HORIZONTAL FEET OF THAT LOCATION, OR IF THE FACILITY WAS INSTALLED BEFORE THE MUNICIPALITY HAD A SYSTEM FOR GRANTING EASEMENTS OR PERMITS FOR UTILITY FACILITIES. A DEFINAITION OF "COST OF CHANGE, RELOCATION, OR REMOVAL" IS PROVIDED. THE SECTION APPLIES TO HOME RULE AND GENERAL LAW MUNICIPALITIES.

BILL WORKSHEET

@ HB 155

Bill #: HB 155
Date Sched.: HCRA Committee, Monday, Mar. 9, 1987
Title: "An Act relating to the change, relocation, or removal of utility facilities incident to the construction of road or other projects by a municipality"
Sponsors: Rep. Cato

Info Attached: Copy of Bill
Fiscal Note
Existing statutes
Sectional analysis
Position paper from the Dept. of Comm. & Reg. Affairs

Sponsor's Briefing, Intent/purpose:
I have nothing to add here to what you probably have already heard from Ken Johnson and Sharon Macklin.

Effect of Bill:
Section 1. Limitation of Home Rule Powers.
- Adds another limitation to the powers of a home rule municipality. Relocation of utility facilities.

Section 2. Relocation of Utility Facilities
- subsection (a) provides for the change, relocation, or removal of utility facilities under the jurisdiction of municipal rights of way.
  - The utility is responsible for effecting the change
  - A "change order" shall provide for a period of compliance.
- subsection (b) requires that the cost of the change shall be borne by the party specified in the utility permit. If no specific cost allocation has been specified the municipality would bear the cost:
  - if a valid easement for the location of the facility exists, or
  - if the facility was in place before an easement permitting system existed
- this law applies to both Home Rule and general law municipalities.

Fiscal Impact:
0 (Zero)

Proponents:
Every utility in the state.

Opponents:
None coming out of the bushes

Analysis of Bill's effect, by staff:
This bill enacts for municipalities provisions already governing federal and state liabilities incident to construction. Generally speaking, the bill places the burden of all costs relating to movement of utilities on the entity requesting the movement.

(10) HB 155

ALASKA RURAL ELECTRIC COOPERATIVE ASSOCIATION, INC.

237 E. FIREWEED LANE • SUITE 301
ANCHORAGE, ALASKA 99503 • (907) 276-3235

March 3, 1987

Representative Bette Cato
Pouch V
Juneau, AK 99811

Dear Representative Cato:

Thank you for introducing HB 155.

In regard to the relocation of utility facilities incident to a municipal construction project, this legislation would clarify the law as to when the utility pays and when the municipality pays. If there is a written agreement on these matters between the parties, that agreement would govern. If there is not a written agreement on allocation of costs, the municipality would pay if the utility facility is properly located under a permit or if the utility facility was installed before the municipality permit system applied to the construction of the facility in question in question.

The effect of all this is to resolve a long-standing dispute by protecting the utility investment in existing facilities. It will require municipalities in some cases to include utility relocation costs in the cost of municipal construction projects which would otherwise be in dispute between the parties.

By making these utility relocation costs a part of the cost of the highway project, the local utility rate payer is relieved of this burden. In most cases a State or federal grant is the funding source for the road project. In those cases, these relocation costs would be transferred to the state or federal government.

In some cases the expense will be assumed by the municiaplity. When this expense is transferred from the local utility rate payer to the local municipal taxpayer, there is no net change for residents who are in both roles. However, a utility's consumers and the municipality's taxpayers are not always the same people. Fairness requires that if a municipal project causes the cost of relocating

(9) 3-9-87 HB 155

Alaska MUNICIPAL League

TELEPHONE
(907) 586-1325

105 MUNICIPAL WAY, SUITE 301
JUNEAU, ALASKA 99801

March 9, 1987

MEMORANDUM

TO: Representative Henry Springer, Chairman
Members of House Community & Regional Affairs Committee

FROM: Scott A. Burgess, Executive Director

SUBJECT: HB 155 - Relocation of Utilities

The Alaska Municipal League is opposed to HB 155. The AML has long been opposed to legislative proposals to shift the cost of relocating utilities to municipalities as outlined in the 1987 Policy Statement. Part VI. UTILITIES, A. State Regulation, 3. Utility Relocation Costs on page 17 states "The League opposes any effort to shift to municipalities the cost of all non-municipal, utility relocation within existing rights-of-way associated with municipal street work."

I would respectfully request that the Committee hold HB 155 until I am able to present the AML's position. Due to prior commitments and having just returned from a National League of Cities meeting in Washington, D.C., I am unable to appear before the Committee today, and have had insufficient time to review the current legislation which appears to be similar to past legislation which the AML has opposed for good reasons.

I have attached sample copies of testimony on a similar piece of legislation, SB 67, introduced in the 13th Alaska State Legislature. I respect AML opposition to HB 155 and my request to delay Committee action to give me sufficient time to assess the legislation and its impacts on our members for your information prior to Committee action.

Municipality of Anchorage

POUCH 6-650
ANCHORAGE, ALASKA 99502-0650
(907) 264-4545

TONY KNOWLES,
MAYOR

OFFICE OF THE MUNICIPAL ATTORNEY

May 4, 1983

Don Clocksin
Alaska State Legislature
Pouch V(MS3100)
Juneau, Alaska 99811

Re: SB67 and HB244

Dear Don:

As you may recall, I testified at a Community and Regional Affairs hearing last Friday via a teleconference from Anchorage. I explained that the Municipality of Anchorage objects to SB67 and HB244. The purpose of this letter is to set forth in a little more detail the Municipality's objections and to ask you to share this information with the other members of the Community and Regional Affairs Committee.

I would like to dispel the notion that the issue involved here is "The cost causer should be the cost payer". This is really an inaccurate statement. The real issue is whether the taxpayers as a whole or whether the rate-payers should bear utility relocation costs. The Municipality's philosophy and practice since 1969 has been that the rate-payer (i.e., the utility company) should pay for utility relocation costs in connection with the road improvement project in a public right-of-way. This rule follows the common law, case law, and the practice followed in the cities which the Municipality's Public Works Department recently surveyed regarding their approach to utility relocation costs. Let me explain these points in a little more detail.

Basically, a utility's use of a public right-of-way is free of charge. The only cost is a nominal permit fee. This permit lets the Municipality know that a utility is in the right-of-way

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02-576(2/77)

(10) HB 155

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In some cases the expense will be assumed by the municiaplity. When this expense is transferred from the local utility rate payer to the local municipal taxpayer, there is no net change for residents who are in both roles. However, a utility's consumers and the municipality's taxpayers are not always the same people. Fairness requires that if a municipal project causes the cost of relocating

utility facilities, then the municipality should be responsible for that cost. It is also important that all of the costs as well as all of the benefits of a proposed project be considered at the time a municipality decides to relocate or widen a highway. Without HB 155, the municipality considers all of the benefits of a proposed project, but it only considers a part of the cost.

Sincerely,

David Hutchens
Executive Director

(9) 3-9-87 HB 155

Alaska MUNICIPAL League

TELEPHONE
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Basically, a utility's use of a public right-of-way is free of charge. The only cost is a nominal permit fee. This permit lets the Municipality know that a utility is in the right-of-way

and where it is located. No other charges are assessed against the utility company for the use of the public right-of-way. This is in contrast to the situation found in the Municipality's telephone survey. The cities contacted told us that the utilities in their area had franchises and part of the franchise included a percentage payment of the gross revenues of the utility annually to the local government for the use of the right-of-way.

The Municipality, and formally the GAAB, did not want to impose an annual charge upon utility companies for the use of public rights-of-way. Instead, utility companies were expected to pay for any relocations that may be required because of the government's improvement of the right-of-way. In short, the primary purpose of the right-of-way was for road use and utilities were considered secondary users. Please keep in mind that the utilities all along have had the option of purchasing private easements for the placement of their facilities. They did not do this in many cases. Instead, they used the public right-of-way free of charge. Accordingly, if SB67 and HB 244 are passed and signed into law, there will be a significant impact on the Municipality's road construction budget. Because road improvements are a local priority, we may be forced to greatly increase the annual permit fees that are charged utilities for the use of our rights-of-way.

In those situations where a utility company has been able to establish some prior right; that is, a right that existed before the right-of-way was dedicated to public use or before the local government came into existence, then the Municipality has traditionally paid for relocation costs. In every other case, the utility has paid for such costs pursuant to our local ordinance. This pattern and practice, which the Municipality of Anchorage wants to continue withut interference by State statute, is the common law rule. As 12 McQuillan, Municipal Corporations, § 34.74a at page 183 states:

> The fundamental common-law right applicable to franchises in streets is that the utility company must relocate its facilities in public streets when changes are required by public necessity. Accordingly, it is

> generally held that the municipality may require a change in the location of pipes or other underground facilities of the grantee of a franchise, where public convenience or security require it, even at the grantee's own expense, and even in the face of a protest by a consumer. It makes no difference whether the surface or subsurface of streets is involved.

The cases are legion which support this proposition. In an early case, New York Tunnel Authority v. Consolidated Edison Company of New York, Inc., 295 N.Y. 467, 474, 68 N.E. 445, 448 (1946) the Court stated:

> Although authorized to lay its pipes in the public streets, the company takes the risk of their location and is bound to make such changes as the public convenience and security require, at its own cost and charge. (citations) All these cases are to the point, that these public service corporations maintain their rights in the streets, subject to reasonable regulation and control, and are bound to relocate their structures at their own expense whenever the public health, safety, or convenience require the change to be made.

And in the very recent case of Michigan Bell Tel. Company v. City of Detroit, 308 N.W.2d 608 (1981) the Court stated

> The dispute in the present case is a simple one. Defendant contends that its police powers permit it to require plaintiff to move its facilities from one street to another for the purpose of making way for a public improvement. Plaintiff, on the other hand, contends that because its easements are vested, it may not be required to relocate its facilities without reimbursement from defendant as would be the case in any condemnation proceeding. . . .
>
> On the facts before us then, we hold that the common-law rule requiring a utility to remove its facilities at its own expense where necessary to protect the public health or general welfare is applicable. At pages 610-611.

Another recent case is Mountain States Tel. & Tel. Company v. Boise, etc., 607 P.2d 1084 (1980) where the Court said:

> There is no taking of private property for public use in causing relocation of the utilities' facilities in anywise violative of the eminent domain provisions of Idaho Constitution Article I § 14, the injury sustained, if any, being damnum asque injuria, since "uncompensated obedience to a regulation enacted for the public safety under the police power of the state was not taking property without due compensation." . . . At page 1086.

As you can see, then, it is certainly the rule that when local governments improve their streets, utilities located in those streets must move at their own expense. These cases stand for the proposition that a local government, under its police power, has this authority. The Municipality of Anchorage can see no valid reason why this rule should be changed as the proposed SB67 and HB244 intend to do.

Furthermore, there is a real question with reference to another aspect of what we do here in Anchorage. This involves specific franchise agreements that we have with various utilities. Specifically, we have written agreements (i.e., franchises or permits) with several oil companies and a local cable television company. These specific agreements clearly set forth the obligation of these private companies to pay their own relocation costs. Again, the philosophy behind this is that these companies are using public rights-of-way free of charge. Please note also that in some of our existing franchise agreements, such as our pole attachment agreement with MultiVisions, their promise to pay relocation costs is part of the "basis of the bargain" which, if disturbed, not only poses Constitutional problems, but may require termination and a complete renegotiation.

The adoption of the proposed legislation poses a Constitutional problem with respect to our existing franchises. Article I, Section 15 of the Alaska Constitution provides:

> No law impairing the obligation of contracts, and no law making any irrevocable grant of special privileges shall

be passed. . . .

It is our position that SB67 and HB244 as presently written would be violative of this Constitutional provision because of our existing franchises.

Finally, it would appear that the Legislature should not be venturing into this field of control over local governments. The Municipality of Anchorage is a Home Rule municipality and believes that it has the authority and power to control this aspect of its business. We do own several utility companies ourselves and are perfectly capable of handling the situation with respect to our own utilities. The other private utilities that do business here in Anchorage really do not have a firm basis to request that this local government pay their tab when. in the first place, they began using public rights-of-way with the full knowledge that this method of doing business would require them to pay relocation costs when the Municipality exercised its police power. As has been emphasized in 12 McQuillan, Municipal Corporations § 34.74 at page 179:

> The grant by a municipality to a public service company of the right to use streets does not divest the municipality of its police power over the grantee in relation to its use of such streets. Indeed, a municipality cannot grant away or limit the police powers conferred upon it by the Legislature.

Accordingly, Don, I would request that you share the view of the Municipality, as set forth in this letter, with the other members of the Community and Regional Affairs Committee and with any other Committee which may consider this legislation. As far as the Municipality is concerned, this is an extremely important and far reaching issue and we respectfully request that SB 7 and HB244 be defeated. The Director of the Department of Public Works has already provided to your Committee a rather lengthy report of the telephone survey that was conducted last month. I believe that this survey conclusively establishes, along with the points raised in this letter, the validity of the Municipality's position.

If you have any further questions, or if the members of your Committee have any further questions with regard to the points that I have raised herein, I would be more than happy to address those concerns either over the telephone or in person.

As a personal note, I hope you and Betty are doing well these days.

Yours very truly,

DEPARTMENT OF LAW

John W. Coyne
Assistant Municipal Attorney

JWC:ld

cc: Mayor Tony Knowles
Jerry Wertzbaugher, Municipal Attorney
Patrick Anderson, Legislative Affairs
Everett P. Diener, Director, Public Works
Lee Browning, Municipal Engineer
Mike Bolinger, Program Manager, Engineering Div.

THE HEART OF THE MATANUSKA VALLEY

CITY OF PALMER

COUNCIL-MANAGER GOVERNMENT
P.O. BOX 1368 • PHONE (907) 745-3271
PALMER, ALASKA 99645

March 21, 1984

The Honorable Jack Fuller
Chairman, House Rules Committee
Pouch V
Juneau, Alaska 99811

RE: CSSB 67 Utility Relocation

Dear Representative Fuller,

Through the past few legislative sessions this bill SB 67 and now CSSB67 and others have been proposed to shift the burden onto the local government for utility relocation that was not installed with proper easements, installed outside easements, installed contrary to local rules and regulations and adinfinitum.

The City of Palmer in the past two years has undertaken over $1,750,000 in local street construction which included asphalt paving, curb, gutter and sidewalk in most instances.

It is the City of Palmer's policy that a residential street is twenty eight (28) feet wide back of curb to back of curb which is assessed to the abutting property owners and benefiting property owners. The cost distribution is made using the zone method similar to the City of Anchorage. From our master plan, any street which is designated collector or arterial and is upgraded to a forty-four (44) foot wide street back of curb to back of curb plus a four (4) foot sidewalk on each side, the City bears the additional cost.

During the course of construction, we have run into buried cables which have meandered through the right of way varying up to eighteen (18) feet from the property line. This was on North Alaska Street for which the City was billed $19,329.06. On North Gulkana Street, the cables were buried up to ten feet from the property line for which we were billed $22,248.45 or an additional seven (7%) percent and seven and four tenths (7.4%) percent respectively to each project.

To regress for a bit, the City of Palmer had and still has its ordinances that require utility companies to one, provide plans annually of the system layout; two, placement is to be one (1) foot off the property line and three, have a franchise with the City for the use of the right of way. Presently, Matanuska Electric Association has a non-exclusive franchise which was renewed in 1974 when the original franchise expired. Matanuska Telephone Association has chosen to this point not to enter into a non-exclusive franchise with the City of Palmer. (A sample copy is enclosed). Yet have continued to bury cable prior to 1982 without regard to local ordinances or charter provisions.

CITY OF SKAGWAY

GATEWAY TO THE GOLD RUSH OF "98"

P. O. BOX 415 SKAGWAY, ALASKA 99840

907-983-2297

March 5, 1984

Senator Richard Eliason
Pouch V
Juneau, Alaska 99811

Dear Senator Eliason;

You recently received a letter from Dave Palmer, City Administrator of Craig, regarding House CS for CS for Senate Bill 67 (L&C). In it he discusses some of the serious problems connected with this new version of the utility relocation bill. I have discussed this matter with the Skagway City Council and they are strongly opposed to this bill as it stands.

Skagway's strongest objection is that this bill negates existing mutually-agreeable relocation contracts. Last year for instance, the City of Skagway finally signed a francise agreement with Alaska Power & Telephone Company regarding right-of-way usage. This concluded a year of heated arguments regarding, among other things, quality of service, possible condemnation, and power pole relocation. The two final points of contention were the term of the agreement and the cost of utility relocation as a consequence of public construction. The final result was a twenty year francise in return for Alaska Power & Telephone Company's agreement to pay all relocation costs. If the current House version of SB67 passes then the City would be saddled with a 20 year francise which no longer contains the major provision fought for and won by the City of Skagway

The City Council has consequently asked me to write you on this matter and request that you vigorously oppose passage of any version of this bill that does not allow municipalities and utilities to mutually agree upon allocation of relocation expenses.

Sincerely,

Skip Elliott

Skip Elliott
City Manager

CC Representative Peter Goll
Alaska Municipal League
Dave Palmer, City of Craig

CITY OF CRAIG

P.O. Box 23
Craig, Alaska 99921
(907) 826-3275

February 27, 1984

Senator Dick Eliason
Pouch V
Juneau, Alaska 99811

Dear Dick:

I am writing with comments on what's left of SB67 - now House CS for CS for SB 67 (L&C).

I have an objection to the bill on public policy issues as well as technical objections. Policy first.

A utility that is a private, for profit enterprise (like AP&T) uses the public Rights of Way in the exercise of their business. The public is entitled to compensation for such private use of public property. The only compensation requested of AP&T has been that their utilities "be located at such places as will not unreasonably interfere with travel or public use of such streets..." SB 67 now places burden on the municipality to move utilities when necessary for public good. In otherwords, the public is required to pay to move private facilities located within public Right of Way when the public Right of Way is needed for public uses. Use of the public Right of Way by a private company is not a right and such use should not become a burden on the very same entity that grants permission to use the Right of Way.

To the bill:

1. If the intent of the bill is to allow relocation costs to be part of grant funding, it should just say so. There is no definition of "highway construction" but "highway" is defined in AS 19.45.001(8) and it includes everything from trails to culverts. In Craig, any action in the Right of Way, culvert installation, driveways, retaining walls and the like, would be "highway construction". I'd like to see minor projects excluded. Say, define "highway construction" as a grant funded project exceeding a value of $250,000.00. This would avoid small, day to day relocation expenses for guy wires and individual poles.

CITY OF KENAI
P.O. Box 580
KENAI, ALASKA 99611
PHONE (907) 283-7539

April 16, 1984

Honorable Mitch Abood
Representative, State of Alaska
Pouch V
Juneau, Alaska 99801

Dear Representative Abood:

I want to take this opportunity to congratulate you and thank you on behalf of the City of Kenai for your vote on SB 67 which is typically referred to as the Utility Relocation Bill.

On the basis of your "no" vote and the "no" votes of 26 other members of the Alaska House of Representatives, you have prevented legislation that would have cost local communities millions of dollars over the next few years, and at the same time, permitted additional construction throughout the municipalities of the State of Alaska that might not have taken place had this bill not been defeated.

The municipalities' main concerns with this legislation was that the utilities are provided easements by the municipalities at no cost and in most cases knowing full well that municipalities (providing money is available) will be upgrading and improving their road systems, and therefore, should be aware of the possible costs of having to relocate. The second major concern is that if the State forces local government to also absorb the costs for moving the "freebie" utility lines which are in municipalities' easements or right-of-way at the sufferance of the cities, this additional cost might persuade many municipalities to forego many road improvement projects which are sorely need in almost every community in the State of Alaska.

To my knowledge, I know of no elected local public officials or appointed local public officials who supported SB 67 in the first place. The only source of support that this bill had was from the utilities themselves and from the paid lobbyists that the utilities hire in order to accomplish their legislative goals.

Alaska MUNICIPAL League

TELEPHONES
(907) 586-1325
(907) 586-6526

105 MUNICIPAL WAY, SUITE 301
JUNEAU, ALASKA 99801

February 7, 1984

To: House Labor and Commerce Committee

From: Scott A. Burgess, Executive Director

Re: SB 67 - Utility Relocation Costs

The League opposes SB 67, as introduced, relating to the relocation of utility facilities incident to the construction of road or highway projects by a municipality.

The League opposes any effort to shift to municipalities the cost of all non-municipal utility relocation within existing rights-of-way associated with municipal street work.

Municipalities are already facing decreased revenues from reductions in Municipal Assistance and State Revenue Sharing Programs. The additional burden of paying utility relocation costs could only come from an increase in property taxes, unless the municipality owned the utility and could pass the cost on to the ratepayers directly. The problem is further exacerbated in municipalities with limited road powers. The cost of relocating utilities would reduce the amount of money available to the road service districts for road construction and maintenance. Road service districts rely heavily on state funds and their ability to levy taxes is limited.

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Again, let me say on behalf of the City of Kenai, we appreciate your position on this particular bill, and feel it will be extremely beneficial to the people in municipalities throughout the State of Alaska.

Sincerely,

Wm. J. Brigdon
City Manager

WJB/kh

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586-6526

204 N. FRANKLIN ST.
JUNEAU, ALASKA 99801

March 29, 1983

To: Senate Community and Regional Affairs Committee

From: Ginny Chitwood, Executive Director GC

Re: SB 67 - Utility Relocation Costs

Municipalities oppose SB 67 because the issue is a local one and should be resolved at the local level. This bill would amend Title 29, Chapter 25 - Protection and Use of State Highways and Roads (emphasis added). The changes in SB 67, however, don't relate to state roads; they deal with local roads.

It is easy to understand why there is a provision in law for the state to pay the utility relocation costs since 95% of the funding is paid by the federal government. In municipal road projects, however, there is no way to shift 95% of the costs to a non-resident third party. The costs are paid by the local taxpayer unless the municipality receives a specific state grant for a specific project.

Since cost figures vary widely depending on the circumstances of each road project, I was not able to generate any average municipal cost per mile figures, but I do have general comments from several municipalities.

City of Palmer - Manager David Soulak estimates the provisions of SB 67, without section 5, would cause a 5% to 15% increase on three road projects currently being planned. In many cases, utilities are not where they're supposed to be. He doesn't think that municipalities should have to pay for utility mistakes, but does not oppose the municipality paying to relocate the utility if it is put in according to a permit.

Matanuska-Susitna Borough - Manager Gary Thurlow basically agrees with Soulak.

City and Borough of Sitka - Administrator Rocky Gutierrez believes that municipalities shouldn't be in state statutes except in Title 29. Sitka has worked out an agreement with the non-municipal utilities.

City of Kodiak - Manager Sam Gesko opposes section 3 of the bill, making the relocation costs a municipal responsibility.

City of Fairbanks - Manager Wally Droz says there would be no effect on

the City of Fairbanks because their policy is to pay relocation costs, although the utility pays for any upgrades.

Fairbanks North Star Borough - Public Works Director Don Moore reports that current borough practice is for the utility to pay relocation costs so shifting the cost to municipalities would cut down on the amount of road work that could be done with the available money.

City and Borough of Juneau - Public Works Director George Porter says that cost allocations are decided on a case by case basis, depending on whether the utility is where it was supposed to be, the age of the line, etc.

City of Ketchikan - City Manager Jim Van Altvorst estimates that the bill would cost the city an estimated $50,000 this year.

Municipality of Anchorage - Public Works Director Paul Diener believes that this is a local issue. Anchorage has a new ordinance in the works that would require the municipality to pay the relocation costs if the utility has a permit and is at the location specified in the permit; in other cases, the utility would be required to pay.

City of Kenai - Paying relocation costs would cut down the amount of road work the city could do. Attorney Tim Rogers points out that common law indicates that "Rights in streets or highways....are at all times held in subordination to the superior rights of the public".

(5) (7)

HOUSE COMMITTEE REPORT

(11) HB 155

Date referred: 3/2/87

FURTHER REFERRALS: Transportation
Finance

DATE: 03/09/87

The Community and Regional Affairs Committee has considered HB 155

"An Act relating to the change, relocation, or removal of utility facilities incident to the construction of road or other projects by a municipality."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[X] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Cato Bette Cato

Collins Evania Collins

Springer Heinrich Springer

Zawacki James Zawacki

SIGNING OTHER RECOMMENDATIONS:

Herrmann Adelheid Herrmann No Rec

Springer Heinrich Springer
Chairman's signature

HOUSE COMMITTEE REPORT

(7)

Date referred: 3/11/87

FURTHER REFERRALS: Finance

DATE: March 23, 1987

The Transportation Committee has considered HB 155

"An Act relating to the change, relocation, or removal of utility facilities incident to the construction of road or other projects by a municipality."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Cal C Boucher

Bill Hudson

Bettie Cate

Jimmie Symington

SIGNING OTHER RECOMMENDATIONS:

Bettie Cate

Chairman's signature

(H) HB 155

Official Business

COMMITTEE:

HOUSE COMMUNITY & REGIONAL AFFAIRS

DATE: March 9, 1987

SIGN-IN

Subject of meeting:

*HB 155 Relating to the change, relocation, or removal of utility facilities incident to the construction of road or other projects by a municipality

NAME (PLS PRINT)	YOUR TITLE & ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Sharon Mucklow	315 5th St Jno.	586-4815	Matanuska Telephone Assoc.	Yes
Clark Ertuening	217 Second Street Suite 204	586-8110	CEA Chugach Electric	Yes
Suzanne Tryck	416 Gold St. Juneau,	463-3285	Municipality of Anchorage	Yes

Official Business

COMMITTEE: House Transportation Committee

DATE: March 23, 1987

SIGN-IN

Subject of meeting:

HB 155: "An Act relating to the change, relocation, or removal of utility facilities incident to the construction of road or other projects by a municipality."

NAME Please include title!	ADDRESS Please give complete address including zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
S. TRYCK, Lobbyist Suzanne	~~650~~ 603 6th Ave Anch. 99501	264-4910 L	M.O.A. Municipality Anchorage	Yes
Dir. of Infor. ILEN JOHNSON	237 E. Fireweed #301 ANCH 99503	3(463-3101) 276-3235	ARECA	Yes
Lobbyist Shirley Wohlforth	315 5th St #8 Juneau 99801	586-9518	Alaska Tele: Assoc	Yes

HB

156

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation:

3-20-87

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

March 20, 1987

FOR TODAY'S MEETING YOU HAVE:

A FOLDER ON HB 156 THAT INCLUDES:

* a copy of HB 156
* a copy of the statutes impacted by HB 156
* fiscal note from the Dept. of Revenue
* a memorandum from the Dept. of Transportation & Public Facilities
* House Transportation Committee staff question and answer sheet
* a comparison of state motor fuel tax rates

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST

Bill Version: Draft #2
Publish Date: 2/5/87

Revision Date: 2/10/87
Title: Increasing motor fuel tax

Agency Affected: Revenue
BRU: Audit

Sponsor: Governor
Requestor: Rules Committee

Components: Audit

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	7.5	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	7.5	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	7.5	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: See attached page.

Prepared By: Steven E. Kettel
Division: Audit

Phone: 465-2343
Date: 2/10/87

Approved by Commissioner: Hugh Malone for
Agency: Department of Revenue

Date: 2/18/87

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

Fiscal Note

Contractual

A. Passage of the draft will require this BRU to revise and reprint all tax forms related to motor fuel tax. These forms include the Motor Fuel Tax Return, Motor Fuel Reseller Claim for Refund, Motor Fuel Adjustment Report and the Statute and Regulations Pamphlet. Costs to revise and print these forms is approximately $5.0.

B. The Department will be required to write regulations providng rules for the transition period. It is likely that without regulations large quantities of fuel may be taxed at the lower rate of eight cents. Public notice of the regulations and holding hearings will approximate $2.5.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST

Bill Version:
Publish Date:

Revision Date:
Title: An Act Increasing the Motor Fuel Tax
Sponsor: Rules/Governor
Requestor: Rules

Agency Affected: Revenue
BRU:

Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	0	33586.7	32579.1	32253.4	31930.8	31930.8

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

See attached analysis.

Prepared By: Dave Tonkovich DT
Division: Research
Phone: 465-2173
Date: 2/10/87

Approved by Commissioner: Hugh Malone
Agency: Department of Revenue
Date:

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

Continuation for Fiscal Note Analysis

Bill: _____

Analysis:

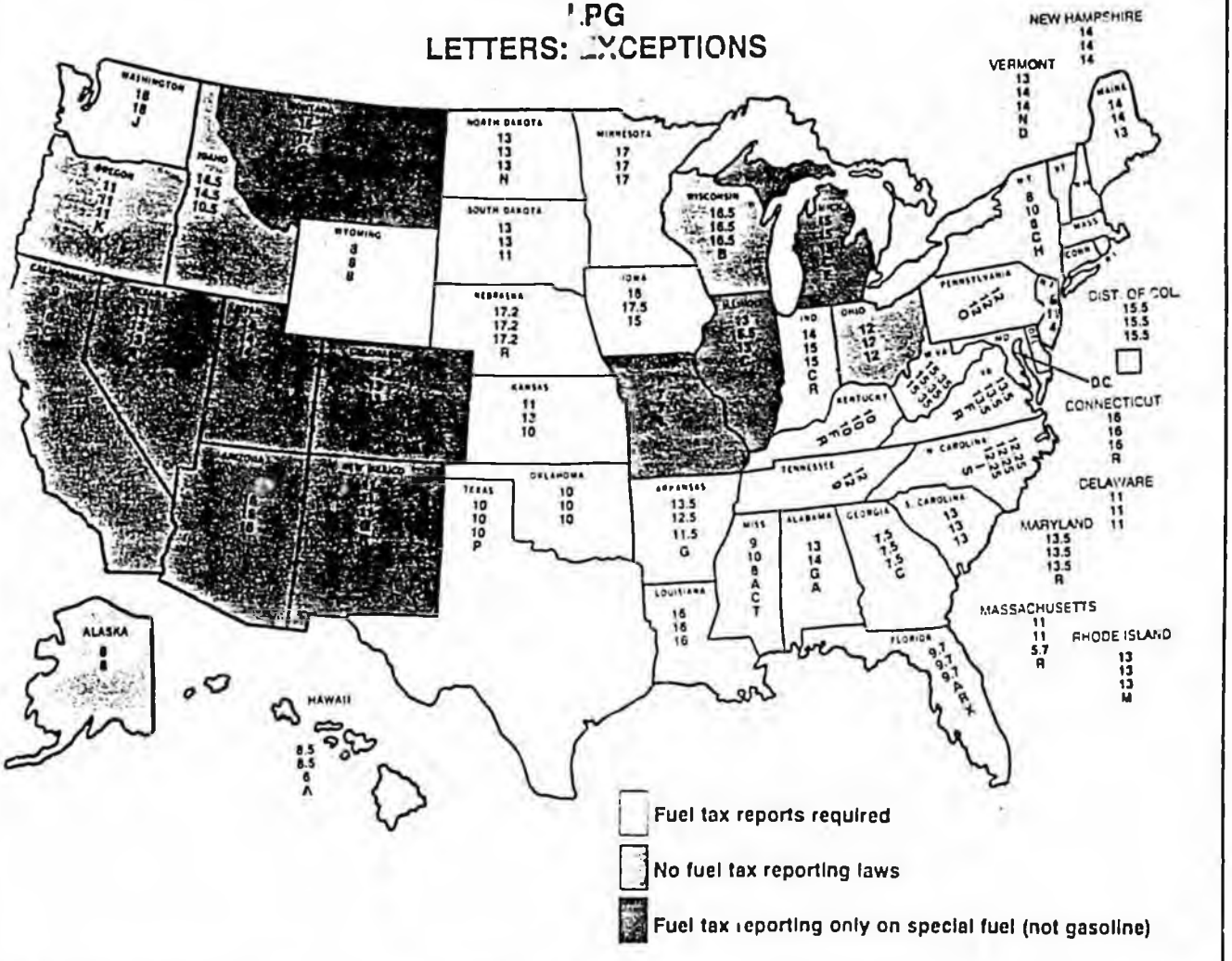
This legislation raises the tax on motor fuel (gasoline and diesel) from $.08/gallon to $.16/gallon. Taxes on marine and aviation fuel uses remain unchanged. The refund for off-highway use (43.40.030) remains at $.06/gallon which raises the rate for this use from $.02 to $.10/gallon. This analysis assumes an effective date of July 1, 1987 (FY88).

FY 86 is used as a starting point for this analysis as this is the last full year for which data on fuel distributions, refunds and credits is available. These assumptions are made:

1. The overall level of economic activity in Alaska will probably decline over the next several years. This note assumes these declines in fuel gallonage (taxable distributions) from the FY86 base year: FY87 (-2%), FY88 (-3%), FY89 (-3%), FY90 (-1%), FY91 (-1%) and FY92 (-0%).

2. Although fuel prices have fallen since the FY86 base period the recent increases in crude oil prices,if maintained,will increase future prices for gasoline and diesel. This analysis uses a price before additional tax of $1.20/gallon for diesel and $1.15/gallon for gasoline to estimate the effects of the tax-induced price increase. Price elasticities from national studies indicate that the price increase due to the additional tax will decrease the quantity of fuel consumed between 4 and 5 percent. This study uses the 5 percent figure to adjust gallonages under the proposed legislation.

FUEL TAXES IN CENTS-PER-GALLON
GASOLINE
DIESEL
LPG
LETTERS: EXCEPTIONS



Federal diesel fuel tax of 15¢ a gallon remained unchanged in 1985. Twelve states' gasoline taxes were increased by: Ark., 4.5¢; Ariz., 4¢; Ia., 3¢; Ind., 2.9¢; Neb., 2.3¢; Tenn. and Wash., 2¢; Conn., Nev., Okla. and Ore., 1¢; Wisc., .5¢. Wyo. enacted an 8¢ tax on diesel fuel. And diesel fuel taxes in 13 other states were increased by: Ariz., 4¢; Ind., 3.9¢; Ark., 3.5¢; Ia. and N.J., 3¢; Neb., 2.3¢; Wash., 2¢; Conn., Ill., Nev., Okla. and Ore., 1¢; Wisc., .5¢. Wyo. also established an 8¢ LPG tax. In 11 states, LPG fuel taxes were increased by: Ark., 4.5¢; Ariz. and Ia., 4¢; Ind., 3.9¢; Neb., 2.3¢; Conn., Ill., Nev., Okla. and Ore., 1¢; Wisc., .5¢. No federal fuel tax increases in 1986 are anticipated. However, according to Highway Users Federation, 26 states are expected to raise motor fuel taxes in 1986.

In the Key to Exceptions listed on this page, note that variable taxes (R) are recomputed at least annually, based on an indicator such as the consumer price index or a percentage of the wholesale price of fuel.

Since the taxes noted are subject to revision, contact the appropriate state office for the most current information.

Key To Exceptions

A – city/county taxes additional
B – reporting form required if fuel not purchased in state
C – sales tax additional
D – diesel fuel sales tax additional
E – except for 100 + passenger, regularly scheduled, in-state route buses
F – surtax on any vehicle with 3 or more axles (2% in Ky., 2¢ per gallon in Va.)
G – LPG fueled vehicles may pay an annual flat rate
H – some refunds for taxicabs and buses
I – city transit buses refunded 11¢ per gallon
J – annual license fee based on vehicle tonnage imposed in lieu of LPG tax
K – vehicles (except gasoline) subject to mileage tax are exempt from fuel tax
L – decal fee if under 18,000-lb GVW for Missouri-based vehicles
M – 2% excise tax on distributors of motor fuels
N – non-diesel fuel license
O – gross receipts tax
P – decal fee
R – variable tax
S – $10 per vehicle with 3 axles or more
T – diesel fuel sales tax additional 6% of total selling price
X – decal fee covers local option and motor fuel tax

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST

Bill Version:
Publish Date:

Revision Date:
Title: An Act Increasing the Motor Fuel Tax
Sponsor: Governor Cowper
Requestor: Governor Cowper

Agency Affected: DOT&PF
BRU: All
Components:

EXPENDITURES/REVENUES (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (IARF)						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: The bill increasing the motor fuel tax will not necessarily have an impact on DOT&PF. The revenue will be collected by the Department of Revenue and the appropriation of the proceeds of the revenue is a separate issue. We believe that the proceeds should be used to improve the maintenance and operations of the highways, roads and streets in Alaska.

Prepared by: Ron B. Lind, Director RBL
Phone: 465-4070
Division: Plans, Programs, and Budget
Date: 2/26/87

Approved by Commissioner: Mark D. Ulrey, Acting Commissioner
Date: 3/1/87
Agency: DOT&PF

Distribution (by preparer):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

STATE MOTOR FUEL TAX RATES

(cents per gallon)

STATE	GASOLINE	DIESEL	GASOHOL	ADDED TAX (2)	LOCAL OPTION
ALABAMA	13	14	10		L
ALASKA	8	8	0		
ARIZONA	16	16	16		
ARKANSAS	13.5	12.5	13.5		
CALIFORNIA	9	9	9	6	L
COLORADO	18	20.5	18		
CONNECTICUT	17	17	16	2	
DELAWARE	13	13	13		
D.C.	15.5	15.5	15.5		
*FLORIDA	9.7	9.7	7.7		L
GEORGIA	7.5	7.5	7.5	3	
HAWAII	11	11	11	4	L
IDAHO	14.5	14.5	10.5		
ILLINOIS	13	15.5	13	6	L
INDIANA	14	15	14	5	
/IOWA	16	18.5	15		
*KANSAS	11	13	8		
*KENTUCKY	15	12	15		
LOUISIANA	16	16	16	1	
/MAINE	14	14	11		
*MARYLAND	13.5	13.5	13.5		
*MASSACHUSETTS	11	11	11		
*MICHIGAN	15	15	15	4	
MINNESOTA	17	17	14.5		
MISSISSIPPI	9	10	9	6	L
MISSOURI	7	7	7		
MONTANA	17	17	17		
/*NEBRASKA	18.2	18.2	15.1		
NEVADA	13	13	12		L
NEW HAMPSHIRE	14	14	14		
NEW JERSEY	8	11	0		
NEW MEXICO	11	11	0		L
NEW YORK	8	10	8	6.75	L
*NORTH CAROLINA	15.75	15.75	15.75		
NORTH DAKOTA	13	13	5		
OHIO	12	12	12		
OKLAHOMA	10	10	10		
/OREGON	12	12	12		L
PENNSYLVANIA	12	12	12	6	
*RHODE ISLAND	15	15	15		
SOUTH CAROLINA	13	13	7		
SOUTH DAKOTA	13	13	11		L
TENNESSEE	17	15	13		L
/TEXAS	15	15	11		
UTAH	14	14	14		
VERMONT	13	14	13		
/VIRGINIA	17.5	16	17.5		L
WASHINGTON	18	18	16.2		
*WEST VIRGINIA	15.35	15.35	15.35		
*WISCONSIN	17.5	17.5	17.5		
WYOMING	8	8	8		

* Variable tax expressed in cents per gallon.
See notes on reverse side for additional information.

/Updated since last chart
Highway Users Federation
January 1, 1987 rev.

Technical Memorandum #HY-86-3
Plans, Programs, and Budget

POTENTIAL APPROACHES TO A FUEL TAX INCREASE

Introduction

Alaska has not increased its tax on motor fuels used for highway purposes since 1961. Still taxed at 8¢ per gallon, this rate has gone from being among the highest in the nation to being one of the five lowest. There are many reasons for increasing what is generally considered to be a highway user fee; perhaps the most important being to increase the amount of revenues available to support DOT&PF expenditures on operations, maintenance and capital improvements for the state highway system.

Need

Although Alaska does not dedicate revenues from transportation user fees to transportation-related expenditures, it is still possible to compare revenues to these expenditures. The following figures (taken from Alaskan entries in a federal publication entitled Highway Statistics, 1985) tend to understate all potential uses of highway-related revenues, but they clearly point out the large shortfall between existing revenues and expenditures.

	(Dollars in millions)	
Revenues		
Motor Fuel Tax	22.6[A]	
Registration Fees/Driver Licenses	15.1	
Subtotal Revenues	37.7	
Collection Costs		
Motor Fuel Tax	0[B]	
Registration Fees/Driver Licenses	5.5	
TOTAL REVENUES MINUS COLLECTION COSTS	32.2	
Highway Related Expenditures - DOT&PF		
Maintenance & Operations		59.3[C]
Physical Maintenance		(24.6)[C]
Snow removal and sanding		(31.1)[C]
Traffic Control (signals)		(3.6)[C]
Obligation of Federal-Aid Apportionments		16.4[D]
State-funded capital projects		1.0[E]
Subtotal Expenditures- DOT&PF		75.7

Bond interest	13.4
Bond principal repayment	25.9
Traffic Law Enforcement (Troopers)	3.8
Weigh Station Operation	1.2
Municipal Revenue Sharing ($2375 per mile)	8.8
ROUGH TOTAL - 1985 HIGHWAY-RELATED EXPENDITURES	128.8
NET REVENUES (For comparison purposes)	32.2

Notes: [A] The slowdown in Alaska's economy has reduced both fuel consumption and fuel tax revenues- revenues are now at the $20 million level.
[B] $34,000 rounds to zero.
[C] Inflated by 30 percent to reflect overhead, administrative and materials costs not allocated to these categories.
[D] FY 88 Capital Budget
[E] Capital appropriations will occasionally be required to meet emergency and maintenance needs not qualifying for federal funding.

THE TOTAL EXPENDITURE FIGURE FOR 1985 IS FOUR TIMES THE AMOUNT OF REVENUES COLLECTED! Furthermore, the expenditure figure does not include any of the following:

(1) Other highway-related general fund expenditures of DOT&PF;
(2) General fund expenditures by other state agencies (for example, Division of Motor Vehicles estimates that state lease and data processing costs would add an <u>additional</u> $1.5 million to their budget);
(3) Increases in revenue sharing costs as municipalities proceed to maintain more miles of local roads.

<u>Justification</u>

One of the simplest methods of justifying a motor fuel tax increase is to compare Alaska's tax rate to that of other states. The following distribution of state gasoline tax rates indicates that an increase of 66% would be required to put Alaska on par with the average of tax rates in the other 49 states. A doubling of the current rate would put Alaska in the top twelve currently, although some states have already legislated increases that are yet to go into effect.

Lowest 7 ¢	Missouri
7.5 - 9 ¢	Seven states (including Alaska, New Jersey, New York and Wyoming @ 8 ¢)
9.7 - 12 ¢	Nine states
13 - 13.5 ¢	Ten states

14 - 15.75 ¢		Eleven states and the District of Columbia
16 ¢		Arizona, Iowa and Louisiana
17 ¢		Connecticut, Minnesota, Montana and Tennessee
17.5 ¢		Virginia and Wisconsin
18 ¢		Colorado and Washington
Highest	18.2 ¢	Nebraska

Sample of 50 states and the District of Columbia

Mean - 13.3 ¢
Median - 13.5 ¢
Mode - 13 ¢ (8 states)
Range - 11.2 ¢

Alternative Approaches to Raising the State Motor Fuel Tax

(A) Justify the increase based on the shortfall between revenues and expenditures. Increase the fuel tax to raise enough revenue to meet a politically identified level of funding support.

(B) Increase the fuel tax based on any of a number of objective considerations, such as increase in the Consumer Price Index, parity with other states , etc.

(C) Work with other agencies which could potentially spend highway-related revenues (Department of Public Safety, Department of Commerce and Economic Development, etc.) to develop a statewide plan for matching highway-related revenues with expenditures.

(D) Research and develop an Alaskan methodology for allocating highway costs to an Alaskan structure of existing and potential highway user fees.

(E) Pursue a fuel tax increase as part of a broader revenue-raising effort. Consider increases in the aviation and marine motor fuel taxes at the same time.

Additional Information

Two-page summaries of successful efforts to raise the gas tax in Oregon and Washington are attached. More backup information is available upon request.

DJH 1/22/87

3/13/87

COWPER ADMINISTRATION - DOT&PF
FY'88 OPERATING BUDGET PROPOSAL

A. Contingent upon passage of the increased motor fuel tax proposal and implementation of the user fee proposal for the Dalton Highway, an increment of $20 million and another $3.5 to $4 million in general fund transfer will be made available for the general FY'88 operating budget for the Department of Transportation and Public Facilities. These funds will be allocated as follows: (1) $18.5 to $19 million for highways and aviation maintenance and operations (M&O) and (2) $5 million for the Alaska Marine Highway System (AMHS).

B. Of this total, a fiscal note for $20 million will be proposed to accompany the motor fuel tax increase of 8 cents. This amount is equivalent to the estimated revenue that will be generated from the fuel tax increase for highway use. The use of a fiscal note is proposed instead of a budget amendment to clarify the relationship between the increased spending authorization and the increased revenue generated by the tax.

C. Another $3.5 to $4 million in general funds will be made available as a result of proceeding with funding FY'88 Dalton Highway maintenance through user fees. Approximately three months of the FY'88 costs will still be covered with general funds dollars to allow sufficient time to seek funding agreements with affected oil companies, or if unsuccessful, to implement direct user fees through regulations. Budget amendments will be submitted which allocate the "released" general funds to the M&O consistent with the numbers outlined in "A" above.

D. The additional $18.5 to $19 million in funds for the highways and aviation M&O components will allow the continued maintenance of Category II and III roads during FY'88, and allow an improvement in services for all of these activities in FY'88 as compared to the current year. The increased funding will bring the total general funds for the highways and aviation M&O components to an amount nearer the FY'87 Authorized levels.

3/13/87

COWPER ADMINISTRATION - DOT&PF
FY'88 OPERATING BUDGET PROPOSAL

A. Contingent upon passage of the increased motor fuel tax proposal and implementation of the user fee proposal for the Dalton Highway, an increment of $20 million and another $3.5 to $4 million in general fund transfer will be made available for the general FY'88 operating budget for the Department of Transportation and Public Facilities. These funds will be allocated as follows: (1) $18.5 to $19 million for highways and aviation maintenance and operations (M&O) and (2) $5 million for the Alaska Marine Highway System (AMHS).

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C. Another $3.5 to $4 million in general funds will be made available as a result of proceeding with funding FY'88 Dalton Highway maintenance through user fees. Approximately three months of the FY'88 costs will still be covered with general funds dollars to allow sufficient time to seek funding agreements with affected oil companies, or if unsuccessful, to implement direct user fees through regulations. Budget amendments will be submitted which allocate the "released" general funds to the M&O consistent with the numbers outlined in "A" above.

D. The additional $18.5 to $19 million in funds for the highways and aviation M&O components will allow the continued maintenance of Category II and III roads during FY'88, and allow an improvement in services for all of these activities in FY'88 as compared to the current year. The increased funding will bring the total general funds for the highways and aviation M&O components to an amount nearer the FY'87 Authorized levels.

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02-576(2/77)

3/13/87

COWPER ADMINISTRATION - DOT&PF
FY'88 OPERATING BUDGET PROPOSAL

A. Contingent upon passage of the increased motor fuel tax proposal and implementation of the user fee proposal for the Dalton Highway, an increment of $20 million and another $3.5 to $4 million in general fund transfer will be made available for the general FY'88 operating budget for the Department of Transportation and Public Facilities. These funds will be allocated as follows: (1) $18.5 to $19 million for highways and aviation maintenance and operations (M&O) and (2) $5 million for the Alaska Marine Highway System (AMHS).

B. Of this total, a fiscal note for $20 million will be proposed to accompany the motor fuel tax increase of 8 cents. This amount is equivalent to the estimated revenue that will be generated from the fuel tax increase for highway use. The use of a fiscal note is proposed instead of a budget amendment to clarify the relationship between the increased spending authorization and the increased revenue generated by the tax.

C. Another $3.5 to $4 million in general funds will be made available as a result of proceeding with funding FY'88 Dalton Highway maintenance through user fees. Approximately three months of the FY'88 costs will still be covered with general funds dollars to allow sufficient time to seek funding agreements with affected oil companies, or if unsuccessful, to implement direct user fees through regulations. Budget amendments will be submitted which allocate the "released" general funds to the M&O consistent with the numbers outlined in "A" above.

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E. The Administration still wishes to pursue a program for phased transfer of road responsibilities, and will continue working to prepare a proposal during the interim. As part of this effort, we anticipate receiving input and assistance on program development from the Senate and House Transportation Committees and an Advisory Group or Task Force of affected local officials. We will probably recommend a small amount of funding be used from the $20 million in fuel tax increase to cover costs to develop this program. An additional element will be ensuring the department has authority to pursue transfer agreements during FY'88 if local communities so desire.

F. The $5 million in funding for the AMHS will restore 50% of the FY'88 operations decrement, and could provide for the normal operation of the MV Bartlett and Aurora, as well as fund approximately three additional months (for a total of 7) for the MV Taku. Alternative operating plans are still being analyzed to determine the optimum plan for maximizing service to Alaskans. Other savings to restore even more service may still be possible through revenue generation and/or cost reductions. Additional user fee authority may be requested to cover this possibility.

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5151 HTRA HB 156 - HB 173 (FILE 1)

923

3/13/87

COWPER ADMINISTRATION - DOT&PF
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CITY OF PALMER

231 W. EVERGREEN AVE.
PALMER, ALASKA 99645

Phone (907) 745-3271

A HOME RULE CITY

March 23, 1987

MAR 2 8 1987

The Honorable Jalmar Kerttula
Senator
State of Alaska
Box V
Juneau, Alaska 99811

RE: HB 156, An Act Increasing the Motor Fuel Tax

Dear Senator Kerttula,

I have reviewed the proposed legislation in HB 156, An Act Increasing the Motor Fuel Tax.

The City of Palmer is unalterably opposed to this piece of legislation since all the funds generated by the increased motor fuel tax will be earmarked for the State of Alaska's General Fund as outlined in 43.40.010 of the Alaska State Statutes.

With the present Department of Transportation and Public Facilities proposal to have all municipalities and boroughs maintain state highways within their jurisdiction, there is no indication of any of the newly generated funds being allocated to the municipalities.

In the past, local political entities received Local Service Roads and Trails funds to assist in street and trails improvements. Since 1985, these funds have been curtailed.

There has been no justification as to why the motor fuel tax has to be increased. The need for upgrading as well as maintenance of the road system is needed, we will agree. However, the allocation of the funds to a single department for overall spending on a variety of functions rather than the intended use of highway construction and maintenance leaves a lot to be desired. The Department of Transportation and Public Facilities functions are not limited to only highways, but also various public works projects, such as buildings, which also causes concern for the expenditure of motor fuel tax funds.

We ask that this hastily drafted bill be tabled until further accountability of the Department of Transportation and Public Facilities is available with regard to the expenditures of funds, namely the Motor Fuel Tax monies.

Further, we feel that a permanent equitable entitlement be made to the political subdivisions who have road powers and exercise them, if this legislation is to be enacted.

Should you have any questions, please contact me.

Yours truly,

David L. Soulak
City Manager
City of Palmer

DLS/cac

cc: Scott Burgess, AML
Mayor Carte'
House Transportation Committee: Bette Cato, Chair
Heinrich Springer, Vice Chair
H.A. "Red" Boucher
Mike Miller
Bill Hudson
Ben Grussendorf
Drue Pearce
House Finance Committee: Albert Adams, Chair
Pat Pourchot, Vice Chair
Ron Larson
Mike Davis
Peter Goll
Kay Wallis
C.E. Swackhammer
Kay Brown
Mark Boyer
Steve Frank
Steven Rieger

HOUSE COMMITTEE REPORT

(7)

Date referred: 3/2/87

FURTHER REFERRALS:

Finance

DATE: March 20, 1987

The Transportation Committee has considered HB 156

"An Act increasing the motor fuel tax."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[ ] do pass

[ ] do not pass

[ ] no recommendation

[X] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[X] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Bill Hudson

Bette Cuts

SIGNING OTHER RECOMMENDATIONS:

Dave Brown - no rec

Hermith Jennings No rec

Bette Cuts

Chairman's signature

Official Business

COMMITTEE: House Transportation Committee

DATE: March 20, 1987

Subject of meeting: HB 156 "An Act increasing the motor fuel tax."

SIGN-IN

NAME Please include title.	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Steve Kelley Actg Director	DOR AUDIT DIVISION P.O. Box SA	5-2343	D.O.R.	yes
T.J. Thrasher	AK Trucking Assoc	463-3179	AK Trkg	yes
Commissioner Mark Hickey	D.O.T	465-3900	D.O.T.	yes

ALASKA DEPARTMENT OF REVENUE

AUDIT DIVISION

ALASKA STATUTES AND REGULATIONS

GOVERNING

MOTOR FUEL TAX

November 1984

04-548

PRINTED BY ALASKA LITHO, INC.

(b) Bulk sales of fuel to a person who uses a common storage tank servicing both taxable and nontaxable uses, except bulk sales of jet fuel to a person who flies directly from the state to a foreign country, are subject to the motor fuel tax under AS 43.40.010 - 43.40.100, but the portion actually used for nontaxable purposes is eligible for a tax refund upon application to the department. A dealer who makes bulk sales of motor fuel shall collect and remit the tax in accordance with this chapter, except that if the sales is a sale of jet fuel to a person who flies directly from the state to a foreign country, the tax may not be collected. However, if a portion of that jet fuel is used on a foreign flight which includes a stop or stops in this state or in another state, the user shall file a return as required by 15 AAC 40.010 and remit the amount of tax due for the jet fuel actually consumed over Alaska.

ARTICLE 8.
(Reserved)

ARTICLE 9
GENERAL PROVISIONS

Section
900. Definition

15 AAC 40.900. Definitions. In this chapter

(1) "charitable institution" means an organization that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code;

(2) "dealer" means a person who sells or otherwise transfers in this state motor fuel upon which the taxes imposed by AS 43.40 have not been paid;

(3) "department" means the Department of Revenue;

(4) "fuel reseller" means a person who sells or otherwise transfers in this state fuel upon which the taxes imposed by AS 43.40 have been paid;

(5) "shrinkage" means loss of volume as a result of temperature changes;

(6) "user" means a person consuming or using motor fuel who purchases the fuel out of state or ships it into the state for personal use in the state, who manufactures the fuel in the state, or who purchases or receives in the state fuel that is not taxed at the time of purchase or receipt or is taxed at a rate that is less than the rate prescribed by AS 43.40.010;

(7) "timely filed" means received by the department or postmarked on or before the last day of the month following the month motor fuel is sold, transferred, or used;

(8) "watercraft" means a ship, boat, vessel, or other structure that is capable of being moved in or on water either under its own propulsion or propelled by another craft, including a floating fish-processor, a transportation barge, a drilling ship, and a semi-submersible drilling rig;

(9) "commercial buildings and facilities" means all buildings and facilities other than single and multiple unit private dwellings and mobile homes but does not include watercraft;

(10) "person" means an individual, firm, partnership, joint venture, government or military agency, association, corporation, estate trust, business trust, receiver, or any group or combination acting as a unit. (Eff. 4/8/82, Reg. 82; am 8/1/82, Reg. 83; am 7/19/82, Reg. 83; am 11/14/82, Reg. 84; am 8/12/84, Reg. 91)

AS 43.05.080 AS 43.40.060
AS 43.40.010 AS 43.40.080
AS 43.40.030 AS 43.40.085
AS 43.40.035 AS 43.40.100
AS 43.40.050 AS 43.40.240

Chapter 40. Motor Fuel Tax.

Section
10. Tax on transfers or consumption of motor fuel and expenditure of proceeds
30. Refund for nonhighway use
35. Other refunds and credits
50. Refund claim by affidavit
60. Separate invoices
70. Refund warrants
80. Examination of books and records
85. Preservation of books and records
100. Definitions

Collateral references. — Am. Jur. 2d, State and Local Taxation, §§ 616 — 634; 53 Am. Jur. 2d, Licenses, §§ 30, 46 — 58.

State tax on or in respect of goods shipped in interstate commerce to consignee for sale on consignor's account without previous sale or order for purchase, 4 ALR2d 244.

Loading or unloading interstate freight in performance of obligation resting upon one other than interstate carrier as interstate commerce as regards local taxation, 10 ALR2d 651.

State taxation of motor carriers as affected by commerce clause, 17 ALR2d 421.

Power of legislature to remit, release, or compromise tax claim, 28 ALR2d 1425.

Financial hardship or inability to pay taxes as rendering inapplicable statutes denying remedy by injunction against assessment or collection of tax, 65, ALR2d 550.

Sec. 43.40.010. Tax on transfers or consumption of motor fuel and expenditure of proceeds. (a) There is levied a tax of eight cents a gallon on all motor fuel sold or otherwise transferred within the state except that

(1) the tax on aviation gasoline is four cents a gallon

(2) the tax on motor fuel used in and on watercraft of all descriptions is five cents a gallon, and

(3) the tax on all aviation fuel other than gasoline is two and one-half cents a gallon.

(b) There is levied a tax of eight cents a gallon on all motor fuel consumed by a user, except that

(1) the tax on aviation gasoline consumed is four cents a gallon,

(2) the tax on motor fuel used in and on watercraft of all descriptions is five cents a gallon, and

(3) the tax on all aviation fuel other than gasoline is two and one-half cents a gallon.

(c) Every dealer who sells or otherwise tranfers motor fuel in the state shall collect the tax at the time of sale, and remit the total tax collected during each calendar month of each year to the department by the last day of each succeeding month. Every user shall likewise remit the tax accrued on motor fuel actually used by the user during each month. If the monthly tax return is timely filed, one percent of the total monthly tax due, limited to a maximum of $100, may be deducted and retained to cover the expense of accounting and filing the monthly tax return. At the time the remittance is made, each dealer or user shall submit a statement to the department showing all fuel which the dealer or user has distributed or used during the month.

(d) *[Repealed, § 3 ch 166 SLA 1975.]*

(e) Sixty per cent of the proceeds of the revenue from

the taxes on aviation fuel, excluding the amount determined to have been spent by the state in its collection, shall be refunded to a municipality owning and operating or leasing and operating an airport in the proportion that the revenue was collected at the municipal airport. All other proceeds of the taxes on aviation fuel shall be paid into a special aviation fuel tax account in the state general fund. The legislature may appropriate funds from this account for aviation facilities.

(f) The proceeds from the revenue from the tax on motor fuel used in boats and watercraft of all descriptions shall be deposited in a special watercraft fuel tax account in the general fund. The legislature may appropriate from this account for water and harbor facilities.

(g) The proceeds of the revenue from the tax on all motor fuels, except as provided in (e), (f) and (j) of this section, shall be deposited in a special highway fuel tax account in the state general fund. The legislature may appropriate funds from it for expenditure by the Department of Transportation and Public Facilities directly or as matched with available federal-aid highway money for maintenance of highways, construction of highway projects and ferries included in the program provided for in AS 19.10.150, including approaches, appurtenances and related facilities and acquisition of rights-of-way or easements, and other highway costs including surveys, administration, and related matters. All departments of the state government authorized to spend funds collected from taxes imposed by this chapter shall perform when feasible, all construction or reconstruction projects by contract after the projects have been advertised for competitive bids, except that, when feasible, arrangements shall be made with political subdivisions to carry out the construction or reconstruction projects. If it is not feasible for the work to be performed by state engineering forces, the commissioner of transportation and public facilities may contract on a professional basis with private engineering firms for road design, bridge design, and services in connection with surveys. If more than one private engineering firm is available for the work the contracts shall be entered into on a negotiated basis.

(h) All motor fuel tax receipts shall be paid into the general fund and distributed to the proper accounts in the general fund. Valid motor fuel tax refund claims shall be paid from the highway fuel tax account in the general fund.

(i) Within 30 days after the legislature convenes the Department of Transportation and Public Facilities shall submit an annual budget covering anticipated revenues and their expenditure, for the consideration and approval by the legislature. The budget shall cover all money collected or anticipated to be collected under this chapter for the year following the adjournment of each regular session of the legislature.

(j) The proceeds from the tax on motor fuel used in snow vehicles and, unless a tax refund is applied for under AS 43.40.040, other internal combustion engines not used in or in conjunction with a motor vehicle licensed to

15 AAC 40.220. Recovery of Erroneous Refunds. The department will, in its discretion, recover any refund or portion of any refund which is erroneously made and any credit or portion of any credit which is erroneously allowed. (Eff. 7/19/82, Reg. 83).

Authority: AS 43.05.080
AS 43.10.032
AS 43.40.080

15 AAC 40.230. Records. (a) A person filing a claim for a motor fuel tax refund must keep a complete record in gallons showing

(1) all motor fuel inventories on hand at the beginning and closing of the claim period;

(2) all motor fuel purchased or received, showing the name of the seller and the date of each purchase,

(3) all motor fuel transferred into the fuel supply tanks of an internal combustion engine that is used in or in conjunction with a motor vehicle licensed to be operated on public ways;

(4) all motor fuel transferred into the fuel supply tanks of an internal combustion engine that is not used in or in conjunction with a motor vehicle licensed to be operated on public ways, showing the purpose for which it is used; and

(5) all motor fuel used for exempt purposes under 15 AAC 40.020(b) with documentation of the specific purpose for which the fuel is used.

(b) A person claiming a motor fuel tax refund must preserve for three years from the date of filing a claim, books and records pertaining to all acquisitions and uses of motor fuel.

(c) Failure to maintain records required by (a) and (b) of this section for a period necessary to substantiate any claim filed for that period may be cause for denial of a refund or for recovery of a refund paid on a claim. (Eff. 7/19/82, Reg. 83; am 11/14/82, Reg. 84)

Authority: AS 43.05.080
AS 43.40.050
AS 43.40.080
AS 43.40.085

ARTICLE 4.

(Reserved)

ARTICLE 5.

(Reserved)

ARTICLE 6.

(Reserved)

ARTICLE 7.

(Reserved)

43.40.010 for the manner in which the motor fuel is used, that person is entitled to a refund equal to the amount of tax paid, less the amount of tax prescribed by AS 43.40.010.

(d) If a person purchases motor fuel upon which marine fuel tax or aviation fuel tax has been paid and uses the fuel in a land-based internal combustion engine that is not used in or in conjunction with a licensed vehicle, that person is entitled to a refund equal to the amount of tax paid, less the amount of two cents per gallon. (Eff. 7/19/82, Reg. 83; am 11/14/82, Reg. 84)

Authority:AS 43.05.080 AS 43.40.050
AS 43.40.010 AS 43.40.100
AS 43.40.030

15 AAC 40.210. Requirements for Filing Claims for Refund of Motor Fuel Tax. (a) A claim for refund of motor fuel tax under 15 AAC 40.200 must include the following information for the period covered by the claim:

(1) a schedule indicating by type of fuel (e.g. gasoline, diesel, etc.), the following:

(A) total gallons of motor fuel purchased during the period;

(B) total gallons of motor fuel used during the period;

C) total gallons of fuel used for tax exempt purposes, as described in 15 AAC 40.020(b); and

(D) total gallons of motor fuel used that are eligible for refund, as described in 15 AAC 40.200;

(2) if fuel was used for tax-exempt purposes, a clear complete explanation of that use, including the category of exempt use under 15 AAC 40.020(b); and

(3) a schedule indicating by type of equipment, the gallons used that are eligible for refund.

(b) The first claim filed during each calendar year must include a list of the final user's equipment, including license and serial numbers.

(c) The original invoices issued to the final user at the time the motor fuel was purchased must be submitted to substantiate any claim for refund. Corrected invoices will be accepted only if the original incorrect invoice is also submitted. The department will, in its discretion, accept copies of original invoices if the refund applicant

(1) explains in writing why original invoices are not being submitted;

(2) obtains a statement from the vendor indicating that the copies are true copies showing invoice numbers, dates and amounts; and

(3) signs an affidavit on a form prescribed by the department certifying that no other refund has or will be claimed on the same motor fuel. (Eff. 7/19/82, Reg. 83; am 8/12/84, Reg. 91)

Authority: AS 43.05.080
AS 43.40.030
AS 43.40.050
As 43.40.060

be operated on public ways shall be deposited in a special nonpublic highway use account in the general fund. The legislature may appropriate from this account to the Department of Transportation and Public Facilities for trail staking and shelter construction and maintenance.

(k) The tax on the transfer or consumption of motor fuel provided for in this section does not apply to liquified petroleum gas.

(l) If a dealer has a reasonable belief at the time of sale or transfer that fuel that is sold or transferred is not to be used as motor fuel, the dealer need not collect the motor fuel tax. If the tax is not collected, the dealer shall obtain a certificate of use from the buyer or transferee stating that the fuel that has been or will be purchased or received is not intended for use as motor fuel. The department may not collect the motor fuel tax from a dealer for fuel for which a certificate of use has been properly obtained under this subsection. A certificate of use is not required for fuel for any domestic purpose in a single or multiple unit private dwelling, including motor homes, or for fuel which is at least 10 percent alcohol by volume. An annual certificate of use is required for all other exemptions listed under AS 43.40.100(2), except certificate of use needs under AS 43.40.100(2)(K) will be determined by the department. The dealer shall retain a copy of each certificate of use obtained under this subsection for examination or audit on request by the department. The form of a certificate of use may be prescribed by regulation adopted by the department. (§ 48-5-2 ACLA 1949; am § 1 ch 80 SLA 1951; am § ch 47 SLA 1955; am §§ 1, 2 ch 27 SLA 1957; am § 1 ch 134 SLA 1957; am § 1 art VI title II ch 152 SLA 1957; am § 2 art V title III ch 152 SLA 1957; am § 2 ch 124 SLA 1959; am §§ 1, 2 ch 20 SLA 1960; am § 1 ch 150 SLA 1960; am § 1 ch 110 SLA 1961; am § 1 ch 136 SLA 1961; am §§ 1 — 3 ch 131 SLA 1962; am § 1 ch 130 SLA 1968; am § 10 ch 143 SLA 1968; am §§ 1, 2 ch 216 SLA 1968; am §§ 1 — 3 ch 158 SLA 1970; am § 3 ch 58 SLA 1971; am §§ 1, 2 ch 124 SLA 1971; am §§ 2, 3, ch 125 SLA 1971; am §§ 1 — 3 ch 153 SLA 1972; am § 3 ch 166 SLA 1976; am §§ 1, 2 ch 116 SLA 1977; am § 4 ch 82 SLA 1982; am §§ 1, 2 ch 87 SLA 1983)

Cross references. — For civil penalty imposed for failure to file a return or report, or pay the full amount of a tax, or a portion or a deficiency of the tax, see AS 43.05.220.

Effect of amendments. — The 1982 amendment added subsection (l).

The 1983 amendment, in subsection (c), added the present third sentence and deleted "motor" preceding "fuel" in the last sentence, and in subsection (l), added the present fourth and fifth sentences.

OPINIONS OF ATTORNEY GENERAL

The purpose of the dedication of the taxes on motor fuels contained in subsection (g) of this section is public highways. 1959 Op. Att'y Gen., No. 9.

A proposed alteration going to the geographical area of expenditure rather than to the special purpose of a dedication, does not contravene the constitution. 1959 Op. Att'y Gen., No. 9.

The Civil Air Patrol is exempt from taxation under the Alaska Motor Fuel Oil Tax Act because it is an instrumentality of the federal government, but volunteer members of Civil Air Patrol are not exempt. 1961 Op. Att'y Gen., No. 26.

Sec. 43.40.020. Penalty for violation. *[Repealed, § 46 ch 113 SLA 1980. For criminal penalties, see AS 43.05.290.]*

Sec. 43.40.030. Refund for nonhighway use. (a) Except as specified in AS 43.40.010(j), a person who uses motor fuel to operate an internal combustion engine is entitled to a refund of six cents a gallon if

(1) the tax on the motor fuel has been paid;

(2) the motor fuel is not aviation fuel, or motor fuel used in or on watercraft; and

(3) the internal combustion engine is not used in or in conjunction with a motor vehicle licensed to be operated on public ways.

(b) The entire tax levied by this chapter shall be refunded to the purchaser on that part of the motor fuel used in a foreign country on which the tax has been paid when the fuel is sold and delivered in the state for nonhighway use in a foreign country.

(c) The department shall establish the necessary regulations and prescribe the appropriate forms to prove that the motor fuel is taken to and used in foreign countries.

(d) If a person obtains motor fuel on which the tax levied by this chapter has been paid and the motor fuel is exempt from the tax, the person is entitled to a refund of the tax paid. (§ 2 ch 47 SLA 1955; am § 3 ch 27 SLA 1957; am § 2 ch 136 SLA 1961; am § 4 ch 158 SLA 1970; am § 3 ch 124 SLA 1971; am § 4 ch 125 SLA 1971; am § 4 ch 116 SLA 1977; am §§ 35, 36 ch 113 SLA 1980; am § 5 ch 82 SLA 1982)

Effect of amendments. — The 1980 amendment substituted a reference to this chapter in subsection (b), and added subsection (d).

The 1982 amendment substituted "the tax has been" for "duty is" in subsection (b).

Sec. 43.40.035. Other refunds and credits. (a) A person who resells fuel on which the tax under AS 43.40.010(a) or (b) was previously paid is entitled to a credit or refund of the tax if (1) the resold fuel is not motor fuel and the requirements of AS 43.40.010(l) have been fulfilled; or (2) the amount of tax previously paid exceeds the tax due on the resale. The amount of the credit or refund under this section is equal to the amount of tax previously paid on the resold fuel less the amount of tax prescribed by AS 43.40.010(a) or (b).

(b) A reseller may elect, with the express written consent of the supplier of the reseller, to receive the credit or refund under this section directly from the supplier rather than by filing a claim for the credit or refund with signed in quadruplicate by the fuel reseller and by the supplier. The fuel reseller and the supplier must each file one copy of the election, with original signatures, with the department. The fuel reseller and the supplier must each retain a copy of the election, with original signatures, for audit review by the department. If an election is made under this section, it may not be revoked without the express written consent of the supplier.

(d) A claim for refund or credit must be filed within one year after the date of the sale as shown on the invoice issued by the claimant. Failure to file within the one-year period waives the right to a refund or credit. The claim must include the name, address, and occupation of the applicant, the nature of the business of the applicant, and a description sufficient to identify the basis for the refund or credit. A claim for refund must be supported by copies of the original invoices issued to the claimant and copies of certificates of use obtained under 15 AAC 40.030. A claimant qualifying as a charitable institution under 15 AAC 40.900(1) must submit with its initial claim for refund a copy of its Internal Revenue Service Determination Letter. A claimant that has had its tax-exempt status denied by the Internal Revenue Service is not eligible for a motor fuel tax refund as a charitable institution. (Eff. 4/8/82, Reg. 82; am 8/1/82, Reg. 83; am 7/19/82, Reg. 83; am 11/14/82, Reg. 84; am 8/12/84, Reg. 91)

AS 43.05.080 AS 43.40.035
AS 43.40.010 AS 43.40.050
AS 43.40.030 AS 43.40.060

15 AAC 40.110. Additional Tax Due for Sales of Diesel Fuel Not Used for Heating Purposes. Repealed 11/14/82.

ARTICLE 3. TAX REFUNDS AND CREDITS FOR FINAL USER

Section
200. Refunds on certain uses of motor fuel
210. Requirements for filing claims for refund of motor fuel tax
220. Recovery of erroneous refunds
230. Records

15 AAC 40.200. Refunds on Certain Uses of Motor Fuel. (a) If a person uses motor fuel in an internal combustion engine and the motor fuel tax of eight cents a gallon has been paid but that fuel is not used in, or in conjunction with, a licensed motor vehicle, as aviation fuel, or in or on watercraft, that person is entitled to a refund of six cents a gallon.

(b) If a person purchases fuel upon which the motor fuel tax has been paid and uses the fuel for tax-exempt purposes as described in 15 AAC 40.020(c), that person is entitled to a refund of the full amount of tax paid if that person has not signed a certificate of use stating that the fuel that was purchased was not intended for use as motor fuel.

(c) If a person purchases motor fuel upon which the amount of tax paid exceeds the tax imposed by AS

(4) all motor fuel sold, transferred or used during each month, the date of sale, transfer, or use, and the names of all purchasers and transferees;

(5) all nontaxable fuel sales or transfers made during each month; and

(6) all motor fuel inventories on hand at the end of each month.

(b) Each dealer, fuel reseller and user must keep a complete record showing all amounts received from a supplier or the department for exempt sales or transfers and for credits or refunds for taxes paid.

(c) Each dealer, fuel reseller and user must preserve for three years from the due date, or the date the return was filed, whichever is later, all books and records required under this section. (Eff. 7/19/82, Reg. 83; am 11/14/82, Reg. 84)

Authority: AS 43.05.080 AS 43.40.050
AS 43.40.010 AS 43.40.085
AS 43.40.030 AS 43.40.100

ARTICLE 2. TAX REFUNDS AND CREDITS FOR FUEL RESELLERS

Section
100. Refunds and credits on certain sales or transfers of motor fuel
110. (Repealed)

15 AAC 40.100. Refunds and Credits on Certain Sales or Transfers of Motor Fuel. (a) If a fuel reseller makes a sale or transfer of motor fuel that is exempt under 15 AAC 40.020(b) and upon which motor fuel tax has been previously paid, the fuel reseller is entitled to a refund equal to the amount of tax previously paid on the resold fuel from the department. To receive a refund the fuel reseller must have on file a certificate of use from the buyer if a certificate of use is required by 15 AAC 40.030.

(b) If a fuel reseller makes a sale or transfer of motor fuel upon which the motor fuel tax has been previously paid and the tax paid exceeds the tax due on resale, the fuel reseller is entitled to a refund equal to the amount of tax previously paid less the amount of tax prescribed by AS 43.40.010.

(c) Instead of claiming a refund directly from the department, a fuel reseller who sells or transfers fuel that is exempt or is subject to a lesser tax on resale than that previously paid may elect with the express written consent of the supplier, to receive the refund or credit directly from the supplier. A claim for refund or credit must be supported by copies of the original invoices issued by the reseller and copies of certificates of use obtained under 15 AAC 40.030. When an election is made under this section, the supplier may claim the credit or refund from the department by adjusting the motor fuel tax return accordingly. To be effective, an election under this section must be submitted on a form prescribed by the department and the department. When an election is properly made under this subsection, the supplier may claim the credit or refund from the department. To be effective an election under this subsection must be signed in quadruplicate by the reseller and by the supplier. The reseller and the supplier shall each file one copy of the election, with original signatures, with the department. The reseller and supplier shall each retain a copy of the election with original signatures for audit review by the department. If an election is made under this subsection, it may not be revoked without the express written consent of the supplier. (§ 6 ch 82 SLA 1982; am § 3 ch 87 SLA 1983)

Effect of amendments. — The 1983 amendment substituted "the requirements of AS 43.40.010(l) have been fulfilled" for "a certificate of use is acquired under AS 43.40.010(l)" in the first sentence of subsection (a).

Sec. 43.40.040. Applications and permits for refund. *[Repealed, § 45 ch 113 SLA 1980. For current law, see AS 43.40.050(a).]*

Sec. 43.40.050. Refund claim by affidavit. (a) A person who claims a refund under AS 43.40.030 shall present the claim for the refund to the commissioner of revenue by affidavit upon a form provided by the commissioner. The claim shall include the name, address and occupation of the applicant, the nature of the business of the applicant, and a description sufficient to identify the machinery or equipment in which the motor fuel for which the refund is claimed was used. The claim shall be accompanied by each invoice issued to the claimant at the time the motor fuel was purchased. The commissioner may require any additional information which the commissioner considers necessary for the administration of this subsection.

(b) A claim for refund under AS 43.40.030 or 43.40.035 shall be filed within one year from the date of the purchase of the motor fuel as indicated on the invoice, and failure to file within the one-year period is a waiver of the right to the refund. A claim is considered to be filed when the claim is mailed or personally presented to an office of the department.

(c) A reseller who claims a refund or credit under AS 43.40.035 shall present the refund claim to the department or to the supplier of that reseller by affidavit on a form provided by the department. The claim shall include the name, address, and occupation of the applicant, the nature of the business of the applicant, and a description sufficient to identify the reason for the refund or credit. The claim shall be supported by documentation required by the department. (§ 4 ch 47 SLA 1955; am § 1 ch 139 SLA 1960; am § 37 ch 113 SLA 1980; am §§ 7 — 9 ch 82 SLA 1982)

Effect of amendments. — The 1980 amendment in subsection (a), changed a reference to this chapter at the beginning and at the end of the subsection, substituted the present second sentence for the former material, which read: "with the information the commissioner requires", and substituted "was" for "is" preceding "purchase" at the

end of the present third sentence.

The 1982 amendment substituted "under AS 43.40.030" for "as provided in AS 43.40.010 — 43.40.100" and "the claim for the refund" for "his claim" in the first sentence of subsection (a), substituted "the commissioner" for "he" and "this subsection" for "AS 43.40.010 — 43.40.100" in the last sentence of subsection (a), inserted "under AS 43.40.030 or 43.40.035" in the first sentence of subsection (b), and added subsection (c).

Collateral references. — 53 C.J.S., Licenses, § 62.

Sec. 43.40.060. Separate invoices. The department may require the issuance of separate invoices for fuel sold, distributed, or transferred when the invoices will be the basis for a refund claim. (§ 6 ch 47 SLA 1955)

Sec. 43.40.070. Refund warrants. Upon approval of a refund claim by the department, a warrant shall be drawn on the highway fuel tax account in the general fund in favor of the applicant in the amount of the claim. (§ 7 ch 47 SLA 1955; am § 5 ch 131 SLA 1962)

Sec. 43.40.080. Examination of books and records. (a) To determine the validity of a claim for refund, the department may examine the books and records of the claimant and the books and records of a distributor of motor fuel. The department may cancel the refund permit of the claimant relying upon a fraudulent invoice for a period of not more than one year.

(b) *[Repealed, § 46 ch 113 SLA 1980.]* (§ 5 ch 47 SLA 1955; am § 46 ch 113 SLA 1980)

Effect of amendments. — The 1980 amendment repealed subsection (b).

Sec. 43.40.085. Preservation of books and records. Dealers and users shall preserve for three years all books and records pertaining to sales, transfers, and uses of motor fuel which are taxed under this chapter. (§ 5 ch 158 SLA 1970)

Sec. 43.40.090. Criminal violation. *[Repealed, § 46 ch 113 SLA 1980.]*

Sec. 43.40.100. Definitions. In this chapter

(1) "dealer" means a person who sells or otherwise transfers in this state motor fuel upon which the taxes imposed by this chapter have not been paid;

(2) "motor fuel" means fuel used in an engine for the propulsion of a motor vehicle or aircraft, and fuel used in and on watercraft for any purpose, or in a stationary engine, machine or mechanical contrivance which is run by an internal combustion motor; "motor fuel" does not include

(A) fuel consigned to foreign countries;

(B) fuel sold for use in jet propulsion aircraft operating in flights to foreign countries;

(C) fuel used in stationary power plants operating as public utility plants and generating electrical energy for sale to the general public;

(D) fuel used by nonprofit power associations or corporations for generating electric energy for resale;

15 AAC 40.050. Bonding Requirement for Qualified Dealer License. (a) An applicant for a qualified dealer license must file with the department a bond made payable to the department in an amount equal to twice the average monthly motor fuel tax remittance or in the amount of $5,000, whichever is greater. The department will, in its discretion, accept a cash deposit or a bank letter of credit in the appropriate amount in lieu of a bond.

(b) In lieu of the requirements of (a) of this section, an applicant for a qualified dealer license may file a sworn statement in affidavit form stating that the applicant owns real property in the state equal in value to at least twice the average monthly motor fuel tax remittance, on which the motor fuel tax may become a first lien, and describing the property and the fair market value of the applicant's interest in the property. (Eff. 7/19/82, Reg. 83)

Authority: AS 43.05.080
AS 43.40.100

15 AAC 40.060. Revocation of Qualified Dealer License. (a) The department will, in its discretion, revoke a license issued under 15 AAC 40.040 if a licensee fails to comply with the requirements of AS 43.40.010 — 43.40.100 or this chapter.

(b) If the department determines a license should be revoked for failure to comply with the requirements of AS 43.40.010 — 43.40.100 or this chapter it will give the licensee 30 days' notice of a proposed revocation. If the basis for revocation still exists on the 30th day, the department will, upon notice of revocation to the licensee, revoke the license, unless an appeal under (d) of this section has been timely filed by the licensee.

(c) When a license is revoked under this section, the licensee may not apply for a new license until 60 days after the date of revocation. The date of revocation is the date on which the notice of revocation is issued.

(d) A person may appeal a notice of proposed revocation to the department. The appeal must be submitted to the department in person or by mail within 10 days of the date of issuance of the notice of proposed revocation. The department will hold a formal hearing on the appeal as prescribed by 15 AAC 05.030. The hearing officer will issue a written decision, and, if appropriate, a notice of revocation will be issued by the department. (Eff. 7/19/82, Reg. 83; am 11/14/82, Reg. 84)

Authority: AS 43.05.080
AS 43.40.100
AS 43.40.240

15 AAC 40.070. Records. (a) Each dealer, fuel reseller and user must keep a complete record by gallons showing

(1) all motor fuel inventories on hand at the first of each month;

(2) all motor fuel refined during each month;

(3) all motor fuel purchased, received or produced during each month, showing the name of the seller and the date of each purchase or receipt;

15 AAC 40.030. Certificate Requirements for Certain Sales. (a) Except as provided by (b) of this section, a dealer or fuel reseller who sells or transfers fuel that is exempt under 15 AAC 40.020(b) shall obtain an annual certificate of use from the buyer or transferee at the time of the first sale in each calendar year stating that the fuel that is purchased or received is not intended for use as motor fuel subject to tax under AS 43.40.010. A dealer or fuel reseller may use a certificate-of-use form prescribed or approved by the department.

(b) A certificate of use under (a) of this section is not required in support of an exemption under 15 AAC 40.020(b)(4), (6), (13) (15), and (16).

(c) In support of an exemption under 15 AAC 40.020(b)(5), the annual certificate of use must itemize and show the location of each tank or other facility which stores fuel used exclusively for heating commercial buildings and facilities.

(d) If a purchaser certifies in writing on a certificate of use that the use of the fuel purchased is for an exempt use and the purchaser subsequently uses the fuel for taxable purposes, that purchaser is liable for payment of the motor fuel tax.

(e) A certificate of use under this section must be signed by the purchaser or his or her representative. The certificate remains in effect unless revoked by the department or in writing by the purchaser, dealer, or fuel reseller. The dealer, fuel reseller, or user must retain a copy of each certificate of use required under this section for three years. (Eff. 7/19/82, Reg. 83; am 11/14/82, Reg. 84; am 8/12/84, Reg. 91)

Authority: AS 43.05.080 AS 43.40.050
AS 43.40.010 AS 43.40.085
AS 43.40.035

15 AAC 40.040. Qualified Dealer License. (a) In order to purchase or sell tax-exempt fuel as a qualified dealer under 15 AAC 40.020(b)(15), a person must apply for and obtain a qualified dealer license from the department.

(b) A person is eligible for a qualified dealer license if that person

(1) refines, imports, manufactures, produces, or blends motor fuel; or

(2) sells fuel at least 20 percent of which is for resale or for residential heating purposes or for a combination of these purposes.

(c) A license issued under (a) of this section is in addition to any other license required by law.

(d) The department will not issue a license to a person described in (a) of this section if there is reasonable cause to believe that the applicant has wilfully withheld information necessary to determine eligibility for a license or if there is reasonable cause to believe that information submitted in the application is false or misleading. (Eff. 7/19/82, Reg. 83; am 11/14/82, Reg. 84; am 8/12/84, Reg. 91)

Authority: AS 43.05.080 AS 43.40.100

(E) fuel used by charitable institutions;

(F) fuel which is at least 10 percent alcohol by volume;

(G) fuel sold or transferred between qualified dealers;

(H) fuel sold to federal, state, and local government agencies for official use;

(I) fuel used in stationary power plants that generate electrical energy for private residential consumption;

(J) fuel used to heat private or commercial buildings or facilities;

(K) fuel used for other nontaxable purposes as prescribed by regulations adopted by the department; or

(L) fuel used in stationary power plants of 100 kw or less that generate electrical power for commercial enterprises not for resale;

(3) "qualified dealer" means a person who (A) refines, (B) imports, (C) manufactures, (D) produces, (E) compounds, or (F) wholesales motor fuel, who satisfies criteria for qualified dealers established by the department by regulation and who obtains a qualified dealer's license from the department;

(4) "user" means a person consuming or using motor fuel, who either

(A) purchases the fuel out of the state and ships it into the state for personal use in the state;

(B) manufactures the fuel in the state; or

(C) purchases or receives fuel in the state that is not taxed at the time of purchase or receipt or is taxed at a rate that is less than the rate prescribed by AS 43.40.010. (§ 48-5-1 ACLA 1949; am § 1 ch 56 SLA 1949; am § 9 ch 47 SLA 1955; am § 26 ch 70 SLA 1964; am §§ 6, 7 ch 158 SLA 1970; am § 1 ch 74 SLA 1972; am § 5 ch 116 SLA 1977; am § 10 ch 83 SLA 1980; am §§ 10 — 12 ch 82 SLA 1982; am § 4 ch 87 SLA 1983)

Revisor's notes. — Paragraphs (3) and (4) were renumbered in 1983 to achieve alphabetical order.

Effect of amendments. — The 1980 amendment added subparagraph (F) in paragraph (2).

The 1982 amendment, in paragraph (2), added subparagraphs (G)-(K); in paragraph (3) added the subparagraphs (A and (B) designations, substituted "personal use" for "his own use" and deleted "or" from the end, in subparagraph (A), added "or" to the end of subparagraph (B), and added subparagraph (C); and added paragraph (4).

The 1983 amendment added paragraph (2)(L).

Secs. 43.40.110 — 43.40.120. Additional tax levy on transfers or consumption of motor fuel. *[Repealed, § 8 ch 158 SLA 1970.]*

Chapter 40. Motor Fuel Tax.

Article

1. Application of Tax
   (15 AAC 40.010 — 15 AAC 40.070)
2. Tax Refunds and Credits for Fuel Resellers
   (15 AAC 40.100)
3. Tax Refunds and Credits for Final User
   (15 AAC 40.200 — 15 AAC 40.230)
4. (Reserved)
5. (Reserved)

6. (Reserved)
7. (Reserved)
8. (Reserved)
9. General Provisions (15 AAC 40.900)

ARTICLE 1. APPLICATION OF TAX

Section
10. Tax return filing requirements
20. Fuel subject to tax and exemptions
30. Certificate requirements for certain sales
40. Qualified dealer license
50. Bonding requirement for qualified dealer license
60. Revocation of qualified dealer license
70. Records

15 AAC 40.010. Tax Return Filing Requirements. Each dealer and each user must submit monthly to the department a return showing all motor fuel sold or transferred by the dealer or consumed by the user in the state, including all tax-exempt sales, transfers and uses. The return must be signed by the dealer or user under penalty of perjury and must show to whom fuel was sold or transferred and the reasons for any tax exemption. The return, supporting documentation, and the tax collected or accrued must be remitted by the last day of the month following the month the motor fuel was sold, transferred or used. One percent of the total monthly tax due and remitted, up to $100, may be deducted and retained if the return is timely filed. (Eff. 7/19/82, Reg. 83; am 8/12/84, Reg. 91)

Authority: AS 43.05.080
AS 40.40.010

15 AAC 40.020. Fuel Subject to Tax and Exemptions. (a) All motor fuel sold or transferred in the state or consumed by a user in the state is subject to the motor fuel tax under AS 43.40.010 — 43.40.100, unless exempted under (b) of this section. For purposes of AS 43.40.010 — 43.40.100 and this chapter, "motor fuel" is fuel used in an engine for the propulsion of a motor vehicle or aircraft, and fuel used in and on watercraft for any purpose, or in a stationary engine, machine or mechanical contrivance which is run by an internal combustion motor, including bulk or other transfers of fuel between producing, refining, importing or exporting companies and gasoline separated from a mixture of gasoline and alcohol that was not taxed in its combined state. All bulk sales of fuel to a person who uses a common storage tank servicing both taxable and nontaxable uses, except bulk sales of jet fuel to a person who exclusively flies directly from the state to a foreign country, are subject to the motor fuel tax under AS 43.40.010 — 43.40.100, but the portion actually used for nontaxable purposes is eligible for a tax refund upon application to the department.

(b) SEE BACK OF BOOKLET

(c) Fuel meeting the following requirements is exempt from the motor fuel tax under AS 43.40.010 — 43.40.100:

(1) fuel sold to, transferred to, or used by United States, Alaska, or local government agencies for official use, except motor fuel sold to a contractor who purchases motor fuel either for its own account or as the agent of a government agency for use in the performance of a contract with that agency;

(2) fuel sold to, transferred to, or used by auxiliary military units for official use, not including fuel purchased by a volunteer member of an auxiliary unit for use in a private vehicle;

(3) fuel used in stationary power plants operating as public utility plants and generating electrical energy for sale to the general public;

(4) fuel used exclusively for a domestic purpose in single or multiple unit private dwellings including mobile homes, but not including watercraft;

(5) fuel sold exclusively for use for heating commercial buildings or facilities;

(6) fuel used in stationary power plants that generate electrical energy exclusively for private residential consumption;

(7) fuel used in stationary commercial power plants of 100 kw or less;

(8) fuel used by nonprofit power associations or corporations for generating electrical energy for resale;

(9) fuel used by charitable institutions;

(10) refined fuel transported as cargo out of the state into international waters if the fuel is sold or otherwise transferred to watercraft which operate exclusively in international waters and which do not enter state territorial waters, ports, or facilities;

(11) refined fuel transported as cargo out of the state on a vessel from a port in this state to a port outside this state, unless the fuel is purchased for use within state territorial waters;

(12) fuel consigned to foreign countries;

(13) fuel sold to, transferred to, or used on jet propulsion aircraft operating flights from the state to a foreign country, except flights to a foreign country, with intermediate stops within the United States;

(14) fuel which is at least 10 percent alcohol by volume;

(15) fuel sold to or transferred between licensed qualified dealers;

(16) actual losses of volume which occur during handling, transporting or storing motor fuel, including shrinkage and losses from fire and other accidents;

(17) additives that are used for improving existing characteristics of fuel, not including blended fuels; and

(18) fuel used for any other purpose which the department determines is not motor fuel as defined by AS 43.40.100(2) if the purpose is fully disclosed on the monthly motor fuel tax return.

(c) For purposes of (b)(1) and (2) of this section, "official use" does not include sales of fuel. (Eff. 7/19/82, Reg. 83; am 11/14/84, Reg. 84; am 8/12/84, Reg. 91)

Authority: AS 43.05.080
AS 43.40.010
AS 43.40.100

HB

173

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

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May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation:

3-30-87

4-15-87

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION : SSHB 173
PUBLISH DATE : 03/25/87

FISCAL NOTE

REQUEST:

Revision Date:
Title : An Act Relating to International Airports in Anchorage & Fairbanks
Sponsor : Pearce and Hanley
Requestor :

Agency Affected : Administratio :
BRU : FINANCE
Components :

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	29.5	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	Ø	29.5	Ø	Ø	Ø	Ø
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	29.5	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	29.5	Ø	Ø	Ø	Ø

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	1	0	0	0	0

ANALYSIS : (Attach a separate page if necessary)

This legislation removes International Airport payroll and accounting applications off the State Systems. In order to accomplish this transition the Division of Finance will need the services of an Accountant IV level employee over a six month period. The six month cost of this level

Prepared by : Keith Busch 1/22/88 Phone : 465-2260
Division : Finance Date : 1/22/88

Approved by Commissioner : John M. Andrews Date : 1/25/88
Agency : Department of Administration

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

employee is $29,500. THis level of assistance is needed due to the sensitivity of the records that need to be transferred between jurisdictions. There will be no measurable impact in future years once the transition has been completed.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

Bill Version: SSHB 173
Publish Date: January 21, 1988

FISCAL NOTE

REQUEST:

Revision Date:
Title: An act relating to the International Airports in Anchorage and *
Sponsor:
Requestor:

Agency Affected: Department of Administration
BRU: Personnel
Components: Centralized Administrative Services

* establishing the Alaska International Airport Authority.

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0
POSITIONS:	0.0	0.0	0.0	0.0	0.0	0.0
FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: (Attach a separate page if necessary)

No additional appropriation for the Division of Personnel would be required.

Prepared By: Diana DeSimone
Phone: 465-4430
Division: Personnel
Date: January 21, 1988

Approved by Commissioner: John M. Andrews
Date: 1/25/88
Agency: Department of Administration

Distribution (by preparer):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Rev: 1/11/87

7/4K1/0115-05v3

STATE OF ALASKA
1988 LEGISLATIVE SESSION

Bill Version: Sponsor Substitute HB 173
Publish Date:

FISCAL NOTE

REQUEST:

Revision Date:
Title: An act relating to the international airports in Anchorage
Sponsor: Pearce and Hanley
Requestor:

Agency Affected: Department of Administration
BRU: Division of Risk Management
Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	(583.1)	(583.1	(583.1)	(583.1	(583.1)
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	(583.1)	(583.1	(583.1)	(583.1	(583.1)
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	(583.1)	(583.1	(583.1)	(583.1	(583.1)
TOTAL	0	(583.1)	(583.1	(583.1)	(583.1	(583.1)

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

The fiscal note is difficult to predict because Anchorage International Airport is really the rating or premium base for the State's entire aviation insurance program. The attached details the estimated fiscal note.

Note page 3 for total estimated costs to the State.

Prepared By: Don Hitchcock, Director
Division: Risk Management
Phone: 465-2180
Date: January 18, 1988

Approved by Commissioner: John M. Andrews
Agency: Department of Administration
Date: 1/25/88

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

CONTINUATION of FISCAL NOTE ANALYSIS

Sponsor Substitute HB

For House Bill No. 173

FY 88 State airport premiums amount to approximately $1,200.0. If the premium base, i.e., Anchorage and Fairbanks international airports are deleted from the State blanket policy the insurance companies will then charge an average premium per airport for all small fields, this is estimated at $4,000 per air field. The State has 265 smaller airports so after removal of the two internationals the premium remains at $1,060.0 for airports--or a negative fiscal note of ($140.0).

Workers' compensation and general liability charged these two airports amount to $289.0 and property premiums total $154.1.

The total negative fiscal note for risk management, therefore, would be approximately ($583.1).

7/0K1/011088 01/3v2

POSITION PAPER
House Bill #173
Sponsor Substitute

1. The bill creates the Alaska International Airport Authority for Anchorage and Fairbanks and creates an autonomous operation much like the Alaska Railroad.

2. From a risk management standpoint, both the State and the Airport Authority suffer. Anchorage International (and to a lesser extent Fairbanks) represent the rate base for our entire State aviation program. Anchorage and Fairbanks presently pay $960.0 of our total airport premium of $1,200.0. If they are removed from the schedule the remaining 265 airports' insurance charges are estimated at $1,060.0. In other words, separation will almost double the combined airport premiums paid prior to separation.

   Also outstanding active (or pending) workers' compensation and liability cases would have to be transferred to the airports since the State would no longer have their payroll premium assessments to meet obligations.

3. From a risk management standpoint we see increased insurance charges to the airports and no relief to the balance of the State's program. We cannot support the Bill.

Don Hitchcock, Director
Division of Risk Management

1/19/88
Date

Commissioner John M. Andrews
Department of Administration

1/25/88
Date

7/9K1/011988-01/4v2

Dept. of Transportation & Public Facilities

POSITION PAPER

MSA

BILL NO: HOUSE BILL 173

TITLE: ESTABLISHING INTERNATIONAL AIRPORT AUTHORITY

APPROVED: Mark S. Hickey
Commissioner

DATE: MARCH 30, 1987

Please see the attached position paper.

For further information call Susan Fleischhauer at 465-3900

March 30, 1987

ALASKA INTERNATIONAL AIRPORT AUTHORITY

The Department of Transportation and Public Facilities (DOT&PF) is not yet prepared to take a formal policy position regarding the concept of placing the Alaska International Airport System (AIAS), comprised of the Anchorage and Fairbanks International Airports, within an independent public corporation.

Ultimately, this type of structure may make the most sense for the long-term efficient management of these airports. However, it is not entirely clear to DOT/PF that these goals cannot be achieved working within the current organizational structure. In fact, several recent changes have been instituted to accomplish these purposes.

House Bill 173 appears to be well organized and comprehensive. There are, however, a few issues that appear to remain unresolved. We understand a new sponsor substitute has been prepared which may address several of these concerns. General comments and explanations follow:

1. Section 1 PURPOSE -- It would be helpful to more fully establish the policy and justification for an Alaska International Airport Authority. For example, an expanded statement of findings would clearly establish the general legislative intent, which is then defined specifically in the subsequent sections of the legislation. The enabling legislation for the Alaska Industrial Development Authority (A.S. 44.88) has a similar initial section. A few examples of what DOT&PF assumes to be important motivating factors behind this bill are:

   - to facilitate consolidated, cohesive management of the airports;
   - to effect greater responsiveness and interaction between the airports and their respective communities;
   - to clearly segregate the IARF enterprise fund management from general government operations;
   - to enhance the businesslike approach to this enterprise activity;
   - to establish a basis for the administration of the international airport consistent with industry standards necessary to compete in the international marketplace.

2. Section 02.40.020 BOARD OF DIRECTORS -- Since Anchorage and Fairbanks International Airports are gateways to the entire State, it may be advisable to leave two appointments unrestricted as to place of residency. In this way, the

The controller should be responsible for the issuance of bonds and the management of debt; not "monitor" the issuance. Further discussion of this point is contained in point #7 to follow.

Recommend sub-paragraph (d) be revised to read "The Board may empower the Executive Director to contract for and engage the services of consultants and professional, technical, and financial advisers the Authority considers necessary for the purpose of developing information, conducting hearings, studies, investigations or other proceedings, or otherwise exercising its powers." Typically, from a procedural standpoint, it will be the Executive Director who actually signs the contracts and approves selection of firms to provide the professional assistance.

7. Section 020.40.100 POWERS OF THE AUTHORITY -- The Authority should be empowered to sell international airport revenue bonds. The international airport revenue bonds are not backed by the full faith and credit of the state and are very different from the G.O. bonds usually issued for state purposes. Both the Alaska Industrial Development Authority (AIDA - A.S. 44.88.080) and the Alaska Housing Finance Corporation (AHFC - A.S. 18.56) are empowered to sell their own bonds. Bonding authority is also standard for other major airports across the country such as Sea-Tac, Portland, and Indianapolis.

As an independent corporation, the Authority should be able to hire all necessary financial advisors, bond counsel, and feasibility consultants, and should be empowered to direct the bond sales and subsequent debt payments through the controller. This ability to control debt issuance and management will be critical to the Authority's ability to issue debt that is consistent with airport industry standard.

In addition, the Authority should be empowered to hire, or retain its own legal counsel for the Alaska International Airport Authority.

Governor would be free to have rural or other Alaska representation on the Board if he so chose.

Another alternative could be to expand the Board to seven members, with the Anchorage and Fairbanks communities each having two seats and still leaving room outside those communities for rural or other Alaska representation. While this could be an option, it should be clearly stated that the accompanying fiscal note assumes a five-member Board.

Instead of requesting one member to be nominated by the local governments, the legislation could provide for a list of three names to be submitted by each of the Anchorage and Fairbanks communities, and from which the Governor would try to choose the communities' appointee. This process would reduce the potential conflict between the Governor and the communities.

One question related to subparagraph (f) of the bill is whether or not there is a constitutional problem with requiring legislative confirmation of Board appointees. There may also be a constitutional question with the proposed "nominated appointment" process. These questions should be addressed by the Attorney General's staff.

3. Section 02.40.040 REMOVAL OF MEMBERS -- There may also be a constitutional problem here unless the members simply serve at the pleasure of the Governor.

4. Section 02.40.050 MEETINGS -- The Board should be required to meet at least quarterly.

5. Section 02.040.060 OFFICERS AND QUORUM -- Is it necessary for the Board to elect a treasurer when the IARF controller works for the Board? Further, it may be advisable to provide for election of a vice-chairman as well as a chairman. This would be consistent with the approach taken by both the Railroad Corporation and the Alaska Industrial Development Authority.

6. Section 02.40.070(b) STAFF -- Language in the bill needs to make it clear that the Executive Director, and not the Board, selects and hires the administrative and operations staff. The last sentence of sub-paragraph (a) could be interpreted to mean that all staff would be required to be directly screened by the Board. We assume the intent was for the Board to approve the positions, but not the specific personnel selected for each position.

8. Section 02.40.220 SALE AND DELIVERY OF IN-BOND MERCHANDISE -- DOT&PF feels sub-paragraph (d) needs to be revised to allow the Airport Authority the flexibility to award the in-bond merchandise concession contract based on either competitive proposal, competitive bid, or through a management contract. The competitive proposal approach allows airport management to award the concession based on performance standards as well as financial considerations. The management contract approach is still based on a bid and essentially allows th Authority to hire a company to run the concession. If market conditions change materially, the airports may need the flexibility of competitive proposal or management contract, in addition to the straight competitive bid, to assure continued quality service to the travelling public. Further justification for requested management contract or competitive proposal flexibility can be provided if necessary.

9. Section 02.40.240 COURTESY CARS -- Language in this section should be revised to allow the Authority to establish an access fee for these vehicles.

   This subject appears to be covered twice in the bill; it is also listed on page 16, Section 02.15.095. Does it need to be in both places?

10. Section 02.40.300 BUDGET REQUEST -- In order for the Alaska International Airport Authority to be in a position to maximize its enterprise opportunities, budget approval authority should be vested with the Board of Directors. This will avoid compromise of the Authority's ability to administer the enterprise as a business by providing it with the power of controlling its budget and amending it throughout the year as needs and conditions change. The budgeting process is unclear in the existing language of the bill. The DOT&PF recommends that the process include legislative appropriation of a line item budget amount for the Authority, but the Board must have the flexibility to reallocate funds within the lump sum budget amount as each fiscal year progresses.

11. Section 02.40.320 PERFORMANCE REPORTING -- DOT&PF suggests leaving the introductory paragraph without the specific items listed in sub-paragraphs (1) through (8). Several of the requirements listed may be extremely time consuming and expensive. As examples:

    (3) A statement of the performance and accomplishments and costs incurred by the Authority for the last four years could involve several weeks of staff time and Board of Directors' review prior to release to the Governor.

    (4) Identifying the number and types of persons affected by the Authority will be extremely time-consuming. This information would appear to have no direct benefit.

    (5) The summary statement for the last three fiscal years for personnel employed and under contract is additional information requiring significant staff time to produce, again with no apparent usefulness.

    (6) Assessment of the authority on the economy of the state, is a major effort requiring probably $100,000 of consultant time and achieves no result relevant to administering the international airports.

    It is recommended that the Authority provide the Governor with the annual audit of the IARF and that all other listed requirements be omitted.

12. Section 02.40.350 ANNUAL AUDIT -- This section should specify that the annual IARF audit be done by an external certified public accounting firm.

13. Section 02.40.900(b) AUTHORITY EMPLOYEES -- DOT&PF recognizes the sensitive issues involved in the transition and status of the current state employees. The provision for employee transfer needs to be addressed, as well as the workers' rights as public employees. It is our opinion that input on the issues should be obtained from other agencies, employee associations, and other interest groups.

14. It is advisable to include language in the bill to recognize that the Airport Security Officers (ASO) working on airport property have all the rights and powers included under the Alaska Police Standards (A.S. 18.65.130 through 18.65.190). To comply with state and federal requirements, the Anchorage and Fairbanks Airports must employ certified officers. The Alaska Court System recognizes the enforcement powers of ASO's, however, the Attorney General's staff have expressed concern over whether the ASO's have enforcement powers. These powers of enforcement are necessary and should be clearly articulated in this legislation. DOT&PF recommends seeking specific advice from the Attorney General's staff.

15. Section 02.15.090 OPERATION AND USE PRIVILEGES -- Both the department and the Authority require the ability to enter into contracts, leases, etc. It appears the addition of "and subject to the jurisdiction of the department" may not address this problem. Subsequent references in the bill indicate there are separate jurisdictions of the department and the Authority. Recommend that the new language "and subject to the jurisdiction of the department" be deleted and line 24 be modified to read "...the department or the Authority may enter into contracts, leases, and other..."

16. This legislation should include a section protecting the DOT&PF's existing facility interest on Anchorage International Airport land. The Central Region DOT&PF building is on five acres of land adjacent to Lake Hood.

17. Section 37.15.480 AMOUNTS REQUIRED FOR PAYMENTS -- DOT&PF recommends that the IARF debt be managed by the controller and management for the IARF be under the sole control of the Authority and its controller. See Comment #7.

18. We understand work is continuing to add a section addressing bonding requirements. Provisions should be included to ensure transfer of all existing debt obligations to the new entity.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

DRAFT

REQUEST:

Bill Version : HB 173
Publish Date : 3/9/87

Revision Date:
Title : Alaska International Airport Authority Act
Sponsor : Pearce and Hanley
Requestor :

Agency Affected : DOT&PF
BRU : International Airports

Components :

Alternative I

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		945.4	940.4	940.4	940.4	940.4
TRAVEL		60.1	55.0	55.0	55.0	55.0
CONTRACTUAL		779.7	679.7	679.7	679.7	679.7
SUPPLIES		32.5	32.5	32.5	32.5	32.5
EQUIPMENT		115.0				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS		(529.3)	(529.3)	(529.3)	(529.3)	(529.3)
TOTAL OPERATING		1403.4	1178.3	1178.3	1178.3	1178.3
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER IARF 1027		1403.4	1178.3	178.3	1178.3	1178.3
TOTAL		1403.4	1178.3	1178.3	1178.3	1178.3

POSITIONS:

FULL-TIME		22	22	22	22	22
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See Attached

Prepared by : Lawrence W. Michou
Division : Anchorage International Airport
Phone : 266-1400
Date :

Approved by Commissioner :
Agency :
Date :

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

DRAFT

FIRST YEAR

Function	Personal Services	Travel	Contractual	Supplies	Equipment	TOTAL
Board of Directors	25.0	25.1	403.5	2.5	40.0	456.1
Legal	233.1	15.0	82.2[1]	17.5	40.0	387.8
Purchasing/Supply	336.5	10.0	78.0	7.5	25.0	457.0
Labor Relations/Pers.	350.8	10.0	191.0	5.0	50.0	606.8
Investment Manager			25.0			
TOTAL:	954.4	60.0	797.7	32.5	115.0	1,932.7[2]

YEARS THEREAFTER

Function	Personal Services	Travel	Contractual	Supplies	Equipment	TOTAL
Board of Directors	20.0	20.0	303.5	2.5	-0-	346.0
Legal	233.1	15.0	82.2[1]	17.5	-0-	347.8
Purchasing/Supply	336.5	10.0	78.0	7.5	-0-	432.0
Labor Relations/Pers.	350.8	10.0	191.0	5.0	-0-	556.8
Investment Manager			25.0			
TOTAL:	940.4	55.0	679.7	32.5	-0-	1,707.6[2]

1 Actual cost of legal office is 487.6 which is reduced by the approximately 100.0 RSA from the Airports to Department of Law. Therefore, contractual estimate of 182.2 is reduced 100.0 to reflect the RSA amount.

2 In the miscellaneous column, 529.3 is deducted to represent the reduction in IARF funding to DOT&PF that will be credited back to the fund.

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Position Title	Attorney V	No. of Positions	1	Range/Step	25A	Barg. Unit	PX
Time Status	F	Staff Months	12	Location	AIA	Election District	

Type of Expenditure		Amount
1	2	3
Salary	60.3	
Benefits	17.7	
Premium Pay		
Other		
Total Personal Services		78.0
Travel		15.0
Contractual		182.0
Commodities		17.5
Equipment		40.0
Other		
Total Cost		332.5

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1006	
CIP Receipts	1061	
Other IARF	1027	332.5

Justification

A legal services function of five positions is needed to provide legal services to the proposed International Airport Authority supporting the Board, Executive Director, and the two airports.

Travel:
Travel by legal staff to attend annual meetings of Airport Operators Council International (AOCI) and to attend Board meetings in either Fairbanks or Anchorage. Travel by legal staff between Anchorage, Fairbanks, and Juneau to attend meetings and to testify on legislation.

$ 15,000

Request For New Position

Agency: Department of Transportation and Public Facilities
BRU: Anchorage International Airport
Component: Administration

FY 88

02413379 P.05
03/27/1987 15:09 *** PANAFAX UF-400 ***

Contractual Services:

Communications: Telephone, Long Distance, Postage	$ 15,000	
Advertising: Legal Notices, Forms, Subscription	25,000	
Rental of Buildings: 2000 sq.ft. x $1.75 sq.ft. x 12 =	42,000	
Other Expenses: Contract Legal Services, Deposition Services, etc. (Estimate outside legal support: 150 x 500 hrs. = 75,000)	$100,000	
Total Contractual Services		$182,000

Supplies & Materials:

Office & Library	$ 15,000	
Data Processing Supplies	2,500	
		17,500

Equipment

A one time cost to establish the legal office including office furniture, word processing equipment, etc., for an office of eight people.

Total Equipment	$ 40,000

☐ ADDITIONAL EXPLANATION FORM

(6/84)-ael

AGENCY Department of Transportation and Public Facilities

BRU Anchorage International Airport

COMPONENT Administration

Revised Date

FY 88

03/27/1987 15:09 **** PANAFAX UF-400 **** 02413079 P.06

Position Title	Attorney III	No. of Positions	1	Range/Step	22C	Barg. Unit	PX
Time Status	F	Staff Months	12	Location	AIA	Election District	

Type of Expenditure		Amount
1	2	3
Salary	49.1	
Benefits	15.6	
Premium Pay		
Other		
Total Personal Services		64.7
Travel		
Contractual		
Commodities		
Equipment		
Other		64.7
Total Cost		

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1006	
CIP Receipts	1061	
Other IARF	1027	64.7

Justification

See Attorney V

Request For New Position

Agency: Department of Transportation and Public Facilities

BRU: Anchorage International Airport

Component: Administration

Revised Date

FY 88

03/27/1987 15:10 **** PANAPAX UF-400 **** 02412079 P.07

Position Title	No. of Positions	Range/Step	Barg. Unit
Legal Secretary II	1	11A	PX

Time Status	Staff Months	Location	Election District
F	12	AIA	

Justification

See Attorney V

Type of Expenditure		Amount
1	2	3
Salary	23.6	
Benefits	9.2	
Premium Pay		
Other		
Total Personal Services		32.8
Travel		
Contractual		
Commodities		
Equipment		
Other		
Total Cost		32.8

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1006	
CIP Receipts	1061	
Other IARF	1027	32.8

Request For New Position

Agency: Department of Transportation and Public Facilities

BRU: Anchorage International Airport

Component: Administration

FY 88

02412079 P.09
03/27/1987 15:11 **** PANAFAX UF-400 ****

Position Title	Legal Secretary I	No. of Positions	1	Range/Step	10A	Barg. Unit	PX
Time Status	F	Staff Months	12	Location	AIA	Election District	

Type of Expenditure		Amount
1	2	3
Salary	22.1	
Benefits	8.9	
Premium Pay		
Other		
Total Personal Services		31.0
Travel		
Contractual		
Commodities		
Equipment		
Other		
Total Cost		31.0

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1006	
CIP Receipts	1061	
Other IARF	1027	31.0

Justification

See Attorney V

Request For New Position

Agency: Department of Transportation and Public Facilities

BRU: Anchorage International Airport

Component: Administration

Revised Date

FY 88

02413079 P.09
03/27/1987 15:12 **** PANAFAX UF-400 ****

Position Title	Clerk Typist II	No. of Positions	1	Range/Step	7A	Barg. Unit	PX
Time Status	F	Staff Months	12	Location	AIA	Election District	

Justification

See Attorney V

Type of Expenditure		Amount
1	2	3
Salary	18.6	
Benefits	8.0	
Premium Pay		
Other		
Total Personal Services		26.6
Travel		
Contractual		
Commodities		
Equipment		
Other		
Total Cost		26.6

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1006	
CIP Receipts	1061	
Other IARF	1027	26.6

Request For New Position

Agency: Department of Transportation and Public Facilities

BRU: Anchorage International Airport

Component: Administration

FY 88

02412079 P.10
05/27/1987 15:13 **** PANAFAX UF-400 ****

Position Title	Purchasing Agent III	No. of Positions 1	Range/Step 20A	Barg. Unit PX
Time Status F	Staff Months 12	Location AIA	Election District	

Type of Expenditure 1	2	Amount 3
Salary	43.0	
Benefits	14.4	
Premium Pay		
Other		
Total Personal Services		57.4
Travel		10.0
Contractual		78.0
Commodities		7.5
Equipment		25.0
Other		
Total Cost:		177.9

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1006	
CIP Receipts	1061	
Other IARF	1027	177.9

Justification

A purchasing and supply function (eight positions) will be needed to support the proposed International Airport Authority and replace the services currently being provided by DOT&PF and the Department of Administration.

continued

Request For New Position

Agency: Department of Transportation and Public Facilities
BRU: Anchorage International Airport
Component: Administration

FY 88

02412073 P.11
03/27/1987 15:13 **** PANAFAX UF-400 ****

Travel:

Airfares and per diem for travel to and from Fairbanks. Outside travel to attend equipment presentations and factory inspections:		$ 10,000
Contractual Services:		
Communication: Telephone, Long Distance, Postage	12,000	
Advertising: Legal Notices, forms, subscriptions	5,000	
Rental of Buildings: 2000 sq.ft. x $1.50 sq.ft. x 12 =	25,000	
Other Expenses:		
Repair contracts, copier & postage machine rental, etc.	25,000	
Total:		$ 78,000
Commodities:		
General Office Supplies, duplicating supplies, standard state forms and computer supplies		7,500
Equipment and Machinery:		
Necessary function and computer equipment including word processing equipment to establish new offices. A one-time expense		25,000

02412079 P.12
03/27/1987 15:14 **** PANAFAX UF-400 ****

Position Title		No. of Positions	Range/Step	Barg. Unit
Purchasing Agent II		1	16A	PX
Time Status	**Staff Months**	**Location**		**Election District**
F	12	AIA		

Type of Expenditure		Amount
1	2	3
Salary	32.6	
Benefits	11.5	
Premium Pay		
Other		
Total Personal Services		44.1
Travel		
Contractual		
Commodities		
Equipment		
Other		
Total Cost		44.1

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1006	
CIP Receipts	1061	
Other IARF	1027	44.1

Justification

See Purchasing Agent III

Request For New Position

Agency: Department of Transportation and Public Facilities

BRU: Anchorage International Airport

Component: Administration

Revised Date

FY 88

02413079 P.13
03/27/1997 15:15 **** PANAFAX UF-400 ****

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Position Title	Clerk Typist III	No. of Positions	Range/Step	Barg. Unit
		1	8A	P
Time Status	Staff Months	Location	Election District	
F	12	AIA		

Type of Expenditure		Amount
1	2	3
Salary	20.0	
Benefits	8.2	
Premium Pay		
Other		
Total Personal Services		28.2
Travel		
Contractual		
Commodities		
Equipment		
Other		
Total Cost:		28.2

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1005	
CIP Receipts	1061	
Other IARF	1027	28.2

Justification

See Purchasing Agent III

Request For New Position

Agency: Department of Transportation and Public Facilities
BRU: Anchorage International Airport
Component: Administration

FY 88

03/27/1987 15:15 **** PANAFAX UF-400 **** 02412079 P.14

Position Title		No. of Positions	Range/Step	Barg. Unit
Supply Officer IV		1	19A	PY
Time Status	**Staff Months**	**Location**		**Election District**
F	12	AIA		

Type of Expenditure		Amount
1	2	3
Salary	40.2	
Benefits	13.5	
Premium Pay		
Other		
Total Personal Services		53.7
Travel		
Contractual		
Commodities		
Equipment		53.7
Other		
Total Cost		

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1006	
CIP Receipts	1061	
Other IARF	1027	53.7

Justification

See Purchasing Agent III

Request For New Position

Agency: Department of Transportation and Public Facilities

BRU: Anchorage International Airport

Component: Administration

Revised Date

FY 88

03/27/1987 15:16 **** PANAFAX UF-400 **** 02412079 P.15

Position Title	Supply Officer II	No. of Positions 1	Range/Step 16A	Barg. Unit PX
Time Status F	Staff Months 12	Location FIA	Election District	

Justification

See Purchasing Agent III

Type of Expenditure		Amount
1	2	3
Salary	32.6	
Benefits	11.4	
Premium Pay		
Other		
Total Personal Services		44.0
Travel		
Contractual		
Commodities		
Equipment		
Other		
Total Cost		44.1

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1006	
CIP Receipts	1051	
Other IARF	1027	44.1

Request For New Position

Agency: Department of Transportation and Public Facilities

BRU: Fairbanks International Airport

Component: Administration

Revised Date

FY 88

02412079 P.16
03/27/1987 15:17 **** PANAFAX UF-400 ****

Position Title		No. of Positions	Range/Step	Barg. Unit
Supply Technician II		1	12A	PX
Time Status	**Staff Months**	**Location**	**Election District**	
F	12	AIA		

Type of Expenditure		Amount
1	2	3
Salary	25.0	
Benefits	9.6	
Premium Pay		
Other		
Total Personal Services		34.6
Travel		
Contractual		
Commodities		
Equipment		
Other		
Total Cost		34.6

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1006	
CIP Receipts	1061	
Other IARF	1027	34.6

Justification

See Purchasing Agent III

Request For New Position

Agency: Department of Transportation and Public Facilities

BRU: Anchorage International Airport

Component: Administration

Revised Date

FY 88

02412079 P.17
03/27/1987 15:17 **** PANAFAX UF-400 ****

Position Title	Storekeeper WG II	No. of Positions 1	Range/Step 54B	Barg. Unit PX
Time Status F	Staff Months 12	Location FIA	Election District	

Type of Expenditure		Amount
1	2	3
Salary	34.8	
Benefits	12.2	
Premium Pay		
Other		
Total Personal Services		47.0
Travel		
Contractual		
Commodities		
Equipment		
Other		
Total Cost		47.0

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1006	
CIP Receipts	1061	
Other IARF	1027	47.0

Justification

See Purchasing Agent III

Request For New Position

Agency: Department of Transportation and Public Facilities
BRU: Fairbanks International Airport
Component: Administration

FY 88

02412079 P.18
03/27/1987 15:18 **** PANAFAX UF-400 ****

Position Title	Clerk Typist III	No. of Positions 1	Range/Step 8A	Barg. Unit PX
Time Status F	Staff Months 12	Location AIA	Election District	

Justification

See Purchasing Agent III

Type of Expenditure		Amount
1	2	3
Salary	20.0	
Benefits	8.2	
Premium Pay		
Other		
Total Personal Services		28.2
Travel		
Contractual		
Commodities		
Equipment		
Other		
Total Cost		28.2

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1005	
CIP Receipts	1061	
Other IARF	1027	28.2

Request For New Position

Agency: Department of Transportation and Public Facilities

BRU: Anchorage International Airport

Component: Administration

FY 88

03/27/1987 15:19 **** PANAFAX UF-400 **** 02412079 P.19

Position Title	Clerk Typist III	No. of Positions 1	Range/Step 8A	Barg. Unit PX
Time Status F	Staff Months 12	Location FIA	Election District	

Justification

See Purchasing Agent III

Type of Expenditure		Amount
1	2	3
Salary	19.3	
Benefits	8.2	
Premium Pay		
Other		
Total Personal Services		27.5
Travel		
Contractual		
Commodities		
Equipment		
Other		
Total Cost		27.6

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1006	
CIP Receipts	1061	
Other IARF	1027	27.6

Request For New Position

Agency: Department of Transportation and Public Facilities

BRU: Fairbanks International Airport

Component: Administration

FY 88

Revised Date

02412079 P.20
03/27/1987 15:20 **** PANAFAX UF-400 ****

Position Title	Personnel Officer III	No. of Positions 1	Range/Step 20A	Barg. Unit PX
Time Status F	Staff Months 12	Location AIA	Election District	

Type of Expenditure		Amount
1	2	3
Salary	43.0	
Benefits	14.1	
Premium Pay		
Other		
Total Personal Services		57.1
Travel		10.0
Contractual		191.0
Commodities		5.0
Equipment		50.0
Other		
Total Cost		313.1

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1006	
CIP Receipts	1061	
Other IARF	1027	313.1

Justification

The legislation creating the International Airport Authority would appear to require the establishment of a personnel function that would include a personnel office to handle day to day operations necessry to classify positions, process applications for employment, conduct testing, and the preparation of hiring documents; a labor relations function to negotiate employee contracts, represent the authority in arbitrations and grievances, and to resolve contract conflicts.

continued

Request For New Position

Agency: Department of Transportation and Public Facilities
BRU: Anchorage International Airport
Component: Administration

FY 88

02412079 P.21

Travel

Transportation and Per Diem		$ 10,000
Contractual		
Communications, Telephone, Long Distance, Postage	10,000	
Advertising Legal Notices, Forms, Subscriptions	5,000	
Rental of Buildings: 2000 sq.ft. x $1.50 sq.ft. x 12 =	36,000	
Other expenses, copier and postage machine rental, etc.	15,000	
Consulting Services for Contract Preparation	125,000	
Total:		$191,000
Commodities		$ 5,000
Equipment: One-time expense to establish office		$ 50,000

☐ ADDITIONAL EXPLANATION FORM

(6/84)-ael

AGENCY Department of Transportation and Public Facilities

BRU Anchorage International Airport

COMPONENT Administration

Revised Date

FY 88

03/27/1987 15:21 **** PANAFAX UF-400 **** 02412079 P.22

Position Title	Personnel Officer I	No. of Positions	1	Range/Step	16A	Barg. Unit	PX
Time Status	F	Staff Months	12	Location	AIA	Election District	

Justification

See Personnel Officer III

Type of Expenditure		Amount
1	2	3
Salary	32.3	
Benefits	11.8	
Premium Pay		
Other		
Total Personal Services		44.1
Travel		
Contractual		
Commodities		
Equipment		
Other		
Total Cost		44.1

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1005	
CIP Receipts	1061	
Other IARF	1027	44.1

Request For New Position

Agency: Department of Transportation and Public Facilities

BRU: Anchorage International Airport

Component: Administration

FY 88

03/27/1987 15:22 **** PANAFAX UF-400 **** 02412079 P.23

Position Title	Personnel Technician II	No. of Positions	Range/Step	Barg. Unit
		1	14A	PX
Time Status	Staff Months	Location	Election District	
F	12	AIA		

Justification

See Personnel Officer III

Type of Expenditure		Amount
1	2	3
Salary	28.4	
Benefits	10.4	
Premium Pay		
Other		
Total Personal Services		38.8
Travel		
Contractual		
Commodities		
Equipment		
Other		
Total Cost		38.8

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1006	
CIP Receipts	1051	
Other IARF	1027	38.8

Request For New Position

Agency: Department of Transportation and Public Facilities

BRU: Anchorage International Airport

Component: Administration

FY 88

02412079 P.24
03/27/1987 15:23 **** PANAFAX UF-400 ****

Position Title	Personnel Technician I			No. of Positions	1	Range/Step	12A	Barg. Unit	PX
Time Status	F	Staff Months	12	Location	FIA			Election District	

Type of Expenditure		Amount
1	2	3
Salary	25.0	
Benefits	9.6	
Premium Pay		
Other		
Total Personal Services		34.6
Travel		
Contractual		
Commodities		
Equipment		
Other		
Total Cost		34.6

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1006	
CIP Receipts	1061	
Other IARF	1027	34.6

Justification

See Personnel Officer III

Request For New Position

Agency: Department of Transportation and Public Facilities

BRU: Fairbanks International Airport

Component: Administration

Revised Date

FY 88

03/27/1987 15:23 **** PANAFAX UF-400 **** 0241307? P.35

Position Title	Clerk Typist III	No. of Positions	1	Range/Step	8A	Barg. Unit	PX
Time Status	F	Staff Months	12	Location	FIA	Election District	

Type of Expenditure		Amount
1	2	3
Salary	19.7	
Benefits	8.2	
Premium Pay		
Other		
Total Personal Services		27.9
Travel		
Contractual		
Commodities		
Equipment		
Other		
Total Cost		27.9

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1006	
CIP Receipts	1061	
Other IARF	1027	27.9

Justification

See Personnel Officer III

Request For New Position

Agency: Department of Transportation and Public Facilities

BRU: Fairbanks International Airport

Component: Administration

Revised Date

FY 88

02412079 P.26
03/27/1987 15:24 **** PANAFAX UF-400 ****

Position Title	Clerk Typist III	No. of Positions 2	Range/Step 8A	Barg. Unit PX
Time Status F	Staff Months 12	Location AIA	Election District	

Justification

See Personnel Officer III

Type of Expenditure		Amount
1	2	3
Salary	39.3	
Benefits	16.4	
Premium Pay		
Other		
Total Personal Services		55.7
Travel		
Contractual		
Commodities		
Equipment		
Other		
Total Cost		55.7
Funding Source for Total Cost		
Federal Receipts 1002		
G. F. Match 1003		
General Fund 1004		
I-A Receipts 1006		
CIP Receipts 1061		
Other IARF 1027		55.7

Request For New Position

Agency: Department of Transportation and Public Facilities

BRU: Anchorage International Airport

Component: Administration

Revised Date

FY 88

02413079 P.01
03/27/1987 15:26 **** PAHFHX UF-400 ****

Position Title		No. of Positions	Range/Step	Barg. Unit
Senior Negotiator		1	22A	PX
Time Status	**Staff Months**	**Location**		**Election District**
F	12	AIA		

Type of Expenditure		Amount
1	2	3
Salary	49.1	
Benefits	15.6	
Premium Pay		
Other		
Total Personal Services		64.7
Travel		
Contractual		
Commodities		
Equipment		
Other		
Total Cost		64.7

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1006	
CIP Receipts	1061	
Other IARF	1027	64.7

Justification

See Personnel Officer III

Request For New Position

Agency: Department of Transportation and Public Facilities

BRU: Anchorage International Airport

Component: Administration

Revised Date

FY 88

02412079 P.02
03/27/1987 15:26 **** PANAFAX UF-400 ****

Position Title		No. of Positions	Range/Step	Barg. Unit
Clerk Typist III		1	8A	PY
Time Status	**Staff Months**	**Location**		**Election District**
F	12	AIA		

Type of Expenditure		Amount
1	2	3
Salary	19.0	
Benefits	8.9	
Premium Pay		
Other		
Total Personal Services		27.9
Travel		
Contractual		
Commodities		
Equipment		
Other		
Total Cost		27.9
Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1006	
CIP Receipts	1061	
Other IARF	1027	27.9

Justification

See Personnel Officer III

Request For New Position

Agency: Department of Transportation and Public Facilities

BRU: Anchorage International Airport

Component: Administration

FY 88

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST:

Bill Version : HB 173
Publish Date : 3/9/87

Revision Date:
Title : Alaska International Airport Authority Act
Sponsor : Pearce and Hanley
Requestor :

Agency Affected : DOT&PF
BRU : International Airports
Components :

Alternative II

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		505.5	505.5	505.5	505.5	505.5
TRAVEL		40.1	35.00	35.0	35.0	35.0
CONTRACTUAL		649.5	549.5	549.5	549.5	549.5
SUPPLIES		13.3	13.3	13.3	13.3	13.3
EQUIPMENT		67.5				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS		(229.4)	(229.4)	(229.4)	(229.4)	(229.4)
TOTAL OPERATING		1041.5	873.90	873.90	873.90	873.90
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER IARF 1027		1041.5	873.90	873.90	873.90	873.90
TOTAL						

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

See Attached

Prepared by : Lawrence W. Michou
Division : Anchorage International Airport
Phone : 266-1400
Date : 3/27/87

Approved by Commissioner :
Agency :
Date :

Distribution (by preparer) :
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

ALTERNATIVE II

FIRST YEAR

Function	Personal Services	Travel	Contractual	Supplies	Equipment	TOTAL
Board of Directors	25.0	25.1	403.5	2.5	-0-	456.1
Purchasing	336.5	10.0	78.0	7.5	25.0	457.0
Labor Relations/Pers.	350.8	10.0	191.0	5.0	50.0	606.8
Investment Management			25.0			25.0
TOTAL:	505.5	40.1	649.5	13.3	62.5	1,270.9

YEARS THEREAFTER

Function	Personal Services	Travel	Contractual	Supplies	Equipment	TOTAL
Board of Directors	20.0	20.0	303.5	2.5	-0-	346.0
Purchasing	129.7	5.0	30.0	5.8	-0-	170.5
Labor Relations/Pers.	350.8	10.0	191.0	5.0	-0-	556.8
Investment Manager			25.0			25.0
TOTAL:	500.5	35.0	549.5	13.3	-0-	1,098.3

In the miscellaneous column 229.4 is deducted to represent the reduction in IARF funding to DOT&PF that will be credited back to the fund.

03/27/1987 15:28 **** PANAFAX UF-400 **** 0241079 P.05

Position Title		No. of Positions	Range/Step	Barg. Unit
Purchasing Agent III		1	20A	PX
Time Status	**Staff Months**	**Location**	**Election District**	
F	12	AIA		

Type of Expenditure		Amount
1	2	3
Salary	43.0	
Benefits	14.4	
Premium Pay		
Other		
Total Personal Services		57.4
Travel		5.0
Contractual		30.0
Commodities		5.8
Equipment		12.5
Other		
Total Cost		110.7

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1006	
CIP Receipts	1061	
Other IARF	1027	110.7

Justification

A purchasing section (three positions) will be needed to support the proposed International Airport Authority and replace the services currently being provided by DOT&PF and the Department of Administration.

continued

Request For New Position

Agency: Department of Transporation and Public Facilities

BRU: Anchorage International Airport

Component: Administration

Revised Date

FY 88

03/27/1987 15:29 **** PANAFAX UF-400 **** 03412079 P.06

Travel:

Airfares and per diem for travel to and from Fairbanks. Outside travel to attend equipment presentations and factory Inspections:		$ 5,000
Contractual Services:		
Communication: Telephone, Long Distance, Postage	5,000	
Advertising: Legal Notices, forms, subscriptions	5,000	
Rental of Buildings: 2000 sq.ft. x $1.50 sq.ft. x 12 =	13,500	
Other Expenses: Repair contracts, copier & postage machine rental, etc.	6,500	
Total:		$ 30,000
Commodities: General Office Supplies, duplicating supplies, standard state forms and computer supplies		5,800
Equipment and Machinery: Necessary function and computer equipment Including word processing equipment to establish new offices.. A one-time expense		12,500

☐ ADDITIONAL EXPLANATION FORM

(6/84)-am1

AGENCY Department of Transportation and Public Facilities

BRU Anchorage International Airport

COMPONENT Administration

Revised Date

FY 87

03/27/1987 15:29 **** PANAFAX UF-100 **** 02413075 P.07

Position Title		No of Positions	Range/Step	Barg. Unit
Purchasing Agent II		1	16A	PX
Time Status	Staff Months	Location	Election District	
F	12	AIA		

Justification

See Purchasing Agent III

Type of Expenditure		Amount
1	2	3
Salary	32.6	
Benefits	11.5	
Premium Pay		
Other		
Total Personal Services		44.1
Travel		
Contractual		
Commodities		
Equipment		
Other		
Total Cost		44.1
Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1006	
CIP Receipts	1061	
Other IARF	1027	44.1

Request For New Position

Agency: Department of Transportation and Public Facilities

BRU: Anchorage International Airport

Component: Administration

Revised Date

FY 88

03/27/1987 15:30 **** PANAFAX UF-400 **** 02412079 P.08

Position Title	Clerk Typist III	No. of Positions 1	Range/Step 8A	Barg. Unit PX
Time Status F	Staff Months 12	Location AIA	Election District	

Justification

See Purchasing Agent III

Type of Expenditure		Amount
1	2	3
Salary	20.0	
Benefits	8.2	
Premium Pay		
Other		
Total Personal Services		28.2
Travel		
Contractual		
Commodities		
Equipment		
Other		
Total Cost		28.2

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1005	
CIP Receipts	1061	
Other IARF	1027	28.2

Request For New Position

Agency: Department of Transportation and Public Facilities

BRU: Anchorage International Airport

Component: Administration

Revised Date

FY 88

03/27/1987 15:32 **** PANAFAX UF-400 **** 02412079 P.01

Position Title	Personnel Officer III	No. of Positions	1	Range/Step	20A	Barg. Unit	PX
Time Status	F	Staff Months	12	Location	AIA	Election District	

Type of Expenditure		Amount
1	2	3
Salary	43.0	
Benefits	14.1	
Premium Pay		
Other		
Total Personal Services		57.1
Travel		10.0
Contractual		191.0
Commodities		5.0
Equipment		50.0
Other		
Total Cost		313.1

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1006	
CIP Receipts	1061	
Other IARF	1027	313.1

Justification

The legislation creating the International Airport Authority would appear to require the establishment of a personnel function that would include a personnel office to handle day to day operations necessry to classify positions, process applications for employment, conduct testing, and the preparation of hiring documents; a labor relations function to negotiate employee contracts, represent the authority in arbitrations and grievances, and to resolve contract conflicts.

continued

Request For New Position

Agency: Department of Transportation and Public Facilities

BRU: Anchorage International Airport

Component: Administration

FY 88

02412079 P.02
03/27/1987 15:32 **** PANAFAX UF-400 ****

Travel

Transportation and Per Diem		$ 10,000
Contractual		
Communications, Telephone, Long Distance, Postage	10,000	
Advertising Legal Notices, Forms, Subscriptions	5,000	
Rental of Buildings: 2000 sq.ft. x $1.50 sq.ft. x 12 =	36,000	
Other expenses, copier and postage machine rental, etc.	15,000	
Consulting Services for Contract Preparation	125,000	
Total:		$191,000
Commodities		$ 5,000
Equipment: One-time expense to establish office		$ 50,000

ADDITIONAL EXPLANATION FORM

(6/84)-8n1

AGENCY Department of Transportation and Public Facilities

BRU Anchorage International Airport

COMPONENT Administration

Revised Date

FY 88

03/27/1987 15:33 **** PANAFAX UF-400 **** 02412079 P.03

Position Title	Personnel Officer I	No. of Positions	Range/Step	Barg. Unit
		1	16A	PX
Time Status	Staff Months	Location	Election District	
F	12	AIA		

Type of Expenditure		Amount
1	2	3
Salary	32.3	
Benefits	11.8	
Premium Pay		
Other		
Total Personal Services		44.1
Travel		
Contractual		
Commodities		
Equipment		
Other		
Total Cost		44.1

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1006	
CIP Receipts	1061	
Other IARF	1027	44.1

Justification

See Personnel Officer III

Request For New Position

Agency: Department of Transportation and Public Facilities

BRU: Anchorage International Airport

Component: Administration

Revised Date

FY 88

03/27/1987 15:34 **** PANAFAX UF-400 **** 02412079 P.04

Position Title	Personnel Technician II		No. of Positions 1	Range/Step 14A	Barg. Unit PX
Time Status F	Staff Months 12		Location AIA	Election District	

Justification

See Personnel Officer III

Type of Expenditure		Amount
1	2	3
Salary	28.4	
Benefits	10.4	
Premium Pay		
Other		
Total Personal Services		38.8
Travel		
Contractual		
Commodities		
Equipment		
Other		
Total Cost		38.8

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1006	
CIP Receipts	1061	
Other IARF	1027	38.8

Request For New Position

Agency: Department of Transportation and Public Facilities

BRU: Anchorage International Airport

Component: Administration

Revised Date

FY 88

03/27/1987 15:34 **** PANAFAX UF-400 **** 02413079 P.05

Position Title	Personnel Technician I			No. of Positions	1	Range/Step	12A	Barg. Unit	PX
Time Status	F	Staff Months	12	Location	FIA			Election District	

Type of Expenditure		Amount
1	2	3
Salary	25.0	
Benefits	9.6	
Premium Pay		
Other		
Total Personal Services		34.6
Travel		
Contractual		
Commodities		
Equipment		
Other		
Total Cost		34.6

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1006	
CIP Receipts	1061	
Other FARF	1027	34.6

Justification

See Personnel Officer III

Request For New Position

Agency: Department of Transportation and Public Facilities

BRU: Fairbanks International Airport

Component: Administration

Revised Date

FY 88

02412079 P.06
03/27/1987 15:35 **** PANAFAX UF-400 ****

Position Title	Clerk Typist III	No. of Positions	1	Range/Step	8A	Barg. Unit	PX
Time Status	F	Staff Months	12	Location	FIA	Election District	

Type of Expenditure	2	Amount 3
1		
Salary	19.7	
Benefits	8.2	
Premium Pay		
Other		
Total Personal Services		27.9
Travel		
Contractual		
Commodities		
Equipment		
Other		
Total Cost		27.9

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1006	
CIP Receipts	1061	
Other IARF	1027	27.9

Justification

See Personnel Officer III

Request For New Position

Agency: Department of Transportation and Public Facilities

BRU: Fairbanks International Airport

Component: Administration

Revised Date

FY 88

03/27/1987 15:36 **** PANAFAX UF-400 **** 02412079 P.07

Position Title	Clerk Typist III	No. of Positions 2	Range/Step 8A	Barg. Unit PX
Time Status F	Staff Months 12	Location AIA	Election District	

Justification

See Personnel Officer III

Type of Expenditure		Amount
1	2	3
Salary	39.3	
Benefits	16.4	
Premium Pay		
Other		
Total Personal Services		55.7
Travel		
Contractual		
Commodities		
Equipment		
Other		
Total Cost		55.7
Funding Source for Total Cost		
Federal Receipts 1002		
G. F. Match 1003		
General Fund 1004		
I-A Receipts 1006		
CIP Receipts 1061		
Other IARF 1027		55.7

Request For New Position

Agency: Department of Transportation and Public Facilities

BRU: Anchorage International Airport

Component: Administration

Revised Date

FY 88

02413079 P.08
03/27/1987 15:37 **** PANAFAX UF-400 ****

Position Title		No. of Positions	Range/Step	Barg. Unit
Senior Negotiator		1	22A	PX
Time Status	**Staff Months**	**Location**		**Election District**
F	12	AIA		

Justification

See Personnel Officer III

Type of Expenditure		Amount
1	2	3
Salary	49.1	
Benefits	15.6	
Premium Pay		
Other		
Total Personal Services		64.7
Travel		
Contractual		
Commodities		
Equipment		
Other		
Total Cost		64.7

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1006	
CIP Receipts	1061	
Other IARF	1027	64.7

Request For New Position

Agency: Department of Transportation and Public Facilities

BRU: Anchorage International Airport

Component: Administration

Revised Date

FY 88

Position Title		No. of Positions	Range/Step	Barg. Unit
Clerk Typist III		1	8A	PX
Time Status	**Staff Months**	**Location**		**Election District**
F	12	AIA		

Justification

See Personnel Officer III

Type of Expenditure		Amount
1	2	3
Salary	19.0	
Benefits	8.9	
Premium Pay		
Other		
Total Personal Services		27.9
Travel		
Contractual		
Commodities		
Equipment		
Other		
Total Cost:		27.9

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	
I-A Receipts	1006	
CIP Receipts	1061	
Other IARF	1027	27.9

Request For New Position

Agency: Department of Transportation and Public Facilities

BRU: Anchorage International Airport

Component: Administration

Revised Date

FY 88

02412079 P.09

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

DRAFT

REQUEST:

Bill Version : HB 173
Publish Date : 3/9/87

Revision Date:
Title : Alaska International Airport Authority Act
Sponsor : Pearce and Hanley
Requestor :

Agency Affected : DOT&PF
BRU : International Airports

Components :

Alternative III

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		25.0	20.0	20.0	20.0	20.0
TRAVEL		25.1	20.0	20.0	20.0	20.0
CONTRACTUAL		403.5	303.5	303.5	303.5	303.5
SUPPLIES		2.5	2.5	2.5	2.5	2.5
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		456.1	346.0	346.0	346.0	346.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER IARF 1027		456.1	346.0	346.0	346.0	346.0
TOTAL						

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

In Alternative III, the Department will continue all of the services that it is currently providing to the Anchorage and Fairbanks International Airports.

Prepared by : Lawrence W. Michou
Division : Anchorage International Airports
Phone : 266-1400
Date : 3/27/87

Approved by Commissioner :
Agency :
Date :

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

DRAFT

FISCAL NOTE ANALYSIS
HOUSE BILL 173

OVERVIEW:

The Department of Transportation and Public Facilities (DOT&PF) has reviewed House Bill 173 and has concluded that an Alaska International Airport Authority could be constituted in three possible forms.

Alternative I is envisioned as a fully stand-alone Authority with an independent Board of Directors. The Authority would not utilize any services currently available in other state agencies except for the State main frame computer for general ledger, the State payroll systems and other available software, and the current risk management program.

Alternative II establishes an Authority that would perform some functions as an independent agency, but would continue to use services from State agencies and DOT&PF.

Alternative III establishes an Authority that would be a policy board for the Internationals, while all other relationships between Anchorage and Fairbanks International Airports, DOT&PF, and other state agencies would remain as they currently exist.

ANALYSIS:

1. **Analysis of Fiscal Impact on Existing Programs**

DOT&PF has assumed only International Airport Revenue Fund (IARF) funding for the Authority. Currently, appropriations are made from the IARF to fund the operating and capital improvement budgets for both the Anchorage and Fairbanks International Airports and to partially fund other Budget Request Units in DOT&PF for services provided to the International Airports. The FY88 budget includes 891.7 in IARF funding for the DOT&PF divisions listed below, exclusive of the airports, based on the following distribution:

Division/Unit	FY88
Commissioner's Office	20.3
Deputy Commissioner's Office	29.4
Internal Review	50.0
Management and Finance	183.2
Information Systems	48.3
Central Administrative Service	110.2
Central D & C Engineering Management	193.5
Central M & O Administration	30.0
Interior District Admin. Services	156.2
Northern D & C Engineering Management	70.6
TOTAL:	891.7

Three of these functions would be continued whether as support from DOT&PF or transfer of the employees to the Authority. The functions are clearly identifiable and will be a required part of the Authority. The three are:

Internal Review	50.0
Information Systems	48.3
Design & Construction	264.1
TOTAL:	362.4

In Alternative I and II, the cost estimate for the Authority is reduced by 529.3, based on 891.7 -362.4.

The other services are administrative in nature and do not solely support the Airports. The funding portion from IARF in the non-airport DOT&PF divisions is based on an estimate of the cost of services provided to the Airports. In Alternative I and II, these services will be replaced by newly created functional units in theAuthority or continued to be supported by DOT&PF and other State agencies. In Alternative III, the funding will continue as is.

It should be noted that in the areas of Legal Services, Personnel/Labor Relations, and Supply/Purchasing the airports are receiving maximum return on the current IARF investment. This is due to the fact that the Airports are receiving the benefits of supply contract awards, negotiated personnel contracts, application processing applicant testing, and the accounting supervision of DOT&PF and the Department of Administration. An independent Authority would have to fund these functions completely.

The impact of reducing the IARF funding to the Divisions in DOT&PF will have to be analyzed. While it is recognized that once service to the Airports is eliminated, making some reductions possible, replacement funding may be required since many of the these functions serve other units as well.

DOT&PF recommends the Authority continue as part of the State's Insurance program currently administered by the Division of Risk Management, Department of Administration. The underwriters consider the majority of aviation risk to be at the Anchorage and Fairbanks International Airports. The remainder of the State airports are simply included under the policy covering AIA and FIA. The impact of purchasing separate aviation policies would be that the Internationals would continue paying about the same premium while the other 265 state owned airports would have to be covered under a separate policy. The Division of Risk Management estimates that the cost of separate coverage would be about $1.5 million.

Further impact would be that the Authority would be required to purchase separate fire, liability, and workman's compensation coverage. The cost of acquiring and administering separate policies in these areas could exceed $2.5 million, which would be an increased cost to the IARF. The impact on of the Airports acquiring separate fire, liability, and workman's compensation insurance would be minimal on the premiums paid by other state agencies. Therefore, separate insurance would increase costs, both in general fund and IARF dollars, with no additional positive result.

2. **Analysis of Fiscal Impact on New Programs**

The creation of a fully independent/stand-alone Authority (Alternative I) will have the greater fiscal impact since many new functions will require additional funding. The creation of a partially independent Authority (Alternative II) will have a more moderate fiscal impact based on the Authority performing purchasing, labor relations, personnel, and investment management functions, while continuing to fund other support services from DOT&PF. The establishment of the Authority with all other conditions remaining the same (Alternative III) will have the least fiscal impact.

3. **Analysis of Expenditures**

Alternative I - Fully Independent Authority

The establishment of an independent Board that would function as a stand-alone Authority that would not utilize any services currently available in other state agencies except for the State main frame computer for general ledger through the use of AKSAS, the State payroll systems and other software available on the Statewide network.

The Authority functions represented in Alternative I are:

Function	First Year	Years Thereafter
Board of Directors	456.1	346.0
Legal	387.8	347.8
Purchasing/Supply	457.0	432.0
Labor Relations/Personnel	606.8	556.8
Investment Management	25.0	25.0
TOTAL:	1,932.7	1,707.6
Less DOT&PF Charges	< 529.3>	< 529.3>
	1,403.4	1,178.3

The detail calculations supporting the cost of the functions is provided on the Request for New Positions forms.

Alternative II:

The establishment of an Authority that would perform some functions as an independent agency, but would continue to use services from State agencies and DOT&PF. The only savings in the amounts currently appropriated to DOT&PF from the IARF are:

Deputy Commissioners	< 29.4>
Management and Finance	<100.0>
Central Administration Services	< 50.0>
Interior District Admin. Services	< 50.0>
	<229.4>

The remainder, 299.9 (529.3 - 229.4), would continue as a funding source for DOT&PF.

Function	First Year	Years Thereafter
Board of Directors	456.1	346.0
Purchasing	183.0	170.5
Labor Relations/Personnel	606.8	556.8
Investment Management	25.0	25.0
TOTAL:	1,270.9	1,098.3
Less DOT&PF Funding	< 229.4>	< 229.4>
	1,041.5	868.9

Alternative III:

The establishment of the Authority as a policy board with all other relationships between the Airports, DOT&PF, and other state agencies remaining as they currently exist.

Function	First Year	Years Thereafter
Board of Directors	456.1	346.0
TOTAL New Funding	456.1	346.0

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5152 HTRA HB 173 (FILE 1)

724

POSITION PAPER
SSHB 173

Sponsor Substitute for HB 173 establishes the Alaska International Airport Authority and makes it the exclusive State agency responsible for the operation and mangement of the State owned Fairbanks and Anchorage International Airports.

Under the proposed Article I, the powers of the Authority are vested in a Board of Directors. The board is to employ an executive director and controller who serve at the pleasure of the Board and may contract for consultants and professional, technical and financial advisors the Authority considers necessary. The executive director, with the concurrence of the board, is to employ airport directors. Article 5 in Section 2 states that the employees of the Authority are not employees of the State and are not subject to the requirements of AS 39 (public officers and employees) except in the Public Employees' Retirement System and the Supplemental Benefits System. Section 35(b), (c), and (d) addresses the transfer of current classified State employees to the Authority. Section 37 repeals AS 39.25.120(14), the provision which currently places airport managers (or directors) in the partially exempt service.

This bill would remove current employees from the classified and partially exempt State service and transfer them to the Authority. The legislation states that these employees would not be considered "State employees". There is precedence in this regard. Employees of the Alaska Railroad Corporation, the Medical Indemnity Corporation of Alaska and the Commercial Fishing and Agriculture Bank are not considered employees of the State. This bill would establish a unique precedent since it would constitute the first time classified and partially exempt employees would be transferred to such an entity.

In actuality, the only real affect of this bill on current employees would be to give them a "new boss", the Authority, instead of the Department of Transportation and Public Facilities; their duties would be relatively the same. A classified clerk typist working in an aiport office would still be performing the same duties whether the airport was managed by the Authority or the Department. We know of no business necessity, or public policy, or interest to be served by removing the clerk typist or other classified airport employees from coverage of AS 39.25 due to the creation of the Alaska International Airport Authority.

Section 35(b), (c), and (d), which effects the transfer of current employees to the Authority, binds the Authority to the collective bargaining for the employees in effect on July 1, 1987, and provides that current employees retain the rights and status of State employees until expiration of the July 1 agreements, is problematic. Negotiations are currently in progress for new agreements covering most of those employees. Assuming new three-year agreements are in effect on July 1 covering the current employees that would be transferred to the Authority, the question becomes what are the status and rights of any new Authority employees hired subsequent to July 1, 1987. For up to a three-year period two categories of employees performing the same work would exist at the airports--those with clearly defined status and rights and those without. The legislation needs to address this potential disparity.

Even if Authority employees were not covered by Title 39,

AS 23.40. Since airport employees currently enjoy those rights, it is reasonable to assume they will want to continue to do so with their "new employer," the Airport Authority, at the expiration of collective bargaining agreements in effect on July 1, 1987. This will require the Authority to employ its own personnel/labor relations staff and cause the State Labor Relations Agency to address creation of new bargaining units, conduct representative elections and so forth. These measures would unnecessarily duplicate current Department of Transportation and Public Facilities functions and fragment and proliferate current bargaining units. Any new bargaining units would be duplicate microcosms of already existing units.

From a Risk Management standpoint, both the State and the Authority would suffer. Anchorage International (and to some extent Fairbanks) represent the rate base for our entire State aviation insurance program. Currently, the Anchorage and Fairbanks costs represent $1.200.0 of Risk Mangement's total airport premium of $1,500.0. If both airports are removed from the schedule, it is estimated that the premium would increase to $1,325.0 for the remaining 265 airports. Additionally, any outstanding active or pending workers' compensation and liability cases would have to be transferred to the Authority since the State would no longer have their payroll assessments to meet Risk Management's obligations.

With respect to proposed AS 02.40.910 (1), this bill appears to relieve the requirement that the Authority have its procurement performed by the Department of Administration and Department of Transportation and Public Facilities, unless delegated. If that is the intent, the transfer of procurement responsibility from the Department of Administration to the Authority would have an insignificant impact. We cannot speak for the Department of Transportation and Public Facilities. If the intent has been properly interpreted, a clarification of proposed AS 02.40.910(1) is requested or AS 36.30 should be amended to address the Authority.

Finally, transisition costs will be incurred by the Division of Finance as the change in employee status from State employees to Authority employees will result in the transfer of employee payroll records and files to the Authority's jurisdiction.

No impact is noted by the Division of Retirement and Benefits.

The Department of Administration is opposed to those portions of SSHB 173 which change in any way the current status of airport employees.

Mark Podrucki for 3-30-87

Diana DeSimone, Director — Date
Division of Personnel

3/30/87

Donald J Hitchcock, Director — Date
Division of Risk Mangement

3/30/87

Commissioner Garrey Peska — Date
Department of Administration

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: SSHB 173
REQUEST Publish Date:

Revision Date: Agency Affected: Administration
Title: An act relating to the International BRU: Personnel
Airports in Anchorage and Fairbanks and establishing the Alaska International Airport Authority
Sponsor: Pearce and Hanley Components: Personnel
Requestor:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: Attach a separate page if necessary

No additional appropriation for the Division of Personnel would be required.

Prepared By: Diana DeSimone Phone: 465-4430
Division: Personnel Date: 3/27/87

Approved by Commissioner: Garrey Peska Date: 3/30/87
Agency: Department of Administration

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

Rev. 9/16/86

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST:

Bill Version : SSHB 173
Publish Date : 03/25/87

Revision Date:

Agency Affected : Administration

Title : An Act Relating to International Airports in Anchorage & Fairbanks

BRU : FINANCE

Sponsor : Pearce and Hanley

Components :

Requestor :

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		29.5				
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	Ø	29.5	Ø	Ø	Ø	Ø
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		29.5				
FEDERAL FUNDS						
OTHER						
TOTAL	Ø	29.5	Ø	Ø	Ø	Ø

POSITIONS:

FULL-TIME		1				
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This legislation removes International Airport payroll and accounting applications off the State Systems. In order to accomplish this transition the Division of Finance will need the services of an Accounting IV level employee over a six month period. The six month cost of this level employee is $29,500. This level of assistance is needed due to the sensitivity of

Prepared by : Keith Busch
Phone : 465-2260
Division : Finance
Date : 03/27/87

Approved by Commissioner : James Parker
Date : 3/27/87
Agency : Administration & Administration

Distribution (by preparer) :
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

the records that need to be transferred between jurisdictions. There will be no measurable impact in future years once the transition has been completed.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST

Bill Version: HB 173
Publish Date:

Revision Date:
Title: An act relating to the international airports in Anchorage
Sponsor: Pearce and Hanley
Requestor:

Agency Affected: Department of Administration
BRU: Division of Risk Management
Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	(618.1)	(618.1)	(618.1)	(618.1)	(618.1)
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	(618.1)	(618.1)	(618.1)	(618.1)	(618.1)
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	(618.1)	(618.1)	(618.1)	(618.1)	(618.1)
TOTAL	0	(618.1)	(618.1)	(618.1)	(618.1)	(618.1)

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

The fiscal note is difficult to predict because Anchorage International Airport is really the rating or premium base for the State's entire aviation insurance program. The attached details the estimated fiscal note.

Prepared By: Don Hitchcock, Director
Division: Department of Administration
Phone: 465-2180
Date: March 27, 1987

Approved by Commissioner: Garrey Peska
Agency: Department of Administration
Date: 3/30/87

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

Rev. 9/16/86
9/9K1/032787-12/1

FY 87 State airport premiums amount to approximately $1,500.0. If the premium base, i.e., Anchorage and Fairbanks international airports are deleted from the State blanket policy the insurance companies will then charge an average premium per airport for all small fields, this is estimated at $5,000 per air fie.. The State has 265 smaller airports so after removal of the two internationals the premium remains at $1,325.0 for airports--or a negative fiscal note of ($175.0).

Workers' compensation and general liability charged these two airports amount to $289.0 and property premiums total $154.1.

The total negative fiscal note for risk management, therefore, would be approximately ($618.1).

AIR CARRIER TRAFFIC COMPARISON
FOR
ANCHORAGE INTERNATIONAL AIRPORT

SEPTEMBER 1986/1987

Air Carrier	Sept. 86	Sept 87	% of Change
Scheduled International			
Air France	61	52	-14.8
British Airways	60	36	-41.7
China Air	58	57	- 1.8
Flying Tigers Line	246	272	10.5
Japan Air	354	378	6.8
KLM	42	35	-16.7
Korean	207	205	- 1.0
Lufthansa	58	71	22.4
Sabena	16	18	12.5
SAS	25	25	0.0
Swiss Air	15	16	6.7
Nippon Cargo	9	24	166.7
SUB-TOTAL	1,151	1,188	3.2
Non-scheduled International			
Air Canada	9	9	0.0
All Nippon	0	1	...
Arrow Air	0	1	...
Martin Air	0	2	...
TransAmerica	13	0	...
Canadian Pacific	1	0	...
World Airways	7	8	14.3
SUB-TOTAL	30	21	-30.0

Air Carrier	Sept. 86	Sept 87	% of Change
Scheduled Domestic			
American (1)	105	91	-13.4
Alaska	762	717	- 6.0
AK/ARCO	68	64	- 6.0
AK/SOHIO	42	39	- 7.2
Era Aviation	642	694	8.1
Federal Express	22	46	109.1
Friendship Air		8	...
Harbor Air	37	49	32.4
MarkAir	460	528	14.8
Northern Air Cargo	211	193	- 8.5
Northwest	189	217	14.8
Peninsula Air	101	195	93.1
Reeve Air	65	99	52.3
Ryan	200	320	60.0
Southcentral	1,186	1,123	- 5.4
TWA (3)	29	24	-17.3
United Parcel	20	21	5.0
United Air Lines	271	212	-21.8
Delta (2)	248	252	1.6
Wilburs	119	113	- 5.1
Hawaiian	...	11	...
SUB-TOTAL	4,777	5,006	4.8
Non-Scheduled Domestic			
Alascom	12	11	- 8.4
Buhead Equip. Co.		5	...
Cargomaster	2		...
Lynden	11		...
TroyAir	96	44	-54.2
Kenai Air Service	27		...
Miscellaneous	120	127	5.8
SUB-TOTAL	268	187	-30.3
TOTAL	6,228	6,402	2.8

(1) American Airlines will leave Anchorage/California market 11/01/87

(2) Delta Airlines will leave the Anchorage/Honolulu direct flight market 01/01/88, will still offer ANC/LAX/Honolulu flights (Aug. 10 hr flight time)

(3) Transworld Airways will leave the Anchorage/Seattle/St. Louis market during Jan. 1988.

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

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

April 1, 1985

MEMORANDUM

TO: Representative Alyce Hanley

ATTN: Cassandra Russell

FROM: Heidi Borson Paine HBP
Legislative Analyst

RE: Management of the Anchorage International Airport
Research Request 85-269

You asked the following questions concerning the Anchorage International Airport:

- Does a board comprised of airline carrier personnel have input into the management of the Anchorage International Airport? If so, have any changes recently occurred in the "management make-up" of the body? Who are the members of the board and what are their affiliations? From whom does the board derive its authority and to whom does it report?
- How are gates assigned to airlines?
- How is the "cash reserve account" accumulated? How is it used? Who has the authority to expend money from the account?

Carrier Involvement in Management

According to Guy Russo, Director of the Anchorage International Airport, airline carrier personnel contribute to the management of the airport through participation on an operating council. The Anchorage International Airport Operating Council is comprised of one representative (usually the station manager) from each of the 25 domestic and international carriers which serve the airport. (See Attachment A for a list of the current members of the operating council and their affiliations.) Mr. Russo described the purpose of the council as providing input into the total operation of the airport, including commenting on the airport master plan and construction projects, as well as on the daily operations of the airport.

Changes in the make-up and duties of the council have not occurred recently, with the exception of changes in the membership of the council

due to personnel turnover. Mr. Russo noted that the council also elects a new chairperson each year. He said that no future changes in the council are planned at this time.

According to Mr. Russo, the operating council does not derive its authority from any given body. Instead, each member of the council derives his/her authority from the upper management of the carrier the person represents. The council reports its suggestions, findings and grievances to the director of the airport. If the director does not adequately respond to the council's requests, the council may then report to the Deputy Commissioner of the Department of Transportation and Public Facilities (DOT/PF) for the Central Region. The Deputy Commissioner's Office is also located in Anchorage.

Gate Assignments

According to Mr. Russo, all gates in the domestic portion of the airport are leased on a five-year basis. When the lease for a gate expires, the airport is required to give public notice of the vacancy and accept applications for the use of the gate. The cost of leasing a gate is based on a flat fee of $21.12 per square foot. However, if more than one carrier applies for the same gate, the gate is assigned to the highest bidder. Mr. Russo stated that it has not been necessary to accept bids for vacant gates to date. Currently, all gates are in use. Any new carriers will have to share gates with other carriers until additional gates become available.

In the international portion of the airport, airline carriers do not lease specific gates. Instead, gates for international flights are assigned on a daily basis. Gate assignment is dependent upon when particular flights are arriving or departing and which gates are available. Mr. Russo noted that gates for international flights are assigned on a first come, first serve basis. Airline carriers pay a flat fee of $230.00 for each use of a gate.

You also requested information on the "cash reserve account". Mr. Russo suggested I contact Ron Lind, DOT/PF's Director of Financial and Administrative Services, for information on the account. Mr. Lind was unaware of such a fund. I reported these findings to you on March 29, 1985. At your request, I have ceased looking for information on the account until I hear further from you.

* * * * *

I hope this information is helpful. Please contact me if you have any additional questions.

HBP

Attachment

ATTACHMENT A

ANCHORAGE INTERNATIONAL AIRPORT OPERATING COUNCIL

Carrier	Representative
Air France	Jean-Marie Busch
Airpac	Russ Mentink
Alaska Aeronautical Industries	Doug Haynes
Alaska Airlines	Scott Bloomquist
British Airways	Stewart Lee
China Airlines	Thomas Shen
ERA Aviation	Dave Baumeister
Flying Tigers	Dough Shaw
Japan Air Lines	Hiroyuki Adachi
KLM Royal Dutch Airlines	Bryan Hann
Korean Air Lines	B.K. Sung
Lufthansa German Airlines	Wallace Lord
MARC Air	Fred Hall
North Pacific Airlines*	
Northwest Orient Airlines	Kurt Jensen
Reeve Aleutian Airways	Genie Craig
Sabena Belgian World Airlines	Barron Pleasants
Scandinavian Airlines	Frans Klaasen
Seair Motive	Robert Dodd
South Central Air	Vernon Lofstedt
South Pacific Island Airways	Renee Cochran
Talarik Air*	
United Airlines	Victor Cornejo
Western Airlines	Jerry Takamatsu
Wien Air Alaska	Ken Wiseman

* I was unable to reach these two airlines by phone and Mr. Ross did not know the names of their representatives on the operating council.

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

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Juneau, Alaska 99811-3100
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(907) 465-3991

February 6, 1987

MEMORANDUM

TO: Representative Johnny Ellis

FROM: Karla Hart
Legislative Analyst

RE: **Airport Marketing and Funding in Other States**
Research Request 87.112

You requested information on airport marketing and funding in other states. Specifically, you asked:

How many U.S. airports spend money on marketing and/or promotion?

How much is spent for this purpose by Sea-Tac and Portland airports?

For airports with the same or similar volume/capacity as Anchorage International, what is the range of marketing and promotional expenditures?

What is the source of funding--annual appropriations or airport revenues?

Number of U.S. Airports Spending Money on Marketing

The National Airport Operators Council (NAOC) in Washington, D.C. currently has a survey underway regarding airport marketing but does not expect to have results for six months. Debra Lunn, of the NAOC, stated that "marketing is a serious and growing concern since deregulation" and that most large and medium hub airports currently have either in-house or contract marketing programs.

Of the 11 airports I contacted, three had no marketing program, one had a study underway to decide on a marketing program, and seven had varying levels of marketing expenditures.

Sacramento Metro (California) contracts with a local advertising agency to run a campaign to prevent loss of traffic to the Bay Area airports, which are a two-hour drive away. The campaign includes educating the public on services available, encouraging local travel agents to book out of Sacramento, and promoting the airport as a gateway market for cruise packages. This is the third year of marketing, the first-year budget was $150,000, the second-year was $300,000, and the current budget is $500,000.

Greater Mitchell Field (Milwaukee, Wisconsin) is 70 miles from Chicago and spends about $200,000 per year to maintain a local market.

Port Columbus International (Ohio) budgeted $80,000 for salaries for two staff, printing of newsletters and purchase of video equipment. An additional $30,000 in private donations was collected for special promotions. The staff stressed that their budget was not adequate for a good marketing/promotional program.

Salt Lake City (Utah) spends about $60,000 per year to produce an annual report, quarterly reports and various studies which are distributed as promotional materials.

Spokane Airport (Washington); **John Wayne Airport** (Santa Ana, California); **Greater Buffalo Metro** (New York); and **Bradley International** (Hartford, Connecticut) all have no marketing program at this time. All are operating at capacity due to limited facilities or zoning constraints. Bradley International has contracted for a market study and hopes to expand as demand allows.

Funding Source

Funding for airport marketing generally comes from airport revenues with a few exceptions. The $370,000 in contracts supervised by Sea-Tac is from general fund appropriations. At Port Columbus International, the marketing department solicits private donations for special promotions.

* * * *

I hope you find this information useful. If you require additional information, please call.

KH

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02-576(2/77)

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

P.O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

February 6, 1987

MEMORANDUM

TO: Representative Johnny Ellis

FROM: Karla Hart
Legislative Analyst

RE: **Airport Marketing and Funding in Other States**
Research Request 87.112

You requested information on airport marketing and funding in other states. Specifically, you asked:

> How many U.S. airports spend money on marketing and/or promotion?
>
> How much is spent for this purpose by Sea-Tac and Portland airports?
>
> For airports with the same or similar volume/capacity as Anchorage International, what is the range of marketing and promotional expenditures?
>
> What is the source of funding--annual appropriations or airport revenues?

Number of U.S. Airports Spending Money on Marketing

The National Airport Operators Council (NAOC) in Washington, D.C. currently has a survey underway regarding airport marketing but does not expect to have results for six months. Debra Lunn, of the NAOC, stated that "marketing is a serious and growing concern since deregulation" and that most large and medium hub airports currently have either in-house or contract marketing programs.

Of the 11 airports I contacted, three had no marketing program, one had a study underway to decide on a marketing program, and seven had varying levels of marketing expenditures.

Portland and Sea-Tac Airports

The **Portland Airport**, with gross revenues of $28 million, spends $750,000 per year on marketing. This supports a staff of two, public relations contracts with Tokyo and London firms, and entertainment for fam trips (familiarization tours for travel industry personnel). Their goals are to generate new air services and encourage new airlines to use the airport. Recently, they gained service stopovers for Delta Airline's Atlanta-Tokyo flights and Federal Express's small package routes to Japan.

Sea-Tac Airport, with gross revenues of $53 million, has three offices involved in marketing and promotions, with an estimated combined budget of $1 to $1.2 million. They include a marketing office largely responsible for cargo operations, with a staff of one and estimated $2,000 per year in expenditures; a public relations staff of six which produces publications promoting the airport; and an Office of Tourism with a 1987 budget of $406,000. The Office of Tourism budget supports a staff of three, public relations contracts with Tokyo and London firms, entertainment for fam trips of five to seven days in the area, and a small travel budget for overseas tourism missions. The Office also supervises contracts totalling $370,000 with the Seattle and East King County Convention and Visitor Bureaus.

Range of Marketing Expenditures for Airports Similar to Anchorage International

During FY 86, Anchorage International served slightly more than three million passengers, of which over 1.5 million of them were international travelers. The National Airport Operators Council provided the names of seven airports in the U.S. with similar total passenger loads. In addition, I contacted the Spokane and Salt Lake City airports as they are western regional hubs. Marketing expenditures of these airports ranged from $550,000 to zero. Debra Lindsey, Manager of Statewide Aviation, Department of Transportation and Public Facilities (DOT/PF), believes Sea-Tac is the airport most comparable to Anchorage in terms of passenger composition. She says there is no comparable airport in terms of both volume and composition.

> **Norfolk International Airport** (Virginia) competes with two other airports in the area for passengers and carriers. Of the airport's $550,000 marketing budget, $200,000 goes to an advertising campaign to attract passengers and advise them of new services/carriers. The staff of four includes a director, an assistant for cargo development, an assistant for travel agency coordination and a secretary.

Sacramento Metro (California) contracts with a local advertising agency to run a campaign to prevent loss of traffic to the Bay Area airports, which are a two-hour drive away. The campaign includes educating the public on services available, encouraging local travel agents to book out of Sacramento, and promoting the airport as a gateway market for cruise packages. This is the third year of marketing, the first-year budget was $150,000, the second-year was $300,000, and the current budget is $500,000.

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* * * *

I hope you find this information useful. If you require additional information, please call.

KH

MAR 2 4 1987

Alaska State Legislature
House of Representatives

6035 TANAINA DRIVE
ANCHORAGE, ALASKA 99502
(907) 243-8110

WHILE IN JUNEAU
POST OFFICE BOX V
JUNEAU, ALASKA 99811
(907) 465-4993

REPRESENTATIVE DRUE PEARCE
DISTRICT 9, SEAT A
MINORITY WHIP

MEMORANDUM

To: All Legislators

From: Representative Drue Pearce Pearce

Date: March 24, 1987

Subject: Correction to my response letter re HB 173 and SB 172

On March 19th I distributed copies of the response I am sending regarding HB 173 and SB 172, the Alaska Airport Authority bills.

The reference on the first page in the third paragraph to Alaska's Constitution should be to Article XII, Section 7.

Alaska State Legislature
House of Representatives

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(907) 243-8110

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(907) 465-4993

REPRESENTATIVE DRUE PEARCE
DISTRICT 9, SEAT A
MINORITY WHIP

MAR 20 1987

TO: All Legislators

FROM: Representative Drue Pearce

DATE: March 19, 1987

RE: Alaska International Airport Authority Bills
HB 173 and SB 172

I know that you are receiving many calls and POM's regarding HB 173 and SB 172. Attached is a copy of the response I am sending. You may certainly feel free to use this information in drafting your responses. You are also welcome to refer constituent calls to me or to my aide, Jo Fenety.

Alaska State Legislature
House of Representatives

6035 TANAINA DRIVE
ANCHORAGE. ALASKA 99502
(907) 243-8110

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(907) 465-4993

REPRESENTATIVE DRUE PEARCE
DISTRICT 9, SEAT A
MINORITY WHIP

March 19, 1987

Dear:

Thank you for your !SOURCE! regarding HB 173. It appears that you have some reservations about HB 173 and SB 172 that propose to form the Alaska International Airport Authority.

Perhaps after I share some information with you about the bill, you will find reasons to reconsider your position.

Can employees transferred to the Authority lose the retirement benefits they have already earned as a state employee? Absolutely not! Even though the employees transferred to the Authority would no longer be state employees, this right cannot be taken away because it is protected by Article 7 of Alaska's Constitution.

What about health insurance benefits? Employees would be covered by a health insurance plan that would be purchased by the Authority -- just as the State of Alaska currently purchases a plan to cover its employees. Several options would be available such as one plan available through the State of Alaska that would allow the Authority to supply a health benefit at least as comprehensive as the one currently enjoyed by General Government employees. Of course employees of the Authority would have the option of negotiating for another health insurance package that could be purchased from a private carrier.

What about the other benefits for current state employees who would be transferred to the Airport Authority? Even though it is proposed that the employees on the airports in Anchorage and Fairbanks would be employees of the Airport Authority rather than being state employees, they would still be covered by the Public Employees Retirement System (PERS) and the Supplemental Benefits System (SBS) because the Authority can enroll with the State to cover their employees. New employees could also be covered by PERS and SBS after the Authority enrolled. Because of the misunderstandings on this one provision, I am adding language to the bill to clarify this issue. Your benefits will be protected by statute!

What about union affiliations and collective bargaining agreements? Classified employees who are transferred to the Authority keep their status as state employees until the collective bargaining agreements covering the classified employees expire. After the expiration of the agreements, the employees are free to form their own bargaining unit to negotiate with the Authority on their behalf. In fact, I expect that is exactly what will happen.

If the International Airports make money, why is the state giving them away? This isn't a "give away". This is simply a transfer of responsibility to an entity that has no other job but to efficiently operate, effectively manage, and to provide accountability for these two state-owned and state-operated international airports.

Some of the people who have sent Public Opinion Messages to me believe that reduced morale and professional service will result from the creation of an Airport Authority. I believe that <u>just the opposite</u> will result. With an Authority, there will be clearer lines of authority and responsibility, and the management structure will be less top-heavy than it is now under the Department of Transportation and Public Facilities.

Experience has shown that Authorities work. Alaska is behind the times in that regard. In fact, Anchorage International Airport is the largest international airport in the country that is still run as a state-owned facility.

In other words, employees at every job level should find it easier to affect positive changes in their workplace.

I believe in the concept of an Airport Authority, and I believe that it will be a positive step for employees. I hope you will keep an open mind and continue to contact me with your thoughts and ideas as you study the bill. (Copies of the Sponsor Substitute should be available in Legislative Information Offices next week.)

If you have other questions about the bill, I would urge you to feel free to come to me for the answers.

Thank you for contacting me. Let's keep the channels of communication open.

Sincerely,

(Ms.) Drue Pearce
Representative

Alaska Public
Employees Association APEA
State Headquarters: 340 N. Franklin, Juneau, AK 99801 (907) 586-2334

MEMORANDUM

TO: Representative Bette Cato
Chairperson, House Transportation
Committee

FROM: Cherie Shelley
Executive Director

SUBJECT: SSHB 173 - Alaska International Airport Authority

DATE: March 26, 1987

In an earlier position paper on this bill, we expressed some strong reservations about the effect of the bill on the status, rights and benefits of the state classified employees who would be transferred to the authority. When I met with the bill's sponsors, they agreed to modify the bill to try to alleviate our concerns. The result is the sponsor substitute before the Transportation Committee. While the substitute is an improvement on the original bill, it still in our opinion has several major problems.

The substitute partially addresses the question we raised as to Supplemental Benefits System (SBS) coverage for authority employees. It continues SBS coverage for current state workers transferred to the authority. However, it would leave new employees out in the cold. There is no justification for this disparate treatment.

The same is true for Public Employees Retirement System (PERS). Transferred employees are grandfathered in. New employees will be covered only if the authority choose to join PERS.

The transition section, Section 35 (on pages 27 and 28), still has serious flaws. Subsection (c) obliquely allows continued representation of authority employees by their current union (either APEA or Public Employees Local 71) until the expiration of any agreement in effect on July 1, 1987. Subsection (d) binds the authority to those agreements. However, these subsections

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Anchorage Field Office
833 Gambell Street, Suite A
Anchorage, AK 99501
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Juneau Field Office
227 4th Street
Juneau, AK 99801
Telephone: (907) 586-6305

would allow a maximum of three years continued representation; we would like to see permanent continued representation. Second, it is quite possible that neither APEA nor Local 71 will have a three-year agreement in place on July 1; there may be either no agreement or a short extension of an exisiting agreement. If this is the case on July 1, subsections (c) and (d) are of no use at all.

Subsection (e) makes the state personnel rules applicable to the authority until January 1, 1988, or until the authority adopts rules, whichever comes first. This is a slight improvement from the previous version, which had no provision for application of the state rules. It still leaves the authority employees pretty much at the mercy of the authority. We would still like to see the authority to be governed by the state rules, and see no valid objections to this. The state rules are fair, and it is not a significant restriction on the authority's power to conduct its business to require it to use those rules.

In short, APEA cannot support this sponsor substitute unless it is further amended.

from the state bond council:

March 26, 1987

Mr. Tomas Boutin
Department of Revenue
State of Alaska
State Office Building
Pouch SB, 11th Floor
Juneau, Alaska 99811

Re: Senate Bill No. 172 and
House Bill No. 173

Dear Tom:

At your request, we have reviewed Senate Bill No. 172 and House Bill No. 173 (the "Bills") introduced in the Legislature of the State of Alaska. The Bills relate to the International Airports in Anchorage and Fairbanks and would establish an Alaska International Airport Authority. We have conducted a preliminary review of the provisions of the Bills in light of the requirements of Resolution No. 68-4, as supplemented and amended (the "Bond Resolution"), of the State Bond Committee of the State of Alaska, which authorized the issuance of State of Alaska International Airports Revenue Bonds, Series A through G (the "Bonds"). The Bond Resolution was adopted pursuant to AS § 37.15.410-.550 (the "Act").

Under the Act and the Bond Resolution, the principal of and interest on International Airports Revenue Bonds are paid out of and secured by the gross revenues derived by the State of Alaska (the "State") from the ownership, lease, use and operation of the international airports at Anchorage and Fairbanks (the "Airports"). The Act also creates a special fund of the State, known as the "International Airports Revenue Fund" into which is paid all revenues, fees, charges and rent-

als derived by the State from the ownership, lease, use and operation of the Airports. The moneys in the Revenue Fund are to be used solely for paying or securing the payment of principal of and interest on the Bonds, to provide funds to acquire, equip, construct and install additions and improvements to the Airports and to pay the costs of maintaining and operating the Airports (AS § 37.15.430).

Section 6.12 of the Bond Resolution requires that the Commissioner of Transportation and Public Facilities fix and collect fees, charges and rentals to be derived by the State from the ownership, lease, use and operation of the Airports which yield Net Revenues (as defined in the Resolution) in each year at least equal to one and three tenths (1.3) times the sum of the debt service on the Bonds during such year plus any deposits required to be made during such year into the bond reserve fund.

In addition, Section 6.03 of the Bond Resolution provides that the State shall not sell or otherwise depose of the Airports or any part thereof essential to the proper operation of the Airports or the maintenance of the Revenues. Section 6.04 of the Bond Resolution requires that the State maintain and preserve the Airports in good repair at all times and to operate the Airports in an efficient and economic manner.

The Bills create the Alaska International Airport Authority as a "public corporation of the state", which corporation is to be an "instrumentality of the state in the Department of Transportation and Public Facilities but has a legal existence independent of and separate from the State". The Bills also delegate to the Authority exclusive responsibility for the "operation, management, planning, effective marketing and construction of facilities for the Airports." (Section 02.40.010(a)(b)).

A significant question raised by the Bills is whether their provisions conflict with the requirements of the Bond Resolution in a manner that would impair the contract between the State and the bondholders.

The Bills appear to contain no express provision for transfer of airport property from the State to the Authority. Assuming such transfer is, in fact, provided for, consideration must be given to whether such transfer of property from the State to the Authority conflicts with the provisions of Sections 6.03 and 6.04 of the Bond Resolution (discussed above), which give the State responsibility for ownership and operation of the Airports.

Furthermore, the Bills do not provide for the assumption of liability by the Authority of the obligations of the State under the Bond Resolution. Even if such an assumption were provided, the Trustee for the bondholders (the "Trustee") presumably would litigate the validity of any such transfer of control and assumption of liabilities by the Authority.

Under Article 3 of each Bill, the Authority is given the right to establish all charges, rentals and fees for use of airport facilities. This right may conflict with the provisions of Section 6.12 of the Bond Resolution, which imposes such duties upon the Commissioner of Transportation and Public Facilities. Although the Commissioner is a member of the board of the Authority, he clearly would not control the activities of the Authority.

The Trustee may object to the Bills on the grounds that they effect a substantial and impermissible change in the nature of the obligor on the Bonds. The Bonds were issued by the State acting through the State Bond Committee of the State of Alaska, established pursuant to AS § 37.15.110. The Committee is comprised of the Commissioner of Commerce and Economic Development, the Commissioner of Administration and the Commissioner of Revenue. The Airports are under the control of the Commissioner of Transportation and Public Facilities. Under the Bills, the Board of Directors of the Authority would be comprised of the Commissioner of Transportation and Public Facilities and four members appointed by the Governor. The appointed members would serve for staggered terms of four years and could only be removed by the Governor "for cause." This structure creates a public body with control over the operations of the Airports

which is, to some degree, independent of the Governor and the Executive Branch. On the other hand, the Airports are currently under the direct control of officers of the Executive Branch that are directly responsible to the Governor. The Trustee could argue that such a change in the nature of the entity responsible for operating the Airports and paying the Bonds is a significant impairment of the bondholders' contract with the State.

As we have also discussed, if it were determined that creation of the Authority impaired the rights of bondholders, it would probably be impossible under existing tax laws for the Authority to issue tax-exempt advance refunding bonds to defease the outstanding non-callable International Airports Revenue Bonds.

Please call us if you would like us to explore these issues with you further.

Very truly yours,

Karen J. Hedlund

March 31, 1987

Jack & Sharon Jones
P.O. Box 872265
Wasilla, Alaska 99687
Phone 376-8413

APR 3 1987

TO THE FOLLOWING PERSONS:

REPRESENTATIVE ALYCE HANLEY
REPRESENTATIVE DRUE PEARCE

SENATOR MITCHELL ABOOD
SENATOR RICK UEHLING

REGARDS TO: HOUSE BILL NO: 173 and SENATE BILL NO: 172

Dear Representatives and Senators:

After reading the above proposed bills on the Anchorage International Airport Authority we are more OPPOSED to these two bills than we were before. There is not one thing that says that the Anchorage International Airport Authority could not lease or contract out the Anchorage or Fairbanks International Airports and/or the work (jobs) over to a Municipality or a private sector. There is no job security for the present State of Alaska employees that presently work at the airports and would be transferred over to be Anchorage International Airport Authority Employees. There should be no way that the Anchorage International Airport Authority can lease or contract out the Airports or any of the work or maintenance to be done at the Airports that the State of Alaska employees are doing now. All the work and maintenance should be by Anchorage International Airport Authority Employees or State of Alaska Employees only and no contract or maintenance work.

Would the Anchorage and Fairbanks International Airports be the only Airports under the Anchorage International Airport Authority or would other Airports be added to it? What else would be under the Anchorage International Airport Authority? Where would the profits from the two airports go? Would the profits go back into the two airports or would it be spent somewere else? Would the Anchorage International Airport Authority be associated with the Department of Transportation? The Anchorage International Airport Authority should not be associated with the Department of Transportation, other wise it would be just another name for the Department of Transportation and it would have more high priced chiefs running it. How come there has to be so many high paid directors? Some of the directors are appointed by the Governor. Every time we get a new Governor do we get new directors? Where does the State of Alaska get the funds to pay for all these high priced directors?

The Anchorage International Airport Authority should only have Anchorage and Fairbanks International Airports under it and no other airports or anything else under it. All the profits should go back into the two airports and no where else.

If the present State of Alaska Employees became Anchorage International Airport Authority Employees then the employees no longer have a union to protect or represent them. The unions represents State of Alaska employees only. The employees would not have a contract and would be facing large cuts in wages and benifits and even job loss. Could the State of Alaska Employees Union represent the Anchorage International Airport Authority Employees and would it be valid? The sponsors of these two bills say the SBS and PERS retirments programs would stay the same as they are now. What good are the retirment programs if you might not have a job? The State of Alaska should give the State of Alaska Employees a good contract that could be transferred over to the Anchorage International Airport Authority. This way the employees have some job security and would not be facing pay and benifit cuts or a job loss.

Until all the questions that so many of us have are answered and these two bills are rewrote, we and so many like us will be opposed to these two bills on the Anchorage International Airport Authority. We do not know what the sponsors of these two bills had in mind but it was not for the good of the State of Alaska or for the Employees. The State of Alaska and the Employees have so much to lose and a municipality or a private sector has so much to gain on leases and contracts. Our thoughts are that it sounds like the sponsors of these two bills have someone dictating to them on how they want the bill to read. Sounds like some big wig (or friends of a sponsor) is out of a job and needs a job so the can bleed the State of Alaska and the Anchorage International Airport Authority for every cent they can get.

THE SPONSORS ARE NOT DOING THIS FOR THE GOOD OF THE STATE OF ALASKA OR FOR THE GOOD OF THE EMPLOYEES THAT IS FOR SURE. THEY ARE DOING IT FOR THE GOOD OF SOME ONE ELSE.

Sincerely,

Jack Jones

Sharon Jones

CC: REPRESENTATIVE RON LARSON
REPRESENTATIVE CUT MENARD
SENATOR JAY KERTTULA
SENATOR MIKE SZYMANSKI
GOVENOR STEVE COMPER
SENATE TRANSPORTATION COMMITTEE
HOUSE TRANSPORTATION COMMITTEE

Greater Fairbanks Chamber of Commerce

First National Center
100 Cushman Street
(907) 452-1105
P.O. Box 74446
Fairbanks, Alaska 99707

RESOLUTION 1-0487

A RESOLUTION SUPPORTING THE FORMATION OF AN INTERNATIONAL AIRPORT AUTHORITY

WHEREAS, the Greater Fairbanks area needs to keep pace with productive economic development; and

WHEREAS, the need is now to find new and unique ways to market the Greater Fairbanks area; and

WHEREAS, the formation of an International Airport Authority could provide a method to achieve this goal;

NOW, THEREFORE, be it resolved that the Greater Fairbanks Chamber of Commerce supports sponsor substitute for House Bill 173 in the legislature of the State of Alaska, fifteenth legislature first session.

BE IT FURTHER RESOLVED, that copies if this resolution be sent to:

Members of the House of Representatives
Interior Delegation
Governor Cowper
Commissioner of Dept. of Transportation

DATED THIS sixth DAY OF April, 1987

BY _____
James Dodson, Chairman of the Board

BY _____
Althea St. Martin, Acting President

Alaska Airlines

P.O. Box 68900
Seattle, Washington 98168

Telephone (206) 433-3200
Telex 32 8723

April 15, 1987

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

Dear Representative Cato:

While I cannot personally be in Juneau today for the workshop on House Bill 173 regarding the establishment of the Alaska International Airports Authority, I wanted to advise you by this letter of Alaska Airlines' current position on the Bill.

Alaska Airlines favors the concept of an independent Airport Authority for Anchorage and Fairbanks Airports. However, at this point, we do not feel the Bill goes far enough in providing full financial independence for the proposed Authority and therefore it needs modifications in this regard. Among other things, we are concerned about the preparation and oversight of the budgets and the ability to independently issue revenue bonds. We are also reviewing the overall financial impact of this proposal.

As the coordinator for the Air Transport Association of American carriers serving Alaska, please be advised that the positions expressed earlier on this legislation through the Chairman of the Anchorage/Fairbanks Airlines Airport Affairs Committee, Mr. Clifford Argue, are also endorsed.

We look forward to wor[illegible] you, Representative Pearce, and others in revising this legi[illegible] acceptable.

Sincerely,

ALASKA AIRLINES, INC.

James A. Johnson
Senior Vice President
Public Affairs

cc: Rep. Drue Pearce

JAMES A. JOHNSON
Senior Vice President,
Public Affairs

MAR 3 1 1987

MMERC
0 Second Str
, Alaska 998
(907) 586-23

March 24, 1987

Mr. George Krusz
President
Alaska State Chamber of Commerce
210 Second St.
Juneau, Ak. 99801

Dear George:

In response to your letter dated March 12, 1987, Alaska Airlines has been, and continues to be, in support of the concept of an independent Airport Authority to operate Anchorage and Fairbanks International Airports. Therefore, HB 173 appears to be a step in the right direction in this regard.

In our initial reading of this proposed legislation, we feel that it does not go far enough in making the proposed Airport Authority truly independent. Specifically, it is Alaska's position that in order for such an Authority to be cost effective and to provide the type of professional airport management necessary for major international facilities such as Anchorage and Fairbanks, the International Airport Revenue Fund and the Authority should be removed from the normal State budget process. The IARF is already a separate fund and the business arrangement for the airline support of the IARF is well documented in the recently completed airline/airport Lease and Operating Agreement.

Further, it is imperative that the Authority have the right to finance, through the sale of revenue bonds, its proposed capital expenditures rather than going through the State Bond Committee and their requirements. This is typical of most Airport Authorities, even throughout the rest of the country.

)MMERCE
310 Second Street
:au, Alaska 99801
(907) 586-2323

We are going to continue to review the proposed legislation, both directly and in conjunction with the other airlines serving the two airports. We will undoubtedly be in direct contact with legislators as this bill proceeds, and will keep you advised of our additional comments.

Sincerely,

Jim Johnson

/dre

ire

A M E N D M E N T

Offered in the HOUSE

TO: SSHB 173

Page 4, line 25, following "reports":

Insert ", monitor the issuance and management of the debt of the authority,"

Page 5, line 3, following "it":

Insert ", including bond counsel"

Page 5, following line 14:

Insert "(7) issue revenue bonds in the amount authorized by law;"

Renumber the following paragraphs accordingly.

Page 14, following line 27:

Insert a new section to read:

"Sec. 02.40.400. RESPONSIBILITY OF AUTHORITY FOR REVENUE BONDS. The authority succeeds to all rights, duties, powers, and obligations of the state bond committee regarding the issuance, sale, and repayment of revenue bonds authorized under AS 37.15.410 - 37.15.550."

Page 15, following line 23:

Insert "(4) "bonds" means the international airports revenue bonds

authorized by AS 37.15.410 - 37.15.550;"

Renumber the following paragraph accordingly.

Page 25, lines 8 - 10:

Delete "certify to the commissioner [COMMISSIONERS] of revenue and the controller of the authority [TRANSPORTATION AND PUBLIC FACILITIES]"

Insert "determine [CERTIFY TO THE COMMISSIONERS OF REVENUE AND TRANSPORTATION AND PUBLIC FACILITIES]"

Page 25, line 15:

Delete "certify to the commissioner and the controller [COMMISSIONERS]"

Insert "determine [CERTIFY TO THE COMMISSIONERS]"

Page 26, line 7, following "Authority":

Insert "created by AS 02.40.010 or another committee, body, department, or officer of the state that or who succeeds to the rights, powers, duties, and obligations of the authority by lawful act of the legislature"

Page 28, following line 25:

Insert new bill sections to read:

"* Sec. 37. TRANSFER OF RESPONSIBILITY FOR INTERNATIONAL AIRPORTS REVENUE BONDS. All rights, duties, powers, obligations, and authorities of the state bond committee in regard to international airports revenue bonds

under AS 37.15.410 - 37.15.550 are transferred to the Alaska International Airport Authority.

* Sec. 38. SAVINGS CLAUSE. Litigation, hearings, investigations, and other proceedings pending under a law amended or repealed by this Act, or in connection with functions transferred by this Act, continue in effect and may be continued and completed notwithstanding a transfer or amendment or repeal provided for by this Act. Regulations adopted under authority of a law amended or repealed by this Act remain in effect for the term adopted or until repealed or otherwise amended under the provisions of this Act.

* Sec. 39. The revisor of statutes shall change "committee" to "authority" as appropriate, in AS 37.15.410 - 37.15.550."

Renumber the following bill sections accordingly.

Page 28, line 26, following "AS 37.15.550(5)":

Insert "and 37.15.550(6)"

by Pourchot

INTENT LANGUAGE
INTERNATIONAL AIRPORT REVENUE FUND

$500,000 INTERNATIONAL AIRPORT MARKETING

It is the intent of the Legislature that this appropriation be expended through a cooperative marketing effort with municipalities and the private sector for marketing the Anchorage and Fairbanks International Airports. The effort shall utilize state, municipal, and private funds. No state funds shall be used for any purpose other than marketing the Anchorage and Fairbanks International Airports. ~~No~~ One new position may be funded with this appropriation for the sole purpose of marketing the Anchorage & Fairbanks International Airports. The department will provide a written report regarding the expenditure of this appropriation by the 10th day of the 2nd session of the 15th legislature.

CHAPTER 4

Airport Organization, Direction, Staffing and Communications

This chapter defines the respective responsibilities of administrators and managers in planning, developing and delivering the airport's products at quality levels desired by the airport owner and acceptable to patrons, users and neighbors. The airport is viewed as a factory or manufacturing unit producing, offering, or supervising the offering of facilities, services and amenities at defined levels of quality to meet various needs.

Chapter 1 addressed these needs and resulting problems faced by each participant involved in the provision, direction and use of the airport or affected by its operation. Chapter 2 reviewed typical airside and landside management tasks in product delivery and delineated product quality improvement needs as goals for airport administration.

This chapter reviews basic external needs to be met by the airport administration and management, and presents several essential elements of airport organization. In this presentation terms are defined; examples of proven structures, creative mandates and internal communications systems are screened; and good management principles are advanced. The chapter closes with a review of administrative and management programs and suggestions for their optimum deployment within the recommended entity and structure. These programs and their functioning are addressed in the remaining chapters of this book.

Airport administration and management is an art involving the skillful use of people and things. This art is exercised through a sequence of activities that generally involve policy making, setting objectives, planning to meet objectives, organizing to execute the plan, selecting and training for manning the organization, motivating people and appraising results.

A basic administrative/management ability underlies any effective scheme of direction—the ability to concentrate on what is important. This ability must be safeguarded by separation and delegation of function to ensure that all essential priority work, perhaps in separate fields, is happening simultaneously and that decision points are presented for review on a timely basis. This is relatively easy to do in a large organization where tasks often are divided between specialists (e.g. planning and operations). It is very *difficult* to do in smaller organizations where very few practitioners have specialized staffs working on only one thing at a time. In such instances self-discipline must be exercised in setting priorities and working

toward solutions. This is the only way to avoid hopping from one small task to another while more important tasks sit waiting.[39]

BASIC NEEDS TO BE MET BY ADMINISTRATION

Preceding chapters placed heavy emphasis on broad, basic public issues that airports must satisfy if their administrations are to be considered as discharging their responsibilities completely. These requirements cover a spectrum running from the obvious technical and operational characteristics inherent in a high technology complex like an airport, through economic and legal aspects of its creation and maintenance in being, to the social, political and aesthetic considerations that determine the airport's acceptance and effectiveness in the community. These requirements are summarized in the following sections.

System Concept

The planning and environmental discussions in Chapter 8 emphasize that airports must be considered as parts of the total social, economic and political systems in which they exist, and not be relegated narrowly to aviation issues nor even to the wider, but still incomplete systems defined by transportation issues. The mandate to the airport administrator is clear—participate in the broadest applicable system planning concept either directly or through trade associations.

Balance

In finding their places within such systems, airport administrations are confronted with the inevitability of reaching a position of equilibrium between opposing forces. The more obvious external forces come to mind first—the need for balance between the right of airport neighbors for a quiet environment, and the overall community economic need for trade, industry and tourism to provide support for a desired quality of life.

[39] For further discussion on this subject, see Appendix B.

There are also many internal forces, properly conflicting by deliberate organization structure design and duty assignment, that must be balanced in an effective administration. Some examples of these less obvious, but most important, interplays follow.

The desire of the airport landside manager to *expedite* passenger flow through the terminal must be tempered by the need for *security* inspection and its inherent retarding effect.

The desire of public relations for *more porter service* or *more baggage trolleys* must be weighed against *financial limitations of the budget.*

The inclination to *speed passenger flow* and, thus increase capacity by higher velocity escalators and moving sidewalks, must be measured against possible resulting decreases in *safety* and added *risk of injury* to patrons.

Finally *aesthetic desires for gardens and landscaping* must be viewed in the context of the *propriety of public land use.*

Resolving conflict requires time, energy and skill from the successful airport administrator/manager and an organization and communications structure that brings conflicts constructively to light.

Environmental Improvement

Airports and the aviation industry today are paying a frightful price in terms of constrained present and future development for their earlier failure or inability to deal effectively with aircraft noise and pollution. Chapter 8 outlines the Environmental Protection Agency (EPA) and Federal Aviation Administration (FAA) controls that have been developed to remedy this situation. For the future, apart from complying with EPA/FAA procedures in processing airport development and improvement projects, airport administrators must seek solutions that afford positive improvements in the environment. The temper of the times will not permit solutions that seek only to maintain status quo.

Public Confidence

Evolving and improved steps in the airport planning process and the EPA procedures involving the

public in environmental impact planning considerations (see Figure 37 in Chapter 8) set guidelines for airport administrators. The final winning of public acceptance for airport projects, however, depends on: (1) the zeal and sincerity of the airport administrator toward public participation in planning decisions; (2) the adequacy of the solutions the airport administrator proposes that give appropriate weight to the rights and needs of all; (3) the completion of staff work and presentation of solutions by airport administrators that make it feasible for elected officials to support present and future planning programs; and (4) the ability of the airport administrator to convince the community that air transportation and the airport are beneficial to the area served. None of these tasks are easy for airport administrators to accomplish. Their chances of success, however, are greatly enhanced by the support of an effective organizational structure backed by appropriate program tools, well trained, adequately compensated people, and practical internal and external communications.

ORGANIZATION, DIRECTION, STAFFING AND COMMUNICATIONS

In meeting the publicly-required administrative/management goals, airports today exist under many entity forms and structures and perform with varying degrees of success. Success is based not so much on the geometrical form of the entity as it is on a number of other elements closely related to the human equation: personal identification with results and job satisfaction.

Thus, while a proven entity and structural organization form are important, clear direction, a sense of the importance of the work assigned and recognition for tasks well performed are the real lubricants that raise performance of the enterprise above mediocrity. These added elements include:

1. placement of the entity in the governmental hierarchy;
2. clarity and completeness of the mandate given the entity by its creator;
3. specific definition of the terms describing the organizations's purposes and functions;
4. clear presentation of the organizational structure in graphical form;
5. effectiveness and understanding of the two-way internal communication link established between policy source, chief executive and the line/staff units of the entity;
6. degree to which the policy source (e.g. board of directors, board of commissioners, council of ministers or other) limits itself to *policy determination and action;*
7. conversely, the degree of latitude given the chief executive officer (CEO) by the policy source in its delegation of authority to him, within established powers and limitations, to recruit, train, develop and direct a competent, motivated staff willing to accept responsibility and to be judged on bottom-line service and financial results; and
8. extent to which certain tested administrative/management tools are implemented as a framework on which to base the activities of the enterprise.

Creating an Organization

Benefits to be derived from the form, structure and optimum placement of the entity within the governmental hierachy and from a clear statement and definition of powers and limitations expressed in the mandate creating the entity must be evaluated. In order to create an effective workable system for day-to-day administration and management communications, a standard definition of terms to facilitate common understanding should be formulated.

The latter involves principles of delegation of authority, careful distinction of line and staff responsibilities and the notion of the corpus of management. Particular stress is placed on the identification and recognition by giver and receiver of various kinds of internal messages that form the nerve system (working relationships) of the enterprise. When a healthy system of working relationships exists within an organization it becomes a priceless asset.

(In the above discussion, the term "message" has been used to avoid confusion with the sometimes hackneyed employee communications. The latter is also important but takes place in a different milieu through house organs, group activities, social events and enlightened personnel practices.)

The following sections discuss proven avenues of delegation to achieve policy implementation.

The Choice of Operating Entity

While many airports outside the United States are operated by national governments, the operating entity is more varied within the United States. Many U.S. cities operate airports through a commission, special department of the city, advisory board, or aviation director answerable to city government. County and bi-government, as well as private corporation operations, are also common operating entity forms. The authority forms of airport operation, either multipurpose or aviation only, are also popular in the United States and in some foreign countries. Table 7 lists basic airport operating entities and the cities that use each type.

There is no set formula to decide the optimum form of entity to fit every case. Quite the contrary, a specific choice must be made in each instance, taking into account the pertinent circumstances: size, nature, projected growth and geographical extent of the task to be performed; facilities, resources and finances available and those visualized in principle as required to accommodate desired growth; and the desires of the community's people and businesses expressed through their government as to self or subsidized support for the airport. The box story "Is the Authority Form Always the Answer?" asks a number of test questions that can be used as guidelines in accepting or rejecting that choice. This, in turn, may provide a helping hand toward an ultimate decision suited to local circumstances.

The Organization Form

The following describe organizational structures and the placement of airport administration within them.

Structure. Various types of organization structures exist that effectively support the managerial communications linkages, and operate successfully under different management/operating entity forms such as authorities, local or national government, or private enterprise. Regardless of structure form, emphasis should be on the communications loop for various kinds of internal "messages" that form the working relationships of the airport.

In a line/staff structure, the line responsibilities are entirely separate and distinct from those of staff whose job it is to provide advice, teaching, service, and audit functions to the line. Under this

Table 7. Forms of Airport Management/Operating Entity

I. *Municipalities*
- A. With Airport Commission
  - Little Rock
  - Los Angeles
  - Mason City
  - New Orleans
  - Ontario
  - St. Louis
  - Waterloo
  - Wichita
- B. City Council with Department of Aviation
  - Albuquerque
  - Baltimore
  - Birmingham
  - Chicago
  - Dayton
  - Hayward
  - Houston
  - Jacksonville
  - Kansas City
  - Nashville
  - Orlando
  - Phoenix
  - San Antonio
- C. City Department with Division of Aviation
  - Cleveland
  - Denver
  - Fresno
  - Pensacola
  - Philadelphia
- D. City Council with Advisory Board
  - Atlanta
  - Charlotte
  - Columbus
  - El Paso
  - Fullerton
  - Memphis
  - Oklahoma City
  - Syracuse
- E. City Council—Director of Aviation—Airport Manager
  - Dallas
  - Fort Smith
  - Montgomery

II. *County*
- Bakersfield
- Detroit
- Frankfort
- Grand Rapids
- Green Bay
- Milwaukee
- Pittsburgh
- Sacramento
- Seattle
- Stockton
- West Palm Beach
- Wilmington
- Zurich

III. *Authority*
- A. Multipurpose
  - Boston
  - Buffalo
  - Miami
  - New York
  - Oakland
  - Portland
  - San Diego
  - San Juan
  - Seattle
- B. Airport/Aviation
  - Akron-Canton
  - Allentown-Bethlehem-Easton
  - Amsterdam
  - Cincinnati
  - Columbia
  - Evansville
  - Greensville
  - Huntington
  - Indianapolis
  - Jackson
  - Lake Charles
  - Lincoln
  - London
  - Louisville
  - Minneapolis-St. Paul
  - Moline
  - Newport News
  - Omaha
  - Paris
  - Rockford
  - Santa Maria
  - Tampa
  - Tulsa

IV. *Private Corporation*
- Burbank
- Lafayette
- Rochester

V. *Bi-Government*
- Basle
- Munich
- Paducah
- Saginaw-Bay County-Midland
- *San Francisco

VI. *State*
- Alaska
- Connecticut
- Hawaii
- Pennsylvania

VII. *National*
- Canada
- Washington

* Denver and San Francisco have city council-county governments. The city of Denver authorizes major airport powers. However, in San Francisco the city and county share responsibility in the management of the airport. Therefore, San Francisco has been placed in the bi-government category.
Source: AOCI Administrative Manual

Is the Authority Form Always the Answer?

At this juncture it is appropriate to consider the authority form as an entity for airport administration. The Port of New York Authority did not enter the scene originally as an airport operator. It was created as a bi-state agency in an effort to recognize and unify as one port a single body of water artificially separated by the state line running down the middle of the Hudson River. It was eventually directed into airport administration in 1947 by the legislatures of New York and New Jersey after it had acquired a sound reputation in public administration arising from its activities in the 1930s and 1940s in bridge, tunnel, seaport, and terminal planning construction and operation.

Since the 1950s, the Port Authority has been responsible for the planning, development, operation and maintenance of the northern New Jersey-New York regional system of airports—John F. Kennedy International, LaGuardia, Newark International, and Teterboro Airports. During this period air passengers at Kennedy, LaGuardia and Newark grew from 5,000,000 in 1950 to over 70,000,000 in 1984, and Port Authority investments in the airports grew from zero to over $1.5 billion. As in the case with any large public enterprise it has been the target of some criticism. This was not unexpected in light of its pioneering roles in dealing with the first exposures to aircraft noise impacts, early surges in traffic demand, and the provision of new technology facilities for the first passenger jet aircraft in the United States. The Port Authority of New York and New Jersey, however, has earned its reputation as a competent, business-like airport administration.

The Authority form, however is not a ready-made panacea for all airport administrative ills.[1] During the 1930s and 1940s as the fledgling Port Authority was beginning to acquire its reputation, the creation of an authority came to be the popular solution for any and every governmental problem. By 1935 no less than 23 new authorities had been created in the state of New York alone. The number throughout the country rapidly grew into thousands and unfortunately many were created for the wrong reason.

In his 1953 landmark paper, *Authorities as a Governmental Technique*, presented at the height of this wave of mania for authorities, Austin Tobin provided the following concrete guidelines for determining the applicability of the authority form: (1) there is a task to be accomplished or a service to be performed, which in the judgement of the people as expressed through their government, either could not or should not be performed by private enterprise; (2) large amounts of capital are needed; (3) efficient management with initiative and business imagination is essential; (4) long-range planning must be in the hands of competent business, financial and professional technicians; (5) the task/service must be self-supporting; (6) free from political interference, bureaucracy and red tape; and (7) the scope of the task/service involves areas more extensive than the established geographical boundaries of state and local government.

The above statements and their reflection of conditions present in a given situation are pertinent to the propriety of creating an authority for the task/service, and to the usefulness of an authority in carrying it out. The creation of an authority may be indicated in many circumstances where affirmative support cannot be given to one or more of the foregoing statements. But, if the majority of the statements command a negative response the necessity for the creation of what amounts to a new division of government must be seriously questioned.

In summary, Tobin stated:

> *To spin it around the other way, we might say that where the program can be administered within the regular framework of government departments; where there is no objective of self support and the financial aspects can be handled by annual appropriations and normal governmental accounting; where responsibilities are similar to those which pertain to well-run government departments or bureaus; where the activity cannot be separated from continuous and detailed government controls; then the creation of an authority is certainly* not *the answer.*
>
> *. . . Between these two extremes, may I suggest also that an authority should not be created simply to replace the normal functions of the established bureaus or divisions of government; nor to lull the public into belief that the activity is self supporting when in reality it is subsidized; nor solely as a device to avoid debt limitations."*

One of the worst *sole* reasons to create an authority is because by so doing it may be possible to pay higher salaries and provide enhanced fringe benefits in this form than in a more conventional governmental form.

[1] Austin J. Tobin, *Authorities as a Governmental Technique*, Paper before the Third Annual Institute—"The Place of Authorities in the Life of New Jersey Citizens," Rutgers University, March 26, 1953, p. 16 et seq. Tobin applied these tests of good corporate management to the public authority form but as good practice they are applicable to *any* entity form. This paper also provides an excellent history of the development of the authority form.

concept staff is responsible for "how" or the "standard" to which the assigned function is to be performed. The line is responsible for the "what" or the results. The Chief Executive Officer (CEO) can hold a line unit head responsible for bottom-line financial and service results.

In contrast to the line/staff organization is the skills type organization structure. The skills type groups employees according to their profession or trade, each having equal access to the authority over the producing line units. Under this structure it is difficult, if not impossible, for the CEO to hold one individual and subordinate supervisors responsible for delivering the product or service according to standards and time constraints. Certainly the producing line units would not know which "skills-boss" to obey and conflicting messages would result. The skills structure type illustrates the old adage: "fuzzy control is no control." Figure 8 compares the two organization types graphically. (For further discussion see the box story "The Line Staff Versus Skills Choice.")

Many foreign airports are operated by national governments. The line/staff concept, illustrated in Figure 8, can be easily incorporated into a typical national government organizational framework as shown in Figure 9. In this example, line units provide service directly to the public, and staff units provide advice, teaching, service or audit to the line units or to external objectives. Thus, the financial and engineering procedures applicable to the line airport unit in Figure 9 might very well flow respectively from the finanace and public works staff ministries.

Placement. With good management the entity form is not particularly critical. However, it is critical for the airport administration to be able to report directly and independently to the source of policy flow, and not be subordinated in another entity unit created for another purpose. For example, in a municipal operating entity, airport administration should exist as a line function reporting directly and independently to the mayor, city council, or advisory board from whom policy direction flows. This avoids submerging airport administration in, for instance, a municipal department of public works where the emphasis might be on construction excellence and permanence when what is really needed is phased, modular, simple construction to meet rapidly changing demands of traffic growth and technological obsolescence. Yet, in such an independent organizational relationship, airport administration could draw on public works' expertise for the staff functions of advice, education, service, and inspection to assure meeting the quality objectives of the operating entity.

The Mandate Given to the Entity

The word "mandate" refers to the enabling statute, ordinance, executive order or decree creating the airport entity. A clear mandate that explicitly spells out the powers granted to, and the limitation placed on the public service organization can be a most important factor in its services. For example, a comparison has been made of articles of the Port Compact (basis for creation of the Port of New York Authority, now known as the Port Authority of New York and New Jersey (PANYNJ) in 1921) with sections of the more recent AAT ACT BE 2522 (the statutory basis for creation of the Airports Authority of Thailand in 1979). The comparison shows that in the 58 years that elapsed between formation of the two authorities, the knowledge of public administration became so widespread that the framers of the Thai Act were able to include within the Act itself many highly desirable operating policies, rules and regulations omitted from the pioneering act in 1921 but later added by amendatory statute or PANYNJ Board Resolution.

Similarly, another example of a recent well-drafted mandate to a public corporation exists in Chapter 270 of the Laws of Hong Kong, the Mass Transit Railway (MTR) Corporation Ordinance, revised edition 1979. This ordinance, besides providing requisite powers and limitations in support of the creation and then the highly successful development, operation and maintenance of the MTR, is also noteworthy for its Section 20, the recoupment provision, which states:

> *. . . the Governor (of Hong Kong) in Council may, if he considers the public interest so requires, give directions in writing of a general character to the Corporation and the Corporation shall comply with those directions so long as...it is fully compensated by the Government in respect of any direction requiring the Corporation to act contrary to prudent commercial principles. . . .*

This provision safeguards the reserves of the public corporation (if it is successful), protects

The Line Staff Versus Skills Choice

Common sense supports the line/staff structure choice illustrated in Figure 8 and adapted to overseas usage in Figure 9. Much more compelling, however, is the following cold logic of one who lived with and directed the administration of a large enterprise first in the skills structure form, later converted for stated reasons to the line/staff form.[1]

Reporting to the Executive Director are a series of staff and line departments established in a major reorganization in 1963. To operate a single type of transportation facility, tunnels and bridges, we previously had a 'process' e.g., skills type organization structure, which grouped employees by technical skills they possessed: all operating personnel in one department, all engineers in another, all accountants in a third. But, as the Authority grew and was directed into operating of airports, marine terminals and inland terminals, it became more appropriate and efficient to group job functions according to the 'purpose' e.g., product, service or facility to be accomplished. Thus we formed line departments composed of operating personnel and some engineers, accountants and other specialists.

The most significant impact of the new organization plan was to establish four line departments (two more were added later) to locate in these departments the primary responsibility for assuring over-all success of groups of like facilities and the requisite authority to acheive it; to establish a group of central staff departments possessing specialized skills for policy planning, advice, evaluation and technical services e.g., advice, teaching, service and audit and to set up internal machinery for facilitating the most effective interchange of information, ideas and suggestions between the line and staff departments, e.g., working relationships.

The accompanying figure depicts the line/staff organizational structure of the Port of New York Authority (now the Port Authority of New York and New Jersey) as it existed after the changes reported.

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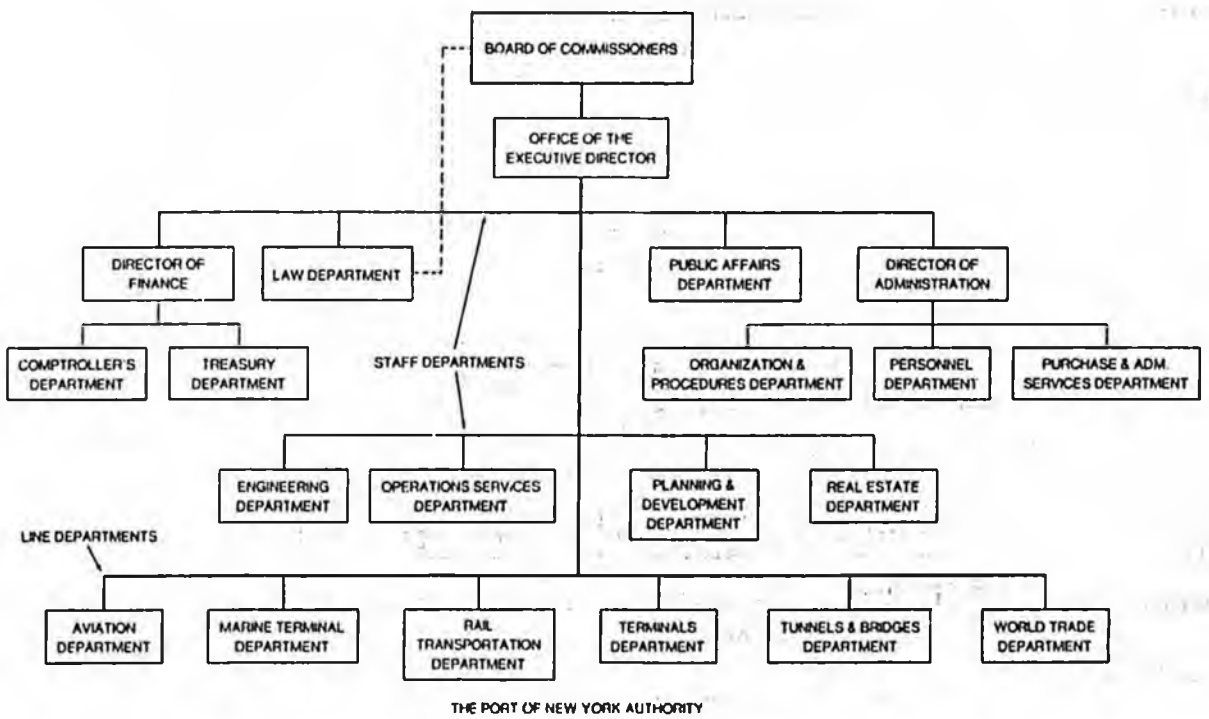
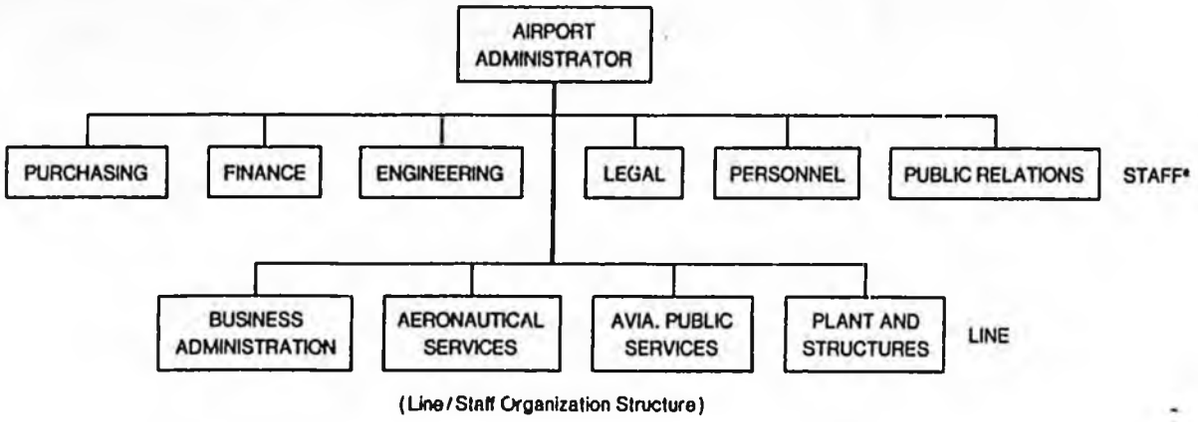
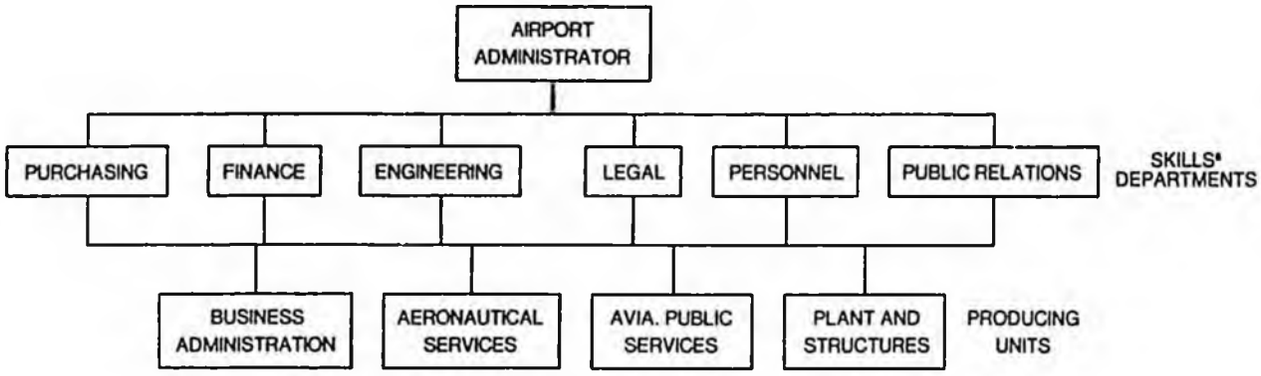
[1] *Austin J. Tobin, "The Public Authority in Profession Profile," The MBA,* December 1967, p. 38.





(Line/Staff Organization Structure)



(Skills Organization Structure)

* Staff skills are often supplied in part or in whole by the operating entity (i.e. port authority, local or national government).

Figure 8. Alternative organization structures

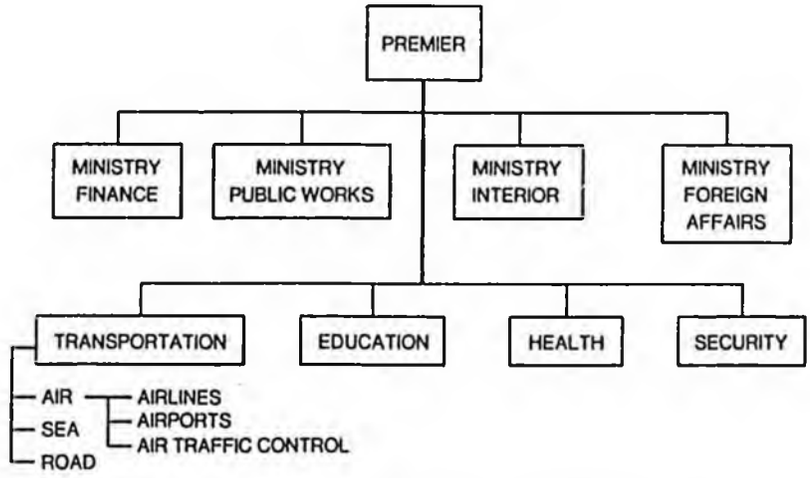


Figure 9. Adaptation of line/staff concept to a national government structure

them from raids by well-meaning but short-sighted governments and thus helps preserve the creditworthiness of the entity and its ability to finance its future development.

Definition of Terms

In order to examine the functioning of line/staff structures in various configurations, it is necessary to define some common terms.[40]

Airport. An airport is a meeting ground and exchange point for people and goods arriving and departing on a variety of air and surface vehicles having differing spatial and other requirements. These differing requirements make it logical and convenient to divide an airport for purpose of operational control into an "airplane" part or air side (AIR) and a "people/surface vehicle" part or land side (LAND).

Terminals. Passenger and cargo terminals provide the interfaces between AIR and LAND at airports. The boundary between the two lies at the apron side doorway of the terminal. On the air side are aprons, taxiways, runways and restricted lane areas for air side service land vehicles. On the land side are terminal facilities, curbs, roads and car parks. The separate characteristics of air and surface vehicles lend challenge to the terminal interchange activity and its optimal solution.

Airport Users. Airports are used by people, shippers and consignees as interchange points between ground and air movement and by the carriers providing the transportation. Airports are also used by a host of companies or agencies providing essential services and supplies to airports themselves and to carriers and patrons of the airport. Along with accommodating these intrinsic demands, airports have also become important community focal points for business, recreation and education.

Airport Products. The products of the airport are the *facilities* (runways, terminals, roads, utilities), *services* (marshalling of aircraft, passenger handling, parking, ground transport), and *amenities* (food, drink, lodging, shops) it provides (plans, develops, operates and maintains) itself or supervises as to quality when these products are provided by others. The *quality level* at which the airport's products are provided either by itself or under its supervision is determined by the policy source (board of directors) of the airport administration reflecting the wishes of the airport owner (government).

Overall Tasks of Airport Administration.[41] The basic task of airport administration is to forecast the needs for, and to plan, develop, operate and maintain products of the airport that meet the requirements of users at the quality levels desired by the owner. Many of these functions and their underlying support—forecasting, concept development, preliminary and detailed design, supervision of construction and quality control—can be economically provided by consultant services for airports not having a large supporting staff or not wishing to expand staff temporarily only to reduce it again after the development period.

Airport administration must also arrange financing for and revenues from the products it provides or supervises in order that the costs may be equitably shared among users and between them and the airport owner. The latter sharing reflects the owner's desire as to self support or subsidy in whole or in part.

In short, *airport administration* provides the tools, procedures and programs under which *airport management* delivers, or supervises delivery of, the airport's products at the quality level established by the policy source.

Tasks of Airport Management. The airport general manager (G/M) is responsible for providing or supervising the provision by others (air carriers, contract services etc.) of the air and land side products at the quality levels established by the policy source. These quality levels are transmitted to him through the CEO either directly by job descriptions and standard procedures developed by cognizant staff departments, reviewed in draft and cleared by the G/M, approved by the CEO and transmitted to the G/M as Airport Standard Instructions (ASIs) in the Administrative Manual.

The products of the airport are provided (or supervised) by the AIR and LAND line units of the airport under the direction of the airport G/M.

The business administration line unit (BAD) supports the provision of air-side, and land-side products by determining, negotiating and en-

[40] Figures 10, 11 and 12, and their appended legends provide full titles of organization units identified in the following discussion by initials, e.g. BAD = Business Administration Division.

[41] For a discussion of the role of the administrator in performing these tasks see sec. titled *Role of the Administrator* in this chapter.

forcing the leases, permits and agreements under which airport supporting revenues are developed.

In such tasks BAD is guided by standard forms and procedures developed by the director of finance (FIN) and by general counsel (LAW) and transmitted to the G/M by the Administrative Manual procedure described above. In some multi-airport administrations there may also be a small properties headquarter staff unit to assure standardization of policy by the BAD units at the several airports (see PROP in Figures 11 and 12).

The plant and structures (P&S) line unit supports the provision of air and land products by maintaining (or supervising the maintenance by others of) the facilities, assets and services of the airport at established quality levels. These quality levels are established, cleared and transmitted to P&S as described above. In many administrations, P&S is also responsible for completing construction projects within the time and funds budgeted, subject to quality controls by the engineering staff.

Difference between "Administration" and "Management." Administration is composed, *in the proforma discussion of this book,* of the CEO and staff departments. The policy source (Board) delegates to the CEO full responsibility and authority to recruit, train and direct staff and line personnel to interpret and implement board policy both as to *delivery* of the *products* the airport provides and the *quality levels* at which they are provided.

The staff departments assist the CEO in establishing these quality levels and promulgating them by advice (manuals, procedures etc.) teaching (training), serving (e.g. providing staff services to the line units—recruitment, payroll etc.) and auditing (inspecting) the line's performance.

Management is composed of CEO and the line departments. The policy source (Board) delegates to the G/Ms and their subordinate supervisors, through the CEO, the responsibility and authority to implement board policy as to the *delivery* of the airport's products.

Members of both staff and line components must provide feedback to ensure rational and sensible orders (within line and staff) on the one hand and procedures (from staff to line) on the other.

Typical Line/Staff Structures[42]

Figure 10, a pro-forma chart of organization for an entity charged with planning, developing, operating and maintaining two airports, illustrates (in the left margin) the establishment of administration and management at policy, executive, staff and line levels. Clear definition is provided between product delivery at the line level and responsibility for procedural and quality control at the staff level. The broad nature of tasks assigned to each block is set forth in the legend. Since this example is of a single-modal entity, all staff would be oriented toward aviation and airport considerations. Special attention is given in the legend to the structural treatment of the sometimes difficult interface between management and security forces. A later section in this chapter, *Management Control Applied to Security Functions,* describes the management aspect of this interface. Figure 11 displays a multimodal entity, including three airports of various sizes. This example is a true-to-life depiction of sub-structures of JFK, Newark International and La Guardia Airports, based on their sizes and functions. In this example, the staff departments are general in their expertise, which is shared by aviation and the other modal line departments.

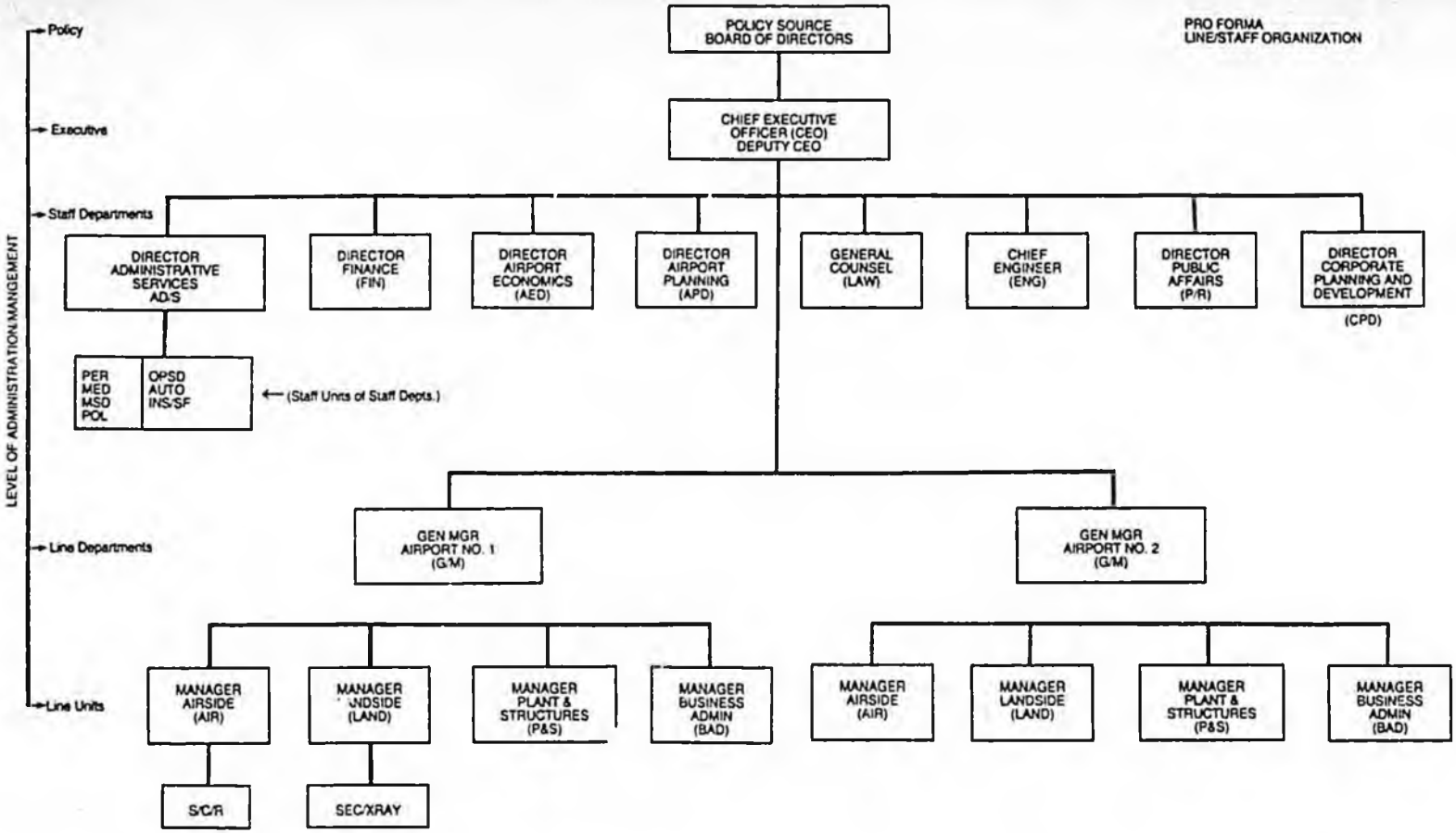
Figure 12 shows a single-modal format for six airports of varying sizes with provision for partial decentralization of certain staff functions. In this single-modal case, staff departments would be aviation/airport oriented but could be decentralized in part to line units in order to provide closer procedural and quality control support to the line, particularly in multi-airport entities of wide geographic distribution.

The form of organization structure, although important, is only one of the means by which the efforts of the entire staff are directed toward common goals; it is not an end in itself and must be tailored in actual practice to ad hoc needs and available manpower.

Working Relationships

The term "working relationships" defines a method of ensuring that both givers and receivers of internal communications identify their nature (for example "order" or "advice") and understand their content and expected response. Thus they are like the human nerve system.

[42] For examples of several existing airport structures see Ashford, Stanton and Moore, *Airport Operations* (New York: John Wiley & Sons, 1984), pp. 16-23.



Executive

CEO - Chief Executive Officer

Staff Departments

AD/S - Administrative Services
FIN - Finance
AED - Airport Economics
APD - Airport Planning
LAW - Law
ENG - Engineering
P/R - Public Affairs
CPD - Corporate Planning/Development

Staff Units of Staff Departments

PER - Personnel
MED - Medical
GSD - General Services[a]
MSD - Management Services
POL - Police (Recruitment with PER, Training & Discipline; Operation of Police Academy)
OPSD - Operations Standards
AUTO - Automotive
INS/SF - Inspection/Safety (*not* security - this unit encompasses industrial safety and hygiene)

Line Departments

G/M - General Manager (The title "Director" is optional and could also be used for the head of the line department operating an airport).

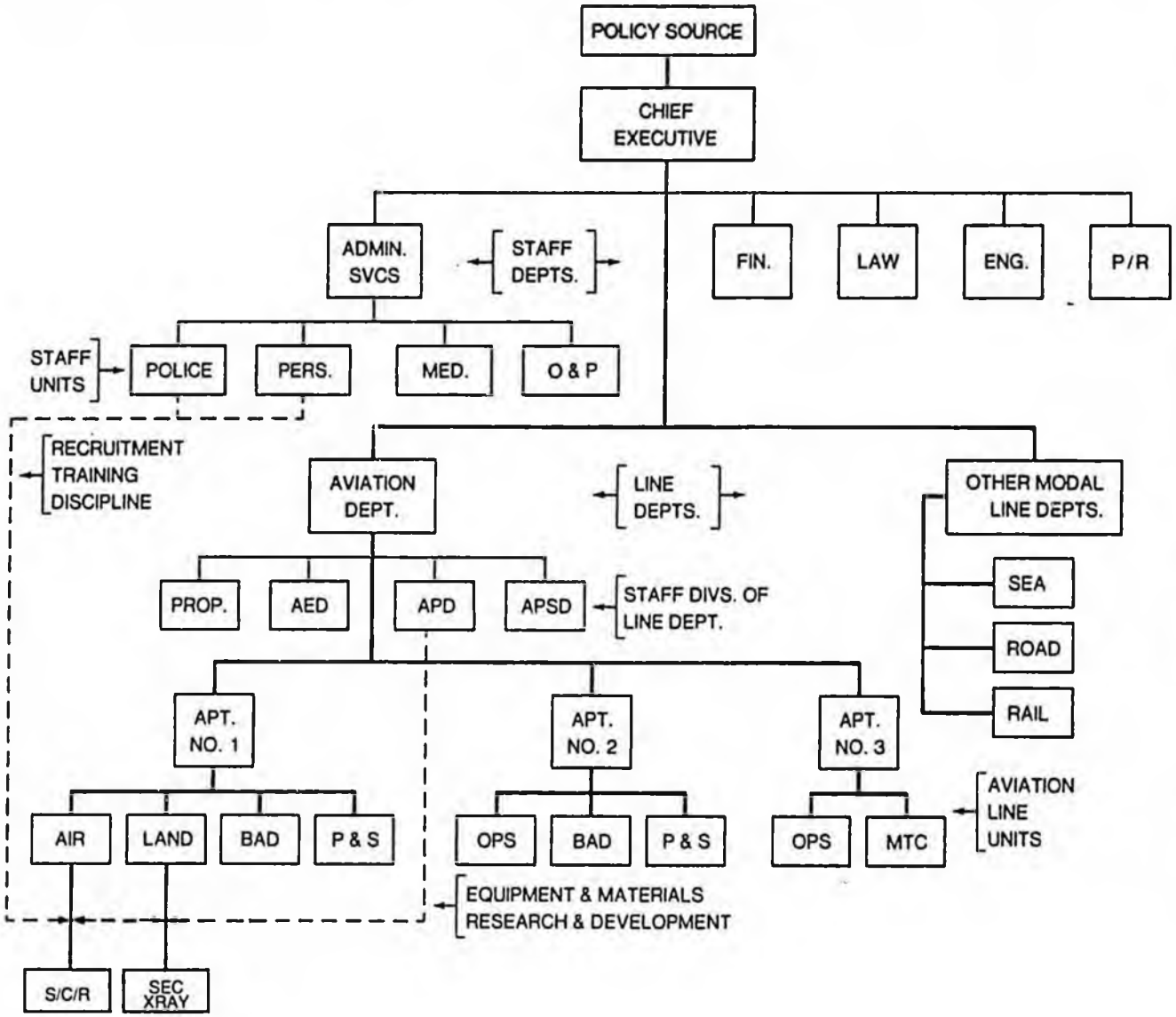
Line Units of Line Departments

AIR - Airside Product Delivery
LAND - Landside Product Delivery
P&S - Plant & Structures
BAD - Business Administration
S/C/R[b] - Search/Crash/Roscue = Rescue of passengers and crew from crashed or disabled aircraft.
XRAY[b] - Inspection of passengers, cargo and baggage for prevention of sabotage and/or hijacking.

[a] Purchasing, Stores, Reproduction Services, Photo Services, etc.

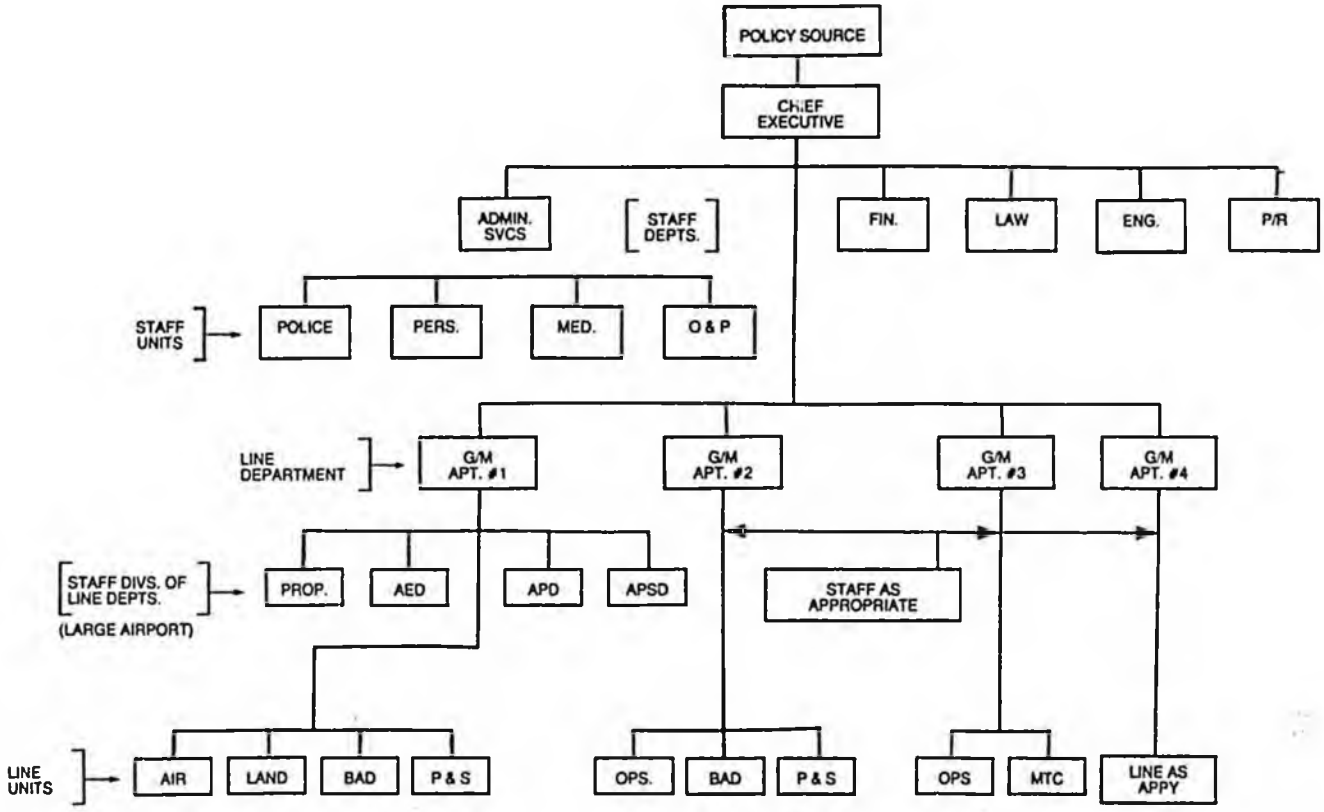
[b] Duties of these services are spelled out in broad terms to differentiate between them. They may be operated by one cross-trained force as in PANYNJ or they may be performed by separate forces. In either event they may be assigned for management control to either AIR or LAND or split as shown in Figures 10 and 11. See further reference to management control in Figure 13 and in the section titled *Management Control Applied to Security Functions.*

Figure 10. Proforma chart of organization for an entity charged with operating two airports



AIR	Airside Operations
Apt No 1	Airport No. 1, etc.
AED	Aviation Economics Division
APD	Aviation Planning Division
APSD	Aviation Public Services Division
BAD	Business Administration
ENG	Engineering Department
FIN	Finance Department
LAND	Landside Operations
LAW	Law Department
MTC	Maintenance
MED	Medical Department
OPS	Airport Operations (both Air and Landside)
O&P	Organization & Procedures Department
PERS	Personnel Department
P&S	Plant & Structures
PROP	Properties
P/R	Public Relations Department
S/C/R*	Security/Crash/Rescue Unit
SEC*	Security unit
XRAY*	Anti Hijacking/Sabotage Unit

Figure 11. Proforma organization chart for a three-airport, multimodal planning and operating entity
* units are illustrated only at Airport No. 1



AIR	Airside Operations
Apt No 1	Airport No. 1, etc.
AED	Aviation Economics Division
APD	Aviation Planning Division
APSD	Aviation Public Services Division
BAD	Business Administration
ENG	Engineering Department
FIN	Finance Department
LAND	Landside Operations
LAW	Law Department
MTC	Maintenance
MED	Medical Department
OPS	Airport Operations (both Air and Landside)
O&P	Organization & Procedures Department
PERS	Personnel Department
P&S	Plant & Structures
PROP	Properties
P/R	Public Relations Department
	(Security detail not shown)

Figure 12. Proforma organization chart for a six-airport, single-model planning and operating entity with provision for decentralization of certain staff functions.

The Nerve System. Many administrators and managers believe the nerve system is the most important organizational element (see box story "The Human Being—Organizational Analogy"). A human being or an organization possessing all other attributes but lacking a nerve system (working relationships) becomes an uncontrollable monster! Or, stated another way, a good set of *practiced* working relationships will make a poor entity and structures form work, but the reverse is seldom true.

Responsibilities of Line and Staff. Table 8 provides guidelines to define line and staff responsibilities and relationships. The key to the success of this system is the careful identification by giver, as well as receiver, of the nature of communications exchanged. Differentiation must be made between what is to be done (orders) and how it is to be done (quality standard).

Content of Staff-to-Line Communications. Table 9 defines the content of staff-to-line communications and suggests a means of avoiding the sometimes (and too often) disagreable auditor-auditee relationship that builds up when an "expert from headquarters" visits a field unit on a "spying mission" and follows "tattletale" procedures.

Working Relationships Presented Graphically. The pro-form line/staff organization chart (Figure 10) can be redrawn to add the working relationship flow within and between line and staff respectively and in both directions in each case (Figure 13). Clear lines of communications flow can be identified and drawn to and between each unit. This facilitiates training of personnel, minimizes the possibility of confusion and greatly improves the efficiency of the whole organization.

The Human Being—Organizational Analogy

To be effective an organization must be alive, vibrant and adaptable to changing conditions. It is thus, not unreasonable to draw an analogy between essentials that produce these qualities in a human being and their counterparts in a viable enterprise. This table displays such a comparison and explores the expression of human attributes in the organizational sense.

Essentials in a Human Being	Equivalent in an Organization	How Expressed in an Organization
1. Skeleton	1. Organization Chart	1. A Good Clear Chart
2. Flesh and Blood	2. People	2. Qualified, trained, well compensated personnel
3. Will or Purpose	3. Task or Job Description	3. ASI's[a]
4. Nerve System	4. Working Relationships	4. ASI's Training[b]

[a] For an organization, ASIs define *what is to be done* (by "line") *to what quality standards* (prescribed by "staff") under the direction of the chief executive.
[b] Working relationships are expressed in an organization through ASIs and training. In the human body, the nerve system provides communciation between brain and eyes, ears, hands, legs, etc., not only to carry out the brain's orders but also to channel feedback from senses so that actions are rational and sensible. *Systematic working relationships perform the same function for an organization in both directions.*

Management Control Applied to Security Functions

It is indispensable in the overall coordination of airport product delivery that airport management be able to exercise control of the search/crash/rescue (S/C/R), security (SEC), and inspection (XRAY) functions, yet airport management must avoid interfering with the professional performance, esprit de corps and discipline of these uniformed forces. Under the "five adverb rule," operations (AIR or LAND) should direct "when," "where" and "why" the S/C/R, SEC, or XRAY function is to be performed but never "what" to do or "how" to do it. The "what" and "how" are learned by S/C/R, SEC and XRAY officers in police academy training. Also operations *never* disciplines an S/C/R, SEC or XRAY officer. Infractions should be reported to the commanding officer at the airport of the S/C/R, SEC or XRAY unit (or units) for handling.

By grouping line and staff functional blocks separately as in Figures 10 and 13, the lines of communication can be clearly and simply drawn. Such clear definition would not be possible in the skills organization structure depicted in the lower half of Figure 8.

Figure 14 displays these working relationships in a simplified form for a two-airport single-modal entity.[43]

[43] See Table 8. This system of defined working relationships has been extensively proven in actual practice.

Table 8. Definition of Line and Staff Responsibilites and Relationships — Basic Principles.

WHAT is to be done Is charged to LINE UNITS	*To what QUALITY STANDARD it is to be done is charged to STAFF UNITS*
1. No man may have more than one supervisor	1. No man may have more than one supervisor
2. Line supervisor issues *orders within line* to subordinates: may only give *information to Staff Units.*	2. Staff supervisor issues *orders within staff* to subordinates: *may only communicate following to line units:* Units: (Pertaining to his particular staff speciality): a) Staff Advice b) Staff Teaching c) Staff Service d) Staff Audit
3. Subordinates in line must obey orders from line supervisor but also give feedback information to ensure sensible and rational orders. Subordinates in line are *not* required to obey advice, teaching, service or audit communication from staff, but should have good reason for not doing so and be prepared to defend it. This is especially true when communications from staff are based on manual procedures bearing line approval.	3. Subordinates in staff and all in line units feed back information to insure sensible and rational quality standards.
EXCEPTION: The operating head or chief executive of the organization is the supervisor of both line and staff units and may of course issue orders to both or either type of unit.	

Source: Newton K. Wilson, Retired President Sky Chefs, Inc. Newton K. Wilson was selected in the late 1940s to head Sky Chefs, Inc., the then newly formed in-flight caterer/restaurant operating subsidiary of American Airlines, Inc. After a year in office he noted costs rising at the same rate as revenues with no profit and improvement and concluded that in a high-quality control operation like food service his people were confused, hence inefficient, by inability to differentiate between orders from line supervisors and quality control communications from staff units that in many cases appeared to conflict. Wilson then devised and applied this system of organization and communications identification. It proved most effective. With permission from Mr. Wilson, the writer subsequently adapted these principles and procedures with excellent results in his own administrative tasks in American Airlines and later in the Port of New York Authority

Table 9. Staff-To-Line Working Relationships

1. Staff Advice: Information, manuals, forms, standard operaing procedures, etc. setting for. the particular expertise in the area of quality control or staff function assigned to a staff unit. Must be submitted to and approved by line suprvisor in advance of issuance to line.
2. Staff Teaching: Instruction offered by staff in the above.
3. Staff Service: Service performed by a staff unit in its specialty for a line unit. (Usually reimbursable by the line unit in a fully cost accounted system).
4. Staff Audit: Inspection to determine line conform to quality control or other norms established by staff *and agreed to in advance by line.* Also may be regarded as eyes and ears of the chief executive to determine quality to line's production.

The coordinative working relationship or simply "coordination" deserves special emphasis. It means exchange of information where required between all levels and in all directions in an organization to ensure informed personnel and minimize lost motion. There are no rules limiting how coordination may flow.

Caution: In staff audit functions, auditor must report *first and only* to head of unit being audited. Report is made to head of staff department concerned only after line unit has read, corrected or otherwise commented on audit. Exception: when theft or crime is involved, report is made simultaneously to supervisor of person or persons suspected and to head of staff unit concerned.

Policy Determination and Delegation of Responsibility for Implementation

It is important that responsibility for policy determination and direction be clearly separated from delegated responsibility and authority for implementation. The following definitions assist such understanding.

Policy Direction. The major administrative role of the governing entity is to provide policy direction. Policy direction may come from an individual (the mayor), from a government body (city council or, overseas, ministry of transportation), from a board of commissioners (in an authority), or from a purely advisory board (a device employed by many local governments). Whatever the source, the policy direction must be impersonal, qualified, and limited.

Impersonal. Public policy makers should have no personal financial attachment to the projects of the enterprise. Objectivity is more nearly assured when their services are rendered in the public interest without compensation.

Qualified. Airport administrations need policy guidance in many fields of expertise, such as finance, law, engineering, and business. In most cities citizens can be found who are willing to devote their skills in these areas to the public interest by serving on airport advisory boards or committees. However, this works best when individuals are chosen who bring luster to the office rather than those to whom the office might be the donor.[44]

Limited. Once the policy source has formulated and/or approved long-range goals, annual budgets, major projects, and contract awards, the achievement of objectives is delegated to the chief executive and staff for accomplishment. Results should be judged from periodic reports and recommendations for future actions. Policy makers should avoid involvement in day-to-day management processes.

Decision Making and Delegation of Authority

The airport administrator is responsible for all decisions that affect the airport's performance; but

[44] Austin J. Tobin, *Authorities as a Governmental Technique,* paper presented before the Third Annual Institute—"The Place of Authorities in the Life of New Jersey Citizens," Rutgers University, March 26, 1953, p. 18.

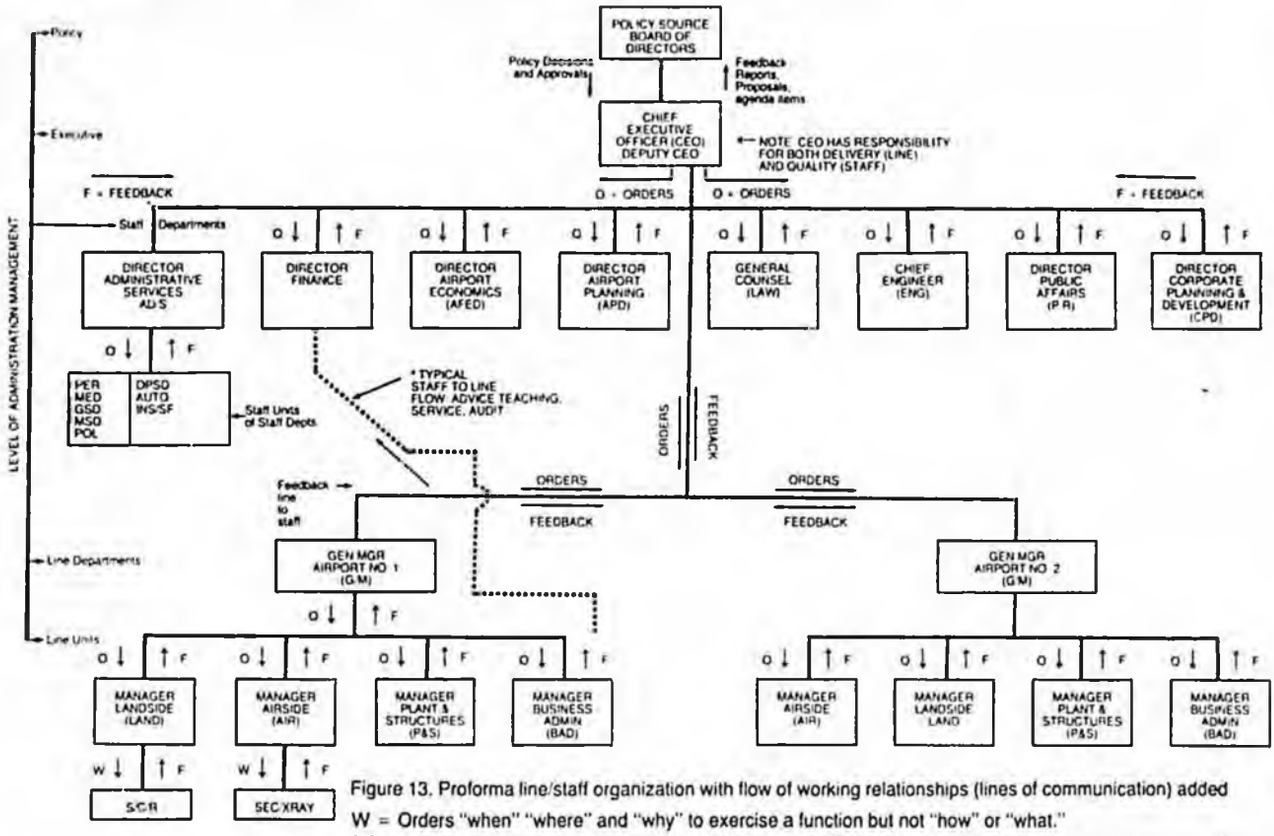


Figure 13. Proforma line/staff organization with flow of working relationships (lines of communication) added

W = Orders "when" "where" and "why" to exercise a function but not "how" or "what."

[a] Only one example shown, to avoid confusion. Same flow line could be drawn between any staff and any line block.

not all airport operating decisions should be made by the administrator (unless the airport is a small operation). The line manager, not the administrator, is responsible for making the decision on what to do when performance departs from standard. Since most control action takes place at the line level, it is inevitable that most decision making likewise must take place here. This, of course, requires delegation of authority and requires that line managers be trained and stimulated to be decisive.

Likewise, the administrator must be given complete decision-making responsibility by the policy source for implementing policies. With a public or quasi-public governing entity, airport administrators should be charged with the same responsibility for executive action and administration as the president of a private corporation. The policies of the governing entity should be transmitted to the airport administration through the airport administrator and all personnel recommendations to the policy source should be made by the administrator. The airport administrator should be made completely responsible for the daily management decisions and for recruitment and development of a managerial staff fully qualified to carry out their respective responsibilities, and adequate in depth to assure the availability of trained personnel and the continuity of effective administration.

Personnel Policies and Staff Selection

The selection policies of the executive, administrative and professional staff followed in any successful private corporation, are equally applicable to airport administration. Success depends on obtaining the best talent available, paying them salaries that are at least in some limited degree comparable with those of private industry and making it sufficiently attractive to encourage a career in the field of public enterprise.[45]

Many successful administrators have found that it is never a sign of weakness when a person in high position delegates authority; on the contrary, it is a sign of strength and of the capacity to de-

[45] Ibid, pp. 18-19.

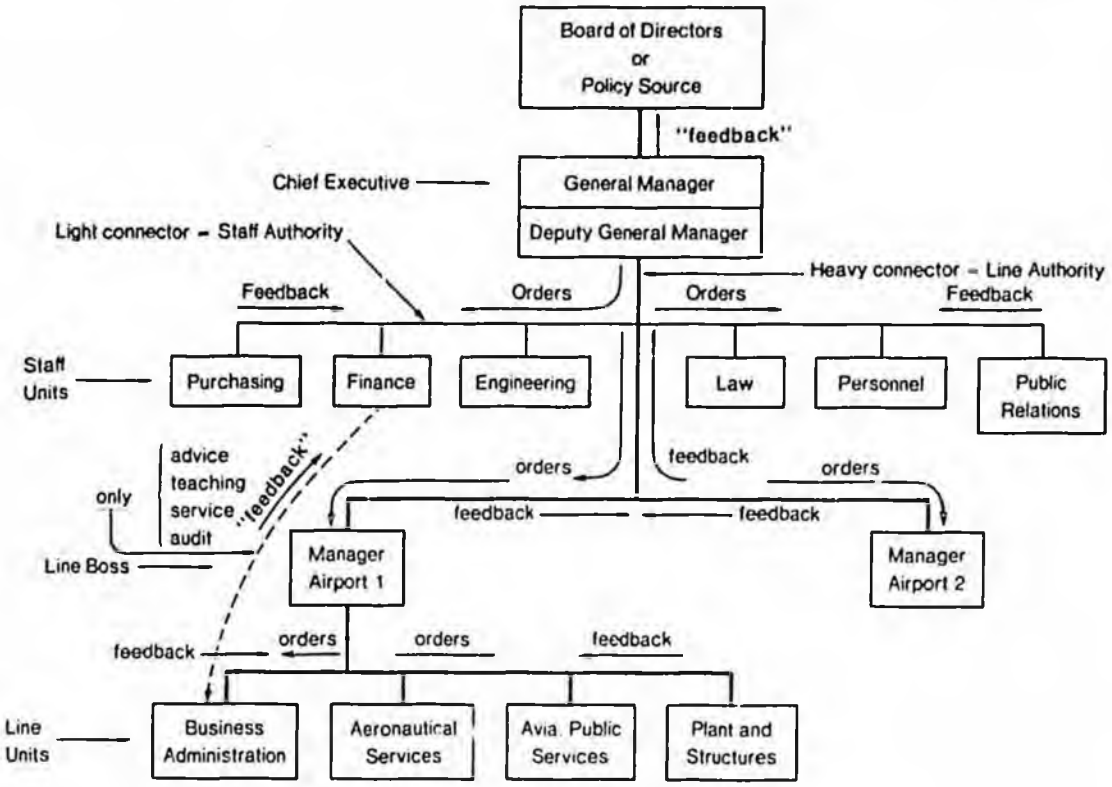


Figure 14. The organizational structure and its working relationships or nerve system.

serve success. In the final analysis, the staff must be willing to take the delegated responsibility and to be judged by their success or failure in discharging it.[46]

Taking Action and Following Up

Taking action on decisions and following up on the results closes the communication loop for administrative control. In brief review, the communications loop consists of seven elements: (1) control subject; (2) unit of measure; (3) standard level of performance; (4) audit device; (5) organization; (6) decision; and (7) action and follow up.[47]

Few things in this world are perfect. Managers who expect perfection from their people are doomed to disappointment. Good leaders always strive for perfection. But, at the same time, they cannot allow themselves to be such perfectionists that people find them impossible to live with when they make mistakes. When people goof, they should be corrected. However, managers who are supercritical, set impossible standards, question every detail, or are otherwise difficult to please, leave people discouraged—even fearful. Their confidence can be badly shaken if they get to feeling that no matter how good a job they do, it is never good enough.

The airport administrator must consider the time and effort expended in obtaining performance results, along with many other factors including the always present human element. When performance results are less than standard, the cause, not the symptom, must be addressed, and action must be taken to put performance back on the planned course—preventing change from planned performance. However, administrators must also optimize performance, which may call for creating change, either in the form of operating or training method improvements.[48]

[46] Ibid, p. 19 et seq. provide additional guidelines for personnel administration that are covered by reference only due to space limitations.

[47] For a full discussion of these elements see Appendix C.

[48] For some protocol considerations of training, see Appendix D.

ROLE OF THE ADMINISTRATOR

The chief executive must possess a clear awareness of the nature of airport services, processes, and procedures, as well as some concept of their time and life cycle. The administrator's prime objective is to optimize performance through improvement. Improvement comes from eliminiating causes of variance from standard. This causes performance to rise from substandard to standard. This is normally handled by unaided operating (line) management. Improvement also comes with increased effectiveness through greater diligence, making better use of existing facilities, know-how, etc. For example, selective decreases in maintenance cost brought about by changing supply vendors means improved effectiveness. However, improvements such as this are handled by the unaided operating (line) management.

The role of the administrator in realizing improvement, is the establishment of a higher level of effectiveness through method improvement rather than through operating efficiency improvement. Examples could be the realization of a new terminal building or the creation of a more positive public image of the airport's operations. The chief executive must become personally involved in urging major new births such as a new terminal facility, and the administrator should also become personally involved in seeing to it that what is doomed does not linger on. (Few managers will put part of their job to death. In really big cases, the chief executive may shield a dying operation, so that governing entity intervention is necessary.)

The administrator should be familar with, and acquire skill in, use of the levers of the office—setting the important goals, organizing to meet them, and seeing that they are indeed met. The administrator must have certain tools of administration. Three of the most important tools for the airport administrator are training (particularly the development of management capability in personnel), already discussed, the administrative manual and public relations, which follows in Chapter 5.

Description and Placement of Programs

The adoption of the following 14 administrative and management programs and their implementation in a well conceived line/staff structure by clear job/task descriptions, coordinated standard procedures, and effective administration and management can assure achievement of the system's missions and goals.

This listing serves as a checklist, and is not meant to imply that programs can *only* be performed by the "responsible" units designated in this example. As discussed earlier, flexibility is more important than doctrinaire rigidity. For example, within the recommended line/staff group-

Proven Essential Programs or Tools

Any project or program whose quality control standards have been examined from the points of view of each of the following seven aspects could be considered well defined. They are, in alphabetical order: aesthetic, economic, legal, operational, political, social and technical aspects.

If these aspects are grouped by the missions or the broad tasks they could support, say, in the case of an international airport system, their order would be as follows:

Considered Aspects	*System Missions and Goals*
1. Technical 2. Operational	Provide a safe, user-friendly airport system for its patrons and users
3. Economic 4. Legal	On an efficient, self supporting or cost/known basis
5. Social 6. Asethetic 7. Political	While being a good neighbor-contributor to the needs of the government served by the system and its citizens, businesses and visitors

The use of certain essential programs as tools can help simplify and organize the administrative process seeking to satisfy airport management needs. These programs have the overall objective of establishing and maintaining a communications loop to enable effective control and are not unusual to the administration of other business types. In this book, however, the use of these programs is based on a responsive line/staff structure with strong emphasis on two-way communications. This results in a simple system, but one that does require careful indoctrination and continuous training and review.

ings, organization charts should be tailored to take advantage of the skills of particular personnel who are available and titles and assignments can and should be altered to meet specific needs. (Abbreviations at the end of the paragraphs identify organization units responsible for each program.)

Administrative Programs—Tools Supporting Management

Staff departments are normally responsible for administrative programs either in a controlling or advisory/service capacity. The roles of the staff departments and their interfaces with line departments in both areas of responsibility are described in Chapter 5 along with a review of certain general administrative guidelines. The following sections highlight the several administrative program tasks.

Airport Organization. Structure, locus, form, manning criteria, task description and communications-identification and use (AD/S—MSD).

Airport Administrative Services. Organization and procedures including editing the administrative manual containing job/task descriptions and standard operating procedures; personnel, medical, police, purchasing, stores, reproduction services, visual aids, travel services, etc.

Law. Functions of general counsel in areas of corporate government relations, risk exposure, litigation, legal opinion, and contracts (financial, construction, purchase and real estate leases and permits).

Airport Public Affairs. Guides administration in the potential impact of its decisions on the public, and deftly calls attention to good performance after the fact. Monitors quality levels of patron services and facilities, handles complaints and prepares or clears speeches, papers, brochures, publications, etc. (P/R).

Airport Marketing. Promotes the use of the airport, attracts business to the area it serves and enhances the value of the airport to its community. This includes representing the interests of the airport at hearings of regulatory bodies and government agencies dealing with service rights, tariffs, etc. (P/R—with advice of LAW).

Corporate Planning and Development. Establishes long-range objectives, goals and purposes for the entity to meet future technical, operational, social, aesthetic, and economic needs. Considers and defines legal and political measures that must be instituted to meet them and the organizational ramifications of such measures. (CPD)

Airport Financial Control. Tools and procedures for budgeting, recording, reporting, and controlling: capital investments, operating revenues, operating expenses and operating margins (profit/loss or subsidy need). Capital formation and management. Insurance, bonding and computer programs. (FIN)

Airport Economics. Forecasts: rental rate and fee setting following FIN standards; economic analysis preparation (AED). (The economic analysis preparation function may also be decentralized to management status under the G/M).

Airport Planning. Long-range master planning; facilities planning; securing users', operations' and government's inputs to airport planning projects; simulation and model building; feedback to the design agency; change order monitoring; feedback from construction supervision and quality control; liaison with operations and users during project in service life to obtain feedback; representation of airport in technical areas with governments (e.g. ICAO), and with trade and industry associations (e.g. AOCI/ICAA) (APD). This program is often managed for new or developing airports by consultants.

Airport Engineering. Provides detailed cost estimates for construction projects under consideration; designs services for approved projects under development; provides recommendations on construction contract breakdown and contractor qualification; analyzes bids and contract awards; quality control and audit during construction; materials testing laboratories and liaison with building codes agencies (ENG). This program is often managed for new or developing airports by consultants.

Management Programs—Using the Supplied Administrative Tools

Line departments are normally responsible for management programs. The following sections highlight the several management tasks detailed in Chapters 10, 11 and 12.

Airport Operations. Airport project delivery (AIR and LAND); security. (S/C/R — SEC and XRAY).

Airport Maintenance Control. Ensures safety for patrons and users, preserves the asset represented by the airport, its facilities and equipment, and keeps all facilities, equipment and services operating at a high level of dependability (P&S).

Airport Project Control. Provides for completion of on-going construction projects or purchasing major components within time and funds budgeted at desired level of quality as prescribed by the quality control agency (e.g. ENG) or APD and FIN in control aspects (P&S). This program is often managed for new or developing airports by consultants.

Airport Business Administration. Arranges equitable, compensatory contracts, leases, permits and agreements with users, and those supplying facilities and services to the airport, its tenants and patrons; administers the Tenant Alteration/ Construction Control program to maintain aesthetic standards on the airport and its environs; and prevents confusing clutter of uncoordinated signing, lighting and facility construction (BAD). Formats contracts, leases, permits and agreements as prescribed by FIN and LAW. Standardization of lease/permit provisions may be overseen by PROP.

Training. This is a requirement of each of the above administrative and management programs. It may be done "on-the-job" or may be handled in lectures or at briefing sessions either internally or externally.

Apart from on-the-job training endemic to each of the management services, the provision of wide-ranging education and self-improvement programs supported by financial grants is a most important attribute of a successful enterprise. Supervisors should be reminded of their responsibility to make proper training available to their staffs.

Regardless of the organization for management, it can only be as good as the people involved in it. Airport administrators can maintain low employee turnover and high morale by successfully communicating the organization's goals and policies to their people. The moment employees get the feeling that they are not sharing in company goals, in what's going on, morale drops, and turnover increases. The employees lose the sense of belonging. Administrators with the least amount of "secrets" from their people, who level with them, who try to keep them informed and inspired, will usually enjoy excellent morale among their people. By contrast, leaders who feed their egos by keeping secrets, who pride themselves on having "inside" information, can do severe damage. Obviously some information cannot be shared, but good managers will do all they can to communicate the organization's goals and policies to their people as completely as possible.

It is mandatory for airport administration to cultivate good employee morale and attitude in every link of the communications loop that provides managerial control.

On-going Implementation

Many on-going studies and development efforts are required in devising an organizational entity to adequately deal with the issues involved in administering and managing an airport or airport system. Such efforts could include, for example, the tailoring of the pro-forma line/staff organizational structure set forth in Figure 10 to meet specific requirements and the development of job/task description to fit such a structure. Other needs include organizing the format and initial content of an administrative manual and training courses in working relationships and in the development and implementation of the 14 essential programs.

HB 173

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE COLLINS

NAME: DUANE HALLMAN
TITLE:
ADDRESS: 1236 CLAMITY COURT
CITY: ANCHORAGE ZIP: 99515
PHONE: 344-1627
BILL NO: SB 172
SUBJECT: SB 172 & HB 173
MESSAGE: I STRONGLY OPPOSE SENATE BILL 172 AND HOUSE BILL 173. THEY ARE BAD LEGISLATURE AND WILL REDUCE MORAL AND PROFESSIONAL LEVEL OF SERVICE.

POMID: 03162140
DATE: 03/13/87
TIME: 16:21:40
LIONAME: ANCHORAGE LIO

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DAVIS	DONLEY	DUNCAN
ELLIS	FRANK	ELIASON
FURNACE	GOLL	FAHRENKAMP
GRUENBERG	GRUSSENDORF	FAIKS
HANLEY	HERRMANN	FISCHER
HOFFMAN	HUDSON	HALFORD
KOPONEN	LARSON	HENSLEY
MARTIN	MENARD	JONES
MILLER	NAVARRE	JOSEPHSON
PEARCE	PETTYJOHN	KELLY
PHILLIPS	POURCHOT	KERTTULA
RIEGER	SHULTZ	RODEY
SPRINGER	SUND	STURGULEWSKI
SWACKHAMMER	TAYLOR	SZYMANSKI
ULMER	WALLIS	UEHLING
ZAWACKI		ZHAROFF

MAR 18 1987

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE COLLINS

NAME: MAUREEN AHEARN
TITLE:
ADDRESS: P O BOX 220511
CITY: ANCHORAGE ZIP: 99522
PHONE: 248-0959
BILL NO: SB 172
SUBJECT: SB 172 & HB 173
MESSAGE: I AM STRONGLY OPPOSED TO SB 172 AND HB 173. PASSAGE OF THESE BILLS WILL RESOLVE IN REDUCE MORAL AND PROFESSIONAL LEVEL OF SERVICE. OUR COUNTRY IS EXTREMELY SECURITY CONCIOUS OF AIR TRAVEL. THE PASSAGE OF THESE BILLS WILL ONLY RESOVE IN REDUCE LEVEL OF SAFETY AIR TRAVELERSHAVE COME TO EXPECT.

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FURNACE	GOLL	FAHRENKAMP
GRUENBERG	GRUSSENDORF	FAIKS
HANLEY	HERRMANN	FISCHER
HOFFMAN	HUDSON	HALFORD
KOPONEN	LARSON	HENSLEY
MARTIN	MENARD	JONES
MILLER	NAVARRE	JOSEPHSON
PEARCE	PETTYJOHN	KELLY
PHILLIPS	POURCHOT	KERTTULA
RIEGER	SHULTZ	RODEY
SPRINGER	SUND	STURGULEWSKI
SWACKHAMMER	TAYLOR	SZYMANSKI
ULMER	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE CATO

NAME: LORRAINE McPHERSON
TITLE:
ADDRESS: P O BOX 133
CITY: PALMER ZIP: 99645
PHONE: 745-4374
BILL NO: HB 173
SUBJECT: INTERNATIONAL AIRPORT AUTHORITY
MESSAGE: I THINK THIS IS A BAD DEAL. THE AIRPORT HAS BEEN MAKING A PROFIT. NO REASON TO FIX SOMETHING THAT ISN'T BROKEN. YOU NEED TO CONSIDER THE COST OF REPAYING SBS AND THE COST OF TRAINING THE PERSONNEL. TRAINED OFFICERS OF TOO HIGH A VALUE TO BE PUT AT RISK. CONSIDER CUTTING COSTS OF FORMER GOV. SHEFFIELD'S APARTMENT AND SELLING FURNISHINGS AND ART WORK. GET RID OF LIMOS AND RENT CARS LIKE EVERYONE ELSE.

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MILLER	JONES
PEARCE	KELLY
SPRINGER	

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE CATO

NAME: JAN J. WASHINGTON
TITLE:
ADDRESS: 1580 BEAVER
CITY: ANCHORAGE ZIP: 99504
PHONE: 338-2737
BILL NO:
SUBJECT: SCHOOL EMPLOYEES
MESSAGE: I BELIEVE NON CERTIFICATION SCHOOL EMPLOYEES ARE BEING TREATED UNFAIRLY CONCERNING CREDIT SERVICE FOR LESS THAN A FULL WORK YEAR. PLEASE REINTRODUCE HB292. THIS BILL HAS A FAIR SCHEDULE OF CREDIT FOR ALL SCHOOL EMPLOYEES. THANKS FOR YOUR SUPPORT.

POMID: 03135159
DATE: 03/16/87
TIME: 13:51:59
LIONAME: ANCHORAGE LIO

COPIES:

REPRESENTATIVES	REPRESENTATIVES	SENATORS
ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	COLLINS	BINKLEY
COTTEN	DAVIS	COGHILL
DONLEY	ELLIS	DUNCAN
FRANK	FURNACE	ELIASON
GOLL	GRUSSENDORF	FAHRENKAMP
HANLEY	HERRMANN	FAIKS
HOFFMAN	HUDSON	FISCHER
KOPONEN	LARSON	HALFORD
MARTIN	MENARD	HENSLEY
MILLER	NAVARRE	JONES
PEARCE	PETTYJOHN	JOSEPHSON
PHILLIPS	POURCHOT	KELLY
RIEGER	SHULTZ	KERTTULA
SPRINGER	SUND	RODEY
SWACKHAMMER	TAYLOR	STURGULEWSKI
ULMER	WALLIS	SZYMANSKI
ZAWACKI	WALLIS	UEHLING
		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE CATO

NAME: MABLE BRANDEN
TITLE:
ADDRESS: 4712 MALIBOU
CITY: ANCHORAGE ZIP: 99517
PHONE: 243-4496
BILL NO:
SUBJECT: CREDIT FOR SERVICE
MESSAGE: PLEASE REINTRODUCE HB 292 CONCERNING CREDITED SERVICES FOR NON-CERTIFICATED SCHOOL EMPLOYEES. THIS BILL HAS A FAIR SCHEDULE OF CREDIT FOR ALL SCHOOL EMPLOYEES WORKING LESS THAN A FULL YEAR. THANKS FOR YOUR SUPPORT.

POMID: 03141953
DATE: 03/16/87
TIME: 14:19:53
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES, REPRESENTATIVES, SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	COLLINS	BINKLEY
COTTEN	DAVIDSON	COGHILL
DAVIS	DONLEY	DUNCAN
ELLIS	FRANK	ELIASON
FURNACE	GOLL	FAHRENKAMP
GRUENBERG	GRUSSENDORF	FAIKS
HANLEY	HERRMANN	FISCHER
HOFFMAN	HUDSON	HALFORD
KOPONEN	LARSON	HENSLEY
MARTIN	MENARD	JONES
MILLER	NAVARRE	JOSEPHSON
PEARCE	PETTYJOHN	KELLY
PHILLIPS	POURCHOT	KERTTULA
RIEGER	SHULTZ	RODEY
SPRINGER	SUND	STURGULEWSKI
SWACKHAMMER	TAYLOR	SZYMANSKI
ULMER	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE CATO

NAME: KATHLEEN ENGE
TITLE:
ADDRESS: 9501 MORNINGSIDE LOOP #4
CITY: ANCHORAGE ZIP: 99515
PHONE: 349-1832
BILL NO: HB 167
SUBJECT: MANDATORY SEAT BELTS
MESSAGE: LIMIT GOVERNMENT CONTROL OF CITIZENS. THIS IS STILL A FREE COUNTRY. VOTE NO ON HB 167. THANK YOU

POMID: 03142751
DATE: 03/16/87
TIME: 14:27:51
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES, REPRESENTATIVES

ADAMS	BARNES
BOUCHER	BOYER
BROWN	COLLINS
COTTEN	DAVIDSON
DAVIS	DONLEY
ELLIS	FRANK
FURNACE	GOLL
GRUENBERG	GRUSSENDORF
HANLEY	HERRMANN
HOFFMAN	HUDSON
KOPONEN	LARSON
MARTIN	MENARD
MILLER	NAVARRE
PEARCE	PETTYJOHN
PHILLIPS	POURCHOT
RIEGER	SHULTZ
SPRINGER	SUND
SWACKHAMMER	TAYLOR
ULMER	WALLIS
ZAWACKI	

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE CATO

NAME: TAMMY SCHMIDT
TITLE:
ADDRESS: 919 E 9TH
CITY: ANCHORAGE ZIP: 99501
PHONE: 274-7616
BILL NO: HB 167
SUBJECT: MANDATORY SEAT BELTS
MESSAGE: PLEASE VOTE NO ON HB 167. IT WOULD CAUSE THE GOVERNMENT TO EXERCISE TOO MUCH CONTROL OVER PRIVATE CITIZENS.

POMID: 03105646
DATE: 03/16/87
TIME: 10:56:46
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES

ADAMS	BARNES
BOUCHER	BOYER
BROWN	COLLINS
COTTEN	DAVIDSON
DAVIS	DONLEY
ELLIS	FRANK
FURNACE	GOLL
GRUENBERG	GRUSSENDORF
HANLEY	HERRMANN
HOFFMAN	HUDSON
KOPONEN	LARSON
MARTIN	MENARD
MILLER	NAVARRE
PEARCE	PETTYJOHN
PHILLIPS	POURCHOT
RIEGER	SHULTZ
SPRINGER	SUND
SWACKHAMMER	TAYLOR
ULMER	WALLIS
ZAWACKI	

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE CATO

NAME: JULIE DUARTE
TITLE:
ADDRESS: 708 E. 75TH
CITY: ANCHORAGE ZIP: 99518
PHONE: 344-5477
BILL NO: HB 167
SUBJECT: MANDATORY SEAT BELTS
MESSAGE: THE MOTIVE BEHIND THIS ACT IS NOT FOR THE BENEFIT OF THE PEOPLE. PLEASE VOTE NO ON HB 167. THANK YOU.

POMID: 03112839
DATE: 03/16/87
TIME: 11:28:39
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES

ADAMS	BARNES
BOUCHER	BOYER
BROWN	COLLINS
COTTEN	DAVIDSON
DAVIS	DONLEY
ELLIS	FRANK
FURNACE	GOLL
GRUENBERG	GRUSSENDORF
HANLEY	HERRMANN
HOFFMAN	HUDSON
KOPONEN	LARSON
MARTIN	MENARD
MILLER	NAVARRE
PEARCE	PETTYJOHN
PHILLIPS	POURCHOT
RIEGER	SHULTZ
SPRINGER	SUND
SWACKHAMMER	TAYLOR
ULMER	WALLIS
ZAWACKI	

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE CATO

NAME: TRACY GRANT
TITLE:
ADDRESS: 3124 LINDEN DRIVE
CITY: ANCHORAGE, ALASKA ZIP: 99502
PHONE: 243-5345
BILL NO: HB 173
SUBJECT: INTERNATIONAL AIRPORT AUTHORITY
MESSAGE: SB 172 - INTERNATIONAL AIRPORTAUTHORITY
I CAN'T BELIEVE THAT THE STATE WOULD RID ITSELF OF SOMETHING THAT GENERATED SO MUCH MONEY. YOU FEW MEN AND WOMEN ARE NOW CHASING OUT WHAT GOOD, LONG TERM PEOPLE WE HAVE LEFT IN ALASKA AND SENDING THEM OUTSIDE. DON'T VOTE THIS IN.

POMID: 03093836
DATE: 03/16/87
TIME: 09:38:36
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	COLLINS	BINKLEY
COTTEN	DAVIDSON	COGHILL
DAVIS	DONLEY	DUNCAN
ELLIS	FRANK	ELIASON
FURNACE	GOLL	FAHRENKAMP
GRUENBERG	GRUSSENDORF	FAIKS
HANLEY	HERRMANN	FISCHER
HOFFMAN	HUDSON	HALFORD
KOPONEN	LARSON	HENSLEY
MARTIN	MENARD	JONES
MILLER	NAVARRE	JOSEPHSON
PEARCE	PETTYJOHN	KELLY
PHILLIPS	POURCHOT	KERTTULA
RIEGER	SHULTZ	RODEY
SPRINGER	SUND	STURGULEWSKI
SWACKHAMMER	TAYLOR	SZYMANSKI
ULMER	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE CATO

NAME: TRACY GRANT
TITLE:
ADDRESS: 3124 LINDEN
CITY: ANCHORAGE ZIP: 99502
PHONE: 243-5345
BILL NO:
SUBJECT: SB 172 AND HB 173
MESSAGE: HAVE BEEN HERE ALL OUR LIVES, HUSBAND HAS WORKED 11 OF THEM FOR THE STATE. WE HAVE LARGE OAK TREE WITH 4 LARGE BRANCHES, HOW ABOUT A LYNCHING FOR THE 4 WHO BACKED BILLS 173 & 172. DO NOT VOTE THIS BILL IN. I CAN'T BELIEVE I VOTED REPUBLICAN.

POMID: 03092243
DATE: 03/16/87
TIME: 09:22:43
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	COLLINS	BINKLEY
COTTEN	DAVIDSON	COGHILL
DAVIS	DONLEY	DUNCAN
ELLIS	FRANK	ELIASON
FURNACE	GOLL	FAHRENKAMP
GRUENBERG	GRUSSENDORF	FAIKS
HANLEY	HERRMANN	FISCHER
HOFFMAN	HUDSON	HALFORD
KOPONEN	LARSON	HENSLEY
MARTIN	MENARD	JONES
MILLER	NAVARRE	JOSEPHSON
PEARCE	PETTYJOHN	KELLY
PHILLIPS	POURCHOT	KERTTULA
RIEGER	SHULTZ	RODEY
SPRINGER	SUND	STURGULEWSKI
SWACKHAMMER	TAYLOR	SZYMANSKI
ULMER	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE CATO

NAME: PRISCILLA ELLENWOOD
TITLE:
ADDRESS: 1536 VALARIAN ST. #2
CITY: ANCHORAGE ZIP: 99508
PHONE: 277-1333
BILL NO: SB 172
SUBJECT: SB 172 & HB 173
MESSAGE: I AM STRONGLY OPPOSED TO SB 172 AND HB 173. PASSAGE OF THESE WILL RESOLVE IN REDUCE MORAL AND PROFESSIONAL LEVEL OF SERVICE. OUR COUNTRY IS EXTREMELY SECURITY CONCIOUS OF AIR TRAVEL. THE PASSAGE OF THESE BILLS WILL ONLY RESOLVE IN REDUCE LEVEL OF SAFETY AIR TRAVELERS HAVE COME TO EXPECT.

POMID: 03164534
DATE: 03/13/87
TIME: 16:45:34
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	COLLINS	BINKLEY
COTTEN	DAVIDSON	COGHILL
DAVIS	DONLEY	DUNCAN
ELLIS	FRANK	ELIASON
FURNACE	GOLL	FAHRENKAMP
GRUENBERG	GRUSSENDORF	FAIKS
HANLEY	HERRMANN	FISCHER
HOFFMAN	HUDSON	HALFORD
KOPONEN	LARSON	HENSLEY
MARTIN	MENARD	JONES
MILLER	NAVARRE	JOSEPHSON
PEARCE	PETTYJOHN	KELLY
PHILLIPS	POURCHOT	KERTTULA
RIEGER	SHULTZ	RODEY
SPRINGER	SUND	STURGULEWSKI
SWACKHAMMER	TAYLOR	SZYMANSKI
ULMER	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE CATO

NAME: STANLEY CHRISTENSON
TITLE:
ADDRESS: P.O.BOX 190744
CITY: ANCHORAGE ZIP: 99519
PHONE: 279-2336
BILL NO:
SUBJECT: SB 172 AND HB 173
MESSAGE: I READ A FLIER FROM THE APEA. ACCORDING TO THE FLIER THERE WILL BE NO HEALTH CARE AND RETIREMENT BENEFIT/MESSED UP. I WOULD LIKE TO HAVE SOME PROTECTION AS A STATE EMPLOYEE. I HAVE 2 YEARS BEFORE RETIREMENT. I AM ALL FOR THE PORT AUTHORITY AND THINK IT SHOULD HAVE BEEN DONE YEARS AGO. I JUST HOPE YOU WON'T ELIMINATE ALL EMPLOYEE BENEFITS.

POMID: 03085429
DATE: 03/16/87
TIME: 08:54:29
LIONAME: ANCHORAGE LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	COLLINS	BINKLEY
COTTEN	DAVIDSON	COGHILL
DAVIS	DONLEY	DUNCAN
ELLIS	FRANK	ELIASON
FURNACE	GOLL	FAHRENKAMP
GRUENBERG	GRUSSENDORF	FAIKS
HANLEY	HERRMANN	FISCHER
HOFFMAN	HUDSON	HALFORD
KOPONEN	LARSON	HENSLEY
MARTIN	MENARD	JONES
MILLER	NAVARRE	JOSEPHSON
PEARCE	PETTYJOHN	KELLY
PHILLIPS	POURCHOT	KERTTULA
RIEGER	SHULTZ	RODEY
SPRINGER	SUND	STURGULEWSKI
SWACKHAMMER	TAYLOR	SZYMANSKI
ULMER	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE CATO

NAME: BRAD CONKLIN
TITLE:
ADDRESS: 5001 WHISPERING SPRUCE DRIVE
CITY: ANCHORAGE, ALASKA ZIP: 99511
PHONE: 346-2001
BILL NO: HB 173
SUBJECT: INTERNATIONAL AIRPORT AUTHORITY
MESSAGE: SB 172 - INTERNATIONAL AIRPORT AUTHORITY
IN REGARDS TO HB 173 AND SB 172 I CONSIDER THIS TO BE BAD LEGISLATION. THE PASSAGE OF THESE BILLS WILL RESULT IN REDUCED MORAL AND PROFESSIONAL LEVEL OF SERVICE. THE PASSAGE OF THESE BILLS WILL ONLY RESULT IN REDUCED LEVEL OF SAFETY AIR TRAVELERS HAVE COME TO EXPECT. VOTE AGAINST THESE BILLS.

POMID: 03163653
DATE: 03/13/87
TIME: 16:36:53
LIONAME: ANCHORAGE LIO

COPIES:

REPRESENTATIVES	REPRESENTATIVES	SENATORS
ADAMS	BOYER	BENNETT
BROWN	DAVIS	BINKLEY
FRANK	GOLL	DUNCAN
LARSON	POURCHOT	FISCHER
RIEGER	SWACKHAMMER	HENSLEY
WALLIS	BOUCHER	UEHLING
DAVIDSON	DONLEY	ZHAROFF
ELLIS	FURNACE	ABOOD
KOPONEN	MENARD	COGHILL
GRUSSENDORF	HUDSON	FAHRENKAMP
MILLER	PEARCE	JONES
SPRINGER		KELLY

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE CATO

NAME: MAUREEN AHEARN
TITLE:
ADDRESS: P O BOX 220511
CITY: ANCHORAGE ZIP: 99522
PHONE: 248-0959
BILL NO: SB 172
SUBJECT: SB 172 & HB 173
MESSAGE: I AM STRONGLY OPPOSED TO SB 172 AND HB 173. PASSAGE OF THESE BILLS WILL RESOLVE IN REDUCE MORAL AND PROFESSIONAL LEVEL OF SERVICE. OUR COUNTRY IS EXTREMELY SECURITY CONCIOUS OF AIR TRAVEL. THE PASSAGE OF THESE BILLS WILL ONLY RESOVE IN REDUCE LEVEL OF SAFETY AIR TRAVELERSHAVE COME TO EXPECT.

POMID: 03163606
DATE: 03/13/87
TIME: 16:36:06
LIONAME: ANCHORAGE LIO

COPIES:

REPRESENTATIVES	REPRESENTATIVES	SENATORS
ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	COLLINS	BINKLEY
COTTEN	DAVIDSON	COGHILL
DAVIS	DONLEY	DUNCAN
ELLIS	FRANK	ELIASON
FURNACE	GOLL	FAHRENKAMP
GRUENBERG	GRUSSENDORF	FAIKS
HANLEY	HERRMANN	FISCHER
HOFFMAN	HUDSON	HALFORD
KOPONEN	LARSON	HENSLEY
MARTIN	MENARD	JONES
MILLER	NAVARRE	JOSEPHSON
PEARCE	PETTYJOHN	KELLY
PHILLIPS	POURCHOT	KERTTULA
RIEGER	SHULTZ	RODEY
SPRINGER	SUND	STURGULEWSKI
SWACKHAMMER	TAYLOR	SZYMANSKI
ULMER	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE CATO

NAME: PAUL MAC INNIS
TITLE:
ADDRESS: 2900 BONIFACE PARKWAY DRIVE
CITY: ANCHORAGE, ALASKA ZIP: 99504
PHONE: 344-0211
BILL NO: HB 173
SUBJECT: INTERNATIONAL AIRPORT AUTHORITY
MESSAGE: SB 172 - INTERNATIONAL AIRPORT AUTHORITY
IN REGARDS TO HB 173 AND SB 172 I CONSIDER THIS TO BE BAD LEGISLATION. THE PASSAGE OF THESE BILLS WILL RESULT IN REDUCED MORAL AND PROFESSIONAL LEVEL OF SERVICES. THE PASSAGE OF THESE BILLS WILL ONLY RESULT IN REDUCED LEVEL OF SAFETY AIR TRAVELERS HAVE COME TO EXPECT. VOTE AGAINST THESE BILLS.

POMID: 03162744
DATE: 03/13/87
TIME: 16:27:44
LIONAME: ANCHORAGE LIO

COPIES:

REPRESENTATIVES	REPRESENTATIVES	SENATORS
ADAMS	BOYER	BENNETT
BROWN	DAVIS	BINKLEY
FRANK	GOLL	DUNCAN
LARSON	POURCHOT	FISCHER
RIEGER	SWACKHAMMER	HENSLEY
WALLIS	BOUCHER	UEHLING
DAVIDSON	DONLEY	ZHAROFF
ELLIS	FURNACE	ABOOD
KOPONEN	MENARD	COGHILL
GRUSSENDORF	HUDSON	FAHRENKAMP
MILLER	PEARCE	JONES
SPRINGER		KELLY

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE CATO

NAME: DUANE HALLMAN
TITLE:
ADDRESS: 1236 CLAMITY COURT
CITY: ANCHORAGE ZIP: 99515
PHONE: 344-1627
BILL NO: SB 172
SUBJECT: SB 172 & HB 173
MESSAGE: I STRONGLY OPPOSE SENATE BILL 172 AND HOUSE BILL 173. THEY ARE BAD LEGISLATURE AND WILL REDUCE MORAL AND PROFESSIONAL LEVEL OF SERVICE.

POMID: 03162140
DATE: 03/13/87
TIME: 16:21:40
LIONAME: ANCHORAGE LIO

COPIES:

REPRESENTATIVES	REPRESENTATIVES	SENATORS
ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	COLLINS	BINKLEY
COTTEN	DAVIDSON	COGHILL
DAVIS	DONLEY	DUNCAN
ELLIS	FRANK	ELIASON
FURNACE	GOLL	FAHRENKAMP
GRUENBERG	GRUSSENDORF	FAIKS
HANLEY	HERRMANN	FISCHER
HOFFMAN	HUDSON	HALFORD
KOPONEN	LARSON	HENSLEY
MARTIN	MENARD	JONES
MILLER	NAVARRE	JOSEPHSON
PEARCE	PETTYJOHN	KELLY
PHILLIPS	POURCHOT	KERTTULA
RIEGER	SHULTZ	RODEY
SPRINGER	SUND	STURGULEWSKI
SWACKHAMMER	TAYLOR	SZYMANSKI
ULMER	WALLIS	UEHLING
ZAWACKI		ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE CATO

NAME: TOM RAYFIELD
TITLE:
ADDRESS: 14451 WILDIEN DRIVE
CITY: ANCHORAGE, ALASKA ZIP: 99516
PHONE: 345-1445
BILL NO: HB 173
SUBJECT: INTERNATIONAL AIRPORT AUTHORITY
MESSAGE: SB 172 - INTERNATIONAL AIRPORT AUTHORITY
IN REGARDS TO HB 173 AND SB 172 I CONSIDER THIS TO BE BAD LEGISLATION. THE PASSAGE OF THESE BILLS WILL RESULT IN REDUCED MORAL AND PROFESSIONAL LEVEL OF SERVICE. THE PASSAGE OF THESE BILLS WILL ONLY RESULT IN REDUCED LEVEL OF SAFETY AIR TRAVELERS HAVE COME TO EXPECT. VOTE AGAINST THESE BILLS.

POMID: 03161739
DATE: 03/13/87
TIME: 16:17:39
LIONAME: ANCHORAGE LIO

COPIES:

REPRESENTATIVES	REPRESENTATIVES	SENATORS
ADAMS	BOYER	BENNETT
BROWN	DAVIS	BINKLEY
FRANK	GOLL	DUNCAN
LARSON	POURCHOT	FISCHER
RIEGER	SWACKHAMMER	HENSLEY
WALLIS	BOUCHER	UEHLING
DAVIDSON	DONLEY	ZHAROFF
ELLIS	FURNACE	ABOOD
KOPONEN	MENARD	COGHILL
GRUSSENDORF	HUDSON	FAHRENKAMP
MILLER	PEARCE	JONES
SPRINGER		KELLY

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE CATO

NAME: DON TRUDEAU
TITLE:
ADDRESS: 7300 TICONDAROGA
CITY: ANCHORAGE, ALASKA ZIP: 99502
PHONE: 248-3078
BILL NO: HB 173
SUBJECT: INTERNATIONAL AIRPORT AUTHORITY
MESSAGE: SB 172 - INTERNATIONAL AIRPORT AUTHORITY
IN REGARDS TO HB 173 AND SB 172 I CONSIDER THIS TO BE BAD LEGISLATION. THE PASSAGE OF THESE BILLS WILL RESULT IN REDUCED MORAL AND PROFESSIONAL LEVEL OF SERVICE. THE PASSAGE OF THESE BILLS WILL ONLY RESULT IN REDUCED LEVEL OF SAFETY AIR TRAVELERS HAVE COME TO EXPECT. VOTE AGAINST THESE BILLS.

POMID: 03162225
DATE: 03/13/87
TIME: 16:22:25
LIONAME: ANCHORAGE LIO

COPIES:

REPRESENTATIVES	REPRESENTATIVES	SENATORS
ADAMS	BOYER	BENNETT
BROWN	DAVIS	BINKLEY
FRANK	GOLL	DUNCAN
LARSON	POURCHOT	FISCHER
RIEGER	SWACKHAMMER	HENSLEY
WALLIS	BOUCHER	UEHLING
DAVIDSON	DONLEY	ZHAROFF
ELLIS	FURNACE	ABOOD
KOPONEN	MENARD	COGHILL
GRUSSENDORF	HUDSON	FAHRENKAMP
MILLER	PEARCE	JONES
SPRINGER		KELLY

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE CATO

NAME: CHARLES R. TAYLOR
TITLE:
ADDRESS: 1145 PULLMAN
CITY: WASILLA, ALASKA ZIP: 99687
PHONE: 373-3533
BILL NO: SB 172
SUBJECT: INTERNATIONAL AIRPORT AUTHORITY
MESSAGE: HB 173 - INTERNATIONAL AIRPORT AUTHORITY
IN REGARDS TO HB 173 AND SB 172 I CONSIDER THIS TO BE BAD LEGISLATION. THE PASSAGE OF THESE BILLS WILL RESULT IN REDUCED MORAL AND PROFESSIONAL LEVEL OF SERVICE. THE PASSAGE OF THESE BILLS WILL ONLY RESULT IN REDUCED LEVEL OF SAFETY AIR TRAVELERS HAVE COME TO EXPECT. VOTE AGAINST THESE BILLS.

POMID: 03161732
DATE: 03/13/87
TIME: 16:17:32
LIONAME: ANCHORAGE LIO

COPIES:

REPRESENTATIVES	REPRESENTATIVES	SENATORS
ADAMS	BOYER	BENNETT
BROWN	DAVIS	BINKLEY
FRANK	GOLL	DUNCAN
LARSON	POURCHOT	FISCHER
RIEGER	SWACKHAMMER	HENSLEY
WALLIS	BOUCHER	UEHLING
DAVIDSON	DONLEY	ZHAROFF
ELLIS	FURNACE	ABOOD
KOPONEN	MENARD	COGHILL
GRUSSENDORF	HUDSON	FAHRENKAMP
MILLER	PEARCE	JONES
SPRINGER		KELLY

PUBLIC OPINION MESSAGE

DEAR: REPRESENTATIVE CATO

NAME: WILLIAM LYLE
TITLE:
ADDRESS: P.O. BOX 589
CITY: WASILLA ZIP: 99687
PHONE: 376-6514
BILL NO:
SUBJECT: STATE BUDGET/MEDICAL SERVICES
MESSAGE: HAVING READ THE GOVERNOR'S PROPOSED BUDGET CUTS OF MEDICAL SERVICES FOR THE POOR I FEEL THAT IT IS TOTALLY OFF BASE. IF HE WOULD CONSIDER CUTTING STATE HEALTHCARE PROGRAMS THAT COMPETE WITH THE PRIVATE SECTOR THE MONEY SAVED WOULD PAY FOR THE CONTINUATION OF THE PROPOSED MEDICAL SERVICES CUTS FOR THE POOR.

POMID: 03161721
DATE: 03/13/87
TIME: 16:17:21
LIONAME: ANCHORAGE LIO

COPIES:

REPRESENTATIVES	REPRESENTATIVES	SENATORS
ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BENNETT
BROWN	COLLINS	BINKLEY
COTTEN	DAVIDSON	COGHILL
DAVIS	DONLEY	DUNCAN
ELLIS	FRANK	ELIASON
FURNACE	GOLL	FAHRENKAMP
GRUENBERG	GRUSSENDORF	FAIKS
HANLEY	HERRMANN	FISCHER
HOFFMAN	HUDSON	HALFORD
KOPONEN	LARSON	HENSLEY
MARTIN	MENARD	JONES
MILLER	NAVARRE	JOSEPHSON
PEARCE	PETTYJOHN	KELLY
PHILLIPS	POURCHOT	KERTTULA
RIEGER	SHULTZ	RODEY
SPRINGER	SUND	STURGULEWSKI
SWACKHAMMER	TAYLOR	SZYMANSKI
ULMER	WALLIS	UEHLING
ZAWACKI		ZHAROFF

5-0550L

Original sponsors: Pearce and Hanley

IN THE HOUSE BY THE TRANSPORTATION COMMITTEE

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 173 (Transportation)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to the international airports in Anchorage and Fairbanks and establishing the Alaska International Airport Authority; and providing for an effective date."

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

* Section 1. FINDINGS AND PURPOSE. (a) The Alaska State Legislature finds that the state-owned and state-operated international airports at Anchorage and Fairbanks are critical links in air transportation between the Orient, Europe, and North America and are the major points of access to Alaska for international and interstate air travelers. In order to protect and maintain the viability and competitive position of the Anchorage and Fairbanks international airports, it is in the best interest of the state to vest management of these airports in an independent authority that can provide effective marketing of the airports; efficient, responsive, and integrated management of the airports; and competitive services and facilities to users of the airports.

(b) The purpose of this Act is to establish an authority for the operation, management, planning, and construction of facilities for the state-owned and state-operated international airports.

* Sec. 2. AS 02 is amended by adding a new chapter to read:

CHAPTER 40. ALASKA INTERNATIONAL AIRPORT AUTHORITY.

ARTICLE 1. CREATION AND ORGANIZATION.

Sec. 02.40.010. ALASKA INTERNATIONAL AIRPORT AUTHORITY. (a) The Alaska International Airport Authority is established. The

authority is a public corporation of the state. The corporation is an instrumentality of the state in the Department of Transportation and Public Facilities but has a legal existence independent of and separate from the state and has continuing succession until its existence is terminated by law.

(b) The authority is the exclusive state agency responsible for the operation, management, planning, marketing, and construction of facilities for the state-owned and state-operated international airports located at Fairbanks and Anchorage.

Sec. 02.40.020. BOARD OF DIRECTORS. (a) The powers of the authority are vested in the board of directors. The board consists of the commissioner of transportation and public facilities, or the commissioner's designee, and four qualified members appointed by the governor. Except for the commissioner, a member may not be employed by the state, including the University of Alaska, or hold elective state or municipal office.

(b) Two members shall be residents of the Municipality of Anchorage. One of these two members shall be nominated by the municipal assembly. The governor shall appoint or reject the person nominated by the assembly. If the governor rejects the nominee, the assembly shall nominate another qualified person.

(c) Two members shall reside within the geographic boundaries of the Fairbanks North Star Borough. One of these two members shall be nominated by the borough assembly. The governor shall appoint or reject the person nominated by the assembly. If the governor rejects the nominee, the assembly shall nominate another qualified person.

(d) The appointed members serve for staggered terms of four years. A member holds office for the term of the member's appointment and until a successor is appointed and qualified. A member may be

reappointed. A vacancy in the membership occurring other than by expiration of term shall be filled in the same manner as the original appointment but only for the unexpired term.

(e) The members shall comply with the requirements of AS 39.50 (conflict of interest).

(f) Except for the commissioner and the commissioner's designee, the members of the board shall be confirmed by a majority of the members of the legislature in joint session. A member appointed by the governor has the powers and responsibilities of a confirmed board member until the member is rejected by the legislature or the legislature adjourns without confirming the member.

Sec. 02.40.030. COMPENSATION AND EXPENSES. (a) An appointed member of the board is entitled to compensation not to exceed $400 for each day the member is engaged in the actual performance of duties as a member of the board for a maximum of 60 days in a calendar year. The board may provide by rule for compensation for partial days during which an appointed member is engaged in actual performance of duties as a member of the board.

(b) In addition to compensation under (a) of this section, an appointed member of the board is entitled to per diem and travel expenses authorized by law for state boards and commissions under AS 39.20.180.

Sec. 02.40.040. REMOVAL OF MEMBERS. The governor may remove an appointed member for cause, including incompetence, neglect of duty, or misconduct in office. Before a member is removed for cause, the member shall be given a copy of the charges and afforded an opportunity to publicly present a defense in person or by counsel upon not less than 10 days' notice. If a member is removed for cause, the governor shall file with the lieutenant governor a complete statement of all

charges made against the member and the governor's findings based on the charges, together with a complete record of the proceedings.

Sec. 02.40.050. MEETINGS. (a) The board shall meet at least four times each year.

(b) The board shall meet at the call of the chair or at the request of three members of the board.

Sec. 02.40.060. OFFICERS AND QUORUM. (a) The board shall elect one of its appointed members as chair and one of its appointed members as vice-chair. The board shall elect a secretary who need not be a member.

(b) Three members of the board constitute a quorum. Action may be taken and motions and resolutions adopted by the board at a meeting by the affirmative vote of at least three members. A vacancy in the membership of the board does not impair the right of a quorum to exercise all the powers and perform all the duties of the board.

(c) Members may not vote by proxy.

Sec. 02.40.070. STAFF. (a) The board shall employ an executive director who serves at the pleasure of the board as its chief administrative officer. The executive director shall be selected on the basis of education, experience, training, and expertise in management. The executive director may select and employ additional staff as necessary.

(b) The board shall employ a controller who serves at the pleasure of the board. The controller is responsible for the fiscal management of the authority and shall prepare financial reports, monitor the issuance and management of the debt of the authority, and perform other duties assigned by the authority.

(c) The executive director, with the concurrence of the board, shall employ airport directors. Airport directors shall be selected

on the basis of education, experience, training, and expertise in management of airports.

(d) The board may employ or contract for legal counsel, including bond counsel, to represent or to advise it.

ARTICLE 2. POWERS AND DUTIES.

Sec. 02.40.100. POWERS AND DUTIES OF AUTHORITY. (a) In addition to other powers granted in this chapter, the authority may

(1) sue and be sued;

(2) adopt and alter an official seal;

(3) maintain an office in the state;

(4) acquire, hold, use, and dispose of its money, subject to appropriation by the legislature;

(5) acquire, hold, use, lease, rent, construct, and dispose of property for its purposes;

(6) operate, maintain, and improve airport facilities;

(7) issue revenue bonds in the amount authorized by law;

(8) assign duties to the executive director and to the controller; and

(9) do all acts necessary to carry out this chapter that are not expressly prohibited by law.

(b) The authority shall adopt and enforce

(1) rules for the conduct of its business and for the use of its services and facilities;

(2) a code of ethics for its directors and employees that is substantially equivalent to that in AS 39.52;

(3) personnel rules necessary to establish a system of personnel administration substantially equivalent to the state personnel rules adopted under AS 39.

Sec. 02.40.110. PUBLIC NATURE OF AUTHORITY ACTIVITIES. The

planning, construction, improvement, maintenance, equipment, and operation of an airport, whether by the authority separately or jointly with another state agency, municipality, or person, and the exercise of other powers granted to the authority are public and governmental functions, exercised for a public purpose, and matters of public necessity. Land and other property and privileges acquired and used by or on behalf of the authority for the purposes enumerated in this chapter are acquired and used for public and governmental purposes and as a matter of public necessity.

Sec. 02.40.120. ACQUISITION OF LAND AND EASEMENTS. The authority, as part of the cost of constructing, maintaining, or improving airport facilities, may acquire by purchase, gift, exchange, or eminent domain land in fee simple or easements that it considers necessary for present or future public use, either temporary or permanent, including easements in airport hazards or land outside the boundaries of an airport, necessary to permit the removal, elimination, obstruction-marking or obstruction-lighting of airport hazards, or to prevent the establishment of airport hazards. By the same means, the authority may obtain material, including clay, gravel, sand, or rock, or the land necessary to obtain the material. The authority may acquire the land or material notwithstanding the fact that title to it is vested in the state or a department, agency, commission, or institution of the state.

Sec. 02.40.130. AUTHORITY TO ACQUIRE PROPERTY FOR THE PURPOSE OF EXCHANGE. When the authority declares that it is in the best public interest of the state to do so, the authority may acquire by purchase, gift, exchange, or eminent domain privately or publicly owned land or an interest in it for the purpose of exchanging it for privately or publicly owned land that the authority is authorized by law to

acquire.

Sec. 02.40.140. EMINENT DOMAIN. (a) The authority may exercise the power of eminent domain under AS 09.55.240 - 09.55.460 to acquire land for airport purposes consistent with this chapter. Notwithstanding AS 09.55.250, the authority may acquire a fee simple title whenever, in the judgment of the authority, ownership of a fee simple title is necessary to carry out the purposes of this chapter.

(b) The authority may file a declaration of taking in the manner provided for the state under AS 09.55.420.

(c) The exercise of the power of eminent domain requires the prior approval of the governor.

Sec. 02.40.150. INDEMNIFICATION. (a) The authority may defend and indemnify a current or former member of the board, employee, or agent of the authority against all costs, expenses, judgments, and liabilities, including attorney's fees, incurred by or imposed upon that person in connection with a civil or criminal action in which the person is involved by affiliation with the authority, if the person acted in good faith on behalf of the authority and within the scope of official duties or powers.

(b) The authority may purchase insurance to protect and hold personally harmless its employees, agents, and board members from an action, claim, or proceeding arising out of the performance, purported performance, or failure of performance, in good faith, of duties for, or employment with, the authority and to hold them harmless from expenses connected with the defense, settlement, or monetary judgments from that action, claim, or proceeding. The purchase of insurance is discretionary with the board and insurance is not considered to be compensation to the insured person.

Sec. 02.40.160. FIDELITY BOND. The authority shall obtain a

fidelity bond in an amount determined by the board for board members and each executive officer responsible for accounts and finances. A bond must be in effect during the entire tenure in office of the bonded person.

Sec. 02.40.170. INSURANCE. Except as provided in AS 02.40.-150(b), the authority shall protect its assets, services, and employees by purchasing insurance or providing for certain self-insurance retentions. The authority shall also maintain casualty, property, and other insurance in amounts reasonably calculated to cover potential claims against the authority or state for bodily injury, death, or disability and property damage that may arise from or be related to authority operations and activities.

ARTICLE 3. INTERNATIONAL AIRPORT FACILITIES.

Sec. 02.40.200. ACQUISITION AND MAINTENANCE OF AIRPORT FACILITIES. The authority may construct and operate airport facilities. The authority shall repair and maintain these facilities.

Sec. 02.40.210. OPERATION AND USE PRIVILEGES. In operating an airport or air navigation facility owned or controlled by the authority, the authority may enter into contracts, leases, and other arrangements covering periods not exceeding 55 years with a person or municipality or the United States, granting the privilege of using or improving an airport or air navigation facility or a portion of it or space in it for commercial or governmental purposes or conferring the privilege of supplying goods, commodities, services, or facilities at an airport or air navigation facility. The authority may establish the terms and conditions and fix the charges, rentals, and fees for the privileges or services that are reasonable and uniform for the same class of privilege or service. These terms, conditions, charges, rentals, and fees shall be established with due regard to the property

and improvements used and the expense of operation to the authority. However, the public may not be deprived of its rightful, equal, and uniform use of the airport or air navigation facility.

Sec. 02.40.220. SALE AND DELIVERY OF IN-BOND MERCHANDISE. (a) As provided by (b) and (c) of this section, the authority shall allow the sale and delivery of in-bond merchandise at an airport only by an exclusive contract.

(b) If an exclusive contract for the sale and delivery of in-bond merchandise at an airport exists on June 30, 1987, the authority may not permit or confer a right on another person to offer to sell, sell, or deliver in-bond merchandise at that airport except as provided in (c) of this section.

(c) After exclusive contracts described in (b) of this section expire, the authority shall enter into one exclusive contract and, on its expiration, additional successive exclusive contracts for the sale and delivery of in-bond merchandise at each airport. Except under the existing and future exclusive contracts described in this section, the authority may not permit or confer a right upon a person to offer to sell, sell, or deliver in-bond merchandise at an airport.

(d) The authority shall offer the exclusive contracts required by this section by competitive bid and shall award the contracts after considering the generation of maximum revenue for the international airports revenue fund under AS 37.15.430.

(e) The authority shall actively supervise the operations under each exclusive contract for the sale and delivery of in-bond merchandise in order to ensure the effectiveness of the operations. To supervise contract operations under this section, the authority shall develop and implement guidelines that provide for review of the reasonableness of price schedules, quality and assortment of merchandise,

and customer service.

(f) This section does not apply to deliveries of in-bond merchandise as cargo to airlines.

Sec. 02.40.230. POLICE POWERS VESTED. The officers and employees of the authority who the authority may designate have general police powers in aid of the enforcement of this chapter. The persons designated under this section shall meet the minimum standards for police officers adopted under AS 18.65.130 - 18.65.290.

Sec. 02.40.240. REGULATION OF GROUND TRANSPORTATION AT AIRPORTS. (a) Notwithstanding the provisions of AS 02.40.210, the authority may not exclude taxis, buses, or limousines that carry passengers for hire or courtesy cars from the highways, parking facilities, or other portions of an airport designated for operation or parking of ground transportation vehicles. The authority may regulate by rule the operations of taxis, buses, limousines, and courtesy cars as necessary to promote efficient operation of an airport.

(b) In this section, "courtesy car" means a motor vehicle owned or operated by a hotel, motel, or other place of public accommodation for the transportation of its guests to and from the airport at the request of the guest and for which service no charge is made to the guest.

Sec. 02.40.250. RULES. (a) The authority shall adopt rules to carry out its functions and the purposes of this chapter, including rules to safeguard property owned by the authority and to protect employees and persons using the authority's property or services. At least 15 days before the adoption of a rule, the authority shall give public notice of the proposed action by publishing a notice in at least two newspapers of general circulation in the state and by mailing a copy of the notice to each person who has requested notice of

proposed changes to its rules. The notice must state the time, place, and nature of the proceedings and must contain a summary of the subject of the proposed rule.

(b) On the date and at the time and place designated in the notice required under (a) of this section, the authority shall provide each interested person an opportunity to present statements in writing concerning the proposed rule and shall give members of the public an opportunity to present oral statements for a total period of at least one hour.

(c) The authority shall consider all relevant matters presented to it before adopting a rule. The authority may take action on a rule that varies in content from the summary provided with the notice of the proposed rule if the subject of the rule was reflected in the summary in a way that provided reasonable notice to the public about whether their interests could be affected by the authority's action on that subject.

(d) The authority may establish in the bylaws of the corporation additional procedures for adopting rules under this section.

Sec. 02.40.260. EMERGENCY RULES. (a) The authority shall establish in the bylaws of the corporation a procedure for the adoption of a rule on an emergency basis. An emergency rule may be adopted only when necessary for the orderly operation of the authority's facilities or programs. The requirements of AS 02.40.250 do not apply to actions under this section. However, within 10 days after the adoption of a rule on an emergency basis the authority shall give notice of its action that substantially complies with the notice requirements of AS 02.40.250(a).

(b) An action under this section remains in effect for not more than 120 days. To prevent an emergency rule from lapsing the

authority may adopt the same rule under AS 02.40.250 before the end of the 120-day period.

Sec. 02.40.270. VALIDITY OF RULES. (a) Failure to mail notice to a person under AS 02.40.250(a) or 02.40.260(a) does not invalidate an action taken by the authority.

(b) An interested person may challenge a rule adopted by the authority by bringing an action in the superior court. In addition to other grounds, a court may declare a rule invalid

(1) for substantial failure by the authority to comply with AS 02.40.250 or 02.40.260; or

(2) if the rule was adopted under AS 02.40.260, upon the grounds that the emergency rule was not necessary for the orderly operation of the authority's facilities or programs.

ARTICLE 4. FISCAL PROCEDURES.

Sec. 02.40.300. BUDGET REQUEST. (a) The authority, on the date and in the form and content prescribed by the governor after consultation with the legislative finance division, shall prepare and forward to the governor and the legislative finance division a document containing

(1) the goals and objectives of the authority and the problem or need that the activities and operations of the authority are intended to address;

(2) its proposed plans to implement the goals and objectives, including estimates of future service needs, planned methods of administration, proposed modification of existing services and establishment of new services, and the estimated resources needed to carry out the proposed plan;

(3) the budget requested to carry out its proposed plans in the succeeding fiscal year, including information reflecting the

expenditures during the last fiscal year, those authorized for the current fiscal year, those proposed for the succeeding fiscal year, an explanation of the services to be provided, the number of total positions for all persons employed or under contract by the authority for personal services including those rendered for capital improvement projects, the need for the services, the cost of the services, and other information requested by the governor;

(4) a report of the receipts during the last fiscal year, an estimate of the receipts during the current fiscal year, and an estimate for the succeeding fiscal year;

(5) a statement of the performance and accomplishments of the authority in each of the last four fiscal years;

(6) a statement of legislation required to implement the proposed programs and financial plans;

(7) an assessment of the degree to which the overall policies of the authority, as expressed in rules adopted by the authority, meet the objectives of the legislature in establishing the authority;

(8) an evaluation of the advantages and disadvantages of specific alternatives to existing or proposed program policies or administrative methods.

(b) The authority's proposals prepared under (a) of this section shall describe the relationships of the services to those of other agencies, of other governments, and of nongovernmental bodies.

(c) If the authority fails to transmit the program and financial information provided under (a) of this section on the specified date, the governor may prepare the information.

(d) All goals and objectives, plans, programs, estimates, budgets, and other documents forwarded to the governor by the authority

under this section are public information after the date they are forwarded.

Sec. 02.40.310. PROGRAM EXECUTION. (a) Except as limited by policy decisions of the governor, appropriations by the legislature, and other provisions of law, the authority has power to administer its programs and is responsible for the proper management of the airports.

(b) The governor may direct the withholding or reduction of appropriations to the authority during the fiscal year only if the governor determines that

(1) the planned expenditures can no longer be made due to factors outside the control of the state that make the expenditure factually impossible; or

(2) estimated receipts and surpluses will be insufficient to provide for appropriations.

Sec. 02.40.320. ACCEPTANCE OF MONEY FROM FEDERAL AND OTHER PUBLIC OR PRIVATE SOURCES. The authority may accept federal money, and money from other public or private sources, subject to appropriation by the legislature, to accomplish the purposes of this chapter. Federal money accepted under this chapter shall be accepted and expended by the authority under the terms and conditions prescribed by federal law and regulations.

Sec. 02.40.330. ANNUAL REPORT. By January 15 of each year, the authority shall submit to the governor and the legislature a concise report describing the operations, income, and expenditures for the preceding fiscal year. The report shall include financial statements audited by independent outside auditors.

Sec. 02.40.340. ANNUAL AUDIT. The authority shall have a certified audit of its financial records prepared annually by an independent certified public accountant.

Sec. 02.40.400. RESPONSIBILITY OF AUTHORITY FOR REVENUE BONDS. The authority succeeds to all rights, duties, powers, and obligations of the state bond committee regarding the issuance, sale, and repayment of revenue bonds authorized under AS 37.15.410 - 37.15.550.

ARTICLE 5. GENERAL PROVISIONS.

Sec. 02.40.900. AUTHORITY EMPLOYEES. (a) Employees of the authority are not employees of the state.

(b) Notwithstanding (a) of this section, employees of the authority who were state employees the day before they were transferred to the authority shall continue to participate in the supplemental employee benefits program under AS 39.30.150 - 39.30.180 and in the Public Employees' Retirement System under AS 39.35. The authority shall pay the employer's contributions required under AS 39.30.150 - 39.30.180 and under AS 39.35.

Sec. 02.40.910. APPLICATION OF EXISTING LAWS. Unless specifically provided otherwise in this chapter, the following laws do not apply to the operations of the authority:

(1) AS 36.30, except as specifically provided in that chapter;

(2) AS 37.07;

(3) AS 39, except as provided in this chapter;

(4) "bonds" mean the international airports revenue bonds authorized by AS 37.15.410 - 37.15.550;

(5) AS 44.62.010 - 44.62.300.

Sec. 02.40.990. DEFINITIONS. In this chapter, unless the context requires otherwise,

(1) "airport" means the international airports owned and operated by the state and located at Anchorage and Fairbanks;

(2) "authority" means the Alaska International Airport

Authority established by this chapter;

(3) "board" means the board of directors of the authority;

(4) "bonds" means the international airports revenue bonds authorized by AS 37.15.410 - 37.15.550; and

(5) "capital improvement" means a project for the construction, rehabilitation, rebuilding, enlarging, or improving of all or a part of the international airport system, as determined by the authority to be necessary or desirable for efficient operation of the international airports and to best serve the public.

Sec. 02.40.995. SHORT TITLE. This chapter may be cited as the Alaska International Airport Authority Act.

* Sec. 3. AS 02.15.090 is amended to read:

Sec. 02.15.090. OPERATION AND USE PRIVILEGES. (a) [STATE OPERATION.] In operating an airport or air navigation facility owned or controlled by the state <u>and subject to the jurisdiction of the department</u>, the department may enter into contracts, leases, and other arrangements covering periods not exceeding 55 years with a person or municipality or the United States, granting the privilege of using or improving an airport or air navigation facility or a portion of it or space in it for commercial or governmental purposes; or conferring the privilege of supplying goods, commodities, services, or facilities at an airport or air navigation facility. The department may establish the terms and conditions and fix the charges, rentals, and fees for the privileges or services, which are reasonable and uniform for the same class of privilege or service. These terms, conditions, charges, rentals, and fees shall be established with due regard to the property and improvements used and the expense of operation to the state. In no case shall the public be deprived of its rightful, equal, and uniform use of the airport, air navigation facility, or portion of

them [THEREOF].

(b) [OTHER OPERATION.] The department may by contract or other arrangement, upon a consideration fixed by it, grant to a [ANY] qualified municipality or person for a reasonable period of time the privilege of operating, as agent of the state or otherwise, an [ANY] airport owned or controlled by the state and subject to the jurisdiction of the department. A [NO] municipality or person granted that privilege may not operate the airport other than as a public airport or enter into a [ANY] contract, lease, or other arrangement in connection with the operation that [WHICH] the department may not have undertaken under (a) of this section.

* Sec. 4. AS 02.15.095 is amended to read:

Sec. 02.15.095. GROUND TRANSPORTATION: "COURTESY CARS." Notwithstanding the provisions of AS 02.15.090(a), in operating an airport subject to the jurisdiction of the department, the department may not exclude from the [STREETS, ROADS,] highways, parking facilities, or other portions of the [A STATE-OPERATED] airport designated for operation or parking of ground transportation vehicles, nor may the department prohibit from picking up and discharging passengers, those motor vehicles commonly known as "courtesy cars" owned or operated by hotels, motels, or other similar places of public accommodation for the transportation of their guests to and from the airport at the request of the guest and for which service no charge is made to the guest.

* Sec. 5. AS 02.15.102 is amended to read:

Sec. 02.15.102. USE OF AIRPORTS FOR UTILITIES. A utility facility may be constructed, placed, or maintained across, along, over, under, or within

(1) a state airport, other than an airport subject to

AS 02.40, only under [IN ACCORDANCE WITH] regulations adopted or procedures prescribed by the department and only if authorized by a written permit issued by the department; or

(2) a state airport subject to AS 02.40, only under rules adopted by the authority and only if authorized by a written permit issued by the authority.

* Sec. 6. AS 02.15.104 is amended to read:

Sec. 02.15.104. RELOCATION OF UTILITY FACILITIES INCIDENT TO AIRPORT PROJECTS. (a) If, incident to the construction of an airport project, the department or authority determines and orders that a utility facility located across, along, over, under, or within a state airport subject to its jurisdiction must be changed, relocated, or removed, the utility owning or maintaining the facility shall change, relocate, or remove it under [IN ACCORDANCE WITH] the order, within a reasonable time set by the department or the authority in the order.

(b) If the utility facility is not changed, relocated, or removed under [IN ACCORDANCE WITH] the order, the [ANY] permit authorizing the facility issued by the department or the authority under AS 02.15.102 becomes invalid and the facility is [WILL BE] considered an unauthorized encroachment subject to the provisions of AS 02.15.-114.

(c) The cost of change, relocation, or removal, as defined in AS 02.15.260, ordered under (a) of this section is to be paid as follows:

(1) by the department or the authority as a cost of airport construction, if the utility facility is installed or authorized after June 11, 1986, [THE EFFECTIVE DATE OF THIS ACT] under a utility permit or a regulation and is installed in the location specified in the permit;

(2) by the department or the authority as a cost of airport construction, if the utility facility was installed before June 11, 1986, [THE EFFECTIVE DATE OF THIS ACT] under a utility permit or utility easement and is in the location specified in the permit or easement;

(3) by the department or the authority as a cost of airport construction, if the utility facility was installed before the location became part of a state airport or before permits were required;

(4) by the department or the authority as a cost of airport construction, if the utility permit that requires the utility to pay the relocation cost was issued more than five years before the contract for the airport construction project was first advertised;

(5) by the utility in all other cases unless

(A) for airports subject to the jurisdiction of the department, the commissioner finds it is in the public interest for the cost to be paid by the department; or

(B) for airports subject to the jurisdiction of the authority, the authority finds it is in the public interest for the cost to be paid by the authority.

* Sec. 7. AS 02.15.106 is amended to read:

Sec. 02.15.106. ENCROACHMENT PERMITS. An encroachment may be constructed, placed, changed, or maintained across or within an airport, but only under [IN ACCORDANCE WITH] regulations or procedures adopted by the department for airports subject to the jurisdiction of the department or only under rules adopted by the authority for airports subject to the jurisdiction of the authority. An encroachment may not be constructed, placed, maintained, or changed until it is authorized by a written permit issued by the department or the authority, unless the department or the authority provides otherwise by

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regulation or rule.

* Sec. 8. AS 02.15.108 is amended to read:

Sec. 02.15.108. RELOCATION OR REMOVAL OF ENCROACHMENT. If, incidental to the construction or maintenance of a state airport subject to the jurisdiction of the department or the authority, the department or the authority determines and orders that an encroachment previously authorized by written permit must be changed, relocated, or removed, the owner of the encroachment shall change, relocate, or remove it within a reasonable time set by the department or the authority in the order. The cost of the change. relocation, or removal shall be paid as provided in AS 02.15.104(c). If the owner does not change, relocate, or remove an encroachment within the time set by the department or the authority, the encroachment will be considered an unauthorized encroachment subject to the provisions of AS 02.15.114.

* Sec. 9. AS 02.15.110 is amended to read:

Sec. 02.15.110. UNAUTHORIZED ENCROACHMENTS. If an unauthorized encroachment exists in, on, under, or over a state airport subject to the jurisdiction of the department or the authority, the department or the authority may require the removal of the encroachment, at the expense of the owner, in the manner provided in AS 02.15.112 - 02.15.-114.

* Sec. 10. AS 02.15.112 is amended to read:

Sec. 02.15.112. NOTICE OF REMOVAL OF UNAUTHORIZED ENCROACHMENT. Notice shall be given the owner, occupant, or person in possession of an unauthorized encroachment, or to another person causing or permitting the encroachment to exist, by serving upon any of them a notice demanding the removal of the encroachment within a time limit set by the department or the authority. The notice must describe the encroachment with reasonable certainty as to its character and location.

Service of the notice may be made by certified mail.

* Sec. 11. AS 02.15.114 is amended to read:

Sec. 02.15.114. REMOVAL AT OWNER'S EXPENSE AFTER NONCOMPLIANCE; REMOVAL EXPENSE. After a failure of the owner of an unauthorized encroachment to comply with a notice or order of the department or the authority under AS 02.15.104, 02.15.108, or 02.15.112, the department or the authority may remove the encroachment, or cause it to be removed. The owner of the unauthorized encroachment shall pay to the department or the authority

(1) the expense of the removal of the encroachment;

(2) all costs and expenses paid by the state as a result of a claim or claims filed against the state by third parties for damages due to delays because the encroachment was not changed, removed, or relocated according to the order of the department or the authority; and

(3) costs and expense of suit.

* Sec. 12. AS 02.15.130 is amended to read:

Sec. 02.15.130. ASSISTANCE TO MUNICIPALITIES AND OTHER PERSONS. The department may make available its engineering, maintenance, and other services, with or without charge, to the federal government, to the authority, or to a municipality or person in connection with the planning, acquisition, construction, improvement, maintenance, or operation of airports or air navigation facilities. The commissioner of administration shall separately account for money that is generated by the provision of services to nonstate entities under this section and that the department deposits in the general fund. The annual estimated balance in the account may be used by the legislature to make appropriations to the department to carry out the purposes of this section. The department may make available its engineering and

other technical services, with or without charge, to a [ANY] municipality or person in connection with the planning, acquisition, construction, improvement, maintenance, or operation of airports or air navigation facilities.

* Sec. 13. AS 02.15.210 is amended to read:

Sec. 02.15.210. NO EXCLUSIVE RIGHTS GRANTED. The department may not grant an exclusive right for the use of an airway, airport, or air navigation facility under its jurisdiction. This section does not prevent the making of contracts, leases, and other arrangements under AS 02.15.060 - 02.15.100 and 02.15.120, including exclusive contracts for the sale and delivery of in-bond merchandise [DESCRIBED IN AS 02.-15.091].

* Sec. 14. AS 02.15.260 is amended by adding new paragraphs to read:

(19) "authority" means the Alaska International Airport Authority created under AS 02.40.010;

(20) "highway" includes roads and streets.

* Sec. 15. AS 02.25.110(4) is amended to read:

(4) "department" means the Department of Transportation and Public Facilities of this state with regard to airports that are not subject to AS 02.40 and the Alaska International Airport Authority with regard to airports that are subject to AS 02.40;

* Sec. 16. AS 35.27 is amended by adding a new section to read:

Sec. 35.27.025. APPLICATION TO ALASKA INTERNATIONAL AIRPORT AUTHORITY. This chapter applies to the Alaska International Airport Authority. Compliance with this chapter is the sole responsibility of the authority with respect to the public buildings and facilities of the authority.

* Sec. 17. AS 35.27.030(2) is amended to read:

(2) "building" or "facility" means a permanent improvement

constructed by the department or the Alaska International Airport Authority; the term

(A) includes, but is not limited to,

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

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

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

(iv) transportation facilities which accommodate traveling passengers;

(B) excludes other transportation facilities; [.]

* Sec. 18. AS 36.10.180(a) is amended to read:

(a) The preferences established in AS 36.10.150 - 36.10.175 apply to work performed

(1) under a contract for construction, repair, preliminary surveys, engineering studies, consulting, maintenance work, or any other retention of services necessary to complete a given project that is let by the state or an agency of the state, a department, office, state board, commission, public corporation, or other organizational unit of or created under the executive, legislative, or judicial branch of state government, including the University of Alaska, the Alaska International Airport Authority, and the Alaska Railroad Corporation, or by a political subdivision of the state including a regional school board with respect to an educational facility under AS 14.11.020;

(2) on a public works project under a grant to a municipality under AS 37.05.315;

(3) on a public works project under a grant to a named

recipient under AS 37.05.316;

(4) on a public works project under a grant to an unincorporated community under AS 37.05.317; and

(5) on any other public works project or construction project that is funded in whole or in part by state money.

* Sec. 19. AS 36.30.015(e) is amended to read:

(e) The boards of directors of the Alaska Railroad Corporation, the Alaska International Airport Authority, and the Alaska State Building Authority shall adopt procedures to govern the procurement of supplies, services, professional services, and construction by the corporation. The procedures must be substantially equivalent to the procedures prescribed in this chapter and in regulations adopted under this chapter.

* Sec. 20. AS 36.30.050(c) is amended to read:

(c) The lists may be used by the chief procurement officer or an agency when issuing invitations to bid or requests for proposals under this chapter. The lists may be used by the Legislative Council, the court system, the Alaska State Building Authority, the Alaska International Airport Authority, and the Alaska Railroad Corporation.

* Sec. 21. AS 36.30.850(b)(8) is amended to read:

(8) acquisitions or disposals of property and other contracts relating to airports under AS 02.15.070 and [,] 02.15.090 [, AND 02.15.091];

* Sec. 22. AS 36.30.990(1) is amended to read:

(1) "agency" means a department, institution, board, commission, division, authority, public corporation, the Alaska Pioneers' Home, or other administrative unit of the executive branch of state government, except for the University of Alaska, the Alaska State Building Authority, the Alaska International Airport Authority, and

the Alaska Railroad Corporation; it does not include a regional Native housing authority created under AS 18.55.996, or a regional electrical authority created under AS 18.57.020;

* Sec. 23. AS 37.05 is amended by adding a new section to read:

Sec. 37.05.307. APPLICABILITY TO ALASKA INTERNATIONAL AIRPORT AUTHORITY. The commissioner of administration may delegate the performance of the functions under this chapter as they relate to the Alaska International Airport Authority to the authority and set out the criteria and guidelines that shall be followed. The commissioner shall direct necessary stipulations and exercise monitoring responsibility for conformance through the board of directors of the Alaska International Airport Authority.

* Sec. 24. AS 37.15.480 is amended to read:

Sec. 37.15.480. AMOUNTS REQUIRED FOR PAYMENTS. The committee shall, before December 31 of each year, commencing with the year in which the bonds are issued, determine [CERTIFY TO THE COMMISSIONERS OF REVENUE AND TRANSPORTATION AND PUBLIC FACILITIES] the amounts required in the next ensuing calendar year by the bond resolution or resolutions to be paid out of the revenue fund into the bond redemption fund and to be paid into and maintained in a [ANY] reserve fund or account or [ANY] other fund or account created by the bond resolution or resolutions, and shall also determine [CERTIFY TO THE COMMISSIONERS] the last date or dates upon which payments may be made.

* Sec. 25. AS 37.15.500 is amended to read:

Sec. 37.15.500. AIRPORT CHARGES. The authority [COMMISSIONER OF TRANSPORTATION AND PUBLIC FACILITIES] shall fix and collect the [SUCH] fees, charges, and rentals derived by the state from the ownership, lease, use, and operation of the airports and all of the facilities and improvements of them or used in connection with them that [AS]

will provide revenues sufficient to comply with all of the covenants of the bond resolution.

* Sec. 26. AS 37.15.510 is amended to read:

Sec. 37.15.510. STATE IMPROVEMENTS TO AIRPORTS. The state is authorized to acquire, equip, construct, and install additions and improvements to and extensions of the airports, facilities for the landing, parking, loading storing, repairing, safety, and utility of aircraft at the airports and passenger, freight, and terminal facilities, including safety equipment and devices at the airports, found to be necessary by the authority [COMMISSIONER OF TRANSPORTATION AND PUBLIC FACILITIES].

* Sec. 27. AS 37.15.550 is amended by adding a new paragraph to read:

(10) "authority" means the Alaska International Airport Authority created by AS 02.40.010 or another committee, body, department, or officer of the state that or who succeeds to the rights, powers, duties, and obligations of the authority by lawful act of the legislature.

* Sec. 28. AS 38.05.030(b) is amended to read:

(b) The provisions of this chapter do not apply to a [ANY] power, duty, or authority now or in the future granted to the Department of Transportation and Public Facilities or the Alaska International Airport Authority in the name of the state, to acquire, use, lease, dispose of, or exchange real property, or an [ANY] interest in real property. Land assigned by the division of lands to the Department of Transportation and Public Facilities or the Alaska International Airport Authority shall be returned to the management of the division of lands when it is no longer needed for the purposes assigned.

* Sec. 29. AS 39.35 is amended by adding a new section to read:

Sec. 39.35.152. ALASKA INTERNATIONAL AIRPORT AUTHORITY EMPLOYEES. (a) An employee of the Alaska International Airport Authority who was an employee of the state on the day before the employee was transferred to the authority under AS 02.40 shall be included in the system.

(b) An employee of the authority who is not covered under (a) of this section shall be included in the system on the effective date of the authority's participation in the system for that employee.

* Sec. 30. AS 39.50.200(b) is amended by adding a new paragraph to read:

(49) Alaska International Airport Authority (AS 02.40.010).

* Sec. 31. AS 39.52.960(2) is amended to read:

(2) "agency" means a department, office of the governor, or entity in the executive branch, including but not limited to the University of Alaska, public or quasi-public corporations, and boards or commissions, but excluding the Alaska International Airport Authority and the Alaska Railroad Corporation;

* Sec. 32. AS 39.52.960(4) is amended to read:

(4) "board or commission" means a board, commission, authority, or board of directors of a public or quasi-public corporation, established by statute in the executive branch, but excluding the Alaska International Airport Authority and the Alaska Railroad;

* Sec. 33. AS 39.52.960(12) is amended to read:

(12) "instrumentality of the state" means a state agency or administrative unit, whether in the legislative, judicial, or executive branch, including [SUCH ENTITIES AS] the University of Alaska, the Alaska Railroad, the Alaska International Airport Authority, and any public or quasi-public corporations, boards, or commissions; the term includes municipalities;

* Sec. 34. AS 44.42.020(a)(7) is amended to read:

(7) manage, operate, and maintain state transportation facilities and all docks, floats, breakwaters, and buildings, including all state highways, vessels, railroads, pipelines, and airports [,] and aviation facilities other than airports and aviation facilities subject to AS 02.40;

* Sec. 35. TRANSITION. (a) Real and personal property used and controlled by the Anchorage International Airport or the Fairbanks International Airport on July 1, 1987, shall be transferred to the Alaska International Airport Authority.

(b) All employees of the Department of Transportation and Public Facilities assigned to the management, operation, and maintenance of the Anchorage International Airport or the Fairbanks International Airport on July 1, 1987, shall be transferred to the authority as employees of the authority.

(c) Classified state employees transferred to the authority under (b) of this section retain the rights and status of state employees until the expiration dates of the collective bargaining agreements covering those employees that are in effect on July 1, 1987.

(d) The authority is bound by the collective bargaining agreements covering employees transferred to the authority under (b) of this section for the terms of the agreements.

(e) Notwithstanding AS 02.40.900(a), as enacted by sec. 2 of this Act, and (c) - (d) of this section, the authority shall operate under personnel rules adopted under AS 39 until January 1, 1988, or until the authority adopts its own personnel rules under AS 02.40.100(b), as enacted by sec. 2 of this Act, whichever occurs first.

* Sec. 36. INITIAL APPOINTMENTS. Notwithstanding AS 39.05.055, one member of the board of directors of the Alaska International Airport

Authority residing in the Municipality of Anchorage and one member residing within the geographic boundaries of the Fairbanks North Star Borough shall be appointed to an initial term of four years and the remaining members shall be appointed to initial terms of two years. The governor shall designate the initial terms of the members under this section at the time the members are appointed.

* Sec. 37. TRANSFER OF RESPONSIBILITY FOR INTERNATIONAL AIRPORTS REVENUE BONDS. All rights, duties, powers, obligations, and authorities of the state bond committee in regard to international airports revenue bonds under AS 37.15.410 - 37.15.550 are transferred to the Alaska International Airport Authority.

* Sec. 38. SAVINGS CLAUSE. Litigation, hearings, investigations, and other proceedings pending under a law amended or repealed by this Act, or in connection with functions transferred by this Act, continue in effect and may be continued and completed notwithstanding a transfer or amendment or repeal provided for by this Act. Regulations adopted under authority of a law amended or repealed by this Act remain in effect for the term adopted or until repealed or otherwise amended under the provisions of this Act.

* Sec. 39. The revisor of statutes shall change "committee" to "authority" as appropriate, in AS 37.15.410 - 37.15.550.

* Sec. 40. AS 02.15.091; AS 37.15.550(5), 37.15.550(6); and AS 39.25.120(14) are repealed.

* Sec. 41. Except for secs. 19 - 22, this Act takes effect July 1, 1987.

* Sec. 42. Sections 19 - 22 of this Act take effect on the effective date of sec. 2, ch. 106, SLA 1986.

11/10/87

HB 173 - An act creating an International Airport Authority

During the interim, House Transportation staff visited with numerous persons on all aspects of the airline industry to receive comments, suggestions and recommendations on HB 173

These persons included:

Mr. Richard Wein, President, Fairbanks Chamber of Commerce and representative from the airline industry.

Mr. Chris Birch, Manager, Fairbanks International Airport

Mr. Dave Carlstrom, Marketing Director, Fairbanks Chamber of Commerce.

Mr. Doyle Ruff, International Airport Director.

Mr. Robert Smith, City Manager, city of Anchorage

Mr. Brian Phillips, City Manager, city of Fairbanks

Mr. Jim Dobson, city of Fairbanks

Mr. Bob Poe, Deputy Commissioner, DOTPF

After many hours of discussion it became very apparent that everyone was in agreement in almost all areas. Industry representatives, a majority of the airlines, Anchorage and Fairbanks city officials, the Chamber of Commerce and various other related businesses all support HB 173. However, these same individuals and groups feel the recent reorganization of the International Airports by the Department of Transportation does provide many of the same benefits proposed in HB 173.

Until recently, the Anchorage International Airport fell under the central region and the Fairbanks International Airport under the Northern Region. With each airport accountable to different Deputy Commissioners, co-ordination of the two airports was difficult.

Under the reorganization, both Fairbanks and Anchorage International Airports are supervised by one Director. Each airport has its own airport manager who answers directly to the International Airports Director. This restructuring has gone a long way to answering a lot of the concerns regarding coordinating efforts.

While those involved in the discussions did feel this restructuring by DOTPF did answer a lot of the problems with coordination, concerns over marketing of the airports still exist. Representatives from Fairbanks and Anchorage expressed their concern regarding the state's ability to adequately market the airports. Mr. Wein stated while he felt the Department of Transportation could effectively manage the airports, he did not feel the department has the marketing expertise or background necessary to properly market the airports.

Proper marketing of the airports is vital to the future growth and development of the state. Chamber of Commerce representatives, city officials and representatives from the private sector unanimously agreed upon the importance of a professional, well developed and uniquely designed marketing plan for the airports. With the recent expansion of both airports the possibilities for new business is endless. However, marketing is the key to this expansion and the expansion of our tourism markets.

Representatives from both Fairbanks and Anchorage feel the cities, the chamber and other related industries should be involved in the marketing process. Tourists do not come to see the airports, they come to see the state and what it has to offer. Stopover passengers may stay longer if they know what the state had to offer. Airlines and travel agencies may increase travel to and from Alaska at reduced rates if the proper marketing strategies were offered.

In summary, all those involved feel the restructuring and reorganization of the International Airports within DOTPF should answer most of the coordination and operational concerns. While coordination and smooth operation of the airports is important, marketing the airports and attracting new business, industry and tourists to our state is vital for the continued growth and development of the airports and the state. House Bill 173 does offer the autonomy necessary to provide aggressive marketing of the airports. Industry officials feel without further restructuring of the International airports within DOTPF, marketing efforts will be fairly passive.

Official Business

COMMITTEE: House Transportation Committee

DATE: March 30, 1987

SIGN-IN

Subject of meeting:

HB 173: International Airport Authority

HB 196: Regulation of Air Carriers

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?	
Lobbyist Reed Staapes	Box 1211 Juneau 99802	586-3340	AK Air Carriers Assoc.	Yes	196
Robert Poe Mark Hickey Doyle Ruff Larry Michoe		465-3900	DOT/PF	Yes	173
Fran Podmostik Personnel Analyst	Box 0201 Juneau 99811	465-4430	DOA Div. of Personnel	If requested	173
Bus Mgr & Sec/Treas AL. J. BAFFONE	2510 ARTIC BLVD 99503	276-7211	Public Employees Local #71 AFL-CIO	Yes	173
Cherie Shelley	340 N Franklin, Juneau	586-2334	APEA	Yes	173
Rue Pearce				Yes	173
EXECUTIVE DIRECTOR Doyle Ruff	P.O. Box 60369 FAIRBANKS, AK 99706	474-2500 or 266-1400	DOT/PF	Yes	

Official Business

COMMITTEE:

House Transportation Committee

DATE: April 15, 1987

SIGN-IN

Subject of meeting:

HB 213: Allocation of Federal Highway Funds.

SSHB 173: International Airport Authority

(WORK SESSION ONLY)

NAME Please include title	ADDRESS Please use full address. Please include zip:	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?	
Rue Pearce	Rep. V Juneau		self	yes	173
Robert Poe	Dep Com DOT/PF		DOT/PF	Yes	173
J.W. Scribner	Acting Deputy		"	Available	213

HB

173

(FILE 2)

SPONSOR SUBSTITUTE FOR
HOUSE BILL NO. 173

"An Act relating to the international airports in Anchorage and Fairbanks and establishing the Alaska International Airport Authority; and providing for an effective date."

For presentation to

House Transportation Committee
Bette Cato, Chairman
Monday, March 30, 1987

TABLE OF CONTENTS

I. Copy of SSHB 173

II. Overview and Letters of Support

III. Policy Issues

IV. Budget Items

V. Airline Operating Agreement and Synopsis

VI. Example of Authority Bill from Metropolitan Washington Airports

VII. Audit - July 16, 1985

VIII. Marketing Issues

Intentional Omission

All references in SSHB 173 to bonds and bonding for the Alaska International Airport Authority are omitted. More study is necessary to ensure that the proper language is carried in the final bill. We anticipate that these additions will be made in a subsequent committee substitute.

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

M E M O R A N D U M March 30, 1987

SUBJECT: Section-by-section analysis of SS HB 173: An Act relating to the international airports in Anchorage and Fairbanks and establishing the Alaska International Airport Authority.

TO: Representative Drue Pearce

FROM: George Utermohle
Legislative Counsel

The following is the section-by-section analysis of SS HB 173, requested by Jo Fenety of your staff.

A section-by-section analysis or summary of a bill should not be considered an authoritative interpretation of a bill, and the bill itself is the best statement of its contents.

Section 1. Section 1 of the bill states the findings of the legislature and the purpose of the bill.

Section 2. Section 2 of the bill adds a new chapter to AS 02 creating the Alaska International Airport Authority.

Sec. 02.40.010 creates the Alaska International Airport Authority as a public corporation and instrumentality of the state in the Department of Transportation and Public Facilities.

The authority is the exclusive state agency responsible for the state owned and operated international airports at Anchorage and Fairbanks.

Sec. 02.40.020 vests the powers of the authority in its board of directors consisting of five members. One member of the board is the commissioner of transportation and public facilities. The other four members of the board are appointed by the Governor and may not be employed by the state or hold elective state or municipal office.

Two members of the board shall reside in the Municipality of Anchorage. One of the two members from Anchorage

must be nominated by the Assembly of the Municipality of Anchorage.

Two members of the board shall reside in either the North Star Borough or the City of Fairbanks. One of the two members from the Fairbanks area must be nominated by the borough assembly.

Appointed members of the board serve staggered, four year terms, may be reappointed, and may serve until a successor is appointed.

Members of the board are subject to AS 39.50 relating to conflict of interest.

Appointed members of the board shall be confirmed by the legislature but may serve as a member until the nomination is rejected or not confirmed by the legislature.

Sec. 02.40.030 limits the compensation of members of the board to an amount not to exceed $400 per day while performing the duties of the board up to a maximum of 60 days per year. Members are also entitled to per diem and travel expenses authorized under AS 39.20.180.

Sec. 02.40.040 describes the grounds and procedure for removing members of the board.

Sec. 02.40.050 requires the board to hold at least four meetings each year. The board may hold other meetings as the chair or three members consider necessary.

Sec. 02.40.060 describes the officers of the board, sets the quorum of the board at three members, and prohibits voting by proxy.

Sec. 02.40.070 describes the staff that the board may employ. The board may employ an executive director, a controller, and legal counsel. The executive director with the concurrence of the board may employ airport directors.

Sec. 02.40.100 lists the powers of the authority.

Sec. 02.40.110 determines that the activities of the authority in regard to the international airports are governmental functions and are exercised for a public purpose.

Sec. 02.40.120 grants the authority the power to acquire land and easements in land necessary for the purposes of the authority. The authority may exercise this power to abate

airport hazards and to obtain sand, gravel, rock, and other materials.

Sec. 02.40.130 grants the authority the power to acquire land for the purpose of exchanging for other land needed by the authority.

Sec. 02.40.140 grants the authority the power to acquire land by eminent domain. The governor must approve the exercise of eminent domain by the authority.

Sec. 02.40.150 allows the authority to defend and indemnify current or former board members, employees, or agents of the authority in a civil or criminal action, if the person acted in good faith and within the scope of the person's official duties or powers.

The authority may purchase insurance to cover employees, agents, and board members for actions arising out of the performance of their duties for the corporation.

Sec. 02.40.160 requires the authority to obtain a fidelity bond for board members and for executive officers responsible for accounts and finances.

Sec. 02.40.170 requires the authority to obtain insurance or provide for self-insurance, to protect its assets, services, and employees and to protect against claims for bodily injury, death, or property damage.

Sec. 02.40.200 grants to the authority the power to construct and operate airport facilities and imposes a duty on the authority to repair and maintain the facilities.

Sec. 02.40.210 grants the authority the power to enter into long term agreements (up to 55 years) for the use of airport facilities or for the privilege of supplying goods, services, and facilities at an airport or air navigation facility. The authority may set the terms, charges, rents, and fees for the use of airport facilities and for the services. The authority in making these agreements may not deny to the public the right to equal use of the airports and air navigation facilities.

Sec. 02.40.220 requires the authority to grant an exclusive contract for the sale and delivery of in-bond merchandise at the airports.

Existing contracts for the delivery and sale of in-bond merchandise at the Fairbanks and Anchorage international airports may continue until they expire, but no additional contracts for the delivery and sale of in-bond merchandise may be made. When the existing contracts for the delivery and sale of in-bond merchandise expire the authority shall enter into an exclusive agreement for the delivery and sale of in-bond merchandise at the Fairbanks and Anchorage international airports.

The authority shall award the exclusive contracts for the delivery and sale of in-bond merchandise by competitive bid.

Deliveries of in-bond merchandise to airlines as cargo are exempt from this section.

Sec. 02.40.230 grants general police powers to the designated officers and employees of the authority and requires these officers and employees to meet certain minimum standards.

Sec. 02.40.240 prohibits the authority from excluding taxis, buses, limousines or courtesy cars from airports. Courtesy cars are defined.

Sec. 02.40.250 grants to the authority the power to adopt rules and sets out the procedure which the authority must follow in adopting rules.

Sec. 02.40.260 grants to the authority the power to adopt emergency rules and sets out the procedure for adopting emergency rules. Emergency rules are valid for 120 days.

Sec. 02.40.270 sets out the grounds on which a rule adopted by the authority may be invalidated.

Sec. 02.40.300 sets out the procedures for the authority to follow in preparing its budget for consideration by the governor.

If the authority does not prepare its budget by the date set by the governor, the governor may prepare a budget for the authority.

The authority's budget becomes public information after it is submitted to the governor.

Sec. 02.40.310 grants the authority the power to administer its programs for the management of airports, except as limited by the governor, appropriations, and other laws.

The governor may direct the authority to withhold or reduce expenditures if external factors make the expenditure factually impossible or if estimated receipts and surpluses are not sufficient to fund the expenditure.

Sec. 02.40.320 grants the authority the power to receive money from federal agencies and other public and private sources to accomplish the purposes for which the authority was created, provided that the legislature appropriates the money to the authority. Funds received from the federal government shall be spent under the terms and conditions set out in federal laws and regulations.

Sec. 02.40.330 requires the authority to prepare a concise report to the governor and legislature describing the operations, income and expenditures of the authority for the prior fiscal year.

Sec. 02.40.340 requires the authority to have a certified audit of its financial records performed annually by an independent certified public accountant.

Sec. 02.40.900 declares that the employees of the authority are not employees of the state.

Those employees of the authority who were state employees before they were transferred to the authority continue to participate in the Public Employee Retirement System under AS 39.35 and the supplemental benefits system. The authority shall continue to contribute to these programs for those employees.

Sec. 02.40.910 exempts the authority from the State Procurement Code (AS 36.30) except as specifically provided, the Executive Budget Act (AS 37.07), AS 39, relating to public employees, except as provided in this chapter, and portions of the Administrative Procedure Act (AS 44.62.010 - 44.62.300).

Sec. 02.40.990 defines the terms "airport", "authority", "board", and "capital improvement."

Sec. 02.40.995 designates this chapter as the Alaska International Airport Authority Act.

Section 3. Section 3 of the bill makes a technical amendment of AS 02.15.090 in order to conform with the substance of Section 2 of the bill.

Section 4. Section 4 of the bill makes a technical amendment of AS 02.15.095 in order to conform with the substance of Section 2 of the bill.

Sections 5 - 11. Sections 5 - 11 of the bill make technical amendments to AS 02.15.102 - 02.15.114 in order to clarify the responsibility of the authority and the Department of Transportation and Public Facilities in regard to the construction, maintenance, relocation, removal, and permitting of utilities on airports. The authority is responsible for activities involving utilities on the Anchorage and Fairbanks international airports. The department is responsible for activities involving all other state-owned or state-operated airports.

Section 12. Section 12 of the bill makes a technical amendment to AS 02.15.130 to allow the Department of Transportation and Public Facilities to provide engineering, maintenance, and other services to the authority.

Section 13. Section 13 of the bill makes a technical amendment to AS 02.15.210 in order to conform with the substance of Section 2 and Section 37 of the bill.

Section 14. Section 14 of the bill makes a technical amendment to AS 02.15.260 by adding a definition of "authority" and "highway".

Section 15. Section 15 of the bill makes a technical amendment to AS 02.25.110(4) in order to clarify the responsibility of the Department of Transportation and Public Facilities and the authority in regard to state-owned or state-operated airports and to conform with the substance of Section 2 of the bill.

Section 16. Section 16 of the bill makes a change to AS 35.27 (Art in Public Buildings) to give the authority responsibility for complying with the chapter as it affects the buildings and facilities of the authority.

Section 17. Section 17 of the bill makes a technical amendment to AS 35.27.030(2) in order to conform with Section 16.

Section 18. Section 18 of the bill makes a technical amendment to AS 36.10.180(a) in order to subject the authority to the preferential hiring requirements for contracts subject to AS 36.10.150 - 36.10.175.

Section 19. Section 19 of the bill makes an amendment to AS 36.30.015(e) in order to allow the authority to adopt its own procurement code that is substantially equivalent to the state procurement code (AS 36.30).

Section 20. Section 20 of the bill makes a technical amendment to AS 36.30.050(c) in order to allow the authority to use the list of contractors compiled by the commissioner of administration.

Section 21. Section 21 of the bill makes a technical amendment to AS 36.30.850(b)(8) in order to conform with Section 38 of this bill.

Section 22. Section 22 of the bill makes an amendment to AS 36.30.990(1) in order to exempt the authority from the definition of agencies subject to the state procurement code (AS 36.30).

Section 23. Section 23 of the bill amends AS 37.05 (Fiscal Procedures Act) in order to allow the commissioner of administration to delegate functions under AS 37.05 to the authority.

Section 24. Section 24 of the bill amends AS 37.15.480 in order to transfer authority from the commissioner of transportation and public facilities to the controller of the authority in regard to the repayment of international airport revenue bonds.

Section 25. Section 25 of the bill amends AS 37.15.500 in order to transfer responsibility for setting and collecting fees, rents, and charges for use of the international airports from the commissioner of transportation and public facilities to the authority and to conform with Section 2 of this bill.

Section 26. Section 26 of the bill makes a technical amendment to AS 37.15.510 substituting the authority for the commissioner of transportation and public facilities in order to conform with Section 2 of this bill.

Section 27. Section 27 of the bill makes a technical amendment to AS 37.15.550 by adding a definition of "authority" in order to conform with Sections 2 and 24-26 of this bill.

Section 28. Section 28 of the bill makes an amendment to AS 38.05 in order to exempt land held by the authority from the jurisdiction of the Department of Natural Resources under AS 38.05.

Section 29. Section 29 of the bill amends AS 39.35 by adding a section that requires state employees who are transferred to the authority to remain as participants in the Public Employees Retirement System.

The authority may elect to include new employees of the authority within the coverage of the Public Employees Retirement Systems.

Section 30. Section 30 of the bill amends AS 39.50.200(b) in order to subject members of the board of the authority to AS 39.50 (Conflict of Interest).

Section 31. Section 31 of the bill amends AS 39.52.960(2) in order to exclude the authority from the definition of "agency".

Section 32. Section 32 of the bill amends AS 39.52.960(4) in order to exclude the authority from the definition of "board or commission."

Section 33. Section 33 of the bill amends AS 39.52.960(12) in order to include the authority in the definition of "instrumentality of the state."

Section 34. Section 34 of the bill amends AS 44.42.020(a)(7) relating to the duties of the commissioner of transportation and public facilities in order to clarify the jurisdiction of the commissioner over state operated and state owned airports and to conform with Section 2 of this bill.

Section 35. Section 35 of the bill provides for the transfer of real and personal property used or controlled by the Anchorage International Airport and the Fairbanks International Airport to the Alaska International Airport Authority.

Employees of the Department of Transportation and Public Facilities who are involved in the maintenance, operation, and management of the Anchorage and Fairbanks internation airports are transferred to the Alaska International Airport Authority.

Classified employees transferred to the authority retain their rights and status as state employees until their existing collective bargaining agreements expire.

The authority is bound by the collective bargaining agreements covering those employees that are transferred to the authority.

The authority shall develop its own personnel rules, but for the first six months of operation or until the authority develops its own personnel rules, whichever happens first, the authority shall follow state personnel rules.

Section 36. Section 36 of the bill prescribes the terms of the initial appointments to the board of directors of the Alaska International Airport Authority.

Section 37. Section 37 of the bill repeals AS 02.15.091, AS 37.15.550(5), and AS 39.25.120(14).

Section 38. Section 38 of the bill establishes July 1, 1987 as the effective date for secs. 1-18 and 23-37 of the bill.

Section 39. Section 39 of the bill establishes the effective date of secs. 19-22 of the bill as the same as the effective date of sec. 2, ch. 106, SLA 1986.

GU:csh
c7/110

OVERVIEW OF HB 173

The purpose of this Act is to establish an Authority for the operation, management, planning, effective marketing, and construction of facilities for the state-owned and state-operated international airports located at Fairbanks and Anchorage.

The Board of Directors of the Authority consists of five members. Two members are appointed from Anchorage with one member being nominated by the Municipal Assembly. Two members are appointed from Fairbanks with one member being nominated by the Borough Assembly. The fifth member is the Commissioner of the Department of Transportation and Public Facilities. The board members are appointed by the Governor and confirmed by the legislature to serve staggered four-year terms. A member may be removed for cause.

The board meets at least quarterly receiving compensation of $400 per day for a maximum of 60 days plus travel and per diem authorized by law for the state's boards and commissions.

The board hires an executive director who in turn hires staff including a controller and airport directors for each of the international airports. Specific reference is made to the qualifications of the airport directors. Those qualifications are education, experience, training, and expertise in management of airports.

The Authority would be exempted from the Executive Budget Act and the Administrative Procedures Act except that they would be required to create systems and procedures that would be acceptable to the governor.

Each year the Authority would be required to submit to an independent audit by a certified public accountant and also to submit a performance report to the Governor and the Legislature.

The Act contains a provision honoring collective bargaining agreements in force upon the day the Authority is created. Those agreements will be honored until their expiration.

ANCHORAGE/FAIRBANKS AIRLINES AIRPORT AFFAIRS COMMITTEE

P.O. Box 68900
Seattle, WA 98168
March 27, 1987

The Honorable Drue Pearce
Alaska State Representative
Pouch V
Juneau, AK 99811

Dear Representative Pearce:

The Anchorage/Fairbanks Airlines Airport Affairs Committee is an organization representing the scheduled airlines (international, domestic, and regional) serving the State's two International Airports. A majority of the members of the Committee have advised me that they are in support of the concept of creating an independent Airport Authority to operate Anchorage and Fairbanks International Airports, along the general lines set forth in your legislation, HB 173.

However, the airlines are very concerned that the legislation as written does not go far enough in making the Airport Authority truly independent. Specifically, we feel that the proposed Authority, similar to many airport authorities throughout the country, should be completely independent in matters such as establishment of the budget, fiscal oversight and financing, including the issuance of Airport Revenue Bonds. The International Airports Revenue Fund is totally self-sufficient and therefore does not present even a potential burden to the General Fund of the State. Further, the airport revenue bonds issued by the IARF are not supported by the full faith and credit of the State, but instead are backed by the revenues of the airports which come from the airlines and other users. These are important issues to the airlines.

At this point, we have not been able to review the legislation in full detail and will most likely have more specific comments in the near future. Individual airlines may also be providing direct input as the legislation progresses.

The overall goal of the airlines, as evidenced in our recently negotiated Lease and Operating Agreement with the State, is to operate in a partnership with the airports and to help ensure the most cost-effective, prudent management structure possible. The proposed Airport Authority can be an excellent vehicle to this end, subject to the concerns expressed above relating to the degree of independence.

Thank you for introducing this legislation. We look forward to working with you to finalize a bill that is mutually agreeable to all concerned.

Sincerely,

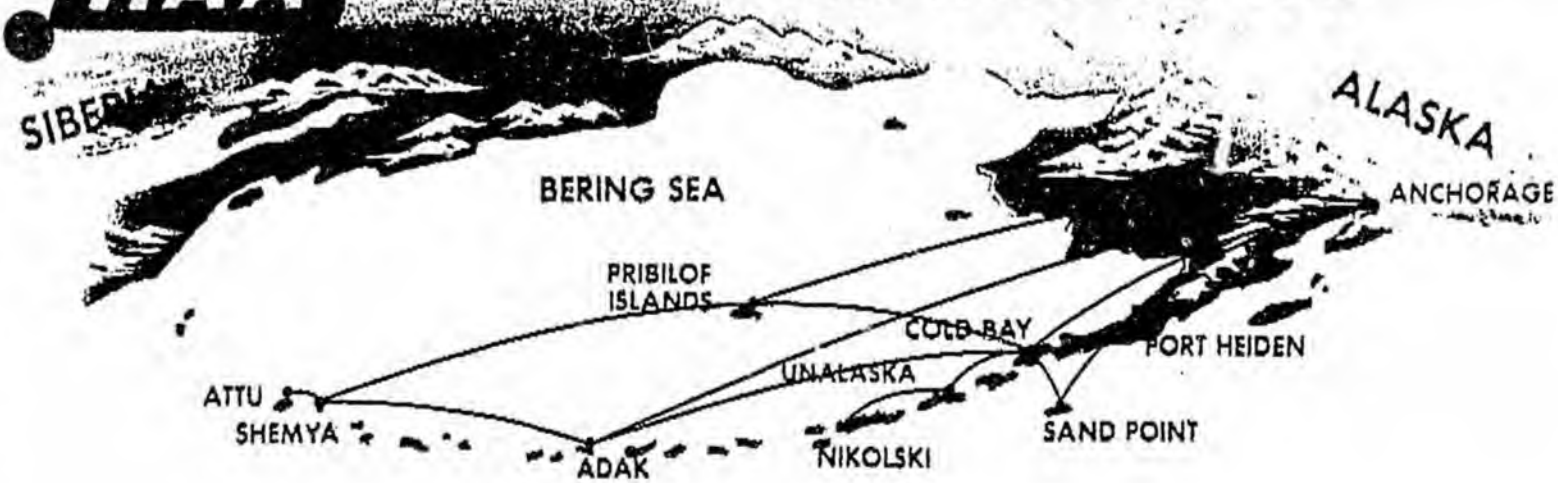
Clifford T. Argue

Clifford T. Argue
Chairman, Anchorage/Fairbanks
Airlines Airport Affairs Committee

CTA:jk

cc: Anchorage/Fairbanks Airlines Airport Affairs Committee

RAA REEVE ALEUTIAN AIRWAYS, INC.



March 27, 1987

Honorable Betty Cato
Chairman - House Transportation Committee
P.O. Box V
Juneau, AK 99811

Dear Rep. Cato:

Reeve Aleutian Airways fully supports in concept SSHB173 as introduced by Pearce and Hanley. Reeve believes that creation of an Alaskan International Airport Authority is in the best interest of air carriers, air commerce and the traveling public.

Reeve notes that the legislation omits language relating to revenue bonding and strongly encourages addition of such provisions in powers granted the authority. I understand that language is being drafted to permit this authority.

Reeve does anticipate testifying at some later time in favor of this legislation and I do wish to keep this letter as brief as possible. There are certain other points I would like to comment on.

Under Section 02.40.020 BOARD OF DIRECTORS ....
Reeve believes that Anchorage and Fairbanks are regional airports in addition to their International status. Each community should have the authority to nominate one person directly to the legislature without the governor's confirmation. The governor should have the authority to select two nominees without restriction as to place of residency.

Page 3, line 6 .... any reference to designees for board members is troublesome. No board member should be authorized to have a designee, including the commissioner.

RAA

March 27, 1987
Honorable Betty Cato
Page 2

This legislation is pretty straight forward. The concept is tested, proven and common throughout the United States. The legislation is sorely needed here in Alaska. I would be happy to answer any questions or address any concerns you may have or the committee members may have. I am hopeful that this bill will move along quickly and that we will see the legislation this year.

Thank you.

Sincerely,

David A. Jensen
Adminstrative Vice President

DAJ/kd

AVTECH ALASKA

4740 Talus Drive • Anchorage, Alaska • 99518 • 907 • 345•4317

March 27, 1987

Honorable Betty Cato
Chairman - House Transportation Committee
P.O. Box V
Juneau, AK 99811

Dear Rep. Cato:

I have polled the following airlines and they fully support in concept SSHB173. They also are in general agreement with the suggestions and concerns outlined by Mr. David A. Jensen, Administrative Vice President Reeve Aleutian Airways and Mr. Jack Birmingham, Vice President ERA Helicopters in their March 27, 1987 correspondence to Honorable Betty Cato and Honorable Drew Pearce.

Northern Air Cargo Inc.
South Central Air
Peninsula Air

Sincerely,

Norman R. Israelson
President
Avtech Alaska

ERA HELICOPTERS, INC.

5051 WESTHEIMER - SUITE 1900
HOUSTON, TEXAS 77056
TELEPHONE 713 621 7800

P. O. BOX 60149
FAIRBANKS, ALASKA 99701
TELEPHONE 907 452 1838

6160 SOUTH AIRPARK DRIVE
ANCHORAGE, ALASKA 99502
TELEPHONE 907 248-4422

VIA TELECOPIER

PLEASE REPLY TO

March 27, 1987

Anchorage

The Honorable Drue Pearce
Alaska State Legislature
House of Representatives
Post Office Box V
Juneau, Alaska 99811

Ref: SSHB 173; Anchorage and Fairbanks International Airport Authority.

Dear Representative Pearce,

We at ERA support the essence of the Bill you and Representative Hanley have sponsored, and we wish to commend you and your staffs for the excellent work. Creation of an Airport Authority will result in a vast improvement in the management of the Anchorage and Fairbanks International Airport System.

As we have noted before, there are some areas of the Bill that we would like to see refined. We will outline those briefly here, and comment in further depth as discussion on the Bill progresses.

Proper management of the Airport System requires an Authority that is independent of disruptive influences. We need continuity and consistency in management, and a management that is truly focused on the purposes, obligations and needs of the Airport System. The effectiveness of the Authority will in large measure depend on the degree of its independence. The Authority should be as independent as feasible from certain influences that may not be based entirely on the best interests of the Airport System, its users, and the communities it serves.

The Board in particular should be as independent as possible. We suggest that all four Board members other than the Commissioner be nominated by their respective communities. We also believe that the Board ought to be more staggered in terms. That is, of the four Board members other than the Commissioner, one should be appointed for an initial term of one year, one for two

years, one for three years and one for four years. The way it stands now, any governor could appoint a majority (and a quorum) of three members every two years.

On the other hand, the method of selecting Board members proposed by Reeve Aleutian Airways in its March 27th letter to Representative Cato would be an acceptable improvement.

Section 2.40.100 sets forth the powers of the Authority, but not the duties. We suggest the addition of a provision to the effect that the primary duties of the Authority include the management, operation, maintenance, development and promotion of the Airport System in an efficient, responsive and businesslike manner, with due regard for the System, its users, and the people they serve.

The Authority should have more independence in terms of controlling its own finances and budgets. In particular, it should not be subject to the control of the State Bond Committee when issuing Bonds. Nor should it be subject to undue control by the Governor or the Legislature when establishing Airport System budgets or priorities.

We believe the Controller should be hired by and should report to the Executive Director. If the Board does not like the choice, or the Controller's performance, we are confident that the Board's views will be taken seriously.

We are unclear about the effect of the language permitting the Commissioner's "designee" to sit on the Board. If the governor wishes to appoint a qualified "designee" in lieu of the Commissioner, fine. If, on the other hand, the Commissioner could assign a different deputy or staff person to attend Board meetings on his behalf any time he chose to be elsewhere, that would not be appropriate. No other Board member may vote by proxy.

We are also unclear about the purpose of the difference in residency requirements between Board members from the Fairbanks area and those from the Anchorage area. We suggest changing the first sentence in Section 2.40.020(b) to read "Two members shall reside within the geographic boundaries of the Greater Anchorage Area Borough". This would make it parallel with Section 2.40.020(c).

The Honorable Drue Pearce
Alaska State Legislature
House of Representatives
March 27, 1987

Again, our thanks to all for the time and energy put into this important matter. Please do not hesitate to call if we can help in any way.

Very truly yours,

Jack Birmingham
Vice President & General Counsel

cc: The Honorable Betty Cato, Chairman, House Transportation Committee.

JB/bjc

MEMORANDUM

TO: Representative Bette Cato, Chair
House Transportation Committee

FROM: Representative Drue Pearce

DATE: March 26, 1987

SUBJECT: HB 173 - Potential policy issues

The committee will hear the Alaska International Airport Authority bill on Monday, March 30, 1987. The purpose of this memo is to suggest some policy issues which the committee may wish to address.

___ The Authority is a corporation established in the Department of Transportation and Public Facilities but has its legal existence independent of the state.
___ The Authority is responsible for the operation, management, planning, effective marketing, and construction of facilities for the two Internationals located at Fairbanks and Anchorage.
___ Should it be specifically stated that the Authority should be self-sustaining?

Authority Board

___ Five-member board. Two from Anchorage, two from Fairbanks plus the Commissioner of DOTPF.
___ Board appointed by Governor and confirmed by legislature. Members serve for four-year staggered terms.
___ Members subject to conflict of interest disclosure (AS 39.50).
___ Compensation is set at the "not to exceed" amount of $400/day payable for a maximum of 60 days in a calendar year. Per diem and travel expenses are authorized.
___ Members may be removed for cause (incompetence, neglect of duty, or misconduct in office).
___ Board must meet at least quarterly upon the call of the chair or at the request of three members.

Representative Cato
March 26, 1987

Staff of Authority

___ Board employs an executive director who serves at the pleasure of the board. Executive director responsible for selection and hiring of additional staff.
___ Board employs a controller who serves at the pleasure of the board. Should the controller report to the board or to the executive director?
___ Executive director, with the concurrence of the board, employs airport directors for each airport. The directors are selected on the basis of education, experience, training and expertise in management of airports. Should directors hold the professional designation "AAE" (Accredited Airport Executive)? Should the director be allowed a period of time such as 24 months to receive the designation?

Insurance

___ What are the consequences of the Authority removing itself from the umbrella of the state for the purposes of insurance? What are the present costs? Is there a way for the Authority to participate in the state's insurance coverage in order to hold down costs?

Budget Preparation and Presentation

__ Shall the Authority be required to submit information to the governor in a document that sets out the goals and objectives, proposed plans to implement those goals and objectives, and a budget for the succeeding fiscal year?
___ Shall the Authority be exempted from the Executive Budget Act?
___ Shall there be legislative oversight regarding appropriations?

Reporting Requirements

___ The Authority is required to submit a concise report to the Governor by January 15 of each year describing its operations, income, and expenditures for the preceding fiscal year.
___ The report includes audited financial statements.
___ The Authority shall have a certified audit annually conducted by an independent CPA.

Representative Cato
March 26, 1987

Real Property

___ All real and personal property used and controlled by the Anchorage and Fairbanks International Airports will be transferred on the effective date.
___ Eminent domain exercised only with Governor's approval.

Employees of the Authority

___ Employees transferred from DOTPF to the Authority will continue to participate in SBS and PERS.
___ New employees will be included in the system on the effective date of the Authority's participation in the system for that employee. (Requires that the Authority sign a Participation Agreement with the Department of Administration.)
___ All employees of DOTPF assigned to the management, operation, and maintenance of Anchorage and Fairbanks Internationals on the date of transfer shall be transferred to the Authority as employees of the Authority.
___ Classified employees transferred retain the rights of state employees until the expiration of the collective bargaining agreements in effect on the effective date.
___ The Authority will operate under the State's personnel rules until 1/1/88 or until the Authority adopts its own personnel rules, whichever occurs first.

Exemptions

___ Except as may specifically noted the Authority is exempt from:
    ___ the State's procurement code AS 36.30.
    ___ the Executive Budget Act AS 37.07.
    ___ AS 39 (Public Officers and Employees)
    ___ the Administrative Procedures Act AS 44.62.010 - 44.62.300
___ Specifically NOT exempted from the Open Meetings Act.

Bonded Indebtedness

___ Existing debt will be transferred.
___ When new bonds are issued, shall the Authority have responsibility for selling its own bonds? Should the authority come from the state's Bond Committee or from the Legislature?

AMERICAN ASSOCIATION OF AIRPORT EXECUTIVES

Professional Designation known as A.A.E.

Summary of Requirements

1. Apply to Association with recommendation by person currently holding designation.

2. Write a 10,000 word thesis on some phase of airport management.

3. Complete three 2-hour written exams on the subjects of history of transportation industry, economics, and management theory. (The written exams can be proctored locally.)

4. Complete a 3-4 hour oral examination that is given twice each year only at a national conference.

It is reasonable to believe that a person could apply for and complete the A.A.E. designation in 24-36 months.

AIRPORT HIGHLIGHTS

March 2, 1987
Volume XXIII, No. 9

Published Weekly By The AIRPORT OPERATORS COUNCIL INTERNATIONAL, Inc.

EMPLOYMENT OPPORTUNITIES

Three positions are open at Robert Mueller Municipal Airport in Austin, Texas. All carry a March 15, 1987, deadline for resumes to be received by Paula Gamez, City of Austin, Human Resources Dept., P.O. Box 1088, Austin, Texas 78767 -- 512-445-1030.

Minimum requirements for manager, administration and finance, are a bachelor's degree in airport management, finance/accounting or related field; and five years experience in airport management, including two years in a supervisory capacity. Salary range is $32,800 - $52,000.

Minimum requirements for manager, project planning, are a bachelor's degree in civil engineering or related field and eight years experience. Professional engineering work involving airport construction projects is preferred. The job requires registration as a Professional Engineer in the state of Texas, or ability to obtain registration within one year. Salary range is $38,900 - $63,000.

Minimum requirements for manager, airport operations, are a bachelor's degree in aviation management, business administration, or related field; and five years management experience in airport operations and maintenance. Salary range is $35,600 - $57,900.

The Port of Seattle, Washington, is seeking a deputy director for its aviation division, which manages Sea-Tac International Airport. Resumes should be received by March 6, 1987, by Port of Seattle Human Resources Dept., P.O. Box 1209, Seattle, Washington 98111.

Minimum requirements for this new position are a bachelor's degree in business, airport management, engineering, law, or a related field; and, ideally, experience that includes an emphasis on operations management, tenant negotiations, budgeting, cost control, and work with governmental agencies on security. Salary range is $55,200 - $75,684; starting salaries normally don't exceed $65,442.

The City of San Jose, California, has an opening for a supervising real estate agent at San Jose International Airport. Candidates must have a bachelor's degree (or equivalent) and four years of property-related experience, including two years with a public agency. The salary range is $38,340 - $46,680. Interested persons must contact Sharon Borden by March 13, 1987, at the City of San Jose, Personnel Dept., 801 N. First St., Room 207, San Jose, California 95110 -- 408-277-4204.

FAIRBANKS INTERNATIONAL AIRPORT

FAIRBANKS INTERNATIONAL AIRPORT

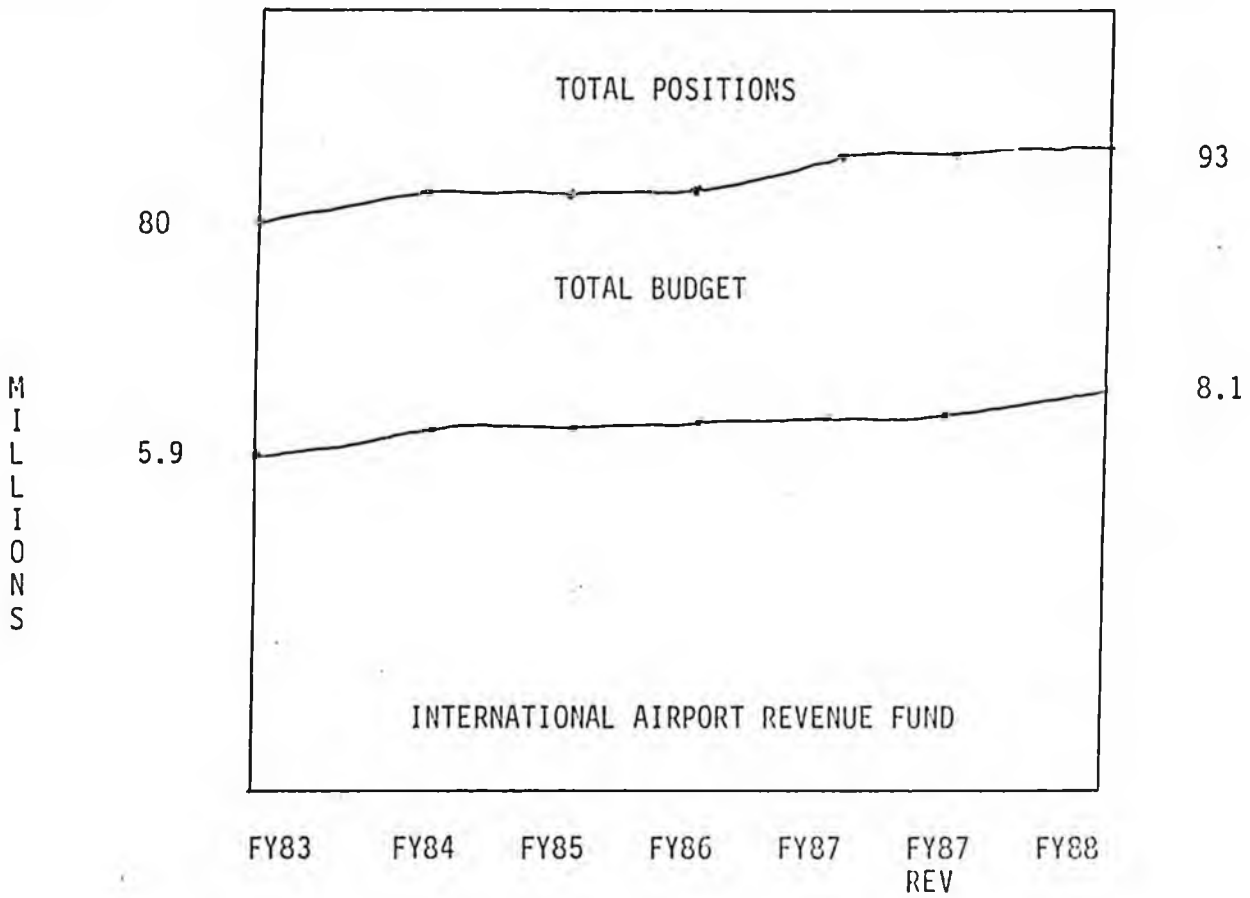
Fairbanks International Airport (FIA) together with Anchorage International form the Alaska International Airport System. FIA is a unique and integral part of this system. In addition to being the second busiest domestic flight destination in the State, FIA serves as the primary Federally required alternate airport for polar and Far East flights diverted from Anchorage International Airport. This airport also serves a principal support function for the operation and development of the interior and northern sectors of the State, as well as having a large general and commuter aviation constituency.

The Airport System is self-supporting and derives its funding from the International Airport Revenue Fund (IARF). The IARF is an enterprise fund which is supported by receipts from landing and parking fees, terminal and land rental charges, and concession and fuel flowage fees collected at both airports. Since over 70% of the IARF revenue collected annually comes from major domestic and international airlines, in early 1986 five-year Airline Operating Agreements were executed with 34 airlines in order to establish a steady and guaranteed flow of revenue into the fund. During FY88, FIA is forecast to collect $5,270,200 in revenue out of $59,673,000 total for the IARF.

The facilities within the Airport System are operated and maintained using only IARF revenue. Airport facilities are constructed using IARF funding which may be utilized in conjunction with either Federal grants or bond funds. Given the requirement for public air transportation facilities, the purpose of the FIA operating budget is to provide a safe, efficient, convenient, economically positive transportation center. Activities required for year-round maintenance, operation, and administrative efforts at FIA include snow removal, asphalt patching, sanding and ice control on traveled and parking surfaces, erosion control, custodial services, building maintenance, revenue accounting, leasing property and building space, billing preparation and collection, overseeing parking lot management, providing for safety and fire protection (both aircraft and facilities), emergency medical services, and overall police protection within the airport perimeter. During FY88, FIA is projected to have 339,000 enplaned passengers, 16,813 aircraft departures, and 163,000 total aircraft operations within the airport's 20 mile control zone radius. FIA has 11,885,663 square feet of paved taxi-ways, runways and aprons and 203,140 square feet of building space being maintained along with 34 lane miles of roadway. The FY88 operating budget request for FIA is $8,075,100, an increase of $179,900 over FY87. These additional costs are directly attributable to law enforcement related functions that include meeting increased F.A.A. requirements caused by world-wide terrorism and performing duties that had to some extent been previously handled by the State Troopers.

Major issues facing FIA and shared by Anchorage International are the completion of expanded and improved facilities, maximizing airport revenues, reduction of operational deficits, marketing the Airport System, reorganization of the airports into an Airport Authority, and completing the implementation of the comprehensive Airport Management Information System. Addressing these challenges while maintaining the posture of providing the necessary facilities for the aviation industry and the traveling public is the primary objective.

FAIRBANKS INTERNATIONAL AIRPORT



	FY83	FY84	FY85	FY86	FY87	FY87REV	FY88
IARF	5,924.1	6,728.3	6,926.1	7,596.8	7,895.2	7,895.2	8,075.1
POSITIONS*	80	87	87	88	93	93	93

*Position Total includes permanent full time, permanent part time and seasonal positions.

FAIRBANKS INTERNATIONAL AIRPORT

Historical Budgetary Information

CAPITAL BUDGETS ($)

FY82	Remote Apron Expansion	922,000
	Paving Access Road & Apron	1,160,000
	Sand Storage Building	710,000
	CFR Vehicle	282,000
	Quick Response Rescue Unit	269,000
	Cat II Generator	245,000
		3,588,000
FY83	Terminal Expansion	13,311,000
	Auto Parking Expansion	650,000
		13,961,000
FY84	Drainage & Utilities	134,000
	Terminal Improvements	372,000
	East Ramp & Float Pond	5,632,000
	Maintenance & Security Eqp.	959,000
		7,097,000
FY85	Airfield Improvements	200,000
	Management Info. System	100,000
		300,000
FY86	Runway Overlay & Rehab.	9,130,000*
	Annual Improvements	300,000
		9,430,000
FY87	CFR Vehicles	600,000*
	Land Acquisition	3,500,000
	Annual Improvements	200,000
		4,300,000
	GRAND TOTAL	38,676,000

*FAA Grants, All Others IARF

OPERATING BUDGET ($) AND AUTHORIZED POSITIONS

FY82	5,432,000	77 Full Time, 3 Part Time
FY83	5,924,100	77 Full Time, 3 Part Time
FY84	6,728,300	87 Full Time
FY85	6,926,100	87 Full Time
FY86	7,596,800	88 Full Time
FY87	7,895,200	93 Full Time

PERCENTAGE OF OPERATING BUDGET EXPENDITURES BY MAJOR CATEGORIES

- Personnel Services	67%	
- Travel	½%	
- Contractural Services	20%	
-- Utilities		8%
-- Risk Management (Insurance)		4%
-- Parking Lot Expenses		4%
-- Other services		4%
- Commodities	12%	
-- Heating Fuel		1%
-- Diesel Fuel		1%
-- Equipment Parts		2%
-- Custodial Supplies		1%
-- Other Commodities		7%
- Equipment	½%	

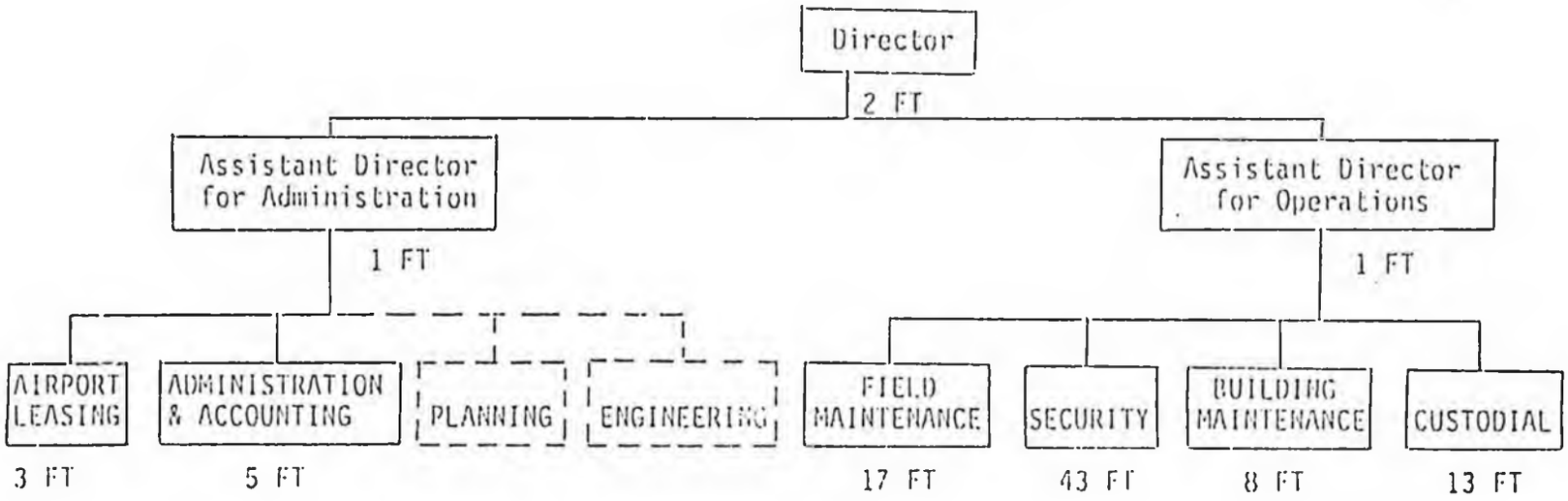
Fairbanks International Airport
FY 1988 Operating Budget
(Dollars in Thousands)

EXPENDITURES	Field Maintenance	Building Maintenance	Security	Custodial	Equip. Maint.	Administration	DP/ WP	TOTAL
Personal Services	$1,047.4	$ 476.7	$2,700.0	$589.3	$ --	$624.8	$ --	$5,438.2
Travel	2.0	3.6	12.4	--	--	19.0	--	37.0
Contractual	149.1	709.3	65.3	--	--	706.5	--	1,630.2
Commodities	487.6	236.7	109.9	84.8	--	14.0	--	933.0
Equipment	8.0	6.0	10.2	9.0	--	3.5	--	36.7
Total	$1,694.1	$1,432.3	$2,897.8	$683.1	--	$1,367.8	--	$8,075.1
FUNDING								
IARF	$1,694.1	$1,432.3	$2,897.8	$683.1	--	$1,367.8	--	$8,075.1
Total	$1,694.1	$1,432.3	$2,897.8	$683.1	--	$1,367.8	--	$8,075.1
POSITIONS								
PFT	17	8	43	13	--	12	--	93
PPT	--	--	--	--	--	--	--	--
Total	17	8	43	13	--	12	--	93

Only major change for Fiscal Year 1988 over Fiscal Year 1987 budget is a $179.9 increase in the Personal Services portion of the Security Component budget. These additional costs are directly attributable to law enforcement related functions.

Department of Transportation and Public Facilities

Fairbanks International Airport



Total Positions:

93 FT CURRENT AUTHORIZATION
93 FT FY88 REQUEST

Close liaison is maintained with other Divisions' engineering and planning personnel on a daily basis. This is in lieu of establishing an in-house infrastructure of assigned positions to perform these functions as is the case at Anchorage International. Also unlike Anchorage International, Equipment Maintenance is not a separate budget component but rather this type of maintenance is performed and budgeted for within the Field Maintenance and Security Components.

EFFECTIVE DATE: July 1, 1986

FAIRBANKS INTERNATIONAL AIRPORT
RESPONSIBILITIES BY COMPONENT

Administration

- Management service for the airport, accounting, leasing, planning and engineering.

Field Maintenance

- Snow removal and ice control
- Crack sealing and pot hole maintenance
- Equipment maintenance

Building Maintenance

- Maintenance of terminal buildings
- Baggage conveyor systems
- Maintenance of parking garage

Security

- Crash Fire Rescue
- Security - buildings and grounds

Custodial Services

DEPARTMENT OF TRANSPORTATION and PUBLIC FACILITIES
FAIRBANKS INTERNATIONAL AIRPORT
FY 1988 PROJECTED RATES and FEES

Landing Fees	$ .68	per 1,000 pounds take off weight
Fuel Flowage	$ .02	per gallons
Docking Fees	$ 27.33	per use of state owned jetway
Federal Inspection Station (FIS)	$ 36.36	per Federal Customs Inspection
Space Rental	$ 27.21	per square foot

DEPARTMENT OF TRANSPORTATION and PUBLIC FACILITIES
FAIRBANKS INTERNATIONAL AIRPORT
FY 1988 PROJECTED REVENUE

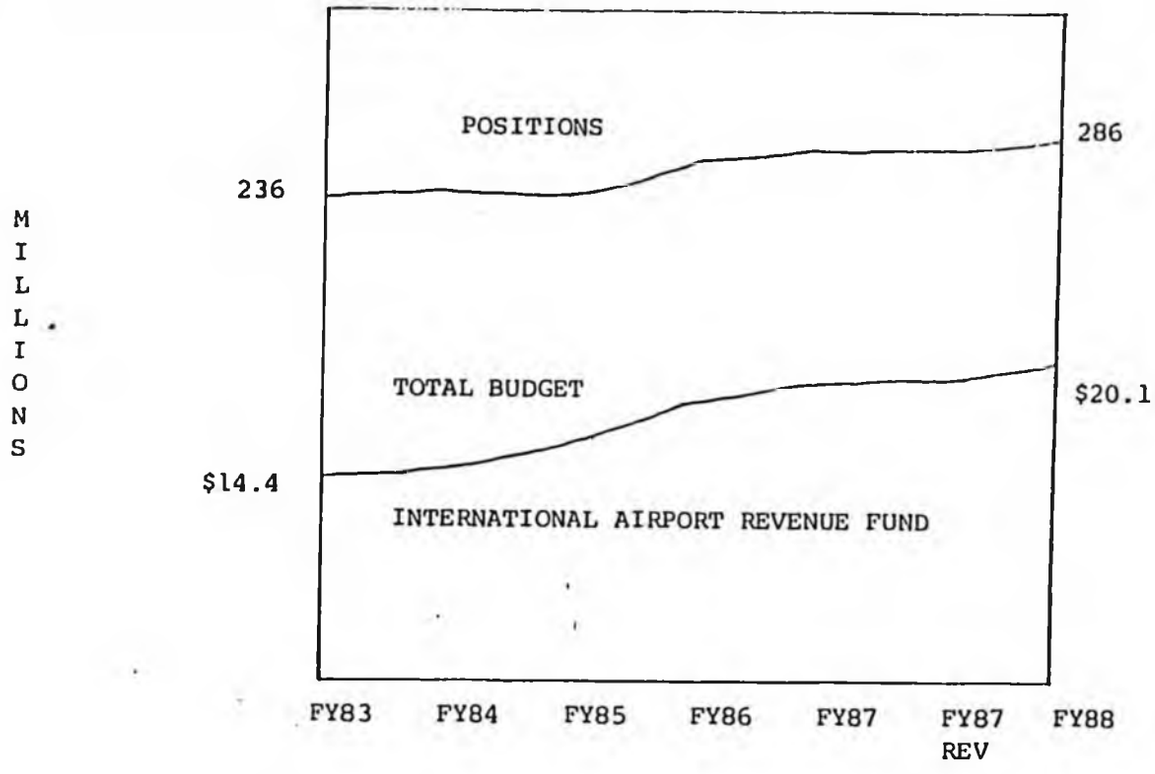
Landing Fees	16,500	Revenue Landings	$1,385,400
Fuel Flowage	28,350,000	Gallons	567,000
Docking Fees	1,760	Dockings	48,100
Federal Inspection Station	825	Uses	30,000
Space Rental	52,800	Sq. Ft.	1,436,700
Auto Parking			412,000
Concession Fees			726,000
Land Rental & Tie downs			665,000
TOTAL Projected Revenue			$5,270,200

FAIRBANKS INTERNATIONAL AIRPORT
OVERVIEW

One Terminal Building	132,000	Square Feet
Runways, Taxiways, Ramps	273	Acres of Asphalt
Grounds around runways	12	Acres
Runway & Taxiway lights	950	Lights
Lighted signs	52	Signs
Equipment	67	Vehicles

ANCHORAGE INTERNATIONAL AIRPORT

ANCHORAGE INTERNATIONAL AIRPORT



	83	84	85	86	87	87REV	88
IARF	14427.2	15158.3	16210.7	18518.7	19115.0	19115.0	20110.1
POSITIONS *	236	241	239	270	277	277	286

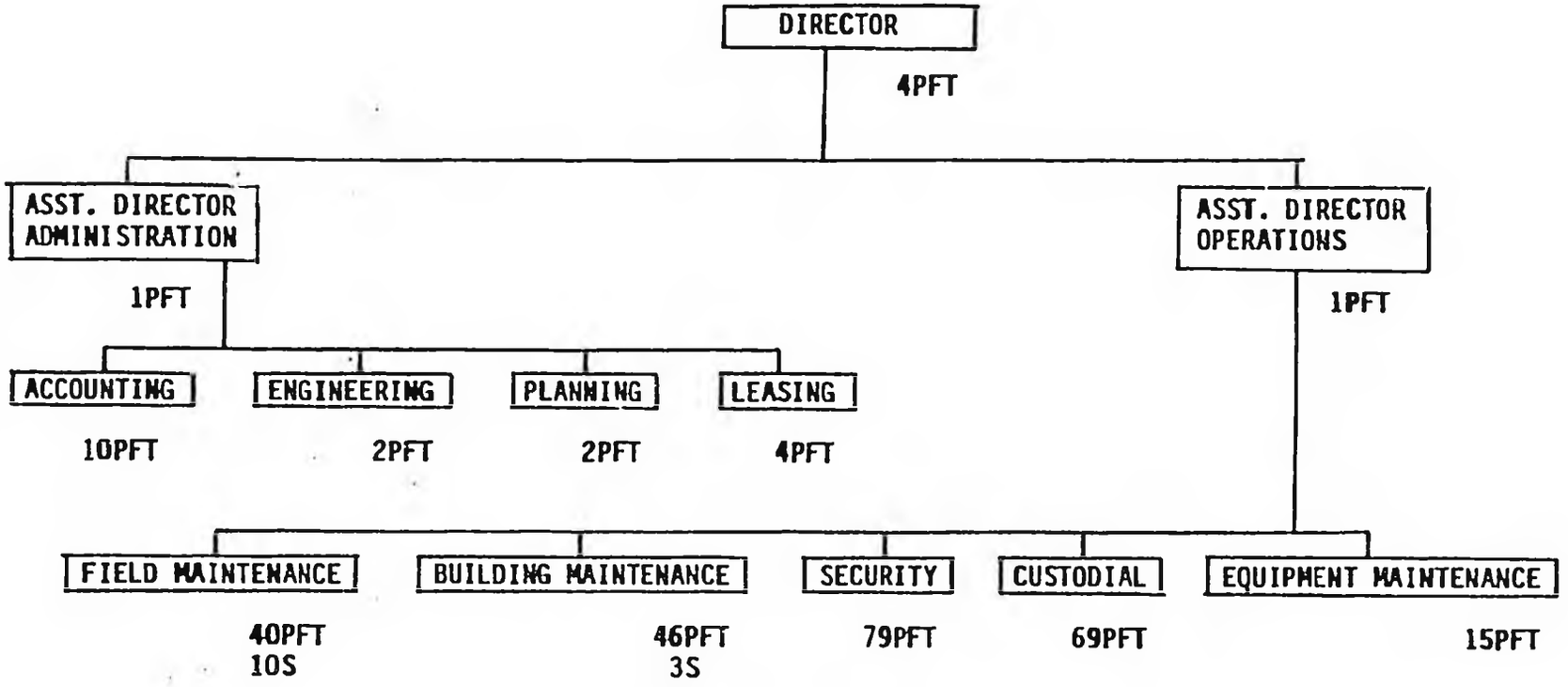
*Position Total includes permanent full time, permanent part time and seasonal positions.

DEPARTMENT OF TRANSPORTATION and PUBLIC FACILITIES
ANCHORAGE INTERNATIONAL AIRPORT
FY 1988 Operating Budget Request
(dollars in thousands)

	Field Maintenance	Building Maintenance	Security	Custodial	Equipment Maintenance	Administration	Data & Word Processing	TOTAL
EXPENDITURES								
Personal Services	$ 2125.5	$ 2183.3	$ 3956.8	$ 2505.5	$ 787.3	$ 1120.5	$ 0.0	$ 12678.9
Travel	3.5	6.8	16.0	0.0	6.0	16.3	0.0	48.6
Contractual	263.3	1675.7	117.9	568.0	111.1	2837.7	20.0	5593.7
Commodities	629.8	239.4	168.9	127.8	398.6	15.1	2.0	1581.6
Equipment	46.8	35.2	66.4	3.6	16.5	0.0	38.8	207.3
TOTAL	$ 3068.9	$ 4140.4	$ 4326.0	$ 3204.9	$ 1319.5	$ 3989.6	$ 60.8	$ 20110.1
FUNDING								
IARF	$ 3068.9	$ 4140.4	$ 4326.0	$ 3204.9	$ 1319.5	$ 3989.6	$ 60.8	$ 20110.1
TOTAL	$ 3068.9	$ 4140.4	$ 4326.0	$ 3204.9	$ 1319.5	$ 3989.6	$ 60.8	$ 20110.1
POSITIONS								
PFT	40	46	79	69	15	24	0	273
PPT	10	3						13
TOTAL	50	49	79	69	15	24	0	286

2/87

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
ANCHORAGE INTERNATIONAL AIRPORT
FY 1988 OPERATING BUDGET REQUEST
STAFFING CHART



PERSONNEL TOTALS	286
PFT	273
PPT/S	13

2/87

ANCHORAGE INTERNATIONAL AIRPORT
RESPONSIBILITIES BY COMPONENT

Administration

- Management service for the airport, accounting, leasing, planning and engineering.

Field Maintenance

- Snow removal and ice control
- Crack sealing and pot hole maintenance

Building Maintenance

- Maintenance of terminal buildings
- Baggage conveyor systems
- Maintenance of parking garage

Security

- Crash Fire Rescue
- Security - buildings and grounds

Equipment Maintenance

Custodial Services

DEPARTMENT OF TRANSPORTATION and PUBLIC FACILITIES
ANCHORAGE INTERNATIONAL AIRPORT
FY 1988 PROJECTED RATES AND FEES

Landing Fees	$ .68 per 1,000 pounds take off weight
Fuel Flowage	$ .02 per gallons
Docking Fees	$222.62 per International Carrier Docking
Federal Inspection Station (FIS)	$ 36.36 per Federal Customs Inspection
Space Rental	$ 27.21 per square foot

DEPARTMENT OF TRANSPORTATION and PUBLIC FACILITIES
ANCHORAGE INTERNATIONAL AIRPORT
FY 1988 PROJECTED REVENUE

Landing Fees	77,358 Revenue landings	$11,228,160
Fuel Flowage	516,550,000 Gallons	10,331,000
Docking Fees	6392 dockings	1,422,987
Federal Inspection Station	8,700 Uses	316,332
Space Rental	345,000 Sq. Ft.	9,389,450
Auto Parking		2,225,000
Concession Fees		24,913,000
Land Rental & Tie Downs		1,376,000
TOTAL Projected Revenue		$61,201,929

ANCHORAGE INTERNATIONAL AIRPORT
OVERVIEW

Two Terminal Buildings	659,000 Square Feet
Runways, Taxiways, Ramps	456 Acres of Asphalt
Grounds around runways	9.5 Acres
Runway & Taxiway lights	2,476 Lights
Lighted signs	135 Signs
Equipment	129 Vehicles

2/87 HD

INTERNATIONAL AIRPORTS

FUND BALANCES
(Approximate as of 7/1/86)

Revenue Fund	$12.5 Million
Construction Fund	* $ 1.4 Million
Revenue Bond Redemption Fund	**$ 6.0 Million
Reserve and Replacement Account	$ 2.0 Million

* This is the fund into which money is placed after it is appropriated and pending the payment of project costs.

** This amount is equal to approximately one-year's principal and interest on the revenue bonds.

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02-576(2/77)

INTERNATIONAL AIRPORTS

FUND BALANCES
(Approximate as of 7/1/86)

Revenue Fund	$12.5 Million
Construction Fund	* $ 1.4 Million
Revenue Bond Redemption Fund	**$ 6.0 Million
Reserve and Replacement Account	$ 2.0 Million

* This is the fund into which money is placed after it is appropriated and pending the payment of project costs.

** This amount is equal to approximately one-year's principal and interest on the revenue bonds.

STATEMENT 37

STATE OF ALASKA
CAPITAL PROJECT FUNDS - AIRPORT CONSTRUCTION
BALANCE SHEET
June 30, 1986
(Stated in Thousands)

STATEMENT 37

	1966 Airport Construction	1968 Airport Construction	1970 Airport Construction	1972 Airport Construction	1974 Trunk & Sec. Airport Construction	1976 Airport Construction	International Airport Construction	International Airport Construction Series G	Total
ASSETS:									
Current Assets:									
Cash in Treasury	$ 38	$ 857	$ 321	$ 897	$ 1,527	$ 1,114	$ (1,369)	$ 25,940	$ 29,325
Accounts Receivable			159					150	309
Total Assets	$ 38	$ 857	$ 480	$ 897	$ 1,527	$ 1,114	$ (1,369)	$ 26,090	$ 29,634
LIABILITIES AND FUND BALANCES:									
Liabilities:									
Accounts Payable	$	$	$	$	$ 53	$	$ 19	$ 26,068	$ 26,140
Warrants Outstanding							10		10
Due to General Fund						400		22	422
Due Other Funds							2,134		2,134
Total Liabilities	$	$	$	$	$ 53	$ 400	$ 2,163	$ 26,090	$ 28,706
Fund Balances:									
Reserved for Encumbrances	$ 38	$ 857	$ 480	$ 897	$ 156	$ 5	$ 163	$ 394	$ 718
Unreserved					1,318	709	(3,695)	(394)	210
Total Fund Balances	$ 38	$ 857	$ 480	$ 897	$ 1,474	$ 714	$ (3,532)	$	$ 928
Total Liabilities and Fund Balances	$ 38	$ 857	$ 480	$ 897	$ 1,527	$ 1,114	$ (1,369)	$ 26,090	$ 29,634
LEGAL REFERENCE:	CHAP 167 SLA 1966	CHAP 167 SLA 1968	CHAP 222 SLA 1970	CHAP 194 SLA 1972	CHAP 118 SLA 1974	CHAP 248 SLA 1976	CHAP 149 SLA 1972	CHAP 61 SLA 1985	

STATEMENT 38

STATE OF ALASKA
CAPITAL PROJECT FUNDS - AIRPORT CONSTRUCTION
ANALYSIS OF CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 1986
(Stated in Thousands)

STATEMENT 38

	1966 Airport Construction	1968 Airport Construction	1970 Airport Construction	1972 Airport Construction	1974 Trunk & Sec. Airport Construction	1976 Airport Construction	International Airports Construction	International Airports Construction Series G	Total
Initial Project Authorization (Reference Only)	$ 11,500	$ 8,800	$ 10,000	24,000	$ 10,400	$ 6,866	$ 28,000	$ 38,000	$ 137,566
Beginning Balance, July 1	$ 38	$ 857	$ 558	1,239	$ 889	$ 726	$ (3,532)	$	$ 775
Prior Year Adjustments						(322)			(322)
Adj. Beginning Balance, July 1	$ 38	$ 857	$ 558	1,239	$ 889	$ 404	$ (3,532)	$	$ 453
ADDITIONS:									
Revenues:									
Federal Receipts	$	$	$	6	$ 835	$ 311	$	$	$ 1,152
DEDUCTIONS:									
Expenditures:									
Construction Costs			78	348	250	2			678
Excess/(Defic.) of Additions over Deductions	$	$	$ (78)	(342)	$ 585	$ 309	$	$	$ 474
Ending Balance, June 30	$ 38	$ 857	$ 480	897	$ 1,474	$ 713	$ (3,532)	$	$ 927

STATE OF ALASKA

STATEMENT 65

INTERNATIONAL AIRPORTS REVENUE BONDS
Bonds Authorized, Issued and Unissued
June 30, 1986

(Stated in Thousands)

Bonds	Authorized			Issued		Amount Unissued
	Statute	Date	Amount	Date	Amount	
International Airports 1961 Construction	Ch. 66 SLA 74		$ 34,825(A)	6/1/68	$ 7,000	$
				6/1/69	2,225	
				6/1/71	6,500	
				6/1/73	8,500	
				6/1/75	10,600	
International Airports	Ch. 25 SLA 83	6/23/83	28,000(A)	8/1/83	28,000	
International Airports	Ch. 61 SLA 85	5/31/85	38,000(A)			38,000
Total			$100,825		$62,825	$38,000

(A) Legal Reference AS 37.15.410 - .550

STATE OF ALASKA

INTERNATIONAL AIRPORTS REVENUE BONDS
Debt Service by Fiscal Year
June 30, 1986

STATEMENT 66

(Stated in Thousands)

Fiscal Year	Principal	Interest	Total Debt Service To Maturity	Net Cash Redemption Reserve	Required by Fiscal Year
1969	$	$ 411	$ 411	$	$ 411
1970		555	555		555
1971	225	555	780		780
1972	300	1,013	1,313		1,313
1973	325	992	1,317		1,317
1974	360	1,474	1,854		1,854
1975	405	1,447	1,852		1,852
1976	510	1,418	1,928		1,928
1977	540	1,384	1,924		1,924
1978	570	1,350	1,920		1,920
1979	610	1,315	1,925		1,925
1980	650	1,277	1,927		1,927
1981	690	1,237	1,927		1,927
1982	740	1,195	1,935		1,935
1983	1,245	1,150	2,395		2,395
1984	395	1,076	1,471		1,471
1985	915	5,099	6,014		6,014
1986	1,820	3,645	5,465		5,465
1987	2,005	3,487	5,492		5,492
1988	2,165	3,315	5,480		5,480
1989	2,340	3,128	5,468		5,468
1990	2,530	2,915	5,445		5,445
1991	2,725	2,686	5,411		5,411
1992	2,920	2,453	5,373		5,373
1993	3,140	2,219	5,359		5,359
1994	3,385	1,965	5,350		5,350
1995	3,635	1,690	5,325		5,325
1996	3,910	1,390	5,300		5,300
1997	3,300	1,063	4,363		4,363
1998	3,600	772	4,372		4,372
1999	2,985	451	3,436	2,072	1,364
2000	3,265	155	3,420	3,420	
Total	$ 52,225	$ 54,296	$106,521	$ 5,492	$101,028
Paid as of 6/30/86	10,320	26,600	36,920		36,920
Remaining Liability as of 6/30/86	$ 41,905	$ 27,695	$ 69,600	$ 5,492	$ 64,107

The Redemption Reserve in the amount of $5,492,975.00 is held by the Bank of America as trustee.

STATE OF ALASKA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 1986

TABLE 8

(Stated in Thousands)

Governmental Unit	Share Debt
General Obligation Bonds	
State of Alaska General Obligation Bonds	$ 706,883
Bonds Based on State Appropriation	
Alaska State Building Authority*	$ 89,555
University of Alaska Revenue Bonds*	22,248
	$ 111,803
Revenue Bonds	
International Airport Revenue Bonds	$ 41,905
Alaska Medical Facility Authority	11,943
Alaska Housing Finance Corporation	3,246,156
Alaska Housing Finance Corporation State Guaranteed Bonds (Veterans Mortgage Program)	1,190,365
Alaska Railroad Corporation	12,864
Alaska Municipal Bond Bank Authority	122,433
Alaska Industrial Development Authority	245,150
Alaska Power Authority Bonds	452,604
	$5,323,420

* This debt is that of non-profit corporations which have issued bonds on the strength of the State Legislature annually appropriating the necessary funds to meet the debt service payments and a minimum of administrative fees. The rating bureaus have been using this debt to compute the State's net debt position.

STATE OF ALASKA

SCHEDULE OF REVENUE BOND COVERAGE
INTERNATIONAL AIRPORT FUND
Last Ten Fiscal Years
June 30, 1986

TABLE 9

(Stated in Thousands)

Fiscal Year	Gross Revenue	Expenses	Net Revenue Available for Debt Service	Debt Service Requirement			Ratio
				Principal	Interest	Total	
1977	$18,187	$ 9,546	$ 8,641	$ 540	$1,384	$1,924	4.49
1978(a)	18,756	10,087	8,669	570	1,350	1,920	4.52
1979	21,503	11,332	10,171	610	1,315	1,925	5.28
1980	22,385	12,483	9,902	650	1,277	1,927	5.14
1981	25,129	13,477	11,652	690	1,237	1,927	6.05
1982	27,106	16,525	10,581	740	1,195	1,935	5.47
1983	28,045	20,300	7,745	1,245	1,150	2,395	3.23
1984	29,370	20,311	9,059	395	1,076	1,471	6.16
1985	42,515	22,409	20,106	915	5,099	6,014	3.34
1986	47,900	25,504	22,396	1,820	3,645	5,465	4.09

(a) Revised Data

STATE OF ALASKA

TABLE 10

SUMMARY OF DEBT SERVICE REQUIREMENTS TO MATURITY
ANNUAL PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 1986

(Stated in Thousands)

Fiscal Year	General Obligation Bonds	International Airport Bonds	Alaska Medical Facility Authority	Alaska Housing Finance Corporation Bonds	Alaska Housing Finance Corporation State Guaranteed Bonds (Veterans Mortgage Program)	Alaska Railroad Corporation Bonds
1987	$154,892	$ 5,492	$ 1,505	$ 346,553	$ 120,072	$ 3,952
1988	147,905	5,480	1,498	378,756	122,676	2,594
1989	135,511	5,468	1,494	395,849	124,985	2,420
1990	120,306	5,445	1,487	388,814	127,331	2,411
1991	95,482	5,411	1,483	396,141	129,650	1,996
(Balance thru final payoff year)	249,040	42,302	13,021	5,215,211	2,979,294	3,104
Total	$903,138	$69,600	$20,491	$7,123,324	$3,604,208	$16,480

* Lease purchase bonds through non-profit corporations which are paid through appropriations for rent by the State.

STATE OF ALASKA

TABLE 11

DEBT SERVICE REQUIREMENTS TO MATURITY
June 30, 1986

(Stated in Thousands)

GENERAL OBLIGATION BONDS

Fiscal Year	Principal	Interest	Total Requirements
1987	$108,380	$ 46,512	$154,892
1988	108,685	39,220	147,905
1989	103,727	31,784	135,511
1990	95,560	24,746	120,306
1991	77,499	17,983	95,482
(Balance thru final payoff year)	213,032	36,008	249,040
Total	$706,883	$196,255	$903,138

These totals do not include principal and interest on AHFC State Guaranteed Bonds (Veterans Mortgage Program).

INTERNATIONAL AIRPORT REVENUE BONDS

Fiscal Year	Principal	Interest	Total Requirements
1987	$ 2,005	$ 3,487	$ 5,492
1988	2,165	3,315	5,480
1989	2,340	3,128	5,468
1990	2,530	2,915	5,445
1991	2,725	2,686	5,411
(Balance thru final payoff year)	30,140	12,162	42,302
Total	$41,905	$27,695	$69,600

IV. ANCHORAGE INT'L AIRPORT

January 3, 1997
10:29:19 am

CENTRAL REGION SIX YEAR CAPITAL IMPROVEMENT PROGRAM
OBLIGATION/SPENDING PLAN FY98 - FY93

ANCHORAGE INTERNATIONAL AIRPORT

ELECT DIST	EXP/ ALT	FISCAL YEAR	PHASE(S)	PROJECT	AIP FUND	IARF FUND	OTHER	ADD. FED. REQUIRED	TOTAL FUND	MATCH RATIO	AREA
FISCAL YEAR 98											
9	EXP	98	2,4	AIA OVERLAY AND GROOVE RUNWAY 6R/24L	$1,875.0	$125.0	$0.0	$1,875.0	$2,000.0	0.9375	AIA
9	EXP	98	2,4	AIA DOMESTIC TERMINAL EXPANSION PHASE III	$0.0	$11,000.0	$0.0	$0.0	$11,000.0	0	AIA
9	EXP	98	2,4	AIA ANNUAL IMPROVEMENTS FY98	$0.0	$600.0	$0.0	$0.0	$600.0	0	AIA
9	EXP	98	2,4	AIA TAXIWAY 'J' BLAST PROTECTION	$375.0	$25.0	$0.0	$375.0	$400.0	0.9375	AIA
9	EXP	98	2,4	AIA TERMINAL RENOVATION (BOTH TERMINALS)	$0.0	$5,000.0	$0.0	$0.0	$5,000.0	0	AIA
9	EXP	98	2,4	AIA MAINTENANCE EQUIPMENT PURCHASE AND REPLACEMENT FY98	$0.0	$740.0	$0.0	$0.0	$740.0	0	AIA
9	EXP	98	2,4	AIA CONSTRUCT EPA APPROVED FIRE PIT	$0.0	$550.0	$0.0	$0.0	$550.0	0	AIA
9	EXP	98	2,4	AIA RECONSTRUCTION OF RAMP AREAS	$0.0	$1,000.0	$0.0	$0.0	$1,000.0	0	AIA
9	EXP	98	2,4	AIA PAVE TUG ROAD PHASE I	$0.0	$100.0	$0.0	$0.0	$100.0	0	AIA
9	EXP	98	2,4	AIA EXPAND SAND STORAGE BLDG	$0.0	$300.0	$0.0	$0.0	$300.0	0	AIA
9	EXP	98	2,4	AIA PAVE GENERAL AVIATION APRON FY98	$0.0	$1,000.0	$0.0	$0.0	$1,000.0	0	AIA
					$2,250.0	$20,440.0	$0.0	$2,250.0	$22,690.0		
9	ALT	98	2,4	AIA HIGHSPEED TAXIWAY CONSTRUCTION	$1,300.3	$86.7	$0.0	$1,300.0	$1,387.0	0.9375	AIA
9	ALT	98	2,4	AIA CFR BUILDING	$2,400.0	$1,625.0	$0.0	$0.0	$4,025.0	0	AIA
					$3,700.3	$1,711.7	$0.0	$1,300.0	$5,412.0		

CENTRAL REGION SIX YEAR CAPITAL IMPROVEMENT PROGRAM
OBLIGATION/SPENDING PLAN FY88 - FY93

ANCHORAGE INTERNATIONAL AIRPORT

FISCAL YEAR 89

ELECT DIST	EXP/ ALT	FISCAL YEAR	PHASE(S)	PROJECT	AIP FUND	IARF FUND	OTHER	ADD. FED. REQUIRED	TOTAL FUND	MATCH RATIO	AREA
9	EXP	89	2,4	AIA RESURFACE TAXIWAY 'K'	$2,912.5	$137.5	$0.0	$2,513.0	$3,000.0	0.9375	AIA
9	EXP	89	2,4	AIA CFR BUILDING	$2,400.0	$1,625.0	$0.0	$0.0	$4,025.0	0	AIA
9	EXP	89	2,4	AIA DOMESTIC TERMINAL EXPANSION PHASE IV	$0.0	$0.0	$46,000.0	$0.0	$46,000.0	0	AIA
9	EXP	89	2,4	AIA ANNUAL IMPROVEMENTS FY89	$0.0	$650.0	$0.0	$0.0	$650.0	0	AIA
9	EXP	89	2,4	AIA MAINTENANCE EQUIPMENT FY89	$0.0	$540.0	$0.0	$0.0	$540.0	0	AIA
9	EXP	89	2,4	AIA RECONSTRUCTION OF RAMP AREAS	$0.0	$1,000.0	$0.0	$0.0	$1,000.0	0	AIA
9	EXP	89	2,4	AIA EXPAND FLOAT PLANE FACILITY	$0.0	$2,500.0	$0.0	$0.0	$2,500.0	0	AIA
9	EXP	89	2,4	AIA GENERAL AVIATION DEVELOPMENT PHASE I	$0.0	$3,500.0	$0.0	$0.0	$3,500.0	0	AIA
9	EXP	89	2,4	AIA GENERAL AVIATION PAVING FY89	$0.0	$1,000.0	$0.0	$0.0	$1,000.0	0	AIA
9	EXP	89	2,4	AIA GENERAL AVIATION ELECTRIFICATION	$0.0	$350.0	$0.0	$0.0	$350.0	0	AIA
					$5,312.5	$11,352.5	$46,000.0	$2,813.0	$62,565.0		

CENTRAL REGION SIX YEAR CAPITAL IMPROVEMENT PROGRAM
OBLIGATION/SPENDING PLAN FY83 - FY93

ELECT DIST	EXP/ ALT	FISCAL YEAR	PHASE(S)	PROJECT	FISCAL YEAR 90 AIP FUND	IARF FUND	OTHER	ADD. FED. REQUIRED	TOTAL FUND	MATCH RATIO	AREA
9	EXP	90	2,4	AIA RECONSTRUCTION OF INTERNAL ROADWAYS FY90	$0.0	$3,537.0	$0.0		$3,537.0	0	AIA
9	EXP	90	2,4	AIA ANNUAL IMPROVEMENTS FY90	$0.0	$700.0	$0.0	$0.0	$700.0	0	AIA
9	EXP	90	2,4	AIA MAINTENANCE EQUIPMENT FY90	$0.0	$1,000.0	$0.0	$0.0	$1,000.0	0	AIA
9	EXP	90	2,4	AIA RECONSTRUCTION OF RAMP AREAS FY90	$0.0	$1,000.0	$0.0	$0.0	$1,000.0	0	AIA
9	EXP	90	2,4	AIA NORTH AIR PARK DEVELOPMENT PH II	$0.0	$3,200.0	$0.0	$0.0	$3,200.0	0	AIA
9	EXP	90	2,4	AIA PAVE TUG ROAD PHASE II	$0.0	$300.0	$0.0	$0.0	$300.0	0	AIA
9	EXP	90	2,4	AIA AIRCRAFT STORAGE AREA	$0.0	$1,300.0	$0.0	$0.0	$1,300.0	0	AIA
9	EXP	90	2,4	AIA NOISE ABATEMENT PROGRAM FY90	$2,500.0	$2,100.0	$0.0	$0.0	$4,600.0	0	AIA
9	EXP	90	2,4	AIA GENERAL AVIATION DEVELOPMENT PHASE II	$0.0	$3,500.0	$0.0	$0.0	$3,500.0	0	AIA
9	EXP	90	2,4	AIA GENERAL AVIATION PAVING FY90	$0.0	$1,000.0	$0.0	$0.0	$1,000.0	0	AIA
9	EXP	90	2,4	AIA NOISE MONITORING EQUIPMENT FY90	$0.0	$100.0	$0.0	$0.0	$100.0	0	AIA
					$2,500.0	$17,737.0	$0.0	$0.0	$20,237.0		

ELECT DIST	EXP/ ALT	FISCAL YEAR	PHASE(S)	PROJECT	AIP FUND	IARF FUND	OTHER	ADD. FED. REQUIRED	TOTAL FUND	MATCH RATIO	AREA
				FISCAL YEAR 91							
9	EXP	91	2,4	AIA OVERLAY & GROOVE RUNWAY 14/32	$2,343.8	$156.3	$0.0	$0.0	$2,500.0	0.9375	AIA
9	EXP	91	2,4	AIA ANNUAL IMPROVEMENTS FY91	$0.0	$750.0	$0.0	$0.0	$750.0	0	AIA
9	EXP	91	2,4	AIA RECONSTRUCTION OF INTERNAL ROADWAYS FY91	$0.0	$13,100.0	$0.0	$0.0	$13,100.0	0	AIA
9	EXP	91	2,4	AIA RECONSTRUCTION OF TAXIWAYS FY91	$0.0	$2,000.0	$0.0	$0.0	$2,000.0	0	AIA
9	EXP	91	2,4	AIA MAINTENANCE EQUIPMENT FY91	$0.0	$1,200.0	$0.0	$0.0	$1,200.0	0	AIA
9	EXP	91	2,4	AIA RECONSTRUCTION OF RAMP AREAS FY91	$0.0	$1,000.0	$0.0	$0.0	$1,000.0	0	AIA
9	EXP	91	2,4	AIA NOISE ABATEMENT PROGRAM FY91	$0.0	$7,500.0	$0.0	$0.0	$7,500.0	0	AIA
9	EXP	91	2	AIA UPDATE EXISTING MASTERPLAN & NOISE STUDY	$468.8	$31.3	$0.0	$0.0	$500.0	0.9375	AIA
9	EXP	91	2	AIA NORTH TERMINAL EXPANSION STUDY	$0.0	$100.0	$0.0	$0.0	$100.0	0	AIA
					$2,812.5	$25,837.5	$0.0	$0.0	$28,650.0		

ELECT DIST	EXP/ ALT	FISCAL YEAR	PHASE(S)	PROJECT	FISCAL YEAR 92 AIP FUND	IARF FUND	OTHER	ADD. FED. REQUIRED	TOTAL FUND	MATCH RATIO	AREA
9	EXP	92	2,4	AIA ANNUAL IMPROVEMENTS FY92	$0.0	$750.0	$0.0	$0.0	$750.0	0	AIA
9	EXP	92	2,4	AIA TERMINAL REHAB & REMODELING (BOTH TERMINAL BLDGS)	$0.0	$5,000.0	$0.0	$0.0	$5,000.0	0	AIA
9	EXP	92	2,4	AIA RECONSTRUCTION OF TAXIWAYS FY92	$0.0	$1,000.0	$0.0	$0.0	$1,000.0	0	AIA
9	EXP	92	2,4	AIA RECONSTRUCTION OF RAMP AREAS FY92	$2,300.0	$3,000.0	$0.0	$0.0	$5,300.0	0	AIA
9	EXP	92	2,4	AIA MAINTENANCE EQUIPMENT FY92	$0.0	$1,200.0	$0.0	$0.0	$1,200.0	0	AIA
9	EXP	92	2,4	AIA NORTH AIRPARK DEVELOPMENT PH III	$0.0	$1,700.0	$0.0	$0.0	$1,700.0	0	AIA
					$2,300.0	$12,650.0	$0.0	$0.0	$15,450.0		

ELECT DIST	EXP/ ALT	FISCAL YEAR	PHASE(S)	PROJECT	FISCAL YEAR 93 AIP FUND	IARF FUND	OTHER	ADD. FED. REQUIRED	TOTAL FUND	MATCH RATIO	AREA
9	EXP	93	2,4	AIA OVERLAY RUNWAY 06L/24R	$0.0	$2,500.0	$0.0	$0.0	$2,500.0	0	AIA
9	EXP	93	2,4	AIA ANNUAL IMPROVEMENTS FY93	$0.0	$500.0	$0.0	$0.0	$500.0	0	AIA
9	EXP	93	2,4	AIA TERMINAL EXPANSION (PHASE IV)	$0.0	$0.0	$45,000.0	$0.0	$45,000.0	0	AIA
9	EXP	93	2,4	AIA MAINTENANCE EQUIPMENT FY93	$0.0	$1,500.0	$0.0	$0.0	$1,500.0	0	AIA
9	EXP	93	2,4	AIA NOISE ABATEMENT PROGRAM FY93	$2,800.0	$2,200.0	$0.0	$0.0	$5,000.0	0	AIA
9	EXP	93	2,4	AIA REMOTE EMPLOYEE PARKING	$0.0	$2,000.0	$0.0	$0.0	$2,000.0	0	AIA
					$2,800.0	$9,000.0	$45,000.0	$0.0	$56,900.0		

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
SIX YEAR CAPITAL IMPROVEMENT PROGRAM

March 25, 1987 8:32:21 am

FAIRBANKS INTERNATIONAL AIRPORT
INTERNATIONAL AIRPORT REVENUE FUNDS

FISCAL YEAR	REGION	EXP/ALT	FHWA FUNDS	AIP FUND	IARF FUND	GEN FUND	OTHER FUND	CLASS TYPE	FUND TYPE	ELECT DIST	PROJECT
88	NO	EXP	$0.0	$0.0	$3,000.0	$0.0	$0.0	IA-PR	FA	20	FIA Access Road "A" Construction
88	NO	EXP	$0.0	$0.0	$200.0	$0.0	$0.0	IA-PR	FA	20	FIA Annual Improvements '88
88	NO	EXP	$0.0	$0.0	$700.0	$0.0	$0.0	IA-PR	FA	20	FIA Land Acquisition
88	NO	EXP	$0.0	$0.0	$200.0	$0.0	$0.0	IA-PR	FA	20	FIA CFR Bldg Upgrade-PE
TOTAL BY FISCAL YEAR			$0.0	$0.0	$4,100.0	$0.0	$0.0				
89	NO	EXP	$0.0	$1,300.0	$100.0	$0.0	$0.0	IA-PR	FA	20	FIA NW Apron & Twy Extension
89	NO	EXP	$0.0	$0.0	$200.0	$0.0	$0.0	IA-PR	FA	20	FIA Annual Improvements '89
89	NO	EXP	$0.0	$0.0	$500.0	$0.0	$0.0	IA-PR	FA	20	FIA Terminal Area Landscaping along Airport Wy
89	NO	EXP	$0.0	$0.0	$2,000.0	$0.0	$0.0	IA-PR	FA	20	FIA CFR Bldg Upgrade Const leasing/ventil/
TOTAL BY FISCAL YEAR			$0.0	$1,300.0	$2,800.0	$0.0	$0.0				
90	NO	EXP	$0.0	$600.0	$1,000.0	$0.0	$0.0	IA-PR	FA	20	FIA NW Apron & Taxiway Extension Ph 2
90	NO	EXP	$0.0	$0.0	$200.0	$0.0	$0.0	IA-PR	FA	20	FIA Annual Improvements '90
90	NO	EXP	$0.0	$0.0	$400.0	$0.0	$0.0	IA-PR	FA	20	FIA Fuel Hydrant Sys Repairs
90	NO	EXP	$0.0	$0.0	$600.0	$0.0	$0.0	IA-PR	FA	20	FIA Float Pond Expansion
TOTAL BY FISCAL YEAR			$0.0	$600.0	$2,200.0	$0.0	$0.0				
91	NO	EXP	$0.0	$0.0	$200.0	$0.0	$0.0	IA-PR	FA	20	FIA Annual Improvements '91
91	NO	EXP	$0.0	$0.0	$1,500.0	$0.0	$0.0	IA-PR	FA	20	FIA Maintenance, CFR & Security Equip Replac.
91	NO	EXP	$0.0	$0.0	$800.0	$0.0	$0.0	IA-PR	FA	20	FIA Noise Abatement Program
TOTAL BY FISCAL YEAR			$0.0	$0.0	$2,500.0	$0.0	$0.0				
92	NO	EXP	$0.0	$0.0	$200.0	$0.0	$0.0	IA-PR	FA	20	FIA Annual Improvements '92
92	NO	EXP	$0.0	$0.0	$1,500.0	$0.0	$0.0	IA-PR	FA	20	FIA Maint Facility Expansion, Equip Shop,
92	NO	EXP	$0.0	$0.0	$800.0	$0.0	$0.0	IA-PR	FA	20	FIA Automobile Parking Lot Expansion
92	NO	EXP	$0.0	$0.0	$1,000.0	$0.0	$0.0	IA-PR	FA	20	FIA Gen Aviation Apron & Twy Expan, Ph 2
TOTAL BY FISCAL YEAR			$0.0	$0.0	$3,500.0	$0.0	$0.0				

EXP/ALT	*CLASS TYPES (HWYS/OTHER)*	*CLASS TYPES (AVIATION)*	*FUND TYPES*
EXP=EXPECTED	IS=INTERSTATE	PR=PRIMARY	FH=FEDERAL HIGHWAYS
ALT=ALTERNATE	PS=PRIMARY/SECONDARY	CN=COMMERCIAL/NON-PRIMARY	FA=FEDERAL AVIATION
DEF=DEFFERED	UR=URBAN	NC=NON-COMMERCIAL	GF=GENERAL FUND
	TR=TRANSIT	AP=AREA POPULATION	IA=INT'L AIRPORT REVENUE
	HB=HARBORS	DI=DISCRETIONARY	OT=OTHER FUND
	PF=PUBLIC FACILITY		
	BR=BRIDGE (FHWA)		

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5154 HTRA HB 173 (FILE 2)

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FAIRBANKS INTERNATIONAL AIRPORT
INTERNATIONAL AIRPORT REVENUE FUNDS

FISCAL YEAR	REGION	EXP/ALT	FHWA FUNDS	AIP FUND	IARF FUND	GEN FUND	OTHER FUND	CLASS TYPE	FUND TYPE	ELECT DIST	PROJECT
93	NO	EXP	$0.0	$0.0	$200.0	$0.0	$0.0	IA-PR	FA	20	FIA Annual Improvements '93
93	NO	EXP	$0.0	$0.0	$500.0	$0.0	$0.0	IA-PR	FA	20	FIA Terminal Remodel, Interior, Exterior, Roof
93	NO	EXP	$0.0	$0.0	$1,200.0	$0.?	$0.0	IA-PR	FA	20	FIA West Industrial Rd Drainage Imprv & Paving
93	NO	EXP	$0.0	$0.0	$700.0	$0.0	$0.0	IA-PR	FA	20	FIA Maintenance Site Grading, Foundation Prep,
TOTAL BY FISCAL YEAR			$0.0	$0.0	$2,600.0	$0.0	$0.0				

EXP/ALT	*CLASS TYPES (HWYS/OTHER)*	*CLASS TYPES (AVIATION)*	*FUND TYPES*
EXP=EXPECTED	IS=INTERSTATE	PR=PRIMARY	FH=FEDERAL HIGHWAYS
ALT=ALTERNATE	PS=PRIMARY/SECONDARY	CN=COMMERCIAL/NON-PRIMARY	FA=FEDERAL AVIATION
DEF=DEFFERED	UR=URBAN	NC=NON-COMMERCIAL	GF=GENERAL FUND
	TR=TRANSIT	AP=AREA POPULATION	IA=INT'L AIRPORT REVENUE
	HB=HARBORS	DI=DISCRETIONARY	OT=OTHER FUND
	PF=PUBLIC FACILITY		
	BR=BRIDGE (FHWA)		

Notes from meeting 1/29/87 among Drue, Jo and Ron Lind (DOTPF)

The International Airport Revenue Fund (IARF) was established as a financing mechanism so the airport could issue bonds.

The fuel tax goes to the General Fund; the fuel flowage fee goes to the IARF.

Approx. $750,000 to $1,000,000 goes to DOTPF from the IARF to pay for certain services.

The IARF can receive federal funds. That money can be spent on ANC/FAI airports which are considered to be of the "prime" class or those monies can be spent on airports of "lower" classes.

The Operating Agreement (OA) for the airports gives those who signed the agreement some say in the way their fees are spent in order to keep increases in their fees under control. The OA basically says "you'll collect enough to operate the airport, pay debt service and maintain a small reserve". When the state proposes a new project on the airport that will affect the amount of fees charged to the carriers, they have the right to approve the project or they can disapprove the project thereby delaying a project for one year. If the state chooses to go ahead with the project before the one year's time, those increased fees cannot be included in the operating agreement. Those carriers who have not signed the OA are on a month-to-month agreement and have no say in the way their fees are spent. The OA gives both the state and the carriers some stability.

If the IARF capital dollars are used, the fund expects to receive a return on its investment. This kind of revenue is the first source of funds for new construction projects.

Prepaid Airline Revenue Account: This account contains a small reserve of prepaid fees in the event that the costs of operating the airport do not exceed the income. The signers of the OA have the option as to how this money is applied.

Ron will get back to us with the reserve balance numbers. See also the IARF Financial Report.

Synopsis of Anchorage International Airport Operating Agreement and Lease for Domestic Terminal

Sec.	
Preamble	DOTPF is owner/operator of Anchorage International Airport
2.02	Airlines rights to operate are common rights with others to use the airport for air transportation business
2.03	Airline leases Exclusive Use Space Airline has preferential but non-exclusive use of Apron area Airport Director can authorize other airlines to use holdrooms, loading bridges and airline-designated aircraft parking positions when not needed for regular uses. Airport Director can close, relocate, etc. after reasonable notice so long as other simultaneous access is provided.
3.01	Other Airlines can come in but must first try to deal with Signatory Airlines for space and use of facilities.
3.02	Signatory Airlines can be required to provide space or facilities to other airlines but the type of agreement is at the discretion of the Signatory Airlines. Signatory Airline does not have to comply if it would unreasonably interfere with their use of space and facilities. Signatory Airline may charge costs plus a 15% administrative fee.
4.01	DOTPF will provide a Captial Improvement report to Signatory Airlines by NLT the beginning of

the Fiscal Year before the Fiscal Year in which DOTPF intends to undertake new Capital Improvements (any physical asset that costs more than $100,000 including design and planning costs and has a useful life greater than 3 years).

Report includes description, cost estimate, preliminary drawings, project description ar location and maps; supporting data; estimated effective date and amount of adjustment to rents or fees resulting from the Capital Improvements cost; evaluation of need; preferred source of funding.

4.02 System-wide (Anchorage and Fairbanks) Capital Improvement whose costs are to be included in rents and fees charged to Signatory Airline are subject to Signatory Airline review <u>except</u> those capital improvements done for the benefit of an airline or other Airport System tenant "under the terms of a separate agreement that provides for payment of rents or fees to cover" financing, maintenance and operation.

NLT 7/15 of each Fiscal Year, DOTPF will meet with Signatory Airlines to discuss Capital Improvements. Unless 67% of the Signatory Airlines withhold approval of Capital Improvements <u>in writing</u> within 30 days after the meeting, Capital Improvements can go ahead.

If approval is withheld, DOTPF can ask for reconsideration at a meeting within 15 days. If approved by 67%, it passes.

If approval is withheld, DOTPF will either postpone for 1 full Fiscal Year or will exclude the capital costs from the rents and fees.

If after 1 full Fiscal Year postponement, DOTPF proposes to go ahead with the same project, it must be resubmitted to the Signatory Airline and rents and fees may be raised to cover it.

4.03 Capital Improvements may proceed if --
-- cost under $500,000
-- necessary to comply with govt. agency
-- necessary for health and safety

5.01 Rent is $28.99/sq.ft/yr. for exclusive use space. Common use space is $28.99/sq.ft./yr. prorated by use.
Fuel flowage fee is .02/gallon for aviation

fuel.

6.01 DOTPF to maintain cost accounting system for Airports that shows:
-- revenues
-- maintenance and operation expenses
-- expenses of DOTPF allocable to the Airport System
-- annual debt service
-- amortization of assets acquired with IARF funds

Records must be kept for these cost centers:
-- Airfield Area
-- Domestic Terminal Building
-- Fairbanks Terminal
-- International Terminal
-- Other buildings and Grounds

6.02 By 9/30 DOTPF will give following to Signatory Airlines:
-- Proposed annual capital and operating budgets
-- Schedule of annual debt service
-- Preliminary calculation of rents and landing fees for next Fiscal Year.

6.03 IARF financial statements to be audited

7.01 Rents and fees must be adjusted annually without formal amendment to agreement.

7.02 Each year the Airport System terminal building rental rate per square foot per year is recalculated. Calculation takes into account:
-- Total estimated maintenance and operation expenses including administrative overhead allocable to the terminal building cost centers.
-- An amount for amortization of capital expenditures for assets placed in service on or before 7/1/77 and before the new rental rate is to take effect. Assets funded by bonds, loans, grants are excluded
-- Annual Debt Service (including any amount required to satisy the rate covenant in the bond resolution) allocable to the terminal building cost.
-- Any required deposit to reserve accounts allocable to the terminal building costs.
-- Estimated assessments, judgments, settlements or charges payable by DOTPF directly related to the Airport System and allocable to terminal building cost centers.

Airport System parking revenues offset terminal building rents as of 1/1/86.

7.03 Landing Fee Rate is recalculated each year.
-- reductions are allowed by subtracting the following amounts:
  -- revenue derived by DOTPF from all sources other than Signatory Airlines
  -- Signatory Airlines terminal rent
  -- all fuel flowage fees paid by Signatory Airlines
  -- the amount transferred from the Prepaid Airline Revenue Account to the Revenue Account net of any overpayment or underpayment from operation of the Airport System.

7.04 Landing fees can be raised after 30 days written notice to the Signatory Airlines in the event there is not enough revenue to cover the landing fee requirement in 7.03.

If landing fee revenue from all Signatory Airlines for any quarter varies by more than 10% from the estimated landing fee requirement, DOTPF may adjust landing fee rate for balance of Fiscal Year.

8.01 This agreement suordinate to all present IARF Bond resolutions.

Signatory Airlines have the opportunity to review and comment on proposed amendments to Bond resolutions and DOTPF will give consideration to comments before adopting amendments or issuing new bonds.

8.02 DOTPF deposits all revenues from Anchorage and Fairbanks Internationals into IARF. Receipts are applied in the following order:

-- Interest Fund and Retirement Fund of the Revenue Bond Redemption Fund to satisfy payments due during Fiscal Year on all outstanding Bonds.
-- Bond Reserve Fund (to maintain a balance equal to the maximum annual debt service on all Bonds outstanding at the time
-- Repair and Replacement Reserve Account of at least $2 Million dollars
-- Operating Account (reasonable and necessary expenses for operation, maintenance, repair, ordinary replacement, and reconstruction.
-- Operation and Maintenance Reserve Account

(one-quarter of amount of annual budget for operation and maintenance expenses)
-- Capital Improvement Account
-- Prepaid Airline Revenue Account
(min. $1 Mil. and any amount remaining in the Revenue Account at the end of the Fiscal Year after all amounts have been deposited into other funds in the section

9.01 Airline Responsibilities
-- to give required information
-- perform reasonable, ordinary maintenance within their Exclusive Use Space
-- remove disabled aircraft

9.02 DOTPF's Responsbilities
-- retain FAA certification
-- operate and maintain Airports in reasonable condision and repair
-- keep terminal buildings clean, heated, etc.

10.01 Indemnification

10.02 Insurance - DOTPF maintains comprehensive general liability and fire for Airport and terminal building.

Airline carries public liability, aviation liability, premises, property damage, etc.

Limits: $1 Million/seat for airline/aircraft/ public liability insurance or equivalent insurance
-- for propeller aircraft $10 Million
-- for jet aircraft $20 Million

10.03 Waiver of Subrogation
10.04 Additional Insured
10.05 Notice of Claim
10.06 Insurance Rates - Airline may not use the airport in any manner that will increase the DOTPF's insurance rates.

11.01 Assignment and sublease allowed with advance written approval

.....balance of agreement is standard airport leasing provisions.

2/10/87 - JLF

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

ANCHORAGE INTERNATIONAL AIRPORT
AIRLINE OPERATING AGREEMENT AND
TERMINAL BUILDING LEASE
(DOMESTIC TERMINAL)

February, 1986

EXHIBITS

Exhibit	
A	Airport Layout Plan, Anchorage International Airport
B	Property Plan, Anchorage International Airport
C	Airport Layout Plan, Fairbanks International Airport
D	Property Plan, Fairbanks International Airport
E	Exclusive Use Space, Common Use Space
F	Airport System Cost Centers, Anchorage International Airport
G	Airport System Cost Centers, Fairbanks International Airport
H	Aircraft Parking Positions
I	Flow of Funds
J	AIRLINE's Space Designations
K	Approved Capital Improvements

ANCHORAGE INTERNATIONAL AIRPORT
AIRLINE OPERATING AGREEMENT AND
TERMINAL BUILDING LEASE
(DOMESTIC TERMINAL)

This Airline Operating Agreement and Terminal Building Lease (the Agreement) is offered this ____ day of _____, by and between the State of Alaska, Department of Transportation and Public Facilities (DOT&PF), and Airline, (AIRLINE), a corporation organized and existing under the laws of _____.

DOT&PF and AIRLINE agree as follows:

DOT&PF is the owner and operator of the Anchorage International Airport in Anchorage, Alaska and has the right to enter into leases and grant operating privileges at the Airport.

AIRLINE is a corporation engaged primarily in the business of providing Air Transportation.

Both DOT&PF and AIRLINE have mutually agreed to establish procedures for the periodic setting of rents and fees for the use of the Airport System. Both DOT&PF and AIRLINE have mutually negotiated and desire to enter into this Agreement in order to set forth the rights, privileges, and obligations of both parties and to facilitate the development, promotion, and improvement of Air Transportation.

ARTICLE 1
DEFINITIONS

Section 1.01. Definitions

The words and phrases defined below have the following meanings when used in this Agreement:

1. "Airline" means a business entity that provides Air Transportation services.

2. "Air Transportation" means the carriage of persons, property, cargo, or mail by aircraft and the activities, functions, and operations incidental to an air transportation business.

3. "Aircraft Arrival" means any aircraft arrival at the Airport including scheduled, charter, sightseeing, test, ferry, courtesy, inspection, training, or any other flight. Aircraft Arrival does not include any flight that immediately returns to the Airport because of mechanical, meteorological, or other precautionary reason.

4. "Airport" means the real property and facilities of Anchorage International Airport as it exists on the date of execution of this Agreement or in the future. The existing facilities and boundaries of the Airport are shown in Exhibit A and described in the property plan, Exhibit B.

5. "Airport Directives" means the Airport notices and instructions issued by the Airport Director facilitating day to day operation of the Airport and implementing rules and regulations promulgated by state and federal agencies requiring coordination by the Airport.

6. "Airport Director" means the person DOT&PF delegates to act on its behalf at the Airport.

7. "Airport System" means the Anchorage and Fairbanks International Airports as they exist now or in the future. The existing facilities and boundaries of both airports are shown in Exhibits A and C and described in the property plans, Exhibits B and D.

8. "Annual Budget" means the capital and operating budgets for the Anchorage and Fairbanks International Airports as signed by the Governor of the State of Alaska.

9. "Annual Debt Service" means the total amount required as deposits in a Fiscal Year to any interest, principal, or sinking fund account established by the Bond Resolution for any Bonds issued for any Airport System purpose and

to replenish the Bond Reserve Fund and the Repair and Replacement Reserve Account under the Bond Resolution.

10. "Apron Area" means the aircraft parking and maneuvering areas abutting a terminal building up to its dripline.

11. "Bond" or "Bonds" means revenue bond or bonds supported by the IARF and issued by the State of Alaska pursuant to Alaska Statutes 37.15.410-37.15.550 or as amended.

12. "Bond Resolution" means Resolution No. 68-4 adopted by the State Bond Committee of the State of Alaska and any additional resolutions providing for the issuance of Bonds.

13. "Capital Improvement" means any physical asset that costs more then $100,000 including design and planning costs, has an expected useful life greater than three years, and is purchased or constructed to improve, protect, maintain, or develop the Airport System.

14. "Certificated Maximum Gross Takeoff Weight" means the maximum takeoff weight at which each aircraft is authorized by the FAA to operate from the Airport.

15. "Common Use Space" means the space that is available for lease and use in common with other Airlines.

16. "Exclusive Use Space" means the space leased exclusively by AIRLINE.

17. "FAA" means the Federal Aviation Administration.

18. "Fiscal Year" means any fiscal year adopted by DOT&PF. The Fiscal Year of the DOT&PF currently begins on July 1 and ends on June 30.

19. "International Airports Revenue Fund" (IARF) means the fund or funds established now or in the future pursuant to Alaska Statute 37.15.430 or as amended.

20. "Premises" means all of the Common Use Space and Exclusive Use Space leased to AIRLINE under this Agreement.

21. "Rate Covenant" means Section 6.12 of the Bond Resolution and any similar provision of any supplemental or additional resolution providing for the issuance of Bonds.

22. "Signatory Airline" means an Airline that has executed an airline operating agreement with DOT&PF for the use and occupancy of Airport facilities that is substantially similar to this Agreement.

ARTICLE 2
USE OF AIRPORT FACILITIES

Section 2.01. Term

This Agreement is effective from 12:01 a.m. on July 1, 1985 until 12:01 a.m. on July 1, 1990.

Section 2.02. Uses of the Airport

AIRLINE is granted the right to use the Airport, in common with others, for the sole purpose of conducting AIRLINE's Air Transportation business. In addition to all rights granted elsewhere in this Agreement, AIRLINE's use of the Airport for conducting its Air Transportation business includes the right to:

1. Land, takeoff, fly, taxi, push, tow, load, or unload aircraft.

2. Repair, maintain, condition, service, test, park, or store aircraft.

3. Perform or cause to be performed by contract, customary aircraft fueling, servicing, and line maintenance at aircraft parking positions adjacent to the terminal building or on exclusively leased aprons before loading and takeoff or as soon as practical following landing and unloading. AIRLINE may perform other maintenance of aircraft, vehicles, or equipment only at exclusively leased aprons or at locations designated by DOT&PF.

4. Sell tickets, document shipments, handle reservations, and sell transportation of cargo, mail, and personal property by air, and perform, or cause to be performed by contract, the customary handling of passengers, baggage, cargo and mail.

5. Install, maintain, or operate, by AIRLINE alone or in conjunction with any other Airline, air-to-ground and other communication, meteorological, and aerial navigation systems between locations on the Airport, subject to prior written approval of DOT&PF and Section 15.11.

6. Ground train personnel on the Airport necessary to the conduct of AIRLINE's Air Transportation business.

7. Transport by air, load, and unload persons, property, cargo, and mail at the Airport.

8. Use motor vehicles or other ground transportation equipment required for the conduct of AIRLINE's Air Transportation business. This Agreement does not give

AIRLINE the right to operate a ground transportation business to or from the Airport.

9. Install, maintain, and operate passenger clubs, lounges, or VIP rooms in AIRLINE's Exclusive Use Space. AIRLINE may not sell food or beverage items in clubs, lounges, or VIP rooms if the sales violate the contractual rights of the Airport's food and beverage concessionaire.

   a. If AIRLINE sells food or beverage items in its passenger clubs, lounges, or VIP rooms, AIRLINE will submit to DOT&PF a monthly report of the gross sales of food and beverage items and pay DOT&PF a monthly percentage of gross fee for those sales. The percentage amounts used to calculate this fee will be the same as the percentage amounts that DOT&PF requires the food and beverage concessionaire to pay.

   b. If AIRLINE sells food or beverage items in its passenger clubs, lounges, or VIP rooms, AIRLINE will use the Airport's food and beverage concessionaire as AIRLINE's supplier of food and beverage services if required by the terms of the food and beverage concessionaire's contract with DOT&PF. In this event, the monthly report to DOT&PF and the monthly percentage of gross sales fee described in Section 2.02.9.a do not apply to AIRLINE but to the concessionaire only. Nothing in this Agreement prevents AIRLINE from selling memberships in its VIP rooms. The sale of memberships for use of a VIP room is not considered a sale of food and beverage.

10. Install and maintain AIRLINE's identification signs, advertising, or similar matter on AIRLINE's Premises. The size, type and location of signs must be approved in writing by the Airport Director before installation.

11. Purchase AIRLINE's requirements of personal property or services, including fuel, lubricants, inflight food or beverages, and other supplies. AIRLINE may purchase goods and services from any person or company of AIRLINE's choice.

12. Sell, lease, transfer, dispose, or exchange AIRLINE's aircraft, engines, accessories, equipment, or supplies necessary to conduct its Air Transportation business.

13. Use non-exclusive employee vehicle parking facilities for employees at the Airport at locations designated by the Airport Director. The Airport may charge a separate fee for employee vehicle parking which fee must be the

same for AIRLINE's employees as the employees of other Airport tenants.

14. Sell or provide any of the services listed in this Section to any other Airline.

Section 2.03. Exclusive and Common Use Space

A. AIRLINE leases Exclusive Use Space as listed on Exhibit E and depicted on Exhibit J. AIRLINE leases in common with others the Common Use Space listed on Exhibit E and depicted on Exhibit J. AIRLINE may only use each space for the purpose designated on Exhibit E unless the Airport Director approves a change.

B. AIRLINE is granted the preferential but nonexclusive use of the Apron Area at the aircraft parking positions designated for AIRLINE's use on Exhibit H. This is AIRLINE's preferential apron area. AIRLINE may use the parking positions to park a reasonable amount of service equipment required for AIRLINE's operations, subject to the Airport Director's approval.

C. The Airport Director may authorize other Airlines to use AIRLINE's holdrooms, loading bridges, and AIRLINE's designated aircraft parking positions whenever they are not required for AIRLINE's scheduled, extra section, delayed, and charter passenger flight activities or the passenger flight activities of any Airline for which AIRLINE is providing contract services pursuant to a written agreement. As a condition of the use of AIRLINE's facilities, AIRLINE has the right to require the Airline to enter into an agreement covering the use of AIRLINE's facilities and may charge the other Airline a reasonable fee not to exceed the rates designated in the Mutual Assistance Ground Handling Service Agreement (MAGSA) for the use of holdrooms, loading bridges, and associated equipment.

D. DOT&PF grants the right of adequate ingress to and egress from the Airport and the Premises to AIRLINE and its officers, employees, agents, passengers, contractors, invitees, suppliers, and furnishers of services, subject to the Airport Directives.

E. DOT&PF has the right to close, relocate, reconstruct, or modify any access to space provided for AIRLINE's use after reasonable notice so long as adequate substitute access is simultaneously provided. DOT&PF is not obligated to compensate AIRLINE for any change in access. AIRLINE's obligation to perform under this Agreement may not be altered or affected by any change in access described in this subsection.

ARTICLE 3
ACCOMMODATION OF OTHER AIRLINES

Section 3.01. Accommodation Procedures

A. If an Airline initiates or expands regularly scheduled Air Transportation at the Airport and needs terminal space and facilities, DOT&PF will require the Airline to use its best efforts to make suitable arrangements for the Airline's operations at the Airport by:

1. Attempting to secure existing available space or facilities from the DOT&PF, or

2. Attempting to obtain the use of facilities from Signatory Airlines using the terminal.

B. The DOT&PF will use its best efforts to accommodate the Airline by:

1. Attempting to accommodate the Airline in existing available space or facilities for direct lease or use; or, if none is available, by

2. Reviewing the feasibility of immediate construction of new space or facilities for the Airline's lease or use.

C. Upon written request from the Airline, AIRLINE will use its best efforts to make suitable arrangements to either handle the operations of or share its Exclusive Use Space with the Airline.

D. If the efforts of the Airline, DOT&PF, AIRLINE, and other Signatory Airlines do not satisfy the Airline's reasonable space requirements, DOT&PF will, in writing, notify all of the Signatory Airlines at the terminal that all of the requirements of Section 3.01.A, B, and C have been undertaken and have failed to satisfy the requesting Airline's reasonable space requirements.

Section 3.02. DOT&PF's Right to Require Accommodation

A. If the events specified in Section 3.01 have occurred, if 30 days have elapsed since the DOT&PF's notice has been given, and if the Airline is still unable to meet its reasonable requirements for space and facilities, then DOT&PF may require that AIRLINE provide space or facilities to the Airline pursuant to a sublease, assignment, license, use agreement, ground handling agreement, or any combination of them. The type of agreement is at the discretion of AIRLINE.

B. If the proposed accommodation unreasonably interferes or is incompatible with AIRLINE's use of its space and facilities for handling its scheduled passenger and cargo operations, (including the passenger flight activities of any operation for which AIRLINE is providing contract services pursuant to a written agreement) then AIRLINE is under no obligation to provide accommodation.

C. If the proposed accommodation does not unreasonably interfere or is not otherwise incompatible with AIRLINE's use of the space and facilities for handling its scheduled passenger and cargo operations (including the passenger flight activities of any operation for which AIRLINE is providing contract services pursuant to a written agreement), AIRLINE will accommodate the Airline. AIRLINE may charge the Airline for AIRLINE's operating and capital costs related to the space and facilities and an administrative fee that does not exceed 15 percent of AIRLINE's operating and capital costs for the accommodation space.

ARTICLE 4
CAPITAL IMPROVEMENTS

Section 4.01. Capital Improvement Report

A. During the term of this Agreement, DOT&PF will provide a Capital Improvement report to AIRLINE and each Signatory Airline no later than the beginning of the Fiscal Year before the Fiscal Year in which DOT&PF intends to undertake new Capital Improvements. The Capital Improvement report must identify Capital Improvements that will impact AIRLINE's rents and fees.

B. The Capital Improvement report will include the following information:

1. A description of the proposed Capital Improvement, including cost estimates, available preliminary drawings, project descriptions, and location maps;

2. The supporting data used to allocate the proposed Capital Improvement cost to the appropriate Airport System cost centers;

3. The estimated effective date and amount of any adjustment to rents or fees resulting from the proposed Capital Improvement's cost;

4. DOT&PF's evaluation of the need for an anticipated benefit from the proposed Capital Improvement, including any appropriate economic justification; and

5. DOT&PF's preferred source of funding.

Section 4.02. Approval of Capital Improvements

A. All Airport System proposed Capital Improvements whose costs are to be included in the rents and fees charged to AIRLINE and the Signatory Airlines will be subject to Signatory Airline review except those Capital Improvements undertaken by DOT&PF for the benefit of an Airline or other Airport System tenant under the terms of a separate agreement that provides for payment of rents or fees to cover the financing of the improvement and the cost of its maintenance and operation.

B. Two weeks after the beginning of the Fiscal Year, DOT&PF will meet with AIRLINE and the other Signatory Airlines to discuss the proposed Capital Improvements. Unless 67 percent of the number of Signatory Airlines, either directly or through a designated Signatory Airline

representative, withhold approval of specific proposed projects in writing within 30 days after the meeting, the Capital Improvement will be deemed approved by the Signatory Airlines.

C. If DOT&PF receives notice that approval of the Capital Improvement is withheld under Section 4.02.B, the Commissioner of DOT&PF may request reconsideration of the Capital Improvement at a meeting to be held with the Signatory Airlines within 15 days after the notice that approval is withheld has been received. Unless approval is again specifically withheld in writing within 30 days after the reconsideration meeting by 67 percent of the number of Signatory Airlines, either directly or through a designated representative, the proposed Capital Improvement will be deemed approved.

D. If approval is withheld as provided in Section 4.02.B and C, DOT&PF will either postpone the proposed Capital Improvement for one Fiscal Year after the Fiscal Year in which DOT&PF originally intended to undertake the Capital Improvement or will exclude the capital cost of the Capital Improvement from the calculation of AIRLINE's rents and fees.

E. If after the one Fiscal Year postponement DOT&PF proposes to construct the postponed Capital Improvement, the Capital Improvement must be submitted to the Signatory Airlines for review in accordance with Section 4.01.

F. If a Capital Improvement is begun after a one year postponement, approval by the Signatory Airlines is not required and DOT&PF may include the amortization of capital cost, debt service, or lease payments of the Capital Improvement in the rents and fees charged to AIRLINE and the Signatory Airlines after the Capital Improvement has been completed and placed in service.

G. After the postponement described in Section 4.02.D, any Capital Improvement project listed in the Capital Improvement report may be constructed so long as the Capital Improvement project can be completed within the Capital Improvement project scope originally provided to the Signatory Airlines. Any Capital Improvement project that is materially increased beyond the original scope must be resubmitted to the Signatory Airlines for review as a new project.

Section 4.03. Capital Improvement Exceptions

Even if approval of a Capital Improvement is withheld under Section 4.02, DOT&PF may proceed with the Capital Improvement and

upon completion include the cost, net of gifts and grants-in-aid, in the rents and fees charged to AIRLINE and the Signatory Airlines if:

1. DOT&PF determines that the Capital Improvement will cost less than $500,000 including all planning, design, and construction costs, or,

2. The Capital Improvement is necessary and prudent to:

   a. Comply with any regulation or order of any governmental agency (including DOT&PF acting in its nonproprietary capacity) that has jurisdiction over the operation of the Airport System;

   b. Maintain or create Airport System functional capability at the level required by the Bond Resolution or the Bond trustee (whose responsibilities are defined in the Bond Resolution) pursuant to the Bond Resolution for the security of Bonds;

   c. Maintain the public health, safety, or welfare;

   d. Defend and settle litigation, or satisfy judgments against the Airport System rendered by a court of competent jurisdiction;

   e. Repair or prevent casualty damage to Airport System property; or

   f. Acquire land reasonably necessary to preserve the Airport System.

Section 4.04. Approved Capital Improvements

The Capital Improvements listed in Exhibit K are exempt from review under Section 4.02 except as provided in Section 4.02.G.

ARTICLE 5
RENTS AND FEES

Section 5.01. Consideration

The consideration that AIRLINE agrees to provide DOT&PF for this Agreement, including use of the Exclusive Use Space, Common Use Space, and the use of preferential aircraft parking positions, is the following:

A. Provide regularly scheduled Air Transportation to and from the Airport, and

B. Pay the rents and fees and perform all the obligations described in this Agreement. The rents and fees include the following:

1. The initial rent for the Exclusive Use Space set forth in Exhibit E and depicted on Exhibit J that AIRLINE will pay to DOT&PF is the terminal building rent of $28.99 per square foot per year, payable monthly. All rent for the Exclusive Use Space is due on the first day of each month.

2. a. AIRLINE will pay rent for the Common Use Space that is available for use by all Airlines as set forth in Exhibit E and depicted on Exhibit J. The Common Use Space rent that AIRLINE will pay to DOT&PF is AIRLINE's prorated share of the terminal building rent calculated initially at $28.99 per square foot per year, payable monthly. Ten percent of the rent will be prorated equally among the Airlines (including AIRLINE) using the Common Use Space and the remaining ninety percent of the rent will be prorated among the Airlines using the space based on enplanements. AIRLINE 's share of the remaining 90 percent will be based on the ratio of the number of AIRLINE's enplaning passengers at this terminal to the total number of enplaning passengers at this terminal based upon the previous month's certified activity reports. During the first two months after initiating service, enplanements of an Airline initiating service at the Airport will be included in the total number of enplaning passengers at the Airport using the number as reasonably estimated by the Airline initiating service. DOT&PF will invoice AIRLINE its prorated share of the rent for the Common Use Space by the 15th of the month for the following month's rent. DOT&PF will base the prorated rent on enplanements

from the preceding month as reported in AIRLINE's certified activity reports described in Section 5.02.

b. If AIRLINE fails to furnish DOT&PF with a certified activity report by the 10th day of the month as required in Section 5.02, the prorated rent may be calculated by assuming AIRLINE's enplanements were 110 percent of the enplanements used for the previous month's calculation. After delivery of a late certified activity report by AIRLINE, DOT&PF will invoice AIRLINE for any actual enplanements that exceeded the assumed 110 percent used for the first invoice calculation. No adjustment will be made to the rent of any Airline that submits a timely and accurate certified activity report. Any overpayment will not be repaid to AIRLINE.

c. A different prorated rent formula may be applied to the Common Use Space if all of the Signatory Airlines and DOT&PF agree. If all of the Signatory Airlines cannot agree on a different prorated rent formula, DOT&PF may use its management prerogative to determine an equitable formula.

d. All rent for the Exclusive Use Space and Common Use Space is calculated using the terminal building rental rate and is subject to adjustment as provided in Section 7.02. The terminal building rental rate for the Exclusive Use Space and Common Use Space may not be less than $15.00 per square foot per year.

3. AIRLINE, directly or through its supplier or agent, will pay for the term of this Agreement a fuel flowage fee of $0.02 per gallon for aircraft fuel measured as specified in either the Master Agreement Aviation Fueling Operations entered into between Anchorage Fueling Service Company and the State of Alaska, or DOT&PF agreements with suppliers. The fee must be paid monthly and is due on the 20th day of the month after receipt of the fuel.

4. Upon the effective date of this Agreement, rents and fees for the use of all other facilities, rights, and privileges granted to AIRLINE, except as provided elsewhere in this Agreement, will be combined in and represented by a landing fee that is subject to adjustment pursuant to Article 7. No

other fee may be charged AIRLINE for the facilities, rights, and privileges granted under this Agreement.

a. Upon the effective date of this Agreement, the landing fee rate for the Fiscal Year is $.37 per 1,000 pounds of Certificated Maximum Gross Takeoff Weight. The landing fee rate must be recalculated for each Fiscal Year thereafter as set forth in Article 7, but in no event may the landing fee rate be less than $0.30 per 1,000 pounds of Certificated Maximum Gross Takeoff Weight.

b. The landing fees for Aircraft Arrivals must be invoiced monthly by DOT&PF and are due from AIRLINE 30 days after the date on the invoice. The landing fee must be calculated by multiplying the number of 1,000 pound units of the Certificated Maximum Gross Takeoff Weight of AIRLINE during the month by the current landing fee rate established by DOT&PF in accordance with Section 7.03 of this Agreement. Acceptance by DOT&PF of any payment does not preclude DOT&PF from verifying the accuracy of AIRLINE's calculations and from refunding or recovering any difference established by DOT&PF.

Section 5.02. Certified Activity Reports Required

A. By the 10th day of each month, AIRLINE will provide DOT&PF with a certified activity report of AIRLINE's operations at the Airport during the preceding month. The certified activity report must be on Form Anchorage 05-002 provided by DOT&PF and include all data necessary to calculate the landing fee due as well as any other data that DOT&PF reasonably requests.

B. If AIRLINE fails to furnish DOT&PF with the certified activity report required by Section 5.02.A by the 10th day of each month, DOT&PF may determine AIRLINE's landing fee by assuming that the total takeoff weight for AIRLINE during the preceding month was 110 percent of the total takeoff weight of AIRLINE used for the previous month. After delivery of a late certified activity report by AIRLINE, DOT&PF will recalculate the landing fee and will invoice AIRLINE for any underpayment, but any overpayment will not be repaid to AIRLINE. AIRLINE remains responsible for submitting a certified activity report for each month regardless of any estimate made by DOT&PF.

Section 5.03. Interest on Overdue Payments

Any payment due and not received accrues interest from the due date until paid in full at the highest lawful contract rate in Alaska as defined by Alaska Statute 45.45.010 or as amended. Interest on disputed amounts may not be charged to AIRLINE if the dispute is resolved in AIRLINE's favor.

Section 5.04. Additional Rent

After 10 days' written notice to AIRLINE, DOT&PF may, but is not obligated to, cure any default by AIRLINE of its obligation to perform under Article 9 of this Agreement. Any amount paid or cost incurred by DOT&PF to cure any default by AIRLINE, plus a 15 percent administrative fee, is agreed to be additional rent. Unless otherwise provided, all additional rent is due from AIRLINE with the next installment of monthly rent due under this Agreement.

ARTICLE 6
RECORDS AND REPORTS

Section 6.01. DOT&PF Records of Airport System Cost Centers

A. As soon as practicable following the execution of this Agreement, DOT&PF will establish and thereafter maintain a cost accounting system that identifies and segregates by account and cost center the following items for each Fiscal Year: (1) revenues; (2) operation and maintenance expenses, including administrative expenses of the Airport System; (3) expenses of DOT&PF allocable to the Airport System; (4) Annual Debt Service, plus any amount required to satisfy the Rate Covenant of the Bond Resolution; and (5) amortization of assets acquired with International Airport Revenue Funds allocable to the Airport System.

B. Records must be kept for the following cost centers:

1. "Airfield Area Cost Center" includes the aprons, runways, taxiways, approach and clear zones, infield areas, navigational aids, and other facilities of the Airport System that surround the terminal buildings up to the building driplines, are on the airside, and are necessary for aircraft operations.

2. "Domestic Terminal Building Cost Center" includes the domestic terminal complex at Anchorage International Airport including the terminal building with all its fixtures and equipment within the dripline of the building, public parking, employee parking, curbside areas, related landscaping, and access or circulation roads with rights-of-way.

3. "Fairbanks Terminal Cost Center" includes the terminal complex at Fairbanks International Airport including the terminal building with all its fixtures and equipment within the dripline of the building, public parking, employee parking, curbside areas, related landscaping, and access or circulation roads and rights-of-way.

4. "International Terminal Building Cost Center" includes the international terminal complex at Anchorage International Airport including the terminal building with all its fixtures and equipment, public parking employee parking, curbside areas, related landscaping, and access or circulation roads and rights-of-way.

5. "Other Buildings and Grounds Area Cost Center" includes all other areas of the Airport System not included in the above cost centers including facilities, installations, and improvements.

C. The Airport System cost centers as they presently exist are shown on Exhibits F and G.

D. DOT&PF will maintain records that allocate capital funds from the IARF, contributions, Bonds, securities, or other sources to each Airport System cost center. Bond issuance expenses, capitalized interest, and funding of special funds from Bond proceeds as described in Article 8 must be prorated to each Airport System cost center in proportion to the amount of Bond proceeds expended in each Airport System cost center. If it becomes necessary to provide any amount required to satisfy the Rate Covenant of the Bond Resolution, the amount must be prorated among the Airport System cost centers in proportion to the amount of Bond proceeds expended in each Airport System cost center.

Section 6.02. DOT&PF Financial Reports

A. At least nine months before the end of its Fiscal Year, DOT&PF will submit the following items to each of the Signatory Airlines:

1. The proposed annual capital and operating budgets prepared prior to submission to the commissioner that include all estimated Airport System expenses such as maintenance, operation, and administrative expenses. The proposed Annual Budget must include a statement of estimated Airport Systems revenues.

2. A schedule of annual debt service payments required to be made during the next Fiscal Year.

3. A preliminary calculation of the Signatory Airline rents and landing fees for the next Fiscal Year.

B. Within 30 days after receipt of the reports described in Section 6.02.A, AIRLINE may present written comments concerning the reports. Upon request by the Signatory Airlines, a meeting for additional comments must be held between the Signatory Airlines and DOT&PF. DOT&PF will give due consideration to any comments submitted by AIRLINE and the other Signatory Airlines.

C. The proposed budget may be revised as a result of DOT&PF's discussions with AIRLINE, others, or as a result of DOT&PF's budget process. DOT&PF will promptly furnish AIRLINE with a copy of the budget submitted to

the Governor's Office including the schedule of rents and fees.

D. If an Annual Budget is not adopted by the State of Alaska before the Fiscal Year begins, the rents and fees in effect during the preceding Fiscal Year remain in effect until the State of Alaska has adopted a new Annual Budget. The final computation of the new rents and fees will then be made by DOT&PF. The new rents and fees will be retroactively effective as of the beginning of that Fiscal Year.

Section 6.03. IARF Annual Audit

To keep AIRLINE informed of the financial performance of the Airport System, DOT&PF will make available to AIRLINE the annual audit of the IARF financial statements. Upon request by AIRLINE, DOT&PF will answer questions about the audits or statements.

ARTICLE 7
RECALCULATION OF RENTS AND FEES

Section 7.01. Annual Adjustments

Airport System rents and fees must be adjusted annually effective the first day of each Fiscal year without a formal amendment to this Agreement.

Section 7.02. Recalculation of Terminal Building Rental Rate

A. Each year DOT&PF will calculate the Airport System terminal building rental rate per square foot per year for the next Fiscal Year. Whenever the adjustment calculation involves an estimate, the estimate of DOT&PF must be used.

B. DOT&PF will calculate the terminal building rent requirement for each Fiscal year by totaling the following amounts:

1. The total estimated direct and indirect operation and maintenance expenses including DOT&PF's administrative overhead allocable to the terminal building cost centers (combined Domestic, International and Fairbanks Terminal Building Cost Centers).

2. An amount for the amortization of capital expenditures for any asset that has been or will be placed in service on or after July 1, 1977 and before the date the new rental rate is to take effect. Only capital expenditures made by DOT&PF from funds other than Bonds, loans, or grants-in-aid qualify for amortization. Except for planning studies, maintenance equipment, or fleet vehicles that are acquired in the future, amortization of Capital Improvements must be computed at an interest rate of 5 percent per year for an assumed 25-year economic life. Amortization of a Capital Improvement that is a planning study must be computed at an interest rate of 5 percent per year for an assumed 5-year economic life. Amortization of a Capital Improvement that is either maintenance equipment or a fleet vehicle must be computed at an interest rate of 5 percent per year for an assumed 10-year economic life.

3. The Annual Debt Service (including any amount required to satisfy the Rate Covenant of the Bond Resolution) allocable to the terminal building cost

centers or any other amount required by the Bond Resolution.

4. Any required deposit to reserve accounts established pursuant to either the Bond Resolution of this Agreement that is allocable to the terminal building cost centers.

5. The estimated amount of any assessment, judgment (net of insurance proceeds), settlement, or charge to become payable by DOT&PF relating directly to the Airport System that is allocable to the terminal building cost centers.

6. Any adjustment resulting from any difference between the actual versus budgeted costs of the Airport System terminal building cost centers.

C. Effective January 1, 1986 the estimated terminal building rent requirement will be reduced by the estimated amount of Airport System automobile parking revenue.

D. The net terminal building rent requirement for the Fiscal Year must be divided by the total square footage in all of the Airport System terminal buildings minus the square footage used for mechanical and electrical equipment, in order to determine an average rental rate per square foot per year for terminal building space.

Section 7.03. Recalculation of Landing Fee Rate

A. Each year DOT&PF will calculate the Airport System Landing fee for the next Fiscal Year. Whenever the adjustment involves estimated data, the estimate of DOT&PF must be used.

B. The landing fee requirement must be calculated for each Fiscal Year by totaling the following amounts for the Airport System:

1. The total estimated direct and indirect operation and maintenance expenses, including administrative overhead, for the Airport System.

2. An amount for the amortization of Capital Improvement expenditures for any asset that has been or will be placed in service on or after July 1, 1977 and before the date the new landing fee is to take effect. Only Capital Improvement expenditures made by DOT&PF from funds other than Bonds, loans, or grants-in-aid qualify for amortization. Except for planning studies, maintenance equipment, or fleet

vehicles that are acquired in the future, amortization of Capital Improvements must be computed at an interest rate of 5 percent per year for an assumed 25-year economic life. Amortization of a Capital Improvement that is a planning study must be computed at an interest rate of 5 percent per year for an assumed 5-year economic life. Amortization of a Capital Improvement that is either maintenance equipment or a fleet vehicle must be computed at an interest rate of 5 percent per year for an assumed 10-year economic life.

3. The Annual Debt Service (plus any amount required to satisfy the Rate Covenant of the Bond Resolution) of the Airport System or any other amount required by the Bond Resolution.

4. Any required deposits to Airport System reserve accounts established pursuant to the Bond Resolution or this Agreement.

5. The estimated amount of any assessment, judgment (net of insurance proceeds), settlement, or charge to become payable by DOT&PF relating directly to the Airport System operation.

6. Any overpayment or underpayment from operation of the Airport System during the then-current Fiscal Year or any adjustment carried over from any preceding Fiscal Year covered by this Agreement resulting from the difference between the actual versus budgeted revenues and expenses of the Airport System.

7. a. An amount equal to 50 percent of the annual revenue from the duty free concession contract in the International Terminal Building Cost Center or $7.1 million, whichever is greater; or

   b. The amount of the revenue if the total annual revenue from the duty free concession contract is less than $7.1 million.

8. An amount equal to 10 percent of all projected revenue excluding Airline landing fees, Airline terminal rents, and Airline fuel flowage fees.

C. The DOT&PF will reduce the Airport System landing fee requirement for Signatory Airlines for each Fiscal Year by subtracting the following amounts, as presented in the Annual Budget:

1. The operating revenue derived by DOT&PF from all sources other than Signatory Airlines.

2. Signatory Airline terminal rent.

3. All fuel flowage fees paid by Signatory Airlines.

4. The amount transferred from the Prepaid Airline Revenue Account to the Revenue Account net of any overpayment or underpayment from operation of the Airport System as described in Section 7.03.B.6.

D. The Signatory Airline landing fee rate must be calculated for each Fiscal Year by dividing the Airport System landing fee requirement for Signatory Airlines as calculated in Section 7.03.A, B and C by the estimated Certificated Maximum Gross Takeoff Weight for all Signatory Airlines.

Section 7.04. Extraordinary Adjustments of Landing Fee Rate

A. If at any time the revenue of the Airport System is not sufficient to cover the Airport System landing fee requirement described in Section 7.03.B, DOT&PF, after consultation with the Signatory Airlines, and consideration of reducing operation and maintenance costs or using reserve funds to meet the requirement, may immediately increase the landing fee rate to the amount necessary to cover the landing fee requirement after 30 days' written notice to AIRLINE.

B. If the total landing fee revenue from all Signatory Airlines for any quarter of the Fiscal Year varies by more than 10 percent from the estimated total Airport System landing fee requirement for that quarter, DOT&PF may adjust the landing fee rate for the balance of the Fiscal Year.

ARTICLE 8
BOND RESOLUTION AND FLOW OF FUNDS

Section 8.01. Subordination to Bond Resolution

A. This Agreement is subordinate in all respects to all present IARF Bond Resolutions.

B. AIRLINE will be given an opportunity to review and comment on drafts of proposed amendments to all existing IARF Bond Resolutions and drafts of official statements for the issuance of additional IARF Bonds. DOT&PF will give due consideration to the comments before adopting the amendments or issuing new Bonds.

Section 8.02. Flow of Funds

DOT&PF will deposit all revenue received from the Airport System into the IARF. The receipts must be applied in accordance with the Bond Resolution in the following order:

1. a. To the Interest Fund and Retirement Fund of the Revenue Bond Redemption Fund, the amount that will be necessary to satisfy the principal, interest, and minimum sinking fund payments due during the Fiscal Year on all outstanding Bonds.

   b. The Interest Fund and Retirement Fund must be used to pay the principal, premium if any, and interest on Bonds as they become due or for the purchase or redemption of Bonds before their fixed maturity date.

2. a. To the Bond Reserve Fund of the Revenue Bond Redemption Fund, the amount required to maintain a balance equal to the maximum annual debt service on all Bonds outstanding at the time.

   b. The Bond Reserve Fund must be used to pay principal and interest on outstanding Bonds, make minimum sinking fund payments if no other funds are available, or to retire any outstanding Bonds.

3. a. To the Repair and Replacement Reserve Account within the revenue fund, the amount required to maintain a balance of $2,000,000 or any greater amount required by the Bond Resolution.

   b. The Repair and Replacement Reserve Account is to be used to either eliminate any deficiency in the Bond Reserve Fund or to pay the cost of unanticipated or

nonrecurring repairs and replacements to the Airport System as permitted by the Bond Resolution.

4. To the Operating Account, the amount required to pay the reasonable and necessary expenses for the operation, maintenance, repair, ordinary replacement, and reconstruction of the Airport System each Fiscal Year.

5. a. To an Operation and Maintenance Reserve Account, the amount required to maintain a balance equal to one-quarter of the amount in the Annual Budget for operation and maintenance expenses for the Airport System.

   b. The Operation and Maintenance Reserve Account is to be used for the reasonable and necessary expenses for the operation, maintenance, repair, or ordinary replacement and reconstruction of the Airport System to the extent other funds are not available.

6. a. To the Capital Improvement Account, the amount remaining in the Revenue Account at the end of the Fiscal Year after all deposits to the above accounts or uses have been made. No additional deposits may be made into this account after the balance is $12.5 million in excess of the amounts required to fund Capital Improvement projects designated for funding from the IARF as contained in the Annual Budgets. As Capital Improvement projects in the Annual Budgets are completed, the Annual Budget component of the Capital Improvement Account will be reduced by the cost of these Capital Improvement projects.

   b. Beginning July 1, 1986 and each July 1 thereafter, $1 million will be transferred to the Prepaid Airline Revenue Account as the minimum annual deposit. The Capital Improvement Account may be used for any purpose permitted by the Bond Resolution for use of surplus revenue.

7. a. To a Prepaid Airline Revenue Account, an annual minimum deposit of $1 million and any amount remaining in the Revenue Account at the end of the Fiscal Year after all amounts have been deposited into all of the funds and accounts described in this Section.

   b. The Prepaid Airline Revenue Account is the account into which annual Airport System revenue is recorded after all other required fund or account balances are satisfied. Unless 67 percent of the Signatory Airlines agree to an alternate use for the account, the amount in the Prepaid Airline Revenue

Account at the beginning of each Fiscal Year must be transferred to the Revenue Account and used to calculate the Airport System landing fee requirement in the succeeding Fiscal Year as described in Section 7.03.C.4.

ARTICLE 9
ADDITIONAL RESPONSIBILITIES OF PARTIES

Section 9.01. AIRLINE Responsibilities

A. Upon a form provided by DOT&PF, AIRLINE will file with DOT&PF information describing its operations at the Airport within 30 days after the execution of this Agreement. AIRLINE will update this information within 30 days after the beginning of eacn Fiscal Year. The report must include:

1. Names and telephone numbers of AIRLINE officials responsible for various major AIRLINE functions including station operations, flight operations, scheduling, properties, facilities, and similar information;

2. A general description of AIRLINE's operation including number of employees and employee parking requirements;

3. The current schedule of AIRLINE's flights and as periodically adjusted;

4. A description of AIRLINE's fleet and identification of AIRLINE's aircraft that will serve the Airport and the Certificated Maximum Gross Takeoff Weight for each aircraft; and

5. The identification of AIRLINE's current facility requirements at the Airport.

B. At least ten months before the end of the Fiscal Year, AIRLINE will submit to DOT&PF, in writing, its Certificated Maximum Gross Takeoff Weight forecast for the next Fiscal Year.

C. AIRLINE has the following maintenance, repair, and alteration responsibilities. AIRLINE will at its sole expense and in a manner acceptable to DOT&PF:

1. Maintain and keep in good repair the preferential Apron Area adjacent to its exclusive use holdrooms in a neat, clean, and orderly condition free from litter, debris, refuse, petroleum products, or grease that may result from the activities of its passengers, employees, licensees, invitees, agents, or suppliers. All oil and grease spills must be removed promptly.

2. Perform reasonable, ordinary, and preventive maintenance within its Exclusive Use Space including:

   a. Repair of all personal property and equipment including fixtures, doors, interior windows, baggage conveyors and belts, floor coverings, and ticket counters that are not provided by DOT&PF.

   b. Maintenance and repair of all electrical, plumbing, heating, ventilating, and air conditioning appliances and fixtures that are not provided by DOT&PF.

3. Immediately repair any uninsured damage in any other space at the Airport caused by the fault or negligence of AIRLINE, its servants, contractors, agents, licensees, or employees.

4. Pay as additional rent to DOT&PF any extraordinary cost to provide AIRLINE with water, sewer service, electricity, or extraordinary use of any other utilities as are required.

5. AIRLINE will assure that DOT&PF has emergency access to AIRLINE's Exclusive Use Space either by delivering keys to the Airport Director or by providing emergency telephone numbers by which AIRLINE or its agent can be reached on a 24-hour basis.

D. Disabled or Abandoned Aircraft

1. If any aircraft owned or operated by AIRLINE, through accident or any other reason, is disabled or abandoned in any area on the Airport which could interfere with the continuous, normal operations or any landing and field facilities, AIRLINE will:

   a. Immediately remove the aircraft to a location designated by the DOT&PF unless the aircraft is required to remain in place pending investigation by the appropriate regulatory agencies of the federal government; and

   b. In the event of any accident where federal investigation in place is required, immediately, upon receiving clearance so to do from the appropriate federal agency investigating such accident, remove the aircraft and any resulting wreckage or debris to the area designated by the federal agency authorizing the removal; otherwise the aircraft wreckage and debris

will be immediately removed from the Airport and stored at a location approved by DOT&PF.

If AIRLINE fails to proceed immediately to remove the disabled aircraft as provided above, or if any aircraft owned or operated by AIRLINE is abandoned on Airport, DOT&PF has the right, after reasonable advance written notice to the AIRLINE station manager listed in the report described in Section 9.01.A.1, to remove the aircraft by any reasonable means DOT&PF deems necessary under the circumstances, and AIRLINE will reimburse DOT&PF for all costs and expenses (including storage costs) incurred in the removal and will indemnify, save harmless, and defend the State from any liability, cost, or expense resulting from the removal to the extent set forth in Section 10.01.

Section 9.02. DOT&PF's Responsibilities

A. During this Agreement, DOT&PF will:

1. Retain FAA Airport certification;

2. Operate and maintain the Airport in reasonable condition and repair including the runways, taxiways, aprons, roadways, vehicle parking areas, public areas of the terminal buildings, and all appurtenances, facilities, and services;

3. Keep the public areas of the terminal buildings adequately and attractively equipped, furnished, and decorated as well as clean and presentable. In the public view areas of the terminal buildings, DOT&PF will provide and supply directional and informational signs, heat, electricity, light, power, air conditioning, waste-water disposal, water, and janitorial services including rubbish removal. DOT&PF will also keep in good repair and condition the exterior and structural portions of the walls, roof, and floor of the Exclusive Use Space and Common Use Space, as well as all central electrical and mechanical distribution systems; and

4. Maintain existing and future utility systems on the Premises in reasonable condition and repair, including heat, electricity, fire alarm, fire protection, sprinkler, air conditioning, telephone, telegraph, teleregister and intercommunication services, and any lines, pipes, mains, wires, conduits and equipment connected with or

appurtenant to all those systems. DOT&PF may enter the Premises at all reasonable times to make any necessary repairs, alterations, and replacements.

B. DOT&PF will use its best efforts to restore service as soon as practical after any interruption in the services described in this Section.

Section 9.03. DOT&PF's Right to Inspect and Make Repairs

A. DOT&PF or its representative has the right, at reasonable times and with as little interruption of AIRLINE's operations as practical, to enter AIRLINE's Exclusive Use Space and Common Use Space for the following purposes:

1. Inspections to verify AIRLINE's compliance with this Agreement.

2. To do anything that DOT&PF has the right or obligation to do.

B. Except in the case of an emergency reasonable notice must be given and DOT&PF will coordinate with AIRLINE in order to minimize interference with AIRLINE's activities.

Section 9.04. Alterations and Improvements

A. Before beginning construction of any improvement or alteration, AIRLINE will first submit to the Airport Director:

1. Detailed drawings of the proposed construction, and

2. Written proof of approval of the proposed construction from all appropriate agencies.

B. DOT&PF will review and approve or disapprove the proposed construction in writing within 45 days after receipt of the construction drawings.

C. Any construction by AIRLINE must be performed in a safe, neat manner and meet the following criteria:

1. Not interfere with the activities of other tenants;

2. Be compatible with the architecture of the building as determined by the Airport Director;

3. Be performed at no cost to DOT&PF; and

4. Comply with all federal, state and local building codes.

D. Within 30 days after completion of the construction of any alteration or improvement, AIRLINE will deliver to DOT&PF detailed copies of as-built drawings showing the location and dimensions of the alteration or improvement constructed, including structural, mechanical, and electrical systems.

Section 9.05. DOT&PF Modification and Relocation

A. The Airport Director may relocate AIRLINE or modify any portion of AIRLINE's Premises if necessary to renovate or modify the terminal building or apron if that renovation or modification is not inconsistent with the Airport masterplan. If it is necessary to relocate AIRLINE to implement a Capital Improvement, AIRLINE will be notified during the review of Capital Improvements described in Section 4.01.

B. Upon 90 days advance written notice, AIRLINE will vacate and surrender the affected Premises to DOT&PF.

C. If AIRLINE's Premises are modified or relocated, DOT&PF will:

1. Reimburse AIRLINE for the undepreciated capital cost of AIRLINE's improvements that are acquired, demolished, or not replaced in kind by DOT&PF at the new location. Reimbursement must be made on the basis of capital cost figures furnished by AIRLINE and subject to verification by the Airport Director.

2. Provide AIRLINE with substantially similar space so that AIRLINE's operations are not unreasonably disrupted. In the event of relocation, this Agreement will be modified to include AIRLINE's new assigned space.

3. Construct the demising walls and interior improvements to AIRLINE's new area. Interior improvements include wall coverings, floors, ceilings, lighting, electrical, heating units, air ventilation, and fixtures. All material replacement will be similar in type and quality to those on the Premises being relocated.

4. Refinish the remainder of the Premises, if any, for the functions authorized by this Agreement.

5. If requested by AIRLINE, DOT&PF will relocate AIRLINE's fixtures, furnishings, and equipment at DOT&PF expense.

ARTICLE 10
INDEMNIFICATION, INSURANCE, AND SUBROGATION

Section 10.01. Indemnification

A. AIRLINE will indemnify, save harmless, and defend the DOT&PF, its officers, agents and employees from liability of any nature or kind including costs and expenses for or on account of any and all legal actions or claims of any character whatsoever resulting from death or injury to any person(s) or damage to property to the extent caused by any wrongful error, omission, or negligent act of AIRLINE arising out of this Agreement.

B. All liability or costs for legal actions or claims including defense costs resulting from death or injury to any person(s) or damage to property which are caused by the joint negligence of the DOT&PF and AIRLINE arising out of this Agreement will be apportioned on a comparative fault basis.

Section 10.2. Insurance

A. DOT&PF will, during the term of this Agreement, procure and maintain comprehensive general liability and fire and extended coverage insurance for the Airport, terminal building, and other DOT&PF facilities at the Airport in such amounts and for such insured coverages as may be reasonably required for the prudent operation of the Airport.

B. AIRLINE will, during the term of this Agreement, procure and maintain liability insurance for public liability, aviation liability, the leased Premises, property damage, bodily injury and death, with contractual liability endorsements insuring all of AIRLINE's operations under this Agreement, including its obligations under the indemnity clause in Section 10.01 of this Agreement. These policies will be with limits not less than those set forth below. These policies and minimum limits will be consistently applied to all air carriers with similar operations and will be consistent with prudent airport industry practices and this Agreement. Within 30 days after signing this Agreement, AIRLINE will report to DOT&PF the maximum seating capacity installed in each aircraft or type of aircraft operated by AIRLINE at the Airport. If the maximum seating capacity for any aircraft or type of aircraft operated by AIRLINE is changed, AIRLINE will report the change to DOT&PF and obtain any required additional insurance coverage before operating the aircraft at the Airport.

Insurance Coverages	Minimum Limits
Airline/Aircraft/Airport Public Liability Insurance or Equivalent Insurance	$1 million per seat*

With the following minimum limits regardless of seat capacity or cargo configuration:

--	for propeller aircraft	$10 million
--	for jet aircraft	$20 million

* Based on the maximum seating capacity reported by AIRLINE as described in Section 10.02.B in an aircraft operated by AIRLINE at the Airport.

C. All policies of insurance must be in a form and from a company satisfactory to DOT&PF. Each policy must provide that it may not be cancelled or materially changed during its term without at least 30 days' advance written notice to DOT&PF.

D. A certificate certifying coverage of required insurance must be delivered to DOT&PF within 30 days of the effective date of this Agreement.

E. Where any such policy has a normal expiration during the term of this Agreement, AIRLINE will provide a certificate or satisfactory written evidence of continued coverage prior to such expiration. Within 10 days prior to the effective date of any cancellation or reduction in the amount or extent of insurance coverage, AIRLINE will deliver to DOT&PF a certificate or satisfactory written evidence certifying coverage that reinstates or otherwise provides at least the required insurance coverage.

F. The failure by either party at any time to enforce the provisions in this section will not be construed as a waiver of these provisions and will not reduce their obligations under this Agreement.

Section 10.03. Waiver of Subrogation

AIRLINE and DOT&PF agree to waive their respective rights of recovery or claim against the other for any loss or damage to the Premises, the terminal building or their contents (excluding aircraft) resulting from fire or other "all-risk" insurable property hazards caused by the other. Notwithstanding Section 10.01, any fire or "all-risk" property insurance policies carried by either party will include a waiver of subrogation clause waiving any rights of subrogation against the other party to this Agreement.

Section 10.04. Additional Insured

AIRLINE agrees that every insurance policy required under Section 10.02.B will include an endorsement naming DOT&PF as an additional insured to the extent of DOT&PF's indemnified interest under Section 10.01.

Section 10.05. Notice of Claim

Each party will give the other party prompt and reasonable notice of any claim or action involving this Agreement.

Section 10.06. Insurance Rates

AIRLINE may not use the Airport in any manner that will increase DOT&PF's insurance rates. If AIRLINE's activities on the Airport result in increased insurance costs for DOT&PF, then DOT&PF may cnarge the increased cost to AIRLINE as additional rent.

ARTICLE 11
ASSIGNMENT OR SUBLEASE

Section 11.01. Assignment or Sublease

A. No assignment or sublease is valid without the advance written approval of the Airport Director.

1. The Airport Director may approve a sublease of AIRLINE's Premises, if:

a. In the Airport Director's opinion, the proposed sublease is in the best interest of the Airport's operation;

b. AIRLINE subleases the space for an amount not exceeding the rent DOT&PF charges for that space plus AIRLINE's maintenance and operation costs, an additional allowance for amortization of AIRLINE's improvements, and a 15 percent administrative charge.

c. The term of any sublease does not extend beyond the expiration of the term of this Agreement; and

d. DOT&PF has no comparable vacant space available for lease. The requirement in this sub-paragraph 11.01.A.1.d may be waived in the discretion of the Airport Director.

2. DOT&PF's consent to any sublease does not relieve AIRLINE from obtaining DOT&PF's consent to any future sublease.

3. The Airport Director may approve an assignment of this Agreement if all of the following conditions are met:

a. In the Airport Director's reasonable opinion, the proposed assignment is in the best interest of the Airport's operation;

b. AIRLINE assigns the Agreement to an Airline qualified under the State's regulations to execute the Agreement and capable of complying with all the requirements in this Agreement;

c. AIRLINE assigns this Agreement for an amount not exceeding the cost of AIRLINE's tenant improvements and personal property transferred as part of the assignment; and

B. If this Agreement is assigned pursuant to the bankruptcy code, 11 U.S.C. 101 et seq., any consideration for the assignment greater than the amount permitted under Section 11.01.A.3.c is the exclusive property of DOT&PF and is not the property of AIRLINE or AIRLINE's estate under the bankruptcy code.

Section 11.02. Merger

This article does not prevent the assignment of this Agreement to any corporation or business entity that merges, consolidates, or succeeds to the business of AIRLINE, so long as written documentation of the assignment is given to DOT&PF within 30 days after the merger, consolidation, or succession.

ARTICLE 12
DEFAULT AND TERMINATION

Section 12.01. Reentry and Reletting After Default

A. Without terminating this Agreement and time being of the essence, DOT&PF may immediately reenter, renovate, and relet all or part of the Premises to others and reassign preferential aircraft parking positions to others for the account of AIRLINE if AIRLINE either:

1. Fails to pay any rent or fee, including interest, within 10 days after receipt of written notice of default.

2. Fails to immediately cure a default in performance of any obligation under this Agreement within 30 days after receipt of written notice of default. If the nature of the default is such that it cannot be cured within 30 days after the written notice of default by DOT&PF to AIRLINE, AIRLINE will be deemed to have cured the default if AIRLINE commences to cure the default within the 30 day period and thereafter diligently continues the cure to completion.

3. Fails to continue to perform any obligation of this Agreement after performance is commenced, or

4. Any petition, proceeding, or action by, for, or against AIRLINE is filed under any insolvency, bankruptcy, reorganization, relief of debtors, or receivorship law.

B. DOT&PF will charge AIRLINE renovation costs necessary to restore the Premises to their original condition plus a 15 percent administrative fee for all relet sublease rent received by DOT&PF for AIRLINE's relet space. AIRLINE will reimburse DOT&PF for any deficiency in rents or fees received for the reentered or relet space. A deficiency is the difference between AIRLINE's rent and the relet rent before considering the 15 percent administrative fee.

C. At any time before or after a reentry and reletting as provided in this Section, DOT&PF may terminate AIRLINE's rights under this Agreement, reenter and take possession of the Premises, and cancel all rights and privileges granted to AIRLINE without any restriction on recovery by DOT&PF for past due rents and fees owed by AIRLINE.

D. DOT&PF has any and all additional rights and remedies as provided by law.

Section 12.02. Partial Termination Due to Damage or Destruction

A. If the Exclusive Use Space, Common Use Space, terminal buildings, structures, or any portions of them are damaged by fire or other casualty, DOT&PF will notify AIRLINE within 90 days of the damage whether the damaged space is to be repaired. If the damaged space is to be repaired, DOT&PF will repair the damage with due diligence and will abate the rent allocated to the particular building, room, or other portion of the space rendered untenantable for the period from the occurrence of the damage to the completion of the repairs. DOT&PF will do its best to provide AIRLINE with any available temporary substitute space at the rent deemed reasonable by DOT&PF until the repairs are completed.

B. If DOT&PF fails to notify AIRLINE within 90 days after destruction that DOT&PF will repair the damaged space, AIRLINE may elect within 120 days after destruction to terminate this Agreement as to the space damaged or destroyed, effective on the date of the damage.

Section 12.03. Events Permitting Termination by AIRLINE

AIRLINE may terminate this Agreement if:

A. AIRLINE is prohibited by lawful authority from using the Airport because of any deficiency or unsafe operating condition at the Airport for a period exceeding 60 days. AIRLINE may terminate this Agreement after the 60 days by giving DOT&PF 30 days' advance written notice.

B. DOT&PF does not perform any material covenant in this Agreement for a period of 60 days after written notice of default to DOT&PF by AIRLINE. DOT&PF will be deemed to have cured the default if DOT&PF commences to cure the default within the 60-day period and diligently continues the cure to completion.

C. The IARF statute (AS 37.15.410-37.15.550) is amended to substantially change the structure or operation of the Airport System.

Section 12.04. Events Permitting Termination by DOT&PF

Time being of the essence, DOT&PF may terminate this Agreement immediately and exercise all rights of entry and reentry upon the Premises, with or without process of law, after the occurrence of any of the following events:

A. AIRLINE fails to provide regularly scheduled air transportation to and from the Airport. DOT&PF will not

seek any other damages from AIRLINE for breach of this provision.

B. AIRLINE fails to pay any rent or fee due, including interest, within 10 days after AIRLINE's receipt of written notice of default from DOT&PF.

C. AIRLINE does not perform any other material provision in this Agreement for a period of 60 days after receipt of written notice of default from DOT&PF. If the nature of the default is such that it cannot be cured within 60 days after written notice of default by DOT&PF to AIRLINE, AIRLINE will be deemed to have cured the default if AIRLINE commences to cure the default within the 60-day period and diligently continues the cure to completion.

D. AIRLINE or its creditors file a request for AIRLINE's relief under any state or federal insolvency, bankruptcy, reorganization, relief of debtors, or receivorship statute.

F. A custodian, trustee, receivor, or agent, or any similar person is appointed or authorized to take charge of a substantial part of AIRLINE's property on the Airport.

Section 12.05. Surrender of the Premises

DOT&PF is not required to give AIRLINE notice to quit possession of the Premises at the expiration of this Agreement. Upon the expiration or termination of this Agreement, DOT&PF has the right to take possession of the Premises. AIRLINE agrees to surrender the Premises peaceably and in good condition, except for reasonable wear and tear.

Section 12.06. Ownership of Improvements

A. The ownership of improvements, furnishings, equipment, and fixtures that are constructed or installed on the Premises by AIRLINE is as follows:

1. Title to all removable furniture, furnishings, fixtures, or equipment remains vested in AIRLINE at all times during the term of this Agreement.

2. Title to any structure or other improvement that cannot, in the Airport Director's reasonable determination, be removed without damage to the Premises, vests in DOT&PF upon the expiration or final termination of this Agreement or its extension. These improvements include interior walls, ceilings, carpeting, finished flooring, electrical

wiring, air conditioning ducts and equipment, furnishings, interior decoration, or finishing.

B. AIRLINE may not abandon any property on the Premises without the advance written consent of the Airport Director. Title to any property not removed by AIRLINE at the expiration or termination of this Agreement immediately vests in DOT&PF at its option. At its sole expense, AIRLINE will restore all damaged DOT&PF property to its previous condition or reimburse DOT&PF for the expense to repair any property damage.

Section 12.07. Holdover

If AIRLINE holds over without a written renewal after the expiration of this Agreement, the holding over does not operate as a renewal or extension of the term of this Agreement but only creates a month to month extension of this Agreement regardless of any rent or fee payment accepted by DOT&PF. The obligations of DOT&PF and AIRLINE to perform under this Agreement continue until the month-to-month holdover is terminated. Either party may terminate the holdover at any time by giving the other party at least 30 days' advance written notice.

ARTICLE 13
COMPLIANCE WITH LAW, TAXES, POLICIES AND NONDISCRIMINATION

Section 13.01. Compliance With Law

A. AIRLINE will comply with all present and future statutes, regulations or ordinances of all federal, state, or local governments that apply to or affect AIRLINE or its operations under this Agreement. DOT&PF will comply with all applicable laws governing its operations under this Agreement.

Section 13.02. Taxes

A. AIRLINE will pay, but payment may not be considered part of Airport System revenue, all applicable taxes (including any possessory interest tax, assessment, or similar charge) that at any time during this Agreement may be levied or liened against AIRLINE, the Airport facilities made available for AIRLINE's exclusive use, or AIRLINE's personal property. AIRLINE will pay all taxes, assessments, and charges directly to the taxing or assessing authority.

B. AIRLINE will indemnify and defend DOT&PF from all costs that result directly or indirectly from tax or assessment that AIRLINE is liable for including taxes, penalties, expenses, and reasonable attorney's fees incurred by DOT&PF.

C. At its own expense, AIRLINE may contest the amount or validity of any tax or assessment or the inclusion of the space leased under this agreement as taxable or assessable property directly against the taxing or assessing authority. AIRLINE will indemnify DOT&PF for all taxes, penalties, costs, expenses, and reasonable attorney's fees incurred by DOT&PF resulting directly or indirectly from any tax contest.

D. Upon termination of this Agreement, AIRLINE will promptly pay in full all applicable taxes and liens.

Section 13.03. Policies

A. AIRLINE will comply with all State of Alaska regulations and DOT&PF Policies and Procedures governing the use of Airport facilities.

B. AIRLINE will comply with all local Airport Directives as set forth by the Airport Director.

C. DOT&PF agrees not to promulgate any State of Alaska regulations governing use of the Airport Facilities, DOT&PF Policies and Procedures, or local Airport Directives as set forth by the Airport Director contradictory to:

1. This Agreement,

2. Any regulation of the FAA, or

3. Any government agency regulation that is binding upon AIRLINE.

D. AIRLINE will be given an opportunity to review and comment on periodic changes to all State of Alaska regulations and Airport Directives before implementation.

Section 13.04. Nondiscrimination

A. AIRLINE will not permit discrimination in violation of federal or state law on the grounds of race, color, religion, national origin, ancestry, marital status, age, or sex against any patron, employee, applicant for employment, other person or groups of persons. DOT&PF may take any action necessary to enforce this provision, including actions required by any federal or state law or FAA grant agreement.

B. AIRLINE will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to ensure that no person is excluded from participating in any employment, contracting, or leasing activity on the ground of race, creed, color, national origin, or sex. AIRLINE agrees that no person may be excluded on those grounds from participating in or receiving the services or benefits of any program or activity covered by the regulation. AIRLINE will require its covered suborganizations to provide assurance that they will also undertake affirmative action programs and require assurances from their suborganizations, as required by 14 CFR Part 152.

ARTICLE 14
AGREEMENT NOT TO GRANT MORE FAVORABLE TERMS

Section 14.01. Agreement Not to Grant More Favorable Terms

DOT&PF agrees not to enter into any lease, contract, or other agreement with any other Airline containing substantially more favorable rights and privileges than granted in this Agreement. DOT&PF will not grant any right or privilege that is not accorded AIRLINE to any other Airline unless the same right or privilege is made available to AIRLINE. This covenant does not apply to any Airline that only operates aircraft weighing less than 30,000 pounds Certificated Maximum Gross Takeoff Weight.

ARTICLE 15
GENERAL PROVISIONS

Section 15.01. Delivery of Notices

A. Required notices must be hand delivered or sent by registered or certified mail to the addresses below:

1. DOT&PF:

2. AIRLINE:

B. If notice is given in any other manner or at any other place, notice must also be given in writing at the place and in the manner specified in this section in order to be effective under this Agreement. All notice periods begin on the date of receipt of written notice at the address listed in Section 15.01.A except as provided elsewhere in this Agreement.

C. Either party may change the address in this section by written notice to the other party.

Section 15.02. Severability

If any part of this Agreement is declared to be invalid by a court of competent jurisdiction, the other parts of the Agreement remain in full force.

Section 15.03. Quiet Enjoyment

Upon Payment of the required rents and fees, and subject to its performance of this Agreement, AIRLINE may peaceably use the Airport.

Section 15.04 Officers, Agents, and Employees

No commissioner, councilman, director, officer, agent, employee, or other representative of either party may be charged personally nor held contractually liable by the other party for the enforcement, attempted enforcement, or breach of this Agreement if acting within the scope of their duties. DOT&PF and AIRLINE remain

liable for the acts of these persons that are within the scope of their duties.

Section 15.05. Subordination to Agreements with the U.S. Government

This Agreement is subject to any present or future agreement between DOT&PF and the United States of America concerning the operation or maintenance of the Airport System. AIRLINE may not hold DOT&PF liable for any failure to perform any part of this Agreement as a result of any national emergency declared by the federal government.

Section 15.06. Incorporation of Required Provisions

The parties agree to incorporate into this agreement any provision required by any governmental agency, including DOT&PF acting in its non-proprietary capacity, now or in the future.

Section 15.07. Nonwaiver of Rights

No waiver of default of any part of this Agreement by either party may operate as a waiver of any subsequent default of any part of this Agreement that is to be performed by the other party. Consent or notice by either party may not be construed as consent or notice in the future.

Section 15.08 Force Majeure

Notwithstanding Section 12.02, neither DOT&PF nor AIRLINE will be in violation of this Agreement if it is prevented from performance, by reason of strike, boycott, labor dispute, embargo, shortage of energy or materials, act of God, act of public enemy, act of superior governmental authority, weather condition, riot, rebellion, sabotage, or any other circumstance for which it is not responsible and which is beyond its control.

Section 15.09. Contract Interpretation

The headings of articles and sections are used only for convenience and reference, and may not be used to define or interpret the scope or intent of this Agreement. The language in all parts of this Agreement must be construed according to its fair meaning and not strictly for or against either DOT&PF or AIRLINE.

Section 15.10. Federal Aviation Act, Section 308

This Agreement may not be construed to grant AIRLINE any exclusive right or privilege within the meaning of Section 308 of the Federal Aviation Act of 1958, as amended, except that AIRLINE has the right to exclusive possession of its Exclusive Use Space.

Section 15.11. Radio Interference

At DOT&PF's request, AIRLINE will stop using any machine or device that interferes with any government-operated transmitter, receiver, or navigation aid until the cause of the interference is eliminated.

Section 15.12. Obtaining Federal and State Funds

DOT&PF will use its best efforts to obtain maximum entitlement grants from federal, state, or other sources when consistent with prudent management of the Airport System.

Section 15.13. Management Audits

DOT&PF will conduct periodic management and operation audits of the Airport System and the IARF. DOT&PF will use its best efforts to implement the reasonable recommendations of the audits.

Section 15.14. Project Management

DOT&PF will use its best efforts to implement Capital Improvements with efficient and responsive project management.

Section 15.15. Passenger Facility Charges

If the current prohibition against passenger facility charges (sometimes referred to as "head taxes") is removed, DOT&PF reserves the right to institute the charge if it desires. If a passenger facility charge is instituted, the revenue from this charge will be Airport System revenue and will be dedicated to funding the Airport System Capital Improvements.

Section 15.16. Governing Law

This Agreement is governed by the laws of the State of Alaska. Any legal action involving this Agreement must be filed by AIRLINE in the State of Alaska.

Section 15.17. Inspection of Books and Records

At its own expense and upon reasonable notice, each party has the right from time to time to inspect the books, records, or other data of the other party relating to this Agreement. Inspections must be conducted during regular business hours.

Section 15.18. Generally Accepted Accounting Principles

Any report or disclosure referred to in this Agreement that contains financial information must be prepared in accordance with applicable generally accepted accounting principles unless otherwise noted in this Agreement.

Section 15.19. Modification Necessary for Grant of FAA Funds

A. If the FAA requires that this Agreement be amended as a condition precedent to the granting of funds for the improvement of the Airport, AIRLINE agrees to consent to any amendment that is reasonably required in order to enable DOT&PF to obtain the grant of funds.

B. If any FAA required amendment impairs AIRLINE's rights under this Agreement or causes AIRLINE any unreasonable expense, AIRLINE may terminate this Agreement within 60 days by notice to DOT&PF.

Section 15.20. Consent Not to be Unreasonably Withheld

Neither DOT&PF nor AIRLINE will unreasonably withhold any consent or approval required by this Agreement.

Section 15.21. Prudent Operations

DOT&PF will manage the Airport System in a prudent and reasonable manner.

Section 15.22. Independent Contractor

AIRLINE is neither an agent nor an employee of DOT&PF but is an independent contractor with respect to all AIRLINE's activities on the Airport, including any installation, construction, or service provided.

Section 15.23. Entire Agreement

Except as described in Section 15.26, this Agreement with all attached exhibits constitutes the entire agreement between DOT&PF and AIRLINE at the Airport. Statements previously made, verbal or written, are merged in this Agreement. Until signed by the Commissioner of DOT&PF or his designated representative, this Agreement is of no effect. This Agreement may only be amended in a writing that is signed by the authorized representatives of both parties.

Section 15.24. Condemnation

If any of AIRLINE's rights and privileges under this Agreement are condemned by any proper authority, including the State of Alaska, this Agreement terminates automatically on the date AIRLINE is required to surrender possession of the property. DOT&PF is entitled to all the condemnation proceeds except AIRLINE will be paid only the portion of the proceeds attributable to the fair market value of any improvements placed on the property by AIRLINE according to the provisions of 17 AAC 40.330(g), and not any compensation for consequential or severance damages including business damage, lost profits, or leasehold advantage. Rent will be adjusted according to the provisions of 17 AAC 40.330(g).

Section 15.25. Incorporation of Exhibits

Exhibits A through K are a part of this Agreement.

Section 15.26. Preexisting Agreements

A. On the effective date of this Agreement, the following agreements between AIRLINE and DOT&PF at the airport are terminated:

DOT&PF FILE NO.	SPACE OR PROPERTY LEASED

B. The following agreements between AIRLINE and DOT&PF at the Airport are not terminated by the execution of this Agreement:

DOT&PF FILE NO.	SPACE OR PROPERTY LEASED

C. AIRLINE and DOT&PF agree that the only agreements in existence at the Airport between AIRLINE and DOT&PF on the effective date of this Agreement are this Agreement and those listed in Section 15.26.B.

The parties have executed this Agreement on the dates below:

AIRLINE

By: _____

Title: _____

Date: _____

(CORPORATE SEAL)

STATE OF _____)
) ss.
_____)
(Judicial District or County)

THIS IS TO CERTIFY that on this ___ day of _____, 19__, before me, the undersigned, a Notary Public in and for the State of _____, duly commissioned and sworn, personally appeared _____, known to me and to me known to be an officer of the above mentioned corporation which executed the within instrument, and he acknowledged to me that he executed the same for and on behalf of said corporation, and that he is fully authorized by said corporation so to do; and that the corporation seal affixed to said instrument is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year above written.

_____
Notary Public in and for:_____
My Commission Expires:_____

STATE OF ALASKA DEPARTMENT OF
TRANSPORTATION AND PUBLIC
FACILITIES

Date: _____ By: _____

Title: _____

(CORPORATE SEAL)

STATE OF _____)
) ss.
_____)
(Judicial District or County)

THIS IS TO CERTIFY that on this ___ day of _____, 19__, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared _____, known to me and to me known to be the _____, of Department of Transportation and Public Facilities, and he acknowledged to me that he executed the foregoing instrument freely and voluntarily on behalf of the State of Alaska, Department of Transportation and Public Facilities, for the uses and purposes therein set forth and that he is authorized by said State of Alaska so to do.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year first written above.

_____
Notary Public in and for:_____
My Commission Expires:_____

[METROPOLITAN WASHINGTON AIRPORTS ACT OF 1986]

[¶ 3965]

Act of October 18, 1986 (P. L. 99-500)

TITLE VI—METROPOLITAN WASHINGTON AIRPORTS

[¶ 3965a] SHORT TITLE

Sec. 6001. This title may be cited as the "Metropolitan Washington Airports Act of 1986".

[¶ 3965b] FINDINGS

Sec. 6002. The Congress finds that—

(1) the two federally owned airports in the metropolitan area of Washington, District of Columbia, constitute an important and growing part of the commerce, transportation, and economic patterns of the Commonwealth of Virginia, the District of Columbia, and the surrounding region;

(2) Baltimore/Washington International Airport, owned and operated by the State of Maryland, is an air transportation facility that provides service to the greater Metropolitan Washington region together with the two federally owned airports, and timely Federal-aid grants to Baltimore/Washington International Airport will provide additional capacity to meet the growing air traffic needs and to compete with other airports on a fair basis;

(3) the Federal Government has a continuing but limited interest in the operation of the two federally owned airports, which serve the travel and cargo needs of the entire Metropolitan Washington region as well as the District of Columbia as the national seat of government;

(4) operation of the Metropolitan Washington Airports by an independent local agency will facilitate timely improvements at both airports to meet the growing demand of interstate air transportation occasioned by the Airline Deregulation Act of 1978 (Public Law 95-504; 92 Stat. 1705);

(5) all other major air carrier airports in the United States are operated by public entities at the State, regional, or local level;

(6) any change in status of the two airports must take into account the interest of nearby communities, the traveling public, air carriers, general aviation, airport employees, and other interested groups, as well as the interests of the Federal Government and State governments involved;

(7) in recognition of a perceived limited need for a Federal role in the management of these airports and the growing local interest, the Secretary has recommended a transfer of authority from the Federal to the local/State level that is consistent with the management of major airports elsewhere in the Nation;

(8) an operating authority with representation from local jurisdictions, similar to authorities at all major airports in the United States, will improve communications with local officials and concerned residents regarding noise at the Metropolitan Washington Airports;

(9) a commission of congressional, State, and local officials and aviation representatives has recommended to the Secretary that transfer of the federally owned airports be as a unit to an independent authority to be created by the Commonwealth of Virginia and the District of Columbia; and

(10) the Federal interest in these airports can be provided through a lease mechanism which provides for local control and operation.

[¶ 3965c] PURPOSE

Sec. 6003. (a) IN GENERAL.—It is therefore declared to be the purpose of the Congress in this title to authorize the transfer of operating responsibility under

long-term lease of the two Metropolitan Washington Airport properties as a unit, including access highways and other related facilities, to a properly constituted independent airport authority created by the Commonwealth of Virginia and the District of Columbia, in order to achieve local control, management, operation, and development of these important transportation assets.

(b) INCLUSION OF BWI NOT PRECLUDED.—Nothing in this title shall be construed to prohibit the Airports Authority and the State of Maryland from entering into an agreement whereby Baltimore/Washington International Airport may be made part of a regional airports authority, subject to terms and conditions agreed to by the Airports Authority, the Secretary, the Commonwealth of Virginia, the District of Columbia, and the State of Maryland.

[¶ 3965d] DEFINITIONS

Sec. 6004. In this title—

(1) ADMINISTRATOR.—The term "Administrator" means the Administrator of the Federal Aviation Administration.

(2) AIRPORTS AUTHORITY.—The term "Airports Authority" means the Metropolitan Washington Airports Authority, a public body to be created by the Commonwealth of Virginia and the District of Columbia consistent with the requirements of section 6007.

(3) EMPLOYEES.—The term "employees" means all permanent Federal Aviation Administration personnel employed on the date the lease under section 6005 takes effect by the Metropolitan Washington Airports, an organization within the Federal Aviation Administration.

(4) METROPOLITAN WASHINGTON AIRPORTS.—The term "Metropolitan Washington Airports" means Washington National Airport and Washington Dulles International Airport.

(5) SECRETARY.—The term "Secretary" means the Secretary of Transportation.

(6) WASHINGTON DULLES INTERNATIONAL AIRPORT.—The term "Washington Dulles International Airport" means the airport constructed under the Act entitled "An Act to authorize the construction, protection, operation, and maintenance of a public airport in or in the vicinity of the District of Columbia", approved September 7, 1950 (64 Stat. 770), and includes the Dulles Airport Access Highway and Right-of-way, including the extension between the Interstate Routes I-495 and I-66.

(7) WASHINGTON NATIONAL AIRPORT.—The term "Washington National Airport" means the airport described in the Act entitled "An Act to provide for the administration of the Washington National Airport, and for other purposes", approved June 29, 1940 (54 Stat. 686).

[¶ 3965e] LEASE OF METROPOLITAN WASHINGTON AIRPORTS

Sec. 6005. (a) AUTHORITY TO ENTER INTO LEASE.—The Secretary is authorized to enter into a lease of the Metropolitan Washington Airports with the Airports Authority for a 50-year term and to enter into any related agreement necessary for the transfer of authority and property to the Airports Authority. Authority to enter into a lease and agreement under this section shall lapse two years after the date of the enactment of this title.

(b) PAYMENTS.—

(1) LEASE PAYMENTS.—The lease shall provide for the Airports Authority to pay to the general fund of the Treasury annually an amount, computed using the GNP Price Deflator, to equal $3,000,000 in 1987 dollars. The Secretary and the Airports Authority may renegotiate the level of lease payments attributable to inflation costs every ten years.

(2) RETIREMENT OBLIGATIONS.—

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(A) DISCONTINUED SERVICE.—Not later than one year after the lease takes effect, the Airports Authority shall pay to the Treasury of the United States, to be deposited to the credit of the Civil Service Retirement and Disability Fund, an amount determined by the Office of Personnel Management to represent the actual added costs incurred by the Fund due to discontinued service retirement under section 8336(d)(1) of title 5, United States Code, of employees who elect not to transfer to the Airports Authority.

(B) UNFUNDED LIABILITY.—Not later than one year after the lease takes effect, the Airports Authority shall pay to the Treasury of the United States, to be deposited to the credit of the Civil Service Retirement and Disability Fund, an amount determined by the Office of Personnel Management to represent the present value of the difference between (i) the future cost of benefits payable from the Fund and due the employees covered under section 6008(e) of this title that are attributable to the period of employment following the date the lease takes effect, and (ii) the contributions made by the employees and the Airports Authority under section 6008(e). In determining the amount due, the Office of Personnel Management shall take into consideration the actual interest such amount can be expected to earn when invested in the Treasury of the United States.

(c) MINIMUM TERMS AND CONDITIONS.—The Airports Authority shall agree, at a minimum, to the following conditions and requirements in the lease:

(1) OPERATION OF AIRPORTS AS A UNIT.—The Airports Authority shall operate, maintain, protect, promote, and develop the Metropolitan Washington Airports as a unit and as primary airports serving the Metropolitan Washington area.

(2) AIRPORT PURPOSES.—The real property constituting the Metropolitan Washington Airports shall, during the period of the lease, be used only for airport purposes. For the purposes of this paragraph, the term "airport purposes" means a use of property interests (other than a sale) for aviation business or activities, or for activities necessary or appropriate to serve passengers or cargo in air commerce, or for nonprofit, public use facilities. If the Secretary determines that any portion of the real property leased to the Airports Authority pursuant to this Act is used for other than airport purposes, the Secretary shall (A) direct that appropriate measures be taken by the Airports Authority to bring the use of such portion of real property in conformity with airport purposes, and (B) retake possession of such portion of real property if the Airports Authority fails to bring the use of such portion into a conforming use within a reasonable period of time, as determined by the Secretary.

(3) AIP REQUIREMENTS.—The Airports Authority shall be subject to the requirements of section 511(a) of the Airport and Airway Improvement Act of 1982 and the assurances and conditions required of grant recipients under such Act as of the date the lease takes effect. Notwithstanding section 511(a)(12) of such Act, all revenues generated by the Metropolitan Washington Airports shall be expended for the capital and operating costs of such airports.

(4) CONTRACTS.—In acquiring by contract supplies or services for an amount estimated to be in excess of $200,000, or awarding concession contracts, the Airports Authority shall obtain, to the maximum extent practicable, full and open competition through the use of published competitive procedures. By a vote of seven members, the Airports Authority may grant exceptions to the requirements of this paragraph.

(5) CONTINUATION OF REGULATIONS.—

(A) IN GENERAL.—Except as provided in subparagraph (B), all regulations of the Metropolitan Washington Airports (14 C. F. R. part 159) shall become regulations of the Airports Authority on the date the lease takes effect and shall remain in effect until modified or

revoked by the Airports Authority in accordance with procedures of the Airports Authority.

(B) EXCEPTIONS.—The following regulations shall cease to be in effect on the date the lease takes effect:

(i) section 159.59(a) of title 14, Code of Federal Regulations (relating to new-technology aircraft); and

(ii) section 159.191 of title 14, Code of Federal Regulations (relating to violations of Federal Aviation Administration regulations as Federal misdemeanors).

(C) OPERATIONS.—The Airports Authority may not increase or decrease the number of instrument flight rule takeoffs and landings authorized by the High Density Rule (14 C. F. R. 93.121 et seq.) at Washington National Airport on the date of the enactment of this Act and may not impose a limitation after the date the lease takes effect on the number of passengers taking off or landing at Washington National Airport.

(6) TRANSFER OF RIGHTS, LIABILITIES, AND OBLIGATIONS.—

(A) IN GENERAL.—Except as specified in subparagraph (B) of this paragraph, the Airports Authority shall assume all rights, liabilities, and obligations (tangible and incorporeal, present and executory) of the Metropolitan Washington Airports on the date the lease takes effect, including leases, permits, licenses, contracts, agreements, claims, tariffs, accounts receivable, accounts payable, and litigation relating to such rights and obligations, regardless whether judgment has been entered, damages awarded, or appeal taken. Before the date the lease takes effect, the Secretary shall also assure that the Airports Authority has agreed to cooperate in allowing representatives of the Attorney General and the Secretary adequate access to employees and records when needed for the performance of functions related to the period before the effectiveness of the lease. The Airports Authority shall assume responsibility for the Federal Aviation Administration's Master Plans for the Metropolitan Washington Airports.

(B) EXCEPTIONS.—The procedure for disputes resolution contained in any contract entered into on behalf of the United States before the date the lease takes effect shall continue to govern the performance of the contract unless otherwise agreed to by the parties to the contract. Claims for monetary damages founded in tort, by or against the United States as the owner and operator of the Metropolitan Washington Airports, arising before the date the lease takes effect shall be adjudicated as if the lease had not been entered into.

(C) PAYMENTS INTO EMPLOYEES' COMPENSATION FUND.—The Federal Aviation Administration shall remain responsible for reimbursing the Employees' Compensation Fund, pursuant to section 8147 of title 5, United States Code, for compensation paid or payable after the date the lease takes effect in accordance with chapter 81 of title 5, United States Code, with regard to any injury, disability, or death due to events arising before such date, whether or not a claim has been filed or is final on such date.

(D) COLLECTIVE BARGAINING RIGHTS.—The Airports Authority shall continue all collective bargaining rights enjoyed before the date the lease takes effect by employees of the Metropolitan Washington Airports.

(7) AUDITS.—The Comptroller General of the United States may conduct periodic audits of the activities and transactions of the Airports Authority in accordance with generally accepted management principles, and under such rules and regulations as may be prescribed by the Comptroller General. Any such audit shall be conducted at such place or places as the Comptroller General may deem appropriate. All books, accounts, records,

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reports, files, papers, and property of the Airports Authority shall remain in possession and custody of the Airports Authority.

(8) CODE OF ETHICS.—The Airports Authority shall develop a code of ethics and financial disclosure in order to assure the integrity of all decisions made by its board of directors and employees.

(9) RESTRICTION ON USE OF CERTAIN REVENUES.—Notwithstanding any other provision of law, no landing fee imposed for operating an aircraft or revenues derived from parking automobiles—

(A) at Washington Dulles International Airport may be used for maintenance or operating expenses (excluding debt service, depreciation, and amortization) at Washington National Airport; or

(B) at Washington National Airport may be used for maintenance or operating expenses (excluding debt service, depreciation, and amortization) at Washington Dulles International Airport.

(10) GENERAL AVIATION FEES.—The Airports Authority shall compute the fees and charges for landing general aviation aircraft at the Metropolitan Washington Airports on the same basis as the landing fees for air carrier aircraft, except that the Airports Authority may require a minimum landing fee not in excess of the landing fee for aircraft weighing 12,500 pounds.

(11) OTHER TERMS.—The Secretary shall include such other terms and conditions applicable to the parties to the lease as are consistent with and carry out the provisions of this title.

(d) SUBMISSION TO CONGRESS.—The Secretary shall submit the lease entered into under this section to Congress. The lease may not take effect before the passage of (1) 30 days, or (2) 10 days in which either House of Congress is in session, whichever occurs later.

(e) ENFORCEMENT OF LEASE PROVISIONS.—The district courts of the United States shall have jurisdiction to compel the Airports Authority and its officers and employees to comply with the terms of the lease. An action may be brought on behalf of the United States by the Attorney General, or by any aggrieved party.

[¶ 3965f] CAPITAL IMPROVEMENTS, CONSTRUCTION, AND REHABILITATION

Sec. 6006. (a) IMPROVEMENTS.—It is the sense of the Congress that the Airports Authority should—

(1) pursue the improvement, construction, and rehabilitation of the facilities at Washington Dulles International Airport and Washington National Airport simultaneously; and

(2) to the extent practicable, cause the improvement, construction, and rehabilitation proposed by the Secretary to be completed at both of such Airports within 5 years after the earliest date on which the Airports Authority issues bonds under the authority required by section 6007 of this title for any such improvement, construction, or rehabilitation.

(b) SECRETARY'S ASSISTANCE.—The Secretary shall assist the three airports serving the Washington, D. C. metropolitan area in planning for operational and capital improvements at those airports and shall accelerate consideration of applications for Federal financial assistance by whichever of the three airports is most in need of increasing airside capacity.

[¶ 3965g] AIRPORTS AUTHORITY

Sec. 6007. (a) POWERS CONFERRED BY VIRGINIA AND THE DISTRICT OF COLUMBIA.—The Airports Authority shall be a public body corporate and politic, having the powers and jurisdiction as are conferred upon it jointly by the legislative authority of the Commonwealth of Virginia and the District of Columbia or by either of the jurisdictions and concurred in by the legislative authority of the other jurisdiction, but at a minimum meeting the requirements of this section.

(b) PURPOSE.—The Airports Authority shall be—

(1) independent of the Commonwealth of Virginia and its local governments, the District of Columbia, and the Federal Government; and

(2) a political subdivision constituted solely to operate and improve both Metropolitan Washington Airports as primary airports serving the Metropolitan Washington area.

(c) GENERAL AUTHORITIES.—The Airports Authority shall be authorized—

(1) to acquire, maintain, improve, operate, protect, and promote the Metropolitan Washington Airports for public purposes;

(2) to issue bonds from time to time in its discretion for public purposes, including the purposes of paying all or any part of the cost of airport improvements, construction, and rehabilitation, and the acquisition of real and personal property, including operating equipment for the airports, which bonds—

(A) shall not constitute a debt of either jurisdiction or a political subdivision thereof; and

(B) may be secured by the Airports Authority's revenues generally, or exclusively from the income and revenues of certain designated projects whether or not they are financed in whole or part from the proceeds of such bonds;

(3) to acquire real and personal property by purchase, lease, transfer, or exchange, and to exercise such powers of eminent domain within the Commonwealth of Virginia as are conferred upon it by the Commonwealth of Virginia;

(4) to levy fees or other charges; and

(5) to make and maintain agreements with employee organizations to the extent that the Federal Aviation Administration is so authorized on the date of enactment of this title.

(d) CONFLICT-OF-INTEREST PROVISIONS.—The Airports Authority shall be subject to a conflict-of-interest provision providing that members of the board and their immediate families may not be employed by or otherwise hold a substantial financial interest in any enterprise that has or is seeking a contract or agreement with the Airports Authority or is an aeronautical, aviation services, or airport services enterprise that otherwise has interests that can be directly affected by the Airports Authority. Exceptions to requirements of the preceding sentence may be made by the official appointing a member at the time the member is appointed, if the financial interest is fully disclosed and so long as the member does not participate in board decisions that directly affect such interest. The Airports Authority shall include in its code developed under section 6005(c)(8) of this title the standards by which members will determine what constitutes a substantial financial interest and the circumstances under which an exception may be granted.

(e) BOARD OF DIRECTORS.—

(1) APPOINTMENT.—The Airports Authority shall be governed by a board of directors of 11 members, as follows:

(A) five members shall be appointed by the Governor of Virginia;

(B) three members shall be appointed by the Mayor of the District of Columbia;

(C) two members shall be appointed by the Governor of Maryland; and

(D) one member shall be appointed by the President with the advice and consent of the Senate.

The Chairman shall be appointed from among the members by majority vote of the members and shall serve until replaced by majority vote of the members.

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(2) RESTRICTIONS.—Members shall (A) not hold elective or appointive political office, (B) serve without compensation other than for reasonable expenses incident to board functions, and (C) reside within the Washington Standard Metropolitan Statistical Area, except that the member appointed by the President shall not be required to reside in that area.

(3) TERMS.—Members shall be appointed to the board for a term of 6 years, except that of members first appointed—

(A) by the Governor of Virginia, 2 shall be appointed for 4 years and 2 shall be appointed for 2 years;

(B) by the Mayor of the District of Columbia, 1 shall be appointed for 4 years and 1 shall be appointed for 2 years; and

(C) by the Governor of Maryland, 1 shall be appointed for 4 years.

(4) REMOVAL OF PRESIDENTIAL APPOINTEES.—A member of the board appointed by the President shall be subject to removal by the President for cause.

(5) REQUIRED NUMBER OF VOTES.—Seven votes shall be required to approve bond issues and the annual budget.

(f) BOARD OF REVIEW.—

(1) COMPOSITION.—The board of directors shall be subject to review of its actions and to requests, in accordance with this subsection, by a Board of Review of the Airports Authority. Such Board of Review shall be established by the board of directors and shall consist of the following, in their individual capacities, as representatives of users of the Metropolitan Washington Airports:

(A) two members of the Public Works and Transportation Committee and two members of the Appropriations Committee of the House of Representatives from a list provided by the Speaker of the House;

(B) two members of the Commerce, Science, and Transportation Committee and two members of the Appropriations Committee of the Senate from a list provided by the President pro tempore of the Senate; and

(C) one member chosen alternately from members of the House of Representatives and members of the Senate, from a list provided by the Speaker of the House or the President pro tempore of the Senate, respectively.

The members of the Board of Review shall elect a chairman. A member of the House of Representatives or the Senate from Maryland or Virginia and the Delegate from the District of Columbia may not serve on the Board of Review.

(2) TERMS.—Members of the Board of Review appointed under subparagraphs (A) and (B) of paragraph (1) shall be appointed for terms of six years, except that of the members first appointed, one member under each of subparagraphs (A) and (B) shall be appointed for a term of two years and one member under each of subparagraphs (A) and (B) shall be appointed for a term of four years. Members of the Board of Review appointed under subparagraph (C) shall be appointed for terms of two years. A vacancy in the Board shall be filled in the same manner in which the original appointment was made. Any member appointed to fill a vacancy before the expiration of the term for which his or her predecessor was appointed shall be appointed only for the remainder of such term.

(3) PROCEDURES.—The Board of Review shall establish procedures for conducting its business. The procedures may include requirements for a quorum at meetings and for proxy voting. The Board shall meet at least once each year and shall meet at the call of the chairman or 3 members of the

Board. Any decision of the Board of Review under paragraph (4) or (5) shall be by a vote of 5 members of the Board.

(4) DISAPPROVAL PROCEDURE.—

(A) SUBMISSION REQUIRED.—An action of the Airports Authority described in subparagraph (B) shall be submitted to the Board of Review at least 30 days (or at least 60 days in the case of the annual budget) before it is to become effective.

(B) ACTIONS AFFECTED.—The following are the actions referred to in subparagraph (A):

(i) the adoption of an annual budget;

(ii) the authorization for the issuance of bonds;

(iii) the adoption, amendment, or repeal of a regulation;

(iv) the adoption or revision of a master plan, including any proposal for land acquisition; and

(v) the appointment of the chief executive officer.

(C) 30-DAY DISAPPROVAL PERIOD.—If the Board of Review does not disapprove an action within 30 days of its submission under this paragraph, the action may take effect. If the Board of Review disapproves any such action, it shall notify the Airports Authority and shall give reasons for the disapproval.

(D) EFFECT OF DISAPPROVAL.—An action disapproved under this paragraph shall not take effect. Unless an annual budget for a fiscal year has taken effect in accordance with this paragraph, the Airports Authority may not obligate or expend any money in such fiscal year, except for (i) debt service on previously authorized obligations, and (ii) obligations and expenditures for previously authorized capital expenditures and routine operating expenses.

(5) REQUEST FOR CONSIDERATION OF OTHER MATTERS.—The Board of Review may request the Airports Authority to consider and vote, or to report, on any matter related to the Metropolitan Washington Airports. Upon receipt of such a request the Airports Authority shall consider and vote, or report, on the matter as promptly as feasible.

(6) PARTICIPATION IN MEETINGS OF AIRPORTS AUTHORITY.—Members of the Board of Review may participate as nonvoting members in meetings of the board of the Airports Authority.

(7) STAFF.—The Board of Review may hire two staff persons to be paid by the Airports Authority. The Airports Authority shall provide such clerical and support staff as the Board may require.

(8) LIABILITY.—A member of the Board of Review shall not be liable in connection with any claim, action, suit, or proceeding arising from service on the Board.

(g) CERTAIN ACTIONS TO BE TAKEN BY REGULATION.—Any action of the Airports Authority changing, or having the effect of changing, the hours of operation of or the type of aircraft serving either of the Metropolitan Washington Airports may be taken only by regulation of the Airports Authority.

(h) LIMITATION ON AUTHORITY.—If the Board of Review established under subsection (f) is unable to carry out its functions under this title by reason of a judicial order, the Airports Authority shall have no authority to perform any of the actions that are required by paragraph (f)(4) to be submitted to the Board of Review.

[¶3965h] FEDERAL EMPLOYEES AT THE METROPOLITAN WASHINGTON AIRPORTS

Sec. 6008. (a) EMPLOYEE PROTECTION.—Not later than the date the lease under section 6005 takes effect, the Secretary shall ensure that the Airports Authority

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has established arrangements to protect the employment interests of employees during the 5-year period beginning on such date. These arrangements shall include provisions—

(1) which ensure that the Airports Authority will adopt labor agreements in accordance with the provisions of subsection (b) of this section;

(2) for the transfer and retention of all employees who agree to transfer to the Airports Authority in their same positions for the 5-year period commencing on the date the lease under section 6005 takes effect except in cases of reassignment, separation for cause, resignation, or retirement;

(3) for the payment by the Airports Authority of basic and premium pay to transferred employees, except in cases of separation for cause, resignation, or retirement, for 5 years commencing on the date the lease takes effect at or above the rates of pay in effect for such employees on such date;

(4) for credit during the 5-year period commencing on the date the lease takes effect for accrued annual and sick leave and seniority rights which have been accrued during the period of Federal employment by transferred employees retained by the Airports Authority; and

(5) for an offering of not less than one life insurance and three health insurance programs for transferred employees retained by the Airports Authority during the 5-year period beginning on the date the lease takes effect which are reasonably comparable with respect to employee premium cost and coverage to the Federal health and life insurance programs available to employees on the day before such date.

(b) LABOR AGREEMENTS.—

(1) ADOPTION.—The Airports Authority shall adopt all labor agreements which are in effect on the date the lease under section 6005 takes effect. Such agreements shall continue in effect for the 5-year period commencing on such date, unless the agreement provides for a shorter duration or the parties agree to the contrary before the expiration of that 5-year period. Such agreements shall be renegotiated during the 5-year period, unless the parties agree otherwise. Any labor-management negotiation impasse declared before the date the lease takes effect shall be settled in accordance with chapter 71 of title 5, United States Code.

(2) CONTINUATION.—The arrangements made pursuant to this section shall assure, during the 50-year lease term, the continuation of all collective bargaining rights enjoyed by transferred employees retained by the Airports Authority.

(c) RIGHTS OF TERMINATED EMPLOYEES.—Any transferred employee whose employment with the Airports Authority is terminated during the 5-year period beginning on the date the lease under section 6005 takes effect shall be entitled, as a condition of any lease entered into in accordance with section 6005 of this title, to rights and benefits to be provided by the Airports Authority that are similar to those such employee would have had under Federal law if termination had occurred immediately before such date.

(d) ANNUAL AND SICK LEAVE.—Any employee who transfers to the Airports Authority under this section shall not be entitled to lump-sum payment for unused annual leave under section 5551 of title 5, United States Code, but shall be credited by the Airports Authority with the unused annual leave balance on the date the lease under section 6005 takes effect, along with any unused sick leave balance on such date. During the 5-year period beginning on such date,

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annual and sick leave shall be earned at the same rates permitted on the day before such date, and observed official holidays shall be the same as those specified in section 6103 of title 5, United States Code.

(e) CIVIL SERVICE RETIREMENT.—Any Federal employee who transfers to the Airports Authority and who on the day before the date the lease under section 6005 takes effect is subject to subchapter III of chapter 83 of title 5, United States Code, or chapter 84 of such title shall, so long as continually employed by the Airports Authority without a break in service, continue to be subject to such subchapter or chapter, as the case may be. Employment by the Airports Authority without a break in continuity of service shall be considered to be employment by the United States Government for purposes of such subchapter and chapter. The Airports Authority shall be the employing agency for purposes of such subchapter and chapter and shall contribute to the Civil Service Retirement and Disability Fund such sums as are required by such subchapter and chapter.

(f) SEPARATED EMPLOYEES.—An employee who does not transfer to the Airports Authority and who does not otherwise remain a Federal employee shall be entitled to all of the rights and benefits available under Federal law for separated employees, except that severance pay shall not be payable to an employee who does not accept an offer of employment from the Airports Authority of work substantially similar to that performed for the Federal Government.

(g) ACCESS TO RECORDS.—The Airports Authority shall allow representatives of the Secretary adequate access to employees and employee records of the Airports Authority when needed for the performance of functions related to the period before the date the lease under section 6005 takes effect. The Secretary shall provide the Airports Authority access to employee records of transferring employees for appropriate purposes.

[¶ 3965i] RELATIONSHIP TO AND EFFECT OF OTHER LAWS

Sec. 6009. (a) OTHER LAWS.—In order to assure that the Airports Authority has the same proprietary powers and is subject to the same restrictions with respect to Federal law as any other airport except as otherwise provided in this title, during the period that the lease authorized by section 6005 of this title is in effect—

(1) the Metropolitan Washington Airports shall be considered public airports for purposes of the Airport and Airway Improvement Act of 1982 (49 App. U. S. C. 2201 et seq.); and

(2) the Acts entitled "An Act to provide for the administration of the Washington National Airport, and for other purposes", approved June 29, 1940 (54 Stat. 686), "An Act to authorize the construction, protection, operation, and maintenance of a public airport in or in the vicinity of the District of Columbia", approved September 7, 1950 (64 Stat. 770), and "An Act making supplemental appropriations for the support of the Government for the fiscal year ending June 30, 1941, and for other purposes", approved October 9, 1940 (54 Stat. 1030), shall not apply to the operation of the Metropolitan Washington Airports, and the Secretary shall be relieved of all responsibility under those Acts.

(b) INAPPLICABILITY OF CERTAIN LAWS.—The Metropolitan Washington Airports and the Airports Authority shall not be subject to the requirements of any law solely by reason of the retention by the United States of the fee simple title to such airports or by reason of the authority of the Board of Review under subsection 6007(f).

(c) POLICE POWER.—The Commonwealth of Virginia shall have concurrent police power authority over the Metropolitan Washington Airports, and the courts of the Commonwealth of Virginia may exercise jurisdiction over Washington National Airport.

(d) PLANNING.—

(1) IN GENERAL.—The authority of the National Capital Planning Commission under section 5 of the Act of June 6, 1924 (40 U. S. C. 71d) shall not apply to the Airports Authority.

(2) CONSULTATION.—The Airports Authority shall consult—

(A) with the National Capital Planning Commission and the Advisory Council on Historic Preservation before undertaking any major alterations to the exterior of the main terminal at Washington Dulles International Airport, and

(B) with the National Capital Planning Commission before undertaking development that would alter the skyline of Washington National Airport when viewed from the opposing shoreline of the Potomac River or from the George Washington Parkway.

(e) OPERATIONS LIMITATIONS.—

(1) HIGH DENSITY RULE.—The Administrator may not increase the number of instrument flight rule takeoffs and landings authorized for air carriers by the High Density Rule (14 C. F. R. 93.121 et seq.) at Washington National Airport on the date of the enactment of this title and may not decrease the number of such takeoffs and landings except for reasons of safety.

(2) ANNUAL PASSENGER LIMITATIONS.—The Federal Aviation Administration air traffic regulation entitled "Modification of Allocation: Washington National Airport" (14 C. F. R. 93.124) shall cease to be in effect on the date of the enactment of this title.

[¶ 3965j] AUTHORITY TO NEGOTIATE EXTENSION OF LEASE

Sec. 6010. The Secretary and the Airports Authority may at any time negotiate an extension of the lease entered into under section 6005(a).

[¶ 3965k] SEPARABILITY

Sec. 6011. Except as provided in section 6007(h), if any provision of this title or the application thereof to any person or circumstance, is held invalid, the remainder of this title and the application of such provision to other persons or circumstances shall not be affected thereby.

[¶ 3965 l] NONSTOP FLIGHTS

Sec. 6012. PERIMETER RULE.—An air carrier may not operate an aircraft nonstop in air transportation between Washington National Airport and another airport that is more than 1,250 statute miles away from Washington National Airport.

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A SPECIAL REPORT ON THE DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES ANCHORAGE INTERNATIONAL AIRPORT

July 16, 1985

Commissioner, Department of Transportation and Public Facilities	Richard J. Knapp
Deputy Commissioners, Department of Transportation and Public Facilities	Warren Sparks Jon Scribner George Janssen H. Glenzer, Jr. Joe Camp

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W
JUNEAU, ALASKA 99811

July 16, 1985

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska Statutes, the attached report is submitted for your review.

A SPECIAL REPORT ON THE
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
ANCHORAGE INTERNATIONAL AIRPORT

July 16, 1985

Audit Control Number

25-4231-85-S

Gerald L. Wilkerson

Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

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PURPOSE OF THE REPORT

In accordance with a special request of the Legislative Budget and Audit Committee and Title 24 of the Alaska Statutes, this special report has been prepared to:

1. Document the history and current status of the renovation and expansion at the Anchorage International Airport.

2. Document the decision-making process for assigning and leasing airport space to terminal tenants.

3. Provide information on the International Airport Revenue Fund regarding the types of revenues generated and expenses incurred.

ORGANIZATION AND FUNCTION

The two international airports in Alaska, located at Anchorage and Fairbanks, were first authorized by the 80th Congress on May 28, 1948 for $13 million under the Alaska Public Airport Act. The Civil Aeronautics Authority, predecessor to the present Federal Aviation Administration, operated the airports until their transfer to the State on June 25, 1959.

Alaska Statute 44.42.020 provides that the Department of Transportation and Public Facilities (DOTPF) has the power to manage, operate, and maintain State transportation facilities including airports. As such both international airports have an Airport Director who is responsible for the day-to-day operations at the airport. Together, the international airports are self-supporting and operate from the International Airport Revenue Fund (IARF). The IARF is comprised of receipts from aviation and support industries which are used by the airports to provide terminal space plus field maintenance, crash-fire-rescue, law enforcement, and cleaning services to the tenants and other users of the airport (refer to the IARF section for a detail explanation).

In total, the Anchorage International Airport was authorized 270 positions with an operating budget for FY 86 of $18,060,600 while Fairbanks International Airport was authorized 88 positions and an operating budget of $7,350,800.

AUDITOR'S CONCLUSION

In our opinion, the airport renovation and expansion project was not effectively and efficiently managed to minimize total project costs and any inconvenience to the traveling public. During the course of our review we observed or were given several explanations that led us to our conclusion. The following summarizes those findings:

1. The project scope was not finalized prior to a construction commitment. The scope was revised both prior to and subsequent to the construction contract award date. (refer to the Project Scope Revisions Section).

2. Airport tenant requests for scope revisions to the project necessitated redesign by the design consultant at the State's expense (refer to Increased Interest-Airport Tenant Involvement and the sections following).

3. A substantial number of design deficiencies resulted in the general contractor submitting over 750 design clarification or variation requests as of June 11, 1985.

4. The general construction contract was awarded for $17,844,000 with an original contingency of $1,602,748. Through June 19, 1985, ninety-nine change orders totalled $3,126,300.

Currently, the Department of Transportation and Public Facilities (DOTPF) is planning for the expansion of the main terminal over the arrival and departure drives and for the construction of a covered parking facility. Undoubtedly, these projects will cause significant inconvenience to the traveling public, but are recognized as essential needs of the airport. To minimize this necessary inconvenience, DOTPF should ensure that the project scope is finalized and the design completed prior to any commitment for construction. In addition, while it may be prudent to request input from the airport tenants, those requests should be required early in the planning phase and finalized prior to construction. The cost of any changes to accommodate the airport tenants after the construction is started should be borne by the requesting party. Following is our detail of the renovation and expansion project's history and current status.

RENOVATION AND EXPANSION PROJECT HISTORY

Early Project History

The Anchorage International Airport (AIA) first began operations in December 1951 under the Civil Aeronautics Authority (CAA) predecessor to the present Federal Aviation Administration. On May 28, 1948, the 80th Congress passed the Alaska Public Airport Act authorizing $13 million for construction by the CAA of two international type facilities for Alaska's two largest cities; Fairbanks and Anchorage. The original Anchorage terminal building consisted of a rectangular two-story complex in a north-south direction. Additional, sporadic expansion by the State and Northwest Airlines, the major airport user, occurred between the transfer of airport ownership on June 25, 1959 and 1964.

Much of the terminal facilities were lost as a result of the devastating 1964 earthquake. Consequently, a major renovation project was undertaken to replace the damaged terminal. In 1965, the present West Concourse satellite (hexagon) was constructed to accommodate the expanding international market. In addition, from 1968 to 1970 the main terminal building was expanded westward and connected to the hexagon. The project added approximately 188,000 square feet of space. These additions increased the total terminal building area to 307,000 square feet and consisted of the following:

1. The original two-story passenger terminal (North Concourse C) used primarily for domestic and commuter passenger holdrooms, airline operations, as well as airline, concessionaire, and tenant offices.

2. A two-story main passenger terminal with passenger ticketing, check-in, and baggage claim facilities and passenger convenience and service facilities such as food, beverage, and gift concessions. There also was space for airline operations, offices, and passenger holdrooms.

3. A two-story West Concourse B and hexagon which had international intransit facilities, Federal Inspection Services, domestic airline holdrooms, various offices, tenant storage, and airline operations facilities.

Airport Feasibility Studies - Expansion

Airport growth as measured by enplaning and deplaning passengers continued to grow during the 1970's, in part, as a result of the introduction of transoceanic routes, significant oil discoveries culminating in the Prudhoe Bay exploration and subsequent construction of the Alaska Pipeline,

With the commitment to construct the international terminal, DOTPF determined that a new program statement and scope of work became necessary for work efforts regarding the south terminal as strictly a domestic facility. TRA/Farr was retained through a letter of agreement for $200,000 to develop alternative concepts for the south terminal. In addition, TRA/Farr was directed to develop a public seating layout and to formulate documents for bidding and purchasing the new seating in addition to developing an interior paint scheme and wall graphics. The effort was completed in January 1981 and a report issued. TRA/Farr recommended the following as part of the scope of work.

1. Expand the main terminal approximately 100 feet to the southeast to increase the length of the ticket counter frontage, offices, gate lobbies, and claim areas.

2. Construct a new commuter facility connected to the 100 foot addition to serve eight to ten aircraft.

3. Remodel West Concourse B to serve ten aircraft positions.

4. Reduce the security checkpoints to two positions.

5. Develop the mechanical plant to accommodate the loads from the expansion.

6. Demolish North Concourse C and expand the main terminal to the north.

7. Increase the depth of the main terminal by expanding over the existing departure and arrival drives.

8. Construct a parking structure east of the terminal building.

DOTPF approved of the plan provided by the architect and subsequently executed a sole source professional services agreement to design the project on April 7, 1981 for $288,995. The scope was limited to the 100 foot expansion and a single level commuter concourse. The estimated construction cost was $4.5 million. Funding for the design was provided by chapter 120, SLA 1980.

Project Scope Revisions

In October of 1981, the Commissioner executed the first of twelve contract amendments issued for the design work. Amendment one changed the commuter concourse from a single level non-secure function to a two level structure with full airport security located on the upper level. In addition, the consultant was required to design the Concourse B renovation. Total estimated construction costs increased to $12.5 million. According to the DOTPF design manager, the

one of the major changes to the project. The amendment, issued on March 21, 1984 for $743,100, requested the consultant, in part, to design a new baggage delivery and distribution system to accommodate the baggage make-up areas in the lower level of Concourse B. The make-up area increased from the previously approved 8,000 square foot addition to 45,000 square feet. The ATC had requested this area during their June 2, 1983 meeting. As a result of this request, DOTPF awarded a contract for $1,249,191 to install the new baggage conveyor system into Concourse B. Furthermore, amendments five and nine added work at the request of the ATC. Amendment five was issued on April 27, 1984 and expanded the Alaska Airline ticket office and amendment nine issued on December 14, 1984 revised the Alaska Airline Board Room and also added various changes to concessionaire space.

Issuance of Contract Change Orders

As of June 19, 1985, there have been ninety-nine change orders issued on the general construction contract. The original contract award was for $17,844,000. As of the last change order the contract has escalated to $20,970,300 an increase of 17.5 percent. DOTPF stated that there will be additional change orders issued to complete the project.

The scope of the project involved, in part, the renovation of Concourse B. According to the DOTPF project manager, certain change orders were necessary due to the lack of adequate documentation of changes to the original airport structure through periodic construction upgrades. However, many of the change orders were originated by the airport tenants and DOTPF for project additions. As an example, Alaska Airlines requested that the podiums located in the hexagon be relocated. The costs associated with change order twelve amounted to $253,845. Also, DOTPF requested an upgrade in the carpet to be installed which resulted in change order forty-four costing $104,820.

The majority of the change orders were for design verifications. According to DOTPF personnel, these changes were the result of inadequate design of the project. The general contractor submitted over 750 design clarification or variation requests as of June 11, 1985. DOTPF has tentatively identified the responsible party for forty-six of the change orders and can be categorized as follows:

	DOTPF	Design Consultant	Airport Tenant	Total
Dollar Amount	$198,924	$558,116	$336,728	$1,157,532
Percentage	18.2%	51.0%	30.8%	100%
Total Number	14	33	7	54
Percentage	25.9%	61.1%	13.0%	100%

Note: Seven change orders involved two parties. Thus, for percentage calculations these were added to each party.

DOTPF expects to finalize their assignment of all change orders by October 1985.

In addition, DOTPF issued a separate contract on January 4, 1985 for the removal of asbestos in the main terminal for $1,771,300. Asbestos-containing material was discovered during the renovation which necessitated its removal. This contract also covered the carpeting of Concourse C.

Current Status

Phase one of the project including the expansion of the main terminal 100 feet to the southeast, construction of the new commuter facility (Concourse A), remodeling the Concourse B, and the remodeling and expansion of the baggage conveyor system is substantially complete. DOTPF is also planning for future airport expansion. As identified by the Terminal Renovation and Expansion Study by TRA/Farr, future plans involve the following:

1. Increase the depth of the main terminal by expanding over the existing departure and arrival drives. This would increase the existing gate lobbies, airport ticket offices, check-in lobby, and the area of baggage claim.

2. Construct new, two-level arrival and departure drives adjacent to the existing drives capable of expansion towards the north.

3. Demolish the North Concourse C and expand the main terminal to the north, maintaining its depth and profile.

4. Construct a parking structure east of the terminal complex for short-term and daily public parking and the car rental ready-return facility. Estimated construction cost is $16 million.

5. Demolish the old post office structure to open up the terminal expansion corridor.

(Intentionally left blank)

Concession Leases

Concession leases include, in part, gift shops, book stores, restaurants, lounges, and car rental agencies. All concession leases are public bid with the bidder guaranteeing the highest return receiving the lease with the exception of the car rental leases. The car rental leases are non-exclusive which allows free entry into the terminal.

Car rental agencies pay a percentage of their gross income and, in addition, pay the $21.12 per square foot for any space that is occupied. All other concession lessees pay a guaranteed percentage of their gross income.

Other Leases

The AIA does have other lessees that include State agencies, Anchorage Municipality, Federal agencies, a bank, and a non-profit native assistance organization. Except for the native assistance organization who is not charged for rent, the lessees pay the basic rental fee of $21.12 per square foot.

5. Vehicle Parking Fees: Gross receipts from public parking lots.

6. Land Rental: Rental of leased airport land. Rentals are contractually set at varying rates according to the class of usage set forth in 17 AAC 40.

The above types of fees accounted for 98 percent of the gross revenues collected during FY 84 at the international airports. In addition, two customers of AIA, Alaska Fuel and Aviation and Duty Free (gift shop), provided revenues of approximately $7,866,000 and $7,151,000 representing 27 and 24 percent, respectively, of the airports' FY 84 operating revenues.

Although the IARF is a self-supporting account, the Legislature appropriates monies from the fund to the Department of Transportation and Public Facilities for anticipated expenditures during the fiscal year.

APPENDIX

APPENDIX A

ANCHORAGE INTERNATIONAL AIRPORT
INTERNATIONAL AIRPORT REVENUE FUND
COMPARATIVE STATEMENT OF REVENUES AND EXPENSES
For the Fiscal Year Ended June 30, 1984 and 1983
(Note 1)

	1984			1983		
	Anchorage	Fairbanks	Total	Anchorage	Fairbanks	Total
Revenue						
Operating Revenues						
Landing Fees	$ 4,092,690	$ 499,765	$ 4,592,455	3,501,479	$ 658,613	$ 4,160,092
Parking Fees	151,062	94,185	245,247	393,813	105,704	499,517
Gas and Oil Fees	8,330,292	912,001	9,242,293	7,277,565	1,129,972	8,407,537
Vehicle Parking Fees	1,538,669	35,892	1,574,561	1,259,696	44,307	1,304,003
Terminal Building Rental	2,212,130	413,188	2,625,318	2,144,889	425,683	2,570,572
Coin Locker Fees	3,432	-0-	3,432	3,727	-0-	3,727
Concession Fees	9,397,518	281,461	9,678,979	9,276,791	276,713	9,553,504
Land Rental	727,174	398,321	1,125,495	939,842	382,022	1,321,864
Electric Energy Fees	62,601	22,727	85,328	28,357	11,114	39,471
Flight Service Station Rental	-0-	31,140	31,140	-0-	31,140	31,140
Other Airport Charges	30,701	80,491	111,192	25,672	78,131	103,803
Receipts for Services Rendered	9,135	-0-	9,135	2,245	1,900	4,145
Lease of State Property	-0-	20,871	20,871	-0-	37,007	37,007	
Interest	12,460	3,930	16,390	3,714	2,580	6,294
Other	5,894	2,888	8,782	2,550	-0-	2,550
Total Operating Revenues	26,573,758	2,796,860	29,370,618	24,860,340	3,184,886	28,045,226
Non-Operating Revenues						
Interest Income	2,273,614	239,295	2,512,909	2,602,093	321,607	2,923,700
Total Revenues	28,847,372	3,036,155	31,883,527	27,462,433	3,506,493	30,968,926
Expenses						
Operating Expenses						
Security	3,251,964	2,311,821	5,563,785	3,325,409	2,463,304	5,788,713
Field Maintenance	2,345,707	1,207,617	3,553,324	2,712,178	1,193,173	3,905,351
Administrative	2,972,192	670,207	3,642,399	2,693,085	658,938	3,352,023
Building and Equipment Maintenance	4,166,090	1,012,742	5,178,832	3,651,979	997,555	4,649,534
Custodial	1,931,522	441,515	2,373,037	1,857,806	397,003	2,254,809
Provision for Doubtful Accounts	-0-	-0-	-0-	520,961	-0-	520,961
Depreciation Expense	5,234,830	2,104,354	7,339,184	4,290,661	1,507,152	5,797,813
Total Operating Expenses	19,902,305	7,748,256	27,650,561	19,052,079	7,217,125	26,269,204
Non-Operating Expenses						
Interest Expense	36,394	3,830	40,224	894,478	110,553	1,005,031
Total Expenses	19,938,699	7,752,086	27,690,785	19,946,557	7,327,678	27,274,235
Net Income (Loss)	$ 8,908,673	$(4,715,931)	$ 4,192,742	$ 7,515,876	$(3,821,185)	$ 3,694,691

Note 1: The information included in this Appendix was obtained from supplementary schedules to the audited financial statements of the Alaska International Airports as contained in the State's Annual Financial Reports for FY 84 and FY 83.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

POUCH Z
JUNEAU, ALASKA 99811
PHONE: (907) 465-3900

OFFICE OF THE COMMISSIONER

November 12, 1985

RECEIVED
NOV 14 1985
LEGISLATIVE AUDIT

Mr. Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit
Pouch W
Juneau, Alaska 99811

Dear Mr. Wilkerson,

The Department has reviewed your preliminary audit report on the Department of Transportation and Public Facilities for the Anchorage International Airport and has no comments.

Sincerely,

William S. Knapp for

R.J. Knapp
Commissioner

25A-T1LH

Long-distance jets may cut JAL refueling stops

The Associated Press

A new generation of jumbo jets with increased flying range may reduce the number of stops that at least one airline makes at Anchorage International Airport, an airline executive said.

Japan Air Lines may stop refueling some jets at Anchorage on flights between Japan and Europe in three to four years, JAL Vice President Mitsuo Kitamota told a Resource Development Council of Alaska meeting Thursday.

The airline plans to start using the Boeing 747-400 series, which the airplane manufacturer says can fly 8,000 nautical miles non-stop, about 2,000 miles more than current jumbo jets.

Boeing spokeswoman Elizabeth Reese in Seattle said the 400 series is to be delivered to its first customer in December 1988, but so far JAL is not a committed customer.

JAL has already dropped Anchorage as a refueling stop on flights between Atlanta and the Orient and has added a non-stop route to Europe across Siberia.

The airline plans to promote Anchorage as a destination, Kitamota said. But he added that it will take at least a tripling of the current 5,000 stopover passengers a year to keep the carrier here.

The airline hopes to carry 10,000 stopover travelers to Anchorage this year, he said.

Kitamota said easier access to sightseeing destinations such as Columbia Glacier will be needed to draw more Japanese visitors.

Something else that might attract more travelers to Anchorage would be creating a foreign trade zone at the airport, said Al Parrish, president of Sheffield Enterprises Inc. in Anchorage.

Parrish told the resource development council that expanding the airport's duty-free zone could lead to the creation of regional shopping centers for stopover visitors to use.

"The airport is a business that generated $21 million in profit last year without any marketing, without any advertising," said Parrish, also chairman of the Anchorage Business Council's airport subcommittee.

Anchorage International Faces Uncertain Times Ahead

Concerns range from the present domestic traffic drop-off from the oil industry's slump, to the future effects of longer-range aircraft that won't need to refuel at Anchorage. An occasional moose on the runway is just part of the job.

By Bruce Johnson

Anchorage—International flight stopovers, Alaska's dependence on air transportation and the deregulation of the domestic airline industry all are making Anchorage International Airport a much busier place than the area's population of about 250,000 persons would suggest.

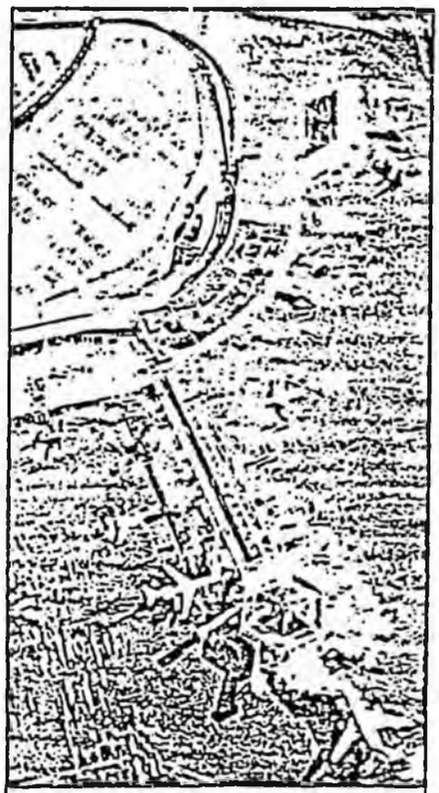
Among the nation's 36 medium-sized air traffic hubs, Anchorage ranks second in number of revenue passengers. Indeed, last year more than 4.6 million passengers were handled at the airport.

But unlike in many communities as large as or even much larger than that of the Anchorage vicinity, there is real meaning behind the "international" portion of the Anchorage airport's name. Of its 4.6 million passenger total last year, more than 1.6 million were classified as through passengers—largely visitors to the airport during refueling/reprovisioning of aircraft flying between the Orient and Europe. No less than ten international carriers have stopover operations at Anchorage International. The latest to join the list is Swissair, operating between Tokyo and Zurich.

Because of Anchorage's central position between Europe and Asia on the polar route, Anchorage International ranks seventh in the United States in terms of international operations. Flights take about nine hours between Anchorage and Europe and about seven hours between Anchorage and Tokyo. The longest nonstop flight between Anchorage and Asia is flown by China Airlines to Taiwan—almost 10 hours.

"We average 40 to 55 widebody aircraft per day here," said Guy Russo, airport director. "Most of those widebody visits involve international stopovers, including freighters."

In order to more effectively accommodate this heavy international side of the business, the airport authority recently added five remote fueling pits. The airport now has eight such parking positions—all dedicated to international stopovers. In addition, three years ago the airport completed construction of an international terminal that serves passengers while their planes are being refueled and reprovisioned. The terminal contains a duty-free shop that Russo unabashedly claims is "one of the nicest in the world."



With prices so low, at least half of the oil industry's Alaska exploration activity has been halted, resulting in a reduction of personnel and freight moving through the Anchorage airport.

The airport's main terminal—dedicated to domestic traffic—accommodates intrastate commuter operations as well as the half-dozen airlines that link Anchorage with the "Lower 48," primarily through Seattle-Tacoma International Airport.

"We run around 6000 seats a day going south from here," Russo said. That capacity includes a daily United Airlines flight direct to Chicago and a Northwest Airlines flight to Minneapolis.

Extremely air-dependent

Deregulation, as well as this giant northern state's extreme dependence on air transportation, is responsible for a marked increase in the number of seats (and decrease in rates--see separate story) being experienced in the Seattle-Anchorage corridor, in particular.

In March, AirCal extended its regional operations to Anchorage and quickly expanded the schedule there to four flights daily. Another newcomer is TWA, with one domestic flight per day out of Seattle.

Anchorage International—state-owned and the largest airport in the state—serves as the main hub for persons flying to or from most places in Alaska, which has a total population of little more than twice that of the Anchorage area. In-state destinations include Fairbanks (which has the second largest airport, also state-owned) in the interior, the Prudhoe Bay oil field area on the North Slope, and remote fishing and other communities in the Kenai Peninsula, Gulf of Alaska mainland, Kodiak Island, western Alaska and the Aleutian Islands areas.

The popular tourist region of Southeast Alaska, also containing the state capital of Juneau, is served directly out of Anchorage as well as from Seattle.

Traffic tied to oil

Although Lower 48 domestic and in-state commuter business remains strong this summer at Anchorage International, the airport is likely to see a

An airport economic impact study last year revealed that airlines paid for nearly 69,000 hotel rooms in Anchorage due to crew and unscheduled passenger layovers.

greater-than-normal drop in business this fall and winter following the summer peak season of tourists, fish processors and fishermen. This is due to the dramatic downturn earlier this year in world crude oil prices. With prices so low, at least half of the oil industry's Alaska exploration activity has been halted, resulting in a reduction of personnel and freight moving through the Anchorage airport.

Also beginning to adversely affect air travel, particularly of business people, is a downturn in North Slope oil revenues flowing into the state government coffers, and the adverse spinoff impact that this is starting to have on Alaska business and individuals in general.

The dominant carriers in the highest-volume portions of the intrastate markets are MarkAir, a relatively new carrier that is solely an in-state operator, and Alaska Airlines, which also is the highest-volume scheduled carrier between the Lower 48 and Anchorage. In addition, United, Northwest, AirCal and TWA compete, as does Western Airlines, a veteran, high-volume operator of the Lower 48-Anchorage trade.

Russo is a longtime Western hand. The airport's director, who has been working in Alaska since 1955, retired as Western's Alaska regional director in January 1983. A year later, he was appointed director of Anchorage International.

Weakening stopovers

During his many years at Anchorage, Russo has seen a dramatic increase in international stopover business. In 1973, he recalled, the airport logged little more than 700,000 international passengers. "That segment of the airport's business surpassed the one-million-person mark for the first time in 1978," he noted.

International stopovers are good business for the Anchorage community. Besides refueling (32.5 million gallons last April, for example) and reprovisioning, fresh flight crews are accommodated for two to four days at a time at Anchorage, depending on flight and personnel schedules. Indeed, an airport economic impact study conducted last year by Applied Economics Associates (AEA), revealed that airlines paid for nearly 69,000 hotel rooms in Anchorage due to crew and unscheduled passenger layovers.

Unfortuately, this lucrative international stopover business is showing signs of weakening somewhat.

Because Asians appear to be traveling to Europe as well as other destinations in increasing numbers, the slight slowdown in Anchorage's international business does not appear to be linked to the terrorism-caused falloff in American travel to Europe. Rather, the slight weakening of Anchorage's international activity could be related to a rise in increased competition from the Asia-Europe route via northern Siberia.

In 1983 Anchorage International handled half of total tonnage flowing through all of the nation's medium-sized airports—an air freight volume only slightly less than that passing through LAX or JFK.

The AEA report noted that at least two international carriers--JAL and SAS—have exercised transit rights through Soviet airspace and that some other carriers are contemplating route changes via Russia.

Of longer-term concern at Anchorage is the possible adverse effect on international stopovers that Boeing Co.'s development of the longer-range 747-400 will have.

"We're now in a unique position, I guess, similar to what Gander was during the prop aircraft days across the Atlantic; but I suppose we're going to be faced with some loss of business when the Boeing 747-400 comes on line," Russo reflected.

He observed that the 747-400 will be capable of flying 8000 statute miles—enough to fly the plane nonstop between Asia and Europe via the American and Canadian airspace polar route.

"Not all of the airlines of Europe are going to afford the luxury of having a 747-400," Russo reasoned, but he admits that "some" 747-400-caused deterioration of international stopover business is anticipated during the next decade after the new model enters service.

Reacting to the recent downturn in Alaska's economy caused by the collapse of crude oil prices, the state is intensifying its efforts to attract tourists—international as well as domestic visitors. As part of these efforts, it is focusing increased attention on marketing Alaska as a destination—not just a stopover—for Asian and European tourists. Presently, only about 25,000 international passengers disembark each year at Anchorage to spend some time in Alaska.

"We get quite a few (big-game) hunt-

Alaska Airlines carries highest Alaska-Lower 48 volume.

ers from Austria, Germany and other European countries, and the Japanese like to fish," Russo observed. But he said there is considerable untapped potential for attracting international visitors on the basis of Alaska's spectacular scenery of mountains, glaciers and fjords as well as its cultural and other attractions.

"The long-haul seats are what the airlines are going to fill first," Russo acknowledged concerning the superior revenues generated by Asia-Europe traffic as opposed to Asia-Alaska or Europe-Alaska traffic. But because of the state's international promotion efforts, he is optimistic that more international passengers will disembark at Anchorage.

Heavy traffic, plus floats

Anchorage International, which had 36,738 jet aircraft landings last year, has three 11,400-foot runways—two of which are parallel east-west runways that are instrumented. The third, a north-south runway, is not instrumented. Simultaneous landings and takeoffs occur routinely at the airport. Because of prevailing winds, landings usually are from west to east and takeoffs are from south to north.

Air traffic is heavy in the Anchorage area. Not only do the northerly takeoffs encroach on military plane approaches at Elmendorf Air Force Base, but Anchorage International itself has a large general aviation facility for both wheeled and float planes.

The FAA-operated tower at the airport coordinates commercial and general aviation traffic, each of which has separate traffic patterns.

One of the more interesting aspects of the Anchorage International operation is its base for float planes. Two natural lakes—connected through dredging—are located adjacent to the airport and are ideal for float plane operations. In addition, next to one of the lakes is a general aviation dirt strip.

"We have at least a thousand, maybe 1200, general aviation airplanes around the airport here," Russo related. "People jump into their airplanes here on weekends like people in the Lower 48 jump into their cars."

As far as airliner operations are concerned, the only congestion occurs when, as the airport director puts it, the planes are scheduled to "fly out of here in formation."

Anchorage International has the usual morning (7:30 to 9) and late afternoon (4 to 6:30) peaks in traffic. But in a departure from the norm, the airport also has a peak period between midnight and 2 a.m. This is due to the desire of many passengers wanting red eye flights to Seattle for catching early morning Lower 48 flights there.

Because the airport is getting close to

> *"We're now in a unique position, I guess, similar to what Gander was during the prop aircraft days, but I suppose we're going to be faced with some loss of business when the Boeing 747-400 comes on line."*

gate capacity during those three periods, continued development and expansion of terminal facilities is being planned.

Extensive changes coming

The airport, which went on line in 1953 in part to accommodate international refueling stopovers between Europe and Asia, has been undergoing extensive facility changes in recent years.

Last September, a commuter carrier wing was added at Concourse C, and domestic carrier gates were added and renovations were accomplished at Concourse B—at a total cost of about $25 million. Anchorage International now has eight widebody gates at the international terminal and 20 domestic and five commuter gates at the main terminal. Concourse A has eight gates, but only three are equipped with jetways because of extensive use of combi planes (with freight forward) into Anchorage. Newly renovated Concourse B has 12 gates, all with jetways. Seven of the airport's domestic gates handle widebody aircraft.

In order to keep up with market demand, construction is underway on a $25 million, 1200-vehicle parking garage with an underground connection to the terminal building lobby. In addition, plans are being made for demolishing the original, 1953-vintage section of the terminal and building another concourse that will be designed for eventual development of a wing stretching between the domestic and international terminals.

When this new building—Concourse C—comes on stream several years from now, there will be a major reassignment of gates at the airport. Said Russo, "Operating efficiency will be enhanced significantly. All commuter flights will be consolidated in one area, narrowbody planes are moved into their own area, and widebody domestic flights will be accommodated out of the new and enlarged Concourse C."

> *"We have at least a thousand, maybe 1200, general aviation airplanes around the airport. People jump into their airplanes here on weekends like people in the Lower 48 jump into their cars."*

Although state owned and operated, Anchorage International has not shared in the spending spree for capital improvements and other projects undertaken by the state government, whose coffers became swelled with oil revenues. All of Anchorage International's expenditures have been supported by operational revenues, Russo reported.

"We didn't benefit from the (state government financial) upturn, and we're not getting hurt by the downturn," he observed.

Freight—the airport's ace

Besides being an important hub for passengers, Anchorage International is a major factor in the movement of air freight.

In fact, the facility ranks first (among the nation's 36 medium-sized air traffic hubs) in the amount of revenue freight handled. Last year alone the airport logged nearly 16.8 million pounds of freight. In 1983, the AEA economic impact study noted, Anchorage International handled a half of total tonnage flowing through all of the nation's medium-sized airports and that the air freight volume at Anchorage was only slightly less than that passing through LAX or JFK that year.

Lots of time-sensitive general freight flows into or through Anchorage airport as belly and freighter traffic from the Lower 48. Most of the freight flow is one way, although fresh fish is a strong backhaul during summers.

Interestingly, the Anchorage airport traditionally has more departing air freight than arriving air freight. This is mainly due to certain freight arriving on express steamship services operating between Washington state and the Port of Anchorage, from where the freight is trucked to the airport for fast distribution by air to in-state destinations.

Milder than Minneapolis

To someone on the "outside"—a term commonly used is Alaska to denote the Lower 48—Alaska is seen as a state plagued with heavy snow and intense cold. But Anchorage, adjacent to saltwater at the head of Cook Inlet, usually has milder winter weather than is often experienced by cities in the northern tier of the Midwest and the Northeast, Russo observed.

Two feet of snowfall is about average during the winter at Anchorage. Usually, the snow comes only a few inches

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5155 HTRA HB 173 (FILE 2) - HB 209

at a time, although snowstorms—including an 18-inch snowfall last March—are not uncommon. Twenty degrees below zero is about the coldest the temperature gets at Anchorage, with zero being the usual low temperature during the winter, according to Russo. Average low temperatures in the winter are 15 to 20 degrees.

With winter weather usually being milder than at Minneapolis, for example, Anchorage International does not experience abnormal snow removal problems. The airport authority has about 100 pieces of equipment that can be used for snow removal, including graders, grader-towed sweepers, blowers and trucks, plus front-end loaders for hauling snow to remote areas of the airport.

Even during heavy snowfalls, "we're able to keep at least one runway open at all times," Russo said. "It takes us 45 minutes to an hour to get a runway totally clean and back in operation."

Visitors: VIPs and moose

Actually, moose—not snowfalls—create the biggest runway operation problem at Anchorage International.

"A big concern is keeping moose off the runways in the fall and spring," Russo said. "They're capable of going *through* the fence or they can jump *over* the fence."

"A big concern is keeping moose off the runways in the fall and spring; they're capable of going through the fence or they can jump over the fence."

The airport perimeter has an eight-foot-high chain link fence topped with barbed wire, but each year eight to 10 moose—which Russo terms "very stubborn animals"—either are detected near the fence or have broken through or jumped over the fence.

"If we can't herd them out, we have permission from (state) Fish and Game to destroy the moose," Russo said. "We give the meat to a charitable organization."

Besides patroling for moose, airport security personnel occasionally have extra work to do because of stopovers by international dignitaries, whose planes are being refueled. Japan's Prime Minister Nakasone is a frequent visitor. Also a familiar personality is Great Britain's Margaret Thatcher.

The international terminal has a VIP lounge to accommodate those and certain other international visitors, but frequently international dignitaries desire a trip to and from downtown Anchorage—little more than four miles from the airport.

Russo noted that the U.S. Secret Service has personnel based at Anchorage and that Secret Service people from West Coast states are flown north when necessary to augment the Alaska contingent.

The eruption last Easter weekend of Mt. St. Augustine, a volcano about 150 miles from Anchorage, also has made life interesting lately for Russo.

"We never closed the airport, but some of the carriers chose not to come in," he said. "They were concerned about volcanic ash in the air and the effect it would have on jet engines."

So, for several days while the wind blew some ash into Anchorage, flight schedules were seriously disrupted. During that time, the airport lost about 75 percent of its overall traffic load. Ironically, that disruption was far greater than the airport has ever experienced from winter weather. ■

MEMORANDUM

State of Alaska

TO: Loren Lounsbury
Commissioner
Department of Commerce
& Economic Development

DATE: June 27, 1987 — 1986?

FILE NO:

TELEPHONE NO:

JAN 16 1987

FROM: Dan Dixon, Director
DCED/Office of
International Trade

SUBJECT: Overflight Issue
and the Int'l
Airport

For several years informed sources have been sending warnings with respect to the future health and economic vitality of Anchorage International Airport (AIA). Specifically, these warnings have set out a scenario of drastically reduced air traffic through AIA as a result of the major airlines adopting direct flights in the Europe/Asia sections of their world flight routes. Advancements in long range aircraft and the obvious ecomomic advantages to traveling direct between, say, Tokyo and New York, or Tokyo and Paris, have brought us to the brink of the above referenced scenario.

Dramatic losses in AIA traffic will have an immediate multi-million dollar impact on the State's economy in lost revenues. However, the more devastating impact will be on our efforts to sustain and ultimately secure growth for our tourist industry, and our efforts to provide a foundation for expansion of international trade. Our goal in the tourist industry has been to expand business by promoting Alaska as a destination stop for potential visitors, rather than merely a stopover location. To accomplish this goal we will need to anchor various countries in the state via hotels, tour companies and equity participation in the economic development of the statewide community. In the area of general international trade development, if we were to lose our close connection as a bridge between Europe, the U.S. and the Pacific Rim, we lose much of our strategic advantage in future development efforts.

While many informed individuals have periodically sounded alarms, these have for the most part faded plaintively into the mist of other more "immediate" issues. What we have lacked to date is an organized, well thought out action campaign which addresses both the problem and various solutions. I am proposing the immediate formation and institution of such a campaign. This campaign should include representatives of appropriate state and municipal agencies, private sector business and community leaders and the media. The effort envisions an active, highly visible campaign, requiring a public/private partnership at all levels. Our goals include promoting AIA to our present and potential international economic partners, attracting investment, and encouraging new industries in the state.

I believe that the Governor should make this a visible priority by appointing representatives to perform the action campaign. Preferably the Governor would use the campaign in speeches as a method to bring the issue out in the public forum.

The Governor's action here and the formation of a centralized campaign is especially important in light of the fact that there are numerous groups and individuals working independently on this issue. The Anchorage Convention and Visitors Bureau, Department of Transportation, Department of Commerce, the Governor's Washington D.C. Office and the Anchorage Chamber of Commerce have all done studies. Moreover, presently there are at least two studies being conducted simultaneously by two different groups on the issue. An organized effort would focus our energies and increase the likelihood of a successful campaign.

POTENTIAL PARTNERS IN THE GATEWAY TO THE PACIFIC CENTURY CAMPAIGN:

Department of Commerce and Economic Development
Department of Transportation (including appropriate representatives of the international airport section)
Municipality of Anchorage (particularly the Mayor and planning department)
Anchorage Chamber of Commerce
District Export Council
Resource Development Council
Anchorage Assembly
Alaska State Legislators
Congressional Delegation
Anchorage Convention and Visitors Bureau
Major Airline representatives (both domestic and foreign)
Tour group representatives (particularly hotel interests both Alaska and foreign)
Foreign Consulate Offices

Like all campaigns it is advantageous to have a good "hook" or catch phrase that the general public and media can make their own. The concept we propose here is to be known as "Anchorage International Airport: Gateway to the Pacific Century". The exposure and excitement within the community generated by this type of campaign may very well create a momentum and an atmosphere conducive to resolving this important issue. An excellent example of this approach is the action recently undertaken by the Anchorage Organizing Committee for the 1992 Winter Olympics. A carefully orchestrated marketing campaign, a community-wide education program and a partnership between the private and government sectors has generated an international

interest in Anchorage which will ultimately bring the Winter Olympics to Anchorage. Public recognition of the possibility of successfully obtaining the Winter Olympics was not very high just two short years ago.

I believe that there are three (3) central components to this campaign: EDUCATIONAL, POLITICAL, AND DEVELOPMENTAL.

EDUCATIONAL

This component should be the first priority of our efforts. It involves a careful presentation of the issues to the general public in a manner which first informs and then builds activities and target plans into an overall marketing strategy. This component will include appropriate speeches by government and private sector representatives on this issue; press releases and interviews; a careful publishing of applicable reports; and the development of a thorough working relationship based upon this education process with State and Municipal agencies and legislative bodies.

As part of this component an international marketing campaign should be instituted. The goals of the campaign will include promoting Anchorage and Alaska in the international arena as a good location to develop business and as an excellent place to invest for long-term positive returns. The effort should include film, brochures, target meetings/presentations, and other appropriate means of communication. I would recommend that this particular campaign would be an ideal project for the Honorary Trade Representative Program which has been sent to the Governor by our Department.

This marketing effort is critical in order to anchor new industries and services in the Anchorage area, all requiring the maintenance of Anchorage as a gateway to the Pacific Rim region. This is particularly imperative in the tourist industry which will require new hotels and other associated industries to anchor international flights at AIA.

The Department of Commerce, Department of Transportation, or some other entity may provide oversight for the marketing campaign, but a private firm with extensive experience should be charged with the execution of a marketing strategy and implementation. With the use of a professional marketing firm, an image plan consisting of the facts pertaining to the advantages of AIA should be organized.

A representative or organization should be charged with developing a reaction plan in conjunction with the marketing campaign to provide diligent and meaningful response to all

inquiries generated by the campaign. It is also imperative that in formulating both the marketing and reaction plans, emphasis should be directed toward identification of those industries and airlines, and firms, which would have the most interest in AIA.

POLITICAL

This component requires us to take this issue to the legislative level in order to obtain sufficient interest to secure funding, if necessary, and pertinent laws assisting the campaign, such as business incentives. This will involve work at both the State and Municipal level. Naturally, the same educational format for the general public could be used with the legislative bodies. However, the format will ultimately need to be put into a lobbying effort to succeed with the agenda. It will be helpful to our efforts if certain key legislators are brought in early to assist in our efforts and perhaps be made part of our campaign. I believe it is critical that this organization be nonpartisan in addition to crossing state and municipal boundaries of authority.

A Final element of the political component involves our congressional delegation and the Federal Government. Our representatives should be involved in the early stages of our efforts since they can assist us in such difficult issues as stopover rights, short-term visas and the like. Moreover, each Senator and our Representative will have contacts throughout the world that we should take advantage of in our efforts. The Federal Government, of course, controls the above-referenced stopover and visa issues.

DEVELOPMENTAL

Due to the nature of this issue and our need to anchor AIA in the community, the objectives of our campaign should include attracting investment, new industries, stimulating an entrepreneurial climate, and improving access to international markets. The strategy of the campaign should focus on the quality of life of Anchorage, the vast potential of our resources and service industries and our proximity to the Pacific Rim nations and Europe. An integral part of the campaign should be a vigorous promotion of reverse investment in Alaska's (and Anchorage's) bright economic future.

Those projects of immediate concern to us include: the development of hotel projects and the various tour activities which spring from that hub, additional stopover by foreign carriers based upon Alaska as a tourist paradise, the institution of foreign trade zones in Anchorage with AIA serving as part of that zone, short term visas, and the general advocacy of our economic potential.

I would be happy to coordinate these efforts with you or do anything else necessary to make this campaign a success. Perhaps our first effort should be to let the referenced potential partners comment on our suggested approach so that we can launch a thorough and unified campaign.

cc: Mayor Knowles
Greg Baker
Don Dickey
Paul Fletcher
Commissioner Knapp
Gina Lindsey
Larry Michou
Tom Middendorf
John Pearson
Pete Spivey
Bob Coe
Rolf King

Air Transport

Alaska's Economic High Flyer

By MARK HARRIS

Russia never would have sold Alaska to the United States had air transportation been a fact of life in 1867. A vast stretch of wilderness, Alaska has evolved into one of the world's key points in terms of commerce and military defense by air.

Alaska has the distinction of being the most important link in the Orient-North America-Europe air transport chain. It is the vital front line in the United States' northern hemisphere air defense system. Alaska also is the state most dependent on air service for supplying and distributing goods and moving people.

Alaska could not sustain a state capital in Juneau or oil industry operations on the North Slope without aviation services. Small rural communities could not prosper and grow without regular air cargo and passenger service. Mineral and forest development, tourism and even the state's vital fishing industry would be retarded without today's air services network.

Simply put, Alaska would be just another economic backwater — instead of an increasingly important player in national and world trade — without a well-developed domestic and international air-service system.

State and federal governments realize all this, as evidenced by the importance placed on airport construction, upgrades and maintenance funding in Alaska. The Department of Transportation and Public Facilities spent $39 million on airport construction and improvements in fiscal 1986. Since the funding was mainly federal, fiscal 1986 here refers to the October-to-October federal fiscal year. The state spent another $13.7 million on airport operations and maintenance in fiscal 1986 — the state's July-to-July fiscal year, that is.

The above figures pertain to rural airfields only. The state's two international airports, Anchorage and Fairbanks, are administered under a separate arrangement with improvements funded partially through revenues generated by airport operations.

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A single airport construction or expansion project in rural Alaska can run between $2 million and $7 million, according to a 1984 DOT/PF study. (See Table 2, p. 11.) This assumes a gravel surface, 5,000-sq.-yd. apron and a 100-ft. by 50-ft. taxiway.

A lighting system could add another $40 to $50 per lin. ft. of runway, depending on lighting requirements and power source, according to the report.

A federal-state appropriation ratio of 96 percent to 4 percent makes the costly Bush airport construction program possible. However, this funding level is far from secure. Like federal highway funding, aviation fund money is apportioned to states on a formula constantly subjected to political attack by heavily populated states.

There are some 1,000 recognized airports and airstrips in Alaska, of which 162 are in the Cook Inlet basin population center. Most are little more than private gravel strips.

The Department of Transportation and Public Facilities controls and maintains 270 airports statewide and 23 in the busy Cook Inlet region. The state's airport-air service classification system places airports in nine categories with four main classifications:

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Source: Alaska Department of Transportation and Public Facilities

aircraft to operate between Tokyo and Frankfurt, Singapore and Paris, or Hong Kong and London without the currently required refueling stop in Anchorage.

The city could lose more than 500,000 stopover passengers by 1990 plus the revenue gain from landing fees and refueling, according to a consultant's estimate. That is cause for alarm considering the millions of dollars in Airport System funding generated by international landing fees, fuel flowage fees and patronage of duty-free concessions by in-transit and Alaska destination passengers.

Concern about the potential loss of visitor revenue has led the Anchorage business community to call for greater airport marketing efforts by the state. The Legislature is under pressure to place $3 million to $5 million in the airport's FY 88 budget just for marketing promotion.

The idea of the Municipality of Anchorage or an independent authority taking over the airport also has gained new interest. Many feel the city could better administer and promote AIA to potential air carrier customers.

Building to Keep Up

The domestic and regional passenger sector is projected to grow as are the general aviation and air cargo sectors. (See Table 4.) This growth in activity calls for a corresponding growth in facilities. In 1986, AIA spent $37.6 million on capital projects and will have spent another $16.4 million by the end of FY 87.

Projects completed or in progress to date include construction and remodeling of a domestic terminal concourse, a 1,200-space parking garage, west apron reconstruction, remote refueling apron construction, installation of concrete hardstands (pads) for remote parking positions, installation of a ground radar system and demolition of the old airport post office building.

Anchorage airport officials have a $28-million wish list for work to be done in FY 1988 en route to the Alaska Legislature. The full capital improvement spending plan for FY 88 through FY 93 calls for $211.8 million in project, maintenance and equipment funding.

Key projects for 1988 include overlay and grove runway 6R/24L, $2 million; structure for consolidating crash/fire/rescue operations, $4 million; Phase III domestic terminal expansion, $11 million; domestic and international terminal repair and rehabilitation, $5 million; reconstruction of five taxiways, $1.4 million; concrete ramp surfacing, $1 million; and general aviation paving, $1 million.

Another $11.6 million would be needed to move private aviation parking away from the congested international terminal area, relocate the gravel airstrip and enlarge Lake Hood to provide more floatplane slips. About 1,200 private aircraft operate out of AIA and Lake Spenard-Lake Hood.

Already under way is a $13.2-million noise monitoring and abatement program. Coffman Associates Inc., an airport consulting firm with offices in Anchorage, is conducting the Airport Noise Compatibility Study in conjunction with an International Airport Master Plan update.

The master plan recommends building consolidated freight handling facilities on vacant land along the north-south runway. Air freight services and cargo handlers would lease airport-owned warehouse, office and apron space.

One 25,000-sq.-ft. apron, capable of accommodating a B-747 aircraft, has been constructed. An estimated 1.7 million sq. ft. of apron area will be needed during the next 20 years, according to Coffman.

A DOT/PF report states, "In 1983, 224,000 tons of enplaned revenue freight passed through the airport, according to FAA statistics. That was fully one-half of the total tonnage of all the 36 medium-size hub airports in the United States combined, and only slightly less than the tonnage passing through the Los Angeles International and Kennedy International airports. By comparison, 72,200 tons of freight were enplaned at the Seattle-Tacoma International Airport that year."

The master plan further recommends moving the current airport maintenance storage area from behind the main post office to an area south of Runway 6R and west of South Air Park.

A new fuel tank farm also is suggested, possibly at the corner of West Northern Lights Boulevard and Post Mark Drive or on the west side of the airport. A Coffman report states, "Ultimately, the fuel system could be connected to the Nikiski Pipeline, thereby eliminating use of the Alaska Railroad for fuel transport from the Port of Anchorage to the airport." About 1.2 million gal. of fuel is pumped on an average day at AIA.

Fairbanks International Airport

The Fairbanks facility was designated an international airport in 1948. It has sinced played a key role in Interior growth and North Slope oil field development.

TABLE 3
Economic Impact of Anchorage International Airport

Impact Measure	Direct Impact	Indirect & Induced Impact	Total Impact
Output ($)	$697,600,000	$453,500,000	$1,151,100,000
Earnings ($)	$223,000,000	$151,600,000	$ 374,600,000
Employees	8,086	5,386	13,472

TABLE 4
AIA Operations Forecast

Activity	1985	1990	1995	2005
Annual Operations:				
Domestic and Regional	92,802	101,200	131,800	165,200
International	26,030	26,000	27,400	33,900
General Aviation	200,340	231,520	267,330	308,570
Military	2,289	3,000	3,000	3,000
Total Operations	**321,461**	**361,720**	**429,530**	**510,670**
Annual Passengers:				
Enplaned	1,391,470	1,775,400	2,189,200	2,632,700
Transit	1,573,905	1,240,000	1,000,000	1,000,000
Air Cargo*:				
Outbound	189	241	281	363
Inbound	139	165	194	253
Total Air Cargo	328	406	476	652
Based Aircraft:	1,167	1,447	1,692	1,870

*In millions of lb.
Source: Coffman Associates for DOT/PF, January 1986

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02-576(2/77)

Air Transport

Alaska's Economic High Flyer

By MARK HARRIS

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Source: Alaska Department of Transportation and Public Facilities

air cargo services. The Bethel airport is an example.

The vast majority of airports fall into the community and local categories. These are access points to small rural communities served by non-scheduled service and recreational or emergency airstrips, often privately owned.

Ironically, Merrill Field in Anchorage is classed as a community airport. The municipal airport has about 300,000 operations (take-offs and landings) a year, more than Anchorage International Airport.

A multi-year improvement program will wrap up at Merrill Field this summer. Wilder Construction Co. has nearly completed a $4-million contract for work on aprons, perimeter roads, tiedowns, lighting, storm drains and landscaping. Rogers and Babler, an Anchorage company, will finish this summer a $3.2-million project involving more apron work, tiedowns and storm drains. Both are Anchorage-based construction companies.

The Anchorage and Fairbanks airports are the key hubs for international, interstate and intrastate air travel and commerce. Together they open Alaska to the world and comprise the Alaska Airport System, a fiscal entity all its own.

Anchorage International

Anchorage International Airport is the heart of the state's air circulatory system. It also is of great economic importance to the Anchorage economy.

A 1984 Department of Transportation and Public Facilities study showed that AIA had a direct and indirect economic impact of $1.151 billion on the municipality in 1983. (See Table 3, p. 12.)

The study showed that transportation, visitor-related activities, freight forwarding and travel arrangements were of key importance to the growth of Anchorage. Within these four categories, 13,472 people were employed. Those people, about 12.8 percent of the total Anchorage area workforce, earned $375 million in a year. That comes to more than $1 million per day in payroll and $4.1 million per day in economic benefit to the Anchorage bowl area.

While more current figures are not available, a look at fiscal 1986 airport operations statistics leads us to believe the overall economic impact of AIA has continued to grow.

In fiscal 1986 (ended June 30, 1986) AIA had 4,633,845 passenger boardings, deboardings and transfers. That's equivalent to moving the entire population of Washington state through the airport.

About 150,174 tons of freight entered or left the airport, and 72,034 landings also generated revenue. More than 37,500 commercial jet aircraft made use of the facility.

The airport also supports an Air National Guard base from which C-130 aircraft make about 2,600 takeoffs and landings a year.

TABLE 2
Airport Construction Costs by Runway Dimensions

Runway Length X Width	Aircraft Capacity	Cost Estimate
2,100-2,500 x 50-60 ft.	Single & light twin-engine, some STOL turbo-prop (twin Otter, Skyvan), VFR operations.	$1,900,000 to 2,850,000
2,600-3,400 x 75 ft.	Single and multi-engine, some larger STOL (DASH-7), VFR or non-precision IFR operations.	$2,750,000 to 3,540,000
3,500-4,600 x 100 ft.	Small and medium turbo-prop, VFR or non-precision IFR operations.	$3,353,000 to 4,400,000
4,700-7,500 x 100 ft.	Medium, large turbo-prop (C-130 Hercules, L188 Electra); precision or non-precision IFR and VFR operations.	$4,000,000 to 6,830,000

IFR = Instrument Flight Rules
VFR = Visual Flight Rules
STOL = Short Takeoff and Landing Aircraft
Note: Construction costs include 10-percent design engineering and 15-percent administration and inspection costs.
Source: Cook Inlet Transportation and Resource Development Plan, 1984

The Jet Set

International travel is a mainstay of both the Anchorage and Fairbanks airports, even though Fairbanks serves no international flights. Revenue for both airports is channeled through the International Airports Revenue Fund, created by the Alaska Legislature in 1961. Of the fund's $47.9 million in revenues during fiscal 1986, all but $3.5 million was generated by Anchorage International Airport. About 57 percent of the revenue for both airports is generated by international traffic at AIA. Another 38 percent comes from domestic (interstate and intrastate) traffic at both airports, with the remainder generated by general aviation and other activities.

AIA is served by 36 airlines: 19 international carriers (cargo and passenger), nine interstate and eight intrastate airlines. It is strategically located to serve as a refueling stop for nine international cargo and passenger airlines and for 10 airlines that take on (enplane) and let off (deplane) passengers and freight. All these flights use the polar route between the Far East and Europe or routes linking the Lower 48 states with the Orient.

A flight from Paris to Tokyo, for example, must avoid Soviet airspace. So a dogleg route is used over Greenland to Anchorage then over the Pacific to Japan. Also, Anchorage is in a direct flight pattern for a flight from Tokyo to Chicago.

More than 1.5 million international passengers used AIA in fiscal 1986, and they spent more than $15 million in the duty-free shops and other concessions. Another 27,700 people began their international trips from Anchorage, while 1.5 million more boarded domestic and instate flights.

By June 30 of this year, AIA will have served another 3.2 million domestic and international passengers. That number will grow by some 350,000 by the end of fiscal 1990, according to one consultant's estimate. The same forecast calls for 74,866 domestic, international and all-cargo aircraft departures from the airport by mid 1987 and 82,270 such departures in FY 1990. These figures may be optimistic and certainly don't reflect growth in every sector through the end of the century.

There is increasing concern that new aircraft now being ordered by international carriers will fly over Anchorage. The Boeing 747-400, for example, can carry up to 600 passengers and fly some 8,000 mi. non-stop. This will allow the

aircraft to operate between Tokyo and Frankfurt, Singapore and Paris, or Hong Kong and London without the currently required refueling stop in Anchorage.

The city could lose more than 500,000 stopover passengers by 1990 plus the revenue gain from landing fees and refueling, according to a consultant's estimate. That is cause for alarm considering the millions of dollars in Airport System funding generated by international landing fees, fuel flowage fees and patronage of duty-free concessions by in-transit and Alaska destination passengers.

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The domestic and regional passenger sector is projected to grow as are the general aviation and air cargo sectors. (See Table 4.) This growth in activity calls for a corresponding growth in facilities. In 1986, AIA spent $37.6 million on capital projects and will have spent another $16.4 million by the end of FY 87.

Projects completed or in progress to date include construction and remodeling of a domestic terminal concourse, a 1,200-space parking garage, west apron reconstruction, remote refueling apron construction, installation of concrete hardstands (pads) for remote parking positions, installation of a ground radar system and demolition of the old airport post office building.

Anchorage airport officials have a $28-million wish list for work to be done in FY 1988 en route to the Alaska Legislature. The full capital improvement spending plan for FY 88 through FY 93 calls for $211.8 million in project, maintenance and equipment funding.

Key projects for 1988 include overlay and grove runway 6R/24L, $2 million; structure for consolidating crash/fire/rescue operations, $4 million; Phase III domestic terminal expansion, $11 million; domestic and international terminal repair and rehabilitation, $5 million; reconstruction of five taxiways, $1.4 million; concrete ramp surfacing, $1 million; and general aviation paving, $1 million.

Another $11.6 million would be needed to move private aviation parking away from the congested international terminal area, relocate the gravel airstrip and enlarge Lake Hood to provide more floatplane slips. About 1,200 private aircraft operate out of AIA and Lake Spenard-Lake Hood.

Already under way is a $13.2-million noise monitoring and abatement program. Coffman Associates Inc., an airport consulting firm with offices in Anchorage, is conducting the Airport Noise Compatibility Study in conjunction with an International Airport Master Plan update.

The master plan recommends building consolidated freight handling facilities on vacant land along the north-south runway. Air freight services and cargo handlers would lease airport-owned warehouse, office and apron space.

One 25,000-sq.-ft. apron, capable of accommodating a B-747 aircraft, has been constructed. An estimated 1.7 million sq. ft. of apron area will be needed during the next 20 years, according to Coffman.

A DOT/PF report states, "In 1983, 224,000 tons of enplaned revenue freight passed through the airport, according to FAA statistics. That was fully one-half of the total tonnage of all the 36 medium-size hub airports in the United States combined, and only slightly less than the tonnage passing through the Los Angeles International and Kennedy International airports. By comparison, 72,200 tons of freight were enplaned at the Seattle-Tacoma International Airport that year."

The master plan further recommends moving the current airport maintenance storage area from behind the main post office to an area south of Runway 6R and west of South Air Park.

A new fuel tank farm also is suggested, possibly at the corner of West Northern Lights Boulevard and Post Mark Drive or on the west side of the airport. A Coffman report states, "Ultimately, the fuel system could be connected to the Nikiski Pipeline, thereby eliminating use of the Alaska Railroad for fuel transport from the Port of Anchorage to the airport." About 1.2 million gal. of fuel is pumped on an average day at AIA.

Fairbanks International Airport

The Fairbanks facility was designated an international airport in 1948. It has sinced played a key role in Interior growth and North Slope oil field development.

TABLE 3
Economic Impact of Anchorage International Airport

Impact Measure	Direct Impact	Indirect & Induced Impact	Total Impact
Output ($)	$697,600,000	$453,500,000	$1,151,100,000
Earnings ($)	$223,000,000	$151,600,000	$ 374,600,000
Employees	8,086	5,386	13,472

TABLE 4
AIA Operations Forecast

Activity	1985	1990	1995	2005
Annual Operations:				
Domestic and Regional	92,802	101,200	131,800	165,200
International	26,030	26,000	27,400	33,900
General Aviation	200,340	231,520	267,330	308,570
Military	2,289	3,000	3,000	3,000
Total Operations	321,461	361,720	429,530	510,670
Annual Passengers:				
Enplaned	1,391,470	1,775,400	2,189,200	2,632,700
Transit	1,573,905	1,240,000	1,000,000	1,000,000
Air Cargo*:				
Outbound	189	241	281	363
Inbound	139	165	194	253
Total Air Cargo	328	406	476	652
Based Aircraft:	1,167	1,447	1,692	1,870

*In millions of lb.
Source: Coffman Associates for DOT/PF, January 1986

Classified as a small hub airport, FIA serves as a weather diversion airport for polar route traffic. It can accommodate 747-type aircraft, refuel them with 30,000 gal. and get them back in the air in less than an hour.

FIA handled about 600,000 passengers in fiscal 1985. About 260,500 of them boarded commercial flights at the airport. This was down from the peak of 301,288 in 1983. The number of people boarding flights in Fairbanks increased by about 10 percent a year between 1980 and 1983, but passenger traffic has been declining since.

About 25,000 tons of freight, of which 19,400 tons was enplaned freight, moved through the airport last year. This compares to 50,580 tons of enplaned freight in fiscal 1980.

With 80,000 takeoffs and landings annually, FIA is the second busiest domestic flight destination in Alaska, according to airport director Doyle C. Ruff. In 1986, there were 14,600 cargo and passenger airline revenue landings. This indicates the vast majority of flight operations are related to private aviation.

FIA operations are largely funded through the International Airports Revenue Fund. After deducting operating expenses, AIA showed $19.8 million in operations income while FIA had a $6.6-million loss. Consequently, Anchorage's larger traffic base was able to subsidize the smaller Fairbanks operation and show an IARF balance of $13.2 million.

Capital projects at FIA, as at AIA, are funded largely through federal appropriations. In fiscal 1986, FIA had $9.4 million in capital projects, $5.1 million funded with federal dollars. About $4.3 million in work is programmed for FY 87. Another $5.1 million of work is on the drawing boards for FY 88.

Construction work over recent years has added a hydrant fuel system capable of handling aircraft serving international as well as domestic routes. Also, a terminal expansion and renovation project doubled the building's capacity to serve the traveling public.

Other work has included a 13-percent increase in apron area, a 41-percent increase in lane miles of road and a 35-percent increase in auto parking spaces. A 1984-85 project upgraded general aviation parking, aprons, runways and taxiways and added new taxiway and aircraft parking facilities.

A float plane pond was expanded to 6,300 ft. and the number of tiedown berths was doubled to 184.

In 1986, the airport's 10,300-ft. main runway was reconditioned and grooved, a parallel taxiway resurfaced and the runway lighting system upgraded.

Fairbanks International is in the enviable position of not needing major capital project financing as it enters a new five-year planning period. However, an airport is never "finished."

New projects on the books include an extension of the main aircraft parking apron, perimeter vehicle road construction and crash/fire/rescue building upgrades.

As noted, DOT/PF operates the two international airports separately from the network of smaller airfields and landing strips around the state. Yet all the state's air travel and commerce facilities are interdependent.

Alaska is the flyingest state in the union and the one most dependent on air service for daily living and economic growth. Continued long-term planning and timely facility repairs and upgrades, coupled with a sustained capital projects program, translate into a healthy air transport industry — something Alaska will need long after all the oil is gone. □

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Anchorage as international finance center is yet to come

tim bradner

Let's be down to earth about Pacific rim exports. Can we export more commodities — timber, coal, oil and fish -- to the Far East? You bet, if the price is right.

But Anchorage as a center for international finance? I'm willing to be convinced, but I suspect this is an idea whose time has yet to come.

Politically, the Pacific Rim is back in vogue. In Juneau, both the House and Senate have new special committees on international trade, and Gov. Steve Cowper devoted a substantial part of his State of the State address to the subject.

No harm in brainstorming ideas to help Alaska's battered economy. But in the search for new ideas, let's not overlook some old ones that might be good.

Some specifics: Far East timber markets are looking better than they have in years, but most of these benefits will go to our competitors in the Pacific Northwest, Canada, the Soviet Union and Southeast Asia. A forest products loan program, which could help small Alaska timber operators modernize and compete, has been kicked around the legislature for years, with no success. Can we re-examine this?

Just as important: Can we resolve tough land-use and environmental conflicts that prevent putting together large blocks of timber, which are necessary to get Southcentral and Interior Alaska timber into export markets?

Another example: Southeast Alaska's two pulp mills are seeing better markets after years of losses. But good times may be short-lived. There is tough competition from newer plants selling in the Pacific that don't have the high costs and tough environmental problems our Alaska plants face.

Alaska Pulp Co. in Sitka has developed an innovation in water treatment technolo-

See Page E-2, BRADNER

BRADNER COLUMN: Anchorage as an international finance center may be a ways off

Continued from Page E-1

gy that could lower its costs. The Federal Environmental Protection Agency is interested. But Alaska Pulp needs help. Is there a role here for the Alaska Industrial Development Authority?

In coal, we have an insecure toehold in Pacific markets, and that is thanks to international politics, not economics. But we can better our long-range competitive position:

Usibelli Coal Co. is investigating a promising new coal-drying technology that could remove moisture and sharply upgrade the quality of Alaska sub-bituminous coal. With about 25 percent moisture in our coal, essentially every fourth cargo we ship now is water. If that were reduced, and the heat value of the coal increased an estimated one-third, our ability to compete economically with Canadian, Australian and South African coal would be enhanced greatly.

Can we help Usibelli or other coal producers introducing this new technology? Almost every other coal-producing state helps its coal industry with research and development. Why not Alaska?

Another possibility: Coal-fired power plants are a good bet to meet incremental power demand in the Railbelt, even with the Bradley Lake hydro project. If one or more of these plants were built, the mine supplying the coal would have enough base demand to produce coal for export at very competitive marginal unit costs.

Coal producers say they won't need a subsidy with any of these plants, but here is another example where state encouragement, by including coal in our long-range energy planning, would greatly enhance Alaska's coal export capabilities.

Here's something that merits more attention: International air cargo is big business for Anchorage International Airport; about 60 percent of international flights are cargo and the volume is expected to double in the next 20 years, as U.S.-Pacific trade grows.

What many don't realize is that the new generation of long-range jumbo jets isn't the threat to Anchorage's role in air cargo that it is to the passenger jets. That's because of air cargo's economics: It's more profitable to carry more payload and less fuel, and stop here to refuel, than it would be to sacrifice payload for a non-stop trans-Pacific or polar flight.

A major state-sponsored study is underway to assess Pacific air cargo trends and ways Alaska can take advantage of them. Can we be a Pacific cargo "hub," where freight from the Far East is shifted to planes headed for different regions of the United States or Europe?

Or, can we break into the huge Japanese market for fresh fish, shipped by air? Norway ships fresh salmon to Japan right over Alaska. Fresh fish from the U.S. East Coast flies to Japan? Why not from Alaska?

These aren't new ideas. Flying Tigers and Northwest Airlines do a limited amount of cargo-switching here now; Japan Air Lines and MarkAir Inc. are now exporting fresh seafood.

I'm all for looking at new ideas in international trade. A lot of good can come from it. But the danger we face is that if our approach is too scattered, we risk diverting scarce resources away from things we can do to help companies already exporting and already employing Alaskans. These should be prominent on the agenda of any discussion of international trade.

□ Tim Bradner writes for an Alaska economic reporting service.

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Anchorage Daily News Friday, January 30, 1987

Marketing plan urged for airport

By SUE CROSS
The Associated Press

JUNEAU — Alaska officials have been trumpeting stopover businesss at the Anchorage and Fairbanks international airports as a big plus for the state economy, but they're worried about losing that advantage because of new aviation technology and competition.

Several travel promotion groups and nearly all of the Alaska Senate want to offset the changes with an aggressive marketing plan for the airports.

"If we don't do that, we're going to have an international airport system that, instead of making money as it does today, will lose money. When it starts losing money, the landing fees and fueling fees for domestic flights will go up and all of us will be hurt," says Dale Fox, director of the Alaska Visitors Association.

Fox was in Juneau Thursday to ask state officials to boost their airport marketing efforts.

Dale Fox

A resolution (SCR5) asking the Cowper administration to come up with a promotional plan for the airports was introduced Wednesday in the Alaska Senate. It was drafted by Sen. Arliss Sturgulewski, R-Anchorage, and co-sponsored by 18 other senators.

A major angle of state tourism efforts has been to get international passengers from flights refueling in Alaska off their planes to visit the state enroute to their final destinations.

In addition, cargo flights make up 60 percent of the airports' business, and they must not be lost to other states, Fox said.

But according to the proposed resolution, Alaska airports' success in winning stopover business is being jeopardized by development of new aircraft capable of flying nonstop between Europe and the Orient.

Other airports around the Pacific Rim also are promoting themselves to get a greater share of markets for trans-Pacific flights, international tourism and air cargo, Sturgulewski said.

Fox said such promotions have long been run by the Seattle, New York, Los Angeles and other major airports, but now such smaller cities as Portland, Oregon, are cutting into the Alaska flights.

"Anchorage has geographic advantages, but Portland, because of its marketing, is getting more than its share of the planes," Fox said.

Sturgulewski said Alaska stands to lose $14 million net profit generated last year by the Anchorage and Fairbanks airports. That income came from $45 million in revenues.

"Good business for those airports is good business for the state," she said.

QUALITY SERVICES

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Alaska's international airports offer economic opportunity

Courtroom to boardroom

by Tony Smith

At a time when the state is struggling with the wrong end of OPEC politics, attempting to be the cornerstone of the international fisheries and hopeful of receiving the nod from the International Olympic Committee, we need to remember the economic opportunities at home. In this writer's view, an important part of the state's economy involves some buildings and some asphalt. That's the Anchorage and Fairbanks airports.

The problem is that technology may doom our airports. If we don't come up with a viable plan, a new generation of aircraft may result in stops at Anchorage and Fairbanks being a vestige of the past. In my estimation, the commercial future of our airports is as important to our economic future as our high profile items.

A 1985 study indicated that Anchorage International Airport contributed $1.5 billion to the Anchorage economy. Indications were that the airport alone generated employment of 13,472 people. The cost for this is only approximately $20 million.

There's nothing that says international flights will continue to call at either the Anchorage or Fairbanks airport. Right now, we are the air crossroads of the world, but new long-range Boeing planes may change that. Already some international passenger carriers are beginning to fly direct.

The state, the municipality, and those involved with the airport, must concentrate on this issue. The airport may not be the sexiest issue, but it is one area where we haven't experienced a downturn.

For example, there are international carriers, like Korea Airlines, who are unable to pick up or discharge passengers because they do not have landing rights. The reason for this seems to stem from events at the Seoul airport, which have nothing to do with Alaska. We can not accept that.

Visas have been a problem in the past, but the Alaska Congressional delegation has started a program which may solve that. From Alaska's vantage, we need to have our international friends have the ability to pass a few days in Alaska. We must market Anchorage and Fairbanks as destination points.

We need Free Trade Zones in order to maximize the opportunities for local businesses to take advantage of our strategic location. Our airports have to provide services competitive with Portland, Seattle, Los Angeles and other gateway locations. We've gone a long way on the services, but we can always do more.

A task force is working on the problem, and that's a start. The downside, however, is such that an all-out effort is called for. It's easy to get people exicted about AWWR and the Olympics. We need the same excitement about the continued development and marketing of the Fairbanks and Anchorage airports.

An Alaskan since 1971, Tony Smith is an attorney in private practice in Anchorage.

1/26/87

metro

Trade, tourism linked

By DEAN FOSDICK
The Associated Press

Alaska's chances of selling its resources to Pacific Rim nations would be greatly enhanced if it could step up tourist trade with that region, a spokesman for Japan Airlines says.

Mitsuo Kitamoto, a JAL vice president and head of the company's Anchorage office, said trade follows tourism, and Alaska is missing out on a good thing by not promoting vacation opportunities to people passing through the airport's international terminal.

"After vacations, businessmen often go back to their offices and are more receptive to (trade) offers — especially if those offers are competitive," Kitamoto said.

"Australia and Alaska have many of the same things to offer — coal, ore — and they both have good locations for the (Pacific Rim) market. But Australia changed its tourism policy about two years ago and there's been a rapid increase in the number of (Japanese) tourists there.

"After tourism comes business," Kitamoto said.

Anchorage International Airport is the Alaska gateway for people crossing between Asia and Europe, he said.

But technology and international politics may reduce the number of people passing through the airport, Kitamoto said in an interview.

"Long-range jets are coming that can fly non-stop between Tokyo and Europe ... Paris," he said. "And already last year we started flying a polar route over Siberia.

"Businessmen are asking for more non-stops, for additional flights. And we're looking at it."

What that means for Anchorage is unclear, but it could cut into the transient traffic from Japan, which for JAL means about 4,500 passengers a year, Kitamoto said.

"There's been almost no change in the number of Anchorage-destined passengers in the last two years," he said. "A lack of promotion here has been one problem."

Kitamoto said JAL has agreed to help promote Alaska to its Japanese passengers this year. Alaska should do the same for overseas visitors, he said, an idea he has been pushing over the past several weeks during speeches before civic groups.

"The state needs some selling. We get the same questions (from Japanese) about Alaska we do about Africa. What kinds of shoes and gear are required? Is there any kind of shopping here?

"Why should they buy in Europe when they can buy in Alaska? Why not open a corner of the (airport) duty free shop to Alaska crafts?

"Having resources isn't enough," he said.

Time to

Editorials

Crisis at the airport

WE'RE STILL uncertain whether anybody in the state or city governments is listening to our repeatedly stated concerns about the future of Anchorage International Airport. But somebody should be.

We're convinced there's an urgent need to start aggressively developing a new and innovative marketing and servicing program that will keep the airport a vital part of the operating plans of the big commercial carriers, domestic and foreign.

Unfortunately, we don't see that happening.

We need to sell Anchorage International as a place the airlines want on their route schedules — whether it be for passengers, for cargo or simply for refueling.

And we need to make sure that Anchorage International provides its customers — the airlines, the passengers and the commercial shippers — with the absolute best facilities, best services and best rates that be found.

IF WE can't do those things, the advance of new aircraft technology — which makes possible globe-girdling non-stop flights — is going to leave our airport an empty shell.

We don't want to be doom and gloom about this.

It isn't going to happen overnight.

We've got some lead time — but not much.

But the fact is that the airlines — and our competitor airports — already are making their plans for the 21st Century.

Some of them are well along into operational changes relating to the 1990s.

And that decade of the '90s, we need to emphasize, is just a little more than three years away.

Already, the long-range aircraft are in service — and even longer range jets are on the drawing boards down at Boeing and in the engineering departments of the world's other great aircraft manufacturing companies.

IN THE process of discussing this, we also need to restate another continuing recommendation.

And that is that the city take over ownership and control of Anchorage International Airport.

The state can't do the job that needs to be done here.

The bureaucracy is too big, the chain of command goes through too many departments and the ultimate decisions have to be made in Juneau, which is too far away to understand the problem.

Not only that, so long as the airport remains under state control, its top brass in the state government must look at it from a political perspective in which all kinds of tugs and pulls are at work, not all necessarily beneficial to the task at hand — which is to run the best airport in the world, serving the airlines which use it.

If you think Anchorage felt an economic pinch when the oil companies cut back, you'd be shocked even more so if the Anchorage aviation industry suffered a similar reduction.

This is a priority item — but one which isn't at the top of anybody's list. It should be. And fast.

Robert B. Atwood
President and Publisher

Elaine Atwood
Assistant Publishe

William J. Tobin
Vice President, Editor-in-Chief

Change in the cockpi

A CHANGE in managers at Anchorage International Airport is one of those things that usually happens when a new governor takes over. It's a choice assignment and one of the major political prizes that is at the disposal of the man in charge when the time comes to assemble the new team.

Thus the departure of Guy Russo from the post comes as no surprise. On the other hand, at the age of 65, he's earned some time off after a fine career as an airline executive (going back to the old days before Pacific Northern Airlines became part of Western), as an elected public servant (mayor of Douglas), and as a public official on the firing line as airport manager for the last several years.

His successor still remains to be announced. But whoever gets the job had better be aware that he faces a major challenge — no less than the future of the facility as a major international airport.

WE'VE DISCUSSED this problem on many occasions in these columns over the past couple of years. Now, we're pleased to note, a number of civic and political leaders have begun to address the issue.

The problem is that new aircraft technology, which permits intercontinental flights without refueling stops, and the opening of a trans-Siberian route by the Soviet Union, provide the means for airlines flying the polar route to bypass Anchorage.

It isn't all happening at once. But it's happening — little by little.

That means there's time to fight back. But not much time.

And the new airport manager must be a key playe that fight, one that also require the best talents ideas from the state, the and the business commun

To emphasize the ma tude of the challenge, Alaska vice president Japan Air Lines indicated a meeting here a few d ago that Anchorage's w dow of opportunity may open only for another thi or four years, at best.

By then, said Mitsuo Ki mota, JAL will be in the with Boeing 747-400 lo range aircraft — and fligh using that equipment simp won't have the need to p down here. Moreover, J already is using the trans- berian route on at least o flight between Tokyo a Europe.

WHAT'S THE answer?

Several things. We need get serious about promotir Anchorage as a stopov point — as a destination, other words, rather than ju a place for passengers stretch their legs.

We need to get busy deve oping the airport as a cent for trade and commerce. foreign trade zone has bee a topic of idle conversatio and chit-chat for more year than we like to remembe Now is the time.

Private enterprise need to be fully cranked into th operation, working with th state and the city to d things that have to be don at the government level.

And, as a final admoni tion, if the state can't do the job — under a new governor and a new commissioner o Transportation and a new airport manager — then it should get out of the way, turn the airport over to the city, and let the work to preserve and enhance Anchorage International Airport proceed with diligence and vigor.

Opinions .... Other views, other insights

Protecting the future of Anchorage's international airport

Editor's note: this column is excerpted from remarks made by Sheffield Enterprises president Al Parrish to the Dec. 18 membership luncheon of the Anchorage Convention and Visitor's Bureau. Mr. Parris is chairman of the Anchorage Business Council's airport subcommittee.

Comments
by Al Parrish

ANCHORAGE International Airport, as a state-owned facility, began in the early 60's as a principal transfer point for travelers making connections to points within and outside Alaska. In addition, the airport was a refueling and an entry and exit point for international flights, principally on routes between Europe and the Far East.

Today, 28 years later, Anchorage International still serves those primary functions. The plant, however, has grown to include two passenger terminals encompassing 295,000 square feet of total floor area, three runways, extending up to 10,900 feet, 36 aircraft gates, and six baggage claim areas. All of this is contained within approximately 2,000 acres. The airport is serviced by 16 major carriers, nine of which are international, five commuters and approximately 25 non-scheduled airlines.

According to a Department of Transportation study conducted in 1983, the airport contributes more than $1.5 billion to the Anchorage economy. Over 13,000 residents counted on the airport's operation for their jobs, earning a total of $375 million dollars.

HOW WOULD you like your business to have a financial statement like this: In FY '86, the airport took in $45 million dollars, showing a profit of $21 million. Let's take it one step further: image having a business that made a profit of $21 million a year, and that it achieved this profit without any advertising, any public relations, or any marketing studies whatsoever!

Anchorage's strategic location could easily enable it to serve as a platform for business between Europe and Asia. The possibilities are limitless. For example, if Anchorage were to become a foreign trade zone, goods from around the world could be stored here, processed, used in manufacturing other items, exhibited, repackaged, sold or handled in numerous ways. Imports could be used with domestic parts to manufacture new items within the zones — all without paying any customs duties or excise taxes. It would be a tremendous catalyst for development within our business community.

In addition, by expanding the duty free zone at the airport to allow foreign shoppers a much wider range of retail exposure than just gifts and liquors, we could create, in essence, regional shopping centers for stop-over travelers. They could tour duty free trade complexes and showrooms without the necessity of having to go through customs.

More and more, we're seeing international airports taking an active role in marketing their facilities and services. For example, Seattle-Tacoma Airport, together with the Port of Seattle, which owns the airport, has developed an aggressive campaign to attract the expanding transpacific market, the international tourist market and the air cargo industry.

They've produced numerous brochures and an audio-visual presentation. They have a staff of marketing representatives which actively calls on transpacific clients, touting Sea-Tac's excellent international services on the airport premises, such as banks, customs brokers, freight forwarders, warehouses, foreign consulates, plentiful terminal space, excellent ground access, ample runway capacity and minimum environmental concerns.

Sea-Tac's programs and policies have helped to establish it as one of the top 20 airports in the United States for passenger-traffic volume. In 1982, over 9.2 million passengers and 143,000 metric tons of air freight were handled by Sea-Tac. By 1985, the number of passengers at Sea-Tac increased to 11.5 million passengers, up 25 percent. Freight went up to 210,000 metric tons, up 42 percent.

THE NEED, then, to make our presence known is going to become increasingly important in the years ahead. And not just because others are doing it. At this time, Anchorage International faces a very critical challenge, that being the advancement of aviation technology.

I'm sure most of you have heard about the new Boeing 747-400 series aircraft. This aircraft is an advanced version of the B-747's which have served Anchorage International Airport for the past 15 years. However, the new 400 series requires only a two-person flight crew, compared with the three crew members required on all other 747's. It will be able to carry between 400 and 600 passengers, and will be able to fly approximately 8,000 miles nonstop. This will allow the aircraft to fly between Tokyo and Frankfurt, Singapore and Paris, or Hong Kong and London without refueling in Anchorage.

OUR WINDOW of opportunity is slowly closing, and we can't afford to wait. We need to sell Anchorage International as a place the airlines will want on their route schedules — whether it be for passengers, cargo or simply refueling. And the most direct way to go about this task is to mount a marketing campaign, promoting our plant and its services to the world.

Funds for marketing the airport are already available. Revenues from the airport's operation go into a reserve account. The money is there.

Once a line item dedicated to marketing the airport is budgeted by the state, a cooperative effort can be developed, whereby funds from private and public sources would be combined to develop a generic campaign. We believe it will take approximately $3-$5 million to develop and implement a comprehensive marketing plan for the airport. This seems like a reasonable amount to launch a program to reach the world's markets.

Which revenue streams need to be protected and developed?

Obvious ones are, of course, those passengers who are stopping over in Anchorage, on their way to or from a primary destination. Our research shows that 84 percent of those on flights stopping over in Anchorage would be interested in a stay of four to seven days. One-half of those would have stopped on the trip they were on if they would have known they could.

One good example of a stopover program was developed by the Port Authority of New York and New Jersey for passengers transiting through the three major airports: Kennedy International, Newark International and LaGuardia. They call it, "On Your Way Over, Stopover." The package includes one-night hotel at a choice of hotels, sightseeing, VIP shopping service at Macy's or Bloomingdales with language assistance, a choice of Broadway theatre tickets, a welcome kit, etc., all at a low package price. They've advertised this program in periodicals all over Europe.

Other international passengers of great interest to us are those on either end of the transpolar route who could be persuaded to use Alaska as a visitor destination. New research by the state of Alaska shows that the potential for Japanese and German visitors selecting Anchorage as a visitor destination nearly equals the potential for visitors coming from the U.S. If we do our job right in selling our destination, it is possible that we could attract an additional 200,000 visitors a year from Germany and Japan, or a 50 percent increase in vacation or pleasure travel.

WHILE PASSENGERS are important, air freight offers even greater potential for growth. By increasing freight handling at AIA, we would see an increase in landing revenues (which are based on the gross takeoff weight of the aircraft) and fuel revenues for the airport.

International air freight is a rapidly growing market. In recent years, international air cargo shipments have increased at twice the rate of passenger travel.

The most cost-effective freight for air transportation is low-volume, high-value, and relatively low-weight products, such as electronic components, mini-computers, and precision instruments. Other less obvious air freight products are those with time-sensitivity, such as high-fashion apparel, pharmaceuticals, animals, produce, seeds and flowers. These markets need to be actively developed.

I mentioned fuel fees, and I'd like to stress that fuel is an important revenue stream. The airport operates a fuel storage farm and many operators have underground storage tanks. On an average day, approximately 1.2 million gallons are pumped. This means approximately $24,000 a day, or $9 million annually in fuel flowage fees.

Who is backing the plan to market the International Airport? This idea was further advanced by the Anchorage Business Council's Airport Committee, which I happen to co-chair, and others. The council, by the way, was formed by Mayor Tony Knowles with the mission of spurring economic development in Anchorage. Both the municipality and the Anchorage Business Council have endorsed our committee's recommendation. The Greater Anchorage Chamber of Commerce has since given the idea its full support, along with the Anchorage Convention and Visitors Bureau.

We'd like to invite your support as well, because as residents of Alaska and users of the airport, you have a stake in its future operation. We presently have the lead time to plan for the decade ahead. But we can't afford to wait. We need to plan for the 21st Century now.

AT

Short cut to Europe

OK, HERE'S an immediate target of opportunity for those committees that are stirring around these days trying to enhance the future of Anchorage International Airport.

Shippers in Japan, if you can believe it, reportedly are moving cargo via ocean freighter to the Port of Seattle, trucking it to Seattle-Tacoma International Airport, and forwarding it to Europe by air.

That's the word, anyway, in the January-February issue of Tradelines, an official publication of the Port of Seattle.

But that's the long way to go, for heaven's sake.

IF CARGO is bound from Japan to Europe on a ship-air combination, the port of entry should be Anchorage — not Seattle. Anchorage is hundreds of miles closer and many hours quicker from Tokyo.

And it would be just as easy — if not easier — to offload here, truck the cargo to Anchorage International Airport in minutes, and have it on its way to Europe — again a much quicker flight that the route out of Seattle.

The ball's in your court, Anchorage airport committees.

Some realistic advice

EIN 112310?

If anyone should know how Alaska can promote trade with Japan, it's Mitsuo Kitamoto. He's vice-president for Japan Airlines and head of the company's Anchorage office. So when Mr. Kitamoto says Alaska can help its trade prospects by luring more Japanese visitors, Alaskans should take note.

Unlike much of today's Pacific Rim rhetoric, his advice sounds realistic. Often it seems that the state's political and business leaders invoke "Pacific Rim trade" as a magic mantra, the mere chanting of which will help lead Alaska out of the economic doldrums. But most of our trade promotion efforts will take years to pay off — if they ever do.

Mr. Kitamoto's strategy would do something here and now. The tourist industry would get a short-term boost while the state builds its long term prospects for Pacific Rim business by showing the Japanese the state.

Some changes already in the works may help do what Mr. Kitamoto suggests. The new immigration law will make it easier for foreign travelers to get off in Alaska without visas. But Alaska shouldn't stop there. As longer range aircraft enter service, there may come a day when the state cannot rely on refueling stops to bring foreigners to our doors.

In the old days, doing more to draw visitors would have meant spending more state money. But in these times, state funding is scarce. State tourism officials will have to find ways to do more with less — or convince Alaska's tourist businesses to come up with the money themselves.

HB

195

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation

4-8-87

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

April 10, 1987

FOR TODAY'S MEETING YOU HAVE:

A FOLDER ON HB 195 THAT INCLUDES:

* a copy of HB 195
* a fiscal note from the Dept. of Labor
* a copy of the statutes impacted by HB 195
* a letter of support
* a position paper from the Dept. of Labor

Original sponsor: Transportation Committee

IN THE HOUSE BY THE TRANSPORTATION COMMITTEE

CS FOR HOUSE BILL NO. 195 (Transportation)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act excluding services provided by certain taxicab operators from the definition of employment for unemployment compensation coverage; and providing for an effective date."

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

* Section 1. AS 23.20.526(a) is amended by adding a new paragraph to read:

(23) service performed under contract as a taxicab operator.

* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HB 195
Publish Date:

REQUEST:

Revision Date:
Title: "An Act excluding services provided by certain taxicab operators..."
Sponsor: House Transportation Committee
Requestor: House Transportation Committee

Agency Affected: Labor
BRU: Employment Security
Components: Unemployment Insurance

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER.						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Joe Sitton, Director
Phone: 465-2712
Division: Employment Security
Date: 4/3/87

Approved by Commissioner: Jim Sampson
Date: 4/3/87
Agency: Labor

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

Bill No. House Bill 195

Date April 3, 1987

Title "An Act excluding services provided by certain taxicab operators from the definition of employment for unemployment compensation coverage, etc."

Contact: Joe Sitton
465-2712

Eileen Plate
465-2700

House Bill 195 seeks to categorically exclude certain taxicab operators from the definition of employment for the purposes of unemployment insurance coverage.

The Department is puzzled as to the reason for the proposed exclusion since persons, including taxicab operators, who actually are performing as independent contractors, are presently excluded from unemployment insurance coverage under AS 23.20.525(a)(10). Under this current law, a person's status as an independent contractor is shown to exist if:

(A) the individual has been and will continue to be free from control and direction in connection with the performance of the service, both under the individual's contract for the performance of service and in fact;

(B) the service is performed either outside the usual course of the business for which the service is performed or is performed outside of all the places of business of the enterprise for which the service is performed; and

(C) the individual is customarily engaged in an independently established trade, occupation, profession, or business of the same nature as that invclved in the service performed;

Examination of the employee/employer relationship in this regard is appropriate, and the Department supports the application of these criteria in making such determinations.

The exemption of taxicab operators from the independent contractor test, as appears to be proposed in this bill, is not in the interest of Alaska's workers, and the Department opposes it.

APPROVED:

Jim Sampson, Commissioner
Department of Labor

POSITION PAPER/Department of Labor

(7)

HOUSE COMMITTEE REPORT

Date referred: 3/20/87

FURTHER REFERRALS: Labor & Commerce

DATE: April 8, 1987

The Transportation Committee has considered HB 195

"An Act excluding services provided by certain taxicab operators from the definition of employment for unemployment compensation coverage; and providing for an effective date."

RECOMMENDS:

[X] replace with CSHB 195(Trsp) [X] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[X] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

R. Lee Bowman

M. W. Miller Jr.

Bill Hudson

Bette Cate

SIGNING OTHER RECOMMENDATIONS:

Bette Cate

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: April 3, 1987

SIGN-IN

Subject of meeting:

*HB 195 "An Act excluding services provided by certain taxicab operators from the definition of employment for unemployment compensation coverage: and providing for an effective date."

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Jim GATE ASST DIR, UI	Box 3-7000 Juneau AK 99802	4652712	Dept LABOR.	Yes
Stanley Burrows Program Coordinator UI	Box 3-7000 Juneau AK 99802	465-4531	Dept of Labor	NO
Diane Hodges	1718 Edgecumbe Dr. Sitka, AK 99835	(907) 747-6717	Blatchley Middle School	No
Mary Casarsa	P.O. Box 2061 Sitka, Ak 99835	(907) 747-6758	Blatchley Middle School	No
Cyndi Swanson	P.O. Box 2982 Sitka, AK 99835	747-8699	Blatchley middle School	NO
Anne Helmgren	236 Observatory Sitka, AK 99835	747-8353	Blatchley MS	NO
Kathy Bachrach	620 Merrill St Sitka AK 99835	747-5167	Blatchley MS	No
Andy Snivach	200 Park St Sitka, AK 99835 7-8782	7-8782	BMS	NO
Don Kubley	Box 210207 Auke Bay	789-5451	Yellow Cab	Yes

* indicates first public hearing

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02-576(2/77)

Official Business

COMMITTEE:

House Transportation Committee

DATE: April 3, 1987

Subject of Meeting:

*HB 195 "An Act excluding service provided by certain taxicab operators from the definition of employment for unemployment compensation coverage: and providing for an effective date."

SIGN-IN

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Jim GATE ASST DIR, UI	Box 3-7000 Juneau AK 99802	465 2712	Dept LABOR	YES
Stanley Burrows Program Coordinator UI	Box 3-7000 Juneau AK 99802	465-4531	Dept of Labor	NO
Diane Hodges	1718 Edgecumbe Dr. Sitka, AK 99835	(907) 747-6717	Blatchley Middle School	No
Mary Cravenza	P.O. Box 2061 Sitka, ak 99835	(907) 747-6758	Blatchley Middle School	No
Cyndi Swanson	P.O. Box 2982 Sitka, AK 99835	747-8699	Blatchley Middle School	NO
Janet Holmgren	236 Observatory Sitka, AK 99835	747-8353	Blatchley MS	NO
Kathy Bachrach	620 Merrill St Sitka AK 99835	747-5162	Blatchley MS	No
Andy Snivach	200 Park St Sitka, AK 99835 7-8782	7-8782	BMS	NO
Don Kubly	Box 210207 Auke Bay	789-5451	Yellow Progressive Corp	Yes

* indicates first public hearing

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02-576(2/77)

Official Business

COMMITTEE:

House Transportation Committee

DATE: April 3, 1987

SIGN-IN

Subject of meeting:

*HB 195 "An Act excluding services provided by certain taxicab operators from the definition of employment for unemployment compensation coverage: and providing for an effective date."

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Jim Gate ASST DIR, UI	Box 3-7000 Juneau AK 99802	465 2712	Dept LABOR	Yes
Stanley Burrows Program Coordinator UI	Box 3-7000 Juneau AK 99802	465-4531	Dept of Labor	NO
Diane Hodges	1718 Edgecumbe Dr. Sitka, AK 99835	(907) 747-6717	Blatchley Middle School	No
Mary Carranza	P.O. Box 2061 Sitka, Ak 99835	(907) 747-6758	Blatchley Middle School	No
Cyndi Swanson	P.O. Box 2982 Sitka, AK 99835	747-8699	Blatchley Middle School	NO
Ann Hemgren	236 Observatory Sitka, AK 99835	747-8353	Blatchley MS	NO
Kathy Bachrach	620 Merrill St Sitka AK 99835	747-5162	Blatchley MS	No
Andy Smirnoff	200 Park St Sitka, AK 99835 7-8782	7-8782	BMS	NO
Don Kubly	Box 210207 Auke Bay	789-5451	Yellow Cab	Yes

* indicates first public hearing

HB

196

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation:

3-30-87

4-01-87

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

April 1, 1987

FOR TODAY'S MEETING YOU HAVE:

A FOLDER ON HB 196 THAT INCLUDES:

* a copy of HB 196
* an amendment offered by the Dept. of Commerce & Economic Development
* a fiscal note from the Dept. of Commerce
* a copy of the statutes impacted by HB 196
* a sectional analysis

A FOLDER ON HB 101 THAT INCLUDES:

* a copy of HB 101
* a sectional analysis
* a fiscal note and position paper from DOT/PF
* a copy of the statutes impacted by HB 101
* a letter of support from the City of Whittier
* a resolution from the Alaska Municipal League
* a newspaper article
* a map of the proposed toll road

A status report on the DOT/PF capital project cleanup

5-0472B

Original sponsor: Transportation Committee

IN THE HOUSE BY THE TRANSPORTATION COMMITTEE

CS FOR HOUSE BILL NO. 196 (Transportation)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to enplanements, enforcement of compliance with financial responsibility and certificate of compliance requirements for air carriers, penalties, issuance and display of certificates of compliance, and the definition of aircraft; and providing for an effective date."

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

* Section 1. AS 02.15.050 is amended by adding a new subsection to read:

(g) The department may acquire data on passenger enplanements from air carriers; however, the department may not obtain passenger manifests.

* Sec. 2. AS 42.30.200(c) is amended to read:

(c) The department may authorize department personnel to enforce this section and may adopt procedural regulations necessary to implement this section. Upon finding a violation the department may issue a stop use order.

* Sec. 3. AS 42.30.200(e) is amended to read:

(e) A person who violates [(a) OF] this section is guilty of a class A [B] misdemeanor and is punishable by a fine of not less than $1,000 [$500] or more than $5,000 for each day of violation but not to exceed $10,000 for each violation [$1,000].

* Sec. 4. AS 42.30.225(a) is amended to read:

obtaining an annual certificate of compliance for that aircraft from the department. The department may issue a certificate of compliance for one aircraft or a fleet of two or more aircraft. The department shall issue or renew a certificate of compliance upon application and presentation of

(1) proof of financial responsibility required under AS 42.30.200;

(2) proof of compliance with Federal Aviation Administration requirements, and, where applicable, federal certification for scheduled airline service.

* Sec. 5. AS 42.30.225(b) is amended to read:

(b) The annual fee for a certificate of compliance is $50 per calendar year for one aircraft and $100 per calendar year for a fleet of two or more aircraft. The department shall prorate the fee for a certificate of compliance issued after the beginning of the calendar year [. THE CERTIFICATE IS VALID FOR A PERIOD OF 12 MONTHS FOLLOWING THE DATE OF CERTIFICATION]. The certificate shall be [DISPLAYED ON THE AIRCRAFT SO THAT IT IS] visible to boarding passengers.

* Sec. 6. AS 42.30.225(b) is repealed and reenacted to read:

(b) The annual fee for a certificate of compliance for one aircraft and for a fleet of two or more aircraft shall be set by the department by regulation. The certificate is valid for a calendar year. The certificate shall be visible to boarding passengers.

* Sec. 7. AS 42.30.225(e) is amended to read:

(e) The department may authorize department personnel to enforce this section and may adopt procedural regulations necessary to implement this section. Upon finding a violation the department may issue a stop use order.

* Sec. 8. AS 42.30.225 is amended by adding a new subsection

(g) A person who violates this section is guilty of a class B misdemeanor and is punishable by a fine of not less than $500 or more than $1,000.

* Sec. 9. AS 42.30.380(3) is amended to read:

(3) "aircraft" means a propeller, rotor, or jet-powered device used or designed for flight in the air;

* Sec. 10. Notwithstanding AS 42.30.225(b), as amended by sec. 5 of this Act, a certificate of compliance issued by the Department of Commerce and Economic Development and in effect on the day before the effective date of sec. 5 of this Act is valid for the period issued.

* Sec. 11. AS 42.30.225(c) and 42.30.225(d) are repealed.

* Sec. 12. Section 6 of this Act takes effect January 1, 1989.

A M E N D M E N T

Offered in the HOUSE By Cato

TO: HB 196

Page 1, line 10, following "aircraft":

Insert "; and providing for an effective date"

Page 2, lines 11 - 15:

Delete all material and insert:

"(b) The annual fee for a certificate of compliance is $50 per calendar year for one aircraft and $100 per calendar year for a fleet of two or more aircraft. The department shall prorate the fee for a certificate of compliance issued after the beginning of the calendar year [. THE CERTIFICATE IS VALID FOR A PERIOD OF 12 MONTHS FOLLOWING THE DATE OF CERTIFICATION]. The certificate shall be [DISPLAYED ON THE AIRCRAFT SO THAT IT IS] visible to boarding passengers."

Page 2, following line 15:

Insert a new bill section to read:

"* Sec. 6. AS 42.30.225(b) is repealed and reenacted to read:

(b) The annual fee for a certificate of compliance for one aircraft and for a fleet of two or more aircraft shall be set by the department by regulation. The certificate is valid for a calendar year. The certificate shall be visible to boarding passengers."

Renumber following bill sections accordingly.

Page 2, following line 27:

Insert a new bill section to read:

"* Sec. 10. Notwithstanding AS 42.30.225(b), as amended by sec. 5 of this Act, a certificate of compliance issued by the Department of Commerce and Economic Development and in effect on the day before the effective date of sec. 5 of this Act is valid for the period issued."

Renumber following bill section accordingly.

Page 2, following line 28:

Insert a new bill section to read:

"* Sec. 12. Section 6 of this Act takes effect January 1, 1989."

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST:

Bill Version: HB 196
Publish Date:

Revision Date:
Title: Act relating to air carriers

Agency Affected: DCED
BRU: Consumer Protection

Sponsor: House Transportation
Requestor:

Components: Measurement Standards

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-19,000	19,000	-19,000	-19,000	-19,000

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Joe Swanson, Director
Division: Measurement Standards
Phone: 345-7750
Date: March 31, 1987

Approved by Commissioner: J Anthony Smith
Agency: Commerce and Economic Development
Date: March 31, 1987

Distribution (by preparer):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

Sectional Analysis - House Bill 196

Section 1 This specifically authorizes DOT/PF to collect the data necessary for the State to receive federal aid to airports. The provision was suggested last year by Commissioner Knapp, and is still deemed desirable by DOT/PF this year. Passenger enplanement statistics mean the number of passengers arriving or departing at a given airport, but does not include a list of passenger names.

Section 2: This section clarifies existing law by specifically authorizing the department (Commerce) to prevent a commercial carrier from flying passengers for hire on a plane which has not been insured for liability at the State minimum level.

Section 3: This section increases the penalties for flying passengers for hire without obtaining the minimum required level of liability insurance.

Section 4: This allows the department (Commerce) to issue a single certificate of insurance for a fleet of aircraft instead of for each individual aircraft. Many air carriers obtain a fleet insurance policy rather than individual plane policies. This would simplify the existing administrative procedure.

Section 5: Maintains the existing fee for a single certificate of insurance and establishes the fee for a fleet certificate. It also allows carriers to display certificates of insurance at the counter, gate, or other location rather than on the aircraft itself.

Section 6: This specifically authorizes the department (Commerce) to issue a stop use order for plane carrying passengers for hire when the carrier has not obtained a certificate of insurance from the State.

Section 7: This section establishes a penalty for the violation described in Section 6. It is a lesser penalty than for violations under Section 3, as flying without a State certificate of insurance is not as serious a violation as flying without liability insurance at the established minimum level.

Section 8: Adds helicopters to the aircraft covered under this bill. This was an oversight in 1985 when this statute was passed.

Section 9: Repeals existing 42.30.225(c) which is superseded by Sections 2 and 6 in this bill

Repeals existing 42.30.225(d) which was a transitional provision of the 1985 statute, and is no longer meaningful.

sd.9.51

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

M E M O R A N D U M

March~~MAR~~,1 0987

SUBJECT: Certificate of compliance requirements for air carriers (Work Order 5-0472)

TO: Representative Bette Cato

FROM: George Utermohle GU
Legislative Counsel

Enclosed is a draft bill incorporating SCS CSHB 611(Fin) (Fourteenth Legislature) and additional proposed changes to AS 42.30.200 and 42.30.225.

The draft bill deletes the amendments to 42.30.200(c) and 42.30.225(e) contained in SCS CSHB 611(Fin) allowing the department to authorize its employees to investigate compliance with each of these sections. These amendments are not necessary because the authority to enforce these sections includes the authority to conduct investigations necessary for enforcement purposes.

Similarly the draft bill does not contain language authorizing department employees to seek the aid of state troopers in enforcing AS 42.30.220 and AS 42.30.225. The department already has the authority to request assistance from the state troopers in enforcing these statutes by virtue of the department's responsibility for enforcement and the authority of the state troopers to investigate violations of criminal laws under AS 18.65.080.

If I have overlooked a compelling reason for these provisions please contact me, so that I can address those issues.

GU:mkr
m9/124

Enclosure

DELIVER TO: LTCCGTG

MAR 3 1 1987

ORIGINAL
SENT: 03/30/87 TIME: 15:14
FROM: LIOCBET
SUBJECT: FINAL STATS
PRINT DATE: 03/30/87 TIME: 15:15

EMAIL #2

FINAL STATS

TO: HOUSE TRANSPORTATION
SUBJECT:
LEG.WORK SESSION HB-196 -HB 173 AIR CARRIER REGS.
DATE: 3/30/87
SITE:
BETHEL
TIME IN/OUT:
MODERATOR:
HELEN EDGE

OBSERVER: 1. CINDY ANDRECHECK, ALASKA AIR CARRIER ASSOC. BOX 976 BETHEL, ALASKA 543-3280

DELIVER TO: LTCCGTG

ORIGINAL
SENT: 03/30/87 TIME: 15:25
FROM: LTCCFBX
SUBJECT: 3/30 H.TRANS. T/C
PRINT DATE: 03/30/87 TIME: 15:25

FINAL STATS

DATE: MARCH 30, 1987
SITE: FAIRBANKS
SPONSOR: HOUSE TRANSPORTATION
SUBJECT: LEG.WORK SESS.:HB196 AIR CARRIER REGS;HB173 AIRPORT AUTH.
MODERATOR: MELBA J. OESTER

TESTIFY:

NAME\REPRESENTING	ADDRESS	PHONE:#
1.) - 0 -		

OBSERVE:

NAME\REPRESENTING	ADDRESS	PHONE #
1.) --0-		

TESTIFIED: 0
OBSERVED: 0
TOTAL: 0

TIME START: 1:30 P.M.
TIME END: 3:00 P.M.

DELIVER TO: LTCCGTG

ORIGINAL
SENT: 03/30/87 TIME: 15:27
FROM: LIOCANC
SUBJECT S TRNSPRTN T-C: ANCH STATS
PRINT DATE: 03/30/87 TIME: 15:27

*** FINAL TELECONFERENCE STATISTICS ***

DATE: MARCH 30, 1987
SITE: ANCHORAGE
SPONSOR: SENATE TRANSPORTATION
SUBJECT: HB 196; HB 173 -- AIRPORTS
LOCAL MODERATOR: DAVID

TESTIFIED:

NAME\REPRESENTING	ADDRESS	PHONE #

LISTEN ONLY

OBSERVED:

NAME\REPRESENTING	ADDRESS		PHONE #
DAVE JENSEN	RECVE ALEUTIAN AIRLINES	ANCH	243-1112
JACK BIRMINGHAM	ERA HELICOPTERS	ANCH	248-4422
NORM ISRAELSON	AV-TECH ALASKA	ANCH	345-4317

TESTIFIED: L\O
OBSERVED: 03
TOTAL: 03

START TIME: 1:30
END TIME: 3:10PM

HOUSE COMMITTEE REPORT

(7)

Date referred: 3/20/87

FURTHER REFERRALS: Judiciary

DATE: April 1, 1987

The Transportation Committee has considered HB 196

"An Act relating to enplanements, enforcement of compliance with financial responsibility and certificate of compliance requirements for air carriers, penalties, issuance and display of certificates of compliance, and the definition of aircraft."

RECOMMENDS:

[X] replace with ~~CS for HB 196~~ CSHB 196(Trsp) [X] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[X] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Bette Cats

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: March 30, 1987

Subject of meeting:

HB 173: International Airport Authority

HB 196: Regulation of Air Carriers

SIGN-IN

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?	
Lobbyist Ced Stoops	Box 1211 Juneau 99802	586-3840	Alaska Air Carriers Assoc.	Yes	196
Robert Pe Mark Hutch/ Doyle Ruff Larry Michael		465-3900	DOT/PF	Yes	173
Fran Pulliam Personnel Analyst	Box 1001 Juneau 99811	465-4432	DOA Div. of Personnel	Requested	173
Bus Mgr & Sec/Treas AL J. BAFFONE	2510 ARTIC BLVD 99503	276-7211	Public Employees Local 71 AFL-CIO	Yes	173
Cherie Shelley	3000 Franklin, Juneau	586 2334	APEA	Yes	173
Sue Pearce				Yes	173
EXECUTIVE DIRECTOR Doyle Ruff	P.O. Box 60369 FAIRBANKS, AK 99706	474-2500 266-1400	DOT/PF	Yes	

Official Business

COMMITTEE:

House Transportation Committee

DATE: April 1, 1987

Subject of meeting:

HB 196: Air Carriers Regulations

*HB 101: "An Act relating to state toll facilities."

SIGN-IN

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Lobbyist Rod Storrs	Box 1211 Juneau, AK	586-3540	AACA	Yes
Rick Pharr	Box D Juneau	465-2504	DCED	Yes

* indicates first public hearing

HB

209

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Community & Reg. Affrs:

4-24-87

5-04-87

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Alaska State Legislature

Senate

P.O. BOX V
State Capitol
Juneau, Alaska 9981

Official Business

BILL ANALYSIS OF

HOUSE BILL NO. 209

"An Act relating to establishment of a port authority by a municipality."

The legislation would be added to Title 29, Chapter 35 of the Alaska Statutes.

Under Section 29.35.600, the Port Authority Commission may be established with the adoption of an ordinance by the governing body. Also include in this section are the procedures for the nomination and ensuing election of commissioners.

Under Section 29.35.610, the Port Authority is supervised and controlled by the Port Commission. This section explains the term of a Port Commissioner and allows for the adoption of meeting rules.

Under Section 29.35.620, the Port Commission may employ a director, retain legal counsel, and employ other personnel deemed necessary.

Under Section 29.35.630, the powers of the Port Commission are described including economic analysis, acquisition of property, development of plans; entering into contracts, raise revenues, lease property, and accept grants and donations.

Under Section 29.35.650, the financing of the Port Authority is explained. Finances may be obtained through donations, borrowed money, revenues from any property, building, or facility under its control, and the issuance of revenue bonds (these revenue bonds are not a debt of the municipality or state).

Under Section 29.35.660, when the Port Commission proposes a project using revenue bonds, a Development Plan is to be prepared and submitted to the governing body. This section explains what a Development Plan must contain.

Under Section 29.35.670, the procedure for the approval of a Development Plan from the Port Commission is covered.

Under Section 29.35.680, the budget shall be prepared by the Director of the Port Authority with approval by the governing body. The budget may not include money of the municipality except if authoized by the governing body.

Alaska State Legislature

ARLISS STURGULEWSKI, Chairman
TIM KELLY, Vice Chairman
RICK HALFORD
KE SZYMANSKI
ED ZHAROFF

P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-4989

Senate

Community and Regional Affairs Committee

TO: Senate C&RA Members March 24, 1987

FROM: Senate C&RA Staff MCL

RE: SB 168 - "An Act relating to establishment of a port authority by a municipality."

SB 168 is designed to enable municipalities to to establish their own port authority commissions. The bill's goal is to create a mechanism that municipalities can use to focus on water related economic development.

Alaska currently has a port facilities and development act, however, it stipulates that funding must be appropriated by the state. SB 168 would allow funds to be raised by any legal means approved by the appropriate city council or borough assembly.

The bill provides that a municipality's port authority commission would be established by ordinance and three commissioner's elected. The commission would do its own budget and long range planning. The bill is based on legislation from the State of Washington.

This packet contains a memo from the sponsor and his sectional analysis, a memo from the Senate Advisory Council, and the existing state law on ports.

March 24, 1986

Senate Committee on
Community and Regional Affairs

Senator Arliss Sturgulewski, Chairman

Presentation by
Senator Jim Duncan
Sponsor of SB 168

MADAME CHAIRMAN, ALASKA IS NOT UTILIZING, ONE OF IT GREATEST ECONOMICAL POTENTIALS, WATERFRONT DEVELOPMENT. THE PURPOSE FOR CREATING THIS LEGISLATION IS TO PROVIDE AN IMPETUS TO THOSE COMMUNITIES THAT STAND TO GAIN, ECONOMICALLY, THROUGH THE USE OF THEIR WATERFRONTS. THIS BILL IS THE FRAMEWORK TO ESTABLISH PORT AUTHORITIES THAT ARE, IN A SENSE, SEMI-INDEPENDENT.

CURRENTLY, THERE IS A STATUTE WHICH ALLOWS THE STATE OF ALASKA TO FUNNEL MONEY THROUGH TO COMMUNITIES FOR PORT FACILITIES AND DEVELOPMENT (AS 30.15). HOWEVER, IT IS THE INTENTION OF THIS BILL NOT TO HAVE THE STATE INVOLVED, FISCALLY. RATHER, IT IS THE INTENTION OF THIS BILL TO SET UP THESE PORT AUTHORITIES WITHIN THE LOCAL GOVERNING BODY BUT THAT THEY OPERATE IN A SEMI-INDEPENDENT NATURE.

UNDER THIS LEGISLATION, THE PORT AUTHORITY IS SUPERVISED AND CONTROLLED BY THE PORT COMMISSION. THE PORT COMMISSION MAY HAVE A DIRECTOR, RETAIN LEGAL COUNSEL, AND EMPLOY OTHER PERSONNEL AS IT SEES FIT TO DO SO. THE PORT COMMISSION CREATES ITS OWN BUDGET AND OBTAINS FUNDS FOR THE BUDGET THROUGH VARIOUS METHODS INCLUDING, BUT NOT LIMITED TO, RECURRING REVENUES, ISSUANCE OF REVENUE BONDS, DONATIIONS, AND BORROWED MONEY.

ALASKA FACES TREMENDOUS ECONOMIC POTENTIAL THROUGH ITS PORT DEVELOPMENT. WITH THIS LEGISLATION, THE GROUNDWORK CAN BE LAID IN THE EFFORT TO GREATLY ENHANCE PORT DEVELOPMENT AROUND THE STATE. THE GOVERNOR HAS ALREADY STATED THAT INTERNATIONAL TRADE IS A HIGH PRIORITY IN HIS ECONOMICAL DEVELOPMENT PLAN. WITH AN AGGRESSIVE PORT DEVELOPMENT PLAN, BY THE VARIOUS PORT AUTHORITIES, THROUGH THE BACKING OF THIS LEGISLATION, ALASKA CAN BEGIN TO REALIZE THE ECONOMIC POTENTIAL OF ITS WATERFRONTS.

WE HAVE RECEIVED FAVORABLE COMMENTS FROM SEVERAL COMMUNITIES ALREADY. THE COMMENTS HAVE BEEN PRIMARILY SEEKING ASSURANCE THAT THOSE COMMUNITIES ARE INCLUDED IN THE BILL BECAUSE THEY SEE POSITIVE THINGS WITH IT.

MANY CITIES CAN NOW ESTABLISH SOME FORM OF PORT SYSTEM BUT THEY ARE ONLY IN AN ADVISORY CAPACITY AND ITS MEMBERS ARE APPOINTED BY THE LOCAL GOVERNING BODY. SB 168 DIFFERS IN THAT THE COMMISSIONERS ARE ELECTED DURING MUNICIPAL ELECTIONS. THIS ALLOWS THE COMMISSION TO BE SET UP AS A SUBDIVISION OF THE MUNICIPALITY, SIMILAR TO A SCHOOL DISTRICT. THE COMMISSION WILL BE ESTABLISHED BY ORDINANCE AND THREE COMMISSIONERS WILL BE ELECTED BY THE PEOPLE THEREBY GIVING THE PEOPLE THE STRONGEST VOICE IN A PORT'S DEVELOPMENT.

THIS LEGISLATION HAS BEEN MODELLED AFTER THE STATE OF WASHINGTON. THE BILL IS IN ITS SIMPLEST FORM AT THIS TIME, HOWEVER WE MUST WORK TO STRENGTHEN OUR WATERFRONT DEVELOPMENT AND CREATE A BILL THAT'S IN THE BEST INTEREST OF ALASKA. THIS BILL IS MERELY A STARTING POINT WITH THE INTENTION THAT A STRONG PIECE OF LEGISLATION WILL BE DEVELOPED THROUGH OUR LEGISLATIVE PROCESS. THANK YOU.

Alaska State Legislature

Senate Advisory Council

P.O. Box V
State Capitol
Juneau, Alaska 99811
Phone: (907) 465-3114

MEMORANDUM

TO: Senator Duncan
Alaska State Senate

ATTN: Ron Whitcraft

FROM: Lee Ann Lucas
Senate Advisory Council

DATE: February 18, 1987

RE: Port Authorities

Referencing your request for information on the organization, administration and authorities of various port authorities, I offer the following.

Today, there are 105 state, local, county or independent public seaports in the United States and its territories, 76 of them Corporate members of the American Association of Port Authorities (AAPA). Historically, port development and operation in the United States has been a local or state function. There is considerable variety in the structure, powers and the purpose of port authorities in the United States.

I contacted Mr. Rexford Sherman, Director for Research and Information Services with the AAPA. Mr. Sherman provided a copy of a report entitled "Public Port Agencies In The United States and Canada" (copy attached) which gives an overview of port authorities.

Also attached is a listing of the AAPA Corporate Member Ports. As you can see, the complexity becomes evident in looking at just the port authorities that comprise the U.S. corporate membership of the APPA. Some are administrative divisions of state government. Others are in effect public corporations set up under state law and directed to develop specific port areas in the public interest. Some are state port authorities with responsibility for the several ports that may lie in a given state. In other instances, states have created port administrations that are basically political subdivisions of the state, frequently called navigation districts, which like other such subdivisions (e.g., school districts or

townships) have the power to tax and float bonds. In addition there are county and municipal port departments and, to further complicate the picture, bi-state port authorities with jurisdictions covering two states.

In the North Atlantic, the preference appears to have been for public corporations, state port administrations and bi-state ports. State port authorities are most common in the South Atlantic. Independent navigation districts are particularly popular in the Gulf and Pacific Northwest, while municipal port departments are favored in California.

The variety of port structure types and their distribution among the various U.S. port ranges is indicated in the attached chart. For example, the Massachusetts Port Authority is a autonomous public corporation set up through an act of the legislature which has a seven-member Board of Directors appointed by the Governor. The Port of Bellingham is defined as an independent navigation district which has three elected Commissioners. Attached are the enabling acts for the State of Washington and the State of Massachusetts.

Most U.S. port authorities (though there are exceptions) are governed by a board of commissioners (or directors) which oversee port policy and operations as custodians of the public interest. But among the 80 U.S. member port authorities, most boards (48) are appointed, usually by a governor (sometimes with the advice and consent of the state legislature), mayor, city council or county commissioners. Twenty-two boards, however, are elected by local voters. Nine have no board whatsoever. Elected boards are most common among independent navigation districts. On the other hand, state port authorities and other state-chartered port corporations are generally appointive. Typically, state port departments do not have a board of any sort.

After you have had a chance to review the attached materials, please call me and I will collect the enabling acts, charters and information you feel may be useful in formulating similar legislation.

LAL:lal
Attachments

Attached materials available from Senator Duncan's office.

3/6/87
PRINT/TV

Alaska State Legislature
Senate

P.O. BOX V
State Capitol
Juneau, Alaska 99811

Official Business

NEWS RELEASE

CONTACT:
Ron Whitcraft
465-4766

JUNEAU --- LEGISLATION WAS INTRODUCED TODAY (FRIDAY), IN THE ALASKA SENATE, THAT WOULD GIVE AN ECONOMIC BOOST TO MANY COMMUNITIES IN THE STATE. THE MEASURE WOULD ENABLE LOCAL GOVERNING BODIES TO ESTABLISH THEIR OWN PORT AUTHORITY COMMISSIONS AND THEREBY GIVE THEM THE ABILITY TO FOCUS SOME ATTENTION ON WATERFRONT DEVELOPMENT.

THE BILL'S AUTHOR, SENATOR JIM DUNCAN OF JUNEAU, STATED THAT ALASKA HAS A GREAT POTENTIAL FOR WATERFRONT DEVELOPMENT. ALTHOUGH ALASKA HAS A PORT FACILITIES AND DEVELOPMENT ACT IN PLACE NOW, IT STIPULATES THAT FUNDS ARE APPROPRIATED BY THE STATE. SENATE BILL ONE SIXTY-EIGHT ALLOWS PORT DEVELOPMENT DOLLARS TO BE RAISED HOWEVER THE COMMISSION SEES FIT WHETHER BY REVENUE BONDS, WORKING WITH THE PRIVATE SECTOR, OR WHATEVER MECHANISM IS SUITABLE FOR A COMMUNITY.

SENATOR DUNCAN SAID, "THE BILL IS AN ATTEMPT TO STRENGTHEN OUR ABILITY IN THIS STATE TO DEVELOP OUR WATERFRONT AREAS AND TO BRING MORE ECONOMIC ACTIVITY INTO THE COMMUNITIES OF ALASKA."

S-B ONE SIXTY-EIGHT PROVIDES THAT A COMMUNITY'S PORT AUTHORITY COMMISSION WOULD BE ESTABLISHED BY ORDINANCE AND THAT THREE COMMISSIONERS ARE ELECTED TO SERVE THE BODY. THE COMMISSION

WOULD ALSO CREATE ITS BUDGET AND DO ITS OWN LONG RANGE PLANNING, ALL DESIGNED TO PROMOTE THE ECONOMIC GROWTH OF A COMMUNITY.

"IT IS NOT AN ATTEMPT TO BUILD ANOTHER BUREAUCRACY AND WE'RE NOT ASKING FOR ANY STATE MONEY," DUNCAN ADDED. "IT'S PURELY UP TO LOCAL COMMUNITIES TO MAKE THE DECISION AS TO WHETHER THEY WANT TO FOCUS IN ON THAT TYPE OF DEVELOPMENT."

3/6/87
RADIO

Alaska State Legislature

Senate

Official Business

P.O. BOX V
State Capitol
Juneau, Alaska 99811

NEWS RELEASE

March 6, 1987

CONTACT:
Ron Whitcraft
465-4766

JUNEAU --- LEGISLATION WAS INTRODUCED TODAY (FRIDAY), IN THE ALASKA SENATE, THAT WOULD GIVE AN ECONOMIC BOOST TO MANY COMMUNITIES IN THE STATE. THE MEASURE WOULD ENABLE LOCAL GOVERNING BODIES TO ESTABLISH THEIR OWN PORT AUTHORITY COMMISSIONS AND THEREBY GIVE THEM THE ABILITY TO FOCUS SOME ATTENTION ON WATERFRONT DEVELOPMENT.

THE BILL'S AUTHOR, SENATOR JIM DUNCAN OF JUNEAU, STATED THAT ALASKA HAS A GREAT POTENTIAL FOR WATERFRONT DEVELOPMENT. ALTHOUGH ALASKA HAS A PORT FACILITIES AND DEVELOPMENT ACT IN PLACE NOW, IT STIPULATES THAT FUNDS ARE APPROPRIATED BY THE STATE. SENATE BILL ONE SIXTY-EIGHT ALLOWS PORT DEVELOPMENT DOLLARS TO BE RAISED HOWEVER THE COMMISSION SEES FIT WHETHER BY REVENUE BONDS, WORKING WITH THE PRIVATE SECTOR, OR WHATEVER MECHANISM IS SUITABLE FOR A COMMUNITY.

[Insert: @ :30

In: "It's an attempt to strengthen..."

Out: "...as outlined in this legislation."

S-B ONE SIXTY-EIGHT PROVIDES THAT A COMMUNITY'S PORT AUTHORITY COMMISSION WOULD BE ESTABLISHED BY ORDINANCE AND THAT THREE COMMISSIONERS ARE ELECTED TO SERVE ON THE BODY. THE COMMISSION WOULD ALSO CREATE ITS BUDGET AND DO ITS OWN LONG RANGE PLANNING, ALL DESIGNED TO PROMOTE THE ECONOMIC GROWTH OF A COMMUNITY.

5
(LT)

HOUSE COMMITTEE REPORT (14) CS HB 209(CRA)

Date referred: 3/25/87 FURTHER REFERRALS: Transportation

DATE: 05/08/87

The Community and Regional Affairs Committee has considered HB 209

"An Act relating to establishment of a port authority by a municipality."

RECOMMENDS:

[XXX] replace with CSHB 209 (CRA) [XXX] the same title

[ ] attached amendment(s) [ ] a new title

[XXX] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[XXX] same as previous zero fiscal note published _____

SIGNING DO PASS:

Springer

Collins

Zawacki

SIGNING OTHER RECOMMENDATIONS:

Springer

Chairman's signature

(13) HB209

5-0895Ba
Cook

A M E N D M E N T

Offered in the HOUSE

TO: CSHB 209(C&RA)

By the Community and Regional Affairs Committee

Page 1, line 11:

Delete "A"

Insert "Notwithstanding other provisions of law, a"

Page 1, line 13, after "port authority":

Insert "in accordance with AS 29.35.600 - 29.35.690. An authority established by a borough under AS 29.35.600 - 29.35.690 may exercise its power in a second class city located within the borough but may not exercise its power in a home rule or first class city unless the exercise of the power is approved by the assembly of the home rule or first class city by resolution"

Official Business

COMMITTEE: HB 209

HOUSE COMMUNITY & REGIONAL AFFAIRS

DATE: May 4, 1987

SIGN-IN

Subject of meeting:

HB 176 - Land from federal townsite trustee

HB 209 - Establish port authority

NAME (PLS PRINT)	YOUR TITLE & ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Rep Mennard				
Larry Bussone for Rep Larson				
Doug Griffin	DCRA			

Alaska State Legislature

(8) HB 209
Rep. Larson prepared stmt.

Session Address:
STATE CAPITOL BUILDING
BOX V
JUNEAU, ALASKA 99811
(907) 465-3727

Interim Address:
BOX 53
PALMER, ALASKA 09645
(907) 745-3828 - Palmer
(907) 376-8628 - Wasilla

Representative Ronald L. Larson
District 16B

April 23, 1987

House Committee on
Community and Regional Affairs

Representative Henry Springer, Chairman

Testimony on House Bill No. 209

Mr. Chairman, Alaska is not developing one of its greatest resources to near the level it might. I am speaking of Alaska's waterfront. In this time of economic crisis, in this time when economic development is being encouraged, we must find ways to develop that great potential. I believe HB 209 will do that very thing. The legislation would allow local governing bodies to establish, by ordinance, their own port authority.

Currently, there is a Port Facilities and Development Act in statute (at AS 30.15); however, that Act calls for development through state appropriated funds. HB 209 would take the state out of waterfront development and would provide an impetus to communities to develop their waterfronts independent of state monies.

Each port authority would be set up as a subdivision of the local governing body, similar to a school district. An authority would be allowed to employ an executive director and staff and to retain legal counsel. It could sue or be sued in state court, and it would be empowered to complete economic analysis, acquire and develop land and facilities, develop and implement long range plans, enter into contracts, raise revenues, and accept grants and donations. A port authority would also have the power of eminent domain. Finally, an authority could enter into agreements with other port authorities for sharing development or management of land and facilities within the jurisdiction of the commissions.

Let me clarify the relationship between a port authority and the local governing body. First of all, for an authority to be formed, the governing body would hold public hearing on a proposed ordinance establishing the authority and its powers. After public hearing, if the governing body intended to proceed with the establishment of the authority, it would hold a vote on the proposed ordinance and at the same time the election of port commissioners. After an authority was established, and after it decided to finance a project in whole or in part with revenue bonds, it would submit a development plan to the governing body. Upon receipt of the development plan, the governing body would hold public hearing on the plan and subsequently by ordinance approve or reject the plan. In short, the port authority would be a semi-independent entity of the local governing body.

It is my belief that HB 209 will lay the groundwork for a greatly enhanced effort to develop waterfronts around the state and to bring more economic activity into several communities of the state.

Let me conclude by encouraging the committee to adopt the amendments proposed by Representative Hudson. His proposed amendments do three primary things: First, they clean up some drafting errors. Secondly, and more importantly, they would allow city and towns such as Homer, Seward, and Kodiak to develop port authorities independent of the borough or municipality to which they belong. Third, they would amend Sec. 29.35.660 to require an economic analysis and justification for the project as well as a description of the expected benefits and other effects of the project to be included in the development plan.

For the sake of economic development in the state, I urge this committee to examine this legislation closely, make the changes it deems necessary, and pass it on to the House Committee on Transportation. I would add that the bill is supported by several communities around the state, and, as you will notice in your packet, by the Department of Community and Regional Affairs and Department of Commerce and Economic Development.

Thank you, and I will answer whatever questions you may have.

Official Business

COMMITTEE:

HOUSE COMMUNITY & REGIONAL AFFAIRS

DATE: April 24, 1987

SIGN-IN

Subject of meeting: (B) HB 209 1 of 2

*HB 209 Establish port authority

NAME (PLS PRINT)	YOUR TITLE & ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
LARRY BUSSONE	502 CAPITAL	3727	REP. RON LARSON	Yes
Clovis Bowles	Planner Box BH	4750	DC&RA	NO
Becky Bear	Legislative Liason DCED Box D	2504	DCED	Yes
Rep. Tom Menard			Co-Sponsor	Yes

Official Business

COMMITTEE:

HOUSE COMMUNITY & REGIONAL AFFAIRS

DATE: April 24, 1987

SIGN-IN

Subject of meeting: (B) HB 209 2 of 2

*HB 209 Establish port authority

NAME (PLS PRINT)	YOUR TITLE & ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Lee Sharp	P.O. 2977	745 9678	Mat-Su Borough	Yes
Doug Griffin		4750	C&RA	Yes

Dept. of Transportation & Public Facilities

(7) HB 209

Position Paper

48A

BILL NO: HB 209

APPROVED: MARK S. HICKEY
COMMISSIONER

TITLE: An Act Relating to Establishment of a Port Authority by a Municipality.

DATE: April 22, 1987

The Department of Transportation and Public Facilities feels that authorization of port authorities under HB 209 is mainly a local government issue. It basically allows a local government to operate its port through an authority instead of directly by the municipal government. Therefore, we do not have a position on this bill.

There are cases of cities within boroughs which presently operate ports. As written the bill would preclude allowing them to create port authorities. This discrimination among municipalities appears to be unjustified.

For further information call Susan Fleischhauer at 465-3900.

(5) HB209

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

☐ P.O. BOX B
JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4700

☐ 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

April 22, 1987

POSITION PAPER

RE: House Bill 209 - "An Act relating to establishment of a port authority by a municipality."

SPONSOR: Representative Larson

Program Effects of Bill

House Bill 209 proposes to amend AS 29.35 as follows:

Section 29.35.600 would allow the governing body of a borough, unified municipality or city in the unorganized borough to establish a port authority by ordinance, upon approval of the voters of the municipality.

Section 29.35.610 would establish an elected three member port commission and Section 29.35.620 would allow for staffing of the commission.

Section 29.35.630 would establish the powers of the port commission. These powers would include planning and implementation of plans for development in waterways or in waterfront areas, appropriate contracting, property management, and the acceptance of grants.

Section 29.35.640 would allow the municipality to exercise the powers of eminent domain for the purpose of transferring property to the port authority.

Section 29.35.650 sets out how the port authority would be financed.

Section 29.35.660 would require the port commission to prepare a development plan, to be submitted to the governing body, when a project is to be financed by revenue bonds. The plan must be approved or rejected by ordinance.

Section 29.35.670 would instruct the governing body to hold a public hearing on the proposed development plan and adopt, modify, or reject the plan by ordinance.

Section 29.35.680 would require the port authority director to prepare and submit the budget to the governing body for approval before it is adopted by the port commission.

Section 29.35.690 would allow the port authority to be dissolved by an ordinance approved by the voters. Remaining property and assets after obligations have been fulfilled would belong to the municipality.

Comments

The Department supports this bill in concept because it provides additional flexibility to municipalities for port operations without limiting the ultimate control of those municipalities. The bill would allow a municipality to establish a local port authority following approval by voters within the municipality. The port authority could have a greater degree of management autonomy than currently allowed. The authority would have the ability to plan for and manage its own operations and to finance these operations through user fees and revenue funds. However, unlike the case in other states such as Washington, the municipality would continue to have ultimate control over any port authority established.

The Department suggests several minor modifications to the bill as follows: Section 29.35.600(a), page 1, lines 15 and 16 should be amended to read: "The authority possesses all powers specified in AS 29.35.600-29.35.690 unless these powers are restricted in the ordinance under which it is formed. The authority may be granted additional powers in the enabling ordinance." This revision will provide a greater amount of flexibility to municipalties.

In Section 29.35.600(b), page 1, line 22, the Department suggests inserting: "Amendments to the ordinance are also subject to voter approval." as the last sentence of that paragraph.

In Section 29.35.630, page 3, lines 17 through 20, the authority to acquire and convey, or otherwise dispose of land and other property should be subject to approval by the local governing body either through approval of the port plan or by specific action.

David G. Hoffman, Commissioner

(4) HB 209

(3) "cost" includes the cost of acquisition or construction of all or any part of transportation facilities and of all or any property, rights, easements and franchises considered by an authority to be necessary, useful, or convenient, including without limitation reimbursements to the authority or any other person of money expended for the purposes of the authority and interest or discount on bonds to finance those expenses, engineering and inspection costs and legal expenses, the cost of financial, professional and other advice, and the cost of issuance of bonds;

(4) "district" means the area within the boundaries of an authority;

(5) "person" includes a corporation, company, partnership, firm, association, organization, business trust, society, state or agency or subdivision of the state, municipality of the state, or an authority, as well as a natural person;

(6) "transportation facilities", or "facilities", or "projects" means harbor, port, shipping and transportation facilities of all kinds, including harbors, channels, turning basins, anchorage areas, jetties, breakwaters, waterways, canals, locks, tidal basins, wharves, docks, piers, slips, bulkheads, public landings, warehouses, terminals, refrigerating and cold storage plants, rolling stock, car ferries, tugs, boats, conveyors, tunnels, bridges, highways, roads and railroads, and appliances of all kinds for the handling, storage, inspection and transportation of freight and natural resource products; it also includes all property, rights, easements and franchises relative to a facility and necessary or convenient for the acquisition, construction or operation of the facility, but does not include airport facilities. (§ 2 ch 98 SLA 1983)

Chapter 15. State Participation in Port Facilities and Development.

Section		Section	
10.	State grants for port facilities construction	50.	Combined port and ferry terminal facilities
20.	Criteria for establishing eligibility	60.	Regulations
30.	Limitation on grants	70.	Definitions
40.	Disposition of state land for port facilities development projects	80.	Short title

Sec. 30.15.010. State grants for port facilities construction. To the extent funds are appropriated by the legislature, or from the proceeds from the sale of bonds, the state may make grants to municipalities to finance a portion of the cost of constructing local, regional or state port facilities. The state shall participate only in those projects approved by the governor on recommendation of the commissioner. (§ 1 ch 85 SLA 1974; am E.O. No. 39, § 11 (1977))

Sec. 30.15.020. Criteria for establishing eligibility. (a) Before a grant may be awarded under this chapter, the commissioner shall determine that

(1) the grant is for a feasible project;

(2) the project is endorsed by resolution of the governing body of the sponsoring municipality on its own behalf, or on behalf of a service area in an organized borough if a service area is established to finance and construct port facilities and operate and maintain them once constructed; and

(3) the municipality can clearly demonstrate its ability to finance the local share of project costs.

(b) A grant may not be awarded under this chapter for a port facility development project until a study of its feasibility is conducted and submitted with the application for the grant. The project also must be justifiable on the basis of public convenience and necessity. The study shall be conducted by consultants, engineers or other technical experts, who may be officers or employees of the municipality in making application for a grant. (§ 1 ch 85 SLA 1974; am E.O. No. 39, § 11 (1977))

Sec. 30.15.030. Limitation on grants. Grants for the development of port facilities may not exceed

(1) 90 per cent of project costs for municipalities under 5,000 population;

(2) 80 per cent of project costs for municipalities 5,000 population and over. (§ 1 ch 85 SLA 1974)

Sec. 30.15.040. Disposition of state land for port facilities development projects. The division of lands in the Department of Natural Resources, subject to the applicable provisions of AS 38.05 and 38.10, may convey title or other interests in state land, provide for the exchange of state land, or make other arrangements with respect to state land that may be necessary to complete a project for which a state grant is approved under this chapter. (§ 1 ch 85 SLA 1974)

Sec. 30.15.050. Combined port and ferry terminal facilities. A grant may be awarded under this chapter for a port facilities development project that includes, or combines, state ferry terminal facilities as a part of the project. However, the state shall pay the proportionate projects costs attributable to the ferry terminal including but not limited to vehicle staging areas, transfer spans and aprons, passenger terminal facilities and offices, docks and other docking facilities for ferry vessels. (§ 1 ch 85 SLA 1974)

Sec. 30.15.060. Regulations. The commissioner shall adopt regulations under the Administrative Procedure Act (AS 44.62) that the commissioner considers necessary to carry out the provisions of this chapter. (§ 1 ch 85 SLA 1974; am E.O. No. 39, § 11 (1977))

Sec. 30.15.070. Definitions. In this chapter

(1) "commissioner" means commissioner of transportation and public facilities;

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

(3) "municipality" means a home rule or general law borough or city including but not limited to a unified municipality organized under AS 29.68;

(4) "port facilities" means docks, wharves, bulkheads, seawalls, landfills, warehouses, staging areas, transfer spans and aprons, lifting equipment and similar structures together with the necessary equipment and facilities required to accommodate waterborne commerce and shipping, including but not limited to combined port and ferry terminal facilities;

(5) "project costs" means the cost of financing or borrowing, site acquisition and rights-of-way, planning, engineering and designing, construction, equipment acquisition and installation, but does not include the cost of operation or maintenance of the port facilities once constructed or the cost of feasibility studies required in making application for a grant under this chapter. (§ 1 ch 85 SLA 1974; am E.O. No. 39, § 11 (1977))

Sec. 30.15.080. Short title. This chapter may be cited as the Port Facilities Development Act. (§ 1 ch 85 SLA 1974)

Chapter 20. Regulation of Tank Vessel Traffic.

[Repealed, § 11 ch 116 SLA 1980.]

Chapter 25. Oil Terminal Facilities: Transfer of Crude Oil, Refined Petroleum Products or Their By-Products.

[Repealed, § 11 ch 116 SLA 1980.]

Chapter 30. Abandoned and Derelict Vessels.

Article

1. Abandoned Vessels (§§ 30.30.010 — 30.30.080)
2. Derelict Vessels (§§ 30.30.090 — 30.30.100)
3. Vessels Abandoned on Business Premises of Persons Engaged in Repair Business (§§ 30.30.110 — 30.30.150)
4. Miscellaneous (§§ 30.30.160 — 30.30.180)

(6) HB 209

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version : HB 209
Publish Date : _____

Revision Date: _____
Title : "An Act establish port authority by a municipality"
Sponsor : Larson, Menard, Hudson, Ulmer
Requestor : House C&RA

Agency Affected : Community & Regional Affairs
BRU : Local Government Assistance
Components : _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by : Doug Griffin, Deputy Director
Division : Municipal & Regional Assistance
Phone : 465-4750
Date : 4/22/87

Approved by Commissioner : David G. Hall
Agency : Community & Regional Affairs
Date : 4.22.87

Distribution (by preparer):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

Official Business

COMMITTEE:

HOUSE COMMUNITY & REGIONAL AFFAIRS

DATE: May 8, 1987

Subject of meeting: (F) HB 209

HB 209 Establish Port Authority

SIGN-IN

NAME (PLS PRINT)	YOUR TITLE & ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Tom Cook			Legal Svcs.	
Rep. Carl Moravec			Sponsor	

(12) HB 209

Matanuska-Susitna Borough

BOX 1608, PALMER, ALASKA 99645 • PHONE 745-9688

BOROUGH ATTORNEY'S OFFICE

April 30, 1987

Representative Heinrich Springer
Chairman, House Community and Regional
Affairs Committee
P. O. Box V
Juneau, AK 99811

Attention: Terry

Subject: House Bill 209 (port authorities)

Dear Chairman Springer:

Enclosed is language which could be added to the statute in lieu of what is proposed in House Bill 209. This is the "two liner" bill I suggested during your hearing on House Bill 209 would be more appropriate. I would have gotten this to you sooner but felt it was essential to have the comments of our bond attorney before submitting it to you. Unfortunately, he was out of town until this morning.

You will note that the first section sets out the purpose as being to confirm the authority of municipalities to do what I believe they already have the power to do; that is, to form commissions, boards, authorities and public corporations to carry out any of the functions or duties they may have under a power the municipalities have assumed. I believe this section is necessary so that doubt is not cast on the validity of any port authority, hospital board or other entity that has already been created by a municipality. That doubt arises when the legislature adopts a bill which purports to give municipalities authority to do something. Courts can, and sometimes do, interpret such legislative action as an indication by the legislature that the legislature did not believe that the municipalities had such a power and that it was necessary to grant that power to them by statute. Such an interpretation can cast doubts on the validity of actions taken by municipalities prior to the grant. The first section of the bill would eliminate the basis for that doubt.

You will note in section 2 that the language is no longer restricted to port authorities. This broadening also arises out of concern for another rule of statutory interpretation used by the courts. There is a lovely latin litany that lawyers use to state this rule but freely translated it means that where the

legislature has addressed one subject, it is presumed that the legislature has excluded all other subjects that might logically have been addressed at the same time. The problem this rule creates for House Bill 209 is that if the legislature authorizes municipalities to create port authorities for the specific purpose of owning and operating facilities related to waterborne commerce, the legislature would be deemed to have denied the power of municipalities to operate airports or other transportation facilities through the mechanism of an authority. Further, a court could also interpret such legislative action as denying to municipalities the ability to create authorities for other reasons; for example, a hospital authority (or anything that looks like a hospital authority), a housing authority, a sanitation authority for the purpose of providing sewage collection and treatment, etc. Because municipalities already have the power to create such entities, it would be a most unfortunate situation if, in an effort to assist those who wanted clarification of their ability to establish a port authority the legislature inadvertently created grave doubts about the authority of municipalities to create authorities or similar entities for the operation of other municipal enterprises. It is for this reason that the language has been broadened to make it clear that municipalities can use any of a variety of public entities to exercise any of its powers. As noted above, the language I am proposing has been reviewed by our bond attorney and I have incorporated in it the suggestions he gave me. He agrees that this approach is the best approach to clarifying the ability of municipalities to establish port authorities without at the same time creating other legal problems or questions.

May I reemphasize that the municipal attorneys with whom I have discussed the question agree that Alaskan municipalities clearly (or at least probably) currently have the power to use any one of the entities or mechanisms set out in the substitute language to perform municipal functions. I think a quick inquiry of your Legislative Affairs Legal Services office would confirm this interpretation. Even so, I would have to agree that there could be a question in the minds of some persons over whether Alaskan municipalities have this authority. Because authorities and similar entities are often formed for the purpose of financing municipal ventures, we should remove any question as to the authority of municipalities to form such entities. The adoption of the substitute language should remove all questions about this authority and should facilitate the ability of such entities to obtain needed financing. For that reason I would urge the committee to adopt and pass out with a "do pass" recommendation the substitute language enclosed.

If the committee does not adopt the substitute language, there are areas of House Bill 209 that should receive very careful consideration. The major area is the areawide/nonareawide/assumption of powers question to which I alluded in my testimony before the committee. Under Title 29, first and second class boroughs must adopt an ordinance to assume

a power. In addition, a second class borough (with some exceptions) may not exercise a new power until it has been approved by the voters. If the power is to be exercised in a second class borough in the area outside cities, the voters in that area must vote on the power assumption question. If the power is to be exercised in a service area in a second class borough, the persons within the proposed service area vote on the question. A simple majority vote in these two cases is all that is required. On the other hand, if a new power is to be exercised on an areawide basis in either a first or second class borough, the power assumption question must be voted on by everyone within the borough. However, under A.S. 29.35.330(c) the votes must be tabulated in two separate classifications. One is all the votes cast in all cities within the borough and the other consists of all votes cast in the borough area outside the cities. There must be a majority favoring the areawide assumption of the power in both classifications. Once a borough has assumed an areawide power, that power may not be exercised by a city and all assets of the city that may previously have been devoted to the areawide function are transferred to the borough.

With this procedure for assuming areawide and nonareawide powers in mind, please examine the voting procedure proposed in House Bill 209. Note that while a city within a borough may not form a port authority, there is nothing that clearly states that a favorable vote creates an areawide power in the borough. Also, if it was intended to create an areawide power, note that there is no requirement for a dual majority. There is nothing illegal about not requiring a dual majority in this particular case, but it is a policy question to which the legislature should give some conscious consideration. If the legislature intends that the borough assume the port authority power on an areawide basis, what happens to the port-type property of a city that was exercising port-type powers prior to the power becoming areawide? Does this mean that the cities of Kenai and Homer must turn over to the borough all or a portion of their small boat harbors? Another matter that could be clarified is whether a borough may even form an authority under HB 209 if it has not already assumed the necessary port powers; that is, does this bill merely authorize a municipaly to use the port authority mechanism to exercise powers it already has, or does the voter approval not only authorize the creation of a port authority but also convey to the municipality the new port powers? These are all questions that need not be answered if the substitute language is used. Under the substitute language, a city or borough could assume port powers in the same manner as is already provided under Title 29 and could exercise those powers in the way the council or assembly determines is most appropriate for their own particular municipality. Why, for instance, must the authority have a commission rather than a board of directors? Why must the commissioners be elected as opposed to appointed? In fact, it may be far more appropriate to have an appointed commission if the legislative body wants to have a little more control over those who are supposed to be implementing the policies of the

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5156 HTRA HB 209 - HB 213 (FILE 1)

728

council or assembly. Whether the commission is elected or appointed should be left to the municipality. Also, why should the director of the authority be hired only by the commission. The authority may be much more responsive to municipal policies if the governing body has a hand in selecting the director. Again, these sort of things ought to be left to each municipality to work out what best suits its situation.

I can certainly understand the policy behind requiring a well thought out development plan before a municipality attempts to obtain project financing. However, as a practical matter, this financing will probably most often be revenue financing which means that those who market the bonds are going to have to be convinced that the project will produce sufficient revenues to operate the facility and pay the debt service. It seems highly unlikely that a port authority or municipality seeking to issue revenue bonds is going to find any interested buyers unless it does have a well thought out plan for the facility. Therefore, the statutory requirement is probably superfluous.

Again, I believe that the proposed substitute language not only clarifies the authority question that House Bill 209 would resolve, it also avoids several unfortunate legal consequences that would occur if House Bill 209 is adopted. In addition, the substitute language would leave municipalities with the greater flexibility they now have in shaping solutions at the local level to respond to local concerns.

If you, your committee or staff members have any questions, please do not hesitate to call me at 745-9678.

Sincerely,

Lee Sharp

Gerald L. Sharp
Borough Attorney

GLS:jr
Enclosure
cc: Representative Ron Larson
Representative Curt Menard
Representative Bill Hudson
Representative Fran Ulmer
Senator Jim Duncan (Attention Ken Spray)
Borough Ports Committee

For an Act entitled: "An Act relating to the exercise of municipal powers and functions through authorities and other entities."

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

* Section 1. PURPOSE. It is the purpose of this Act to confirm the authority of municipalities to exercise functions and powers through authorities and other entities.

* Sec. 2. AS 29.35 is amended by adding a new section reading:

Sec. 29.35.150. EXERCISE OF POWERS THROUGH MUNICIPAL ENTITIES. (a) Except as may be otherwise required by law, a municipality may exercise its powers and functions through any entity authorized by the legislative body; such entities include, but are not limited to, commissions, boards of directors, agencies, and independent public corporations, enterprises and authorities that are established by the governing body, and other municipalities.

(b) The governing body may grant to an entity such powers as may be necessary or reasonable in the discharge of the duties of the entity, including the power to issue the bonds and other indebtedness of the entity; except, the power to acquire property through eminent domain and to

levy taxes and special assessments may not be granted.

(11) HB 209

Alaska State Legislature

House of Representatives

Committee on
Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4833

To: House Community and Regional Affairs Committee members

From: Committee Staff

Date: May 1, 1987

Subject: Issues raised regarding HB 209

Whether such legislation is necessary or whether municipalities already possess the statutory authority to create port authorities:

Current statutes do permit municipalities to create port authorities. This legislation will (a) inform communities of such authority, (b) mollify bonding agents, (c) enable more creative financing, (c) provide for more singular and directed management of port authorities, and (d) offer a model to municipalities.

Simplification of the bill by (a) eliminating boilerplate language, or (b) drafting a "2 line enabling statute:

See above. Discussion with the bill drafter indicates that the bill sponsor intended language to accomplish those purposes.

Whether the language of the bill is restrictive or permissive in nature.

Page 1, lines 14, 15, and 16 insert permissive language into what ordinarily would be a specific language (and restrictively interpreted) bill.

Whether municipalities with existing agreements with the State for port facilities would be constrained in some way from forming a port authority.

Current capital investments and facilities are the subject of contractual arrangements between municipalities and the State. These contractual agreements can be renegotiated or title can be ceded by the State to the port authority.

Whether the power authorized in this bill would be an areawide or non-areawide power in a borough.

Areawide.

(15) CS HB 209 (C&RA)

5-0895B

Original sponsors: Larson, Menard, Hudson and Ulmer

IN THE HOUSE BY THE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

CS FOR HOUSE BILL NO. 209 (C&RA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to establishment of a port authority by a municipality."

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

* Section 1. AS 29.35 is amended by adding new sections to read:

ARTICLE 9. PORT AUTHORITIES.

Sec. 29.35.600. ESTABLISHMENT OF AUTHORITY. (a) Notwithstanding other provisions of law, a borough, unified municipality, home rule city, or first class city may establish a port authority in accordance with AS 29.35.600 - 29.35.690. An authority established by a borough under AS 29.35.600 - 29.35.690 may exercise its power in a second class city located within the borough but may not exercise its power in a home rule or first class city unless the exercise of the power is approved by resolution of the council. The authority shall be a corporate public body that may sue and be sued in any court of the state. The authority possesses all powers specified in the ordinance under which it is formed in addition to those enumerated in AS 29.35.600 - 29.35.690.

(b) In a resolution proposing formation of a port authority, the governing body shall set a date for the holding of a public hearing on the adoption of a proposed ordinance establishing the authority and designating the powers of the authority. After the public hearing, if the governing body intends to proceed with the establishment of the authority, it must do so by ordinance subject to voter approval.

(c) At the time of adopting an ordinance proposing formation of

a port authority, the governing body shall issue a call for nomination of port commissioners, specifying the filing deadline and procedure for making nominations. The election of the initial members of the port commission shall take place at the same time as the election on the question of forming a port authority. If at least one candidate for each of the three commission seats is not nominated, the proposal to form a port authority is void and no election on the question shall be held.

Sec. 29.35.610. PORT COMMISSION. (a) A port authority formed under AS 29.35.600 - 29.35.690 shall be under the supervision and control of a port commission consisting of three elected members. The term of a member is six years, except that one initial member shall serve a term of four years, and one initial member shall serve a term of two years, to be determined by lot. Commission members may be reelected.

(b) A vacancy on the commission shall be filled by appointment by the mayor. An appointed member serves for the remainder of the term to which appointed. On notice and an opportunity to be heard, a member of the commission may be removed for cause by the governing body. Removal of a member is subject to review by the superior court.

(c) The commission shall adopt rules governing its procedure and the holding of regular meetings. Special meetings may be held when called in the manner provided in the rules of the commission.

Sec. 29.35.620. EXECUTIVE DIRECTOR AND EMPLOYEES. (a) The port commission may employ and fix the compensation of a director, subject to the approval of the governing body of the municipality. The director serves at the pleasure of the commission. A member of the commission is not eligible to hold the position of director.

(b) The commission may retain legal counsel to advise the

commission in the proper performance of its duties. The legal counsel shall represent the commission in actions brought by or against the commission.

(c) The commission may employ other personnel considered necessary by the commission.

(d) The employees of the commission may participate in municipal retirement and insurance programs of the municipality.

Sec. 29.35.630. POWERS. The port commission may

(1) study and analyze the effect of economic changes and growth on the waterfront and waterways;

(2) acquire, construct, repair, renovate, and manage sea walls, jetties, piers, wharves, docks, boat landings, and other harbor improvements, warehouses, cold storage plants, grain bins, bunkers, ferries, bridges, and other facilities for the handling, storing, and transporting of freight and passengers, or the processing of seafood, agricultural products, and other goods;

(3) develop and implement long-range plans, in cooperation with the governing body, designed to promote the economic growth of the municipality and the growth and efficiency of waterfront development;

(4) implement any plan of development for waterways or waterfront areas in accordance with the powers of the port authority under AS 29.35.600 - 29.35.690 or the ordinance under which the authority is established;

(5) make and enter into contracts necessary or incidental to the exercise of its powers and the performance of its duties, including agreements with other port commissions providing for shared development or management of facilities located within the jurisdiction of the commissions;

(6) acquire and convey, or otherwise dispose of, land and other property;

(7) fix, charge, and collect fees, rents, and charges for the use of a building or property under its control and pledge the fees, rents, and charges for the payment of revenue bonds issued by the authority;

(8) lease any buildings, facilities, or properties under its control;

(9) accept grants and donations from any public or private source.

Sec. 29.35.640. EMINENT DOMAIN. A municipality, other than a second class city, may take private property under AS 09.55.240 - 09.55.460 for the purpose of transfer to a port authority formed under AS 29.35.600 - 29.35.690, and may transfer the property to the authority on terms and conditions it considers appropriate. The taking, transfer, and use shall be considered necessary for public purposes and for the benefit of the public.

Sec. 29.35.650. FINANCING. (a) The activities of a port authority formed under AS 29.35.600 - 29.35.690 shall be financed from one or more of the following sources:

(1) donations to the authority for the performance of its functions;

(2) money borrowed and to be repaid;

(3) revenue from any property, building, or facility owned, leased, licensed, or operated by the authority or under its control, subject to the limitations imposed upon the authority by trusts or other agreements or by the municipality;

(4) money obtained from other sources approved by the governing body of the municipality.

(b) Upon approval of a development plan under AS 29.35.670, the authority may borrow money and issue negotiable revenue bonds as provided for a municipality under AS 29.47. Revenue bonds issued by the authority are not a debt of the municipality or the state.

Sec. 29.35.660. DEVELOPMENT PLAN. When the port commission decides to finance a project in whole or in part by the use of revenue bonds, it shall prepare a development plan for submission to the governing body. The development plan must contain

(1) the boundaries of the project area in relation to highways, streets, streams, or otherwise and a legal description of the area;

(2) the location and extent of existing streets and other public and private structures within the project area and a designation of the location, character, and extent of the categories of public and private land uses proposed for the project area;

(3) a description of existing improvements in the project area to be demolished, repaired, or altered, a description of any repairs and alterations, and an estimate of the time required for completion;

(4) the location, extent, character, and estimated cost of the improvements, including rehabilitation contemplated for the project area, and an estimate of the time required for completion;

(5) a statement of the construction or stages of construction planned, and the estimated time of completion of each stage;

(6) a description of any parts of the project area to be left as open space and the use contemplated for the space;

(7) a description of any portions of the project area that the commission intends to sell, donate, exchange, or lease to or from the municipality and the proposed terms;

(8) a description of desired zoning changes and changes in streets, street levels, intersections, and utilities;

(9) an estimate of the cost of the project and a statement of the proposed method of financing the project and the ability of the authority to arrange the financing;

(10) designation of the person to whom all or a portion of the project is to be leased, sold, or conveyed if that information is available to the commission;

(11) an economic analysis and justification for the project and a description of the expected benefits and other effects of the project.

Sec. 29.35.670. APPROVAL OF DEVELOPMENT PLAN. (a) Upon receipt of a development plan prepared under AS 29.35.660, the governing body shall hold a public hearing on the plan. After the public hearing, the governing body shall by ordinance approve or reject the plan, or approve it with modification.

(b) Amendments to an approved development plan must be submitted by the port authority to the governing body for approval or rejection.

Sec. 29.35.680. BUDGET. The director of a port authority formed under AS 29.35.600 - 29.35.690 shall prepare and submit for the approval of the port commission a budget for the operation of the authority for the ensuing fiscal year. The budget shall be prepared in the manner and contain the information required of municipal departments. Before the budget may be adopted by the commission, it must be approved by the governing body of the municipality. Money of the municipality may not be included in the budget of the authority except that money authorized by the governing body of the municipality.

Sec. 29.35.690. DISSOLUTION. A port authority formed under AS 29.35.600 - 29.35.690 may be dissolved by ordinance approved by the

voters. The property and assets of the authority remaining after the satisfaction of the obligations of the authority belong to the municipality.

(9) HB 209

5-0895B ✓
Cook
4/25/87

Original sponsors: Larson, Menard,
Hudson and Ulmer

IN THE HOUSE BY THE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

CS FOR HOUSE BILL NO. 209 (C&RA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to establishment of a port authority by a municipality."

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

* Section 1. AS 29.35 is amended by adding new sections to read:

ARTICLE 9. PORT AUTHORITIES.

Sec. 29.35.600. ESTABLISHMENT OF AUTHORITY. (a) A borough, unified municipality, home rule city, or first class city may establish a port authority. The authority shall be a corporate public body that may sue and be sued in any court of the state. The authority possesses all powers specified in the ordinance under which it is formed in addition to those enumerated in AS 29.35.600 - 29.35.690.

(b) In a resolution proposing formation of a port authority, the governing body shall set a date for the holding of a public hearing on the adoption of a proposed ordinance establishing the authority and designating the powers of the authority. After the public hearing, if the governing body intends to proceed with the establishment of the authority, it must do so by ordinance subject to voter approval.

(c) At the time of adopting an ordinance proposing formation of a port authority, the governing body shall issue a call for nomination of port commissioners, specifying the filing deadline and procedure for making nominations. The election of the initial members of the port commission shall take place at the same time as the election on the question of forming a port authority. If at least one candidate for each of the three commission seats is not nominated, the proposal

to form a port authority is void and no election on the question shall be held.

Sec. 29.35.610. PORT COMMISSION. (a) A port authority shall be under the supervision and control of a port commission consisting of three elected members. The term of a member is six years, except that one initial member shall serve a term of four years, and one initial member shall serve a term of two years, to be determined by lot. Commission members may be reelected.

(b) A vacancy on the commission shall be filled by appointment by the mayor. An appointed member serves for the remainder of the term to which appointed. On notice and an opportunity to be heard, a member of the commission may be removed for cause by the governing body. Removal of a member is subject to review by the superior court.

(c) The commission shall adopt rules governing its procedure and the holding of regular meetings. Special meetings may be held when called in the manner provided in the rules of the commission.

Sec. 29.35.620. EXECUTIVE DIRECTOR AND EMPLOYEES. (a) The port commission may employ and fix the compensation of a director, subject to the approval of the governing body of the municipality. The director serves at the pleasure of the commission. A member of the commission is not eligible to hold the position of director.

(b) The commission may retain legal counsel to advise the commission in the proper performance of its duties. The legal counsel shall represent the commission in actions brought by or against the commission.

(c) The commission may employ other personnel considered necessary by the commission.

(d) The employees of the commission may participate in municipal retirement and insurance programs of the municipality.

Sec. 29.35.630. POWERS. The port commission may

(1) study and analyze the effect of economic changes and growth on the waterfront and waterways;

(2) acquire, construct, repair, renovate, and manage sea walls, jetties, piers, wharves, docks, boat landings, and other harbor improvements, warehouses, cold storage plants, grain bins, bunkers, ferries, bridges, and other facilities for the handling, storing, and transporting of freight and passengers, or the processing of seafood, agricultural products, and other goods;

(3) develop and implement long-range plans, in cooperation with the governing body, designed to promote the economic growth of the municipality and the growth and efficiency of waterfront development;

(4) implement any plan of development for waterways or waterfront areas in accordance with the powers of the port authority under AS 29.35.600 - 29.35.690 or the ordinance under which the authority is established;

(5) make and enter into contracts necessary or incidental to the exercise of its powers and the performance of its duties, including agreements with other port commissions providing for shared development or management of facilities located within the jurisdiction of the commissions;

(6) acquire and convey, or otherwise dispose of, land and other property;

(7) fix, charge, and collect fees, rents, and charges for the use of a building or property under its control and pledge the fees, rents, and charges for the payment of revenue bonds issued by the authority;

(8) lease any buildings, facilities, or properties under

its control;

(9) accept grants and donations from any public or private source.

Sec. 29.35.640. EMINENT DOMAIN. A municipality, other than a second class city, may take private property under AS 09.55.420 - 09.55.460 for the purpose of transfer to the port authority, and may transfer the property to the authority on terms and conditions it considers appropriate, and the taking, transfer, and use shall be considered necessary for public purposes and for the benefit of the public.

Sec. 29.35.650. FINANCING. (a) The activities of the port authority shall be financed from one or more of the following sources:

(1) donations to the authority for the performance of its functions;

(2) money borrowed and to be repaid;

(3) revenue from any property, building, or facility owned, leased, licensed, or operated by the authority or under its control, subject to the limitations imposed upon the authority by trusts or other agreements or by the municipality;

(4) money obtained from other sources approved by the governing body of the municipality.

(b) Upon approval of a development plan under AS 29.35.670, the authority may borrow money and issue negotiable revenue bonds as provided for a municipality under AS 29.47. Revenue bonds issued by the authority are not a debt of the municipality or the state.

Sec. 29.35.660. DEVELOPMENT PLAN. When the port commission decides to finance a project in whole or in part by the use of revenue bonds, it shall prepare a development plan for submission to the governing body. The development plan must contain

(1) the boundaries of the project area in relation to highways, streets, streams, or otherwise and a legal description of the area;

(2) the location and extent of existing streets and other public and private structures within the project area and a designation of the location, character, and extent of the categories of public and private land uses proposed for the project area;

(3) a description of existing improvements in the project area to be demolished, repaired, or altered, a description of any repairs and alterations, and an estimate of the time required for completion;

(4) the location, extent, character, and estimated cost of the improvements, including rehabilitation contemplated for the project area, and an estimate of the time required for completion;

(5) a statement of the construction or stages of construction planned, and the estimated time of completion of each stage;

(6) a description of any parts of the project area to be left as open space and the use contemplated for the space;

(7) a description of any portions of the project area that the commission intends to sell, donate, exchange, or lease to or from the municipality and the proposed terms;

(8) a description of desired zoning changes and changes in streets, street levels, intersections, and utilities;

(9) an estimate of the cost of the project and a statement of the proposed method of financing the project and the ability of the authority to arrange the financing;

(10) designation of the person to whom all or a portion of the project is to be leased, sold, or conveyed if that information is available to the commission;

(11) an economic analysis and justification for the project and a description of the expected benefits and other effects of the project.

Sec. 29.35.670. APPROVAL OF DEVELOPMENT PLAN. (a) Upon receipt of a development plan from the port authority, the governing body shall hold a public hearing on the plan. After the public hearing, the governing body shall by ordinance approve or reject the plan, or approve it with modification.

(b) Amendments to an approved development plan must be submitted by the authority to the governing body for approval or rejection.

Sec. 29.35.680. BUDGET. The director of the port authority shall prepare and submit for the approval of the port commission a budget for the operation of the authority for the ensuing fiscal year. The budget shall be prepared in the manner and contain the information required of municipal departments. Before the budget may be adopted by the commission, it must be approved by the governing body of the municipality. Money of the municipality may not be included in the budget of the authority except that money authorized by the governing body of the municipality.

Sec. 29.35.690. DISSOLUTION. A port authority may be dissolved by ordinance approved by the voters. The property and assets of the authority remaining after the satisfaction of the obligations of the authority belong to the municipality.

Alaska State Legislature

(2) HB 209

REPRESENTATIVE BILL HUDSON

P.O. BOX V
Juneau, Alaska
99811
(907)465-3744 or 4991

COMMITTEES

Transportation
HESS
Telecommunications
Fisheries
International Trade

April 1, 1987

Representative Ron Larson
Alaska State Legislature
Juneau, Alaska

Dear Representative Larson:

Attached you will find some proposed amendments to HB 209, relating to establishment of a port authority by a municipality. The major amendment would change the bill to allow cities and towns, such as Homer, Seward or Kodiak to develop a port authority independent of the borough or municipality to which it belongs. Second class cities would not have the authority.

The proposed amendment to page 5 adding a new subsection (11) would require an economic analysis and justification for the project as well as a description of the expected benefits and other effects of the project to be included in the development plan.

Unless you have objections, I'll forward the amendment request to the Community and Regional Affairs Committee.

Respectfully yours,

Bill

Bill Hudson

A M E N D M E N T

Offered in the HOUSE

By Hudson

TO: HB 209

Page 1, lines 11 - 12:

Delete "borough, unified"

Page 1, line 12:

Delete "or city in the unorganized borough"

Insert "other than a second class city,"

Page 2, line 7:

Delete "five"

Insert "two"

Page 3, line 10, after "develop":

Insert "and implement"

Page 3, lines 11 - 12, after "municipality":

Insert "and the growth and efficiency of waterfront development"

Page 3, line 13, following "development":

Delete "in"

Insert "for"

Page 3, lines 13 - 14:

Delete "in the"

Page 3, line 25:

Delete "a building or property"

Insert "any buildings, facilities, or properties"

Page 3, lines 25 - 26:

Delete "or any part of it, or facility in it,"

Page 3, line 28:

Delete "a building or property"

Insert "any buildings, facilities, or properties"

Page 3, line 29:

Delete "a"

Insert "any"

Page 4, line 2, after "municipality":

Insert ", other than a second class city,"

Page 4, line 16, after "agreements":

Insert "or by the municipality"

Page 5, line 10, after "improvements":

Insert ","

Page 5, line 11, after "area":

Insert ","

Page 5, line 26:

Delete "."

Insert ";"

Page 5, after line 26:

Insert a new paragraph to read:

"(11) an economic analysis and justification for the project and a description of the expected benefits and other effects of the project."

Introduced: 3/25/87
Referred: Community & Regional
Affairs and Transportation

IN THE HOUSE

BY LARSON, MENARD, HUDSON AND ULMER

HOUSE BILL NO. 209

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to establishment of a port authority by a municipality."

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

* Section 1. AS 29.35 is amended by adding new sections to read:

ARTICLE 9. PORT AUTHORITIES.

Sec. 29.35.600. ESTABLISHMENT OF AUTHORITY. (a) A borough, home rule city or first class city, unified municipality, ~~or city in the unorganized~~ borough may establish a port authority. The authority shall be a corporate public body that may sue and be sued in any court of the state. The authority possesses all powers specified in the ordinance under which it is formed in addition to those enumerated in AS 29.35.600 - 29.35.690.

(b) In a resolution proposing formation of a port authority, the governing body shall set a date for the holding of a public hearing on the adoption of a proposed ordinance establishing the authority and designating the powers of the authority. After the public hearing, if the governing body intends to proceed with the establishment of the authority, it must do so by ordinance subject to voter approval.

(c) At the time of adopting an ordinance proposing formation of a port authority, the governing body shall issue a call for nomination of port commissioners, specifying the filing deadline and procedure for making nominations. The election of the initial members of the port commission shall take place at the same time as the election on the question of forming a port authority. If at least one candidate for each of the three commission seats is not nominated, the proposal

to form a port authority is void and no election on the question shall be held.

Sec. 29.35.610. PORT COMMISSION. (a) A port authority shall be under the supervision and control of a port commission consisting of three elected members. The term of a member is six years, except that one initial member shall serve a term of four years, and one initial member shall serve a term of ~~five~~ two years, to be determined by lot. Commission members may be reelected.

(b) A vacancy on the commission shall be filled by appointment by the mayor. An appointed member serves for the remainder of the term to which appointed. On notice and an opportunity to be heard, a member of the commission may be removed for cause by the governing body. Removal of a member is subject to review by the superior court.

(c) The commission shall adopt rules governing its procedure and the holding of regular meetings. Special meetings may be held when called in the manner provided in the rules of the commission.

Sec. 29.35.620. EXECUTIVE DIRECTOR AND EMPLOYEES. (a) The port commission may employ and fix the compensation of a director, subject to the approval of the governing body of the municipality. The director serves at the pleasure of the commission. A member of the commission is not eligible to hold the position of director.

(b) The commission may retain legal counsel to advise the commission in the proper performance of its duties. The legal counsel shall represent the commission in actions brought by or against the commission.

(c) The commission may employ other personnel considered necessary by the commission.

(d) The employees of the commission may participate in municipal retirement and insurance programs of the municipality.

Sec. 29.35.630. POWERS. The port commission may

(1) study and analyze the effect of economic changes and growth on the waterfront and waterways;

(2) acquire, construct, repair, renovate, and manage sea walls, jetties, piers, wharves, docks, boat landings, and other harbor improvements, warehouses, cold storage plants, grain bins, bunkers, ferries, bridges, and other facilities for the handling, storing, and transporting of freight and passengers, or the processing of seafood, agricultural products, and other goods;

(3) develop and implement long-range plans, in cooperation with the governing body, designed to promote the economic growth of the municipality; and the growth and efficiency of the port;

(4) implement any plan of development in waterways or in the waterfront areas in accordance with the powers of the port authority under AS 29.35.600 - 29.35.690 or the ordinance under which the authority is established;

(5) make and enter into contracts necessary or incidental to the exercise of its powers and the performance of its duties, including agreements with other port commissions providing for shared development or management of facilities located within the jurisdiction of the commissions;

(6) acquire and convey, or otherwise dispose of, land and other property;

(7) fix, charge, and collect fees, rents, and charges for the use of a building or property under its control or any part of it; or facility in it, and pledge the fees, rents, and charges for the payment of revenue bonds issued by the authority;

(8) lease a building or property under its control;

(9) accept grants and donations from a public or private

source.

Sec. 29.35.640. EMINENT DOMAIN. A municipality may take private property under AS 09.55.420 - 09.55.460 for the purpose of transfer to the port authority, and may transfer the property to the authority on terms and conditions it considers appropriate, and the taking, transfer, and use shall be considered necessary for public purposes and for the benefit of the public.

Sec. 29.35.650. FINANCING. (a) The activities of the port authority shall be financed from one or more of the following sources:

(1) donations to the authority for the performance of its functions;

(2) money borrowed and to be repaid;

(3) revenue from any property, building, or facility owned, leased, licensed, or operated by the authority or under its control, subject to the limitations imposed upon the authority by trusts or other agreements; or by the municipality;

(4) money obtained from other sources approved by the governing body of the municipality.

(b) Upon approval of a development plan under AS 29.35.670, the authority may borrow money and issue negotiable revenue bonds as provided for a municipality under AS 29.47. Revenue bonds issued by the authority are not a debt of the municipality or the state.

Sec. 29.35.660. DEVELOPMENT PLAN. When the port commission decides to finance a project in whole or in part by the use of revenue bonds, it shall prepare a development plan for submission to the governing body. The development plan must contain

(1) the boundaries of the project area in relation to highways, streets, streams, or otherwise and a legal description of the area;

(2) the location and extent of existing streets and other public and private structures within the project area and a designation of the location, character, and extent of ~~the categories of~~ public and private land uses proposed for the project area;

(3) a description of existing improvements in the project area to be demolished, repaired, or altered, a description of any repairs and alterations, and an estimate of the time required for completion;

(4) the location, extent, character, and estimated cost of the improvements, including rehabilitation contemplated for the project area and an estimate of the time required for completion;

(5) a statement of the construction or stages of construction planned, and the estimated time of completion of each stage;

(6) a description of any parts of the project area to be left as open space and the use contemplated for the space;

(7) a description of any portions of the project area that the commission intends to sell, donate, exchange, or lease to or from the municipality and the proposed terms;

(8) a description of desired zoning changes and changes in streets, street levels, intersections, and utilities;

(9) an estimate of the cost of the project and a statement of the proposed method of financing the project and the ability of the authority to arrange the financing;

(10) designation of the person to whom all or a portion of the project is to be leased, sold, or conveyed if that information is available to the commission.

Sec. 29.35.670. APPROVAL OF DEVELOPMENT PLAN. (a) Upon receipt of a development plan from the port authority, the governing body shall hold a public hearing on the plan. After the public hearing,

(11) an economic analysis and justification for the project and a description of the expected benefits and other costs of the project.

the governing body shall by ordinance approve or reject the plan, or approve it with modification.

(b) Amendments to an approved development plan must be submitted by the authority to the governing body for approval or rejection.

Sec. 29.35.680. BUDGET. The director of the port authority shall prepare and submit for the approval of the port commission a budget for the operation of the authority for the ensuing fiscal year. The budget shall be prepared in the manner and contain the information required of municipal departments. Before the budget may be adopted by the commission, it must be approved by the governing body of the municipality. Money of the municipality may not be included in the budget of the authority except that money authorized by the governing body of the municipality.

Sec. 29.35.690. DISSOLUTION. A port authority may be dissolved by ordinance approved by the voters. The property and assets of the authority remaining after the satisfaction of the obligations of the authority belong to the municipality.

HB

213

(FILE 1)

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation

4-13-87

4-15-87

5-4-87

5-8-87

5-11-87

HOUSE BILL 213

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

April 13, 1987

COMMITTEE CALENDAR:

CSSJR 18: Commemorating the 50th anniversary of the construction of the Alaska Highway and requesting the issuance of commemorative postal stamps by the United States Postal Service and the Canada Post Corporation.

HB 213: "An Act relating to allocation of federal-aid highway funds; and providing for an effective date."

FOR THIS MEETING YOU HAVE:

A folder on CSSJR 18 that includes:

* a copy of CSSJR 18
* a zero fiscal note
* a memorandum from Sen. Duncan, sponsor of the resolution
* information on the construction of the AlCan Highway
* a history of the Alaska Highway
* letters of support

A folder on HB 213 that includes:

* a copy of HB 213
* a statement by Rep. Hoffman, sponsor of the bill
* a sectional analysis
* availability of sums apportioned
* an excerpt from the Alaska State Statutes
* apportionments: Federal Aid Highway Act '76, '78, and '82
* federal aid highway fund distribution
* Alaska federal aid road miles
* land & marine highway functional classification
* DOT/PF project ranking
* DOT/PF Central Region highway program
* DOT/PF position paper

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

May 4
~~April 24~~, 1987

COMMITTEE CALENDAR:

HJR 33: Relating to the shipping of Alaska oil.

SCR 5: Relating to promotion and marketing of the state-operated international airports.

HB 213: "An Act relating to allocation of federal-aid highway funds; and providing for an effective date."

FOR THIS MEETING YOU HAVE:

A folder on HJR 33 that includes:
* a copy of HJR 33
* a memorandum from Rep. Pourchot
* a history and discussion of the resolution
* a letter from the Governor
* a fiscal note from the Dept. of Revenue

A folder on SCR 5 that includes:
* a copy of SCR 5
* a fiscal note from DOT/PF
* a memorandum from Sen. Sturgulewski
* 1986 & '87 financial statements from the international airports
* a letter of support from the municipality of Anchorage
* a marketing report from the Anchorage Convention & Visitors Bureau
* four magazine or newspaper articles
* the House Labor & Commerce Committee Report Form

A folder on HB 213 that includes:
* a copy of HB 213
* a copy of the committee substitute for HB 213
* a sectional analysis
* a fiscal note & position paper on HB 213 from DOT/PF
* information from the six-year capital plan
* a classification of road miles within Alaska
* a letter from the Ass't. Division Administrator of the Federal Highway Administration
* a report on HB 213 from Rep. Hoffman
* minutes from the 4/13 & 4/15 public hearings of HB 213

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

May 8, 1987

COMMITTEE CALENDAR:

HB 213: "An Act relating to allocation of federal-aid highway funds; and providing for an effective date."

HB 280: "An Act relating to taxation of watercraft motor fuel."

CSSB 17: "An Act relating to unlawful possession and vandalism of official traffic control devices, disregard of a highway obstruction, and damages to highway."

FOR THIS MEETING YOU HAVE:

A folder on HB 213 that includes:
* a copy of the committee substitute for HB 213
* a sectional analysis
* a letter of intent
* a fiscal note on CSHB 213 from DOT/PF
* a copy of HB 213
* a fiscal note & position paper on HB 213 from DOT/PF
* information from the six-year capital plan
* a classification of road miles within Alaska
* a letter from the Ass't. Division Administrator of the Federal Highway Administration
* a report on HB 213 from Rep. Hoffman
* minutes from the 4/13, 4/15 & 5/4 public hearings of HB 213

A folder on HB 280 that includes:
* a copy of HB 280
* a fiscal note from the Dept. of Revenue
* a position paper on the Senate companion bill
* a discussion on the watercraft motor fuel tax
* a resolution from the Anchorage Chamber of Commerce
* written testimony from two witnesses

A folder on CSSB 17 that includes:
* a copy of CSSB 17
* a fiscal note and position paper from the Dept. of Public Safety
* a memorandum and sectional analysis from Sen. Faiks
* a copy of the statutes impacted by CSSB 17

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

May 11, 1987

COMMITTEE CALENDAR:

HB 213: "An Act relating to allocation of federal-aid highway funds; and providing for an effective date."

SB 25am: "An Act providing a special assessment for private airports open for public use; and providing for an effective date."

CSSB 125am: "An Act relating to the Alaska Marine Transportation Advisory Board."

FOR THIS MEETING YOU HAVE:

A folder on HB 213 that includes:
* a copy of the committee substitute for HB 213
* a sectional analysis
* a letter of intent
* a fiscal note on CSHB 213 from DOT/PF
* a copy of HB 213
* a fiscal note & position paper on HB 213 from DOT/PF
* information from the six-year capital plan
* a classification of road miles within Alaska
* a letter from the Ass't. Division Administrator of the Federal Highway Administration
* a report on HB 213 from Rep. Hoffman
* minutes from the 4/13, 4/15 & 5/4 public hearings of HB 213

A folder on SB 25am that includes:
* a copy of SB 25 am
* a fiscal note from the DOT/PF
* minutes from the House Comm & Regional Affairs public hearing on SB 25am
* two letters of support
* an editorial from the Daily News Miner

A folder on CSSB 125am that includes:
* a copy of CSSB 125am
* a memorandum from Sen. Duncan
* a fiscal note & position paper from DOT/PF
* two newspaper articles
* an excerpt from the statutes effected by CSSB 125 am

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
SIX YEAR CAPITAL IMPROVEMENT PROGRAM

April 15, 1987

*** CENTRAL REGION ***

FEDERAL HIGHWAYS FUNDS
FISCAL YEAR'87

FISCAL YEAR	REGION	EXP/ALT	FHWA FUNDS	AIP FUND	IARF FUND	GEN FUND	OTHER FUND	CLASS TYPE	FUND TYPE	ELECT DIST	PROJECT
87	CE	ALT	$28,419.0	$0.0	$0.0	$0.0	$0.0	IS	FH	7	ANCH NEW SEWARD HWY: RABBIT CK - DEARMOUN I/C (C)
TOTAL BY CLASS TYPE FISCAL YEAR'87 ALT			$28,419.0	$0.0	$0.0	$0.0	$0.0				
			75.7 PERCENT OF TOTAL								
87	CE	ALT	$6,394.5	$0.0	$0.0	$0.0	$0.0	P	FH	7	ANCH MINNESOTA DR / RASPBERRY RD I/C (C)
TOTAL BY CLASS TYPE FISCAL YEAR'87 ALT			$6,394.5	$0.0	$0.0	$0.0	$0.0				
			17.0 PERCENT OF TOTAL								
87	CE	ALT	$2,740.5	$0.0	$0.0	$0.0	$0.0	UR	FH	7	ANCH CAPACITY IMPROVEMENTS FY87
TOTAL BY CLASS TYPE FISCAL YEAR'87 ALT			$2,740.5	$0.0	$0.0	$0.0	$0.0				
			7.3 PERCENT OF TOTAL								
TOTAL FHWA FUND			$37,554.0								

EXP/ALT

EXP=EXPECTED
ALT=ALTERNATE
DEF=DEFERRED

CLASS TYPES (HWYS/OTHER)

IS=INTERSTATE
P=PRIMARY S=SECONDARY
UR=URBAN
TR=TRANSIT
HB=HARBORS
PF=PUBLIC FACILITY
BR=BRIDGE (FHWA)

CLASS TYPES (AVIATION)

PR=PRIMARY
CN=COMMERCIAL/NON-PRIMARY
NC=NON-COMMERCIAL
AP=AREA POPULATION
DI=DISCRETIONARY

FUND TYPES

FH=FEDERAL HIGHWAYS
FA=FEDERAL AVIATION
GF=GENERAL FUND
IA=INT'L AIRPORT REVENUE
OT=OTHER FUND

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
SIX YEAR CAPITAL IMPROVEMENT PROGRAM

April 15, 1987

*** CENTRAL REGION ***

FEDERAL HIGHWAYS FUNDS
FISCAL YEAR'88

FISCAL YEAR	REGION	EXP/ALT	FHWA FUNDS	AIP FUND	IARF FUND	GEN FUND	OTHER FUND	CLASS TYPE	FUND TYPE	ELECT DIST	PROJECT
88	CE	ALT	$28,419.0	$0.0	$0.0	$0.0	$0.0	IS	FH	7	ANCH NEW SEWARD HWY: RABBIT CK - DEARMOUN I/C (C)
88	CE	ALT	$1,785.1	$0.0	$0.0	$0.0	$0.0	IS	FH	16	GLENN HWY: PARKS HWY INTERSECT TO PALMER RESTOR (C)
88	CE	ALT	$6,862.7	$0.0	$0.0	$0.0	$0.0	IS	FH	16	PARKS HWY MP 104-133 RESTORATION (C)
TOTAL BY CLASS TYPE FISCAL YEAR'88 ALT			$36,186.9	$0.0	$0.0	$0.0	$0.0				
			52.9 PERCENT OF TOTAL								
88	CE	ALT	$6,394.5	$0.0	$0.0	$0.0	$0.0	P	FH	7	ANCH MINNESOTA DR / RASPBERRY RD I/C (C)
88	CE	ALT	$8,221.5	$0.0	$0.0	$0.0	$0.0	P	FH	7	ANCH MINNESOTA DR / INT'L AIRPORT RD I/C (R,U,C)
TOTAL BY CLASS TYPE FISCAL YEAR'88 ALT			$14,616.0	$0.0	$0.0	$0.0	$0.0				
			21.4 PERCENT OF TOTAL								
88	CE	ALT	$2,748.5	$0.0	$0.0	$0.0	$0.0	UR	FH	7	ANCH CAPACITY IMPROVEMENTS FY88
88	CE	ALT	$5,663.7	$0.0	$0.0	$0.0	$0.0	UR	FH	7	ANCH 'C' ST: TUDOR RD TO MINN DR (R)
88	CE	ALT	$2,649.2	$0.0	$0.0	$0.0	$0.0	UR	FH	7	ANCH REHAB: EAGLE RIVER AREA PROJECTS
88	CE	ALT	$1,644.3	$0.0	$0.0	$0.0	$0.0	UR	FH	7	ANCH REHAB: DOWNTOWN/MID-TOWN AREA PROJECTS
88	CE	ALT	$4,841.6	$0.0	$0.0	$0.0	$0.0	UR	FH	7	ANCH REHAB: MIDTOWN/SOUTHTOWN AREA PROJECTS
TOTAL BY CLASS TYPE FISCAL YEAR'88 ALT			$17,539.3	$0.0	$0.0	$0.0	$0.0				
			25.7 PERCENT OF TOTAL								
TOTAL FHWA FUND			$68,342.2								

EXP/ALT	*CLASS TYPES (HWYS/OTHER)*	*CLASS TYPES (AVIATION)*	*FUND TYPES*
EXP=EXPECTED	IS=INTERSTATE	PR=PRIMARY	FH=FEDERAL HIGHWAYS
ALT=ALTERNATE	P=PRIMARY S=SECONDARY	CM=COMMERCIAL/NON-PRIMARY	FA=FEDERAL AVIATION
DEF=DEFERRED	UR=URBAN	NC=NON-COMMERCIAL	GF=GENERAL FUND
	TR=TRANSIT	AP=AREA POPULATION	IA=INT'L AIRPORT REVENUE
	HB=HARBORS	DI=DISCRETIONARY	OT=OTHER FUND
	PF=PUBLIC FACILITY		
	BR=BRIDGE (FHWA)		

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
SIX YEAR CAPITAL IMPROVEMENT PROGRAM

April 15, 1987

*** NORTHERN REGION ***

FEDERAL HIGHWAYS FUNDS
FISCAL YEAR'87

FISCAL YEAR	REGION	EXP/ALT	FHWA FUNDS	AIP FUND	IARF FUND	GEN FUND	OTHER FUND	CLASS TYPE	FUND TYPE	ELECT DIST	PROJECT
87	NO	ALT	$14,250.0	$0.0	$0.0	$0.0	$0.0	IS	FH	17	Alaska Hwy, MP 1285-1382
87	NO	ALT	$6,650.0	$0.0	$0.0	$0.0	$0.0	IS	FH	17	Tok Cut-Off, MP 0 North
87	NO	ALT	$180.0	$0.0	$0.0	$0.0	$0.0	IS	FH	17	Alaska Hwy, MP 1230 N Erosion-PE
87	NO	ALT	$1,452.6	$0.0	$0.0	$0.0	$0.0	IS	FH	16	Glenn Hwy, MP 118N-PE/ROW/Util
87	NO	ALT	$900.0	$0.0	$0.0	$0.0	$0.0	IS	FH	21	Parks Hwy Widening-PE
87	NO	ALT	$2,300.0	$0.0	$0.0	$0.0	$0.0	IS	FH	18	Rich Hwy, Eielson N Rehab
87	NO	ALT	$47.4	$0.0	$0.0	$0.0	$0.0	IS	FH	17	Parks Hwy Erosion Control-PE
TOTAL BY CLASS TYPE FISCAL YEAR'87 ALT			$25,780.0	$0.0	$0.0	$0.0	$0.0				
			42.8 PERCENT OF TOTAL								
87	NO	ALT	$3,151.0	$0.0	$0.0	$0.0	$0.0	P	FH	17	Richardson Hwy - MP 79 North Rehab
87	NO	ALT	$2,898.0	$0.0	$0.0	$0.0	$0.0	P	FH	19	Steese Expressway Rehab
87	NO	ALT	$1,350.0	$0.0	$0.0	$0.0	$0.0	P	FH	17	Rich Hwy, MP 173 N-PE/ROW/Util
87	NO	ALT	$215.0	$0.0	$0.0	$0.0	$0.0	P	FH	24	Dalton Hwy, 9-Mile Hill N-PE
87	NO	ALT	$20.0	$0.0	$0.0	$0.0	$0.0	P	FH	19	Steese Hwy, MP 81 N-ROW
87	NO	ALT	$4,500.0	$0.0	$0.0	$0.0	$0.0	P	FH	24	Elliott Hwy, MP 26 N Rehab
87	NO	ALT	$65.0	$0.0	$0.0	$0.0	$0.0	P	FH	19	Steese Hwy Overlay, MP 10 E-PE (Fox-Cleary)
TOTAL BY CLASS TYPE FISCAL YEAR'87 ALT			$12,199.0	$0.0	$0.0	$0.0	$0.0				
			20.3 PERCENT OF TOTAL								
87	NO	ALT	$2,755.0	$0.0	$0.0	$0.0	$0.0	S	FH	18	Badger Rd/Richardson Hwy (Peridot to 5th)
87	NO	ALT	$3,680.0	$0.0	$0.0	$0.0	$0.0	S	FH	17	Denali Hwy, MP 0-21
87	NO	ALT	$4,680.0	$0.0	$0.0	$0.0	$0.0	S	FH	23	Nome-Council, MP 32-42
87	NO	ALT	$1,128.0	$0.0	$0.0	$0.0	$0.0	S	FH	21	Parks Hwy/Sheep Creek Conn
87	NO	ALT	$475.0	$0.0	$0.0	$0.0	$0.0	S	FH	23	Nome-Council 53 East-PE
87	NO	ALT	$180.0	$0.0	$0.0	$0.0	$0.0	S	FH	23	Nome-Council 4-15-PE (Snow Fence)
87	NO	ALT	$725.0	$0.0	$0.0	$0.0	$0.0	S	FH	17	Taylor Hwy, MP 66 N-PE
87	NO	ALT	$270.0	$0.0	$0.0	$0.0	$0.0	S	FH	17	Denali Hwy, MP 21 W-PE
TOTAL BY CLASS TYPE FISCAL YEAR'87 ALT			$13,813.0	$0.0	$0.0	$0.0	$0.0				
			22.9 PERCENT OF TOTAL								
87	NO	ALT	$236.2	$0.0	$0.0	$0.0	$0.0	SA-UR	FH	20	Fairbanks Signal Oper&Safety Impr
87	NO	ALT	$586.0	$0.0	$0.0	$0.0	$0.0	SA-UR	FH	20	S. Cushman/Van Horn Signal

EXP/ALT

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DEF=DEFERRED

CLASS TYPES (HWYS/OTHER)

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BR=BRIDGE (FHWA)

CLASS TYPES (AVIATION)

PR=PRIMARY
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NC=NON-COMMERCIAL
AP=AREA POPULATION
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FUND TYPES

FH=FEDERAL HIGHWAYS
FA=FEDERAL AVIATION
GF=GENERAL FUND
IA=INT'L AIRPORT REVENUE
OT=OTHER FUND

FISCAL YEAR	REGION	EXP/ALT	FHWA FUNDS	AIP FUND	IARF FUND	GEN FUND	OTHER FUND	CLASS TYPE	FUND TYPE	ELECT DIST	PROJECT
TOTAL BY CLASS TYPE FISCAL YEAR'87 ALT			$742.2	$0.0	$0.0	$0.0	$0.0				
			1.2 PERCENT OF TOTAL								
87	NO	ALT	$416.3	$0.0	$0.0	$0.0	$0.0	UR	FH	20	3rd St/Hamilton/Farewell
87	NO	ALT	$1,564.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	23rd Avenue Extension
87	NO	ALT	$164.6	$0.0	$0.0	$0.0	$0.0	UR	FH	20	3rd Avenue Signal
87	NO	ALT	$713.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Barnette St. Widening
87	NO	ALT	$186.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Illinois St. Rehab
87	NO	ALT	$475.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Old Steese, Wendell-Expwy-PE
87	NO	ALT	$475.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Wendell St Widening-PE
87	NO	ALT	$600.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Lacey-Noble Conn-PE/ROW
87	NO	ALT	$200.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Minnie St Corridor
87	NO	ALT	$225.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Lathrop St, S Fairbanks Expwy, Van Horn-PE
87	NO	ALT	$650.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Market/Washington/Rewak-PE
87	NO	ALT	$2,000.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Old Rich Hwy, Reconst
TOTAL BY CLASS TYPE FISCAL YEAR'87 ALT			$7,668.9	$0.0	$0.0	$0.0	$0.0				
			12.7 PERCENT OF TOTAL								
TOTAL FHWA FUND			$60,283.1								

EXP/ALT	*CLASS TYPES (HWYS/OTHER)*	*CLASS TYPES (AVIATION)*	*FUND TYPES*
EXP=EXPECTED	IS=INTERSTATE	PR=PRIMARY	FH=FEDERAL HIGHWAYS
ALT=ALTERNATE	P=PRIMARY S=SECONDARY	CN=COMMERCIAL/NON-PRIMARY	FA=FEDERAL AVIATION
DEF=DEFERRED	UR=URBAN	NC=NON-COMMERCIAL	GF=GENERAL FUND
	TR=TRANSIT	AP=AREA POPULATION	IA=INT'L AIRPORT REVENUE
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DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
SIX YEAR CAPITAL IMPROVEMENT PROGRAM

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*** NORTHERN REGION ***

FEDERAL HIGHWAYS FUNDS
FISCAL YEAR'88

FISCAL YEAR	REGION	EXP/ALT	FHWA FUNDS	AIP FUND	IARF FUND	GEN FUND	OTHER FUND	CLASS TYPE	FUND TYPE	ELECT DIST	PROJECT
88	NO	ALT	$589.2	$0.0	$0.0	$0.0	$0.0	IS	FH	17	Parks Hwy, Erosion Control
TOTAL BY CLASS TYPE FISCAL YEAR'88 ALT			$589.2	$0.0	$0.0	$0.0	$0.0				
			1.0 PERCENT OF TOTAL								
88	NO	ALT	$7,600.0	$0.0	$0.0	$0.0	$0.0	S	FH	17	Taylor Hwy, MP 43 N Reconst
88	NO	ALT	$550.0	$0.0	$0.0	$0.0	$0.0	S	FH	23	Nome Council, MP 4-15 Snow Fence
88	NO	ALT	$600.0	$0.0	$0.0	$0.0	$0.0	S	FH	23	Nome Taylor Hwy, MP 0 N Constr
TOTAL BY CLASS TYPE FISCAL YEAR'88 ALT			$8,750.0	$0.0	$0.0	$0.0	$0.0				
			14.5 PERCENT OF TOTAL								
88	NO	ALT	$12,328.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Geist Exten, Aurora-Lemeta, Util & Const
88	NO	ALT	$15,640.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Geist Exten, Illinois-ROW
88	NO	ALT	$4,680.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Geist Exten, University-Peger, ROW
88	NO	ALT	$8,950.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Geist Exten, Lemeta-Birch Hill Const
88	NO	ALT	$500.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Northern Region FAU
88	NO	ALT	$950.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	FMATS TSM Improvements
88	NO	ALT	$6,000.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Peger Road Widening
88	NO	ALT	$2,000.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Old Steese, Wendell-Expwy Reconst
TOTAL BY CLASS TYPE FISCAL YEAR'88 ALT			$50,968.0	$0.0	$0.0	$0.0	$0.0				
			84.5 PERCENT OF TOTAL								
TOTAL FHWA FUND			$60,307.2								

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DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
SIX YEAR CAPITAL IMPROVEMENT PROGRAM

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*** SOUTHEAST REGION ***

FEDERAL HIGHWAYS FUNDS
FISCAL YEAR'87

FISCAL YEAR	REGION	EXP/ALT	FHWA FUNDS	AIP FUND	IARF FUND	GEN FUND	OTHER FUND	CLASS TYPE	FUND TYPE	ELECT DIST	PROJECT
87	SE	ALT	$110.4	$0.0	$0.0	$0.0	$0.0	BR	FH	2	PE HWYS-KLAWOCK RIVER BRIDGE REPLACEMENT - P.E.
TOTAL BY CLASS TYPE FISCAL YEAR'87 ALT			$110.4	$0.0	$0.0	$0.0	$0.0				
			0.7 PERCENT OF TOTAL								
87	SE	ALT	$228.4	$0.0	$0.0	$0.0	$0.0	P	FH	2	PE HWYS-HAINES HWY. - CHILKAT RIV.TO BORDER-PHASE III P.
TOTAL BY CLASS TYPE FISCAL YEAR'87 ALT			$228.4	$0.0	$0.0	$0.0	$0.0				
			1.5 PERCENT OF TOTAL								
87	SE	ALT	$78.6	$0.0	$0.0	$0.0	$0.0	PS	FH	91	PE HWYS-S.E. PRE. ENG.-UNALLOCATED RESERVE
TOTAL BY CLASS TYPE FISCAL YEAR'87 ALT			$78.6	$0.0	$0.0	$0.0	$0.0				
			0.5 PERCENT OF TOTAL								
87	SE	ALT	$484.2	$0.0	$0.0	$0.0	$0.0	S	FH	2	ALSEK RD. PAVING SUPP. - DAN. RV. RD.
87	SE	ALT	$242.1	$0.0	$0.0	$0.0	$0.0	S	FH	2	ALSEK RD.PAVING-SUPP.-WIDENING
87	SE	ALT	$1,318.7	$0.0	$0.0	$0.0	$0.0	S	FH	2	GUNNAK CR. TO FERRY TERMINAL-UPGRADE & SUPPLE
87	SE	ALT	$1,838.9	$0.0	$0.0	$0.0	$0.0	S	FH	2	HOONAH ARTERIAL
87	SE	ALT	$2,981.7	$0.0	$0.0	$0.0	$0.0	S	FH	2	KAKE-CITY STREETS- R.O.W. &UTIL.
87	SE	ALT	$137.8	$0.0	$0.0	$0.0	$0.0	S	FH	2	PE HWYS-KLAWOCK AIRPORT ACCESS ROAD- P.E.
87	SE	ALT	$211.6	$0.0	$0.0	$0.0	$0.0	S	FH	3	SAWMILL CREEK ROAD GUARDRAIL-HSIP**
TOTAL BY CLASS TYPE FISCAL YEAR'87 ALT			$7,134.2	$0.0	$0.0	$0.0	$0.0				
			47.5 PERCENT OF TOTAL								
87	SE	ALT	$516.1	$0.0	$0.0	$0.0	$0.0	SA-UR	FH	4	LOOP/MALL/JAMES BLVD.-HSIP-CONST.
87	SE	ALT	$33.3	$0.0	$0.0	$0.0	$0.0	SA-UR	FH	4	LOOP/MALL/JAMES BLVD.-HSIP-UTIL
TOTAL BY CLASS TYPE FISCAL YEAR'87 ALT			$549.4	$0.0	$0.0	$0.0	$0.0				
			3.7 PERCENT OF TOTAL								
87	SE	ALT	$231.8	$0.0	$0.0	$0.0	$0.0	UR	FH	4	GLACIER HWY-SALMON CR. BRIDGE TO EGAN DR. -R.O.W. &UTIL.
87	SE	ALT	$928.3	$0.0	$0.0	$0.0	$0.0	UR	FH	4	GLACIER HWY. PAVING & INTER.-P.E. & CONST.
87	SE	ALT	$488.7	$0.0	$0.0	$0.0	$0.0	UR	FH	1	KETCHIKAN VIADUCT DECK P.E. & RECONSTRUCT PHASE I

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FISCAL YEAR	REGION	EXP/ALT	FHWA FUNDS	AIP FUND	IARF FUND	GEN FUND	OTHER FUND	CLASS TYPE	FUND TYPE	ELECT DIST	PROJECT
87	SE	ALT	$974.1	$0.0	$0.0	$0.0	$0.0	UR	FH	1	KTN. CENTRAL BUSINESS DIST.
87	SE	ALT	$2,837.5	$0.0	$0.0	$0.0	$0.0	UR	FH	4	OLD GLACIER HWY. EXTENSION TO MCNUGGET INTERSECTION
87	SE	ALT	$228.4	$0.0	$0.0	$0.0	$0.0	UR	FH	4	PE HWYS-OLD GLACIER HWY.-PHASE II P.E. (MCNUGGET TO LOOP
87	SE	ALT	$91.4	$0.0	$0.0	$0.0	$0.0	UR	FH	4	PE HWYS-OLD GLACIER HWY.-SALMON CK. TO VANDERBILT HILL-A
87	SE	ALT	$742.0	$0.0	$0.0	$0.0	$0.0	UR	FH	4	RIVERSIDE DRIVE -STAGE 1-CONSTRUCTION
87	SE	ALT	$1,278.9	$0.0	$0.0	$0.0	$0.0	UR	FH	1	TONGASS AVE. TRAFFIC IMPROVEMENTS
TOTAL BY CLASS TYPE			$6,920.3	$0.0	$0.0	$0.0	$0.0				

FISCAL YEAR'87 ALT

46.1 PERCENT OF TOTAL

TOTAL FHWA FUND $15,021.3

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DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
SIX YEAR CAPITAL IMPROVEMENT PROGRAM

April 15, 1987

*** SOUTHEAST REGION ***

FEDERAL HIGHWAYS FUNDS
FISCAL YEAR'88

FISCAL YEAR	REGION	EXP/ALT	FHWA FUNDS	AIP FUND	IARF FUND	GEN FUND	OTHER FUND	CLASS TYPE	FUND TYPE	ELECT DIST	PROJECT
88	SE	ALT	$2,700.0	$0.0	$0.0	$0.0	$0.0	P	FH	2	HAINES HWY.- CHILKAT RIVER TO BORDER-PHASE I CONST.
88	SE	ALT	$365.4	$0.0	$0.0	$0.0	$0.0	P	FH	4	PE HWYS- GLACIER HWY.-INDIAN POINT TO TEE HARBOR
TOTAL BY CLASS TYPE FISCAL YEAR'88 ALT			$3,065.4	$0.0	$0.0	$0.0	$0.0				
			20.4 PERCENT OF TOTAL								
88	SE	ALT	$22.6	$0.0	$0.0	$0.0	$0.0	S	FH	2	DYEA ROAD IMPROVEMENTS
88	SE	ALT	$3,163.0	$0.0	$0.0	$0.0	$0.0	S	FH	2	HOONAH ARTERIAL-PHASE II-CONST.
88	SE	ALT	$1,396.1	$0.0	$0.0	$0.0	$0.0	S	FH	2	KAKE CITY STREETS-CONST.
88	SE	ALT	$1,413.2	$0.0	$0.0	$0.0	$0.0	S	FH	2	LUTAK ROAD - STAGE 2 - CONSTRUCT & SUPPLIMENTAL
88	SE	ALT	$2,283.8	$0.0	$0.0	$0.0	$0.0	S	FH	1	MITKOFF HWY.-SCOW BAY TO CRYSTAL LAKE PVMT. REHAB.
88	SE	ALT	$1,827.0	$0.0	$0.0	$0.0	$0.0	S	FH	1	ZIMOVIA HWY. -BENNETT ST. TO MILL @6.5 MI. PVMT. REHAB.
TOTAL BY CLASS TYPE FISCAL YEAR'88 ALT			$10,105.7	$0.0	$0.0	$0.0	$0.0				
			67.1 PERCENT OF TOTAL								
88	SE	ALT	$634.9	$0.0	$0.0	$0.0	$0.0	UR	FH	1	KTN. CENTRAL BUSINESS DIST.
88	SE	ALT	$365.4	$0.0	$0.0	$0.0	$0.0	UR	FH	4	PE HWYS-GASTINEAU CHANNEL CROSSING CAPACITY ANALYSIS & E
88	SE	ALT	$644.0	$0.0	$0.0	$0.0	$0.0	UR	FH	1	TONGASS AVE. TRAFFIC IMPROVEMENTS
88	SE	ALT	$241.6	$0.0	$0.0	$0.0	$0.0	UR	FH	4	GLACIER HWY - EGAN DRIVE TO SALMON CK BRIDGE
TOTAL BY CLASS TYPE FISCAL YEAR'88 ALT			$1,885.9	$0.0	$0.0	$0.0	$0.0				
			12.5 PERCENT OF TOTAL								
TOTAL FHWA FUND			$15,057.0								

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DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
SIX YEAR CAPITAL IMPROVEMENT PROGRAM

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*** ALASKA MARINE HIGHWAY SYSTEM ***

FEDERAL HIGHWAYS FUNDS
FISCAL YEAR'88

FISCAL YEAR	REGION	EXP/ALT	FHWA FUNDS	AIP FUND	IARF FUND	GEN FUND	OTHER FUND	CLASS TYPE	FUND TYPE	ELECT DIST	PROJECT
88	AMHS	ALT	$2,500.0	$0.0	$0.0	$0.0	$0.0	P	FH	4	AUKE BAY SEC. TERM REHAB.
88	AMHS	ALT	$500.0	$0.0	$0.0	$0.0	$0.0	P	FH	92	TUSTUMENA REFURB PH II
TOTAL BY CLASS TYPE FISCAL YEAR'88 ALT			$3,000.0	$0.0	$0.0	$0.0	$0.0				
			100.0 PERCENT OF TOTAL								
TOTAL FHWA FUND			$3,000.0								

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DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
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*** CENTRAL REGION ***

FEDERAL HIGHWAYS FUNDS
FISCAL YEAR'87

FISCAL YEAR	REGION	EXP/ALT	FHWA FUNDS	AIP FUND	IARF FUND	GEN FUND	OTHER FUND	CLASS TYPE	FUND TYPE	ELECT DIST	PROJECT
87	CE	EXP	$237.6	$0.0	$0.0	$0.0	$0.0	BR	FH	92	CENTRAL REGION BRIDGE REPLACEMENT / PE
87	CE	EXP	$2,400.0	$0.0	$0.0	$0.0	$0.0	BR	FH	5	COPPER RIVER BRIDGE #342
TOTAL BY CLASS TYPE FISCAL YEAR'87 EXP			$2,637.6	$0.0	$0.0	$0.0	$0.0				
			4.0 PERCENT OF TOTAL								
87	CE	EXP	$265.2	$0.0	$0.0	$0.0	$0.0	IS	FH	16	GLENN HWY: SUTTON NORTH EROSION CONTROL / PE
87	CE	EXP	$462.3	$0.0	$0.0	$0.0	$0.0	IS	FH	16	PARKS HWY MP 104-133 RESTORATION / PE
87	CE	EXP	$369.4	$0.0	$0.0	$0.0	$0.0	IS	FH	5	SEWARD HWY MP 50-65.5 RECONST / PE
87	CE	EXP	$454.7	$0.0	$0.0	$0.0	$0.0	IS	FH	7	SEWARD HWY: BIRD PT TO GIRDWOOD RECONST / PE
87	CE	EXP	$8,525.7	$0.0	$0.0	$0.0	$0.0	IS	FH	7	ANCH NEW SEWARD HWY: RABBIT CK - DEARMOUN I/C $Q PAYBACK
87	CE	EXP	$2,084.1	$0.0	$0.0	$0.0	$0.0	IS	FH	7	ANCH NEW SEWARD HWY: RABBIT CK - DEARMOUN I/C (U)
87	CE	EXP	$952.5	$0.0	$0.0	$0.0	$0.0	IS	FH	16	PARKS HWY / GLENN HWY INTERSECTION IMPROVMENT (C)
87	CE	EXP	$378.9	$0.0	$0.0	$0.0	$0.0	IS	FH	6	SEWARD HWY: TURNAGAIN PASS CHANNELIZATION IMPR (C)
87	CE	EXP	$634.7	$0.0	$0.0	$0.0	$0.0	IS	FH	7	ANCH NEW SEWARD HWY / HUFFMAN RD TRAFFIC SIGNALS (C)
87	CE	EXP	$947.3	$0.0	$0.0	$0.0	$0.0	IS	FH	7	GLENN HWY: EKLUTNA FRONTAGE ROAD (R,U,C)
87	CE	EXP	$13,475.3	$0.0	$0.0	$0.0	$0.0	IS	FH	7	GLENN HWY: NORTH EAGLE RIVER I/C (R,U,C)
87	CE	EXP	$71.3	$0.0	$0.0	$0.0	$0.0	IS	FH	16	PARKS HWY: GLENN HWY TO BIG LAKE / PE
87	CE	EXP	$236.8	$0.0	$0.0	$0.0	$0.0	IS	FH	16	GLENN HWY: PARKS HWY TO PALMER RECON / PE
87	CE	EXP	$379.9	$0.0	$0.0	$0.0	$0.0	IS	FH	7	GLENN HWY: NORTH EAGLE RIVER I/C / PE
87	CE	EXP	$213.8	$0.0	$0.0	$0.0	$0.0	IS	FH	7	ANCH NEW SEWARD HWY: RABBIT CK - DEARMOUN I/C / PE
TOTAL BY CLASS TYPE FISCAL YEAR'87 EXP			$29,461.9	$0.0	$0.0	$0.0	$0.0				
			44.4 PERCENT OF TOTAL								
87	CE	EXP	$2,249.8	$0.0	$0.0	$0.0	$0.0	IS-PS	FH	91	CENTRAL REGION GUARDRAIL UPGRADE -FY'87
TOTAL BY CLASS TYPE FISCAL YEAR'87 EXP			$2,249.8	$0.0	$0.0	$0.0	$0.0				
			3.4 PERCENT OF TOTAL								
87	CE	EXP	$146.2	$0.0	$0.0	$0.0	$0.0	P	FH	5	STERLING HWY MP 157 NORTH RECONST / PE
87	CE	EXP	$274.1	$0.0	$0.0	$0.0	$0.0	P	FH	5	STERLING HWY MP 157-174 / PE
87	CE	EXP	$1,644.3	$0.0	$0.0	$0.0	$0.0	P	FH	7	ANCH MINNESOTA DR EXTEN-ILLUM: INT'L TO ARR (C)
87	CE	EXP	$350.0	$0.0	$0.0	$0.0	$0.0	P	FH	92	STERLING HWY: BINKLEY STREET TRAFFIC SIGNALS (C)
87	CE	EXP	$275.0	$0.0	$0.0	$0.0	$0.0	P	FH	7	ANCH MINNESOTA DR. EXT. ILLUM: INT'L TO ARR / PE
87	CE	EXP	$364.0	$0.0	$0.0	$0.0	$0.0	P	FH	5	KENAI SPUR WIDENING / PE

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	HB=HARBORS	DI=DISCRETIONARY	OT=OTHER FUND
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FISCAL YEAR	REGION	EXP/ALT	FHWA FUNDS	AIP FUND	IARF FUND	GEN FUND	OTHER FUND	CLASS TYPE	FUND TYPE	ELECT DIST	PROJECT
TOTAL BY CLASS TYPE FISCAL YEAR'87 EXP			$3,853.5	$0.0	$0.0	$0.0	$0.0				
			4.6 PERCENT OF TOTAL								
87	CE	EXP	$115.0	$0.0	$0.0	$0.0	$0.0	PS	FH	7	ANCHORAGE RIDESHARING FY87
TOTAL BY CLASS TYPE FISCAL YEAR'87 EXP			$115.0	$0.0	$0.0	$0.0	$0.0				
			0.2 PERCENT OF TOTAL								
87	CE	EXP	$27.4	$0.0	$0.0	$0.0	$0.0	S	FH	16	PALMER WASILLA HWY CHANNELIZATION & ILLUMINATION / PE
TOTAL BY CLASS TYPE FISCAL YEAR'87 EXP			$27.4	$0.0	$0.0	$0.0	$0.0				
			0.0 PERCENT OF TOTAL								
87	CE	EXP	$945.0	$0.0	$0.0	$0.0	$0.0	SA	FH	92	CENTRAL REGION RURAL SAFETY PROJECTS FY87
87	CE	EXP	$1,880.0	$0.0	$0.0	$0.0	$0.0	SA	FH	7	ANCH SAFETY PROJECTS FY87
TOTAL BY CLASS TYPE FISCAL YEAR'87 EXP			$2,825.0	$0.0	$0.0	$0.0	$0.0				
			3.1 PERCENT OF TOTAL								
87	CE	EXP	$2,380.0	$0.0	$0.0	$0.0	$0.0	TR	FH	7	ANCHORAGE TRANSIT FY87
TOTAL BY CLASS TYPE FISCAL YEAR'87 EXP			$2,380.0	$0.0	$0.0	$0.0	$0.0				
			3.5 PERCENT OF TOTAL								
87	CE	EXP	$255.8	$0.0	$0.0	$0.0	$0.0	UR	FH	7	ANCH 'C' ST: TUDOR RD TO MINNESOTA DR / PE
87	CE	EXP	$356.3	$0.0	$0.0	$0.0	$0.0	UR	FH	7	ANCH DOWLING RD: LK OTIS TO MINNESOTA DR / PE
87	CE	EXP	$548.1	$0.0	$0.0	$0.0	$0.0	UR	FH	7	ANCH REHAB PROJECTS / PE
87	CE	EXP	$8,221.5	$0.0	$0.0	$0.0	$0.0	UR	FH	7	ANCH RASPBERRY RD: JEWEL LK TO MINNESOTA DR (R)
87	CE	EXP	$15,817.9	$0.0	$0.0	$0.0	$0.0	UR	FH	7	ANCH DIMOND BLVD: VICTOR RD TO JEWEL LK RD PH II (U,C)
87	CE	EXP	$22.8	$0.0	$0.0	$0.0	$0.0	UR	FH	7	ANCH BENSON & LATOUCHE CAP. IMP / PE
TOTAL BY CLASS TYPE FISCAL YEAR'87 EXP			$24,422.4	$0.0	$0.0	$0.0	$0.0				
			36.8 PERCENT OF TOTAL								
TOTAL FHWA FUND			$66,292.6								

EXP/ALT	*CLASS TYPES (HWYS/OTHER)*	*CLASS TYPES (AVIATION)*	*FUND TYPES*
EXP=EXPECTED	IS=INTERSTATE	PR=PRIMARY	FH=FEDERAL HIGHWAYS
ALT=ALTERNATE	P=PRIMARY S=SECONDARY	CN=COMMERCIAL/NON-PRIMARY	FA=FEDERAL AVIATION
DEF=DEFERRED	UR=URBAN	NC=NON-COMMERCIAL	GF=GENERAL FUND
	TR=TRANSIT	AP=AREA POPULATION	IA=INT'L AIRPORT REVENUE
	HB=HARBORS	DI=DISCRETIONARY	OT=OTHER FUND
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DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
SIX YEAR CAPITAL IMPROVEMENT PROGRAM

April 15, 1987

*** CENTRAL REGION ***

FEDERAL HIGHWAYS FUNDS
FISCAL YEAR'88

FISCAL YEAR	REGION	EXP/ALT	FHWA FUNDS	AIP FUND	IARF FUND	GEN FUND	OTHER FUND	CLASS TYPE	FUND TYPE	ELECT DIST	PROJECT
88	CE	EXP	$284.2	$0.0	$0.0	$0.0	$0.0	IS	FH	7	ANCH SEWARD HWY CORRIDOR: NORTHSIDE TO TUDOR / PE
88	CE	EXP	$113.7	$0.0	$0.0	$0.0	$0.0	IS	FH	92	CENTRAL REGION GUARDRAIL UPGRADE / PE
88	CE	EXP	$28.4	$0.0	$0.0	$0.0	$0.0	IS	FH	16	PARKS HWY: HOUSTON/WILLOW AREA SAFETY IMP. / PE
88	CE	EXP	$1,136.8	$0.0	$0.0	$0.0	$0.0	IS	FH	16	GLENN HWY: SUTTON NORTH EROSION CONTROL (C)
88	CE	EXP	$473.7	$0.0	$0.0	$0.0	$0.0	IS	FH	92	CENTRAL REGION GUARDRAIL UPGRADE FY88
88	CE	EXP	$12,584.4	$0.0	$0.0	$0.0	$0.0	IS	FH	5	STERLING HWY MP 79-94 RECONST (R,U)
88	CE	EXP	$2,841.9	$0.0	$0.0	$0.0	$0.0	IS	FH	7	SEWARD HWY: PORTAGE RD & ARR MODIFICATIONS (C)
TOTAL BY CLASS TYPE FISCAL YEAR'88 EXP			$17,383.0	$0.0	$0.0	$0.0	$0.0				
			24.7 PERCENT OF TOTAL								
88	CE	EXP	$182.7	$0.0	$0.0	$0.0	$0.0	P	FH	5	KENAI SPUR WIDENING: MP 0-10.5 / PE
88	CE	EXP	$9,135.0	$0.0	$0.0	$0.0	$0.0	P	FH	5	STERLING HWY MP 157-NORTH RECONSTRUCTION (C)
TOTAL BY CLASS TYPE FISCAL YEAR'88 EXP			$9,317.7	$0.0	$0.0	$0.0	$0.0				
			13.2 PERCENT OF TOTAL								
88	CE	EXP	$328.9	$0.0	$0.0	$0.0	$0.0	S	FH	6	COPPER RIVER HWY MP 0-3 RECONST / PE
88	CE	EXP	$342.6	$0.0	$0.0	$0.0	$0.0	S	FH	27	KODIAK LOWER MILL BAY RD MP 0-1.9 RECONST / PE
88	CE	EXP	$41.1	$0.0	$0.0	$0.0	$0.0	S	FH	27	KODIAK SIGNAL & 'Y' INTERSECTION IMPROVEMENTS / PE
88	CE	EXP	$281.0	$0.0	$0.0	$0.0	$0.0	S	FH	16	WASILLA FISHHOOK RECONST PH I: BOGARD INTERS. / PE
88	CE	EXP	$115.0	$0.0	$0.0	$0.0	$0.0	S	FH	7	ANCHORAGE RIDESHARING FY88
88	CE	EXP	$182.7	$0.0	$0.0	$0.0	$0.0	S	FH	16	PALMER WASILLA HWY CHANNELIZATION & ILLUMINATION (C)
TOTAL BY CLASS TYPE FISCAL YEAR'88 EXP			$1,211.3	$0.0	$0.0	$0.0	$0.0				
			1.7 PERCENT OF TOTAL								
88	CE	EXP	$121.5	$0.0	$0.0	$0.0	$0.0	SA	FH	92	CENTRAL REGION RURAL SAFETY PROJECTS / PE
88	CE	EXP	$900.0	$0.0	$0.0	$0.0	$0.0	SA	FH	92	CENTRAL REGION RURAL SAFETY PROJECTS FY88
88	CE	EXP	$900.0	$0.0	$0.0	$0.0	$0.0	SA	FH	7	ANCH SAFETY PROJECTS FY88
TOTAL BY CLASS TYPE FISCAL YEAR'88 EXP			$1,921.5	$0.0	$0.0	$0.0	$0.0				
			2.7 PERCENT OF TOTAL								
88	CE	EXP	$2,000.0	$0.0	$0.0	$0.0	$0.0	TR	FH	7	ANCHORAGE TRANSIT FY88

EXP/ALT

EXP=EXPECTED
ALT=ALTERNATE
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CLASS TYPES (HWYS/OTHER)

IS=INTERSTATE
P=PRIMARY S=SECONDARY
UR=URBAN
TR=TRANSIT
HB=HARBORS
PF=PUBLIC FACILITY

CLASS TYPES (AVIATION)

PR=PRIMARY
CN=COMMERCIAL/NON-PRIMARY
NC=NON-COMMERCIAL
AP=AREA POPULATION
DI=DISCRETIONARY

FUND TYPES

FH=FEDERAL HIGHWAYS
FA=FEDERAL AVIATION
GF=GENERAL FUND
IA=INT'L AIRPORT REVENUE
OT=OTHER FUND

FISCAL YEAR	REGION	EXP/ALT	FHWA FUNDS	AIP FUND	IARF FUND	GEN FUND	OTHER FUND	CLASS TYPE	FUND TYPE	ELECT DIST	PROJECT
TOTAL BY CLASS TYPE FISCAL YEAR'88 EXP			$2,000.0	$0.0	$0.0	$0.0	$0.0				
			2.0 PERCENT OF TOTAL								
88	CE	EXP	$260.3	$0.0	$0.0	$0.0	$0.0	UR	FH	7	ANCH CAPACITY IMPROVEMENTS / PE
88	CE	EXP	$319.7	$0.0	$0.0	$0.0	$0.0	UR	FH	7	ANCH REHAB PROJECTS / PE
88	CE	EXP	$137.0	$0.0	$0.0	$0.0	$0.0	UR	FH	7	ANCH SAFETY PROJECTS / PE
88	CE	EXP	$392.8	$0.0	$0.0	$0.0	$0.0	UR	FH	7	ANCH TUDOR RD: BONIFACE TO MINN DR RECONST / PE
88	CE	EXP	$15,620.9	$0.0	$0.0	$0.0	$0.0	UR	FH	7	ANCH BONIFACE PARKWAY RECONST: DEBARR TO TUDOR (U,C)
88	CE	EXP	$12,697.7	$0.0	$0.0	$0.0	$0.0	UR	FH	7	ANCH RASPBERRY RD: JEWEL LK TO MINN RECONST (U,C)
88	CE	EXP	$9,135.0	$0.0	$0.0	$0.0	$0.0	UR	FH	7	EAGLE RIVER BRIDGE / HILAND DR (R,C) PH I (BRIDGE)
TOTAL BY CLASS TYPE FISCAL YEAR'88 EXP			$38,563.4	$0.0	$0.0	$0.0	$0.0				
			54.8 PERCENT OF TOTAL								
TOTAL FHWA FUND			$70,396.9								

EXP/ALT	*CLASS TYPES (HWYS/OTHER)*	*CLASS TYPES (AVIATION)*	*FUND TYPES*
EXP=EXPECTED	IS=INTERSTATE	PR=PRIMARY	FH=FEDERAL HIGHWAYS
ALT=ALTERNATE	P=PRIMARY S=SECONDARY	CN=COMMERCIAL/NON-PRIMARY	FA=FEDERAL AVIATION
DEF=DEFERRED	UR=URBAN	NC=NON-COMMERCIAL	GF=GENERAL FUND
	TR=TRANSIT	AP=AREA POPULATION	IA=INT'L AIRPORT REVENUE
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DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
SIX YEAR CAPITAL IMPROVEMENT PROGRAM

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*** NORTHERN REGION ***

FEDERAL HIGHWAYS FUNDS
FISCAL YEAR'87

FISCAL YEAR	REGION	EXP/ALT	FHWA FUNDS	AIP FUND	IARF FUND	GEN FUND	OTHER FUND	CLASS TYPE	FUND TYPE	ELECT DIST	PROJECT
87	NO	EXP	$176.0	$0.0	$0.0	$0.0	$0.0	DR	FH	17	Riley Creek Bridge
87	NO	EXP	$5,276.0	$0.0	$0.0	$0.0	$0.0	BR	FH	17	Taylor Hwy Bridges
TOTAL BY CLASS TYPE FISCAL YEAR'87 EXP			$5,452.0	$0.0	$0.0	$0.0	$0.0				
			9.1 PERCENT OF TOTAL								
87	NO	EXP	$46.0	$0.0	$0.0	$0.0	$0.0	IS	FH	18	Richarson & Mile/Badger Inter-PE
87	NO	EXP	$458.5	$0.0	$0.0	$0.0	$0.0	IS	FH	18	Richardson Hwy/Dawson Inter-PE/Util
87	NO	EXP	$11,480.0	$0.0	$0.0	$0.0	$0.0	IS	FH	17	Tok Hwy, MP 65-75
TOTAL BY CLASS TYPE FISCAL YEAR'87 EXP			$11,984.5	$0.0	$0.0	$0.0	$0.0				
			19.8 PERCENT OF TOTAL								
87	NO	EXP	$184.0	$0.0	$0.0	$0.0	$0.0	P	FH	24	Dalton Hwy, MP 0-56-PE
87	NO	EXP	$230.0	$0.0	$0.0	$0.0	$0.0	P	FH	17	Richardson Hwy, MP 185 No Reconstr-PE
87	NO	EXP	$46.2	$0.0	$0.0	$0.0	$0.0	P	FH	23	Nome-Taylor, MP 0 No Resurf-PE
87	NO	EXP	$5,980.0	$0.0	$0.0	$0.0	$0.0	P	FH	17	Richardson Hwy, MP 180-186
87	NO	EXP	$14,260.0	$0.0	$0.0	$0.0	$0.0	P	FH	20	South Fairbanks Expressway
87	NO	EXP	$1,184.0	$0.0	$0.0	$0.0	$0.0	P	FH	23	Nome East Front St
TOTAL BY CLASS TYPE FISCAL YEAR'87 EXP			$21,884.0	$0.0	$0.0	$0.0	$0.0				
			36.3 PERCENT OF TOTAL								
87	NO	EXP	$18.4	$0.0	$0.0	$0.0	$0.0	S	FH	18	Geist/Badger Connection Reconn
87	NO	EXP	$276.0	$0.0	$0.0	$0.0	$0.0	S	FH	6	Cooper River Hwy Reconn
87	NO	EXP	$1,434.5	$0.0	$0.0	$0.0	$0.0	S	FH	21	Parks/Chena Ridge Inter-PE/ROW/Util
87	NO	EXP	$368.0	$0.0	$0.0	$0.0	$0.0	S	FH	18	Badger Rd/Holmes Conn-PE/ROW/Util
87	NO	EXP	$46.0	$0.0	$0.0	$0.0	$0.0	S	FH	18	Holmes/Markey-PE
TOTAL BY CLASS TYPE FISCAL YEAR'87 EXP			$2,142.9	$0.0	$0.0	$0.0	$0.0				
			3.6 PERCENT OF TOTAL								
87	NO	EXP	$2,275.6	$0.0	$0.0	$0.0	$0.0	SA-PS	FH	20	Northern Region Safety Program
TOTAL BY CLASS TYPE FISCAL YEAR'87 EXP			$2,275.6	$0.0	$0.0	$0.0	$0.0				
			3.8 PERCENT OF TOTAL								

EXP/ALT	*CLASS TYPES (HWYS/OTHER)*	*CLASS TYPES (AVIATION)*	*FUND TYPES*
EXP=EXPECTED	IS=INTERSTATE	PR=PRIMARY	FH=FEDERAL HIGHWAYS
ALT=ALTERNATE	P=PRIMARY S=SECONDARY	CN=COMMERCIAL/NON-PRIMARY	FA=FEDERAL AVIATION
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*** NORTHERN REGION ***

FEDERAL HIGHWAYS FUNDS
FISCAL YEAR'87

FISCAL YEAR	REGION	EXP/ALT	FHWA FUNDS	AIP FUND	IARF FUND	GEN FUND	OTHER FUND	CLASS TYPE	FUND TYPE	ELECT DIST	PROJECT
87	NO	EXP	$13,524.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Geist Extension, Peger to College
87	NO	EXP	$46.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Lacey-Noble Connector-PE
87	NO	EXP	$170.2	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Minnie Street Corridor-PE
87	NO	EXP	$414.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Lathrop Corridor Extension-PE
87	NO	EXP	$32.2	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Van Horn Rd Improvements-PE
87	NO	EXP	$322.8	$0.0	$0.0	$0.0	$0.0	UR	FH	20	South Fairbanks Exit-PE/ROW/Util
87	NO	EXP	$1,824.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Old Rich Hwy Widen-PE/ROW/Util
87	NO	EXP	$463.4	$0.0	$0.0	$0.0	$0.0	UR	FH	20	10th Avenue Signals
87	NO	EXP	$468.0	$0.0	$0.0	$0.0	$0.0	UR	FH	21	Geist Rd, Fairbanks St to Parks
TOTAL BY CLASS TYPE FISCAL YEAR'87 EXP			$16,455.8	$0.0	$0.0	$0.0	$0.0				

27.4 PERCENT OF TOTAL

TOTAL FHWA FUND $60,034.8

EXP/ALT

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CLASS TYPES (AVIATION)

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FUND TYPES

FH=FEDERAL HIGHWAYS
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DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
SIX YEAR CAPITAL IMPROVEMENT PROGRAM

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*** NORTHERN REGION ***

FEDERAL HIGHWAYS FUNDS
FISCAL YEAR'88

FISCAL YEAR	REGION	EXP/ALT	FHWA FUNDS	AIP FUND	IARF FUND	GEN FUND	OTHER FUND	CLASS TYPE	FUND TYPE	ELECT DIST	PROJECT
88	NO	EXP	$14,250.0	$0.0	$0.0	$0.0	$0.0	IS	FH	17	Alaska Hwy, MP 1285-1382
88	NO	EXP	$6,652.0	$0.0	$0.0	$0.0	$0.0	IS	FH	17	Tok Cut-Off, MP 0 North
88	NO	EXP	$188.0	$0.0	$0.0	$0.0	$0.0	IS	FH	17	Alaska Hwy, MP 1238 N Erosion PE
88	NO	EXP	$1,452.6	$0.0	$0.0	$0.0	$0.0	IS	FH	16	Glenn Hwy, MP 118 N PE/ROW/Util
88	NO	EXP	$900.0	$0.0	$0.0	$0.0	$0.0	IS	FH	21	Parks Hwy Widening PE
88	NO	EXP	$2,300.0	$0.0	$0.0	$0.0	$0.0	IS	FH	18	Rich Hwy, Eielson N Rehab
88	NO	EXP	$47.4	$0.0	$0.0	$0.0	$0.0	IS	FH	17	Parks Hwy Erosion Control PE
TOTAL BY CLASS TYPE FISCAL YEAR'88 EXP			$25,780.0	$0.0	$0.0	$0.0	$0.0				
			42.8 PERCENT OF TOTAL								
88	NO	EXP	$2,898.0	$0.0	$0.0	$0.0	$0.0	P	FH	19	Steese Expressway Rehab
88	NO	EXP	$1,350.0	$0.0	$0.0	$0.0	$0.0	P	FH	17	Rich Hwy, MP 173 N PE/ROW/UTIL
88	NO	EXP	$215.0	$0.0	$0.0	$0.0	$0.0	P	FH	24	Dalton Hwy, 9 Mile Hill N PE
88	NO	EXP	$20.0	$0.0	$0.0	$0.0	$0.0	P	FH	19	Steese Hwy, MP 81 N-ROW
88	NO	EXP	$65.0	$0.0	$0.0	$0.0	$0.0	P	FH	19	Steese Hwy Overlay, MP 10 E-PE (Fox to Cleary)
88	NO	EXP	$4,500.0	$0.0	$0.0	$0.0	$0.0	P	FH	24	Elliott Hwy, MP 26 N Rehab
88	NO	EXP	$3,151.0	$0.0	$0.0	$0.0	$0.0	P	FH	17	Richardson Hwy - MP 79 North Rehab
TOTAL BY CLASS TYPE FISCAL YEAR'88 EXP			$12,199.0	$0.0	$0.0	$0.0	$0.0				
			20.3 PERCENT OF TOTAL								
88	NO	EXP	$2,755.0	$0.0	$0.0	$0.0	$0.0	S	FH	18	Badger Rd/Richardson Hwy (Peridot-Sth)
88	NO	EXP	$3,680.0	$0.0	$0.0	$0.0	$0.0	S	FH	17	Denali Hwy, MP 0-21
88	NO	EXP	$4,600.0	$0.0	$0.0	$0.0	$0.0	S	FH	23	Nome-Council, MP 32-42
88	NO	EXP	$1,128.0	$0.0	$0.0	$0.0	$0.0	S	FH	21	Parks Hwy/Sheep Crk Conn
88	NO	EXP	$475.0	$0.0	$0.0	$0.0	$0.0	S	FH	23	Nome-Council 53 East PE
88	NO	EXP	$180.0	$0.0	$0.0	$0.0	$0.0	S	FH	23	Nome-Council 4-15 PE (snow fence)
88	NO	EXP	$725.0	$0.0	$0.0	$0.0	$0.0	S	FH	17	Taylor Hwy, MP 66 N PE
88	NO	EXP	$270.0	$0.0	$0.0	$0.0	$0.0	S	FH	17	Denali Hwy, MP 21 W PE
TOTAL BY CLASS TYPE FISCAL YEAR'88 EXP			$13,813.0	$0.0	$0.0	$0.0	$0.0				
			22.9 PERCENT OF TOTAL								
88	NO	EXP	$236.2	$0.0	$0.0	$0.0	$0.0	SA-UR	FH	20	Fairbanks Signal Oper&Safety Impr
88	NO	EXP	$586.0	$0.0	$0.0	$0.0	$0.0	SA-UR	FH	20	S Cushman/Van Horn Signal

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FISCAL YEAR	REGION	EXP/ALT	FHWA FUNDS	AIP FUND	IARF FUND	GEN FUND	OTHER FUND	CLASS TYPE	FUND TYPE	ELECT DIST	PROJECT
TOTAL BY CLASS TYPE FISCAL YEAR'88 EXP			$742.2	$0.0	$0.0	$0.0	$0.0				
			1.2 PERCENT OF TOTAL								
88	NO	EXP	$416.3	$0.0	$0.0	$0.0	$0.0	UR	FH	20	3rd St/Hamilton/Farewell
88	NO	EXP	$1,564.8	$0.0	$0.0	$0.0	$0.0	UR	FH	20	23rd Avenue Extension
88	NO	EXP	$164.6	$0.0	$0.0	$0.0	$0.0	UR	FH	20	3rd Avenue Signal
88	NO	EXP	$713.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Barnette St Widening
88	NO	EXP	$186.2	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Illinois St Rehab
88	NO	EXP	$475.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Old Steese, Wendell-Exowy-PE
88	NO	EXP	$600.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Lacey-Noble Connec PE/ROW
88	NO	EXP	$200.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Minnie St Corridor
88	NO	EXP	$225.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Lathroo ST, S Fairbanks Exprwy, Van Horn PE
88	NO	EXP	$650.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Market/Washington/Rewak PE
88	NO	EXP	$2,000.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Old Rich Hwy Reconstr
88	NO	EXP	$475.0	$0.0	$0.0	$0.0	$0.0	UR	FH	20	Wendell St. Widening P.E.
TOTAL BY CLASS TYPE FISCAL YEAR'88 EXP			$7,668.9	$0.0	$0.0	$0.0	$0.0				
			12.7 PERCENT OF TOTAL								
TOTAL FHWA FUND			$60,283.1								

EXP/ALT	*CLASS TYPES (HWYS/OTHER)*	*CLASS TYPES (AVIATION)*	*FUND TYPES*
EXP=EXPECTED	IS=INTERSTATE	PR=PRIMARY	FH=FEDERAL HIGHWAYS
ALT=ALTERNATE	P=PRIMARY S=SECONDARY	CN=COMMERCIAL/NON-PRIMARY	FA=FEDERAL AVIATION
DEF=DEFERRED	UR=URBAN	NC=NON-COMMERCIAL	GF=GENERAL FUND
	TR=TRANSIT	AP=AREA POPULATION	IA=INT'L AIRPORT REVENUE
	HB=HARBORS	DI=DISCRETIONARY	OT=OTHER FUND
	PF=PUBLIC FACILITY		

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
SIX YEAR CAPITAL IMPROVEMENT PROGRAM

April 15, 1987

*** SOUTHEAST REGION ***

FEDERAL HIGHWAYS FUNDS
FISCAL YEAR'87

FISCAL YEAR	REGION	EXP/ALT	FHWA FUNDS	AIP FUND	IARF FUND	GEN FUND	OTHER FUND	CLASS TYPE	FUND TYPE	ELECT DIST	PROJECT
87	SE	EXP	$6.3	$0.0	$0.0	$0.0	$0.0	BR	FH	4	PETERSON CREEK BRIDGE (CLEANUP)
87	SE	EXP	$26.3	$0.0	$0.0	$0.0	$0.0	BR	FH	4	PE HWYS-SALMON CREEK BRIDGE REPLACEMENT & APPROACH -P.E.
TOTAL BY CLASS TYPE FISCAL YEAR'87 EXP			$32.6	$0.0	$0.0	$0.0	$0.0				
			0.2 PERCENT OF TOTAL								
87	SE	EXP	$506.6	$0.0	$0.0	$0.0	$0.0	P	FH	4	EGAN DRIVE SPOT IMPROVEMENTS
87	SE	EXP	$10.9	$0.0	$0.0	$0.0	$0.0	P	FH	4	EGAN DRIVE SPOT IMPROVEMENTS (CLEANUP)
87	SE	EXP	$328.6	$0.0	$0.0	$0.0	$0.0	P	FH	2	KLONDIKE HWY. SLIDE REPAIR & GUARDRAIL (OVERRUN)
87	SE	EXP	$31.4	$0.0	$0.0	$0.0	$0.0	P	FH	2	KLONDIKE HWY. SNOW CONTROL STUDY
87	SE	EXP	$2,152.9	$0.0	$0.0	$0.0	$0.0	P	FH	1	KTN. SHUTTLE FERRY FACILITIES-CONST.
87	SE	EXP	$16.0	$0.0	$0.0	$0.0	$0.0	P	FH	4	PE HWYS- GLACIER HWY. INDIAN PT. TO TEE HARBOR
87	SE	EXP	$22.8	$0.0	$0.0	$0.0	$0.0	P	FH	4	PE HWYS-EGAN EXPRESSWAY IMPROVEMENTS-P.E.
87	SE	EXP	$38.7	$0.0	$0.0	$0.0	$0.0	P	FH	2	PE HWYS-HAINES HWY.- CHILKAT RIVER TO BORDER-P.E.
87	SE	EXP	$285.5	$0.0	$0.0	$0.0	$0.0	P	FH	1	PE HWYS-NORTH TONGASS - NEW UPPER ROUTE
TOTAL BY CLASS TYPE FISCAL YEAR'87 EXP			$3,365.4	$0.0	$0.0	$0.0	$0.0				
			22.4 PERCENT OF TOTAL								
87	SE	EXP	$53.0	$0.0	$0.0	$0.0	$0.0	PS	FH	4	HWY.HAZARD ELIMINATION-FY'87 (LOOP ROAD LIGHTS)
87	SE	EXP	$75.0	$0.0	$0.0	$0.0	$0.0	PS	FH	4	JUNEAU PILOT RIDESHARE PROGRAM
TOTAL BY CLASS TYPE FISCAL YEAR'87 EXP			$128.0	$0.0	$0.0	$0.0	$0.0				
			0.9 PERCENT OF TOTAL								
87	SE	EXP	$124.0	$0.0	$0.0	$0.0	$0.0	S	FH	2	DYEA ROAD IMPROVEMENTS
87	SE	EXP	$137.0	$0.0	$0.0	$0.0	$0.0	S	FH	2	HAINES MUD BAY RD. BITUMINOUS SURFACE TREATMENT
87	SE	EXP	$93.6	$0.0	$0.0	$0.0	$0.0	S	FH	2	HAINES MUD BAY RD. SUPPLEMENTAL(OVERRUN)
87	SE	EXP	$169.9	$0.0	$0.0	$0.0	$0.0	S	FH	2	HAINES-MUD BAY ROAD-STAGE III-SUPPLEMENTAL
87	SE	EXP	$13.6	$0.0	$0.0	$0.0	$0.0	S	FH	2	HAINES-UNION ST. & SECOND AVE. INTERSECTION
87	SE	EXP	$381.8	$0.0	$0.0	$0.0	$0.0	S	FH	2	HARRIS RIVER TO CLARK BAY RECONSTRUCTION (CLEANUP)
87	SE	EXP	$354.4	$0.0	$0.0	$0.0	$0.0	S	FH	4	LUTAK ROAD-STAGE 1 (OVERRUN)
87	SE	EXP	$8,221.5	$0.0	$0.0	$0.0	$0.0	S	FH	1	NO. TONGASS HWY.-STAGE 1- WIDEN &PAVE
87	SE	EXP	$127.6	$0.0	$0.0	$0.0	$0.0	S	FH	2	PE HWYS-GUNNUK CREEK TO FERRY TERMINAL-UPGRADE
87	SE	EXP	$283.1	$0.0	$0.0	$0.0	$0.0	S	FH	2	PE HWYS-KAKE CITY STREETS - P.E.
87	SE	EXP	$98.7	$0.0	$0.0	$0.0	$0.0	S	FH	3	PE HWYS-SITKA AIRPORT ACCESS ROAD -P.E.
87	SE	EXP	$5.4	$0.0	$0.0	$0.0	$0.0	S	FH	1	PSG-FERRY TERMINAL TO 'H' ST. OVERLAY (CLEANUP)
87	SE	EXP	$129.4	$0.0	$0.0	$0.0	$0.0	S	FH	1	ZIMOVIA HIGHWAY -UPGRADE &PAVE &(OVERRUN)

EXP/ALT	*CLASS TYPES (HWYS/OTHER)*	*CLASS TYPES (AVIATION)*	*FUND TYPES*
EXP=EXPECTED	IS=INTERSTATE	PR=PRIMARY	FH=FEDERAL HIGHWAYS
ALT=ALTERNATE	P=PRIMARY S=SECONDARY	CN=COMMERCIAL/NON-PRIMARY	FA=FEDERAL AVIATION
DEF=DEFERRED	UR=URBAN	NC=NON-COMMERCIAL	GF=GENERAL FUND
	TR=TRANSIT	AP=AREA POPULATION	IA=INT'L AIRPORT REVENUE
	HB=HARBORS	DI=DISCRETIONARY	OT=OTHER FUND
	PF=PUBLIC FACILITY		

FISCAL YEAR	REGION	EXP/ALT	FHWA FUNDS	AIP FUND	IARF FUND	GEN FUND	OTHER FUND	CLASS TYPE	FUND TYPE	ELECT DIST	PROJECT
TOTAL BY CLASS TYPE FISCAL YEAR'87 EXP			$10,140.0	$0.0	$0.0	$0.0	$0.0				
			67.6 PERCENT OF TOTAL								
87	SE	EXP	$89.2	$0.0	$0.0	$0.0	$0.0	SA	FH	4	EAGLE BEACH OBSTACLE REMOVAL-HSIP- CONST.
87	SE	EXP	$38.1	$0.0	$0.0	$0.0	$0.0	SA	FH	4	JUNEAU-EGAN DR/GLACIER HWY RPM'S- P.E. & CONST.-HSIP
87	SE	EXP	$20.6	$0.0	$0.0	$0.0	$0.0	SA	FH	3	KATLIAN AVE. INTERSECTION-HSIP-CONST. (OVERRUN)
87	SE	EXP	$7.0	$0.0	$0.0	$0.0	$0.0	SA	FH	4	LENA LOOP RD. INTERSECTION - P.E. -HSIP
87	SE	EXP	$4.2	$0.0	$0.0	$0.0	$0.0	SA	FH	4	JNU- 10th/12th STREET TURN BAYS (CLEANUP)
87	SE	EXP	$26.0	$0.0	$0.0	$0.0	$0.0	SA	FH	4	PE HWYS-LOOP/MALL/JAMES BLVD.-HSIP- P.E.
87	SE	EXP	$168.1	$0.0	$0.0	$0.0	$0.0	SA	FH	4	WHITTIER ST. TRAFFIC SIGNAL - P.E. & CONST.- HSIP
TOTAL BY CLASS TYPE FISCAL YEAR'87 EXP			$353.2	$0.0	$0.0	$0.0	$0.0				
			2.4 PERCENT OF TOTAL								
87	SE	EXP	$43.9	$0.0	$0.0	$0.0	$0.0	UR	FH	1	KTN. CENTRAL BUSINESS DIST. - P.E. & UTIL.
87	SE	EXP	$135.0	$0.0	$0.0	$0.0	$0.0	UR	FH	4	THIRD STREET PAVING
87	SE	EXP	$68.5	$0.0	$0.0	$0.0	$0.0	UR	FH	4	DOUGLAS HIGHWAY TURNOUT-CONST. (OVERRUN)
87	SE	EXP	$176.8	$0.0	$0.0	$0.0	$0.0	UR	FH	4	GLACIER HWY. SWITZER TO FRED MEYER (CLEANUP)
87	SE	EXP	$52.5	$0.0	$0.0	$0.0	$0.0	UR	FH	4	PE HWYS-GLACIER HWY. - PAVING & INTERSECTION-P.E.
87	SE	EXP	$41.4	$0.0	$0.0	$0.0	$0.0	UR	FH	1	PE HWYS-KETCHIKAN VIADUCT DECK RECONSTRUCTION -PHASE I-P
87	SE	EXP	$53.7	$0.0	$0.0	$0.0	$0.0	UR	FH	4	PE HWYS-OLD GLACIER HWY. EXTENSION TO MCNUGGET
87	SE	EXP	$84.9	$0.0	$0.0	$0.0	$0.0	UR	FH	4	PE HWYS-OLD GLACIER HWY.-ROSS WAY TO EGAN-P.E.
87	SE	EXP	$29.2	$0.0	$0.0	$0.0	$0.0	UR	FH	4	PE HWYS-OLD GLACIER HWY.-SALMON CK.TO VANDERBUILT HILL-P
87	SE	EXP	$31.3	$0.0	$0.0	$0.0	$0.0	UR	FH	4	RIVERSIDE DRIVE -STAGE 1-UTIL.
87	SE	EXP	$257.9	$0.0	$0.0	$0.0	$0.0	UR	FH	1	TONGASS AVE. CHANNELIZATION &SIGNAL
TOTAL BY CLASS TYPE FISCAL YEAR'87 EXP			$[illegible].1	$0.0	$0.0	$0.0	$0.0				
			6.5 PERCENT OF TOTAL								
TOTAL FHWA FUND			$14,994.3								

EXP/ALT	*CLASS TYPES (HWYS/OTHER)*	*CLASS TYPES (AVIATION)*	*FUND TYPES*
EXP=EXPECTED	IS=INTERSTATE	PR=PRIMARY	FH=FEDERAL HIGHWAYS
ALT=ALTERNATE	P=PRIMARY S=SECONDARY	CN=COMMERCIAL/NON-PRIMARY	FA=FEDERAL AVIATION
DEF=DEFERRED	UR=URBAN	NC=NON-COMMERCIAL	GF=GENERAL FUND
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DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
SIX YEAR CAPITAL IMPROVEMENT PROGRAM

April 15, 1987

••• SOUTHEAST REGION •••

FEDERAL HIGHWAYS FUNDS
FISCAL YEAR'88

FISCAL YEAR	REGION	EXP/ALT	FHWA FUNDS	AIP FUND	IARF FUND	GEN FUND	OTHER FUND	CLASS TYPE	FUND TYPE	ELECT DIST	PROJECT
88	SE	EXP	$132.0	$0.0	$0.0	$0.0	$0.0	BR	FH	2	KLAWOCK RIVER BRIDGE REPLACEMENT-P.E., R.O.W., & UTIL.
TOTAL BY CLASS TYPE FISCAL YEAR'88 EXP			$132.0	$0.0	$0.0	$0.0	$0.0				
			0.9 PERCENT OF TOTAL								
88	SE	EXP	$225.0	$0.0	$0.0	$0.0	$0.0	P	FH	1	PE HWYS- NORTH TONGASS- NEW UPPER ROUTE
88	SE	EXP	$228.4	$0.0	$0.0	$0.0	$0.0	P	FH	2	PE HWYS-HAINES HWY - CHILKAT RIV. TO BORDER - PHASE III
88	SE	EXP	$183.7	$0.0	$0.0	$0.0	$0.0	P	FH	2	PE HWYS-HAINES HWY. - CHILKAT TO BORDER-PHASE II
TOTAL BY CLASS TYPE FISCAL YEAR'88 EXP			$637.1	$0.0	$0.0	$0.0	$0.0				
			4.2 PERCENT OF TOTAL								
88	SE	EXP	$104.3	$0.0	$0.0	$0.0	$0.0	PS	FH	4	HWY. HAZARD ELIMINATION -FY '87 (FRITZ COVE GUARDRAIL)
TOTAL BY CLASS TYPE FISCAL YEAR'88 EXP			$104.3	$0.0	$0.0	$0.0	$0.0				
			0.7 PERCENT OF TOTAL								
88	SE	EXP	$484.2	$0.0	$0.0	$0.0	$0.0	S	FH	2	ALSEK RD PAVING-SUPP.-DAN. RV. RD.
88	SE	EXP	$242.1	$0.0	$0.0	$0.0	$0.0	S	FH	2	ALSEK RD PAVING-SUPP.-WIDENING
88	SE	EXP	$1,318.7	$0.0	$0.0	$0.0	$0.0	S	FH	2	GUNNAK CR. TO FERRY TERMINAL- UPGRADE & SUPPLEMENTAL
88	SE	EXP	$1,838.9	$0.0	$0.0	$0.0	$0.0	S	FH	2	HOONAH ARTERIAL
88	SE	EXP	$2,981.7	$0.0	$0.0	$0.0	$0.0	S	FH	2	KAKE CITY STREETS-R.O.W. & UTIL.
88	SE	EXP	$1,997.5	$0.0	$0.0	$0.0	$0.0	S	FH	4	OLD GLACIER HWY. EXTENSION TO MCNUGGET INTERSECTION
88	SE	EXP	$137.0	$0.0	$0.0	$0.0	$0.0	S	FH	2	PE HWYS-HOONAH ARTERIAL STAGE II-F.T. TO AIRPORT
88	SE	EXP	$124.1	$0.0	$0.0	$0.0	$0.0	S	FH	2	PE HWYS-KAKE CITY STREETS- PE
88	SE	EXP	$137.0	$0.0	$0.0	$0.0	$0.0	S	FH	2	PE HWYS-KLAWOCK AIRPORT ACCESS ROAD-P.E.
TOTAL BY CLASS TYPE FISCAL YEAR'88 EXP			$9,181.2	$0.0	$0.0	$0.0	$0.0				
			60.7 PERCENT OF TOTAL								
88	SE	EXP	$76.5	$0.0	$0.0	$0.0	$0.0	SA	FH	4	LENA LOOP RD. INTERSECTION - CONST.-HSIP
88	SE	EXP	$400.0	$0.0	$0.0	$0.0	$0.0	SA	FH	91	S.E. REGION -HSIP-'88
88	SE	EXP	$549.3	$0.0	$0.0	$0.0	$0.0	SA	FH	4	LOOP/MALL/JAMES BLVD.-HSIP- UTIL. & CONST.
TOTAL BY CLASS TYPE FISCAL YEAR'88 EXP			$1,825.8	$0.0	$0.0	$0.0	$0.0				
			6.8 PERCENT OF TOTAL								

•EXP/ALT•

EXP=EXPECTED
ALT=ALTERNATE
DEF=DEFERRED

•CLASS TYPES (HWYS/OTHER)•

IS=INTERSTATE
P=PRIMARY S=SECONDARY
UR=URBAN
TR=TRANSIT
HB=HARBORS
PF=OTHER FACILITY

•CLASS TYPES (AVIATION)•

PR=PRIMARY
CN=COMMERCIAL/NON-PRIMARY
NC=NON-COMMERCIAL
AP=AREA POPULATION
DI=DISCRETIONARY

•FUND TYPES•

FH=FEDERAL HIGHWAYS
FA=FEDERAL AVIATION
GF=GENERAL FUND
IA=INT'L AIRPORT REVENUE
OT=OTHER FUND

*** SOUTHEAST REGION ***

FEDERAL HIGHWAYS FUNDS
FISCAL YEAR'88

FISCAL YEAR	REGION	EXP/ALT	FHWA FUNDS	AIP FUND	IARF FUND	GEN FUND	OTHER FUND	CLASS TYPE	FUND TYPE	ELECT DIST	PROJECT
88	SE	EXP	$28.3	$0.0	$0.0	$0.0	$0.0	UR	FH	4	GLACIER HWY. PAVING AND INTER.-P.E.
88	SE	EXP	$231.0	$0.0	$0.0	$0.0	$0.0	UR	FH	4	GLACIER HWY.-EGAN DRIVE TO SALMON CR. BRIDGE R.O.W. & UT
88	SE	EXP	$488.7	$0.0	$0.0	$0.0	$0.0	UR	FH	1	KETCHIKAN VIADUCT DECK P.E. & RECONSTRUCT PHASE I
88	SE	EXP	$974.1	$0.0	$0.0	$0.0	$0.0	UR	FH	1	KTN. CENTRAL BUSINESS DIST.
88	SE	EXP	$228.4	$0.0	$0.0	$0.0	$0.0	UR	FH	4	PE HWYS-OLD GLACIER HWY-PHASE II P.E. (MCNUGGET TO LOOP)
88	SE	EXP	$62.0	$0.0	$0.0	$0.0	$0.0	UR	FH	4	PE HWYS-OLD GLACIER HWY.-ROSS WAY TO EGAN DRIVE
88	SE	EXP	$91.4	$0.0	$0.0	$0.0	$0.0	UR	FH	4	PE HWYS-OLD GLACIER HWY.-SALMON CK. TO VANDERBILT HILL
88	SE	EXP	$742.0	$0.0	$0.0	$0.0	$0.0	UR	FH	4	RIVERSIDE DRIVE - STAGE I-CONSTRUCTION
88	SE	EXP	$1,278.9	$0.0	$0.0	$0.0	$0.0	UR	FH	1	TONGASS AVE. TRAFFIC IMPROVEMENTS
TOTAL BY CLASS TYPE			$4,844.8	$0.0	$0.0	$0.0	$0.0				

FISCAL YEAR'88 EXP

26.7 PERCENT OF TOTAL

TOTAL FHWA FUND $15,125.2

EXP/ALT

EXP=EXPECTED
ALT=ALTERNATE
DEF=DEFERRED

CLASS TYPES (HWYS/OTHER)

IS=INTERSTATE
P=PRIMARY S=SECONDARY
UR=URBAN
TR=TRANSIT
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CLASS TYPES (AVIATION)

PR=PRIMARY
CN=COMMERCIAL/NON-PRIMARY
NC=NON-COMMERCIAL
AP=AREA POPULATION
DI=DISCRETIONARY

FUND TYPES

FH=FEDERAL HIGHWAYS
FA=FEDERAL AVIATION
GF=GENERAL FUND
IA=INT'L AIRPORT REVENUE
OT=OTHER FUND

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
SIX YEAR CAPITAL IMPROVEMENT PROGRAM

April 15, 1987

*** ALASKA MARINE HIGHWAY SYSTEM ***

FEDERAL HIGHWAYS FUNDS
FISCAL YEAR'87

FISCAL YEAR	REGION	EXP/ALT	FHWA FUNDS	AIP FUND	IARF FUND	GEN FUND	OTHER FUND	CLASS TYPE	FUND TYPE	ELECT DIST	PROJECT
87	AMHS	EXP	$80.2	$0.0	$0.0	$0.0	$0.0	P	FH	1	KETCHIKAN FERRY TERM RENOV, PE
87	AMHS	EXP	$3,680.0	$0.0	$0.0	$0.0	$0.0	P	FH	92	TUSTUMENA REFURB PH 1 (128/86/21/14)
87	AMHS	EXP	$200.0	$0.0	$0.0	$0.0	$0.0	P	FH	99	VESSEL SEWAGE TREATMENT
87	AMHS	EXP	$213.6	$0.0	$0.0	$0.0	$0.0	P	FH	91	COLUMBIA REFURB (MODERNIZATION) PE
TOTAL BY CLASS TYPE FISCAL YEAR'87 EXP			$4,173.8	$0.0	$0.0	$0.0	$0.0				
			46.8 PERCENT OF TOTAL								
87	AMHS	EXP	$363.6	$0.0	$0.0	$0.0	$0.0	S	FH	6	VALDEZ FERRY TERM (128/86/21/12)
87	AMHS	EXP	$2,085.6	$0.0	$0.0	$0.0	$0.0	S	FH	6	WHITTIER FERRY TERM (95/85/14/18)
87	AMHS	EXP	$306.2	$0.0	$0.0	$0.0	$0.0	S	FH	6	CORDOVA FENDER SYSTEM(128/86/21/11)
87	AMHS	EXP	$366.5	$0.0	$0.0	$0.0	$0.0	S	FH	91	LECONTE GALLEY & FIN. (128/86/21/13)
87	AMHS	EXP	$100.0	$0.0	$0.0	$0.0	$0.0	S	FH	91	HIGH SPD FERRY SYS. (PE-128/86/21/6)
87	AMHS	EXP	$30.0	$0.0	$0.0	$0.0	$0.0	S	FH	91	AURORA HAND. ACCESS (FY88 REQUEST)
87	AMHS	EXP	$150.0	$0.0	$0.0	$0.0	$0.0	S	FH	3	SITKA FERRY TERMINAL PE
87	AMHS	EXP	$150.0	$0.0	$0.0	$0.0	$0.0	S	FH	6	CORDOVA FERRY TERMINAL RECOATING
87	AMHS	EXP	$900.0	$0.0	$0.0	$0.0	$0.0	S	FH	91	S.E. SECONDARY TERMINAL RECOATING
TOTAL BY CLASS TYPE FISCAL YEAR'87 EXP			$4,451.9	$0.0	$0.0	$0.0	$0.0				
			49.9 PERCENT OF TOTAL								
87	AMHS	EXP	$300.0	$0.0	$0.0	$0.0	$0.0	SF	FH	2	CLARK BAY STAGING (128/86/21/9)
TOTAL BY CLASS TYPE FISCAL YEAR'87 EXP			$300.0	$0.0	$0.0	$0.0	$0.0				
			3.4 PERCENT OF TOTAL								
TOTAL FHWA FUND			$8,925.7								

EXP/ALT	*CLASS TYPES (HWYS/OTHER)*	*CLASS TYPES (AVIATION)*	*FUND TYPES*
EXP=EXPECTED	IS=INTERSTATE	PR=PRIMARY	FH=FEDERAL HIGHWAYS
ALT=ALTERNATE	P=PRIMARY S=SECONDARY	CN=COMMERCIAL/NON-PRIMARY	FA=FEDERAL AVIATION
DEF=DEFERRED	UR=URBAN	NC=NON-COMMERCIAL	GF=GENERAL FUND
	TR=TRANSIT	AP=AREA POPULATION	IA=INT'L AIRPORT REVENUE
	HB=HARBORS	DI=DISCRETIONARY	OT=OTHER FUND
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DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
SIX YEAR CAPITAL IMPROVEMENT PROGRAM —

April 15, 1987

*** ALASKA MARINE HIGHWAY SYSTEM ***

FEDERAL HIGHWAYS FUNDS
FISCAL YEAR'88

FISCAL YEAR	REGION	EXP/ALT	FHWA FUNDS	AIP FUND	IARF FUND	GEN FUND	OTHER FUND	CLASS TYPE	FUND TYPE	ELECT DIST	PROJECT
88	AMHS	EXP	$47.2	$0.0	$0.0	$0.0	$0.0	P	FH	6	SEWARD FERRY TERM PE
88	AMHS	EXP	$42.5	$0.0	$0.0	$0.0	$0.0	P	FH	4	AUKE BAY SEC. TERM PE
88	AMHS	EXP	$2,681.3	$0.0	$0.0	$0.0	$0.0	P	FH	27	KODIAK FERRY TERMINAL
88	AMHS	EXP	$500.0	$0.0	$0.0	$0.0	$0.0	P	FH	91	MALASPINA REFURB PE (COMPLETE)
88	AMHS	EXP	$2,892.4	$0.0	$0.0	$0.0	$0.0	P	FH	1	KETCHIKAN FERRY TERM RENOV.
88	AMHS	EXP	$1,827.0	$0.0	$0.0	$0.0	$0.0	P	FH	91	COLUMBIA MODERNIZATION
88	AMHS	EXP	$663.8	$0.0	$0.0	$0.0	$0.0	P	FH	91	MALASPINA ASBESTOS REMOVAL
TOTAL BY CLASS TYPE FISCAL YEAR'88 EXP			$7,774.2	$0.0	$0.0	$0.0	$0.0				
			80.5 PERCENT OF TOTAL								
88	AMHS	EXP	$400.0	$0.0	$0.0	$0.0	$0.0	S	FH	91	AURORA HANDICAPPED ACCESS
88	AMHS	EXP	$571.4	$0.0	$0.0	$0.0	$0.0	S	FH	91	HIGH SPEED FERRY SYSTEM
TOTAL BY CLASS TYPE FISCAL YEAR'88 EXP			$971.4	$0.0	$0.0	$0.0	$0.0				
			10.1 PERCENT OF TOTAL								
88	AMHS	EXP	$913.5	$0.0	$0.0	$0.0	$0.0	SF	FH	91	SITKA TERMINAL REHABILITATION
TOTAL BY CLASS TYPE FISCAL YEAR'88 EXP			$913.5	$0.0	$0.0	$0.0	$0.0				
			9.5 PERCENT OF TOTAL								
TOTAL FHWA FUND			$9,659.1								

EXP/ALT	*CLASS TYPES (HWYS/OTHER)*	*CLASS TYPES (AVIATION)*	*FUND TYPES*
EXP=EXPECTED	IS=INTERSTATE	PR=PRIMARY	FH=FEDERAL HIGHWAYS
ALT=ALTERNATE	P=PRIMARY S=SECONDARY	CN=COMMERCIAL/NON-PRIMARY	FA=FEDERAL AVIATION
DEF=DEFERRED	UR=URBAN	NC=NON-COMMERCIAL	GF=GENERAL FUND
	TR=TRANSIT	AP=AREA POPULATION	IA=INT'L AIRPORT REVENUE
	HB=HARBORS	DI=DISCRETIONARY	OT=OTHER FUND
	PF=PUBLIC FACILITY		

ROAD/ROUTE LANE MILES BY FEDERAL CLASSIFICATION WITHIN THE DOT/PF REGIONS

CLASS.	CENTRAL	NORTHERN	SOUTHEAST	MARINE	TOTAL
FAP	139.89	1,574.91	108.58	844.00	2,667.38
FAS	665.75	1,028.98	285.96	640.30	2,620.99
FAU	111.29	47.93	97.43	-0-	256.65
TOTAL	916.93	2,651.82	491.97	1,484.3	5,545.02

CLASS.	CENTRAL	NORTHERN	SOUTHEAST	TOTAL
FAP	139.89	1,574.91	108.58	1,823.38
MARINE	161.00	-0-	683.00	844.00
FAS	665.75	1,028.98	285.96	1,980.69
MARINE	487.00	-0-	153.30	640.30
FAU	111.29	47.93	97.43	256.65
TOTAL	1,564.93	2,651.82	1,328.27	5,545.02

NOTE: FAP: FEDERAL-AID PRIMARY
FAS: FEDERAL-AID SECONDARY
FAU: FEDERAL-AID URBAN

NOTE: FIGURES DERIVED FROM THE DOT/PF ALASKA LAND AND MARINE HIGHWAY FUNCTIONAL CLASSIFICATION, FEDERAL-AID AND STATE MAINTAINED ROUTES

DISTRICTS CONTAINED IN DOT/PF REGIONS

CENTRAL REGION	NORTHERN REGION	SOUTHEAST REGION
KENAI-COOK INLET	INTERIOR HIGHWAYS	KETCH-WRANG-PETERS
PRINCE WILLIAM SD.	FAIRBANKS	INSIDE PASSAGE
ANCHORAGE	NORTH SLOPE-KOTZ.	BARANOF-CHICHAGOF
MATANUSKA-SUSITNA	NORTON SOUND	JUNEAU
INTERIOR RIVERS		
LOWER KUSKOKWIM		
BRISTOL BAY-ALEUTIAN IS.		
KODIAK-E. AK PENINSULA		

TOTAL FEDERAL-AID HIGHWAY APPROPRIATIONS BY REGION FY84-1987
(THOUSANDS OF DOLLARS)

REGION	FY 84	FY 85	FY 86	FY 87
CENTRAL	$132,692.0	$18,948.0	$ 91,097.0	$151,962.6
NORTHERN	62,637.0	38,204.0	100,330.0	76,122.0
SOUTHEAST	5,652.0	14,582.0	24,040.0	19,739.0
TOTAL	$200,981.0	$71,734.0	$215,467.0	$247,823.6

REGION	TOTAL FEDERAL-AID APPROPRIATION FY84-1987 (THOUSANDS OF DOLLARS)	(PERCENTAGE)
CENTRAL	$394,699.6	.53
NORTH	$277,293.0	.38
SOUTHEAST	$ 64,013.0	.09
TOTAL	$736,005.6	1.00

NOTE: FIGURES BASED ON INFORMATION COMPILED BY THE HOUSE RESEARCH AGENCY

TABLE 1

FEDERAL AID HIGHWAY APPROPRIATIONS BY ELECTION DISTRICT FY 1984-1987

(thousands of dollars)

DISTRICT NAME	HOUSE ELECTION DISTRICT	FY 84		FY 85		FY 86		FY 87	
		Approp.	% of total funds	Approp.	% of total funds	Approp.	% of total funds	Approp.	% of total funds
KETCHKN-WRANGL-PETRSBG	1	0.0	0.0%	7,222.0	10.1%	10,350.0	4.8%	5,800.0	2.3%
INSIDE PASSAGE	2	1,788.0	0.9%	4,508.0	6.3%	6,210.0	2.9%	13,804.0	5.6%
BARANOF-CHICHAGOF	3	0.0	0.0%	0.0	0.0%	900.0	0.4%	0.0	0.0%
JUNEAU	4	3,864.0	1.9%	2,852.0	4.0%	6,580.0	3.1%	135.0	0.1%
KENAI-COOK INLET	5	0.0	0.0%	0.0	0.0%	11,000.0	5.1%	300.0	0.1%
PRINCE WILLIAM SOUND	6	1,039.0	0.5%	3,036.0	4.2%	2,380.0	1.1%	5,850.0	2.4%
ANCHORAGE	7-15	119,958.0	59.7%	15,544.0	21.7%	74,432.0	34.5%	136,827.6	55.2%
MATANUSKA-SUSITNA	16	10,795.0	5.4%	368.0	0.5%	3,285.0	1.5%	8,985.0	3.6%
INTERIOR HIGHWAYS	17	33,397.0	16.6%	32,802.0	45.7%	36,690.0	17.0%	24,174.0	9.8%
FAIRBANKS	18-21	20,020.0	10.0%	5,402.0	7.5%	45,960.0	21.3%	46,967.0	19.0%
NORTH SLOPE-KOTZEBUE	22	0.0	0.0%	0.0	0.0%	13,000.0	6.0%	0.0	0.0%
NORTON SOUND	23	9,220.0	4.6%	0.0	0.0%	4,680.0	2.2%	4,981.0	2.0%
INTERIOR RIVERS	24	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
LOWER KUSKOKWIM	25	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
BRISTOL BAY-ALEUTIAN IS	26	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
KODIAK-EAST AK PENINSULA	27	900.0	0.4%	0.0	0.0%	0.0	0.0%	0.0	0.0%
TOTAL		200,981.0		71,734.0		215,467.0		247,823.6	

Prepared by the House Research Agency February 1987 (87-151;860506-01).

APPORTIONMENTS - FEDERAL-AID HIGHWAY ACT 1976, 1978 & 1982

April 21, 1986

	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985	FY 1986
CONSOLIDATED PRIMARY	55,871,200	55,838,096	50,398,753	55,708,271	59,148,076	48,694,500	58,791,105	66,951,843	74,587,076	75,926,642
RURAL SECONDARY	25,589,840	25,575,675	26,357,883	28,569,725	31,569,413	21,009,801	34,371,909	34,718,415	34,777,593	33,274,931
URBAN SYSTEM	4,677,454	4,678,014	3,841,894	3,841,894	3,841,894	3,841,894	3,841,695	3,881,097	3,881,097	3,714,210
Subtotal	86,138,494	86,091,785	80,598,530	88,539,890	94,559,383	73,546,195	97,004,909	105,551,355	113,245,766	112,915,783
INTERSTATE (1980)	-0-	-0-	15,607,695	(FY 81) 16,808,287	(FY 82) 16,608,287	(FY 83) 14,887,340	(FY 84) 17,731,970	(FY 85 Partial) 9,850,000	(FY 85 Remainder and FY 86) 26,605,970	(FY 87) 17,157,082
INTERSTATE 4R (1983)	-0-	-0-	-0-	-0-	-0-	(FY 83) 6,517,212	(FY 84) 15,628,167	(FY 85) 19,538,997	(FY 86) 23,102,126	(FY 87) 24,629,480
Subtotal	-0-	-0-	15,607,695	16,808,287	16,608,287	21,404,552	33,360,137	29,388,997	49,108,096	41,786,562
SAFETY										
Sec. 203 Railway-Highway Protective Devices	11,700	835,297	324,601	100,000	1,439,604	1,437,811	1,446,550	1,462,180	1,460,835	1,399,673
Railway-Highway Hazard Elimination	-0-	700,000	1,651,581	1,441,905	1,439,605	1,437,812	1,446,551	1,462,180	1,460,834	1,399,673
Rail-Highway Crossing Offsystem	-0-	409,632	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Sec. 205 Pavement Marking Demonstration	150,000	150,000	150,000	150,000	150,000	-0-	-0-	-0-	-0-	-0-
Sec. 209 High-Hazard Locations	4,120,640	2,554,793	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Sec. 202 Hazard Elimination	-0-	-0-	1,479,260	2,076,905	735,000	980,000	980,000	990,000	990,000	947,430
Sec. 219 Safer Offsystem Roads	9,396,769	8,983,862	7,314,302	7,319,234	7,323,852	7,345,635	-0-	-0-	-0-	-0-
Subtotal	13,679,109	13,673,584	10,959,964	11,088,044	11,088,581	11,201,258	3,873,101	3,914,360	3,911,669	3,746,776
OTHER										
HPR Planning and Research	1,311,752	1,311,040	1,465,068	1,604,285	1,695,953	1,445,948	2,036,551	1,958,496	2,512,729	2,418,908
HTA (U) Planning	146,014	146,014	153,738	164,763	170,868	161,700	226,625	246,263	261,113	261,500
Economic Growth Center	2,865,235	2,875,818	2,819,676	2,821,569	2,465,844	2,681,201	576,835	-0-	-0-	-0-
Bridge Replacement	163,186	164,768	1,570,000	2,195,000	2,320,435	1,705,000	3,368,700	3,517,682	3,773,781	4,139,463
Bridge Replacement (Discretionary)	-0-	-0-	20,741,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Subtotal	4,486,187	4,497,660	26,749,482	6,785,617	6,653,120	5,993,849	6,208,711	5,722,441	6,547,623	6,819,871
FOREST HIGHWAYS	2,660,820	2,757,543	3,013,198	2,790,265	2,790,265	2,790,265	4,201,523	2,790,265	3,240,000	-0-
PUBLIC LANDS HIGHWAYS	-0-	777,472	1,575,000	1,500,000	1,060,000	1,210,000	3,500,000	3,500,000	1,500,000	-0-
GRAND TOTAL	106,946,610	107,798,044	138,503,869	127,512,103	132,959,636	116,186,119	148,148,381	150,867,418	177,553,154	165,268,992

U.S. Department
of Transportation
**Federal Highway
Administration**

Alaska Division

P.O. Box 21648
Juneau, Alaska 99802-1648

April 10, 1987

HEC-AK
060

The Honorable Lyman Hoffman
Alaska State House of Representatives
P.O. Box V
Juneau, Alaska 99801

Attention: Laurie Nottingham

Dear Representative Hoffman:

During a recent conversation concerning HB 213, Ms. Nottingham asked for some background information concerning the origin of the formulas used for apportioning the Federal-Aid Highway funds for the primary, secondary and urban systems.

The very first Federal-Aid Highway Bill which was passed in 1916, distributed the funds on essentially the same basis as we use today: 1/3 according to area, 1/3 according to population, and 1/3 according to road mileage. The purpose of the bill was to develop a system of roads radiating from the towns and railway stations out among the farms. The concept was wholeheartedly endorsed and debate revolved almost entirely about the apportionment formula and the exclusion of places of more than 2,500 population from the benefits of the Act.

Discussions of the factors were very similar to the debates which still occur today when each new Federal-Aid Highway Bill is introduced. Opponents of the 1916 bill claim that the apportionment formula gave the wealthier States, which contributed most of the Federal revenues, less than their fair share of the the road benefits, and they were particularly bitter that the cities, which contributed a very large share of the revenue in all States, got nothing at all from the bill. The rural road advocates replied that the wealthy States and the cities had already received more than their fair share of the national income in other forms, such as expensive post offices and public buildings, harbor improvements, veterans pensions (1/3 of the pensioners lived in six eastern States) and, most of all, in shelters of their industries behind a high protective tariff. Despite these problems the bill was passed by a considerable margin.

It was not until 1944, that Congress specifically allocated funds for roads in urban areas. These funds were apportioned in the ratio that their urban population (cities of 5,000 population) had to the national urban populations.

A review of our files show that for Fiscal 1986, $32.1 million was authorized for work on the urban system in Alaska. Our annual FY 86 apportionment on the urban system was $3.7 million.

I hope this information will be of assistance.

Sincerely yours,

Barry F. Morehead
Division Administrator

Robert E Ruby

By: Robert E. Ruby
Assistant Division Administrator

LETTER OF INTENT
CSHB 213 (TRSP)

It is the intent of the Legislature to ensure fair and equitable distribution of federal-aid highway program funds throughout the entire state.

It is the intent of the Legislature to take into account the uniqueness of the marine highway system as a viable transportation route and allocate 9% of the federal-aid highway program funds for this purpose, and that the remaining funds (91%) shall be distributed to each of the Department of Transportation and Public Facilities' administrative regions for specified highway programs on a formula basis. The formulas for determining funding for each highway program are as follows:

HIGHWAY PROGRAM	WEIGHT	REGION FACTORS
Primary	1/3	urban population
	2/9	rural population
	2/9	federal-aid route/road miles
	2/9	area
Secondary	1/3	rural population
	1/3	federal-aid route/road miles
	1/3	area
Urban	1	population

It is the intent of the Legislature to direct the Department of Transportation and Public Facilities to implement the formula funding as provided in HB 213. The Department shall establish project ranking criteria for each highway program (primary, secondary and urban). Project ranking would determine the priority of designated federal-aid highway projects for each highway program that require funding.

It is the intent of the Legislature to allow the department to reallocate surplus federal-aid highway program funds among regions of the state within the specific highway programs provided all qualified highway projects within the region have been funded. Furthermore, the department may only transfer federal-aid funds among federal-aid highway programs when all qualified projects are funded and a surplus of federal funds exists. Any surplus federal-aid highway program funds shall be transferred first to secondary roads, then to primary roads, and then urban roads. If all qualified highway projects that are eligible for funding under the federal-aid highway programs are funded then the surplus funds may be transferred to the federal-aid interstate program.

It is the intent of the Legislature to allow up to six years from the effective date of HB 213 for the Department of Transportation and Public Facilities to phase in the federal-aid highway program funding formula. The minimum amount of funding that must be specifically allocated to each region's highway programs for the phase in period are as follows:

YEAR	PHASE IN PERCENTAGE
1987	22%
1988	42%
1989	60%
1990	66%
1991	90%
1992	100%

It is the intent of the Legislature that this funding schedule be used as a temporary alternative to the federal-aid highway program funding formula in HB 213, and urges the Department of Transportation and Public Facilities to establish policy that will conform to the federal-aid highway program funding formula as quickly as possible.

It is the intent of the Legislature that the department's policy and funding decisions shall be more responsive to rural communities in Western, Southwestern and Southcentral Alaska, and to safety conditions on existing federal-aid highways; and to economic and commercial development on existing and/or potential new federal-aid highways in all areas of the state.

Bette Cato

Rep. Bette Cato, Chairman
House Transportation Committee

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST 5-4-87

Bill Version: CSHB 213
Publish Date:

Revision Date: 5-6-87
Title: "An Act relating to allocation of federal-aid highway funds"
Sponsor: Hoffman et al
Requestor: House Transportation

Agency Affected: DOT&PF
BRU: Statewide Plans, Programs and Budget
Components: Plans, Programs and Budget

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (IARF)						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (SEE ATTACHED)

Prepared by: Ron B. Lind RBL
Phone: 465-2171
Division: Plans, Programs and Budget
Date: 5-6-87

Approved by Commissioner: [signature]
Date: 5-6-87
Agency: Department of Transportation and Public Facilities

Distribution (by preparer):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

ANALYSIS: The Committee Substitute for House Bill 213 provides the department with enough flexibility to prevent the loss of federal obligation authority outlined in our previous fiscal note.

We assume that "qualified projects" are those projects which have all federally required documentation and are in the headquarters FHWA programming unit awaiting submission to FHWA. We would rev the funding status within the federal category and region when a project is submitted for obligation. If there were not sufficient funding available we would review the status of other regions and federal categories compared to the projects that are pending. If there were not "qualified projects" pending at headquarters we would proceed with the programming action. The record keeping for these activities would be a slight increase in effort, however it would not be significant. If a more complicated review process is desired, we would require additional funding in the operating budget to carry it out.

Examples of Effects of CSHB213 on the

Department of Transportation and Public Facilities

May 6, 1987

(1) Current Practice: Our Six Year Plan anticipates the addition of two lanes to the Glenn Highway between Eklutna and the Parks Highway in FY 89, 90 and 91. These improvements require over $50 million in federal funds, and would typically be funded with Interstate and Primary funds.

Under CSHB 213: We would be restricted to the use of Interstate apportionments to fund these improvements. If other qualified projects were ready to obligate, we would need to stretch out the implementation of these much needed improvements to the Glenn Highway, or pursue alternative funding sources.

(2) Current Practice: As indicated in our Position Paper on HB213, we currently plan to make major improvements to roads on Alaska's urban systems, particularly in Anchorage and Fairbanks. The use of primary and secondary apportionments on these projects is made possible by Subsection 118(f) of Title 23, U.S.C.

Under CSHB213: Each time a project needed funding and the regional share of the appropriate apportionment were depleted, the department would need to review whether or not there were other qualified projects to use the funds. A surplus would need to exist in both the secondary and primary programs before most urban system projects could be funded. This process would likely delay much needed highway improvements in Alaska's urban areas.

(3) Current Practice: The budgeting process encourages greater use of federal-aid resources to meet improvement needs on the Alaska Marine Highway System (AMHS). The actual pace of project development has not yet reached the spending level identified in the budget process.

Under CSHB213: The bill requires the department to allocate and expend 9% of primary and secondary funds for AMHS improvements. If not enough projects were ready to fully utilize this setaside, we would need to find a mechanism to transfer excess funds to qualified projects in other regions. If the funding requirements of the AMHS exceed 9%, some mechanism would be needed to provide the extra funding or project delays could result. This won't be a problem if we can assume the AMHS can be construed as an "administrative region."

(4) Current Practice: The department cautiously evaluates the need for extensions to the primary or secondary systems. Given the large unmet needs for improvements to the existing system, the department has focused its resources on improving and modernizing these routes.

Under CSHB213: The emphasis could shift to developing new routes, particularly on the Secondary System, to meet the legislative intent for an ambitious secondary program. Building these new routes would require millions of dollars each year, and would create an ongoing requirement for additional maintenance and operations funding.

(5) Current Practice: Each year many safety problems are investigated through preliminary engineering starts under the Highway Safety Improvement Program. If the proposed solution to the safety problem requires a significant amount of funding for construction it is frequently funded with secondary or primary apportionments instead of safety funding.

Under CSHB213: The department could no longer routinely fund higher cost safety improvements with other apportionments. Whenever such safety projects were on the urban system, we would have to see if any urban, primary or secondary apportionments were available to fund the safety work. Alternatively, we could use safety funding for construction, and delay the start-up of other safety investigations.

(6) Current Practice: Currently projects in the urban areas are evaluated based on a needs criteria without regard to the amount of funding that is available for the federal urban system. Currently the federal urban system category provides approximately $3.6 million annually; however, we have been programming over 10 times this amount because of the needs evaluation.

Under CSHB213: The department would assume that this bill is directing the department to change our program to assure that our project development provided "qualified projects" in the amounts approximating the levels provided by the federal categories. This would mean we would reduce the levels of projects we would be proposing on the urban system to approximate the $3.6 million in funding that is available annually. This would be a significant reduction in effort. The specific projects which would be proposed would continue to be identified through the existing AMATS and similar planning processes.

Statement by Representative Hoffman
on HB 213
March 30, 1987

House Bill 213 (An Act relating to allocation of federal-aid highway funds; and providing for an effective date.) is a vehicle to provide a "fair and equitable" solution to the allocation and expenditure of federal-aid highway program funds throughout the state.

The "federal-aid highway program" specified in this bill pertains to those roads within the state that are designated as federal-aid primary, federal-aid secondary, and federal-aid urban. This bill does not effect other federal-aid highway allocations such as: the interstate system, hazard elimination, and highway safety.

Currently, federal-aid highway funds are allocated among states by the federal government based on such factors as area, rural population, urban population, road miles, etc.

This bill requires the Alaska Department of Transportation and Public Facilities (DOT/PF) to allocate obligated federal-aid highway program funds within the regions of this state according to the same formulas that the federal government uses to allocate funds among the states.

Under the provisions of HB 213, DOT/PF would be mandated to fund each designated road classification according to the proportion identified under the federal-aid highway obligation. This means, for example, the federal-aid highway funds may not be transferred from use on primary to urban roads.

House Bill 213 does permit DOT/PF to transfer funds between regions of the state. The Department may transfer up to 50% of the funds designated for one region into another region, thereby insuring that major road construction needs within a region may be met.

PACKET INDEX

HOUSE BILL - AN ACT RELATING TO ALLOCATION OF FEDERAL-AID HIGHWAY FUNDS, AND PROVIDING FOR AN EFFECTIVE DATE

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DOT/PF CENTRAL REGION FY88 FEDERAL HIGHWAY PROGRAM DESCRIPTION AND CHART FROM THE SIX-YEAR PLAN

IN THE HOUSE BY HOFFMAN

HOUSE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to allocation of federal-aid highway funds; and providing for an effective date."

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

* Section 1. AS 19.15 is amended by adding a new section to read:

Sec. 19.15.050. ALLOCATION OF FEDERAL AID. (a) The department shall allocate and expend federal-aid highway funds received for a federal-aid highway program among the administrative regions of the department for qualified projects in the same proportion as the eligibility of each region bears to the total eligibility of the state to receive the funds.

(b) Subject to (c) of this section, the department may transfer a maximum of 50 percent of the federal-aid highway funds allocated to a region under (a) of this section to qualified projects in another region.

(c) The department may not transfer federal-aid highway funds among federal-aid highway programs.

(d) In this section "federal-aid highway program" means the federal-aid primary system, the federal-aid secondary system, or the federal-aid urban system.

* Sec. 2. This Act takes effect July 1, 1987.

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

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

MEMORANDUM March 13, 1987

SUBJECT: Section-by-section analysis of 5-0834A

TO: Representative Lyman Hoffman

FROM: George Utermohle
Legislative Counsel

The following is the section-by-section analysis of Work Order 5-0834A requested by Lori Nottingham of your staff.

A section-by-section analysis or summary of a bill should not be considered an authoritative interpretation of a bill, and the bill itself is the best statement of its contents.

Section 1. Section 1 of the bill adds a new section to AS 19.15 providing for the allocation and expenditure of federal funds received for certain federal-aid highway programs.

Sec. 19.15.050(a) requires the Department of Transportation and Public Facilities to allocate and expend federal funds received for certain federal-aid highway programs within each of the administrative regions of the department in the proportion that the region contributes to the total eligibility of the state for federal funds. Federal funds are allocated to the states based on such factors as area, rural population, urban population, road miles, etc. This provision requires the department to allocate and expend the federal funds among the regions established by the department according to the same formulas that the federal government uses to allocate the funds among the states.

Sec. 19.15.050(b) allows the department to reallocate funds from one region of the state to another up to a maximum of 50 percent. Funds reallocated to another region may not be transferred to fund a different kind of highway program in the other region.

Sec. 19.15.050(c) prohibits the department from transferring federal-aid funds from one kind of federal-aid highway program to another.

Sec. 19.15.050(d) defines the term "federal-aid highway program" to mean either the federal-aid primary system, the federal-aid secondary system, or the federal-aid urban system. As a result of this definition this section does not require allocation of other federal-aid highway program funds among regions of the state; federal-aid highway programs exempt from this section include the federal-aid interstate system, hazard elimination program, and highway safety program.

Sec. 2. Section 2 of this bill establishes July 1, 1987 as the effective date of this Act.

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STATE OF ALASKA
THE LEGISLATURE

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LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M April 27, 1987

SUBJECT: Section-by-section analysis of CSHB 213 ( )

TO: Representative Lyman Hoffman

FROM: George Utermohle GU
Legislative Counsel

The following is the section-by-section analysis of CSHB 213 ( ) dated April 27, 1987 requested by Lori Nottingham of your staff.

A section-by-section analysis or summary of a bill should not be considered an authoritative interpretation of a bill. The bill itself is the best statement of its contents.

Section 1. Section 1 of the bill adds a new section to AS 19.15 providing for the allocation and expenditure of federal funds received for certain federal-aid highway programs.

Sec. 19.15.050(a) requires the Department of Transportation and Public Facilities to allocate and expend nine percent of federal funds received for certain federal-aid highway programs on qualified projects in the marine highway system. The department shall allocate and expend the remaining 91 percent of federal-aid highway funds within each of the administrative regions of the department. Federal funds are allocated to the states based on such factors as area, rural population, urban population, rural delivery route mileage, etc. This provision requires the department to allocate and expend the federal funds among the regions established by the department according to the same formulas that the federal government uses to allocate the funds among the states, except that for primary and secondary road systems the department shall use federally designated primary and secondary road mileage, as appropriate, in the formulas in lieu of rural delivery route mileage.

Sec. 19.15.050(b) allows the department to reallocate surplus funds from one region of the state to another if all

qualified highway projects within the region have been funded.

Sec. 19.15.050(c) prohibits the department from transferring federal-aid funds from one kind of federal-aid highway program to another unless all qualified projects eligible for funding by one of the federal-aid highway programs are funded and a surplus of federal funds still exists. Any surplus federal funding available must be allocated first to secondary roads, then primary roads, and then urban roads. If all qualified highway projects eligible for funding under the federal-aid secondary system, the federal-aid primary system and the federal-aid urban system are fully funded, then the surplus funds may be transferred to the federal-aid interstate program.

The interaction of subsections (b) and (c) require surplus funds to be used to fund qualified projects within each region before funds can be transferred to other regions.

Sec. 19.15.050(d) defines the term "federal-aid highway program" to mean either the federal-aid primary system, the federal-aid secondary system, or the federal-aid urban system. As a result of this definition, this bill does not require allocation of other federal-aid highway program funds among regions of the state; federal-aid highway programs exempt from this section include the federal-aid interstate system, hazard elimination program, and highway safety program.

The term "qualified project" is defined as a highway project eligible for federal-aid highway funds that receives any points under the criteria used by the Department of Transportation and Public Facilities for ranking priorities for highway projects.

Sec. 2. Section 2 of this bill establishes July 1, 1987, as the effective date of this Act.

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sions of the Administrative Procedure Act, sections 551 et seq. and 701 et seq. of Title 5, when providing for alternative procedure for approving state highway safety plans and failure of the Federal Highway Administration to open meetings with a particular organization to the public pursuant to Federal Advisory Committee Act, Appendix I of Title 5. Id.

3. Regulations

Under this section, Federal Highway Administration's duty to promulgate regulations pertaining to states' plans for certification acceptance is mandatory, although agency is vested with some discretion in deciding what type of regulations are necessary. Center for Auto Safety v. Tiemann, D.C.D.C.1977, 428 F.Supp. 118.

In light of Federal Highway Administration's pending reconsideration of regulations pertaining to certification acceptance plans under this section, there was no final agency action which court could review in action challenging such regulation; however, if agency did not complete reconsideration of regulations within reasonable period of time, agency would run risk of having its failure to act treated, upon appropriate motion made by plaintiffs, as final reviewable agency action. Id.

In the absence of any showing of prejudice as to Federal Highway Administration acceptance of Georgia's certification acceptance plan for highway safety standards pursuant to original tainted regulations governing certification applications, since nonprofit organization which challenged the regulations and the certification was able to comment on the plan while it was pending, and since the organization was entitled to substantive judicial review of the acceptance of the certification, court would not set aside approval of the Georgia plan because of the procedural irregularities in the adoption of the regulations. Center for Auto Safety v. Tiemann, D.C.D.C.1976, 414 F.Supp. 215, remanded on other grounds 580 F.2d 689.

4. Judicial review

Finding of Federal Highway Administration that state had capability to insure that safety standards were contained in state's plan for certification acceptance under this section was not sufficiently explained to afford court proper basis for judicial review, in view of failure of agency to inform court as to which portions of exhibits consisting of thousands of pages were relied upon by agency in making such determination, and thus case would be remanded to agency for clarification. Center for Auto Safety v. Tiemann, D.C.D.C.1977, 428 F.Supp. 118.

While Federal Highway Administrator's decision to employ certification acceptance procedures for state highway safety plan is unreviewable, his decision to approve a state certification is dependent upon mandatory findings and is therefore subject to judicial review. Center for Auto Safety v. Tiemann, D.C.D.C.1976, 414 F.Supp. 215, remanded on other grounds 580 F.2d 689.

5. Safety standards—Generally

When Federal Highway Administration approves state's certification acceptance plan under this section, agency must make finding that state has the capability to insure that safety standards will be enforced. Center for Auto Safety v. Tiemann, D.C.D.C.1977, 428 F.Supp. 118.

6. —— Factors considered

Under provision of this section authorizing Secretary of Transportation to accept certification from a state on finding that its highway projects will be carried out in accordance with state laws and standards which will accomplish policies and objectives of this title, it is for the Secretary to determine factors relevant to a "capability" finding and the appropriate method for making such a finding; hence, "Certification Acceptance" regulation which specifies reports, etc., that may be examined in evaluating the state's performance and resources is not deficient for failure to include a comprehensive list of specific factors for making a capability finding. Center for Auto Safety v. Bowers, D.C.D.C.1979, 466 F.Supp. 829.

Fact that some documents provided by Secretary of Transportation and Administrator of Federal Highway Administration were prepared after acceptance of Georgia's certification that federal aid highway projects would be carried out in accordance with state laws and standards that met objectives of this title did not undermine the award where there was no post hoc rationalization and subsequent material was relevant to determining continuing adequacy of the state plan and review of such documents was proper in face of court's recognition of possibility of future consideration of the capability finding. Id.

7. Substantial evidence

Decision of Secretary of Transportation and Administrator of Federal Highway Administration to accept Georgia's certification of safety standards for federal aid highways was supported by substantial evidence, including showing that for 20 years the state operated satisfactorily under the secondary road plan, which plan was predecessor to current "Certification Acceptance" system, with remainder of documents reviewed covering many topics, including research and development, safety review and ability of Georgia's Department of Transportation to take corrective action once deficiencies have been spotted. Center for Auto Safety v. Bowers, D.C.D.C.1979, 466 F.Supp. 829.

§ 118. Availability of sums apportioned

(a) On and after the date that the Secretary has certified to each State highway department the sums apportioned to each Federal-aid system or part thereof pursuant to an authorization under this title, or under prior Acts, such sums shall be available for expenditure under the provisions of this title.

(b)(1) Sums apportioned to each Federal-aid system (other than the Interstate System) shall continue available for expenditure in that State for the appropriate Federal-aid system or part thereof (other than the Interstate System) for a period of three years after the close of the fiscal year for which such sums are authorized and any amounts so apportioned remaining unexpended at the end of such period shall lapse.

(2) Except as otherwise provided in this subsection, sums apportioned for the Interstate System in any State shall remain available for expenditure in that State for the Interstate System until the end of the fiscal year for which authorized. Sums not obligated within the time period prescribed by the preceding sentence shall be made available by the Secretary for projects on the Interstate System (other than projects for which sums are apportioned under section 104(b)(5)(B)) in accordance with the following priorities: First, for high cost projects which directly contribute to the completion of an Interstate segment which is not open to traffic; and second, for projects of high cost in relation to a State's apportionment. Sums may only be made available under this paragraph in any State if the Secretary determines that the State has obligated all of its apportionments other than an amount which, by itself, is insufficient to pay the Federal share of the cost of a project on the Interstate System which has been submitted by such State to the Secretary for approval, and the applicant is willing and able to (A) apply the funds to a ready-to-commence project; and (B) in the case of construction work, begin work within ninety days of obligation. Sums made available under this paragraph shall remain available until expended.

(3) Any amount apportioned to the States for the Interstate System under subsection (b)(5)(B) of section 104 of this title shall continue to be available for expenditure in that State for a period of two years after the close of the fiscal year for which such sums are authorized. Sums not obligated within the time period prescribed by the preceding sentence shall be made available by the Secretary for projects for resurfacing, restoring, rehabilitating, and reconstructing the Interstate System to any other State applying for such funds, if the Secretary determines that the State has obligated all of its apportionments under such subsection other than an amount which, by itself, is insufficient to pay the Federal share of the cost of such a project which has been submitted by such State to the Secretary for approval, and the applicant is willing and able to (A) obligate the funds within one year of the date

the funds are made available; (B) apply them to a ready-to-commence project; and (C) in the case of construction work, begin work within ninety days of obligation. Sums made available under this paragraph shall remain available until expended.

(4) Sums apportioned to a Federal-aid system for any fiscal year shall be deemed to be expended if a sum equal to the total of the sums apportioned to the State for such fiscal year and previous fiscal years is obligated. Any Federal-aid highway funds released by the payment of the final voucher or by the modification of the formal project agreement shall be credited to the same class of funds, primary, secondary, urban, or interstate, previously apportioned to the State and be immediately available for expenditure.

(c) Before any apportionment is made under section 104(b)(5)(A) of this title for a fiscal year beginning after September 30, 1983, the Secretary shall set aside $300,000,000. Such amount shall be available only for obligation by the Secretary in accordance with subsection (b)(2) of this section.

(d) In addition to amounts otherwise available to carry out this section, an amount equal to the amount by which the unobligated apportionment for the Interstate System in any State is reduced under section 103(e)(4) of this title on account of the withdrawal of a route or portion thereof on the Interstate System, which withdrawal is approved after the date of enactment of this subsection, shall be available to the Secretary for obligation in accordance with subsection (b)(2) of this section.

(e) The total payments to any State shall not at any time during a current fiscal year exceed the total of all apportionments to such State in accordance with section 104 of this title for such fiscal year and all preceding fiscal years.

(f) Funds made available to the State of Alaska under this title may be expended for construction of access and development roads on a Federal-aid system that will serve resource development, recreational, residential, commercial, industrial, or other like purposes.

(As amended Pub.L. 89–574, § 7(a), Sept. 13, 1966, 80 Stat. 768; Pub.L. 94–280, Title I, § 117(a), May 5, 1976, 90 Stat. 436; Pub.L. 95–599, Title I, § 115(a), Nov. 6, 1978, 92 Stat. 2697; Pub.L. 96–106, § 5(a), Nov. 9, 1979, 93 Stat. 797; Pub.L. 97–424, Title I, § 115, Jan. 6, 1983, 96 Stat. 2107.)

References in Text. The date of the enactment of this subsections, referred to in subsec. (d), is the date of the enactment of Pub.L. 97–424, which was approved on Jan. 6, 1983.

1983 Amendment. Subsec. (b). Pub.L. 97–424, § 115(a), designated existing provisions as pars. (1) through (4), in par. (2) as so designated, substituted "for projects on the Interstate System (other than projects for which sums are apportioned under section 104(b)(5)(B)) in accordance with the following priorities: First, for high cost projects which directly contribute to the completion of an Interstate segment which is not open to traffic; and second, for projects of high cost in relation to a State's apportionment. Sums may only be made available under this paragraph in any State" for "to any other State applying for such funds for the Interstate System," after "available by the Secretary", struck out former cl. (1), which had required readiness to obligate funds within one year of the date the funds are made available, redesignated former cls. (2) and (3) as (A) and (B), respectively; and in par. (3) as so designated, struck out "and any amounts so apportioned remaining unexpended at the end of such period shall lapse" after "such sums are authorized", added provision relating to the disposition of funds not obligated within the prescribed time period, and added further provision that sums made available under this paragraph shall remain available until expended.

Subsecs. (c), (d). Pub.L. 97–424, § 115(b), added subsecs. (c) and (d). Former subsecs. (c) and (d) were redesignated (e) and (f), respectively.

Subsecs. (e), (f). Pub.L. 97–424, § 115(b), redesignated former subsecs. (c) and (d) as (e) and (f), respectively.

1979 Amendment. Subsec. (b). Pub.L. 96–106 substituted "shall continue to be available for expenditure in that State for a period of two years after the close of the fiscal year for which such sums are authorized and any amounts so apportioned remaining unexpended at the end of such period shall lapse" for "remaining unexpended at the end of the period of its availability shall lapse".

1978 Amendment. Subsec. (b). Pub.L. 95–599 substituted provisions relating to the availability of funds until the end of the fiscal year for provisions relating to the availability of funds until two years after the close of the fiscal year and substituted provisions establishing requirements for eligibility for funds for provisions calling for immediate reapportionment of funds.

1976 Amendment. Subsec. (b). Pub.L. 94–280, in revising the text, provided for a separate three year period of availability of sums apportioned to a Federal-aid system (other than the Interstate System), increased from the previously applicable two year period; continued the existing two year period for sums apportioned to the Interstate System; substituted provision for reapportionment of sums, apportioned to the States for the Interstate System under section

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104(b)(4)(A), under section 104(b)(5)(A) of this title and for lapse of sums apportioned to the Interstate System under section 104(b)(4)(B) of this title for prior provision for reapportionment of sums, apportioned to the States for the Interstate System under section 104(b)(4) and (5), under section 104(b)(5) of this title; and substituted provisions deeming there to be an expenditure of sums apportioned to a Federal-aid system if a sum equal to the total of the sums apportioned to the State for the fiscal year and previous fiscal years is obligated for prior provision deeming an expenditure to exist if a sum equal to the total of the sums apportioned to the States for the fiscal year and previous fiscal years is covered by formal project agreements providing for the expenditure of funds authorized by each Act which contains provisions authorizing the appropriation of funds for Federal-aid highways.

1966 Amendment. Subsec. (d). Pub.L. 89-574 added subsec. (d).

Effective Date of 1979 Amendment. Section 5(b) of Pub.L. 96-106 provided that: "The amendment made by subsection (a) of this section [amending this section] shall apply to all amounts apportioned under section 104(b)(5)(B) of title 23, United States Code [section 104(b)(5)(B) of this title], for the fiscal year 1978 and for subsequent fiscal years."

Legislative History. For legislative history and purpose of Pub.L. 89-574, see 1966 U.S. Code Cong. and Adm. News, p. 2800. See, also, Pub.L. 94-280, 1976 U.S. Code Cong. and Adm. News, p. 798; Pub.L. 95-599, 1978 U.S. Code Cong. and Adm. News, p. 6575; Pub.L. 96-106, 1979 U.S. Code Cong. and Adm. News, p. 1813; Pub.L. 97-424, 1982 U.S. Code Cong. and Adm. News, p. 3639.

Code of Federal Regulations

Preconstruction procedures, see 23 CFR 630.102.

Notes of Decisions

Federal restrictions 2
Justiciable issues 3
State control of allotted funds 1
State funds, use of its own 4

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1. State control of allotted funds

A reasonable construction of provision of this section providing that sums apportioned to each Federal-aid system or part thereof shall be available for expenditure on and after date Secretary has certified sums to each State highway department was not supportive of Secretary's argument that states have no inchoate interest whatsoever in funds so apportioned. State Highway Commission of Missouri v. Volpe, C.A.Mo.1973, 479 F.2d 1099.

2. Federal restrictions

Provision of subsec. (b) of this section providing that highway funds shall continue to be available for expenditure "in that state" for a period of two years before the lapse simply means that money is to be available for an individual state to use, and if any state does not obligate all their money within two-year period, then money will lapse, but does not mean that federal government may withhold money as it sees fit so long as states are allowed to obligate funds within two years. State Highway Commission of Missouri v. Volpe, C.A.Mo.1973, 479 F.2d 1099.

State which was ready, willing and able to obligate its apportionment from highway trust fund but was prevented from doing so by withholding, by Secretary of Transportation of the United States with approval of Director of the Office of Management and Budget of the United States, of authority to obligate apportionment from the fund for reasons related to prevention or control of inflation was entitled to injunctive and declaratory relief. State Highway Commission of Mo. v. Volpe, D.C.Mo.1972, 347 F.Supp. 950, modified on other grounds 479 F.2d 1099.

Under this chapter and V.A.M.S. Const. art. 4, §§ 29, 30 and V.A.M.S. § 226.010 et seq., State Highway Commission of Missouri had standing, as state agency invested with exclusive and plenary powers and duties on behalf of Missouri to receive and administer federal highway funds and apportionments, to maintain action against Secretary of Transportation of the United States and Director of the Office of Management and Budget of the United States seeking injunctive, declaratory and mandamus relief in connection with withholding authority from Missouri to obligate apportionment from highway trust fund. Id.

3. Justiciable issues

Action under section 1361 of Title 28 by State to compel Secretary to release all funds authorized and apportioned to State for contractual obligation under this chapter presented a justiciable controversy. State of Iowa ex rel. State Highway Commission v. Brinegar, C.A. Iowa 1975, 512 F.2d 722.

Although Indiana motorist contended that he had been injured by failure of Director of Office of Management and Budget and Secretary of Transportation to release impounded highway funds, where no state project had been denied by Administration and all money apportioned to state for prior fiscal years, as well as major portion of current fiscal year's funds, were available to state, the issue motorist presented was conditioned on events that had not occurred and were so hypothetical as to be nonjusticiable. Stanton v. Ash, D.C.Ind.1974, 384 F.Supp. 625.

4. State funds, use of its own

Where state highway project had not received federal funding prior to injunction halting project, district court was without authority to enjoin state's use of its own funds to engage in preliminary planning and design activities on theory that state and federal government were partners in the enterprise. Sierra Club v U.S. Army Corps of Engineers, C.A.N.Y.1984, 732 F.2d 253.

§ 119. Interstate System resurfacing

(a) The Secretary may approve projects for resurfacing, restoring, rehabilitating, and reconstructing routes on the Interstate System designated under sections 103

To impose liability on the state for its negligent failure to maintain Alaska highways through the winter would not place an "impossible burden" on the state. State v. Abbott, Sup. Ct. Op. No. 804 (File Nos. 1463, 1467), 498 P.2d 712 (1972).

Sec. 19.05.040. Powers of department. The department may

(1) acquire property;

(2) exercise the power of eminent domain;

(3) take immediate possession of real property, or any interest in it under a declaration of taking or by other lawful means;

(4) acquire rights-of-way for present or future use;

(5) control access to highways;

(6) regulate roadside development;

(7) preserve and maintain the scenic beauty along state highways;

(8) dispose of property acquired for highway purposes;

(9) accept and dispose of federal funds or property available for highway construction, maintenance, or equipment;

(10) enter into contracts or agreements relating to highways with the federal government, municipalities, a political subdivision, or with a foreign government, if the contract is approved by the federal government; and

(11) exercise any other power necessary to carry out the purpose of chs. 5 — 25 of this title. (§ 2 art III title I ch 152 SLA 1957; am § 3 ch 35 SLA 1971)

Legislative history reports. — For report on ch. 35, SLA 1971 (HB 387), see 1971 House Journal, p. 776.

NOTES TO DECISIONS

Department may acquire real property for highway through eminent domain. — The Department of Highways [now Department of Transportation and Public Facilities] may acquire real property for the purpose of constructing a highway through the exercise of eminent domain power, under the authority of this section, AS 19.05.080 — 19.05.120 and AS 19.20.040. Babinec v. State, Sup. Ct. Op. No. 908 (File No. 1539), 512 P.2d 563 (1973), rev'd on other grounds, 586 P.2d 966 (1978).

Sec. 19.05.045. Relocation payments.

Repealed by § 2 ch 60 SLA 1969.

Editor's notes. — The repealed section derived from § 1, ch. 93, SLA 1968.

Sec. 19.05.050. Roads in tourist and trailer camps. The department may adopt regulations governing the use of roads in tourist, trailer and other camps when public and private roads in or through the camps are used by, or are open to, the general public. (§ 1 ch 59 SLA 1955)

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commissioner shall, in conformity with the Administrative Procedure Act (AS 44.62), if necessary, adopt a regulation approving, modifying, or rejecting the proposed utility corridor and railroad right-of-way.

(c) If the commissioner approves or modifies the proposed utility corridor and railroad right-of-way,

(1) the Department of Natural Resources shall promptly classify, or reclassify, and reserve any state land within the utility corridor for use as a utility corridor and railroad right-of-way; and

(2) the department shall

(A) exercise its authority under AS 19.05.040 to acquire rights-of-way across land within the utility corridor which is subject to the state's power of condemnation;

(B) work with federal officials to secure reclassification and withdrawal of federal land in the utility corridor for reservations and rights-of-way across the federal land for use as a utility corridor and railroad right-of-way; and

(C) prepare a report evaluating the impact of construction of an extension of the Alaska Railroad across federal lands within the railroad right-of-way; the statement shall satisfy the requirements for an "environmental impact statement" under 42 U.S.C. 4332.

(d) The requirements of the Alaska Land Act (AS 38.05) relating to classification and reclassification of land are inapplicable to actions taken under this section. (§ 1 ch 145 SLA 1977; am §§ 1—4 ch 95 SLA 1981)

Effect of amendments. — The 1981 amendment substituted "not later than April 1, 1982, the" for "the" preceding "interior division" in the first sentence of subsection (a) and substituted "a complete legal description of the" for "a delineation of a" preceding "proposed railroad" in the second sentence of the subsection. In subsection (b) the amendment substituted "within 90 days after receiving a report transmitting the work of the interior division of the department under (a) of this section, the" for "the" preceding "commissioner" and added "if necessary" preceding "adopt a regulation" and in subsection (c)(1), added "promptly" preceding "classify." In subsection (c)(2), the amendment designated the language beginning "exercise its authority" and ending "power of condemnation" as subparagraph (A) and added subparagraphs (B) and (C).

Legislative history reports. — For report on ch. 145, SLA 1977 (HB 47), see 1977 House Journal, p. 371.

Article 3. General Provisions.

Section	Section
125. Purpose	140. [Transferred]
130. [Transferred]	150. [Transferred]

Sec. 19.05.125. Purpose. The purpose of chs. 5 — 25 of this title is to establish a highway department capable of carrying out a highway planning, construction, and maintenance program which will provide a common defense to the United States and Alaska, a network of highways linking together cities and communities throughout the state (thereby contributing to the development of commerce and indus-

try in the state, and aiding the extraction and utilization of its resources), and otherwise improve the economic and general welfare of the people of the state. (§ 2 art I title I ch 152 SLA 1957; am § 28 ch 32 SLA 1971)

Sec. 19.05.130. Definitions.

Transferred to AS 19.45.001.

Editor's notes. — This section was renumbered by the revisor of statutes pursuant to AS 01.05.031.

Sec. 19.05.140. Penalties.

Transferred to AS 19.45.002.

Editor's notes. — This section was renumbered by the revisor of statutes pursuant to AS 01.05.031.

Sec. 19.05.150. Naming of a highway.

Transferred to AS 19.10.085.

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

Chapter 10. State Highway System.

Article
1. Designation, Marking and Use (§§ 19.10.010 — 19.10.100)
2. Planning (§§ 19.10.110 — 19.10.160)
3. Construction (§§ 19.10.170 — 19.10.250)

Article 1. Designation, Marking and Use.

Section
10. Dedication of land for public highways
15. Establishment of highway widths
20. Designation of state highway system
30. Responsibility for system
40. Uniform system of marking and posting
50. Traffic control signals
52. [Transferred]
60. Regulation of weight and load of vehicles and use of highways during certain seasons
70. Determination of safe speed limits
80. Designation of through highways
85. Naming of a highway
90. Erection and maintenance of guard rails
100. Closing highways

Sec. 19.10.010. Dedication of land for public highways. A tract 100 feet wide between each section of land owned by the state, or acquired from the state, and a tract four rods wide between all other sections in the state, is dedicated for use as public highways. The section line is the center of the dedicated right-of-way. If the highway

(1) replace all permanent markers on private or municipal property that were destroyed or lost during highway construction to permit persons to determine accurately new boundary lines resulting from the construction;

(2) file in the local recording district, after completion of highway construction, an accurate right-of-way map that will contain sufficient engineering and survey information designating where the resulting boundary lines are located on private or municipal property along the highway. (§ 1 ch 14 SLA 1967)

Sec. 19.10.200. Local control of state transportation corridors.

Transferred to AS 19.20.015.

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

Chapter 15. Financial Provisions.

Section
10. Loans
20. Assent to federal aid
30. Participation by municipality in federal highway construction
40. General laws governing assessments by municipalities to pay highway costs

Sec. 19.15.010. Loans. For the purpose of participating in a federal grant-in-aid program, the department may apply to the Department of Administration for short-term loans from the general fund for periods not to exceed nine months and for amounts estimated not to exceed anticipated revenues for the term of the loan. The Department of Administration may approve the loan if it determines that the loan would not adversely curtail other expenditures from the general fund. (§ 2 art VI title II ch 152 SLA 1957)

Collateral references. — 39 Am. Jur. 2d, Highways, Streets and Bridges, §§ 122-129.
40 C.J.S., Highways, § 176.

Sec. 19.15.020. Assent to federal aid. The legislature assents to the Act of Congress approved July 11, 1916 (39 Stat. 355) entitled, "An Act to provide that the United States shall aid the states in the construction of rural post roads, and for other purposes." The department may make all contracts and do all things necessary to cooperate with the federal government in the construction of highways under the provisions of that Act, and all Acts amending or supplementing it, and any other Act of Congress that may be enacted, including the Federal-Aid Highway Act of 1956 (Public Law 627, 85th Congress, 2nd Session). (§ 1 art II title II ch 152 SLA 1957)

Sec. 19.15.030. Participation by municipality in federal highway construction. When a federal-aid highway is routed through a municipality, it may participate in the financing, planning, construction, acquisition of right-of-way, and maintenance of the highway in the manner and proportion the department determines is reasonable and proper. (§ 2 art II title II ch 152 SLA 1957)

Cross references. -- For provisions allowing for local control of state transportation corridors, see AS 19.20.015.

Sec. 19.15.040. General laws governing assessments by municipalities to pay highway costs. The provisions of law relating to the levying of assessments for highway financing, planning, construction, acquisition of right-of-way and maintenance, referred to in AS 19.15.030 apply to the extent that they are not inconsistent with the general purpose of chs. 5--25 of this title. (§ 3 art II title II ch 152 SLA 1957)

Chapter 17. Littering.

Section
10. [Repealed]

Sec. 19.17.010. Posting of law.
Repealed by § 3 ch 149 SLA 1980.

Cross references. -- For provisions concerning recycling and reduction of litter, see AS 46.06.010 -- 46.06.150.

Editor's notes. -- This section derived from § 2, ch. 13, SLA 1966; Executive Order No. 39, § 11 (1977).

Section 5, ch. 149, SLA 1980, provides: "This Act terminates July 1, 1984."

Chapter 20. Cooperation by and with the State.

Section
10. Connecting highways
15. Local control of state transportation corridors
17. Local control of traffic control systems
20. Authority to establish controlled-access facilities
30. Design of controlled-access facility
40. Acquisition of property and property rights
50. Grade-crossing eliminations
60. Participation in financing, planning, and regulation
70. Local service roads
80. Municipal master highway plan
90. [Transferred]

Sec. 19.20.010. Connecting highways. (a) The department may enter into cooperative agreements with a municipality for the construction or maintenance of a connecting highway which is part of the state highway system and located within the municipality.

APPORTIONMENTS - FEDERAL-AID HIGHWAY ACT 1976, 1978 & 1982

April 21, 1986

	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985	FY 1986
CONSOLIDATED PRIMARY	55,871,200	55,838,096	50,398,753	55,708,271	59,148,076	48,694,500	58,791,105	66,951,843	74,587,076	75,926,642
RURAL SECONDARY	25,589,840	25,575,675	26,357,883	28,989,725	31,569,413	21,009,801	34,371,909	34,718,415	34,777,593	33,274,931
URBAN SYSTEM	4,677,454	4,678,014	3,841,894	3,841,894	3,841,894	3,841,894	3,841,895	3,881,097	3,881,097	3,714,210
Subtotal	86,138,494	86,091,785	80,598,530	88,539,890	94,559,383	73,546,195	97,004,909	105,551,355	113,245,766	112,915,783
INTERSTATE (1980)	-0-	-0-	15,607,695	(FY 81) 16,808,287	(FY 82) 16,808,287	(FY 83) 14,887,340	(FY 84) 17,731,970	(FY 85 Partial) 9,850,000	(FY 85 Remainder and FY 86) 26,005,970	(FY 87) 17,157,082
INTERSTATE 4R (1983)	-0-	-0-	-0-	-0-	-0-	(FY 83) 6,517,212	(FY 84) 15,628,167	(FY 85) 19,538,997	(FY 06) 23,102,126	(FY 87) 24,629,480
Subtotal	-0-	-0-	15,607,695	16,808,287	16,808,287	21,404,552	33,360,137	29,388,997	49,108,096	41,786,562
SAFETY										
Sec. 203 Railway-Highway Protective Devices	11,700	835,297	324,801	100,000	1,439,864	1,437,811	1,446,550	1,462,180	1,460,835	1,399,673
Railway-Highway Hazard Elimination	-0-	700,000	1,691,581	1,441,905	1,439,865	1,437,812	1,446,551	1,462,180	1,460,834	1,399,673
Rail-Highway Crossing Offsystem	-0-	409,632	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Sec. 205 Pavement Marking Demonstration	150,000	150,000	150,000	150,000	150,000	-0-	-0-	-0-	-0-	-0-
Sec. 209 High-Hazard Locations	4,120,640	2,594,793	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Sec. 202 Hazard Elimination	-0-	-0-	1,479,280	2,076,905	735,000	980,000	980,000	990,000	990,000	947,430
Sec. 219 Safer Offsystem Roads	9,396,769	8,983,862	7,314,302	7,319,234	7,323,852	7,345,635	-0-	-0-	-0-	-0-
Subtotal	13,679,109	13,673,584	10,959,964	11,088,044	11,088,581	11,201,258	3,873,101	3,914,360	3,911,669	3,746,776
OTHER										
HPR Planning and Research	1,311,752	1,311,040	1,465,068	1,604,285	1,695,953	1,445,948	2,036,551	1,958,496	2,512,729	2,418,908
HTA (U) Planning	146,014	146,014	153,738	164,763	170,888	161,700	226,625	246,263	261,113	261,500
Economic Growth Center	2,865,235	2,875,818	2,819,676	2,821,569	2,465,844	2,681,201	576,835	-0-	-0-	-0-
Bridge Replacement	163,186	164,788	1,570,000	2,195,000	2,320,435	1,705,000	3,368,700	3,517,682	3,773,781	4,139,463
Bridge Replacement (Discretionary)	-0-	-0-	20,741,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Subtotal	4,486,187	4,497,660	26,749,482	6,785,617	6,653,120	5,993,849	6,208,711	5,722,441	6,547,623	6,819,871
FOREST HIGHWAYS	2,660,820	2,757,543	3,013,198	2,790,265	2,790,265	2,790,265	4,201,523	2,790,265	3,240,000	-0-
PUBLIC LANDS HIGHWAYS	-0-	777,472	1,575,000	1,500,000	1,060,000	1,250,000	3,500,000	3,500,000	1,500,000	-0-
GRAND TOTAL	106,946,610	107,798,044	138,503,869	127,512,103	132,959,636	116,186,119	148,148,381	150,867,418	177,553,154	165,268,992

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

P.O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

March 2, 1987

MEMORANDUM

TO: Representative Lyman Hoffman

ATTN: Lori Nottingham

FROM: Mary Jennings MJ
Legislative Analyst

RE: Federal-Aid Highway Fund Distribution
Research Request 87.151

You requested that we determine: 1) the amount of federal-aid highway funds that have been appropriated to each community and election district during the past four years; 2) the criteria for transferring federal-aid highway funds among system funds; 3) the Department of Transportation and Public Facilities (DOT/PF) level of compliance with the transferability guidelines; and 4) how compliance could be improved.

Background

The "Federal-aid Highway program" is an umbrella term generally referring to all activities funded through the Federal Highway Administration (FHWA) and administered by the states' highway or transportation agencies. The term "program" is used to refer to the many components that make up the overall federal-aid highway program. Each program is separately funded. For example, within the federal-aid highway program, there is specific funding for bridge replacement and rehabilitation, primary systems, urban systems and interstates, etc.

Federal-aid highway acts have traditionally been the vehicle for providing funds, termed "authorizations," for the federal-aid highway program. It is these authorizations that spell out the amount and purpose for which federal-aid highway funds are to be expended and lead directly to the financing procedures of the program.

The authorizations contained in highway acts are the amounts of funds that the Secretary of Transportation, acting through the FHWA, can obligate on behalf of the federal government. The license to proceed with federal programs is generally called budget authority. Through what is termed "contract authority," which is another type of budget authority, sums authorized in the federal-aid highway acts are available for obligation without an appropriation action. The use of contract authority gives the states advance notice of the size of the federal-aid program.

The federal-aid highway program is a reimbursable program; the federal government reimburses states for costs they have incurred. The authorization amounts allocated to the states represent a line of credit upon which states may draw as Federal projects advance. The states generally start the federal projects using their own money, i.e., they provide front-end financing for projects and receive cash for the federal share of the project's cost as the work is completed.

After deductions for administration and research, the FWHA allocates the remaining portion of the sums authorized for the various funding categories to the states. The apportionments are based on several formulas prescribed by law. For example, urban system funds are apportioned to each state according to its percentage of the nation's urban area population (places of 5,000 or more persons), interstate system apportionments are based on the relative share of the cost to complete the system, etc. Attachment A contains a list of the apportionment formulas.

Transferability of Funds.

The levels of authorization reflect Congress's relative priority among the federal-aid funding categories, and the apportionment formulas are intended to reflect the relative needs of the states for each authorization. To provide for flexibility in the use of specific sums, federal law permits transfers to be made among certain funds. Funds apportioned to the federal-aid primary system may be transferred for use on the federal-aid secondary system and vice-versa. Primary system and urban system apportionments may be transferred from one category to the other in the same manner. However, the amount transferred may not increase or decrease the original apportionment for such systems by more than 50 percent. This effectively limits the amount which can be transferred to 50 percent of the smaller of the two apportionments. The law does not provide for direct transfer from the urban system fund to the secondary system fund or vice versa and also prevents any indirect transfer between the two funds during a year. Transfers may also be made among some safety funds and a state may transfer an amount equivalent to the cost to complete open-to-traffic interstate segments from its interstate construction funds to its Interstate 4R funds.

Title 23 Section 118 paragraph (f) of the United States Codes specifically addresses Alaska's transferability of funds. The paragraph states, "Funds made available to the State of Alaska under this title [23 USCS § 101 et seq.] may be expended for construction of access and development roads on a federal-aid system that will serve resource development, recreational, residential, commercial, industrial, or other like purposes." The DOT/PF has interpreted this paragraph to mean that the State has greater flexibility in the transferability of federal-aid system monies than what is allowed under federal guidelines. According to Ron Lind, Legislative Liaison for DOT/PF, the department follows the federal guidelines for transferability, except for primary, urban, and secondary system funds. Mr. Lind stated that the department has allowed transfers between primary and secondary system funds and primary and urban system funds that have decreased the original apportionment to the primary system fund by more than 50 percent.

In order to gain an idea of the extent to which Alaska transfers primary system funds to other system funds, I requested Mr. Lind to provide federal-aid apportionments to Alaska by system fund for the last four years and a break down of how these funds were actually obligated. Mr. Lind stated that provisions of the data will require a review of individual projects. He estimated that with other workload considerations, it will take his department two weeks to provide the information. I will forward this to you upon receipt.

In order to determine ways DOT/PF could achieve a greater level of compliance with federal transferability guidelines concerning primary, secondary and urban system funds, I contacted Barry Moorhead, Alaska Division Administrator of Federal Highways. Mr. Moorhead suggested that DOT/PF should formulate a comprehensive six-year plan and follow this plan without reprioritizing projects each year. He felt that if the department adhered to a long-term plan, all types of projects, both urban and primary (i.e., rural) projects, would be funded. He felt that DOT/PF is not currently able to plan well because the legislature continuously passes resolutions that place a high priority on certain projects. Mr. Moorhead felt that DOT/PF and the legislature could work together in order to allow the department to develop a nonpolitical highway project plan that could be carried out from year to year without emphasis continuously being shifted from one project to another.

Federal-aid Distribution

Attachment B, prepared by the Office of Management and Budget (OMB) provides appropriations of State and federal funds by election district, affected community, and road. The attachment also cites the Session Law authorizing the funding for a particular project. Pages 32 through 35 of the attachment provide data for projects that could not be attributed to a

particular election district--projects that were regional or statewide. It should be noted that the data do not contain legislative repeals of appropriations and/or reappropriations.

Table 1 compiles the data contained in Attachment B into election district format. The table provides the amount and percent of federal-aid monies by each election district for the years 1984-1987. The table indicates that the Anchorage Election District received the highest percentage of federal-aid monies for the fiscal years 1984, 1986 and 1987. During FY 85, Election District 17--Interior Highways--received the highest percentage. Election Districts 3, 24, 25, 26, and 27 received virtually no federal-aid monies during the period.

I hope you find this information useful. I have attached maps detailing federal-aid highway systems in Alaska. The DOT/PF is currently working on a project which will identify the number of highway miles of each type of federal highway system by census area. I will contact you when the project is completed. Please contact me if you have any questions.

Attachments

TABLE 1

FEDERAL AID HIGHWAY APPROPRIATIONS BY ELECTION DISTRICT FY 1984-1987

(thousands of dollars)

DISTRICT NAME	HOUSE ELECTION DISTRICT	FY 84		FY 85		FY 86		FY 87	
		Approp.	% of total funds	Approp.	% of total funds	Approp.	% of total funds	Approp.	% of total funds
KETCHKN-WRANGL-PETRSBG	1	0.0	0.0%	7,222.0	10.1%	10,350.0	4.8%	5,800.0	2.3%
INSIDE PASSAGE	2	1,788.0	0.9%	4,508.0	6.3%	6,210.0	2.9%	13,804.0	5.6%
BARANOF-CHICHAGOF	3	0.0	0.0%	0.0	0.0%	900.0	0.4%	0.0	0.0%
JUNEAU	4	3,864.0	1.9%	2,852.0	4.0%	6,580.0	3.1%	135.0	0.1%
KENAI-COOK INLET	5	0.0	0.0%	0.0	0.0%	11,000.0	5.1%	300.0	0.1%
PRINCE WILLIAM SOUND	6	1,039.0	0.5%	3,036.0	4.2%	2,380.0	1.1%	5,850.0	2.4%
ANCHORAGE	7-15	119,958.0	59.7%	15,544.0	21.7%	74,432.0	34.5%	136,827.6	55.2%
MATANUSKA-SUSITNA	16	10,795.0	5.4%	368.0	0.5%	3,285.0	1.5%	8,985.0	3.6%
INTERIOR HIGHWAYS	17	33,397.0	16.6%	32,802.0	45.7%	36,690.0	17.0%	24,174.0	9.8%
FAIRBANKS	18-21	20,020.0	10.0%	5,402.0	7.5%	45,960.0	21.3%	46,967.0	19.0%
NORTH SLOPE-KOTZEBUE	22	0.0	0.0%	0.0	0.0%	13,000.0	6.0%	0.0	0.0%
NORTON SOUND	23	9,220.0	4.6%	0.0	0.0%	4,680.0	2.2%	4,981.0	2.0%
INTERIOR RIVERS	24	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
LOWER KUSKOKWIM	25	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
BRISTOL BAY-ALEUTIAN IS	26	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
KODIAK-EAST AK PENINSULA	27	900.0	0.4%	0.0	0.0%	0.0	0.0%	0.0	0.0%
TOTAL		200,981.0		71,734.0		215,467.0		247,823.6	

Prepared by the House Research Agency February 1987 (87-151;860506-01).

APPENDIX C-1

Apportionment Formulas

Formulas for apportioning authorized sums for certain classes of Federal-aid highways are specified by statute. Those are shown below.

Fund	Factors	Weight	Statute*	Minimum Apportionment
Interstate [illegible] for completion only	Relative Federal Share of Cost to Complete the System**	1	[illegible]	1/2 percent (including Alaska)
Interstate Resurfacing, Restoration, Rehabilitation, and Reconstruction	Interstate System Lane Miles	55%	104(b)(5)(B)	1/2 percent
	Vehicle Miles Traveled on Interstate System	45%		
Interstate Highway Substitution (Not apportioned, 1/4 discretionary allocation	Relative Federal Share of Cost to Complete Substitute Projects	1	103(e)(4)	----------
Primary System	Formula A		104(b)(1)	
	Area	2/9		
	Rural Population	2/9		
	Rural Delivery Route Mileage and Intercity Mail Route Mileage	2/9		
	Urban Population*** (1/2 percent minimum (except D.C.))	1/3		
	Formula B		Sec. 108, P.L. 97-424	—
	Rural Population	1/2		
	Urban Population***	1/2		
	For each State, determine greater of A or B, then: Each State's apportionment equals: A or B x Total Primary Authorization / Sum of all States' A or B. Except that: the apportionment is not less than smaller of A or B			1/2 percent (including territories as a whole)
Secondary System	Area	1/3	104(b)(2)	1/2 percent (except for D.C.)
	Rural Population	1/3		
	Rural Delivery Route Mileage and Intercity Mail Route Mileage	1/3		
[illegible]	Urban Area*** Population	1	[illegible]	1/2 percent
[illegible]	[illegible] Area**** Population		[illegible]	[illegible]
[illegible]	[illegible]			[illegible]

Fund	Factors	Weight	Statute*	Minimum Apportionment
Hazard Elimination	Total Population Public Road Mileage	3/4 1/4	152(e)	1/2 percent
Highway Safety Programs	Total Population Public Road Mileage	3/4 1/4	402(c)	1/2 percent
Rail-Highway Crossing	Area Rural Population Rural Delivery Route Mileage and Intercity Mail Route Mileage Urban Population Number of Rail-Highway Crossings	1/12 1/12 1/12 1/4 1/2	Sec. 203(d) of the 1973 Highway Act as amended	1/2 percent 1/2 percent none

Minimum Allocation

For fiscal years 1983-86, each State is guaranteed an amount so that its percentage of total apportionments in each fiscal year of Interstate, Interstate 4R, Interstate highway substitutes, primary, secondary, urban, bridge replacement and rehabilitation, hazard elimination and rail-highway crossings shall not be less than 85 percent of the percentage of estimated contributions to the Highway Trust Fund, not including the Mass Transit Account (23 U.S.C. 157).

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* Denotes appropriate section in Title 23, U.S.C., unless otherwise indicated.

** Apportionment factors are contained in the periodic reports, "A Revised Estimate of the Cost of Completing the National System of Interstate and Defense Highways," submitted to Congress as required in 23 U.S.C. 104(b)(5)(A).

*** Places of 5,000 or more persons.

**** Usually places of 50,000 or more persons--definition contained in 23 U.S.C. 101(a).

STATE OF ALASKA
DIVISION OF BUDGET REVIEW

DATE: 02/27/87
TIME: 12:33:43
PROG: ROADRPT2

 of APPROPRIATIONS FOR ROADS AND BIKE/PEDESTRIAN PATHS, SLA 1983 TH[illegible] SLA 1986, BY ELECTION DISTRICT

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	AP[illegible]	PVD'D OF	TOTAL	CHP	SEC	PG	LN	
1	1983	Ketchikan	Schoonbar-Quinn		0	1,500,000	10	0	7	0	
1	1983	Ketchikan	Unspecified Roads		0	1,630,000	10	0	24	0	
1	1983	Ketchikan	Creek Street		0	200,000	10	0	24	0	
1	1983	Ketchikan	Unspecif[illegible]		0	300,000	107	34	110	0	
					0	3,630,000					Sum
Number of Observations: 4											
1	1984	Ketchikan	Schoonbar-Quin			800,000	22	0	4	0	
1	1984	Ketchikan	Ketchikan Bypas			3,034,100	24	0	40	0	
1	1984	Ketchikan	Tongass Highway			4,000,000	24	0	66	0	
1	1984	Ketchikan	Tongass Avenue			150,000	24	0	66	0	
1	1984	Ketchikan	Tongass Avenue			200,000	24	0	66	0	
1	1984	Ketchikan	Engineering/Design		0	100,000	24	0	66	0	
1	1984	Ketchikan	Peninsula Point		0	35,000	24	0	66	0	
1	1984	Ketchikan	Ketchikan Bypass		0	2,330,900	24	0	71	0	
1	1984	Petersburg	Main Street	-,000	828,000	900,000	24	0	66	0	
1	1984	Wrangell	Wrangell Airport Road	36,000	414,000	450,000	24	0	66	0	
1	1984	Wrangell	Zimovia Highway	200,000	2,300,000	2,500,000	24	0	66	0	
1	1984	Wrangell	Stikine Evergreen Street	800,000	0	800,000	24	0	66	0	
				8,078,000	7,222,000	15,300,000					Sum
Number of Observations: 12											
1	1985	Ketchikan	North Tongass Highway	0	5,400,000	5,400,000	96	0	19	0	
1	1985	Ketchikan	Tongass Avenue	0	4,500,000	4,500,000	96	0	20	0	
1	1985	P[illegible]rsburg	Ferry Terminal to "H"	0	450,000	450,000	96	0	20	0	

 APPROPRIATIONS FOR ROADS AND BIKE/PEDESTRIAN PATHS, SLA 1983 THROUGH SLA 1986, BY ELECTION DISTRICT

ID	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D CF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
				0	10,350,000	10,350,000					Sum
Number of Observations: 3											
1	1986	Hyder	Unspecified Roads	24,000	0	24,000	128	3	33	12	
1	1986	Ketchikan	Planning	0	100,000	100,000	128	3	19	18	
1	1986	Ketchikan	Ketchikan Viaduct	0	450,000	450,000	128	3	19	20	
1	1986	Ketchikan	North Tongass Highway	0	5,250,000	5,250,000	128	3	19	19	
				24,000	5,800,000	5,824,000					Sum
Number of Observations: 4											
				11,732,000	23,372,000	35,104,000					Sum
Number of Observations: 23											
2	1983	Angoon	Unspecified Roads	50,000	0	50,000	10	0	24	0	
2	1983	Gustavus	Unspecified Roads	142,000	0	142,000	10	0	9	0	
2	1983	Gustavus		90,000	0	90,000	107	34	85	0	
2	1983	Haines	Front Street	75,000	0	75,000	10	0	24	0	
2	1983	Haines	Mud Bay Road	155,000	1,788,000	1,943,000	107	34	79	0	
2	1983	Haines	Unspecified Roads	900,000	0	900,000	107	34	111	0	
2	1983	Hydaburg	Hydaburg - Craig Road	811,400	0	811,400	10	0	7	0	
2	1983	Hydaburg	Unspecified Roads	27,000	0	27,000	107	34	110	0	
2	1983	Klawock	Unspecified Roads	200,000	0	200,000	10	0	24	0	
2	1983	Klawock	Unspecified Roads	50,000	0	50,000	107	34	110	0	
2	1983	Thorne Bay	Unspecified Roads	8,500	0	8,500	10	0	24	0	
2	1983	Yakutat	Unspecified Roads	20,000	0	20,000	107	34	111	0	
				2,528,900	1,788,000	4,316,900					Sum
Number of Observations: 12											
2	1984	Hoonah	Unspecified Roads	75,000	0	75,000	24	0	40	0	
2	1984	Klawock	Unspecified Roads	400,000	0	400,000	24	0	40	0	
2	1984	Klawock	Klawock-Hollis Highway	240,000	2,760,000	3,000,000	24	0	65	0	
2	1984	Metlakatla	Tongas Road	600,000	0	600,000	24	0	66	0	
2	1984	Skagway	Unspecified Roads	1,200,000	0	1,200,000	24	0	40	0	

 APPROPRIATIONS FOR ROADS AND BIKE/PEDESTRIAN PATHS, SLA 1983 THROUGH SLA 1986, BY ELECTION DISTRICT

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
2	1984	Skagway	Klondike Highway	152,000	1,748,000	1,900,000	24	0	66	0	
2	1984	Yakutat	Unspecified Roads	175,000	0	175,000	22	0	4	0	
				2,842,000	4,508,000	7,350,000					Sum
Number of Observations: 7											
2	1985	Haines	Union Avenue	0	90,000	90,000	96	0	20	0	
2	1985	Hoonah		0	2,070,000	2,070,000	96	0	19	0	
2	1985	Kake	Ferry Terminal to Gunnuk	0	225,000	225,000	96	0	19	0	
2	1985	Kake	Keku Road	0	2,025,000	2,025,000	96	0	19	0	
2	1985	Skagway	Dyea Road	0	450,000	450,000	96	0	20	0	
2	1985	Skagway	Unspecified Roads	124,110	0	124,110	105	489	108	4	
2	1985	Skagway	Unspecified Roads	427,000	0	427,000	96	0	39	0	
2	1985	Yakutat	Alsek Road	0	1,350,000	1,350,000	96	0	20	0	
2	1985	Yakutat	Unspecified Roads	150,000	0	150,000	96	0	39	0	
				701,110	6,210,000	6,911,110					Sum
Number of Observations: 9											
2	1986		Dyea Road	0	3,780,000	3,780,000	128	3	20	5	
2	1986		Haines Highway	0	2,700,000	2,700,000	128	3	19	21	
2	1986		Klondike Highway	0	2,500,000	2,500,000	128	3	20	9	
2	1986		Klondike Highway	0	900,000	900,000	130	181	39	2	
2	1986	Hydaburg	Unspecified Roads	40,000	0	40,000	128	3	25	20	
2	1986	Kake	Ferry Terminal to Gunnuk	0	450,000	450,000	128	3	20	4	
2	1986	Kake	Keku Road	0	2,574,000	2,574,000	128	3	19	22	
2	1986	Klawock	Unspecified Roads	160,000	0	160,000	130	590	115	7	
2	1986	Yakutat	Alsek Road	0	900,000	900,000	128	3	20	6	
2	1986	Yakutat	Unspecified Roads	100,000	0	100,000	128	3	26	11	
				300,000	13,804,000	14,104,000					Sum
Number of Observations: 10											

ID	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
				6,372,010	26,310,000	32,682,010					Sum
Number of Observations: 38											
3	1983	Elfin Cove	Boardwalk	35,000	0	35,000	10	0	31	0	
3	1983	Port Alexander	Boardwalk	150,000	0	150,000	10	0	25	0	
3	1983	Sitka	Bridges	2,500,000	0	2,500,000	10	0	7	0	
3	1983	Sitka	Edgecumbe Street	200,000	0	200,000	10	0	25	0	
3	1983	Sitka	Mt Edgecumbe Road	1,600,000	0	1,600,000	10	0	25	0	
				4,485,000	0	4,485,000					Sum
Number of Observations: 5											
3	1984	Pelican	Boardwalk	50,000	0	50,000	24	0	40	0	
3	1984	Sit'a	Unspecified Roads	230,000	0	230,000	22	0	4	0	
3	1984	Sitka	Sitka Bench Land Road	2,600,000	0	2,600,000	24	0	66	0	
3	1984	Sitka	Bridges	90,000	0	90,000	24	0	14	0	
				2,970,000	0	2,970,000					Sum
Number of Observations: 4											
3	1985	Sitka	Sawmill Creek Road	0	900,000	900,000	96	0	0	0	
				0	900,000	900,000					Sum
Number of Observations: 1											
3	1986	Sitka	Jarvis Street	134,400	0	134,400	130	84	19	18	
3	1986	Sitka	Unspecified Roads	2,080,000	0	2,080,000	128	3	26	15	
				2,214,400	0	2,214,400					Sum
Number of Observations: 2											

 APPROPRIATIONS FOR ROADS AND BIKE/PEDESTRIAN PATHS, SLA 1983 THROUGH SLA 1986, BY ELECTION DISTRICT

ID	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
				9,669,400	900,000	10,569,400					Sum
Number of Observations: 12											
4	1983	Juneau	Basin Road	870,000	0	870,000	10	0	7	0	
4	1983	Juneau	Downtown Streets	1,600,000	0	1,600,000	10	0	8	0	
4	1983	Juneau	Unspecified Roads	3,700,000	0	3,700,000	10	0	25	0	
4	1983	Juneau	Back Loop Road	336,000	3,864,000	4,200,000	107	34	79	0	
4	1983	Juneau	Business District	1,000,000	0	1,000,000	107	34	79	0	
4	1983	Juneau	Gastineau Channel	80,000	0	80,000	107	34	111	0	
				7,586,000	3,864,000	11,450,000					Sum
Number of Observations: 6											
4	1984	Juneau	N. Douglas Highway	750,000	0	750,000	22	0	3	0	
4	1984	Juneau	Stephen Richards Drive	160,000	0	160,000	45	0	10	0	
4	1984	Juneau	Mendenhall Boulevard	60,000	0	60,000	45	0	10	0	
4	1984	Juneau	Unspecified Roads	1,400,000	0	1,400,000	24	0	14	0	
4	1984	Juneau	Glacier Highway	160,000	1,840,000	2,000,000	24	0	65	0	
4	1984	Juneau	Bridges	88,000	1,012,000	1,100,000	24	0	66	0	
4	1984	Juneau	Unspecified Roads	1,000,000	0	1,000,000	171	319	58	0	
				3,618,000	2,852,000	6,470,000					Sum
Number of Observations: 7											
4	1985	Juneau	Egan Drive	344,100	0	344,100	105	35	11	2	
4	1985	Juneau	Douglas Highway	0	180,000	180,000	96	0	20	0	
4	1985	Juneau	Egan Drive	0	1,000,000	1,000,000	96	0	20	0	
4	1985	Juneau	Glacier Highway	0	900,000	900,000	96	0	20	0	
4	1985	Juneau	Glacier Highway	0	2,700,000	2,700,000	96	0	20	0	
4	1985	Juneau	Glacier Highway	0	1,800,000	1,800,000	96	0	19	0	
				344,100	6,580,000	6,924,100					Sum
Number of Observations: 6											
4	1986	Juneau	Douglas Highway	120,000	0	120,000	128	3	20	7	

4	1986	Juneau	3rd Street	0	135,000	135,000	128	3	20	0	

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
4	1986	Juneau	Unspecified Roads	1,000,000	0	1,000,000	128	3	27	4	
				1,120,000	135,000	1,255,000					Sum
Number of Observations: 3											
				12,668,100	13,431,000	26,099,100					Sum
Number of Observations: 22											
5	1983		Greer Roads	100,000	0	100,000	107	34	118	0	
5	1983	Homer	East End Road	400,000	0	400,000	107	34	75	0	
5	1983	Kenai	Unspecified Roads	1,487,000	0	1,487,000	10	0	25	0	
5	1983	Kenai	Unspecified Roads	600,000	0	600,000	107	34	111	0	
5	1983	Ninilchik	Oilwell Road	400,000	0	400,000	10	0	5	0	
5	1983	Seldovia	Unspecified Roads	250,000	0	250,000	10	0	25	0	
5	1983	Seldovia	Unspecified Roads	50,000	0	50,000	107	34	111	0	
5	1983	Soldotna	Redoubt Avenue	1,435,000	0	1,435,000	10	0	25	0	
5	1983	Soldotna	Unspecified Roads	400,000	0	400,000	107	34	111	0	
				5,122,000	0	5,122,000					Sum
Number of Observations: 9											
5	1984		Road Service Areas	250,000	0	250,000	22	0	5	0	
5	1984		Bear Creek Drive	400,000	0	400,000	45	0	8	0	
5	1984		North Fork Road	1,000,000	0	1,000,000	45	0	27	0	
5	1984		Robinson Loop Road	1,500,000	0	1,500,000	24	0	41	0	
5	1984		North Fork Road	2,000,000	0	2,000,000	24	0	41	0	
5	1984		Seward Highway	50,000	0	50,000	171	319	56	0	
5	1984	Anchor Point	Anchor Point Road	30,000	0	30,000	171	181	28	0	
5	1984	Homer	East End Road	400,000	0	400,000	22	0	2	0	
5	1984	Homer	Unspecified Roads	1,858,000	0	1,858,000	22	0	4	0	
5	1984	Homer	East End Road	700,000	0	700,000	45	0	8	0	
5	1984	Homer	East Hill Road	850,000	0	850,000	171	319	56	0	
5	1984	Homer	Unspecified Roads	1,700,000	0	1,700,000	171	319	74	0	
5	1984	Kenai	Unspecified Roads	1,480,000	0	1,480,000	22	0	5	0	
5	1984	Seldovia	Unspecified Roads	415,000	0	415,000	22	0	5	0	

ID	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
5	1984	Soldovia	Unspecified Roads	315,000	0	315,000	24	0	41	0	
5	1984	Soldotna	Unspecified Roads	750,500	0	750,500	22	0	5	0	
5	1984	Soldotna	Unspecified Roads	1,095,900	0	1,095,900	24	0	41	0	
				14,794,400	0	14,794,400					Sum
Number of Observations: 17											
5	1985		Cohoe Loop Road	200,000	2,000,000	2,200,000	96	0	15	0	
5	1985		School Safety	25,000	0	25,000	96	0	15	0	
5	1985		North Fork Road	650,000	0	650,000	96	0	39	0	
5	1985		Unspecified Roads	950,000	0	950,000	96	0	39	0	
5	1985		Robinson Loop Road	600,000	0	600,000	96	0	39	0	
5	1985		Unspecified Roads	41,500	0	41,500	96	0	39	0	
5	1985		Sterling Highway	0	9,000,000	9,000,000	96	0	14	0	
5	1985	Homer	East Hill Road	100,000	0	100,000	105	234	59	18	
5	1985	Homer	Unspecified Roads	145,000	0	145,000	105	235	59	21	
5	1985	Homer	Unspecified Roads	1,300,000	0	1,300,000	96	0	19	0	
5	1985	Kenai	Unspecified Roads	2,300,000	0	2,300,000	96	0	39	0	
5	1985	Soldovia	Unspecified Roads	250,000	0	250,000	96	0	39	0	
5	1985	Soldotna	Unspecified Roads	1,350,000	0	1,350,000	96	0	40	0	
				7,911,500	11,000,000	18,911,500					Sum
Number of Observations: 13											
5	1986		Cohoe Loop Road	80,000	0	80,000	130	559	110	20	
5	1986		Robinson Loop Road	640,000	0	640,000	128	3	27	6	
5	1986		North Fork Road	120,000	0	120,000	130	561	110	26	
5	1986	Homer	East Hill Road	1,750,000	0	1,750,000	128	3	19	13	
5	1986	Homer	East Hill Road	3,000,000	0	3,000,000	130	592	115	13	
5	1986	Homer	School Safety	24,000	0	24,000	130	507	98	26	
5	1986	Sterling	Unspecified Roads	0	300,000	300,000	128	3	13	20	
				5,614,000	300,000	5,914,000					Sum
Number of Observations: 7											

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ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
				33,441,900	11,300,000	44,741,900					Sum
Number of Observations: 46											
6	1983	Valdez	Richardson Highway	90,000	1,039,000	1,129,000	107	34	77	0	
				90,000	1,039,000	1,129,000					Sum
Number of Observations: 1											
6	1984		Sterling Highway	264,000	3,036,000	3,300,000	24	0	62	0	
6	1984	Cordova	Unspecified Roads	500,000	0	500,000	24	0	40	0	
6	1984	Nikiski	Lamplight Road	750,000	0	750,000	22	0	5	0	
6	1984	Valdez	Robe River Street	620,000	0	620,000	22	0	5	0	
6	1984	Whittier	Shotgun Cove Road	100,000	0	100,000	22	0	2	0	
6	1984	Whittier	Shotgun Cove Road	500,000	0	500,000	45	0	8	0	
6	1984	Whittier	Whittier Access Road	350,000	0	350,000	171	319	56	0	
				3,084,000	3,036,000	6,120,000					Sum
Number of Observations: 7											
6	1985		Lamplight Road	615,000	0	615,000	96	0	40	0	
6	1985	Cordova	Copper River Highway	0	1,300,000	1,300,000	96	0	14	0	
6	1985	Cordova	Katalla Road	150,000	0	150,000	96	0	15	0	
6	1985	Valdez	Richardson Highway	0	1,080,000	1,080,000	96	0	18	0	
				765,000	2,380,000	3,145,000					Sum
Number of Observations: 4											
6	1986		Copper River Highway	0	5,550,000	5,550,000	128	3	14	16	
6	1986		Copper River Highway	0	300,000	300,000	128	3	17	5	
6	1986	Whittier	Unspecified Roads	67,000	0	67,000	130	128	28	2	

 APPROPRIATIONS FOR ROADS AND BIKE/PEDESTRIAN PATHS, SLA 1983 THROUGH SLA 1986, BY ELECTION DISTRICT

ID	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
				67,000	5,850,000	5,917,000					Sum
Number of Observations: 3											
				4,006,000	12,305,000	16,311,000					Sum
Number of Observations: 15											
7	1983	Anchorage	Dimond Blvd	700,000	0	700,000	10	0	5	0	
7	1983	Anchorage	Various LRSA	1,000,000	0	1,000,000	10	0	5	0	
7	1983	Anchorage	Unspecified Roads	2,000,000	0	2,000,000	10	0	5	0	
7	1983	Anchorage	Seward Highway	60,000	0	60,000	10	0	5	0	
7	1983	Anchorage	Talus West LRSA	650,000	0	650,000	10	0	5	0	
7	1983	Anchorage	Jewel Lake Road	1,472,000	0	1,472,000	10	0	5	0	
7	1983	Anchorage	Bird/Indian Pathway	21,100	0	21,100	10	0	5	0	
7	1983	Anchorage	Waldron Drive	200,000	0	200,000	10	0	5	0	
7	1983	Anchorage	Glenn Highway	3,000,000	0	3,000,000	10	0	5	0	
7	1983	Anchorage	Prospect Drive	140,000	0	140,000	10	0	6	0	
7	1983	Anchorage	Multiple Streets	4,348,000	0	4,348,000	10	0	25	0	
7	1983	Anchorage	Street Lighting	750,000	0	750,000	10	0	26	0	
7	1983	Anchorage	Raspberry Road	212,000	0	212,000	10	0	26	0	
7	1983	Anchorage	Unspecified Roads	769,000	0	769,000	10	0	26	0	
7	1983	Anchorage	District 7	250,000	0	250,000	10	0	26	0	
7	1983	Anchorage	Birch Road	300,000	0	300,000	10	0	26	0	
7	1983	Anchorage	District 8	680,000	0	680,000	10	0	26	0	
7	1983	Anchorage	Prospect Drive	400,000	0	400,000	10	0	26	0	
7	1983	Anchorage	Arctic Boulevard	20,400	0	20,400	10	0	26	0	
7	1983	Anchorage	Bragaw Street	100,000	0	100,000	10	0	26	0	
7	1983	Anchorage	Windermere Subdivision	183,000	0	183,000	10	0	26	0	
7	1983	Anchorage	Heather Meadows Sub	756,000	0	756,000	10	0	26	0	
7	1983	Anchorage	Broadmore Subdivision	575,000	0	575,000	10	0	26	0	
7	1983	Anchorage	Traffic signals	165,000	0	165,000	10	0	26	0	
7	1983	Anchorage	District 11	65,000	0	65,000	10	0	26	0	
7	1983	Anchorage	Street Lighting	15,000	0	15,000	10	0	26	0	
7	1983	Anchorage	Street Lighting	300,000	0	300,000	10	0	27	0	
7	1983	Anchorage	Stuckagain Hts LRSA	13,800	0	13,800	10	0	27	0	
7	1983	Anchorage	District 10	100,000	0	100,000	10	0	27	0	
7	1983	Anchorage	Willisaw LRSA	80,000	0	80,000	10	0	27	0	
7	1983	Anchorage	Unspecified Roads	2,200,000	0	2,200,000	10	0	27	0	

 APPROPRIATIONS FOR ROADS AND BIKE/PEDESTRIAN PATHS, SLA 1983 THROUGH SLA 1986, BY ELECTION DISTRICT

FD	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN
7	1983	Anchorage	School Access Road	400,000	0	400,000	10	0	27	0
7	1983	Anchorage	Chester Creek	40,000	0	40,000	10	0	27	0
7	1983	Anchorage	Northwood Street	100,000	0	100,000	10	0	27	0
7	1983	Anchorage		800,000	0	800,000	107	34	74	0
7	1983	Anchorage	Seward Highway	947,600	18,952,000	19,899,600	107	34	74	0
7	1983	Anchorage	Dimond Blvd	984,000	11,316,000	12,300,000	107	34	74	0
7	1983	Anchorage	AC Couplet	1,648,000	20,600,000	22,248,000	107	34	74	0
7	1983	Anchorage	AC Couplet	720,000	8,280,000	9,000,000	107	34	74	0
7	1983	Anchorage	Boniface Parkway	344,000	3,956,000	4,300,000	107	34	74	0
7	1983	Anchorage	Anchorage	1,400,000	27,231,000	28,631,000	107	34	74	0
7	1983	Anchorage	Dimond Blvd	895,000	10,303,000	11,198,000	107	34	74	0
7	1983	Anchorage	Dimond Blvd	1,680,000	19,320,000	21,000,000	107	34	74	0
7	1983	Anchorage	Traffic Signals	256,500	0	256,500	107	34	75	0
7	1983	Anchorage	Unspecified Roads	1,800,000	0	1,800,000	107	34	111	0
7	1983	Anchorage	Birch Road	150,000	0	150,000	107	34	112	0
7	1983	Anchorage	Birch Road	50,000	0	50,000	107	34	112	0
7	1983	Anchorage	Seward Hwy/Klatt Road	350,000	0	350,000	107	34	112	0
7	1983	Anchorage	Turnagain Boulevard	200,000	0	200,000	107	34	112	0
7	1983	Anchorage	Baxter Road	380,000	0	380,000	107	34	112	0
7	1983	Anchorage	East 6th Avenue	490,000	0	490,000	107	34	112	0
7	1983	Anchorage	Lake Otis Parkway	1,400,000	0	1,400,000	107	34	112	0
7	1983	Anchorage	A-C Couplet	2,000,000	0	2,000,000	107	34	112	0
7	1983	Anchorage	Denali Street	400,000	0	400,000	107	34	112	0
7	1983	Anchorage	Lake Otis Parkway	1,400,000	0	1,400,000	107	34	113	0
7	1983	Anchorage	A-C Couplet	2,000,000	0	2,000,000	107	34	114	0
7	1983	Anchorage	Denali Street	400,000	0	400,000	107	34	114	0
7	1983	Anchorage	West Northern Lights Blvd	182,800	0	182,800	106	36	6	0
7	1983	Anchorage	Spenard Road	50,750	0	50,750	106	37	6	0
7	1983	Anchorage	Wisconsin Drive	341,582	0	341,582	106	81	14	0
7	1983	Anchorage	Multiple Roads	32,894	0	32,894	106	85	14	0
7	1983	Anchorage	Lake Otis Parkway	1,040,000	0	1,040,000	106	193	37	0
7	1983	Anchorage	Unspecified Roads	175,000	0	175,000	106	262	47	0
7	1983	Anchorage	Birch Road	550,000	0	550,000	10	0	26	0
7	1983	Eagle River	Traffic Signals	215,000	0	215,000	10	0	5	0
7	1983	Eagle River	Hiland Drive	305,000	0	305,000	107	34	75	0
7	1983	Eagle River	Unspecified Roads	125,000	0	125,000	107	34	75	0

APPROPRIATIONS FOR ROADS AND BIKE/PEDESTRIAN PATHS, SLA 1983 THROUGH SLA 1986, BY ELECTION DISTRICT

ID	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN
				45,778,426	119,958,000	165,736,426				Sum
Number of Observations: 67										
7	1984	Anchorage	Birch Road	500,000	0	500,000	22	0	5	0
7	1984	Anchorage	Unspecified Roads	2,200,000	0	2,200,000	22	0	6	0
7	1984	Anchorage	Klatt Rd/Old Seward	135,000	0	135,000	21	0	7	0
7	1984	Anchorage	Lake Otis Parkway	1,000,000	0	1,000,000	22	0	5	0
7	1984	Anchorage	Lake Otis Parkway	1,500,000	0	1,500,000	22	0	5	0
7	1984	Anchorage	Raspberry Road	4,000,000	0	4,000,000	22	0	5	0
7	1984	Anchorage	Unspecified Roads	1,000,000	0	1,000,000	22	0	6	0
7	1984	Anchorage	Traffic Signals	500,000	0	500,000	22	0	6	0
7	1984	Anchorage	Wisconsin Drive	250,000	0	250,000	22	0	5	0
7	1984	Anchorage	Mountain Park LRSA	100,000	0	100,000	22	0	6	0
7	1984	Anchorage	Mountain Park/Rl LRSA	100,000	0	100,000	22	0	6	0
7	1984	Anchorage	Raven Woods/BB LRSA	100,000	0	100,000	22	0	6	0
7	1984	Anchorage	Sky Ranch Estate LRSA	100,000	0	100,000	22	0	6	0
7	1984	Anchorage	Talus West LRSA	100,000	0	100,000	22	0	6	0
7	1984	Anchorage	Upper Grover LRSA	100,000	0	100,000	22	0	6	0
7	1984	Anchorage	Upper O'Malley LRSA	100,000	0	100,000	22	0	6	0
7	1984	Anchorage	Valli Vue LRSA	100,000	0	100,000	22	0	6	0
7	1984	Anchorage	West Northern Lights Blvd	7,000,000	0	7,000,000	45	0	27	0
7	1984	Anchorage	Raspberry Road	1,000,000	0	1,000,000	45	0	28	0
7	1984	Anchorage	100th Avenue	3,200,000	0	3,200,000	45	0	28	0
7	1984	Anchorage	Lake Otis Parkway	1,000,000	0	1,000,000	45	0	28	0
7	1984	Anchorage	76th Street	1,750,000	0	1,750,000	45	0	29	0
7	1984	Anchorage	Street Lighting	307,000	0	307,000	24	0	12	0
7	1984	Anchorage	Unspecified Roads	858,000	0	858,000	24	0	30	0
7	1984	Anchorage	Unspecified Roads	1,000,000	0	1,000,000	24	0	30	0
7	1984	Anchorage	O'Malley Road	100,000	0	100,000	24	0	31	0
7	1984	Anchorage	Unspecified Roads	2,400,000	0	2,400,000	24	0	41	0
7	1984	Anchorage	School Safety	45,000	0	45,000	24	0	41	0
7	1984	Anchorage	District 7 LRSA	450,000	0	450,000	24	0	41	0
7	1984	Anchorage		100,000	0	100,000	24	0	41	0
7	1984	Anchorage	Traffic Signals	600,000	0	600,000	24	0	41	0
7	1984	Anchorage	School Safety	200,000	0	200,000	24	0	41	0
7	1984	Anchorage	Unspecified Roads	500,000	0	500,000	24	0	42	0
7	1984	Anchorage	Arctic Boulevard	600,000	0	600,000	24	0	42	0
7	1984	Anchorage	Tudor Road	500,000	0	500,000	24	0	42	0

... of APPROPRIATIONS FOR ROADS AND BIKE/PEDESTRIAN PATHS, SLA 1983 THROUGH SLA 1986, BY ELECTION DISTRICT

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D GF	TOTAL	CHP	SEC	PG	LN
7	1984	Anchorage	Spenard Road	4,000,000	0	4,000,000	24	0	42	0
7	1984	Anchorage	"C" Street	2,000,000	0	2,000,000	24	0	42	0
7	1984	Anchorage	Old Seward Highway	135,000	0	135,000	24	0	43	0
7	1984	Anchorage	Stuckagain Road	50,000	0	50,000	24	0	43	0
7	1984	Anchorage	Unspecified Roads	2,220,000	0	2,220,000	24	0	43	0
7	1984	Anchorage	Street Lighting	1,100,000	0	1,100,000	24	0	43	0
7	1984	Anchorage	Goldenview Drive	600,000	0	600,000	24	0	43	0
7	1984	Anchorage	Benson Boulevard	250,000	0	250,000	23	0	43	0
7	1984	Anchorage	Northern Lights Blvd	250,000	0	250,000	24	0	43	0
7	1984	Anchorage	Unspecified Roads	19,200	0	19,200	24	0	43	0
7	1984	Anchorage	Seward Highway	656,000	7,544,000	8,200,000	24	0	62	0
7	1984	Anchorage	Boniface Parkway	700,000	8,000,000	8,700,000	24	0	62	0
7	1984	Anchorage	Seward Highway	3,610,000	0	3,610,000	24	0	62	0
7	1984	Anchorage	Unspecified Roads	2,000,000	0	2,000,000	24	0	62	0
7	1984	Anchorage	Clarks Road	700,000	0	700,000	24	0	62	0
7	1984	Anchorage	Old Seward Highway	165,000	0	165,000	24	0	71	0
7	1984	Anchorage	South Golden View LRSA	300,000	0	300,000	24	0	71	0
7	1984	Anchorage	Various LRSA	900,000	0	900,000	24	0	72	0
7	1984	Anchorage	Signs	100,000	0	100,000	171	319	56	0
7	1984	Anchorage	Huffman Road	250,000	0	250,000	171	319	56	0
7	1984	Anchorage	O'Malley Road	100,000	0	100,000	171	319	70	0
7	1984	Anchorage	University Drive	100,000	0	100,000	171	319	74	0
7	1984	Anchorage	Lakeside Drive	500,000	0	500,000	171	319	74	0
7	1984	Anchorage	RAspberry Road	975,000	0	975,000	171	319	74	0
7	1984	Anchorage	3rd Avenue	1,900,000	0	1,900,000	171	319	75	0
7	1984	Anchorage	36th Avenue	900,000	0	900,000	171	319	75	0
7	1984	Anchorage	36th Avenue	3,100,000	0	3,100,000	171	319	74	0
7	1984	Anchorage	Creekside Road	260,000	0	260,000	171	319	75	0
7	1984	Anchorage	Traffic Signals	400,000	0	400,000	171	319	75	0
7	1984	Anchorage	Birch Road	100,000	0	100,000	171	319	75	0
7	1984	Anchorage	District 7 Streets	165,000	0	165,000	171	319	76	0
7	1984	Anchorage	Lake Otis Parkway	500,000	0	500,000	171	319	76	0
7	1984	Anchorage	Unspecified Streets	400,000	0	400,000	171	319	76	0
7	1984	Anchorage	Goldenview Drive	300,000	0	300,000	171	319	76	0
7	1984	Eagle River	Traffic Signals	530,000	0	530,000	24	0	41	0
7	1984	Eagle River	Hiland Drive	1,574,500	0	1,574,500	171	319	56	0

ID	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN
				65,304,700	15,544,000	80,848,700				Sum
Number of Observations: 71										
7	1985		North End Road	1,300,000	0	1,300,000	96	0	15	0
7	1985	Anchorage	Boniface Parkway	0	4,500,000	4,500,000	96	0	14	0
7	1985	Anchorage	Boniface Parkway	300,000	0	300,000	96	0	15	0
7	1985	Anchorage	Unspecified Roads	259,500	0	259,500	105	569	120	29
7	1985	Anchorage	Cranberry Street	60,000	0	60,000	105	394	91	22
7	1985	Anchorage	Dimond Blvd	0	12,000,000	12,000,000	96	0	14	0
7	1985	Anchorage	East 6th Avenue	250,000	0	250,000	105	402	92	24
7	1985	Anchorage	East 6th Avenue	250,000	0	250,000	96	0	40	0
7	1985	Anchorage	Eklutna Frontage Road	0	2,250,000	2,250,000	96	0	14	0
7	1985	Anchorage	Unspecified Roads	33,000	0	33,000	105	627	131	9
7	1985	Anchorage	Girdwood LRSA	97,000	0	97,000	105	392	91	14
7	1985	Anchorage	Glenn Highway	0	19,530,000	19,530,000	96	0	14	0
7	1985	Anchorage	Huffman Road	125,000	0	125,000	105	674	138	27
7	1985	Anchorage	Traffic Signals	184,000	0	184,000	105	390	91	8
7	1985	Anchorage	Lake Otis Parkway	4,500,000	0	4,500,000	96	0	15	0
7	1985	Anchorage	Unspecified LSRT	0	361,000	361,000	105	386	90	11
7	1985	Anchorage	Lake Otis Parkway	47,900	0	47,900	105	401	92	20
7	1985	Anchorage	Seward Highway	0	5,800,000	5,800,000	96	0	14	0
7	1985	Anchorage	Seward Highway	0	2,880,000	2,880,000	96	0	14	0
7	1985	Anchorage	Old Seward Highway	0	3,600,000	3,600,000	96	0	14	0
7	1985	Anchorage	4th Avenue	50,000	0	50,000	105	399	92	12
7	1985	Anchorage	E. Northern Lights	80,000	0	80,000	105	566	120	18
7	1985	Anchorage	Dearmoun Road	0	6,500,000	6,500,000	96	0	14	0
7	1985	Anchorage	Raspberry Road	0	15,930,000	15,930,000	96	0	14	0
7	1985	Anchorage	Unspecified Roads	82,200	0	82,200	105	398	92	8
7	1985	Anchorage	District 7 LRSA	300,000	0	300,000	105	413	94	13
7	1985	Anchorage	School Safety	30,000	0	30,000	105	387	90	18
7	1985	Anchorage	School Safety	13,500	0	13,500	105	446	100	4
7	1985	Anchorage	Traffic Signals	116,000	0	116,000	96	0	15	0
7	1985	Anchorage	Upper Dearmoun Road	375,000	0	375,000	105	675	139	1
7	1985	Eagle River	Glenn Highway	273,400	0	273,400	105	567	120	22
7	1985	Eagle River	Hiland Drive	500,000	0	500,000	96	0	15	0
7	1985	Eagle River	Hiland Drive	0	361,000	361,000	105	386	90	4
7	1985	Eagle River	Hiland Road	29,800	0	29,800	105	409	93	28
7	1985	Eagle River	Glenn Highway	0	720,000	720,000	96	0	14	0

ID	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
				9,256,300	74,432,000	83,688,300					Sum
Number of Observations: 35											
7	1986	Anchorage	"C" Street	0	5,704,000	5,704,000	128	3	14	8	
7	1986	Anchorage	Unspecified Roads	0	1,840,000	1,840,000	128	3	13	24	
7	1986	Anchorage	36th Avenue	800,000	0	800,000	128	3	28	7	
7	1986	Anchorage	Campbell Airstrip LRSA	160,000	0	160,000	128	3	28	12	
7	1986	Anchorage	District 13	300,000	0	300,000	128	3	28	10	
7	1986	Anchorage	Dimond Blvd	300,000	0	300,000	128	3	28	6	
7	1986	Anchorage	Road Service Areas	1,200,000	0	1,200,000	128	3	28	9	
7	1986	Anchorage	Platt Road	4,000,000	0	4,000,000	128	3	28	4	
7	1986	Anchorage	Lake Otis Parkway	9,000,000	0	9,000,000	128	3	27	20	
7	1986	Anchorage	Road Service Areas	500,000	0	500,000	128	3	28	8	
7	1986	Anchorage	Unspecified Roads	160,000	0	160,000	128	3	28	11	
7	1986	Anchorage	Spenard Road	2,780,000	0	2,780,000	128	3	28	5	
7	1986	Anchorage	West Northern Lights Blvd	14,000,000	0	14,000,000	128	3	27	19	
7	1986	Anchorage	Boniface Parkway	0	12,880,000	12,880,000	128	3	14	4	
7	1986	Anchorage	Chugiak/Eagle Rvr Rd Svc	400,000	0	400,000	130	530	102	23	
7	1986	Anchorage	District 10	225,000	0	225,000	130	371	77	16	
7	1986	Anchorage	District G	8,931	0	8,931	130	224	47	2	
7	1986	Anchorage	Districts 7 & 8	2,000,000	0	2,000,000	130	306	62	29	
7	1986	Anchorage	Hiland Drive	0	20,773,600	20,773,600	128	3	13	23	
7	1986	Anchorage	Glenn Highway	0	3,150,000	3,150,000	128	3	14	15	
7	1986	Anchorage	Glenn Highway	0	2,700,000	2,700,000	128	3	14	14	
7	1986	Anchorage	Seward Highway	0	630,000	630,000	128	3	14	13	
7	1986	Anchorage	Minnesota Drive	0	18,400,000	18,400,000	128	3	14	17	
7	1986	Anchorage	Minnesota Drive	0	1,620,000	1,620,000	128	3	14	12	
7	1986	Anchorage	Old Seward Highway	0	9,752,000	9,752,000	128	3	14	6	
7	1986	Anchorage	Raspberry Road	0	13,800,000	13,800,000	128	3	14	7	
7	1986	Anchorage	Raspberry Road	0	12,328,000	12,328,000	128	3	14	5	
7	1986	Anchorage	Seward Highway	0	33,250,000	33,250,000	128	3	14	11	
7	1986	Anchorage	Upper DeArmoun Road	320,000	0	320,000	130	364	75	10	

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ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
				36,153,931	136,827,600	172,981,531					Sum
Number of Observations: 29											
				156,493,357	346,761,600	503,254,957					Sum
Number of Observations: 202											
16	1983		Hatcher Pass Road	250,000	0	250,000	107	34	76	0	
16	1983		Point McKenzie Road	252,000	0	252,000	10	0	5	0	
16	1983		Bartlett Hills	400,000	0	400,000	10	0	29	0	
16	1983		McKenchino Road	120,000	0	120,000	10	0	29	0	
16	1983		Lucille Street	1,610,200	0	1,610,200	10	0	29	0	
16	1983		Seward Meridian Road	400,000	0	400,000	10	0	30	0	
16	1983		Parks Highway	400,000	4,600,000	5,000,000	107	34	74	0	
16	1983		Old Glenn Highway	100,000	1,000,000	1,100,000	107	34	75	0	
16	1983		Petersville Road	100,000	1,000,000	1,100,000	107	34	75	0	
16	1983		Parks Highway	365,000	4,195,000	4,560,000	107	34	77	0	
16	1983		Unspecified Roads	143,000	0	143,000	107	34	118	0	
16	1983		Seward Meridian Road	293,000	0	293,000	107	34	118	0	
16	1983		Lewis Loop Road	150,000	0	150,000	107	34	118	0	
16	1983		Unspecified Roads	190,000	0	190,000	107	34	118	0	
16	1983		Oilwell Road	40,000	0	40,000	107	34	118	0	
16	1983		Unspecified Roads	100,000	0	100,000	107	34	118	0	
16	1983	Houston	Unspecified Roads	300,000	0	300,000	10	0	27	0	
16	1983	Houston	Unspecified Roads	80,000	0	80,000	107	34	114	0	
16	1983	Palmer	Unspecified Roads	1,437,000	0	1,437,000	10	0	6	0	
16	1983	Palmer	Unspecified Roads	150,000	0	150,000	10	0	27	0	
16	1983	Wasilla	Unspecified Roads	300,000	0	300,000	10	0	27	0	
				7,180,200	10,795,000	17,975,200					Sum
Number of Observations: 21											
16	1984		Cheri Lake Drive	25,000	0	25,000	22	0	6	0	
16	1984		Oilwell Road	94,700	0	94,700	22	0	6	0	
16	1984		Pittman Road	400,000	0	400,000	22	0	7	0	
16	1984		Talkeetna Spur	100,000	0	100,000	22	0	7	0	
16	1984		Petersville Road	250,000	0	250,000	45	0	9	0	

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
16	1984		Mission Road	400,000	0	400,000	24	0	12	0	
16	1984		Horseshoe Lake Road	53,800	0	53,800	24	0	43	0	
16	1984		Unspecified Roads	200,000	0	200,000	24	0	43	0	
16	1984		Big Lake Roads	200,000	0	200,000	24	0	44	0	
16	1984		Seward Meridian Road	382,900	0	382,900	24	0	44	0	
16	1984		Glenn Highway	32,000	368,000	400,000	24	0	62	0	
16	1984		Pittman Road	400,000	0	400,000	24	0	72	0	
16	1984		Lucille Street	450,000	0	450,000	24	0	72	0	
16	1984		Farm Loop Road	95,000	0	95,000	171	319	56	0	
16	1984		Street Lighting	350,000	0	350,000	171	319	76	0	
16	1984		Unspecified Roads	1,500,000	0	1,500,000	171	319	76	0	
16	1984		Street Lighting	350,000	0	350,000	171	319	76	0	
16	1984		Street Lighting	72,000	0	72,000	171	319	76	0	
16	1984	Houston	Unspecified Roads	100,000	0	100,000	22	0	6	0	
16	1984	Houston	Houston H.S. Access	42,100	0	42,100	22	0	6	0	
16	1984	Houston	King Arthur Road	200,000	0	200,000	45	0	29	0	
16	1984	Houston	King Arthur Road	400,000	0	400,000	45	0	29	0	
16	1984	Houston	Armstrong Road	189,400	0	189,400	24	0	43	0	
16	1984	Houston	Unspecified Roads	100,000	0	100,000	24	0	72	0	
16	1984	Palmer	Street Lighting	300,000	0	300,000	24	0	44	0	
16	1984	Palmer	Street Lighting	250,000	0	250,000	171	319	76	0	
16	1984	Wasilla	Multiple Roads	200,000	0	200,000	2	0	44	0	
16	1984	Wasilla	Traffic Signals	300,000	0	300,000	24	0	44	0	
				7,436,900	368,000	7,804,900					Sum

Number of Observations: 28

16	1985		Big Lake Roads	300,000	0	300,000	96	0	41	0	
16	1985		Big Lake Roads	275,000	0	275,000	96	0	15	0	
16	1985		Big Lake Roads	100,000	0	100,000	105	520	112	29	
16	1985		Briggs Road	400,000	0	400,000	96	0	40	0	
16	1985		Farm Loop Road	50,000	0	50,000	96	0	40	0	
16	1985		Hatcher Pass Road	250,000	0	25[illegible]00	96	0	15	0	
16	1985		Meadow Lakes Road	100,000	0	[illegible]00	96	0	40	0	
16	1985		Seward Meridian Road	100,000		[illegible]000	96	0	40	0	
16	1985		Parks Highway	0	3,285,000	3,[illegible]000	96	0	14	0	
16	1985		Glenn Highway	100,000	0	100,000	96	0	15	0	
16	1985		Potersville Road	700,000	0	700,000	105	683	141	6	

 APPROPRIATIONS FOR ROADS AND BIKE/PEDESTRIAN PATHS, SLA 1983 THROUGH SLA 1986, BY ELECTION DISTRICT

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
16	1985		Petersville Road	100,000	0	100,000	96	0	41	0	
16	1985		Pittman Road	700,000	0	700,000	96	0	15	0	
16	1985		Pittman Road	400,000	0	400,000	96	0	40	0	
16	1985		Pittman Road	400,000	0	400,000	105	602	141	3	
16	1985		Various LRSA	165,000	0	165,000	96	0	41	0	
16	1985		Unspecified Roads	81,000	0	81,000	96	0	40	0	
16	1985		Traffic Signals	325,000	0	325,000	96	0	15	0	
16	1985		Unspecified Trails	40,000	0	40,000	96	0	40	0	
16	1985	Houston	Kenlar Road	370,000	0	370,000	96	0	40	0	
16	1985	Palmer	Butte to Palmer Road	600,000	0	600,000	96	0	15	0	
16	1985	Wasilla	Street Lighting	16,000	0	16,000	96	0	15	0	
				5,572,000	3,285,000	8,857,000					Sum

Number of Observations: 22

16	1986		Church Road	100,000	0	100,000	128	3	28	15	
16	1986		Edgerton Park Road	50,000	0	50,000	128	3	28	16	
16	1986		Edlund Road	100,000	0	100,000	128	3	28	17	
16	1986		Glenn Highway	0	7,498,000	7,498,000	128	3	14	9	
16	1986		Hatcher Pass Road	141,000	0	141,000	128	3	28	18	
16	1986		Lake Louise Road	50,000	0	50,000	128	3	29	4	
16	1986		Horizon Drive	25,000	0	25,000	128	3	29	14	
16	1986		Johnson Road	417,000	0	417,000	128	3	29	13	
16	1986		Oil Well Road	40,000	0	40,000	128	3	29	15	
16	1986		Pittman Road	475,000	0	475,000	128	3	28	14	
16	1986		Maud Road	40,000	0	40,000	130	425	87	29	
16	1986		Parks Highway	0	521,600	521,600	130	165	35	13	
16	1986		Glenn Highway	0	966,000	966,000	128	3	14	10	
16	1986		Petersville Road	225,000	0	225,000	128	3	29	5	
16	1986		Pitman Road	60,000	0	60,000	130	417	86	16	
16	1986	Wasilla	Unspecified Roads	950,000	0	950,000	128	3	29	10	
				2,673,000	8,985,600	11,658,600					Sum

Number of Observations: 16

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
				22,862,100	23,433,600	46,295,700					Sum
Number of Observations: 87											
17	1983		Glenn Highway	157,000	1,803,000	1,960,000	107	34	74	0	
17	1983		Parks Highway	5,000,000	0	5,000,000	10	0	7	0	
17	1983		Tok Cutoff	3,700,000	0	3,700,000	10	0	7	0	
17	1983		Alaska Highway	3,390,000	0	3,390,000	10	0	7	0	
17	1983		Richardson Highway	320,000	3,680,000	4,000,000	107	34	77	0	
17	1983		Parks Highway	1,230,000	4,545,000	5,775,000	107	34	77	0	
17	1983		Richardson Highway	480,000	5,520,000	6,000,000	107	34	77	0	
17	1983		Richardson Highway	336,000	3,866,000	4,202,000	107	34	77	0	
17	1983		Alaska Highway	203,000	2,338,000	2,541,000	107	34	77	0	
17	1983		Alaska Highway	1,375,000	7,125,000	8,500,000	107	34	77	0	
17	1983		Tok Cutoff	650,000	2,850,000	3,500,000	107	34	77	0	
17	1983		Richardson Highway	145,000	1,670,000	1,815,000	107	34	77	0	
17	1983	Anderson	Unspecified Roads	600,000	0	600,000	107	34	114	0	
17	1983	Anderson	Unspecified Roads	65,000	0	65,000	10	0	6	0	
17	1983	Copper Center	Richardson Highway	880,000	0	880,000	10	0	7	0	
17	1983	Copper Center	Klutina Road	40,600	0	40,600	10	0	32	0	
17	1983	Delta Junction	Unspecified Roads	950,000	0	950,000	10	0	27	0	
17	1983	Delta Junction	Unspecified Roads	500,000	0	500,000	10	0	6	0	
17	1983	Eagle Village	Unspecified Roads	10,000	0	10,000	106	48	8	0	
17	1983	Eagle Village	Unspecified Roads	10,900	0	10,900	107	34	122	0	
17	1983	Nenana	Unspecified Roads	100,000	0	100,000	107	34	114	0	
17	1983	Tetlin	Street Lighting	3,000	0	3,000	106	51	8	0	
				20,145,500	33,397,000	53,542,500					Sum
Number of Observations: 22											
17	1984		Richardson Highway	16,000	184,000	200,000	24	0	64	0	
17	1984		Parks Highway	704,000	8,096,000	8,800,000	24	0	64	0	
17	1984		Alaska Highway	1,128,000	12,972,000	14,100,000	24	0	64	0	
17	1984		Richardson Highway	145,000	1,670,000	1,815,000	171	319	57	0	
17	1984		Tolsona Lake Road	50,000	0	50,000	171	319	58	0	
17	1984	Copper Cente	Unspecified Roads	370,000	0	370,000	22	0	9	0	
17	1984	Copper Center	Richardson Highway	620,000	9,880,000	10,500,000	171	319	57	0	
17	1984	Delta Junction	Hill Tan Road	465,000	0	465,000	22	0	7	0	

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
17	1984	Delta Junction	Street Lighting	28,800	0	28,800	24	0	44	0	
17	1984	Glennallen	3/4 Mile Road	72,000	0	72,000	171	319	79	0	
17	1984	Healy	Otto Lake West Road	100,000	0	100,000	22	0	3	0	
17	1984	Nenana	Unspecified Roads	615,000	0	615,000	22	0	7	0	
17	1984	Slana	Nabesna Road	135,000	0	135,000	22	0	3	0	
17	1984	Tanacross	Street Lighting	30,000	0	30,000	171	319	78	0	
				4,478,800	32,802,000	37,280,800					Sum
Number of Observations: 10											
17	1985		Alaska Highway	0	13,500,000	13,500,000	96	0	17	0	
17	1985		Delta Agricultural Road	100,000	0	100,000	96	0	18	0	
17	1985		Delta Agricultural Road	54,915	0	54,915	105	631	132	2	
17	1985		Edgerton Highway	0	7,110,000	7,110,000	96	0	18	0	
17	1985		Glenn Highway	0	1,440,000	1,440,000	96	0	17	0	
17	1985		Nabesna Road	100,000	0	100,000	96	0	18	0	
17	1985		Parks Highway	0	8,640,000	8,640,000	96	0	17	0	
17	1985		Richardson Highway	0	9,000,000	9,000,000	96	0	17	0	
17	1985	Anderson	Unspecified Roads	250,000	0	250,000	96	0	41	0	
17	1985	Tanacross	Unspecified Roads	30,000	0	30,000	96	0	45	0	
17	1985	Tok	Unspecified Roads	100,000	0	100,000	96	0	23	0	
17	1985	Tok	Unspecified Roads	30,000	0	30,000	105	532	115	6	
				664,915	39,690,000	40,354,915					Sum
Number of Observations: 12											
17	1986		Unspecified Roads	300,000	0	300,000	128	3	33	17	
17	1986		Denali Highway	0	3,956,000	3,956,000	128	3	17	9	
17	1986		Glenn Highway	0	1,029,000	1,029,000	130	164	35	6	
17	1986		Nabesna Road	80,000	0	80,000	128	3	18	7	
17	1986		Panguingue Creek Road	146,400	0	146,400	128	3	18	4	
17	1986		Richardson Highway	0	3,151,000	3,151,000	128	3	17	8	
17	1986		Taylor Highway	0	1,594,700	1,594,700	130	169	36	20	
17	1986		Tok Cutoff	0	6,624,000	6,624,000	128	3	17	7	
17	1986		Tok Cutoff	0	7,820,000	7,820,000	128	3	17	6	
17	1986	Anderson	Unspecified Roads	280,000	0	280,000	128	3	29	21	
17	1986	Copper Center		36,000	0	36,000	128	3	18	5	

 APPROPRIATIONS FOR ROADS AND BIKE/PEDESTRIAN PATHS, SLA 1983 THROUGH SLA 1986, BY ELECTION DISTRICT

ID	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
17	1986	Copper Center	Richardson Highway	4,000	0	4,000	130	109	24	8	
17	1986	Nenana	Unspecified Roads	200,000	0	200,000	128	3	29	19	
17	1986	Northway	Unspecified Roads	80,000	0	80,000	128	3	33	19	
17	1986	Tok	Unspecified Roads	300,000	0	300,000	128	3	33	18	
				1,426,400	24,174,700	25,601,100					Sum
Number of Observations: 15											
				26,715,615	130 Co3,700	156,779,315					Sum
Number of Observations: 63											
18	1983	North Pole	5th Avenue	1,595,000	0	1,595,000	10	0	27	0	
				1,595,000	0	1,595,000					Sum
Number of Observations: 1											
18	1984		Hurst Road	1,000,000	0	1,000,000	22	0	3	0	
18	1984		Richardson Highway	2,200,000	0	2,200,000	45	0	9	0	
18	1984		Richardson Highway	1,000,000	0	1,000,000	24	0	13	0	
18	1984	North Pole	Unspecified Roads	1,050,000	0	1,050,000	24	0	44	0	
				5,250,000	0	5,250,000					Sum
Number of Observations: 4											
18	1985		Richardson Highway	0	2,400,000	2,400,000	96	0	17	0	
18	1985		Various LRSA	400,000	0	400,000	96	0	41	0	
18	1985	North Pole	Richardson Highway	400,000	0	400,000	96	0	18	0	
18	1985	North Pole	Richardson Highway	0	6,210,000	6,210,000	96	0	0	0	
				800,000	8,610,000	9,410,000					Sum
Number of Observations: 4											
18	1986		Badger Road	0	11,960,000	11,960,000	128	3	17	10	
18	1986		Badger Road	44,000	0	44,000	128	3	30	18	

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
18	1986		Holmes Road	120,000	0	120,000	128	3	18	8	
18	1986		Richardson Highway	0	1,840,000	1,840,000	128	3	17	11	
18	1986	North Pole	Laurance Road	124,000	0	124,000	128	3	17	21	
18	1986	North Pole	Richardson Highway	0	460,000	460,000	128	3	17	12	
				288,000	14,260,000	14,548,000					Sum
Number of Observations: 6											
				7,933,000	22,870,000	30,803,000					Sum
Number of Observations: 15											
19	1983	Central	Unspecified Roads	32,000	0	32,000	10	0	7	0	
19	1983	Ester		40,600	0	40,600	10	0	32	0	
				72,600	0	72,600					Sum
Number of Observations: 2											
19	1984		Elliott Highway	112,800	1,297,200	1,410,000	24	0	64	0	
19	1984	Circle	Unspecified Roads	200,000	0	200,000	24	0	13	0	
				312,800	1,297,200	1,610,000					Sum
Number of Observations: 2											
19	1985		Steele Creek Road	180,000	0	180,000	96	0	18	0	
19	1985	Central	Unspecified Roads	13,000	0	13,000	105	455	0	0	
				193,000	0	193,000					Sum
Number of Observations: 2											
19	1986		Unspecified Roads	0	580,000	580,000	130	168	36	17	
19	1986		Steese Highway	110,400	0	110,400	128	3	17	22	

 APPROPRIATIONS FOR ROADS AND BIKE/PEDESTRIAN PATHS, SLA 1983 THROUGH SLA 1986, BY ELECTION DISTRICT

ID	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PC	LN	
				110,400	580,000	690,400					Sum
Number of Observations: 2											
				688,800	1,877,200	2,566,000					Sum
Number of Observations: 8											
20	1983	Fairbanks	Ravenwood Avenue	150,000	0	150,000	10	0	7	0	
20	1983	Fairbanks	Parks Highway	180,000	0	180,000	10	0	7	0	
20	1983	Fairbanks	Airport Way	3,000,000	0	3,000,000	10	0	7	0	
20	1983	Fairbanks	UAF Campus	520,000	0	520,000	10	0	7	0	
20	1983	Fairbanks	School	180,000	0	180,000	10	0	7	0	
20	1983	Fairbanks	School Access Road	225,000	0	225,000	10	0	7	0	
20	1983	Fairbanks	Steese Highway	189,000	0	189,000	10	0	7	0	
20	1983	Fairbanks	Pedro Dome Road	192,000	0	192,000	10	0	7	0	
20	1983	Fairbanks	Skiland	100,000	0	100,000	10	0	7	0	
20	1983	Fairbanks	Unspecified Roads	1,818,000	0	1,818,000	10	0	28	0	
20	1983	Fairbanks	Goldstream Road	353,500	0	353,500	10	0	29	0	
20	1983	Fairbanks	Vue Crest Roads	200,000	0	200,000	10	0	29	0	
20	1983	Fairbanks	Geist Road	800,000	14,500,000	15,300,000	107	34	77	0	
20	1983	Fairbanks	S. Fairbanks Expressway	480,000	5,520,000	6,000,000	107	34	77	0	
20	1983	Fairbanks	Isberg Road	130,000	0	130,000	107	34	78	0	
20	1983	Fairbanks	Lutke Road	1,065,000	0	1,065,000	107	34	78	0	
20	1983	Fairbanks	Gilmore Trail	1,600,000	0	1,600,000	107	34	78	0	
20	1983	Fairbanks	Unspecified Roads	800,000	0	800,000	107	34	114	0	
20	1983	Fairbanks	Chatanika Road	1,000	0	1,000	107	34	117	0	
20	1983	Fairbanks	Unspecified Roads	4,000,000	0	4,000,000	107	34	118	0	
20	1983	Fairbanks	Persinger Drive	350,000	0	350,000	10	0	6	0	
				16,333,500	20,020,000	36,353,500					Sum
Number of Observations: 21											
20	1984	Fairbanks	Parks Highway	160,000	0	160,000	22	0	3	0	
20	1984	Fairbanks	Unspecified Roads	600,000	0	600,000	22	0	3	0	
20	1984	Fairbanks	Unspecified Roads	350,000	0	350,000	22	0	7	0	
20	1984	Fairbanks	Moose Creek Rd LRSA	145,000	0	145,000	22	0	7	0	
20	1984	Fairbanks	Poede Estates LRSA	55,000	0	55,000	22	0	7	0	

ID	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN
20	1984	Fairbanks	10th Avenue	340,000	0	340,000	22	0	7	0
20	1984	Fairbanks	Hamilton Avenue	274,000	0	274,000	22	0	7	0
20	1984	Fairbanks	Unspecified Roads	638,100	0	638,100	22	0	7	0
20	1984	Fairbanks	N. Miller Hill Road	30,000	0	30,000	22	0	3	0
20	1984	Fairbanks	Chena Hot Springs Road	70,000	0	70,000	22	0	3	0
20	1984	Fairbanks	Chena Ridge Road	1,300,000	0	1,300,000	22	0	3	0
20	1984	Fairbanks	University Ave	163,000	0	163,000	22	0	3	0
20	1984	Fairbanks	Silver Fox Mine	155,000	0	155,000	45	0	9	0
20	1984	Fairbanks	School Safety	196,000	0	196,000	24	0	13	0
20	1984	Fairbanks	Steese Highway	160,000	0	160,000	24	0	13	0
20	1984	Fairbanks	Ballaine Road	50,000	0	50,000	24	0	13	0
20	1984	Fairbanks	Bridges	306,000	0	306,000	24	0	13	0
20	1984	Fairbanks	Multiple Roads	200,000	0	200,000	24	0	13	0
20	1984	Fairbanks	Steese Highway	104,000	0	104,000	24	0	13	0
20	1984	Fairbanks	Chena Ridge Road	1,200,000	0	1,200,000	24	0	13	0
20	1984	Fairbanks	District K LRSA	2,000,000	0	2,000,000	24	0	43	0
20	1984	Fairbanks	Unspecified LRSA	500,000	0	500,000	24	0	45	0
20	1984	Fairbanks	District J LRSA	1,000,000	0	1,000,000	24	0	45	0
20	1984	Fairbanks	Unspecified Roads	140,400	0	140,400	24	0	45	0
20	1984	Fairbanks	Newby LRSA	153,000	0	153,000	24	0	44	0
20	1984	Fairbanks	Arctic Fox LRSA	276,000	0	276,000	24	0	44	0
20	1984	Fairbanks	Diane LRSA	373,000	0	373,000	24	0	44	0
20	1984	Fairbanks	Highway Park Rd Svc Area	419,000	0	419,000	24	0	44	0
20	1984	Fairbanks	Kris Kringle LRSA	279,000	0	279,000	24	0	44	0
20	1984	Fairbanks	Farmers Loop Road	82,000	946,000	1,028,000	24	0	64	0
20	1984	Fairbanks	Badger Road	74,700	859,000	933,700	24	0	64	0
20	1984	Fairbanks	Unspecified Roads	200,000	2,300,000	2,500,000	24	0	64	0
20	1984	Fairbanks	Ballaine Road	135,000	0	135,000	24	0	64	0
20	1984	Fairbanks	College Road	1,900,000	0	1,900,000	171	319	57	0
20	1984	Fairbanks	Airport Way	1,100,000	0	1,100,000	171	319	57	0
20	1984	Fairbanks	Vue Crest Roads	300,000	0	300,000	171	319	77	0
				15,428,200	4,105,000	19,533,200				Sum

Number of Observations: 36

20	1985	Fairbanks	Cushman Street	370,000	0	370,000	96	0	18	0
20	1985	Fairbanks	Unspecified Roads	4,300,000	0	4,300,000	96	0	37	0
20	1985	Fairbanks	Farmers Loop Road	0	12,240,000	12,240,000	96	0	17	0

FD	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
20	1985	Fairbanks	Geist Road	0	19,080,000	19,080,000	96	0	17	0	
20	1985	Fairbanks	Various LRSA	1,600,000	0	1,600,000	96	0	41	0	
20	1985	Fairbanks	S. Fairbanks Expressway	0	6,030,000	6,030,000	96	0	17	0	
				6,270,000	37,350,000	43,620,000					Sum
Number of Observations: 6											
20	1986	Fairbanks	Davis Road	0	1,840,000	1,840,000	128	3	17	15	
20	1986	Fairbanks	FNSB LRSA's	1,000,000	0	1,000,000	130	595	115	24	
20	1986	Fairbanks	Unspecified LRSA	2,000,000	0	2,000,000	128	3	30	7	
20	1986	Fairbanks	Geist Road	0	600,000	600,000	128	3	17	20	
20	1986	Fairbanks	Geist Road	0	17,940,000	17,940,000	128	3	17	13	
20	1986	Fairbanks	Unspecified Roads	0	500,000	500,000	128	3	17	4	
20	1986	Fairbanks	Parks Highway	0	7,360,000	7,360,000	128	3	17	14	
20	1986	Fairbanks	Richardson Highway	115,000	2,185,000	2,300,000	128	3	17	23	
20	1986	Fairbanks	Steese Highway	0	460,000	460,000	128	3	17	16	
20	1986	Fairbanks	Unspecified Roads	0	1,242,000	1,242,000	128	3	17	17	
				3,115,000	32,127,000	35,242,000					Sum
Number of Observations: 10											
				41,146,700	93,602,000	134,748,700					Sum
Number of Observations: 73											
22	1983	Buckland	Street Lighting	10,000	0	10,000	107	34	106	0	
22	1983	Deering	Unspecified Roads	150,000	0	150,000	10	0	28	0	
22	1983	Kobuk	Roads & Equipment	300,000	0	300,000	10	0	28	0	
22	1983	Shungnak	Street Lighting	10,000	0	10,000	107	34	106	0	
22	1983	Wainwright	Wainwright Recreation Rd	300,000	0	300,000	107	34	114	0	
				770,000	0	770,000					Sum
Number of Observations: 5											
22	1984	Ambler	Street Lighting	25,000	0	25,000	22	0	7	0	
22	1984	Atqasuk	Unspecified Roads	300,000	0	300,000	22	0	8	0	

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
22	1984	Buckland	Dumpsite Road	300,000	0	300,000	22	0	8	0	
22	1984	Kaktovik	Unspecified Roads	500,000	0	500,000	171	319	77	0	
22	1984	Kiana	Beach Access Road	300,000	0	300,000	22	0	8	0	
22	1984	Kiana	Street Lighting	25,000	0	25,000	22	0	8	0	
22	1984	Kotzebue	Unspecified Roads	700,000	0	700,000	24	0	64	0	
22	1984	Noatak	Unspecified Roads	500,000	0	500,000	24	0	64	0	
22	1984	Noorvik	Dumpsite Road	500,000	0	500,000	22	0	8	0	
22	1984	Noorvik	Bridge Repairs	33,600	0	33,600	24	0	35	0	
22	1984	Nuiqsut	Unspecified Roads	55,500	0	55,500	24	0	45	0	
22	1984	Point Lay	Dumpsite Road	400,000	0	400,000	171	319	77	0	
22	1984	Selawik	Selawik Boardwalk	75,000	0	75,000	22	0	8	0	
22	1984	Shungnak	Bridge Repairs	60,000	0	60,000	22	0	8	0	
22	1984	Wainwright	Dumpsite Road	300,000	0	300,000	22	0	8	0	
				4,074,100	0	4,074,100					Sum
Number of Observations:		15									
22	1985	Nuiqsut	Prudhoe Bay-Nuiqsut	0	13,000,000	13,000,000	96	0	18	0	
				0	13,000,000	13,000,000					Sum
Number of Observations:		1									
				4,844,100	13,000,000	17,844,100					Sum
Number of Observations:		21									
23	1983		Pilgrim Hot Springs Road	800,000	0	800,000	10	0	7	0	
23	1983		Nome-Taylor Highway	120,000	1,380,000	1,500,000	107	34	77	0	
23	1983		Nome-Council Highway	560,000	6,440,000	7,000,000	107	34	77	0	
23	1983	Alakanuk	Street Lighting	10,000	0	10,000	107	34	106	0	
23	1983	Gambell	Unspecified Roads	85,000	0	85,000	107	34	107	0	
23	1983	Koyuk	Unspecified Roads	100,000	0	100,000	107	34	115	0	
23	1983	Nome	Unspecified Roads	700,000	1,400,000	2,100,000	107	34	77	0	
23	1983	Savoonga	Street Lighting	10,000	0	10,000	107	34	108	0	
23	1983	Scammon Bay	Street Lighting	10,000	0	10,000	107	34	108	0	
23	1983	Unalakleet	Unspecified Roads	1,150,000	0	1,150,000	10	0	28	0	
23	1983	Wales	Lopp Lagoon Road	100,000	0	100,000	107	34	115	0	

 APPROPRIATIONS FOR ROADS AND BIKE/PEDESTRIAN PATHS, SLA 1983 THROUGH SLA 1986, BY ELECTION DISTRICT

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
				3,645,000	9,220,000	12,865,000					Sum
Number of Observations: 11											
23	1984	Alakanuk	Unspecified Roads	157,000	0	157,000	22	0	8	0	
23	1984	Brevig Mission	Street Lighting	25,000	0	25,000	171	319	77	0	
23	1984	Chevak	Unspecified Roads	400,000	0	400,000	22	0	8	0	
23	1984	Chevak	Unspecified Roads	200,000	0	200,000	45	0	30	0	
23	1984	Chevak	Unspecified Roads	100,000	0	100,000	24	0	45	0	
23	1984	Elim	Unspecified Roads	500,000	0	500,000	24	0	45	0	
23	1984	Koyuk	Unspecified Roads	200,000	0	200,000	24	0	45	0	
23	1984	Shishmaref	Unspecified Roads	275,000	0	275,000	22	0	8	0	
23	1984	St Michael	Specified Roads	200,000	0	200,000	24	0	45	0	
				2,057,000	0	2,057,000					Sum
Number of Observations: 9											
23	1985	Nome	Taylor Highway	0	4,680,000	4,680,000	96	0	18	0	
23	1985	Savoonga	Bridges	150,000	0	150,000	96	0	41	0	
				150,000	4,680,000	4,830,000					Sum
Number of Observations: 2											
23	1986	Nome	Nome-Council Highway	0	4,381,000	4,381,000	128	3	17	18	
23	1986	Nome	Nome-Taylor Highway	0	600,000	600,000	128	3	17	19	
				0	4,981,000	4,981,000					Sum
Number of Observations: 2											
				5,852,000	18,881,000	24,733,000					Sum
Number of Observations: 24											
24	1983		Mt Village/St Marys Road	455,000	0	455,000	10	0	7	0	
24	1981	Anvik		85,000	0	85,000	106	24	4	0	

ID	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
24	1983	Aniak	Unspecified Roads	50,000	0	50,000	107	34	115	0	
24	1983	Chalkyitsik	Unspecified Roads	97,000	0	97,000	107	34	122	0	
24	1983	Crooked Creek	Unspecified Roads	50,000	0	50,000	107	34	122	0	
24	1983	Fort Yukon	Unspecified Roads	250,000	0	250,000	107	34	115	0	
24	1983	Grayling	Bridge Repairs	100,000	0	100,000	107	34	115	0	
24	1983	Hughes	Unspecified Roads	100,000	0	100,000	10	0	28	0	
24	1983	McGrath	Heavy Equipment	200,000	0	200,000	107	34	116	0	
24	1983	Nulato	Unspecified Roads	75,000	0	75,000	107	34	116	0	
24	1983	Red Devil	Unspecified Roads	30,000	0	30,000	107	34	122	0	
24	1983	Ruby	Unspecified Roads	240,000	0	240,000	10	0	28	0	
24	1983	Russian Mission	Unspecified Roads	210,000	0	210,000	10	0	23	0	
24	1983	Russian Mission	Unspecified Roads	50,000	0	50,000	107	34	116	0	
24	1983	Shageluk	Street Lighting	10,000	0	10,000	107	34	109	0	
24	1983	Sleetmute	Unspecified Roads	125,000	0	125,000	10	0	32	0	
24	1983	St Marys	Unspecified Roads	140,000	0	140,000	10	0	29	0	
24	1983	Takotna	Unspecified Roads	25,000	0	25,000	107	34	122	0	
24	1983	Tuluksak	Unspecified Roads	280,000	0	280,000	10	0	28	0	
				2,572,000	0	2,572,000					Sum
Number of Observations: 19											
24	1984	Arctic Village	Unspecified Roads	50,000	0	50,000	24	0	49	0	
24	1984	Fort Yukon	Unspecified Roads	200,000	0	200,000	24	0	45	0	
24	1984	Grayling	Roads & Equipment	250,000	0	250,000	24	0	46	0	
24	1984	Huslia	Street Lighting	5,000	0	5,000	171	319	77	0	
24	1984	Kaltag	Unspecified Roads	200,000	0	200,000	24	0	46	0	
24	1984	Koyukuk	Roads & Equipment	200,000	0	200,000	24	0	46	0	
24	1984	Nulato	Unspecified Roads	75,000	0	75,000	24	0	46	0	
24	1984	Ruby	Unspecified Roads	190,000	0	190,000	24	0	46	0	
24	1984	Ruby	Boardwalk	75,000	0	75,000	24	86	15	0	
24	1984	Ruby	Boardwalk	75,000	0	75,000	171	88	15	0	
24	1984	Sleetmute	Roads & Equipment	200,000	0	200,000	24	0	50	0	
24	1984	Tanana	Unspecified Roads	200,000	0	200,000	24	0	46	0	
24	1984	Tuluksak	Roads & Equipment	300,000	0	300,000	24	0	46	0	

Appropriations for Roads and Bike/Pedestrian Paths, SLA 1983 through SLA 1986, by Election District

ID	Year	Affected Community	Road (if specified)	Appvd'd GF	Appvd'd OF	Total	CHP	SEC	PG	LN	
				2,020,000	0	2,020,000					Sum
Number of Observations: 13											
24	1985	Fort Yukon	Bridges	150,000	0	150,000	96	0	41	0	
24	1985	Kaltag	Unspecified Roads	165,000	0	165,000	105	743	149	14	
24	1985	Nulato	Street Lighting	41,400	0	41,400	96	0	42	0	
24	1985		Unspecified Roads	100,000	0	100,000	96	0	42	0	
				456,400	0	456,400					Sum
Number of Observations: 4											
				5,048,400	0	5,048,400					Sum
Number of Observations: 36											
25	1983	Atmautluak	Boardwalk	80,000	0	80,000	107	34	116	0	
25	1983	Bethel	Unspecified Roads	200,000	0	200,000	107	34	74	0	
25	1983	Eek	Unspecified Roads	450,000	0	450,000	107	34	116	0	
25	1983	Napaskiak	Unspecified Roads	175,000	0	175,000	107	347	116	0	
25	1983	Newtok	Boardwalk	80,000	0	80,000	10	0	29	0	
				985,000	0	985,000					Sum
Number of Observations: 5											
25	1984	Atmautluak	Unspecified Roads	400,000	0	400,000	24	0	46	0	
25	1984	Bethel	Unspecified Roads	550,000	0	550,000	24	0	46	0	
25	1984	Eek	Unspecified Roads	250,000	0	250,000	24	0	46	0	
25	1984	Kipnuk	Dumpsite Road	292,000	0	292,000	24	0	49	0	
25	1984	Kongiganak	Boardwalk	35,000	0	35,000	171	319	55	0	
25	1984	Napakiak	Airport Road	100,000	0	100,000	171	319	56	0	
25	1984	Toksook Bay	Unspecified Roads	220,000	0	220,000	22	0	8	0	

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
				1,847,000	0	1,847,000					Sum
Number of Observations: 7											
25	1985	Kwethluk	Unspecified Roads	250,000	0	250,000	96	0	42	0	
				250,000	0	250,000					Sum
Number of Observations: 1											
25	1986	Kipnuk	Kipnuk HS Footbridge	80,000	0	80,000	128	3	12	11	
25	1986	Quinhagak	Unspecified Roads	7,500	0	7,500	128	3	32	10	
				87,500	0	87,500					Sum
Number of Observations: 2											
				3,169,500	0	3,169,500					Sum
Number of Observations: 15											
26	1983		Nondalton/Newhalen Road	1,000,000	0	1,000,000	10	0	5	0	
26	1983		Nondalton/Newhalen Road	500,000	0	500,000	107	34	75	0	
26	1983		Naknek-King Salmon Road	150,000	0	150,000	107	34	75	0	
26	1983		Naknek-King Salmon Road	200,000	0	200,000	106	205	39	0	
26	1983	Dillingham	Unspecified Roads	572,000	0	572,000	10	0	29	0	
26	1983	Dillingham	Unspecified Roads	400,000	0	400,000	107	34	117	0	
26	1983	New Stuyahok	Unspecified Roads	300,000	0	300,000	107	34	117	0	
26	1983	South Naknek	Beach Access Road	75,000	0	75,000	107	34	117	0	
26	1983	Togiak	Unspecified Roads	75,000	0	75,000	107	34	117	0	
26	1983	Unalaska	Bridge Repairs	35,000	0	35,000	107	34	117	0	
				3,307,000	0	3,307,000					Sum
Number of Observations: 10											
26	1984		Naknek-King Salmon Road	2,300,000	0	2,300,000	24	0	62	0	
26	1984		Nondalton-Iliamna Road	1,000,000	0	1,000,000	24	0	63	0	
26	1984		Nondalton/Newhalen Road	1,500,000	0	1,500,000	171	319	56	0	

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PC	LN	
26	1984	Atka	Airport Access Road	29,800	0	29,800	22	0	9	0	
26	1984	Clarks Point	Dump Access Road	50,000	0	50,000	24	0	46	0	
26	1984	Dillingham	Unspecified Roads	956,000	0	956,000	171	319	56	0	
26	1984	Egegik	Unspecified Roads	55,800	0	55,800	24	0	50	0	
26	1984	Nondalton	Unspecified Roads	500,000	0	500,000	24	0	46	0	
				6,391,600	0	6,391,600					Sum
Number of Observations: 8											
26	1985	Dillingham	Unspecified Roads	450,000	0	450,000	105	486	107	18	
26	1985	Pedro Bay	Unspecified Roads	156,000	0	156,000	105	289	71	3	
				606,000	0	606,000					Sum
Number of Observations: 2											
26	1986	Nondalton	Unspecified Roads	150,000	0	150,000	128	3	32	15	
26	1986	Sand Point	Unspecified Roads	200,000	0	200,000	128	3	32	14	
				350,000	0	350,000					Sum
Number of Observations: 2											
				10,654,600	0	10,654,600					Sum
Number of Observations: 22											
27	1983		Lilly Drive	923,000	0	923,000	10	0	29	0	
27	1983		Anton Larson Road	100,000	900,000	1,000,000	107	34	75	0	
27	1983		Mission Road	1,000,000	0	1,000,000	107	34	75	0	
27	1983		Unspecified Roads	300,000	0	300,000	107	34	118	0	
27	1983		Mill Bay Road	70,000	0	70,000	106	27	5	0	
27	1983		Lakeview Drive	120,000	0	120,000	10	0	29	0	
27	1983	Karluk	Boardwalk	50,000	0	50,000	107	34	118	0	
27	1983	Kodiak	OTHILOI	470,000	0	470,000	10	0	5	0	
27	1983	Kodiak	Mill Bay Road	400,000	0	400,000	10	0	5	0	
27	1983	Kodiak	Baranof Street	1,148,000	0	1,148,000	10	0	23	0	
27	1983	Kodiak	Mountainview Drive	340,000	0	340,000	107	34	117	0	

 APPROPRIATIONS FOR ROADS AND BIKE/PEDESTRIAN PATHS, SLA 1983 THROUGH SLA 1986, BY ELECTION DISTRICT

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
				4,921,000	900,000	5,821,000					Sum
Number of Observations: 11											
27	1984		Unspecified Roads	441,000	0	441,000	22	0	9	0	
27	1984	Akhiok	Dock Access Road	560,000	0	560,000	24	0	46	0	
27	1984	Karluk	Street Lighting	27,000	0	27,000	21	0	14	0	
27	1984	Kodiak	Mission Road	340,000	0	340,000	24	0	12	0	
27	1984	Kodiak	Selief Lane	2,149,000	0	2,149,000	24	0	47	0	
27	1984	Kodiak	Bridges	14,500,000	0	14,500,000	24	0	62	0	
27	1984	Kodiak	Multiple Roads	750,000	0	750,000	24	0	73	0	
27	1984	Old Harbor	Old Harbor Road	375,000	0	375,000	45	0	9	0	
				19,142,000	0	19,142,000					Sum
Number of Observations: 8											
27	1985		School Safety	100,000	0	100,000	105	550	118	11	
27	1985	Chignik	Unspecified Roads	70,000	0	70,000	96	0	15	0	
27	1985	Chignik Lagoon	Bridges	290,000	0	290,000	96	0	15	0	
27	1985	Perryville	Unspecified Roads	25,000	0	25,000	105	541	116	22	
27	1985	Port Lions	Bay View Drive	200,000	0	200,000	96	0	42	0	
				685,000	0	685,000					Sum
Number of Observations: 5											
27	1986	Kodiak	Near Island Roads	1,400,000	0	1,400,000	128	3	32	19	
27	1986	Kodiak	St Herman Harbor Access	500,000	0	500,000	130	156	33	11	
27	1986	Port Lions	Bay View Drive	100,000	0	100,000	128	3	32	21	
				2,000,000	0	2,000,000					Sum
Number of Observations: 3											

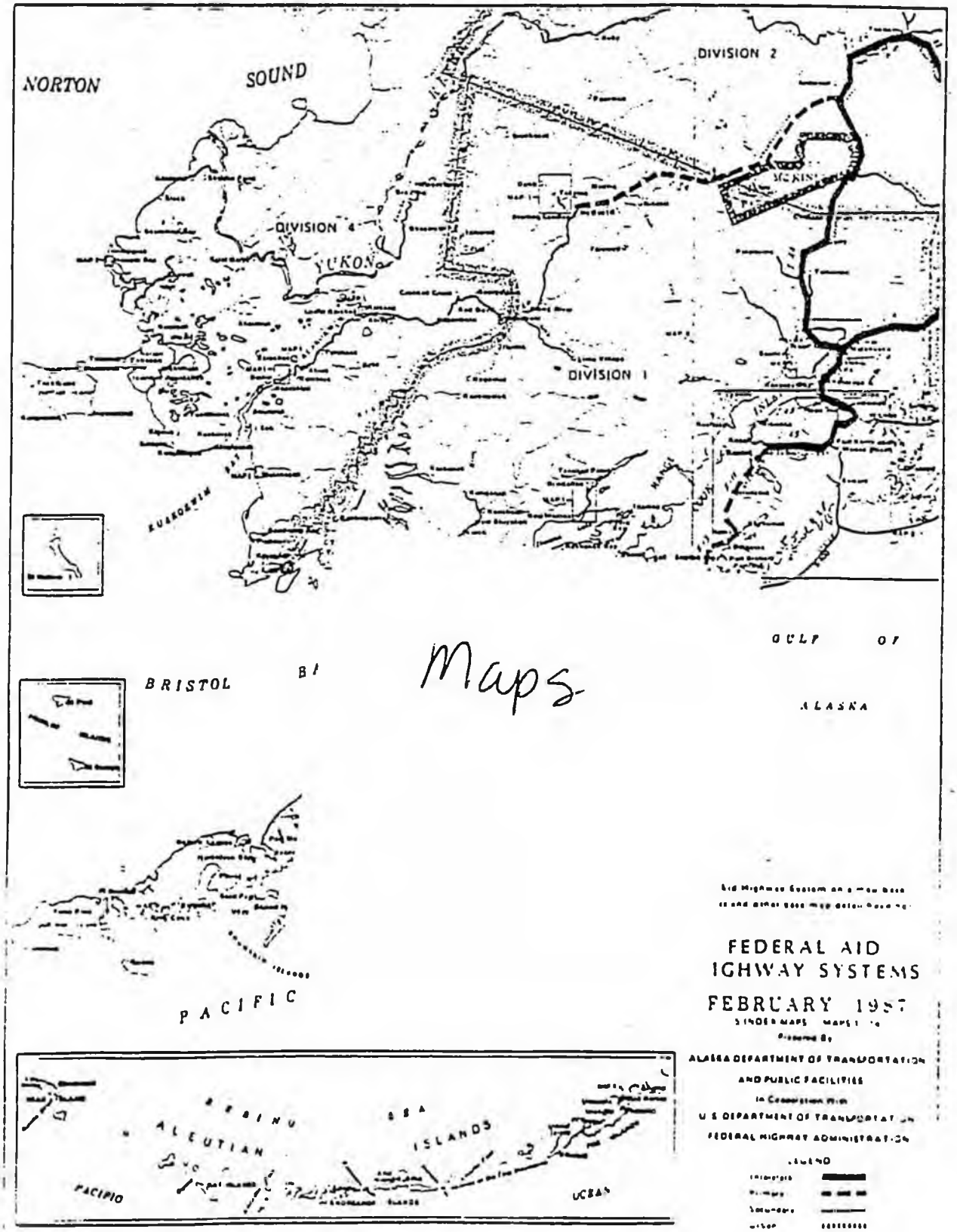
ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D CF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
				26,748,000	900,000	27,648,000					Sum
Number of Observations:		27									
91	1984		Planning	0	176,000	176,000	24	0	65	0	
91	1984		Bridges	300,000	0	300,000	24	0	65	0	
91	1984		Engineering/Design	300,000	822,000	1,122,000	24	0	66	0	
				600,000	998,000	1,598,000					Sum
Number of Observations:		3									
91	1985		Federal Assisted Urban	0	3,200,000	3,200,000	96	0	20	0	
91	1985		Engineering/Design	0	1,810,000	1,810,000	96	0	19	0	
91	1985		Federal Match	2,000,000	0	2,000,000	96	0	19	0	
				2,000,000	5,010,000	7,010,000					Sum
Number of Observations:		3									
91	1986		Federal Match	1,900,000	0	1,900,000	128	3	19	16	
91	1986		Unspecified Roads	0	150,000	150,000	128	3	19	17	
				1,900,000	150,000	2,050,000					Sum
Number of Observations:		2									
				4,500,000	6,158,000	10,658,000					Sum
Number of Observations:		8									
92	1983		Preliminary Engineering	512,000	5,888,000	6,400,000	107	34	74	0	
92	1983		Unspecified Roads	790,000	3,160,000	3,950,000	107	34	74	0	
				1,302,000	9,048,000	10,350,000					Sum
Number of Observations:		2									
92	1984		Bridges	245,000	975,000	1,220,000	24	0	62	0	

92	1984		Knik Arm Crossing	400,000	4,622,000	5,022,000	24	0	62	0	

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
92	1984		Knik Arm Crossing	1,000,000	0	1,000,000	171	319	56	0	
				1,645,000	5,597,000	7,242,000					Sum
Number of Observations: 3											
92	1985			0	3,420,000	3,420,000	96	0	14	0	
92	1985		Federal Match	5,765,000	0	5,765,000	96	0	13	0	
				5,765,000	3,420,000	9,185,000					Sum
Number of Observations: 2											
92	1986		Federal Match	6,050,000	0	6,050,000	128	3	13	4	
92	1986		Federal Match	850,000	0	850,000	130	154	32	25	
				6,900,000	0	6,900,000					Sum
Number of Observations: 2											
				15,612,000	18,065,000	33,677,000					Sum
Number of Observations: 9											
94	1983		Unspecified Roads	315,000	3,617,000	3,932,000	107	34	77	0	
94	1983		Unspecified Roads	50,000	450,000	500,000	107	34	77	0	
				365,000	4,067,000	4,432,000					Sum
Number of Observations: 2											
94	1985		Federal Match	7,050,000	0	7,050,000	96	0	17	0	
94	1985		Preliminary Engineering	0	12,040,000	12,040,000	96	0	17	0	

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
				7,050,000	12,040,000	19,090,000					Sum
Number of Observations:		2									
				7,415,000	16,107,000	23,522,000					Sum
Number of Observations:		4									
95	1983		Dalton Highway	3,000,000	0	3,000,000	10	0	7	0	
				3,000,000	0	3,000,000					Sum
Number of Observations:		1									
95	1984		Engineering/Design	500,000	1,527,000	2,027,000	24	0	64	0	
95	1984		Planning	425,000	0	425,000	24	0	64	0	
95	1984		Bridges	562,000	2,248,000	2,810,000	24	0	64	0	
95	1984		Dalton Highway	5,545,500	0	5,545,500	24	0	64	0	
				7,032,500	3,775,000	10,807,500					Sum
Number of Observations:		4									
95	1986		Federal Match	5,900,000	0	5,900,000	128	3	16	24	
				5,900,000	0	5,900,000					Sum
Number of Observations:		1									
				15,932,500	3,775,000	19,707,500					Sum
Number of Observations:		6									
99	1983		Unspecified Roads	24,000	276,000	300,000	107	34	77	0	
99	1983		Unspecified Roads	145,000	1,445,000	1,590,000	107	34	79	0	
99	1983			3,000,000	25,000,000	28,000,000	107	34	80	0	
99	1983		Unspecified Roads	7,000,000	0	7,000,000	94	0	1	0	
99	1983		Highway Condition Rating	100,000	0	100,000	107	34	80	0	
99	1983		Right-of-Way	0	15,000,000	15,000,000	107	34	80	0	

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SFC	PG	LN	
				10,269,000	41,721,000	51,990,000					Sum
Number of Observations: 6											
99	1984		Bridges	281,800	1,127,200	1,409,000	24	0	61	0	
99	1984		Unspecified Roads	3,500,000	0	3,500,000	24	0	61	0	
99	1984		Various LRSA	3,000,000	0	3,000,000	171	319	56	0	
				6,781,800	1,127,200	7,909,000					Sum
Number of Observations: 3											
99	1985		Bridges	920,000	3,680,000	4,600,000	96	0	12	0	
99	1985		Various LRSA	1,150,000	0	1,150,000	96	0	12	0	
99	1985		Unspecified Roads	390,000	3,400,000	3,790,000	96	0	0	0	
99	1985		Planning	500,000	1,430,000	1,930,000	96	0	12	0	
				2,960,000	8,510,000	11,470,000					Sum
Number of Observations: 4											
99	1986		Planning	320,000	1,430,000	1,750,000	128	3	12	15	
99	1986		Bridges	967,000	4,500,000	5,467,000	128	3	12	24	
99	1986		Unspecified Roads	433,000	3,900,000	4,333,000	128	3	12	23	
				1,720,000	9,830,000	11,550,000					Sum
Number of Observations: 3											
				21,730,800	61,188,200	82,919,000					Sum
Number of Observations: 16											
				455,235,882	844,300,300	1,299,536,182					Sum
Number of Observations: 792											


NORTON
SOUND
DIVISION 2
DIVISION 4
YUKON
DIVISION 1
BRISTOL
BAY
GULF OF
ALASKA
PACIFIC
ALEUTIAN
ISLANDS
FEDERAL AID
IGHWAY SYSTEMS
FEBRUARY 195?
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Maps

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
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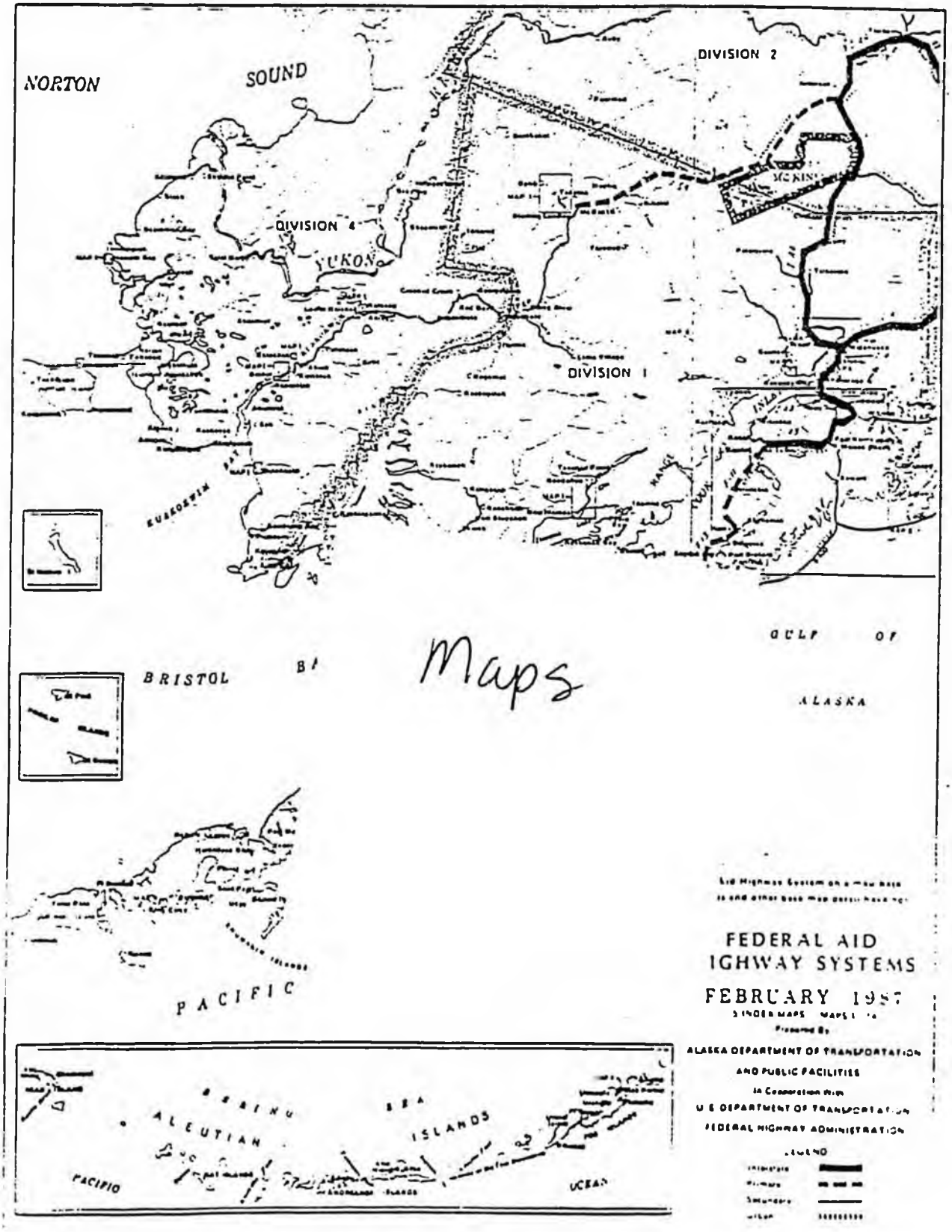
02-576(2/77)


NORTON
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YUKON
DIVISION 1
BRISTOL
GULF OF
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PACIFIC
ALEUTIAN
ISLANDS
FEDERAL AID
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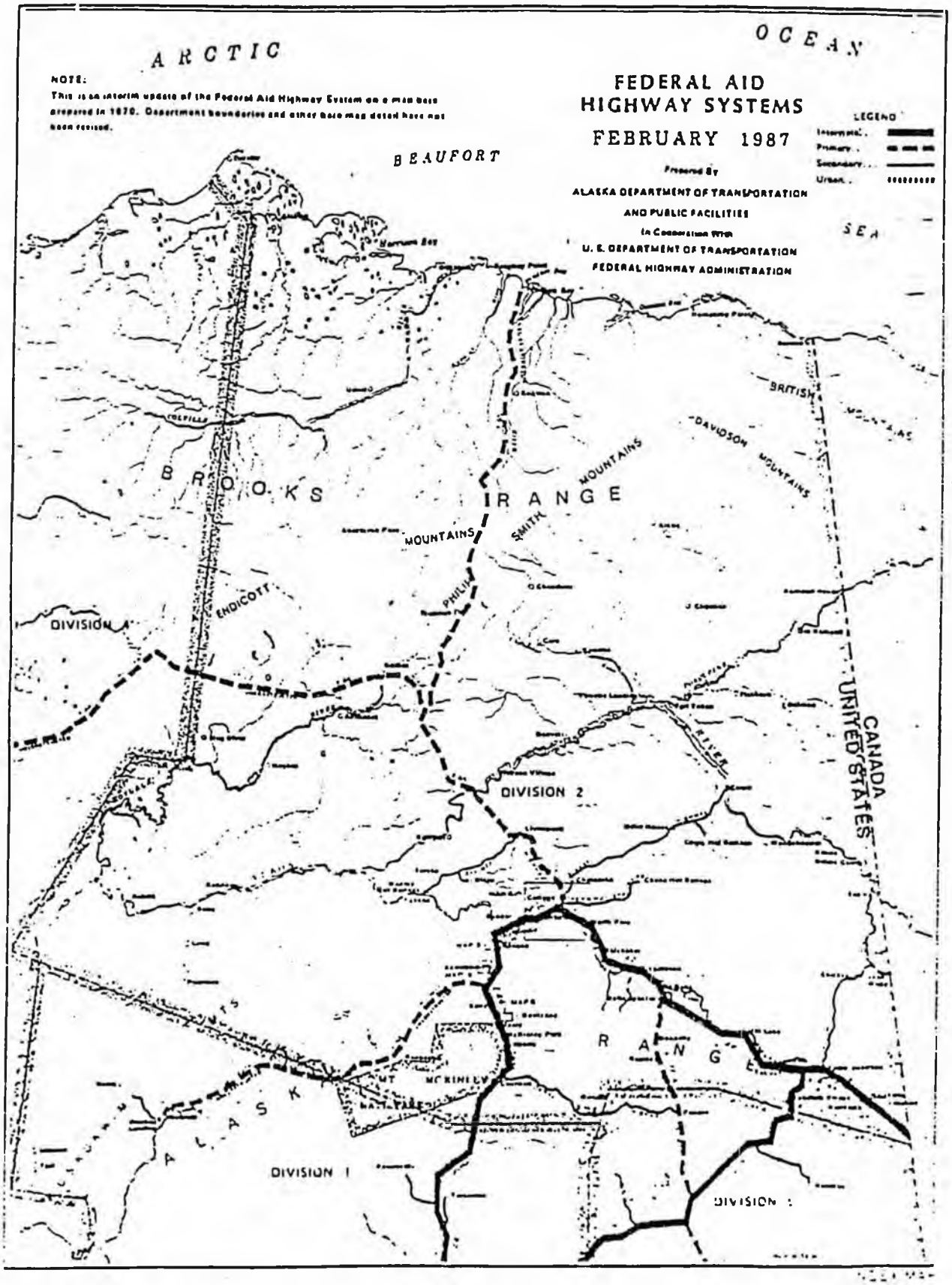
Maps


ARCTIC
OCEAN
NOTE:
This is an interim update of the Federal Aid Highway System on a map base prepared in 1970. Department boundaries and other data may dated have not been revised.
FEDERAL AID
HIGHWAY SYSTEMS
FEBRUARY 1987
LEGEND
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BEAUFORT
SEA
BROOKS
RANGE
MOUNTAINS
DAVIDSON
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SMITH
MOUNTAINS
PHILIP
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DIVISION 3
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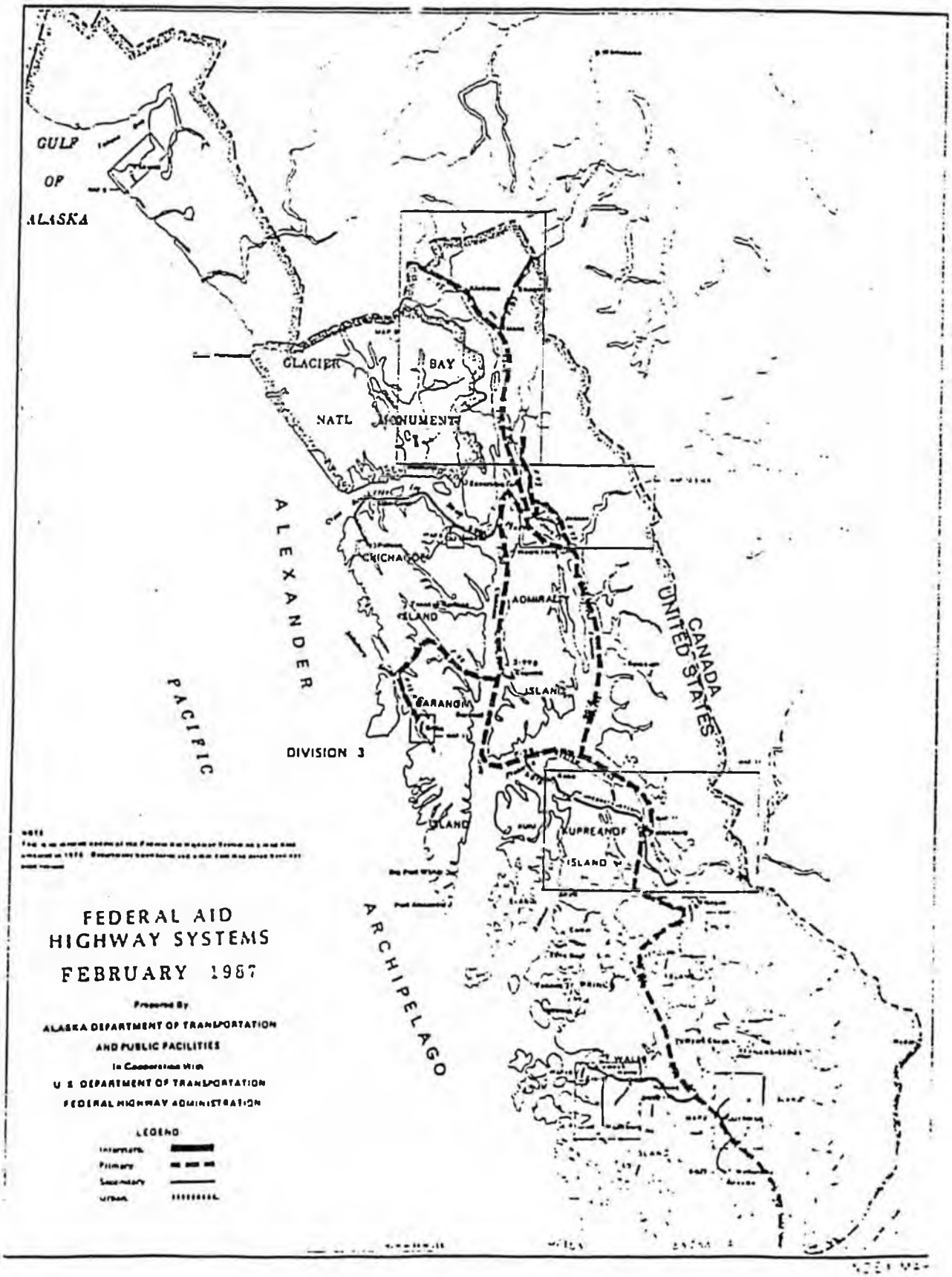
MT. MCKINLEY
NATIONAL PARK


GULF
OF
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PACIFIC
CANADA
UNITED STATES
DIVISION 3
FEDERAL AID
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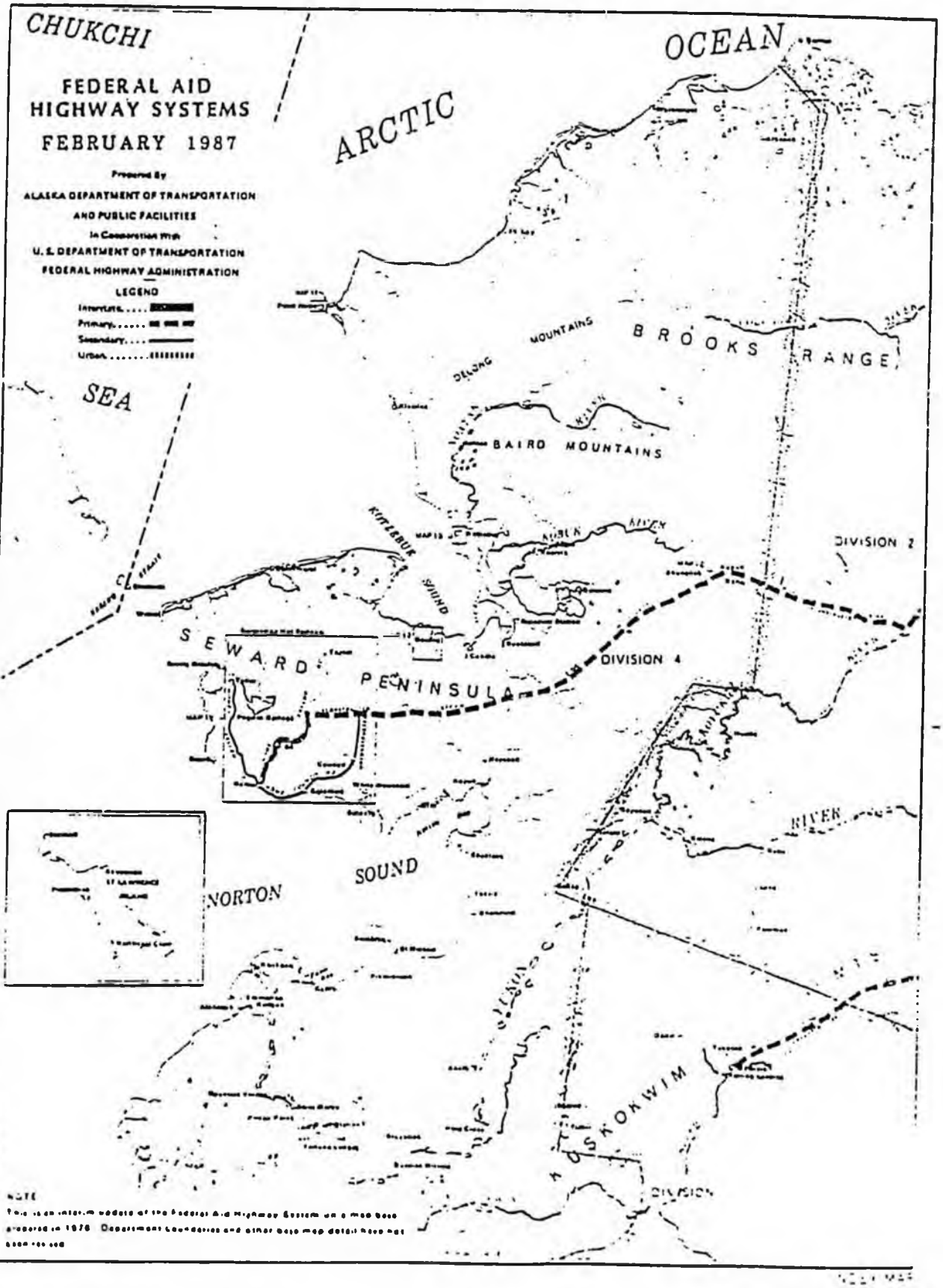
CHUKCHI
OCEAN
FEDERAL AID
HIGHWAY SYSTEMS
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LEGEND
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DIVISION 2
DIVISION 4
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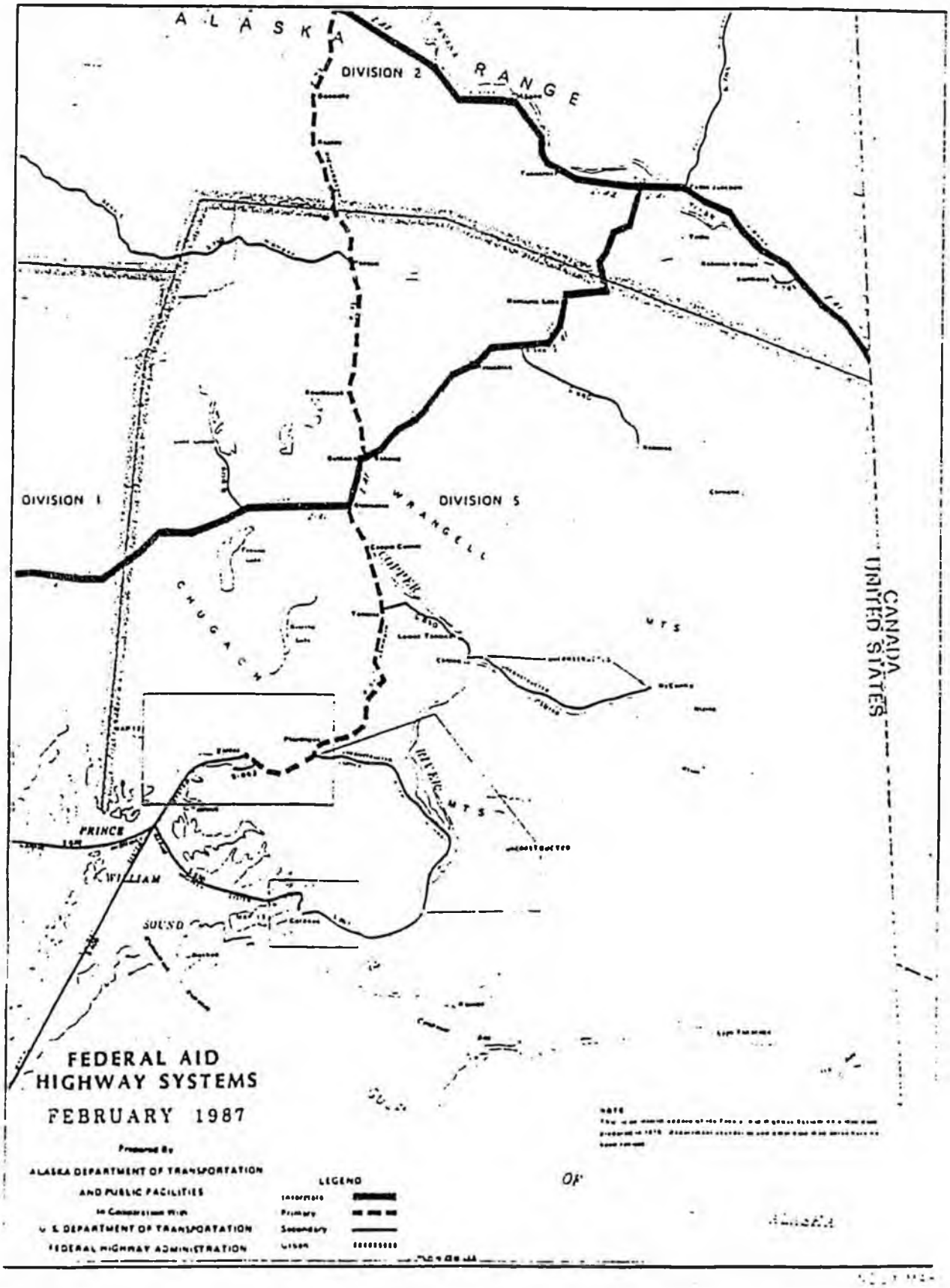
RIVER
DIVISION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DIVISION 1
DIVISION 5
WRANGELL
CHUGACH
MTS
CANADA
UNITED STATES
PRINCE
WILLIAM
SOUND
FEDERAL AID
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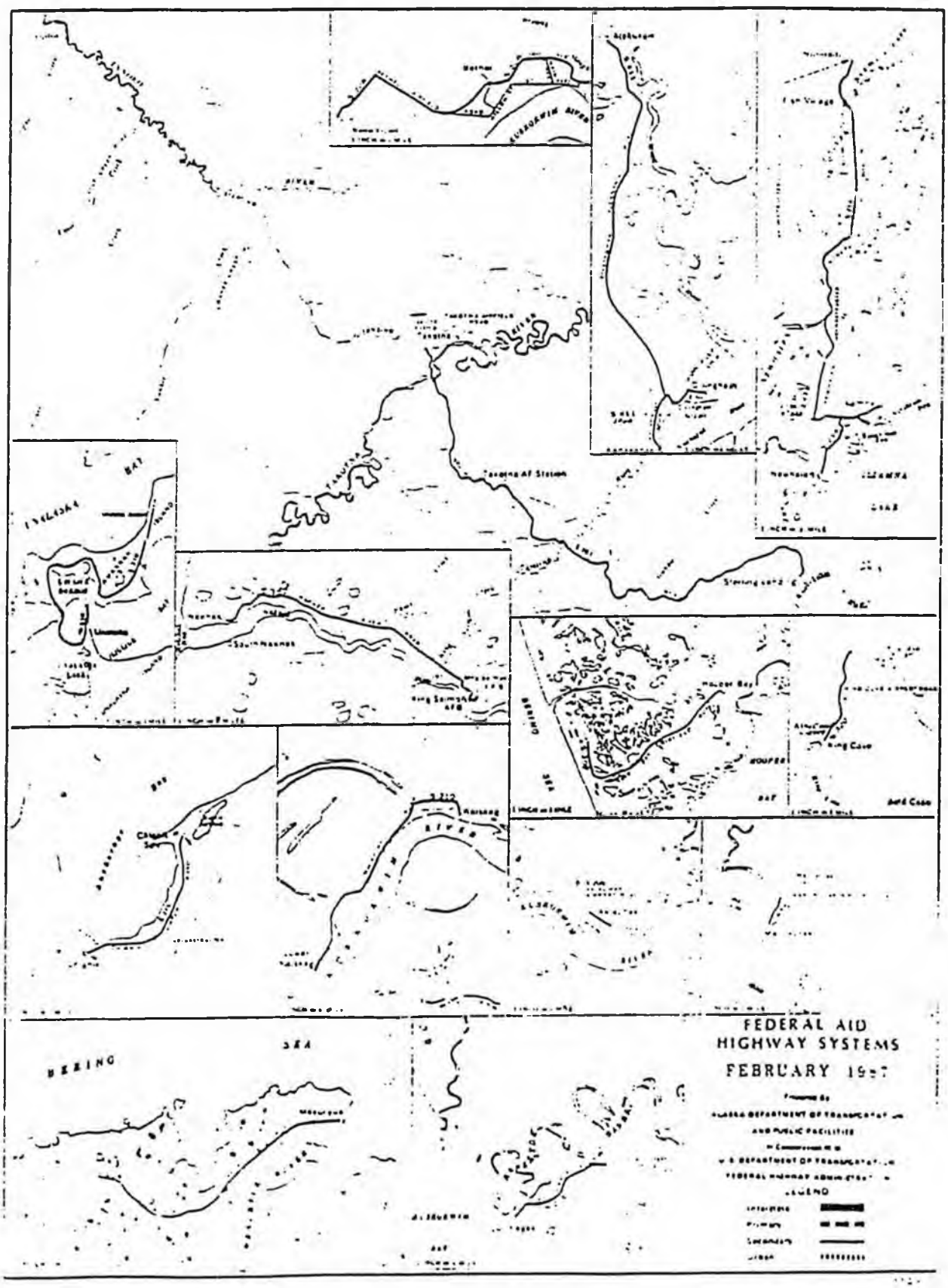
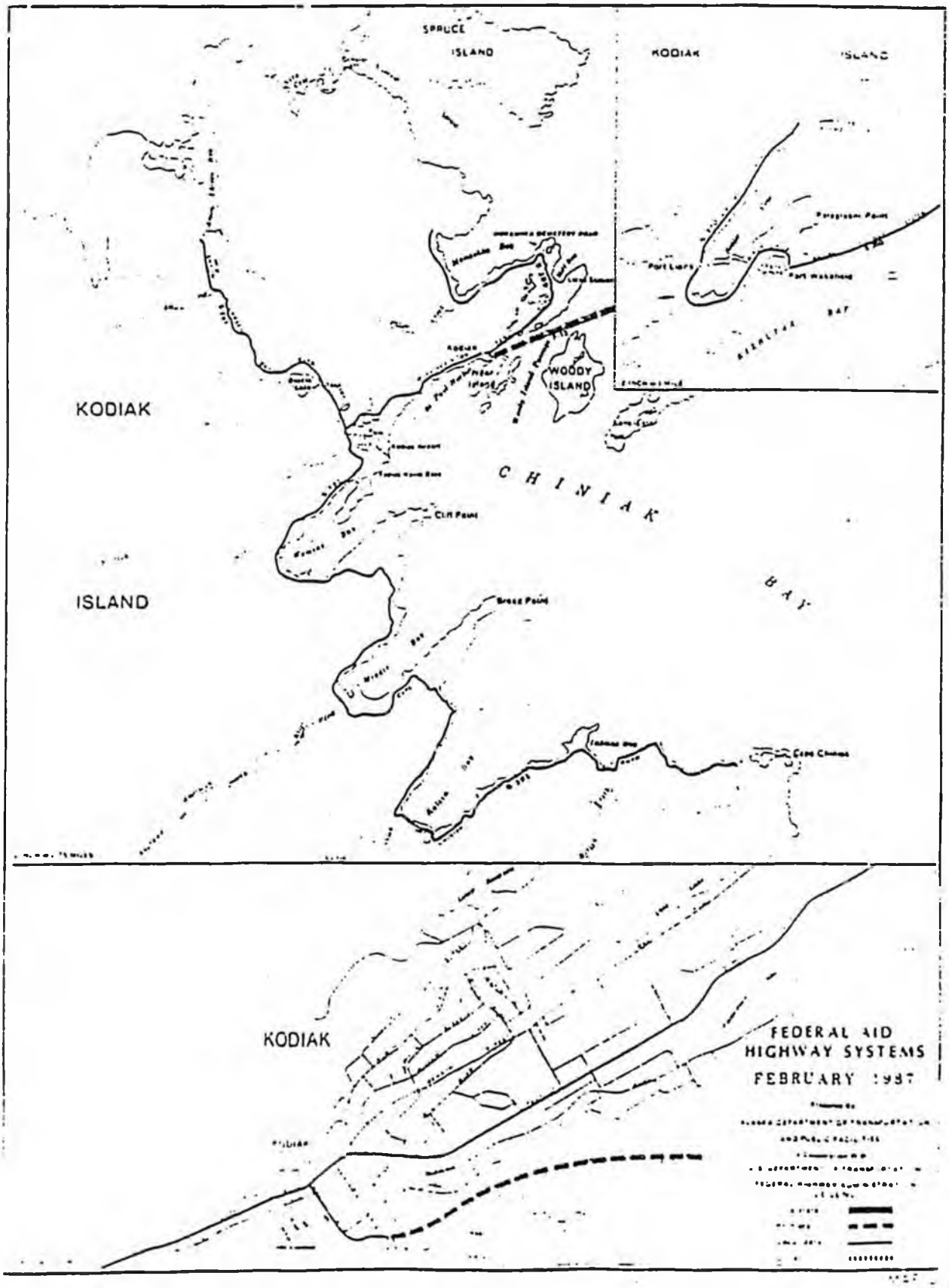
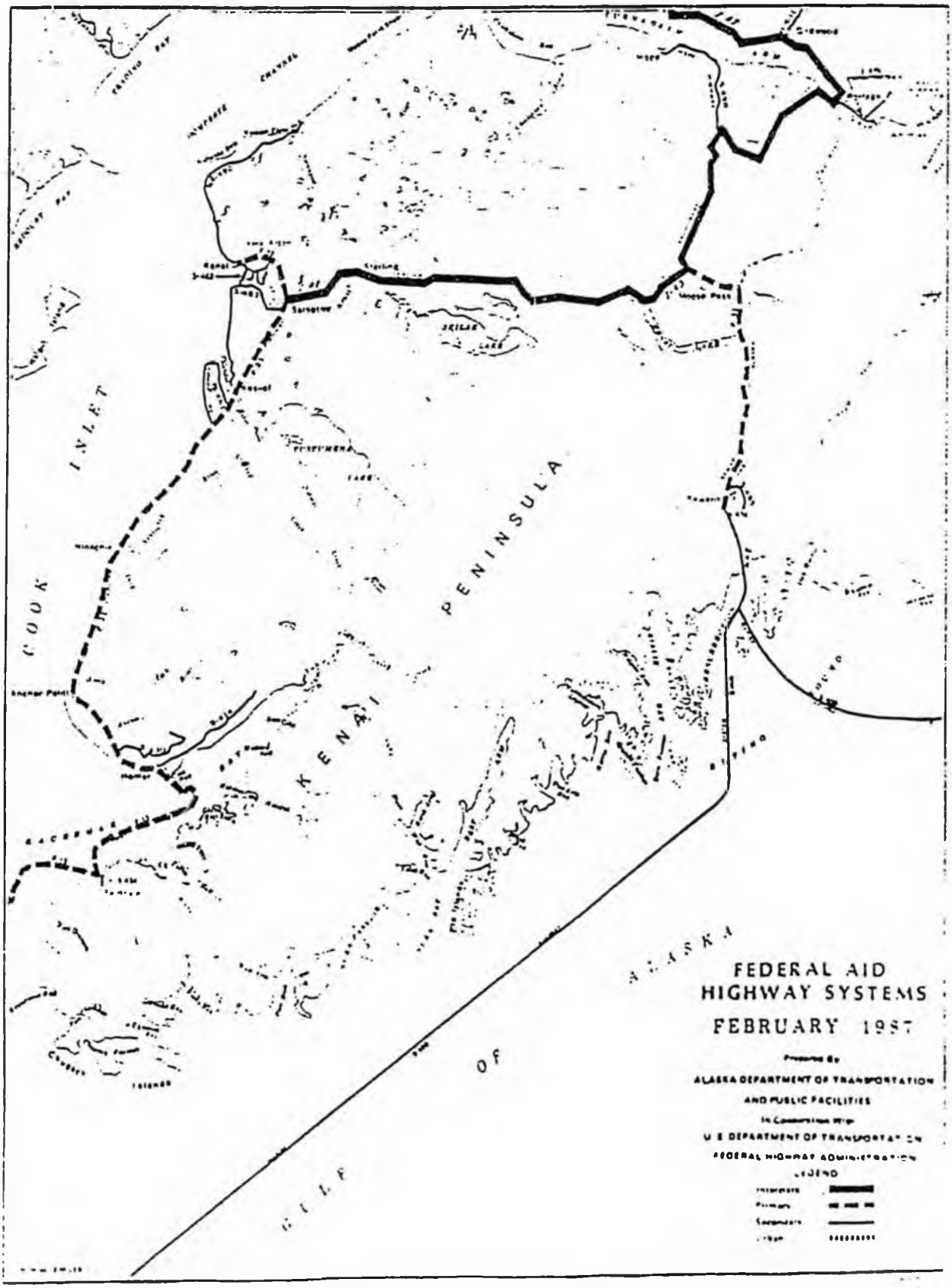
LEGEND
Interstate
Primary
Secondary
Urban


FEDERAL AID
HIGHWAY SYSTEMS
FEBRUARY 19
BERING
SEA
LEGEND


SPRUCE
ISLAND
KODIAK
ISLAND
WOODY
ISLAND
KODIAK
ISLAND
CHINIAK
BAY
KODIAK
FEDERAL AID
HIGHWAY SYSTEMS
FEBRUARY 1987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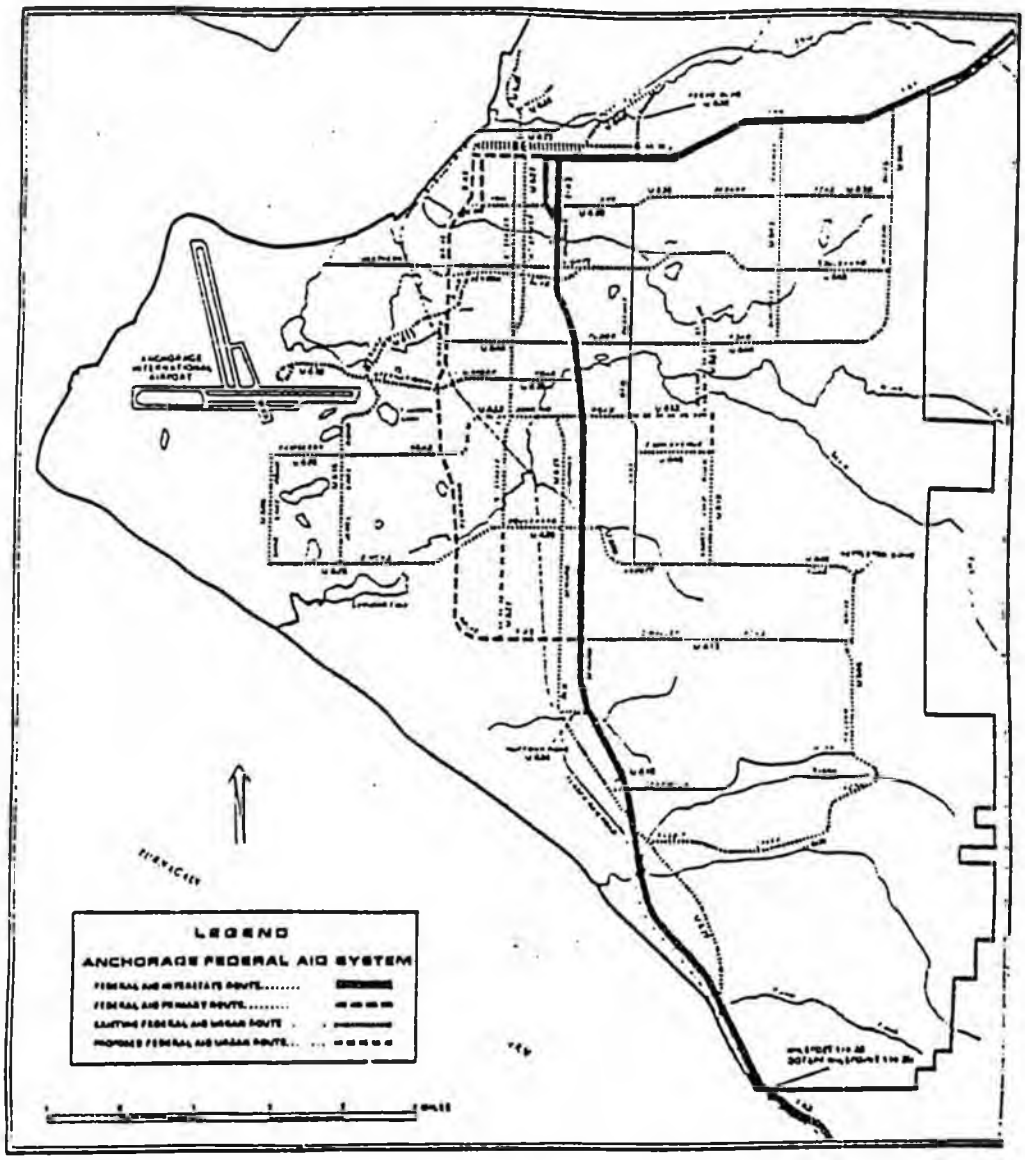
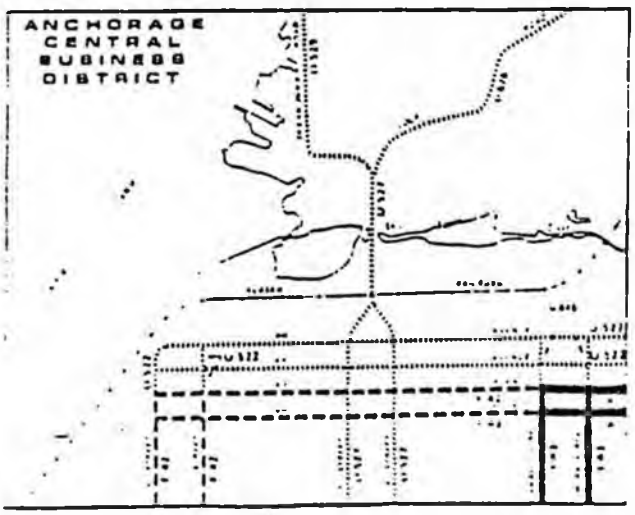
KENAI PENINSULA
GULF OF ALASKA
FEDERAL AID
HIGHWAY SYSTEMS
FEBRUARY 1987
ALASKA DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
U S DEPARTMENT OF TRANSPORTATION
LEGEND





FEDERAL AID HIGHWAY SYSTEMS

FEBRUARY 1987

Prepared By

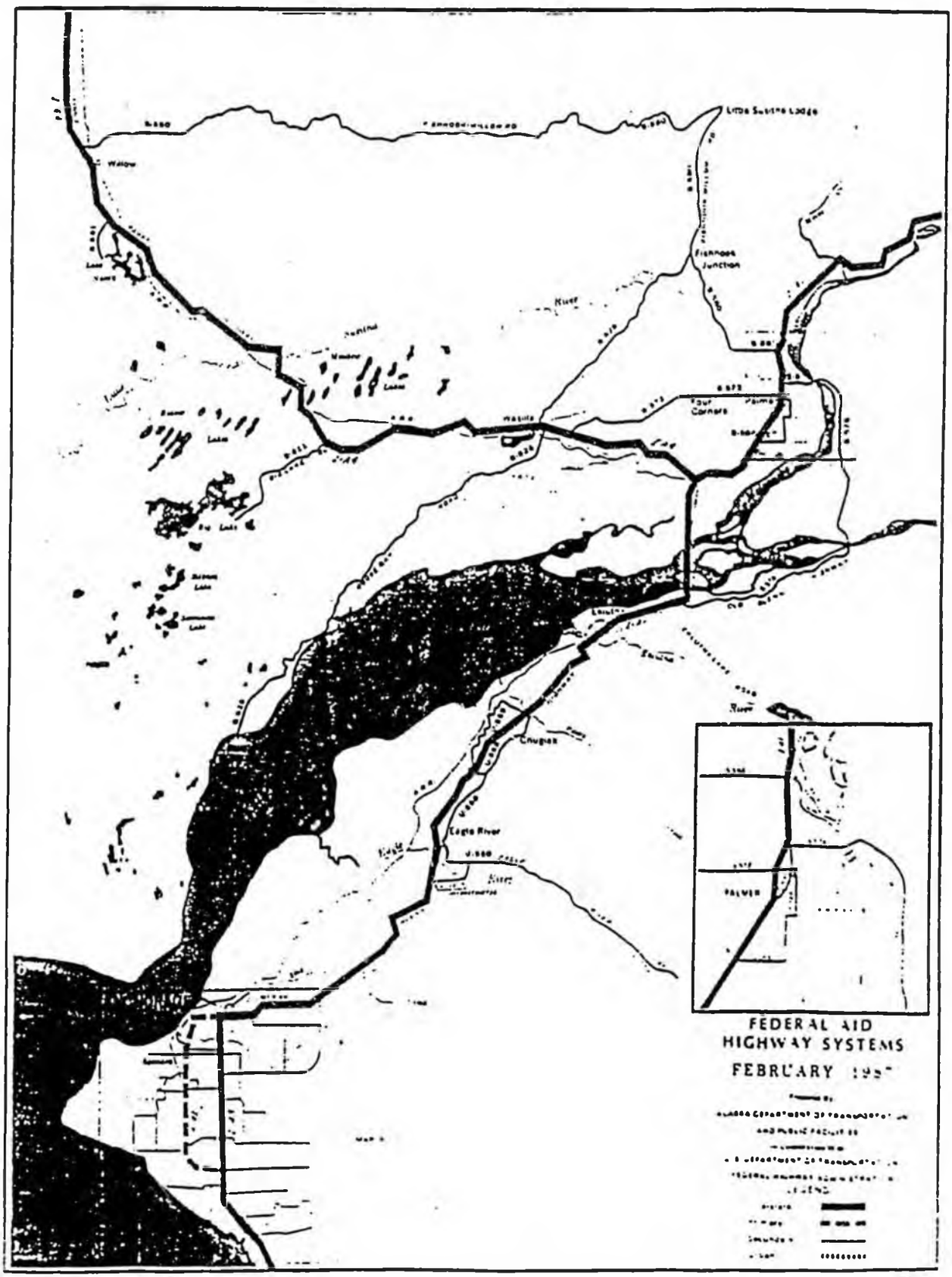
ALASKA DEPARTMENT OF TRANSPORTATION

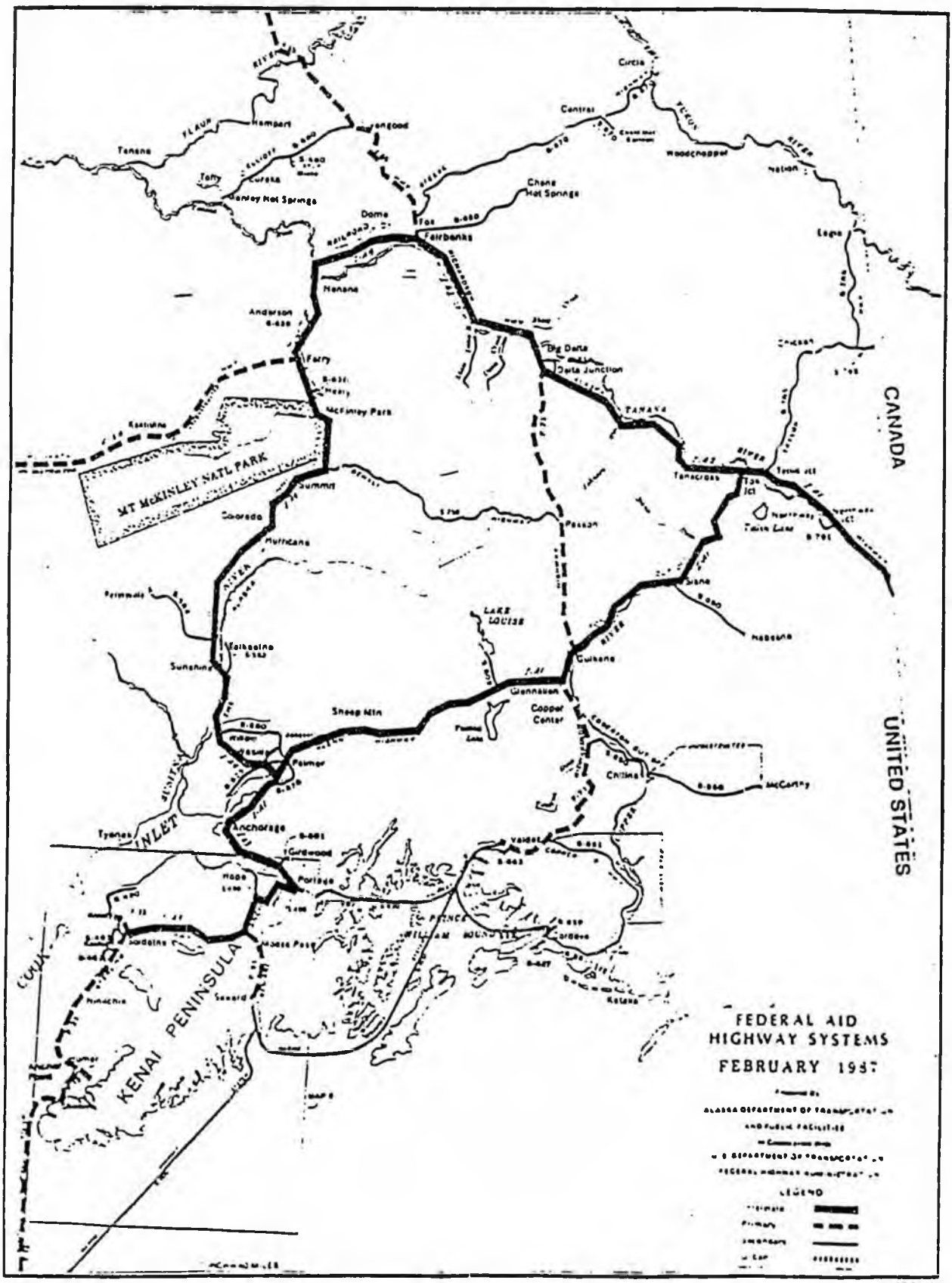
AND PUBLIC FACILITIES

In Cooperation With

U S DEPARTMENT OF TRANSPORTATION

FEDERAL HIGHWAY ADMINISTRATION


Willow
Fishhook Junction
Four Corners
Wasilla
Chugiak
Eagle River
PALMER
FEDERAL AID
HIGHWAY SYSTEMS
FEBRUARY 19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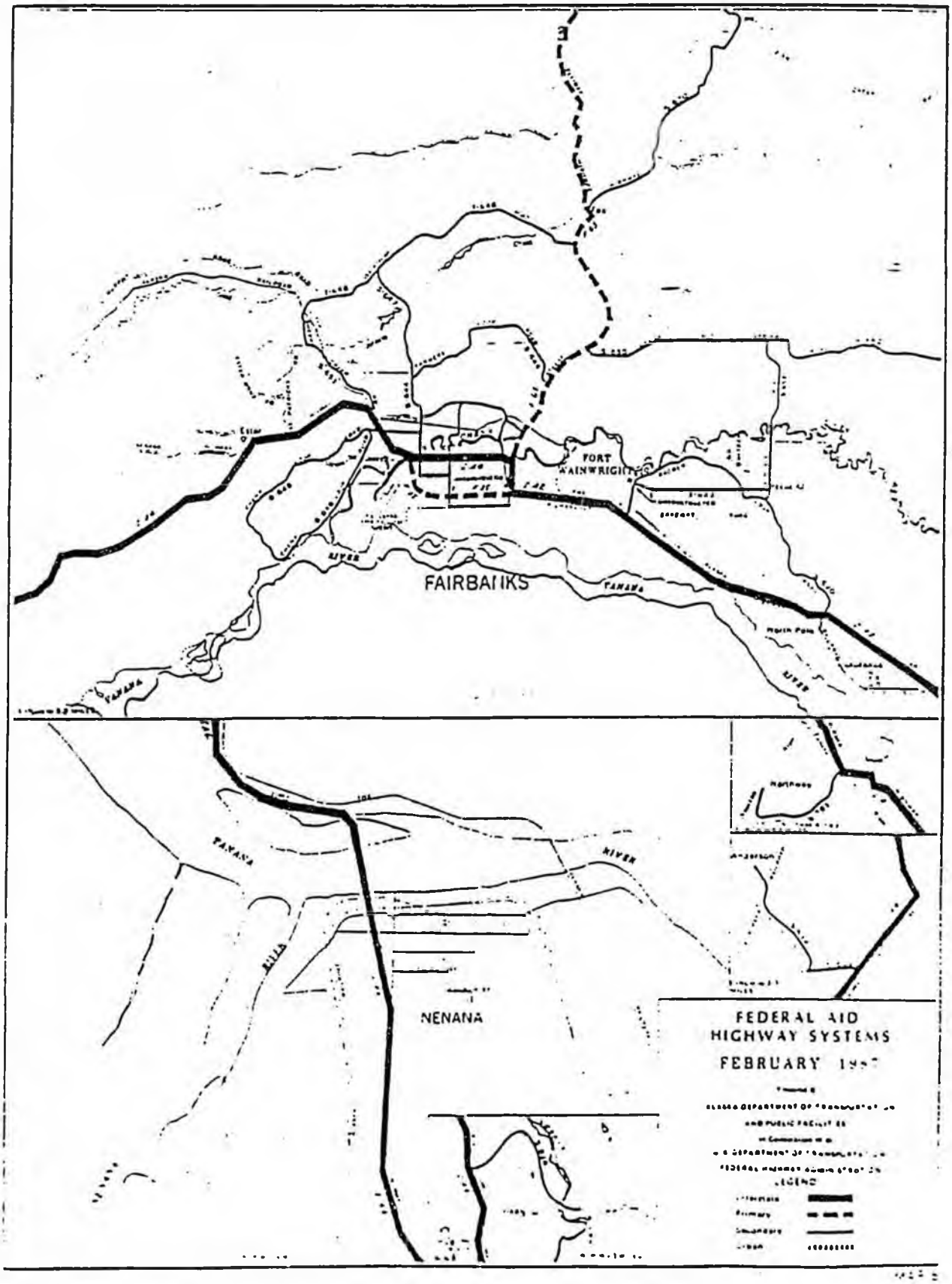
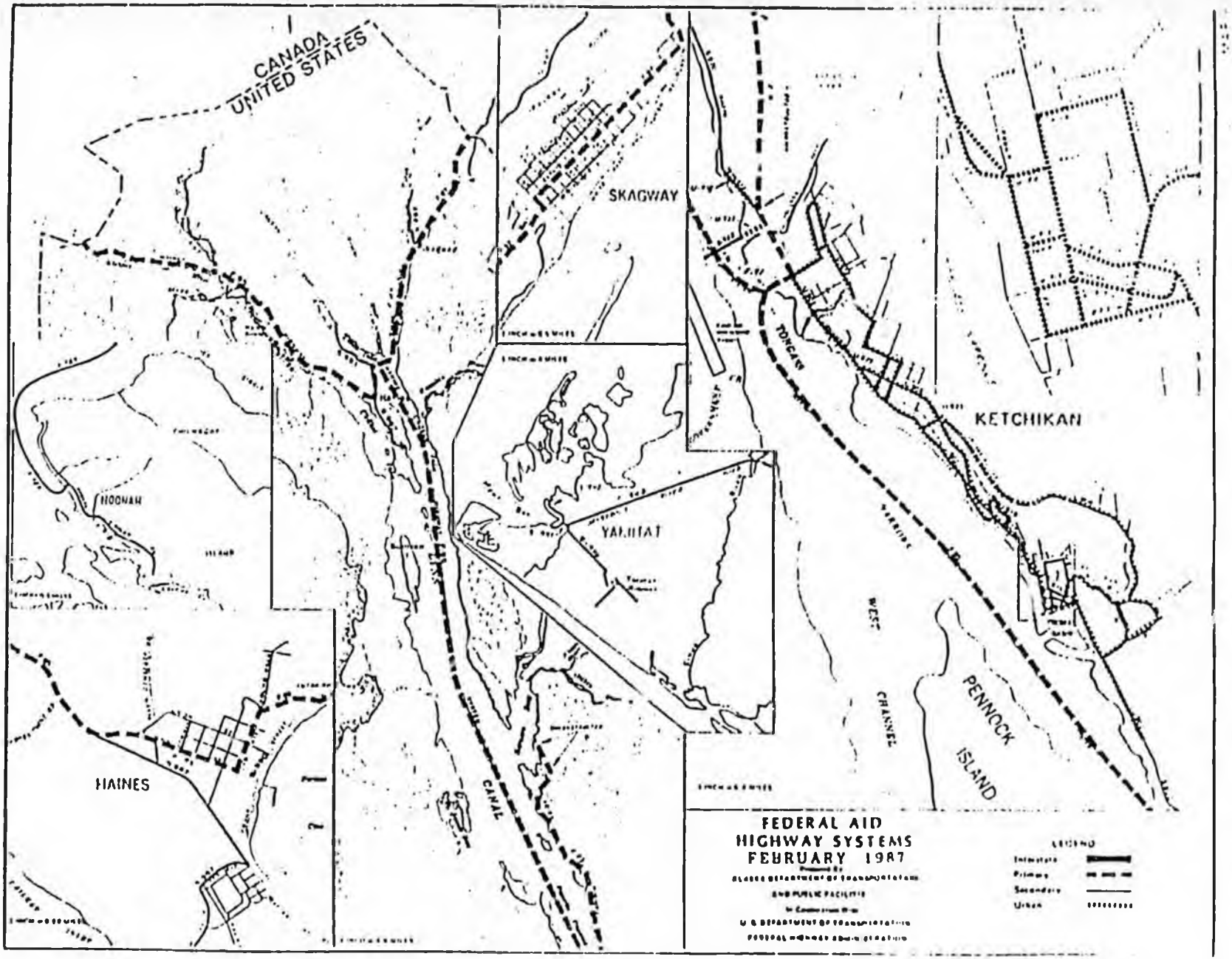
UNITED STATES
MT McKINLEY NATL PARK
KENAI PENINSULA
INLET
Fairbanks
Anchorage
Palmer
Valdez
Seward
Tok Jct
Delta Junction
Big Delta
Glennallen
Copper Center
Sheep Mtn
LAKE LOUISE
Talkeetna
Sunshine
Healy
McKinley Park
Summit
Nenana
Hurricane
Paxson
Tanacross
Gulkana
Chitina
McCarthy
Tyonek
Girdwood
Portage
Whittier
Kodiak
Kenai
Soldotna
Homer
Hope
Circle
Central
Chena Hot Springs
Eagle
Tanana
Hamilton
Minto
Nenana
Healy
Denali
Cantwell
Slana
Nabesna
Chistochina
Valdez
Cordova
Kotzebue
FEDERAL AID
HIGHWAY SYSTEMS
FEBRUARY 1957
LEGEND

MAP # 7 - FAIRBANKS URBAN AREA

INCOMPLETE AT THIS TIME


FAIRBANKS
FORT WAINWRIGHT
NENANA
FEDERAL AID
HIGHWAY SYSTEMS
FEBRUARY 19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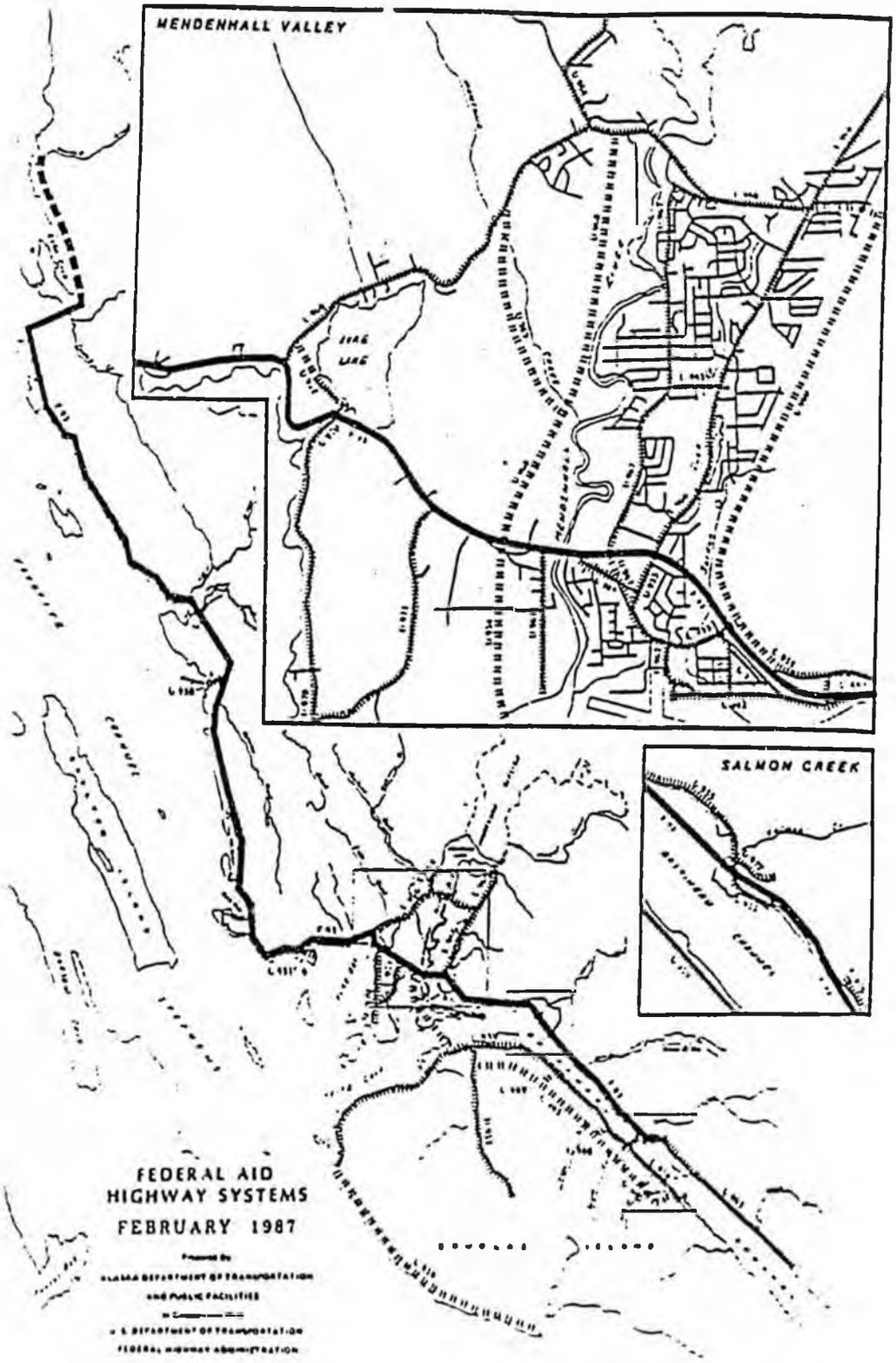
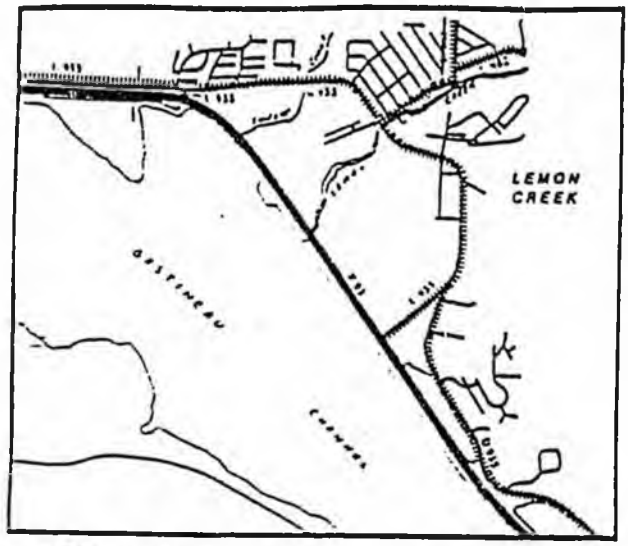
UNITED STATES
SKAGWAY
KETCHIKAN
HOONAH
YAKUTAT
HAINES
TONGASS
WEST
CHANNEL
PENNOCK
ISLAND
CANAL
FEDERAL AID
HIGHWAY SYSTEMS
FEBRUARY 1987
LEGEND



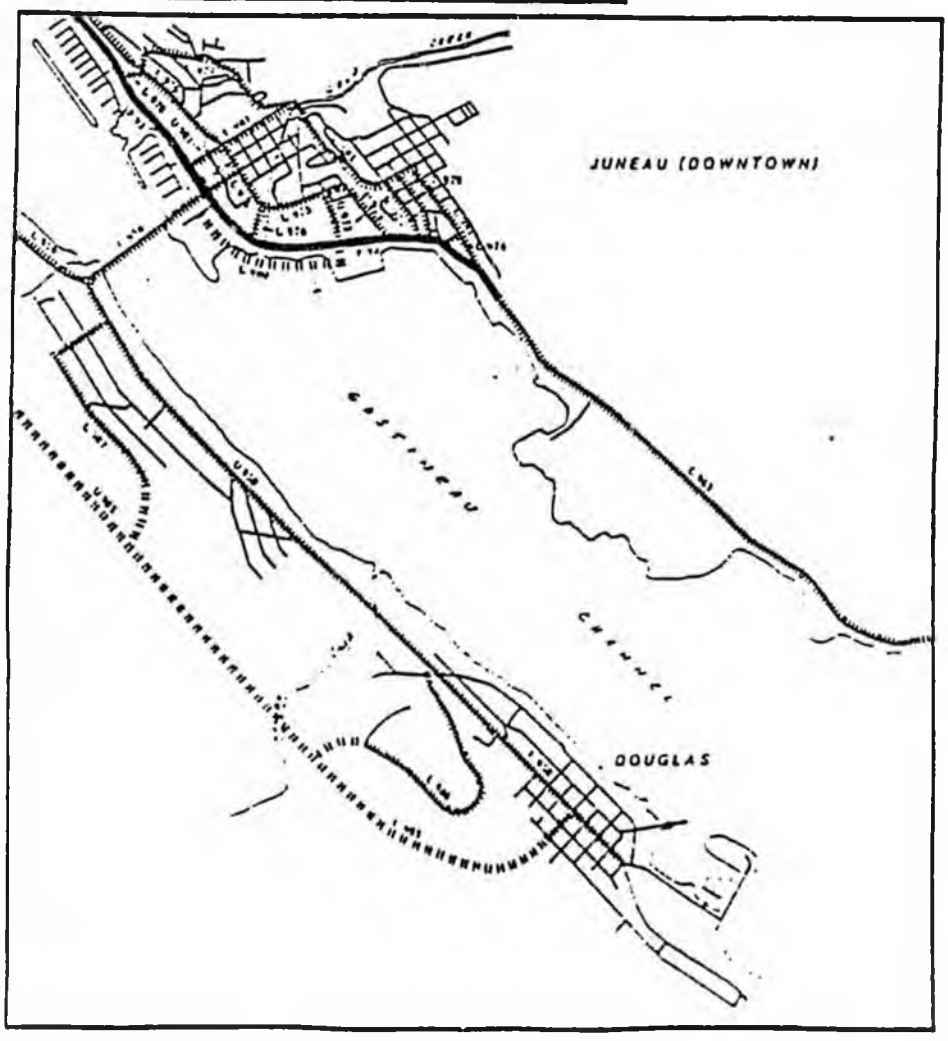
FEDERAL AID
HIGHWAY SYSTEMS
FEBRUARY 1987

MAP 10

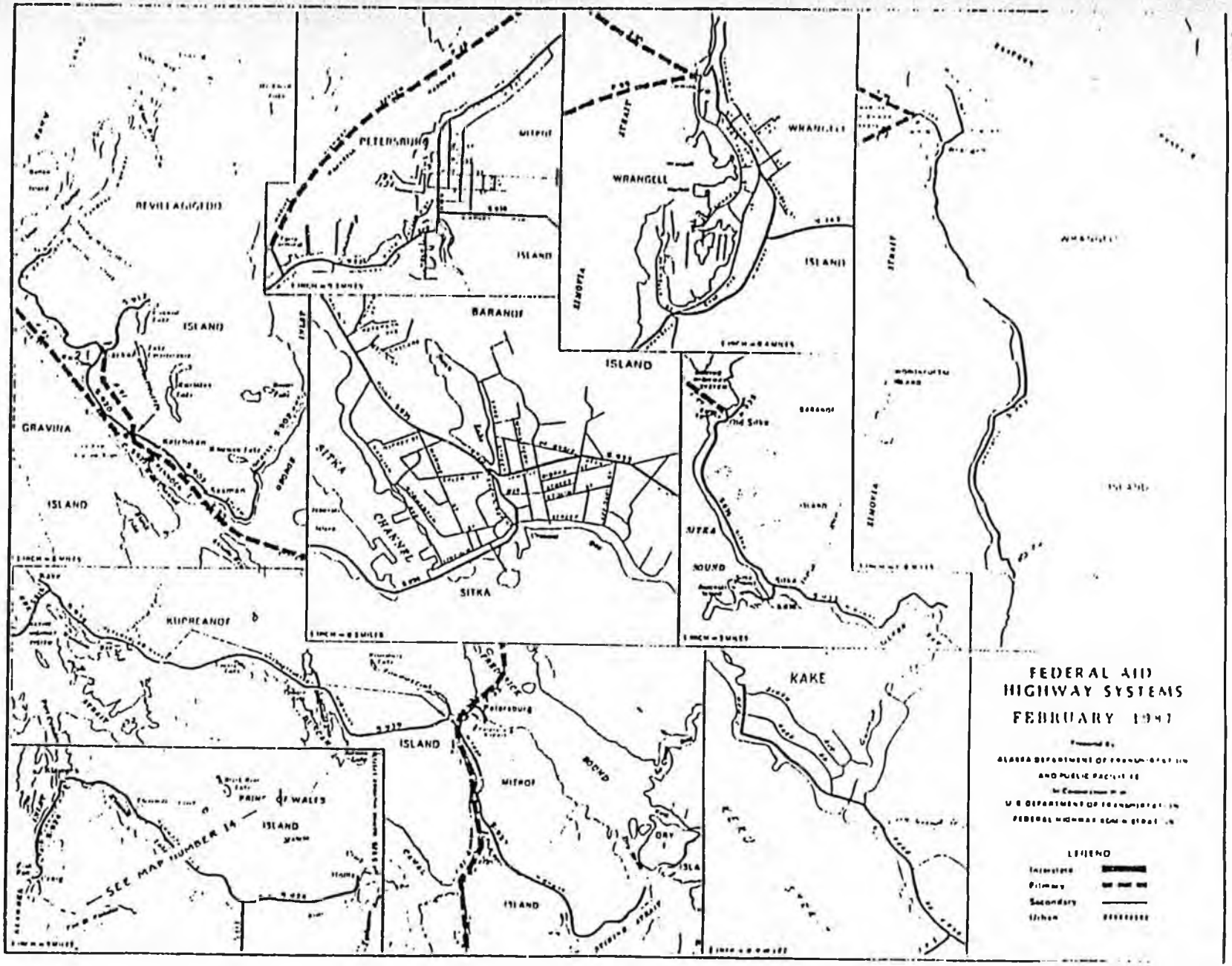


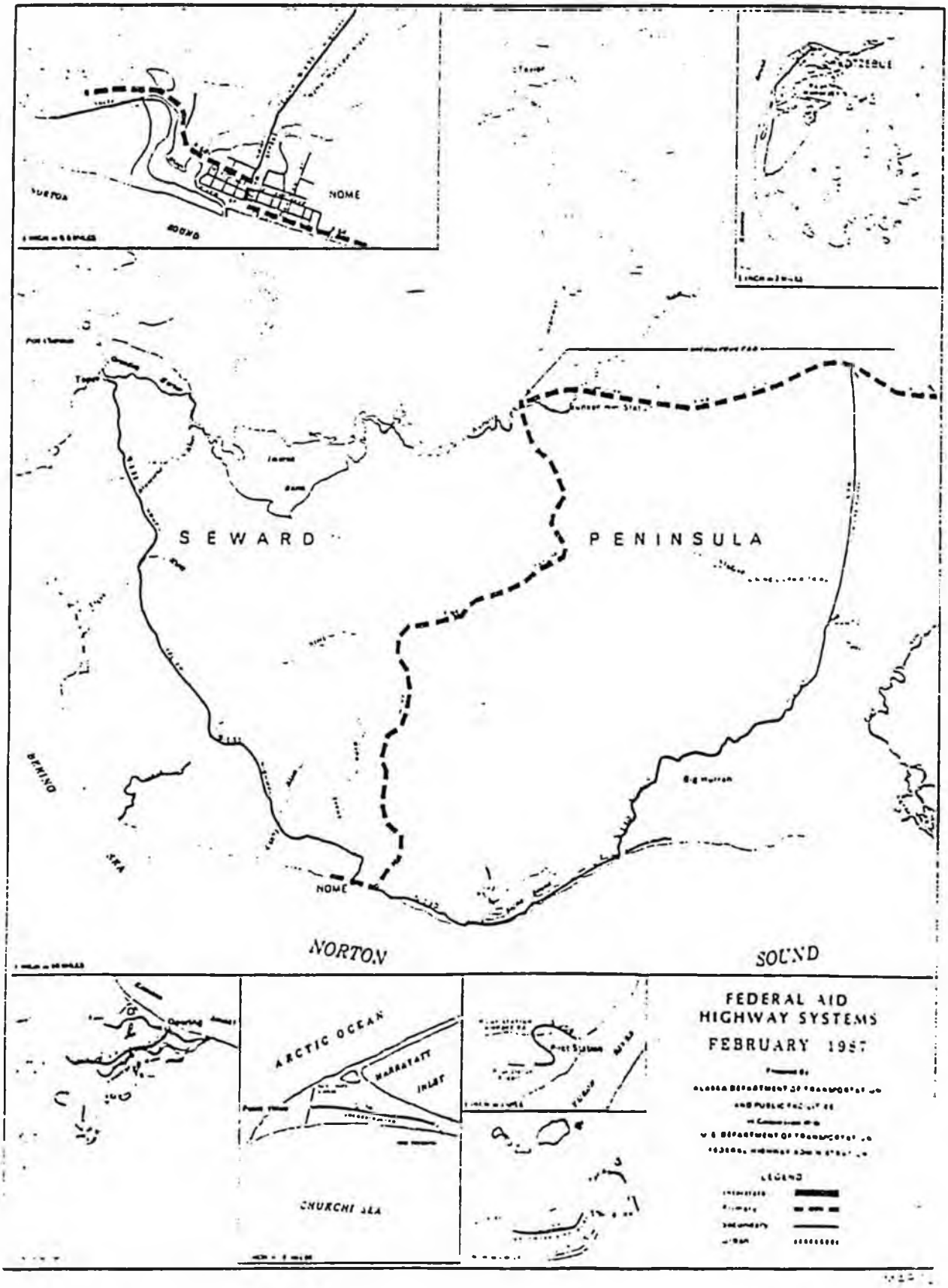
JUNEAU URBAN AREA
FEDERAL AID SYSTEM

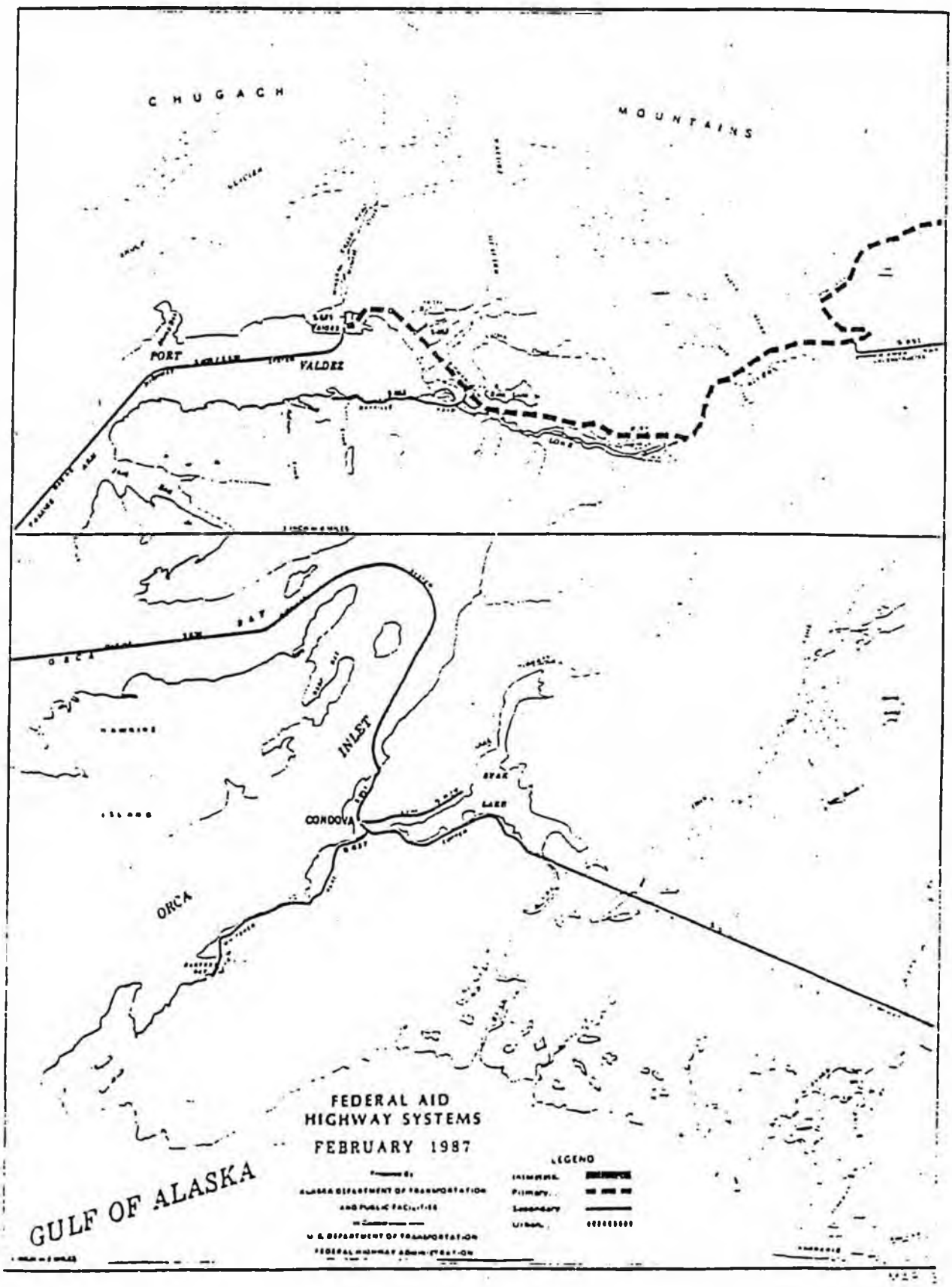
LEGEND

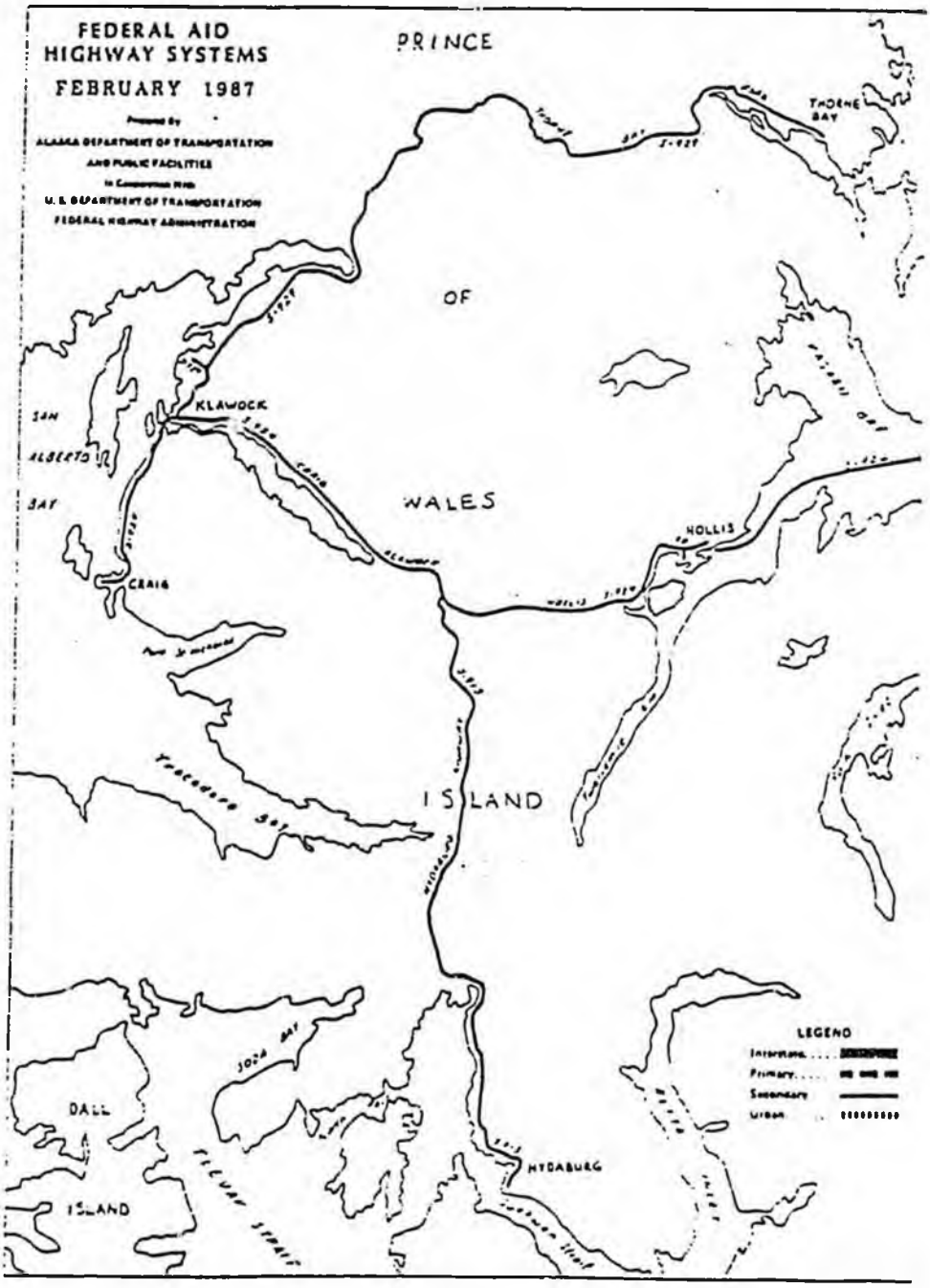


MAP 10A


PETERSBURG
WRANGELL
ISLAND
BARANOF
ISLAND
REVILLAGIGEDO
ISLAND
GRAVINA
ISLAND
SITKA
CHANNEL
SITKA
SITKA
SOUND
KUIPREANOF
ISLAND
KAKE
POINT OF WALES
ISLAND
SEE MAP NUMBER 14
MITKOF
ISLAND
FEDERAL AID
HIGHWAY SYSTEMS
FEBRUARY 1947
LEGEND
Interstate
Primary
Secondary
Urban


NOME
SEWARD
PENINSULA
NORTON
SOUND
BERING
SEA
ARCTIC OCEAN
KOTZEBUE
FEDERAL AID
HIGHWAY SYSTEMS
FEBRUARY 1957
LEGEND


CHUGACH
MOUNTAINS
PORT
VALDEZ
INLET
CORDOVA
ORCA
GULF OF ALASKA
FEDERAL AID
HIGHWAY SYSTEMS
FEBRUARY 1987
LEGEND


FEDERAL AID
HIGHWAY SYSTEMS
FEBRUARY 1987
ALASKA DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
U. S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION
PRINCE
OF
WALES
ISLAND
KLAWOCK
CRAIG
HOLLIS
THORNE BAY
HYDABURG
DALL
ISLAND
LEGEND

MAP 14

CLASSIFICATION OF ROAD MILES WITHIN THE STATE OF ALASKA

TYPE	ROAD MILES
PRIMARY CONSOLIDATED INCLUSIVE MARINE HIGHWAYS (844.0)	2,682.75
SECONDARY INCLUSIVE MARINE HIGHWAYS (640.3)	2,842.66
URBAN SYSTEM	262.44
TOTAL ROAD MILES	5,787.85

NOTE: PRINCIPLE ARTERIALS & INTERSTATES 1,091.1

U.S. Department of Transportation
Federal Highway Administration

Alaska Division

P.O. Box 21648
Juneau, Alaska 99802-1648

March 24, 1987

HPR-AK
700

The Honorable Lyman Hoffman
Alaska State House of Representatives
P.O. Box V
Juneau, Alaska 99801

Attention: Laurie

Dear Mr. Hoffman:

In reference to the request Laurie made by phone on Monday, March 23, I am enclosing a copy of 23 U.S.C., paragraph 129(f) and (g) which provides instructions for the use of Federal Aid for ferries. In general, FHWA can authorize Federal participation in the construction and/or reconstruction of a ferry boat itself (excluding the appurtenances that are strictly for passeng r services nonrelated to travel such as a lounge/bar) and the approaches thereto. Approaches are those fixed highways facilities including structures which carry the road from the water's edge to the ferry moorage. The construction of a ferry boat includes those items, such as movable ramps and transfer bridges, which enable transfer from and continuation of the highway to the ferry boat. The statute does not provide for Federal funding for the construction of ferry terminal facilities in general, such as terminal buildings, warehouse facilities, dolphins, fuel stations, berth facilities, ticket offices, etc. which do not constitute a facility that enables transfer from highway to the ferry boat.

If this does not fully answer your questions, please feel free to call our office for further clarification.

Sincerely yours,

Barry F. Morehead
Division Administrator

Jareene Barkdoll

By: Jareene W. Barkdoll
Assistant Transportation Planner

Enclosure

toll road or any bonds outstanding at the time constituting a valid lien against such section of toll road covered in the agreement and their maintenance and operation and debt service during the period of toll collections, and

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

(e) Notwithstanding the provisions of subsection (b) of this section, the Secretary may permit Federal participation in the reconstruction and improvement of any toll road providing for only two lanes of traffic, which is designated part of the Interstate System as he may find necessary to bring such two lane toll road to the geometric and construction standards for the Interstate System in order to provide for the safe use of such highway as part of the Interstate System and to facilitate the removal of tolls therefrom. Federal participation in such reconstruction and improvement shall be on the same basis and in the same manner as in the construction of free Interstate System highways under this chapter. No Federal participation shall be permitted pursuant to this subsection except on two lane toll roads which were designated as a part of the Interstate System on or before June 30, 1973. Before Federal participation under this subsection, the State highway department and the toll road authority involved shall enter into an agreement with the Secretary which shall provide that—

(1) no indebtedness which is to be liquidated by the collection of tolls (in addition to indebtedness in existence on date of enactment in this subsection) shall be incurred after the date of enactment of this subsection;

(2) all tolls received from the operation of the toll road, less the actual cost of such operation and maintenance, shall be applied to the repayment of only those bonds outstanding on the date of enactment of this subsection constituting a valid lien against such toll road and its maintenance and operation and debt service during the period of toll collection;

(3) the toll road shall become free to the public upon collection of tolls sufficient to liquidate all such bonds. [124]

(f) Notwithstanding the provisions of section 301 of this title, the Secretary may permit Federal participation under this title in the construction of a project constituting an approach to a ferry, whether toll or free, the route of which has been approved under section 103(b) or (c) of this title as a part of one of the Federal-aid systems and has not been designated as a route on the Interstate System. Such ferry may be either publicly or privately owned and operated, but the operating authority and the amount of fares charged for passage shall be under

ferry

[124] New subsection added by sec. 133 of Public Law 91-605, Dec. 31, 1970 (84 Stat. 1713); and amended by sec. 118(b) of Public Law 93-87, Aug. 13, 1973 (87 Stat. 259).

409-582 O - 84 - 9 : QL3

the control of a State agency or official, and all revenues derived from publicly owned or operated ferries shall be applied to payment of the cost of construction or acquisition thereof, including debt service, and to actual and necessary costs of operation, maintenance, repair, and replacement. [125]

(g) * Notwithstanding section 301 of this title, the Secretary may permit Federal participation under this title in the construction of ferry boats, whether toll or free, subject to the following conditions:

(1) It is not feasible to build a bridge, tunnel, combination thereof, or other normal highway structure in lieu of the use of such ferry.

(2) The operation of the ferry shall be on a route which has been approved under section 103 (b) or (c) of this title as a part of one of the Federal-aid systems within the State and has not been designated as a route on the Interstate System.

(3) Such ferry shall be publicly owned and operated.

(4) The operating authority and the amount of fares charged for passage on such ferry shall be under the control of the State, and all revenues derived therefrom shall be applied to actual and necessary costs of operation, maintenance, and repair.

(5) Such ferry may be operated only within the State (including the islands which comprise the State of Hawaii and the islands which comprise the Commonwealth of Puerto Rico) or between adjoining States. Except with respect to operations between the islands which comprise the State of Hawaii and operations between the islands which comprise the Commonwealth of Puerto Rico and operations between any two points in Alaska and between Alaska and Washington, including stops at appropriate points in the Dominion of Canada, no part of such ferry operation shall be in any foreign or international waters. [126]

(6) No such ferry shall be sold, leased, or otherwise disposed of without the approval of the Secretary. The Federal share of any proceeds from such a disposition shall be credited to the unprogramed balance of Federal-aid highway funds of the same class last apportioned to such State. Any amount so credited shall be in addition to all other funds then apportioned to such State and available for expenditure in accordance with the provisions of this title. [127]

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[125] New subsection (e) added by sec. 5(a) of Public Law 86-657, July 14, 1960 (74 Stat. 522); relettered by sec. 133 of Public Law 91-605, Dec. 31, 1970 (84 Stat. 1713).
* Relettered by sec. 139(a) of Public Law 93-87, Aug. 13, 1973 (87 Stat. 270).
[126] Amended by sec. 139(b) of Public Law 93-87, Aug. 13, 1973 (87 Stat. 271); sec. 108 of Public Law 93-643, Jan. 4, 1975 (88 Stat. 2284); and sec. 121 of Public Law 94-280, May 5, 1976 (90 Stat. 438).
[127] New subsection added by sec. 139 of Public Law 91-605, Dec. 31, 1970 (84 Stat. 1713).

ALASKA LAND AND MARINE HIGHWAY FUNCTIONAL CLASSIFICATION
FEDERAL AID AND STATE MAINTAINED ROUTES

11-Mar-87

ROAD NAME	SECTION DESCRIPTION	FROM MP	TO MP	LENGTH	R/U	REGION	CURRENT FED AID NO	PROPOSED FUNCT CLASS
GLENN HIGHWAY	REGIONAL BDY-PARKS HIGHWAY	299.09	375.44	76.35	R	CEN	FAI A1-5	INTERSTATE
SIXTH AVENUE (1 WAY)	GAMBELL STREET-GLENN HIGHWAY	0.00	0.42		U	CEN	FAI A1-6	INTERSTATE
GLENN HIGHWAY	PARKS HWY-ANCHORAGE URBAN BDY	375.44	384.30	8.86	R	CEN	FAI A1-6	INTERSTATE
GLENN HIGHWAY	URBAN BDY-GAMBELL ST IN ANCHORAGE	384.30	411.28	26.98	U	CEN	FAI A1-6	INTERSTATE
SEWARD HIGHWAY	GLENN HIGHWAY-ANCHORAGE URBAN BDY	0.00	13.58	13.58	U	CEN	FAI A3-1	INTERSTATE
GAMBELL STREET (1 WAY)	5TH AVE.-FIREWEED LANE	0.00	1.38		U	CEN	FAI A3-1	INTERSTATE
SEWARD HIGHWAY	URBAN BDY-PORTAGE GLACIER ROAD	13.58	48.96	35.38	R	CEN	FAI A3-1	INTERSTATE
SEWARD HIGHWAY	PORTAGE GLACIER RD-STERLING HIGHWAY	48.96	91.28	42.32	R	CEN	FAI A3-2	INTERSTATE
STERLING WYE	SEWARD HIGHWAY-STERLING HIGHWAY	0.00	0.44		R	CEN	FAI A3-3	INTERSTATE
STERLING HIGHWAY	SEWARD HWY-KENAI SPUR RD IN SOLDOTNA	91.28	149.00	57.72	R	CEN	FAI A3-3	INTERSTATE
PARKS HIGHWAY	GLENN HIGHWAY-TALKEETNA ROAD	0.00	63.32	63.32	R	CEN	FAI A4-1	INTERSTATE
PARKS HIGHWAY	TALKEETNA ROAD-LITTLE COAL CREEK	63.32	128.12	64.80	R	CEN	FAI A4-2	INTERSTATE
STERLING HIGHWAY	HOMER FERRY TERMINAL TO KENAI SPUR RD	0.00	80.85	80.85	R	CEN	FAP 21-1	MINOR ARTERIAL
SOLDOTNA WYE	STERLING HIGHWAY TO KENAI SPUR	0.00	0.04	0.04	R	CEN	FAP 22-1	MINOR ARTERIAL
KENAI SPUR ROAD	STERLING HIGHWAY TO FOREST DRIVE	0.00	12.07	12.07	R	CEN	FAP 22-1	MINOR ARTERIAL
KENAI SPUR ROAD	FOREST DRIVE TO WILDWOOD DRIVE	12.07	13.97	1.90	R	CEN	FAP 22-1	MAJOR COLLECTOR
SEWARD HIGHWAY	SEWARD FERRY TERMINAL TO STERLING HWY	0.00	36.65	36.65	R	CEN	FAP 31-1	MINOR ARTERIAL
SIXTH AVENUE (1 WAY)	L STREET-I STREET	0.00	1.08		U	CEN	FAP 42-1	PRINCIPAL ARTER
FIFTH AVENUE	GAMBELL STREET-L STREET	0.00	1.08	1.08	U	CEN	FAP 42-1	PRINCIPAL ARTER
I STREET	HILLCREST-FIFTH AVENUE	0.00	1.52		U	CEN	FAP 42-1	PRINCIPAL ARTER
MINNESOTA DRIVE/EXTENSION	FIFTH AVENUE-SEWARD HIGHWAY	1.08	8.38	7.30	U	CEN	FAP 42-1	PRINCIPAL ARTER
PITKAS POINT ROAD	ST. MARYS/MT. VILLAGE RD-PITKAS POINT	0.00	1.75	1.75	R	CEN	FAS 200	MINOR COLLECTOR
ST. MARYS/MT. VILLAGE ROAD	ST. MARYS-MOUNTAIN VILLAGE	0.00	20.25	20.25	R	CEN	FAS 200	MAJOR COLLECTOR
MEKORYUK AIRPORT ROAD	MEKORYUK-AIRPORT	0.00	3.00	3.00	R	CEN	FAS 204	MINOR COLLECTOR
AKIACHAK AIRPORT ROAD	BARGE LANDING-AIRPORT	0.00	0.70	0.70	R	CEN	FAS 205	MAJOR COLLECTOR
PILOT STATION AIRPORT ROAD	PILOT STATION-AIRPORT	0.00	1.20	1.20	R	CEN	FAS 206	MINOR COLLECTOR
HOOPER BAY AIRPORT ROAD	HOOPER BAY-AIRPORT	0.00	1.60	1.60	R	CEN	FAS 207	MAJOR COLLECTOR
BETHEL HIGHWAY	HANGER LAKE RD-AIRPORT	0.00	4.30	4.30	R	CEN	FAS 208	MAJOR COLLECTOR
KALSKAG ROAD	UPPER-LOWER KALSKAG VIA AIRPORT	0.00	4.19	4.19	R	CEN	FAS 210	MAJOR COLLECTOR
ILLIAMNA VILLAGE ROAD	NEWHALEN RIVER ROAD-ILLIAMNA VILLAGE	0.00	1.90	1.90	R	CEN	FAS 214	MINOR COLLECTOR
NEWHALEN RIVER ROAD	NEWHALEN-NONDALTON VIA ILLIAMNA AIRPORT	0.00	21.35	21.35	R	CEN	FAS 214	MAJOR COLLECTOR
QUINHAGAK AIRPORT ROAD	QUINHAGAK-AIRPORT	0.00	1.84	1.84	R	CEN	FAS 215	MAJOR COLLECTOR
STERLING LANDING ROAD	STERLING LANDING-TAKOTNA	0.00	23.15	23.15	R	CEN	FAS 261	MINOR COLLECTOR
DUTCH HARBOR AIRPORT ROAD	UNALASKA DOCK-DUTCH HARBOR AIRPORT	0.00	2.80	2.80	R	CEN	FAS 310	MAJOR COLLECTOR
KING COVE AIRPORT ROAD	KING COVE-AIRPORT	0.00	4.60	4.60	R	CEN	FAS 320	MAJOR COLLECTOR
PORT LIONS AIRPORT ROAD	PORT WAKEFIELD DOCK-PORT LIONS AIRPORT	0.00	4.19	4.19	R	CEN	FAS 370	MINOR COLLECTOR
CHIGNIK AIRPORT ROAD	CHIGNIK-AIRPORT	0.00	2.50	2.50	R	CEN	FAS 375	MINOR COLLECTOR
NAKNEK RIVER ROAD	NAKNEK-KING SALMON AFB	0.00	15.45	15.45	R	CEN	FAS 380	MAJOR COLLECTOR
MARINE WAY	REZANOF DRIVE WEST-FERRY TERMINAL	0.00	0.30	0.30	R	CEN	FAS 389	MINOR ARTERIAL
REZANOF DRIVE	ANTON LARSEN BAY ROAD-BENNY BENSON DRIVE	0.00	6.61	6.61	R	CEN	FAS 389	MINOR ARTERIAL
REZANOF DRIVE EAST	BENNY BENSON DR-ABERCROMBIE DRIVE	6.61	8.51	1.90	R	CEN	FAS 389	MAJOR COLLECTOR
MONASHKA BAY ROAD	REZANOF DR EAST-END	8.51	15.85	7.34	R	CEN	FAS 389	LOCAL ROAD
REZANOF DRIVE WEST	CAPE CHINIAK-PASAGSHAK ROAD	0.00	11.83	11.83	R	CEN	FAS 391	LOCAL ROAD
REZANOF DRIVE WEST	PASAGSHAK ROAD-ANTON LARSEN BAY ROAD	11.83	37.04	25.21	R	CEN	FAS 391	MAJOR COLLECTOR
ANTON LARSEN BAY ROAD	REZANOF DRIVE WEST-MILEPOST 9.35	37.04	46.40	9.36	R	CEN	FAS 391	MINOR COLLECTOR
KANAKANAK SPUR	DILLINGHAM AIRPORT ROAD-GOV'T HOSPITAL	0.00	2.76	2.76	R	CEN	FAS 411	MINOR COLLECTOR
DILLINGHAM AIRPORT ROAD	DILLINGHAM-ALEKNAGIK ROAD VIA AIRPORT	0.00	3.02	3.02	R	CEN	FAS 411	MAJOR COLLECTOR
ALEKNAGIK ROAD	DILLINGHAM AIRPORT ROAD-ALEKNAGIK	3.02	23.30	20.28	R	CEN	FAS 411	MINOR COLLECTOR
MANOKOTAK AIRPORT ROAD	BOAT LANDING TO AIRPORT	0.00	0.80	0.80	R	CEN	FAS 412	MINOR COLLECTOR
EAST END ROAD	LAKE STREET (HOMER)-EAGLE LAKE ROAD	0.00	18.94	18.94	R	CEN	FAS 414	MAJOR COLLECTOR
DIAMOND RIDGE ROAD	STERLING HIGHWAY-WEST HILL ROAD	0.00	4.83	4.83	R	CEN	FAS 430	LOCAL ROAD

ALASKA LAND AND MARINE HIGHWA. UNCTIONAL CLASSIFICATION
FEDERAL AID AND STATE MAINTAINED ROUTES

11-Mar-07

ROAD NAME	SECTION DESCRIPTION	FROM MP	TO MP	LENGTH	R/U	REGION	CURRENT FED AID NO	PROPOSED FUNCT CLASS
SKYLINE DRIVE	WEST HILL ROAD-EAST HILL ROAD	4.38	8.02	3.64	R	CEN	FAS 430	LOCAL ROAD
OHLSON MOUNTAIN ROAD	EAST HILL ROAD-END ROAD	8.02	15.81	7.79	R	CEN	FAS 430	LOCAL ROAD
MAIN STREET (SELDOVIA)	SELDOVIA FERRY TERMINAL-AIRPORT AVE	0.00	0.44	0.44	R	CEN	FAS 434	MAJOR COLLECTOR
AIRPORT AVENUE	MAIN STREET-SELDOVIA AIRPORT	0.44	1.00	0.56	R	CEN	FAS 434	MAJOR COLLECTOR
COHOE ROAD	N. JCT. TO S. JCT. STERLING HIGHWAY	0.00	15.31	15.31	R	CEN	FAS 461	MINOR COLLECTOR
KALIFONSKY BEACH ROAD	S JCT STERLING HWY TO KENAI RIVER RD	0.00	16.43	16.43	R	CEN	FAS 463	MINOR COLLECTOR
KENAI RIVER ROAD	KALIFONSKY BEACH ROAD TO KENAI SPUR	0.00	3.27	3.27	R	CEN	FAS 463	MAJOR COLLECTOR
KALIFONSKY BEACH ROAD	KENAI RIVER RD TO N JCT STERLING HWY	16.43	22.44	6.01	R	CEN	FAS 463	MAJOR COLLECTOR
DOCK ROAD	SEWARD HIGHWAY TO DOCK ENTRANCE	0.00	0.44	0.44	R	CEN	FAS 474	MINOR COLLECTOR
NIKISHKA BEACH ROAD	KENAI SPUR ROAD TO NIKISHKA BEACH	0.00	0.83	0.83	R	CEN	FAS 490	LOCAL ROAD
KENAI SPUR ROAD	WILDWOOD DRIVE-HALBOUTY ROAD	13.97	29.32	15.35	R	CEN	FAS 490	MAJOR COLLECTOR
KENAI SPUR ROAD	HALBOUTY ROAD-BAY BEACH ROAD	29.32	38.48	9.16	R	CEN	FAS 490	MINOR COLLECTOR
NASH ROAD	SEWARD HIGHWAY-SEWARD CITY LIMITS	0.00	2.19	2.10	R	CEN	FAS 495	MAJOR COLLECTOR
PORTAGE GLACIER ROAD	SEWARD HIGHWAY-BEAR VALLEY	0.00	6.60	6.60	R	CEN	FAS 496	MAJOR COLLECTOR
PORTAGE GLACIER SPUR	PORTAGE GLACIER ROAD-VISITORS CENTER	0.00	1.20	1.20	R	CEN	FAS 496	MAJOR COLLECTOR
HOPE ROAD	WYE WITH SEWARD HIGHWAY TO HOPE	0.00	17.78	17.78	R	CEN	FAS 498	MAJOR COLLECTOR
ALYESKA ROAD	SEWARD HIGHWAY-ALYESKA SKI RESORT	0.00	2.93	2.93	R	CEN	FAS 501	MAJOR COLLECTOR
BIG LAKE ROAD	PARKS HWY.-END PAVEMENT @ MP 6.4	0.00	6.44	6.44	R	CEN	FAS 511	MAJOR COLLECTOR
GOOSE BAY ROAD	PARKS HIGHWAY-MILITARY RES EDY	0.00	20.18	20.18	R	CEN	FAS 525	MAJOR COLLECTOR
WASILLA FISHHOOK ROAD	PARKS HIGHWAY-FISHHOOK JUNCTION	20.18	31.03	10.85	R	CEN	FAS 525	MAJOR COLLECTOR
INNER SPRINGER LOOP ROAD	GLENN HIGHWAY-OUTER SPRINGER LOOP RD	0.00	2.07	2.07	R	CEN	FAS 566	MINOR COLLECTOR
SPRINGER LOOP CONNECTION	INNER SPRINGER LOOP-CHUGACH ST SOUTH	2.07	2.33	0.26	R	CEN	FAS 566	MAJOR COLLECTOR
CHUGACH STREET SOUTH	SPRINGER LOOP CONNECTION-FIREWEED AVE	2.33	3.26	0.93	R	CEN	FAS 566	MAJOR COLLECTOR
FIREWEED AVENUE	CHUGACH ST SOUTH-SOUTH VALLEY WAY	3.26	3.37	0.11	R	CEN	FAS 566	MAJOR COLLECTOR
SOUTH VALLEY WAY	FIREWEED AVENUE-EVERGREEN AVENUE	3.37	3.49	0.12	R	CEN	FAS 566	MAJOR COLLECTOR
WEST EVERGREEN AVENUE	SOUTH VALLEY WAY-GLENN HIGHWAY	3.49	3.73	0.24	R	CEN	FAS 566	MAJOR COLLECTOR
PALMER-WASILLA HIGHWAY	GLENN HIGHWAY-PARKS HIGHWAY	0.00	10.01	10.01	R	CEN	FAS 572	MINOR ARTERIAL
SOUTH COLONY WAY	GLENN HIGHWAY-EVERGREEN AVENUE	0.00	0.69	0.69	R	CEN	FAS 575	MAJOR COLLECTOR
SOUTH ALASKA STREET	EVERGREEN AVENUE-OLD GLENN HIGHWAY	0.69	1.20	0.51	R	CEN	FAS 575	MAJOR COLLECTOR
OLD GLENN HIGHWAY	S JCT-N JCT GLENN HIGHWAY	0.00	18.44	18.44	R	CEN	FAS 576	MAJOR COLLECTOR
FISHHOOK-WILLOW ROAD	GLENN HIGHWAY-PARKS HIGHWAY	0.00	49.52	49.52	R	CEN	FAS 580	MAJOR COLLECTOR
NANCY LAKE ACCESS ROAD	PARKS HIGHWAY-CRYSTAL LAKE ROAD	0.00	0.76	0.76	R	CEN	FAS 581	MAJOR COLLECTOR
NANCY LAKE ACCESS ROAD	CRYSTAL LAKE ROAD-END FAS	0.76	1.40	0.64	R	CEN	FAS 581	MINOR COLLECTOR
TALKEETNA ROAD	PARKS HIGHWAY-TALKEETNA	0.00	14.46	14.46	R	CEN	FAS 583	MAJOR COLLECTOR
PETERSVILLE ROAD	PARKS HWY.-CACHE CREEK	0.00	36.32	36.32	R	CEN	FAS 584	MINOR COLLECTOR
LAKE LOUISE ROAD	GLENN HIGHWAY-LAKE LOUISE CAMPGROUND	0.00	18.73	18.73	R	CEN	FAS 809	MINOR COLLECTOR
POINT WHITSHED ROAD	COPPER RIVER HWY-POINT WHITSHED	0.00	5.69	5.69	R	CEN	FAS 837	LOCAL ROAD
EYAK LAKE ROAD	COPPER RIVER HWY-CHASE AVENUE	0.00	0.60	0.60	R	CEN	FAS 839	MINOR COLLECTOR
EYAK LAKE ROAD	CHASE AVENUE-POWER CREEK	0.60	7.50	6.90	R	CEN	FAS 839	LOCAL ROAD
COPPER RIVER HIGHWAY	CORDOVA FERRY TERMINAL-RICHARDSON HWY	0.00	123.49	123.49	R	CEN	FAS 851	MAJOR COLLECTOR
RABBIT CREEK ROAD	OLD SEWARD HIGHWAY-HILLSIDE DRIVE	0.00	4.17	4.17	U	CEN	FAU 504	URBAN COLLECTOR
HILLSIDE DRIVE	RABBIT CREEK RD-ABBOTT ROAD	0.00	2.40	2.40	U	CEN	FAU 505	URBAN COLLECTOR
DIMOND BOULEVARD	SEWARD HIGHWAY-LAKE OTIS PARKWAY	0.00	1.16	1.16	U	CEN	FAU 506	MINOR ARTERIAL
ABBOTT ROAD	LAKE OTIS PKWY-HILLSIDE DRIVE	1.16	3.13	1.97	U	CEN	FAU 506	URBAN COLLECTOR
SAND LAKE ROAD	DIMOND BLVD-RASPBERRY ROAD	0.00	1.49	1.49	U	CEN	FAU 509	URBAN COLLECTOR
DE ARMOUN ROAD	OLD SEWARD HIGHWAY-SEWARD HIGHWAY	0.00	0.27	0.27	U	CEN	FAU 510	URBAN COLLECTOR
O'MALLEY ROAD	SEWARD/GLENNALLEN HWY.-LAKE OTIS ROAD	0.00	0.75	0.75	U	CEN	FAU 512	PRINCIPAL ARTER
O'MALLEY ROAD	LAKE OTIS RD-BIRCH ROAD	0.75	2.77	2.02	U	CEN	FAU 512	MINOR ARTERIAL
O'MALLEY ROAD	BIRCH ROAD-HILLSIDE DRIVE	2.77	3.66	0.89	U	CEN	FAU 512	URBAN COLLECTOR
JEWEL LAKE ROAD	DIMOND BLVD-INT AIRPORT ROAD	0.00	2.89	2.89	U	CEN	FAU 515	MINOR ARTERIAL
SPENARD ROAD	INT AIRPORT ROAD-CLEVELAND AVENUE	0.00	1.10	1.10	U	CEN	FAU 517	MINOR ARTERIAL

ALASKA LAND AND MARINE HIGHWA[illegible]NCTIONAL CLASSIFICATION
FEDERAL AID AND STATE MAINTAINED ROUTES

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ROAD NAME	SECTION DESCRIPTION	FROM MP	TO MP	LENGTH	R/U	REGION	CURRENT FED AID NO	PROPOSED FUNCT CLASS
SPENARD ROAD	CLEVELAND AVENUE-NORTHERN LIGHTS BLVD	1.10	2.19	1.09	U	CEN	FAU 517	MINOR ARTERIAL
ABBOTT LOOP ROAD	ABBOTT ROAD-E 68TH AVENUE	0.00	1.51	1.51	U	CEN	FAU 519	URBAN COLLECTOR
DIMOND BOULEVARD	SAND LAKE ROAD-JEWEL LAKE ROAD	0.00	1.00	1.00	U	CEN	FAU 520	URBAN COLLECTOR
DIMOND BOULEVARD	JEWEL LAKE RD-MINNESOTA DRIVE	1.00	2.16	1.16	U	CEN	FAU 520	MINOR ARTERIAL
DIMOND BOULEVARD	MINNESOTA DRIVE-SEWARD HIGHWAY	2.16	4.34	2.18	U	CEN	FAU 520	PRINCIPAL ARTER
BRAGAW STREET EXTENSION	ABBOTT LOOP RO[illegible])-UNIVERSITY AVENUE	0.00	2.13	2.13	U	CEN	FAU 521	MINOR ARTERIAL
3RD AVENUE	GLENN HIGHWAY-L STREET	0.00	3.23	3.23	U	CEN	FAU 522	MINOR ARTERIAL
I STREET (1 WAY)	5TH AVENUE-3RD AVENUE	0.00	0.13		U	CEN	FAU 522	MINOR ARTERIAL
4TH AVENUE (1 WAY)	L STREET-GAMBELL STREET	0.00	1.06		U	CEN	FAU 522	MINOR ARTERIAL
4TH AVENUE (1 WAY)	GAMBELL STREET-3RD AVENUE	1.06	1.47	0.41	U	CEN	FAU 522	MINOR ARTERIAL
L STREET	3RD AVENUE-5TH AVENUE	3.23	3.36	0.13	U	CEN	FAU 522	MINOR ARTERIAL
RASPBERRY ROAD	SAND LAKE ROAD-JEWEL LAKE ROAD	0.00	1.01	1.01	U	CEN	FAU 526	MINOR ARTERIAL
RASPBERRY ROAD	JEWEL LAKE ROAD-MINNESOTA DRIVE	1.01	2.30	1.29	U	CEN	FAU 526	PRINCIPAL ARTER
C STREET	LOOP RD & OCEAN DOCK RD-MINNESOTA DR	0.00	7.08	7.08	U	CEN	FAU 527	PRINCIPAL ARTER
A STREET (1 WAY)	34TH AVENUE -3RD AVENUE	0.00	2.46		U	CEN	FAU 527	PRINCIPAL ARTER
LOOP ROAD	ELMENDORF AFB-C ST & OCEAN DOCK RD	0.00	0.72	0.72	U	CEN	FAU 528	PRINCIPAL ARTER
OCEAN DOCK ROAD	C STREET & LOOP RD-PORT STRUCTURE	0.00	1.20	1.20	U	CEN	FAU 529	URBAN COLLECTOR
15TH AVENUE	L STREET-LAKE OTIS PARKWAY	0.00	2.23	2.23	U	CEN	FAU 530	PRINCIPAL ARTER
DOWLING ROAD	MINNESOTA DRIVE-LAKE OTIS PKWY	0.00	2.25	2.25	U	CEN	FAU 532	PRINCIPAL ARTER
DOWLING ROAD	LAKE OTIS PKWY-BRAGAW ST EXTENSION	2.25	3.25	1.00	U	CEN	FAU 532	MINOR ARTERIAL
HUFFMAN ROAD	OLD SEWARD HIGHWAY-SEWARD HIGHWAY	0.00	0.43	0.43	U	CEN	FAU 534	MINOR ARTERIAL
REEVE BOULEVARD	GLENN HIGHWAY-POST ROAD	0.00	0.95	0.95	U	CEN	FAU 535	URBAN COLLECTOR
DEBARR ROAD	LAKE OTIS PKWY-AIRPORT HEIGHTS DR	0.00	0.54	0.54	U	CEN	FAU 536	PRINCIPAL ARTER
DEBARR ROAD	AIRPORT HEIGHTS DR-MULDOON ROAD	0.54	3.57	3.03	U	CEN	FAU 536	PRINCIPAL ARTER
OLD SEWARD HIGHWAY	SEWARD HWY(POTTER)-SEWARD HWY(RABBIT CR)	0.00	2.84	2.84	U	CEN	FAU 537	URBAN COLLECTOR
OLD SEWARD HIGHWAY	SEWARD HWY(RABBIT CR)-MINNESOTA DRIVE	2.84	5.56	2.72	U	CEN	FAU 537	MINOR ARTERIAL
OLD SEWARD HIGHWAY	MINNESOTA DRIVE-DOWLING ROAD	5.56	8.61	3.05	U	CEN	FAU 537	PRINCIPAL ARTER
INTERNATIONAL AIRPORT ROAD	INTERNATIONAL AIRPORT-OLD SEWARD HWY	0.00	3.98	3.98	U	CEN	FAU 538	PRINCIPAL ARTER
INTERNATIONAL AIRPORT ROAD	OLD SEWARD HWY-SEWARD HWY FRONTAGE RD	3.98	4.29	0.31	U	CEN	FAU 538	URBAN COLLECTOR
NORTHERN LIGHTS BOULEVARD	MULDOON ROAD-LAKE OTIS PARKWAY	0.00	3.72	3.72	U	CEN	FAU 540	PRINCIPAL ARTER
BENSON BOULEVARD (1 WAY)	FOREST PARK DRIVE-LAKE OTIS PARKWAY	0.00	3.15		U	CEN	FAU 540	PRINCIPAL ARTER
NORTHERN LIGHTS BOULEVARD	LAKE OTIS PKWY-FOREST PARK DRIVE	3.72	6.73	3.01	U	CEN	FAU 540	PRINCIPAL ARTER
BONIFACE PARKWAY	TUDOR ROAD-GLENN HIGHWAY	0.00	3.04	3.04	U	CEN	FAU 543	PRINCIPAL ARTER
TUDOR/MULDOON ROAD	MINNESOTA DRIVE-GLENN HIGHWAY	0.00	9.10	9.10	U	CEN	FAU 544	PRINCIPAL ARTER
GAMBELL STREET	3RD AVENUE-5TH AVENUE	0.00	0.14	0.14	U	CEN	FAU 545	MINOR ARTERIAL
INGRA STREET (1 WAY)	5TH AVENUE-3RD AVENUE	0.00	0.14		U	CEN	FAU 545	MINOR ARTERIAL
EAST 68TH AVENUE	LAKE OTIS ROAD-ABBOTT LOOP ROAD	0.00	1.00	1.00	U	CEN	FAU 546	URBAN COLLECTOR
POST ROAD	3RD AVE-ELMENDORF AFB BOUNDARY	0.00	1.36	1.36	U	CEN	FAU 549	MINOR ARTERIAL
EAGLE RIVER ROAD	OLD GLENN HWY-EAGLE RIVER LOOP RD	0.00	1.59	1.59	U	CEN	FAU 550	MINOR ARTERIAL
EAGLE RIVER ROAD	EAGLE RIVER LP RD-CHUGACH PK VISIT CENT	1.59	12.55	10.96	U	CEN	FAU 550	URBAN COLLECTOR
EAGLE RIVER LOOP ROAD	GLENN HIGHWAY-EAGLE RIVER ROAD	0.00	2.40	2.40	U	CEN	FAU 551	MINOR ARTERIAL
OLD GLENN HIGHWAY	GLENN HIGHWAY-EAGLE RIVER ACCESS RD	0.00	1.77	1.77	U	CEN	FAU 558	PRINCIPAL ARTER
BIRCHWOOD LOOP ROAD	SO JCT OLD GLENN HWY-NO JCT OLD GLENN HWY	0.00	6.62	6.62	U	CEN	FAU 559	URBAN COLLECTOR
SOUTHWEST MARINE HIGHWAY	HOMER F TERM-KODIAK F TERM VIA SELDOVIA	0.00	161.00	161.00	W	MAR	FAP 13-1	MINOR ARTERIAL
GASTINEAU CHANNEL MARINE RTE	TAKU INLET-JUNEAU FERRY TERMINAL	0.00	12.00	12.00	W	MAR	FAP 93-1	PRINCIPAL ARTER
SOUTHEAST MARINE HIGHWAY	US/CANADA BORDER-KETCHIKAN FERRY TERMINAL	0.00	61.40	61.40	W	MAR	FAP 95-1	PRINCIPAL ARTER
SOUTHEAST MARINE HIGHWAY	KETCHIKAN FT-WRANGELL FERRY TERMINAL	61.40	164.00	102.60	W	MAR	FAP 95-2	PRINCIPAL ARTER
SOUTHEAST MARINE HIGHWAY	WRANGELL FT-PETERSBURG FERRY TERMINAL	164.00	210.00	46.00	W	MAR	FAP 95-3	PRINCIPAL ARTER
SOUTHEAST MARINE HIGHWAY	PETERSBURG FT-AUKE BAY FERRY TERMINAL	210.00	356.00	146.00	W	MAR	FAP 95-4	PRINCIPAL ARTER
SOUTHEAST MARINE HIGHWAY	AUKE BAY FT-HAINES FERRY TERMINAL	356.00	428.00	72.00	W	MAR	FAP 95-5	PRINCIPAL ARTER
SOUTHEAST MARINE HIGHWAY	HAINES FERRY TERM-SKAGWAY FERRY TERMINAL	0.00	14.00	14.00	W	MAR	FAP 97-1	PRINCIPAL ARTER

ALASKA LAND AND MARINE HIGHWA. . UNCTIONAL CLASSIFICATION
FEDERAL AID AND STATE MAINTAINED ROUTES

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ROAD NAME	SECTION DESCRIPTION	FROM MP	TO MP	LENGTH	R/U	REGION	CURRENT FED AID NO	PROPOSED FUNCT CLASS
CHATHAM STRAIT MARINE HIGHWAY	FREDRICK BOUND-LYNN CANAL VIA CHATHAM STR	0.00	158.00	158.00	W	MAR	FAP 99-1	PRINCIPAL ARTER
CHATHAM STRAIT MARINE HIGHWAY	CHATHAM STR-SITKA FERRY TERMINAL	0.00	71.00	71.00	W	MAR	FAP 99-1	PRINCIPAL ARTER
SOUTHWEST MARINE HIGHWAY	KODIAK-PORT WAKEFIELD DOCK (PORT LIONS)	0.00	25.00	25.00	W	MAR	FAS 360	MAJOR COLLECTOR
SEWARD/VALDEZ MARINE ROUTE	SOUTHWEST MARINE HWY-VALDEZ VIA SEWARD	0.00	305.00	305.00	W	MAR	FAS 400	MAJOR COLLECTOR
PRINCE WILLIAM SND MARINE RT	WHITTIER FTERM-CORDOVA FTERM VIA VALDEZ	0.00	157.00	157.00	W	MAR	FAS 830	MAJOR COLLECTOR
KAKE SPUR MARINE ROUTE	CHATHAM STRAIT MARINE HWY-KAKE FERRY TERM	0.00	13.00	13.00	W	MAR	FAS 915	MAJOR COLLECTOR
AIRPORT SHUTTLE MARINE ROUTE	GRAVINA ISLAND-KETCHIKAN	0.00	0.30	0.30	W	MAR	FAS 922	MAJOR COLLECTOR
HOLLIS SPUR MARINE ROUTE	SE MARINE HWY-CLARK BAY FERRY TERMINAL	0.00	31.00	31.00	W	MAR	FAS 926	MAJOR COLLECTOR
METLAKATLA SPUR MARINE ROUTE	SE MARINE HWY-METLAKATLA FERRY TERMINAL	0.00	14.00	14.00	W	MAR	FAS 927	MAJOR COLLECTOR
ICY STRAIT MARINE ROUTE	CHATHAM STR-PELICAN VIA HOONAH & ELFIN CV	0.00	90.00	90.00	W	MAR	FAS 989	MAJOR COLLECTOR
ANGOON SPUR MARINE ROUTE	CHATHAM STRAIT-ANGOON FERRY TERMINAL	0.00	5.00	5.00	W	MAR	FAS 998	MAJOR COLLECTOR
ALASKA HIGHWAY	ALASKA/CANADA BORDER-TOK JCT	0.00	91.28	91.28	R	NOR	FAI A1-1	INTERSTATE
TOK CUTOFF HIGHWAY	ALASKA HIGHWAY-NABESNA ROAD	91.28	155.20	63.92	R	NOR	FAI A1-2	INTERSTATE
TOK CUTOFF HIGHWAY	NABESNA RD-GLENNALLEN VIA RICHARDSN HWY	155.20	228.99	73.79	R	NOR	FAI A1-3	INTERSTATE
GLENN HIGHWAY	GLENNALLEN-REGIONAL BDY	228.99	299.09	70.10	R	NOR	FAI A1-4	INTERSTATE
ALASKA HIGHWAY	TOK JCT-JOHNSON RIVER	0.00	66.15	66.15	R	NOR	FAI A2-1	INTERSTATE
ALASKA HIGHWAY	JOHNSON RIVER-DELTA JUNCTION	66.15	108.01	41.86	R	NOR	FAI A2-2	INTERSTATE
RICHARDSON HIGHWAY	DELTA JUNCTION-SALCHA RIVER	108.01	163.93	55.92	R	NOR	FAI A2-3	INTERSTATE
RICHARDSON HIGHWAY	SALCHA RIVER-FAIRBANKS URBAN BDY	163.93	199.69	35.76	R	NOR	FAI A2-4	INTERSTATE
RICHARDSON HIGHWAY	URBAN BDY-PARKS HIGHWAY IN FAIRBANKS	199.69	202.56	2.87	U	NOR	FAI A2-4	INTERSTATE
PARKS HIGHWAY	LITTLE COAL CREEK-MCKINLEY PARK ROAD	128.12	201.97	73.85	R	NOR	FAI A4-3	INTERSTATE
PARKS HIGHWAY	MCKINLEY PARK ROAD-TANANA RIVER	201.97	269.67	67.70	R	NOR	FAI A4-4	INTERSTATE
PARKS HIGHWAY	TANANA R-FBKS URBAN BDY @ GEIST RD	269.67	318.84	49.17	R	NOR	FAI A4-5	INTERSTATE
PARKS HIGHWAY	URBAN BDY-RICHARDSON HWY IN FAIRBANKS	318.84	323.94	5.10	U	NOR	FAI A4-5	INTERSTATE
SOUTH FAIRBANKS EXPRESSWAY	AIRPORT WAY-PEGER RD	0.00	4.30	4.30	U	NOR	FAP 35-1	PRINCIPAL ARTER
MCGRATH HIGHWAY	PARKS HIGHWAY-MCGRATH VIA KANTISHNA	0.00	247.00	247.00	R	NOR	FAP 54-1	MAJOR COLLECTOR
WESTERN ACCESS ROAD	WESTERN ACCESS ROAD-KOBUK	0.00	180.00	180.00	R	NOR	FAP 64-1	MAJOR COLLECTOR
WESTERN ACCESS ROAD	KOBUK-KUZITRIN RIVER	180.00	500.00	320.00	R	NOR	FAP 64-2	MAJOR COLLECTOR
WESTERN ACCESS ROAD	KUZITRIN RIVER-NOME VIA FRONT, BERING STS	500.00	570.61	70.61	R	NOR	FAP 64-3	MAJOR COLLECTOR
SEPPALA DRIVE	BERING STREET-MARKS AIRPORT	570.61	571.93	1.32	R	NOR	FAP 64-3	MAJOR COLLECTOR
STEESE HIGHWAY	AIRPORT WAY-URBAN AREA BNDRY	0.00	2.35	2.35	U	NOR	FAP 65-1	PRINCIPAL ARTER
STEESE HIGHWAY	URBAN AREA BNDRY-FOX	2.35	11.11	8.76	R	NOR	FAP 65-1	PRINCIPAL ARTER
ELLIOTT HIGHWAY	FOX-DALTON HIGHWAY	11.11	79.24	68.13	R	NOR	FAP 65-1	MINOR ARTERIAL
DALTON HIGHWAY	ELLIOTT HWY-YUKON RIVER	79.24	134.86	55.62	R	NOR	FAP 65-2	MINOR ARTERIAL
DALTON HIGHWAY	YUKON RIVER-FAP 64	134.86	180.86	46.00	R	NOR	FAP 65-3	MINOR ARTERIAL
DALTON HIGHWAY	FAP 64-DIETRICH	180.86	288.93	108.07	R	NOR	FAP 65-4	MINOR ARTERIAL
DALTON HIGHWAY	DIETRICH-ATIGUN RIVER	288.93	333.41	44.48	R	NOR	FAP 65-5	MINOR ARTERIAL
DALTON HIGHWAY	ATIGUN RIVER-SAGWON	333.41	385.34	51,93	R	NOR	FAP 65-6	MINOR ARTERIAL
DALTON HIGHWAY	SAGWON-DEADHORSE	385.34	494.32	108.98	R	NOR	FAP 65-7	MINOR ARTERIAL
RICHARDSON HIGHWAY	VALDEZ FERRY TERMINAL-TONSINA RIVER	0.00	84.30	84.30	R	NOR	FAP 71-1	MINOR ARTERIAL
RICHARDSON HIGHWAY	TONSINA RIVER-GLENNALLEN	84.30	119.49	35.19	R	NOR	FAP 71-2	MINOR ARTERIAL
RICHARDSON HIGHWAY	BIG TIMBER-PAXSON	133.80	190.75	56.95	R	NOR	FAP 71-3	MINOR ARTERIAL
RICHARDSON HIGHWAY	PAXSON-DELTA JUNCTION	190.75	271.67	80.92	R	NOR	FAP 71-4	MINOR ARTERIAL
COUNCIL ROAD	WESTERN ACCESS RD-WEST ACC RD VIA COUNCIL	0.00	91.46	91.46	R	NOR	FAS 130	MAJOR COLLECTOR
TELLER ROAD	SEPPALA DR IN NOME-TELLER VIA BERING ST	0.00	72.55	72.55	R	NOR	FAS 131	MAJOR COLLECTOR
KOTZEBUE AIRPORT ROAD	SAND STREET-AIRPORT	0.00	1.10	1.10	R	NOR	FAS 150	MAJOR COLLECTOR
POINT HOPE AIRPORT ROAD	POINT HOPE-AIRPORT	0.00	2.50	2.50	R	NOR	FAS 156	MAJOR COLLECTOR
DEERING AIRPORT ROAD	DEERING-AIRPORT	0.00	1.25	1.25	R	NOR	FAS 180	MINOR COLLECTOR
SHUNGNAK AIRPORT ROAD	SHUNGNAK-AIRPORT	0.00	0.93	0.93	R	NOR	FAS 185	MINOR COLLECTOR
BADGER LOOP ROAD	RICHARDSON HWY-OLD RICHARDSON HWY(N POLE)	0.00	11.89	11.89	R	NOR	FAS 620	MAJOR COLLECTOR
HOLMES ROAD	W JCT BADGER LOOP RD-NORDALE RD	0.00	4.75	4.75	R	NOR	FAS 622	MAJOR COLLECTOR

ALASKA LAND AND MARINE HIGHWAY FUNCTIONAL CLASSIFICATION
FEDERAL AID AND STATE MAINTAINED ROUTES

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ROAD NAME	SECTION DESCRIPTION	FROM MP	TO MP	LENGTH	R/U	REGION	CURRENT FED AID NO	PROPOSED FUNCT CLASS
HEALY ROAD	PARKS HIGHWAY-GVA POWER PLANT	0.00	3.42	3.42	R	NOR	FAS 638	MAJOR COLLECTOR
ANDERSON ROAD	PARKS HIGHWAY-ANDERSON	0.00	5.94	5.94	R	NOR	FAS 639	MAJOR COLLECTOR
FARMERS LOOP ROAD	COLLEGE ROAD-STEESE HIGHWAY	0.00	8.43	8.43	R	NOR	FAS 644	MAJOR COLLECTOR
CHENA RIDGE LOOP ROAD	PARKS HWY-CHENA RIDGE LOOP RD	0.00	13.16	13.16	R	NOR	FAS 645	MAJOR COLLECTOR
BALLAINE ROAD	FARMERS LOOP RD-GOLDSTREAM RD	0.00	4.34	4.34	R	NOR	FAS 647	MAJOR COLLECTOR
GOLDSTREAM ROAD	STEESE HIGHWAY-SHEEP CREEK ROAD	0.00	10.50	10.50	R	NOR	FAS 648	MAJOR COLLECTOR
CHENA HOT SPRINGS ROAD	OLD STEESE HWY-CHENA HOT SPRINGS	0.00	56.61	56.61	R	NOR	FAS 650	MAJOR COLLECTOR
SHEEP CREEK ROAD	PARKS HWY-GOLDSTREAM ROAD	0.00	5.39	5.39	R	NOR	FAS 651	MAJOR COLLECTOR
NORDALE ROAD	BADGER LOOP RD-CHENA HOT SPRINGS RD	0.00	5.66	5.66	R	NOR	FAS 653	MAJOR COLLECTOR
CIRCLE HOT SPRINGS ROAD	STEESE HWY-CIRCLE HOT SPRINGS	0.00	8.21	8.21	R	NOR	FAS 670	MINOR COLLECTOR
STEESE HIGHWAY	ELLIOTT HWY-CIRCLE	0.00	146.89	146.89	R	NOR	FAS 670	MAJOR COLLECTOR
ELLIOTT HIGHWAY	DALTON HWY-MANLEY HOT SPRG LODGE	0.00	87.17	87.17	R	NOR	FAS 680	MAJOR COLLECTOR
MINTO SPUR ROAD	ELLIOTT HWY-MINTO	0.00	10.69	10.69	R	NOR	FAS 680	MINOR COLLECTOR
REMINGTON ROAD	CLEARWATER RD-CLEARWATER CAMPGROUND	0.00	2.79	2.79	R	NOR	FAS 711	MINOR COLLECTOR
CLEARWATER ROAD	ALASKA HWY-JACK WARREN VIA REMINGTON ROAD	0.00	7.35	7.35	R	NOR	FAS 711	MAJOR COLLECTOR
JACK WARREN ROAD	REMINGTON ROAD-RICHARDSON HIGHWAY	7.35	12.90	5.55	R	NOR	FAS 711	MAJOR COLLECTOR
DENALI HIGHWAY	RICHARDSON HWY-PARKS HWY	0.00	135.57	135.57	R	NOR	FAS 750	MAJOR COLLECTOR
TAYLOR HIGHWAY	ALASKA HWY-ALASKA/CANADA BORDER	0.00	108.64	108.64	R	NOR	FAS 785	MAJOR COLLECTOR
TAYLOR HIGHWAY SPUR	TAYLOR HIGHWAY-EAGLE CITY	0.00	65.13	65.13	R	NOR	FAS 786	MAJOR COLLECTOR
TAYLOR HIGHWAY WYE	TAYLOR HWY SPUR-TAYLOR HWY	0.00	0.12	0.12	R	NOR	FAS 786	MAJOR COLLECTOR
NORTHWAY ROAD	ALASKA HIGHWAY-NORTHWAY VILLAGE	0.00	9.14	9.14	R	NOR	FAS 791	MAJOR COLLECTOR
EDGERTON HIGHWAY	RICHARDSON HWY-CHITINA	0.00	33.43	33.43	R	NOR	FAS 850	MAJOR COLLECTOR
MCCARTHY ROAD	CHITINA-MCCARTHY	33.43	94.11	60.68	R	NOR	FAS 850	MAJOR COLLECTOR
DAYVILLE ROAD	RICHARDSON HWY-PIPELINE TERMINAL	0.00	5.30	5.30	R	NOR	FAS 863	MAJOR COLLECTOR
VALDEZ AIRPORT ROAD	RICHARDSON HWY-VALDEZ AIRPORT	0.00	0.62	0.62	R	NOR	FAS 867	MAJOR COLLECTOR
HAZELET AVENUE	RICHARDSON HIGHWAY-HANGITA STREET	0.00	0.55	0.55	R	NOR	FAS 871	MAJOR COLLECTOR
NABESNA ROAD	TOK CUTOFF-NABESNA	0.00	41.27	41.27	R	NOR	FAS 880	MAJOR COLLECTOR
VAN HORN ROAD	PEGER ROAD-CUSHMAN STREET	0.00	2.01	2.01	U	NOR	FAU 604	MINOR ARTERIAL
OLD RICHARDSON HIGHWAY	SOUTH FAIRBANKS EXPWY-RICHARDSON HWY	0.00	2.10	2.10	U	NOR	FAU 606	MINOR ARTERIAL
SOUTH CUSHMAN CONNECTOR	SOUTH CUSHMAN-RICHARDSON HWY	0.00	0.58	0.58	U	NOR	FAU 607	MINOR ARTERIAL
DAVIS ROAD	UNIVERSITY AVE-LATHROP ST	0.00	2.10	2.10	U	NOR	FAU 608	URBAN COLLECTOR
23RD AVENUE	LATHROP ST-RICHARDSON HWY	2.10	3.13	1.03	U	NOR	FAU 608	URBAN COLLECTOR
AIRPORT WAY	FAIRBANKS INT'L AIRPORT-PARKS HIGHWAY	0.00	1.86	1.86	U	NOR	FAU 610	MINOR ARTERIAL
UNIVERSITY AVENUE	SOUTH FAIRBANKS EXPWY-AIRPORT WAY	0.00	0.89	0.89	U	NOR	FAU 617	MINOR ARTERIAL
UNIVERSITY AVENUE	AIRPORT WAY-COLLEGE ROAD	0.89	2.18	1.29	U	NOR	FAU 617	PRINCIPAL ARTER
WILBUR/VAN HORN CORRIDOR	VAN HORN ROAD-SECOND AVENUE	0.00	2.00	2.00	U	NOR	FAU 623	URBAN COLLECTOR
PEGER ROAD	VAN HORN ROAD-GEIST ROAD	0.00	3.15	3.15	U	NOR	FAU 625	MINOR ARTERIAL
19TH/17TH AVENUS	LATHROP STREET-CUSHMAN STREET	0.00	0.90	0.90	U	NOR	FAU 626	URBAN COLLECTOR
LATHROP CORRIDOR	VAN HORN ROAD-COLLEGE ROAD	0.00	3.50	3.50	U	NOR	FAU 627	MINOR ARTERIAL
AURORA/LATHROP CONNECTOR	AURORA AVENUE-LATHROP CORRIDOR	0.00	0.30	0.30	U	NOR	FAU 628	URBAN COLLECTOR
AURORA DRIVE	GEIST ROAD-COLLEGE ROAD	0.00	1.07	1.07	U	NOR	FAU 629	MINOR ARTERIAL
CHARLES STREET	GEIST ROAD-ILLINOIS STREET	0.00	0.55	0.55	U	NOR	FAU 632	MINOR ARTERIAL
MINNIE/THIRD/FAREWELL	ILLINOIS STREET-HAMILTON STREET	0.00	0.87	0.87	U	NOR	FAU 634	MINOR ARTERIAL
FAREWELL AVENUE	HAMILTON STREET-F STREET	0.87	1.61	0.74	U	NOR	FAU 634	URBAN COLLECTOR
COLLEGE ROAD	UNIVERSITY AVENUE-STEEST HIGHWAY	0.00	3.99	3.99	U	NOR	FAU 640	PRINCIPAL ARTER
COWLES STREET	LATHROP STREET-1ST AVENUE	0.00	1.18	1.18	U	NOR	FAU 641	MINOR ARTERIAL
10TH AVENUE	GILLAM WAY-STEESE HIGHWAY	0.00	0.62	0.62	U	NOR	FAU 642	URBAN COLLECTOR
7TH AVENUE	COWLES STREET-CLAY STREET	0.00	0.83	0.83	U	NOR	FAU 646	URBAN COLLECTOR
NOATAK DRIVE	GEIST ROAD-RAILROAD BRIDGE	0.00	0.31	0.31	U	NOR	FAU 649	URBAN COLLECTOR
2ND AVENUE	COWLES STREET-NOBLE STREET	0.00	0.40	0.40	U	NOR	FAU 652	URBAN COLLECTOR
3RD AVENUE	COWLES STREET-CLAY STREET	0.00	0.75	0.75	U	NOR	FAU 654	URBAN COLLECTOR

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ROAD NAME	SECTION DESCRIPTION	FROM MP	TO MP	LENGTH	R/U	REGION	CURRENT FED AID NO	PROPOSED FUNCT CLASS
GILLAM WAY	17TH AVENUE-AIRPORT WAY	0.00	0.38	0.38	U	NOR	FAU 655	URBAN COLLECTOR
GILLAM WAY/BARNETTE STREET	AIRPORT WAY-1ST AVENUE	0.38	0.88	0.50	U	NOR	FAU 655	MINOR ARTERIAL
1ST AVENUE/2ND AVENUE	WILBUR STREET-COWLES STREET	0.00	0.37	0.37	U	NOR	FAU 656	MINOR ARTERIAL
1ST AVENUE/2ND AVENUE	COWLES STREET-NOBLE STREET	0.37	1.57	1.20	U	NOR	FAU 656	URBAN COLLECTOR
CUSHMAN/ILLINOIS STREETS	VAN HORN ROAD-COLLEGE ROAD	0.00	3.01	3.01	U	NOR	FAU 663	MINOR ARTERIAL
NOME DRIVE/PHILLIPS FIELD RD	PEGER ROAD-ILLINOIS STREET	0.00	1.82	1.82	U	NOR	FAU 666	MINOR ARTERIAL
GEIST ROAD CORRIDOR	PARKS HIGHWAY-STEESE HIGHWAY	0.00	6.04	6.04	U	NOR	FAU 668	PRINCIPAL ARTER
LACEY/NOBLE STREET COUPLET	AIRPORT WAY-WENDELL STREET	0.00	0.60	0.60	U	NOR	FAU 671	MINOR ARTERIAL
WENDELL STREET/OLD STEESE HWY	LACEY/NOBLE COUPLET-TRAINOR GATE RD	0.00	0.99	0.99	U	NOR	FAU 672	MINOR ARTERIAL
KETCHIKAN FERRY TERMINAL ROAD	KETCHIKAN FERRY TERMINAL-TONGASS AVENUE	0.00	0.15	0.15	U	SE	FAP 91-1	MINOR ARTERIAL
TONGASS AVENUE	FERRY TERMINAL ROAD-NORTH TONGASS HWY	0.15	0.57	0.42	U	SE	FAP 91-1	PRINCIPAL ARTER
NORTH TONGASS UPPER ROUTE	NORTH TONGASS-KETCHIKAN URBAN BOUNDARY	0.57	0.77	0.20	U	SE	FAP 91-1	MINOR ARTERIAL
NORTH TONGASS UPPER ROUTE	URBAN BOUNDARY-WARD COVE	0.77	6.07	5.30	R	SE	FAP 91-1	MINOR ARTERIAL
EGAN DRIVE	JUNEAU FERRY TERM-MENDENHALL LOOP ROAD	12.00	21.13	9.13	U	SE	FAP 93-2	PRINCIPAL ARTER
AUKE BAY FERRY TERMINAL ROAD	GLACIER HIGHWAY-S.E. MARINE HIGHWAY	0.00	0.09	0.09	U	SE	FAP 93-3	PRINCIPAL ARTER
GLACIER HIGHWAY	LOOP ROAD-AUKE BAY FERRY TERMINAL	21.30	25.67	4.37	U	SE	FAP 93-3	PRINCIPAL ARTER
GLACIER HIGHWAY	AUKE BAY FERRY TERMINAL-SAWMILL CREEK	25.67	55.76	30.09	U	SE	FAP 93-3	MINOR ARTERIAL
HAINES FERRY TERMINAL	SOUTHEAST MARINE HWY-LUTAK RD	428.00	428.11	0.11	R	SE	FAP 95-6	PRINCIPAL ARTER
LUTAK ROAD	HAINES FT-MAIN STREET VIA 2ND AVENUE	428.11	432.28	4.17	R	SE	FAP 95-6	PRINCIPAL ARTER
HAINES HIGHWAY	2ND AVE-US/CANADA BORDER VIA MAIN STREET	432.28	472.10	39.82	R	SE	FAP 95-6	PRINCIPAL ARTER
KLONDIKE HIGHWAY	SKAGWAY FERRY TERMINAL-US/CANADA BORDER	14.00	28.73	14.73	R	SE	FAP 97-2	PRINCIPAL ARTER
SOUTH TONGASS HIGHWAY	KETCHIKAN SOUTH C/L-WHITMAN CREEK	0.00	12.34	12.34	R	SE	FAS 902	MAJOR COLLECTOR
WARD LAKE ROAD	NORTH TONGASS HWY-CONNELL LAKE RD	0.00	3.27	3.27	R	SE	FAS 912	MAJOR COLLECTOR
HYDABURG HIGHWAY	SALTERY PT-HOLLIS RD VIA HYDABURG	0.00	25.90	25.90	R	SE	FAS 913	MAJOR COLLECTOR
HOONAH AIRPORT ROAD	HOONAH FERRY TERMINAL-AIRPORT	0.00	2.20	2.20	R	SE	FAS 918	MAJOR COLLECTOR
NORTH TONGASS HIGHWAY	KETCHIKAN URBAN LIMITS-KNUDSON COVE RD	0.00	13.15	13.15	R	SE	FAS 920	MAJOR COLLECTOR
HOLLIS FERRY SPUR ROAD	HOLLIS HIGHWAY-HOLLIS FERRY LANDING	0.00	0.27	0.27	R	SE	FAS 924	MAJOR COLLECTOR
HOLLIS HIGHWAY	CRAIG-CLARK BAY FERRY TERMINAL	0.00	34.25	34.25	R	SE	FAS 924	MAJOR COLLECTOR
METLAKATLA FERRY TERMINAL RD	METLAKATLA FT-WALDEN POINT ROAD	14.00	14.26	0.26	R	SE	FAS 927	MAJOR COLLECTOR
BIG SALT ROAD	HOLLIS HIGHWAY-CONTROL LAKE	0.00	17.10	17.10	R	SE	FAS 929	MAJOR COLLECTOR
KLAWOCK AIRPORT ROAD	BIG SALT ROAD-KLAWOCK AIRPORT	0.00	0.69	0.69	R	SE	FAS 929	MAJOR COLLECTOR
THORNE BAY ROAD	CONTROL LAKE-THORNE BAY	17.10	34.73	17.63	R	SE	FAS 929	MAJOR COLLECTOR
SAWMILL CREEK ROAD	HALIBUT POINT ROAD-BLUE LAKE ROAD	0.00	5.36	5.36	U	SE	FAS 933	MINOR ARTERIAL
SAWMILL CREEK ROAD	BLUE LAKE ROAD-HERRING COVE	5.36	7.11	1.75	U	SE	FAS 933	URBAN COLLECTOR
HALIBUT POINT ROAD	SITKA FERRY TERMINAL-LINCOLN STREET	0.00	6.67	6.67	U	SE	FAS 935	PRINCIPAL ARTER
RODMAN BAY ROAD	HALIBUT POINT RD-STARRIGAVIN CR CAMPGRD	0.00	0.71	0.71	U	SE	FAS 935	URBAN COLLECTOR
HARBOR DRIVE	LINCOLN STREET-SITKA AIRPORT	6.67	8.48	1.81	U	SE	FAS 935	MINOR ARTERIAL
PETERSBURG FERRY TERMINAL	MITKOF HIGHWAY-SE MARINE HIGHWAY	0.00	0.16	0.16	R	SE	FAS 937	MAJOR COLLECTOR
MITKOF HIGHWAY	SANDY BEACH-BLIND SLOUGH VIA PETERSBURG	0.00	20.04	20.04	R	SE	FAS 937	MAJOR COLLECTOR
PAPKES LANDING ROAD	MITKOF HWY.-PAPKES LANDING	0.00	0.53	0.53	R	SE	FAS 937	LOCAL ROAD
MITKOF HIGHWAY	BLIND SLOUGH-DRY STRAIT	20.04	36.08	16.04	R	SE	FAS 937	MINOR COLLECTOR
PETERSBURG AIRPORT ROAD	MITKOF HIGHWAY-AIRPORT	0.00	1.06	1.06	R	SE	FAS 938	MAJOR COLLECTOR
KAKE FERRY TERMINAL	KEKU ROAD-FERRY TERMINAL	0.00	0.10	0.10	R	SE	FAS 939	MAJOR COLLECTOR
PETERSBURG/KAKE ROAD	PETERSBURG-KAKE	0.00	56.30	56.30	R	SE	FAS 939	MAJOR COLLECTOR
MALLOTT AVENUE	SMALL BOAT HARBOR-AIRPORT VIA YAKUTAT	0.00	5.13	5.13	R	SE	FAS 940	MAJOR COLLECTOR
MONTI BAY ROAD	MALLOTT AVENUE-MONTI BAY	0.00	0.50	0.50	R	SE	FAS 941	MINOR COLLECTOR
DANGEROUS RIVER ROAD	MALLOTT AVENUE-SITUK RIVER	0.00	8.55	8.55	R	SE	FAS 942	MAJOR COLLECTOR
WRANGELL FERRY TERMINAL	EVERGREEN AVE-FERRY TERMINAL	0.00	0.09	0.09	R	SE	FAS 943	MAJOR COLLECTOR
ZIMMOVIA HIGHWAY	FERRY TERMINAL-PAT CREEK	0.00	10.70	10.70	R	SE	FAS 943	MAJOR COLLECTOR
WRANGELL AIRPORT ROAD	ZIMMOVIA HWY-WRANGELL AIRPORT	0.00	1.17	1.17	R	SE	FAS 943	MAJOR COLLECTOR
MUD BAY ROAD	HAINES HIGHWAY-MUD BAY	0.00	8.92	8.92	R	SE	FAS 987	MAJOR COLLECTOR

ALASKA LAND AND MARINE HIGHWAY FUNCTIONAL CLASSIFICATION
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ROAD NAME	SECTION DESCRIPTION	FROM MP	TO MP	LENGTH	R/U	REGION	CURRENT FED AID NO	PROPOSED FUNCT CLASS
LUTAK ROAD	HAINES FERRY TERMINAL-CHILKOOT LAKE	0.00	6.00	6.00	R	SE	FAS 991	MAJOR COLLECTOR
DYEA ROAD	KLONDIKE HIGHWAY-TAIYA RIVER	0.00	7.20	7.20	R	SE	FAS 997	MAJOR COLLECTOR
ANGOON FERRY TERMINAL	FERRY TERMINAL-KOOTZNAHOO ROAD	5.00	5.11	0.11	R	SE	FAS 998	MAJOR COLLECTOR
SOUTH TONGASS HIGHWAY	BRYANT STREET-DEERMONT STREET	0.00	2.89	2.89	U	SE	FAU 902	PRINCIPAL ARTER
SOUTH TONGASS HIGHWAY	DEERMONT STREET-SOUTH URBAN BDY	2.89	3.79	0.90	U	SE	FAU 902	URBAN COLLECTOR
DEERMONT STREET	SO TONGASS HWY-WOODLAND AVENUE	0.00	0.15	0.15	U	SE	FAU 903	URBAN COLLECTOR
WOODLAND AVENUE	DEERMONT STREET-PARK AVENUE	0.15	0.32	0.17	U	SE	FAU 903	URBAN COLLECTOR
PARK AVENUE	WOODLAND AVENUE-BAWDEN STREET	0.32	0.62	0.30	U	SE	FAU 903	URBAN COLLECTOR
SCHOENBAR ROAD	PARK AVENUE-2ND AVENUE	0.00	1.80	1.80	U	SE	FAU 904	URBAN COLLECTOR
DEERMONT STREET	WOODLAND AVENUE-FAIR STREET	0.00	0.20	0.20	U	SE	FAU 907	URBAN COLLECTOR
FAIR STREET	DEERMONT STREET-PARK AVENUE	0.20	0.28	0.08	U	SE	FAU 907	URBAN COLLECTOR
PARK AVENUE	FAIR STREET-WOODLAND AVENUE	0.28	0.43	0.15	U	SE	FAU 907	URBAN COLLECTOR
WATER STREET/2ND AVENUE	SOUTH JCT-NORTH JCT SOUTH TONGASS HWY	0.00	1.06	1.06	U	SE	FAU 908	URBAN COLLECTOR
GRANT STREET	SOUTH TONGASS HWY-MAIN STREET	0.00	0.05	0.05	U	SE	FAU 911	URBAN COLLECTOR
MAIN STREET/PINE STREET	GRANT STREET-BAWDEN STREET	0.05	0.18	0.13	U	SE	FAU 911	URBAN STREET
BAWDEN STREET	PINE STREET-BARNEY WAY	0.18	0.36	0.18	U	SE	FAU 911	URBAN COLLECTOR
JEFFERSON/4TH/JACKSON	SOUTH TONGASS HWY-BARANOF AVE	0.00	0.51	0.51	U	SE	FAU 912	URBAN COLLECTOR
BARANOF AVENUE	JACKSON STREET-BUREN ROAD	0.51	0.94	0.43	U	SE	FAU 912	URBAN COLLECTOR
BUREN/ALASKA/BRYANT STREET	BARANOF AVENUE-SOUTH TONGASS HIGHWAY	0.94	1.17	0.23	U	SE	FAU 912	URBAN COLLECTOR
BARANOF/TOWER/ALASKA	BUREN ROAD-BUREN ROAD	1.17	1.66	0.49	U	SE	FAU 912	URBAN STREET
CBD STREETS	CENTRAL BUSINESS DISTRICT	0.00	0.44	0.44	U	SE	FAU 915	URBAN COLLECTOR
NORTH TONGASS HIGHWAY	UPPER ROUTE-URBAN BOUNDARY	0.00	0.47	0.47	U	SE	FAU 918	URBAN COLLECTOR
QUINN/YOUNG/SAYLES STREETS	SO. TONGASS-WATER STREET	0.00	0.28	0.28	U	SE	FAU 919	URBAN COLLECTOR
AIRPORT SHUTTLE ACCESS ROAD	SHUTTLE FERRY TERMINAL-TONGASS AVENUE	0.00	0.08	0.08	U	SE	FAU 922	URBAN COLLECTOR
WHITECLIFF AVENUE	SOUTH TONGASS HWY-WATER STREET	0.00	0.09	0.09	U	SE	FAU 923	URBAN COLLECTOR
MADISON STREET	SOUTH TONGASS HWY-FOURTH STREET	0.00	0.17	0.17	U	SE	FAU 927	URBAN COLLECTOR
AMALGA HARBOR ROAD	GLACIER HIGHWAY-AMALGA HARBOR	0.00	0.68	0.68	U	SE	FAU 950	URBAN COLLECTOR
INDIAN COVE ROAD	GLACIER HIGHWAY-PROPOSED CBJ PARK	0.00	0.45	0.45	U	SE	FAU 951	URBAN COLLECTOR
UAJ ROAD	GLACIER HWY-MENDENHALL LOOP RD	0.00	0.45	0.45	U	SE	FAU 952	URBAN COLLECTOR
FISH CREEK ROAD	NORTH DOUGLAS HWY-EAGLE CREST SKI AREA	0.00	5.20	5.20	U	SE	FAU 953	URBAN COLLECTOR
GASTINEAU CHANNEL CORRIDOR	GLACIER HIGHWAY-NORTH DOUGLAS ROAD	0.00	1.50	1.50	U	SE	FAU 954	URBAN COLLECTOR
OLD GLACIER HIGHWAY	SOUTH JCT-NORTH JCT WITH EGAN DRIVE	0.00	8.14	8.14	U	SE	FAU 955	URBAN COLLECTOR
OLD DAIRY ROAD	OLD GLACIER HWY-JUNEAU AIRPORT RD	0.00	0.56	0.56	U	SE	FAU 956	URBAN COLLECTOR
CREST AVENUE	OLD DAIRY RD-JUNEAU AIRPORT RD	0.00	0.32	0.32	U	SE	FAU 957	URBAN COLLECTOR
10TH STREET	GLACIER AVENUE-EGAN DRIVE	0.00	0.11	0.11	U	SE	FAU 958	MINOR ARTERIAL
DOUGLAS HIGHWAY	EGAN DRIVE-B STREET IN DOUGLAS	0.11	2.60	2.49	U	SE	FAU 958	MINOR ARTERIAL
NORTH DOUGLAS ROAD	DOUGLAS HIGHWAY-POINT HILDA	0.00	20.04	20.04	U	SE	FAU 959	URBAN COLLECTOR
JORDAN CREEK CORRIDOR	MENDENHALL LOOP RD-OLD GLACIER HWY	0.00	2.70	2.70	U	SE	FAU 960	URBAN COLLECTOR
INDUSTRIAL BOULEVARD	GLACIER HIGHWAY-END ROUTE	0.00	0.84	0.84	U	SE	FAU 961	URBAN COLLECTOR
JUNEAU AIRPORT ROAD	NORTH JCT-SOUTH JCT WITH OLD GLACIER HWY	0.00	1.15	1.15	U	SE	FAU 962	URBAN COLLECTOR
THANE ROAD	JUNEAU FERRY TERMINAL-END ROUTE	0.00	5.31	5.31	U	SE	FAU 963	URBAN COLLECTOR
MENDENHALL LAKE CAMPGROUND RD	MENDENHALL LOOP RD-MENDENHALL LAKE	0.00	1.11	1.11	U	SE	FAU 964	URBAN COLLECTOR
STEVEN RICHARDS DRIVE	MENDENHALL LOOP RD-RIVERSIDE DRIVE	0.00	0.27	0.27	U	SE	FAU 965	URBAN COLLECTOR
MENDENHALL GLACIER ROAD	MENDENHALL LOOP ROAD-GLACIER	0.00	1.47	1.47	U	SE	FAU 966	URBAN COLLECTOR
MENDENHALL LOOP ROAD	EGAN DRIVE-MENDENHALL GLACIER RD	0.00	2.19	2.19	U	SE	FAU 966	MINOR ARTERIAL
MENDENHALL LOOP ROAD	MENDENHALL GLACIER ROAD-GLACIER HWY	2.19	6.19	4.00	U	SE	FAU 966	URBAN COLLECTOR
RIVERSIDE DRIVE	OLD GLACIER HWY-MENDENHALL LOOP RD	0.00	2.75	2.75	U	SE	FAU 967	URBAN COLLECTOR
WEST VALLEY CORRIDOR	GLACIER HIGHWAY-MENDENHALL LOOP ROAD	0.00	2.40	2.40	U	SE	FAU 968	URBAN COLLECTOR
WEST VALLEY ACCESS	MENDENHALL LOOP RD-WEST VALLEY CORRIDOR	0.00	1.20	1.20	U	SE	FAU 969	URBAN COLLECTOR
FRITZ COVE ROAD	GLACIER HIGHWAY-SMUGGLERS COVE	0.00	2.58	2.58	U	SE	FAU 970	URBAN COLLECTOR
ENGINEERS CUTOFF	GLACIER HIGHWAY-FRITZ COVE ROAD	0.00	1.59	1.59	U	SE	FAU 971	URBAN COLLECTOR

ALASKA LAND AND MARINE HIGHWAY ...CTIONAL CLASSIFICATION
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11-Mar-

ROAD NAME	SECTION DESCRIPTION	FROM MP	TO MP	LENGTH	R/U	REGION	CURRENT FED AID NO	PROPOSED FUNCT CLASS
HOSPITAL DRIVE	OLD GLACIER HWY-BARTLETT MEM HOSPITAL	0.00	0.28	0.28	U	SE	FAU 972	URBAN COLLECTOR
WHITTIER STREET	EGAN DRIVE-WILLOUGHBY AVENUE	0.00	0.15	0.15	U	SE	FAU 973	URBAN COLLECTOR
FERRY WAY	EGAN DRIVE-FRANKLIN STREET	0.00	0.05	0.05	U	SE	FAU 974	URBAN COLLECTOR
WILLOUGHBY AVENUE	EGAN DRIVE-GLACIER AVENUE	0.00	0.41	0.41	U	SE	FAU 975	URBAN COLLECTOR
GLACIER AVENUE	SOUTH JCT-NORTH JCT WITH EGAN DRIVE	0.00	1.92	1.92	U	SE	FAU 976	URBAN COLLECTOR
MAIN STREET	EGAN DRIVE-4TH STREET	0.00	0.20	0.20	U	SE	FAU 977	MINOR ARTERIAL
HIGHLAND DRIVE	EGAN DRIVE-COLEMAN STREET	0.00	0.25	0.25	U	SE	FAU 978	URBAN COLLECTOR
EVERGREEN AVENUE/IRWIN STREET	COLEMAN STREET-12TH STREET	0.25	0.59	0.34	U	SE	FAU 978	URBAN COLLECTOR
SEWARD STREET	4TH STREET-EGAN DRIVE	0.00	0.23	0.23	U	SE	FAU 979	URBAN COLLECTOR
GOLD CREEK ACCESS	EGAN DRIVE-8TH STREET	0.00	0.50	0.50	U	SE	FAU 980	URBAN COLLECTOR
FRANKLIN/4TH STREETS	EGAN DRIVE-MAINSTREET	0.00	0.42	0.42	U	SE	FAU 981	URBAN COLLECTOR
CALHOUN AVENUE/12TH STREET	MAIN STREET-EGAN DRIVE	0.42	1.33	0.91	U	SE	FAU 981	URBAN COLLECTOR
DAVIS AVENUE	OLD GLACIER HIGHWAY-STATE JAIL COMPLEX	0.00	0.63	0.63	U	SE	FAU 982	URBAN COLLECTOR
CHURCHILL AVENUE	DAVIS AVENUE-END ROUTE	0.00	0.20	0.20	U	SE	FAU 983	URBAN STREET
OLD GLACIER HIGHWAY NORTH	SUNSET STREET-GLACIER HIGHWAY	0.00	0.39	0.39	U	SE	FAU 984	URBAN COLLECTOR
BENCH ROAD CORRIDOR	DOUGLAS HIGHWAY-FISH CREEK ROAD	0.00	7.50	7.50	U	SE	FAU 985	URBAN COLLECTOR
CROW HILL DRIVE	DOUGLAS HIGHWAY-BENCH ROAD	0.00	0.60	0.60	U	SE	FAU 986	URBAN COLLECTOR
PIONEER AVENUE	DOUGLAS HIGHWAY-BENCH ROAD	0.00	0.70	0.70	U	SE	FAU 987	URBAN COLLECTOR
NORTH DOUGLAS SOUTH ACCESS	NORTH DOUGLAS HIGHWAY-BENCH ROAD	0.00	0.50	0.50	U	SE	FAU 988	URBAN COLLECTOR
NORTH DOUGLAS NORTH ACCESS	NORTH DOUGLAS HIGHWAY-BENCH ROAD	0.00	0.50	0.50	U	SE	FAU 989	URBAN COLLECTOR

PROJECT RANKING CRITERIA
June 9, 1986

Q1. Does the project extend the service life of the facility?

Assumptions: Any work to be done to an existing facility potentially qualifies. This question is intended to reward projects which protect the State's investment in the existing system.

Projects were divided into the following categories of given points:

Reconstruction Project	25 points
Resurfacing/Overlay Project	15 points
New Project	0 points

Q2. Is the project needed to continue the development and construction of previously funded projects in the program?

1. Supplemental funding for work that is under contract or funding for ongoing operational programs such as ridesharing. — 75 points

2. Supplemental funding for a project that is ready to go to bid in the first quarter of the budget year (July 1). — 55 points

3. Construction phase funding or funding for completion of pre-construction phases (preliminary engineering, right-of-way, and utilities). — 35 points

4. Funding to begin preliminary engineering. — 15 points

5. New or other projects. — 0 points

Q3. Will the completion of this project have direct and identifiable post-construction benefits to the local, regional, or statewide economy?

1. Highway resurfacing and improvements would have little or no economic effect, since these projects repair or replace existing facilities. — 3 points

2. Widening existing roadways would have a moderate impact on the economy since these projects expand existing facilities. It is assumed a certain amount of infrastructure and economic activity already exists and these projects would support the expansion of this existing activity. — 5 points

3. New roads built to support community growth and development. — 7 points

4. New or expanded capacity for roads built specifically to support industrial, commercial, or resource development. Few projects will be scored using item 4. This criteria is intended to support regional developments such as a Red Dog Mining project.

$$\frac{\text{Number of Jobs}}{\text{Project Cost}} \times 2{,}000{,}000 = \text{points}$$

Q4. Will State maintenance and/or operations costs change as a result of this project?

Reduction in State M&O costs (e.g. some rehabilitation projects without any expansion, transfer of responsibility to local government)	20 points
No additional State M&O costs/positions (e.g. safety improvement, some reconstruction and rehabilitation projects)	15 points
One new State M&O position (e.g. typically in cases of added capacity, interchange projects)	10 points
Two new State M&O positions (e.g. new facilities)	5 points
Three or more new State M&O positions	0 points

Q5. Impact on Alaskan job market.

1. Majority of project jobs can be filled by Alaskans — 10 points
2. All other projects — 0 points

Assumptions: Apply this item to all projects, design, right-of-way, construction, or combinations of those. Judge each project on its own merits. This item is intended to reward projects that are likely to result in Alaskan hire. (Anchorage projects all received 10 points.)

Q6. Will the project provide low-cost solutions to safety problems at high-hazard locations? The higher the safety cost/benefit ratio or dollars addressing safety, the higher the points awarded.

1. Specific safety projects for State of Alaska facilities — 100 points
   Projects would include:
   - Illumination, signalization, and/or channelization of intersections and facilities with high accident rates. This includes safety improvement projects.
   - Guardrails.
   - Repair of specific hazardous conditions such as site distance problems.
2. Safety related projects — 65 points
   - Accident history of facility indicates need for upgrade. (Many Anchorage reconstruction projects fall into this category.)
   - Lane widths of 10 feet or less.
   - No or abrupt shoulders.
3. Other safety projects — 30 points
   - Unsafe operating environment. Rehabilitation and capacity improvement projects may qualify.
   - Lane width or shoulders substandard.
4. All other projects — 0 points

Q7. What is the functional classification of the facility? This question rewards the higher functionally classed facilities consistent with State goals and objectives.

1.	Interstate highways, expressways	60 points
2.	Major arterial highways	50 points
3.	Minor arterial highways	40 points
4.	Major collectors, urban collectors	30 points
5.	Other state-maintained routes	20 points

Q8. What type of improvement is proposed? This question rewards projects which protect the State's investment in existing facilities.

1.	Project is aimed at preventing an imminent failure of the facility.	60 points
2.	Restoration (3R type projects), preservation, structural maintenance or rehabilitation of an existing facility.	50 points
3.	Reconstruction for the purposes of bringing the facility up to modern standards. This scores only those reconstruction projects with no expansion.	40 points
4.	Improvement or expansion of a facility for the purposes of economic development, improved safety, or improved levels of service. This score; reconstruction projects with expansion, interchanges, safety projects, and capacity improvement projects.	30 points
5.	New facility development to relieve congestion of an existing facility, improve efficiency of the transportation system or generate economic development.	20 points

Q9. What is the regional perception of the public's support for this project relative to other projects being ranked? Projects were scored based on input from local governments. The average of scores for this question cannot exeed 15.

1. The project is in the top third of public priorities.	25 points
2. The project is in the middle third of public priorities.	15 points
3. The project is in the lower third of public priorities.	5 points

Q10. What importance does the region give to factors not addressed by the other ranking items? The average of scores for this question cannot exceed 100.

As a guide and an aide for consistency, projects were divided into the following categories of points. Other factors may be used and the regions may be asked to provide backup information on the factors used to evaluate a project.

Imminent pavement failure, projects of regional significance.	200-175 points
Interstate with LOS E or below (may include interchange projects).	175-150 points
Top M&O priorities, priority major facility projects.	150-125 points
Major facility projects with average - slightly above average priority.	125-100 points
Average priority projects, minor facility projects, projects of less than average importance.	100-50 points
Projects with limited or no relationship to the overall transportation system, not on the State system, low traffic volumes.	50-0 points

Q11. Is this project prompted by capacity concerns? If a ratio is estimated, the maximum score is 75 points.

1. Roadways - Less than two lanes

$$\frac{\text{Current year ADT} \times 25}{(.5)\ (\text{Capacity at LOS C for terrain type})} = \text{points}$$

2. Two lane roadways

Adequate shoulders[A] $\dfrac{\text{Current year ADT} \times 25}{(\text{Capacity at LOS C for terrain type and area})^{A}} = \text{points}$

3. Multi-lane roadway

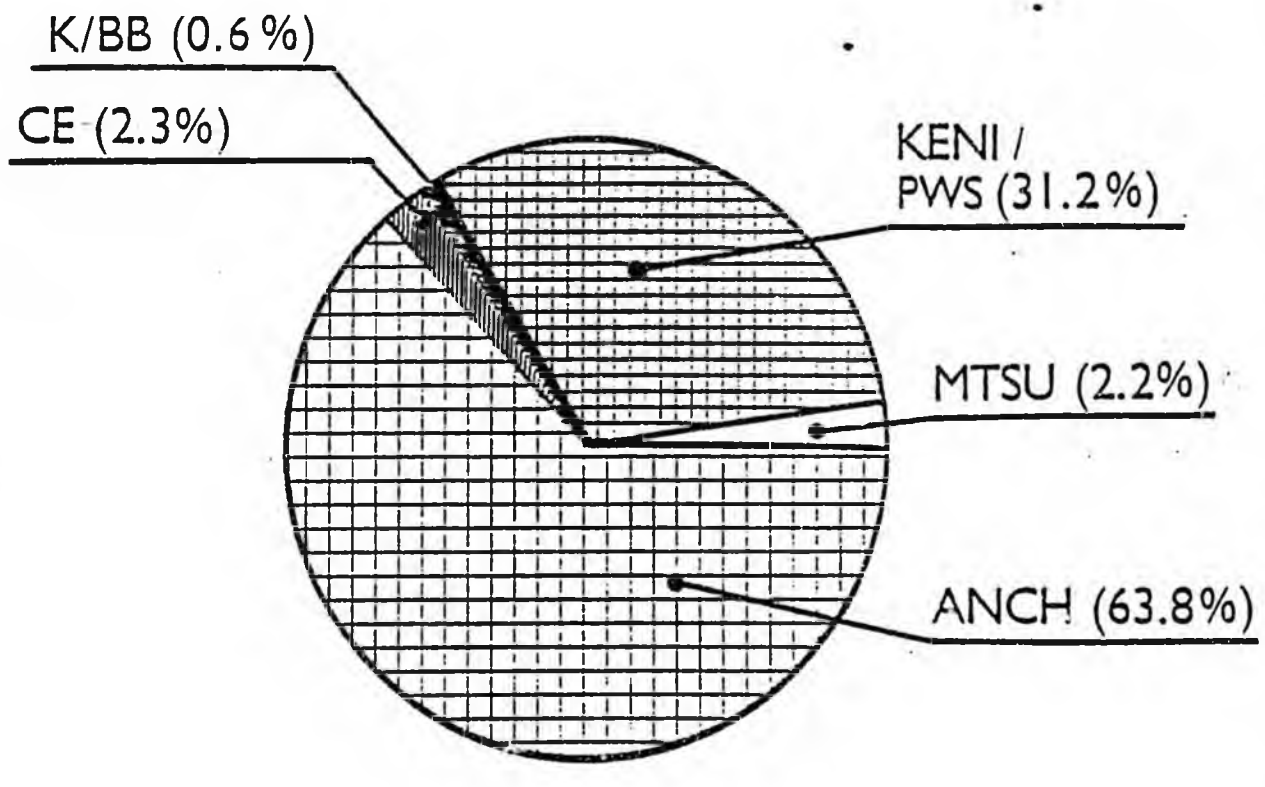
Single-direction ADT $\dfrac{(.10)\ (\text{Current year ADT})\ (25)}{(\text{Capacity at LOS C for terrain type})^{A}(\#\text{ of lanes in that direction})} = \text{points}$

Note: [A]If shoulders are inadequate, multiply LOS C by .8.

Q12. Does the facility related to the project meet identified standards for such a facility? Projects were divided into the following categories of points:

Project addresses air quality, access control, and safety standards. Facility is extremely substandard and is seasonally impassable.	100 points
Facility is substandard but passable year round. Reconstruction of substandard facilities, i.e. lack of shoulders, inadequate lane widths, etc.	75 points
Facility meets minimal or most standards but requires resurfacing.	50 points
New or recently constructed to standards.	0-25 points

TOTAL VALUE BY AREA



Legend of Planning Areas

ANCH = Anchorage
CE = Central Regionwide Projects
K/BB = Kodiak/Bristol Bay
KENI/PWS = Kenai Peninsula/Prince William Sound
MTSU = Matanuska-Susitna

The Six Year Improvement Program format is shown below. The information in the column headings is explained beneath the insert. All dollar amounts are to be multiplied by 1000, for example $1,000.0 = $1,000,000.00.

January 8, 1987
1:22:22 pm

CENTRAL REGION SIX YEAR CAPITAL IMPROVEMENT PROGRAM
OBLIGATION/SPENDING PLAN FY88 - FY93

FEDERAL HIGHWAYS PROGRAM

(1) ELECT DIST	(2) EXP/ ALT	(3) FISCAL YEAR	(4) FUND TYPE	(5) CLASS TYPE	(6) PHASE(S)	(7) FISCAL YEAR 87 PROJECT	(8) FHWA FUND	(9) GEN FUND	(10) ADD. FED. REQUIRED	(11) TOTAL FUND	(12) MATCH RATIO	(13) AREA
7	EXP	87	FH	UR	2	ANCH 'C' ST: TUDOR RD TO MINNESOTA DR / PE	$255.8	$24.2	$0.0	$280.0	0.9135	ANCH
7	EXP	87	FH	UR	2	ANCH DOWLING RD: LK OTIS TO MINNESOTA DR / PE	$356.3	$33.7	$0.0	$390.0	0.9135	ANCH
7	EXP	87	FH	UR	2	ANCH REHAB PROJECTS / PE	$319.7	$30.3	$0.0	$350.0	0.9135	ANCH

(1) Election District: This is the House District in which the project is physically located. Regionwide projects are shown as Election District 92.

(2) EXP: Refers to projects that are included in the obligation portion of the Six Year Plan.
ALT: Refers to projects that are identified as alternates.

(3) Fiscal Year: Refers to the State Fiscal Year (July 1 to June 30) for State General Fund projects and Federal Fiscal Year (October 1 to September 30) for Federal funded projects.

(4) Fund Type:
FH = Federal Highways
GFA = General Fund Aviation
IA = International Airport Revenue Fund
FA = Federal Aviation
GF = General Fund
BR = Bridge
GFH = General Fund Highways
OT = Other
SA = Safety

(5) Class Type:

Federal Highways
IS = Interstate
PS = Primary/Secondary
UR = Urban
ST = Safety
BR = Bridge
TR = Transit

Federal Aviation
PR = Primary
CN = Comm - Non Primary
NC = Non-Commercial
AP = Area Population
DI = Discretionary

General Fund
PF = Public Facilities
HB = Harbors

(6) Phase: Refers to the numerical phase of project development.

2 = Preliminary Engineering 3 = Right-of-Way 4 = Construction 7.= Utilities
8 = Planning/Transit/Ridesharing/Miscellaneous

(7) Project: This provides a basic project description including location, project termini, the type of improvement, and the phase of project development.

(8) Fund Type: This indicates the funding source: Federal Aid Highways - FHWA, Federal Aviation - AIP, International Airports Revenue Fund - IARF; and State General Fund - GF.

(9) General Fund: Refers to the General Fund match required to complement the Federal Funds.

(10) Additional Federal Required: This refers to the additional legislative authorization required in order to receive and expend the Federal Funds.

(11) Total Funds: Indicates the total cost of the project, or project phase shown in the Six Year Program. This amount includes Federal Funds and required General Fund match.

(12) Match Ratio: Indicates the Federal Funding ratio used to support various types of Federal Programs.

(13) Area: References the geographical planning area. Map Page 5.

CE = Central Region
ANCH = Anchorage Area
AIA = Anchorage International Airport
MTSU = Matanuska-Susitna Area
KENI - Kenai/Prince William Sound Area
K/BB = Kodiak Island/Bristol Bay Area
YKAP = Yukon/Kuskokwim/Aleutian/Pribilof Area

Note: FY'87 Projects have already received authorization. They are listed here for reference purposes to show the FY'87 spending/obligation plan which provides the base for the proposed FY'88 - FY'93 Six Year Capital Improvement Programs.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HB 213
Publish Date:

REQUEST

Revision Date:
Title: An act relating to the allocation of federal-aid highway funds.
Sponsor: Rep. Hoffman
Requestor: House Transportation

Agency Affected: DOT&PF
BRU: Various
Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL		<50,200.0>	<74,600.0>	-	-	-
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS		<50,200.0>	<74,600.0>	-	-	-
OTHER (IARF)						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: The amounts shown above are based on federal fiscal years and represent the amounts we would be unable to obligate as a result of this bill. Application of this bill to FFY87 would have resulted in the "loss" of $56 million, however since the bill is not effective until 7/1/87 it is impossible to project the actual impact for the projects and amounts that will remain in federal fiscal year 1987. ★

Prepared by: Ron B. Lind, Director
Phone: 465-4070
Division: Plans, Programs, and Budget
Date: 04/14/87

Approved by Commissioner: Mike D. Utz
Date: 4/15/87
Agency:

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

★ PLEASE NOTE THERE ARE MANY VARIABLES TO ASSESSING FISCAL IMPACT FROM THIS BILL. THIS ESTIMATE SHOULD BE VIEWED AS A "WORSE-CASE" ESTIMATE FOR FIRST 3 YEARS. MBH

Because of time constraints only three years of calculations were prepared, and it is expected that by 1990 we should be able to have additional projects ready to obligate in the Secondary and Primary categories.

These amounts are based on the FHWA project listings in our Capital Improvement Program 1987 - 1993. The attached table shows the impact by federal system by year and attached lists identify specific projects by region.

Even though the loss of ability to obligate funds in the early years would not mean the loss of federal apportionments it has the same impact. The federal program does not have a mechanism which would allow a state to obligate the losses in early years in the later years.

We have not included cost estimates for increased maintenance that would be required on our existing system if reconstruction projects were not completed because we did not have time to quantify these items. But we know there would be a cost.

Federal Obligation and Project Activity Loss

(In Millions of Dollars)

Formula

	FFY 1987*		Anticipated Loss		FFY 1988		Anticipated Loss		FFY 1989		Anticipated Loss	
	Available	Expected	Federal Dollars	Project Activity	Available	Expected	Federal Dollars	Project Activity	Available	Expected	Federal Dollars	Project Activity
Interstate	34.7	41.4	-0-	6.7	34.7	43.2	-0-	8.5	34.7	37.3	-0-	2.6
Primary	73.5	32.5	41.0	-0-	73.5	29.9	43.6	-0-	73.5	7.2	66.3	-0-
Secondary	31.8	16.8	15.0	-0-	31.8	25.2	6.6	-0-	31.8	23.5	8.3	-0-
Urban	3.6	44.2	-0-	40.6	3.6	52.3	-0-	48.7	3.6	80.4	-0-	76.8
			56.0	47.3			50.2	57.2			74.6	79.4

* Applied to activity for the entire fiscal year, including some obligations that have already occurred.

Dept. of Transportation & Public Facilities

Position Paper

BILL NO: HB213

TITLE: "An Act relating to allocation of federal-aid highway funds; and providing for an effective date."

APPROVED: Mark S. Hickey MSH
Commissioner

DATE: April 13, 1987

The Department of Transportation and Public Facilities is opposed to HB213. This bill would seriously restrict the ability of the department to meet transportation needs in many parts of Alaska. Some of the major problems we see with this legislation are -

(1) It would severely reduce and almost eliminate federal funding available for urban system improvements. Most federal-aid routes in Anchorage, Fairbanks, Juneau, Ketchikan and Sitka are on the federal-aid urban system. Only $3.6 annually in federal funding would be available for highway improvements on these routes.

(2) The bill nullifies the special flexibility in federal highway law available only to Alaska and Puerto Rico under Subsection 118(f) of Title 23. Shortly after statehood, Alaskans successfully sought the addition of Subsection 118(f) to federal highway law to enable our new state to fully participate in the federal highway program. We believe it is poor public policy to limit the options available to us under federal highway law.

(3) The bill makes no specific provision for the federal funding needs of the Alaska Marine Highway System, and the formula factors recognized by the bill do not allocate funds specifically for Marine Highway needs. We currently conduct an ongoing program to improve transfer facilities and rebuild our vessels using primary and secondary funds.

(4) The bill would discourage Alaska from full-fledged participation in the national effort to rebuild the Interstate System. We understand it is the intent of the sponsors to prevent transfers of primary system funds to Interstate improvements. Therefore, our expenditures on our almost 1100 miles of Interstate would be limited to the $34.7 million available annually and directed specifically at Interstate needs.

(CONTINUED)

For further information call Susan Fleischhauer at 465-3900.

(5) Implementation of this bill will likely cause the department to embark upon the construction of new collector and potentially arterial links. These new miles of federal-aid highways will require a new commitment of general fund resources to meet federal requirements for road maintenance.

(6) The bill assumes that factors that work well at the national level for allocating funds will work well for distributing funds within Alaska. We question whether postal route miles, for example, has any relevance to the diverse funding needs of each region of Alaska.

(7) The bill provides for almost an immediate effective date (July 1, 1987). We will not have enough bid-ready projects in the primary and secondary categories to spend all of federal funding in the three months remaining before the close of the federal fiscal year (September 30, 1987). We do not see this problem being resolved until FY89 at the earliest because of the long time spans involved in developing federal-aid projects.

In the months ahead the Department will pursue reviewing and refining the way we select and rank projects in our capital improvement program. We recognize that we have not made a full transition to a capital improvement program that relies almost exclusively on federal funds to meet transportation needs, even in our most remote areas. We believe this effort is the best approach to meeting the improvement needs of our highway system, and urge the Legislature to give us time to allow it to proceed.

- additions of the Committee Substitute

5-0834L

Utermohle
4-27-87

Original sponsors: Hoffman, Adams,
Davidson, et al.

IN THE HOUSE

CS FOR HOUSE BILL NO. 213 ( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to allocation of federal-aid highway funds; and providing for an effective date."

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

* Section 1. AS 19.15 is amended by adding a new section to read:

Sec. 19.15.050. ALLOCATION OF FEDERAL AID. (a) The department shall allocate and expend nine percent of federal-aid highway funds received for federal-aid highway programs on qualified projects in the marine highway system. The department shall allocate and expend the balance of federal-aid highway funds received for federal-aid highway programs among the administrative regions of the department for qualified projects in the same proportion as the eligibility of each region bears to the total eligibility of the state to receive the funds. However, in determining the allocation of the balance of the funds utilizing the federal allocation formulas for the federal-aid primary system and the federal-aid secondary system, the department shall use designated federal primary system route mileage or designated federal secondary system route mileage, as appropriate, instead of rural delivery route mileage.

(b) Subject to (c) of this section, the department may transfer surplus federal-aid highway funds allocated to a region under (a) of this section to qualified projects in another region if all qualified projects within the region to which the funds were allocated are funded.

(c) The department may not transfer federal-aid highway funds

among federal-aid highway programs unless a surplus of funds exists after all qualified projects within a federal-aid highway program are funded. The department shall allocate surplus funds within a federal-aid highway program first to qualified projects within the federal-aid secondary system, then the federal-aid primary system, and then the federal-aid urban system. If all qualified projects eligible for funding under a federal-aid highway program are funded, the department may transfer surplus funds to qualified projects eligible for funding under the federal-aid interstate system.

(d) In this section

(1) "federal-aid highway program" means the federal-aid primary system, the federal-aid secondary system, or the federal-aid urban system

(2) "qualified project" means a highway project eligible for federal-aid highway funds that receives points under the state ranking criteria for federal-aid highway projects.

* Sec. 2. This Act takes effect July 1, 1987.

HOUSE COMMITTEE REPORT

(7)

Date referred: 3/25/87 **FURTHER REFERRALS:** Finance

DATE: May 11, 1987

The Transportation **Committee has considered** HB 213

"An Act relating to allocation of federal-aid highway funds; and providing for an effective date."

RECOMMENDS:

[X] replace with CSSB 213 (Trsp) [X] the same title

[ ] attached amendment(s) [ ] a new title

- [ ] do pass
- [X] do not pass
- [ ] no recommendation
- [ ] individual recommendations
- [ ] additional referral to the _____ Committee

ADOPTS: [X] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

- [ ] fiscal impact
- [ ] zero fiscal note
- [X] zero with analysis
- [ ] same as previous fiscal note published _____
- [ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Hermith Jennings

Bette Cate

SIGNING OTHER RECOMMENDATIONS:

Ben Brunnemer (No Rec)

D.G. Brookshire (NO REC)

M. Miller DO NOT PASS

Bill Hudson - DO NOT PASS WITHOUT CONSIDERABLE MORE WORK.

TRUE LOVER - DO NOT PASS - EVER!

Bette Cate

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: April 13, 1987

Subject of meeting:

CSSJR 18: Commemorative Stamp; AK HWY's 50th Year

*HB 213: Allocation of Federal Highway F Funds

SIGN-IN

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
J.W. Schreiber Acting Dept Commiss.	IAK DOT & PF Pouch Z Juneau 99811	465-3900	IAK DOT & PF	Y (HB213)
Ron Whitecraft Staff Assistant	to Sen Duncan	5-4766		STH 18 Yes
Lynn [illegible]	[illegible]	[illegible]		Y (HB 213)

* indicates first public hearing

Official Business

COMMITTEE:

House Transportation Committee

DATE: April 15, 1987

SIGN-IN

Subject of meeting:

HB 213: Allocation of Federal Highway Funds.

SSHB 173: International Airport Authority

(WORK SESSION ONLY)

NAME Please include title	ADDRESS Please use full address. Please include zip:	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?	
Rick Abbarr	Rock V Juneau		Self	Yes	173
Robert Poe	Dep Com DOT/PF		DOT/PF	Yes	173
T.W. Scribner	Acting Deputy		"	Available	213

Official Business

COMMITTEE:

House Transportation Committee

DATE: May 4, 1987

SIGN-IN

Subject of meeting:

*HJR 33: Relating to the shipping of Alaska oil.

SCR 5: Marketing of International Airports.

HB 213: Allocation of Federal Highway Funds

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Jim Palmer Mgr Govt Affairs	STANDARD Alaska Production Co. Box 196612 Anch 99519	564-5403		HJR 33
Chief Vincent Wright	Research Section Taxation	465-2373		HJR 33
Mark Hickey	DOT/PF		DOT/PF	HB 213
Sen. Sturgulewski	The Alaska State Leg. Pouch V Juneau 99811	465-4989	Sponsor of SCR 5	
Rep. Hoffman	"	465-4453	Sponsor of HB 213	

* indicates first public hearing

Official Business

COMMITTEE: House Transportation Committee

DATE: May 8,1987

Subject of meeting:

HB 213: Allocation of Feferal Highway Funds

*HB 280: Taxation of Watercraft Motor Fuel

CSSB 17: Vandalism of Traffic Control Devices

SIGN-IN

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Carl A. Meyer Chief of Audit Appeals	Dept. of Revenue P.O. Box SA	465-2343	DOR	Available for HB 280 Questions
Alexis Gabby Staff Attorney Sen. Faiks	— CSSB 17	465-4523	Senator Faiks	Yes SB 17
Jon Scribner	DOT&PF Pouch Z JNU	465-3900	DOT&PF	if questions, yes HB 213

*indicates first public hearing

Official Business

COMMITTEE:

House Transportation Committee

DATE: May 11, 1987

Subject of meeting:

HB 213: Allocation of Federal-aid Highway Funds

SB 25am: Tax Assessment of Private Airports

CSSB 125am: Creating Marine Highway Advisory Board

SIGN-IN

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
DALE STALEY	SB 125	4766	Senator Duncan	YES
MARK HICKEY	SB 125 / HB 213	3902	DOT/PF	QUESTIONS ONLY HB 213

STATE OF ALASKA

LYMAN F. HOFFMAN
REPRESENTATIVE

HOUSE OF REPRESENTATIVES

P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-4530, 465-4453

DISTRICT 25
AKIACHAK
AKIAK
ATMAUTLUAK
BETHEL
CHEFORNAK
EEK
GOODNEWS BAY
KASIGLUK
KIPNUK
KONGIGANAK
KWETHLUK
KWIGILLINGOK
MEKORYUK
NAPAKIAK
NAPASKIAK
NEWTOK
NIGHTMUTE
NUNAPITCHUK
OSCARVILLE
PLATINUM
QUINHAGAK
TOKSOOK BAY
TUNTUTULIAK
TUNUNAK

MAY 13 1987

M E M O R A N D U M

To: Representative Bette Cato
Chairman, House Transportation Committee

From: Representative Lyman Hoffman

Date: May 12, 1987

Subject: CSHB 213 (TRSP)

I would like to extend my appreciation to you and the House Transportation Committee for the time and committment afforded CSHB 213 (Trsp).

I feel this legislation is very important, and has revealed many inequities in the state's allocation of federal highway funds.

However, additional research by the House Transportation Committee during the interim will be of great value in remedying this situtation.

LFH/ldn

P. O. Box 763 Bethel, Alaska 99559 (907) 543-3543

STATE OF ALASKA

LYMAN F. HOFFMAN
REPRESENTATIVE

HOUSE OF REPRESENTATIVES

P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-4530, 465-4453

DISTRICT 25
AKIACHAK
AKIAK
ATMAUTLUAK
BETHEL
CHEFORNAK
EEK
GOODNEWS BAY
KASIGLUK
KIPNUK
KONGIGANAK
KWETHLUK
KWIGILLINGOK
MEKORYUK
NAPAKIAK
NAPASKIAK
NEWTOK
NIGHTMUTE
NUNAPITCHUK
OSCARVILLE
PLATINUM
QUINHAGAK
TOKSOOK BAY
TUNTUTLIAK
TUNUNAK

M E M O R A N D U M

To: Representative Adams
Representative Grussendorf
Representative Davidson
Representative Springer
Representative Cato
Represenative Herrmann
Representative Wallis
Representative Sund

From: Representative Lyman Hoffman

Date: May 11, 1987

Subject: CSHB 213 - Allocation of Federal Highway Funds

The bill on allocation of federal highway funds, which you co-sponsored, (CSHB 213) was passed out of the House Transportation Committee today, and is scheduled for the House Finance Committee on Wednesday, May 13, 1987.

There were a number of concerns addressed during the House Transportation Committee's review of CSHB 213. The House Transportation Committee agreed that the issue of fair and equitable distribution of federal highway funds be placed as a major priority for the committee and additional research be conducted during the interim.

However, the House Transportation Committee wanted to provide the House Finance Committee the opportunity to address CSHB 213 during this legislative session.

If you have any questions, please do not hesitate to contact my office.

P.O. Box 763 Bethel, Alaska 99559 (907) 543-3543

HB

213

(FILE 2)

SUMMARY OF INTERIM WORK ON HB 213

House Transportation Committee chairman, Representative Bette Cato, and transportation committee staff worked during this interim to address recommendations and concerns associated with HB 213.

House Bill 213, "An Act relating to allocation of federal-aid highway funds; and providing for an effective date", passed out of the House Transportation Committee (HTC) on May 11, 1987, and is currently being considered by the House Finance Committee. House Transportation Committee members submitted a letter of intent with CSHB 213 (trans) when it passed out of committee. This letter of intent (attached) reflects House Transportation concerns and provides policies and a formula that the committee would like to see the Department of Transportation and Public Facilities (DOT/PF) implement to help address these concerns.

During interim, DOT/PF Director of Plans, Program and Budget, Mr. Ron Lind, informed HTC staff that the department was holding several meetings with regional directors to discuss and review changes to the department's present capital project ranking criteria. On August 24, 1987, DOT/PF provided HTC staff with information on the changes made by the department to improve the capital program development process. Commissioner Mark Hickey stated he did not think this process had incorporated all the changes which he feels are ultimately necessary.

The changes outlined in Commissioner Hickey's letter reflect major changes in the project ranking criteria. These changes include:

(a) Creation of a separate set of criteria for federal highway (FHWA), Airport Improvement Program (AIP), and other funding (includes State General Funds).

(b) Award of additional points to projects that directly support industrial, commercial or resource development.

(c) Recognition of the importance of a particular transportation facility which may provide the only year-round access to a community.

(d) Recognition that the formal functional classificiation of highways may not be appropriate for roads not on the contiguous road system.

Representative Lyman Hoffman's staff has reviewed the new criteria and feels these changes address many of the concerns expressed over the current project ranking criteria. However, Laurie Nottingham, aide to Representative Hoffman, stated that the real concerns lie in the policies and guidelines adopted by the DOT/PF. Representative Hoffman would like to see the department adopt more concise, clearly defined policies that ensure fair and equitable distribution within in region of the federal-aid dollars.

Representative Hoffman is currently working to outline policy changes for DOT/PF that would provide each region with clear guidelines for the capital program development program. Representative Hoffman will provide this information during the HTC meeting on November 10, 1987.

This overview of HB 213 includes:

- summary
- copy of HB 213
- DOT/PF's new ranking criteria
- House Research analysis and information on distribution of federal-aid dollars
- committee minutes
- additional backup information.
- The section labeled comments will include information provided by Representative Hoffman.

On August 24, 1987 the Department of Transportation

3. Required that any project identified as an "Alternate" be an "Expected" project within two years. This will assure that federal items for which we are programming funding actually end up being scheduled for completion.

4. Required that regional personnel notify the appropriate legislators of meetings scheduled with community planning groups and others to discuss development of the capital program, as well as solicit more input from affected legislators regarding possible projects for unorganized areas.

The target dates identified within these instructions will be modified slightly to reflect the later due date of October 31, 1987, now apparently established for the operating and capital budgets. Additional information will be forwarded as available regarding regional meeting schedules. Any comments, suggestions or project proposals for consideration would be most welcomed. Please call if you have any questions.

Sincerely,

Mark S. Hickey
Commissioner

Attachments

cc: House Transportation Committee Members
Susan Fleischhauer, Legislative Liaison, DOT&PF
Keith Gerken, Deputy Commissioner, Operations
Ron B. Lind, Director, Plans, Programs, and Budget
Robert G. Poe, Jr., Deputy Commissioner, Budget and Finance
Regional Directors, DOT&PF

The Commissioner's specific modifications to the ranking criteria and funding matrix have been incorporated into this package and all of the major changes have been discussed and approved by him. I would also like to thank you for the review efforts already provided by your staff during the preparation of this package.

The key due dates shown below, are based on an October 15, 1987 submission date approved by the Division of Budget Review.

Revised FFY88 Obligation Lists	September 1
FY89 Capital Budget (Project descriptions and rankings)	September 15
FY90 - 94 Complete packages	September 30
Commissioner's Review (Deputy Commissioner's and Regional Directors)	Week of October 5
Submission to OMB	October 15

If you have questions concerning this process please contact me or have your staff contact Ron Lind and his staff in the Division of Plans, Programs, and Budget. Thank you, in advance, for your cooperation in this planning effort, it is a very important element in the positive changes we are trying to bring about within DOT&PF.

Attachments

cc: Mark S. Hickey, Commissioner, DOT&PF
John Lucas, Senior Budget Analyst, Office of Management and Budget
All DOT&PF Directors
Planning Chiefs

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02–576(2/77)

MEMORANDUM

State of Alaska
Department of Transportation & Public Facilities

TO: Regional Directors
Doyle Ruff, Executive Director
International Airport System
George Davidson, Systems Director
Alaska Marine Highway System

DATE: August 12, 1987

FILE NO:

TELEPHONE NO: 465-3900

FROM: Robert G. Poe, Jr.
Deputy Commissioner
Budget and Finance

SUBJECT: 1988-1994 Capital Improvement Program

Attached are the instructions for revision of the FFY88 obligation plans, preparation of the 1989-1994 Capital Improvement Program and the 1989 capital budget request. All of these items are interrelated, however, the specific due dates and uses of each vary. The project ranking criteria and funding limits have already been provided to your planning staff.

The process for this year is very similar to last year, however, there have been some changes to this process as follows:

1. FHWA "Expected" obligation plan totals are now targeted at the obligation limit, not apportionment total.

2. AIP totals are based on the increased amounts contained in the reauthorization bills under review by Congress. Ultimate disposition of these bills may require readjustment of the totals.

3. "Alternate" lists for FHWA and AIP are limited to 60% of "Expected".

4. Ranking criteria is applied to all 1989 projects as well as new starts in the 6 year program, not just the items requiring additional funding in the budget year.

5. A comparison to the year by year project listings contained in the "Capital Improvement Program 1987 - 1993" will be provided in the new document.

6. Six year project listings will be with the capital budget submitted to OMB.

7. Alternate projects must be incorporated into an "Expected" list within 2 years. It is still anticipated that almost all "Alternate" projects will appear as "Expected" in the next year.

8. Opportunity for public participation especially by Legislators, will be increased. Specific directions on this issue are not yet available but it will be necessary to notify Legislators of meetings scheduled with community planning groups and others to discuss the capital program.

The Commissioner's specific modifications to the ranking criteria and funding matrix have been incorporated into this package and all of the major changes have been discussed and approved by him. I would also like to thank you for the review efforts already provided by your staff during the preparation of this package.

The key due dates shown below, are based on an October 15, 1987 submission date approved by the Division of Budget Review.

Revised FFY88 Obligation Lists	September 1
FY89 Capital Budget (Project descriptions and rankings)	September 15
FY90 - 94 Complete packages	September 30
Commissioner's Review (Deputy Commissioner's and Regional Directors)	Week of October 5
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If you have questions concerning this process please contact me or have your staff contact Ron Lind and his staff in the Division of Plans, Programs, and Budget. Thank you, in advance, for your cooperation in this planning effort, it is a very important element in the positive changes we are trying to bring about within DOT&PF.

Attachments

cc: Mark S. Hickey, Commissioner, DOT&PF
John Lucas, Senior Budget Analyst, Office of Management and Budget
All DOT&PF Directors
Planning Chiefs

STEVE COWPER, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

P.O. BOX Z
JUNEAU, ALASKA 99811-2500
PHONE: (907) 465-3900

OFFICE OF THE COMMISSIONER

SEP 3 1987

August 24, 1987

The Honorable Bette Cato
House Transportation Committee Chairman
P.O. Box V
Juneau, AK 99811

Dear ~~Representative~~ Bette Cato:

Attached are the detailed instructions issued within DOT&PF for the preparation of the 1989 Capital Budget and the revised Six Year Plan. These instructions will need to be considered in context with the instructions from the Division of Budget Review when issued.

Our instructions improve the capital program development process. However, they do not incorporate all changes that I ultimately feel are necessary. Some major changes already instituted which I think you will find of interest are as follows:

1. Project Ranking Criteria has been improved by:

   (A) Creation of a separate set of criteria for federal highway (FHWA), Airport Improvement Program (AIP), and other funding (includes State General Funds).

   (B) Award of additional points to projects that directly support industrial, commercial or resource development. (Questions #3 and 5)

   (C) Recognition of the importance of a particular transportation facility which may provide the only year-round access to a community. (Question #8)

   (D) Recognition that the formal functional classification of highways may not be appropriate for roads not on the contiguous road system. (Question #7; FHWA Ranking Criteria)

2. A project-by-project comparison to the information contained in the printed document "Capital Improvement Program 1987-1993" will be provided. This will allow an understanding of the changes and reasons for the changes that have occurred or are proposed.

3. Required that any project identified as an "Alternate" be an "Expected" project within two years. This will assure that federal items for which we are programming funding actually end up being scheduled for completion.

4. Required that regional personnel notify the appropriate legislators of meetings scheduled with community planning groups and others to discuss development of the capital program, as well as solicit more input from affected legislators regarding possible projects for unorganized areas.

The target dates identified within these instructions will be modified slightly to reflect the later due date of October 31, 1987, now apparently established for the operating and capital budgets. Additional information will be forwarded as available regarding regional meeting schedules. Any comments, suggestions or project proposals for consideration would be most welcomed. Please call if you have any questions.

Sincerely,

Mark S. Hickey
Commissioner

Attachments

cc: House Transportation Committee Members
Susan Fleischhauer, Legislative Liaison, DOT&PF
Keith Gerken, Deputy Commissioner, Operations
Ron B. Lind, Director, Plans, Programs, and Budget
Robert G. Poe, Jr., Deputy Commissioner, Budget and Finance
Regional Directors, DOT&PF

INSTRUCTIONS

1988 - 1994 Capital Improvement Program

INTRODUCTION

The 1989 capital budget request is a subset of the "1988 - 1994 Capital Improvement Program." The project funding requests entered on the CP-1's, Capital Project Description for all sources except Federal Highway Administration (FHWA) and Airport Improvement Program (AIP) funding exactly match the items in the 1989 obligation plan. For AIP and FHWA funded projects, the CP-1's, the 1989 capital budget request, are only used to request the additional funding required for projects contained on the 1988 and 1989 obligation lists. Therefore, the obligation plans for FHWA and AIP must be completed before the budget request forms can be prepared.

The remainder of this package identifies the funding limits for the various fund sources, the project ranking criteria, the steps required for preparation of the obligation plans, and the technical data requirements for completion of the computer files we will use to accumulate our program. Instructions from the Office of the Governor, Division of Budget Review will be distributed as soon as they are available. The information currently available indicates that there will be very little change from their 1988 instructions. The general information requirements for data on the CP-1's will be contained in those instructions. Specific attention should be given to the operating cost elements and assuring that the CP-1 (except for PE and APD projects) is as project specific as possible. This will allow for a more understandable review and prioritization process.

SCHEDULE

1988 - 1994 Capital Improvement Program

August 26	Headquarters provides update of estimated federal obligation funding for FFY87.
September 1	1988 Revised Obligation Plans Submitted for Review.
September 15	1988 Revised Obligation Plans Approved.
September 15	1989 Obligation Plans and 1989 Capital Budget Submitted to Headquarters.
September 30	1990 - 1994 Obligation Plans Submitted
October 5	Submit any revisions caused by federal obligation activity during September which is different than that assumed. (Hopefully this will not be required.)
Week of October 5	Budget discussions between Commissioner, Deputy Commissioners and Regional Directors
October 13	Submit revisions required as result of budget discussions.
October 15	Complete capital program package submitted to Office of Management and Budget.
November 1	Public document prepared based on Departmental Submission.
December	Public document modified to reflect Governor's decisions.
January	Document submitted to Legislature.

GENERAL INSTRUCTIONS

There are two basic requirements for revision of obligation plans: 1) verification/update of the FFY88 Expected and Alternate Lists and 2) verification and update of the 1989 - 1994 obligation plans. Revisions to the 1988 Expected and Alternate lists are due September 1, 1989 obligation lists and budget requests, September 15, and the 1990 through 1994 information, September 30.

The criteria for project inclusion on the Expected and Alternate obligation lists remains the same. All projects must be capable of being obligated during the year, however those on the Expected List are the ones that you anticipate doing within the available funding and those on the Alternate List will only be used if unforseen problems arise with the Expected Projects. Any project included on the Alternate List must appear in the next year and as an Expected project within two years.

In preparing the obligation plan, Design and Construction (D&C) may only be able to provide an estimate for total cost by phase, in these situations please use the following percentages to derive a figure for federal share for the obligation plan. Project estimate figures are to be rounded, see "G. Report Format and Data Input".

	Federal Portion %
Interstate System Projects	94.73
Primary, Secondary	91.35
Urban	91.35/100[A]
Bridge	80
Safety	90
RR-Hwy Crossing funds used for ROW purchase	75
Federal Lands Highways[B]	100
All AIP Projects	93.75

Note: [A] Use this figure if the Department does not provide matching funds for the urban system project.

[B] These funds are not part of the States obligation limits and therefore do not count against the limits. Typically, these projects are not constructed by the State.

For purposes of estimating the federal shares for the budget and the obligation plan you should assume that there will not be unforseen non-participating costs. If a specific item of work is known not to be eligible for participation it should be considered as a separate project. An example of this type of expense would be the lighting for the "second runway" at Kodiak which the Federal Aviation Administration (FAA) had early on identified as ineligible. The "match pot" request for state funds will include funding to cover average ineligible items. Major disallowance of costs on projects may need to be covered by a supplemental appropriations if they exceed the total historical projections.

Regional personnel may need to check with D&C to assure that cost estimates conform to the assumptions above.

Additional Notes:

Except for the funding limit decreases, revising the obligation plan will be virtually the same as last year's process. The following are items that need to be clarified:

1. Project - specific preliminary engineering starts need to be included in the obligation plan.

2. Any proposed use of safety apportionments FFY88 and FFY89-94 should be included in the obligation plan. There is no need to list each specific safety project. The actual request in the FY89 Capital Budget for new federal authority will be a single, statewide request limited to the amount of the new apportionments.

   *If a safety project does not rank high enough in the 'HSIP', but still has a high Regional priority, then the project should be programmed as a seperate line item.

3. Each region needs to include bridge projects and urban projects in the obligation plan. The Department has unobligated balances in both bridge and urban categories. A list of eligible bridges is attached for programming consideration.

A. <u>1988 "Expected" and "Alternate" Revision.</u>

Each region needs to review their current Federal Highway Administration (FHWA) and Airport Improvement Program (AIP) plans as printed in the "Capital Improvement Program 1987 to 1993" and identify project changes to conform to the reduced funding guidelines as well as accomodate other changes which have occurred. The changes proposed for 1988 will need to be documented and approved prior to adoption of the 1988 Expected Revised Obligation Plan by the Department. In addition, no items will be included on the 1988 105 Program for FHWA that are not on the 1988 Revised Plan (Expected and Alternate).

Even though previous Obligation Revisions may have identified changes in the 1988 Plan, they must be categorized for this process to assure that there is a concise explanation and justification of all program changes. It is realized that activities during September 1987, the last month of the federal year may cause a need to revise the 1988 proposal. These modifications will be processed as soon as possible after October 1. Each project in the 1988 Expected and Alternate List should be coded for condition/change and any funding change identified. The following categorizations should be used, however, certain types require a project specific explanation.

1. No change to published FY88 Obligation Plan (Blue Book).

2. Funding additions and reductions due to minor programming actions (i.e. changes in federal funding sources or ratios, etc.) not new phases.

3. Funding additions or subtractions due to revised cost estimates, not new phases.

4. Phase deletions due to project development issues (ability to accomplish project with staff resources, major unresolved issues such as right-of-way or wetlands mitigations or funding constraints). Specific reasons must be identified for each phase.

5. Phase deletions to live within lower obligation plan limits. This reason would only be used if items 1-4 did not result in sufficient savings to reduce the funding to the new limit.

6. Phase additions as a result of new projects or phases being advanced (for example, an alternate project being substituted for an expected project) when an expected project cannot be accomplished. This reason would only be used if item 5 not used. In other words if 1-4 resulted in a reduction in excess of the required reduction for the new limit you could substitute projects.

7. Phase/Project substitutions because of priority changes which removed a current phase to allow inclusion of a new phase. Specific explanation of the reasons for the change is required.

The specific reasons required for certain projects should be summarized in the space provided on the file, (sample report attached) and a more detailed explanation provided in a memorandum submitted with the proposed revision. This will be the first Obligation Revision for 1988 and create the basis for all changes after that date.

B. Obligation Plans 1989 - 1994

The project listings as contained in the "1987 - 1993 Capital Improvement Program" will serve as the basis for these lists. Because of the changed levels of obligation available for each year it is expected that FHWA projects will need be moved to later years and AIP projects accelerated. Each project status must be categorized. See "A. 1988 Expected and Alternate Revision" for details.

The 1989 - 1993 lists must be reviewed for changed priorities, conditions and scheduling concerns before consideration of the new projects for the 1994 year is made.

The same financial limits and definitions apply to the 1989 - 1994 lists as apply to the 1988 Expected and Alternate Listings. Alternate Lists will not be included in the published material for years beyond 1990, however you may choose to provide them in your internal review and data base.

Any project which appears in the Alternate List must be included in the following year, and as an Expected project within two years.

C. Obligation Limits - FHWA

In preparing the revision of the Obligation Plan for federal fiscal year 1988, (FFY88) and beyond, we will use the federal "obligation" limit, rather than the "apportionment" level.

Projected Obligation (from FHWA)	=	$145,781,000
HPR, PL & PR (Not CIP Construction)	=	(3,030,900)
		$142,750,100

We will use our statewide limit of $143 million for the list of Expected projects, (8.2% decrease from last year), and $86.0 million for Alternate projects (60% of the Expected List).

	FFY88		FFY89 - 94	
	EXPECTED	ALTERNATE	EXPECTED	ALTERNATE
HIGHWAYS	$ 143.0	$ 86.0	$ 143.0	$ 86.0

The regional allocations are as follows:

	REGIONAL UNITS $'s Millions		
REGION	EXPECTED HIGHWAYS	ALTERNATE HIGHWAYS	RATIOS
Central	$ 65	$39	45.5%
Northern	54.3	32.6	38%
Southeast	13.6	8.2	9.5%
Marine Hwys	8.6	5.2	6.0%
Statewide	1.4	.8	1%
TOTAL	$143.0	$86.0	100%

The same methodology was used the last two years to distribute funding using the fiscal matrix. The percentages were revised due to the addition of the Statewide share (approx 1.0%) in the highways program and the application of the highway program percentages directly to the total amount of proposed federal obligation authority available.

D. Obligation Limits - Aviation

The AIP obligation ceiling will be higher this year than last. This is based on the assumption that either the House or Senate Bill, now under review, will pass. Again each region will be given a percentage of the total. Project proposals will then be evaluated on a statewide basis to assure consistancy with the Alaska Aviation System Plan and federal funding constraints. Statewide considerations of these projects may cause the regional amounts to vary from this allocation.

	REGIONAL UNITS, $'s MILLIONS		
REGION	EXPECTED AVIATION	ALTERNATE AVIATION	RATIOS
CENTRAL	$ 16.7	$ 10.0	44%
NORTHERN	15.6	9.4	41%
SOUTHEAST	5.7	3.4	15%
AIA & FIA	10.0	6.0	Direct Entitlement
TOTAL	$ 48.0	$ 28.0	100%

The Alternate limits reflect 60% of the Expected list.

E. General Fund Limits

The following general fund regional allocations ($'s thousands) are to be used for the six year plan. The 1989 limit has been increased to approximate the level used initially for FY88. This increased funding allows the presentation of a more complete listing of project options for review. In addition, the 1989 required programming for ports and harbors has been increased to equal the receipts from tax on marine fuels. The funding limits after 1989 are unchanged from last year's plans.

	FY89	FY90	FY91	FY92	FY93	FY94
Central	$11,700.0	$5,100.0	$5,100.0	$5,100.0	$5,100.0	$5,100.0
Northern	9,600.0	4,400.0	4,400.0	4,400.0	4,400.0	4,400.0
Southeast	4,970.0	2,100.0	2,100.0	2,100.0	2,100.0	2,100.0
AMHS	3,250.0	2,200.0	2,200.0	2,200.0	2,200.0	2,200.0
*Statewide	5,250.0	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0
TOTALS	$36,100.0	$15,000.0	$15,000.0	$15,000.0	$15,000.0	$15,000.0

*General Fund Match will be submitted as a total by mode for each fiscal year by Headquarters.

Mandatory General Fund Projects in all years (after FY'89)

1. Advanced Project Definition $ (regional discretion)
2. Handicapped Access @ $250,000

General Fund Required Programming for FY'89 (Excludes Match)

Programming Levels $'s in millions	CE	NO	SE	MHS	HQ	TOTAL
Advance Project Definition	$0.4	$0.2	$0.1	$0.05	$--	$0.75
Aviation	0.5	0.4	0.1	--	--	1.0
Erosion Control	1.0	1.0	--	--	--	2.0
Marine (Ports and Harbors)	1.8	0.7	1.8	--	--	4.3
Facilities*	1.0	1.5	1.0	0.5	--	4.0
Barrier Free Access	0.5	0.5	0.5	0.2	--	1.7
State-Maintained Roads (Non-federally eligible work)	0.5	0.5	0.15	--	--	1.15
LSR&T	--	--	--	--	4.0	4.0
Research	--	--	--	--	0.5	0.5
Regional Discretion	6.0	4.5	1.5	2.5	0.75	15.2
TOTAL GF ALLOCATION	$11.7	$9.6	$4.97	$3.25	$5.25	$36.1

* DOT&PF M&O camp facilities, repairs of multiple occupancy buildings, and correction of construction errors even on single use facilities if DOT&PF was in charge of the facility. Does not include Water and Sewer at airports.

F. Ranking Criteria and Application

The attached ranking criteria should be strictly and conservatively applied. This year there is an expanded requirement for scoring projects.

Projects in FY'88 ALT, all FY'89 projects and any new project starts after FY'89 must be scored. In previous years only the projects requesting new funding in the budget year were scored.

*When ranking a specific phase of a project, treat the phase as if it were the actual construction project. - "What will the total project accomplish"?

G. Report Format and Data Input

1. Like last year, the report format and data input will utilize your personal computers. This will allow the final document to be in a standardized format.

   a. Headquarters will provide the data diskette for the currently published information and hard copy for FFY'88 & FY'89.

   b. "Reflex" will again be the data base.

   c. Headquarters will compile and merge the regional reports.

2. Data Input for Project Forms

   a. All numbers in thousands with commas and one (1) decimal place. FY'88 data will be rounded to at least the nearest thousand, FY'89 to at least the nearest five thousand, and years FY'90 and beyond to at least the nearest ten thousand unless an exact amount is known.

   b. Project titles should establish type of work and project limits. (easily understood abbreviations are fine)

   c. The 'Add.Fed.Required' column will be used for values in Fiscal Years 88-89-90 only.

   d. Expected and alternate projects for federal-aid are required in the early years of the Six Year Program. It is not required to have 'Alternates' after FY90. Alternates for FY90 and beyond are your option.

   e. The 'Class Type' data field: divide out the PS (primary/secondary) indicator into two seperate indicators P & S.

   f. Be consistant with project names. Pick a good title and maintain its use throughout; PDA's, 105, Obligation Plan, Six Year, etc.

   g. Several new data fields have been included in the report.

      - Revised FHWA Funds or AIP or General Fund.
      - Comments
      - Score
      - Revision indicator
      - Phase - we have the data but never used it on the final report.

   h. Column field keys are indicated on the attached form.

   i. Project ranking scores are to be recorded.

3. CP-1's must be provided for projects requiring funding in the 1988 Legislative session for the FY'89 Budget. A diskette with the appropriate format has been provided to the planning section.

* Specific PE starts should be identified in the obligation plan. For the FY'89 Annual Budget highways mode, one CP-1, listing the projects and estimated funding, can summarize the highways PE starts for that year. To make the report list hwys PE together the titles used should start with "PE-HWYS-..."

4. Unprogrammed Federal Authorization

Those phases of existing federal-aid appropriations or allocations not scheduled in the six years of the plan should be included in a list which will be reviewed for possible lapse. The list should simply be: Chapter/Year/ page/line; Title; Amount; and the reason the funding will not be obligated.

5. Strip Maps, Area Maps and Project Scheduling
* The following is required only if there was a change from last year's material.

Strip maps are required to provide a visual display of federal-aid highway project development.

a. Only projects on major routes.

b. Only projects listed in the 'Expected' list.

c. Use Northern Region's definitions and symbols.

d. Southeast will need to provide strip maps for the following:

- Haines Highway
- Klondike Highway
- Egan Expressway
- Glacier Highway
- Tongass Avenue - Ketchikan

Area maps locating significant projects are required for the following:

a. City of Anchorage

b. City of Fairbanks

c. City of Juneau

d. City of Ketchikan

e. Regional Aviation projects - (one map for all six years)

Map Key

FY 89 = ■ FY 92 = ▬
FY 90 = ▲ FY 93 = ▲
FY 91 = ○ FY 94 = ●

Project Scheduling for AMHS

a. Provide a list of vessels and delineate the fiscal year the work is scheduled to be performed on each vessel.

6. Required Submittal

Each region is to provide Headquarters with the folllowing:

a. One hard copy of each of the following reports generated from your data file.

1. Federal Highways Obligation Plan containing additional authorization required.
2. Federal Aviation Obligation Plan and additional authorization required.
3. International Airports Projects.
4. General Fund Projects.
5. Other Funding Projects.

b. Appropriate CP-1's

c. List of unprogrammed federal authorization

d. Strip maps, area maps, vessel listings

e. Program data diskette(s) used to produce the above items.

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
SIX YEAR CAPITAL IMPROVEMENT PROGRAM

August 5, 198

*** NORTHERN REGION ***

FEDERAL HIGHWAYS FUNDS
FISCAL YEAR'88

FISCAL YEAR	REGION	EXP/ALT	6YEAR PLAN FHWA FUNDS	REVISED FHWA FUNDS	REVISION INDICATOR	COMMENTS (ACTUAL/REVISION)	PHASE	ADDITIONAL FHWA/AIP REQUIRED	CLASS TYPE	ELECT DIST	PROJECT	SCORE
88	NO	EXP	$0.0	$11,000.0		NOR -87-1 \MOVED FROM E'87	-		IS	17	Tok Hwy, MP 65-75	
88	NO	EXP	$14,250.0	$0.0			4	$14,250.0	IS	17	Alaska Hwy, MP 1285-1302	
88	NO	EXP	$6,650.0	$0.0			4	$0.0	IS	17	Tok Cut-Off, MP 0 North	
88	NO	EXP	$180.0	$0.0			2	$180.0	IS	17	Alaska Hwy, MP 1230 N Erosion PE	
88	NO	EXP	$1,425.6	$0.0			2,3,7	$1,452.6	IS	16	Glenn Hwy, MP 118 N PE/ROW/Util	
88	NO	EXP	$900.0	$0.0			2	$900.0	IS	21	Parks Hwy Widening PE	
88	NO	EXP	$2,300.0	$0.0			2,4	$2,300.0	IS	18	Rich Hwy, Eielson N Rehab	
88	NO	EXP	$47.4	$0.0			2	$47.4	IS	17	Parks Hwy Erosion Control PE	
88	NO	EXP	$2,898.0	$0.0			2,4	$2,898.0	P	19	Steese Expressway Rehab	
88	NO	EXP	$1,350.0	$0.0			2,3,7	$1,350.0	P	17	Rich Hwy, MP 173 N PE/ROW/UTIL	
88	NO	EXP	$215.0	$0.0			2	$215.0	P	24	Dalton Hwy, 9 Mile Hill N PE	
88	NO	EXP	$20.0	$0.0			3	$20.0	P	19	Steese Hwy, MP 81 N-ROW	
88	NO	EXP	$65.0	$0.0			2	$65.0	P	19	Steese Hwy Overlay, MP 10 E-PE (Fox to Cleary)	
88	NO	EXP	$4,500.0	$0.0			4	$4,500.0	P	24	Elliott Hwy, MP 26 N Rehab	
88	NO	EXP	$3,151.0	$0.0			4	$0.0	P	17	Richardson Hwy - MP 79 North Rehab	
88	NO	EXP	$2,755.0	$0.0			4,7	$1,800.0	S	18	Badger Rd/Richardson Hwy (Peridot-5th)	
88	NO	EXP	$3,688.0	$0.0			4	$0.0	S	17	Denali Hwy, MP 0-21	
88	NO	EXP	$4,600.0	$0.0			4	$2,750.0	S	23	Nome-Council, MP 32-42	
88	NO	EXP	$1,128.0	$0.0			3,4,7	$1,128.0	S	21	Parks Hwy/Sheep Crk Conn	
88	NO	EXP	$475.0	$0.0			2	$475.0	S	23	Nome-Council 53 East PE	
88	NO	EXP	$180.0	$0.0			2	$180.0	S	23	Nome-Council 4-15 PE (snow fence)	
88	NO	EXP	$725.0	$0.0			2	$725.0	S	17	Taylor Hwy, MP 66 N PE	
88	NO	EXP	$270.0	$0.0			2	$270.0	S	17	Denali Hwy, MP 21 N PE	
88	NO	EXP	$236.2	$0.0			4,7	$0.0	SA	20	Fairbanks Signal Oper&Safety Impr	
88	NO	EXP	$506.0	$0.0			4,7	$0.0	SA	20	S Cushman/Van Horn Signal	
88	NO	EXP	$416.3	$0.0			2,3,4,7	$0.0	UR	20	3rd St/Hamilton/Farewell	
88	NO	EXP	$1,564.0	$0.0			4,7	$0.0	UR	20	23rd Avenue Extension	
88	NO	EXP	$164.6	$0.0			4,7	$0.0	UR	20	3rd Avenue Signal	
88	NO	EXP	$713.0	$0.0			3,4,7	$713.0	UR	20	Barnette St Widening	
88	NO	EXP	$186.0	$0.0			4	$186.0	UR	20	Illinois St Rehab	
88	NO	EXP	$475.0	$0.0			2	$475.0	UR	20	Old Steese, Wendell-Expwy-PE	
88	NO	EXP	$600.0	$0.0			2,3	$600.0	UR	20	Lacey-Noble Connec PE/ROW	
88	NO	EXP	$200.0	$0.0			2	$200.0	UR	20	Minnie St Corridor	
88	NO	EXP	$225.0	$0.0			2	$225.0	UR	20	Lathrop ST, S Fairbanks Expwy, Van Horn PE	
88	NO	EXP	$650.0	$0.0			2	$650.0	UR	20	Market/Washington/Resak PE	
88	NO	EXP	$2,000.0	$0.0			4	$2,000.0	UR	20	Old Rich Hwy Reconstr	
88	NO	EXP	$475.0	$0.0			2		UR	20	Wendell St. Widening P.E.	
TOTAL BY 'EXPECTED' FISCAL YEAR'88			$68,176.1	$11,000.0								
89	NO	EXP	$589.2	$0.0			4	$589.2	IS	17	Parks Hwy, Erosion Control	
89	NO	EXP	$7,600.0	$0.0			4	$7,600.0	S	17	Taylor Hwy, MP 43 N Reconst	
89	NO	EXP	$550.0	$0.0			4	$550.0	S	23	Nome-Council, MP 4-15 Snow Fence	
89	NO	EXP	$600.0	$0.0			4	$600.0	S	23	Nome-Taylor Hwy, MP 0 N Const	
89	NO	EXP	$12,328.0	$0.0			7,4	$3,000.0	UR	20	Geist Exten, Aurora-Lemeta, Util & Const	
89	NO	EXP	$15,640.0	$0.0			3	$15,640.0	UR	20	Geist Exten, Illinois-ROW	
89	NO	EXP	$4,600.0	$0.0			3	$4,600.0	UR	20	Geist Exten, University-Peger-ROW	
89	NO	EXP	$8,950.0	$0.0			4	$0.0	UR	20	Geist Exten, Lemeta-Birch Hill Const	
89	NO	EXP	$500.0	$0.0			2,4	$500.0	UR	20	Northern Region FAU	
89	NO	EXP	$950.0	$0.0			3,4,7	$950.0	UR	20	FMATS TSM Improvements	
89	NO	EXP	$6,000.0	$0.0			4	$6,000.0	UR	20	Peger Road Widening	

*TOTALS AFFECTED BY ROUNDING

1988 - 1994 CAPITAL IMPROVEMENTS PROGRAM

PROJECT RANKING CRITERIA

AIP AIRPORTS + I.A.R.F.

PROJECT RANKING CRITERIA

July, 1987

Q1. Does the project extend the service life of the facility?

Service life = design life of facility

$$\text{Yes} = \frac{\text{Extended service life in years}}{\text{Original design life in years}} \times 25 = \text{points}$$

Note: No more than 25 points can be awarded for this question.

No = 0

Assumption: Any work to be done to an existing facility potentially qualifies. This item is intended to reward-projects which protect the State's investment in the existing system.

Q2. Is the project needed to continue the development of previously funded projects in the program?

1. Supplemental funding for work that is under contract.

75 points

2. Supplemental construction funding for a project that is ready to go to bid in the first quarter of the budget year.

55 points

3. Construction phase funding where project will be ready for bid in the budget year and pre-construction phases were programmed in prior years.

35 points

4. Funding need was identified in last year's six year capital improvement program.

15 points

5. All other projects

0 points

Q3. Will the completion of this project have direct and identifiable post-construction benefits to the local, regional or statewide economy?

1. Runway resurfacing would have little or no economic effect, since these projects repair or replace existing facilities.

0 points

2. Expansion of airport aprons would have a moderate impact on the economy since these projects expand existing facilities. It is assumed that a certain amount of infrastructure and economic activity already exists and these projects would support the expansion of this existing activity.

15 points

3. New airports built to support community growth and development.

30 points

4. New or expanded capacity for airports built specifically to support industrial, commercial or resource development.

$$\left(\frac{\text{Number of Jobs}}{\text{Project Cost}} \times 2{,}000{,}000 \right) \times 30 = \text{points [not to exceed 150]}$$

Note: Most projects will not be scored using item 4. The project must support new industrial, commercial, resource or other development specifically identified as part of an organized and recognized review of the development (only projects meeting these criteria can be awarded any points under item 4).

Q4. Will state maintenance and/or operations costs change as a result of this project?

Reduction in State M&O costs (i.e. facility upgraded, transfer of responsibility to local government)	20 points
No additional State M&O costs/positions	10 points
Additional State M&O costs/positions	0 points

Q5. Impact on Alaskan job market.

1. Majority of project jobs can be filled by Alaskans	50 points
2. All other projects	0 points

Assumptions: Apply this item to all projects, design, right-of-way, construction or combinations of those. Judge each project on its own merits. This item is intended to reward projects that are likely to result in Alaskan hire.

Q6. Will the project provide low-cost solutions to safety problems at high-hazard locations?

Assumptions: All safety projects get points, but low-cost projects get more points.

: Projects receive points based upon the tier in which the majority of the value of the work is performed. For example, a project to extend a runway to a length in excess of the AASP standard and fence the airport would be categorized as a Tier IV and receive 0 points, even though some of the work was eligible for a higher point score. To achieve the maximum points for the fencing project it would need to be made a separate project.

Tier 1: 100 points

Low cost safety projects

Examples:

° Resurfacing (gravel)
° Runway Lighting: provided it's North of 66° Latititude (AASP)
° Obstruction Removal (most cases)
° Runway marking
° Fencing
° CFR equipmen
° Jet blast abatement
° Airspace easement acquisition
° Consolidate fuel storage

Tier II: 65 points

Moderate cost safety projects

Examples:

° Resurfacing (pavement replacement)
° Runway extension (to AASP standards)
° Safety area extension (to FAA standards)
° Apron relocation (to AASP standards)
° Apron expansion (to AASP standards where congestion exists)
° Heliport construction/designation (to separate fixed-wing aircraft from rotary wing)

Tier III: 30 points

Examples:

° Airport relocation
° Crosswind runway
° Parallel taxiway

Tier IV: 0 points

Projects not safety-related

Examples:

° Increasing runway, runway safety area, or apron dimensions beyond AASP or FAA standards, as appropriate.

° Consolidated terminals
° Other terminal area improvements (parking, water, and sewer, etc.)
° Lease lot development

Q7. What is the functional classification of the facility?
*(Assumption: DOT/PF weights these classifications based on statewide importance.)

Tier 1: International airports

50 points

Tier 2: Regional center airports

40 points

Tier 3: District and transport airports

30 points

Tier 4: Community and reliever airports

20 points

Tier 5: Local airports

10 points

Q8. What is the primary purpose of the proposed improvement? (one tier per project)

Tier 1: Project is aimed at preventing an imminent failure or re-opening of the facility, or the reduction of service, which provides the only year-round access to the community.

100 points

Tier 2: Bring existing facility up to AASP or FAA standards.

60 points

Tier 3: Prevent imminent, near term physical failure of the existing facility.

50 points

Tier 4: Structural maintenance or safety improvement to existing facility.

40 points

Tier 5: Improve or expand existing facility for the purposes of economic development.

30 points

Tier 6: Construction of new airport not intended to replace existing airport.

20 points

Q9. What is the regional perception of the public's support for this project relative to other projects being ranked?

1. The project is in the top third of public priorities.

25 points

2. The project is in the middle third of public priorities.

15 points

3. The project is in the lower third of priorities.

5 points

Note: The average of scores for this question cannot exceed 15.

Q10. What importance does the region give to factors not addressed by the other ranking items?

* The Administration and the Department are interested in projects that will provide long term economic development/benefits to Alaskans. Please keep this in mind when assigning points for this question.

Score this item 0 to 200 for each project; however, the average of the points given to all projects cannot exceed 100.

Note: Regions may be asked to provide back-up information on what these factors were and their importance in evaluating the proposed project.

Q11. Is this project prompted by capacity concerns?

Range 0 to 75

Note: It is highly unlikely that runway capacity will be a problem except at international and a few regional center airports.

For Runway Projects

$$\frac{\text{Total hourly traffic for runway system}}{\text{Hourly capacity runway system (VCR)}} \times 75$$

Example: Single runway VFR system:

$$\frac{5 \text{ Operations}}{55 \text{ Operations}} \times 75 = 6.8 = 7 \text{ (rounded)}$$

For Apron Projects

Predominantly GA and Air taxi operations: $\frac{\text{\# Based and itinerant aircraft} \times 320\ yd^2}{\text{Area existing apron (in } yd^2\text{)}} \times 75$

Predominantly Heavy aircraft (DC-6, C-130, B737): $\frac{\text{Max. \# aircraft operating simultaneously} \times 3300\ yd^2}{\text{Area existing apron}} \times 75$

Q12. Does the proposed project upgrade the existing facility to meet identified standards?

$$\frac{\text{AASP Standard - Existing relevant dimension}}{\text{Standard dimension}} \times \begin{cases} 100 \text{ for runways} \\ 50 \text{ for other} \end{cases}$$

Example: Community Airport Apron expansion project.
AASP STANDARD = 60,000 ft^2
EXISTING AREA = 20,000 ft^2

$$\frac{\text{AASP Standard - Existing area (in } ft^2\text{)}}{\text{AASP standard}} \times 50 = \frac{60{,}000\ ft^2 - 20{,}000\ ft^2}{60{,}000\ ft^2} \times 50 = 33.3 = 33 \text{ (rounded)}$$

Example: Community Airport Runway extension project
AASP STANDARD = 3000 ft.
EXISTING RUNWAY = 1700 ft.

$$\frac{\text{AASP Standard - Existing runway length}}{\text{AASP standard}} \times 100 = \frac{3000 - 1700}{3000} \times 100 = 43.3 = 43 \text{ (rounded)}$$

* Score the predominant improvement only.
For example: a project is lengthening the runway and increasing the apron area - score the runway extension only.

FHWA HIGHWAYS

PROJECT RANKING CRITERIA

July, 1987

Q1. Does the project extend the service life of the roadway?

Service life = design life of facility

Yes = $\frac{\text{Extended service life in years}}{\text{Original design life in years}}$ X 25 = points

Note: No more than 25 points can be awarded for this question.

No = 0

Assumptions: Any work to be done to an existing roadway potentially qualifies. This item is intended to reward projects which protect the State's investment in the existing system.

Q2. Is the project needed to continue the development and construction of previously funded projects in the program?

1. Supplemental funding for work that is under contract.

75 points

2. Supplemental construction funding for a project that is ready to go to bid in the first quarter of the budget year.

55 points

3. Construction phase funding where project will be ready for bid in budget year and pre-construction phases were funded in prior years.

35 points

4. Funding need was identified in last year's six year capital improvement program.

15 points

5. All other projects

0 points

Q3. Will the completion of this project have direct and identifiable post-construction benefits to the local, regional or statewide economy?

1. Highway resurfacing, would have little or no economic effect, since these projects repair or replace existing facilities.

0 points

2. Widening existing roadways would have a moderate impact on the economy since these projects expand existing facilities. It is assumed that a certain amount of infrastructure and economic activity already exists and these projects would support the expansion of this existing activity.

15 points

3. New roads built to support community growth and development.

30 points

4. New or expanded capacity for roads built specifically to support industrial, commercial or resource development.

$$\left(\frac{\text{Number of Jobs}}{\text{Project Cost}} \times 2{,}000{,}000 \right) \times 30 = \text{points [not to exceed 150]}$$

Note: Most projects will not be scored using item 4. The project must support new industrial, commercial, resource or other development specifically identified as part of an organized and recognized review of the development (only projects meeting these criteria can be awarded any points under item 4).

Q4. Will state maintenance and/or operations costs change as a result of this project

State M&O costs (i.e. facility upgraded, transfer of responsibility to local government)	20 points
No additional State M&O costs/positions	10 points
Additional State M&O costs/positions	0 points

Q5. Impact on Alaskan job market.

1. Majority of project jobs can be filled	50 points
2. All other projects	0 points

Assumptions: Apply this item to all projects, design, right of way, construction or combinations of those. Judge each project on its own merits. This item is intended to reward projects that are likely to result in Alaskan hire.

Q6. Will the project provide low-cost solutions to safety problems at high-hazard locations?

1. Specific safety projects for facilities operated and maintained by the State of Alaska.

$$\frac{\text{Dollars directly addressing safety}}{\text{Project Cost}} \times 100 = \text{points}$$

° Illumination, signalization and/or channelization of intersection with high accident rates.

° Guardrails

° Repair of specific hazardous conditions

2. Safety-related projects

$$\frac{\text{Dollars directly addressing safety}}{\text{Project Cost}} \times 65 = \text{points}$$

° Accident history of facility indicates need for upgrade

° Lane widths with less than tolerable conditions

° No shoulders

3. Other safety projects

$$\frac{\text{Dollars directly addressing safety}}{\text{Project Cost}} \times 30 = \text{points}$$

° Unsafe operating environment

° Lane width, shoulders or runway substandard

° Resurface

4. All other projects 0 points

Q7. What is the functional classification of the facility?
*(Assumption: DOT/PF weights these classifications based on statewide importance.)

Roads on contiguous Road System

1. Interstate highways

50 points

2. Major arterial highways

40 points

3. Minc. arterial highways, (Statewide purpose, M&O facilities)

30 points

4. Major collectors, Urban collectors (Regional purpose)

20 points

5. Other state-maintained routes (Local purpose)

10 points

Rural Roads (not on the contiguous road system):

1. Federal-aid road from regional center airports, from a hospital and connection to communities and military bases.

60 points

2. Federal-aid road to district airports, from a hospital and connections to communities, public health hospitals, and military bases.

50 points

3. Road to communities identified as regional center airports and connections to major recreational centers.

40 points

4. Road to communities identified as district airports and connections to major recreational centers, other State maintenance routes.

30 points

5. Other Federal-Aid routes or State-maintained routes off of the contiguous road system.

20 points

Q8. What type of improvement is proposed?
* (One improvement per project)

1. Project is aimed at preventing an imminent failure or reopening the facility, which provides the only access to the community.

100 points

2. Reconstruction for the purposes of bringing a facility that is below tolerable standards up to design standards.

60 points

3. Restoration, preservation, structural maintenance or safety improvement to an existing facility.

50 points

4. Improvement or expansion of a facility for the purposes of economic development, improved safety or improved levels of service.

40 points

5. New facility development to relieve congestion of an existing facility, improve efficiency of the transportation system or generate economic development.

30 points

Q9. What is the regional perception of the public's support for this project relative to other projects being ranked?

1. The project is in the top third of public priorities.
25 points

2. The project is in the middle third of public priorities.
15 points

3. The project is in the lower third of public priorities.
5 points.

Note: The average of scores for this question cannot exceed 15.

Q10. What importance does the region give to factors not addressed by the other ranking items?
* The Administration and the Department are interested in projects that will provide long term economic development/benefits to Alaskans. Please keep this in mind when assigning points for this question.

Score this item 0 to 200 for each project; however, the average of the points given to all projects cannot exceed 100.

Note: Regions may be asked to provide back-up information on what these factors were and their importance in evaluating the proposed project.

Q11. Is this project prompted by capacity concern?

Roadways - Less than two lanes

$$\frac{\text{Current year ADT x 25}}{(.5)(\text{Capacity at LOS C for terrain type})} = \text{points}$$

Two lane roadways

Adequate shoulders $\dfrac{\text{Current year ADT x 25}}{(\text{Capacity at LOS C for terrain type and area})} = \text{points}$

Note: If a combination of lane-width and shoulders are below tolerable standards, multiply capacity by (.8)

Multi-lane roadway

Single-direction ADT $\dfrac{(.10\ (\text{Current year ADT}\ (25)}{(\text{Capacity for terrain type}\ (\#\ \text{of lanes in that direction})} = \text{points}$

Q12. Is the project to improve a facility which is below tolerable standards?
* (A project <u>can</u> score in all three categories)

A. WIDTH

1. If below tolerable (for functional class and traffic volume)
35 points

2. If between tolerable and design
5 points

B. ALIGNMENT/SITE DISTANCE

1. If below tolerable
35 points

2. If between tolerable and design
5 points

C. SURFACE

1. Extreme (pavement failed)
35 points

2. Substandard but passable
30 points

3. Needs preventative resurfacing
20 points

4. @ Standard
0 points

GENERAL FUND

PROJECT RANKING CRITERIA

July, 1987

Q1. Does the project extend the service life of the facility?

Service life = design life of facility

$$\text{Yes} = \frac{\text{Extended service life in years}}{\text{Original design life in years}} \times 25 = \text{points}$$

Note: No more than 25 points can be awarded for this question.

No = 0

Assumptions: Any work to be done to an existing facility potentially qualifies. This item is intended to reward projects which protect the State's investment in the existing system.

Q2. Is the project needed to continue the development and construction of previously funded projects in the program?

1. Supplemental funding for work that is under contract.

75 points

2. Supplemental construction funding for a project that is ready to go to bid in the first quarter of the budget year.

55 points

3. Construction phase funding where project will be ready for bid in the budget year and pre-construction phases were funded in prior years.

35 points

4. Funding need was identified in last year's six year capital improvement program.

15 points

5. All other projects.

0 points

Q3. Will the completion of this project have direct and identifiable post-construction benefits to the local, regional or statewide economy?

1. Highway resurfacing, public facilities repairs and improvements, harbor float replacement or runway resurfacing would have little or no economic effect, since these projects repair or replace existing facilities.

0 points

2. Additional harbor floats, expansion of airport aprons or widening existing roadways would have a moderate impact on the economy since these projects expand existing facilities. It is assumed that a certain amount of infrastructure and economic activity already exists and these projects would support the expansion of this existing activity.

15 points

3. New roads or airports built to support community growth and development.

30 points

4. New or expanded capacity for roads, airports or harbors built specifically to support industrial, commercial or resource development.

$$\left(\frac{\text{Number of Jobs}}{\text{Project Cost}} \times 2{,}000{,}000 \right) \times 30 = \text{points [not to exceed 150]}$$

Note: Most projects will not be scored using item 4. The project must support new industrial, commercial, resource or other development specifically identified as part of an organized and recognized review of the development (only projects meeting these criteria can be awarded any points under item 4).

Q4. Will state maintenance and/or operations costs change as a result of this project?

Reduction in State M&O costs (i.e. facility upgraded, transfer of responsibility to local government)	20 points
No additional State M&O costs/positions	10 points
Additional State M&O costs/positions	0 points

Q5. Impact on Alaskan job market.

1. Majority of project jobs can be filled by Alaskans	50 points
2. All other projects	0 points

Assumptions: Apply this item to all projects, design, right-of-way, construction or combinations of those. Judge each project on its own merits. This item is intended to reward projects that are likely to result in Alaskan hire.

Q6. Will the project provide low-cost solutions to safety problems at high-hazard locations?

1. Specific safety projects for facilities operated and maintained by the State of Alaska.

$$\frac{\text{Dollars directly addressing safety}}{\text{Project Cost}} \times 100 = \text{points}$$

° Illumination, signalization and/or channelization of intersections with high accident rates.

° Guardrails

° Dangerous surface condition on runway or runway safety area

° Repair of specific hazardous conditions

2. Safety-related projects

$$\frac{\text{Dollars directly addressing}}{\text{Project Cost}} \times 65 = \text{points}$$

° Accident history of facility indicates need for upgrade

° Runway length is deficient by more than 1000 feet or width by more than 15 feet

° Lane widths with less than tolerable conditions

° No shoulders

3. Other safety projects

$$\frac{\text{Dollars directly addressing safety}}{\text{Project Cost}} \times 30 = \text{points}$$

° Unsafe operating environment

° Lane width, shoulders or runway substandard

° Required CFR, fencing, etc.

4. All other projects 0 points 0 points

Q7. What is the functional classification of the facility?
*(Assumption: DOT/PF weights these classifications based on statewide importance.)

1. International airports, Interstate highways.

50 points

2. Regional center airports, Major arterial highways

40 points

3. District and transport airports, minor arterial highways, regional ports, buildings (statewide purpose, M&O facilities).

30 points

4. Community airports, reliever airports, major collectors, urban collectors, sub-regional harbors, buildings (regional purpose).

20 points

5. Local airports, other state-maintained routes, local harbors, buildings (local purpose).

10 points

Q8. What type of improvement is proposed?
* (one improvement per project)

1. Project is aimed at preventing an imminent failure or reopening of the facility, which provides the only access to the community.

100 points

2. Project is aimed at preventing an imminent failure of the facility.

60 points

3. Restoration, preservation, structural maintenance or safety improvement to an existing facility.

50 points

4. Reconstruction for the purposes of bringing the facility up to modern standards.

40 points

5. Improvement or expansion of a facility for the purposes of economic development, improved safety or improved levels of service.

30 points

6. New facility development to relieve congestion of an existing facility, improve efficiency of the transportation system or generate economic development.

20 points

Q9. What is the regional perception of the public's support for this project relative to other projects being ranked?

1. The project is in the top third of public priorities.
25 points

2. The project is in the middle third of public priorities
15 points

3. The project is in the lower third of public priorities
5 points

Note: The average of scores for this question cannot exceed 15.

Q10. What importance does the region give to factors not addressed by the other ranking items?

* The Administration and the Department are interested in projects that will provide long term economic development/benefits to Alaskans. Please keep this in mind when assigning points for this question.

Score this item 0 to 200 for each project; however, the average of the points given to all projects cannot exceed 100.

Note: Regions may be asked to provide back-up information on what these factors were and their importance in evaluating the proposed project.

Q11. Is this project prompted by capacity concerns?

For apron projects, harbor expansions and marine highway system improvements, estimate a volume to capacity ratio based on the demand for the limited space and the capacity of the respective tiedown, parking, mooring areas, transfer facilities and/or vessels. Multiply this ratio by 25 to determine point score; however, no project with an estimated ratio can score more than 75 points.

Roadways - Less than two lanes

$$\frac{\text{Current year ADT} \times 25}{(.5)(\text{Capacity at LOS C for terrain type})} = \text{points}$$

Two lane roadways

Adequate shoulders $\dfrac{\text{Current year ADT} \times 25}{(\text{Capacity at LOS C for terrain type and area})A} = \text{points}$

Note: A If a combination of lane-width and shoulders are below tolerable standards, multiply capacity by (.8)

Multi-lane roadway

$$\text{Single-direction ADT} \quad \frac{(.10 \text{ (Current year ADT (25)}}{\text{(Capacity for terrain type (\# of lanes in that direction)}} = \text{points}$$

For Runway Projects

$$\frac{\text{Total hourly traffic for runway system}}{\text{Hourly capacity runway system (VCR)}} \times 75$$

Example: Single runway VFR system:

$$\frac{5 \text{ Operations}}{55 \text{ Operations}} \times 75 = 6.8 = 7 \text{ (rounded)}$$

For Apron Projects

Predominantly GA and Air taxi operations

$$\frac{\text{\# Based and itinerant aircraft} \times 320 \text{ yd}^2}{\text{Area existing apron (in yd}^2\text{)}} \times 75$$

Predominantly Heavy aircraft (DC-6, C-130, B737)

$$\frac{\text{Max. \# aircraft operating simultaneously} \times 3300 \text{ yd}^2}{\text{Area existing apron}} \times 75$$

Q12. Is the project to improve a facility which is below tolerable standards?

A. ROADWAYS & RUNWAYS
(A project can score in all three categories)

Width

1. If below tolerable (for functional class and traffic volume) 35 points
2. If between tolerable and design 5 points

Alignment/Site Distance

1. If below tolerable 35 points
2. If between tolerable and design 5 points

Surface

1. Extreme (pavement failed) 35 points
2. Substandard but passable 30 points
3. Needs preventative resurfacing 20 points
4. @ Standard 0 points

B. EQUIPMENT

Funding approval for the project will:

1. Avoid the required closure of the facility — 105 points
2. Avoid the possible disruption of service — 50 points
3. Reduce M&O costs — 35 points
4. Provides duplication (backup) — 0 points

C. BUILDINGS/FACILITIES

1. Has the building and/or facility been sited for Handicapped Access or Fire/Life Safety code violations? — 105 points
2. Is the facility in non-compliance of code, which if not remedied, could cause the disruption of service to the facility? — 50 points
3. Will the project reduce M&O costs? — 35 points
4. Other — 0 points

D. HARBOR FACILITIES

Funding approval for the project will:

1. Avoid closure of the facility due to high risk/ safety related problems — 105 points
2. The local jurisdiction takes over M&O responsibilities — 50 points
3. Reduce M&O costs to State — 35 points
4. Add amenities to existing facilities — 0 points

* This is provided for consideration on question 10. It's a good guideline for your point(s) dispersal.

Stratification for Questions 10
==========

200	Regional Significance/Imminent Failure
150	Top M&O priorities/critical
125	More than average/not critical
100	Average priority
50	Minor Facilities

HIPS PHASE II: HIGHWAY NEEDS ASSESSMENT PROCESS

Task 2:

Determine Standards, Assessment Criteria and Tolerable Conditions

H. W. Lochner, Inc.

June 24, 1987

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INTRODUCTION

The Highway Improvement Programming System (HIPS) is a management process for highway system improvements. Phase II begins HIPS by developing a Highway Needs Assessment Process by Functional Classification for the HIPS management subsystems described below. The Pavement Management Subsystem (PMS) is being developed separately by others.

The management subsystems being considered in HIPS Phase II are:

- Functional Improvements
- Bridges
- Unpaved Roads

This report documents Task 2, wherein standards for the various elements selected in Task 1 have been determined within each subsystem for each functional classification. The 1984 AASHTO Policy on Geometric Design of Highways and Streets was used in determining these standards. Each element was also analyzed to determine tolerable conditions for each functional class, both urban and rural.

Interviews were held with select personnel from Construction, Design and Maintenance in each Region to assist in determining assessment criteria to be used.

Roadway data from the Highway Analysis System (HAS) will be compared to the appropriate tolerable conditions to determine substandard sections or bridges. Needs will then be developed by determining the cost to improve these sections up to the minimum design standards established for the appropriate functional class.

DEFINITIONS AND GLOSSARY OF TERMS

A - Total number of accidents during a study period, used in calculating an Accident Rate.

ADT - Average Daily Traffic volume, usually for a year.

Accident Rate, R_a - The accident rate for a highway section expressed in accidents per million vehicle-miles traveled.

As-Built Plans - A record drawing which is a plan that has been checked in the field and corrected to show the major differences between the "as designed" and "as built" conditions.

AASHTO - American Association of State Highways and Transportation Officials.

Bridge Roadway Width - The most restrictive minimum distance between curbs on the structure roadway.

Capacity - The maximum number of vehicles expected to pass over a given section of a lane or roadway during a given time period under prevailing roadway and traffic conditions.

Continuity - Something that continues or is connected such as a road.

Critical Accident Rate, R_c - A statistically derived value to which a comparison may be made to determine if the accident rate at a specific location is high enough above the average rate of similar locations or roadway categories to be designated as a critical location.

Critical Member - A structural member of a bridge having a deficiency which causes the bridge to be posted.

D - The directional split as a percent the peak direction is of the total volume during the peak hour or design hour.

DHV - Design Hourly Volume. An hourly volume used for design purposes representing traffic expected to use the highway.

Demand Flow Rate - The rate of flow representing the maximum number of vehicles passing a point during a time interval less than one hour but expressed as an equivalent hourly rate.

Design Speed - The maximum safe speed that can be maintained over a specified section of highway when conditions are so favorable that the design features of the highway govern.

Design Standards - The minimum criteria or conditions to which a highway or a planned improvement is constructed in order to provide desirable speed, safety and comfort to the motorist.

Full Approach Roadway Width - The full width of a roadway approaching a bridge, either from curb to curb or from outside shoulder to outside shoulder.

H - The maximum loading for a bridge for design purposes as determined by a two-axle standard truck. The H followed by a number such as 20 indicates the gross weight in tons of the standard truck.

HS - The maximum loading for a bridge for design purposes as determined by a standard truck train. The HS followed by a number such as 20 indicates the gross weight in tons of the standard truck train.

HAR - Hazardous Accident Rate used by ADOT&PF in their hazard elimination priority formula.

HAS - Highway Analysis System. This system coordinates the formatting, data entry and retrieval of all data bases required for the Highway Improvement Programming System.

Inventory Rating - A capacity rating for a bridge for a load level which can safely utilize an existing structure for an indefinite period of time, under standard operating conditions.

K - The percent the Design Hour Volume is of the annual Average Daily Traffic volume.

k - A constant at 95 percent confidence used to calculate the Critical Accident Rate.

L - Total length in miles of a section for which an accident rate is being calculated.

Lane Width - The width of a strip of roadway used for a single lane of vehicles.

LOS - Level of Service. A qualitative rating of the effectiveness of a highway in serving traffic, measured in terms of operating conditions, ranging from "A" for best operation to "E" for poor operations at possible capacity load.

Level Terrain - That terrain condition where highway sight distances, as governed by both horizontal and vertical restrictions, are generally long or could be made so without construction difficulty or major expense.

M - Represents vehicle exposure expressed in million vehicles used in the calculation of the Critical Accident Rate.

Maximum Service Flow Rate - The highest 15-minute rate of flow that can be accommodated on a highway facility under ideal conditions, while maintaining the operating characteristics for a stated level of service, expressed as passenger cars per hour per lane.

Mountainous Terrain - That terrain condition where longitudinal and transverse changes in the elevation of the ground with respect to the road are abrupt, and where benching and side hill excavation are frequently required to obtain acceptable horizontal and vertical alignment.

NBIS - National Bridge Inspection Standards.

Operating Rating - A capacity rating which represents the absolute maximum permissible load level under restricted operating conditions to which a bridge may be subjected.

Pavement Width - Equal to the lane width times the number of lanes.

PHF - Peak Hour Factor. The ratio of total hourly volume to the maximum 15-minute rate of flow within the hour, calculated by dividing the total hourly volume by four times the highest 15 minute volume.

Posting Rating - The ratio of the Operating Rating for a bridge to its Inventory Rating.

Roadway Width - The pavement width plus the width of both shoulders.

R_{CHAR} - The Critical Accident Rate calculated using the Hazardous Accident Rate as one of the variables.

Rolling Terrain - That terrain condition where the natural slopes consistently rise above and/or fall below the road grade and where occasional steep slopes offer some restriction to normal horizontal and vertical road alignment.

Severity Index - A method of identifying high accident locations by taking into account the severity of accidents and the resulting economic loss.

Shoulder Width - The width of the shoulder from the edge of the pavement to the outside edge of the shoulder.

SI&A - Structural Inventory and Appraisal. An inventory method to identify the pertinent data elements about an individual bridge which will form a bridge inventory data base.

Subsurface Condition - The condition of the roadway below the subgrade.

Surface Condition - The condition of the roadway above the subgrade.

Sufficiency Rating - An evaluation process resulting in a numerical value which indicates the sufficiency of a bridge to remain in service. The higher the rating the more sufficient is the bridge.

T - The percent of trucks in the traffic stream during a given period of time, usually the peak hour or design hour volume.

T' - The time period in years used to calculate an Accident Rate, usually the three most recent years where data is available.

Tolerable Conditions - The minimum conditions under which an existing roadway can provide reasonable speed, safety and comfort to the motorist.

Tolerable Speed - The minimum speed below design speed that can be permitted on an existing highway while still maintaining safety and comfort to the motorist.

Transverse Slope - The slope across a roadway away from its center to its outside edge.

V - The average daily traffic volume for a highway section used in computing the accident rate.

V/C - Volume/Capacity Ratio. The ratio of peak hour volumes (Demand Flow Rate) to the capacity of given roadway section, where capacity represents the maximum at Level of Service E.

$V/C_{LOS\ D}$ - The volume/capacity ratio where the capacity represents Level of Service D.

Vertical Clearance - The clearance from above the bridge deck or from the roadway to the lowest bridge member.

Section I

Design Standards
Tolerable Conditions

The design standards and tolerable conditions to be used for the Alaska Highway Needs Assessment Process are shown on Table 1. The general description of Interstate, Arterial, Collector and Local Road are shown for rural highways in the tables. For urban roadways, the Urban Street classification replaces the Local Road and all other higher classification descriptions remain the same. Traffic volumes consistent with AASHTO have been used. The rural design standards have not been increased for DHVs greater than 200 on the collectors and greater than 400 ADT for the local roads since nearly all traffic volumes on these two road classifications in Alaska do not reach the higher traffic volumes specified in AASHTO.

The needs analysis for a roadway functionally classified as Minor Arterial, for example, will use the arterial standards, and geometrics will be based on traffic volume.

Table 2 includes the design standards and tolerable conditions for bridges on both the rural and urban highways.

Design speed and tolerable speed for the rural system are shown on Table 3. Tolerable speed is the minimum speed below design speed that can be permitted on an existing highway while still maintaining safety and comfort to the motorist. When considering improvements in the needs assessment process, all geometric features will be improved to design standards.

The design speeds for urban highways are as follows:

Arterials	40 mph
Urban Collectors	30 mph
Urban Streets	20 mph

The tolerable speeds for urban highways are as follows:

Arterials	35 mph
Urban Collectors	25 mph
Urban Streets	20 mph

Design standards for horizontal curves will include a radius consistent with the 1984 AASHTO Policy on Geometric Design of Highways and Streets using a maximum superelevation rate of 0.06 ft./ft.

DESIGN STANDARDS AND TOLERABLE CONDITIONS
RURAL HIGHWAYS

Functional Class	Traffic Volume		Design Standards		Tolerable Conditions	
	ADT	DHV	Lane Width (Ft.)	Shoulder Width(1) (Ft.)	Lane Width (Ft.)	Shoulder Width(2) (Ft.)
Interstate		<200	12	6	11	6
		200-400	12	8	11	6
		>400	12	10	11	8
Arterial	<400		12	4	11	3
	>400		12	6	11	4
		200-400	12	8	11	6
		>400	12	10	11	8
Collector	<400		11	2	10	1
	>400		11	4	10	2
		>100	11	6	10	4
Local	<400		10	2	9	0
	>400		11	4	10	2

URBAN ROADWAYS

Functional Class	Traffic Volume (DHV)	Number of Lanes	Design Standards			Tolerable Conditions		
			Lane Width (Ft.)	Shoulders		Lane Width (Ft.)	Shoulders	
				Left	Right(3)		Left	Right(3)
Arterial(4)	>1500	2	12	NA	8	11	NA	7
	1500-3000	4	12	2	8	11	1	7
	3000-4500	6	12	2	8	11	1	7
Urban Collector	0-1500	2	11	NA	8	10	NA	7
Urban Street	All	2	10	NA	7	9	NA	6

(1) On multilane divided highways the outside shoulder width will be as listed. The inside median shoulder shall be 4 feet wide when there are two lanes in each direction. On divided highways with three or more lanes in each direction, the shoulder width required is 8 feet.

(2) For multilane divided highways the inside shoulder shall be 3 feet for two lanes in each direction and 7 feet for three or more lanes in each direction.

(3) Width shown includes parking lane width. Where parking is not permitted, a 2 foot shy distance from the lane edge will be required.

(4) The urban Arterial classification includes Interstate, other Freeways and Expressways, Principal Arterials and Minor Arterials.

TABLE 1

BRIDGE ROADWAY WIDTH
RURAL AND URBAN HIGHWAYS

Functional Class	Design Standards		Tolerable Conditions
Interstate	Full approach roadway width		Pavement width plus 2 feet each side
Arterial	Full approach roadway width		Pavement width plus 2 feet each side
Collectors	ADT <400	Pavement width plus 2 feet each side	Pavement width
	ADT >400	Pavement width plus 3 feet each side	Pavement width plus 1 foot each side
	DHV >100	Full approach roadway width	Pavement width plus 2 feet each side
Local Roads and Urban Streets	ADT <400	Pavement width plus 2 feet each side	Pavement width
	ADT >400	Pavement width plus 3 feet each side	Pavement width plus 1 foot each side

TABLE 2

DESIGN SPEED
RURAL HIGHWAYS

Functional Class	Terrain(1)	Traffic Volume Group and Design Speed		
Interstate		<400 ADT	>400 ADT	DHV>200
	L	55 mph	65 mph	65 mph
	R	50	60	60
	M	40	50	50
Arterial		<400 ADT	>400 ADT	DHV>200
	L	55 mph	65 mph	65 mph
	R	50	60	60
	M	40	50	50
Collector		<400 ADT	>400 ADT	DHV>200
	L	40 mph	50 mph	60 mph
	R	30	40	50
	M	20	30	40
Local Road		<250 ADT	250-400 ADT	>400 ADT
	L	30 mph	40 mph	50 mph
	R	25	30	40
	M	20	20	30

TOLERABLE SPEED
RURAL HIGHWAYS

Functional Class	Terrain(1)	Traffic Volume Group and Tolerable Speed		
Interstate		<400 ADT	>400 ADT	DHV>200
	L	45 mph	55 mph	55 mph
	R	40	50	50
	M	30	40	40
Arterial		<400 ADT	>400 ADT	DHV>200
	L	45 mph	55 mph	55 mph
	R	40	50	50
	M	30	40	40
Collector		<400 ADT	>400 ADT	DHV>200
	L	30 mph	40 mph	50 mph
	R	25	35	40
	M	20	25	30
Local Road		<250 ADT	250-400 ADT	>400 ADT
	L	25 mph	30 mph	40 mph
	R	25	25	30
	M	20	20	25

(1) L = Level
R = Rolling
M = Mountainous

TABLE 3

BRIDGES ELIGIBLE

FOR

SPECIAL REPLACEMENT

AND

REHABILITATION FUNDS

LIST OF STRUCTURES CURRENTLY ELIGIBLE
FOR HBRRP FUNDING

THE FOLLOWING LIST OF BRIDGES ARE CURRENTLY ELIGIBLE FOR HBRRP FUNDING AND MAY BE DESIGNED AND/OR CONSTRUCTED UNDER THE FY'89 AUTHORIZATIONS TO THE EXTENT THAT FUNDING IS AVAILABLE.

ON SYSTEM BRIDGES ELIGIBLE FOR REPLACEMENT FUNDS
EFFECTIVE JULY 1, 1987

(ON SYSTEM BRIDGES ARE ELIGIBLE FOR 65% TO 85% OF AVAILABLE FUNDING)

STATE	STRUCTURE NO.	INVENTORY ROUTE	SYSTEM	FEATURES INTERSECTED	FACILITY CARRIED BY STRUCTURE	LOCATION	HWY DIST	CNTY
020	0540	131005760	05	MATANUSKA RIVER	OLD GLENN HIGHWAY	MILE POINT 16.9	01	170
020	0815	131005840	05	PETERS CREEK	PETERSVILLE ROAD	MILE POINT 32.8	01	170
020	0810	131005840	05	KROTO CREEK	PETERSVILLE ROAD	MILE POINT 13.9	01	170
020	0433	131004340	05	BARBARA CREEK	SELDOVIA JAKOLOF	MILE POINT 4.8	01	120
020	0509	11100A210	01	ROBERTSON RIVER	ALASKA HIGHWAY	MILE POINT 1347.4	02	240
020	1142	11100A430	01	BISON GULCH	PARKS HIGHWAY	MILEPOINT 209.4	02	290
020	1147	111000A40	01	NENANA RV AT PARK STATION	PARKS HIGHWAY	MILE POINT 238.0	02	290
020	0301	131009240	05	KLAWAK RIVER	CRAIG/KLAWOCK HWY	MILE POINT 6.0	03	200
020	0787	132009550	14	SALMON CREEK	TWIN LAKES DRIVE	MILE POINT 1.6 JUNEAU	03	110
020	0806	131009360	05	SITKA FERRY TERMINAL	MOVABLE TMB TRUSS	SITKA	06	220
020	0206	131008510	05	MILLION DOLLAR BRIDGE	COPPER RIVER HWY	MILEPOINT 48.8	05	080
020	0397	131008500	05	KUSKALANA RIVER	EDGERTON/MCCARTHY	MILE POINT 50.8	05	260
020	1194	131008500	05	GILAHINA RIVER	EDGERTON/MCCARTHY	MILE POINT 62.7	05	260
020	1195	131008500	05	LAKINA RIVER	EDGERTON/MCCARTH	MILE POINT 78.0	05	260
020	0861	131008800	05	JACK CREEK	NABESNA ROAD	MILE POINT 35.4	05	240
020	0577	131000710	03	ONE MILE CREEK	RICHARDSON HWY	MILE POINT 184.7	05	260
020	0888	11100A120	01	CARLSON CREEK	TOK CUTOFF HWY	MILEPOINT 67.5	05	260

ON SYSTEM BRIDGES ELIGIBLE FOR REHABILITATION FUNDS
EFFECTIVE JULY 1, 1987

(ON SYSTEM BRIDGES ARE ELIGIBLE FOR 65% TO 85% OF AVAILABLE FUNDING)

020	0496	131005800	05	LITTLE SUSITNA RIVER	FISHHOOK/WILLOW RD	MILE POINT 8.1	01	170
020	1017	131004340	05	SELDOVIA SLOUGH	SELDOVIA AIRPORT R	MILEPOINT 0.5	01	120
020	0317	11100A440	01	JULIUS CREEK	PARKS HIGHWAY	MILEPOINT 251.4	02	290
020	1140	131007850	05	CHICKEN CREEK	TAYLOR HIGHWAY	MILE POINT 66.9	02	000
020	0663	11100A120	01	TOK RIVER	TOK CUTOFF HWY	MILE POINT 103.4	02	000
020	0732	131000930	04	GOLD CREEK	EGAN DRIVE	JUNEAU	03	110
020	1565	131009130	05	SALTERY CREEK	HYDABURG HIGHWAY	PRINCE OF WALES ISLAND	03	200
020	1361	131009290	05	DUKE CREEK	BIG SALT LAKE ROAD	PRINCE OF WALES ISLAND	03	200
020	NBIS REQUIRED/ON SYSTEM BRIDGE INSPECTION							

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672 731
5159 HTRA HB 213 (FILE 2)

OFF SYSTEM BRIDGES ELIGIBLE FOR REPLACEMENT FUNDS
EFFECTIVE JULY 1, 1987

(OFF SYSTEM BRIDGES ARE ELIGIBLE FOR 15% TO 35% OF AVAILABLE FUNDING)

STATE	STRUCTURE NO.	INVENTORY ROUTE	SYSTEM	FEATURES INTERSECTED	FACILITY CARRIED BY STRUCTURE	LOCATION	HWY DIST	CNTY
020	1536	181NSP000	11	FALSE PASS CREEK	AIRFIELD ROAD	FALSE PASS ALEUTIANS	01	010
020	0979	134NSP000	09	NORTH FORK ANCHOR RIVER	ANCHOR PT ACCESS		01	120
020	1199	134NSP000	09	S FORK ANCHOR RIVER	ANCHOR RV/PIONEER	MILEPOINT 15.3	01	120
020	0915	134NSP000	11	ARCHANGEL CREEK	ARCHANGEL ROAD	PALMER	01	170
020	1709	144NSP000	11	LITTLE SUSITNA RIVER TRIB	CARNEY RD	NEAR WASILLA	01	170
020	1024	131NSP000	09	SALMON CREEK	CEMETARY ROAD	MILEPOINT 0.2 SEWARD	01	210
020	1192	134NSP000	09	LITTLE SUSITNA RIVER	EDGERTON PARKS RD	MP 0.1 PALMER	01	170
020	0461	131NSP000	11	OTTER CREEK	FUNNY RIVER ROAD	M P 7.2 IDITAROD	01	000
020	1812	140NSPCY0	03	BODENBURG CREEK	GLEN HWY SPUR	MATSU BORO	01	000
020	1708	144NSP000	11	WASILLA CREEK	GRANTHAM ROAD	HYER ROAD SPUR	01	170
020	1031	141NSP000	09	PETERS CREEK	MINOR ROAD	BIRCHWOOD AREA	01	020
020	1501	141NSPCY0	11	PETERS CREEK	MINOR ROAD	BIRCHWOOD AREA	01	020
020	1030	134NSP000	11	LITTLE SUSITNA RIVER	SCHROCK RD SPUR	M P 0.7 PALMER	01	170
020	0467	131NSP000	09	GAMES CREEK	STERLING HWY/OPHIR	MILE POINT 39.1	01	160
020	1713	14400NSP0	11	LITTLE SUSITNA RIVER	WELCH ROAD	WELCH ROAD (NEAR WASILLA)	01	170
020	0487	131NSP000	09	ILIAMNA RIVER	WILLIAMSPORT/PILE	MILE POINT 10.1	01	070
020	0484	131NSP000	09	CHINKELYES CREEK	WILLIAMSPORT/PILE	MILE POINT	01	070
020	1279	134NSP000	09	WOLVERINE CREEK	WOLVERINE EXTEN	M.P. 1.1 PALMER	01	170
020	1667	131NSPNR0	09	MONTANA CREEK OVERFLOW	YODER ROAD	TALKEENTA	01	170
020	1669	131NSPNR0	09	MONTANA CREEK	YODER ROAD	TALKEETNA	01	170
020	1668	131NSPNR0	09	MONTANA CREEK OVERFLOW	YODER ROAD	TALKEETNA	01	170
020	0811	134NSP000	09	LIVENGOOD CREEK	LIVENGOOD ROAD	MILE POINT 3.9	02	000
020	0948	131NSPCY0	12	BASIN ROAD TRESTLE	BASIN ROAD	JUNEAU	03	110
020	1780	158NSPCY0	03	WARREN ST VIADUCT	CITY STREET	KETCHIKAN URBAN	03	130
020	1472	151NSPCY0	12	BAUER-HOPKINS TRESTLE	CITY STREET	DOWNTOWN KETCHIKAN	03	130
020	1781	158NSPCY0	03	MILLAR ST VIADUCT	CITY STREET	KETCHIKAN	03	120
020	0864	131NSP000	09	TROLLERS CREEK	KNUDSON COVE ROAD	MILE POINT 0.5 KETCHIKAN	03	130
020	1490	181NSPNR0	09	WEST CREEK	DYEA RD EXTENSION	M P 8.3 SKAGWAY	03	230
020	1817	14800NSP0	11	IRON CREEK	LOGGING RD	HAINES	03	100
020	1816	14800NSP0	11	CHILKOOT SLOUGH	LOGGING RD	HAINES	03	100
020	1634	180NSPNR0	11	UNNAMED CREEK	LOGGING ROAD	HAINES	03	100
020	1637	180NSPNR0	11	GLACIER CREEK	LOGGING ROAD	HAINES	03	100
020	1487	154NSPCY0	12	GOLD CREEK AT SALMON BAKE	MINING MUSH ACCESS	JUNEAU	03	110
020	1483	141NSPNR0	11	STARRIGAVAN CREEK	STARRIGAVAN ROAD	MP 1.2 SITKA	03	220
020	1238	131NSP000	11	HYDER DOCK TRESTLE	STATE DOCK	HYDER	03	190
020	1417	138NSPCY0	12	GUSTAVUS DOCK	STATE DOCK ROAD	MILE POINT 1.5 GUSTAVUS	03	230
020	1540	131NSPCY0	12	GRAYLING CREEK SLOUGH	GRAYLING ROAD	LOWER YUKON	04	160
020	1298	131NSPCY0	11	GRAYLING CREEK	GRAYLING ROAD	LOWER YUKON	04	160
020	1306	131NSP000	09	OBRIEN CREEK AT CHITINA	COPPER RIV SPUR HY	CHITINA M.P. 1.8	05	260
020	0945	131NSP000	09	HORSETAIL CREEK	HAZELET AV/MINERAL	MILEPOINT 2.4	05	260
020	0944	131NSP000	09	MINERAL CREEK	HAZELET AV/MINERAL	MILEPOINT 1.1	05	260
020	0285	184NSPNR0	11	LIBERTY FALLS	LIBERTY F CMPG RD	ADJ EDGERTON HWY MP 23.6	05	260
020	1671	180NSPNR0	11	BIG RIVER CENTER CROSSING	LOGGING RD	ICY BAY	05	230
020	1672	180NSPNR0	11	BIG RIVER WEST CROSSING	LOGGING RD	ICY BAY	05	230
020	1660	180NSPNR0	11	LYDICK CREEK	LOGGING ROAD	M P 10.6 - ICY BAY	05	230

OFF SYSTEM BRIDGES ELIGIBLE FOR REHABILITATION FUNDS
EFFECTIVE JULY 1, 1987

(OFF SYSTEM BRIDGES ARE ELIGIBLE FOR 15% TO 35% OF AVAILABLE FUNDING)

STATE	STRUCTURE NO.	INVENTORY ROUTE	SYS-TEM	FEATURES INTERSECTED	FACILITY CARRIED BY STRUCTURE	LOCATION	HWY DIST	CNTY
020	1279	138NSP000	10	AIRPORT RAMPS ANCHORAGE	INTERNATIONAL AIR	ANCHORAGE	01	020
020	0537	131NSP000	09	EKLUTNA RIVER	FRONTAGE RD	OLD GLENN HWY MP 25.9	01	020
020	1711	144NSP000	11	LITTLE SUSITNA R TRIBUTAR	SCHROCK ROAD SPUR	NEAR WASILLA	01	170
020	1253	134NSP000	09	HUNTER CREEK	KNIK RIVER ROAD	MP 9.7 KNIK R RD-PALMER	01	170
020	1714	144NSP000	11	BODENBURG CREEK	ELK ROAD	ELK ROAD (NEAR PALMER)	01	170
020	1811	140NSPCY0	11	UNKNOWN CREEK	LOWER RD	MATSU BORO	01	170
020	1136	131NSP000	11	LOWELL CREEK	LOWELL POINT ROAD	SEWARD MP 0.1	01	210
020	0910	134NSP000	09	ANCHOR RIVER	OLD STERLING HWY	M P 8.4 KENAI	01	120
020	1512	181NSP000	11	PERRYVILLE CREEK	AIRPORT ROAD	PERRYVILLE	01	010
020	1530	181NSP000	11	METHODIST BR OVR ILIULIUK	RESERVOIR SPUR #1	UNALASKA M P 0.2	01	010
020	1632	180NSPNR0	11	UNNAMED CREEK	LOGGING ROAD	HAINES	03	100
020	1652	180NSPNR0	11	CARSON CREEK	LOGGING RD	ICY BAY	05	230
020	NBIS REQUIRED/OFF SYSTEM BRIDGE INSPECTION							

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

P.O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

March 2, 1987

MEMORANDUM

TO: Representative Lyman Hoffman

ATTN: Lori Nottingham

FROM: Mary Jennings MJ
Legislative Analyst

RE: Federal-Aid Highway Fund Distribution
Research Request 87.151

You requested that we determine: 1) the amount of federal-aid highway funds that have been appropriated to each community and election district during the past four years; 2) the criteria for transferring federal-aid highway funds among system funds; 3) the Department of Transportation and Public Facilities (DOT/PF) level of compliance with the transferability guidelines; and 4) how compliance could be improved.

Background

The "Federal-aid Highway program" is an umbrella term generally referring to all activities funded through the Federal Highway Administration (FHWA) and administered by the states' highway or transportation agencies. The term "program" is used to refer to the many components that make up the overall federal-aid highway program. Each program is separately funded. For example, within the federal-aid highway program, there is specific funding for bridge replacement and rehabilitation, primary systems, urban systems and interstates, etc.

Federal-aid highway acts have traditionally been the vehicle for providing funds, termed "authorizations," for the federal-aid highway program. It is these authorizations that spell out the amount and purpose for which federal-aid highway funds are to be expended and lead directly to the financing procedures of the program.

Title 23 Section 118 paragraph (f) of the United States Codes specifically addresses Alaska's transferability of funds. The paragraph states, "Funds made available to the State of Alaska under this title [23 USCS § 101 et seq.] may be expended for construction of access and development roads on a federal-aid system that will serve resource development, recreational, residential, commercial, industrial, or other like purposes." The DOT/PF has interpreted this paragraph to mean that the State has greater flexibility in the transferability of federal-aid system monies than what is allowed under federal guidelines. According to Ron Lind, Legislative Liaison for DOT/PF, the department follows the federal guidelines for transferability, except for primary, urban, and secondary system funds. Mr. Lind stated that the department has allowed transfers between primary and secondary system funds and primary and urban system funds that have decreased the original apportionment to the primary system fund by more than 50 percent.

In order to gain an idea of the extent to which Alaska transfers primary system funds to other system funds, I requested Mr. Lind to provide federal-aid apportionments to Alaska by system fund for the last four years and a break down of how these funds were actually obligated. Mr. Lind stated that provisions of the data will require a review of individual projects. He estimated that with other workload considerations, it will take his department two weeks to provide the information. I will forward this to you upon receipt.

In order to determine ways DOT/PF could achieve a greater level of compliance with federal transferability guidelines concerning primary, secondary and urban system funds, I contacted Barry Moorhead, Alaska Division Administrator of Federal Highways. Mr. Moorhead suggested that DOT/PF should formulate a comprehensive six-year plan and follow this plan without reprioritizing projects each year. He felt that if the department adhered to a long-term plan, all types of projects, both urban and primary (i.e., rural) projects, would be funded. He felt that DOT/PF is not currently able to plan well because the legislature continuously passes resolutions that place a high priority on certain projects. Mr. Moorhead felt that DOT/PF and the legislature could work together in order to allow the department to develop a nonpolitical highway project plan that could be carried out from year to year without emphasis continuously being shifted from one project to another.

Federal-aid Distribution

Attachment B, prepared by the Office of Management and Budget (OMB) provides appropriations of State and federal funds by election district, affected community, and road. The attachment also cites the Session Law authorizing the funding for a particular project. Pages 32 through 35 of the attachment provide data for projects that could not be attributed to a

TABLE 1

FEDERAL AID HIGHWAY APPROPRIATIONS BY ELECTION DISTRICT FY 1984-1987

(thousands of dollars)

DISTRICT NAME	HOUSE ELECTION DISTRICT	FY 84		FY 85		FY 86		FY 87	
		Approp.	% of total funds	Approp.	% of total funds	Approp.	% of total funds	Approp.	% of total funds
KETCHKN-WRANGL-PETRSBG	1	0.0	0.0%	7,222.0	10.1%	10,350.0	4.8%	5,800.0	2.3%
INSIDE PASSAGE	2	1,788.0	0.9%	4,508.0	6.3%	6,210.0	2.9%	13,804.0	5.6%
BARANOF-CHICHAGOF	3	0.0	0.0%	0.0	0.0%	900.0	0.4%	0.0	0.0%
JUNEAU	4	3,864.0	1.9%	2,852.0	4.0%	6,580.0	3.1%	135.0	0.1%
KENAI-COOK INLET	5	0.0	0.0%	0.0	0.0%	11,000.0	5.1%	300.0	0.1%
PRINCE WILLIAM SOUND	6	1,039.0	0.5%	3,036.0	4.2%	2,380.0	1.1%	5,850.0	2.4%
ANCHORAGE	7-15	119,958.0	59.7%	15,544.0	21.7%	74,432.0	34.5%	136,827.6	55.2%
MATANUSKA-SUSITNA	16	10,795.0	5.4%	368.0	0.5%	3,285.0	1.5%	8,985.0	3.6%
INTERIOR HIGHWAYS	17	33,397.0	16.6%	32,802.0	45.7%	36,690.0	17.0%	24,174.0	9.8%
FAIRBANKS	18-21	20,020.0	10.0%	5,402.0	7.5%	45,960.0	21.3%	46,967.0	19.0%
NORTH SLOPE-KOTZEBUE	22	0.0	0.0%	0.0	0.0%	13,000.0	6.0%	0.0	0.0%
NORTON SOUND	23	9,220.0	4.6%	0.0	0.0%	4,680.0	2.2%	4,981.0	2.0%
INTERIOR RIVERS	24	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
LOWER KUSKOKWIM	25	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
BRISTOL BAY-ALEUTIAN IS	26	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
KODIAK-EAST AK PENINSULA	27	900.0	0.4%	0.0	0.0%	0.0	0.0%	0.0	0.0%
TOTAL		200,981.0		71,734.0		215,467.0		247,823.6	

Prepared by the House Research Agency February 1987 (87-151;860506-01).

APPENDIX C-1

Apportionment Formulas

Formulas for apportioning authorized sums for certain classes of Federal-aid highways are specified by statute. These are shown below.

Fund	Factors	Weight	Statute*	Minimum Apportionment
Interstate System (for completion only)	Relative Federal Share of Cost to Complete the System **	1	104(b)(5)(A)	1/2 percent (including Alaska)
Interstate Resurfacing, Restoration, Rehabilitation, and Reconstruction	Interstate System Lane Miles Vehicle Miles Traveled on Interstate System	55% 45%	104(b)(5)(B)	1/2 percent
Interstate Highway Substitution (3/4 apportioned, 1/4 discretionary allocation)	Relative Federal Share of Cost to Complete Substitute Projects	1	103(e)(4)	----------
Primary System	Formula A		104(b)(1)	
	Area	2/9		
	Rural Population	2/9		
	Rural Delivery Route Mileage and Intercity Mail Route Mileage	2/9		
	Urban Population*** (1/2 percent minimum (except D.C.))	1/3		
	Formula B		Sec. 108, P.L. 97-424	
	Rural Population	1/2		
	Urban Population***	1/2		
	For each State, determine greater of A or B, then: Each State's apportionment equals: A or B x Total Primary Authorization / Sum of all States' A or B Except that: the apportionment is not less than smaller of A or B			1/2 percent (including territories as a whole)
Secondary System	Area	1/3	104(b)(2)	1/2 percent (except for D.C.)
	Rural Population	1/3		
	Rural Delivery Route Mileage and Intercity Mail Route Mileage	1/3		
Urban System	Urban Area*** Population	1	104(b)(6)	1/2 percent
Urban Transportation Planning	Urbanized Area**** Population	1	[illegible]	1/2 percent
Bridge Replacement & Rehabilitation	Relative share of total cost of deficient bridges	1	[illegible]	1/4 percent (50 percent maximum)

STATE OF ALASKA
DIVISION OF BUDGET REVIEW

DATE: 02/27/87
TIME: 12:33:43
PROG: ROADRPT2

 APPROPRIATIONS FOR ROADS AND BIKE/PEDESTRIAN PATHS, SLA 1983 THROUGH SLA 1986, BY ELECTION DISTRICT

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
1	1983	Ketchikan	Schoenbar-Quinn	1,500,000	0	1,500,000	10	0	7	0	
1	1983	Ketchikan	Unspecified Roads	1,630,000	0	1,630,000	10	0	24	0	
1	1983	Ketchikan	Creek Street	200,000	0	200,000	10	0	24	0	
1	1983	Ketchikan	Unspecified Roads	300,000	0	300,000	107	34	110	0	
				3,630,000	0	3,630,000					Sum
Number of Observations: 4											
1	1984	Ketchikan	Schoenbar-Quinn	800,000	0	800,000	22	0	4	0	
1	1984	Ketchikan	Ketchikan Bypass	3,034,100	0	3,034,100	24	0	40	0	
1	1984	Ketchikan	Tongass Highway	320,000	3,680,000	4,000,000	24	0	66	0	
1	1984	Ketchikan	Tongass Avenue	150,000	0	150,000	24	0	66	0	
1	1984	Ketchikan	Tongass Avenue	200,000	0	200,000	24	0	66	0	
1	1984	Ketchikan	Engineering/Design	100,000	0	100,000	24	0	66	0	
1	1984	Ketchikan	Peninsula Point	35,000	0	35,000	24	0	66	0	
1	1984	Ketchikan	Ketchikan Bypass	2,330,900	0	2,330,900	24	0	71	0	
1	1984	Petersburg	Main Street	72,000	828,000	900,000	24	0	66	0	
1	1984	Wrangell	Wrangell Airport Road	36,000	414,000	450,000	24	0	66	0	
1	1984	Wrangell	Zimovia Highway	200,000	2,300,000	2,500,000	24	0	66	0	
1	1984	Wrangell	Stikine Evergreen Street	800,000	0	800,000	24	0	66	0	
				8,078,000	7,222,000	15,300,000					Sum
Number of Observations: 12											
1	1985	Ketchikan	North Tongass Highway	0	5,400,000	5,400,000	96	0	19	0	
1	1985	Ketchikan	Tongass Avenue	0	4,500,000	4,500,000	96	0	20	0	
1	1985	Petersburg	Ferry Terminal to "H"	0	450,000	450,000	96	0	20	0	

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
2	1984	Skagway	Klondike Highway	152,000	1,748,000	1,900,000	24	0	66	0	
2	1984	Yakutat	Unspecified Roads	175,000	0	175,000	22	0	4	0	
				2,842,000	4,508,000	7,350,000					Sum
Number of Observations: 7											
2	1985	Haines	Union Avenue	0	90,000	90,000	96	0	20	0	
2	1985	Hoonah		0	2,070,000	2,070,000	96	0	19	0	
2	1985	Kake	Ferry Terminal to Gunnuk	0	225,000	225,000	96	0	19	0	
2	1985	Kake	Keku Road	0	2,025,000	2,025,000	96	0	19	0	
2	1985	Skagway	Dyea Road	0	450,000	450,000	96	0	20	0	
2	1985	Skagway	Unspecified Roads	124,110	0	124,110	105	489	108	4	
2	1985	Skagway	Unspecified Roads	427,000	0	427,000	96	0	39	0	
2	1985	Yakutat	Alsek Road	0	1,350,000	1,350,000	96	0	20	0	
2	1985	Yakutat	Unspecified Roads	150,000	0	150,000	96	0	39	0	
				701,110	6,210,000	6,911,110					Sum
Number of Observations: 9											
2	1986		Dyea Road	0	3,780,000	3,780,000	128	3	20	5	
2	1986		Haines Highway	0	2,700,000	2,700,000	128	3	19	21	
2	1986		Klondike Highway	0	2,500,000	2,500,000	128	3	20	9	
2	1986		Klondike Highway	0	900,000	900,000	130	181	39	2	
2	1986	Hydaburg	Unspecified Roads	40,000	0	40,000	128	3	25	20	
2	1986	Kake	Ferry Terminal to Gunnuk	0	450,000	450,000	128	3	20	4	
2	1986	Kake	Keku Road	0	2,574,000	2,574,000	128	3	19	22	
2	1986	Klawock	Unspecified Roads	160,000	0	160,000	130	590	115	7	
2	1986	Yakutat	Alsek Road	0	900,000	900,000	128	3	20	6	
2	1986	Yakutat	Unspecified Roads	100,000	0	100,000	128	3	26	11	
				300,000	13,804,000	14,104,000					Sum
Number of Observations: 10											

 APPROPRIATIONS FOR ROADS AND BIKE/PEDESTRIAN PATHS, SLA 1983 THROUGH SLA 1986, BY ELECTION DISTRICT

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
				9,669,400	900,000	10,569,400					Sum
Number of Observations: 12											
4	1983	Juneau	Basin Road	870,000	0	870,000	10	0	7	0	
4	1983	Juneau	Downtown Streets	1,600,000	0	1,600,000	10	0	8	0	
4	1983	Juneau	Unspecified Roads	3,700,000	0	3,700,000	10	0	25	0	
4	1983	Juneau	Back Loop Road	336,000	3,864,000	4,200,000	107	34	79	0	
4	1983	Juneau	Business District	1,000,000	0	1,000,000	107	34	79	0	
4	1983	Juneau	Gastineau Channel	80,000	0	80,000	107	34	111	0	
				7,586,000	3,864,000	11,450,000					Sum
Number of Observations: 6											
4	1984	Juneau	N. Douglas Highway	750,000	0	750,000	22	0	3	0	
4	1984	Juneau	Stephen Richards Drive	160,000	0	160,000	45	0	10	0	
4	1984	Juneau	Mendenhall Boulevard	60,000	0	60,000	45	0	10	0	
4	1984	Juneau	Unspecified Roads	1,400,000	0	1,400,000	24	0	14	0	
4	1984	Juneau	Glacier Highway	160,000	1,840,000	2,000,000	24	0	65	0	
4	1984	Juneau	Bridges	88,000	1,012,000	1,100,000	24	0	66	0	
4	1984	Juneau	Unspecified Roads	1,000,000	0	1,000,000	171	319	58	0	
				3,618,000	2,852,000	6,470,000					Sum
Number of Observations: 7											
4	1985	Juneau	Egan Drive	344,100	0	344,100	105	35	11	2	
4	1985	Juneau	Douglas Highway	0	180,000	180,000	96	0	20	0	
4	1985	Juneau	Egan Drive	0	1,000,000	1,000,000	96	0	20	0	
4	1985	Juneau	Glacier Highway	0	900,000	900,000	96	0	20	0	
4	1985	Juneau	Glacier Highway	0	2,700,000	2,700,000	96	0	20	0	
4	1985	Juneau	Glacier Highway	0	1,800,000	1,800,000	96	0	19	0	
				344,100	6,580,000	6,924,100					Sum
Number of Observations: 6											
4	1986	Juneau	Douglas Highway	120,000	0	120,000	128	3	20	7	

 of APPROPRIATIONS FOR ROADS AND BIKE/PEDESTRIAN PATHS, SLA 1983 THROUGH SLA 1986, BY ELECTION DISTRICT

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
5	1984	Seldovia	Unspecified Roads	315,000	0	315,000	24	0	41	0	
5	1984	Soldotna	Unspecified Roads	750,500	0	750,500	22	0	5	0	
5	1984	Soldotna	Unspecified Roads	1,095,900	0	1,095,900	24	0	41	0	
				14,794,400	0	14,794,400					Sum
Number of Observations: 17											
5	1985		Cohoe Loop Road	200,000	2,000,000	2,200,000	96	0	15	0	
5	1985		School Safety	25,000	0	25,000	96	0	15	0	
5	1985		North Fork Road	650,000	0	650,000	96	0	39	0	
5	1985		Unspecified Roads	950,000	0	950,000	96	0	39	0	
5	1985		Robinson Loop Road	600,000	0	600,000	96	0	39	0	
5	1985		Unspecified Roads	41,500	0	41,500	96	0	39	0	
5	1985		Sterling Highway	0	9,000,000	9,000,000	96	0	14	0	
5	1985	Homer	East Hill Road	100,000	0	100,000	105	234	59	18	
5	1985	Homer	Unspecified Roads	145,000	0	145,000	105	235	59	21	
5	1985	Homer	Unspecified Roads	1,300,000	0	1,300,000	96	0	39	0	
5	1985	Kenai	Unspecified Roads	2,300,000	0	2,300,000	96	0	39	0	
5	1985	Seldovia	Unspecified Roads	250,000	0	250,000	96	0	39	0	
5	1985	Soldotna	Unspecified Roads	1,350,000	0	1,350,000	96	0	40	0	
				7,911,500	11,000,000	18,911,500					Sum
Number of Observations: 13											
5	1986		Cohoe Loop Road	80,000	0	80,000	130	559	110	20	
5	1986		Robinson Loop Road	640,000	0	640,000	128	3	27	6	
5	1986		North Fork Road	120,000	0	120,000	130	561	110	26	
5	1986	Homer	East Hill Road	1,750,000	0	1,750,000	128	3	19	13	
5	1986	Homer	East Hill Road	3,000,000	0	3,000,000	130	592	115	13	
5	1986	Homer	School Safety	24,000	0	24,000	130	507	98	26	
5	1986	Sterling	Unspecified Roads	0	300,000	300,000	128	3	13	20	
				5,614,000	300,000	5,914,000					Sum
Number of Observations: 7											

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
				67,000	5,850,000	5,917,000					Sum
Number of Observations: 3											
				4,006,000	12,305,000	16,311,000					Sum
Number of Observations: 15											
7	1983	Anchorage	Dimond Blvd	700,000	0	700,000	10	0	5	0	
7	1983	Anchorage	Various LRSA	1,000,000	0	1,000,000	10	0	5	0	
7	1983	Anchorage	Unspecified Roads	2,000,000	0	2,000,000	10	0	5	0	
7	1983	Anchorage	Seward Highway	60,000	0	60,000	10	0	5	0	
7	1983	Anchorage	Talus West LRSA	650,000	0	650,000	10	0	5	0	
7	1983	Anchorage	Jewel Lake Road	1,472,000	0	1,472,000	10	0	5	0	
7	1983	Anchorage	Bird/Indian Pathway	21,100	0	21,100	10	0	5	0	
7	1983	Anchorage	Waldron Drive	200,000	0	200,000	10	0	5	0	
7	1983	Anchorage	Glenn Highway	3,000,000	0	3,000,000	10	0	5	0	
7	1983	Anchorage	Prospect Drive	140,000	0	140,000	10	0	6	0	
7	1983	Anchorage	Multiple Streets	4,348,000	0	4,348,000	10	0	25	0	
7	1983	Anchorage	Street Lighting	750,000	0	750,000	10	0	26	0	
7	1983	Anchorage	Raspberry Road	212,000	0	212,000	10	0	26	0	
7	1983	Anchorage	Unspecified Roads	769,000	0	769,000	10	0	26	0	
7	1983	Anchorage	District 7	250,000	0	250,000	10	0	26	0	
7	1983	Anchorage	Birch Road	300,000	0	300,000	10	0	26	0	
7	1983	Anchorage	District 8	680,000	0	680,000	10	0	26	0	
7	1983	Anchorage	Prospect Drive	400,000	0	400,000	10	0	26	0	
7	1983	Anchorage	Arctic Boulevard	20,400	0	20,400	10	0	26	0	
7	1983	Anchorage	Bragaw Street	100,000	0	100,000	10	0	26	0	
7	1983	Anchorage	Windermere Subdivision	183,000	0	183,000	10	0	26	0	
7	1983	Anchorage	Heather Meadows Sub	756,000	0	756,000	10	0	26	0	
7	1983	Anchorage	Broadmore Subdivision	575,000	0	575,000	10	0	26	0	
7	1983	Anchorage	Traffic signals	165,000	0	165,000	10	0	26	0	
7	1983	Anchorage	District 11	65,000	0	65,000	10	0	26	0	
7	1983	Anchorage	Street Lighting	15,000	0	15,000	10	0	26	0	
7	1983	Anchorage	Stroet Lighting	300,000	0	300,000	10	0	27	0	
7	1983	Anchorage	Stuckagain Hts LRSA	13,800	0	13,800	10	0	27	0	
7	1983	Anchorage	District 10	100,000	0	100,000	10	0	27	0	
7	1983	Anchorage	Williwaw LRSA	80,000	0	80,000	10	0	27	0	
7	1983	Anchorage	Unspecified Roads	2,200,000	0	2,200,000	10	0	27	0	

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN
				45,778,426	119,958,000	165,736,426				Sum
Number of Observations: 67										
7	1984	Anchorage	Birch Road	500,000	0	500,000	22	0	5	0
7	1984	Anchorage	Unspecified Roads	2,200,000	0	2,200,000	22	0	6	0
7	1984	Anchorage	Klatt Rd/Old Seward	135,000	0	135,000	21	0	7	0
7	1984	Anchorage	Lake Otis Parkway	1,000,000	0	1,000,000	22	0	5	0
7	1984	Anchorage	Lake Otis Parkway	1,500,000	0	1,500,000	22	0	5	0
7	1984	Anchorage	Raspberry Road	4,000,000	0	4,000,000	22	0	5	0
7	1984	Anchorage	Unspecified Roads	1,000,000	0	1,000,000	22	0	6	0
7	1984	Anchorage	Traffic Signals	500,000	0	500,000	22	0	6	0
7	1984	Anchorage	Wisconsin Drive	250,000	0	250,000	22	0	5	0
7	1984	Anchorage	Mountain Park LRSA	100,000	0	100,000	22	0	6	0
7	1984	Anchorage	Mountain Park/RH LRSA	100,000	0	100,000	22	0	6	0
7	1984	Anchorage	Raven Woods/BB LRSA	100,000	0	100,000	22	0	6	0
7	1984	Anchorage	Sky Ranch Estate LRSA	100,000	0	100,000	22	0	6	0
7	1984	Anchorage	Talus West LRSA	100,000	0	100,000	22	0	6	0
7	1984	Anchorage	Upper Grover LRSA	100,000	0	100,000	22	0	6	0
7	1984	Anchorage	Upper O'Malley LRSA	100,000	0	100,000	22	0	6	0
7	1984	Anchorage	Vail Vue LRSA	100,000	0	100,000	22	0	6	0
7	1984	Anchorage	West Northern Lights Blvd	7,000,000	0	7,000,000	45	0	27	0
7	1984	Anchorage	Raspberry Road	1,000,000	0	1,000,000	45	0	28	0
7	1984	Anchorage	100th Avenue	3,200,000	0	3,200,000	45	0	28	0
7	1984	Anchorage	Lake Otis Parkway	1,000,000	0	1,000,000	45	0	28	0
7	1984	Anchorage	76th Street	1,750,000	0	1,750,000	45	0	29	0
7	1984	Anchorage	Street Lighting	307,000	0	307,000	24	0	12	0
7	1984	Anchorage	Unspecified Roads	858,000	0	858,000	24	0	30	0
7	1984	Anchorage	Unspecified Roads	1,000,000	0	1,000,000	24	0	30	0
7	1984	Anchorage	O'Malley Road	100,000	0	100,000	24	0	31	0
7	1984	Anchorage	Unspecified Roads	2,400,000	0	2,400,000	24	0	41	0
7	1984	Anchorage	School Safety	45,000	0	45,000	24	0	41	0
7	1984	Anchorage	District 7 LRSA	450,000	0	450,000	24	0	41	0
7	1984	Anchorage		100,000	0	100,000	24	0	41	0
7	1984	Anchorage	Traffic Signals	600,000	0	600,000	24	0	41	0
7	1984	Anchorage	School Safety	200,000	0	200,000	24	0	41	0
7	1984	Anchorage	Unspecified Roads	500,000	0	500,000	24	0	42	0
7	1984	Anchorage	Arctic Boulevard	600,000	0	600,000	24	0	42	0
7	1984	Anchorage	Tudor Road	500,000	0	500,000	24	0	42	0

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN
				65,304,700	15,544,000	80,848,700				Sum
Number of Observations: 71										
7	1985		North End Road	1,300,000	0	1,300,000	96	0	15	0
7	1985	Anchorage	Boniface Parkway	0	4,500,000	4,500,000	96	0	14	0
7	1985	Anchorage	Boniface Parkway	300,000	0	300,000	96	0	15	0
7	1985	Anchorage	Unspecified Roads	259,500	0	259,500	105	569	120	29
7	1985	Anchorage	Cranberry Street	60,000	0	60,000	105	394	91	22
7	1985	Anchorage	Dimond Blvd	0	12,000,000	12,000,000	96	0	14	0
7	1985	Anchorage	East 6th Avenue	250,000	0	250,000	105	402	92	24
7	1985	Anchorage	East 6th Avenue	250,000	0	250,000	96	0	40	0
7	1985	Anchorage	Eklutna Frontage Road	0	2,250,000	2,250,000	96	0	14	0
7	1985	Anchorage	Unspecified Roads	33,000	0	33,000	105	627	131	9
7	1985	Anchorage	Girdwood LRSA	97,000	0	97,000	105	392	91	14
7	1985	Anchorage	Glenn Highway	0	19,530,000	19,530,000	96	0	14	0
7	1985	Anchorage	Huffman Road	125,000	0	125,000	105	674	138	27
7	1985	Anchorage	Traffic Signals	184,000	0	184,000	105	390	91	8
7	1985	Anchorage	Lake Otis Parkway	4,500,000	0	4,500,000	96	0	15	0
7	1985	Anchorage	Unspecified LSRT	0	361,000	361,000	105	386	90	11
7	1985	Anchorage	Lake Otis Parkway	47,900	0	47,900	105	401	92	20
7	1985	Anchorage	Seward Highway	0	5,800,000	5,800,000	96	0	14	0
7	1985	Anchorage	Seward Highway	0	2,880,000	2,880,000	96	0	14	0
7	1985	Anchorage	Old Seward Highway	0	3,600,000	3,600,000	96	0	14	0
7	1985	Anchorage	4th Avenue	50,000	0	50,000	105	399	92	12
7	1985	Anchorage	E. Northern Lights	80,000	0	80,000	105	566	120	18
7	1985	Anchorage	Dearmoun Road	0	6,500,000	6,500,000	96	0	14	0
7	1985	Anchorage	Raspberry Road	0	15,930,000	15,930,000	96	0	14	0
7	1985	Anchorage	Unspecified Roads	82,200	0	82,200	105	398	92	8
7	1985	Anchorage	District 7 LRSA	300,000	0	300,000	105	413	94	13
7	1985	Anchorage	School Safety	30,000	0	30,000	105	387	90	18
7	1985	Anchorage	School Safety	13,500	0	13,500	105	446	100	4
7	1985	Anchorage	Traffic Signals	116,000	0	116,000	96	0	15	0
7	1985	Anchorage	Upper Dearmoun Road	375,000	0	375,000	105	675	139	1
7	1985	Eagle River	Glenn Highway	273,400	0	273,400	105	567	120	22
7	1985	Eagle River	Hiland Drive	500,000	0	500,000	96	0	15	0
7	1985	Eagle River	Hiland Drive	0	361,000	361,000	105	386	90	4
7	1985	Eagle River	Hiland Road	29,800	0	29,800	105	409	93	28
7	1985	Eagle River	Glenn Highway	0	720,000	720,000	96	0	14	0

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
				36,153,931	136,827,600	172,981,531					Sum
Number of Observations: 29											
				156,493,357	346,761,600	503,254,957					Sum
Number of Observations: 202											
16	1983		Hatcher Pass Road	250,000	0	250,000	107	34	76	0	
16	1983		Point McKenzie Road	252,000	0	252,000	10	0	5	0	
16	1983		Bartlett Hills	400,000	0	400,000	10	0	29	0	
16	1983		McKenchine Road	120,000	0	120,000	10	0	29	0	
16	1983		Lucille Street	1,610,200	0	1,610,200	10	0	29	0	
16	1983		Seward Meridian Road	400,000	0	400,000	10	0	30	0	
16	1983		Parks Highway	400,000	4,600,000	5,000,000	107	34	74	0	
16	1983		Old Glenn Highway	100,000	1,000,000	1,100,000	107	34	75	0	
16	1983		Petersville Road	100,000	1,000,000	1,100,000	107	34	75	0	
16	1983		Parks Highway	365,000	4,195,000	4,560,000	107	34	77	0	
16	1983		Unspecified Roads	143,000	0	143,000	107	34	118	0	
16	1983		Seward Meridian Road	293,000	0	293,000	107	34	118	0	
16	1983		Lewis Loop Road	150,000	0	150,000	107	34	118	0	
16	1983		Unspecified Roads	190,000	0	190,000	107	34	118	0	
16	1983		Oilwell Road	40,000	0	40,000	107	34	118	0	
16	1983		Unspecified Roads	100,000	0	100,000	107	34	118	0	
16	1983	Houston	Unspecified Roads	300,000	0	300,000	10	0	27	0	
16	1983	Houston	Unspecified Roads	80,000	0	80,000	107	34	114	0	
16	1983	Palmer	Unspecified Roads	1,437,000	0	1,437,000	10	0	6	0	
16	1983	Palmer	Unspecified Roads	150,000	0	150,000	10	0	27	0	
16	1983	Wasilla	Unspecified Roads	300,000	0	300,000	10	0	27	0	
				7,180,200	10,795,000	17,975,200					Sum
Number of Observations: 21											
16	1984		Cheri Lake Drive	25,000	0	25,000	22	0	6	0	
16	1984		Oilwell Road	94,700	0	94,700	22	0	6	0	
16	1984		Pittman Road	400,000	0	400,000	22	0	7	0	
16	1984		Talkeetna Spur	100,000	0	100,000	22	0	7	0	
16	1984		Petersville Road	250,000	0	250,000	45	0	9	0	

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
16	1985		Petersville Road	100,000	0	100,000	96	0	41	0	
16	1985		Pittman Road	700,000	0	700,000	96	0	15	0	
16	1985		Pittman Road	400,000	0	400,000	96	0	40	0	
16	1985		Pittman Road	400,000	0	400,000	105	682	141	3	
16	1985		Various LRSA	165,000	0	165,000	96	0	41	0	
16	1985		Unspecified Roads	81,000	0	81,000	96	0	40	0	
16	1985		Traffic Signals	325,000	0	325,000	96	0	15	0	
16	1985		Unspecified Trails	40,000	0	40,000	96	0	40	0	
16	1985	Houston	Kepler Road	370,000	0	370,000	96	0	40	0	
16	1985	Palmer	Bu[illegible] to Palmer Road	600,000	0	600,000	96	0	15	0	
16	1985	Wasilla	Street Lighting	16,000	0	16,000	96	0	15	0	
				5,572,000	3,285,000	8,857,000					Sum

Number of Observations: 22

16	1986		Church Road	100,000	0	100,000	128	3	28	15	
16	1986		Edgerton Park Road	50,000	0	50,000	128	3	28	16	
16	1986		Edlund Road	100,000	0	100,000	128	3	28	17	
16	1986		Glenn Highway	0	7,498,000	7,498,000	128	3	14	9	
16	1986		Hatcher Pass Road	141,000	0	141,000	128	3	28	18	
16	1986		Lake Louise Road	50,000	0	50,000	128	3	29	4	
16	1986		Horizon Drive	25,000	0	25,000	128	3	29	14	
16	1986		Johnson Road	417,000	0	417,000	128	3	29	13	
16	1986		Oil Well Road	40,000	0	40,000	128	3	29	15	
16	1986		Pittman Road	475,000	0	475,000	128	3	28	14	
16	1986		Maud Road	40,000	0	40,000	130	425	87	29	
16	1986		Parks Highway	0	521,600	521,600	130	165	35	13	
16	1986		Glenn Highway	0	966,000	966,000	128	3	14	10	
16	1986		Petersville Road	225,000	0	225,000	128	3	29	5	
16	1986		Pitman Road	60,000	0	60,000	130	417	86	16	
16	1986	Wasilla	Unspecified Roads	950,000	0	950,000	128	3	29	10	
				2,673,000	8,985,600	11,658,600					Sum

Number of Observations: 16

 APPROPRIATIONS FOR ROADS AND BIKE/PEDESTRIAN PATHS, SLA 1983 THROUGH SLA 1986, BY ELECTION DISTRICT

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	GHP	SEC	PG	LN	
17	1984	Delta Junction	Street Lighting	28,800	0	28,800	24	0	44	0	
17	1984	Glennallen	3/4 Mile Road	72,000	0	72,000	171	319	79	0	
17	1984	Healy	Otto Lake West Road	100,000	0	100,000	22	0	3	0	
17	1984	Nenana	Unspecified Roads	615,000	0	615,000	22	0	7	0	
17	1984	Slana	Nabesna Road	135,000	0	135,000	22	0	3	0	
17	1984	Tanacross	Street Lighting	30,000	0	30,000	171	319	78	0	
				4,478,800	32,802,000	37,280,800					Sum
Number of Observations: 14											
17	1985		Alaska Highway	0	13,500,000	13,500,000	96	0	17	0	
17	1985		Delta Agricultural Road	100,000	0	100,000	96	0	18	0	
17	1985		Delta Agricultural Road	54,915	0	54,915	105	631	132	2	
17	1985		Edgerton Highway	0	7,110,000	7,110,000	96	0	18	0	
17	1985		Glenn Highway	0	1,440,000	1,440,000	96	0	17	0	
17	1985		Nabesna Road	100,000	0	100,000	96	0	18	0	
17	1985		Parks Highway	0	8,640,000	8,640,000	96	0	17	0	
17	1985		Richardson Highway	0	9,000,000	9,000,000	96	0	17	0	
17	1985	Anderson	Unspecified Roads	250,000	0	250,000	96	0	41	0	
17	1985	Tanacross	Unspecified Roads	30,000	0	30,000	96	0	45	0	
17	1985	Tok	Unspecified Roads	100,000	0	100,000	96	0	23	0	
17	1985	Tok	Unspecified Roads	30,000	0	30,000	105	532	115	6	
				664,915	39,690,000	40,354,915					Sum
Number of Observations: 12											
17	1986		Unspecified Roads	300,000	0	300,000	128	3	33	17	
17	1986		Denali Highway	0	3,956,000	3,956,000	128	3	17	9	
17	1986		Glenn Highway	0	1,029,000	1,029,000	130	164	35	6	
17	1986		Nabesna Road	80,000	0	80,000	128	3	18	7	
17	1986		Panguingue Creek Road	146,400	0	146,400	128	3	18	4	
17	1986		Richardson Highway	0	3,151,000	3,151,000	128	3	17	8	
17	1986		Taylor Highway	0	1,594,700	1,594,700	130	169	36	20	
17	1986		Tok Cutoff	0	6,624,000	6,624,000	128	3	17	7	
17	1986		Tok Cutoff	0	7,820,000	7,820,000	128	3		6	
17	1986	Anderson	Unspecified Roads	280,000	0	280,000	128	3		21	
17	1986	Copper Center		36,000	0	36,000	128	3	18	5	

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
18	1986		Holmes Road	120,000	0	120,000	128	3	18	8	
18	1986		Richardson Highway	0	1,840,000	1,840,000	128	3	17	11	
18	1986	North Pole	Laurance Road	124,000	0	124,000	128	3	17	21	
18	1986	North Pole	Richardson Highway	0	460,000	460,000	128	3	17	12	
				288,000	14,260,000	14,548,000					Sum
Number of Observations: 6											
				7,933,000	22,870,000	30,803,000					Sum
Number of Observations: 15											
19	1983	Central	Unspecified Roads	32,000	0	32,000	10	0	7	0	
19	1983	Ester		40,600	0	40,600	10	0	32	0	
				72,600	0	72,600					Sum
Number of Observations: 2											
19	1984		Elliott Highway	112,800	1,297,200	1,410,000	24	0	64	0	
19	1984	Circle	Unspecified Roads	200,000	0	200,000	24	0	13	0	
				312,800	1,297,200	1,610,000					Sum
Number of Observations: 2											
19	1985		Steele Creek Road	180,000	0	180,000	96	0	18	0	
19	1985	Central	Unspecified Roads	13,000	0	13,000	105	455	0	0	
				193,000	0	193,000					Sum
Number of Observations: 2											
19	1986		Unspecified Roads	0	580,000	580,000	130	168	36	17	
19	1986		Steese Highway	110,400	0	110,400	128	3	17	22	

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN
20	1984	Fairbanks	10th Avenue	340,000	0	340,000	22	0	7	0
20	1984	Fairbanks	Hamilton Avenue	274,000	0	274,000	22	0	7	0
20	1984	Fairbanks	Unspecified Roads	638,100	0	638,100	22	0	7	0
20	1984	Fairbanks	N. Miller Hill Road	30,000	0	30,000	22	0	3	0
20	1984	Fairbanks	Chena Hot Springs Road	70,000	0	70,000	22	0	3	0
20	1984	Fairbanks	Chena Ridge Road	1,300,000	0	1,300,000	22	0	3	0
20	1984	Fairbanks	University Ave	163,000	0	163,000	22	0	3	0
20	1984	Fairbanks	Silver Fox Mine	155,000	0	155,000	45	0	9	0
20	1984	Fairbanks	School Safety	196,000	0	196,000	24	0	13	0
20	1984	Fairbanks	Steese Highway	160,000	0	160,000	24	0	13	0
20	1984	Fairbanks	Ballaine Road	50,000	0	50,000	24	0	13	0
20	1984	Fairbanks	Bridges	306,000	0	306,000	24	0	13	0
20	1984	Fairbanks	Multiple Roads	200,000	0	200,000	24	0	13	0
20	1984	Fairbanks	Steese Highway	104,000	0	104,000	24	0	13	0
20	1984	Fairbanks	Chena Ridge Road	1,200,000	0	1,200,000	24	0	13	0
20	1984	Fairbanks	District K LRSA	2,000,000	0	2,000,000	24	0	43	0
20	1984	Fairbanks	Unspecified LRSA	500,000	0	500,000	24	0	45	0
20	1984	Fairbanks	District J LRSA	1,000,000	0	1,000,000	24	0	45	0
20	1984	Fairbanks	Unspecified Roads	140,400	0	140,400	24	0	45	0
20	1984	Fairbanks	Newby LRSA	153,000	0	153,000	24	0	44	0
20	1984	Fairbanks	Arctic Fox LRSA	276,000	0	276,000	24	0	44	0
20	1984	Fairbanks	Diane LRSA	373,000	0	373,000	24	0	44	0
20	1984	Fairbanks	Highway Park Rd Svc Area	419,000	0	419,000	24	0	44	0
20	1984	Fairbanks	Kris Kringle LRSA	279,000	0	279,000	24	0	44	0
20	1984	Fairbanks	Farmers Loop Road	82,000	946,000	1,028,000	24	0	64	0
20	1984	Fairbanks	Badger Road	74,700	859,000	933,700	24	0	64	0
20	1984	Fairbanks	Unspecified Roads	200,000	2,300,000	2,500,000	24	0	64	0
20	1984	Fairbanks	Ballaine Road	135,000	0	135,000	24	0	64	0
20	1984	Fairbanks	College Road	1,900,000	0	1,900,000	171	319	57	0
20	1984	Fairbanks	Airport Way	1,100,000	0	1,100,000	171	319	57	0
20	1984	Fairbanks	Vue Crest Roads	300,000	0	300,000	171	319	77	0
				15,428,200	4,105,000	19,533,200				Sum

Number of Observations: 36

20	1985	Fairbanks	Cushman Street	370,000	0	370,000	96	0	18	0
20	1985	Fairbanks	Unspecified Roads	4,300,000	0	4,300,000	96	0	37	0
20	1985	Fairbanks	Farmers Loop Road	0	12,240,000	12,240,000	96	0	17	0

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
22	1984	Buckland	Dumpsite Road	300,000	0	300,000	22	0	8	0	
22	1984	Kaktovik	Unspecified Roads	500,000	0	500,000	171	319	77	0	
22	1984	Kiana	Beach Access Road	300,000	0	300,000	22	0	8	0	
22	1984	Kiana	Street Lighting	25,000	0	25,000	22	0	8	0	
22	1984	Kotzebue	Unspecified Roads	700,000	0	700,000	24	0	64	0	
22	1984	Noatak	Unspecified Roads	500,000	0	500,000	24	0	64	0	
22	1984	Noorvik	Dumpsite Road	500,000	0	500,000	22	0	8	0	
22	1984	Noorvik	Bridge Repairs	33,600	0	33,600	24	0	35	0	
22	1984	Nuiqsut	Unspecified Roads	55,500	0	55,500	24	0	45	0	
22	1984	Point Lay	Dumpsite Road	400,000	0	400,000	171	319	77	0	
22	1984	Selawik	Selawik Boardwalk	75,000	0	75,000	22	0	8	0	
22	1984	Shungnak	Bridge Repairs	60,000	0	60,000	22	0	8	0	
22	1984	Wainwright	Dumpsite Road	300,000	0	300,000	22	0	8	0	
				4,074,100	0	4,074,100					Sum
Number of Observations: 15											
22	1985	Nuiqsut	Prudhoe Bay-Nuiqsut	0	13,000,000	13,000,000	96	0	18	0	
				0	13,000,000	13,000,000					Sum
Number of Observations: 1											
				4,844,100	13,000,000	17,844,100					Sum
Number of Observations: 21											
23	1983		Pilgrim Hot Springs Road	800,000	0	800,000	10	0	7	0	
23	1983		Nome-Taylor Highway	120,000	1,380,000	1,500,000	107	34	77	0	
23	1983		Nome-Council Highway	560,000	6,440,000	7,000,000	107	34	77	0	
23	1983	Alakanuk	Street Lighting	10,000	0	10,000	107	34	106	0	
23	1983	Gambell	Unspecified Roads	85,000	0	85,000	107	34	107	0	
23	1983	Koyuk	Unspecified Roads	100,000	0	100,000	107	34	115	0	
23	1983	Nome	Unspecified Roads	700,000	1,400,000	2,100,000	107	34	77	0	
23	1983	Savoonga	Street Lighting	10,000	0	10,000	107	34	108	0	
23	1983	Scammon Bay	Street Lighting	10,000	0	10,000	107	34	108	0	
23	1983	Unalakleet	Unspecified Roads	1,150,000	0	1,150,000	10	0	28	0	
23	1983	Wales	Lopp Lagoon Road	100,000	0	100,000	107	34	115	0	

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
24	1983	Aniak	Unspecified Roads	50,000	0	50,000	107	34	115	0	
24	1983	Chalkyitsik	Unspecified Roads	97,000	0	97,000	107	34	122	0	
24	1983	Crooked Creek	Unspecified Roads	50,000	0	50,000	107	34	122	0	
24	1983	Fort Yukon	Unspecified Roads	250,000	0	250,000	107	34	115	0	
24	1983	Grayling	Bridge Repairs	100,000	0	100,000	107	34	115	0	
24	1983	Hughes	Unspecified Roads	100,000	0	100,000	10	0	28	0	
24	1983	McGrath	Heavy Equipment	200,000	0	200,000	107	34	116	0	
24	1983	Nulato	Unspecified Roads	75,000	0	75,000	107	34	116	0	
24	1983	Red Devil	Unspecified Roads	30,000	0	30,000	107	34	122	0	
24	1983	Ruby	Unspecified Roads	240,000	0	240,000	10	0	28	0	
24	1983	Russian Mission	Unspecified Roads	210,000	0	210,000	10	0	23	0	
24	1983	Russian Mission	Unspecified Roads	50,000	0	50,000	107	34	116	0	
24	1983	Shageluk	Street Lighting	10,000	0	10,000	107	34	109	0	
24	1983	Sleetmute	Unspecified Roads	125,000	0	125,000	10	0	32	0	
24	1983	St Marys	Unspecified Roads	140,000	0	140,000	10	0	29	0	
24	1983	Takotna	Unspecified Roads	25,000		25,000	107	34	122	0	
24	1983	Tuluksak	Unspecified Roads	280,000	0	280,000	10	0	28	0	
				2,572,000	0	2,572,000					Sum
Number of Observations: 19											
24	1984	Arctic Village	Unspecified Roads	50,000	0	50,000	24	0	49	0	
24	1984	Fort Yukon	Unspecified Roads	200,000	0	200,000	24	0	45	0	
24	1984	Grayling	Roads & Equipment	250,000	0	250,000	24	0	46	0	
24	1984	Huslia	Street Lighting	5,000	0	5,000	171	319	77	0	
24	1984	Kaltag	Unspecified Roads	200,000	0	200,000	24	0	46	0	
24	1984	Koyukuk	Roads & Equipment	200,000	0	200,000	24	0	46	0	
24	1984	Nulato	Unspecified Roads	75,000	0	75,000	24	0	46	0	
24	1984	Ruby	Unspecified Roads	190,000	0	190,000	24	0	46	0	
24	1984	Ruby	Boardwalk	75,000	0	75,000	24	86	15	0	
24	1984	Ruby	Boardwalk	75,000	0	75,000	171	88	15	0	
24	1984	Sleetmute	Roads & Equipment	200,000	0	200,000	24	0	50	0	
24	1984	Tanana	Unspecified Roads	200,000	0	200,000	24	0	46	0	
24	1984	Tuluksak	Roads & Equipment	300,000	0	300,000	24	0	46	0	

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
				1,847,000	0	1,847,000					Sum
Number of Observations: 7											
25	1985	Kwethluk	Unspecified Roads	250,000	0	250,000	96	0	42	0	
				250,000	0	250,000					Sum
Number of Observations: 1											
25	1986	Kipnuk	Kipnuk HS Footbridge	80,000	0	80,000	128	3	12	11	
25	1986	Quinhagak	Unspecified Roads	7,500	0	7,500	128	3	32	10	
				87,500	0	87,500					Sum
Number of Observations: 2											
				3,169,500	0	3,169,500					Sum
Number of Observations: 15											
26	1983		Nondalton/Newhalen Road	1,000,000	0	1,000,000	10	0	5	0	
26	1983		Nondalton/Newhalen Road	500,000	0	500,000	107	34	75	0	
26	1983		Naknek-King Salmon Road	150,000	0	150,000	107	34	75	0	
26	1983		Naknek-King Salmon Road	200,000	0	200,000	106	205	39	0	
26	1983	Dillingham	Unspecified Roads	572,000	0	572,000	10	0	29	0	
26	1983	Dillingham	Unspecified Roads	400,000	0	400,000	107	34	117	0	
26	1983	New Stuyahok	Unspecified Roads	300,000	0	300,000	107	34	117	0	
26	1983	South Naknek	Beach Access Road	75,000	0	75,000	107	34	117	0	
26	1983	Togiak	Unspecified Roads	75,000	0	75,000	107	34	117	0	
26	1983	Unalaska	Bridge Repairs	35,000	0	35,000	107	34	117	0	
				3,307,000	0	3,307,000					Sum
Number of Observations: 10											
26	1984		Naknek-King Salmon Road	2,300,000	0	2,300,000	24	0	62	0	
26	1984		Nondalton-Iliamna Road	1,000,000	0	1,000,000	24	0	63	0	
26	1984		Nondalton/Newhalen Road	1,500,000	0	1,500,000	171	319	56	0	

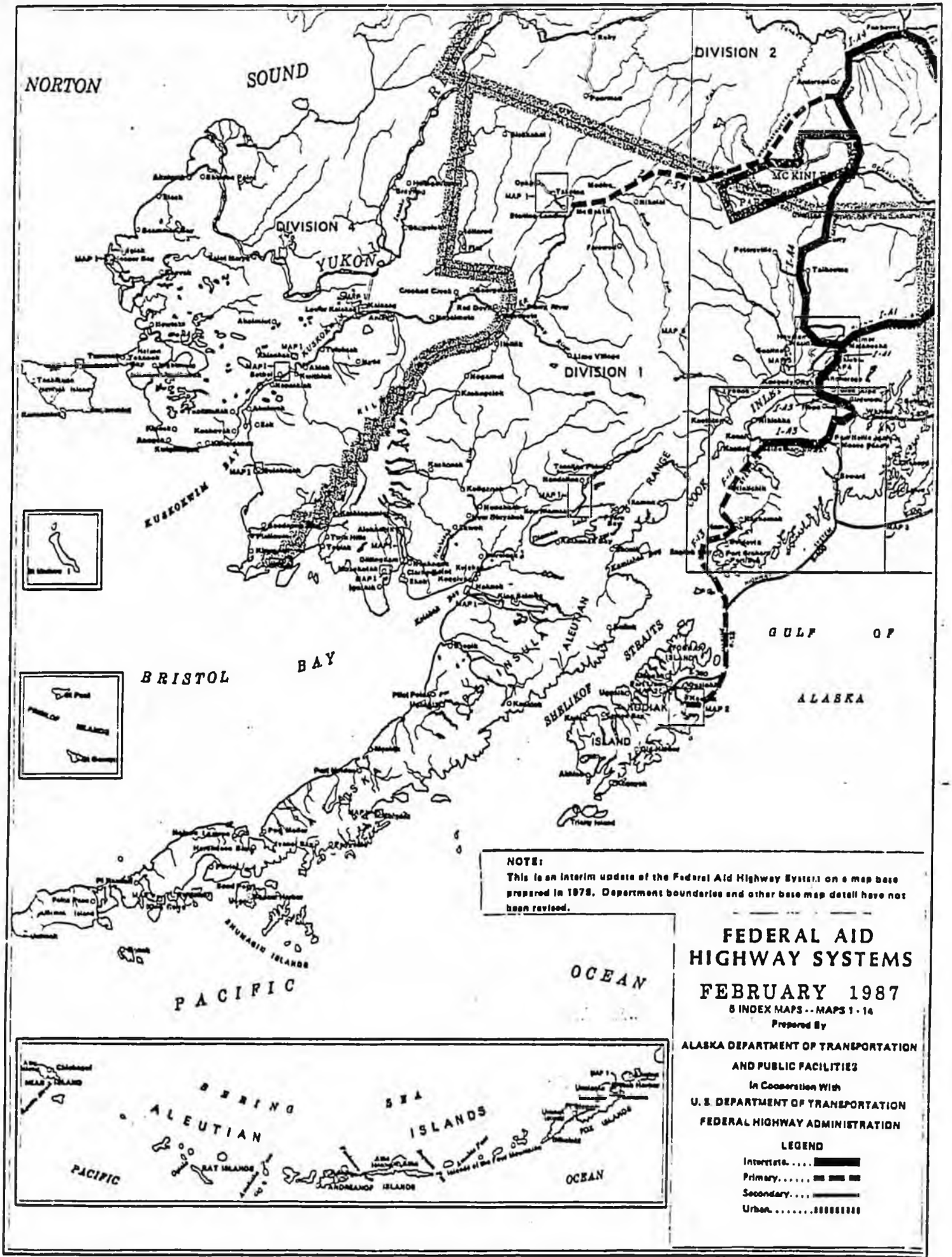
 APPROPRIATIONS FOR ROADS AND BIKE/PEDESTRIAN PATHS, SLA 1983 THROUGH SLA 1986, BY ELECTION DISTRICT

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
				4,921,000	900,000	5,821,000					Sum
Number of Observations: 11											
27	1984		Unspecified Roads	441,000	0	441,000	22	0	9	0	
27	1984	Akhiok	Dock Access Road	560,000	0	560,000	24	0	46	0	
27	1984	Karluk	Street Lighting	27,000	0	27,000	21	0	14	0	
27	1984	Kodiak	Mission Road	340,000	0	340,000	24	0	12	0	
27	1984	Kodiak	Seiler Lane	2,149,000	0	2,149,000	24	0	47	0	
27	1984	Kodiak	Bridges	14,500,000	0	14,500,000	24	0	62	0	
27	1984	Kodiak	Multiple Roads	750,000	0	750,000	24	0	73	0	
27	1984	Old Harbor	Old Harbor Road	375,000	0	375,000	45	0	9	0	
				19,142,000	0	19,142,000					Sum
Number of Observations: 8											
27	1985		School Safety	100,000	0	100,000	105	550	118	11	
27	1985	Chignik	Unspecified Roads	70,000	0	70,000	96	0	15	0	
27	1985	Chignik Lagoon	Bridges	290,000	0	290,000	96	0	15	0	
27	1985	Perryville	Unspecified Roads	25,000	0	25,000	105	541	116	22	
27	1985	Port Lions	Bay View Drive	200,000	0	200,000	96	0	42	0	
				685,000	0	685,000					Sum
Number of Observations: 5											
27	1986	Kodiak	Near Island Roads	1,400,000	0	1,400,000	128	3	32	19	
27	1986	Kodiak	St Herman Harbor Access	500,000	0	500,000	130	156	33	11	
27	1986	Port Lions	Bay View Drive	100,000	0	100,000	128	3	32	21	
				2,000,000	0	2,000,000					Sum
Number of Observations: 3											

92	1984		Knik Arm Crossing	400,000	4,622,000	5,022,000	24	0	62	0

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
92	1984		Knik Arm Crossing	1,000,000	0	1,000,000	171	319	56	0	
				1,645,000	5,597,000	7,242,000					Sum
Number of Observations: 3											
92	1985			0	3,420,000	3,420,000	96	0	14	0	
92	1985		Federal Match	5,765,000	0	5,765,000	96	0	13	0	
				5,765,000	3,420,000	9,185,000					Sum
Number of Observations: 2											
92	1986		Federal Match	6,050,000	0	6,050,000	128	3	13	4	
92	1986		Federal Match	850,000	0	850,000	130	154	32	25	
				6,900,000	0	6,900,000					Sum
Number of Observations: 2											
				15,612,000	18,065,000	33,677,000					Sum
Number of Observations: 9											
94	1983		Unspecified Roads	315,000	3,617,000	3,932,000	107	34	77	0	
94	1983		Unspecified Roads	50,000	450,000	500,000	107	34	77	0	
				365,000	4,067,000	4,432,000					Sum
Number of Observations: 2											
94	1985		Federal Match	7,050,000	0	7,050,000	96	0	17	0	
94	1985		Preliminary Engineering	0	12,040,000	12,040,000	96	0	17	0	

ED	YEAR	AFFECTED COMMUNITY	ROAD (IF SPECIFIED)	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
				10,269,000	41,721,000	51,990,000					Sum
Number of Observations: 6											
99	1984		Bridges	281,800	1,127,200	1,409,000	24	0	61	0	
99	1984		Unspecified Roads	3,500,000	0	3,500,000	24	0	61	0	
99	1984		Various LRSA	3,000,000	0	3,000,000	171	319	56	0	
				6,781,800	1,127,200	7,909,000					Sum
Number of Observations: 3											
99	1985		Bridges	920,000	3,680,000	4,600,000	96	0	12	0	
99	1985		Various LRSA	1,150,000	0	1,150,000	96	0	12	0	
99	1985		Unspecified Roads	390,000	3,400,000	3,790,000	96	0	0	0	
99	1985		Planning	500,000	1,430,000	1,930,000	96	0	12	0	
				2,960,000	8,510,000	11,470,000					Sum
Number of Observations: 4											
99	1986		Planning	320,000	1,430,000	1,750,000	128	3	12	15	
99	1986		Bridges	967,000	4,500,000	5,467,000	128	3	12	24	
99	1986		Unspecified Roads	433,000	3,900,000	4,333,000	128	3	12	23	
				1,720,000	9,830,000	11,550,000					Sum
Number of Observations: 3											
				21,730,800	61,188,200	82,919,000					Sum
Number of Observations: 16											
				455,235,882	844,300,300	1,299,536,182					Sum
Number of Observations: 792											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INLET
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BRISTOL BAY
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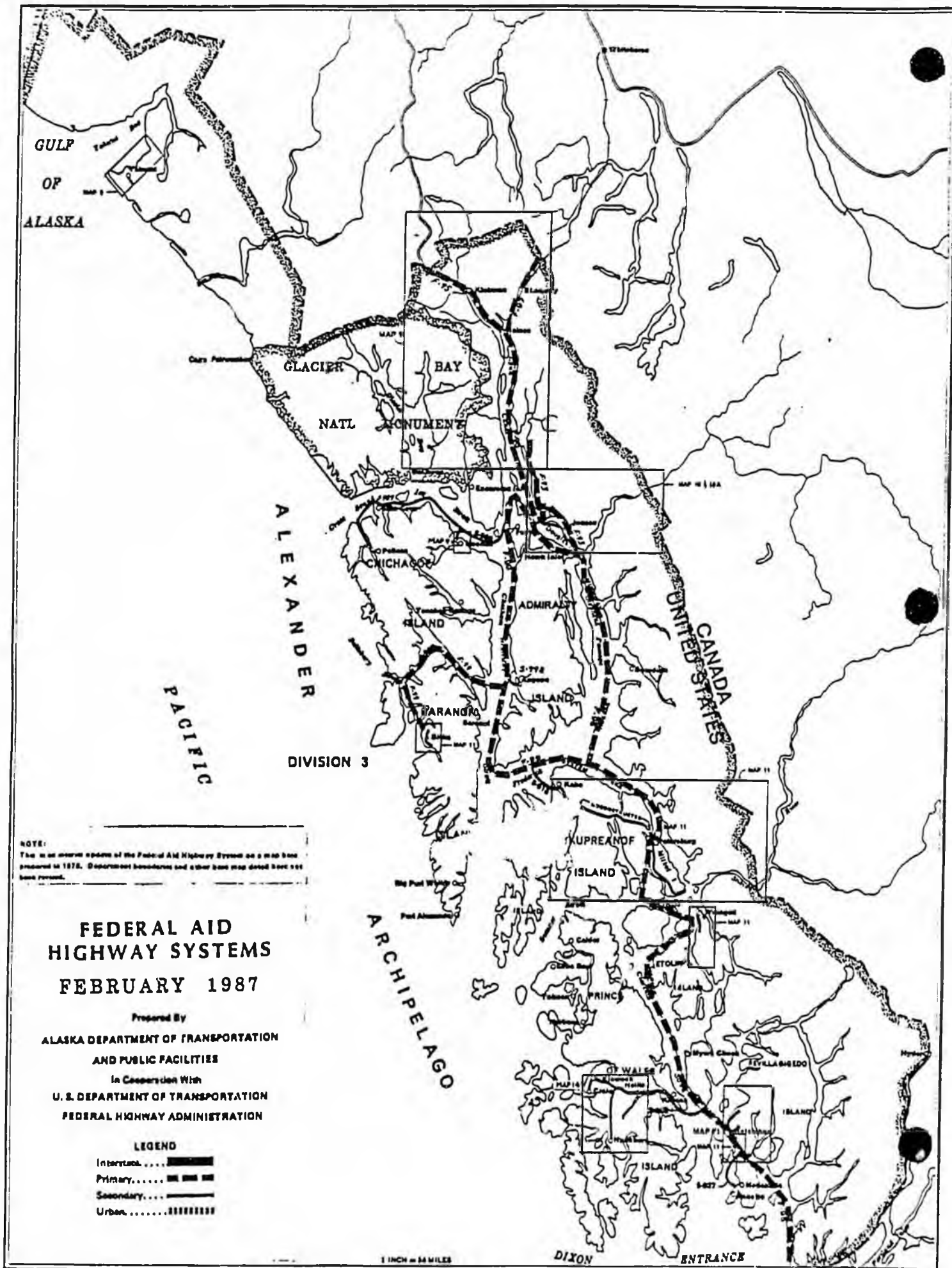
GULF OF ALASKA
SHELIKOF STRAITS
KODIAK ISLAND
ALEUTIAN ISLANDS
PACIFIC OCEAN
BERING SEA
ALEUTIAN ISLANDS
PACIFIC OCEAN
NOTE:
This is an interim update of the Federal Aid Highway System on a map base prepared in 1978. Department boundaries and other base map detail have not been revised.
FEDERAL AID HIGHWAY SYSTEMS
FEBRUARY 1987
8 INDEX MAPS - - MAPS 1 - 14
Prepared By
ALASKA DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
In Cooperation With
U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION
LEGEND
Interstate
Primary
Secondary
Urban
INDEX MAP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HIGHWAY SYSTEMS
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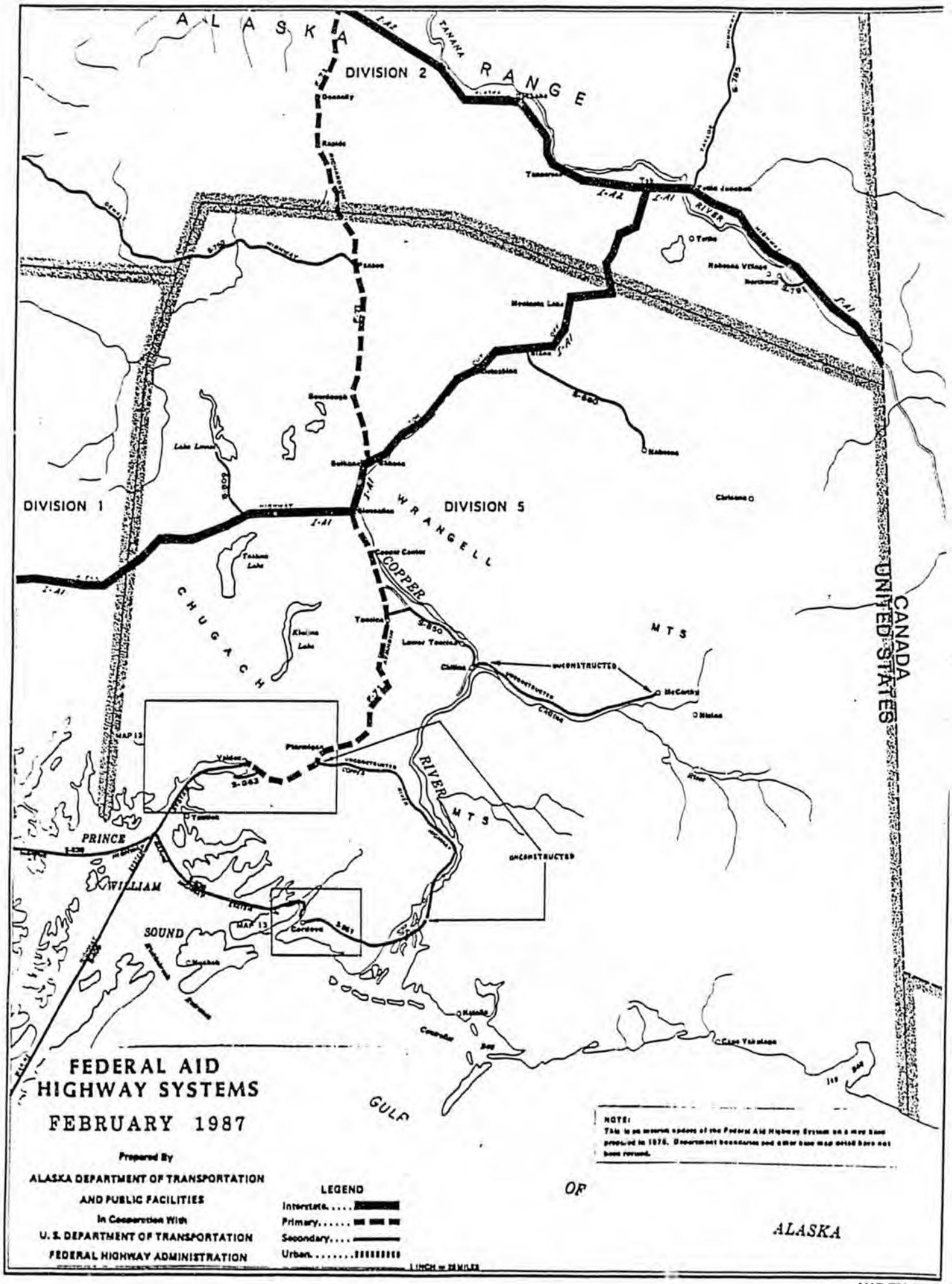
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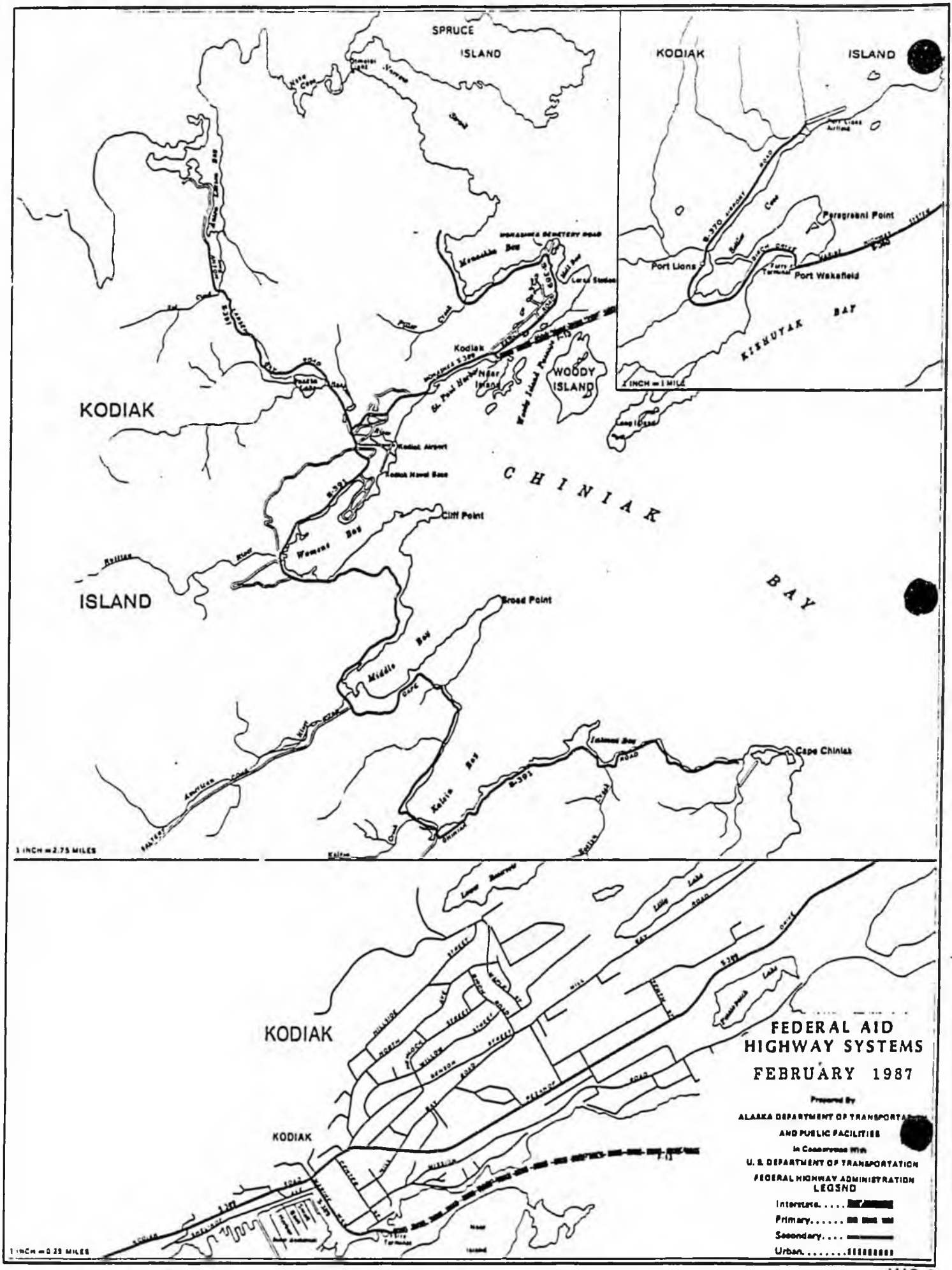
MAP 13
MAP 13
FEDERAL AID
HIGHWAY SYSTEMS
FEBRUARY 1987
Prepared By
ALASKA DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
In Cooperation With
U. S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION
LEGEND
Interstate
Primary
Secondary
Urban
1 INCH = 25 MILES
NOTE:
This is an interim update of the Federal Aid Highway System on a new base prepared in 1976. Department boundaries and other base map detail have not been revised.
INDEX MAP


SPRUCE
ISLAND
KODIAK
ISLAND
Port Lions
Peregrani Point
Port Wakefield
KIKHUYAK
BAY
1 INCH = 1 MILE
KODIAK
WOODY
ISLAND
Kodiak Airport
Kodiak Naval Base
CHINIAK
BAY
Cliff Point
ISLAND
Broad Point
Middle
Bay
Cape Chiniak
1 INCH = 2.75 MILES
KODIAK
KODIAK
1 INCH = 0.25 MILES
FEDERAL AID
HIGHWAY SYSTEMS
FEBRUARY 1987
Prepared By
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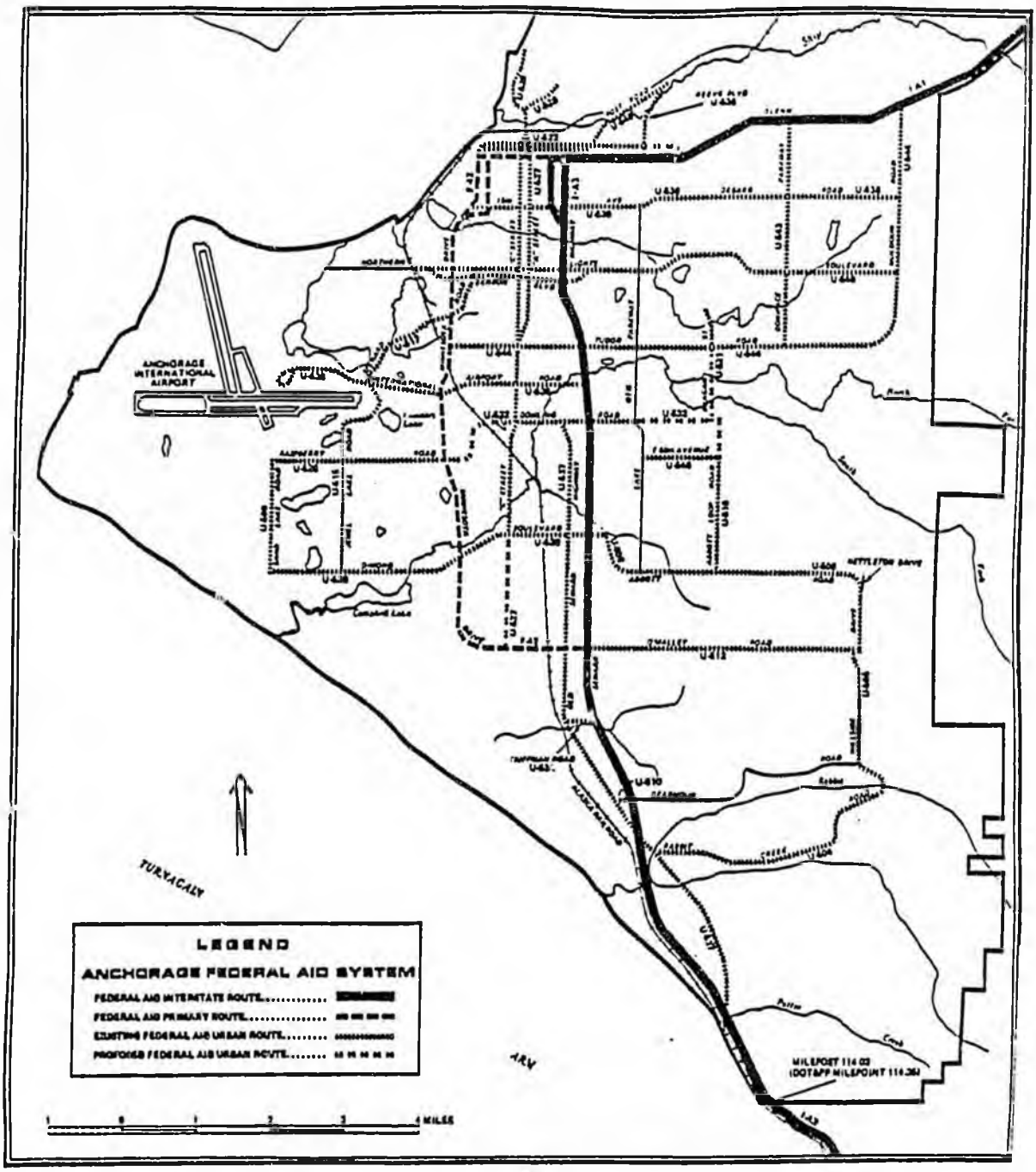
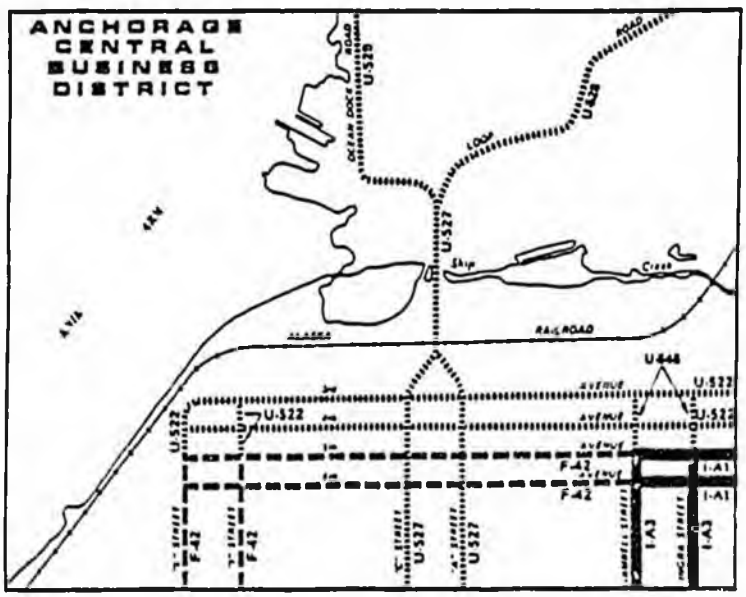
AND PUBLIC FACILITIES
In Cooperation With
U. S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION
LEGEND
Interstate.....
Primary.....
Secondary.....
Urban.....

MAP 2





FEDERAL AID HIGHWAY SYSTEMS

FEBRUARY 1987

Prepared By

ALASKA DEPARTMENT OF TRANSPORTATION

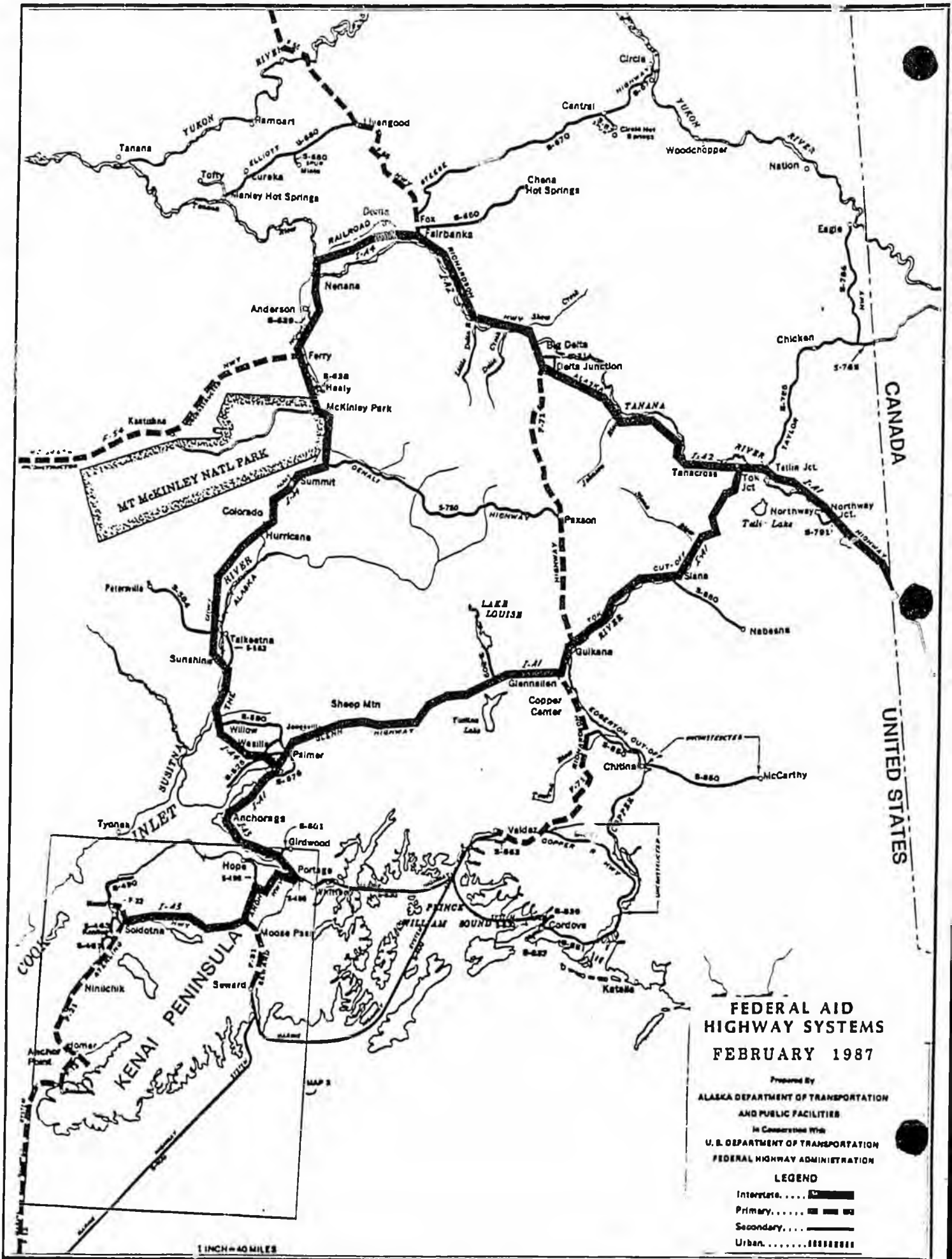
AND PUBLIC FACILITIES

In Cooperation With

U. S. DEPARTMENT OF TRANSPORTATION

FEDERAL HIGHWAY ADMINISTRATION

MAP 4


Circle
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Nation
Eagle
Chicken
Chena Hot Springs
Fairbanks
Nenana
Anderson
Ferry
Healy
McKinley Park
Kantishna
MT McKINLEY NATL PARK
Summit
Colorado
Hurricane
Big Delta
Clerks Junction
Delta Junction
TANANA
Tanacross
Tetlin Jct
Tok Jct
Northway
Northway Jct.
Tetlin Lake
Paxson
Slana
Nabesna
Gulkana
LAKE LOUISE
Glennallen
Copper Center
Sheep Mtn
Talkeetna
Sunshine
Petersville
Willow
Wasilla
Palmer
Chitina
McCarthy
Tyonek
Anchorage
Girdwood
Valdez
Hope
Portage
Cordova
Soldotna
Moose Pass
Seward
Ninilchik
Homer
Anchor Point
Kenai
Kodiak
KENAI PENINSULA
COOK INLET
SUSITNA
PRINCE WILLIAM SOUND
CANADA
UNITED STATES
FEDERAL AID
HIGHWAY SYSTEMS
FEBRUARY 1987
Prepared By
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AND PUBLIC FACILITIES
In Cooperation With
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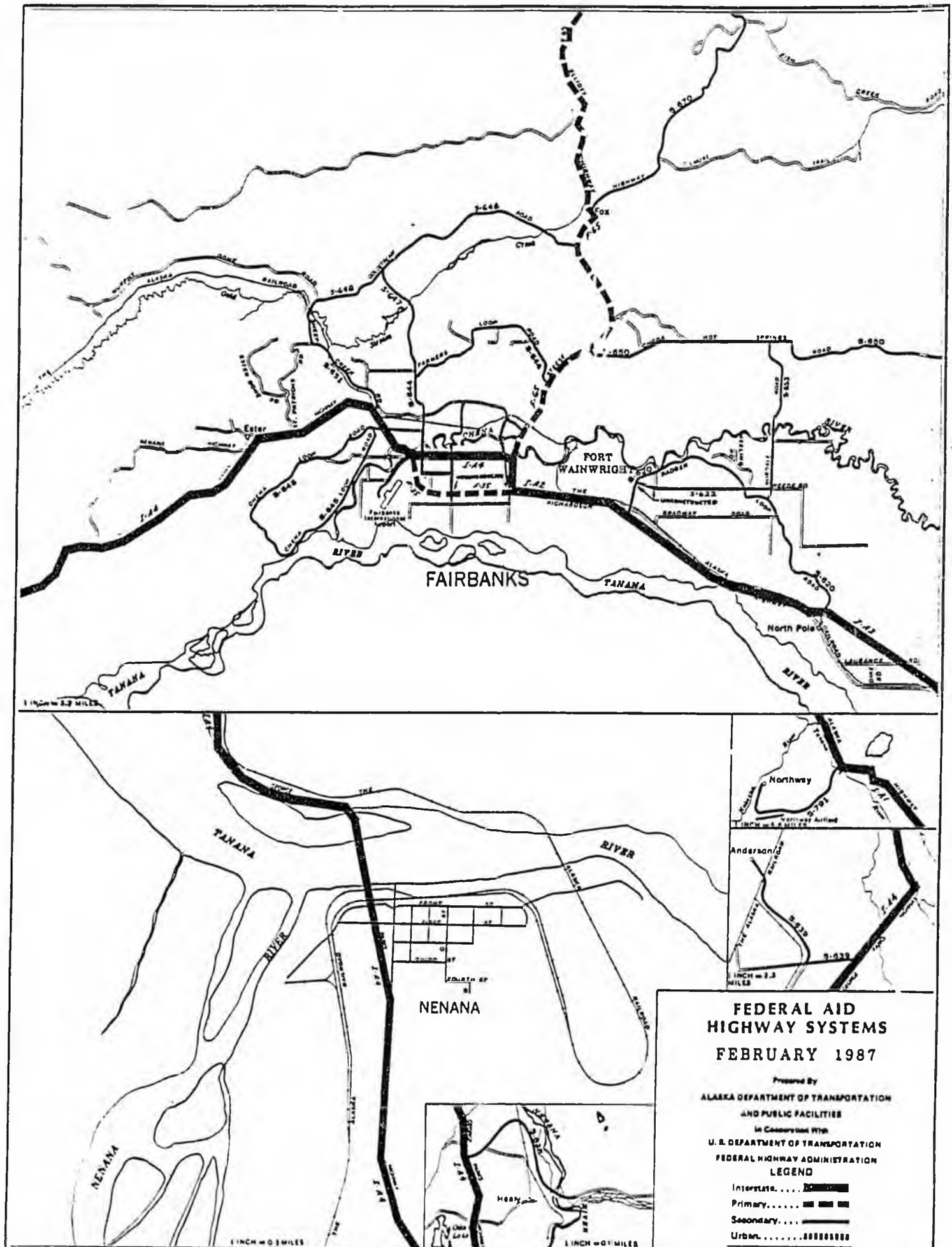
FEDERAL HIGHWAY ADMINISTRATION
LEGEND
Interstate
Primary
Secondary
Urban
1 INCH = 40 MILES

MAP 6


FAIRBANKS
FORT WAINWRIGHT
Ester
North Pole
Northway
Anderson
NENANA
TANANA
RIVER
FEDERAL AID
HIGHWAY SYSTEMS
FEBRUARY 1987
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AND PUBLIC FACILITIES
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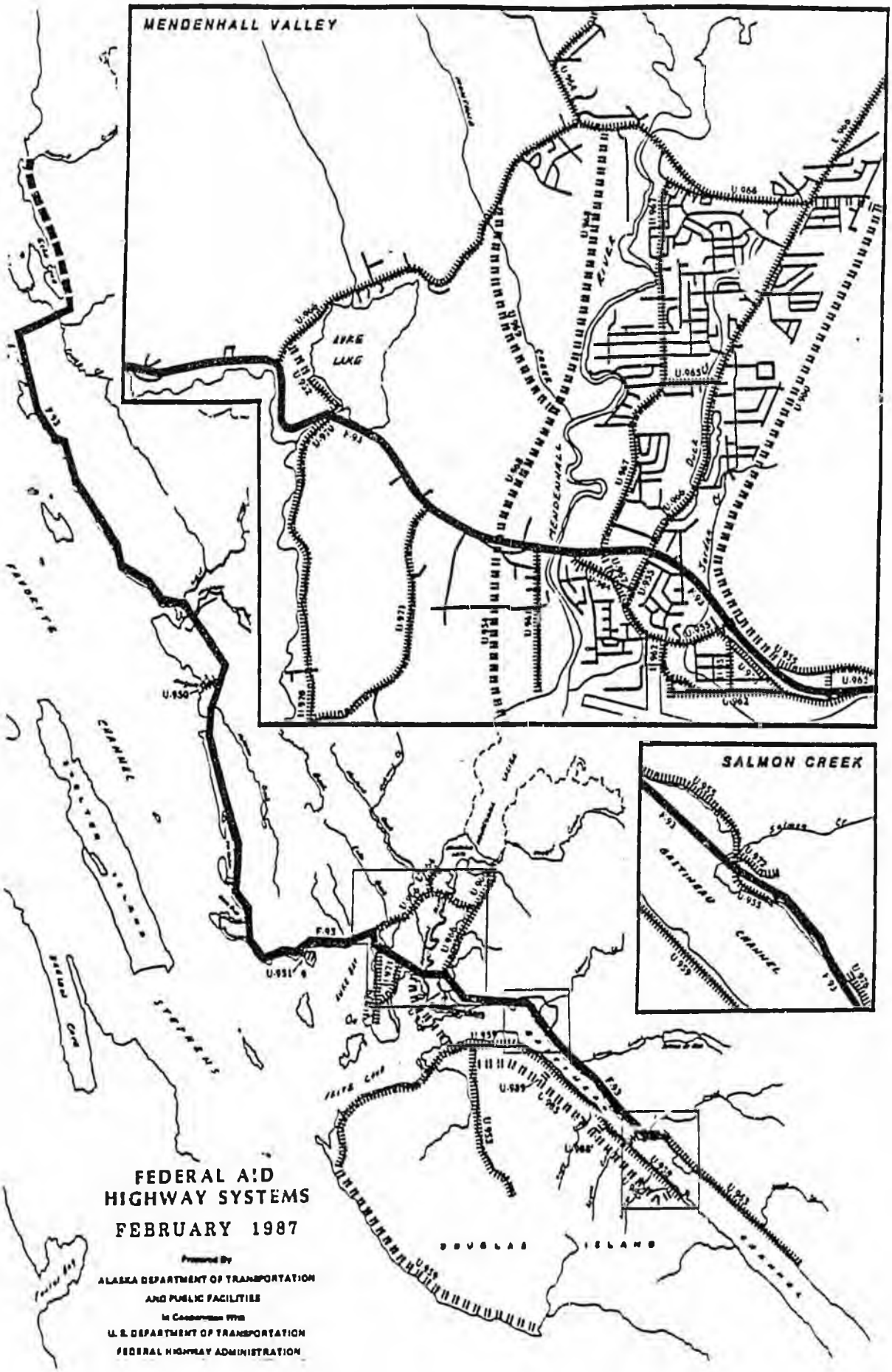
FEDERAL HIGHWAY ADMINISTRATION
LEGEND
Interstate
Primary
Secondary
Urban

MAP 8


MENDENHALL VALLEY
SALMON CREEK
DOUGLAS ISLAND
FEDERAL AID
HIGHWAY SYSTEMS
FEBRUARY 1987
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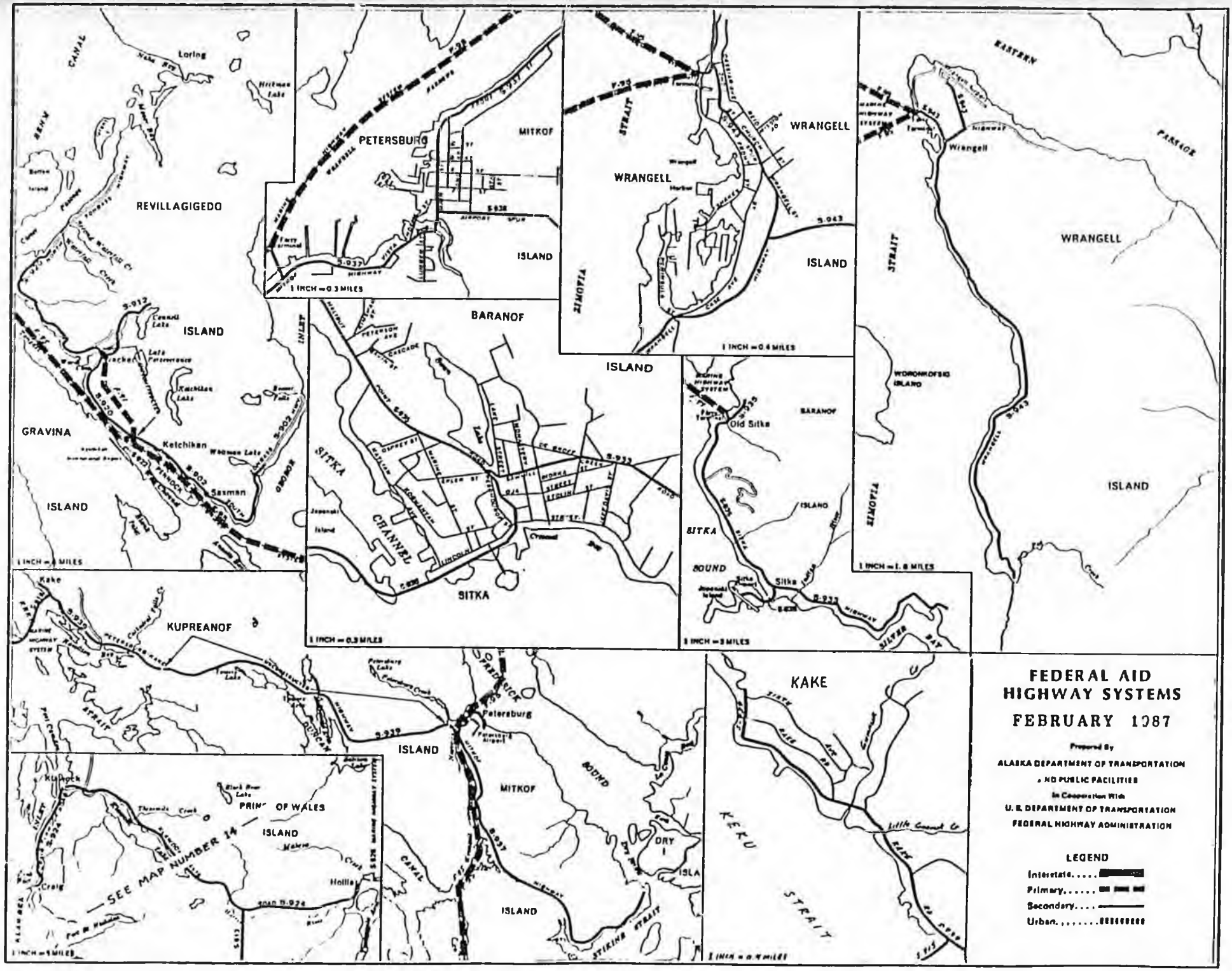
FEDERAL HIGHWAY ADMINISTRATION
LEGEND
Federal Aid Primary
Existing
Proposed
Federal Aid Urban
Existing
Proposed

MAP 10


MAP11
FEDERAL AID
HIGHWAY SYSTEMS
FEBRUARY 1987
Prepared By
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& NO PUBLIC FACILITIES
In Cooperation With
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FEDERAL HIGHWAY ADMINISTRATION
LEGEND
Interstate.....
Primary.....
Secondary.....
Urban.....
REVILLAGIGEDO ISLAND
GRAVINA ISLAND
Ketchikan
Loring
Wrangell
WRANGELL ISLAND
PETERSBURG
MITKOF ISLAND
BARANOF ISLAND
SITKA
Old Sitka
KUPREANOF ISLAND
Kake
Petersburg
KAKE
KETU STRAIT
PRINCE OF WALES ISLAND
SEE MAP NUMBER 14
Craig
Klawock
Hollis
Coronation Island
Dry Island
Sitka Sound
Chatham Strait
Frederick Sound
Clarence Strait
Eastern Passage
Wrangell Narrows
Duncan Canal
Sumner Strait
Keku Strait
Portage Bay
Behm Canal
Revillagigedo Channel
Tongass Narrows
Ernest Gruening Bridge
Gedney Pass
Silver Bay
Baranof Island
Kupreanof Island
Wrangell Island
Woronofski Island
Kuiu Island
Kashevaroff Island
Etolin Island
Zarembo Island
Mosman Inlet
Thorne Bay
Naukati
Port Protection
Meyers Chuck
Point Baker
Kasaan
Hydaburg
Whale Pass
Coffman Cove
Edna Bay
Kasaan Bay
Kasaan Peninsula
Prince of Wales Island
Ketchikan International Airport
Wrangell Airport
Petersburg Airport
Sitka Airport
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Hollis Airport
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Naukati Airport
Port Protection Airport
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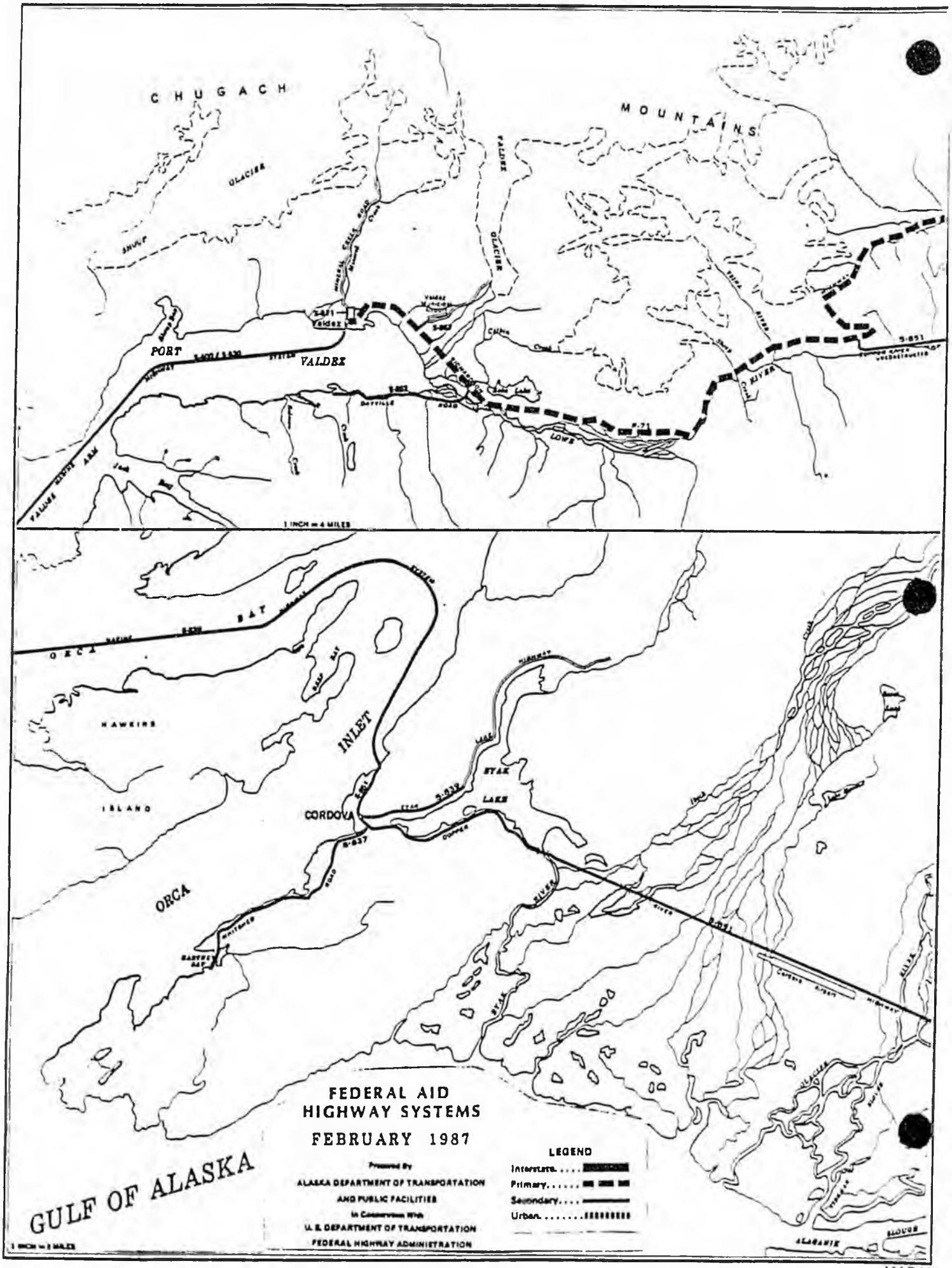
Prince of Wales Island Airport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GLACIER
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VALDEZ
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GLACIER
1 INCH = 4 MILES
BAY
ORCA
HAWKINS
ISLAND
INLET
CORDOVA
STAR
LAKE
ORCA
GULF OF ALASKA
FEDERAL AID
HIGHWAY SYSTEMS
FEBRUARY 1987
Prepared By
ALASKA DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
In Cooperation With
U. S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION
LEGEND
Interstate.....
Primary.....
Secondary.....
Urban.....

MAP 13

ATTACHMENT A

Dollars Spent on Interstate System

Source: Federal-Aid Highway Fund (Juneau Office--
Federal Highway Administation)

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

P.O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

May 15, 1987

MEMORANDUM

TO:

ATTN:

FROM: Mary Jennings
Legislative Analyst

RE: **Federal Funding of Interstate Systems and Bike Paths**
Research Request 87.304

You requested that we provide the following information: 1) the amount of federal-aid highway funds that were appropriated for interstate systems and bike paths during FY 84 - FY 87; 2) the mileage of the interstate systems; 3) the amount of federal-aid highway funds that have been appropriated to the Bethel area since FY 78; and 4) the amount of General Funds for highway projects that were appropriated to each election district during FY 84 - FY 87.

Bike Paths. During FY 84 - FY 87 no federal-aid highway funds were appropriated for the construction of recreational bike paths. During this time, recreational bike path projects were funded entirely with General Funds. According to Tommy Heinrich, Director of Design and Construction for the Central Region of the Department of Transportation and Public Facilities (DOT/PF), federal-aid highway funds may be used to construct bike paths in conjunction with approved federal-aid highway projects. Mr. Heinrich stated that under federal regulations, the bike paths may only be constructed in order to fulfill the following specific transportation need: separating bicyclists from traffic in order to move the bicyclist between residential and urban areas. Mr. Heinrich added that a bike path constructed in the state in conjunction with a federal-aid highway project costs between $50 to $75 per foot.

Interstate Systems. Table 1 lists the mileage of the four interstate systems in Alaska. Attachment A provides a breakdown of federal-aid highway funds spent in Alaska during FY 84 - FY 87 for various types of road systems, including interstate systems.

ATTACHMENT B
Appropriations for Roads and Bike/Pedestrian Paths,
SLA 1983 - SLA 1986, by Election District
Source: Division of Budget Review

TABLE 2
APPROPRIATIONS FOR ROADS AND BIKE/PEDESTRIAN PATHS BY ELECTION DISTRICT FY 84 - 87
(Thousands of Dollars)

DISTRICT NAME	HOUSE ELECTION DISTRICT	FY 84 APPROVED GENERAL FUNDS	FY 84 APPROVED FEDERAL FUNDS	FY 84 TOTAL	FY 84 % OF TOTAL G.F.	FY 84 % OF TOTAL F.F.	FY 84 % OF TOTAL	FY 85 APPROVED GENERAL FUNDS	FY 85 APPROVED FEDERAL FUNDS	FY 85 TOTAL	FY 85 % OF TOTAL G.F.	FY 85 % OF TOTAL F.F.	FY 85 % OF TOTAL
KETCHKN-WRANGL-PETRSBG	1	$3,630.0	$0.0	$3,630.0	2.8%	0.0%	1.1%	$8,078.0	$7,222.0	$15,300.0	4.8%	10.1%	6.4%
INSIDE PASSAGE	2	2,528.9	1,788.0	4,316.9	1.9%	0.9%	1.3%	2,842.0	4,508.0	7,350.0	1.7%	6.3%	3.1%
BARANOF-CHICHAGOF	3	4,485.0	0.0	4,485.0	3.4%	0.0%	1.4%	2,970.0	0.0	2,970.0	1.8%	0.0%	1.2%
JUNEAU	4	7,586.0	3,864.0	11,450.0	5.8%	1.9%	3.5%	3,618.0	2,852.0	6,470.0	2.1%	4.0%	2.7%
KENAI-COOK INLET	5	5,122.0	0.0	5,122.0	3.9%	0.0%	1.5%	14,794.4	0.0	14,794.4	8.7%	0.0%	6.1%
PRINCE WILLIAM SOUND	6	90.0	1,039.0	1,129.0	0.1%	0.5%	0.3%	3,084.0	3,036.0	6,120.0	1.8%	4.2%	2.5%
ANCHORAGE	7-15	45,778.4	119,958.0	165,736.4	35.0%	59.7%	50.0%	65,304.7	15,544.0	80,848.7	38.6%	21.7%	33.6%
MATANUSKA-SUSITNA	16	7,180.2	10,795.0	17,975.2	5.5%	5.4%	5.4%	7,436.9	368.0	7,804.9	4.4%	0.5%	3.2%
INTERIOR HIGHWAYS	17	20,145.5	33,397.0	53,542.5	15.4%	16.6%	16.1%	4,478.8	32,302.0	37,280.8	2.6%	45.7%	15.5%
FAIRBANKS	18-21	18,001.1	20,020.0	38,021.1	13.8%	10.0%	11.5%	20,991.0	5,402.2	26,393.2	12.4%	7.5%	11.0%
NORTH SLOPE-KOTZEBUE	22	770.0	0.0	770.0	0.6%	0.0%	0.2%	4,074.1	0.0	4,074.1	2.4%	0.0%	1.7%
NORTON SOUND	23	3,645.0	9,220.0	12,865.0	2.8%	4.6%	3.9%	2,057.0	0.0	2,057.0	1.2%	0.0%	0.9%
INTERIOR RIVERS	24	2,572.0	0.0	2,572.0	2.0%	0.0%	0.8%	2,020.0	0.0	2,020.0	1.2%	0.0%	0.8%
LOWER KUSKOKWIM	25	985.0	0.0	985.0	0.8%	0.0%	0.3%	1,874.0	0.0	1,874.0	1.1%	0.0%	0.8%
BRISTOL BAY-ALEUTIAN IS	26	3,307.0	0.0	3,307.0	2.5%	0.0%	1.0%	6,391.6	0.0	6,391.6	3.8%	0.0%	2.7%
KODIAK-EAST AK PENINSULA	27	4,921.0	900.0	5,821.0	3.8%	0.4%	1.8%	19,142.0	0.0	19,142.0	11.3%	0.0%	7.9%
TOTAL		$130,747.1	$200,981.0	$331,728.1				$169,156.5	$71,734.2	$240,890.7			

Note: Data do not include regionwide or statewide appropriations.

Prepared by the House Research Agency, May 1987 (87.3048; 870508-01).

ATTACHMENT B
Appropriations for Roads and Bike/Pedestrian Paths,
SLA 1983 - SLA 1986, by Election District
Source: Division of Budget Review

STATE OF ALASKA
DIVISION OF BUDGET REVIEW

DATE: 05/12/87
TIME: 14:31:46
PROG: ROADAPI3

 APPROPRIATIONS FOR ROADS AND BIKE/PEDESTRIAN PATHS, SLA 1983 THROUGH SLA 1986, BY ELECTION DISTRICT

ED	YEAR	AFFECTED COMMUNITY	TYPE OF FACILITY	ROAD (IF SPECIFIED)	DESCRIPTION	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
1	1983	Ketchikan	Roads	Schoenbar-Quinn	Ketchikan-Shoenbar/Quinn Intertie Route	1,500,000	0	1,500,000	10	0	7	0	
1	1983	Ketchikan	Roads	Unspecified Roads	Ketchikan-Street Improvement Project	1,630,000	0	1,630,000	10	0	24	0	
1	1983	Ketchikan	Bike/Pedestrian Paths	Creek Street	Ketchikan-Creek Street Foot Bridge	200,000	0	200,000	10	0	24	0	
1	1983	Ketchikan	Roads	Unspecified Roads	Ketchikan-Mt Pt & Mud Bight Subdiv'n Imp	300,000	0	300,000	107	34	110	0	
						3,630,000	0	3,630,000					Sum
Number of Observations: 4													
1	1984	Ketchikan	Roads	Schoenbar-Quinn	Ketchikan-Shoenbar/Quinn Street Intertie	800,000	0	800,000	22	0	4	0	
1	1984	Ketchikan	Roads	Ketchikan Bypass	Ketchikan Gateway Boro-Bypass Route	3,034,100	0	3,034,100	24	0	40	0	
1	1984	Ketchikan	Roads	Tongass Highway	North Tongass Hwy Phase I	320,000	3,680,000	4,000,000	24	0	66	0	
1	1984	Ketchikan	Roads	Tongass Avenue	Tongass Avenue Traffic Management System	150,000	0	150,000	24	0	66	0	
1	1984	Ketchikan	Roads	Tongass Avenue	Tongass Avenue Curb, Gutter and Sidewalk	200,000	0	200,000	24	0	66	0	
1	1984	Ketchikan	Roads	Engineering/Design	Tongass Avenue Drainage Improvements	100,000	0	100,000	24	0	66	0	
1	1984	Ketchikan	Roads	Peninsula Point	Ketchikan-Peninsula Point Paving	35,000	0	35,000	24	0	66	0	
1	1984	Ketchikan	Roads	Ketchikan Bypass	Ketchikan Gateway Boro-Bypass Route	2,330,900	0	2,330,900	24	0	71	0	
1	1984	Petersburg	Roads	Main Street	Petersburg-Main Street	72,000	828,000	900,000	24	0	66	0	
1	1984	Wrangell	Roads	Wrangell Airport Road	Wrangell-Airport Road	36,000	414,000	450,000	24	0	66	0	
1	1984	Wrangell	Roads	Zimovia Highway	Wrangell-Zimovia Highway	200,000	2,300,000	2,500,000	24	0	66	0	
1	1984	Wrangell	Roads	Stikine Evergreen Street	Wrangell-Stikine Evergreen Street Paving	800,000	0	800,000	24	0	66	0	
						8,078,000	7,222,000	15,300,000					Sum
Number of Observations: 12													
1	1985	Ketchikan	Roads	North Tongass Highway	N Tongass Hwy Widen/Paving Phase II	0	5,400,000	5,400,000	96	0	19	0	
1	1985	Ketchikan	Roads	Tongass Avenue	Tongass Ave Traffic Improvements	0	4,500,000	4,500,000	96	0	20	0	
1	1985	Petersburg	Roads	Ferry Terminal to "H"	Petersburg-Ferry Terminal to H Street	0	450,000	450,000	96	0	20	0	

ED	YEAR	AFFECTED COMMUNITY	TYPE OF FACILITY	ROAD (IF SPECIFIED)	DESCRIPTION	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN
2	1984	Skagway	Roads	Klondike Highway	Klondike Highway Surfacing	152,000	1,748,000	1,900,000	24	0	66	0
2	1984	Yakutat	Roads	Unspecified Roads	Yakutat-Road and Street Projects	175,000	0	175,000	22	0	4	0
						2,842,000	4,508,000	7,350,000				Sum
Number of Observations: 7												
2	1985	Haines	Roads	Union Avenue	Union/2nd Ave Intersection Improvement	0	90,000	90,000	96	0	20	0
2	1985	Hoonah	Roads		Arterial	0	2,070,000	2,070,000	96	0	19	0
2	1985	Kake	Roads	Ferry Terminal to Gunnuk	Ferry Terminal to Gunnuk Creek	0	225,000	225,000	96	0	19	0
2	1985	Kake	Roads	Keku Road	Keku Road Upgrade and Paving	0	2,025,000	2,025,000	96	0	19	0
2	1985	Skagway	Roads	Dyea Road	Dyea Road Spot Improvements	0	450,000	450,000	96	0	20	0
2	1985	Skagway	Roads	Unspecified Roads	Skagway-Street Paving Project	124,110	0	124,110	105	489	108	4
2	1985	Skagway	Roads	Unspecified Roads	Street Paving Project	427,000	0	427,000	96	0	39	0
2	1985	Yakutat	Roads	Alsek Road	Alsek Road Paving	0	1,350,000	1,350,000	96	0	20	0
2	1985	Yakutat	Roads	Unspecified Roads	Road Projects	150,000	0	150,000	96	0	39	0
						701,110	6,210,000	6,911,110				Sum
Number of Observations: 9												
2	1986		Roads	Dyea Road	Dyea Road Impv: Klondike Hwy to Dyea	0	3,780,000	3,780,000	128	3	20	5
2	1986		Roads	Haines Highway	Haines Highway Reconstruction and Paving	0	2,700,000	2,700,000	128	3	19	21
2	1986		Roads	Klondike Highway	Klondike Highway Paving	0	2,500,000	2,500,000	128	3	20	9
2	1986		Roads	Klondike Highway	Klondike Highway Slide Repair/Rail Corr	0	900,000	900,000	130	181	39	2
2	1986	Hydaburg	Roads	Unspecified Roads	Hydaburg-City Street Upgrade	40,000	0	40,000	128	3	25	20
2	1986	Kake	Roads	Ferry Terminal to Gunnuk	Gunnuk Creek to Ferry Terminal Rd Supple	0	450,000	450,000	128	3	20	4
2	1986	Kake	Roads	Keku Road	Keku Road Widening and Paving	0	2,574,000	2,574,000	128	3	19	22
2	1986	Klawock	Roads	Unspecified Roads	Klawock-Road Improvements	160,000	0	160,000	130	590	115	7
2	1986	Yakutat	Roads	Alsek Road	Alsek Road Paving - Supplemental	0	900,000	900,000	128	3	20	6
2	1986	Yakutat	Roads	Unspecified Roads	Yakutat-Road Projects	100,000	0	100,000	128	3	26	11
						300,000	13,804,000	14,104,000				Sum
Number of Observations: 10												

ED	YEAR	AFFECTED COMMUNITY	TYPE OF FACILITY	ROAD (IF SPECIFIED)	DESCRIPTION	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
						9,669,400	900,000	10,569,400					Sum
Number of Observations: 12													
4	1983	Juneau	Roads	Basin Road	Juneau-Basin Road	870,000	0	870,000	10	0	7	0	
4	1983	Juneau	Roads	Downtown Streets	Juneau-4th St & Downtown Streets/Parking	1,600,000	0	1,600,000	10	0	8	0	
4	1983	Juneau	Roads	Unspecified Roads	Juneau-Areawide Street/Sidewalk/Prk'g	3,700,000	0	3,700,000	10	0	25	0	
4	1983	Juneau	Roads	Back Loop Road	Mendenhall Back Loop Road 2 Bridges	336,000	3,864,000	4,200,000	107	34	79	0	
4	1983	Juneau	Roads	Business District	Juneau-Central Business Dist Ren-Downtown	1,000,000	0	1,000,000	107	34	79	0	
4	1983	Juneau	Roads	Gastineau Channel	Gastineau Channel X-ing/Feasibility Stud	80,000	0	80,000	107	34	111	0	
						7,586,000	3,864,000	11,450,000					Sum
Number of Observations: 6													
4	1984	Juneau	Roads	N. Douglas Highway	North Douglas Highway Extension	750,000	0	750,000	22	0	3	0	
4	1984	Juneau	Roads	Stephen Richards Drive	Stephen Richards Drive Safety Lanes	160,000	0	160,000	45	0	10	0	
4	1984	Juneau	Roads	Mendenhall Boulevard	Mendenhall Boulevard Safety Lanes	60,000	0	60,000	45	0	10	0	
4	1984	Juneau	Roads	Unspecified Roads	Juneau-Areawide Street Improvements	1,400,000	0	1,400,000	24	0	14	0	
4	1984	Juneau	Roads	Glacier Highway	Glacier Hwy: Indian Pt to Shrine Overlay	160,000	1,840,000	2,000,000	24	0	65	0	
4	1984	Juneau	Roads	Bridges	Fish Creek Bridge Replacement	88,000	1,012,000	1,100,000	24	0	66	0	
4	1984	Juneau	Roads	Unspecified Roads	Juneau-Areawide Street Improvements	1,000,000	0	1,000,000	171	319	58	0	
						3,618,000	2,852,000	6,470,000					Sum
Number of Observations: 7													
4	1985	Juneau	Roads	Egan Drive	Reimburse Fed Govt for ROW Expenditures	344,100	0	344,100	105	35	11	2	
4	1985	Juneau	Roads	Douglas Highway	SE Hwy-Douglas Highway Turnout	0	180,000	180,000	96	0	20	0	
4	1985	Juneau	Roads	Egan Drive	SE Hwy-Egan Drive Spot Improvements	0	1,000,000	1,000,000	96	0	20	0	
4	1985	Juneau	Roads	Glacier Highway	SE Hwy-Glacier Hwy Paving/Inter Const	0	900,000	900,000	96	0	20	0	
4	1985	Juneau	Roads	Glacier Highway	SE Hwy-Old Glacier Highway Extension	0	2,700,000	2,700,000	96	0	20	0	
4	1985	Juneau	Roads	Glacier Highway	SE Hwy-Old Glacier Highway Overlay	0	1,800,000	1,800,000	96	0	19	0	
						344,100	6,580,000	6,924,100					Sum
Number of Observations: 6													
4	1986	Juneau	Roads	Douglas Highway	Douglas Highway Maintenance Seal Coat	120,000	0	120,000	128	3	20	7	

ED	YEAR	AFFECTED COMMUNITY	TYPE OF FACILITY	ROAD (IF SPECIFIED)	DESCRIPTION	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
5	1984	Seldovia	Roads	Unspecified Roads	Seldovia-Unpaved Street Repairs	315,000	0	315,000	24	0	41	0	
5	1984	Soldotna	Roads	Unspecified Roads	Soldotna-Street Improvements	750,500	0	750,500	22	0	5	0	
5	1984	Soldotna	Roads	Unspecified Roads	Soldotna-Street Improvements	1,095,900	0	1,095,900	24	0	41	0	
						14,794,400	0	14,794,400					Sum
Number of Observations: 17													
5	1985		Roads	Cohoe Loop Road	Cohoe Loop Road Upgrade	200,000	2,000,000	2,200,000	96	0	15	0	
5	1985		Roads	School Safety	Elem Street Safety Light	25,000	0	25,000	96	0	15	0	
5	1985		Roads	North Fork Road	North Fork Road Phase I	650,000	0	650,000	96	0	39	0	
5	1985		Roads	Unspecified Roads	Roads and Projects	950,000	0	950,000	96	0	39	0	
5	1985		Roads	Robinson Loop Road	Robinson Loop Upgrade	600,000	0	600,000	96	0	39	0	
5	1985		Roads	Unspecified Roads	Secondary Road Design	41,500	0	41,500	96	0	39	0	
5	1985		Roads	Sterling Highway	Sterling Hwy Reconstruction MP157-147	0	9,000,000	9,000,000	96	0	14	0	
5	1985	Homer	Roads	East Hill Road	East Hill Road Maintenance & Improvement	100,000	0	100,000	105	234	59	18	
5	1985	Homer	Roads	Unspecified Roads	Homer-Roads and Projects Improvements	145,000	0	145,000	105	235	59	21	
5	1985	Homer	Roads	Unspecified Roads	Roads and Projects	1,300,000	0	1,300,000	96	0	39	0	
5	1985	Kenai	Roads	Unspecified Roads	Roads and Projects	2,300,000	0	2,300,000	96	0	39	0	
5	1985	Seldovia	Roads	Unspecified Roads	Roads and Projects	250,000	0	250,000	96	0	39	0	
5	1985	Soldotna	Roads	Unspecified Roads	Roads and Projects	1,350,000	0	1,350,000	96	0	40	0	
						7,911,500	11,000,000	18,911,500					Sum
Number of Observations: 13													
5	1986		Roads	Cohoe Loop Road	Cohoe Loop Road	80,000	0	80,000	130	559	110	20	
5	1986		Roads	Robinson Loop Road	Kenai Peninsula Boro-Robinson Loop Road	640,000	0	640,000	128	3	27	6	
5	1986		Roads	North Fork Road	North Fork Road Completion Phase II	120,000	0	120,000	130	561	110	26	
5	1986	Homer	Roads	East Hill Road	East Hill Road Reconst & Realign, Ph I	1,750,000	0	1,750,000	128	3	19	13	
5	1986	Homer	Roads	East Hill Road	East Hill Road Rehab & Construction	3,000,000	0	3,000,000	130	592	115	13	
5	1986	Homer	Roads	School Safety	Homer-Middle & Jr High Sch Flash'g Light	24,000	0	24,000	130	507	98	26	
5	1986	Sterling	Roads	Unspecified Roads	Traffic Signals for Sterling and Binkley	0	300,000	300,000	128	3	13	20	
						5,614,000	300,000	5,914,000					Sum
Number of Observations: 7													

ED	YEAR	AFFECTED COMMUNITY	TYPE OF FACILITY	ROAD (IF SPECIFIED)	DESCRIPTION	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
						47,000	5,850,000	5,917,000					Sum
Number of Observations: 3													
						4,006,000	12,305,000	16,311,000					Sum
Number of Observations: 15													
7	1983	Anchorage	Roads	Dimond Blvd	Dimond Blvd Interim Improvements	700,000	0	700,000	10	0	5	0	
7	1983	Anchorage	Roads	Various LRSA	Limited Life Road District Improvements	1,000,000	0	1,000,000	10	0	5	0	
7	1983	Anchorage	Roads	Unspecified Roads	Anchorage-Road & Drainage Improvements	2,000,000	0	2,000,000	10	0	5	0	
7	1983	Anchorage	Roads	Seward Highway	Alyeska/Seward Hwy Intersection Illumin	60,000	0	60,000	10	0	5	0	
7	1983	Anchorage	Roads	Talus West LRSA	Wilderness Drive in the Talus W Svc Area	650,000	0	650,000	10	0	5	0	
7	1983	Anchorage	Roads	Jewel Lake Road	Jewel Lake Road Rehabilitation	1,472,000	0	1,472,000	10	0	5	0	
7	1983	Anchorage	Bike/Pedestrian Paths	Bird/Indian Pathway	Bird/Indian Pathway Improv't-Guard Rail	21,100	0	21,100	10	0	5	0	
7	1983	Anchorage	Bike/Pedestrian Paths	Waldron Drive	Waldron Undercrossing	200,000	0	200,000	10	0	5	0	
7	1983	Anchorage	Roads	Glenn Highway	Glenn Highway Rehab	3,000,000	0	3,000,000	10	0	5	0	
7	1983	Anchorage	Roads	Prospect Drive	Prospect Drive in the Upper O'Malley	140,000	0	140,000	10	0	6	0	
7	1983	Anchorage	Roads	Multiple Streets	Anchorage-Municipal Road Improvements-	4,348,000	0	4,348,000	10	0	25	0	
7	1983	Anchorage	Roads	Street Lighting	Anchorage-Street Lighting	750,000	0	750,000	10	0	26	0	
7	1983	Anchorage	Bike/Pedestrian Paths	Raspberry Road	Anchorage-Raspberry Road Walk Path	212,000	0	212,000	10	0	26	0	
7	1983	Anchorage	Roads	Unspecified Roads	Anchorage-Traffic Improvements	769,000	0	769,000	10	0	26	0	
7	1983	Anchorage	Roads	District 7	Anchorage-Dist 7 Hillside/Girdwood	250,000	0	250,000	10	0	26	0	
7	1983	Anchorage	Roads	Birch Road	Anchorage-Birch Road Upgrade	300,000	0	300,000	10	0	26	0	
7	1983	Anchorage	Roads	District 8	Anchorage-District 8 Road Improvements	680,000	0	680,000	10	0	26	0	
7	1983	Anchorage	Roads	Prospect Drive	Anchorage-Prospect Drive Upgrade/Paving	400,000	0	400,000	10	0	26	0	
7	1983	Anchorage	Roads	Arctic Boulevard	Anchorage-Arctic Blvd-53rd to Raspberry	20,400	0	20,400	10	0	26	0	
7	1983	Anchorage	Roads	Bragaw Street	Anchorage-Bragaw Upgrd O'Malley--Huffman	100,000	0	100,000	10	0	26	0	
7	1983	Anchorage	Roads	Hindermere Subdivision	Anchorage-Hindermere Subdiv St Reconst	183,000	0	183,000	10	0	26	0	
7	1983	Anchorage	Roads	Heather Meadows Sub	Anchorage-Heather Meadows Subdiv Reconst	756,000	0	756,000	10	0	26	0	
7	1983	Anchorage	Roads	Broadmore Subdivision	Anchorage-Broadmore Subdivision Reconst	575,000	0	575,000	10	0	26	0	
7	1983	Anchorage	Roads	Traffic signals	Anchorage-District 11 Signal System Upgr	165,000	0	165,000	10	0	26	0	
7	1983	Anchorage	Roads	District 11	Anchorage-District 11 Traffic Circulat	65,000	0	65,000	10	0	26	0	
7	1983	Anchorage	Roads	Street Lighting	Anchorage-South Addition Illumination	15,000	0	15,000	10	0	26	0	
7	1983	Anchorage	Roads	Street Lighting	Anchorage-District 11 Street Illuminat	300,000	0	300,000	10	0	27	0	
7	1983	Anchorage	Roads	Stuckagain Hts LRSA	Anchorage-Stuckagain Heights LTD RSA	13,800	0	13,800	10	0	27	0	
7	1983	Anchorage	Roads	District 10	Anchorage-Dist 10 Local Rd Impv Dist Mtc	100,000	0	100,000	10	0	27	0	
7	1983	Anchorage	Roads	Milliman LRSA	Anchorage-Milliman Rid	80,000	0	80,000	10	0	27	0	
7	1983	Anchorage	Roads	Unspecified Roads	Anchorage-Eagle River/Chugiak/Birchwood	2,200,000	0	2,200,000	10	0	27	0	

ED	YEAR	AFFECTED COMMUNITY	TYPE OF FACILITY	ROAD (IF SPECIFIED)	DESCRIPTION	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN
						45,778,426	119,958,000	165,736,426				Sum
Number of Observations: 67												
7	1984	Anchorage	Roads	Birch Road	Anchorage-Birch Rd Pedest X-ing Des/Engn	500,000	0	500,000	22	0	5	0
7	1984	Anchorage	Roads	Unspecified Roads	Anchorage-Channelization Construction	2,200,000	0	2,200,000	22	0	6	0
7	1984	Anchorage	Bike/Pedestrian Paths	Klatt Rd/Old Seward	Anchorage-Klatt Rd/Old Seward Bike Trail	135,000	0	135,000	21	0	7	0
7	1984	Anchorage	Roads	Lake Otis Parkway	Anchorage-Lake Otis/Abbott-O'Malley Cons	1,000,000	0	1,000,000	22	0	5	0
7	1984	Anchorage	Roads	Lake Otis Parkway	Anchorage-Lake Otis/Tudor-Abbott Des/Eng	1,500,000	0	1,500,000	22	0	5	0
7	1984	Anchorage	Roads	Raspberry Road	Anchorage-Raspberry Rd Des/Right Way Acq	4,000,000	0	4,000,000	22	0	5	0
7	1984	Anchorage	Roads	Unspecified Roads	Anchorage-Rd Improvement Districts Const	1,000,000	0	1,000,000	22	0	6	0
7	1984	Anchorage	Roads	Traffic Signals	Anchorage-Signalization Construction	500,000	0	500,000	22	0	6	0
7	1984	Anchorage	Roads	Wisconsin Drive	Anchorage-Wisconsin Pedest Safety Const	250,000	0	250,000	22	0	5	0
7	1984	Anchorage	Roads	Mountain Park LRSA	Grant-Mountain Park LRSA	100,000	0	100,000	22	0	6	0
7	1984	Anchorage	Roads	Mountain Park/RH LRSA	Grant-Mountain Park/Robin Hill LRSA	100,000	0	100,000	22	0	6	0
7	1984	Anchorage	Roads	Raven Woods/BB LRSA	Grant-Ravenswoods/Bubbling Brook LRSA	100,000	0	100,000	22	0	6	0
7	1984	Anchorage	Roads	Sky Ranch Estate LRSA	Grant-Sky Ranch Estates LRSA	100,000	0	100,000	22	0	6	0
7	1984	Anchorage	Roads	Talus West LRSA	Grant-Talus West LRSA	100,000	0	100,000	22	0	6	0
7	1984	Anchorage	Roads	Upper Grover LRSA	Grant-Upper Grover LRSA	100,000	0	100,000	22	0	6	0
7	1984	Anchorage	Roads	Upper O'Malley LRSA	Grant-Upper O'Malley LRSA	100,000	0	100,000	22	0	6	0
7	1984	Anchorage	Roads	Valli Vue LRSA	Grant-Valli Vue Estates LRSA	100,000	0	100,000	22	0	6	0
7	1984	Anchorage	Roads	West Northern Lights Blvd	Anchorage-West Northern Lights/Forest Pa	7,000,000	0	7,000,000	45	0	27	0
7	1984	Anchorage	Roads	Raspberry Road	Anchorage-Raspberry Rd Des/Right-Way Acq	1,000,000	0	1,000,000	45	0	28	0
7	1984	Anchorage	Roads	100th Avenue	Anchorage-100th Avenue Extension Const	3,200,000	0	3,200,000	45	0	28	0
7	1984	Anchorage	Roads	Lake Otis Parkway	Anchorage-Lake Otis/Tudor--Abbott Des/En	1,000,000	0	1,000,000	45	0	28	0
7	1984	Anchorage	Roads	76th Street	Anchorage-76th Street-Old Seward Highway	1,750,000	0	1,750,000	45	0	29	0
7	1984	Anchorage	Roads	Street Lighting	Newland Subdivision Illumination	307,000	0	307,000	24	0	12	0
7	1984	Anchorage	Roads	Unspecified Roads	Anchorage-Central Business Dist Rehab	858,000	0	858,000	24	0	30	0
7	1984	Anchorage	Roads	Unspecified Roads	Anchorage-Prt of Anch-Const Trans Area D	1,000,000	0	1,000,000	24	0	30	0
7	1984	Anchorage	Bike/Pedestrian Paths	O'Malley Road	Anchorage-O'Malley Road Trails	100,000	0	100,000	24	0	31	0
7	1984	Anchorage	Roads	Unspecified Roads	Anchorage-Eagle Rvr/Chugiak/Birchwd/Rd	2,400,000	0	2,400,000	24	0	41	0
7	1984	Anchorage	Roads	School Safety	Anchorage-Oc View/Rabbit Crk/Klatt Sch	45,000	0	45,000	24	0	41	0
7	1984	Anchorage	Roads	District 7 LRSA	Anchorage-Ltd Life Rd Svcs Dist 7 Improv	450,000	0	450,000	24	0	41	0
7	1984	Anchorage	Bike/Pedestrian Paths		Anchorage-East High Overpass Trail Dev	100,000	0	100,000	24	0	41	0
7	1984	Anchorage	Roads	Traffic Signals	Anchorage-Signal System Improvements	600,000	0	600,000	24	0	41	0
7	1984	Anchorage	Roads	School Safety	Anchorage-Eagle River Sch Bus Stop Light	200,000	0	200,000	24	0	41	0
7	1984	Anchorage	Roads	Unspecified Roads	Anchorage-Downtown Street/Sidewalk Repla	500,000	0	500,000	24	0	42	0
7	1984	Anchorage	Roads	Arctic Boulevard	Anchorage-Arctic Boulevard-Raspberry to	600,000	0	600,000	24	0	42	0
7	1984	Anchorage	Roads	Tudor Road	Anchorage-Tudor/Muldoon Safety Road Impr	500,000	0	500,000	24	0	42	0

ED	YEAR	AFFECTED COMMUNITY	TYPE OF FACILITY	ROAD (IF SPECIFIED)	DESCRIPTION	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN
						65,304,700	15,544,000	80,848,700				Sum
Number of Observations: 71												
7	1985		Roads	North End Road	KPB - North End Road	1,300,000	0	1,300,000	96	0	15	0
7	1985	Anchorage	Roads	Bonifacs Parkway	Bonifacs Interchange Construction	0	4,500,000	4,500,000	96	0	14	0
7	1985	Anchorage	Roads	Bonifacs Parkway	Bonifacs Parkway - Tudor to DeBarr	300,000	0	300,000	96	0	15	0
7	1985	Anchorage	Roads	Unspecified Roads	Chugiak/Eagle River Road Improvements	259,500	0	259,500	105	569	120	29
7	1985	Anchorage	Bike/Pedestrian Paths	Cranberry Street	Cranberry Street Path-Raspberry to 71st	60,000	0	60,000	105	394	91	22
7	1985	Anchorage	Roads	Dimond Blvd	Dimond Blvd - Phase II	0	12,000,000	12,000,000	96	0	14	0
7	1985	Anchorage	Roads	East 6th Avenue	East 6th Ave Upgrade & Patterson St Path	250,000	0	250,000	105	402	92	24
7	1985	Anchorage	Roads	East 6th Avenue	East 6th Improvements	250,000	0	250,000	96	0	40	0
7	1985	Anchorage	Roads	Eklutna Frontage Road	Eklutna Frontage Road Construction	0	2,250,000	2,250,000	96	0	14	0
7	1985	Anchorage	Roads	Unspecified Roads	Girdwood-Road Maintenance	33,000	0	33,000	105	627	131	9
7	1985	Anchorage	Roads	Girdwood LRSA	Girdwood-Road Service Area Maint Reduct	97,000	0	97,000	105	392	91	14
7	1985	Anchorage	Roads	Glenn Highway	Glenn Highway Widening - Muldoon	0	19,530,000	19,530,000	96	0	14	0
7	1985	Anchorage	Roads	Huffman Road	Huffman Rd Extension Design & Engineer'g	125,000	0	125,000	105	674	138	27
7	1985	Anchorage	Roads	Traffic Signals	Huffman/Old Seward Highway Signal	184,000	0	184,000	105	390	91	8
7	1985	Anchorage	Roads	Lake Otis Parkway	Lake Otis Pkwy Improvements	4,500,000	0	4,500,000	96	0	15	0
7	1985	Anchorage	Roads	Unspecified LSRT	Local Svc Roads & Trails-South Anchorage	0	361,000	361,000	105	386	90	11
7	1985	Anchorage	Roads	Lake Otis Parkway	Median & Row Improvements Lake Otis & 15	47,900	0	47,900	105	401	92	20
7	1985	Anchorage	Roads	Seward Highway	New Seward Hwy-Girdwood/Ingram Creek	0	5,800,000	5,800,000	96	0	14	0
7	1985	Anchorage	Roads	Seward Highway	New Seward Rehab 4th-36th Avenue	0	2,880,000	2,880,000	96	0	14	0
7	1985	Anchorage	Roads	Old Seward Highway	Old Seward Hwy - Dowling-Huffman	0	3,600,000	3,600,000	96	0	14	0
7	1985	Anchorage	Bike/Pedestrian Paths	4th Avenue	Pedestrian Impv-4th Ave-Elderberry Park	50,000	0	50,000	105	399	92	12
7	1985	Anchorage	Bike/Pedestrian Paths	E. Northern Lights	Pedestrian O-Pass Dsgn & Eng E Nrthn Lts	80,000	0	80,000	105	566	120	18
7	1985	Anchorage	Roads	Dearmoun Road	Rabbit Creek/Dearmoun Interchange	0	6,500,000	6,500,000	96	0	14	0
7	1985	Anchorage	Roads	Raspberry Road	Raspberry Road ROW and Reconstruction	0	15,930,000	15,930,000	96	0	14	0
7	1985	Anchorage	Roads	Unspecified Roads	Residential St Impv-House District 11	82,200	0	82,200	105	398	92	8
7	1985	Anchorage	Roads	District 7 LRSA	Road Service Area Maint-House District 7	300,000	0	300,000	105	413	94	13
7	1985	Anchorage	Roads	School Safety	Safety Beacon-Mt Air Dr & Rabbit Creek	30,000	0	30,000	105	387	90	18
7	1985	Anchorage	Roads	School Safety	Sch Bus Stop Lighting-Chugiak-Birchwd-Ea	13,500	0	13,500	105	446	100	4
7	1985	Anchorage	Roads	Traffic Signals	Signal Light Huffman/Old Seward	116,000	0	116,000	96	0	15	0
7	1985	Anchorage	Roads	Upper Dearmoun Road	Upper Dearmoun Road Design, Eng & Row Ac	375,000	0	375,000	105	675	139	1
7	1985	Eagle River	Roads	Glenn Highway	Eagle River Ramp Improvements	273,400	0	273,400	105	567	120	22
7	1985	Eagle River	Roads	Hiland Drive	Hiland Bridge Prelim Engr'g/Design	500,000	0	500,000	96	0	15	0
7	1985	Eagle River	Roads	Hiland Drive	Hiland Drive-Gravel Upgrade	0	361,000	361,000	105	386	90	4
7	1985	Eagle River	Roads	Hiland Road	Maintenance of Hiland Rd to Fire Station	29,800	0	29,800	105	409	93	28
7	1985	Eagle River	Roads	Glenn Highway	N Eagle River Intersection-Prem.Engnr'g	0	720,000	720,000	96	0	14	0

ED	YEAR	AFFECTED COMMUNITY	TYPE OF FACILITY	ROAD (IF SPECIFIED)	DESCRIPTION	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN
						36,163,931	136,827,600	172,981,531				Sum
Number of Observations: 29												
						156,493,357	346,761,600	503,254,957				Sum
Number of Observations: 202												
16	1983		Roads	Hatcher Pass Road	Hatcher Pass Road Improvements	250,000	0	250,000	107	34	76	0
16	1983		Roads	Point McKenzie Road	Pt McKenzie-Road Extension	252,000	0	252,000	10	0	5	0
16	1983		Roads	Bartlett Hills	Bartlett Hills Agriculture Area	400,000	0	400,000	10	0	29	0
16	1983		Roads	McKechnie Road	McKechnie-Road Upgrade	120,000	0	120,000	10	0	29	0
16	1983		Roads	Lucille Street	Lucille Street/Sheldon Intersection	1,610,200	0	1,610,200	10	0	29	0
16	1983		Roads	Seward Meridian Road	Seward-Meridian Road	400,000	0	400,000	10	0	30	0
16	1983		Roads	Parks Highway	Parks Highway Rehabilitation North of MP	400,000	4,600,000	5,000,000	107	34	74	0
16	1983		Roads	Old Glenn Highway	Old Glenn Highway Planning & Engineering	100,000	1,000,000	1,100,000	107	34	75	0
16	1983		Roads	Palmer Road	Palmer-Road Planning & Engineering	100,000	1,000,000	1,100,000	107	34	75	0
16	1983		Roads	Parks Highway	Parks Highway, Little Coal-Middle Fork	365,000	4,195,000	4,560,000	107	34	7.	0
16	1983		Roads	Unspecified Roads	Local Road Improvements	143,000	0	143,000	107	34	118	0
16	1983		Roads	Seward Meridian Road	Seward-Meridian Road	293,000	0	293,000	107	34	118	0
16	1983		Roads	Lewis Loop Road	Lewis Loop Road	150,000	0	150,000	107	34	118	0
16	1983		Roads	Unspecified Roads	Mat-Su Road Upgrade Planning & Design	190,000	0	190,000	107	34	118	0
16	1983		Roads	Oilwell Road	Oilwell Road	40,000	0	40,000	107	34	118	0
16	1983		Roads	Unspecified Roads	Talkeetna-Townsite Roads	100,000	0	100,000	107	34	118	0
16	1983	Houston	Roads	Unspecified Roads	Houston-School Bus Route Road Upgrade	300,000	0	300,000	10	0	27	0
16	1983	Houston	Roads	Unspecified Roads	Houston-Roads	80,000	0	80,000	107	34	114	0
16	1983	Palmer	Roads	Unspecified Roads	Palmer-Street Paving	1,437,000	0	1,437,000	10	0	6	0
16	1983	Palmer	Roads	Unspecified Roads	Palmer-City Road Improvements	150,000	0	150,000	10	0	27	0
16	1983	Wasilla	Roads	Unspecified Roads	Wasilla-Street Right-of-Way Improvements	300,000	0	300,000	10	0	27	0
						7,180,200	10,795,000	17,975,200				Sum
Number of Observations: 21												
16	1984		Roads	Chari Lake Drive	Mat-Su Boro-Chari Lake Drive Improvement	25,000	0	25,000	22	0	6	0
16	1984		Roads	Oilwell Road	Mat-Su Boro-Oilwell Road Upgrade	94,700	0	94,700	22	0	6	0
16	1984		Roads	Pittman Road	Mat-Su Boro-Pittman Road Upgrade	400,000	0	400,000	22	0	7	0
16	1984		Roads	Talkeetna Spur	Mat-Su Boro-Talkeetna Spur/Mile 13, Scen	100,000	0	100,000	22	0	7	0
16	1984		Roads	Petersville Road	Petersville-Roads Upgrade	250,000	0	250,000	45	0	9	0

ED	YEAR	AFFECTED COMMUNITY	TYPE OF FACILITY	ROAD (IF SPECIFIED)	DESCRIPTION	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN
16	1985		Roads	Petersville Road	Petersville Road Upgrade	100,000	0	100,000	96	0	41	0
16	1985		Roads	Pittman Road	Pittman Road Construction	700,000	0	700,000	96	0	15	0
16	1985		Roads	Pittman Road	Pittman Road Upgrade	400,000	0	400,000	96	0	40	0
16	1985		Roads	Pittman Road	Pittman Road Upgrade	400,000	0	400,000	105	602	141	3
16	1985		Roads	Various LRSA	Road Service Area Roads	165,000	0	165,000	96	0	41	0
16	1985		Roads	Unspecified Roads	Road Upgrade	81,000	0	81,000	96	0	40	0
16	1985		Roads	Traffic Signals	Traffic Light - Arctic and Glenn	325,000	0	325,000	96	0	15	0
16	1985		Bike/Pedestrian Paths	Unspecified Trails	Trails Survey Acquisition Construction	40,000	0	40,000	96	0	40	0
16	1985	Houston	Roads	Kanlar Road	Kanlar Rd Upgrade/Extension	370,000	0	370,000	96	0	40	0
16	1985	Palmer	Roads	Butte to Palmer Road	Butte to Palmer Repaving	600,000	0	600,000	96	0	15	0
16	1985	Wasilla	Roads	Street Lighting	Area Intersection Illumination	16,000	0	16,000	96	0	15	0
						5,572,000	3,285,000	8,857,000				Sum
Number of Observations: 22												
16	1986		Roads	Church Road	Church Road Upgrade	100,000	0	100,000	128	3	28	15
16	1986		Roads	Edgerton Park Road	Edgerton Park Road	50,000	0	50,000	128	3	28	16
16	1986		Roads	Edlund Road	Edlund Road Upgrade	100,000	0	100,000	128	3	28	17
16	1986		Roads	Glenn Highway	Glenn Hwy Reconst: Eklutna to Parks	0	7,498,000	7,498,000	128	3	14	9
16	1986		Roads	Hatcher Pass Road	Hatcher Pass Road	141,000	0	141,000	128	3	28	18
16	1986		Roads	Lake Louise Road	Lake Louise Road	50,000	0	50,000	128	3	29	4
16	1986		Roads	Horizon Drive	Mat-Su Boro-Horizon Dr Grade Improvements	25,000	0	25,000	128	3	29	14
16	1986		Roads	Johnson Road	Mat-Su Boro-Johnson Road	417,000	0	417,000	128	3	29	13
16	1986		Roads	Oil Mell Road	Mat-Su Boro-Oil Mell Rd/Moose Ck Bridge	40,000	0	40,000	128	3	29	15
16	1986		Roads	Pittman Road	Mat-Su Boro-Pittman Rd Reconst Supplmtl	475,000	0	475,000	128	3	28	14
16	1986		Roads	Maud Road	Maud Road Upgrade & Maintenance	40,000	0	40,000	130	425	87	29
16	1986		Roads	Parks Highway	Parks Highway Rehab: MP 190-North	0	521,600	521,600	130	165	35	13
16	1986		Roads	Glenn Highway	Parks/Glenn Highway Intersection Impvmt	0	966,000	966,000	128	3	14	10
16	1986		Roads	Petersville Road	Petersville Road Upgrade	225,000	0	225,000	128	3	29	5
16	1986		Roads	Pitman Road	Pitman Road Extension	60,000	0	60,000	130	417	86	16
16	1986	Wasilla	Roads	Unspecified Roads	Wasilla-Roads Upgrade	950,000	0	950,000	128	3	29	10
						2,673,000	8,985,600	11,658,600				Sum
Number of Observations: 16												

ED	YEAR	AFFECTED COMMUNITY	TYPE OF FACILITY	ROAD (IF SPECIFIED)	DESCRIPTION	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
17	1984	Delta Junction	Roads	Street Lighting	Delta Junction-School Road Lighting	28,800	0	28,800	24	0	44	0	
17	1984	Glennallen	Roads	3/4 Mile Road	Glennallen Heights Rehabilitate & Repair	72,000	0	72,000	171	319	79	0	
17	1984	Healy	Roads	Otto Lake West Road	Healy-Otto Lake West Road Construction	100,000	0	100,000	22	0	3	0	
17	1984	Nenana	Roads	Unspecified Roads	Nenana-Roadways/Drainage/City Limits	615,000	0	615,000	22	0	7	0	
17	1984	Slana	Roads	Nabesna Road	Slana-Nabesna Road Improvements	135,000	0	135,000	22	0	3	0	
17	1984	Tanacross	Roads	Street Lighting	Tanacross-Village Street Lights	30,000	0	30,000	171	319	78	0	
						4,478,800	32,802,000	37,280,800					Sum
Number of Observations: 14													
17	1985		Roads	Alaska Highway	AK Hwy Reconst MP 1270-North	0	13,500,000	13,500,000	96	0	17	0	
17	1985		Roads	Delta Agricultural Road	Delta-Agricultural Road Maintenance	100,000	0	100,000	96	0	18	0	
17	1985		Roads	Delta Agricultural Road	Delta-Agricultural Road Improvements	54,915	0	54,915	105	631	132	2	
17	1985		Roads	Edgerton Highway	Edgerton Hwy Rehab MP 0-E PE	0	7,110,000	7,110,000	96	0	18	0	
17	1985		Roads	Glenn Highway	Glenn Hwy Rehab MP 135-North	0	1,440,000	1,440,000	96	0	17	0	
17	1985		Roads	Nabesna Road	Nabesna Road	100,000	0	100,000	96	0	18	0	
17	1985		Roads	Parks Highway	Parks Hwy Rehab MP 190-North	0	8,640,000	8,640,000	96	0	17	0	
17	1985		Roads	Richardson Highway	Richardson Hwy Reconstruction MP 129-N	0	9,000,000	9,000,000	96	0	17	0	
17	1985	Anderson	Roads	Unspecified Roads	Roads	250,000	0	250,000	96	0	41	0	
17	1985	Tanacross	Roads	Unspecified Roads	Tanacross-Roads	30,000	0	30,000	96	0	45	0	
17	1985	Tok	Roads	Unspecified Roads	Roads and Trails	100,000	0	100,000	96	0	23	0	
17	1985	Tok	Roads	Unspecified Roads	Tok-Local Road Improvements	30,000	0	30,000	105	532	115	6	
						664,915	39,690,000	40,354,915					Sum
Number of Observations: 12													
17	1986		Roads	Unspecified Roads	Deltana Corporation Road Project	300,000	0	300,000	128	3	33	17	
17	1986		Roads	Denali Highway	Denali Highway: MP 0 West Rehabilitation	0	3,956,000	3,956,000	128	3	17	9	
17	1986		Roads	Glenn Highway	Glenn Highway Rehab: MP 135-North	0	1,029,000	1,029,000	130	164	35	6	
17	1986		Roads	Nabesna Road	Nabesna Road/Reconstruction/Improvements	80,000	0	80,000	128	3	18	7	
17	1986		Roads	Panguingue Creek Road	Panguingue Creek Road	146,400	0	146,400	128	3	18	4	
17	1986		Roads	Richardson Highway	Richardson Highway: MP 79 North Rehab	0	3,151,000	3,151,000	128	3	17	8	
17	1986		Roads	Taylor Highway	Taylor Highway Bridges	0	1,594,700	1,594,700	130	169	36	20	
17	1986		Roads	Tok Cutoff	Tok Cutoff: MP 0 North Rehabilitation	0	6,624,000	6,624,000	128	3	17	7	
17	1986		Roads	Tok Cutoff	Tok Cutoff: MP 65 North Reconstruction	0	7,820,000	7,820,000	128	3	17	6	
17	1986	Anderson	Roads	Unspecified Roads	Anderson-Local Service Roads	280,000	0	280,000	128	3	29	21	
17	1986	Copper Center	Roads		Copper Center Land Disposal Road Access	36,000	0	36,000	128	3	18	5	

ED	YEAR	AFFECTED COMMUNITY	TYPE OF FACILITY	ROAD (IF SPECIFIED)	DESCRIPTION	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
18	1986		Roads	Holmes Road	Holmes/Markey Reconstruction Prelim Engr	120,000	0	120,000	128	3	16	6	
18	1986		Roads	Richardson Highway	Richardson Highway Corridor Improvements	0	1,840,000	1,840,000	128	3	17	11	
18	1986	North Pole	Roads	Laurance Road	Laurance Road Reconstruction Design	124,000	0	124,000	128	3	17	21	
18	1986	North Pole	Roads	Richardson Highway	Richardson Highway/Dawson Interchange	0	460,000	460,000	128	3	17	12	
						288,000	14,260,000	14,548,000					Sum
Number of Observations:		6											
						7,933,000	22,870,000	30,803,000					Sum
Number of Observations:		15											
19	1983	Central	Roads	Unspecified Roads	Central-Dust Control & Spot Repair	32,000	0	32,000	10	0	7	0	
19	1983	Ester	Roads		Ester-Loop Survey	40,600	0	40,600	10	0	32	0	
						72,600	0	72,600					Sum
Number of Observations:		2											
19	1984		Roads	Elliott Highway	Elliott Hwy-Fox North	112,800	1,297,200	1,410,000	24	0	44	0	
19	1984	Circle	Roads	Unspecified Roads	Circle-District Road Improvements	200,000	0	200,000	24	0	13	0	
						312,800	1,297,200	1,610,000					Sum
Number of Observations:		2											
19	1985		Roads	Steele Creek Road	Steele Creek-Road Major Maintenance	180,000	0	180,000	96	0	18	0	
19	1985	Central	Roads	Unspecified Roads	Central-Dust Control	13,000	0	13,000	105	455	0	0	
						193,000	0	193,000					Sum
Number of Observations:		2											
19	1986		Roads	Unspecified Roads	Chena Hot Springs Road Erosion	0	580,000	580,000	130	168	56	17	
19	1986		Roads	Steese Highway	Safety Reflectors-Steese Highway/Central	110,400	0	110,400	128	3	17	22	

ED	YEAR	AFFECTED COMMUNITY	TYPE OF FACILITY	ROAD (IF SPECIFIED)	DESCRIPTION	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN
20	1984	Fairbanks	Roads	10th Avenue	Fairbanks-10th Avenue Reconstruction	340,000	0	340,000	22	0	7	0
20	1984	Fairbanks	Roads	Hamilton Avenue	Fairbanks-Hamilton Avenue Reconstruction	274,000	0	274,000	22	0	7	0
20	1984	Fairbanks	Roads	Unspecified Roads	Fairbanks-Street Maintenance & Repairs	638,100	0	638,100	22	0	7	0
20	1984	Fairbanks	Roads	N. Miller Hill Road	North Miller Hill Road	30,000	0	30,000	22	0	3	0
20	1984	Fairbanks	Roads	Chena Hot Springs Road	Old Chena-Hot Springs Road Upgrade	70,000	0	70,000	22	0	3	0
20	1984	Fairbanks	Roads	Chena Ridge Road	Town/Ridge Access Improvements Phase I	1,300,000	0	1,300,000	22	0	3	0
20	1984	Fairbanks	Roads	University Ave	University/Old Nenana Shoulder Widening	163,000	0	163,000	22	0	3	0
20	1984	Fairbanks	Roads	Silver Fox Mine	Access to Silver Fox Mine	155,000	0	155,000	45	0	9	0
20	1984	Fairbanks	Roads	School Safety	Public Schools Access Safety Improvement	196,000	0	196,000	24	0	13	0
20	1984	Fairbanks	Roads	Steese Highway	Steese Highway Accelaration Lanes	160,000	0	160,000	24	0	13	0
20	1984	Fairbanks	Bike/Pedestrian Paths	Ballaine Road	Ballaine Road Bike Trail Repair	50,000	0	50,000	24	0	13	0
20	1984	Fairbanks	Roads	Bridges	Miller House Bridge	306,000	0	306,000	24	0	13	0
20	1984	Fairbanks	Roads	Multiple Roads	Summit Drive and Skyline/Homestretch Roa	200,000	0	200,000	24	0	13	0
20	1984	Fairbanks	Roads	Steese Highway	Steese Maintenance Equipment Purchase	104,000	0	104,000	24	0	13	0
20	1984	Fairbanks	Roads	Chena Ridge Road	Chena-Ridge Shoulder Widening and Hazard	1,200,000	0	1,200,000	24	0	13	0
20	1984	Fairbanks	Roads	District K LRSA	FNSB-District K Rd Svc Area Block Grant	2,000,000	0	2,000,000	24	0	43	0
20	1984	Fairbanks	Roads	Unspecified LRSA	FNSB-Road Service Area Block Grant	500,000	0	500,000	24	0	45	0
20	1984	Fairbanks	Roads	District J LRSA	FNSB-District J Road Svc Block Grant	1,000,000	0	1,000,000	24	0	45	0
20	1984	Fairbanks	Roads	Unspecified Roads	Fairbanks-Existing Streets Maintenance Re	140,400	0	140,400	24	0	45	0
20	1984	Fairbanks	Roads	Newby LRSA	FNSB-Newby Road Svc Area Repair/Rehab	153,000	0	153,000	24	0	44	0
20	1984	Fairbanks	Roads	Arctic Fox LRSA	FNBS-Arctic Fox Rd Svc Area Repair/Rehab	276,000	0	276,000	24	0	44	0
20	1984	Fairbanks	Roads	Diane LRSA	FNSB-Diane Road Svc Area Repair/Rehab	373,000	0	373,000	24	0	44	0
20	1984	Fairbanks	Roads	Highway Park Rd Svc Area	FNSB-Highway Park Rd Svc Area Repr/Rehab	419,000	0	419,000	24	0	44	0
20	1984	Fairbanks	Roads	Kris Kringle LRSA	FNSB-Kris Kringle Rd Svc Area Repr/Rehab	279,000	0	279,000	24	0	44	0
20	1984	Fairbanks	Roads	Farmers Loop Road	Farmers Loop Rd Rcn/Utilities	82,000	946,000	1,028,000	24	0	64	0
20	1984	Fairbanks	Roads	Badger Road	Badger Road	74,700	859,000	933,700	24	0	64	0
20	1984	Fairbanks	Roads	Unspecified Roads	Fairbanks-FAU System	200,000	2,300,000	2,500,000	24	0	64	0
20	1984	Fairbanks	Bike/Pedestrian Paths	Ballaine Road	Fairbanks-Rd Bike Trail Repair	135,000	0	135,000	24	0	64	0
20	1984	Fairbanks	Roads	College Road	East College Road Upgrade Pase II	1,900,000	0	1,900,000	171	319	57	0
20	1984	Fairbanks	Roads	Airport Way	Airport Way Resurfacing Phase II	1,100,000	0	1,100,000	171	319	57	0
20	1984	Fairbanks	Roads	Vue Crest Roads	FNSB-Vue Crest Roads Upgrade Completion	300,000	0	300,000	171	319	77	0
						15,428,200	4,105,000	19,533,200				Sum
Number of Observations: 36												
20	1985	Fairbanks	Roads	Cushman Street	Cushman Street Ext/Reconstruction/Paving	370,000	0	370,000	96	0	18	0
20	1985	Fairbanks	Roads	Unspecified Roads	Downtown Utility/Street Upgrade	4,300,000	0	4,300,000	96	0	37	0
20	1985	Fairbanks	Roads	Farmers Loop Road	Farmers Loop Road Reconstruction	0	12,240,000	12,240,000	96	0	17	0

ED	YEAR	AFFECTED COMMUNITY	TYPE OF FACILITY	ROAD (IF SPECIFIED)	DESCRIPTION	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	IN	
22	1984	Buckland	Roads	Dumpsite Road	Buckland-Dump Site Road Project	300,000	0	300,000	22	0	8	0	
22	1984	Kaktovik	Roads	Unspecified Roads	NSA-Kaktovik Roads	500,000	0	500,000	171	319	77	0	
22	1984	Kiana	Roads	Beach Access Road	Kiana-Beach Access Road Construction	300,000	0	300,000	22	0	8	0	
22	1984	Kiana	Roads	Street Lighting	Kiana-Street Lighting	25,000	0	25,000	22	0	8	0	
22	1984	Kotzebue	Roads	Unspecified Roads	Kotzebue-City Streets	700,000	0	700,000	24	0	64	0	
22	1984	Noatak	Roads	Unspecified Roads	Noatak-Streets and Facilities	500,000	0	500,000	24	0	64	0	
22	1984	Noorvik	Roads	Dumpsite Road	Noorvik-Road to Dump Site Project	500,000	0	500,000	22	0	8	0	
22	1984	Noorvik	Roads	Bridge Repairs	Noorvik-Bridge Repairs	33,600	0	33,600	24	0	35	0	
22	1984	Nuiqsut	Roads	Unspecified Roads	Nuiqsut-Recreation Road	55,500	0	55,500	24	0	45	0	
22	1984	Point Lay	Roads	Dumpsite Road	NSB-Point Lay Rd to Dump	400,000	0	400,000	171	319	77	0	
22	1984	Selawik	Bike/Pedestrian Paths	Selawik Boardwalk	Selawik-Boardwalk Expansion and Upgrade	75,000	0	75,000	22	0	8	0	
22	1984	Shungnak	Roads	Bridge Repairs	Shungnak-Bridge Repairs	60,000	0	60,000	22	0	8	0	
22	1984	Wainwright	Roads	Dumpsite Road	NSB-Wainwright Road to Dump Site	300,000	0	300,000	22	0	8	0	
						4,074,100	0	4,074,100					Sum
Number of Observations: 15													
22	1985	Nuiqsut	Roads	Prudhoe Bay-Nuiqsut	Prudhoe Road Construction	0	13,000,000	13,000,000	96	0	18	0	
						0	13,000,000	13,000,000					Sum
Number of Observations: 1													
						4,844,100	13,000,000	17,844,100					Sum
Number of Observations: 21													
23	1983		Roads	Pilgrim Hot Springs Road	Pilgrim Hot Springs-Road Improvements	800,000	0	800,000	10	0	7	0	
23	1983		Roads	Nome-Taylor Highway	Nome-Taylor Hwy MP8-North	120,000	1,380,000	1,500,000	107	34	77	0	
23	1983		Roads	Nome-Council Highway	Nome-Council Milepost	560,000	6,440,000	7,000,000	107	34	77	0	
23	1983	Alakanuk	Roads	Street Lighting	Alakanuk-Street Lights	10,000	0	10,000	107	34	106	0	
23	1983	Gambell	Roads	Unspecified Roads	Gambell-Street Improvements	85,000	0	85,000	107	34	107	0	
23	1983	Koyuk	Roads	Unspecified Roads	Koyuk-City Streets Improvements & Expa	100,000	0	100,000	107	34	115	0	
23	1983	Nome	Roads	Unspecified Roads	Nome-City Streets Supplemental	700,000	1,400,000	2,100,000	107	34	77	0	
23	1983	Savoonga	Roads	Street Lighting	Savoonga-Street Lights	10,000	0	10,000	107	34	108	0	
23	1983	Scammon Bay	Roads	Street Lighting	Scammon Bay-Street Lights	10,000	0	10,000	107	34	108	0	
23	1983	Unalakleet	Roads	Unspecified Roads	Unalakleet-Road/Bridge Construction	1,150,000	0	1,150,000	10	0	28	0	
23	1983	Wales	Roads	Lopp Lagoon Road	Wales-Lopp Lagoon Road Completion	100,000	0	100,000	107	34	115	0	

ED	YEAR	AFFECTED COMMUNITY	TYPE OF FACILITY	ROAD (IF SPECIFIED)	DESCRIPTION	APPVD'D GF	APPVD'D DF	TOTAL	CHP	SEC	PG	LN	
24	1983	Aniak	Roads	Unspecified Roads	Aniak-Road Improvement Supplement	50,000	0	50,000	107	34	115	0	
24	1983	Chalkyitsik	Roads	Unspecified Roads	Chalkyitsik-Road	97,000	0	97,000	107	34	122	0	
24	1983	Crooked Creek	Roads	Unspecified Roads	Crooked Creek-Roads	50,000	0	50,000	107	34	122	0	
24	1983	Fort Yukon	Roads	Unspecified Roads	Fort Yukon-Roads	250,000	0	250,000	107	34	115	0	
24	1983	Grayling	Roads	Bridge Repairs	Grayling-Bridge Repair	100,000	0	100,000	107	34	115	0	
24	1983	Hughes	Roads	Unspecified Roads	Hughes-Road Construction	100,000	0	100,000	10	0	28	0	
24	1983	McGrath	Roads	Heavy Equipment	McGrath-Roads	200,000	0	200,000	107	34	116	0	
24	1983	Nulato	Roads	Unspecified Roads	Nulato-Roads	75,000	0	75,000	107	34	116	0	
24	1983	Red Devil	Roads	Unspecified Roads	Red Devil-Roads	30,000	0	30,000	107	34	122	0	
24	1983	Ruby	Roads	Unspecified Roads	Ruby-Road Construction	240,000	0	240,000	10	0	28	0	
24	1983	Russian Mission	Roads	Unspecified Roads	Russian Mission-Road & Facility Upgrade	210,000	0	210,000	10	0	23	0	
24	1983	Russian Mission	Roads	Unspecified Roads	Russian Mission-Road and Facility	50,000	0	50,000	107	34	116	0	
24	1983	Shageluk	Roads	Street Lighting	Shageluk-Street Lights	10,000	0	10,000	107	34	109	0	
24	1983	Sleetmute	Roads	Unspecified Roads	Sleetmute-Road Construction	125,000	0	125,000	10	0	32	0	
24	1983	St Marys	Roads	Unspecified Roads	St Marys-Road Construction	140,000	0	140,000	10	0	29	0	
24	1983	Takotna	Roads	Unspecified Roads	Takotna-Road Improvements	25,000	0	25,000	107	34	122	0	
24	1983	Tuluksak	Roads	Unspecified Roads	Tuluksak-Road Construction	280,000	0	280,000	10	0	28	0	
						2,572,000	0	2,572,000					Sum
Number of Observations: 19													
24	1984	Arctic Village	Roads	Unspecified Roads	Arctic Village-Road Construction	50,000	0	50,000	24	0	49	0	
24	1984	Fort Yukon	Roads	Unspecified Roads	Fort Yukon-Street Improvements	200,000	0	200,000	24	0	45	0	
24	1984	Grayling	Roads	Roads & Equipment	Grayling-Road Improvements and Equipment	250,000	0	250,000	24	0	46	0	
24	1984	Huslia	Roads	Street Lighting	Huslia-Street Lights	5,000	0	5,000	171	319	77	0	
24	1984	Kaltag	Roads	Unspecified Roads	Kaltag-Road Construction	200,000	0	200,000	24	0	46	0	
24	1984	Koyukuk	Roads	Roads & Equipment	Koyukuk-Heavy Equipment and Road Const	200,000	0	200,000	24	0	46	0	
24	1984	Nulato	Roads	Unspecified Roads	Nulato-Road Construction	75,000	0	75,000	24	0	46	0	
24	1984	Ruby	Roads	Unspecified Roads	Ruby-Road Construction and Upgrade	190,000	0	190,000	24	0	46	0	
24	1984	Ruby	Bike/Pedestrian Paths	Boardwalk	Ruby-Construction of Boardwalks	75,000	0	75,000	24	86	15	0	
24	1984	Ruby	Bike/Pedestrian Paths	Boardwalk	Ruby-Boardwalk Construction	75,000	0	75,000	171	80	15	0	
24	1984	Sleetmute	Roads	Roads & Equipment	Sleetmute-Road Construction & Equipment	200,000	0	200,000	24	0	50	0	
24	1984	Tanana	Roads	Unspecified Roads	Tanana-Road Construction	200,000	0	200,000	24	0	46	0	
24	1984	Tuluksak	Roads	Roads & Equipment	Tuluksak-Road Construction and Equipment	300,000	0	300,000	24	0	46	0	

D	YEAR	AFFECTED COMMUNITY	TYPE OF FACILITY	ROAD (IF SPECIFIED)	DESCRIPTION	AP							
						1,847,000							
mber of Observations: 7													
5	1985	Kwethluk	Roads	Unspecified Roads	Kwethluk-Road Development	250,000	0						
						250,000	0	250,.					
mber of Observations: 1													
5	1986	Kipnuk	Bike/Pedestrian Paths	Kipnuk HS Footbridge	Kipnuk-High School Footbridge	80,000	0	80,000	128	3	1:		
5	1986	Quinhagak	Roads	Unspecified Roads	Quinhagak-Road Improvements	7,500	0	7,500	128	3	32	10	
						87,500	0	87,500					Sum
mber of Observations: 2													
						3,169,500	0	3,169,500					Sum
mber of Observations: 15													
6	1983		Roads	Nondalton/Newhalen Road	Nondalton/Newhalen Road Construction	1,000,000	0	1,000,000	10	0	5	0	
6	1983		Roads	Nondalton/Newhalen Road	Nondalton/Newhalen Road Construction	500,000	0	500,000	107	34	75	0	
6	1983		Roads	Naknek-King Salmon Road	Naknek-King Salmon Road Upgrade & Main	150,000	0	150,000	107	34	75	0	
6	1983		Roads	Naknek-King Salmon Road	Naknek/King Salmon Rd Repair & Upgrade	200,000	0	200,000	106	205	39	0	
6	1983	Dillingham	Roads	Unspecified Roads	Dillingham-Street Improvements	572,000	0	572,000	10	0	29	0	
6	1983	Dillingham	Roads	Unspecified Roads	Dillingham-Design/Const Street Imprvmts	400,000	0	400,000	107	34	117	0	
6	1983	New Stuyahok	Roads	Unspecified Roads	New Stuyahok-Road Improvements	300,000	0	300,000	107	34	117	0	
6	1983	South Naknek	Roads	Beach Access Road	South Naknek-Beach Access Road	75,000	0	75,000	107	34	117	0	
6	1983	Togiak	Roads	Unspecified Roads	Togiak-Road Upgrade	75,000	0	75,000	107	34	117	0	
6	1983	Unalaska	Roads	Bridge Repairs	Unalaska-Bridge Repair	35,000	0	35,000	107	34	117	0	
						3,307,000	0	3,307,000					Sum
mber of Observations: 10													
6	1984		Roads	Naknek-King Salmon Road	Naknek/King Salmon Rd Rehab	2,500,000	0	2,500,000	24	0	62	0	
6	1984		Roads	Nondalton-Iliamna Road	Nondalton Iliamna Road Improvements	1,000,000	0	1,000,000	24	0	63	0	
6	1984		Roads	Nondalton/Newhalen Road	Nondalton/Newhalen Road Construction	1,500,000	0	1,500,000	171	319	56	0	

ED	YEAR	AFFECTED COMMUNITY	TYPE OF FACILITY	ROAD (IF SPECIFIED)	DESCRIPTION	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
						4,921,000	900,000	5,821,000					Sum
Number of Observations: 11													
27	1984		Roads	Unspecified Roads	Kodiak Island Borough-Road Projects Cons	441,000	0	441,000	22	0	9	0	
27	1984	Akhiok	Roads	Dock Access Road	Akhiok-Dock Facility Access Road	560,000	0	560,000	24	0	46	0	
27	1984	Karluk	Roads	Street Lighting	Karluk-Street Lighting	27,000	0	27,000	21	0	14	0	
27	1984	Kodiak	Roads	Mission Road	Kodiak-Mission Road Project	340,000	0	340,000	24	0	12	0	
27	1984	Kodiak	Roads	Selief Lane	Kodiak-Selief Lane Extension	2,149,000	0	2,149,000	24	0	47	0	
27	1984	Kodiak	Roads	Bridges	Kodiak-Near Island Bridge Phase II	14,500,000	0	14,500,000	24	0	62	0	
27	1984	Kodiak	Roads	Multiple Roads	Kodiak-Komesha Circle and Bayview	750,000	0	750,000	24	0	73	0	
27	1984	Old Harbor	Roads	Old Harbor Road	Old Harbor-Road Extension	375,000	0	375,000	45	0	9	0	
						19,142,000	0	19,142,000					Sum
Number of Observations: 6													
27	1985		Roads	School Safety	School Crossing Lighting & Safety Improv	100,000	0	100,000	105	550	118	11	
27	1985	Chignik	Roads	Unspecified Roads	Chignik-Road Construction	70,000	0	70,000	96	0	15	0	
27	1985	Chignik Lagoon	Roads	Bridges	Chignik Lagoon-Bridge Construction	290,000	0	290,000	96	0	15	0	
27	1985	Parryville	Roads	Unspecified Roads	Parryville-Rd Upgrade & Equipment Repair	25,000	0	25,000	105	541	116	22	
27	1985	Port Lions	Roads	Bay View Drive	Port Lions-Bay View Drive	200,000	0	200,000	96	0	42	0	
						685,000	0	685,000					Sum
Number of Observations: 5													
27	1986	Kodiak	Roads	Near Island Roads	Kodiak-Near Island Rds/Utilities/Harbors	1,400,000	0	1,400,000	128	3	32	19	
27	1986	Kodiak	Roads	St Herman Harbor Access	St Herman Harbor Acess & Parking	500,000	0	500,000	130	156	33	11	
27	1986	Port Lions	Roads	Bay View Drive	Port Lions-Bayview Drive Completion	100,000	0	100,000	128	3	32	21	
						2,000,000	0	2,000,000					Sum
Number of Observations: 3													

92	1984		Roads	Knik Arm Crossing	Knik Arm Crossing North & South Approach	400,000	4,622,000	5,022,000	24	0	62	0

ED	YEAR	AFFECTED COMMUNITY	TYPE OF FACILITY	ROAD (IF SPECIFIED)	DESCRIPTION	APPVD'D GF	APPVD'D OF	TOTAL	CHP	SEC	PG	LN	
92	1984		Roads	Knik Arm Crossing	Knik Arm Crossing North & South Approach	1,000,000	0	1,000,000	171	319	56	0	
						1,645,000	5,597,000	7,242,000					Sum
Number of Observations: 3													
92	1985		Roads		Central Hwy Preliminary Engineering	0	3,420,000	3,420,000	96	0	14	0	
92	1985		Roads	Federal Match	Central Hwys Federal Aid Match	5,765,000	0	5,765,000	96	0	13	0	
						5,765,000	3,420,000	9,185,000					Sum
Number of Observations: 2													
92	1986		Roads	Federal Match	Central Region GF Match, Highways	6,050,000	0	6,050,000	128	3	13	4	
92	1986		Roads	Federal Match	Expenses Ineligible for Federal Aid	850,000	0	850,000	130	154	32	25	
						6,900,000	0	6,900,000					Sum
Number of Observations: 2													
						15,612,000	18,065,000	33,677,000					Sum
Number of Observations: 9													
94	1983		Roads	Unspecified Roads	Interior Highways Supplemental	315,000	3,617,000	3,932,000	107	34	77	0	
94	1985		Roads	Unspecified Roads	Interior Railroad Crossing Improvements	50,000	450,000	500,000	107	34	77	0	
						365,000	4,067,000	4,432,000					Sum
Number of Observations: 2													
94	1985		Roads	Federal Match	Northern Hwys Federal Aid Match	7,050,000	0	7,050,000	96	0	17	0	
94	1985		Roads	Preliminary Engineering	Northern Hwys Preliminary Engineering	0	12,040,000	12,040,000	96	0	17	0	

ED	YEAR	AFFECTED COMMUNITY	TYPE OF FACILITY	ROAD (IF SPECIFIED)	DESCRIPTION	APPVD'D GF	APPVD'D DF	TOTAL	CHP	SEC	PG	LN	
						10,269,000	41,721,000	51,990,000					Sum
Number of Observations: 6													
99	1984		Roads	Bridges	Statewide Bridge Progrm	281,800	1,127,200	1,409,000	24	0	61	0	
99	1984		Roads	Unspecified Roads	Local Service Roads, Trails and Bikeways	3,500,000	0	3,500,000	24	0	61	0	
99	1984		Roads	Various LRSA	Road Maintenance Service Area Road Impro	3,000,000	0	3,000,000	171	319	66	0	
						6,781,800	1,127,200	7,909,000					Sum
Number of Observations: 3													
99	1985		Roads	Bridges	Bridge Rehab & Replacement Progrm	920,000	3,680,000	4,600,000	96	0	12	0	
99	1985		Roads	Various LRSA	Local Service Roads & Trails	1,150,000	0	1,150,000	96	0	12	0	
99	1985		Roads	Unspecified Roads	Safety Improvement Progrm	390,000	3,400,000	3,790,000	96	0	0	0	
99	1985		Roads	Planning	Statewide Highway Planning Work Prgm	500,000	1,430,000	1,930,000	96	0	12	0	
						2,960,000	8,510,000	11,470,000					Sum
Number of Observations: 4													
99	1986		Roads	Planning	Annual Highway Planning Work Progrm	320,000	1,430,000	1,750,000	128	3	12	15	
99	1986		Roads	Bridges	Bridge Rehab and Replacement Progrm	967,000	4,[illegible]00,000	5,467,000	128	3	12	24	
99	1986		Roads	Unspecified Roads	Safety Improvement Progrm	433,000	3,[illegible]000	4,333,000	128	3	12	23	
						1,720,000	9,830,000	11,550,000					Sum
Number of Observations: 3													
						21,730,800	61,188,200	82,919,000					Sum
Number of Observations: 16													
						455,235,682	844,300,300	1,299,536,182					Sum
Number of Observations: 792													

State	Resident Population (Thousands)	Total Registered Vehicles (Thousands)	Total Highway Fuel Consumption (Millions of Gallons)	Total Licensed Drivers (Thousands)	Total Vehicle Miles (Millions)	Total Disbursements for Highways[1] (Millions of Dollars)	Total Existing Road and Street Mileage	Total Highway Fatalities	Fatality Rate (Per 100 Million Vehicle Miles)
Alabama	4,021	3,338	2,174	2,462	35,091	912,168	97,798	881	2.51
Alaska	521	353	285	300	3,840	538,099	11,601	127	3.31
Arizona	3,187	2,235	1,792	2,325	21,580	873,382	76,906	893	4.14
Arkansas	2,359	1,384	1,376	1,724	17,112	433,490	77,029	535	3.13
California	26,365	18,899	12,627	17,445	207,600	3,779,883	174,061	4,961	2.39
Colorado	3,231	2,759	1,703	2,284	26,146	804,915	75,972	578	2.21
Connecticut	3,174	2,485	1,490	2,316	22,152	868,090	19,633	448	2.02
Delaware	622	465	366	448	5,365	224,490	5,313	104	1.94
District of Columbia	626	326	179	385	3,223	104,059	1,102	60	1.86
Florida	11,366	9,865	5,843	8,016	88,056	1,861,426	99,071	2,830	3.21
Georgia	5,976	4,580	3,722	3,910	53,713	1,112,707	106,257	1,331	2.48
Hawaii	1,054	651	337	594	6,762	179,026	3,939	126	1.86
Idaho	1,005	864	625	692	7,710	278,749	88,169	255	3.31
Illinois	11,535	7,727	5,265	6,950	70,844	2,458,547	134,709	1,535	2.17
Indiana	5,499	4,024	3,144	3,595	40,782	903,685	91,396	974	2.39
Iowa	2,884	2,696	1,563	1,901	20,191	876,728	112,478	474	2.35
Kansas	2,450	2,148	1,436	1,658	19,275	674,032	132,409	486	2.52
Kentucky	3,726	2,615	1,984	2,248	28,520	902,231	69,460	712	2.50
Louisiana	4,481	3,012	2,350	2,756	33,365	1,357,161	58,241	931	2.79
Maine	1,164	840	631	804	9,277	275,935	21,955	206	2.22
Maryland	4,392	3,276	2,214	2,907	33,337	1,126,676	27,564	727	2.18
Massachusetts	5,822	3,738	2,546	3,792	39,696	911,817	33,804	740	1.86
Michigan	9,068	6,727	4,349	6,254	87,402	1,553,132	117,581	1,543	2.29
Minnesota	4,193	3,385	2,119	2,473	32,688	1,547,517	131,998	609	1.86
Mississippi	2,613	1,746	1,415	1,811	19,130	836,453	71,694	662	3.46
Missouri	5,029	3,558	2,955	3,393	39,284	882,547	119,155	931	2.37
Montana	826	662	513	582	7,572	355,691	71,543	223	2.94
Nebraska	1,606	1,257	890	1,090	12,054	511,101	92,119	237	1.97
Nevada	936	709	581	699	7,566	276,530	43,830	258	3.41
New Hampshire	998	974	479	738	7,538	234,191	14,527	188	2.49
New Jersey	7,562	4,909	3,814	5,714	53,108	1,471,119	33,883	959	1.81
New Mexico	1,450	1,176	928	978	13,269	470,847	53,564	535	4.03
New York	17,783	9,042	6,285	9,841	90,518	3,594,277	110,027	2,003	2.21
North Carolina	6,255	4,450	3,473	4,123	49,923	971,752	93,214	1,481	2.97
North Dakota	685	555	425	443	5,387	274,780	85,980	90	1.67
Ohio	10,744	8,102	5,430	7,336	75,549	1,899,379	112,984	1,640	2.17
Oklahoma	3,301	2,864	2,131	2,243	31,181	447,582	110,674	739	2.37
Oregon	2,687	2,204	1,455	1,960	21,458	657,125	94,000	559	2.61
Pennsylvania	11,853	7,209	5,079	7,555	75,428	2,567,083	115,683	1,771	2.35
Rhode Island	968	610	393	619	5,823	158,915	5,997	109	1.87
South Carolina	3,347	2,222	1,855	2,132	26,877	459,700	63,213	952	3.57
South Dakota	708	650	461	484	6,277	292,551	73,293	130	2.07
Tennessee	4,762	3,754	2,952	3,025	36,258	636,805	83,831	1,101	3.04
Texas	16,370	12,444	10,115	10,809	143,263	3,408,397	282,254	3,678	2.57
Utah	1,645	1,099	816	963	12,037	398,618	48,563	303	2.52
Vermont	535	398	278	385	4,688	166,594	14,031	115	2.45
Virginia	5,706	4,253	3,123	3,804	47,928	1,134,484	65,492	977	2.04
Washington	4,409	3,526	2,103	2,981	34,375	1,296,191	81,074	742	2.16
West Virginia	1,936	1,180	892	1,299	12,664	572,310	35,117	420	3.32
Wisconsin	4,775	3,187	2,266	3,211	36,679	1,411,913	108,507	744	2.03
Wyoming	509	500	421	332	5,401	376,652	38,239	152	2.81
Total	238,740	171,691	121,358	156,868	1,774,762	50,111,504	3,861,934	43,795	2.47

All units of government 1984 data

United States General Accounting Office

GAO

Annual Report to the Chairmen, House and Senate Committees on Appropriations

MAY 27 1987

February 1987

STATUS OF OPEN RECOMMENDATIONS

Improving Operations of Federal Departments and Agencies

GAO/OIRM-87-1

Ground Transportation

Highway Funding: Federal Distribution Formulas Should Be Changed

RCED-86-114, 03/31/86

Background

In response to a congressional request, GAO reviewed the statutory formulas used to apportion federal highway funds to the states.

Findings

More than $13 billion in highway funds have been apportioned among the states in fiscal year 1986 on the basis of highway formulas enacted by Congress over the years. GAO found that: (1) the factors used in formulas to apportion highway funds should reflect the extent and usage of today's highway system; (2) lane-miles is a direct measure of the size of the road network and should be used to reflect the extent of the system to be preserved; (3) highway use can be measured by both vehicle-miles of travel and motor fuel consumption; (4) each method of measurement has advantages and disadvantages as a formula; (5) the interstate resurfacing, restoration, rehabilitation, and reconstruction program is the only formula currently using a combination of these factors; and (6) the primary, secondary, and urban formulas need to be revised to be consistent with the extent and use of the current system. Changing the factors used in arriving at these apportionment formulas would result in some states receiving more or less funds than under the present formulas.

Open Recommendations to Congress

Congress should revise the factors used in the primary, secondary, and urban formulas as follows: (1) land area, which correlates poorly with the extent of the highway system, should be deleted from the primary and secondary formulas and be replaced with lane-miles, which more closely measures the extent of the highway system; (2) population, either rural or urban, which is an inexact measure of highway use, should be replaced with either vehicle miles of travel or motor fuel consumption, either of which more closely reflects highway use, including changes in such use; (3) postal mileage, which seems to bear no relationship to either the extent of the highway system or its use, should be deleted from the primary and secondary formulas; and (4) lane-miles should be added to the federal-aid urban highway apportionment formula, which is now based only on urban population, to provide a measure of the extent of the urban system.

Status: Action not yet initiated.

Congress should request that the primary, secondary, and urban formula factors be weighted to reflect road deterioration.

Status: Action not yet initiated.

If Congress wishes to continue to use population in primary, secondary, and urban formulas, the Census Bureau's current state population estimates should be used between decennial censuses to develop annual estimates of urban and rural population.

Status: Action not yet initiated.

Ground Transportation

Auto Safety: Effectiveness of Ford Transmission Settlement Still at Issue

RCED-86-52, 06/10/86

Background

Pursuant to a congressional request, GAO examined the agreement between Ford Motor Company and the Department of Transportation that closed the National Highway Traffic Safety Administration's (NHTSA) investigation of an alleged transmission defect in certain 1970-79 model year Fords.

Findings

As a result of increased injuries and fatalities due to allegedly faulty Ford automobile transmissions, Ford and

sions of the Administrative Procedure Act, sections 551 et seq. and 701 et seq. of Title 5, when providing for alternative procedure for approving state highway safety plans and failure of the Federal Highway Administration to open meetings with a particular organization to the public pursuant to Federal Advisory Committee Act, Appendix I of Title 5. Id.

2. Regulations

Under this section, Federal Highway Administration's duty to promulgate regulations pertaining to states' plans for certification acceptance is mandatory, although agency is vested with some discretion in deciding what type of regulations are necessary. Center for Auto Safety v. Tiemann, D.C.D.C.1977, 428 F.Supp. 118.

In light of Federal Highway Administration's pending reconsideration of regulations pertaining to certification acceptance plans under this section, there was no final agency action which court could review in action challenging such regulation; however, if agency did not complete reconsideration of regulations within reasonable period of time, agency would run risk of having its failure to act treated, upon appropriate motion made by plaintiffs, as final reviewable agency action. Id.

In the absence of any showing of prejudice as to Federal Highway Administration acceptance of Georgia's certification acceptance plan for highway safety standards pursuant to original tainted regulations governing certification applications, once nonprofit organization which challenged the regulations and the certification was able to comment on the plan while it was pending, and since the organization was entitled to substantive judicial review of the acceptance of the certification, court would not set aside approval of the Georgia plan because of the procedural irregularities in the adoption of the regulations. Center for Auto Safety v. Tiemann, D.C.D.C.1976, 414 F.Supp. 215, remanded on other grounds 580 F.2d 689.

4. Judicial review

Finding of Federal Highway Administration that state had capability to insure that safety standards were contained in state's plan for certification acceptance under this section was not sufficiently explained to afford court proper basis for judicial review, in view of failure of agency to inform court as to which portions of exhibits consisting of thousands of pages were relied upon by agency in making such determination, and thus case would be remanded to agency for clarification. Center for Auto Safety v. Tiemann, D.C.D.C.1977, 428 F.Supp. 118.

While Federal Highway Administrator's decision to employ certification acceptance procedures for state highway safety plan is unreviewable, his decision to approve a state certification is dependent upon mandatory findings and is therefore subject to judicial review. Center for Auto Safety v. Tiemann, D.C.D.C.1976, 414 F.Supp. 215, remanded on other grounds 580 F.2d 689.

5. Safety standards—Generally

When Federal Highway Administration approves state's certification acceptance plan under this section, agency must make finding that state has the capability to insure that safety standards will be enforced. Center for Auto Safety v. Tiemann, D.C.D.C.1977, 428 F.Supp. 11.

6. —— Factors considered

Under provision of this section authorizing Secretary of Transportation to accept certification from a state on finding that its highway projects will be carried out in accordance with state laws and standards which will accomplish policies and objectives of this title, it is for the Secretary to determine factors relevant to a "capability" finding and the appropriate method for making such a finding; hence, "Certification Acceptance" regulation which specifies reports, etc., that may be examined in evaluating the state's performance and resources is not deficient for failure to include a comprehensive list of specific factors for making a capability finding. Center for Auto Safety v. Bowers, D.C.D.C.1979, 466 F.Supp. 829.

Fact that some documents provided by Secretary of Transportation and Administrator of Federal Highway Administration were prepared after acceptance of Georgia's certification that federal aid highway projects would be carried out in accordance with state laws and standards that met objectives of this title did not undermine the award where there was no post hoc rationalization and subsequent material was relevant to determining continuing adequacy of the state plan and review of such documents was proper in face of court's recognition of possibility of future consideration of the capability finding. Id.

7. Substantial evidence

Decision of Secretary of Transportation and Administrator of Federal Highway Administration to accept Georgia's certification of safety standards for federal aid highways was supported by substantial evidence, including showing that for 20 years the state operated satisfactorily under the secondary road plan, which plan was predecessor to current "Certification Acceptance" system, with remainder of documents reviewed covering many topics, including research and development, safety review and ability of Georgia's Department of Transportation to take corrective action once deficiencies have been spotted. Center for Auto Safety v. Bowers, D.C.D.C.1979, 466 F.Supp. 829.

§ 118. Availability of sums apportioned

(a) On and after the date that the Secretary has certified to each State highway department the sums apportioned to each Federal-aid system or part thereof pursuant to an authorization under this title, or under prior Acts, such sums shall be available for expenditure under the provisions of this title.

(b)(1) Sums apportioned to each Federal-aid system (other than the Interstate System) shall continue available for expenditure in that State for the appropriate Federal-aid system or part thereof (other than the Interstate System) for a period of three years after the close of the fiscal year for which such sums are authorized and any amounts so apportioned remaining unexpended at the end of such period shall lapse.

(2) Except as otherwise provided in this subsection, sums apportioned for the Interstate System in any State shall remain available for expenditure in that State for the Interstate System until the end of the fiscal year for which authorized. Sums not obligated within the time period prescribed by the preceding sentence shall be made available by the Secretary for projects on the Interstate System (other than projects for which sums are apportioned under section 104(b)(5)(B)) in accordance with the following priorities: First, for high cost projects which directly contribute to the completion of an Interstate segment which is not open to traffic; and second, for projects of high cost in relation to a State's apportionment. Sums may only be made available under this paragraph in any State if the Secretary determines that the State has obligated all of its apportionments other than an amount which, by itself, is insufficient to pay the Federal share of the cost of a project on the Interstate System which has been submitted by such State to the Secretary for approval, and the applicant is willing and able to (A) apply the funds to a ready-to-commence project; and (B) in the case of construction work, begin work within ninety days of obligation. Sums made available under this paragraph shall remain available until expended.

(3) Any amount apportioned to the States for the Interstate System under subsection (b)(5)(B) of section 104 of this title shall continue to be available for expenditure in that State for a period of two years after the close of the fiscal year for which such sums are authorized. Sums not obligated within the time period prescribed by the preceding sentence shall be made available by the Secretary for projects for resurfacing, restoring, rehabilitating, and reconstructing the Interstate System to any other State applying for such funds, if the Secretary determines that the State has obligated all of its apportionments under such subsection other than an amount which, by itself, is insufficient to pay the Federal share of the cost of such a project which has been submitted by such State to the Secretary for approval, and the applicant is willing and able to (A) obligate the funds within one year of the date

the funds are made available; (B) apply them to a ready-to-commence project; and (C) in the case of construction work, begin work within ninety days of obligation. Sums made available under this paragraph shall remain available until expended.

(4) Sums apportioned to a Federal-aid system for any fiscal year shall be deemed to be expended if a sum equal to the total of the sums apportioned to the State for such fiscal year and previous fiscal years is obligated. Any Federal-aid highway funds released by the payment of the final voucher or by the modification of the formal project agreement shall be credited to the same class of funds, primary, secondary, urban, or interstate, previously apportioned to the State and be immediately available for expenditure.

(c) Before any apportionment is made under section 104(b)(5)(A) of this title for a fiscal year beginning after September 30, 1983, the Secretary shall set aside $300,000,000. Such amount shall be available only for obligation by the Secretary in accordance with subsection (b)(2) of this section.

(d) In addition to amounts otherwise available to carry out this section, an amount equal to the amount by which the unobligated apportionment for the Interstate System in any State is reduced under section 103(e)(4) of this title on account of the withdrawal of a route or portion thereof on the Interstate System, which withdrawal is approved after the date of enactment of this subsection, shall be available to the Secretary for obligation in accordance with subsection (b)(2) of this section.

(e) The total payments to any State shall not at any time during a current fiscal year exceed the total of all apportionments to such State in accordance with section 104 of this title for such fiscal year and all preceding fiscal years.

(f) Funds made available to the State of Alaska under this title may be expended for construction of access and development roads on a Federal-aid system that will serve resource development, recreational, residential, commercial, industrial, or other like purposes.

(As amended Pub.L. 89-574, § 7(a), Sept. 13, 1966, 80 Stat. 768; Pub.L. 94-280, Title I, § 117(a), May 5, 1976, 90 Stat. 436; Pub.L. 95-599, Title I, § 115(a), Nov. 6, 1978, 92 Stat. 2697; Pub.L. 96-106, § 5(a), Nov. 9, 1979, 93 Stat. 797; Pub.L. 97-424, Title I, § 115, Jan. 6, 1983, 96 Stat. 2107.)

References in Text. The date of the enactment of this subsections, referred to in subsec. (d), is the date of the enactment of Pub.L. 97-424, which was approved on Jan. 6, 1983.

1983 Amendment. Subsec. (b). Pub.L. 97-424, § 115(a), designated existing provisions as pars. (1) through (4), in par. (2) as so designated, substituted "for projects on the Interstate System (other than projects for which sums are apportioned under section 104(b)(5)(B)) in accordance with the following priorities: First, for high cost projects which directly contribute to the completion of an Interstate segment which is not open to traffic; and second, for projects of high cost in relation to a State's apportionment. Sums may only be made available under this paragraph in any State" for "to any other State applying for such funds for the Interstate System," after "available by the Secretary", struck out former cl. (1), which had required readiness to obligate funds within one year of the date the funds are made available, redesignated former cls. (2) and (3) as (A) and (B), respectively; and in par. (3) as so designated, struck out "and any amounts so apportioned remaining unexpended at the end of such period shall lapse" after "such sums are authorized", added provision relating to the disposition of funds not obligated within the prescribed time period, and added further provision that sums made available under this paragraph shall remain available until expended.

Subsecs. (c), (d). Pub.L. 97-424, § 115(b), added subsecs. (c) and (d). Former subsecs. (c) and (d) were redesignated (e) and (f), respectively.

Subsecs. (e), (f). Pub.L. 97-424, § 115(b), redesignated former subsecs. (c) and (d) as (e) and (f), respectively.

1979 Amendment. Subsec. (b). Pub.L. 96-106 substituted "shall continue to be available for expenditure in that State for a period of two years after the close of the fiscal year for which such sums are authorized and any amounts so apportioned remaining unexpended at the end of such period shall lapse" for "remaining unexpended at the end of the period of its availability shall lapse".

1978 Amendment. Subsec. (b). Pub.L. 95-599 substituted provisions relating to the availability of funds until the end of the fiscal year for provisions relating to the availability of funds until two years after the close of the fiscal year and substituted provisions establishing requirements for eligibility for funds for provisions calling for immediate reapportionment of funds.

1976 Amendment. Subsec. (b). Pub.L. 94-280, in revising the text, provided for a separate three year period of availability of sums apportioned to a Federal-aid system (other than the Interstate System), increased from the previously applicable two year period, continued the existing two year period for sums apportioned to the Interstate System; substituted provision for reapportionment of sums apportioned to the States for the Interstate System under section

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92 Stat. 2697; Pub.L.
Jan. 6, 1983, 96 Stat.

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104(b)(4)(A), under section 104(b)(5)(A) of this title and for lapse of sums apportioned to the Interstate System under section 104(b)(4)(B) of this title for prior provision for reapportionment of sums apportioned to the States for the Interstate System under section 104(b)(4) and (5), under section 104(b)(5) of this title; and substituted provisions deeming there to be an expenditure of sums apportioned to a Federal-aid system if a sum equal to the total of the sums apportioned to the State for the fiscal year and previous fiscal years is obligated for prior provision deeming an expenditure to exist if a sum equal to the total of the sums apportioned to the States for the fiscal year and previous fiscal years is covered by formal project agreements providing for the expenditure of funds authorized by each Act which contains provisions authorizing the appropriation of funds for Federal-aid highways.

1966 Amendment. Subsec. (d). Pub.L. 89–574 added subsec. (d).

Effective Date of 1979 Amendment. Section 5(b) of Pub.L. 96–106 provided that: "The amendment made by subsection (a) of this section [amending this section] shall apply to all amounts apportioned under section 104(b)(5)(B) of title 23, United States Code [section 104(b)(5)(B) of this title], for the fiscal year 1978 and for subsequent fiscal years."

Legislative History. For legislative history and purpose of Pub.L. 89–574, see 1966 U.S. Code Cong. and Adm. News, p. 2800. See, also, Pub.L. 94–280, 1976 U.S. Code Cong. and Adm. News, p. 798; Pub.L. 95–599, 1978 U.S. Code Cong. and Adm. News, p. 6575; Pub.L. 96–106, 1979 U.S. Code Cong. and Adm. News, p. 1813; Pub.L. 97–424, 1982 U.S. Code Cong. and Adm. News, p. 3639.

Code of Federal Regulations

Preconstruction procedures, see 23 CFR 630.102.

Notes of Decisions

Federal restrictions 2
Justiciable issues 3
State control of allotted funds 1
State funds, use of its own 4

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1. State control of allotted funds

A reasonable construction of provision of this section providing that sums apportioned to each Federal-aid system or part thereof shall be available for expenditure on and after date Secretary has certified sums to each State highway department was not supportive of Secretary's argument that states have no inchoate interest whatsoever in funds so apportioned. State Highway Commission of Missouri v. Volpe, C.A.Mo.1973, 479 F.2d 1099.

2. Federal restrictions

Provision of subsec. (b) of this section providing that highway funds shall continue to be available for expenditure "in the" state" for a period of two years before the lapse simply means that money is to be available for an individual state to use, and if any state does not obligate all their money within two-year period, then money will lapse, but does not mean that federal government may withhold money as it sees fit so long as states are allowed to obligate funds within two years. State Highway Commission of Missouri v. Volpe, C.A.Mo.1973, 479 F.2d 1099.

State which was ready, willing and able to obligate its apportionment from highway trust fund but was prevented from doing so by withholding, by Secretary of Transportation of the United States with approval of Director of the Office of Management and Budget of the United States, of authority to obligate apportionment from the fund for reasons related to prevention or control of inflation was entitled to injunctive and declaratory relief. State Highway Commission of Mo. v. Volpe, D.C.Mo.1972, 347 F.Supp. 950, modified on other grounds 479 F.2d 1099.

Under this chapter and V.A.M.S. Const. art. 4, §§ 29, 30 and V.A.M.S. § 226.010 et seq., State Highway Commission of Missouri had standing, as state agency invested with exclusive and plenary powers and duties on behalf of Missouri to receive and administer federal highway funds and apportionments, to maintain action against Secretary of Transportation of the United States and Director of the Office of Management and Budget of the United States seeking injunctive, declaratory and mandamus relief in connection with withholding authority from Missouri to obligate apportionment from highway trust fund. Id.

3. Justiciable issues

Action under section 1361 of Title 28 by State to compel Secretary to release all funds authorized and apportioned to State for contractual obligation under this chapter presented a justiciable controversy. State of Iowa ex rel. State Highway Commission v. Brinegar, C.A. Iowa 1975, 512 F.2d 722.

Although Indiana motorist contended that he had been injured by failure of Director of Office of Management and Budget and Secretary of Transportation to release impounded highway funds, where no state project had been denied by Administration and all money apportioned to state for prior fiscal years, as well as major portion of current fiscal year's funds, were available to state, the issue motorist presented was conditioned on events that had not occurred and were so hypothetical as to be nonjusticiable. Stanton v. Ash, D.C.Ind.1974, 384 F.Supp. 625.

4. State funds, use of its own

Where state highway project had not received federal funding prior to injunction halting project, district court was without authority to enjoin state's use of its own funds to engage in preliminary planning and design activities on theory that state and federal government were partners in the enterprise. Sierra Club v. U.S. Army Corps of Engineers, C.A.N.Y.1984, 732 F.2d 253.

§ 119. Interstate System resurfacing

(a) The Secretary may approve projects for resurfacing, restoring, rehabilitating, and reconstructing routes on the Interstate System designated under sections 103

To impose liability on the state for its negligent failure to maintain Alaska highways through the winter would not place an "impossible burden" on the state. State v. Abbott, Sup. Ct. Op. No. 804 (File Nos. 1463, 1467), 498 P.2d 712 (1972).

Sec. 19.05.040. Powers of department. The department may

(1) acquire property;

(2) exercise the power of eminent domain;

(3) take immediate possession of real property, or any interest in it under a declaration of taking or by other lawful means;

(4) acquire rights-of-way for present or future use;

(5) control access to highways;

(6) regulate roadside development;

(7) preserve and maintain the scenic beauty along state highways;

(8) dispose of property acquired for highway purposes;

(9) accept and dispose of federal funds or property available for highway construction, maintenance, or equipment;

(10) enter into contracts or agreements relating to highways with the federal government, municipalities, a political subdivision, or with a foreign government, if the contract is approved by the federal government; and

(11) exercise any other power necessary to carry out the purpose of chs. 5 — 25 of this title. (§ 2 art III title I ch 152 SLA 1957; am § 3 ch 35 SLA 1971)

Legislative history reports. — For report on ch. 35, SLA 1971 (HB 387), see 1971 House Journal, p. 776.

NOTES TO DECISIONS

Department may acquire real property for highway through eminent domain. — The Department of Highways (now Department of Transportation and Public Facilities) may acquire real property for the purpose of constructing a highway through the exercise of eminent domain power, under the authority of this section, AS 19.05.080 — 19.05.120 and AS 19.20.010. Rabinec v. State, Sup. Ct. Op. No. 908 (File No. 1539), 512 P.2d 563 (1973), rev'd on other grounds, 586 P.2d 966 (1978).

Sec. 19.05.045. Relocation payments.

Repealed by § 2 ch 60 SLA 1969.

Editor's notes. — The repealed section derived from § 1, ch. 93, SLA 1968.

Sec. 19.05.050. Roads in tourist and trailer camps. The department may adopt regulations governing the use of roads in tourist, trailer and other camps when public and private roads in or through the camps are used by, or are open to, the general public. (§ 1 ch 59 SLA 1955)

commissioner shall, in conformity with the Administrative Procedure Act (AS 44.62), if necessary, adopt a regulation approving, modifying, or rejecting the proposed utility corridor and railroad right-of-way.

(c) If the commissioner approves or modifies the proposed utility corridor and railroad right-of-way,

(1) the Department of Natural Resources shall promptly classify, or reclassify, and reserve any state land within the utility corridor for use as a utility corridor and railroad right-of-way; and

(2) the department shall

(A) exercise its authority under AS 19.05.040 to acquire rights-of-way across land within the utility corridor which is subject to the state's power of condemnation;

(B) work with federal officials to secure reclassification and withdrawal of federal land in the utility corridor for reservations and rights-of-way across the federal land for use as a utility corridor and railroad right-of-way; and

(C) prepare a report evaluating the impact of construction of an extension of the Alaska Railroad across federal lands within the railroad right-of-way; the statement shall satisfy the requirements for an "environmental impact statement" under 42 U.S.C. 4332.

(d) The requirements of the Alaska Land Act (AS 38.05) relating to classification and reclassification of land are inapplicable to actions taken under this section. (§ 1 ch 145 SLA 1977; am §§ 1—4 ch 95 SLA 1981)

Effect of amendments. — The 1981 amendment substituted "not later than April 1, 1982, the" for "the" preceding "interior division" in the first sentence of subsection (a) and substituted "a complete legal description of the" for "a delineation of a" preceding "proposed railroad" in the second sentence of the subsection. In subsection (b) the amendment substituted "within 90 days after receiving a report transmitting the work of the interior division of the department under (a) of this section, the" for "the" preceding "commissioner" and added "if necessary" preceding "adopt a regulation" and in subsection (c)(1), added "promptly" preceding "classify." In subsection (c)(2), the amendment designated the language beginning "exercise its authority" and ending "power of condemnation" as subparagraph (A) and added subparagraphs (B) and (C).

Legislative history reports. — For report on ch. 145, SLA 1977 (HB 47), see 1977 House Journal, p. 371.

Article 3. General Provisions.

Section	Section
125. Purpose	140. [Transferred]
130. [Transferred]	150. [Transferred]

Sec. 19.05.125. Purpose. The purpose of chs. 5 — 25 of this title is to establish a highway department capable of carrying out a highway planning, construction, and maintenance program which will provide a common defense to the United States and Alaska, a network of highways linking together cities and communities throughout the state thereby contributing to the development of commerce and indus-

try in the state, and aiding the extraction and utilization of its resources), and otherwise improve the economic and general welfare of the people of the state. (§ 2 art I title I ch 152 SLA 1957; am § 28 ch 32 SLA 1971)

Sec. 19.05.130. Definitions.

Transferred to AS 19.45.001.

Editor's notes. — This section was renumbered by the revisor of statutes pursuant to AS 01.05.031.

Sec. 19.05.140. Penalties.

Transferred to AS 19.45.002.

Editor's notes. — This section was renumbered by the revisor of statutes pursuant to AS 01.05.031.

Sec. 19.05.150. Naming of a highway.

Transferred to AS 19.10.085.

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

Chapter 10. State Highway System.

Article
1. Designation, Marking and Use (§§ 19.10.010 — 19.10.100)
2. Planning (§§ 19.10.110 — 19.10.160)
3. Construction (§§ 19.10.170 — 19.10.280)

Article 1. Designation, Marking and Use.

Section
10. Dedication of land for public highways
15. Establishment of highway widths
20. Designation of state highway system
30. Responsibility for system
40. Uniform system of marking and posting
50. Traffic control signals
52. [Transferred]
60. Regulation of weight and load of vehicles and use of highways during certain seasons
70. Determination of safe speed limits
80. Designation of through highways
85. Naming of a highway
90. Erection and maintenance of guard rails
100. Closing highways

Sec. 19.10.010. Dedication of land for public highways. A tract 100 feet wide between each section of land owned by the state, or acquired from the state, and a tract four rods wide between all other sections in the state, is dedicated for use as public highways. The section line is the center of the dedicated right-of-way. If the highway

(1) replace all permanent markers on private or municipal property that were destroyed or lost during highway construction to permit persons to determine accurately new boundary lines resulting from the construction;

(2) file in the local recording district, after completion of highway construction, an accurate right-of-way map that will contain sufficient engineering and survey information designating where the resulting boundary lines are located on private or municipal property along the highway. (§ 1 ch 14 SLA 1967)

Sec. 19.10.290. Local control of state transportation corridors.

Transferred to AS 19.20.015.

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

Chapter 15. Financial Provisions.

Section
10. Loans
20. Assent to federal aid
30. Participation by municipality in federal highway construction
40. General laws governing assessments by municipalities to pay highway costs

Sec. 19.15.010. Loans. For the purpose of participating in a federal grant-in-aid program, the department may apply to the Department of Administration for short-term loans from the general fund for periods not to exceed nine months and for amounts estimated not to exceed anticipated revenues for the term of the loan. The Department of Administration may approve the loan if it determines that the loan would not adversely curtail other expenditures from the general fund. (§ 2 art VI title II ch 152 SLA 1957)

Collateral references. — 39 Am Jur. 2d, Highways, Streets and Bridges, §§ 122-129.
40 C.J.S., Highways, § 176.

Sec. 19.15.020. Assent to federal aid. The legislature assents to the Act of Congress approved July 11, 1916 (39 Stat. 355) entitled, "An Act to provide that the United States shall aid the states in the construction of rural post roads, and for other purposes." The department may make all contracts and do all things necessary to cooperate with the federal government in the construction of highways under the provisions of that Act, and all Acts amending or supplementing it, and any other Act of Congress that may be enacted, including the Federal-Aid Highway Act of 1956 (Public Law 627, 85th Congress, 2nd Session). (§ 1 art II title II ch 152 SLA 1957)

Sec. 19.15.030. Participation by municipality in federal highway construction. When a federal-aid highway is routed through a municipality, it may participate in the financing, planning, construction, acquisition of right-of-way, and maintenance of the highway in the manner and proportion the department determines is reasonable and proper. (§ 2 art II title II ch 152 SLA 1957)

Cross references. — For provisions allowing for local control of state transportation corridors, see AS 19.20.015.

Sec. 19.15.040. General laws governing assessments by municipalities to pay highway costs. The provisions of law relating to the levying of assessments for highway financing, planning, construction, acquisition of right-of-way and maintenance, referred to in AS 19.15.030 apply to the extent that they are not inconsistent with the general purpose of chs. 5 -25 of this title. (§ 3 art II title II ch 152 SLA 1957)

Chapter 17. Littering.

Section
10. [Repealed]

Sec. 19.17.010. Posting of law.
Repealed by § 3 ch 149 SLA 1980.

Cross references. — For provisions concerning recycling and reduction of litter, see AS 46.06.010 — 46.06.150.

Editor's notes. — This section derived from § 2, ch. 13, SLA 1966; Executive Order No. 39, § 11 (1977).

Section 5, ch. 149, SLA 1980, provides: "This Act terminates July 1, 1984."

Chapter 20. Cooperation by and with the State.

Section
10. Connecting highways
15. Local control of state transportation corridors
17. Local control of traffic control systems
20. Authority to establish controlled-access facilities
30. Design of controlled-access facility
40. Acquisition of property and property rights
50. Grade-crossing eliminations
60. Participation in financing, planning, and regulation
70. Local service roads
80. Municipal master highway plan
90. [Transferred]

Sec. 19.20.010. Connecting highways. (a) The department may enter into cooperative agreements with a municipality for the construction or maintenance of a connecting highway which is part of the state highway system and located within the municipality.

APPORTIONMENTS - FEDERAL-AID HIGHWAY ACT 1976, 1978 & 1982

April 21, 1986

	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985	FY 1986
CONSOLIDATED PRIMARY	55,071,200	55,038,096	50,398,753	55,708,271	59,148,076	48,694,500	58,791,105	66,951,843	74,587,076	75,926,642
RURAL SECONDARY	25,589,840	25,575,675	26,357,883	28,989,725	31,569,413	21,009,601	34,371,909	34,718,415	34,777,593	33,274,931
URBAN SYSTEM	4,677,454	4,678,014	3,841,894	3,841,894	3,841,894	3,841,894	3,841,895	3,881,097	3,881,097	3,714,210
Subtotal	86,138,494	86,091,785	80,598,530	88,539,890	94,559,383	73,546,195	97,004,909	105,551,355	113,245,766	112,915,783
INTERSTATE (1956)	-0-	-0-	15,607,695	(FY 81) 16,808,287	(FY 82) 16,808,287	(FY 83) 14,887,240	(FY 84) 17,731,970	(FY 85 Partial) 9,850,000	(FY 85 Remainder and FY 86) 26,005,970	(FY 87) 17,157,082
INTERSTATE 4R (1983)	-0-	-0-	-0-	-0-	-0-	(FY 83) 6,517,212	(FY 84) 15,628,167	(FY 85) 19,538,997	(FY 86) 23,102,126	(FY 87) 24,629,480
Subtotal	-0-	-0-	15,607,695	16,808,287	16,808,287	21,404,552	33,360,137	29,388,997	49,108,096	41,786,562
SAFETY										
Sec. 203 Railway-Highway Protective Devices	11,700	835,297	324,801	100,000	1,439,864	1,437,811	1,446,550	1,462,180	1,460,835	1,399,673
Railway-Highway Hazard Elimination	-0-	700,000	1,691,581	1,441,905	1,439,865	1,437,812	1,446,551	1,462,180	1,460,834	1,399,673
Rail-Highway Crossing Offsystem	-0-	409,632	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Sec. 205 Pavement Marking Demonstration	150,000	150,000	150,000	150,000	150,000	-0-	-0-	-0-	-0-	-0-
Sec. 209 High Hazard Locations	4,120,640	2,594,793	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Sec. 202 Hazard Elimination	-0-	-0-	1,479,280	2,076,905	735,000	980,000	980,000	990,000	990,000	947,430
Sec. 219 Safer Offsystem Roads	9,396,769	8,983,862	7,314,302	7,319,238	7,323,852	7,345,635	-0-	-0-	-0-	-0-
Subtotal	13,679,109	13,673,584	10,959,964	11,088,044	11,088,581	11,201,258	3,873,101	3,914,360	3,911,669	3,746,776
OTHER										
HRH Planning and Research	1,311,752	1,311,040	1,465,068	1,604,285	1,695,953	1,445,948	2,036,551	1,958,496	2,512,729	2,418,908
HTA (U) Planning	146,014	146,014	153,738	164,763	170,888	161,700	226,625	246,263	261,113	261,500
Economic Growth Center	2,865,235	2,875,818	2,619,676	2,821,569	2,465,844	2,681,201	576,835	-0-	-0-	-0-
Bridge Replacement	163,186	164,768	1,570,000	2,155,000	2,320,435	1,705,000	3,348,700	3,517,682	3,773,781	4,139,463
Bridge Replacement (Discretionary)	-0-	-0-	20,741,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Subtotal	4,486,187	4,497,660	26,749,482	6,785,617	6,653,120	5,993,849	6,208,711	5,722,441	6,547,623	6,819,871
FOREST HIGHWAYS	2,660,820	2,757,543	3,013,198	2,790,265	2,790,265	2,791,265	4,201,523	2,790,265	3,240,000	-0-
PUBLIC LANDS HIGHWAYS	-0-	777,472	1,575,000	1,500,000	1,060,000	1,250,000	3,500,000	3,500,000	1,500,000	-0-
GRAND TOTAL	106,946,610	107,798,044	138,503,869	127,512,103	132,959,636	116,166,119	148,148,381	150,867,418	177,553,154	165,268,992

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

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

November 29, 1985

MEMORANDUM

TO:

FROM: Katherine Hazard
Legislative Analyst

RE: Federal Funds by Election District
Research Request 85-038

This memorandum is in response to a request for information about federal funds to Alaska by election district. The original request inquired about the amount of federal matching funds received by each election district during the last ten years. I have encountered several dilemmas in locating the information requested because of the ways in which information on federal funds is recorded. In this memorandum, I have described what information is available and could be compiled into a table and what is not available. With further direction from you, it may then be possible for us to provide you with information in the form most useful.

Matching funds are not distinguished from other federal receipts in the State budget summaries or, in most cases, in the budget records of the agencies receiving the grants. I spoke with your aide on November 21 to let him know of the difficulty in obtaining information on matching funds; he said information on federal receipts and/or federal matching funds by election district would be useful.

Roughly half the federal funds granted to Alaska are channeled through State government. For example, in FY 80, Alaska received $473.9 million in federal grants; of this, $272.2 million (57 percent) was received by the government of the State of Alaska. The remaining 43 percent was granted directly to local governments, programs or organizations.[1] From FY 80 through FY 84, federal grants constituted approximately six percent to ten percent of total State revenues.

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[1]The amount received in grants from the federal government comprises about 22 percent of federal funds to the state. The remainder is for salaries and wages of federal employees, direct payments to individuals, procurements and operation of federal facilities.

Information on federal grant receipts is recorded by election district for the State of Alaska capital budget, and could be compiled for the last ten years. Matching funds are not distinguished from other federal grants, however. When averaged over a five year period, approximately half the federal funds received by the State are in the capital budget and half in the operating budget.

Information on federal grant receipts to the State of Alaska operating budget is not recorded by election district, or other indicator of location. Beginning in January it will be possible to list the State positions, salaries and location of positions which are funded in whole or in part by federal funds. This system will account for only the segment of the federal receipts dedicated to salaries of state employees. For jobs which are centered in one place but serve other places, it would appear that funds are allocated to the election district in which the position is headquartered. For example, RuralCAP is located in Anchorage, but serves rural communities.

Information on federal grants to Alaska by census district are available for FY 75 through FY 80, in the "Federal Outlays" and "Geographic Distribution of Federal Funds" reports. In these reports, funds channeled through the State government are not distinguished from other grants. A copy of the report from FY 80 is attached. Clarification on which federal funds are of interest would be helpful.

During FY 81 and FY 82, information on federal funds was not recorded by census district; there are records only of the amounts granted to the state as a whole. In FY 83, some information was recorded on a census district basis, but grants appropriated to the State government or to central offices of programs were recorded as allocations to the district in which the office was located. Consequently, Juneau appears to have received a very high percentage of the federal funds received by Alaska in FY 83. In earlier years, the federal granting agencies used a proration technique to approximate the probable distribution of funds on a geographic basis. In FY 84, information on large grants was prorated; information or smaller grants is recorded as going to the State capital. Thus, information on federal grants by census district is available for the years FY 75-80, but is either not available, or not comparable for the subsequent years.

Maps showing the census districts and election districts are attached as Attachment B. As you can see, some census and election districts have the same boundaries; others do not.

Please let us know if you have further questions, and advise us as to what information will be most useful.

KH

Attachments

ATTACHMENT A

Geographic Distribution of Federal Lands
in Alaska
FY 80

Geographic Distribution of Federal Funds in ALASKA

A report of the
Federal Government's impact by
State, County and large City

FISCAL YEAR 1980

Compiled for the EXECUTIVE OFFICE OF THE PRESIDENT
By the COMMUNITY SERVICES ADMINISTRATION

USERS GUIDE

The Geographic Distribution of Federal Funds Report (formerly entitled Federal Outlays) for Fiscal Year 1980 (October 1, 1979 to September 30, 1980) reports the distribution of Federal funds of the Executive Branch of the Federal Government, by agency, program, and indirect federal support for every county of the United States and for each city where the population exceeds 25,000. Additionally, the data are summarized at State and National levels by agency, program, indirect federal support and budget function. State summaries are provided. A highlight of the summaries are tables which provide State rankings in terms of Federal funds received by organizational unit, demographic characteristics and major functional classification. A separate volume, titled Geographic Distribution of Federal Funds in Summary, contains data at the National and State levels only for all 50 States, the District of Columbia, and Territories and other Areas administered by the United States. The data at the state level are identical to the "State Summary for Federal Agency Operations" section of each State report.

These documents are published for the Executive Office of the President by the Office of the Controller, Community Services Administration. They are the product of a joint effort by Federal Departments and Agencies in response to the requirements of the Office of Management and Budget under Circular A-84. Any questions related to the material in this report may be referred to:

Community Services Administration
Federal Information Exchange
Robin Building, Room 301
7981 Eastern Avenue
Silver Spring, Md. 20910
Telephone: 301 427-7596 or 7523

Indirect Federal Support

"Indirect Federal Support" activity dollars are listed separately from the dollar outlays of programs at each governmental level. Indirect Federal Support includes (1) the current market value of donated commodities; (2) the original acquisition cost of donated surplus real and personal property; and (3) the face value or contingent liability of guaranteed/insured loans. Indirect Federal support also includes some foreign assistance programs which only indirectly impact the geographic areas to which they are distributed. The dollar funds for the budgeted programs are totaled while those for the indirect federal support are listed, but not totaled. These programs are identified in the data under the heading "Indirect Federal Support" followed by an asterisk (*); dollar amounts are enclosed in parentheses to indicate that they are not included in the totals.

In the Geographic Distribution of Federal Funds Report for Fiscal Year 1977, and the Federal Outlays Reports for prior years, interest on the public debt was treated as indirect federal support and the amounts not included in the totals. This treatment continues in this year's version of the report, except that $32,104,523,577 of the public debt has not been included. The items excluded are interest paid to trust funds, foreign banks and governments, the Exchange Stabilization Fund, and the Federal Reserve System Open Market Account, and the difference between cost and accrual basis of accounting for the interest.

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This report differs in program coverage, timing and geographic detail from the "Federal Aid to States" publication prepared by the Department of the Treasury. The Department of the Treasury publication includes only a portion of the total Federal expenditure impact on the States—only the portion that relates to Federal grants-in-aid to State and local governments. Outlays are based on checks issued and payments-in-kind and represent actual spending at the time these payments are made. The information is not shown below the State level. The "Federal Aid to States" publication is available from the Special Reporting Branch, Bureau of Government Financial Operations, Department of the Treasury, Treasury Annex No. 1, Attention: GAO Building, Washington, D.C. 20226 (Telephone 202 566-4531).

Some Considerations on Use of the Data

The Community Services Administration makes some checks on the validity and reasonableness of the data published. However, the federal departments and agencies are responsible for the accuracy and completeness of the data. Users of the information should keep in mind the following:

A. Proration and Allocation Techniques

Since these reports reflect the distribution of federal funds by program, indirect support, and geography, they provide a useful guide for planning and budgeting officials at all government levels. However, in some instances the funds pass through State governments or their intermediaries, such as prime contractors, before reaching the ultimate recipient. A timely and economically feasible means of tracking these funds to the final recipient has not been developed.

In such cases, the federal agency involved has used a statistical proration technique which they believe most nearly approximates the probable distribution of the funds on a geographic basis. These proration or allocation techniques are described in Exhibit No. 1. Each method is identified by a code number which appears with each entry where applicable.

B. Reporting Basis of the Federal Funds

Federal funds are generally reported on the basis of obligations of government administered funds, except deposit funds. In the Federal government budget accounting system, "obligations" are funds legally set aside to be spent, but not actual expenditures. Therefore, it is possible that in some cases the dollar amounts reported in the Geographic Distribution of Federal Funds Report for a particular program reflect obligations incurred in the current fiscal year to be spent over a period of several years. However it should be stressed that there are few such multi-year Federal programs; most obligations reported as current fiscal year funds accurately represent the level of Federal spending during that year.

In other instances, the data may represent costs or expenditures. Exhibit No. 3 of the User's Guide provides additional information describing the reporting basis for specific types of agency operations.

C. Program Identification

Program names in this report are listed in alphabetical order by Federal department or agency. In addition, the Catalog of Federal Domestic Assistance program number (CFDA NO.) is listed opposite each program name where applicable. The Catalog, published by the Office of Management and Budget, contains information in a single publication about programs of Federal departments and agencies and may be used in

conjunction with this report for analysis purposes and to gain a better understanding of the data presented.

D. Additional Precautions on the Use of Federal Funds Data

Users of the Federal Funds Report should take the following into consideration:

- Comparisons between the dollar figures shown in a geographical area in this report and similar reports for previous years must be made with caution since additional programs have been classified as "Indirect Federal Support" programs.
- Funds are reported only for the Executive Branch of the Federal government. Funds of the Legislative and the Judical Branches are not reported
- Reporting is incomplete in some instances because of security reasons.
- Grants include aid-to-state and local governments, private organizations and some programs that aid individuals, such as fellowships or research grants.
- Funds for insured and guaranteed loan programs include the face value of the loans rather than the cost of the program's operation. Exhibit No. 2 of the User's Guide provides additional information about the reporting bases for various types of loan programs.
- Information about the activities of certain agencies, boards and commissions will be found in the report of the agency to which the funds were transferred, or which may have performed the accounting rather than the funding.
- County data include funds also reported at the city level, except for independent cities which are treated as counties.
- Certain H.U.D. indirect support programs such as the home mortgage and property improvement loan insurance programs are reported at the national, state, and county level only. Transportation Department highway programs are also reported at the national, state and county levels only
- Data for a number of H.U.D. Programs were not reported by the Department. If there is a question concerning the unreported programs, please contact the Department directly on 202 557-0605.
- The Legal Service Corporation did not report data as it is a private non-profit corporation established by the Legal Services Corporation Act of 1974. Its Federal payment is outlaid in the accounts of the U.S. upon transfer from the Department of the Treasury to the Corporation's commercial bank accounts. Information on allocations of Corporation funds can be obtained directly from the Legal Services Corporation, 733 15th Street, NW, Washington, D.C. 20005 (202-272-4000).

Distribution of the Federal Funds Report

The Fiscal Year 1980 Federal Funds Report have been distributed to a large number of institutions, individuals, and groups. Single state reports have been sent to:

- U.S. Senators
- U.S. Representatives
- State Governors
- Governors of Territories and other Areas
- Mayors of Cities over 30,000 population
- Principal County Officials of counties over 50,000 population
- State Economic Opportunity Offices
- State Planning Offices
- Regional Commissions
- State Legislative Research Councils
- State Budget Offices

Also, State Governors, Governors of Territories and other Areas, U.S. Senators, U.S. Representatives, and State Legislative Research Councils receive a copy of the Federal

Funds in Summary volume. Federal Executive Boards and representative offices of the states having offices in Washington, D.C. also receive a copy of the State Report and the Summary. Additionally, each of the some 1200 libraries across the country, which has been designated as a depository for receipt of U.S. Government publications, receives a copy of the appropriate State Report directly from the Superintendent of Documents, Washington, D.C.

Complete sets of Federal Funds Report (50 States, District of Columbia, Territories and other Area volumes and Federal Funds Report in Summary volume) have been distributed to:

- The White House
- The Office of Management and Budget
- Selected Congressional Committees
  (House Appropriations Committee)
  (House Budget Committee)
  (House Intergovernmental Relations Committee)
  (House Ways and Means Committee)
  (Senate Appropriations Committee)
  (Senate Budget Committee)
  (Senate Subcommittee on Intergovernmental Relations)
- Major Federal Agencies
- Selected Public Interest Groups
  (National Association of Counties)
  (U.S. Conference of Mayors)
  (National League of Cities)
  (International City Management Association)
  (Council of State Governments)
  (State-County City Service Center)
  (National Association of Regional Councils)

In addition, regional sets have been sent to each Federal Regional Council Chairman in the ten Federal regions. These sets include the Geographic Distribution of Federal Funds in Summary volume. We encourage users to refer other users to these recipients of the Federal Funds Report before ordering additional copies.

EXHIBIT NO. 1

Identification, Proration, and Allocation Methods Key

Present agency accounting systems do not always provide accurate data as to the total geographic area in which the funds are expended. In those instances, the Federal Agency develops a statistical formula to predict the most probable distribution of its funds. These formulas or methods are described below and identified by a code number that is printed in each Federal Funds entry where applicable. The absence of a code number after a program title indicates that the outlay is accurate at all levels geographically. Where a proration or allocation method has been used to determine funds at the city level only, one may assume that the stated funds are accurate at the state and county levels. Correspondingly, where a proration or allocation method was used to determine funds at county and city levels, the stated funds at the state level may be regarded as accurate.

Code No.	Identification, Proration, and Allocation Method
1.	To obtain city estimates, the county figures are prorated on the basis of the portion of the population in the city relative to the county population.
2.	Prorated to county level based on a previous year's survey of consumers and subscribers by county.
3.	Allocated equally to counties within each re-development district located in 13 Appalachian states.
4.	Funds are allocated or identified to the location of the State Agency receiving the money.
5.	Funds are allocated or identified to the location of the Prime contractor's main office.
6.	Funds are allocated or identified to the location of the purchasing office.
7.	Funds are allocated or identified to the location of the duty station where the costs are incurred. In distributing these costs to counties or cities, total costs at the lowest organizational level of the cost accounting system are determined. There costs are then prorated to counties or cities based upon the number of operating units in each of the counties or cities. State office costs are charged to the county and city in which the office is located.
8.	State totals are based on average monthly annuities applied to the national figure. Proration to counties and cities is based on population.
9.	Actual payroll costs are distributed to the given county and city levels (these actual figures represent 85 percent of total funds), and other obligations (15 percent of total funds) are prorated in the same proportion as payroll to county and city levels.
10.	The monies assigned to a state are allocated within the state to counties and cities on the basis of the proportion of the state population in the given county or city.
11.	Funds are reported for the largest city in the state and the county in which that city is located.
12.	This technique prorates funds to localities on the basis of the fraction of the state's special group population in a county or city (e.g., recipient of a specific service, state employees, veterans).

13. Prorated by computing a percentage for each office corresponding to the ratio that each office's annual payroll cost bears to the total annual payroll cost for the agency. This percentage is then applied to the total annual obligations for the agency to arrive at an estimated obligation for each office at the state, county and city levels. The data are accurate at the national level.
14. Prorated to state, county, and city by size of geographic area.
15. Prorated to state, county, and/or city of geographic distribution of employees.
16. Prorated to state, county and city by payroll costs except for large expenditures which are actual for the area. The allocations to the localities are directly proportional to the payroll costs for the localities.
17. The data are accurate to National and Federal Reserve District levels. Data are prorated to the city or county level based on the ratio of city or county population to the population of the Federal Reserve District in which the city or county is located.
18. Prorated by estimated obligation to state, county, and city levels.
19. Payroll costs are distributed to actual geographic level (based on duty station of employee). The number of employees in each location is used to obtain a factor for each location in relation to total employment, and this is then applied to "Other Expenses" for allocation to each location. The "Other Expenses" and the payroll cost are totaled for each geographic level.
20. Actual funds are obtained at each geographic level for the first month in each quarter. For these four months (July, October, January and April), the fractions of the funds assigned to the given locations are determined. These fractions are then applied to the year end totals to obtain the yearly totals allocated to each location.
21. State totals based on statistical tabulations derived from monthly accounting totals; city and county totals projected from December payments of prior fiscal year to arrive at full year totals; records of city and county payment distribution maintained on Zip Code basis.
22 Payroll funds are accurate to all levels. Other funds are prorated to state, county, and city levels by projecting annual payments to suppliers and producers from total obligations extending over a period of years (negative factoring method); records of city and county distribution maintained through accounting documentation of expenditures.
23. Payroll and travel accurate to all levels. Administrative expenses prorated based on prior year's geographic levels.
24. Funds are allocated or identified to the location of prime contractor's place of performance.
25. Funds are reported in the capital city of the state and the county in which the capital city is located.

EXHIBIT NO. 2

Loan Programs Key

I. LOAN GUARANTEE PROGRAMS, BY AGENCY, REPORTED BY FACE VALUE OF LOAN

Department of Health, Education and Welfare
Higher Education Act Insured Loans
Nursing School Construction — Loan Guarantees

Department of Housing and Urban Development
Loan Insurance — Major Home Improvements
Mobile Home Loan Insurance
Mortgage Insurance — Condominium Homes
Mortgage Insurance — Experimental Homes
Mortgage Insurance — Home Coinsurance Program
Mortgage Insurance — Homes
Mortgage Insurance — Hospitals
Mortgage Insurance — Mobile Home Parks
Mortgage Insurance — Nursing Homes
Mortgage Insurance — Redevelopment Homes
Mortgage Insurance — Servicemen's Homes
Mortgage Insurance — Condominium Housing Projects
Mortgage Insurance — Graduated Payment Mortgage Program
Mortgage Insurance — Homes for Certified Veterans
Mortgage Insurance — Homes for Special Credit Risks
Mortgage Insurance — Homes in Declining Areas
Mortgage Insurance — Homes in Outlying Areas
Mortgage Insurance — Land Development & New Community
Mortgage Insurance — Low/Moderate Income Hous-Market Int Rate
Mortgage Insurance — Low/Moderate Income Family Homes
Mortgage Insurance — Lower Income Family Homes
Mortgage Insurance — Multifamily Supplemental Loans
Mortgage Insurance — Projects With 2-Year Operating Losses
Mortgage Insurance — Purchase/Refinish Existing Housing
Mortgage Insurance — Redevelopment Housing Projects
Mortgage Insurance — Rental Housing Assistant Projects
Mortgage Insurance — Rental Housing for the Elderly
Mortgage Insurance — Rental Housing Projects
Mortgage Insurance — Sales Type Co-op Projects
Mortgage Insurance — Sales Type Cooperative Homes
Property Improvement Loan Insurance

Veterans Administration
Veterans Guaranteed and Insured Loans

II. DIRECT LOAN PROGRAM, BY AGENCY, REPORTED BY OBLIGATION

Department of Agriculture
Very Low Income Housing Repair Loans
Self-Help Housing Land Development Loans
Rural Telephone Bank Loans

Department of Commerce
Grants and Loans for Public Works and Development Facilities
Loans to Business for Development Companies
Trade Adjustment Assistance Loans
Fishery Loan Fund

Department of Health, Education and Welfare
NDEA Loans to Institutions
Higher Education Facilities Loan Fund

Veterans Administration
Veterans Direct Loans

III. LOAN PROGRAMS, BY AGENCY, THAT COMBINE DIRECT LOANS AND LOAN GUARANTEED, REPORTED BY FACE VALUE OF LOANS

Department of Agriculture
Commodity Loans
Storage Facilities and Equipment Loans

Small Business Administration
Economic Opportunity Loans to Small Business
Loans to State and Local Development Companies
Disaster Loans
Small Business Financial Assistance Program
Small Business Investment Company Programs

IV. LOAN PROGRAMS THAT COMBINE DIRECT LOANS AND GUARANTEED LOANS, REPORTED BY OBLIGATION

Department of Agriculture
Rural Telephone Loans
Rural Electric Loans
Farm Ownership Loans
Water and Waste Disposal Systems Loans
Watershed Protection Loans
Farm Operating Loans
Resource Conservation and Development Loans
Farm Ownership Non-Farm Enterprise Loans
Soil and Water Loans to Individuals
Indian Tribes and Tribal Corporation Loans
Irrigation, Drainage, and Other Soil and Water Corservation Loans
Recreation Facility Loans
Flood Prevention Loans
Grazing Association Loans
Low to Moderate Income Housing Loans
Rural Rental Housing Loans
Farm Labor Housing Loans
Rural Housing Site Loans
Business and Industrial Loans
Community Facilities Loans
Emergency Disaster Loans
Emergency Livestock Loans
Recreation Association Loans

EXHIBIT No. 3

Reporting Basis Key

The following are program funds reported on other than an obligation basis.

I. PROGRAMS BY AGENCY, THAT WERE REPORTED BY COSTS

Department of Agriculture
Agricultural Product Grading
Federal Grain Inspection Service
Federal-State Marketing Improvement Program
Inspection and Grading of Farm Products
Inspection and Weighing Services
Livestock and Poultry Market Supervision
Market News
Market Supervision
Marketing Agreements and Orders
Marketing Services
Miscellaneous Contributed Funds, AMS
Perishable Agriculture Commodities Act Fund

Department of Transportation
St. Lawrence Seaway Development Corporation Fund

Veterans Administration
Dependency and Indemnity and Death Compensation
Veterans Burial Awards and Other Miscellaneous Benefit Payments
Veterans Death Pension
Veterans Disability Compensation
Veterans Disability Pension

II. PROGRAMS, BY AGENCY, THAT WERE REPORTED BY EXPENDITURES

Department of Agriculture
Agricultural Conservation Program
Commodity Inventory Operations
Cotton Production Stabilization
Dairy and Beekeeper Indemnity Payments
Emergency Conservation Measures
Emergency Feed Program
Feed Grains Production Stabilization
Financing Exports Under Short-Term Credit Sales
Financing P.L. 480 Dollar Credit Sales
Forestry Incentives Program
Grain Reserve Program
National Wool Act Payments
Purchase of Commodities
Purchases for Child Nutrition Program
Purchases for Elderly Feeding

Purchases for Food Donation Program
Rice Production Stabilization
Section 6 Purchases
Title II, P.L. 480 Foreign Donations
Water Bank Programs
Wheat Production Stabilization

Department of State
All funds reported by the Department of State are by expenditures (disbursements)

Railroad Retirement Board
Social Insurance Program for Railroad Workers

III. PROGRAMS, BY AGENCY, THAT WERE REPORTED BY OTHER PROCEDURES

Department of Agriculture
The following programs were reported by the weighted average costs to the Federal government of the foods donated, including transportation, storage, and processing:

Donation of Commodities to School Lunch
Food Distribution to Institutions
Food Distribution to Needy Families
Food Distribution to Schools
Nutrition Programs for the Elderly

Treasury
Treasury reports interest on the public debt as an appropriation

Agency for International Development
All funds are reported by the amounts drawn against letter of credit issued to foreign governments.

General Services Administration
GSA's funds are a combination of expenditures, obligations or costs. The donation of surplus real and personal property is based on the original acquisition cost of the property.

EXHIBIT No. 4

List of Federal Funds Report Abbreviations

This list is intended as a guide to users unfamiliar with Federal agency program abbreviations. The list is arranged alphabetically by agency. Two abbreviations common to all agencies and used extensively throughout the Federal Funds Report are:

S&E	Salaries and Expenses
CWF	Consolidated Working Fund

Department of Agriculture

AMS	Agricultural Marketing Service
APHIS.....	Animal and Plant Health Inspection Service
ASCS.....	Agricultural Stabilization and Conservation Service
BOR	Bureau of Outdoor Recreation
CCC.....	Commodity Credit Corporation
EPA.....	Environmental Protection Agency
ESCS.....	Economics, Statistics and Cooperatives Service
FCIC.....	Federal Crop Insurance Corporation
FGIS.....	Federal Grain Inspection Service
FMHA.....	Farmers Home Administration
FNS.....	Food and Nutrition Service
FS.....	Forest Service
FSQS.....	Food Safety and Quality Service
IDS.....	International Development Staff
REA	Rural Electrification Administration
SCS.....	Soil Conservation Service
SEA.....	Science and Education Administration
SFCP.....	Special Foreign Currency Program
USDA	United States Department of Agriculture

Department of Commerce

ARC	Appalachian Regional Commission
BEA	Bureau of Economic Analysis
EDA	Economic Development Administration
ITA.....	International Trade Administration
MAR.....	Maritime Administration
NBS.....	National Bureau of Standards
NFPCA	National Fire Prevention Control Administration
NMFS.....	National Marine Fisheries Service
NOAA.....	National Oceanic and Atmospheric Administration
NWS	National Weather Service
OMBE.....	Office of Minority Business Enterprise
O/S.....	Office of the Secretary
USTS.....	United States Travel Service

Department of Health, Education and Welfare

ADMHA . . .	Alcohol, Drug Abuse and Mental Health Administration
ASH	Assistant Secretary for Health
CDC	Center for Disease Control
DIS	Disease
ED.	Education
FDA	Food Drug Administration
HFCA	Health Care Financing Administration
HI	Health Insurance
HRA	Health Resources Administration
HSA	Health Services Administration
NDEA	National Defense Education Act
NIE	National Institute of Education
NIH.	National Institutes of Health
OE.	Office of Education
OS.	Office of the Secretary
RES.	Research
SAFA	School Assistance Federally Affected Areas
SS	Social Security
SSA.	Social Security Administration

Department of Housing and Urban Development

CPD.	Community Planning and Development
HPMC	Housing Production and Mortgage Credit

Department of the Interior

BIA.	Bureau of Indian Affairs
BM	Bureau of Mines
FWS	Fish and Wildlife Service
GS.	United States Geological Survey
HCRS	Heritage Conservation and Recreation Service
LBR	Bureau of Reclamation
NPS.	National Park Service
OT.	Office of Territorial Affairs
OWRT.	Office of Water Research and Technology
SFCP.	Special Foreign Currency Program
SM.	Office of Surface Mining and Reclamation Enforcement

Department of Justice

LEAA	Law Enforcement Assistance Administration

Department of Labor

BLS.	Bureau of Labor Statistics
ESA.	Employment Standards Administration
ETA	Employment and Training Administration
MSHA	Mine Safety and Health Administration
OSHA	Occupational Safety and Health Administration

Department of State

E&W . . . . . East and West
FHWA. . . . . Federal Highway Administration (Department of Transportation)
IBWC. . . . . International Boundary and Water Commission

Department of Transportation

A/A. . . . . Airports and Airways
DOT . . . . . Department of Transportation
FAA . . . . . Federal Aviation Administration
FRA . . . . . Federal Railroad Administration
NHTSA. . . . National Highway Traffic Safety Administration
TSC. . . . . Transportation Systems Center

Civil Service Commission

FLRC . . . . . Federal Labor Relations Council

Environmental Protection Agency

AW/M . . . . . Air and Waste Management
RD . . . . . Research and Development
WHM. . . . . Water and Hazardous Materials

General Services Administration

EPA. . . . . Environmental Protection Agency
GPO . . . . . Government Printing Office
OEP. . . . . Office of Emergency Preparedness
OS. . . . . Office of the Secretary, HEW
SSA. . . . . Social Security Administration

FEDERAL INFORMATION EXCHANGE SYSTEM
NATIONAL AND STATE SUMMARIES - BY FUNCTION

(Dollar amounts in thousands)

ALASKA

	FY 1980 FUNDS		
	NATIONAL TOTAL	STATE AMOUNT	STATE %
DEPARTMENT OF DEFENSE-MILITARY	$127,180,634	$762,348	.6
ATOMIC ENERGY DEFENSE ACTIVITIES	$3,070,970	$58	***
DEFENSE-RELATED ACTIVITIES	$20,429	.....	.....
FOREIGN ECONOMIC AND FINANCIAL ASSISTANCE	$1,221,296	$9,525	.8
CONDUCT OF FOREIGN AFFAIRS	$417,346	.....	.....
FOREIGN INFORMATION AND EXCHANGE ACTIVITIES	$16,357	.....	.....
GENERAL SCIENCE AND BASIC RESEARCH	$1,470,720	$5,349	.4
SPACE FLIGHT	$2,877,008	.....	.....
SPACE SCIENCE, APPLICATIONS, AND TECHNOLOGY	$1,507,110	$832	.1
SUPPORTING SPACE ACTIVITIES	$417,726	$660	.2
ENERGY	$103	.....	.....
ENERGY SUPPLY	$5,880,037	$163,185	2.8
ENERGY CONSERVATION	$428,799	$916	.2
EMERGENCY ENERGY PREPAREDNESS	$350,835	.....	.....
ENERGY INFORMATION, POLICY AND REGULATION	$711,440	$10	***
WATER RESOURCES	$5,815,724	$1,178	***
CONSERVATION AND LAND MANAGEMENT	$3,219,076	$84,037	2.6
RECREATIONAL RESOURCES	$1,538,182	$28,805	1.9
POLLUTION CONTROL AND ABATEMENT	$5,878,113	$20,993	.4
OTHER NATURAL RESOURCES	$1,472,111	$52,497	3.6
FARM INCOME STABILIZATION	$8,770,716	$169	***
AGRICULTURAL RESEARCH AND SERVICES	$1,561,023	$3,118	.2
MORTGAGE CREDIT AND THRIFT INSURANCE	$2,161,763	.....	.....
POSTAL SERVICE	$17,168,425	$55,100	.3
OTHER ADVANCEMENT AND REGULATION OF COMMERCE	$2,275,294	$10,056	.4
GROUND TRANSPORTATION	$14,766,303	$181,523	1.2
AIR TRANSPORTATION	$3,523,761	$87,546	2.5
WATER TRANSPORTATION	$2,286,043	$52,536	2.3
OTHER TRANSPORTATION	$154,959	.....	.....
COMMUNITY DEVELOPMENT	$5,036,971	$6,259	.1
AREA AND REGIONAL DEVELOPMENT	$2,702,883	$77,031	2.8
DISASTER RELIEF AND INSURANCE	$1,223,422	$2,773	.2
EDUCATION, TRAINING, EMPLOYMENT, SOCIAL SVCS.	$1,900,219	$8,188	.4
ELEMENTARY, SECONDARY, & VOCATIONAL EDUCATION	$5,824,492	$61,102	1.0
HIGHER EDUCATION	$3,911,563	$5,306	.1
RESEARCH AND GENERAL EDUCATION AIDS	$808,345	$3,570	.4
TRAINING AND EMPLOYMENT	$10,894,856	$79,026	.7
OTHER LABOR SERVICES	$506,765	$74	***
SOCIAL SERVICES	$4,375,110	$25,836	.6
HEALTH	$5,730,789	$7,277	.1
HEALTH CARE SERVICES	$53,130,610	$54,887	.1
HEALTH RESEARCH	$223,250	.....	.....
CONSUMER AND OCCUPATIONAL HEALTH AND SAFETY	$844,885	$1,346	.2
INCOME SECURITY	$787,603	$3,794	.5
GENERAL RETIREMENT AND DISABILITY INSURANCE	$125,572,843	$70,666	.1
FEDERAL EMPLOYEE RETIREMENT AND DISABILITY	$15,220,122	$32,944	.2
UNEMPLOYMENT COMPENSATION	$2,699,980	$8,222	.3
PUBLIC ASSISTANCE & OTHER INCOME SUPPLEMENTS	$31,102,704	$62,915	.2
INCOME SECURITY FOR VETERANS	$12,457,811	$10,486	.1
VETERANS EDUCATION, TRNG., AND REHABILITATION	$2,380,654	$4,241	.2
HOSPITAL AND MEDICAL CARE FOR VETERANS	$6,617,061	$21,007	.3
VETERANS HOUSING	$39,825	$4	***
OTHER VETERANS BENEFITS AND SERVICES	$634,404	$1,369	.2
FEDERAL LAW ENFORCEMENT ACTIVITIES	$1,395,815	$3,733	.3
FEDERAL LITIGATIVE AND JUDICIAL ACTIVITIES	$387,088	$1,483	.4
FEDERAL CORRECTIONAL ACTIVITIES	$302,910	.....	.....
CRIMINAL JUSTICE ASSISTANCE	$520,778	$1,507	.3
EXECUTIVE DIRECTION AND MANAGEMENT	$79,991	.....	.....
CENTRAL FISCAL OPERATIONS	$2,792,269	$6,551	.2
GENERAL PROPERTY AND RECORDS MANAGEMENT	$3,742,225	$14,218	.4
CENTRAL PERSONNEL MANAGEMENT	$173,690	$243	.1
OTHER GENERAL GOVERNMENT	$668,314	$380	.1

FEDERAL INFORMATION EXCHANGE SYSTEM
NATIONAL AND STATE SUMMARIES - AGENCY FUNDS

(Dollar amounts in thousands)

	FY 1980 FUNDS		
	NATIONAL TOTAL	STATE AMOUNT	STATE %
PRESIDENTIAL COMMISSION ON WORLD HUNGER	$798	.....	.....
PRESIDENT'S COMMISSION ON PENSION POLICY	$2,212	.....	.....
PRESIDENT'S COMMISSION ON MEDICAL ETHICS	$358	.....	.....
RAILROAD RETIREMENT BOARD	$4,993,902	$589	***
SECURITIES AND EXCHANGE COMMISSION	$68,515	.....	.....
SELECT COMM. ON IMMIGRATION & REFUGEE POLICY	$1,389	.....	.....
SELECTIVE SERVICE SYSTEM	$20,429	.....	.....
SMALL BUSINESS ADMINISTRATION	$1,940,603	$4,606	.2
SMITHSONIAN INSTITUTION	$113,122	.....	.....
SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS	$4,529	.....	.....
UNITED STATES-JAPAN ECONOMIC RELATIONS GROUP	$162	.....	.....
UNITED STATES METRIC BOARD	$1,777	.....	.....
UNITED STATES TAX COURT	$7,195	.....	.....
TENNESSEE VALLEY AUTHORITY	$4,806,969	$2	***
THE WHITE HOUSE OFFICE	$18,767	.....	.....
U.S. SINAI SUPPORT MISSION	$11,350	.....	.....
U.S. SOLDIERS' AND AIRMEN'S HOME	$16,259	.....	.....
VETERANS ADMINISTRATION	$22,106,822	$37,107	.2
WATER RESOURCES COUNCIL	$17,912	$252	1.4
TOTALS	$528,687,135	$2,124,255	.4

** AMOUNT LESS THAN $500.00

*** LESS THAN .05%

FEDERAL INFORMATION EXCHANGE SYSTEM
STATE SUMMARY - AGENCY OPERATIONS

(Dollar amounts in thousands)

ALASKA

	PRORATION CODE	CFDA NO.	FY 1980 FUNDS
DEPARTMENT OF AGRICULTURE			
GRANT FUNDS			
AGRICULTURAL CONSERVATION PROGRAM, ASCS	----	10.063	$279
CHILD CARE FOOD PROGRAM, FNS	10	10.558	$837
EQUIP ASST PROG-SCHOOL FOOD SVC PROG, FNS	10	10.556	$55
EXTENSION ACTIVITIES, SEA	10	10.001	$1,171
FED-STATE MARKETING IMPROVEMENT PROG, AMS	7	10.156	$31
FOOD DISTRIBUTION-OTHER PROGRAM COSTS, FNS	----	10.550	$59
FOOD STAMP BONUS COUPONS, FNS	1	10.551	$25,609
GENERAL FORESTRY ASSISTANCE, FS	10	10.664	$586
INDUSTRIAL DEVELOPMENT GRANTS, FMHA	----	10.424	$35
NATIONAL SCHOOL LUNCH PROGRAM-CASH, FNS	10	10.555	$4,181
NUTRITION PROGRAMS FOR THE ELDERLY, FNS	11	10.570	$93
NUTRITIONAL EDUCATION AND TRAINING, FNS	----	10.564	$75
RURAL COMMUNITY FIRE PROTECTION GRTS, FMHA	10	----	$74
RURAL DEVELOPMENT PLANNING GRANTS, FMHA	----	10.426	$55
SCHOOL BREAKFAST PROGRAM, FNS	10	10.553	$314
SPECIAL MILK PROGRAM FOR CHILDREN, FNS	10	10.556	$156
STATE ADMIN MATCH GRTS-FOOD STAMP PRG, FNS	19	10.561	$1,212
STATE ADMIN. EXP. FOR CHILD NUTRITION, FNS	6	10.560	$194
SUMMER FOOD SVC PROGRAM FOR CHILDREN, FNS	10	10.559	$16
SUPP. FOOD-WOMEN, INFANTS & CHILDREN, FNS	10	10.557	$735
VERY LOW-INCOME HOUSING REPAIR GRTS., FMHA	----	10.417	133
WATER AND WASTE DISPOSAL GRANTS, FMHA	----	10.410	$786
TOTAL - GRANT FUNDS			$36,632
OTHER FEDERAL FUNDS			
AGRICULTURAL RESEARCH, SEA	----	----	$523
BRUSH DISPOSAL, FS	10	----	$57
COMMODITY INVENTORY OPERATIONS, CCC	----	10.851	$17
CONSERVATION OPERATIONS, SCS	----	----	$20
CONSTRUCTION AND LAND ACQUISITION, FS	10	----	$3,099
COOPERATIVE RESEARCH, SEA	----	----	$947
COOPERATIVE WORK, FS	10	----	$431
EMPLOYMENT AND TRAINING ASSISTANCE	10	----	$1,554
FOOD STAMP PROGRAM ADMINISTRATION, FNS	19	----	$59
FOREST MANAGE, PROTECTION, AND UTILIZATION	10	----	$32,644
LAND INVENTORY AND MONITORING, SCS	----	10.900	$156
MEAT AND POULTRY INSPECTION, FSQS	----	10.477	$2
NATIONAL WOOL ACT PAYMENTS, CCC	----	10.059	$4
PLANT & ANIMAL DISEASE & PEST CONT., APHIS	----	10.025	$327
PURCHASES FOR CHILD NUTRITION PRGS., FNS	----	10.550	$23
PURCHASES FOR FOOD DONATION PROGRAM, FNS	----	10.550	$5
RIVER BASIN SURVEYS & INVESTIGATIONS, SCS	----	10.904	$589
RIVER BASIN SURVEYS & INVESTIGATIONS, SCS	----	----	$93
S & E, ASCS	----	----	$148
S & E, ECONOMICS, STATISTICS, & CO-OPS SVC	----	----	$119
S & E, FARMERS HOME ADMINISTRATION	----	----	$682
S & E, RURAL ELECTRIFICATION ADMIN.	----	----	$120
SECTION 6 PURCHASES, FNS	----	10.550	$18
SNOW SURVEY & WATER SUPP. FORECASTING, SCS	----	10.907	$183
SOIL AND WATER CONSERVATION, SCS	----	10.902	$503
SOIL SURVEY, SCS	----	10.903	$813
TIMBER SALVAGE SALES, FS	10	----	$130
WORKING CAPITAL FUND, FS	10	----	$1,374
YOUTH CONSERVATION CORPS, FS	10	10.661	$237
TOTAL - OTHER FEDERAL FUNDS			$44,674
AGENCY TOTAL - FEDERAL FUNDS			$81,306
INDIRECT FEDERAL SUPPORT *			
BUSINESS AND INDUSTRIAL LOANS, FMHA	----	10.422	($3,833)
COMMUNITY FACILITIES LOANS, FMHA	----	10.423	($3,425)
DONATION OF COMM. TO SCHOOL LUNCH, FNS	10	10.550	($140)
FARM OPERATING LOANS, FMHA	----	10.406	($182)
FARM OWNERSHIP LOANS, FMHA	----	10.407	($55)
FOOD DISTRIBUTION TO INSTITUTIONS, FNS	10	10.550	($233)
FOOD DISTRIBUTION TO SCHOOLS, FNS	10	10.550	($1,059)
LOW TO MODERATE INCOME HOUSING LOANS, FMHA	----	10.410	($12,068)
RURAL ELECTRIC LOANS & LN. GUARANTEES, REA	7	10.850	($2,339)
RURAL RENTAL HOUSING LOANS, FMHA	----	10.415	($3,186)
RURAL TELEPHONE LNS. & LN. GUARANTEES, REA	8	10.851	($32,353)
WATER AND WASTE DISP. SYSTEMS LOANS, FMHA	----	10.418	($2,710)
DEPARTMENT OF COMMERCE			
GRANT FUNDS			
ANADROMOUS & GREAT LAKES FISH. CONS., NMFS	7	11.405	$417
ECON DEV-GRANTS & LOANS-PUBLIC WORKS, EDA	----	11.300	$2,175
ECON DEV-GRANTS TO STATES, EDA	----	11.308	$450
ECON DEV-PUBLIC WORKS IMPACT PROJECTS, EDA	----	11.304	$1,207
ECON DEV-SPECIAL ECON DEV & ADJ ASST, EDA	----	11.307	$300
ECON DEV-SUPPORT FOR PLANNING ORGS, EDA	----	11.302	$508
ECON DEV-TECHNICAL ASSISTANCE, EDA	----	11.303	$113
PUBLIC TELECOMMUNICATIONS SVCS PRG, NTIA	----	11.551	$328
SEA GRANT SUPPORT, NOAA	8	11.417	$742
TOTAL - GRANT FUNDS			$4,240
OTHER FEDERAL FUNDS			
CENSUS SPECIAL TABULATIONS AND SERVICES	----	11.005	$2
COASTAL ENERGY IMPACT FUND	8	----	$366
COASTAL ZONE MANAGEMENT	8	----	$992
COASTAL ZONE MANAGEMENT PROGRAM ADM., NOAA	8	11.419	$2,250
CONSOLIDATED WORKING FUND, CENSUS	----	----	$85
CONSOLIDATED WORKING FUND, NOAA	7	----	$3,219
CURRENT STATISTICAL PROGRAMS, CENSUS	----	----	$26
NAUTICAL CHARTS AND RELATED DATA, NOAA	7	11.401	**
OPERATIONS AND ADMINISTRATION, ITA	8	----	$76
OPERATIONS, RESEARCH, AND FACILITIES, NOAA	7	----	$21,150
PERIODIC CENSUSES	----	----	$1,733
PROMOTE AND DEVELOP FISHERY PRODUCTS, NOAA	7	----	$5,644
RIVER AND FLOOD FORECASTS, NWS	7	----	$376
WEATHER & RIVER FORECASTS & WARNINGS, NWS	7	----	$4,295
TOTAL - OTHER FEDERAL FUNDS			$40,115
AGENCY TOTAL - FEDERAL FUNDS			$46,355
INDIRECT FEDERAL SUPPORT *			
FISHERY VESSEL OBLIGATION GUARANTEES, NMFS	8	11.415	($7,033)
DEPARTMENT OF DEFENSE			
OTHER FEDERAL FUNDS			
CIVIL FUNCTIONS PRIME CONTRACTS	8	----	$6,456
CIVILIAN PAY	18	----	$121,782
MILITARY ACTIVE DUTY PAY	18	----	$291,884
MILITARY PRIME CONSTRUCTION CONTRACTS	8	----	$28,720
MILITARY PRIME RDTE CONTRACTS	8	----	$8,624
MILITARY PRIME SERVICE CONTRACTS	8	----	$158,622
MILITARY PRIME SUPPLY CONTRACTS	8	----	$54,968
MILITARY RESERVE AND NATIONAL GUARD PAY	18	----	$13,431
MILITARY RETIRED PAY	18	----	$31,823
PRIME CONTRACTS OF LESS THAN $10,000	8	----	$46,038
TOTAL - OTHER FEDERAL FUNDS			$762,348
AGENCY TOTAL - FEDERAL FUNDS			$762,348
DEPARTMENT OF EDUCATION			
GRANT FUNDS			
ACAD FAC RECON & RENOV-REMOVAL ARCH BARRS	----	84.031	$100
ADULT EDUCATION-STATE-ADMINISTERED PROGRAM	----	84.002	$480
BASIC EDUCATIONAL OPPORTUNITY GRANT PROG	----	84.063	$1,016
BASIC SKILLS IMPROVEMENT	----	84.125	$338
CAREER EDUCATION STATE ALLOTMENT PROGRAM	----	84.304	$128
CENTERS FOR INDEPENDENT LIVING	----	84.132	$200
CIVIL RIGHTS TECHNICAL ASST. AND TRAINING	----	84.004	$262
COLLEGE LIBRARY RESOURCES	----	84.005	$21
COLLEGE WORK-STUDY PROGRAM	----	84.033	$532
COMMUNITY EDUCATION	----	84.081	24
EDUC DEPRIVED CHILDREN-LEA'S	----	84.010	$5,157
EDUC FOR GIFTED & TALENTED CHILDREN & YTH	----	84.080	$165
EDUCATIONAL INFORMATION CENTERS	----	84.098	$50
EDUCATIONAL OPPORTUNITY CENTERS	----	84.066	$210
ETHNIC HERITAGE STUDIES PROGRAM	----	84.070	$60
FOLLOW THROUGH	----	84.014	$82
GRTS TO STATES FOR STATE STUDENT INCENTIVE	----	84.069	$169
HANDICAPPED INNOV PROG-DEAF-BLIND CENTERS	----	84.025	$172
HANDICAPPED PERSONNEL PREPARATION	----	84.029	$240
HANDICAPPED PRESCHOOL AND SCHOOL PROGRAMS	----	84.027	$15
HANDICAPPED RESEARCH AND DEMONSTRATION	----	84.023	$108
HIGHER ED-STRENGTHENING DEVELOPING INSTITS	----	84.031	$668
HIGHER EDUCATION-COOPERATIVE EDUCATION	----	84.055	$84
INDIAN ED-FELLOWSHIPS FOR INDIAN STUDENTS	----	84.060	$3
INDIAN ED-GRANTS TO LOCAL EDUCATIONAL AGCY	----	84.060	$3,983
INDIAN ED-SPECIAL PROGRAMS AND PROJECTS	----	84.061	$229
INSTITUTE OF MUSEUM SERVICES	----	84.119	$54
INSTRUCT MATERIALS AND SCHOOL LIBRARY RES	----	84.068	$367
INTERLIBRARY COOPERATION	----	84.033	$45
LAW ENFORCEMENT EDUCATION PROGRAM	----	----	$12
NAT DIFFUSION PRG (NAT DIFFUSION NETWORK)	----	84.073	$46
NATIONAL DEFENSE/DIRECT STUDENT LOANS	----	84.038	$857
NATL DEFENSE/DIR STUDENT LN CANCELLATIONS	----	84.037	$273
PUBLIC LIBRARY SERVICES	----	84.034	$297
REHABILITATION SERVICES-BASIC SUPPORT	----	84.126	$3,003
REHABILITATION SERVICES-SPECIAL PROJECTS	----	84.129	$36
REHABILITATION SVCS-INNOVATION & EXPANSION	----	84.130	$50
REHABILITATION TRAINING	----	84.129	$18
SAFA-MAINTENANCE AND OPERATION	----	84.041	$48,932
SPECIAL SVCS FOR DISADVANTAGED STUDENTS	----	84.042	$114
STATE POSTSECONDARY ED-INTRASTATE PLANNING	----	84.071	$32
SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRTS	----	84.007	$728
TEACHER CENTERS	----	84.086	$121
TEACHER CORPS-OPERATIONS AND TRAINING	----	84.045	$229
UNIVERSITY COMMUNITY SERVICE GTS TO STATES	6	84.046	$71
UPWARD BOUND	----	84.047	$372
VOC REHAB SVC SS DISABILITY BENEFICIARIES	----	84.127	$199
VOCATIONAL ED-PGS FOR INDIAN TRIBES & ORGS	----	84.101	$103
VOCATIONAL ED-STATE ADVISORY COUNCILS	----	84.053	$47
WOMEN'S EDUCATIONAL EQUITY	----	84.083	$120
TOTAL - GRANT FUNDS			$70,642
OTHER FEDERAL FUNDS			
HIGHER ED-VETS COST OF INSTRUCTION PROGRAM	----	84.064	$20

FEDERAL INFORMATION EXCHANGE SYSTEM
STATE SUMMARY - AGENCY OPERATIONS

[Dollar amounts in thousands]

	PRORATION CODE	CFDA NO.	FY 1980 FUNDS
ALASKA—Con.			
RESEARCH AND RELATED ACTIVITIES, ED	——	——	$806
R & E, DEPARTMENTAL MANAGEMENT, ED	——	——	$4
SUPPLEMENTAL SECURITY INCOME PROGRAM	——	——	$125
TOTAL - OTHER FEDERAL FUNDS			$958
AGENCY TOTAL - FEDERAL FUNDS			$71,599
INDIRECT FEDERAL SUPPORT *			
HIGHER EDUCATION ACT INSURED LOANS	——	84.032..	($91)
DEPARTMENT OF ENERGY			
GRANT FUNDS			
LDG & COMMUNITY SYS-CONSER & SOLAR APPLIC	7 ——	81.052..	$45
OAL-ENERGY TECHNOLOGY	7 ——	81.057..	$170
EOTHERMAL/HYDROTHERMAL-RESOURCE APPLIC	7 ——	——	$110
ULTI-PROGRAMS-CONSERV & SOLAR APPLICATION	7 ——	——	$71
OLICY ANALYSIS & SYS STUDIES-POLICY & EVA	7 ——	81.060..	$5
OLAR APPLICATIONS-CONSER & SOLAR APPLIC	7 ——	——	$41
TATE & LOCAL-CONSERV & SOLAR APPLICATION	7 ——	81.052..	$652
ECHNICAL ASSESSMENT PROJECTS-ENERGY RES	7 ——	——	$5
TOTAL - GRANT FUNDS			$1,099
OTHER FEDERAL FUNDS			
ASIC ENERGY SCIENCES-ENERGY RESEARCH	7 ——	81.049..	$114
NVIRONMENTAL RESEARCH AND DEV-ENVIRONMENT	7 ——	81.038..	$256
EOTHERMAL-ENERGY TECHNOLOGY	7 ——	——	$251
EOTHERMAL/HYDROTHERMAL-RESOURCE APPLIC	7 ——	——	$6
ULTI-PROGRAMS-CONSERV & SOLAR APPLICATION	7 ——	——	$19
ETROLEUM-ENERGY TECHNOLOGY	7 ——	——	$19
OWER MARKETING-RESOURCE APPLICATIONS	7 ——	——	$2,437
OLAR TECHNOLOGY-ENERGY TECHNOLOGY	7 ——	——	$13
TATE & LOCAL-CONSERV & SOLAR APPLICATION	7 ——	81.052..	$129
EAPONS ACTIVITIES-DEFENSE PROGRAMS	7 ——	——	$58
TOTAL - OTHER FEDERAL FUNDS			$3,302
AGENCY TOTAL - FEDERAL FUNDS			$4,401
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
GRANT FUNDS			
LCOHOL CLINICAL TRAINING PROGRAMS, ADAMHA	——	13.274..	$126
LCOHOL FORMULA GRANTS, ADAMHA	——	13.257..	$200
LCOHOLISM TREATMENT AND REHAB PRGS, ADAMHA	——	13.553..	$1,270
SSISTANCE PAYMENTS-MAINTENANCE ASST., SSA	12 ——	13.808..	$15,689
SSISTANCE PAYMENTS-STATE & LOCAL TRG, SSA	12 ——	13.810..	$56
IOMEDICAL RESEARCH SUPPORT, NIH	——	13.337..	$100
ANCER CAUSE AND PREVENTION RESEARCH, NIH	——	13.393..	$107
HILD ABUSE & NEGLECT PREV & TREATMENT, OS	——	13.670..	$57
HILD DEVELOPMENT-HEAD START, OS	——	13.600..	$3,324
HILD SUPPORT ENFORCEMENT, SSA	——	13.679..	$2,649
HILD WELFARE RESEARCH AND DEMO GRANTS, OS	——	13.608..	$60
HILD WELFARE SERVICES TRAINING GRANTS, OS	——	13.648..	$33
HILD WELFARE SERVICES, OS	——	13.645..	$140
HILDHOOD IMMUNIZATION GRANTS, CDC	——	13.268..	$156
OMM MENTAL HLTH CTRS-COMP SVC SUPP, ADAMHA	——	13.595..	$726
OMMUNITY HEALTH CENTERS, HSA	——	13.224..	$563
OMP PUBLIC HLTH SVCS FORMULA GRANTS, HSA	——	13.210..	$246
RIPPLED CHILDRENS SERVICES, HSA	——	13.211..	$384
EV DISABILITIES-BASIC SUPPORT, OS	——	13.630..	$303
IABETES, ENDOCRINOLOGY & METAB. RES., NIH	——	13.847..	$55
RUG ABUSE CLINICAL TRAINING PRGS, ADAMHA	——	13.598..	$31
RUG ABUSE COMMUNITY SERVICE PROGS., ADAMHA	——	13.223..	$191
RUG ABUSE EDUCATION PROGRAMS, ADAMHA	——	13.275..	$56
RUG ABUSE PREVENTION FORMULA GRTS., ADAMHA	——	13.599..	$209
MERGENCY MEDICAL SERVICES, HSA	——	13.224..	$600
AMILY PLANNING PROJECTS, HSA	——	13.217..	$279
EOGRAPHIC MALDISTRIBUTION AND AHEC, HRA	——	——	$240
EALTH EDUCATION-RISK REDUCTION, CDC	——	13.981..	$309
EALTH MAINTENANCE ORGANIZATION DEV., ASH	——	13.250..	$56
EALTH PLANNING-HEALTH SYSTEMS AGCIES, HCFA	——	13.294..	$1,166
EALTH PROFESSIONS-START-UP ASST., HRA	——	13.304..	$21
EART AND VASCULAR DISEASES RESEARCH, NIH	——	13.619..	$85
YPERTENSION PROGRAM, HSA	——	13.883	$24
ATERNAL AND CHILD HEALTH SERVICES, HSA	——	13.227..	$757
EDICAL ASSISTANCE PROGRAM, HCFA	——	13.714	$22,400
EDICAL LIBRARY ASSISTANCE, NIH	——	13.879..	$4
ENTAL HEALTH TRAINING GRANTS, ADAMHA	——	13.244..	$223
ATIVE AMERICAN PROGRAMS, OS	——	13.612..	$1,089
URSE TRNG. IMPROVEMENT-SPECIAL PROJ., HRA	——	13.259..	$259
URSING SCHOLARSHIPS, HRA	——	13.362..	$12
URSING STUDENT LOANS, HRA	——	13.364..	$22
HS-VENEREAL DISEASE CONTROL GRANTS, CDC	——	13.977..	$180
ROFESSIONAL STANDARDS REVIEW ORGS., HCFA	——	13.776..	$290
ROG FOR AGING-NUTRITION SERVICES, OS	——	13.633..	$1,587
ROG FOR AGING-STATE & COMMUNITY PRGS, OS	——	13.623	$1,528
ROG FOR AGING-TRAINING, OS	——	13.627..	$70
UNAWAY YOUTH, OS	——	13.623..	$48
OC SVCS LOW INCOME AND PUB ASST RECIP, OS	——	13.642..	$6,142
OCIAL & NUTRITION SVCS-OLDER INDIANS, OS	——	13.635..	$135
PEC ALCOHOLISM PROJ-IMPL UNIF ACT, ADAMHA	——	13.298..	$181
STATE HEALTH PLANNING & DEV. AGENCIES, HRA	——	13.218..	$433
STATE HLTH CARE PROVIDER SURVEY CERT, HCFA	——	13.777..	$196
WORK INCENTIVE PROGRAM, OS	——	13.646..	$363
TOTAL - GRANT FUNDS			$45,377
OTHER FEDERAL FUNDS			
HEALTH SERVICES, HSA	——	——	$785
INDIAN HEALTH FACILITIES, HSA	——	——	$8,338
INDIAN HEALTH SERVICES-HLTH MGT & DEV, HSA	——	13.228..	$143
INDIAN HEALTH SERVICES, HSA	——	——	$2,870
LIMITATION ON SALARIES AND EXPENSES, SSA	——	——	$620
MEDICARE-HOSPITAL INSURANCE, HCFA	——	13.773..	$12,180
MEDICARE-SUPP. MEDICAL INSURANCE, HCFA	——	13.774..	$4,909
PREVENTIVE HEALTH SERVICES, CDC	——	——	$482
REFUGEE ASST-STATE ADMINISTERED PRGS, SSA	——	13.814..	$10
SOCIAL SECURITY-DISABILITY INSURANCE, SSA	12 ——	13.805..	$9,813
SOCIAL SECURITY-RETIREMENT INSURANCE, SSA	12 ——	13.802..	$36,465
SOCIAL SECURITY-SURVIVORS INSURANCE, SSA	12 ——	13.803..	$22,430
SPECIAL BENEFITS-DISABLED COAL MINERS, SSA	12 ——	13.806..	$77
SS PAY STATES FOR DETERMINATION OF DISABIL, SSA	——	——	$446
SUPPLEMENTAL SECURITY INCOME, SSA	12 ——	13.807..	$5,123
TOTAL - OTHER FEDERAL FUNDS			$104,992
AGENCY TOTAL - FEDERAL FUNDS			$170,369
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
GRANT FUNDS			
COMM DEV BLOCK GRTS-ENTITLEMENT, CPD	——	14.218..	$2,144
COMM DEV BLOCK GRTS-SMALL CITIES/DISC, CPD	——	14.219..	$3,713
COMPREHENSIVE PLANNING ASSISTANCE, CPD	11 ——	14.203..	$402
PUBLIC HOUSING ASSISTANCE PROGRAM, H	——	14.146..	$2,479
TOTAL - GRANT FUNDS			$8,738
OTHER FEDERAL FUNDS			
SECTION 8-LOWER INCOME HOUSING ASST PRO, H	——	14.156..	$1,198
TOTAL - OTHER FEDERAL FUNDS			$1,198
AGENCY TOTAL - FEDERAL FUNDS			$9,936
INDIRECT FEDERAL SUPPORT *			
MOBILE HOME LOAN INSURANCE, H	——	14.110..	($2,396)
MORTGAGE INSURANCE-HOMES, H	——	14.117..	($10,126)
MORTGAGE INSURANCE-SERVICEMEN'S HOMES, H	——	——	($254)
MTGE INS-GRADUATED PAYMENT MORTGAGE PRG, H	——	14.139..	($1,091)
MTGE INS-LOW/MODERATE INCOME FAM HOMES, H	——	14.138..	($167)
PROPERTY IMPROVEMENT LOAN INSURANCE, H	——	14.142..	($2,392)
DEPARTMENT OF THE INTERIOR			
GRANT FUNDS			
ANADROMOUS FISH CONSERVATION, FWS	6 ——	15.600..	$202
ENDANGERED SPECIES CONSERVATION, FWS	6 ——	15.612..	$20
FISH RESTORATION (DJ), FWS	6 ——	15.600..	$1,455
HISTORIC PRESERVATION GRANTS-IN-AID, HCRS	——	15.411..	$732
INDIAN EMPLOYMENT ASSISTANCE, BIA	——	15.100..	$5,959
INDIAN HOUSING ASSISTANCE, BIA	——	15.141..	$2,751
INDIAN LOANS-ECONOMIC DEVELOPMENT, BIA	——	15.124..	$500
MINERAL INSTITUTE PROGRAM DIRECTION, SMRE	——	15.251..	$136
NATIONAL WILDLIFE REFUGE FUND	——	——	$1
OUTDOOR RECREATION-AQUIST, DEV & PLG, HCRS	——	15.400..	$1,924
PAYMENT IN LIEU OF TAXES, BLM	——	——	$3,034
PAYMENTS-STATES & CNT-SALE OF NAT RES, BLM	14 ——	——	$1,581
REG SURFACE MIN & SRS EFF UNDRGRD MN, SMRE	——	15.250..	$100
WILDLIFE RESTORATION, FWS	6 ——	15.611..	$3,522
YOUNG ADULT CONS CORPS-GRTS TO STATE, O/S	14 ——	10.662..	$2,977
YOUTH CONSERVATION CORPS, FS	14 ——	——	$189
TOTAL - GRANT FUNDS			$25,084
OTHER FEDERAL FUNDS			
ACQUISITION, CONSTRUCT, & MAINTENANCE, BLM	6 ——	——	$1,471
ANIMAL DAMAGE CONTROL, FWS	7 ——	15.661..	$8
CONSOLIDATED WORKING FUND, BIA	——	——	$2,219
CONSOLIDATED WORKING FUND, BUREAU OF MINES	——	——	$48
CONSOLIDATED WORKING FUND, FWS	7 ——	——	$598
CONSTRUCTION AND ANADROMOUS FISH	7 ——	——	$2,084
CONSTRUCTION AND REHABILITATION, WPRS	16 ——	——	$220
CONSTRUCTION, BUREAU OF INDIAN AFFAIRS	——	——	$13,640
CONSTRUCTION, NATIONAL PARK SERVICE	16 ——	——	$783
CONTRIBUTED FUNDS, FWS	7 ——	——	**
DEPARTMENTAL MANAGEMENT, O/S, INTERIOR	——	——	$1,007
DEVELOPMENT AND OPER-RECREATIONAL FAC, FWS	7 ——	——	$7
ENVIRONMENTAL CONTAMINANT EVALUATION, FWS	7 ——	15.608..	$100
EXPL OF NAT'L PETRO RESERVE IN ALASKA, GS	9 ——	——	$159,627
FEDERAL AID IN WILDLIFE RESTORATION	7 ——	——	$5
FISH RESTORATION (DJ), FWS	7 ——	15.605..	$38
FISHERY RESEARCH INFORMATION, FWS	7 ——	15.608..	$103
FOREST MANAGE, PROTECTION, AND UTILIZATION	6 ——	——	$118
GENERAL INVESTIGATIONS, WPRS	16 ——	——	$21
GEOL, MIN & WTR RES INVEST & TOPO MAP, GS	9 ——	——	$8,208
INDIAN SOCIAL SERVICES-CHILD WELFARE, BIA	——	15.105..	$219
INDIAN SOCIAL SERVICES-GENERAL ASST., BIA	——	15.113..	$13,757
LAND AND WATER CONSERVATION FUND, HCRS	16 ——	——	$36
LIQUIDATION-HOONAH HOUSING PRJ REV FD, BIA	——	——	$20

FEDERAL INFORMATION EXCHANGE SYSTEM
STATE SUMMARY - AGENCY OPERATIONS

[Dollar amounts in thousands]

	PROJECTION CODE	CFDA NO.	FY 1980 FUNDS
ALASKA—Con.			
MANAGEMENT OF LANDS AND RESOURCES	6		$35,332
MIGRATORY BIRD CONSERVATION ACCOUNT	7		$472
MINES AND MINERALS			$1,706
NATIONAL WILDLIFE REFUGE FUND	7		$32
OPERATION AND MAINTENANCE, APA	7		$21
OPERATION OF INDIAN PROGRAMS, BIA			$47,415
OPERATION OF THE NATIONAL PARK SYSTEM	10		$6,039
PLANNING, DEV. & OPER. OF REC. FACS., NPS	10		$992
RECREATION DEV & OPER-RECREATION FAC, BLM	6		$1
RESOURCE MANAGEMENT, FWS	7		$9,282
ROAD CONSTRUCTION, BIA			$2,734
ROAD CONSTRUCTION, NATIONAL PARK SERVICE	10		$1
S & E, OFFICE OF THE SOLICITOR, INTERIOR			$453
SPORT FISH TECHNICAL ASSISTANCE, FWS	7	15 608	$11
SVC CHAR GES, DEPOSITS AND FORFEITURES, BLM	6		$1,443
WILDLIFE RESEARCH INFORMATION, FWS	7	15 610	$290
WILDLIFE RESTORATION, FWS	7	15 611	$88
WILDLIFE TECHNICAL ASSISTANCE, FWS	7	15 609	$11
WORKING CAPITAL FUND, BLM	6		**
WORKING CAPITAL FUND, O/S, INTERIOR			$10,876
YOUTH CONSERVATION CORPS, FS	16		$216
TOTAL - OTHER FEDERAL FUNDS			$321,753
AGENCY TOTAL - FEDERAL FUNDS			$346,637
INDIRECT FEDERAL SUPPORT *			
INDIAN LOAN GUARANTY & INSURANCE FUND, BIA			($1,327)
DEPARTMENT OF JUSTICE			
GRANT FUNDS			
ANTITRUST ENFORCEMENT GRANTS, OAG	7	16 700	$85
CRIMINAL JUSTICE STATISTICS DEVELOP, BJS		16 550	$122
CRIMINAL JUSTICE-PART D FORMULA GRTS, LEAA		16 550	$639
DISC'-ALLOCATION TO STATES, LEAA		16 540	$225
PART E-NATIONAL PRIORITY PRG GRANTS, LEAA		16 553	$84
PART F-DISCRETIONARY GRANTS, LEAA		16 551	$437
TOTAL - GRANT FUNDS			$1,592
OTHER FEDERAL FUNDS			
FEES AND EXPENSES OF WITNESSES	7		$73
S & E, DRUG ENFORCEMENT ADMINISTRATION	19		$249
S & E, IMMIGRATION AND NATURALIZATION SVC	19		$1,159
S & E, UNITED STATES ATTORNEYS & MARSHALS	7		$1,187
SUPPORT OF UNITED STATES PRISONERS	7		$138
TOTAL - OTHER FEDERAL FUNDS			$2,806
AGENCY TOTAL - FEDERAL FUNDS			$4,398
DEPARTMENT OF LABOR			
GRANT FUNDS			
COMPREHENSIVE EMPL. & TRNG. PROGRAMS, ETA	5	17 232	$29,488
EMPLOYMENT SERVICES (CETA-UMI), ETA		17 207	$6,856
FEDERAL FOOD STAMP PROGRAM, ETA		10 561	$683
INDIAN EMPLOYMENT & TRAINING PROGRAM, ETA	5	17 234	$12,077
JOB CORPS, ETA	5	17 211	$255
OPERATIONAL GRANTS, OSHA		17 500	$1,022
SENIOR COMMUNITY SVC EMPLOYMENT PROG, ETA	5	17 235	$1,115
SPECIAL PRGS/ACTIVITIES-DISADVANTAGED, ETA	5	17 243	$209
STATISTICAL OPERATIONAL GRANTS, OSHA		17 500	$61
SUMMER YOUTH EMPLOYMENT PROGRAMS, ETA	5	17 233	$2,628
UNEMPLOYMENT INSURANCE, ETA		17 225	$10,816
VOCATIONAL ED-STATE PLNG & EVALUATE, ETA	5	84 131	$36
WORK INCENTIVES PROGRAM, ETA	5	13 646	$749
YOUTH COMMUNITY CONSERVATION & IMPROV, ETA	5	17 233	$895
YOUTH EMPLOYMENT & TRAINING PROGRAMS, ETA	5	17 232	$3,085
TOTAL - GRANT FUNDS			$69,974
OTHER FEDERAL FUNDS			
COAL MINE WORKERS' COMP (BLACK LUNG), ESA	9	17 307	$99
FED UNEMPLOYMENT BENEFITS & ALLOWANCES, ETA		17 225	$6,357
FEDERAL EMPLOYEES' COMPENSATION, ESA	9		$3,794
S & E, OCCUPATIONAL SAFETY & HEALTH ADMIN			$261
SPECIAL UNEMPLOYMENT ASSISTANCE, ETA		17 225	$1,785
TRADE ADJUSTMENT ASSISTANCE, ETA		17 600	$8
TOTAL - OTHER FEDERAL FUNDS			$12,304
AGENCY TOTAL - FEDERAL FUNDS			$82,278
DEPARTMENT OF TRANSPORTATION			
GRANT FUNDS			
ABATEMENT, CONTROL, AND COMPLIANCE, EPA			$50
AIRPORT DEVELOPMENT AID PROGRAM, FAA		20 102	$6,427
AIRPORT PLANNING GRANT PROGRAM, FAA		20 103	$17,161
CAPITAL IMPROVEMENT GRANTS, UMTA		20 508	$2,862
FORMULA GRANTS PROGRAM, UMTA		20 507	$634
HIGHWAY PLANNING AND CONSTRUCTION, FHWA		20 205	$108,635
HIGHWAY RELATED SAFETY GRANTS, FHWA			$139
HIGHWAY STUDIES, FHWA		20 205	$6
RAIL SERVICE ASSISTANCE, FRA			$100
STATE AND COMMUNITY HIGHWAY SAFETY, NHTSA		20 600	$965
TECHNICAL STUDIES PROGRAM, UMTA		20 505	$80
TOTAL - GRANT FUNDS			$137,089
OTHER FEDERAL FUNDS			
ACQUISITION, CONSTRUCTION & IMPROVE., CG			$3,014
ALASKA RAILROAD REVOLVING FUND, FRA			$67,455
COAST GUARD SUPPLY FUND			$494
FACILITIES AND EQUIPMENT, A/A TRUST FUND			$5,240
HIGHWAY PLANNING AND CONSTRUCTION, FHWA		20 205	$500
OPERATING EXPENSES, CG			$46,505
OPERATIONS AND RESEARCH, NHTSA			$11
OPERATIONS, FAA			$58,223
POLLUTION FUND, CG			$3,082
RAILROAD RESEARCH AND DEVELOPMENT, FRA			$135
RESEARCH, ENGINEERING & DEV-A/A TRUST FUND			$7
RETIRED PAY, CG			$2,524
TOTAL - OTHER FEDERAL FUNDS			$187,190
AGENCY TOTAL - FEDERAL FUNDS			$324,278
DEPARTMENT OF THE TREASURY			
GRANT FUNDS			
FISCAL ASSISTANCE TO STATE GOVERNMENT, ORS		21 300	$7,682
STATE AND LOCAL GOV FISCAL ASST TRUST FUND			$14,807
TOTAL - GRANT FUNDS			$22,489
OTHER FEDERAL FUNDS			
ADMINISTERING THE PUBLIC DEBT	14		$77
CLAIMS, JUDGMENTS, AND RELIEF ACTS			$290
EXAMINATIONS AND APPEALS, IRS	19		$3,420
INVESTIGATIONS AND COLLECTIONS, IRS	19		$2,200
REFUNDING INTERNAL REVENUE COLLECTIONS-INT	19		$1,823
S & E, (CENTRAL FISCAL OPERATIONS), BGFO			$128
S & E, BUREAU ALCOHOL, TOBACCO & FIREARMS	16		$186
S & E, UNITED STATES CUSTOMS SERVICE			$1,989
S & E, UNITED STATES SECRET SERVICE	13		$87
TAXPAYER SERVICE AND RETURNS PROCESSING	19		$726
TOTAL - OTHER FEDERAL FUNDS			$10,926
AGENCY TOTAL - FEDERAL FUNDS			$33,414
INDIRECT FEDERAL SUPPORT *			
INTEREST ON THE PUBLIC DEBT	14		($34,870)
ACTION			
GRANT FUNDS			
FOSTER GRANDPARENTS PROGRAM		72 001	$183
RETIRED SENIOR VOLUNTEER PROGRAM		72 002	$71
SENIOR COMPANION PROGRAM		72 008	$50
SPECIAL VOLUNTEER PROGRAMS		72 013	$47
VOLUNTEERS IN SERVICE TO AMERICA		72 005	$452
TOTAL - GRANT FUNDS			$803
OTHER FEDERAL FUNDS			
OPERATING EXPENSES, DOMESTIC PROGRAMS			$105
OPERATING EXPENSES, INTERNATIONAL PROGRAMS			$15
TOTAL - OTHER FEDERAL FUNDS			$121
AGENCY TOTAL - FEDERAL FUNDS			$924
AGENCY FOR INTERNATIONAL DEVELOPMENT			
OTHER FEDERAL FUNDS			
FUNCTIONAL DEVELOPMENT ASSISTANCE PROGRAM	22		$9,510
TOTAL - OTHER FEDERAL FUNDS			$9,510
AGENCY TOTAL - FEDERAL FUNDS			$9,510
CIVIL AERONAUTICS BOARD			
OTHER FEDERAL FUNDS			
PAYMENTS TO AIR CARRIERS, CAB			$413
S & E, CIVIL AERONAUTICS BOARD			$75
TOTAL - OTHER FEDERAL FUNDS			$488
AGENCY TOTAL - FEDERAL FUNDS			$488
COMMUNITY SERVICES ADMINISTRATION			
GRANT FUNDS			
COMMUNITY ACTION		49 002	$976
COMMUNITY FOOD AND NUTRITION		49 005	$180
EMERGENCY ENERGY CONSERVATION SERVICES		49 014	$1,181
OLDER PERSONS OPPORTUNITIES AND SERVICES		49 010	$61
STATE ECONOMIC OPPORTUNITY OFFICES		49 011	$134
SUMMER YOUTH RECREATION		49 015	$13
TOTAL - GRANT FUNDS			$2,544
OTHER FEDERAL FUNDS			
RURAL DEVELOPMENT LOAN FUND		49 017	$1,000
TOTAL - OTHER FEDERAL FUNDS			$1,000
AGENCY TOTAL - FEDERAL FUNDS			$3,544
ENVIRONMENTAL PROTECTION AGENCY			
GRANT FUNDS			
ABATEMENT, CONTROL AND COMPLIANCE EPA			$13
AIR POLLUTION CONTROL PROGRAM GRANTS, AAR		66 001	$137
AIR POLLUTION CONTROL RESEARCH GRANTS, RD		66 501	$40

FEDERAL INFORMATION EXCHANGE SYSTEM
STATE SUMMARY - AGENCY OPERATIONS

[Dollar amounts in thousands]

	PRORATION CODE	CFDA NO.	FY 1980 FUNDS
ALASKA—Con.			
AREAWIDE WASTE TREAT MGT PLAN GRANTS, WWM		66.418	$525
CONSOLIDATED GRANTS-PROGRAM SUPPORT, OPM		66.600	$1,134
CONSOLIDATED RESEARCH GRANTS, RD		66.500	$148
CONST GRTS FOR WASTEWATER TREAT WORKS, WWM		66.418	$14,635
CONSTRUCTION MANAGEMENT ASST. GRANTS, WWM		66.438	$279
PUBLIC WATER SYSTEM SUPV-STATE PRG GT, WWM		66.433	$635
TOXIC SUBSTANCE RESEARCH GRANTS, RD		66.507	$160
WATER POLL CON-STATE & LOCAL MANP DEV, WWM		66.420	$10
WATER POLLUTION CON RES, DEV, DEMO GTS, RD		66.501	$117
TOTAL - GRANT FUNDS			$17,832
AGENCY TOTAL - FEDERAL FUNDS			$17,832
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION			
GRANT FUNDS			
FAIR EMPLOYMENT PRACTICES GRANTS	6	30.002	$63
TOTAL - GRANT FUNDS			$63
AGENCY TOTAL - FEDERAL FUNDS			$63
FEDERAL COMMUNICATIONS COMMISSION			
OTHER FEDERAL FUNDS			
PERSONAL SERVICES			$329
TOTAL - OTHER FEDERAL FUNDS			$329
AGENCY TOTAL - FEDERAL FUNDS			$329
GENERAL SERVICES ADMINISTRATION			
GRANT FUNDS			
NATL HISTORIC PUBLICATIONS & RECORDS GRTS		39.006	$6
TOTAL - GRANT FUNDS			$6
OTHER FEDERAL FUNDS			
FEDERAL BUILDINGS FUND			$6,577
FEDERAL TELECOMMUNICATIONS FUND			$4,391
GENERAL SUPPLY FUND, PERSONAL PROPERTY ACT			$2,310
OPER EXP, FEDERAL PROPERTY RESOURCES ACT			$133
OPERATING EXPENSES, FEDERAL SUPPLY SERVICE			$258
WORKING CAPITAL FUND, GEN ACTIVITIES, GSA			$544
TOTAL - OTHER FEDERAL FUNDS			$14,212
AGENCY TOTAL - FEDERAL FUNDS			$14,218
INDIRECT FEDERAL SUPPORT *			
DONATION OF FEDERAL SURPLUS PERSONAL PROP		39.003	(**)
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			
OTHER FEDERAL FUNDS			
RESEARCH & DEV-SPACE SCIENCE, APPL & TECH			$832
RESEARCH & DEV-SUPPORTING SPACE ACTIVITIES			$660
TOTAL - OTHER FEDERAL FUNDS			$1,492
AGENCY TOTAL - FEDERAL FUNDS			$1,492
NATIONAL ENDOWMENT FOR THE ARTS			
GRANT FUNDS			
ARCHITECTURE, PLANNING AND DESIGN		45.001	$10
ARTIST IN SCHOOLS		45.003	$109
CHALLENGE GRANTS PROGRAMS		45.013	$45
DANCE PROGRAMS		45.003	$31
EXPANSION ARTS PROGRAMS		45.010	$15
FOLK ARTS PROGRAMS		45.015	$50
LITERATURE PROGRAMS		45.004	$10
MUSIC PROGRAMS		45.005	$31
OPERA AND MUSICAL THEATRE PROGRAMS		45.016	$5
STATE PROGRAMS		45.007	$667
THEATRE PROGRAMS		45.008	$102
VISUAL ARTS PROGRAMS		45.009	$37
TOTAL - GRANT FUNDS			$1,112
AGENCY TOTAL - FEDERAL FUNDS			$1,112
INDIRECT FEDERAL SUPPORT *			
CHALLENGE GRANTS PROGRAMS		45.013	($45)
MUSIC PROGRAMS		45.005	($10)
THEATRE PROGRAMS		45.108	($30)
NATIONAL ENDOWMENT FOR THE HUMANITIES			
GRANT FUNDS			
DIVISION OF STATE PROGRAMS		45.129	$765
EDUCATION DEVELOPMENT		45.139	$70
RESEARCH MATERIALS/TRANSLATIONS		45.161	$30
YOUTH GRANTS		45.113	$3
TOTAL - GRANT FUNDS			$868
AGENCY TOTAL - FEDERAL FUNDS			$868
NATIONAL SCIENCE FOUNDATION			
GRANT FUNDS			
ASTRO., ATMOS., EARTH AND OCEAN SCIENCES		47.050	$4,858
BIOLOGICAL, BEHAVIORAL, & SOCIAL SCIENCES		47.051	$309
MATHEMATICAL & PHYSICAL SCIENCE & ENGINEER		47.049	$43
SCIENCE AND SOCIETY PROGRAM		47.038	$57
SCIENCE ED RES & DEV & RESOURCES IMPROVE		47.048	$25
SCIENTIFIC PERSONNEL IMPROVEMENT		47.009	$26
SCIENTIFIC, TECHNOLOGICAL, & INTL. AFFAIRS		47.053	$1
TOTAL - GRANT FUNDS			$5,349
AGENCY TOTAL - FEDERAL FUNDS			$5,349
OFFICE OF PERSONNEL MANAGEMENT			
GRANT FUNDS			
INTERGOVERNMENTAL PERSONNEL ASSISTANCE		27.012	$90
TOTAL - GRANT FUNDS			$90
OTHER FEDERAL FUNDS			
CIVIL SERVICE RETIREMENT & DISABILITY FUND	8		$32,944
REVOLVING FUND, OPM			$11
S & E, OFFICE OF PERSONNEL MANAGEMENT			$232
TOTAL - OTHER FEDERAL FUNDS			$33,186
AGENCY TOTAL - FEDERAL FUNDS			$33,276
POSTAL SERVICE			
OTHER FEDERAL FUNDS			
POSTAL SERVICE FUND	13		$55,100
TOTAL - OTHER FEDERAL FUNDS			$55,100
AGENCY TOTAL - FEDERAL FUNDS			$55,100
RAILROAD RETIREMENT BOARD			
OTHER FEDERAL FUNDS			
RAILROAD RETIREMENT ACCOUNT	11	57.001	$517
RAILROAD UNEMPLOYMENT INSURANCE ACCOUNT	11	57.001	$72
TOTAL - OTHER FEDERAL FUNDS			$589
AGENCY TOTAL - FEDERAL FUNDS			$589
SMALL BUSINESS ADMINISTRATION			
OTHER FEDERAL FUNDS			
DISPLACED BUSINESS LOANS		59.001	$80
ECONOMIC DISLOCATION LOANS		59.027	$100
ECONOMIC INJURY DISASTER LOANS		59.007	$12
ECONOMIC OPPORTUNITY LOANS		59.003	$84
PHYSICAL DISASTER LOANS		59.008	$2,581
S & E, SMALL BUSINESS ADMINISTRATION			$1,091
SMALL BUSINESS LOANS		59.012	$658
TOTAL - OTHER FEDERAL FUNDS			$4,606
AGENCY TOTAL - FEDERAL FUNDS			$4,606
INDIRECT FEDERAL SUPPORT *			
ECONOMIC OPPORTUNITY LOANS		59.003	($27)
SMALL BUSINESS LOANS		59.012	($17,803)
VETERANS ADMINISTRATION			
OTHER FEDERAL FUNDS			
AUTOS & SPECIAL EQUIPMENT, DISABLED VETS	13	64.100	$3
COMMUNITY NURSING HOME CARE		64.062	$227
COMPENSATION TO DEPENDENTS, VETS S/C DEATH	13	64.107	$45
DEPENDENTS INDEMNITY COMPENSATION (DIC)	13	64.110	$407
GENERAL OPERATING EXPENSES			$1,369
MEDICAL ADMIN. & MISC. OPERATING EXPENSES			$3
SONS, DAUGHTERS, WIVES & WIDOWS EDUCATION	13	64.117	$152
VETERANS DEATH PENSION	13	64.105	$731
VETERANS DIRECT LOANS		64.113	$4
VETERANS DISABILITY COMPENSATION	13	64.109	$6,296
VETERANS DISABILITY PENSION	13	64.104	$811
VETERANS HOSPITALIZATION		64.009	$20,777
VETERANS INSURANCE AND INDEMNITIES	13	64.103	$1,536
VETERANS READJUSTMENT TRAINING	13	64.111	$4,017
VETS BURIAL AWARDS & OTHER MISC BENEF PMT	13	64.101	$159
VOCATIONAL REHAB. TRNG. FOR DISABLED VETS	13	64.116	$64
TOTAL - OTHER FEDERAL FUNDS			$37,107
AGENCY TOTAL - FEDERAL FUNDS			$37,107
INDIRECT FEDERAL SUPPORT *			
MOBILE HOME LOANS		64.119	($97)
VETERANS GUARANTEED AND INSURED LOANS		64.114	($72,291)
WATER RESOURCES COUNCIL			
GRANT FUNDS			
WATER RESOURCES PLANNING		65.001	$252
TOTAL - GRANT FUNDS			$252
AGENCY TOTAL - FEDERAL FUNDS			$252
FEDERAL MEDIATION AND CONCILIATION SERVICE			$74
TENNESSEE VALLEY AUTHORITY			$3

FEDERAL INFORMATION EXCHANGE SYSTEM
STATE SUMMARY - AGENCY OPERATIONS

[Dollar amounts in thousands]

FEDERATION CODE	CFDA NO.	FY 1980 FUNDS

ALASKA—Con.

STATE TOTAL - GRANT FUNDS	$473,874
STATE TOTAL - OTHER FEDERAL FUNDS	$1,650,381
STATE TOTAL - FEDERAL FUNDS	$2,124,255

* THESE FIGURES REPRESENT FUNDS THAT DO NOT DIRECTLY IMPACT GEOGRAPHIC AREAS AND ARE NOT INCLUDED IN ANY TOTALS

** AMOUNT LESS THAN $500.00

FEDERAL INFORMATION EXCHANGE SYSTEM
COUNTY SUMMARIES - AGENCY OPERATIONS

[Dollar amounts in thousands]

	PRORATION CODE	CFDA NO.	FY 1980 FUNDS
ALASKA			
COUNTY-ALEUTIAN ISLANDS			
DEPARTMENT OF AGRICULTURE			
GRANT FUNDS			
FOOD STAMP BONUS COUPONS, FNS	I	10.551	$237
NATIONAL SCHOOL LUNCH PROGRAM-CASH, FNS	M	10.555	$21
SPECIAL MILK PROGRAM FOR CHILDREN, FNS	M	10.556	$1
TOTAL - GRANT FUNDS			$259
AGENCY TOTAL - FEDERAL FUNDS			$259
INDIRECT FEDERAL SUPPORT *			
DONATION OF COMM. TO SCHOOL LUNCH, FNS	M	10.550	(**)
FOOD DISTRIBUTION TO SCHOOLS, FNS	M	10.550	($5)
DEPARTMENT OF COMMERCE			
OTHER FEDERAL FUNDS			
CENSUS SPECIAL TABULATIONS AND SERVICES		11.003	**
CONSOLIDATED WORKING FUND, CENSUS			$1
CONSOLIDATED WORKING FUND, NOAA	7		$368
CURRENT STATISTICAL PROGRAMS, CENSUS			$1
OPERATIONS, RESEARCH, AND FACILITIES, NOAA	7		$4,299
PERIODIC CENSUSES			$4
WEATHER & RIVER FORECASTS & WARNINGS, NWS	7		$117
TOTAL - OTHER FEDERAL FUNDS			$4,791
AGENCY TOTAL - FEDERAL FUNDS			$4,791
DEPARTMENT OF DEFENSE			
OTHER FEDERAL FUNDS			
CIVILIAN PAY	13		$5,787
MILITARY ACTIVE DUTY PAY	13		$25,495
MILITARY PRIME CONSTRUCTION CONTRACTS	5		$18,514
MILITARY PRIME SERVICE CONTRACTS	6		$27,158
MILITARY PRIME SUPPLY CONTRACTS	6		$12,646
MILITARY RETIRED PAY	13		$18
TOTAL - OTHER FEDERAL FUNDS			$89,618
AGENCY TOTAL - FEDERAL FUNDS			$89,618
DEPARTMENT OF EDUCATION			
GRANT FUNDS			
EDUC DEPRIVED CHILDREN-LEA'S		84.010	$59
INDIAN ED-GRANTS TO LOCAL EDUCATIONAL AGCY		84.060	$80
SASA-MAINTENANCE AND OPERATION		84.041	$2,255
TOTAL - GRANT FUNDS			$2,395
AGENCY TOTAL - FEDERAL FUNDS			$2,395
DEPARTMENT OF ENERGY			
GRANT FUNDS			
MULTI-PROGRAMS-CONSERV & SOLAR APPLICATION	7		$12
TOTAL - GRANT FUNDS			$12
AGENCY TOTAL - FEDERAL FUNDS			$12
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
OTHER FEDERAL FUNDS			
HEALTH SERVICES, HSA			$6
MEDICARE-HOSPITAL INSURANCE, HCFA		13.773	$120
MEDICARE-SUPP. MEDICAL INSURANCE, HCFA		13.774	$63
SOCIAL SECURITY-DISABILITY INSURANCE, SSA	13	13.802	$110
SOCIAL SECURITY-RETIREMENT INSURANCE, SSA	13	13.803	$219
SOCIAL SECURITY-SURVIVORS INSURANCE, SSA	13	13.805	$154
SUPPLEMENTAL SECURITY INCOME, SSA	13	13.807	$41
TOTAL - OTHER FEDERAL FUNDS			$713
AGENCY TOTAL - FEDERAL FUNDS			$713
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
INDIRECT FEDERAL SUPPORT *			
PROPERTY IMPROVEMENT LOAN INSURANCE, H		14.142	($18)
DEPARTMENT OF THE INTERIOR			
GRANT FUNDS			
NATIONAL WILDLIFE REFUGE FUND			**
TOTAL - GRANT FUNDS			**
OTHER FEDERAL FUNDS			
CONSTRUCTION AND ANADROMOUS FISH	7		$44
GEOL, MIN & WTR RES INVEST & TOPO MAP, GS	9		$37
RESOURCE MANAGEMENT, FWS	7		$604
ROAD CONSTRUCTION, BLA			$67
WILDLIFE TECHNICAL ASSISTANCE, FWS	7	15.609	**
WORKING CAPITAL FUND, O/S, INTERIOR			$12
TOTAL - OTHER FEDERAL FUNDS			$764
AGENCY TOTAL - FEDERAL FUNDS			$764
DEPARTMENT OF LABOR			
OTHER FEDERAL FUNDS			
FED UNEMPLOYMENT BENEFITS & ALLOWANCES, ETA		17.225	$170
SPECIAL UNEMPLOYMENT ASSISTANCE, ETA		17.225	$48
TRADE ADJUSTMENT ASSISTANCE, ETA		17.600	**
TOTAL - OTHER FEDERAL FUNDS			$217
AGENCY TOTAL - FEDERAL FUNDS			$217
DEPARTMENT OF TRANSPORTATION			
GRANT FUNDS			
AIRPORT DEVELOPMENT AID PROGRAM, FAA		20.102	$575
HIGHWAY PLANNING AND CONSTRUCTION, FHWA		20.205	$6,762
TOTAL - GRANT FUNDS			$7,337
OTHER FEDERAL FUNDS			
COAST GUARD SUPPLY FUND			**
FACILITIES AND EQUIPMENT, A/A TRUST FUND			$621
OPERATING EXPENSES, CG			$1,260
OPERATIONS, FAA			$807
POLLUTION FUND, CG			**
RETIRED PAY, CG			$1,748
TOTAL - OTHER FEDERAL FUNDS			$4,437
AGENCY TOTAL - FEDERAL FUNDS			$11,773
DEPARTMENT OF THE TREASURY			
GRANT FUNDS			
STATE AND LOCAL GOV FISCAL ASST TRUST FUND			$78
TOTAL - GRANT FUNDS			$78
AGENCY TOTAL - FEDERAL FUNDS			$78
INDIRECT FEDERAL SUPPORT *			
INTEREST ON THE PUBLIC DEBT	M		($935)
GENERAL SERVICES ADMINISTRATION			
OTHER FEDERAL FUNDS			
FEDERAL BUILDINGS FUND			$12
TOTAL - OTHER FEDERAL FUNDS			$12
AGENCY TOTAL - FEDERAL FUNDS			$12
OFFICE OF PERSONNEL MANAGEMENT			
OTHER FEDERAL FUNDS			
CIVIL SERVICE RETIREMENT & DISABILITY FUND	6		$659
TOTAL - OTHER FEDERAL FUNDS			$659
AGENCY TOTAL - FEDERAL FUNDS			$659
POSTAL SERVICE			
OTHER FEDERAL FUNDS			
POSTAL SERVICE FUND	13		$1,222
TOTAL - OTHER FEDERAL FUNDS			$1,222
AGENCY TOTAL - FEDERAL FUNDS			$1,222
SMALL BUSINESS ADMINISTRATION			
INDIRECT FEDERAL SUPPORT *			
SMALL BUSINESS LOANS		59.013	($164)
VETERANS ADMINISTRATION			
OTHER FEDERAL FUNDS			
AUTOS & SPECIAL EQUIPMENT, DISABLED VETS	13	64.105	**
COMPENSATION TO DEPENDENTS, VETS S/C DEATH	13	64.109	$1
DEPENDENTS INDEMNITY COMPENSATION (DIC)	13	64.110	$11
SONS, DAUGHTERS, WIVES & WIDOWS EDUCATION	13	64.117	$2
VETERANS DEATH PENSION	13	64.103	$9
VETERANS DISABILITY COMPENSATION	13	64.109	$74
VETERANS DISABILITY PENSION	13	64.104	$10
VETERANS INSURANCE AND INDEMNITIES	13	64.103	$18
VETERANS READJUSTMENT TRAINING	13	64.111	$48
VETS BURIAL AWARDS & OTHER MISC BENEF PMT	13	64.101	$2
VOCATIONAL REHAB. TRNG. FOR DISABLED VETS	13	64.116	$1
TOTAL - OTHER FEDERAL FUNDS			$174
AGENCY TOTAL - FEDERAL FUNDS			$174
COUNTY TOTAL - GRANT FUNDS			$10,080
COUNTY TOTAL - OTHER FEDERAL FUNDS			$102,607
COUNTY TOTAL - FEDERAL FUNDS			$112,687
COUNTY-ANCHORAGE			
DEPARTMENT OF AGRICULTURE			
GRANT FUNDS			
AGRICULTURAL CONSERVATION PROGRAM, ASCS		10.063	$89
CHILD CARE FOOD PROGRAM, FNS	M	10.558	$486
EQUIP ASST PROG-SCHOOL FOOD SVC PROG, FNS	M	10.554	$1
FOOD STAMP BONUS COUPONS, FNS	I	10.551	$7,713
GENERAL FORESTRY ASSISTANCE, FS	M	10.664	$586
NATIONAL SCHOOL LUNCH PROGRAM-CASH, FNS	M	10.555	$1,780
NUTRITION PROGRAMS FOR THE ELDERLY, FNS	11	10.570	$31
NUTRITIONAL EDUCATION AND TRAINING, FNS		10.564	$75
RURAL COMMUNITY FIRE PROTECTION GRTS, FMHA	M		$74
SCHOOL BREAKFAST PROGRAM, FNS	M	10.553	$162
SPECIAL MILK PROGRAM FOR CHILDREN, FNS	M	10.556	$49
SUMMER FOOD SVC. PROGRAM FOR CHILDREN, FNS	M	10.559	$14
SUPP. FOOD-WOMEN, INFANTS & CHILDREN, FNS	M	10.557	$313
TOTAL - GRANT FUNDS			$11,374

FEDERAL INFORMATION EXCHANGE SYSTEM
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(Dollar amounts in thousands)

	PROJECTION CODE	CFDA NO.	FY 1980 FUNDS
ALASKA—Con.			
OTHER FEDERAL FUNDS			
BRUSH DISPOSAL, FS	18		$14
COMMODITY INVENTORY OPERATIONS, CCC		10.051	$17
CONSERVATION OPERATIONS, SCS			$17
CONSTRUCTION AND LAND ACQUISITION, FS	18		$3,098
FOREST MANAGE, PROTECTION, AND UTILIZATION	18		$4,006
LAND INVENTORY AND MONITORING, SCS		10.904	$154
MEAT AND POULTRY INSPECTION, FSQS		10.477	$2
PLANT & ANIMAL DISEASE & PEST CONT., APHIS		10.025	$327
PURCHASES FOR CHILD NUTRITION PRGS., FNS		10.550	$23
PURCHASES FOR FOOD DONATION PROGRAM, FNS		10.550	$5
RIVER BASIN SURVEYS & INVESTIGATIONS, SCS		10.906	$589
RIVER BASIN SURVEYS & INVESTIGATIONS, SCS			$15
S & E, ASCS			$145
S & E, ECONOMICS, STATISTICS, & CO-OPS SVC			$119
S & E, RURAL ELECTRIFICATION ADMIN.			$120
SECTION 6 PURCHASES, FNS		10.550	$18
SNOW SURVEY & WATER SUPP. FORECASTING, SCS		10.907	$166
SOIL AND WATER CONSERVATION, SCS		10.902	$299
SOIL SURVEY, SCS		10.903	$373
TIMBER SALVAGE SALES, FS	18		$9
WORKING CAPITAL FUND, FS	18		$24
YOUTH CONSERVATION CORPS, FS	18	10.661	$8
TOTAL - OTHER FEDERAL FUNDS			$9,547
AGENCY TOTAL - FEDERAL FUNDS			$20,921
INDIRECT FEDERAL SUPPORT *			
DONATION OF COMM. TO SCHOOL LUNCH, FNS	18	10.550	($54)
FOOD DISTRIBUTION TO INSTITUTIONS, FNS	18	10.550	($58)
FOOD DISTRIBUTION TO SCHOOLS, FNS	18	10.550	($275)
DEPARTMENT OF COMMERCE			
GRANT FUNDS			
ECON DEV-SPECIAL ECON DEV & ADJ ASST, EDA		11.307	$300
ECON DEV-TECHNICAL ASSISTANCE, EDA		11.303	$88
TOTAL - GRANT FUNDS			$388
OTHER FEDERAL FUNDS			
CENSUS SPECIAL TABULATIONS AND SERVICES		11.005	$1
CONSOLIDATED WORKING FUND, CENSUS			$28
CONSOLIDATED WORKING FUND, NOAA	7		$1,209
CURRENT STATISTICAL PROGRAMS, CENSUS			$8
OPERATIONS AND ADMINISTRATION, ITA	5		$76
OPERATIONS, RESEARCH, AND FACILITIES, NOAA	7		$3,778
PERIODIC CENSUSES			$900
PROMOTE AND DEVELOP FISHERY PRODUCTS, NOAA	5		$5,588
RIVER AND FLOOD FORECASTS, NWS	7		$376
WEATHER & RIVER FORECASTS & WARNINGS, NWS	7		$1,761
TOTAL - OTHER FEDERAL FUNDS			$13,726
AGENCY TOTAL - FEDERAL FUNDS			$14,113
INDIRECT FEDERAL SUPPORT *			
FISHERY VESSEL OBLIGATION GUARANTEES, NMFS	5	11.415	($2,600)
DEPARTMENT OF DEFENSE			
OTHER FEDERAL FUNDS			
CIVIL FUNCTIONS PRIME CONTRACTS	5		$735
CIVILIAN PAY	15		$91,129
MILITARY ACTIVE DUTY PAY	15		$164,087
MILITARY PRIME CONSTRUCTION CONTRACTS	5		$8,477
MILITARY PRIME RDTE CONTRACTS	5		$361
MILITARY PRIME SERVICE CONTRACTS	5		$103,680
MILITARY PRIME SUPPLY CONTRACTS	5		$15,085
MILITARY RESERVE AND NATIONAL GUARD PAY	15		$4,965
MILITARY RETIRED PAY	15		$23,479
PRIME CONTRACTS OF LESS THAN $10,000	6		$42,568
TOTAL - OTHER FEDERAL FUNDS			$454,566
AGENCY TOTAL - FEDERAL FUNDS			$454,566
DEPARTMENT OF EDUCATION			
GRANT FUNDS			
ACAD FAC RECON & RENOV-REMOVAL ARCH BARRS		84.031	$100
BASIC EDUCATIONAL OPPORTUNITY GRANT PROG		84.063	$479
COLLEGE LIBRARY RESOURCES		84.075	$4
COLLEGE WORK-STUDY PROGRAM		84.033	$532
EDUC DEPRIVED CHILDREN LEA'S		84.010	$922
ETHNIC HERITAGE STUDIES PROGRAM		84.070	$60
HANDICAPPED PERSONNEL PREPARATION		84.029	$35
HANDICAPPED RESEARCH AND DEMONSTRATION		84.023	$108
HIGHER ED-STRENGTHENING DEVELOPING INSTITS		84.031	$300
HIGHER EDUCATION-COOPERATIVE EDUCATION		84.055	$27
INDIAN ED GRANTS TO LOCAL EDUCATIONAL AGCY		84.060	$998
INDIAN ED-SPECIAL PROGRAMS AND PROJECTS		84.061	$165
LAW ENFORCEMENT EDUCATION PROGRAM			$10
NATIONAL DEFENSE/DIRECT STUDENT LOANS		84.038	$742
NATL DEFENSE/DIR STUDENT LN CANCELLATIONS		84.037	$271
SAIA MAINTENANCE AND OPERATION		84.047	$1,567
SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRTS		84.007	$630
TOTAL - GRANT FUNDS			$6,945
OTHER FEDERAL FUNDS			
HIGHER ED-VETS COST OF INSTRUCTION PROGRAM		84.064	$19
S & E, DEPARTMENTAL MANAGEMENT, ED			$1
TOTAL - OTHER FEDERAL FUNDS			$20
AGENCY TOTAL - FEDERAL FUNDS			$6,966
INDIRECT FEDERAL SUPPORT *			
HIGHER EDUCATION ACT INSURED LOANS		84.032	($91)
DEPARTMENT OF ENERGY			
GRANT FUNDS			
BLDG & COMMUNITY SYS-CONSER & SOLAR APPLIC	7	81.059	$45
COAL-ENERGY TECHNOLOGY	7	81.057	$120
MULTI-PROGRAMS-CONSERV & SOLAR APPLICATION	7		$1
POLICY ANALYSIS & SYS STUDIES-POLICY & EVA	7	81.048	$5
STATE & LOCAL-CONSERV & SOLAR APPLICATION	7	81.052	$167
TECHNICAL ASSESSMENT PROJECTS-ENERGY RES	7		$5
TOTAL - GRANT FUNDS			$343
OTHER FEDERAL FUN.			
GEOTHERMAL-ENERGY TECHNOLOGY	7		$79
GEOTHERMAL/HYDROTHERMAL-RESOURCE APPLIC	7		$6
POWER MARKETING-RESOURCE APPLICATIONS	7		$712
STATE & LOCAL-CONSERV & SOLAR APPLICATION	7	81.052	$129
WEAPONS ACTIVITIES-DEFENSE PROGRAMS	7		$58
TOTAL - OTHER FEDERAL FUNDS			$984
AGENCY TOTAL - FEDERAL FUNDS			$1,327
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
GRANT FUNDS			
ALCOHOL CLINICAL TRAINING PROGRAMS, ADMHA		13.276	$96
ALCOHOLISM TREATMENT AND REHAB PRGS, ADMHA		13.252	$754
CHILD ABUSE & NEGLECT PREV & TREATMENT, OS		13.628	$57
CHILD DEVELOPMENT-HEAD START, OS		13.600	$2,046
CHILD WELFARE RESEARCH AND DEMO GRANTS, OS		13.608	$60
COMM MENTAL HLTH CTRS-COMP SVC SUPP, ADMHA		13.293	$726
COMMUNITY HEALTH CENTERS, HSA		13.224	$413
FAMILY PLANNING PROJECTS, HSA		13.217	$181
HEALTH MAINTENANCE ORGANIZATION DEV., ASH		13.250	$56
HEALTH PLANNING-HEALTH SYSTEMS AGCIES, HRA		13.294	$387
HEALTH PROFESSIONS-START-UP ASST., HRA		13.364	$13
MENTAL HEALTH TRAINING GRANTS, ADMHA		13.244	$67
NATIVE AMERICAN PROGRAMS, OS		13.612	$310
NURSE TRNG. IMPROVEMENT-SPECIAL PROJ., HRA		13.359	$259
NURSING SCHOLARSHIPS, HRA		13.363	$12
NURSING STUDENT LOANS, HRA		13.364	$22
PROFESSIONAL STANDARDS REVIEW ORGS., HCFA		13.776	$290
RUNAWAY YOUTH, OS		13.623	$48
TOTAL - GRANT FUNDS			$5,797
OTHER FEDERAL FUNDS			
HEALTH SERVICES, HSA			$8
INDIAN HEALTH FACILITIES, HSA			$77
INDIAN HEALTH SERVICES-HLTH MGT & DEV, HSA		13.228	$203
LIMITATION ON SALARIES AND EXPENSES, SSA			$127
MEDICARE-HOSPITAL INSURANCE, HCFA		13.773	$518
MEDICARE-SUPP. MEDICAL INSURANCE, HCFA		13.774	$193
PREVENTIVE HEALTH SERVICES, CDC			$482
SOCIAL SECURITY-DISABILITY INSURANCE, SSA	12	13.807	$4,187
SOCIAL SECURITY-RETIREMENT INSURANCE, SSA	12	13.802	$12,045
SOCIAL SECURITY-SURVIVORS INSURANCE, SSA	12	13.805	$8,657
SPECIAL BENEFITS-DISABLED COAL MINERS, SSA	12	13.806	$28
SUPPLEMENTAL SECURITY INCOME, SSA	12	13.807	$1,393
TOTAL - OTHER FEDERAL FUNDS			$27,918
AGENCY TOTAL - FEDERAL FUNDS			$33,715
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
GRANT FUNDS			
COMM DEV BLOCK GRTS-ENTITLEMENT, CPD		14.218	$2,144
COMM DEV BLOCK GRTS-SMALL CITIES/DISC, CPD		14.219	$500
COMPREHENSIVE PLANNING ASSISTANCE, CPD	11	14.203	$402
PUBLIC HOUSING ASSISTANCE PROGRAM, H		14.146	$1,161
TOTAL - GRANT FUNDS			$4,206
OTHER FEDERAL FUNDS			
SECTION 8-LOWER INCOME HOUSING ASST PRG, H		14.156	$394
TOTAL - OTHER FEDERAL FUNDS			$394
AGENCY TOTAL - FEDERAL FUNDS			$4,600
INDIRECT FEDERAL SUPPORT *			
MOBILE HOME LOAN INSURANCE, H		14.110	($365)
MORTGAGE INSURANCE-HOMES, H		14.117	($9,527)
MORTGAGE INSURANCE-SERVICEMEN'S HOMES, H			($173)
MTGE INS-GRADUATED PAYMENT MORTGAGE PRG, H		14.139	($1,015)
MTGE INS-LOW/MODERATE INCOME FAM HOMES, H		14.120	($162)
PROPERTY IMPROVEMENT LOAN INSURANCE, H		14.142	($1,820)
DEPARTMENT OF THE INTERIOR			
GRANT FUNDS			
ANADROMOUS FISH CONSERVATION, FWS	1	15.600	$5
HISTORIC PRESERVATION GRANTS-IN-AID, NCRS		15.904	$732

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[Dollar amounts in thousands]

	PROBATION CODE	CFDA NO.	FY 1980 FUNDS
ALASKA—Con.			
INDIAN EMPLOYMENT ASSISTANCE, BIA		15 108	$2,713
INDIAN HOUSING ASSISTANCE, BIA		15 141	$208
OUTDOOR RECREATION-AQUIST, DEV & PLG, HCRS		15 400	$782
PAYMENTS-STATES & CNT-SALE OF MAT RES, BLM	16		$364
YOUNG ADULT CONS CORPS-GRTS TO STATE, O/S	16	10 663	$1,363
YOUTH CONSERVATION CORPS, FS	16		$189
TOTAL - GRANT FUNDS			$6,357
OTHER FEDERAL FUNDS			
ACQUISITION, CONSTRUCT. & MAINTENANCE, BLM	6		$668
ANIMAL DAMAGE CONTROL, FWS	7	15 601	$8
CONSOLIDATED WORKING FUND, BIA			$269
CONSOLIDATED WORKING FUND, FWS	7		$527
CONSTRUCTION AND ANADROMOUS FISH	7		$1,444
CONSTRUCTION, NATIONAL PARK SERVICE	16		$693
DEPARTMENTAL MANAGEMENT, O/S, INTERIOR			$1,006
ENVIRONMENTAL CONTAMINANT EVALUATION, FWS	7	15 607	$100
EXPL OF NAT'L PETRO RESERVE IN ALASKA, GS	9		$159,627
FISH RESTORATION (DJ), FWS	7	15 605	$38
FISHERY RESEARCH INFORMATION, FWS	7	15 604	$30
FOREST MANAGE, PROTECTION, AND UTILIZATION	6		$118
GENERAL INVESTIGATIONS, WPRS	16		$21
GEOL, MIN & WTR RES INVEST & TOPO MAP, GS	9		$6,885
INDIAN SOCIAL SERVICES-CHILD WELFARE, BIA		15 103	$57
INDIAN SOCIAL SERVICES-GENERAL ASST., BIA		15 112	$4,359
LAND AND WATER CONSERVATION FUND, HCRS	10		$32
MANAGEMENT OF LANDS AND RESOURCES	6		$23,882
MIGRATORY BIRD CONSERVATION ACCOUNT	7		$449
MINES AND MINERALS			$20
OPERATION AND MAINTENANCE, APA	7		$9
OPERATION OF INDIAN PROGRAMS, BIA			$4,174
OPERATION OF THE NATIONAL PARK SYSTEM	16		$3,157
RECREATION DEV & OPER-RECREATION FAC, BLM	6		$1
RESOURCE MANAGEMENT, FWS	7		$5,821
S & E, OFFICE OF THE SOLICITOR, INTERIOR			$453
SPORT FISH TECHNICAL ASSISTANCE, FWS	7	15 608	$2
SVC CHARGES, DEPOSITS AND FORFEITURES, BLM	6		$1,385
WILDLIFE RESEARCH INFORMATION, FWS	7	15 610	$95
WILDLIFE RESTORATION, FWS	7	15 611	$88
WILDLIFE TECHNICAL ASSISTANCE, FWS	7	15 609	$7
WORKING CAPITAL FUND, BLM	6		**
WORKING CAPITAL FUND, O/S, INTERIOR			$7,906
YOUTH CONSERVATION CORPS, FS	16		$72
TOTAL - OTHER FEDERAL FUNDS			$223,404
AGENCY TOTAL - FEDERAL FUNDS			$229,761
DEPARTMENT OF JUSTICE			
OTHER FEDERAL FUNDS			
FEES AND EXPENSES OF WITNESSES	7		$73
S & E, DRUG ENFORCEMENT ADMINISTRATION	19		$249
S & E, IMMIGRATION AND NATURALIZATION SVC	19		$914
S & E, UNITED STATES ATTORNEYS & MARSHALS	7		$1,187
SUPPORT OF UNITED STATES PRISONERS	7		$138
TOTAL - OTHER FEDERAL FUNDS			$2,561
AGENCY TOTAL - FEDERAL FUNDS			$2,561
DEPARTMENT OF LABOR			
GRANT FUNDS			
COMPREHENSIVE EMPL. & TRNG. PROGRAMS, ETA	5	17 232	$8,726
EMPLOYMENT SERVICES (CETA-UMI), ETA	5	17 207	$3,139
INDIAN EMPLOYMENT & TRAINING PROGRAM, ETA	5	17 234	$3,092
JOB CORPS, ETA	5	17 211	$255
SUMMER YOUTH EMPLOYMENT PROGRAMS, ETA	5	17 233	$558
UNEMPLOYMENT INSURANCE, ETA		17 225	$4,796
YOUTH COMMUNITY CONSERVATION & IMPROV, ETA	5	17 232	$308
YOUTH EMPLOYMENT & TRAINING PROGRAMS, ETA	5	17 232	$856
TOTAL - GRANT FUNDS			$21,730
OTHER FEDERAL FUNDS			
COAL MINE WORKERS' COMP (BLACK LUNG), ESA	9	17 307	$49
FED UNEMPLOYMENT BENEFITS & ALLOWANCES, ETA		17 225	$2,658
FEDERAL EMPLOYEES' COMPENSATION, ESA	9		$2,879
S & E, OCCUPATIONAL SAFETY & HEALTH ADMIN			$261
SPECIAL UNEMPLOYMENT ASSISTANCE, ETA		17 225	$746
TRADE ADJUSTMENT ASSISTANCE, ETA		17 600	$3
TOTAL - OTHER FEDERAL FUNDS			$6,597
AGENCY TOTAL - FEDERAL FUNDS			$28,327
DEPARTMENT OF TRANSPORTATION			
GRANT FUNDS			
ABATEMENT, CONTROL, AND COMPLIANCE, EPA			$50
AIRPORT PLANNING GRANT PROGRAM, FAA		20 103	$12,375
CAPITAL IMPROVEMENT GRANTS, UMTA		20 509	$1,678
FORMULA GRANTS PROGRAM, UMTA		20 507	$634
HIGHWAY PLANNING AND CONSTRUCTION, FHWA		20 205	$26,397
HIGHWAY RELATED SAFETY GRANTS, FHWA			$139
RAIL SERVICE ASSISTANCE, FRA			$100
STATE AND COMMUNITY HIGHWAY SAFETY, NHTSA		20 600	$965
TECHNICAL STUDIES PROGRAM, UMTA		20 505	$40
TOTAL - GRANT FUNDS			$42,378
OTHER FEDERAL FUNDS			
ACQUISITION, CONSTRUCTION & IMPROVE., CG			$292
ALASKA RAILROAD REVOLVING FUND, FRA			$35,827
COAST GUARD SUPPLY FUND			$87
FACILITIES AND EQUIPMENT, A/A TRUST FUND			$674
HIGHWAY PLANNING AND CONSTRUCTION, FHWA		20 205	$500
OPERATING EXPENSES, CG			$2,097
OPERATIONS, FAA			$36,502
POLLUTION FUND, CG			$431
RAILROAD RESEARCH AND DEVELOPMENT, FRA			$135
RESEARCH, ENGINEERING & DEV-A/A TRUST FUND			$7
RETIRED PAY, CG			$76
TOTAL - OTHER FEDERAL FUNDS			$76,629
AGENCY TOTAL - FEDERAL FUNDS			$119,007
DEPARTMENT OF THE TREASURY			
GRANT FUNDS			
STATE AND LOCAL GOV FISCAL ASST TRUST FUND			$6,727
TOTAL - GRANT FUNDS			$6,727
OTHER FEDERAL FUNDS			
ADMINISTERING THE PUBLIC DEBT	19		$48
CLAIMS, JUDGMENTS, AND RELIEF ACTS			$236
EXAMINATIONS AND APPEALS, IRS	19		$2,992
INVESTIGATIONS AND COLLECTIONS, IRS	19		$1,764
REFUNDING INTERNAL REVENUE COLLECTIONS-INT	19		$1,823
S & E, (CENTRAL FISCAL OPERATIONS), BGFO			$128
S & E, BUREAU ALCOHOL, TOBACCO & FIREARMS	16		$186
S & E, UNITED STATES CUSTOMS SERVICE			$1,297
S & E, UNITED STATES SECRET SERVICE	15		$87
TAXPAYER SERVICE AND RETURNS PROCESSING	19		$692
TOTAL - OTHER FEDERAL FUNDS			$9,252
AGENCY TOTAL - FEDERAL FUNDS			$15,979
INDIRECT FEDERAL SUPPORT *			
INTEREST ON THE PUBLIC DEBT	10		($14,371)
ACTION			
GRANT FUNDS			
FOSTER GRANDPARENTS PROGRAM		72 001	$183
RETIRED SENIOR VOLUNTEER PROGRAM		72 002	$35
SENIOR COMPANION PROGRAM		72 008	$50
SPECIAL VOLUNTEER PROGRAMS		72 012	$47
VOLUNTEERS IN SERVICE TO AMERICA		72 003	$452
TOTAL - GRANT FUNDS			$767
OTHER FEDERAL FUNDS			
OPERATING EXPENSES, DOMESTIC PROGRAMS			$105
OPERATING EXPENSES, INTERNATIONAL PROGRAMS			**
TOTAL - OTHER FEDERAL FUNDS			$106
AGENCY TOTAL - FEDERAL FUNDS			$873
CIVIL AERONAUTICS BOARD			
OTHER FEDERAL FUNDS			
S & E, CIVIL AERONAUTICS BOARD			$75
TOTAL - OTHER FEDERAL FUNDS			$75
AGENCY TOTAL - FEDERAL FUNDS			$75
COMMUNITY SERVICES ADMINISTRATION			
GRANT FUNDS			
COMMUNITY ACTION		49 002	$976
COMMUNITY FOOD AND NUTRITION		49 005	$180
EMERGENCY ENERGY CONSERVATION SERVICES		49 014	$256
OLDER PERSONS OPPORTUNITIES AND SERVICES		49 810	$61
SUMMER YOUTH RECREATION		49 013	$13
TOTAL - GRANT FUNDS			$1,486
OTHER FEDERAL FUNDS			
RURAL DEVELOPMENT LOAN FUND		49 013	$1,000
TOTAL - OTHER FEDERAL FUNDS			$1,000
AGENCY TOTAL - FEDERAL FUNDS			$2,486
ENVIRONMENTAL PROTECTION AGENCY			
GRANT FUNDS			
AIR POLLUTION CONTROL PROGRAM GRANTS, AMR		66 001	$137
AREAWIDE WASTE TREAT MGT PLAN GRANTS, WWM		66 426	$525
CONSOLIDATED GRANTS-PROGRAM SUPPORT, OPM		66 600	$1,134
CONST GRTS FOR WASTEWATER TREAT WORKS, WWM		66 418	$482
PUBLIC WATER SYSTEM SUPV-STATE PRG GT, WWM		66 433	$635
WATER POLL CON-STATE & LOCAL MANP DEV, WWM		66 419	$10
TOTAL - GRANT FUNDS			$2,922
AGENCY TOTAL - FEDERAL FUNDS			$2,922
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION			
GRANT FUNDS			
FAIR EMPLOYMENT PRACTICES GRANTS	6	30 002	$63
TOTAL - GRANT FUNDS			$63
AGENCY TOTAL - FEDERAL FUNDS			$63

FEDERAL INFORMATION EXCHANGE SYSTEM
COUNTY SUMMARIES - AGENCY OPERATIONS

[Dollar amounts in thousands]

	PROGRAM CODE	CFDA NO.	FY 1980 FUNDS
ALASKA—Con.			
FEDERAL COMMUNICATIONS COMMISSION			
OTHER FEDERAL FUNDS			
PERSONAL SERVICES			$329
TOTAL - OTHER FEDERAL FUNDS			$329
AGENCY TOTAL - FEDERAL FUNDS			$329
FEDERAL MEDIATION AND CONCILIATION SERVICE			
OTHER FEDERAL FUNDS			
S & E, FED. MEDIATION & CONCILIATION SVC			$74
TOTAL - OTHER FEDERAL FUNDS			$74
AGENCY TOTAL - FEDERAL FUNDS			$74
GENERAL SERVICES ADMINISTRATION			
GRANT FUNDS			
NATL HISTORIC PUBLICATIONS & RECORDS GRTS.		39.006	$6
TOTAL - GRANT FUNDS			$6
OTHER FEDERAL FUNDS			
FEDERAL BUILDINGS FUND			$4,512
FEDERAL TELECOMMUNICATIONS FUND			$3,546
GENERAL SUPPLY FUND, PERSONAL PROPERTY ACT			$1,229
OPER EXP, FEDERAL PROPERTY RESOURCES ACT.			$133
OPERATING EXPENSES, FEDERAL SUPPLY SERVICE			$258
TOTAL - OTHER FEDERAL FUNDS			$9,677
AGENCY TOTAL - FEDERAL FUNDS			$9,684
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			
OTHER FEDERAL FUNDS			
RESEARCH & DEV-SPACE SCIENCE, APPL & TECH			$88
TOTAL - OTHER FEDERAL FUNDS			$88
AGENCY TOTAL - FEDERAL FUNDS			$88
NATIONAL ENDOWMENT FOR THE ARTS			
GRANT FUNDS			
ARCHITECTURE, PLANNING AND DESIGN		45.001	$10
ARTIST IN SCHOOLS		45.003	$109
CHALLENGE GRANTS PROGRAMS		45.013	$45
DANCE PROGRAMS		45.007	$31
EXPANSION ARTS PROGRAMS		45.010	$10
FOLK ARTS PROGRAMS		45.015	$39
MUSIC PROGRAMS		45.005	$17
OPERA AND MUSICAL THEATRE PROGRAMS		45.014	$5
STATE PROGRAMS		45.007	$667
THEATRE PROGRAMS		45.009	$102
VISUAL ARTS PROGRAMS		45.009	$32
TOTAL - GRANT FUNDS			$1,068
AGENCY TOTAL - FEDERAL FUNDS			$1,068
INDIRECT FEDERAL SUPPORT *			
CHALLENGE GRANTS PROGRAMS		45.013	($45)
MUSIC PROGRAMS		45.005	($5)
THEATRE PROGRAMS		45.008	($30)
NATIONAL ENDOWMENT FOR THE HUMANITIES			
GRANT FUNDS			
DIVISION OF STATE PROGRAMS		45.129	$765
EDUCATION DEVELOPMENT		45.129	$70
RESEARCH MATERIALS/TRANSLATIONS		45.167	$30
TOTAL - GRANT FUNDS			$865
AGENCY TOTAL - FEDERAL FUNDS			$865
NATIONAL SCIENCE FOUNDATION			
GRANT FUNDS			
SCIENCE ED RES & DEV & RESOURCES IMPROVE		47.048	$25
SCIENTIFIC PERSONNEL IMPROVEMENT		47.009	$18
TOTAL - GRANT FUNDS			$44
AGENCY TOTAL - FEDERAL FUNDS			$44
OFFICE OF PERSONNEL MANAGEMENT			
OTHER FEDERAL FUNDS			
CIVIL SERVICE RETIREMENT & DISABILITY FUND	6		$16,505
REVOLVING FUND, OPM			$11
S & E, OFFICE OF PERSONNEL MANAGEMENT			$232
TOTAL - OTHER FEDERAL FUNDS			$16,747
AGENCY TOTAL - FEDERAL FUNDS			$16,747
POSTAL SERVICE			
OTHER FEDERAL FUNDS			
POSTAL SERVICE FUND	15		$24,513
TOTAL - OTHER FEDERAL FUNDS			$24,513
AGENCY TOTAL - FEDERAL FUNDS			$24,513
RAILROAD RETIREMENT BOARD			
OTHER FEDERAL FUNDS			
RAILROAD RETIREMENT ACCOUNT	21	57.001	$176
RAILROAD UNEMPLOYMENT INSURANCE ACCOUNT	21	57.001	$10
TOTAL - OTHER FEDERAL FUNDS			$186
AGENCY TOTAL - FEDERAL FUNDS			$186
SMALL BUSINESS ADMINISTRATION			
OTHER FEDERAL FUNDS			
DISPLACED BUSINESS LOANS		59.001	$80
ECONOMIC DISLOCATION LOANS		59.027	$100
ECONOMIC INJURY DISASTER LOANS		59.002	$12
PHYSICAL DISASTER LOANS		59.008	$1,756
S & E, SMALL BUSINESS ADMINISTRATION			$1,017
SMALL BUSINESS LOANS		59.012	$557
TOTAL - OTHER FEDERAL FUNDS			$3,522
AGENCY TOTAL - FEDERAL FUNDS			$3,522
INDIRECT FEDERAL SUPPORT *			
ECONOMIC OPPORTUNITY LOANS		59.003	($27)
SMALL BUSINESS LOANS		59.012	($11,336)
TENNESSEE VALLEY AUTHORITY			
OTHER FEDERAL FUNDS			
TENNESSEE VALLEY AUTHORITY FUND			**
TOTAL - OTHER FEDERAL FUNDS			**
AGENCY TOTAL - FEDERAL FUNDS			**
VETERANS ADMINISTRATION			
OTHER FEDERAL FUNDS			
AUTOS & SPECIAL EQUIPMENT, DISABLED VETS	13	64.100	$4
COMPENSATION TO DEPENDENTS, VETS S/C DEATH	13	64.102	$20
DEPENDENTS INDEMNITY COMPENSATION (DIC)	13	64.110	$413
SONS, DAUGHTERS, WIVES & WIDOWS EDUCATION	12	64.117	$69
VETERANS DEATH PENSION	13	64.105	$333
VETERANS DIRECT LOANS		64.113	$4
VETERANS DISABILITY COMPENSATION	13	64.109	$2,868
VETERANS DISABILITY PENSION	13	64.104	$369
VETERANS INSURANCE AND INDEMNITIES	13	64.103	$700
VETERANS READJUSTMENT TRAINING	12	64.111	$1,830
VETS BURIAL AWARDS & OTHER MISC BENEF PMT	12	64.101	$73
VOCATIONAL REHAB. TRNG. FOR DISABLED VETS	12	64.116	$29
TOTAL - OTHER FEDERAL FUNDS			$6,712
AGENCY TOTAL - FEDERAL FUNDS			$6,712
INDIRECT FEDERAL SUPPORT *			
MOBILE HOME LOANS		64.119	($97)
VETERANS GUARANTEED AND INSURED LOANS		64.118	($55,654)
COUNTY TOTAL - GRANT FUNDS			$113,466
COUNTY TOTAL - OTHER FEDERAL FUNDS			$888,629
COUNTY TOTAL - FEDERAL FUNDS			$1,002,095

COUNTY-BETHEL

DEPARTMENT OF AGRICULTURE			
GRANT FUNDS			
CHILD CARE FOOD PROGRAM, FNS	10	10.558	$23
EQUIP ASST PROG-SCHOOL FOOD SVC PROG, FNS	10	10.554	$17
FOOD STAMP BONUS COUPONS, FNS	10	10.551	$1,712
NATIONAL SCHOOL LUNCH PROGRAM-CASH, FNS	10	10.555	$355
SCHOOL BREAKFAST PROGRAM, FNS	10	10.553	$23
SPECIAL MILK PROGRAM FOR CHILDREN, FNS	10	10.556	$1
TOTAL - GRANT FUNDS			$2,129
OTHER FEDERAL FUNDS			
WORKING CAPITAL FUND, FS	10		$45
TOTAL - OTHER FEDERAL FUNDS			$45
AGENCY TOTAL - FEDERAL FUNDS			$2,175
INDIRECT FEDERAL SUPPORT *			
DONATION OF COMM. TO SCHOOL LUNCH, FNS	10	10.550	($10)
FOOD DISTRIBUTION TO INSTITUTIONS, FNS	10	10.550	($4)
FOOD DISTRIBUTION TO SCHOOLS, FNS	10	10.550	($164)
DEPARTMENT OF COMMERCE			
GRANT FUNDS			
ECON DEV-PUBLIC WORKS IMPACT PROJECTS, EDA		11.304	$400
ECON DEV-SUPPORT FOR PLANNING ORGS, EDA		11.302	$55
TOTAL - GRANT FUNDS			$455
OTHER FEDERAL FUNDS			
CONSOLIDATED WORKING FUND, NOAA	7		$14
OPERATIONS, RESEARCH, AND FACILITIES, NOAA	7		$141
PERIODIC CENSUSES			$14
WEATHER & RIVER FORECASTS & WARNINGS, NWS	7		$67
TOTAL - OTHER FEDERAL FUNDS			$237
AGENCY TOTAL - FEDERAL FUNDS			$692
DEPARTMENT OF DEFENSE			
OTHER FEDERAL FUNDS			
CIVILIAN PAY	15		$150
MILITARY ACTIVE DUTY PAY	15		$763
MILITARY PRIME SERVICE CONTRACTS	1		$17
MILITARY RESERVE AND NATIONAL GUARD PAY	15		$2,121
MILITARY RETIRED PAY	15		$15
TOTAL - OTHER FEDERAL FUNDS			$3,066
AGENCY TOTAL - FEDERAL FUNDS			$3,066

FEDERAL INFORMATION EXCHANGE SYSTEM
COUNTY SUMMARIES - AGENCY OPERATIONS

[Dollar amounts in thousands]

	PROGRAM CODE	CFDA NO.	FY 1980 FUNDS
ALASKA—Con.			
DEPARTMENT OF EDUCATION			
GRANT FUNDS			
COLLEGE LIBRARY RESOURCES	.....	84.001..	$2
EDUC DEPRIVED CHILDREN-LEA'S	.....	84.010..	$998
INDIAN ED-GRANTS TO LOCAL EDUCATIONAL AGCY	.....	84.060..	$90
INSTITUTE OF MUSEUM SERVICES	.....	84.111..	$20
SAFA-MAINTENANCE AND OPERATION	.....	84.041..	$3,973
TOTAL - GRANT FUNDS			$5,083
AGENCY TOTAL - FEDERAL FUNDS			$5,083
DEPARTMENT OF ENERGY			
GRANT FUNDS			
MULTI-PROGRAMS-CONSERV & SOLAR APPLICATION	7	.....	$3
STATE & LOCAL-CONSERV & SOLAR APPLICATION	7	81.052..	$3
TOTAL - GRANT FUNDS			$6
AGENCY TOTAL - FEDERAL FUNDS			$6
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
GRANT FUNDS			
CHILD DEVELOPMENT-HEAD START, OS	.....	13.600..	$269
FAMILY PLANNING PROJECTS, HSA	.....	13.217..	$74
NATIVE AMERICAN PROGRAMS, OS	.....	13.612..	$70
TOTAL - GRANT FUNDS			$412
OTHER FEDERAL FUNDS			
INDIAN HEALTH FACILITIES, HSA	.....	.....	$5,912
MEDICARE-HOSPITAL INSURANCE, HCFA	.....	13.773..	$315
MEDICARE-SUPP. MEDICAL INSURANCE, HCFA	.....	13.774..	$108
SOCIAL SECURITY-DISABILITY INSURANCE, SSA	12	13.807..	$97
SOCIAL SECURITY-RETIREMENT INSURANCE, SSA	12	13.802..	$361
SOCIAL SECURITY-SURVIVORS INSURANCE, SSA	12	13.805..	$530
SUPPLEMENTAL SECURITY INCOME, SSA	12	13.807..	$685
TOTAL - OTHER FEDERAL FUNDS			$8,007
AGENCY TOTAL - FEDERAL FUNDS			$8,420
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
GRANT FUNDS			
COMM DEV BLOCK GRTS-SMALL CITIES/DISC. CPD	.....	14.219..	$637
TOTAL - GRANT FUNDS			$637
AGENCY TOTAL - FEDERAL FUNDS			$637
INDIRECT FEDERAL SUPPORT *			
MOBILE HOME LOAN INSURANCE, H	.....	14.110..	($72)
PROPERTY IMPROVEMENT LOAN INSURANCE, H	.....	14.142..	($12)
DEPARTMENT OF THE INTERIOR			
GRANT FUNDS			
INDIAN EMPLOYMENT ASSISTANCE, BIA	.....	15.118..	$375
INDIAN HOUSING ASSISTANCE, BIA	.....	15.141..	$535
TOTAL - GRANT FUNDS			$910
OTHER FEDERAL FUNDS			
CONSOLIDATED WORKING FUND, BIA	.....	.....	$1,116
CONSTRUCTION, BUREAU OF INDIAN AFFAIRS	.....	.....	$26
INDIAN SOCIAL SERVICES-CHILD WELFARE, BIA	.....	15.103..	$66
INDIAN SOCIAL SERVICES-GENERAL ASST., BIA	.....	15.113..	$994
OPERATION OF INDIAN PROGRAMS, BIA	.....	.....	$11,471
RESOURCE MANAGEMENT, FWS	7	.....	$419
WILDLIFE TECHNICAL ASSISTANCE, FWS	7	15.609..	$3
WORKING CAPITAL FUND, O/S, INTERIOR	.....	.....	$105
TOTAL - OTHER FEDERAL FUNDS			$14,199
AGENCY TOTAL - FEDERAL FUNDS			$15,110
DEPARTMENT OF LABOR			
GRANT FUNDS			
COMPREHENSIVE EMPL. & TRNG. PROGRAMS, ETA	5	17.232..	$1,746
INDIAN EMPLOYMENT & TRAINING PROGRAM, ETA	5	17.234..	$2,580
SUMMER YOUTH EMPLOYMENT PROGRAMS, ETA	5	17.233..	$264
YOUTH COMMUNITY CONSERVATION & IMPROV, ETA	5	17.237..	$74
YOUTH EMPLOYMENT & TRAINING PROGRAMS, ETA	5	17.232..	$380
TOTAL - GRANT FUNDS			$5,044
OTHER FEDERAL FUNDS			
FED UNEMPLOYMENT BENEFITS & ALLOWANCES, ETA	.....	17.225..	$159
SPECIAL UNEMPLOYMENT ASSISTANCE, ETA	.....	17.225..	$45
TRADE ADJUSTMENT ASSISTANCE, ETA	.....	17.600..	**
TOTAL - OTHER FEDERAL FUNDS			$204
AGENCY TOTAL - FEDERAL FUNDS			$5,248
DEPARTMENT OF TRANSPORTATION			
GRANT FUNDS			
AIRPORT DEVELOPMENT AID PROGRAM, FAA	.....	20.102..	$1,298
HIGHWAY PLANNING AND CONSTRUCTION, FHWA	.....	20.205..	$33
TOTAL - GRANT FUNDS			$1,332
OTHER FEDERAL FUNDS			
FACILITIES AND EQUIPMENT, A/A TRUST FUND	.....	.....	$239
OPERATING EXPENSES, CG	.....	.....	$36
OPERATIONS, FAA	.....	.....	$1,925
TOTAL - OTHER FEDERAL FUNDS			$2,199
AGENCY TOTAL - FEDERAL FUNDS			$3,531
DEPARTMENT OF THE TREASURY			
GRANT FUNDS			
STATE AND LOCAL GOV FISCAL ASST TRUST FUND	.....	.....	$328
TOTAL - GRANT FUNDS			$328
OTHER FEDERAL FUNDS			
ADMINISTERING THE PUBLIC DEBT	10	.....	$1
TOTAL - OTHER FEDERAL FUNDS			$1
AGENCY TOTAL - FEDERAL FUNDS			$328
INDIRECT FEDERAL SUPPORT *			
INTEREST ON THE PUBLIC DEBT	10	.....	($1,177)
GENERAL SERVICES ADMINISTRATION			
OTHER FEDERAL FUNDS			
FEDERAL BUILDINGS FUND	.....	.....	$32
TOTAL - OTHER FEDERAL FUNDS			$32
AGENCY TOTAL - FEDERAL FUNDS			$32
OFFICE OF PERSONNEL MANAGEMENT			
OTHER FEDERAL FUNDS			
CIVIL SERVICE RETIREMENT & DISABILITY FUND	8	.....	$758
TOTAL - OTHER FEDERAL FUNDS			$758
AGENCY TOTAL - FEDERAL FUNDS			$758
POSTAL SERVICE			
OTHER FEDERAL FUNDS			
POSTAL SERVICE FUND	10	.....	$2,148
TOTAL - OTHER FEDERAL FUNDS			$2,148
AGENCY TOTAL - FEDERAL FUNDS			$2,148
SMALL BUSINESS ADMINISTRATION			
OTHER FEDERAL FUNDS			
ECONOMIC OPPORTUNITY LOANS	.....	59.002..	$28
PHYSICAL DISASTER LOANS	.....	59.008..	$741
TOTAL - OTHER FEDERAL FUNDS			$769
AGENCY TOTAL - FEDERAL FUNDS			$769
VETERANS ADMINISTRATION			
OTHER FEDERAL FUNDS			
AUTOS & SPECIAL EQUIPMENT, DISABLED VETS	12	64.100..	**
COMPENSATION TO DEPENDENTS, VETS S/C DEATH	12	64.102..	$1
DEPENDENTS INDEMNITY COMPENSATION (DIC)	12	64.110..	$13
SONS, DAUGHTERS, WIVES & WIDOWS EDUCATION	12	64.117..	$2
VETERANS DEATH PENSION	12	64.105..	$11
VETERANS DISABILITY COMPENSATION	12	64.109..	$92
VETERANS DISABILITY PENSION	12	64.104..	$12
VETERANS INSURANCE AND INDEMNITIES	12	64.103..	$23
VETERANS READJUSTMENT TRAINING	12	64.111..	$59
VETS BURIAL AWARDS & OTHER MISC BENEF PMT	12	64.101..	$2
VOCATIONAL REHAB. TRNG. FOR DISABLED VETS	12	64.116..	$1
TOTAL - OTHER FEDERAL FUNDS			$216
AGENCY TOTAL - FEDERAL FUNDS			$216
COUNTY TOTAL - GRANT FUNDS			$16,337
COUNTY TOTAL - OTHER FEDERAL FUNDS			$31,882
COUNTY TOTAL - FEDERAL FUNDS			$48,219

COUNTY-BRISTOL BAY

DEPARTMENT OF AGRICULTURE			
GRANT FUNDS			
NATIONAL SCHOOL LUNCH PROGRAM-CASH, FNS	10	10.555	$39
TOTAL - GRANT FUNDS			$39
AGENCY TOTAL - FEDERAL FUNDS			$39
INDIRECT FEDERAL SUPPORT *			
DONATION OF COMM. TO SCHOOL LUNCH, FNS	10	10.550	($1)
FOOD DISTRIBUTION TO SCHOOLS, FNS	10	10.550	($21)
RURAL ELECTRIC LOANS & LN. GUARANTEES, REA	1	10.850	($859)
DEPARTMENT OF COMMERCE			
OTHER FEDERAL FUNDS			
CONSOLIDATED WORKING FUND, NOAA	7	.....	$8
OPERATIONS, RESEARCH, AND FACILITIES, NOAA	7	.....	$112
WEATHER & RIVER FORECASTS & WARNINGS, NWS	7	.....	$43
TOTAL - OTHER FEDERAL FUNDS			$164
AGENCY TOTAL - FEDERAL FUNDS			$164
DEPARTMENT OF DEFENSE			
OTHER FEDERAL FUNDS			
CIVILIAN PAY	15		$448
MILITARY ACTIVE DUTY PAY	15		$5,604

FEDERAL INFORMATION EXCHANGE SYSTEM
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[Dollar amounts in thousands]

	PRORATION CODE	CFDA NO.	FY 1980 FUNDS
ALASKA—Con.			
MILITARY PRIME CONSTRUCTION CONTRACTS	5	.....	$419
MILITARY PRIME SERVICE CONTRACTS	5	.....	$610
MILITARY RESERVE AND NATIONAL GUARD PAY	15	.....	$6
MILITARY RETIRED PAY	12	.....	$59
TOTAL - OTHER FEDERAL FUNDS			$6,946
AGENCY TOTAL - FEDERAL FUNDS			$6,946
DEPARTMENT OF EDUCATION			
GRANT FUNDS			
EDUC DEPRIVED CHILDREN-LEA'S	.....	84.010	$22
INDIAN ED-GRANTS TO LOCAL EDUCATIONAL AGCY	.....	84.060	$38
SAFA-MAINTENANCE AND OPERATION	.....	84.041	$195
TOTAL - GRANT FUNDS			$254
AGENCY TOTAL - FEDERAL FUNDS			$254
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
OTHER FEDERAL FUNDS			
MEDICARE-HOSPITAL INSURANCE, HCFA	.....	13.773	$190
MEDICARE-SUPP. MEDICAL INSURANCE, HCFA	.....	13.774	$93
SOCIAL SECURITY-DISABILITY INSURANCE, SSA	12	13.802	$42
SOCIAL SECURITY-RETIREMENT INSURANCE, SSA	12	13.803	$207
SOCIAL SECURITY-SURVIVORS INSURANCE, SSA	12	13.805	$126
SPECIAL BENEFITS-DISABLED COAL MINERS, SSA	12	13.806	$6
SUPPLEMENTAL SECURITY INCOME, SSA	12	13.807	$17
TOTAL - OTHER FEDERAL FUNDS			$681
AGENCY TOTAL - FEDERAL FUNDS			$681
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
INDIRECT FEDERAL SUPPORT *			
MOBILE HOME LOAN INSURANCE, H	.....	14.110	($461)
DEPARTMENT OF THE INTERIOR			
GRANT FUNDS			
PAYMENT IN LIEU OF TAXES, BLM	.....	.....	$64
TOTAL - GRANT FUNDS			$64
OTHER FEDERAL FUNDS			
WORKING CAPITAL FUND, O/S, INTERIOR	.....	.....	$19
TOTAL - OTHER FEDERAL FUNDS			$19
AGENCY TOTAL - FEDERAL FUNDS			$83
DEPARTMENT OF LABOR			
GRANT FUNDS			
EMPLOYMENT SERVICES (CETA-LAU), ETA	.....	17.207	$52
TOTAL - GRANT FUNDS			$52
OTHER FEDERAL FUNDS			
FED UNEMPLOYMENT BENEFITS & ALLOWNCES, ETA	.....	17.225	$24
SPECIAL UNEMPLOYMENT ASSISTANCE, ETA	.....	17.225	$7
TRADE ADJUSTMENT ASSISTANCE, ETA	.....	17.400	**
TOTAL - OTHER FEDERAL FUNDS			$31
AGENCY TOTAL - FEDERAL FUNDS			$83
DEPARTMENT OF TRANSPORTATION			
GRANT FUNDS			
AIRPORT PLANNING GRANT PROGRAM, FAA	.....	20.103	$255
TOTAL - GRANT FUNDS			$255
OTHER FEDERAL FUNDS			
FACILITIES AND EQUIPMENT, A/A TRUST FUND	.....	.....	$5
OPERATIONS, FAA	.....	.....	$2,183
TOTAL - OTHER FEDERAL FUNDS			$2,188
AGENCY TOTAL - FEDERAL FUNDS			$2,443
DEPARTMENT OF THE TREASURY			
GRANT FUNDS			
STATE AND LOCAL GOV FISCAL ASST TRUST FUND	.....	.....	$62
TOTAL - GRANT FUNDS			$62
AGENCY TOTAL - FEDERAL FUNDS			$62
INDIRECT FEDERAL SUPPORT *			
INTEREST ON THE PUBLIC DEBT	10	.....	($104)
OFFICE OF PERSONNEL MANAGEMENT			
OTHER FEDERAL FUNDS			
CIVIL SERVICE RETIREMENT & DISABILITY FUND	8	.....	$99
TOTAL - OTHER FEDERAL FUNDS			$99
AGENCY TOTAL - FEDERAL FUNDS			$99
POSTAL SERVICE			
OTHER FEDERAL FUNDS			
POSTAL SERVICE FUND	11	.....	$296
TOTAL - OTHER FEDERAL FUNDS			$296
AGENCY TOTAL - FEDERAL FUNDS			$296
VETERANS ADMINISTRATION			
OTHER FEDERAL FUNDS			
AUTOS & SPECIAL EQUIPMENT, DISABLED VETS	13	64.100	**
COMPENSATION TO DEPENDENTS, VETS S/C DEATH	13	64.102	**
DEPENDENTS INDEMNITY COMPENSATION (DIC)	13	64.110	$3
SONS, DAUGHTERS, WIVES & WIDOWS EDUCATION	13	64.117	$1
VETERANS DEATH PENSION	13	64.105	$3
VETERANS DISABILITY COMPENSATION	13	64.109	$22
VETERANS DISABILITY PENSION	13	64.104	$3
VETERANS INSURANCE AND INDEMNITIES	13	64.103	$5
VETERANS READJUSTMENT TRAINING	13	64.111	$14
VETS BURIAL AWARDS & OTHER MISC BENEF PMT	13	64.101	$1
VOCATIONAL REHAB. TRNG. FOR DISABLED VETS	13	64.116	**
TOTAL - OTHER FEDERAL FUNDS			$51
AGENCY TOTAL - FEDERAL FUNDS			$51
COUNTY TOTAL - GRANT FUNDS			$727
COUNTY TOTAL - OTHER FEDERAL FUNDS			$10,474
COUNTY TOTAL - FEDERAL FUNDS			$11,201

COUNTY-DILLINGHAM

DEPARTMENT OF AGRICULTURE			
GRANT FUNDS			
FOOD STAMP BONUS COUPONS, FNS	1	10.551	$209
NATIONAL SCHOOL LUNCH PROGRAM-CASH, FNS	16	10.555	$60
TOTAL - GRANT FUNDS			$269
OTHER FEDERAL FUNDS			
WORKING CAPITAL FUND, FS	18	.....	$14
TOTAL - OTHER FEDERAL FUNDS			$14
AGENCY TOTAL - FEDERAL FUNDS			$284
INDIRECT FEDERAL SUPPORT *			
DONATION OF COMM. TO SCHOOL LUNCH, FNS	16	10.550	($1)
FOOD DISTRIBUTION TO SCHOOLS, FNS	16	10.550	($14)
DEPARTMENT OF COMMERCE			
GRANT FUNDS			
ECON DEV-GRANTS & LOANS-PUBLIC WORKS, EDA	.....	11.300	$150
ECON DEV-SUPPORT FOR PLANNING ORGS, EDA	.....	11.302	$12
TOTAL - GRANT FUNDS			$162
OTHER FEDERAL FUNDS			
PERIODIC CENSUSES	.....	.....	$13
TOTAL - OTHER FEDERAL FUNDS			$13
AGENCY TOTAL - FEDERAL FUNDS			$175
DEPARTMENT OF DEFENSE			
OTHER FEDERAL FUNDS			
CIVILIAN PAY	15	.....	$139
MILITARY PRIME SERVICE CONTRACTS	5	.....	$13
MILITARY RETIRED PAY	12	.....	$37
TOTAL - OTHER FEDERAL FUNDS			$189
AGENCY TOTAL - FEDERAL FUNDS			$189
DEPARTMENT OF EDUCATION			
GRANT FUNDS			
EDUC DEPRIVED CHILDREN-LEA'S	.....	84.010	$194
INDIAN ED-GRANTS TO LOCAL EDUCATIONAL AGCY	.....	84.060	$246
SAFA-MAINTENANCE AND OPERATION	.....	84.041	$2,644
TOTAL - GRANT FUNDS			$3,084
AGENCY TOTAL - FEDERAL FUNDS			$3,084
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
GRANT FUNDS			
NATIVE AMERICAN PROGRAMS, OS	.....	13.612	$70
TOTAL - GRANT FUNDS			$70
OTHER FEDERAL FUNDS			
INDIAN HEALTH FACILITIES, HSA	.....	.....	$436
INDIAN HEALTH SERVICES, HSA	.....	.....	$1,330
MEDICARE-HOSPITAL INSURANCE, HCFA	.....	13.773	$338
MEDICARE-SUPP. MEDICAL INSURANCE, HCFA	.....	13.774	$128
SOCIAL SECURITY-DISABILITY INSURANCE, SSA	12	13.802	$51
SOCIAL SECURITY-RETIREMENT INSURANCE, SSA	12	13.803	$334
SOCIAL SECURITY-SURVIVORS INSURANCE, SSA	12	13.805	$388
SUPPLEMENTAL SECURITY INCOME, SSA	12	13.807	$129
TOTAL - OTHER FEDERAL FUNDS			$3,134
AGENCY TOTAL - FEDERAL FUNDS			$3,204
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
GRANT FUNDS			
COMM DEV BLOCK GRTS-SMALL CITIES/DISC. CPD	.....	14.219	$119
TOTAL - GRANT FUNDS			$119
AGENCY TOTAL - FEDERAL FUNDS			$119
DEPARTMENT OF THE INTERIOR			
OTHER FEDERAL FUNDS			
WORKING CAPITAL FUND, O/S, INTERIOR	.....	.....	$1
TOTAL - OTHER FEDERAL FUNDS			$1
AGENCY TOTAL - FEDERAL FUNDS			$1

FEDERAL INFORMATION EXCHANGE SYSTEM
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[Dollar amounts in thousands]

	PROGRAM CODE	CFDA NO.	FY 1980 FUNDS
ALASKA—Con.			
DEPARTMENT OF LABOR			
GRANT FUNDS			
COMPREHENSIVE EMPL. & TRNG. PROGRAMS, ETA	5	17.23*	$-.1
INDIAN EMPLOYMENT & TRAINING PROGRAM, ETA	5	17.254	$545
SUMMER YOUTH EMPLOYMENT PROGRAMS, ETA	5	17.233	$75
YOUTH COMMUNITY CONSERVATION & IMPROV, ETA	5	17.233	$18
YOUTH EMPLOYMENT & TRAINING PROGRAMS, ETA	5	17.232	$92
TOTAL - GRANT FUNDS			$1,211
OTHER FEDERAL FUNDS			
FED UNEMPLOYMENT BENEFITS & ALLOWNCES, ETA		17.225	$73
SPECIAL UNEMPLOYMENT ASSISTANCE, ETA		17.225	$21
TRADE ADJUSTMENT ASSISTANCE, ETA		17.600	**
TOTAL - OTHER FEDERAL FUNDS			$94
AGENCY TOTAL - FEDERAL FUNDS			$1,305
DEPARTMENT OF TRANSPORTATION			
GRANT FUNDS			
AIRPORT DEVELOPMENT AID PROGRAM, FAA		20.102	$1,285
HIGHWAY PLANNING AND CONSTRUCTION, FHWA		20.205	$392
TOTAL - GRANT FUNDS			$1,677
OTHER FEDERAL FUNDS			
FACILITIES AND EQUIPMENT, A/A TRUST FUND			$148
OPERATIONS, FAA			$191
TOTAL - OTHER FEDERAL FUNDS			$339
AGENCY TOTAL - FEDERAL FUNDS			$2,016
DEPARTMENT OF THE TREASURY			
GRANT FUNDS			
STATE AND LOCAL GOV FISCAL ASST TRUST FUND			$112
TOTAL - GRANT FUNDS			$112
AGENCY TOTAL - FEDERAL FUNDS			$112
INDIRECT FEDERAL SUPPORT *			
INTEREST ON THE PUBLIC DEBT	10		($346)
OFFICE OF PERSONNEL MANAGEMENT			
OTHER FEDERAL FUNDS			
CIVIL SERVICE RETIREMENT & DISABILITY FUND	8		$329
TOTAL - OTHER FEDERAL FUNDS			$329
AGENCY TOTAL - FEDERAL FUNDS			$329
POSTAL SERVICE			
OTHER FEDERAL FUNDS			
POSTAL SERVICE FUND	11		$1,111
TOTAL - OTHER FEDERAL FUNDS			$1,111
AGENCY TOTAL - FEDERAL FUNDS			$1,111
VETERANS ADMINISTRATION			
OTHER FEDERAL FUNDS			
AUTOS & SPECIAL EQUIPMENT, DISABLED VETS	12	64.100	**
COMPENSATION TO DEPENDENTS, VETS S/C DEATH	12	64.102	**
DEPENDENTS INDEMNITY COMPENSATION (DIC)	12	64.110	$5
SONS, DAUGHTERS, WIVES & WIDOWS EDUCATION	12	64.117	$1
VETERANS DEATH PENSION	12	64.105	$4
VETERANS DISABILITY COMPENSATION	12	64.109	$36
VETERANS DISABILITY PENSION	12	64.104	$5
VETERANS INSURANCE AND INDEMNITIES	12	64.103	$9
VETERANS READJUSTMENT TRAINING	12	64.111	$23
VETS BURIAL AWARDS & OTHER MISC BENEF PMT	12	64.101	$1
VOCATIONAL REHAB. TRNG. FOR DISABLED VETS	12	64.116	**
TOTAL - OTHER FEDERAL FUNDS			$84
AGENCY TOTAL - FEDERAL FUNDS			$84
INDIRECT FEDERAL SUPPORT *			
VETERANS GUARANTEED AND INSURED LOANS		64.118	($60)
COUNTY TOTAL - GRANT FUNDS			$6,703
COUNTY TOTAL - OTHER FEDERAL FUNDS			$5,309
COUNTY TOTAL - FEDERAL FUNDS			$12,012

COUNTY-FAIRBANKS NORTH STAR

	PROGRAM CODE	CFDA NO.	FY 1980 FUNDS
DEPARTMENT OF AGRICULTURE			
GRANT FUNDS			
AGRICULTURAL CONSERVATION PROGRAM, ASCS		10.063	$147
CHILD CARE FOOD PROGRAM, FNS	10	10.558	$128
EQUIP ASST PROG-SCHOOL FOOD SVC PROG, FNS	10	10.554	$3
EXTENSION ACTIVITIES, SEA	10	10.661	$1,171
FOOD STAMP BONUS COUPONS, FNS	1	10.551	$4,255
INDUSTRIAL DEVELOPMENT GRANTS, FMHA		10.420	$35
NATIONAL SCHOOL LUNCH PROGRAM-CASH, FNS	10	10.555	$17
NUTRITION PROGRAMS FOR THE ELDERLY, FNS	11	10.570	$5
SPECIAL MILK PROGRAM FOR CHILDREN, FNS	10	10.556	$66
SUPP. FOOD-WOMEN, INFANTS & CHILDREN, FNS	10	10.557	$66
VERY LOW-INCOME HOUSING REPAIR GRTS., FMHA		10.417	$28
WATER AND WASTE DISPOSAL GRANTS, FMHA		10.418	$786
TOTAL - GRANT FUNDS			$6,707
OTHER FEDERAL FUNDS			
CONSERVATION OPERATIONS, SCS			$1
COOPERATIVE RESEARCH, SEA			$947
FOREST MANAGE. PROTECTION, AND UTILIZATION	10		$557
NATIONAL WOOL ACT PAYMENTS, CCC		10.059	**
S & E, FARMERS HOME ADMINISTRATION			$62
SNOW SURVEY & WATER SUPP. FORECASTING, SCS		10.901	$5
SOIL AND WATER CONSERVATION, SCS		10.902	$40
SOIL SURVEY, SCS		10.903	$117
TOTAL - OTHER FEDERAL FUNDS			$1,730
AGENCY TOTAL - FEDERAL FUNDS			$8,437
INDIRECT FEDERAL SUPPORT *			
DONATION OF COMM. TO SCHOOL LUNCH, FNS	10	10.550	($11)
FARM OPERATING LOANS, FMHA		10.406	($100)
FOOD DISTRIBUTION TO INSTITUTIONS, FNS	10	10.550	($71)
FOOD DISTRIBUTION TO SCHOOLS, FNS	10	10.550	($32)
LOW TO MODERATE INCOME HOUSING LOANS, FMHA		10.410	($866)
RURAL TELEPHONE LNS. & LN. GUARANTEES, REA	2	10.851	($7,145)
WATER AND WASTE DISP. SYSTEMS LOANS, FMHA		10.418	($921)
DEPARTMENT OF COMMERCE			
GRANT FUNDS			
ECON DEV-SUPPORT FOR PLANNING ORGS, EDA		11.302	$126
SEA GRANT SUPPORT, NOAA	5	11.417	$742
TOTAL - GRANT FUNDS			$868
OTHER FEDERAL FUNDS			
CENSUS SPECIAL TABULATIONS AND SERVICES		11.005	$1
CONSOLIDATED WORKING FUND, CENSUS			$43
CONSOLIDATED WORKING FUND, NOAA	3		$173
CURRENT STATISTICAL PROGRAMS, CENSUS			$12
OPERATIONS, RESEARCH, AND FACILITIES, NOAA	7		$743
PERIODIC CENSUSES			$234
WEATHER & RIVER FORECASTS & WARNINGS, NWS	7		$613
TOTAL - OTHER FEDERAL FUNDS			$1,818
AGENCY TOTAL - FEDERAL FUNDS			$2,686
DEPARTMENT OF DEFENSE			
OTHER FEDERAL FUNDS			
CIVIL FUNCTIONS PRIME CONTRACTS	5		$14
CIVILIAN PAY	13		$14,163
MILITARY ACTIVE DUTY PAY	13		$73,417
MILITARY PRIME CONSTRUCTION CONTRACTS	5		$377
MILITARY PRIME RDTE CONTRACTS	5		$8,263
MILITARY PRIME SERVICE CONTRACTS	5		$21,675
MILITARY PRIME SUPPLY CONTRACTS	5		$16,384
MILITARY RESERVE AND NATIONAL GUARD PAY	13		$381
MILITARY RETIRED PAY	13		$4,822
PRIME CONTRACTS OF LESS THAN $10,000	6		$3,470
TOTAL - OTHER FEDERAL FUNDS			$142,966
AGENCY TOTAL - FEDERAL FUNDS			$142,966
DEPARTMENT OF EDUCATION			
GRANT FUNDS			
BASIC EDUCATIONAL OPPORTUNITY GRANT PROG		84.063	$338
BASIC SKILLS IMPROVEMENT		84.105	$147
COLLEGE LIBRARY RESOURCES		84.035	$2
EDUC DEPRIVED CHILDREN-LEA'S		84.010	$311
EDUCATIONAL OPPORTUNITY CENTERS		84.066	$210
HANDICAPPED PERSONNEL PREPARATION		84.029	$55
INDIAN ED-GRANTS TO LOCAL EDUCATIONAL AGCY		84.060	$332
LAW ENFORCEMENT EDUCATION PROGRAM			$2
NATIONAL DEFENSE/DIRECT STUDENT LOANS		84.038	$49
SAFA-MAINTENANCE AND OPERATION		84.041	$359
SPECIAL SVCS FOR DISADVANTAGED STUDENTS		84.042	$114
SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRTS		84.007	$63
TEACHER CORPS-OPERATIONS AND TRAINING		84.043	$197
UPWARD BOUND		84.047	$372
TOTAL - GRANT FUNDS			$2,551
OTHER FEDERAL FUNDS			
RESEARCH AND RELATED ACTIVITIES, ED			$201
S & E, DEPARTMENTAL MANAGEMENT, ED			$1
TOTAL - OTHER FEDERAL FUNDS			$202
AGENCY TOTAL - FEDERAL FUNDS			$2,754
DEPARTMENT OF ENERGY			
GRANT FUNDS			
COAL-ENERGY TECHNOLOGY	7	81.057	$50
MULTI-PROGRAMS-CONSERV & SOLAR APPLICATION	7		$12
SOLAR APPLICATIONS-CONSER & SOLAR APPLIC	7		$41
TOTAL - GRANT FUNDS			$102
OTHER FEDERAL FUNDS			
BASIC ENERGY SCIENCES-ENERGY RESEARCH	7	81.049	$114
ENVIRONMENTAL RESEARCH AND DEV-ENVIRONMENT	7	81.078	$256
GEOTHERMAL-ENERGY TECHNOLOGY	7		$172
MULTI-PROGRAMS-CONSERV & SOLAR APPLICATION	7		$19

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[Dollar amounts in thousands]

	PRORATION CODE	CFDA NO.	FY 1980 FUNDS
ALASKA—Con.			
PETROLEUM-ENERGY TECHNOLOGY	P		$19
SOLAR TECHNOLOGY-ENERGY TECHNOLOGY	P		$13
TOTAL - OTHER FEDERAL FUNDS			$593
AGENCY TOTAL - FEDERAL FUNDS			$696
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
GRANT FUNDS			
ALCOHOLISM TREATMENT AND REHAB PRGS, ADAMHA		13.237	$269
BIOMEDICAL RESEARCH SUPPORT, NIH		13.337	$100
CANCER CAUSE AND PREVENTION RESEARCH, NIH		13.393	$107
CHILD DEVELOPMENT-HEAD START OS		13.600	$417
CHILD WELFARE SERVICES TRAINING GRANTS, OS		13.648	$33
DEV DISABILITIES-BASIC SUPPORT, OS		13.630	$51
DIABETES, ENDOCRINOLOGY & METAB. RES., NIH		13.847	$55
HEALTH PLANNING-HEALTH SYSTEMS AGCIES, HRA		13.294	$388
HEALTH PROFESSIONS-START-UP ASST., HRA		13.364	$8
HEART AND VASCULAR DISEASES RESEARCH, NIH		13.837	$85
MEDICAL LIBRARY ASSISTANCE, NIH		13.879	$4
NATIVE AMERICAN PROGRAMS, OS		13.612	$165
TOTAL - GRANT FUNDS			$1,682
OTHER FEDERAL FUNDS			
HEALTH SERVICES, HSA			$2
SOCIAL SECURITY-DISABILITY INSURANCE, SSA	12	13.802	$1,380
SOCIAL SECURITY-RETIREMENT INSURANCE, SSA	12	13.803	$4,786
SOCIAL SECURITY-SURVIVORS INSURANCE, SSA	12	13.805	$2,446
SPECIAL BENEFITS-DISABLED COAL MINERS, SSA	12	13.806	$13
SUPPLEMENTAL SECURITY INCOME, SSA	12	13.807	$380
TOTAL - OTHER FEDERAL FUNDS			$9,006
AGENCY TOTAL - FEDERAL FUNDS			$10,688
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
GRANT FUNDS			
COMM DEV BLOCK GRTS-SMALL CITIES/DISC, CPD		14.219	$440
TOTAL - GRANT FUNDS			$440
OTHER FEDERAL FUNDS			
SECTION 8-LOWER INCOME HOUSING ASST PRG, H		14.156	$467
TOTAL - OTHER FEDERAL FUNDS			$467
AGENCY TOTAL - FEDERAL FUNDS			$907
INDIRECT FEDERAL SUPPORT *			
MORTGAGE INSURANCE-HOMES, H		14.117	($439)
MORTGAGE INSURANCE-SERVICEMEN'S HOMES, H			($82)
PROPERTY IMPROVEMENT LOAN INSURANCE, H		14.142	($160)
DEPARTMENT OF THE INTERIOR			
GRANT FUNDS			
INDIAN EMPLOYMENT ASSISTANCE, BIA		15.108	$1,195
INDIAN HOUSING ASSISTANCE, BIA		15.141	$707
MINERAL INSTITUTE PROGRAM DIRECTION, SMRE		15.251	$136
NATIONAL WILDLIFE REFUGE FUND			**
OUTDOOR RECREATION-AQUIST, DEV & PLG, NCRS		15.400	$275
PAYMENT IN LIEU OF TAXES, BLM			$977
PAYMENTS-STATES & CNT-SALE OF MAT RES, BLM	10		$1,217
YOUNG ADULT CONS CORPS-GRTS TO STATE, O/S	M	10.663	$1,614
TOTAL - GRANT FUNDS			$6,122
OTHER FEDERAL FUNDS			
ACQUISITION, CONSTRUCT. & MAINTENANCE, BLM	6		$803
CONSOLIDATED WORKING FUND, BIA			**
CONSOLIDATED WORKING FUND, FWS	P		$52
DEPARTMENTAL MANAGEMENT, O/S, INTERIOR			$1
FISHERY RESEARCH INFORMATION, FWS	P	15.604	$73
GEOL, MIN & WTR RES INVEST & TOPO MAP, GS	9		$889
INDIAN SOCIAL SERVICES-CHILD WELFARE, BIA		15.103	$22
INDIAN SOCIAL SERVICES-GENERAL ASST., BIA		15.113	$2,990
MANAGEMENT OF LANDS AND RESOURCES	6		$11,450
OPERATION OF INDIAN PROGRAMS, BIA			$3,109
RESOURCE MANAGEMENT, FWS	P		$834
SVC CHARGES, DEPOSITS AND FORFEITURES, BLM	6		$59
WILDLIFE RESEARCH INFORMATION, FWS	P	15.610	$95
WORKING CAPITAL FUND, O/S, INTERIOR			$533
YOUTH CONSERVATION CORPS, FS	16		$115
TOTAL - OTHER FEDERAL FUNDS			$21,025
AGENCY TOTAL - FEDERAL FUNDS			$27,146
DEPARTMENT OF LABOR			
GRANT FUNDS			
COMPREHENSIVE EMPL & TRNG. PROGRAMS, ETA	5	17.233	$1,011
EMPLOYMENT SERVICES (CETA-LMI), ETA		17.207	$1,360
INDIAN EMPLOYMENT & TRAINING PROGRAM, ETA	5	17.234	$1,447
SUMMER YOUTH EMPLOYMENT PROGRAMS, ETA	5	17.233	$162
UNEMPLOYMENT INSURANCE, ETA		17.225	$3,198
YOUTH COMMUNITY CONSERVATION & IMPROV, ETA	5	17.233	$45
YOUTH EMPLOYMENT & TRAINING PROGRAMS, ETA	5	17.233	$234
TOTAL - GRANT FUNDS			$7,457
OTHER FEDERAL FUNDS			
FED UNEMPLOYMENT BENEFITS & ALLOWNCES ETA		17.225	$965
FEDERAL EMPLOYEES' COMPENSATION, ESA	9		$914
SPECIAL UNEMPLOYMENT ASSISTANCE, ETA		17.253	$271
TRADE ADJUSTMENT ASSISTANCE, ETA		17.600	$1
TOTAL - OTHER FEDERAL FUNDS			$2,151
AGENCY TOTAL - FEDERAL FUNDS			$9,608
DEPARTMENT OF TRANSPORTATION			
GRANT FUNDS			
ABATEMENT, CONTROL, AND COMPLIANCE, EPA			$30
AIRPORT PLANNING GRANT PROGRAM, FAA		20.102	$1,453
CAPITAL IMPROVEMENT GRANTS, UMTA		20.500	$1,184
HIGHWAY PLANNING AND CONSTRUCTION, FHWA		20.205	$8,111
TOTAL - GRANT FUNDS			$10,779
OTHER FEDERAL FUNDS			
ACQUISITION, CONSTRUCTION & IMPROVE., CG			**
ALASKA RAILROAD REVOLVING FUND, FRA			$7,904
COAST GUARD SUPPLY FUND			$3
FACILITIES AND EQUIPMENT, A/A TRUST FUND			$549
OPERATING EXPENSES, CG			$12
OPERATIONS, FAA			$5,175
TOTAL - OTHER FEDERAL FUNDS			$13,644
AGENCY TOTAL - FEDERAL FUNDS			$24,423
DEPARTMENT OF THE TREASURY			
GRANT FUNDS			
STATE AND LOCAL GOV FISCAL ASST TRUST FUND			$1,982
TOTAL - GRANT FUNDS			$1,982
OTHER FEDERAL FUNDS			
ADMINISTERING THE PUBLIC DEBT	10		$12
CLAIMS, JUDGMENTS, AND RELIEF ACTS			$50
EXAMINATIONS AND APPEALS, IRS	19		$387
INVESTIGATIONS AND COLLECTIONS, IRS	19		$325
S & E, UNITED STATES CUSTOMS SERVICE			$83
TAXPAYER SERVICE AND RETURNS PROCESSING	19		$34
TOTAL - OTHER FEDERAL FUNDS			$892
AGENCY TOTAL - FEDERAL FUNDS			$2,874
INDIRECT FEDERAL SUPPORT *			
INTEREST ON THE PUBLIC DEBT	10		($5,298)
COMMUNITY SERVICES ADMINISTRATION			
GRANT FUNDS			
EMERGENCY ENERGY CONSERVATION SERVICES		49.014	$20
TOTAL - GRANT FUNDS			$20
AGENCY TOTAL - FEDERAL FUNDS			$20
ENVIRONMENTAL PROTECTION AGENCY			
GRANT FUNDS			
ABATEMENT, CONTROL, AND COMPLIANCE, EPA			$13
AIR POLLUTION CONTROL RESEARCH GRANTS, RD		66.501	$40
CONSOLIDATED RESEARCH GRANTS, RD		66.500	$148
CONST GRTS FOR WASTEWATER TREAT WORKS, WWM		66.418	$710
TOXIC SUBSTANCE RESEARCH GRANTS, RD		66.507	$160
WATER POLLUTION CON RES, DEV, DEMO GTS, RD		66.505	$117
TOTAL - GRANT FUNDS			$1,187
AGENCY TOTAL - FEDERAL FUNDS			$1,187
GENERAL SERVICES ADMINISTRATION			
OTHER FEDERAL FUNDS			
FEDERAL BUILDINGS FUND			$553
FEDERAL TELECOMMUNICATIONS FUND			$171
GENERAL SUPPLY FUND, PERSONAL PROPERTY ACT			$909
TOTAL - OTHER FEDERAL FUNDS			$1,633
AGENCY TOTAL - FEDERAL FUNDS			$1,633
INDIRECT FEDERAL SUPPORT *			
DONATION OF FEDERAL SURPLUS PERSONAL PROP.		39.003	(**)
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			
OTHER FEDERAL FUNDS			
RESEARCH & DEV-SPACE SCIENCE, APPL & TECH			$744
RESEARCH & DEV-SUPPORTING SPACE ACTIVITIES			$660
TOTAL - OTHER FEDERAL FUNDS			$1,404
AGENCY TOTAL - FEDERAL FUNDS			$1,404
NATIONAL ENDOWMENT FOR THE ARTS			
GRANT FUNDS			
FOLK ARTS PROGRAMS		45.015	$11
MUSIC PROGRAMS		45.005	$9
TOTAL - GRANT FUNDS			$20
AGENCY TOTAL - FEDERAL FUNDS			$20
NATIONAL SCIENCE FOUNDATION			
GRANT FUNDS			
ASTRO., ATMOS., EARTH AND OCEAN SCIENCES		47.050	$4,888
BIOLOGICAL, BEHAVIORAL, & SOCIAL SCIENCES		47.051	$309
MATHEMATICAL & PHYSICAL SCIENCE & ENGINEER		47.049	$43

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[Dollar amounts in thousands]

	PROBATION CODE	CFDA NO.	FY 1980 FUNDS
ALASKA—Con.			
SCIENCE AND SOCIETY PROGRAM		47.038..	$57
SCIENTIFIC PERSONNEL IMPROVEMENT		47.009..	$8
TOTAL - GRANT FUNDS			$5,305
AGENCY TOTAL - FEDERAL FUNDS			$5,305
OFFICE OF PERSONNEL MANAGEMENT			
GRANT FUNDS			
INTERGOVERNMENTAL PERSONNEL ASSISTANCE		27.012..	$90
TOTAL - GRANT FUNDS			$90
OTHER FEDERAL FUNDS			
CIVIL SERVICE RETIREMENT & DISABILITY FUND	8		$4,151
TOTAL - OTHER FEDERAL FUNDS			$4,151
AGENCY TOTAL - FEDERAL FUNDS			$4,241
POSTAL SERVICE			
OTHER FEDERAL FUNDS			
POSTAL SERVICE FUND	15		$6,999
TOTAL - OTHER FEDERAL FUNDS			$6,999
AGENCY TOTAL - FEDERAL FUNDS			$6,999
RAILROAD RETIREMENT BOARD			
OTHER FEDERAL FUNDS			
RAILROAD RETIREMENT ACCOUNT	21	57.001..	$47
RAILROAD UNEMPLOYMENT INSURANCE ACCOUNT	21	57.007..	$6
TOTAL - OTHER FEDERAL FUNDS			$52
AGENCY TOTAL - FEDERAL FUNDS			$52
SMALL BUSINESS ADMINISTRATION			
OTHER FEDERAL FUNDS			
ECONOMIC OPPORTUNITY LOANS		59.002..	$25
PHYSICAL DISASTER LOANS		59.008..	$38
S & E, SMALL BUSINESS ADMINISTRATION			$74
TOTAL - OTHER FEDERAL FUNDS			$137
AGENCY TOTAL - FEDERAL FUNDS			$137
INDIRECT FEDERAL SUPPORT *			
SMALL BUSINESS LOANS		59.012..	($3,436)
TENNESSEE VALLEY AUTHORITY			
OTHER FEDERAL FUNDS			
TENNESSEE VALLEY AUTHORITY FUND			**
TOTAL - OTHER FEDERAL FUNDS			**
AGENCY TOTAL - FEDERAL FUNDS			**
VETERANS ADMINISTRATION			
OTHER FEDERAL FUNDS			
AUTOS & SPECIAL EQUIPMENT, DISABLED VETS	12	64.100..	$1
COMPENSATION TO DEPENDENTS, VETS S/C DEATH	12	64.102..	$7
DEPENDENTS INDEMNITY COMPENSATION (DIC)	12	64.110..	$140
SONS, DAUGHTERS, WIVES & WIDOWS EDUCATION	12	64.117..	$23
VETERANS DEATH PENSION	12	64.105..	$113
VETERANS DISABILITY COMPENSATION	12	64.109..	$971
VETERANS DISABILITY PENSION	12	64.104..	$125
VETERANS INSURANCE AND INDEMNITIES	12	64.103..	$237
VETERANS READJUSTMENT TRAINING	12	64.111..	$620
VETS BURIAL AWARDS & OTHER MISC BENEF PMT	12	64.101..	$25
VOCATIONAL REHAB. TRNG. FOR DISABLED VETS	12	64.116..	$10
TOTAL - OTHER FEDERAL FUNDS			$2,272
AGENCY TOTAL - FEDERAL FUNDS			$2,272
INDIRECT FEDERAL SUPPORT *			
VETERANS GUARANTEED AND INSURED LOANS		64.114..	($10,913)
COUNTY TOTAL - GRANT FUNDS			$45,311
COUNTY TOTAL - OTHER FEDERAL FUNDS			$211,142
COUNTY TOTAL - FEDERAL FUNDS			$256,453

COUNTY-HAINES

	PROBATION CODE	CFDA NO.	FY 1980 FUNDS
DEPARTMENT OF AGRICULTURE			
GRANT FUNDS			
EQUIP ASST PROG-SCHOOL FOOD SVC PROG, FNS	10	10.554..	$1
FOOD STAMP BONUS COUPONS, FNS	1	10.551	$335
TOTAL - GRANT FUNDS			$336
OTHER FEDERAL FUNDS			
FOREST MANAGE, PROTECTION, AND UTILIZATION	10		$263
TOTAL - OTHER FEDERAL FUNDS			$263
AGENCY TOTAL - FEDERAL FUNDS			$599
INDIRECT FEDERAL SUPPORT *			
FOOD DISTRIBUTION TO INSTITUTIONS, FNS	10	10.550	(**)
FOOD DISTRIBUTION TO SCHOOLS, FNS	10	10.550	(**)
DEPARTMENT OF COMMERCE			
OTHER FEDERAL FUNDS			
PERIODIC CENSUSES			$4
TOTAL - OTHER FEDERAL FUNDS			$4
AGENCY TOTAL - FEDERAL FUNDS			$4
DEPARTMENT OF DEFENSE			
OTHER FEDERAL FUNDS			
CIVILIAN PAY	15		$351
MILITARY PRIME SERVICE CONTRACTS	3		$341
MILITARY PRIME SUPPLY CONTRACTS	3		$140
MILITARY RETIRED PAY	12		$35
TOTAL - OTHER FEDERAL FUNDS			$867
AGENCY TOTAL - FEDERAL FUNDS			$867
DEPARTMENT OF EDUCATION			
GRANT FUNDS			
EDUC DEPRIVED CHILDREN-LEA'S		84.010	$4
INSTITUTE OF MUSEUM SERVICES		84.113..	$7
SAFA-MAINTENANCE AND OPERATION		84.041	$97
TOTAL - GRANT FUNDS			$107
AGENCY TOTAL - FEDERAL FUNDS			$107
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
OTHER FEDERAL FUNDS			
HEALTH SERVICES, HSA			$10
SOCIAL SECURITY-DISABILITY INSURANCE, SSA	19	13.802..	$82
SOCIAL SECURITY-RETIREMENT INSURANCE, SSA	1	13.803..	$387
SOCIAL SECURITY-SURVIVORS INSURANCE, SSA	11	13.805..	$152
SUPPLEMENTAL SECURITY INCOME, SSA	12	13.807..	$17
TOTAL - OTHER FEDERAL FUNDS			$648
AGENCY TOTAL - FEDERAL FUNDS			$648
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
INDIRECT FEDERAL SUPPORT *			
PROPERTY IMPROVEMENT LOAN INSURANCE, H		14.142..	($13)
DEPARTMENT OF THE INTERIOR			
GRANT FUNDS			
OUTDOOR RECREATION-AQUIST, DEV & PLG, HCRS		15.400..	$3
PAYMENT IN LIEU OF TAXES, BLM			$86
TOTAL - GRANT FUNDS			$89
OTHER FEDERAL FUNDS			
CONSOLIDATED WORKING FUND, BIA			**
OPERATION OF INDIAN PROGRAMS, BIA			$119
TOTAL - OTHER FEDERAL FUNDS			$119
AGENCY TOTAL - FEDERAL FUNDS			$207
DEPARTMENT OF JUSTICE			
OTHER FEDERAL FUNDS			
S & E, IMMIGRATION AND NATURALIZATION SVC	19		$39
TOTAL - OTHER FEDERAL FUNDS			$39
AGENCY TOTAL - FEDERAL FUNDS			$39
DEPARTMENT OF LABOR			
OTHER FEDERAL FUNDS			
COAL MINE WORKERS' COMP (BLACK LUNG), ESA	9	17.307	$49
FED UNEMPLOYMENT BENEFITS & ALLOWNCES, ETA		17.225	$32
SPECIAL UNEMPLOYMENT ASSISTANCE, ETA		17.225	$9
TRADE ADJUSTMENT ASSISTANCE, ETA		17.400..	**
TOTAL - OTHER FEDERAL FUNDS			$90
AGENCY TOTAL - FEDERAL FUNDS			$90
DEPARTMENT OF TRANSPORTATION			
GRANT FUNDS			
AIRPORT DEVELOPMENT AID PROGRAM, FAA		20.102..	$501
HIGHWAY PLANNING AND CONSTRUCTION, FHWA		20.205..	$152
TOTAL - GRANT FUNDS			$653
AGENCY TOTAL - FEDERAL FUNDS			$653
DEPARTMENT OF THE TREASURY			
GRANT FUNDS			
STATE AND LOCAL GOV FISCAL ASST TRUST FUND			$93
TOTAL - GRANT FUNDS			$93
OTHER FEDERAL FUNDS			
ADMINISTERING THE PUBLIC DEBT	18		**
S & E, UNITED STATES CUSTOMS SERVICE			$28
TOTAL - OTHER FEDERAL FUNDS			$28
AGENCY TOTAL - FEDERAL FUNDS			$121
INDIRECT FEDERAL SUPPORT *			
INTEREST ON THE PUBLIC DEBT	14		($242)
GENERAL SERVICES ADMINISTRATION			
OTHER FEDERAL FUNDS			
FEDERAL BUILDINGS FUND			$56
TOTAL - OTHER FEDERAL FUNDS			$56
AGENCY TOTAL - FEDERAL FUNDS			$56
OFFICE OF PERSONNEL MANAGEMENT			
OTHER FEDERAL FUNDS			
CIVIL SERVICE RETIREMENT & DISABILITY FUND	8		$165
TOTAL - OTHER FEDERAL FUNDS			$165
AGENCY TOTAL - FEDERAL FUNDS			$165

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[Dollar amounts in thousands]

	PRORATION CODE	CFDA NO.	FY 1980 FUNDS
ALASKA—Con.			
POSTAL SERVICE			
OTHER FEDERAL FUNDS			
POSTAL SERVICE FUND	15	.....	$148
TOTAL - OTHER FEDERAL FUNDS			$148
AGENCY TOTAL - FEDERAL FUNDS			$148
VETERANS ADMINISTRATION			
OTHER FEDERAL FUNDS			
AUTOS & SPECIAL EQUIPMENT, DISABLED VETS	13	64.100	**
COMPENSATION TO DEPENDENTS, VETS S/C DEATH	13	64.109	**
DEPENDENTS INDEMNITY COMPENSATION (DIC)	13	64.110	$4
SONS, DAUGHTERS, WIVES & WIDOWS EDUCATION	13	64.117	$1
VETERANS DEATH PENSION	13	64.105	$4
VETERANS DISABILITY COMPENSATION	13	64.109	$31
VETERANS DISABILITY PENSION	13	64.104	$4
VETERANS INSURANCE AND INDEMNITIES	13	64.103	$8
VETERANS READJUSTMENT TRAINING	13	64.111	$20
VETS BURIAL AWARDS & OTHER MISC BENEF PMT	13	64.101	$1
VOCATIONAL REHAB. TRNG. FOR DISABLED VETS	14	64.116	**
TOTAL - OTHER FEDERAL FUNDS			$73
AGENCY TOTAL - FEDERAL FUNDS			$73
COUNTY TOTAL - GRANT FUNDS			$1,277
COUNTY TOTAL - OTHER FEDERAL FUNDS			$2,499
COUNTY TOTAL - FEDERAL FUNDS			$3,777
COUNTY-JUNEAU			
DEPARTMENT OF AGRICULTURE			
GRANT FUNDS			
CHILD CARE FOOD PROGRAM, FNS	10	10.558	$97
FED-STATE MARKETING IMPROVEMENT PROG, AMS	2	10.156	$31
FOOD DISTRIBUTION-OTHER PROGRAM COSTS, FNS		10.550	$59
FOOD STAMP BONUS COUPONS, FNS	1	10.551	$717
NUTRITION PROGRAMS FOR THE ELDERLY, FNS	11	10.570	$29
SPECIAL MILK PROGRAM FOR CHILDREN, FNS	10	10.556	$10
STATE ADMIN MATCH GRTS-FOOD STAMP PRG, FNS	10	10.561	$1,242
STATE ADMIN. EXP. FOR CHILD NUTRITION, FNS	4	10.560	$194
SUPP. FOOD-WOMEN, INFANTS & CHILDREN, FNS	10	13.357	$154
TOTAL - GRANT FUNDS			$2,532
OTHER FEDERAL FUNDS			
BRUSH DISPOSAL, FS	18	.....	$2
FOOD STAMP PROGRAM ADMINISTRATION, FNS	10	.....	$59
FOREST MANAGE, PROTECTION, AND UTILIZATION	18	.....	$9,702
RIVER BASIN SURVEYS & INVESTIGATIONS, SCS	.....	.....	$79
TIMBER SALVAGE SALES, FS	18	.....	$1
WORKING CAPITAL FUND, FS	18	.....	$853
YOUTH CONSERVATION CORPS, FS	18	10.661	$98
TOTAL - OTHER FEDERAL FUNDS			$10,794
AGENCY TOTAL - FEDERAL FUNDS			$13,326
INDIRECT FEDERAL SUPPORT *			
DONATION OF COMM. TO SCHOOL LUNCH, FNS	10	10.550	($6)
FOOD DISTRIBUTION TO INSTITUTIONS, FNS	10	10.550	($38)
RURAL ELECTRIC LOANS & LN. GUARANTEES, REA	2	10.850	($380)
DEPARTMENT OF COMMERCE			
GRANT FUNDS			
ANADROMOUS & GREAT LAKES FISH. CONS., NMFS	9	11.405	$417
ECON DEV-GRANTS TO STATES, EDA		11.308	$450
ECON DEV-SUPPORT FOR PLANNING ORGS, EDA		11.303	$61
TOTAL - GRANT FUNDS			$928
OTHER FEDERAL FUNDS			
CENSUS SPECIAL TABULATIONS AND SERVICES		11.009	**
COASTAL ENERGY IMPACT FUND	9	.....	$366
COASTAL ZONE MANAGEMENT	9	.....	$892
COASTAL ZONE MANAGEMENT PROGRAM ADM., NOAA	9	11.419	$2,250
CONSOLIDATED WORKING FUND, CENSUS	9	.....	$4
CONSOLIDATED WORKING FUND, NOAA	9	.....	$1,124
CURRENT STATISTICAL PROGRAMS, CENSUS		.....	$3
NAUTICAL CHARTS AND RELATED DATA, NOAA	9	11.601	**
OPERATIONS, RESEARCH, AND FACILITIES, NOAA	9	.....	$8,867
PERIODIC CENSUSES		.....	$70
WEATHER & RIVER FORECASTS & WARNINGS, NWS	9	.....	$477
TOTAL - OTHER FEDERAL FUNDS			$14,053
AGENCY TOTAL - FEDERAL FUNDS			$14,981
DEPARTMENT OF DEFENSE			
OTHER FEDERAL FUNDS			
CIVIL FUNCTIONS PRIME CONTRACTS	3	.....	$103
CIVILIAN PAY	15	.....	$169
MILITARY ACTIVE DUTY PAY	15	.....	$73
MILITARY PRIME SUPPLY CONTRACTS	3	.....	$2,950
MILITARY RESERVE AND NATIONAL GUARD PAY	15	.....	$1,271
MILITARY RETIRED PAY	15	.....	$574
TOTAL - OTHER FEDERAL FUNDS			$5,140
AGENCY TOTAL - FEDERAL FUNDS			$5,140
DEPARTMENT OF EDUCATION			
GRANT FUNDS			
ADULT EDUCATION-STATE-ADMINISTERED PROGRAM	.....	84.002	$480
BASIC EDUCATIONAL OPPORTUNITY GRANT PROG	.....	84.063	$32
BASIC SKILLS IMPROVEMENT	.....	84.105	$100
CAREER EDUCATION STATE ALLOTMENT PROGRAM	.....	84.104	$128
CENTERS FOR INDEPENDENT LIVING	.....	84.129	$200
CIVIL RIGHTS TECHNICAL ASST. AND TRAINING	.....	84.004	$83
COLLEGE LIBRARY RESOURCES	.....	84.005	$2
COMMUNITY EDUCATION	.....	84.081	$45
EDUC DEPRIVED CHILDREN-LEA'S	.....	84.010	$137
EDUC FOR GIFTED & TALENTED CHILDREN & YTH	.....	84.060	$166
EDUCATIONAL INFORMATION CENTERS	.....	84.098	$50
GRTS TO STATES FOR STATE STUDENT INCENTIVE	.....	84.069	$169
HANDICAPPED ADV PROG-DEAF-BLIND CENTERS	.....	84.025	$172
HANDICAPPED PERSONNEL PREPARATION	.....	84.029	$150
HANDICAPPED PRESCHOOL AND SCHOOL PROGRAMS	.....	84.027	$15
INDIAN ED-FELLOWSHIPS FOR INDIAN STUDENTS	.....	84.087	$3
INDIAN ED-GRANTS TO LOCAL EDUCATIONAL AGCY	.....	84.060	$232
INSTRUCT MATERIALS AND SCHOOL LIBRARY RES	.....	84.068	$367
INTERLIBRARY COOPERATION	.....	84.033	$45
NAT DIFFUSION PRG (NAT DIFFUSION NETWORK)	.....	84.073	$46
NATIONAL DEFENSE/DIRECT STUDENT LOANS	.....	84.038	$21
NATL DEFENSE/DIR STUDENT LN CANCELLATIONS	.....	84.037	$2
PUBLIC LIBRARY SERVICES	.....	84.034	$297
REHABILITATION SERVICES-BASIC SUPPORT	.....	84.126	$3,003
REHABILITATION SERVICES-SPECIAL PROJECTS	.....	84.128	$36
REHABILITATION SVCS-INNOVATION & EXPANSION	.....	84.130	$50
REHABILITATION TRAINING	.....	84.129	$18
SAFA-MAINTENANCE AND OPERATION	.....	84.041	$16,973
STATE POSTSECONDARY ED-INTRASTATE PLANNING	.....	84.071	$32
SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRTS	.....	84.007	$13
TEACHER CENTERS	.....	84.086	$12
TEACHER CORPS-OPERATIONS AND TRAINING	.....	84.045	$33
UNIVERSITY COMMUNITY SERVICE GTS TO STATES	4	84.048	$71
VOC REHAB SVC SS DISABILITY BENEFICIARIES	.....	84.127	$199
VOCATIONAL ED-STATE ADVISORY COUNCILS	.....	84.053	$47
WOMEN'S EDUCATIONAL EQUITY	.....	84.083	$120
TOTAL - GRANT FUNDS			$23,548
OTHER FEDERAL FUNDS			
RESEARCH AND RELATED ACTIVITIES, ED	.....	.....	$605
S & E, DEPARTMENTAL MANAGEMENT, ED	.....	.....	$4
SUPPLEMENTAL SECURITY INCOME PROGRAM	.....	.....	$125
TOTAL - OTHER FEDERAL FUNDS			$734
AGENCY TOTAL - FEDERAL FUNDS			$24,283
DEPARTMENT OF ENERGY			
OTHER FEDERAL FUNDS			
POWER MARKETING-RESOURCE APPLICATIONS	7	.....	$1,725
TOTAL - OTHER FEDERAL FUNDS			$1,725
AGENCY TOTAL - FEDERAL FUNDS			$1,725
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
GRANT FUNDS			
ALCOHOL CLINICAL TRAINING PROGRAMS, ADMHA	.....	13.274	$20
ALCOHOL FORMULA GRANTS, ADMHA	.....	13.257	$200
ALCOHOLISM TREATMENT AND REHAB PRGS, ADMHA	.....	13.252	$58
ASSISTANCE PAYMENTS-MAINTENANCE ASST., SSA	13	13.808	$15,689
ASSISTANCE PAYMENTS-STATE & LOCAL TRG, SSA	13	13.810	$56
CHILD DEVELOPMENT-HEAD START, OS	.....	13.600	$345
CHILD SUPPORT ENFORCEMENT, SSA	.....	13.679	$2,649
CHILD WELFARE SERVICES, OS	.....	13.645	$140
CHILDHOOD IMMUNIZATION GRANTS, CDC	.....	13.268	$156
COMP PUBLIC HLTH SVCS FORMULA GRANTS, HSA	.....	13.218	$246
CRIPPLED CHILDRENS SERVICES, HSA	.....	13.211	$384
DEV DISABILITIES-BASIC SUPPORT, OS	.....	13.630	$252
DRUG ABUSE CLINICAL TRAINING PRGS, ADMHA	.....	13.280	$31
DRUG ABUSE COMMUNITY SERVICE PROGS., ADMHA	.....	13.235	$191
DRUG ABUSE EDUCATION PROGRAMS, ADMHA	.....	13.275	$56
DRUG ABUSE PREVENTION FORMULA GRTS., ADMHA	.....	13.269	$209
EMERGENCY MEDICAL SERVICES, HSA	.....	13.284	$600
HEALTH EDUCATION-RISK REDUCTION, CDC	.....	13.981	$509
HEALTH PLANNING-HEALTH SYSTEMS AGCIES, HRA	.....	13.224	$391
HYPERTENSION PROGRAM, HSA	.....	13.687	$24
MATERNAL AND CHILD HEALTH SERVICES, HSA	.....	13.232	$757
MEDICAL ASSISTANCE PROGRAM, HCFA	.....	13.714	$22,400
MENTAL HEALTH TRAINING GRANTS, ADMHA	.....	13.244	$156
NATIVE AMERICAN PROGRAMS, OS	.....	13.612	$88
PHS-VENEREAL DISEASE CONTROL GRANTS, CDC	.....	13.977	$180
PROG FOR AGING-NUTRITION SERVICES, OS	.....	13.635	$1,587
PROG FOR AGING-STATE & COMMUNITY PRGS, OS	.....	13.633	$1,528
PROG FOR AGING-TRAINING, OS	.....	13.637	$20
SOC SVCS LOW INCOME AND PUB ASST RECIP, OS	.....	13.648	$6,142
SPEC ALCOHOLISM PROJ-IMPL UNIF ACT, ADMHA	.....	13.290	$181
STATE HEALTH PLANNING & DEV. AGENCIES, HRA	.....	13.293	$433
STATE HLTH CARE PROVIDER SURVEY CERT, HCFA	.....	13.777	$196
WORK INCENTIVE PROGRAM, OS	.....	13.646	$363
TOTAL - GRANT FUNDS			$56,046

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[Dollar amounts in thousands]

	PRORATION CODE	CFDA NO.	FY 1980 FUNDS
ALASKA—Con.			
OTHER FEDERAL FUNDS			
LIMITATION ON SALARIES AND EXPENSES, SSA	.....	.....	$414
MEDICARE-HOSPITAL INSURANCE, HCFA	.....	13.773..	$1,445
MEDICARE-SUPP. MEDICAL INSURANCE, HCFA	.....	13.774..	$536
REFUGEE ASST-STATE ADMINISTERED PRGS, SSA	.....	13.814..	$10
SOCIAL SECURITY-DISABILITY INSURANCE, SSA	12	13.802..	$485
SOCIAL SECURITY-RETIREMENT INSURANCE, SSA	12	13.803..	$2,968
SOCIAL SECURITY-SURVIVORS INSURANCE, SSA	12	13.805..	$1,346
SS PAY STATES FOR DETERMIN OF DISABIL, SSA	.....	.....	$446
SUPPLEMENTAL SECURITY INCOME, SSA	12	13.807..	$227
TOTAL - OTHER FEDERAL FUNDS			$7,878
AGENCY TOTAL - FEDERAL FUNDS			$63,924
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
GRANT FUNDS			
COMM DEV BLOCK GRTS-SMALL CITIES/DISC, CPD	.....	14.219..	$120
PUBLIC HOUSING ASSISTANCE PROGRAM, H	.....	14.146..	$1,318
TOTAL - GRANT FUNDS			$1,438
OTHER FEDERAL FUNDS			
SECTION 8-LOWER INCOME HOUSING ASST PRG, H	.....	14.156..	$203
TOTAL - OTHER FEDERAL FUNDS			$203
AGENCY TOTAL - FEDERAL FUNDS			$1,641
INDIRECT FEDERAL SUPPORT *			
MOBILE HOME LOAN INSURANCE, H	.....	14.110..	($226)
PROPERTY IMPROVEMENT LOAN INSURANCE, H	.....	14.142..	($6)
DEPARTMENT OF THE INTERIOR			
GRANT FUNDS			
ANADROMOUS FISH CONSERVATION, FWS	4	15.600..	$197
ENDANGERED SPECIES CONSERVATION, FWS	4	15.611..	$20
FISH RESTORATION (DJ), FWS	4	15.605..	$1,455
INDIAN EMPLOYMENT ASSISTANCE, BIA	.....	15.108..	$1,316
INDIAN HOUSING ASSISTANCE, BIA	.....	15.141..	6
INDIAN LOANS-ECONOMIC DEVELOPMENT, BIA	.....	15.124..	0
OUTDOOR RECREATION-ACQUST, DEV & PLG, HCRS	.....	15.400..	4
REC SURFACE MIN & SRF EFF UNDRGRD MN, SMRE	.....	15.250..	$100
WILDLIFE RESTORATION, FWS	4	15.611..	$3,522
TOTAL - GRANT FUNDS			$7,709
OTHER FEDERAL FUNDS			
CONSOLIDATED WORKING FUND, BIA	.....	.....	$159
CONSOLIDATED WORKING FUND, BUREAU OF MINES	.....	.....	$48
CONSOLIDATED WORKING FUND, FWS	7	.....	$10
CONSTRUCTION, BUREAU OF INDIAN AFFAIRS	.....	.....	$2
CONSTRUCTION, NATIONAL PARK SERVICE	18	.....	$12
FEDERAL AID IN WILDLIFE RESTORATION	7	.....	$5
GEOL, MIN & WTR RES INVEST & TOPO MAP, GS	6	.....	$322
INDIAN SOCIAL SERVICES-CHILD WELFARE, BIA	.....	15.103..	$74
INDIAN SOCIAL SERVICES-GENERAL ASST., BIA	.....	15.113..	$3,525
LIQUIDATION-HOONAH HOUSING PRJ REV FD, BIA	.....	.....	$20
MIGRATORY BIRD CONSERVATION ACCOUNT	7	.....	$23
MINES AND MINERALS	.....	.....	$1,686
OPERATION AND MAINTENANCE, APA	7	.....	$12
OPERATION OF INDIAN PROGRAMS, BIA	.....	.....	$12,939
OPERATION OF THE NATIONAL PARK SYSTEM	18	.....	$582
RESOURCE MANAGEMENT, FWS	7	.....	$697
ROAD CONSTRUCTION, BIA	.....	.....	$514
WORKING CAPITAL FUND, O/S, INTERIOR	.....	.....	$63
TOTAL - OTHER FEDERAL FUNDS			$20,693
AGENCY TOTAL - FEDERAL FUNDS			$28,401
INDIRECT FEDERAL SUPPORT *			
INDIAN LOAN GUARANTY & INSURANCE FUND, BIA	.....	.....	($1,327)
DEPARTMENT OF JUSTICE			
GRANT FUNDS			
ANTITRUST ENFORCEMENT GRANTS, OMF	7	16.700..	$85
CRIMINAL JUSTICE STATISTICS DEVELOP, BJS	.....	16.550	$122
CRIMINAL JUSTICE-PART D FORMULA GRTS, LEAA	.....	16.550	$639
JJDP-ALLOCATION TO STATES, LEAA	.....	16.540	$225
PART E-NATIONAL PRIORITY PRG GRANTS, LEAA	.....	16.827	$84
PART F-DISCRETIONARY GRANTS, LEAA	.....	16.531	$437
TOTAL - GRANT FUNDS			$1,592
AGENCY TOTAL - FEDERAL FUNDS			$1,592
DEPARTMENT OF LABOR			
GRANT FUNDS			
COMPREHENSIVE EMPL. & TRNG. PROGRAMS, ETA	5	17.232	$15,969
EMPLOYMENT SERVICES (CF A-LMI), ETA	5	17.207	$631
FEDERAL FOOD STAMP PROGRAM, ETA	.....	10.561	$683
INDIAN EMPLOYMENT & TRAINING PROGRAM, ETA	5	17.234	$2,155
OPERATIONAL GRANTS, OSHA	.....	17.500	$1,022
SENIOR COMMUNITY SVC EMPLOYMENT PROG, ETA	5	17.235	$1,115
SPECIAL PRGS/ACTIVITIES-DISADVANTAGED, ETA	5	17.248	$209
STATISTICAL OPERATIONAL GRANTS, OSHA	.....	17.502	$61
SUMMER YOUTH EMPLOYMENT PROGRAMS, ETA	5	17.237	$1,204
UNEMPLOYMENT INSURANCE, ETA	.....	17.225	$752
VOCATIONAL ED-STATE PLNNG & EVALUATE, ETA	5	84.121	$36
WORK INCENTIVES PROGRAM, ETA	5	13.644	$749
YOUTH COMMUNITY CONSERVATION & IMPROV, ETA	5	17.223	$386
YOUTH EMPLOYMENT & TRAINING PROGRAMS, ETA	5	17.232..	$1,193
TOTAL - GRANT FUNDS			$26,165
OTHER FEDERAL FUNDS			
FED UNEMPLOYMENT BENEFITS & ALLOWNCES, ETA	.....	17.225..	$285
SPECIAL UNEMPLOYMENT ASSISTANCE, ETA	.....	17.225..	$80
TRADE ADJUSTMENT ASSISTANCE, ETA	.....	17.600..	**
TOTAL - OTHER FEDERAL FUNDS			$366
AGENCY TOTAL - FEDERAL FUNDS			$26,531
DEPARTMENT OF TRANSPORTATION			
GRANT FUNDS			
AIRPORT PLANNING GRANT PROGRAM, FAA	.....	20.102..	$214
HIGHWAY PLANNING AND CONSTRUCTION, FHWA	.....	20.205..	$27,289
HIGHWAY STUDIES, FHWA	.....	20.205	$6
TECHNICAL STUDIES PROGRAM, UMTA	.....	20.505	$40
TOTAL - GRANT FUNDS			$27,549
OTHER FEDERAL FUNDS			
ACQUISITION, CONSTRUCTION & IMPROVE., CG	.....	.....	$2
COAST GUARD SUPPLY FUND	.....	.....	$100
FACILITIES AND EQUIPMENT, A/A TRUST FUND	.....	.....	$60
OPERATING EXPENSES, CG	.....	.....	$5,137
OPERATIONS AND RESEARCH, NHTSA	.....	.....	$11
OPERATIONS, FAA	.....	.....	$1,927
POLLUTION FUND, CG	.....	.....	$2,613
RETIRED PAY, CG	.....	.....	$55
TOTAL - OTHER FEDERAL FUNDS			$9,905
AGENCY TOTAL - FEDERAL FUNDS			$37,455
DEPARTMENT OF THE TREASURY			
GRANT FUNDS			
FISCAL ASSISTANCE TO STATE GOVERNMENT, ORS	.....	21.300..	$7,682
STATE AND LOCAL GOV FISCAL ASST TRUST FUND	.....	.....	$779
TOTAL - GRANT FUNDS			$8,461
OTHER FEDERAL FUNDS			
ADMINISTERING THE PUBLIC DEBT	10	.....	$6
CLAIMS, JUDGMENTS, AND RELIEF ACTS	.....	.....	$5
EXAMINATIONS AND APPEALS, IRS	19	.....	$41
INVESTIGATIONS AND COLLECTIONS, IRS	19	.....	$111
S & E, UNITED STATES CUSTOMS SERVICE	.....	.....	$83
TOTAL - OTHER FEDERAL FUNDS			$246
AGENCY TOTAL - FEDERAL FUNDS			$8,707
INDIRECT FEDERAL SUPPORT *			
INTEREST ON THE PUBLIC DEBT	10	.....	($1,628)
ACTION			
OTHER FEDERAL FUNDS			
OPERATING EXPENSES, INTERNATIONAL PROGRAMS	.....	.....	$15
TOTAL - OTHER FEDERAL FUNDS			$15
AGENCY TOTAL - FEDERAL FUNDS			$15
COMMUNITY SERVICES ADMINISTRATION			
GRANT FUNDS			
EMERGENCY ENERGY CONSERVATION SERVICES	.....	49.014	$905
STATE ECONOMIC OPPORTUNITY OFFICES	.....	49.013	$134
TOTAL - GRANT FUNDS			$1,039
AGENCY TOTAL - FEDERAL FUNDS			$1,039
ENVIRONMENTAL PROTECTION AGENCY			
GRANT FUNDS			
CONSTRUCTION MANAGEMENT ASST. GRANTS, WWM	.....	66.418..	$279
TOTAL - GRANT FUNDS			$279
AGENCY TOTAL - FEDERAL FUNDS			$279
GENERAL SERVICES ADMINISTRATION			
OTHER FEDERAL FUNDS			
FEDERAL BUILDINGS FUND	.....	.....	$457
FEDERAL TELECOMMUNICATIONS FUND	.....	.....	$674
WORKING CAPITAL FUND, GEN ACTIVITIES, GSA	.....	.....	$544
TOTAL - OTHER FEDERAL FUNDS			$1,675
AGENCY TOTAL - FEDERAL FUNDS			$1,675
NATIONAL ENDOWMENT FOR THE ARTS			
GRANT FUNDS			
EXPANSION ARTS PROGRAMS	.....	45.010	$5
LITERATURE PROGRAMS	.....	45.004	$10
MUSIC PROGRAMS	.....	45.001	$5
TOTAL - GRANT FUNDS			$20
AGENCY TOTAL - FEDERAL FUNDS			$20
INDIRECT FEDERAL SUPPORT *			
MUSIC PROGRAMS	.....	45.001	($5)

FEDERAL INFORMATION EXCHANGE SYSTEM
COUNTY SUMMARIES - AGENCY OPERATIONS

[Dollar amounts in thousands]

	PRORATION CODE	CFDA NO.	FY 1980 FUNDS
ALASKA—Con.			
NATIONAL SCIENCE FOUNDATION			
GRANT FUNDS			
SCIENTIFIC, TECHNOLOGICAL, & INTL. AFFAIRS	.....	47.053..	$1
TOTAL - GRANT FUNDS			$1
AGENCY TOTAL - FEDERAL FUNDS			$1
OFFICE OF PERSONNEL MANAGEMENT			
OTHER FEDERAL FUNDS			
CIVIL SERVICE RETIREMENT & DISABILITY FUND	8	.....	$1,384
TOTAL - OTHER FEDERAL FUNDS			$1,384
AGENCY TOTAL - FEDERAL FUNDS			$1,384
POSTAL SERVICE			
OTHER FEDERAL FUNDS			
POSTAL SERVICE FUND	13	.....	$2,296
TOTAL - OTHER FEDERAL FUNDS			$2,296
AGENCY TOTAL - FEDERAL FUNDS			$2,296
RAILROAD RETIREMENT BOARD			
OTHER FEDERAL FUNDS			
RAILROAD RETIREMENT ACCOUNT	21	57.001..	$36
RAILROAD UNEMPLOYMENT INSURANCE ACCOUNT	21	57.001..	$3
TOTAL - OTHER FEDERAL FUNDS			$39
AGENCY TOTAL - FEDERAL FUNDS			$39
SMALL BUSINESS ADMINISTRATION			
OTHER FEDERAL FUNDS			
PHYSICAL DISASTER LOANS	.....	59.008..	$1
TOTAL - OTHER FEDERAL FUNDS			$1
AGENCY TOTAL - FEDERAL FUNDS			$1
INDIRECT FEDERAL SUPPORT *			
SMALL BUSINESS LOANS	.....	59.012..	($419)
VETERANS ADMINISTRATION			
OTHER FEDERAL FUNDS			
AUTOS & SPECIAL EQUIPMENT, DISABLED VETS	12	64.100..	**
COMMUNITY NURSING HOME CARE	.....	64.007..	$227
COMPENSATION TO DEPENDENTS, VETS S/C DEATH	12	64.102..	$2
DEPENDENTS INDEMNITY COMPENSATION (DIC)	12	64.110..	$46
GENERAL OPERATING EXPENSES	.....	.....	$1,369
MEDICAL ADMIN. & MISC. OPERATING EXPENSES	.....	.....	$3
SONS, DAUGHTERS, WIVES & WIDOWS EDUCATION	12	64.117..	$8
VETERANS DEATH PENSION	12	64.105..	$37
VETERANS DISABILITY COMPENSATION	12	64.109..	$318
VETERANS DISABILITY PENSION	12	64.104..	$41
VETERANS HOSPITALIZATION	.....	64.009..	$20,777
VETERANS INSURANCE AND INDEMNITIES	12	64.103..	$78
VETERANS READJUSTMENT TRAINING	12	64.111..	$203
VETS BURIAL AWARDS & OTHER MISC BENEF PMT	12	64.101..	$8
VOCATIONAL REHAB. TRNG. FOR DISABLED VETS	12	64.116..	$3
TOTAL - OTHER FEDERAL FUNDS			$23,121
AGENCY TOTAL - FEDERAL FUNDS			$23,121
INDIRECT FEDERAL SUPPORT *			
VETERANS GUARANTEED AND INSURED LOANS	.....	64.114..	($1,600)
WATER RESOURCES COUNCIL			
GRANT FUNDS			
WATER RESOURCES PLANNING	.....	65.001..	$252
TOTAL - GRANT FUNDS			$252
AGENCY TOTAL - FEDERAL FUNDS			$252
COUNTY TOTAL - GRANT FUNDS			$157,559
COUNTY TOTAL - OTHER FEDERAL FUNDS			$100,267
COUNTY TOTAL - FEDERAL FUNDS			$257,825

COUNTY-KENAI PENINSULA

DEPARTMENT OF AGRICULTURE			
GRANT FUNDS			
AGRICULTURAL CONSERVATION PROGRAM, ASCS	.....	10.062..	$42
FOOD STAMP BONUS COUPONS, FNS	9	10.551..	$2,084
NATIONAL SCHOOL LUNCH PROGRAM-CASH, FNS	10	10.555..	$287
SPECIAL MILK PROGRAM FOR CHILDREN, FNS	10	10.556..	$9
TOTAL - GRANT FUNDS			$2,422
OTHER FEDERAL FUNDS			
CONSERVATION OPERATIONS, SCS	.....	.....	$2
FOREST MANAGE, PROTECTION, AND UTILIZATION	15	.....	$830
NATIONAL WOOL ACT PAYMENTS, CCC	.....	10.059..	$4
S & E, ASCS	.....	.....	$3
S & E, FARMERS HOME ADMINISTRATION	.....	.....	$87
SNOW SURVEY & WATER SUPP. FORECASTING, SCS	.....	10.907..	$5
SOIL AND WATER CONSERVATION, SCS	.....	10.902..	$37
SOIL SURVEY, SCS	.....	10.903..	$49
WORKING CAPITAL FUND, FS	18	.....	$13
YOUTH CONSERVATION CORPS, FS	18	10.661..	$66
TOTAL - OTHER FEDERAL FUNDS			$1,095
AGENCY TOTAL - FEDERAL FUNDS			$3,518
INDIRECT FEDERAL SUPPORT *			
BUSINESS AND INDUSTRIAL LOANS, FMHA	.....	10.422..	($1,800)
COMMUNITY FACILITIES LOANS, FMHA	.....	10.423..	($2,722)
DONATION OF COMM. TO SCHOOL LUNCH, FNS	10	10.550..	($9)
FARM OPERATING LOANS, FMHA	.....	10.406..	($5)
FOOD DISTRIBUTION TO INSTITUTIONS, FNS	10	10.550..	($10)
FOOD DISTRIBUTION TO SCHOOLS, FNS	10	10.550..	($84)
LOW TO MODERATE INCOME HOUSING LOANS, FMHA	.....	10.410..	($5,164)
RURAL RENTAL HOUSING LOANS, FMHA	.....	10.415..	($320)
RURAL TELEPHONE LNS. & LN. GUARANTEES, REA	8	10.851..	($13,895)
DEPARTMENT OF COMMERCE			
GRANT FUNDS			
ECON DEV-GRANTS & LOANS-PUBLIC WORKS, EDA	.....	11.300..	$1,260
ECON DEV-SUPPORT FOR PLANNING ORGS, EDA	.....	11.303..	$54
TOTAL - GRANT FUNDS			$1,314
OTHER FEDERAL FUNDS			
CENSUS SPECIAL TABULATIONS AND SERVICES	.....	11.009..	**
CONSOLIDATED WORKING FUND, CENSUS	.....	.....	$6
CONSOLIDATED WORKING FUND, NOAA	7	.....	$4
OPERATIONS, RESEARCH, AND FACILITIES, NOAA	7	.....	$49
PERIODIC CENSUSES	.....	.....	$117
WEATHER & RIVER FORECASTS & WARNINGS, NWS	7	.....	**
TOTAL - OTHER FEDERAL FUNDS			$176
AGENCY TOTAL - FEDERAL FUNDS			$1,490
INDIRECT FEDERAL SUPPORT *			
FISHERY VESSEL OBLIGATION GUARANTEES, NMFS	8	11.415..	($2,198)
DEPARTMENT OF DEFENSE			
OTHER FEDERAL FUNDS			
CIVIL FUNCTIONS PRIME CONTRACTS	8	.....	$133
CIVILIAN PAY	13	.....	$164
MILITARY ACTIVE DUTY PAY	13	.....	$54
MILITARY PRIME SUPPLY CONTRACTS	8	.....	$2,755
MILITARY RESERVE AND NATIONAL GUARD PAY	13	.....	$13
MILITARY RETIRED PAY	13	.....	$619
TOTAL - OTHER FEDERAL FUNDS			$3,738
AGENCY TOTAL - FEDERAL FUNDS			$3,738
DEPARTMENT OF EDUCATION			
GRANT FUNDS			
BASIC EDUCATIONAL OPPORTUNITY GRANT PROG	.....	84.063..	$105
COLLEGE LIBRARY RESOURCES	.....	84.005..	$2
EDUC DEPRIVED CHILDREN-LEA'S	.....	84.010..	$192
SAFA-MAINTENANCE AND OPERATION	.....	84.041..	$491
TOTAL - GRANT FUNDS			$789
AGENCY TOTAL - FEDERAL FUNDS			$789
DEPARTMENT OF ENERGY			
GRANT FUNDS			
GEOTHERMAL/HYDROTHERMAL-RESOURCE APPLIC	7	.....	$5
STATE & LOCAL-CONSERV & SOLAR APPLICATION	7	81.052..	$70
TOTAL - GRANT FUNDS			$75
AGENCY TOTAL - FEDERAL FUNDS			$75
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
GRANT FUNDS			
ALCOHOLISM TREATMENT AND REHAB PRGS, ADAMHA	.....	13.253..	$118
TOTAL - GRANT FUNDS			$118
OTHER FEDERAL FUNDS			
HEALTH SERVICES, HSA	.....	.....	$37
MEDICARE-HOSPITAL INSURANCE, HCFA	.....	13.773..	$113
MEDICARE-SUPP. MEDICAL INSURANCE, HCFA	.....	13.774..	$118
SOCIAL SECURITY-DISABILITY INSURANCE, SSA	13	13.807..	$843
SOCIAL SECURITY-RETIREMENT INSURANCE, SSA	13	13.803..	$2,861
SOCIAL SECURITY-SURVIVORS INSURANCE, SSA	13	13.805..	$1,641
SUPPLEMENTAL SECURITY INCOME, SSA	13	13.807..	$249
TOTAL - OTHER FEDERAL FUNDS			$5,861
AGENCY TOTAL - FEDERAL FUNDS			$5,979
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
GRANT FUNDS			
COMM DEV BLOCK GRTS-SMALL CITIES/DISC. CPD	.....	14.219	$230
TOTAL - GRANT FUNDS			$230
OTHER FEDERAL FUNDS			
SECTION 8-LOWER INCOME HOUSING ASST PRG, H	.....	14.156	$134
TOTAL - OTHER FEDERAL FUNDS			$134
AGENCY TOTAL - FEDERAL FUNDS			$364
INDIRECT FEDERAL SUPPORT *			
MOBILE HOME LOAN INSURANCE, H	.....	14.110	($21)
MORTGAGE INSURANCE-HOMES, H	.....	14.117	($69)

FEDERAL INFORMATION EXCHANGE SYSTEM
COUNTY SUMMARIES - AGENCY OPERATIONS

[Dollar amounts in thousands]

	PRORATION CODE	CFDA NO.	FY 1980 FUNDS
ALASKA—Con.			
PROPERTY IMPROVEMENT LOAN INSURANCE, H	.....	14.143..	, $24)
DEPARTMENT OF THE INTERIOR			
GRANT FUNDS			
NATIONAL WILDLIFE REFUGE FUND	.....	.....	**
OUTDOOR RECREATION-ADUIST, DEV & PLG, HCRS	.....	15.400..	$150
PAYMENT IN LIEU OF TAXES, BLM	.....	.....	$681
TOTAL - GRANT FUNDS			$830
OTHER FEDERAL FUNDS			
CONSTRUCTION AND ANADROMOUS FISH	7	.....	$17
CONTRIBUTED FUNDS, FWS	7	.....	**
DEVELOPMENT AND OPER-RECREATIONAL FAC, FWS	7	.....	$7
NATIONAL WILDLIFE REFUGE FUND	7	.....	$32
RESOURCE MANAGEMENT, FWS	7	.....	$586
ROAD CONSTRUCTION, BIA	.....	.....	$678
SPORT FISH TECHNICAL ASSISTANCE, FWS	7	15.608..	$9
WILDLIFE RESEARCH INFORMATION, FWS	7	15.610..	$100
WORKING CAPITAL FUND, O/S, INTERIOR	.....	.....	$1,134
TOTAL - OTHER FEDERAL FUNDS			$2,564
AGENCY TOTAL - FEDERAL FUNDS			$3,395
DEPARTMENT OF LABOR			
GRANT FUNDS			
EMPLOYMENT SERVICES (CETA-UMI), ETA	.....	17.207..	$314
UNEMPLOYMENT INSURANCE, ETA	.....	17.225..	$564
TOTAL - GRANT FUNDS			$878
OTHER FEDERAL FUNDS			
FED UNEMPLOYMENT BENEFITS & ALLOWNCES, ETA	.....	17.225..	$349
SPECIAL UNEMPLOYMENT ASSISTANCE, ETA	.....	17.225..	$98
TRADE ADJUSTMENT ASSISTANCE, ETA	.....	17.600..	**
TOTAL - OTHER FEDERAL FUNDS			$447
AGENCY TOTAL - FEDERAL FUNDS			$1,325
DEPARTMENT OF TRANSPORTATION			
GRANT FUNDS			
AIRPORT PLANNING GRANT PROGRAM, FAA	.....	20.103..	$702
HIGHWAY PLANNING AND CONSTRUCTION, FHWA	.....	20.205..	$4,063
TOTAL - GRANT FUNDS			$4,765
OTHER FEDERAL FUNDS			
ALASKA RAILROAD REVOLVING FUND, FRA	.....	.....	$5,424
COAST GUARD SUPPLY FUND	.....	.....	$9
FACILITIES AND EQUIPMENT, A/A TRUST FUND	.....	.....	$87
OPERATING EXPENSES, CG	.....	.....	$330
OPERATIONS, FAA	.....	.....	$591
TOTAL - OTHER FEDERAL FUNDS			$6,441
AGENCY TOTAL - FEDERAL FUNDS			$11,207
DEPARTMENT OF THE TREASURY			
GRANT FUNDS			
STATE AND LOCAL GOV FISCAL ASST TRUST FUND	.....	.....	$1,188
TOTAL - GRANT FUNDS			$1,188
OTHER FEDERAL FUNDS			
ADMINISTERING THE PUBLIC DEBT	10 ...	.....	$2
TOTAL - OTHER FEDERAL FUNDS			$2
AGENCY TOTAL - FEDERAL FUNDS			$1,190
INDIRECT FEDERAL SUPPORT *			
INTEREST ON THE PUBLIC DEBT	10	.....	($1,870)
GENERAL SERVICES ADMINISTRATION			
OTHER FEDERAL FUNDS			
FEDERAL BUILDINGS FUND	.....	.....	$89
TOTAL - OTHER FEDERAL FUNDS			$89
AGENCY TOTAL - FEDERAL FUNDS			$89
NATIONAL ENDOWMENT FOR THE ARTS			
GRANT FUNDS			
VISUAL ARTS PROGRAMS	.....	45.009	$5
TOTAL - GRANT FUNDS			$5
AGENCY TOTAL - FEDERAL FUNDS			$5
OFFICE OF PERSONNEL MANAGEMENT			
OTHER FEDERAL FUNDS			
CIVIL SERVICE RETIREMENT & DISABILITY FUND	8	.....	$1,318
TOTAL - OTHER FEDERAL FUNDS			$1,318
AGENCY TOTAL - FEDERAL FUNDS			$1,318
POSTAL SERVICE			
OTHER FEDERAL FUNDS			
POSTAL SERVICE FUND	15		$1,888
TOTAL - OTHER FEDERAL FUNDS			$1,888
AGENCY TOTAL - FEDERAL FUNDS			$1,888
RAILROAD RETIREMENT BOARD			
OTHER FEDERAL FUNDS			
RAILROAD RETIREMENT ACCOUNT	21	57.001	$32
RAILROAD UNEMPLOYMENT INSURANCE ACCOUNT	21	57.001	$4
TOTAL - OTHER FEDERAL FUNDS	....		$36
AGENCY TOTAL - FEDERAL FUNDS			$36
SMALL BUSINESS ADMINISTRATION			
OTHER FEDERAL FUNDS			
SMALL BUSINESS LOANS	.....	59.012..	$101
TOTAL - OTHER FEDERAL FUNDS			$101
AGENCY TOTAL - FEDERAL FUNDS			$101
INDIRECT FEDERAL SUPPORT *			
SMALL BUSINESS LOANS	.....	59.012..	($1,492)
VETERANS ADMINISTRATION			
OTHER FEDERAL FUNDS			
AUTOS & SPECIAL EQUIPMENT, DISABLED VETS	12	64.100..	$1
COMPENSATION TO DEPENDENTS, VETS S/C DEATH	12	64.102..	$3
DEPENDENTS INDEMNITY COMPENSATION (DIC)	12	64.110..	$60
SONS, DAUGHTERS, WIVES & WIDOWS EDUCATION	12	64.117..	$10
VETERANS DEATH PENSION	12	64.105..	$48
VETERANS DISABILITY COMPENSATION	12	64.109..	$414
VETERANS DISABILITY PENSION	12	64.104..	$53
VETERANS INSURANCE AND INDEMNITIES	12	64.103..	$101
VETERANS READJUSTMENT TRAINING	12	64.111..	$264
VETS BURIAL AWARDS & OTHER MISC BENEF PMT	12 ...	64.101..	$10
VOCATIONAL REHAB. TRNG. FOR DISABLED VETS	12	64.116..	$4
TOTAL - OTHER FEDERAL FUNDS			$969
AGENCY TOTAL - FEDERAL FUNDS			$969
INDIRECT FEDERAL SUPPORT *			
VETERANS GUARANTEED AND INSURED LOANS	.....	64.114..	($1,481)
COUNTY TOTAL - GRANT FUNDS			$12,615
COUNTY TOTAL - OTHER FEDERAL FUNDS			$24,861
COUNTY TOTAL - FEDERAL FUNDS			$37,476

COUNTY-KETCHIKAN GATEWAY

DEPARTMENT OF AGRICULTURE			
GRANT FUNDS			
EQUIP ASST PROG-SCHOOL FOOD SVC PROG, FNS	10	10.554..	$1
FOOD STAMP BONUS COUPONS, FNS	1	10.551..	$698
NATIONAL SCHOOL LUNCH PROGRAM-CASH, FNS	10	10.555..	$125
NUTRITION PROGRAMS FOR THE ELDERLY, FNS	11	10.550..	$5
SPECIAL MILK PROGRAM FOR CHILDREN, FNS	10	10.556..	$2
TOTAL - GRANT FUNDS			$831
OTHER FEDERAL FUNDS			
BRUSH DISPOSAL, FS	10	.....	$3
FOREST MANAGE, PROTECTION, AND UTILIZATION	10	.....	$4,622
TIMBER SALVAGE SALES, FS	10	.....	$49
WORKING CAPITAL FUND, FS	10	.....	$103
YOUTH CONSERVATION CORPS, FS	10	10.661..	$44
TOTAL - OTHER FEDERAL FUNDS			$4,821
AGENCY TOTAL - FEDERAL FUNDS			$5,652
INDIRECT FEDERAL SUPPORT *			
DONATION OF COMM. TO SCHOOL LUNCH, FNS	10	10.550..	($4)
FOOD DISTRIBUTION TO INSTITUTIONS, FNS	10	10.550..	($6)
FOOD DISTRIBUTION TO SCHOOLS, FNS	10	10.550..	($28)
DEPARTMENT OF COMMERCE			
GRANT FUNDS			
ECON DEV-TECHNICAL ASSISTANCE, EDA	.....	11.303..	$25
TOTAL - GRANT FUNDS			$25
OTHER FEDERAL FUNDS			
CENSUS SPECIAL TABULATIONS AND SERVICES	.....	11.005..	**
CONSOLIDATED WORKING FUND, CENSUS	.....	.....	$1
CONSOLIDATED WORKING FUND, NOAA	7	.....	$9
CURRENT STATISTICAL PROGRAMS, CENSUS	.....	.....	$1
OPERATIONS, RESEARCH, AND FACILITIES, NOAA	7	.....	$164
PERIODIC CENSUSES	.....	.....	$49
PROMOTE AND DEVELOP FISHERY PRODUCTS, NOAA	7	.....	$18
TOTAL - OTHER FEDERAL FUNDS			$243
AGENCY TOTAL - FEDERAL FUNDS			$268
DEPARTMENT OF DEFENSE			
OTHER FEDERAL FUNDS			
CIVILIAN PAY	11	.....	$19
MILITARY PRIME SERVICE CONTRACTS	5	.....	$300
MILITARY RESERVE AND NATIONAL GUARD PAY	11	.....	$381
MILITARY RETIRED PAY	12	.....	$245
TOTAL - OTHER FEDERAL FUNDS			$945
AGENCY TOTAL - FEDERAL FUNDS			$945
DEPARTMENT OF EDUCATION			
GRANT FUNDS			
COLLEGE LIBRARY RESOURCES		84.005	$2

FEDERAL INFORMATION EXCHANGE SYSTEM
COUNTY SUMMARIES - AGENCY OPERATIONS

(Dollar amounts in thousands)

	PRORATION CODE	CFDA NO.	FY 1980 FUNDS
ALASKA—Con.			
EDUC DEPRIVED CHILDREN-LEA'S		84.010	$133
INDIAN ED-GRANTS TO LOCAL EDUCATIONAL AGCY		84.060	$176
INSTITUTE OF MUSEUM SERVICES		84.115	$28
SAFA-MAINTENANCE AND OPERATION		84.041	$664
TOTAL - GRANT FUNDS			$1,002
AGENCY TOTAL - FEDERAL FUNDS			$1,002
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
GRANT FUNDS			
ALCOHOLISM TREATMENT AND REHAB PRGS, ADMHA		13.253	$20
SOCIAL & NUTRITION SVCS-OLDER INDIANS, OS		13.635	$65
TOTAL - GRANT FUNDS			$85
OTHER FEDERAL FUNDS			
HEALTH SERVICES, HSA			$174
INDIAN HEALTH SERVICES-HLTH MGT & DEV, HSA		13.228	$68
MEDICARE-HOSPITAL INSURANCE, HCFA		13.773	$1,356
MEDICARE-SUPP. MEDICAL INSURANCE, HCFA		13.774	$514
SOCIAL SECURITY-DISABILITY INSURANCE, SSA	12	13.803	$424
SOCIAL SECURITY-RETIREMENT INSURANCE, SSA	12	13.802	$2,364
SOCIAL SECURITY-SURVIVORS INSURANCE, SSA	12	13.805	$1,012
SUPPLEMENTAL SECURITY INCOME, SSA	12	13.807	**
TOTAL - OTHER FEDERAL FUNDS			$5,911
AGENCY TOTAL - FEDERAL FUNDS			$5,996
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
GRANT FUNDS			
COMM DEV BLOCK GRTS-SMALL CITIES/DISC, CPD		14.219	$400
TOTAL - GRANT FUNDS			$400
AGENCY TOTAL - FEDERAL FUNDS			$400
INDIRECT FEDERAL SUPPORT *			
PROPERTY IMPROVEMENT LOAN INSURANCE, H		14.142	($3)
DEPARTMENT OF THE INTERIOR			
GRANT FUNDS			
OUTDOOR RECREATION-AQUIST, DEV & PLG, HCRS		15.400	$51
PAYMENT IN LIEU OF TAXES, BLM			$224
TOTAL - GRANT FUNDS			$276
OTHER FEDERAL FUNDS			
CONSTRUCTION AND REHABILITATION, WPRS	16		$220
RESOURCE MANAGEMENT, FWS	7		$75
WORKING CAPITAL FUND, O/S, INTERIOR			$214
TOTAL - OTHER FEDERAL FUNDS			$509
AGENCY TOTAL - FEDERAL FUNDS			$784
DEPARTMENT OF JUSTICE			
OTHER FEDERAL FUNDS			
S & E, IMMIGRATION AND NATURALIZATION SVC	19		$90
TOTAL - OTHER FEDERAL FUNDS			$90
AGENCY TOTAL - FEDERAL FUNDS			$90
DEPARTMENT OF LABOR			
GRANT FUNDS			
EMPLOYMENT SERVICES (CETA-LMI), ETA		17.207	$366
UNEMPLOYMENT INSURANCE, ETA		17.225	$564
TOTAL - GRANT FUNDS			$930
OTHER FEDERAL FUNDS			
FED UNEMPLOYMENT BENEFITS & ALLOWNCES, ETA		17.225	$211
SPECIAL UNEMPLOYMENT ASSISTANCE, ETA		17.225	$59
TRADE ADJUSTMENT ASSISTANCE, ETA		17.600	**
TOTAL - OTHER FEDERAL FUNDS			$271
AGENCY TOTAL - FEDERAL FUNDS			$1,201
DEPARTMENT OF TRANSPORTATION			
GRANT FUNDS			
AIRPORT PLANNING GRANT PROGRAM, FAA		20.103	$138
HIGHWAY PLANNING AND CONSTRUCTION, FHWA		20.205	$487
TOTAL - GRANT FUNDS			$625
OTHER FEDERAL FUNDS			
COAST GUARD SUPPLY FUND			$137
FACILITIES AND EQUIPMENT, A/A TRUST FUND			$80
OPERATING EXPENSES, CG			$10,742
OPERATIONS, FAA			$477
POLLUTION FUND, CG			$31
TOTAL - OTHER FEDERAL FUNDS			$11,467
AGENCY TOTAL - FEDERAL FUNDS			$12,092
DEPARTMENT OF THE TREASURY			
GRANT FUNDS			
STATE AND LOCAL GOV FISCAL ASST TRUST FUND			$596
TOTAL - GRANT FUNDS			$596
OTHER FEDERAL FUNDS			
ADMINISTERING THE PUBLIC DEBT	19		**
S & E, UNITED STATES CUSTOMS SERVICE			$138
TOTAL - OTHER FEDERAL FUNDS			$138
AGENCY TOTAL - FEDERAL FUNDS			$734
INDIRECT FEDERAL SUPPORT *			
INTEREST ON THE PUBLIC DEBT	19		($1,143)
AGENCY FOR INTERNATIONAL DEVELOPMENT			
OTHER FEDERAL FUNDS			
FUNCTIONAL DEVELOPMENT ASSISTANCE PROGRAM	22		$9,510
TOTAL - OTHER FEDERAL FUNDS			$9,510
AGENCY TOTAL - FEDERAL FUNDS			$9,510
ENVIRONMENTAL PROTECTION AGENCY			
GRANT FUNDS			
CONST GRTS FOR WASTEWATER TREAT WORKS, WWM		66.418	$10,430
TOTAL - GRANT FUNDS			$10,430
AGENCY TOTAL - FEDERAL FUNDS			$10,430
GENERAL SERVICES ADMINISTRATION			
OTHER FEDERAL FUNDS			
FEDERAL BUILDINGS FUND			$130
GENERAL SUPPLY FUND, PERSONAL PROPERTY ACT			$172
TOTAL - OTHER FEDERAL FUNDS			$302
AGENCY TOTAL - FEDERAL FUNDS			$302
OFFICE OF PERSONNEL MANAGEMENT			
OTHER FEDERAL FUNDS			
CIVIL SERVICE RETIREMENT & DISABILITY FUND	8		$889
TOTAL - OTHER FEDERAL FUNDS			$889
AGENCY TOTAL - FEDERAL FUNDS			$889
POSTAL SERVICE			
OTHER FEDERAL FUNDS			
POSTAL SERVICE FUND	13		$1,185
TOTAL - OTHER FEDERAL FUNDS			$1,185
AGENCY TOTAL - FEDERAL FUNDS			$1,185
RAILROAD RETIREMENT BOARD			
OTHER FEDERAL FUNDS			
RAILROAD RETIREMENT ACCOUNT	21	57.001	$4
TOTAL - OTHER FEDERAL FUNDS			$4
AGENCY TOTAL - FEDERAL FUNDS			$4
SMALL BUSINESS ADMINISTRATION			
INDIRECT FEDERAL SUPPORT *			
SMALL BUSINESS LOANS		59.012	($176)
VETERANS ADMINISTRATION			
OTHER FEDERAL FUNDS			
AUTOS & SPECIAL EQUIPMENT, DISABLED VETS	13	64.100	**
COMPENSATION TO DEPENDENTS, VETS S/C DEATH	13	64.102	$2
DEPENDENTS INDEMNITY COMPENSATION (DIC)	13	64.110	$33
SONS, DAUGHTERS, WIVES & WIDOWS EDUCATION	13	64.117	$6
VETERANS DEATH PENSION	13	64.105	$27
VETERANS DISABILITY COMPENSATION	13	64.109	$230
VETERANS DISABILITY PENSION	13	64.104	$30
VETERANS INSURANCE AND INDEMNITIES	13	64.103	$56
VETERANS READJUSTMENT TRAINING	13	64.111	$147
VETS BURIAL AWARDS & OTHER MISC BENEF PMT	13	64.101	$6
VOCATIONAL REHAB. TRNG. FOR DISABLED VETS	13	64.116	$2
TOTAL - OTHER FEDERAL FUNDS			$537
AGENCY TOTAL - FEDERAL FUNDS			$537
COUNTY TOTAL - GRANT FUNDS			$15,200
COUNTY TOTAL - OTHER FEDERAL FUNDS			$36,823
COUNTY TOTAL - FEDERAL FUNDS			$52,023

COUNTY-KOBUK

DEPARTMENT OF AGRICULTURE			
GRANT FUNDS			
CHILD CARE FOOD PROGRAM, FNS	10	10.558	$7
EQUIP ASST PROG-SCHOOL FOOD SVC PROG, FNS	10	10.554	$1
FOOD STAMP BONUS COUPONS, FNS	1	10.551	$1,133
NATIONAL SCHOOL LUNCH PROGRAM-CASH, FNS	10	10.555	$265
SCHOOL BREAKFAST PROGRAM, FNS	10	10.553	$5
SUPP. FOOD-WOMEN, INFANTS & CHILDREN, FNS	10	10.557	$98
TOTAL - GRANT FUNDS			$1,510
AGENCY TOTAL - FEDERAL FUNDS			$1,510
INDIRECT FEDERAL SUPPORT *			
DONATION OF COMM. TO SCHOOL LUNCH, FNS	10	10.550	($5)
FOOD DISTRIBUTION TO SCHOOLS, FNS	10	10.550	($47)
RURAL ELECTRIC LOANS & LN. GUARANTEES, REA	1	10.850	($910)

FEDERAL INFORMATION EXCHANGE SYSTEM
COUNTY SUMMARIES - AGENCY OPERATIONS

[Dollar amounts in thousands]

	PRORATION CODE	CFDA NO.	FY 1980 FUNDS
ALASKA—Con.			
DEPARTMENT OF COMMERCE			
GRANT FUNDS			
ECON DEV-PUBLIC WORKS IMPACT PROJECTS, EDA		11.304..	$263
ECON DEV-SUPPORT FOR PLANNING ORGS, EDA		11.302..	$105
TOTAL - GRANT FUNDS			$368
OTHER FEDERAL FUNDS			
CONSOLIDATED WORKING FUND, NOAA	7		$10
OPERATIONS, RESEARCH, AND FACILITIES, NOAA	7		$154
PERIODIC CENSUSES			$16
WEATHER & RIVER FORECASTS & WARNINGS, NWS	7		$42
TOTAL - OTHER FEDERAL FUNDS			$222
AGENCY TOTAL - FEDERAL FUNDS			$590
DEPARTMENT OF DEFENSE			
OTHER FEDERAL FUNDS			
CIVILIAN PAY	13		$137
MILITARY ACTIVE DUTY PAY	13		$322
MILITARY PRIME SERVICE CONTRACTS	9		$22
MILITARY RESERVE AND NATIONAL GUARD PAY	13		$1,478
MILITARY RETIRED PAY	13		$70
TOTAL - OTHER FEDERAL FUNDS			$2,029
AGENCY TOTAL - FEDERAL FUNDS			$2,029
DEPARTMENT OF EDUCATION			
GRANT FUNDS			
EDUC DEPRIVED CHILDREN-LEA'S		84.010..	$293
INDIAN ED-GRANTS TO LOCAL EDUCATIONAL AGCY		84.060..	$424
SAFA-MAINTENANCE AND OPERATION		84.041..	$2,964
TEACHER CENTERS		84.006..	$109
TOTAL - GRANT FUNDS			$3,790
AGENCY TOTAL - FEDERAL FUNDS			$3,790
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
GRANT FUNDS			
NATIVE AMERICAN PROGRAMS, OS		13.612..	$61
TOTAL - GRANT FUNDS			$61
OTHER FEDERAL FUNDS			
INDIAN HEALTH FACILITIES, HSA			$54
INDIAN HEALTH SERVICES, HSA			$31
MEDICARE-HOSPITAL INSURANCE, HCFA		13.773..	$364
MEDICARE-SUPP. MEDICAL INSURANCE, HCFA		13.774..	$169
SOCIAL SECURITY-DISABILITY INSURANCE, SSA	12	13.802..	$88
SOCIAL SECURITY-RETIREMENT INSURANCE, SSA	12	13.803..	$357
SOCIAL SECURITY-SURVIVORS INSURANCE, SSA	12	13.805..	$393
SUPPLEMENTAL SECURITY INCOME, SSA	13	13.807..	$224
TOTAL - OTHER FEDERAL FUNDS			$1,680
AGENCY TOTAL - FEDERAL FUNDS			$1,741
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
GRANT FUNDS			
COMM DEV BLOCK GRTS-SMALL CITIES/DISC, CPD		14.219..	$246
TOTAL - GRANT FUNDS			$246
AGENCY TOTAL - FEDERAL FUNDS			$246
DEPARTMENT OF THE INTERIOR			
GRANT FUNDS			
INDIAN EMPLOYMENT ASSISTANCE, BIA		15.106..	$1
TOTAL - GRANT FUNDS			$1
OTHER FEDERAL FUNDS			
CONSTRUCTION, BUREAU OF INDIAN AFFAIRS			**
OPERATION OF INDIAN PROGRAMS, BIA			$3
WORKING CAPITAL FUND, O/S, INTERIOR			$51
TOTAL - OTHER FEDERAL FUNDS			$54
AGENCY TOTAL - FEDERAL FUNDS			$55
DEPARTMENT OF LABOR			
GRANT FUNDS			
COMPREHENSIVE EMPL. & TRNG. PROGRAMS, ETA	5	17.233..	$411
EMPLOYMENT SERVICES (CETA-LMI), ETA		17.207..	$52
INDIAN EMPLOYMENT & TRAINING PROGRAM, ETA	5	17.234..	$588
SUMMER YOUTH EMPLOYMENT PROGRAMS, ETA	5	17.233..	$64
YOUTH COMMUNITY CONSERVATION & IMPROV, ETA	5	17.233..	$18
YOUTH EMPLOYMENT & TRAINING PROGRAMS, ETA	5	17.233..	$93
TOTAL - GRANT FUNDS			$1,226
OTHER FEDERAL FUNDS			
FED UNEMPLOYMENT BENEFITS & ALLOWNCES, ETA		17.225	$93
SPECIAL UNEMPLOYMENT ASSISTANCE, ETA		17.225	$26
TRADE ADJUSTMENT ASSISTANCE, ETA		17.245	**
TOTAL - OTHER FEDERAL FUNDS			$120
AGENCY TOTAL - FEDERAL FUNDS			$1,346
DEPARTMENT OF TRANSPORTATION			
GRANT FUNDS			
AIRPORT PLANNING GRANT PROGRAM, FAA		20.102	$875
TOTAL - GRANT FUNDS			$875
OTHER FEDERAL FUNDS			
COAST GUARD SUPPLY FUND			**
FACILITIES AND EQUIPMENT, A/A TRUST FUND			$139
OPERATING EXPENSES, CG			$367
OPERATIONS, FAA			$655
TOTAL - OTHER FEDERAL FUNDS			$1,162
AGENCY TOTAL - FEDERAL FUNDS			$2,037
DEPARTMENT OF THE TREASURY			
GRANT FUNDS			
STATE AND LOCAL GOV FISCAL ASST TRUST FUND			$185
TOTAL - GRANT FUNDS			$185
AGENCY TOTAL - FEDERAL FUNDS			$185
INDIRECT FEDERAL SUPPORT *			
INTEREST ON THE PUBLIC DEBT	10		($450)
GENERAL SERVICES ADMINISTRATION			
OTHER FEDERAL FUNDS			
FEDERAL BUILDINGS FUND			$55
TOTAL - OTHER FEDERAL FUNDS			$55
AGENCY TOTAL - FEDERAL FUNDS			$55
OFFICE OF PERSONNEL MANAGEMENT			
OTHER FEDERAL FUNDS			
CIVIL SERVICE RETIREMENT & DISABILITY FUND	8		$362
TOTAL - OTHER FEDERAL FUNDS			$362
AGENCY TOTAL - FEDERAL FUNDS			$362
POSTAL SERVICE			
OTHER FEDERAL FUNDS			
POSTAL SERVICE FUND	15		$1,222
TOTAL - OTHER FEDERAL FUNDS			$1,222
AGENCY TOTAL - FEDERAL FUNDS			$1,222
SMALL BUSINESS ADMINISTRATION			
OTHER FEDERAL FUNDS			
ECONOMIC OPPORTUNITY LOANS		59.002..	$31
TOTAL - OTHER FEDERAL FUNDS			$31
AGENCY TOTAL - FEDERAL FUNDS			$31
INDIRECT FEDERAL SUPPORT *			
SMALL BUSINESS LOANS		59.012..	($111)
VETERANS ADMINISTRATION			
OTHER FEDERAL FUNDS			
AUTOS & SPECIAL EQUIPMENT, DISABLED VETS	13	64.100..	**
COMPENSATION TO DEPENDENTS, VETS S/C DEATH	13	64.102..	**
DEPENDENTS INDEMNITY COMPENSATION (DIC)	13	64.110..	$6
SONS, DAUGHTERS, WIVES & WIDOWS EDUCATION	13	64.117..	$1
VETERANS DEATH PENSION	13	64.105..	$5
VETERANS DISABILITY COMPENSATION	13	64.109..	$45
VETERANS DISABILITY PENSION	13	64.104..	$6
VETERANS INSURANCE AND INDEMNITIES	13	64.103..	$11
VETERANS READJUSTMENT TRAINING	13	64.111..	$29
VETS BURIAL AWARDS & OTHER MISC BENEF PMT	13	64.101..	$1
VOCATIONAL REHAB. TRNG. FOR DISABLED VETS	13	64.116..	**
TOTAL - OTHER FEDERAL FUNDS			$105
AGENCY TOTAL - FEDERAL FUNDS			$105
COUNTY TOTAL - GRANT FUNDS			$8,262
COUNTY TOTAL - OTHER FEDERAL FUNDS			$7,042
COUNTY TOTAL - FEDERAL FUNDS			$15,304

COUNTY-KODIAK ISLAND

DEPARTMENT OF AGRICULTURE			
GRANT FUNDS			
CHILD CARE FOOD PROGRAM, FNS	10	10.558..	$11
EQUIP ASST PROG-SCHOOL FOOD SVC PROG, FNS	10	10.554..	$1
FOOD STAMP BONUS COUPONS, FNS	3	10.551..	$681
NATIONAL SCHOOL LUNCH PROGRAM-CASH, FNS	10	10.555..	$117
NUTRITION PROGRAMS FOR THE ELDERLY, FNS	11	10.570..	$3
SCHOOL BREAKFAST PROGRAM, FNS	10	10.553..	$2
SPECIAL MILK PROGRAM FOR CHILDREN, FNS	10	10.556..	$1
TOTAL - GRANT FUNDS			$817
OTHER FEDERAL FUNDS			
FOREST MANAGE, PROTECTION, AND UTILIZATION	10		$1
TOTAL - OTHER FEDERAL FUNDS			$1
AGENCY TOTAL - FEDERAL FUNDS			$951
INDIRECT FEDERAL SUPPORT *			
DONATION OF COMM. TO SCHOOL LUNCH, FNS	10	10.550	($5)
FOOD DISTRIBUTION TO INSTITUTIONS, FNS	10	10.550	($8)
FOOD DISTRIBUTION TO SCHOOLS, FNS	10	10.550	($15)
RURAL TELEPHONE LNS. & LN. GUARANTEES, REA	3	10.851	($6,313)

FEDERAL INFORMATION EXCHANGE SYSTEM
COUNTY SUMMARIES - AGENCY OPERATIONS

(Dollar amounts in thousands)

	PRORATION CODE	CFDA NO.	FY 1980 FUNDS
ALASKA—Con.			
DEPARTMENT OF COMMERCE			
GRANT FUNDS			
ECON DEV-SUPPORT FOR PLANNING ORGS, EDA		11.302..	$55
TOTAL - GRANT FUNDS			$55
OTHER FEDERAL FUNDS			
CENSUS SPECIAL TABULATIONS AND SERVICES		11.005..	**
CONSOLIDATED WORKING FUND, CENSUS			**
CONSOLIDATED WORKING FUND, NOAA	7		$148
CURRENT STATISTICAL PROGRAMS, CENSUS			**
OPERATIONS, RESEARCH, AND FACILITIES, NOAA	7		$1,340
PERIODIC CENSUSES			$10
PROMOTE AND DEVELOP FISHERY PRODUCTS, NOAA	7		$37
WEATHER & RIVER FORECASTS I. WASHINGS, NWS	7		$100
TOTAL - OTHER FFDERAL FUNDS			$1,636
AGENCY TOTAL - FEDERAL FUNDS			$1,691
INDIRECT FEDERAL SUPPORT *			
FISHERY VESSEL OBLIGATION GUARANTEES, NMFS	5	11.415..	($140)
DEPARTMENT OF DEFENSE			
OTHER FEDERAL FUNDS			
MILITARY ACTIVE DUTY PAY	13		$42
MILITARY RESERVE AND NATIONAL GUARD PAY	13		$9
MILITARY RETIRED PAY	13		$417
TOTAL - OTHER FEDERAL FUNDS			$468
AGENCY TOTAL - FEDERAL FUNDS			$468
DEPARTMENT OF EDUCATION			
GRANT FUNDS			
COLLEGE LIBRARY RESOURCES		84.005..	$2
EDUC DEPRIVED CHILDREN-LEA'S		84.010..	$116
INDIAN ED-GRANTS TO LOCAL EDUCATIONAL AGCY		84.060..	$707
INDIAN ED-SPECIAL PROGRAMS AND PROJECTS		84.061..	$64
MAINTENANCE AND OPERATION		84.041..	$514
TOTAL - GRANT FUNDS			$902
OTHER FEDERAL FUNDS			
HIGHER ED-VETS COST OF INSTRUCTION PROGRAM		84.064..	$1
TOTAL - OTHER FEDERAL FUNDS			$1
AGENCY TOTAL - FEDERAL FUNDS			$903
DEPARTMENT OF ENERGY			
GRANT FUNDS			
STATE & LOCAL-CONSERV & SOLAR APPLICATION	7	81.052..	$407
TOTAL - GRANT FUNDS			$407
AGENCY TOTAL - FEDERAL FUNDS			$407
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
GRANT FUNDS			
COMMUNITY HEALTH CENTERS, HSA		13.224..	$150
NATIVE AMERICAN PROGRAMS, OS		13.612..	$70
SOCIAL & NUTRITION SVCS-OLDER INDIANS, OS		13.633..	$70
TOTAL - GRANT FUNDS			$290
OTHER FEDERAL FUNDS			
HEALTH SERVICES, HSA			$156
INDIAN HEALTH SERVICES, IHSA			$1,028
MEDICARE-HOSPITAL INSURANCE, HCFA		13.773..	$651
MEDICARE-SUPP. MEDICAL INSURANCE, HCFA		13.774..	$293
SOCIAL SECURITY-DISABILITY INSURANCE, SSA	13	13.802..	$180
SOCIAL SECURITY-RETIREMENT INSURANCE, SSA	13	13.803..	$733
SOCIAL SECURITY-SURVIVORS INSURANCE, SSA	13	13.805..	$655
SPECIAL BENEFITS-DISABLED COAL MINERS, SSA	13	13.806..	$9
SUPPLEMENTAL SECURITY INCOME, SSA	13	13.807..	$73
TOTAL - OTHER FEDERAL FUNDS			$3,778
AGENCY TOTAL - FEDERAL FUNDS			$4,068
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
GRANT FUNDS			
COMM DEV BLOCK GRTS-SMALL CITIES/DISC, CPD		14.219..	$320
TOTAL - GRANT FUNDS			$320
AGENCY TOTAL - FEDERAL FUNDS			$320
INDIRECT FEDERAL SUPPORT *			
MOBILE HOME LOAN INSURANCE, H		14.110	($398)
MORTGAGE INSURANCE-HOMES, H		14.117	($44)
PROPERTY IMPROVEMENT LOAN INSURANCE, H		14.142	($27)
DEPARTMENT OF THE INTERIOR			
GRANT FUNDS			
NATIONAL WILDLIFE REFUGE FUND			**
OUTDOOR RECREATION-AQUIST, DEV & PLG, HCRS		15.400	$50
PAYMENT IN LIEU OF TAXES, BLM			$293
TOTAL - GRANT FUNDS			$343
OTHER FEDERAL FUNDS			
CONSOLIDATED WORKING FUND, FWS	7		$9
CONSTRUCTION AND ANADROMOUS FISH	7		$579
RESOURCE MANAGEMENT, FWS	7		$235
ROAD CONSTRUCTION, BIA			$22
WILDLIFE TECHNICAL ASSISTANCE, FWS	7	15.609..	$1
WORKING CAPITAL FUND, O/S, INTERIOR			$8
TOTAL - OTHER FEDERAL FUNDS			$853
AGENCY TOTAL - FEDERAL FUNDS			$1,196
DEPARTMENT OF LABOR			
GRANT FUNDS			
COMPREHENSIVE EMPL. & TRNG. PROGRAMS, ETA	5	17.253..	$205
EMPLOYMENT SERVICES (CETA-LMI), ETA		17.207..	$105
INDIAN EMPLOYMENT & TRAINING PROGRAM, ETA	5	17.254..	$279
SUMMER YOUTH EMPLOYMENT PROGRAMS, ETA	5	17.253..	$106
UNEMPLOYMENT INSURANCE, ETA		17.225..	$188
YOUTH COMMUNITY CONSERVATION & IMPROV, ETA	5	17.253..	$8
YOUTH EMPLOYMENT & TRAINING PROGRAMS, ETA	5	17.253..	$42
TOTAL - GRANT FUNDS			$933
OTHER FEDERAL FUNDS			
FED UNEMPLOYMENT BENEFITS & ALLOWNCES, ETA		17.225..	$198
SPECIAL UNEMPLOYMENT ASSISTANCE, ETA		17.225..	$56
TRADE ADJUSTMENT ASSISTANCE, ETA		17.600..	**
TOTAL - OTHER FEDERAL FUNDS			$254
AGENCY TOTAL - FEDERAL FUNDS			$1,187
DEPARTMENT OF TRANSPORTATION			
GRANT FUNDS			
AIRPORT DEVELOPMENT AID PROGRAM, FAA		20.102..	$292
HIGHWAY PLANNING AND CONSTRUCTION, FHWA		20.205..	$1,806
TOTAL - GRANT FUNDS			$2,098
OTHER FEDERAL FUNDS			
ACQUISITION, CONSTRUCTION & IMPROVE., CG			$2,420
COAST GUARD SUPPLY FUND			$46
FACILITIES AND EQUIPMENT, A/A TRUST FUND			$87
OPERATING EXPENSES, CG			$22,185
OPERATIONS, FAA			$555
TOTAL - OTHER FEDERAL FUNDS			$25,292
AGENCY TOTAL - FEDERAL FUNDS			$27,390
DEPARTMENT OF THE TREASURY			
GRANT FUNDS			
STATE AND LOCAL GOV FISCAL ASST TRUST FUND			$361
TOTAL - GRANT FUNDS			$361
OTHER FEDERAL FUNDS			
ADMINISTERING THE PUBLIC DEBT	99		$1
TOTAL - OTHER FEDERAL FUNDS			$1
AGENCY TOTAL - FEDERAL FUNDS			$362
INDIRECT FEDERAL SUPPORT *			
INTEREST ON THE PUBLIC DEBT	99		($1,039)
CIVIL AERONAUTICS BOARD			
OTHER FEDERAL FUNDS			
PAYMENTS TO AIR CARRIERS, CAB			$413
TOTAL - OTHER FEDERAL FUNDS			$413
AGENCY TOTAL - FEDERAL FUNDS			$413
ENVIRONMENTAL PROTECTION AGENCY			
GRANT FUNDS			
CONST GRTS FOR WASTEWATER TREAT WORKS, WWM		66.418..	$74
TOTAL - GRANT FUNDS			$74
AGENCY TOTAL - FEDERAL FUNDS			$74
GENERAL SERVICES ADMINISTRATION			
OTHER FEDERAL FUNDS			
FEDERAL BUILDING FUND			$44
TOTAL - OTHER FEDERAL FUNDS			$44
AGENCY TOTAL - FEDERAL FUNDS			$44
OFFICE OF PERSONNEL MANAGEMENT			
OTHER FEDERAL FUNDS			
CIVIL SERVICE RETIREMENT & DISABILITY FUND	5		$758
TOTAL - OTHER FEDERAL FUNDS			$758
AGENCY TOTAL - FEDERAL FUNDS			$758
POSTAL SERVICE			
OTHER FEDERAL FUNDS			
POSTAL SERVICE FUND	15		$926
TOTAL - OTHER FEDERAL FUNDS			$926
AGENCY TOTAL - FEDERAL FUNDS			$926
RAILROAD RETIREMENT BOARD			
OTHER FEDERAL FUNDS			
RAILROAD RETIREMENT ACCOUNT	11	57.001	$12
TOTAL - OTHER FEDERAL FUNDS			$12
AGENCY TOTAL - FEDERAL FUNDS			$12

FEDERAL INFORMATION EXCHANGE SYSTEM
COUNTY SUMMARIES - AGENCY OPERATIONS

[Dollar amounts in thousands]

	PROJECTION CODE	CFDA NO.	FY 1980 FUNDS
ALASKA—Con.			
VETERANS ADMINISTRATION			
OTHER FEDERAL FUNDS			
AUTOS & SPECIAL EQUIPMENT, DISABLED VETS	18	64.100	**
COMPENSATION TO DEPENDENTS, VETS S/C DEATH	18	64.101	$1
DEPENDENTS INDEMNITY COMPENSATION (DIC)	18	64.110	$24
SONS, DAUGHTERS, WIVES & WIDOWS EDUCATION	18	64.117	$4
VETERANS DEATH PENSION	18	64.105	$20
VETERANS DISABILITY COMPENSATION	18	64.109	$169
VETERANS DISABILITY PENSION	18	64.104	$22
VETERANS INSURANCE AND INDEMNITIES	18	64.103	$41
VETERANS READJUSTMENT TRAINING	18	64.111	$108
VETS BURIAL AWARDS & OTHER MISC BENEF PMT	18	64.101	$4
VOCATIONAL REHAB. TRNG. FOR DISABLED VETS	18	64.116	$2
TOTAL - OTHER FEDERAL FUNDS			$396
AGENCY TOTAL - FEDERAL FUNDS			$396
INDIRECT FEDERAL SUPPORT *			
VETERANS GUARANTEED AND INSURED LOANS		64.114	($55)
COUNTY TOTAL - GRANT FUNDS			$6,599
COUNTY TOTAL - OTHER FEDERAL FUNDS			$34,963
COUNTY TOTAL - FEDERAL FUNDS			$41,562
COUNTY-MANTANUSKA-SUSITNA			
DEPARTMENT OF AGRICULTURE			
GRANT FUNDS			
FOOD STAMP BONUS COUPONS, FNS	1	10.551	$1,299
NATIONAL SCHOOL LUNCH PROGRAM-CASH, FNS	10	10.555	$195
RURAL DEVELOPMENT PLANNING GRANTS, FMHA		10.426	$55
SCHOOL BREAKFAST PROGRAM, FNS	10	10.553	$3
SPECIAL MILK PROGRAM FOR CHILDREN, FNS	10	10.556	$10
VERY LOW-INCOME HOUSING REPAIR GRTS., FMHA		10.417	$5
TOTAL - GRANT FUNDS			$1,567
OTHER FEDERAL FUNDS			
AGRICULTURAL RESEARCH, SEA			$523
CONSERVATION OPERATIONS, SCS			**
FOREST MANAGE, PROTECTION, AND UTILIZATION	18		$46
S & E, FARMERS HOME ADMINISTRATION			$533
SNOW SURVEY & WATER SUPP. FORECASTING, SCS		10.907	$3
SOIL AND WATER CONSERVATION, SCS		10.901	$78
SOIL SURVEY, SCS		10.903	$274
TOTAL - OTHER FEDERAL FUNDS			$1,457
AGENCY TOTAL - FEDERAL FUNDS			$3,024
INDIRECT FEDERAL SUPPORT *			
BUSINESS AND INDUSTRIAL LOANS, FMHA		10.422	($1,421)
COMMUNITY FACILITIES LOANS, FMHA		10.423	($600)
DONATION OF COMM. TO SCHOOL LUNCH, FNS	10	10.550	($8)
FARM OPERATING LOANS, FMHA		10.406	($77)
FARM OWNERSHIP LOANS, FMHA		10.407	($55)
FOOD DISTRIBUTION TO INSTITUTIONS, FNS	10	10.550	($16)
FOOD DISTRIBUTION TO SCHOOLS, FNS	10	10.550	($68)
LOW TO MODERATE INCOME HOUSING LOANS, FMHA		10.410	($3,743)
RURAL RENTAL HOUSING LOANS, FMHA		10.415	($1,566)
WATER AND WASTE DISP. SYSTEMS LOANS, FMHA		10.418	($1,789)
DEPARTMENT OF COMMERCE			
GRANT FUNDS			
ECON DEV-PUBLIC WORKS IMPACT PROJECTS, EDA		11.304	$194
TOTAL - GRANT FUNDS			$194
OTHER FEDERAL FUNDS			
CONSOLIDATED WORKING FUND, NOAA	7		$36
OPERATIONS, RESEARCH, AND FACILITIES, NOAA	7		$72
PERIODIC CENSUSES			$112
WEATHER & RIVER FORECASTS & WARNINGS, NWS	7		$411
TOTAL - OTHER FEDERAL FUNDS			$612
AGENCY TOTAL - FEDERAL FUNDS			$856
DEPARTMENT OF DEFENSE			
OTHER FEDERAL FUNDS			
CIVILIAN PAY	18		$73
MILITARY PRIME SUPPLY CONTRACTS	8		$109
MILITARY RESERVE AND NATIONAL GUARD PAY	18		$504
MILITARY RETIRED PAY	18		$736
TOTAL - OTHER FEDERAL FUNDS			$1,422
AGENCY TOTAL - FEDERAL FUNDS			$1,422
DEPARTMENT OF EDUCATION			
GRANT FUNDS			
COLLEGE LIBRARY RESOURCES		84.038	$2
EDUC DEPRIVED CHILDREN-LEA'S		84.010	$220
SAFA-MAINTENANCE AND OPERATION		84.041	$88
TOTAL - GRANT FUNDS			$310
AGENCY TOTAL - FEDERAL FUNDS			$310
DEPARTMENT OF ENERGY			
GRANT FUNDS			
MULTI-PROGRAMS-CONSERV & SOLAR APPLICATION	7		$24
TOTAL - GRANT FUNDS			$24
AGENCY TOTAL - FEDERAL FUNDS			$24
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
GRANT FUNDS			
GEOGRAPHIC MALDISTRIBUTION AND MANEC, HRA			$240
TOTAL - GRANT FUNDS			$240
OTHER FEDERAL FUNDS			
MEDICARE-HOSPITAL INSURANCE, HCFA		13.773	$113
MEDICARE-SUPP. MEDICAL INSURANCE, HCFA		13.774	$63
SOCIAL SECURITY-DISABILITY INSURANCE, SSA	18	13.802	$657
SOCIAL SECURITY-RETIREMENT INSURANCE, SSA	18	13.803	$2,557
SOCIAL SECURITY-SURVIVORS INSURANCE, SSA	18	13.805	$1,170
SPECIAL BENEFITS-DISABLED COAL MINERS, SSA	18	13.806	$20
SUPPLEMENTAL SECURITY INCOME, SSA	18	13.807	$131
TOTAL - OTHER FEDERAL FUNDS			$4,711
AGENCY TOTAL - FEDERAL FUNDS			$4,951
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
INDIRECT FEDERAL SUPPORT *			
MOBILE HOME LOAN INSURANCE, H		14.110	($54)
PROPERTY IMPROVEMENT LOAN INSURANCE, H		14.112	($72)
DEPARTMENT OF THE INTERIOR			
GRANT FUNDS			
OUTDOOR RECREATION-AQUIST, DEV & PLG, HCRS		15.400	$198
PAYMENT IN LIEU OF TAXES, BLM			$486
TOTAL - GRANT FUNDS			$684
OTHER FEDERAL FUNDS			
WORKING CAPITAL FUND, O/S, INTERIOR			$285
TOTAL - OTHER FEDERAL FUNDS			$285
AGENCY TOTAL - FEDERAL FUNDS			$969
DEPARTMENT OF LABOR			
GRANT FUNDS			
EMPLOYMENT SERVICES (CETA-LMI), ETA		17.207	$418
UNEMPLOYMENT INSURANCE, ETA		17.225	$658
TOTAL - GRANT FUNDS			$1,077
OTHER FEDERAL FUNDS			
FED UNEMPLOYMENT BENEFITS & ALLOWNCES, ETA		17.225	$137
SPECIAL UNEMPLOYMENT ASSISTANCE, ETA		17.225	$38
TRADE ADJUSTMENT ASSISTANCE, ETA		17.600	**
TOTAL - OTHER FEDERAL FUNDS			$176
AGENCY TOTAL - FEDERAL FUNDS			$1,252
DEPARTMENT OF TRANSPORTATION			
GRANT FUNDS			
AIRPORT DEVELOPMENT AID PROGRAM, FAA		20.102	$636
HIGHWAY PLANNING AND CONSTRUCTION, FHWA		20.205	$3,049
TOTAL - GRANT FUNDS			$3,685
OTHER FEDERAL FUNDS			
ALASKA RAILROAD REVOLVING FUND, FRA			$6,152
FACILITIES AND EQUIPMENT, A/A TRUST FUND			$163
OPERATIONS, FAA			$291
TOTAL - OTHER FEDERAL FUNDS			$4,605
AGENCY TOTAL - FEDERAL FUNDS			$10,291
DEPARTMENT OF THE TREASURY			
GRANT FUNDS			
STATE AND LOCAL GOV FISCAL ASST TRUST FUND			$653
TOTAL - GRANT FUNDS			$653
OTHER FEDERAL FUNDS			
ADMINISTERING THE PUBLIC DEBT	10		**
TOTAL - OTHER FEDERAL FUNDS			**
AGENCY TOTAL - FEDERAL FUNDS			$653
INDIRECT FEDERAL SUPPORT *			
INTEREST ON THE PUBLIC DEBT	10		($796)
ACTION			
GRANT FUNDS			
RETIRED SENIOR VOLUNTEER PROGRAM		72.002	$36
TOTAL - GRANT FUNDS			$36
AGENCY TOTAL - FEDERAL FUNDS			$36
GENERAL SERVICES ADMINISTRATION			
OTHER FEDERAL FUNDS			
FEDERAL BUILDINGS FUND			$96
TOTAL - OTHER FEDERAL FUNDS			$96
AGENCY TOTAL - FEDERAL FUNDS			$96

FEDERAL INFORMATION EXCHANGE SYSTEM
COUNTY SUMMARIES - AGENCY OPERATIONS

[Dollar amounts in thousands]

	PRORATION CODE	CFDA NO.	FY 1980 FUNDS
ALASKA—Con.			
OFFICE OF PERSONNEL MANAGEMENT			
OTHER FEDERAL FUNDS			
CIVIL SERVICE RETIREMENT & DISABILITY FUND			$889
TOTAL - OTHER FEDERAL FUNDS			$889
AGENCY TOTAL - FEDERAL FUNDS			$889
POSTAL SERVICE			
OTHER FEDERAL FUNDS			
POSTAL SERVICE FUND	11		$1,259
TOTAL - OTHER FEDERAL FUNDS			$1,259
AGENCY TOTAL - FEDERAL FUNDS			$1,259
RAILROAD RETIREMENT BOARD			
OTHER FEDERAL FUNDS			
RAILROAD RETIREMENT ACCOUNT	21	57.001	$28
TOTAL - OTHER FEDERAL FUNDS			$28
AGENCY TOTAL - FEDERAL FUNDS			$28
SMALL BUSINESS ADMINISTRATION			
OTHER FEDERAL FUNDS			
PHYSICAL DISASTER LOANS		59.008	$46
TOTAL - OTHER FEDERAL FUNDS			$46
AGENCY TOTAL - FEDERAL FUNDS			$46
INDIRECT FEDERAL SUPPORT *			
SMALL BUSINESS LOANS		59.012	($558)
TENNESSEE VALLEY AUTHORITY			
OTHER FEDERAL FUNDS			
TENNESSEE VALLEY AUTHORITY FUND			$2
TOTAL - OTHER FEDERAL FUNDS			$2
AGENCY TOTAL - FEDERAL FUNDS			$2
VETERANS ADMINISTRATION			
OTHER FEDERAL FUNDS			
AUTOS & SPECIAL EQUIPMENT, DISABLED VETS	13	64.100	**
COMPENSATION TO DEPENDENTS, VETS S/C DEATH	13	64.102	$1
DEPENDENTS INDEMNITY COMPENSATION (DIC)	13	64.110	$23
SONS, DAUGHTERS, WIVES & WIDOWS EDUCATION	13	64.117	$4
VETERANS DEATH PENSION	13	64.105	$19
VETERANS DISABILITY COMPENSATION	13	64.109	$161
VETERANS DISABILITY PENSION	13	64.104	$21
VETERANS INSURANCE AND INDEMNITIES	13	64.103	$39
VETERANS READJUSTMENT TRAINING	13	64.111	$103
VETS BURIAL AWARDS & OTHER MISC BENEF PMT	13	64.101	$4
VOCATIONAL REHAB. TRNG. FOR DISABLED VETS	13	64.116	$2
TOTAL - OTHER FEDERAL FUNDS			$378
AGENCY TOTAL - FEDERAL FUNDS			$378
INDIRECT FEDERAL SUPPORT *			
VETERANS GUARANTEED AND INSURED LOANS		64.118	($2,303)
COUNTY TOTAL - GRANT FUNDS			$8,470
COUNTY TOTAL - OTHER FEDERAL FUNDS			$18,016
COUNTY TOTAL - FEDERAL FUNDS			$26,486

COUNTY-NOME

	PRORATION CODE	CFDA NO.	FY 1980 FUNDS
DEPARTMENT OF AGRICULTURE			
GRANT FUNDS			
CHILD CARE FOOD PROGRAM, FNS	10	10.558	$8
EQUIP ASST PROG-SCHOOL FOOD SVC PROG, FNS	10	10.554	$2
FOOD STAMP BONUS COUPONS, FNS	5	10.551	$953
NATIONAL SCHOOL LUNCH PROGRAM-CASH, FNS	10	10.555	$159
NUTRITION PROGRAMS FOR THE ELDERLY, FNS	11	10.570	$3
SCHOOL BREAKFAST PROGRAM, FNS	10	10.553	$4
SPECIAL MILK PROGRAM FOR CHILDREN, FNS	10	10.556	$3
TOTAL - GRANT FUNDS			$1,131
OTHER FEDERAL FUNDS			
WORKING CAPITAL FUND, FS	10		$200
TOTAL - OTHER FEDERAL FUNDS			$200
AGENCY TOTAL - FEDERAL FUNDS			$1,332
INDIRECT FEDERAL SUPPORT *			
DONATION OF COMM. TO SCHOOL LUNCH, FNS	10	10.550	($4)
FOOD DISTRIBUTION TO INSTITUTIONS, FNS	10	10.550	($4)
FOOD DISTRIBUTION TO SCHOOLS, FNS	10	10.550	($91)
DEPARTMENT OF COMMERCE			
GRANT FUNDS			
ECON DEV-GRANTS & LOANS-PUBLIC WORKS, EDA		11.300	$305
TOTAL - GRANT FUNDS			$305
OTHER FEDERAL FUNDS			
CONSOLIDATED WORKING FUND, NOAA	7		$23
OPERATIONS, RESEARCH, AND FACILITIES, NOAA	7		$242
PERIODIC CENSUSES			$13
WEATHER & RIVER FORECASTS & WARNINGS, NWS	7		$75
TOTAL - OTHER FEDERAL FUNDS			$353
AGENCY TOTAL - FEDERAL FUNDS			$658
DEPARTMENT OF DEFENSE			
OTHER FEDERAL FUNDS			
CIVIL FUNCTIONS PRIME CONTRACTS	5		$959
CIVILIAN PAY	11		$330
MILITARY ACTIVE DUTY PAY	11		$290
MILITARY PRIME SUPPLY CONTRACTS	5		$303
MILITARY RESERVE AND NATIONAL GUARD PAY	11		$1,467
MILITARY RETIRED PAY	11		$53
TOTAL - OTHER FEDERAL FUNDS			$3,402
AGENCY TOTAL - FEDERAL FUNDS			$3,402
DEPARTMENT OF EDUCATION			
GRANT FUNDS			
EDUC DEPRIVED CHILDREN-LEA'S		84.010	$321
INDIAN ED-GRANTS TO LOCAL EDUCATIONAL AGCY		84.060	$510
SAFA-MAINTENANCE AND OPERATION		84.041	$1,331
VOCATIONAL ED-PGS FOR INDIAN TRIBES & ORGS		84.101	$103
TOTAL - GRANT FUNDS			$2,265
AGENCY TOTAL - FEDERAL FUNDS			$2,265
DEPARTMENT OF ENERGY			
GRANT FUNDS			
GEOTHERMAL/HYDROTHERMAL-RESOURCE APPLIC	7		$5
TOTAL - GRANT FUNDS			$5
AGENCY TOTAL - FEDERAL FUNDS			$5
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
GRANT FUNDS			
CHILD DEVELOPMENT-HEAD START, OS		13.600	$151
FAMILY PLANNING PROJECTS, HSA		13.217	$24
NATIVE AMERICAN PROGRAMS, OS		13.612	$76
TOTAL - GRANT FUNDS			$251
OTHER FEDERAL FUNDS			
HEALTH SERVICES, HSA			**
INDIAN HEALTH FACILITIES, HSA			$460
MEDICARE-HOSPITAL INSURANCE, HCFA		13.773	$666
MEDICARE-SUPP. MEDICAL INSURANCE, HCFA		13.774	$235
SOCIAL SECURITY-DISABILITY INSURANCE, SSA	13	13.802	$119
SOCIAL SECURITY-RETIREMENT INSURANCE, SSA	13	13.803	$651
SOCIAL SECURITY-SURVIVORS INSURANCE, SSA	13	13.805	$684
SUPPLEMENTAL SECURITY INCOME, SSA	13	13.807	$284
TOTAL - OTHER FEDERAL FUNDS			$3,100
AGENCY TOTAL - FEDERAL FUNDS			$3,350
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
INDIRECT FEDERAL SUPPORT *			
MOBILE HOME LOAN INSURANCE, H		14.110	($451)
DEPARTMENT OF THE INTERIOR			
GRANT FUNDS			
INDIAN EMPLOYMENT ASSISTANCE, BIA		15.106	$357
INDIAN HOUSING ASSISTANCE, BIA		15.141	$776
TOTAL - GRANT FUNDS			$1,133
OTHER FEDERAL FUNDS			
CONSOLIDATED WORKING FUND, BIA			$272
CONSTRUCTION, BUREAU OF INDIAN AFFAIRS			$3,514
INDIAN SOCIAL SERVICES-CHILD WELFARE, BIA		15.103	$1
INDIAN SOCIAL SERVICES-GENERAL ASST., BIA		15.113	$1,874
OPERATION OF INDIAN PROGRAMS, BIA			$4,750
RESOURCE MANAGEMENT, FWS	7		$11
ROAD CONSTRUCTION, BIA			$513
WORKING CAPITAL FUND, O/S, INTERIOR			$68
TOTAL - OTHER FEDERAL FUNDS			$11,001
AGENCY TOTAL - FEDERAL FUNDS			$12,135
DEPARTMENT OF LABOR			
GRANT FUNDS			
COMPREHENSIVE EMPL. & TRNG. PROGRAMS, ETA	5	17.233	$569
EMPLOYMENT SERVICES (CETA-LMI), ETA		17.207	$52
INDIAN EMPLOYMENT & TRAINING PROGRAM, ETA	5	17.234	$838
SUMMER YOUTH EMPLOYMENT PROGRAMS, ETA	5	17.232	$144
YOUTH COMMUNITY CONSERVATION & IMPROV, ETA	5	17.233	$23
YOUTH EMPLOYMENT & TRAINING PROGRAMS, ETA	5	17.232	$121
TOTAL - GRANT FUNDS			$1,747
OTHER FEDERAL FUNDS			
FED UNEMPLOYMENT BENEFITS & ALLOWNCES, ETA		17.225	$121
SPECIAL UNEMPLOYMENT ASSISTANCE, ETA		17.225	$34
TRADE ADJUSTMENT ASSISTANCE, ETA		17.245	**
TOTAL - OTHER FEDERAL FUNDS			$155
AGENCY TOTAL - FEDERAL FUNDS			$1,902

FEDERAL INFORMATION EXCHANGE SYSTEM
COUNTY SUMMARIES - AGENCY OPERATIONS

[Dollar amounts in thousands]

	PRORATION CODE	CFDA NO.	FY 1980 FUNDS
ALASKA—Con.			
DEPARTMENT OF TRANSPORTATION			
GRANT FUNDS			
AIRPORT PLANNING GRANT PROGRAM, FAA		20.102..	$1,148
HIGHWAY PLANNING AND CONSTRUCTION, FHWA		20.205..	$3,654
TOTAL - GRANT FUNDS			$4,802
OTHER FEDERAL FUNDS			
FACILITIES AND EQUIPMENT, A/A TRUST FUND			$400
OPERATING EXPENSES, CG			$127
OPERATIONS, FAA			$1,232
TOTAL - OTHER FEDERAL FUNDS			$1,760
AGENCY TOTAL - FEDERAL FUNDS			$6,562
DEPARTMENT OF THE TREASURY			
GRANT FUNDS			
STATE AND LOCAL GOV FISCAL ASST TRUST FUND			$224
TOTAL - GRANT FUNDS			$224
OTHER FEDERAL FUNDS			
ADMINISTERING THE PUBLIC DEBT	10		$1
TOTAL - OTHER FEDERAL FUNDS			$1
AGENCY TOTAL - FEDERAL FUNDS			$225
INDIRECT FEDERAL SUPPORT *			
INTEREST ON THE PUBLIC DEBT	10		($693)
ENVIRONMENTAL PROTECTION AGENCY			
GRANT FUNDS			
CONST GRTS FOR WASTEWATER TREAT WORKS, WWM		66.418..	$19
TOTAL - GRANT FUNDS			$19
AGENCY TOTAL - FEDERAL FUNDS			$19
GENERAL SERVICES ADMINISTRATION			
OTHER FEDERAL FUNDS			
FEDERAL BUILDINGS FUND			$113
TOTAL - OTHER FEDERAL FUNDS			$113
AGENCY TOTAL - FEDERAL FUNDS			$113
NATIONAL ENDOWMENT FOR THE HUMANITIES			
GRANT FUNDS			
YOUTH GRANTS		45.115..	$3
TOTAL - GRANT FUNDS			$3
AGENCY TOTAL - FEDERAL FUNDS			$3
OFFICE OF PERSONNEL MANAGEMENT			
OTHER FEDERAL FUNDS			
CIVIL SERVICE RETIREMENT & DISABILITY FUND	6		$494
TOTAL - OTHER FEDERAL FUNDS			$494
AGENCY TOTAL - FEDERAL FUNDS			$494
POSTAL SERVICE			
OTHER FEDERAL FUNDS			
POSTAL SERVICE FUND	15		$1,481
TOTAL - OTHER FEDERAL FUNDS			$1,481
AGENCY TOTAL - FEDERAL FUNDS			$1,481
VETERANS ADMINISTRATION			
OTHER FEDERAL FUNDS			
AUTOS & SPECIAL EQUIPMENT, DISABLED VETS	13	64.100..	**
COMPENSATION TO DEPENDENTS, VETS S/C DEATH	13	64.101..	$1
DEPENDENTS INDEMNITY COMPENSATION (DIC)	13	64.110..	$14
SONS, DAUGHTERS, WIVES & WIDOWS EDUCATION	13	64.117..	$2
VETERANS DEATH PENSION	13	64.105..	$12
VETERANS DISABILITY COMPENSATION	13	64.109..	$99
VETERANS DISABILITY PENSION	13	64.104..	$13
VETERANS INSURANCE AND INDEMNITIES	13	64.103..	$24
VETERANS READJUSTMENT TRAINING	13	64.111..	$63
VETS BURIAL AWARDS & OTHER MISC BENEF PMT	13	64.101	$3
VOCATIONAL REHAB. TRNG. FOR DISABLED VETS	13	64.116..	$1
TOTAL - OTHER FEDERAL FUNDS			$232
AGENCY TOTAL - FEDERAL FUNDS			$232
COUNTY TOTAL - GRANT FUNDS			$11,885
COUNTY TOTAL - OTHER FEDERAL FUNDS			$22,292
COUNTY TOTAL - FEDERAL FUNDS			$34,177

COUNTY-NORTH SLOPE

DEPARTMENT OF AGRICULTURE			
GRANT FUNDS			
FOOD STAMP BONUS COUPONS, FNS	1	10.551	$266
NATIONAL SCHOOL LUNCH PROGRAM-CASH, FNS	10	10.555	$118
NUTRITION PROGRAMS FOR THE ELDERLY, FNS	11	10.570	$4
SCHOOL BREAKFAST PROGRAM, FNS	10	10.553	$7
SUPP. FOOD-WOMEN, INFANTS & CHILDREN, FNS	10	10.557	$123
TOTAL - GRANT FUNDS			$517
AGENCY TOTAL - FEDERAL FUNDS			$517
INDIRECT FEDERAL SUPPORT *			
DONATION OF COMM. TO SCHOOL LUNCH, FNS	10	10.550..	($3)
FOOD DISTRIBUTION TO SCHOOLS, FNS	10	10.550..	($31)
RURAL TELEPHONE LNS. & LN. GUARANTEES, REA	2	10.851..	($5,000)
DEPARTMENT OF COMMERCE			
GRANT FUNDS			
ECON DEV-GRANTS & LOANS-PUBLIC WORKS, EDA		11.300..	$76
ECON DEV-PUBLIC WORKS IMPACT PROJECTS, EDA		11.304..	$350
TOTAL - GRANT FUNDS			$426
OTHER FEDERAL FUNDS			
CONSOLIDATED WORKING FUND, NOAA	7		$21
OPERATIONS, RESEARCH, AND FACILITIES, NOAA	7		$454
WEATHER & RIVER FORECASTS & WARNINGS, NWS	7		$128
TOTAL - OTHER FEDERAL FUNDS			$603
AGENCY TOTAL - FEDERAL FUNDS			$1,029
DEPARTMENT OF DEFENSE			
OTHER FEDERAL FUNDS			
CIVIL FUNCTIONS PRIME CONTRACTS	8		$4,490
MILITARY ACTIVE DUTY PAY	18		$407
MILITARY PRIME SERVICE CONTRACTS	8		$1
MILITARY RESERVE AND NATIONAL GUARD PAY	18		$115
MILITARY RETIRED PAY	18		$26
TOTAL - OTHER FEDERAL FUNDS			$5,039
AGENCY TOTAL - FEDERAL FUNDS			$5,039
DEPARTMENT OF EDUCATION			
GRANT FUNDS			
BASIC EDUCATIONAL OPPORTUNITY GRANT PROG		84.063..	$10
BASIC SKILLS IMPROVEMENT		84.105..	$90
EDUC DEPRIVED CHILDREN-LEA'S		84.010..	$115
NATIONAL DEFENSE/DIRECT STUDENT LOANS		84.038..	$5
SAFA-MAINTENANCE AND OPERATION		84.041..	$4,052
SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRTS		84.007..	$5
TOTAL - GRANT FUNDS			$4,277
AGENCY TOTAL - FEDERAL FUNDS			$4,277
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
GRANT FUNDS			
NATIVE AMERICAN PROGRAMS, OS		13.612..	$73
TOTAL - GRANT FUNDS			$73
OTHER FEDERAL FUNDS			
MEDICARE-HOSPITAL INSURANCE, HCFA		13.773..	$220
MEDICARE-SUPP. MEDICAL INSURANCE, HCFA		13.774..	$164
SOCIAL SECURITY-DISABILITY INSURANCE, SSA	12	13.807..	$69
SOCIAL SECURITY-RETIREMENT INSURANCE, SSA	12	13.803..	$304
SOCIAL SECURITY-SURVIVORS INSURANCE, SSA	12	13.805..	$346
SUPPLEMENTAL SECURITY INCOME, SSA	12	13.807..	$79
TOTAL - OTHER FEDERAL FUNDS			$1,183
AGENCY TOTAL - FEDERAL FUNDS			$1,256
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
INDIRECT FEDERAL SUPPORT *			
PROPERTY IMPROVEMENT LOAN INSURANCE, H		14.142..	($208)
DEPARTMENT OF THE INTERIOR			
GRANT FUNDS			
OUTDOOR RECREATION-AQUIST, DEV & PLG, HCRS		15.400..	$127
PAYMENT IN LIEU OF TAXES, BLM			$223
TOTAL - GRANT FUNDS			$350
OTHER FEDERAL FUNDS			
CONSTRUCTION, BUREAU OF INDIAN AFFAIRS			$1
WORKING CAPITAL FUND, O/S, INTERIOR			$49
TOTAL - OTHER FEDERAL FUNDS			$50
AGENCY TOTAL - FEDERAL FUNDS			$399
DEPARTMENT OF LABOR			
GRANT FUNDS			
EMPLOYMENT SERVICES (CETA-LAU), ETA		17.207	$52
TOTAL - GRANT FUNDS			$52
OTHER FEDERAL FUNDS			
FED UNEMPLOYMENT BENEFITS & ALLOWNCES, ETA		17.225	$56
SPECIAL UNEMPLOYMENT ASSISTANCE, ETA		17.225	$16
TRADE ADJUSTMENT ASSISTANCE, ETA		17.600	**
TOTAL - OTHER FEDERAL FUNDS			$72
AGENCY TOTAL - FEDERAL FUNDS			$124
DEPARTMENT OF TRANSPORTATION			
GRANT FUNDS			
HIGHWAY PLANNING AND CONSTRUCTION, FHWA		20.205	$683
TOTAL - GRANT FUNDS			$683
OTHER FEDERAL FUNDS			
FACILITIES AND EQUIPMENT, A/A TRUST FUND			$299
OPERATIONS, FAA			$1,054
TOTAL - OTHER FEDERAL FUNDS			$1,353
AGENCY TOTAL - FEDERAL FUNDS			$2,036

FEDERAL INFORMATION EXCHANGE SYSTEM
COUNTY SUMMARIES - AGENCY OPERATIONS

[Dollar amounts in thousands]

	PRORATION CODE	CFDA NO.	FY 1980 FUNDS
ALASKA—Con.			
DEPARTMENT OF THE TREASURY			
GRANT FUNDS			
STATE AND LOCAL GOV FISCAL ASST TRUST FUND	.....	.....	$268
TOTAL - GRANT FUNDS			$268
OTHER FEDERAL FUNDS			
ADMINISTERING THE PUBLIC DEBT	14	.....	**
TOTAL - OTHER FEDERAL FUNDS			**
AGENCY TOTAL - FEDERAL FUNDS			$268
INDIRECT FEDERAL SUPPORT *			
INTEREST ON THE PUBLIC DEBT	14	.....	($346)
OFFICE OF PERSONNEL MANAGEMENT			
OTHER FEDERAL FUNDS			
CIVIL SERVICE RETIREMENT & DISABILITY FUND	8	.....	$329
TOTAL - OTHER FEDERAL FUNDS			$329
AGENCY TOTAL - FEDERAL FUNDS			$329
POSTAL SERVICE			
OTHER FEDERAL FUNDS			
POSTAL SERVICE FUND	15	.....	$407
TOTAL - OTHER FEDERAL FUNDS			$407
AGENCY TOTAL - FEDERAL FUNDS			$407
VETERANS ADMINISTRATION			
OTHER FEDERAL FUNDS			
AUTOS & SPECIAL EQUIPMENT, DISABLED VETS	13	64.100..	**
COMPENSATION TO DEPENDENTS, VETS S/C DEATH	13	64.101..	**
DEPENDENTS INDEMNITY COMPENSATION (DIC)	13	64.110..	$5
SONS, DAUGHTERS, WIVES & WIDOWS EDUCATION	13	64.117..	$1
VETERANS DEATH PENSION	13	64.105..	$4
VETERANS DISABILITY COMPENSATION	13	64.109..	$37
VETERANS DISABILITY PENSION	13	64.104..	$5
VETERANS INSURANCE AND INDEMNITIES	13	64.103..	$9
VETERANS READJUSTMENT TRAINING	13	64.111..	$24
VETS BURIAL AWARDS & OTHER MISC BENEF PMT	13	64.101..	$1
VOCATIONAL REHAB, TRNG, FOR DISABLED VETS	13	64.116..	**
TOTAL - OTHER FEDERAL FUNDS			$87
AGENCY TOTAL - FEDERAL FUNDS			$87
COUNTY TOTAL - GRANT FUNDS			$6,644
COUNTY TOTAL - OTHER FEDERAL FUNDS			$9,124
COUNTY TOTAL - FEDERAL FUNDS			$15,769

COUNTY-PRINCE WALES-O KETCH

DEPARTMENT OF AGRICULTURE			
GRANT FUNDS			
CHILD CARE FOOD PROGRAM, FNS	10	10.558..	$15
FOOD STAMP BONUS COUPONS, FNS	1	10.551..	$153
NATIONAL SCHOOL LUNCH PROGRAM-CASH, FNS	10	10.555..	$51
NUTRITION PROGRAMS FOR THE ELDERLY, FNS	11	10.570..	$3
SCHOOL BREAKFAST PROGRAM, FNS	10	10.553..	$5
SPECIAL MILK PROGRAM FOR CHILDREN, FNS	10	10.556..	$1
TOTAL - GRANT FUNDS			$227
OTHER FEDERAL FUNDS			
FOREST MANAGE, PROTECTION, AND UTILIZATION	10	.....	$1,755
TOTAL - OTHER FEDERAL FUNDS			$1,755
AGENCY TOTAL - FEDERAL FUNDS			$1,982
INDIRECT FEDERAL SUPPORT *			
DONATION OF COMM. TO SCHOOL LUNCH, FNS	10	10.550..	($2)
FOOD DISTRIBUTION TO SCHOOLS, FNS	10	10.550..	($18)
RURAL ELECTRIC LOANS & LN. GUARANTEES, REA	2	10.850..	($190)
DEPARTMENT OF COMMERCE			
GRANT FUNDS			
ECON DEV-GRANTS & LOANS-PUBLIC WORKS, EDA	.....	11.300..	$345
ECON DEV-SUPPORT FOR PLANNING ORGS, EDA	.....	11.302..	$40
PUBLIC TELECOMMUNICATIONS SVCS PRG, NTIA	.....	11.551..	$39
TOTAL - GRANT FUNDS			$424
OTHER FEDERAL FUNDS			
CONSOLIDATED WORKING FUND, NOAA	7	.....	$12
OPERATIONS, RESEARCH, AND FACILITIES, NOAA	7	.....	$231
PERIODIC CENSUSES	.....	.....	$10
WEATHER & RIVER FORECASTS & WARNINGS, NWS	7	.....	$47
TOTAL - OTHER FEDERAL FUNDS			$299
AGENCY TOTAL - FEDERAL FUNDS			$723
DEPARTMENT OF DEFENSE			
OTHER FEDERAL FUNDS			
CIVILIAN PAY	13	.....	$14
MILITARY RETIRED PAY	13	.....	$37
TOTAL - OTHER FEDERAL FUNDS			$51
AGENCY TOTAL - FEDERAL FUNDS			$51
DEPARTMENT OF EDUCATION			
GRANT FUNDS			
EDUC DEPRIVED CHILDREN-LEA'S	.....	84.010..	$122
INDIAN ED-GRANTS TO LOCAL EDUCATIONAL AGCY	.....	84.060..	$318
SAFA-MAINTENANCE AND OPERATION	.....	84.041..	$1,148
TOTAL - GRANT FUNDS			$1,588
AGENCY TOTAL - FEDERAL FUNDS			$1,588
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
GRANT FUNDS			
ALCOHOLISM TREATMENT AND REHAB PRGS, ADAMHA	.....	13.252..	$51
CHILD DEVELOPMENT-HEAD START, OS	.....	13.600..	$96
NATIVE AMERICAN PROGRAMS, OS	.....	13.612..	$37
TOTAL - GRANT FUNDS			$184
OTHER FEDERAL FUNDS			
SOCIAL SECURITY-DISABILITY INSURANCE, SSA	12	13.802..	$67
SOCIAL SECURITY-RETIREMENT INSURANCE, SSA	12	13.803..	$410
SOCIAL SECURITY-SURVIVORS INSURANCE, SSA	12	13.805..	$373
SUPPLEMENTAL SECURITY INCOME, SSA	12	13.807..	$17
TOTAL - OTHER FEDERAL FUNDS			$867
AGENCY TOTAL - FEDERAL FUNDS			$1,050
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
INDIRECT FEDERAL SUPPORT *			
MOBILE HOME LOAN INSURANCE, H	.....	14.110..	($260)
MORTGAGE INSURANCE-HOMES, H	.....	14.117..	($48)
MTGE INS-GRADUATED PAYMENT MORTGAGE PRG, H	.....	14.159..	($76)
DEPARTMENT OF THE INTERIOR			
GRANT FUNDS			
INDIAN EMPLOYMENT ASSISTANCE, BIA	.....	15.108..	$2
TOTAL - GRANT FUNDS			$2
OTHER FEDERAL FUNDS			
INDIAN SOCIAL SERVICES-GENERAL ASST., BIA	.....	15.113..	$15
OPERATION OF INDIAN PROGRAMS, BIA	.....	.....	**
ROAD CONSTRUCTION, BIA	.....	.....	$339
TOTAL - OTHER FEDERAL FUNDS			$354
AGENCY TOTAL - FEDERAL FUNDS			$357
DEPARTMENT OF JUSTICE			
OTHER FEDERAL FUNDS			
S & E, IMMIGRATION AND NATURALIZATION SVC	19	.....	$1
TOTAL - OTHER FEDERAL FUNDS			$1
AGENCY TOTAL - FEDERAL FUNDS			$1
DEPARTMENT OF LABOR			
GRANT FUNDS			
COMPREHENSIVE EMPL. & TRNG. PROGRAMS, ETA	5	17.232..	$130
INDIAN EMPLOYMENT & TRAINING PROGRAM, ETA	5	17.234..	$246
SUMMER YOUTH EMPLOYMENT PROGRAMS, ETA	5	17.232..	$18
YOUTH COMMUNITY CONSERVATION & IMPROV, ETA	5	17.222..	$5
YOUTH EMPLOYMENT & TRAINING PROGRAMS, ETA	5	17.232..	$25
TOTAL - GRANT FUNDS			$423
OTHER FEDERAL FUNDS			
FED UNEMPLOYMENT BENEFITS & ALLOWNCES, ETA	.....	17.225..	$80
SPECIAL UNEMPLOYMENT ASSISTANCE, ETA	.....	17.225..	$22
TRADE ADJUSTMENT ASSISTANCE, ETA	.....	17.600..	**
TOTAL - OTHER FEDERAL FUNDS			$102
AGENCY TOTAL - FEDERAL FUNDS			$525
DEPARTMENT OF TRANSPORTATION			
GRANT FUNDS			
HIGHWAY PLANNING AND CONSTRUCTION, FHWA	.....	20.205..	**
TOTAL - GRANT FUNDS			**
AGENCY TOTAL - FEDERAL FUNDS			**
DEPARTMENT OF THE TREASURY			
GRANT FUNDS			
STATE AND LOCAL GOV FISCAL ASST TRUST FUND	.....	.....	$27
TOTAL - GRANT FUNDS			$27
OTHER FEDERAL FUNDS			
ADMINISTERING THE PUBLIC DEBT	14	.....	$2
TOTAL - OTHER FEDERAL FUNDS			$2
AGENCY TOTAL - FEDERAL FUNDS			$29
INDIRECT FEDERAL SUPPORT *			
INTEREST ON THE PUBLIC DEBT	14	.....	($485)
GENERAL SERVICES ADMINISTRATION			
OTHER FEDERAL FUNDS			
FEDERAL BUILDINGS FUND			$6
TOTAL - OTHER FEDERAL FUNDS			$6
AGENCY TOTAL - FEDERAL FUNDS			$6

FEDERAL INFORMATION EXCHANGE SYSTEM
COUNTY SUMMARIES - AGENCY OPERATIONS

[Dollar amounts in thousands]

ALASKA—Con.

	PROJECTION CODE	CFDA NO.	FY 1980 FUNDS
OFFICE OF PERSONNEL MANAGEMENT			
OTHER FEDERAL FUNDS			
CIVIL SERVICE RETIREMENT & DISABILITY FUND	8	.....	$231
TOTAL - OTHER FEDERAL FUNDS			$231
AGENCY TOTAL - FEDERAL FUNDS			$231
POSTAL SERVICE			
OTHER FEDERAL FUNDS			
POSTAL SERVICE FUND	18	.....	$555
TOTAL - OTHER FEDERAL FUNDS			$555
AGENCY TOTAL - FEDERAL FUNDS			$555
VETERANS ADMINISTRATION			
OTHER FEDERAL FUNDS			
AUTOS & SPECIAL EQUIPMENT, DISABLED VETS	12	64.100..	**
COMPENSATION TO DEPENDENTS, VETS S/C DEATH	12	64.102..	$1
DEPENDENTS INDEMNITY COMPENSATION (DIC)	12	64.110..	$12
SONS, DAUGHTERS, WIVES & WIDOWS EDUCATION	12	64.117..	$2
VETERANS DEATH PENSION	12	64.103..	$10
VETERANS DISABILITY COMPENSATION	12	64.109..	$85
VETERANS DISABILITY PENSION	12	64.104..	$11
VETERANS INSURANCE AND INDEMNITIES	12	64.103..	$21
VETERANS READJUSTMENT TRAINING	12	64.111..	$54
VETS BURIAL AWARDS & OTHER MISC BENEF PMT	12	64.101..	$2
VOCATIONAL REHAB. TRNG. FOR DISABLED VETS	12	64.116..	$1
TOTAL - OTHER FEDERAL FUNDS			$200
AGENCY TOTAL - FEDERAL FUNDS			$200
COUNTY TOTAL - GRANT FUNDS			$2,875
COUNTY TOTAL - OTHER FEDERAL FUNDS			$4,424
COUNTY TOTAL - FEDERAL FUNDS			$7,299

COUNTY-SITKA

	PROJECTION CODE	CFDA NO.	FY 1980 FUNDS
DEPARTMENT OF AGRICULTURE			
GRANT FUNDS			
CHILD CARE FOOD PROGRAM, FNS	30	10.558..	$19
FOOD STAMP BONUS COUPONS, FNS	5	10.551..	$259
NATIONAL SCHOOL LUNCH PROGRAM-CASH, FNS	30	10.555..	$53
NUTRITION PROGRAMS FOR THE ELDERLY, FNS	11	10.550..	$5
SPECIAL MILK PROGRAM FOR CHILDREN, FNS	30	10.556..	$2
TOTAL - GRANT FUNDS			$338
OTHER FEDERAL FUNDS			
BRUSH DISPOSAL, FS	10	.....	$29
FOREST MANAGE, PROTECTION, AND UTILIZATION	10	.....	$2,163
TIMBER SALVAGE SALES, FS	10	.....	$31
TOTAL - OTHER FEDERAL FUNDS			$2,224
AGENCY TOTAL - FEDERAL FUNDS			$2,562
INDIRECT FEDERAL SUPPORT *			
DONATION OF COMM. TO SCHOOL LUNCH, FNS	30	10.550..	($3)
FOOD DISTRIBUTION TO INSTITUTIONS, FNS	30	10.550..	($13)
FOOD DISTRIBUTION TO SCHOOLS, FNS	30	10.550..	($29)
DEPARTMENT OF COMMERCE			
GRANT FUNDS			
PUBLIC TELECOMMUNICATIONS SVCS PRG, NTIA	.....	11.551..	$147
TOTAL - GRANT FUNDS			$147
OTHER FEDERAL FUNDS			
CENSUS SPECIAL TABULATIONS AND SERVICES	.....	11.005..	**
CONSOLIDATED WORKING FUND, CENSUS	.....	.....	$2
CURRENT STATISTICAL PROGRAMS, CENSUS	.....	.....	$1
PERIODIC CENSUSES	.....	.....	$31
TOTAL - OTHER FEDERAL FUNDS			$35
AGENCY TOTAL - FEDERAL FUNDS			$182
INDIRECT FEDERAL SUPPORT *			
FISHERY VESSEL OBLIGATION GUARANTEES, NMFS	5	11.415..	($958)
DEPARTMENT OF DEFENSE			
OTHER FEDERAL FUNDS			
MILITARY RESERVE AND NATIONAL GUARD PAY	13	.....	$210
MILITARY RETIRED PAY	13	.....	$87
TOTAL - OTHER FEDERAL FUNDS			$297
AGENCY TOTAL - FEDERAL FUNDS			$297
DEPARTMENT OF EDUCATION			
GRANT FUNDS			
BASIC EDUCATIONAL OPPORTUNITY GRANT PROG	.....	84.063..	$52
COLLEGE LIBRARY RESOURCES	.....	84.021..	$4
EDUC DEPRIVED CHILDREN-LEA'S	.....	84.010..	$18
HIGHER ED-STRENGTHENING DEVELOPING INSTITS	.....	84.031..	$368
HIGHER EDUCATION-COOPERATIVE EDUCATION	.....	84.055..	$57
NATIONAL DEFENSE/DIRECT STUDENT LOANS	.....	84.038..	$40
SAFA-MAINTENANCE AND OPERATION	.....	84.041..	$519
SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRTS	.....	84.007..	$16
TOTAL - GRANT FUNDS			$1,074
AGENCY TOTAL - FEDERAL FUNDS			$1,074
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
OTHER FEDERAL FUNDS			
INDIAN HEALTH FACILITIES, HSA	.....	.....	$1,098
MEDICARE-HOSPITAL INSURANCE, HCFA	.....	13.773..	$354
MEDICARE-SUPP. MEDICAL INSURANCE, HCFA	.....	13.774..	$130
SOCIAL SECURITY-DISABILITY INSURANCE, SSA	13	13.805..	$147
SOCIAL SECURITY-RETIREMENT INSURANCE, SSA	13	13.803..	$1,080
SOCIAL SECURITY-SURVIVORS INSURANCE, SSA	13	13.806..	$347
SUPPLEMENTAL SECURITY INCOME, SSA	13	13.807..	$42
TOTAL - OTHER FEDERAL FUNDS			$3,238
AGENCY TOTAL - FEDERAL FUNDS			$3,238
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
INDIRECT FEDERAL SUPPORT *			
PROPERTY IMPROVEMENT LOAN INSURANCE, H	.....	14.142..	($2)
DEPARTMENT OF THE INTERIOR			
OTHER FEDERAL FUNDS			
CONSOLIDATED WORKING FUND, BIA	.....	.....	$154
CONSTRUCTION, BUREAU OF INDIAN AFFAIRS	.....	.....	$3,598
CONSTRUCTION, NATIONAL PARK SERVICE	18	.....	$3
GEOL, MIN & WTR RES INVEST & TOPO MAP, GS	9	.....	$38
OPERATION OF INDIAN PROGRAMS, BIA	.....	.....	$7,506
OPERATION OF THE NATIONAL PARK SYSTEM	18	.....	$313
WORKING CAPITAL FUND, O/S, INTERIOR	.....	.....	$13
TOTAL - OTHER FEDERAL FUNDS			$11,625
AGENCY TOTAL - FEDERAL FUNDS			$11,625
DEPARTMENT OF LABOR			
GRANT FUNDS			
COMPREHENSIVE EMPL. & TRNG. PROGRAMS, ETA	5	17.232..	$177
EMPLOYMENT SERVICES (CETA-LMI), ETA	.....	17.207..	$105
INDIAN EMPLOYMENT & TRAINING PROGRAM, ETA	5	17.234..	$209
SUMMER YOUTH EMPLOYMENT PROGRAMS, ETA	5	17.232..	$25
UNEMPLOYMENT INSURANCE, ETA	.....	17.225..	$94
YOUTH COMMUNITY CONSERVATION & IMPROV, ETA	5	17.233..	$7
YOUTH EMPLOYMENT & TRAINING PROGRAMS, ETA	5	17.232..	$37
TOTAL - GRANT FUNDS			$653
OTHER FEDERAL FUNDS			
FED UNEMPLOYMENT BENEFITS & ALLOWNCES, ETA	.....	17.225..	$129
SPECIAL UNEMPLOYMENT ASSISTANCE, ETA	.....	17.225..	$36
TRADE ADJUSTMENT ASSISTANCE, ETA	.....	17.400..	**
TOTAL - OTHER FEDERAL FUNDS			$165
AGENCY TOTAL - FEDERAL FUNDS			$818
DEPARTMENT OF TRANSPORTATION			
GRANT FUNDS			
AIRPORT DEVELOPMENT AID PROGRAM, FAA	.....	20.102..	$275
HIGHWAY PLANNING AND CONSTRUCTION, FHWA	.....	20.205..	$513
TOTAL - GRANT FUNDS			$789
OTHER FEDERAL FUNDS			
ACQUISITION, CONSTRUCTION & IMPROVE., CG	.....	.....	$299
COAST GUARD SUPPLY FUND	.....	.....	$48
FACILITIES AND EQUIPMENT, A/A TRUST FUND	.....	.....	$117
OPERATING EXPENSES, CG	.....	.....	$2,663
OPERATIONS, FAA	.....	.....	$712
TOTAL - OTHER FEDERAL FUNDS			$3,839
AGENCY TOTAL - FEDERAL FUNDS			$4,628
DEPARTMENT OF THE TREASURY			
GRANT FUNDS			
STATE AND LOCAL GOV FISCAL ASST TRUST FUND	.....	.....	$229
TOTAL - GRANT FUNDS			$229
OTHER FEDERAL FUNDS			
ADMINISTERING THE PUBLIC DEBT	14	.....	$1
S & E, UNITED STATES CUSTOMS SERVICE	.....	.....	$28
TOTAL - OTHER FEDERAL FUNDS			$29
AGENCY TOTAL - FEDERAL FUNDS			$258
INDIRECT FEDERAL SUPPORT *			
INTEREST ON THE PUBLIC DEBT	14	.....	($693)
ENVIRONMENTAL PROTECTION AGENCY			
GRANT FUNDS			
CONST GRTS FOR WASTEWATER TREAT WORKS, WWM	.....	66.418..	$2,766
TOTAL - GRANT FUNDS			$2,766
AGENCY TOTAL - FEDERAL FUNDS			$2,766
GENERAL SERVICES ADMINISTRATION			
OTHER FEDERAL FUNDS			
FEDERAL BUILDINGS FUND	.....	.....	$185
TOTAL - OTHER FEDERAL FUNDS			$185
AGENCY TOTAL - FEDERAL FUNDS			$185

FEDERAL INFORMATION EXCHANGE SYSTEM
COUNTY SUMMARIES - AGENCY OPERATIONS

[Dollar amounts in thousands]

	PROGRAM CODE	CFDA NO.	FY 1980 FUNDS
ALASKA—Con.			
OFFICE OF PERSONNEL MANAGEMENT			
OTHER FEDERAL FUNDS			
CIVIL SERVICE RETIREMENT & DISABILITY FUND	8		$494
TOTAL - OTHER FEDERAL FUNDS			$494
AGENCY TOTAL - FEDERAL FUNDS			$494
POSTAL SERVICE			
OTHER FEDERAL FUNDS			
POSTAL SERVICE FUND	15		$555
TOTAL - OTHER FEDERAL FUNDS			$555
AGENCY TOTAL - FEDERAL FUNDS			$555
SMALL BUSINESS ADMINISTRATION			
INDIRECT FEDERAL SUPPORT *			
SMALL BUSINESS LOANS		59.013	($113)
VETERANS ADMINISTRATION			
OTHER FEDERAL FUNDS			
AUTOS & SPECIAL EQUIPMENT, DISABLED VETS	12	64.100	**
COMPENSATION TO DEPENDENTS, VETS S/C DEATH	12	64.102	$1
DEPENDENTS INDEMNITY COMPENSATION (DIC)	12	64.110	$19
SONS, DAUGHTERS, WIVES & WIDOWS EDUCATION	12	64.117	$3
VETERANS DEATH PENSION	12	64.105	$15
VETERANS DISABILITY COMPENSATION	12	64.109	$130
VETERANS DISABILITY PENSION	12	64.104	$17
VETERANS INSURANCE AND INDEMNITIES	12	64.103	$32
VETERANS READJUSTMENT TRAINING	12	64.111	$83
VETS BURIAL AWARDS & OTHER MISC BENEF PMT	12	64.101	$3
VOCATIONAL REHAB. TRNG. FOR DISABLED VETS	12	64.116	$1
TOTAL - OTHER FEDERAL FUNDS			$305
AGENCY TOTAL - FEDERAL FUNDS			$305
COUNTY TOTAL - GRANT FUNDS			$5,995
COUNTY TOTAL - OTHER FEDERAL FUNDS			$22,991
COUNTY TOTAL - FEDERAL FUNDS			$28,986

COUNTY-SKAGWAY-YAKUTAT-ANGON

DEPARTMENT OF AGRICULTURE			
GRANT FUNDS			
NATIONAL SCHOOL LUNCH PROGRAM-CASH, FNS	10	10.555	$77
SCHOOL BREAKFAST PROGRAM, FNS	10	10.553	$13
TOTAL - GRANT FUNDS			$89
OTHER FEDERAL FUNDS			
BRUSH DISPOSAL, FS	10		$1
FOREST MANAGE, PROTECTION, AND UTILIZATION	10		$169
WORKING CAPITAL FUND, FS	10		$121
TOTAL - OTHER FEDERAL FUNDS			$291
AGENCY TOTAL - FEDERAL FUNDS			$380
INDIRECT FEDERAL SUPPORT *			
DONATION OF COMM. TO SCHOOL LUNCH, FNS	10	10.550	($2)
FOOD DISTRIBUTION TO SCHOOLS, FNS	10	10.550	($24)
DEPARTMENT OF COMMERCE			
GRANT FUNDS			
ECON DEV-GRANTS & LOANS-PUBLIC WORKS, EDA		11.300	$18
TOTAL - GRANT FUNDS			$18
OTHER FEDERAL FUNDS			
CONSOLIDATED WORKING FUND, NOAA	7		$15
OPERATIONS, RESEARCH, AND FACILITIES, NOAA	7		$208
PERIODIC CENSUSES			$8
WEATHER & RIVER FORECASTS & WARNINGS, NWS	7		$65
TOTAL - OTHER FEDERAL FUNDS			$296
AGENCY TOTAL - FEDERAL FUNDS			$314
DEPARTMENT OF DEFENSE			
OTHER FEDERAL FUNDS			
CIVIL FUNCTIONS PRIME CONTRACTS	5		$22
CIVILIAN PAY	15		$17
MILITARY RETIRED PAY	12		$25
TOTAL - OTHER FEDERAL FUNDS			$64
AGENCY TOTAL - FEDERAL FUNDS			$64
DEPARTMENT OF EDUCATION			
GRANT FUNDS			
EDUC DEPRIVED CHILDREN-LEA'S		84.010	$92
FOLLOW THROUGH		84.014	$82
INDIAN ED-GRANTS TO LOCAL EDUCATIONAL AGCY		84.060	$78
SAFA-MAINTENANCE AND OPERATION		84.041	$369
TOTAL - GRANT FUNDS			$921
AGENCY TOTAL - FEDERAL FUNDS			$921
DEPARTMENT OF ENERGY			
GRANT FUNDS			
STATE & LOCAL-CONSERV & SOLAR APPLICATION	7	81.052	$5
TOTAL - GRANT FUNDS			$5
AGENCY TOTAL - FEDERAL FUNDS			$5
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
OTHER FEDERAL FUNDS			
HEALTH SERVICES, HSA			$5
MEDICARE-HOSPITAL INSURANCE, HCFA		13.773	$3,886
MEDICARE-SUPP. MEDICAL INSURANCE, HCFA		13.774	$1,486
SOCIAL SECURITY-DISABILITY INSURANCE, SSA	12	13.802	$112
SOCIAL SECURITY-RETIREMENT INSURANCE, SSA	12	13.803	$479
SOCIAL SECURITY-SURVIVORS INSURANCE, SSA	12	13.805	$252
SUPPLEMENTAL SECURITY INCOME, SSA	12	13.807	$55
TOTAL - OTHER FEDERAL FUNDS			$4,274
AGENCY TOTAL - FEDERAL FUNDS			$4,274
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
GRANT FUNDS			
COMM DEV BLOCK GRTS-SMALL CITIES/DISC, CPD		14.219	$71
TOTAL - GRANT FUNDS			$71
AGENCY TOTAL - FEDERAL FUNDS			$71
DEPARTMENT OF THE INTERIOR			
GRANT FUNDS			
OUTDOOR RECREATION-ACQUIST, DEV & PLG, HCRS		15.400	$100
TOTAL - GRANT FUNDS			$100
OTHER FEDERAL FUNDS			
CONSTRUCTION, BUREAU OF INDIAN AFFAIRS			$6,500
CONSTRUCTION, NATIONAL PARK SERVICE	10		$29
LAND AND WATER CONSERVATION FUND, HCRS	10		$4
OPERATION OF THE NATIONAL PARK SYSTEM	10		$465
ROAD CONSTRUCTION, BIA			$601
ROAD CONSTRUCTION, NATIONAL PARK SERVICE	10		$1
WORKING CAPITAL FUND, O/S, INTERIOR			$16
TOTAL - OTHER FEDERAL FUNDS			$7,617
AGENCY TOTAL - FEDERAL FUNDS			$7,716
DEPARTMENT OF JUSTICE			
OTHER FEDERAL FUNDS			
S & E, IMMIGRATION AND NATURALIZATION SVC	19		$55
TOTAL - OTHER FEDERAL FUNDS			$55
AGENCY TOTAL - FEDERAL FUNDS			$55
DEPARTMENT OF LABOR			
OTHER FEDERAL FUNDS			
FED UNEMPLOYMENT BENEFITS & ALLOWNCES, ETA		17.225	$56
SPECIAL UNEMPLOYMENT ASSISTANCE, ETA		17.225	$16
TRADE ADJUSTMENT ASSISTANCE, ETA		17.600	**
TOTAL - OTHER FEDERAL FUNDS			$72
AGENCY TOTAL - FEDERAL FUNDS			$72
DEPARTMENT OF TRANSPORTATION			
GRANT FUNDS			
HIGHWAY PLANNING AND CONSTRUCTION, FHWA		20.205	$954
TOTAL - GRANT FUNDS			$954
OTHER FEDERAL FUNDS			
COAST GUARD SUPPLY FUND			$1
OPERATING EXPENSES, CG			$2
OPERATIONS, FAA			$407
RETIRED PAY, CG			$645
TOTAL - OTHER FEDERAL FUNDS			$1,055
AGENCY TOTAL - FEDERAL FUNDS			$2,009
DEPARTMENT OF THE TREASURY			
GRANT FUNDS			
STATE AND LOCAL GOV FISCAL ASST TRUST FUND			$89
TOTAL - GRANT FUNDS			$89
OTHER FEDERAL FUNDS			
S & E, UNITED STATES CUSTOMS SERVICE			$83
TOTAL - OTHER FEDERAL FUNDS			$83
AGENCY TOTAL - FEDERAL FUNDS			$172
INDIRECT FEDERAL SUPPORT *			
INTEREST ON THE PUBLIC DEBT	10		[illegible]
GENERAL SERVICES ADMINISTRATION			
OTHER FEDERAL FUNDS			
FEDERAL BUILDINGS FUND			[illegible]
TOTAL - OTHER FEDERAL FUNDS			$37
AGENCY TOTAL - FEDERAL FUNDS			$37

ATTACHMENT B

Election Districts

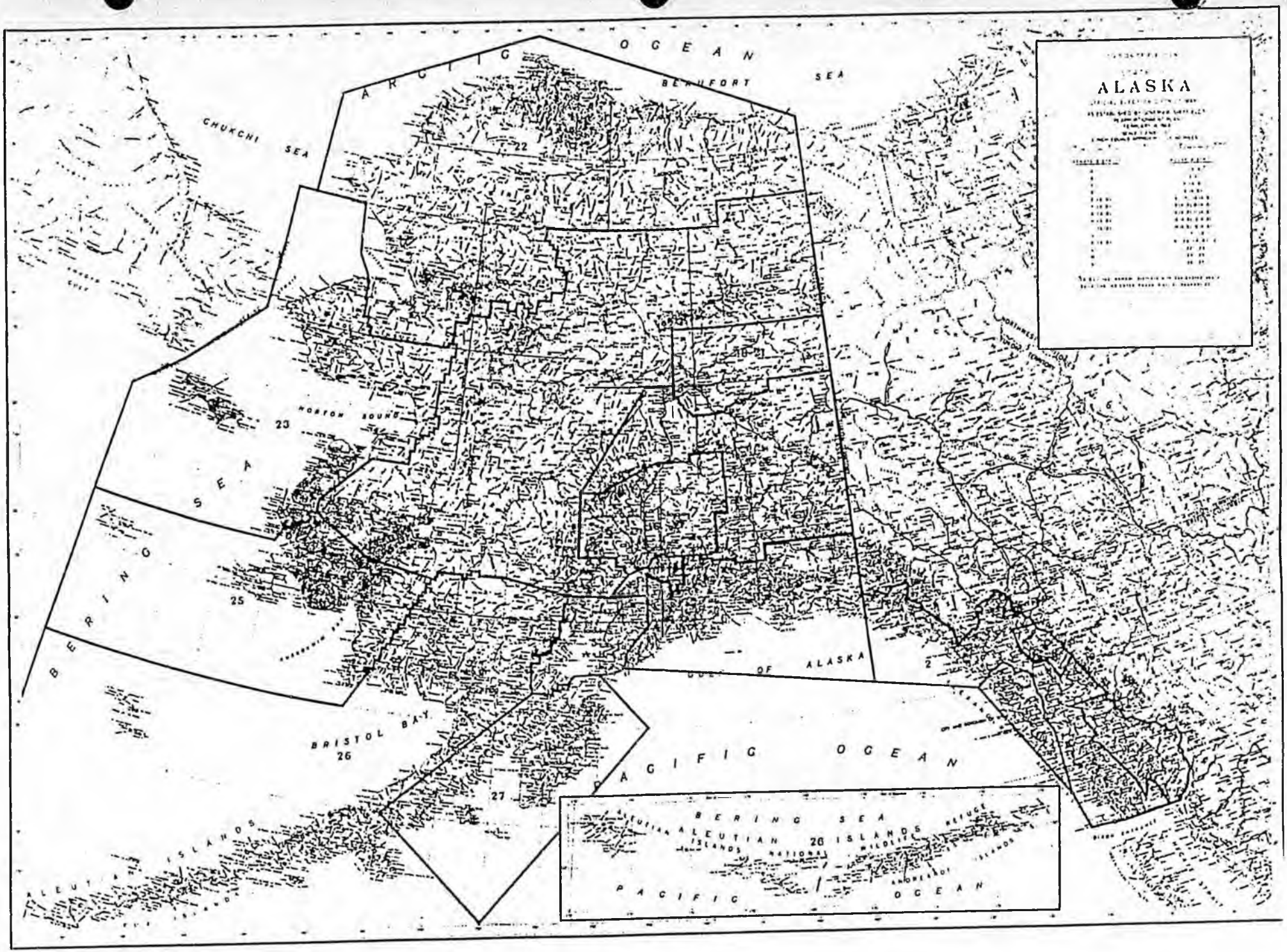
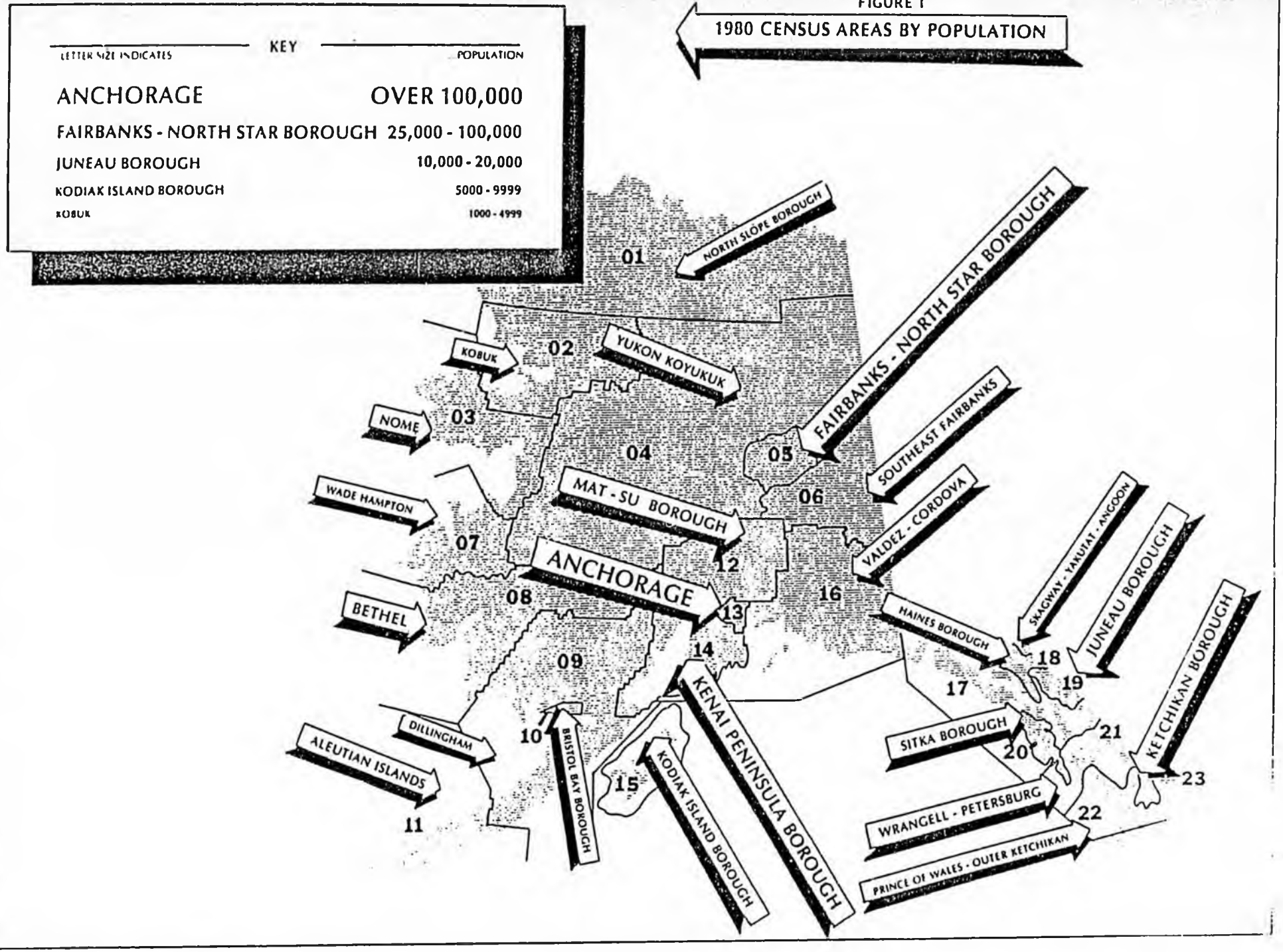

ALASKA
ARCTIC OCEAN
BEAUFORT SEA
CHUKCHI SEA
NORTON SOUND
BERING SEA
GULF OF ALASKA
BRISTOL BAY
PACIFIC OCEAN
ALEUTIAN ISLANDS
22
23
25
26
27
21
6
2
BERING SEA
ALEUTIAN ISLANDS
PACIFIC OCEAN

FIGURE 1

1980 CENSUS AREAS BY POPULATION



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

P.O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

August 22, 1986

MEMORANDUM

TO: Representative Niilo Koponen

ATTN: Lisa McLaren

FROM: Gretchen Keiser
Legislative Analyst

RE: Federal Transportation Funds for Alaska
Research Request 87-015

You asked us to investigate sources of federal transportation funds for Alaska to determine whether we were obtaining all available funding. In addition, you wanted to know if federal transportation funds for construction, maintenance and mass transit were administered separately.

We contacted the U.S. Department of Transportation for information on federal highway and mass transit funds for Alaska. The Alaska Department of Transportation and Public Facilities (DOT/PF) provided information about the administrative procedures involved in spending the federal funds. This memorandum first discusses federal highway funds administered by the Federal Highway Administration (FHWA) and then considers federal mass transit funds administered separately by the Urban Mass Transit Administration (UMTA).

Federal Highway Funds for Alaska

Annual revenues from the federal excise tax on gasoline are allocated nationwide on the basis of a state's miles of interstate highway, population and size. Alaska receives the minimum allocation of 0.5 percent, which represents about two to three times the amount of gasoline tax revenues collected in this state. General federal highway funds originally allocated to Alaska totalled $165.4 million in the current federal fiscal year 1986--a one percent decline from the FY 85 funding level of $167.6 million--following Gramm-Rudman budget adjustments. In mid-August, Alaska was notified that it will receive a supplemental allocation of $3.2 million, which represents a share of unexpended FY 86 highway funds redistributed nationwide. The state also received $5.2 million in FY 86 funding for special highway projects on federal public lands (e.g. the Craig-Klawock road on Prince of Wales Island).

During the past few years, Congress has placed limitations on the amount of allocated funds each state is authorized to spend during the fiscal year. In FY 85, for example, Alaska was limited to 95 percent ($158.6 million) of its allocation. During FY 86, Alaska may obligate $151.1 million in general federal highway funds--about 90 percent of its revised $168.6 million allocation. The previously mentioned special highway project funding is not subject to the Congressional limitation.

Federal highway funds may not be used for highway maintenance, except for major renovations of interstate highways. Table 1 summarizes the federal highway fund categories and provides examples of Alaska highways which fall into the various categories. The funds which have been obligated in Alaska during the current fiscal year are also presented in Table 1. As of July 31, 1986, about $104 million had been obligated in all fund categories; Alaska could spend an additional $43.6 million in FY 86 funds. If we take into account the $3.2 million in supplemental funds which the state recently received and obligations through August 21, 1986, the state has a balance of $39 million--or 26 percent of the revised $151.1 million FY 86 limitation.

According to the Federal Highway Administration, Alaska receives all federal highway funds to which it is entitled and routinely spends those funds up to its annual limitation. The Department of Transportation and Public Facilities (DOT/PF) must submit project-specific information in order to obligate federal funds and receive the authority to proceed on a highway project. Once federal funds are obligated, the DOT/PF contracts for design, engineering or construction work. According to Ron Lind (Director, Division of Plans, Programs and Budget in the DOT/PF), the above-mentioned balance of $39 million with only six weeks remaining in federal FY 86 is somewhat large but represents primarily a $25 million Glenn Highway project to be obligated shortly. The DOT/PF has submitted to the FHWA a preliminary list of about $50 million in projects to be authorized under the remaining FY 86 obligations.

The DOT/PF pays expenses as work proceeds on a highway project and then submits a monthly bill, which consolidates expenditures for all qualified projects, to the FHWA for reimbursement. In the past, there has been a 100 to 180-day delay before the DOT/PF submitted bills for reimbursement. According to Doug Goldbach of the Division of Management and Finance in the DOT/PF, the lag now averages about 60 days under the Alaska State Accounting System (AKSAS). Much of this lag occurs because expenditure data in AKSAS must be converted into a form acceptable by the FHWA. Mr. Goldbach indicated that they are supplementing AKSAS with new accounting software which will speed the data conversion and reduce this lag. In addition, DOT/PF is developing an "on demand" billing system, which would allow more frequent billing (up to the FHWA's once-a-week limit) during the peak construction season.

Federal Mass Transit Funds for Alaska

According to Pat LeVine, Alaska Regional Administrator for the Urban Mass Transit Administration (UMTA), Alaska has done quite well over the past few years with respect to mass transit funding. In FY 86, the State has received about $370,000 for rural (entire state outside of Anchorage) and elderly/handicapped programs. The Municipality of Anchorage has also received about $1 million in UMTA "Section 9" funds this year. Additional sources of mass transit funds to Alaska include Federal Highway Administration funds which can be shifted from the urban system category to the UMTA. Anchorage and Juneau are sharing about $1 million in FY 86 FHWA funds for mass transit programs. Finally, the UMTA has "Section 3" discretionary funds available for special projects. According to Ms. LeVine, the Municipality of Anchorage has received about $20 million in Section 3 funds over the past several years for construction of its vehicle maintenance facility.

* * *

Please contact me if you have any questions about this information.

GK

Attachment

TABLE 1

FEDERAL HIGHWAY FUNDS FOR ALASKA
Fiscal Year 1986
(millions of dollars)

Fund Category	Applicable Alaska Examples	Statewide Obligations 7/31/86
Interstate		
Construction	Parks Highways	$ 4.8
Renovation (4R monies)	Richardson Highway	19.9
Non-Interstate		
Primary systems (major regional roads)	Sitka-Juneau ferry route Egan Drive in Juneau	44.9
Secondary systems (major rural connectors)	Ballaine Rd in Fairbanks Southwest AK ferry route	25.5
Urban systems (local roads)	Minnesota Drive in Anchorage	1.4
Safety	Hazard elimination at railroad crossings	5.9
Other	Planning	0.3
	Bridge replacement	1.5
	TOTAL FY86 OBLIGATIONS AS OF 7/31/86:	$ 104.2
	REMAINING FY86 BALANCE AS OF 7/31/86:	$ 43.6
	CONGRESSIONAL FY86 LIMITATION AS OF 7/31/86:	$ 147.8

NOTE: The Congressional limitation was increased to $151.1 million in August 1986, with receipt of $3.2 million in supplemental funds. As of 8/21/86, Alaska has obligated $112.1 million; $39 million is the FY 86 balance.

SOURCE: Federal Highway Administration, U.S. Department of Transportation.

Prepared by the House Research Agency, August 1986.

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

P.O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

September 22, 1986

MEMORANDUM

TO: Representative Niilo Koponen

ATTN: Lisa McLaren

FROM: Gretchen Keiser G. Keiser
Legislative Analyst

RE: Federal Transportation Funds for Alaska
Research Request 87.015 (Supplemental Information)

You requested us to provide additional information about the Federal Highway Administration (FHWA) FY 86 funds which were transferred to the Urban Mass Transit Administration (UMTA) and subsequently disbursed as mass transit grants to Alaska cities. Specifically, you were interested in: 1) how these funds are administered; and 2) why Fairbanks did not receive any of these FY 86 funds.

We contacted Pat LeVine, Alaska Regional Administrator for the Urban Mass Transit Administration, who clarified the use of FHWA funds for mass transit projects. During federal FY 86, about $1.2 million was transferred from the FHWA to the UMTA for mass transit projects in Alaska. These so called Federal Aid Urban System (FAUS) FY 86 funds were disbursed by the UMTA to the Municipality of Anchorage. Anchorage has an ongoing metropolitan transportation planning process, with an advisory team of municipal, State and private transportation/mass transit people. The team identifies local mass transit projects, which are subject to approval by the municipality. The municipality then seeks FAUS funding for these capital improvement projects by submitting a grant application directly to the UMTA.

The FAUS funds are available through the UMTA for mass transit projects in other Alaska cities and towns in addition to Anchorage. We previously reported incorrectly that the City and Borough of Juneau had received some FY 86 FAUS funds; Juneau has received FAUS funds in the past but did not apply for these funds during FY 86. According to Ms. LeVine, the Fairbanks North Star Borough has not applied for FAUS funds in the past but has instead sought and obtained federal mass transit capital funding through UMTA's Section 3 discretionary funds program. Ms. LeVine suggested that Section 3 funds are less plentiful than in the past and that applications for FY 87 funds would likely be more successful through the FAUS funding route.

We also contacted Ron Moore, Director of Mass Transit for the Fairbanks North Star Borough (FNSB), who was able to provide a historical overview of federal mass transit funding to the Borough. According to Mr. Moore, the FNSB received UMTA Section 3 discretionary funds during the early 1980s for capital improvements (i.e., the purchase of new buses and the rehabilitation of old buses). In recent years, however, the borough has sought and received UMTA Section 18 funds for operations. In FY 86, for example, the FNSB received about $55,000 in Section 18 funds--its share of UMTA operating funds allocated to Alaska.

According to Mr. Moore, the FNSB is now completing a grant application for approximately $40,000 - 60,000 in UMTA Section 8 FY 87 planning funds. These funds would be used to update the Borough's Transit Development Plan. An update must be prepared in order for the borough to be eligible for Section 3 or FAUS mass transit capital improvement funds. The borough will be submitting its Section 8 application to the State, which receives the federal planning funds and allocates them among approved applicants throughout the state. According to Mr. Moore, the State should know the amount of FY 87 Section 8 funds which will be available from the UMTA by the end of 1986. Mr. Moore indicated that the Fairbanks North Star Borough would likely seek FAUS and/or Section 3 capital funds in federal FY 88, provided the transit plan update is completed during FY 87.

* * *

Please contact us if you have any further questions.

GK

MEMORANDUM

State of Alaska

Department of Transportation & Public Facilities

TO: Rocky Gutierrez
Commissioner

DATE: February 6, 1987

FILE NO:

FEB 1 1 1987

TELEPHONE NO: 465-3900

FROM: Mark S. Hickey MSH
Deputy Commissioner
Operations

SUBJECT: Obligation of
Federal-Aid Funds

Attached for your review and approval is a recommended list of projects for obligating the majority of remaining federal-aid funds. This will use most of our available apportionments until Congress reauthorizes the highway program, unless major unanticipated de-obligation of already apportioned funds occurs during the interim.

This list has been compiled based on recommendations from the regions and the Alaska Marine Highway System. An additional review opportunity was provided and no major objections or concerns were identified. The list has also been discussed with the Division Office of the Federal Highway Administration (FHWA) to ensure there aren't technical problems with proceeding with any of these projects.

Every effort has been made to fund identified priorities, with an emphasis on using available apportionments for important construction projects that would otherwise be delayed until the 1988 construction season. Second priority was given to preliminary engineering, right-of-way, and utility work needed to ensure full utilization of the federal FY'87 obligation authority, based on an assumption that Congress will reauthorize the program before October 1987. I currently anticipate problems in this regard even with these actions.

Please note that we have reserved about $2.5 million for a contingency account, which is less than 10% of the available apportionment recommended for obligation. This will be needed to cover reimbursement for overspent phases and any unidentified priorities. I do not believe it would be prudent to reserve any less an amount. Please also note that we are currently accepting local FHWA advice and not attempting to use any bridge replacement funds for other categories. We may wish to re-examine this at a later time.

Approve _____ Date 2/9/87

Disapprove _____ Date _____

Attachment

PROPOSED OBLIGATIONS FHWA

	AMOUNTS IN MILLIONS
JAN. 29, OBLIGATION AUTHORITY	$44.600
EXPECTED DEOBLIGATION	5.990
LESS: FUNDS NOT AVAILABLE REALLOCATION SECT.118 F	
RAIL HWY PROTECTION *138	-1.300
RAIL HWY PROTECTION *139	-0.300
LESS: FHWA (DIVISION) UNWILLING TO REALLOCATE	
BRIDGE REPALACEMENT 20 % (ON OR OFF) *114	-2.100
BRIDGE REPALACEMENT *115	0.000
BRIDGE REPALACEMENT 15 % OFF SYSTEM *117	-1.000
BRIDGE REPALACEMENT 65 % ON SYSTEM *118	-6.000
AVAILABLE: USE REALLOCATION SECT 118 F	$39.890

REGION	PROJECT	MONTH	AMOUNT	BRIDGE	PHASE	MONTH END BALANCE
CENT	PARKS GLENN INTERSECTION	2	0.960	0.000	4	
CENT	SWD HWY 4 36 TH AVE	2	0.010	0.000	4	
SE	JUNEAU RIDE SHARING	2	0.075	0.000	8	
ALL	HPR PROGRAM	2	0.150	0.000	8	
ALL	CONTINGENCY OVER SPENT PHASES	2	2.500	0.000	ANY	
NORTH	SOUTH EXPRESSWAY EAST	2	13.900	0.000	2,4&7	
AMHS	CLARK BAY FERRY TERMINAL	2	0.000	0.000	4	
SE	NORTH TONGASS HWT UPPER RT	2	0.225	0.000	2	
SE	TONGASS AVE SIGNAL	2	0.189	0.000	4	
SE	GLACIER HWY PAVING & INTERSECT	2	0.045	0.000	2	
SE	KAKE OUTER DRIVE	2	0.239	0.000	2	
SE	GLACIER HWY IND PT TO TEE HARBOR	2	0.016	0.000	2	
AMHS	WHITTIER FERRY TERMINAL	2	2.086	0.000	4	
AMHS	KETCHIKAN FERRY TERMINAL	2	0.080	0.000	2	
AMHS	SITKA FERRY TERMINAL	2	0.150	0.000	2	
NORT	PHASE 4 CHANGES NORTHERN	2	1.719	0.000	4	
NORT	PH 2 FOR FY 87 CONST NORTH	2	0.500	0.000	2	
NORT	PH 3 FOR FY 87 CONST NORTH	2	0.242	0.000	3	
NORT	PH 7 FOR FY 87 CONST NORTH	2	0.133	0.000	7	
CENT	PH 2 FOR FY 87 CONST CENT	2	0.490	0.160	2	16.181
NORT	TAYLOR HIGHWAY BRIDGES	3	1.200	4.100	4	
SE	WHITTIER ST INTER 87 CONST	3	0.021	0.000	2	
ALL	CONTINGENCT OVERSPENT PHASES	3	0.000	0.000	ANY	
NORT	PH 7 FOR FY 87 CONST NORTH	3	0.423	0.000	7	
CENT	PH 2 FOR 87 OBLIGATIONS CENT	3	0.400	0.000	2	
SE	MUD BAY ROAD BST	3	0.137	0.000	4	
CENT	DIMOND BOULEVARD VICTOR/JEWEL	3	14.000	0.000	4&7	0.000
SE	MENDENHALL LOOP RD ILLUM MOD.	4	0.056	0.000	2 & 4	-0.056
CENT	COPPER RIVER BRIDGE	5	0.000	2.800	4	-0.056
			39.946	7.060		

2/9/87

United States General Accounting Office

GAO

Annual Report to the Chairmen, House and Senate Committees on Appropriations

MAY 27 1987

February 1987

STATUS OF OPEN RECOMMENDATIONS

Improving Operations of Federal Departments and Agencies

GAO/OIRM-87-1

Ground Transportation

Highway Funding: Federal Distribution Formulas Should Be Changed

RCED-86-114, 03/31/86

Background

In response to a congressional request, GAO reviewed the statutory formulas used to apportion federal highway funds to the states.

Findings

More than $13 billion in highway funds have been apportioned among the states in fiscal year 1986 on the basis of highway formulas enacted by Congress over the years. GAO found that: (1) the factors used in formulas to apportion highway funds should reflect the extent and usage of today's highway system; (2) lane-miles is a direct measure of the size of the road network and should be used to reflect the extent of the system to be preserved; (3) highway use can be measured by both vehicle-miles of travel and motor fuel consumption; (4) each method of measurement has advantages and disadvantages as a formula; (5) the interstate resurfacing, restoration, rehabilitation, and reconstruction program is the only formula currently using a combination of these factors; and (6) the primary, secondary, and urban formulas need to be revised to be consistent with the extent and use of the current system. Changing the factors used in arriving at these apportionment formulas would result in some states receiving more or less funds than under the present formulas.

Open Recommendations to Congress

Congress should revise the factors used in the primary, secondary, and urban formulas as follows: (1) land area, which correlates poorly with the extent of the highway system, should be deleted from the primary and secondary formulas and be replaced with lane-miles, which more closely measures the extent of the highway system; (2) population, either rural or urban, which is an inexact measure of highway use, should be replaced with either vehicle miles of travel or motor fuel consumption, either of which more closely reflects highway use, including changes in such use; (3) postal mileage, which seems to bear no relationship to either the extent of the highway system or its use, should be deleted from the primary and secondary formulas; and (4) lane-miles should be added to the federal-aid urban highway apportionment formula, which is now based only on urban population, to provide a measure of the extent of the urban system.

Status: Action not yet initiated.

Congress should request that the primary, secondary, and urban formula factors be weighted to reflect road deterioration.

Status: Action not yet initiated.

If Congress wishes to continue to use population in primary, secondary, and urban formulas, the Census Bureau's current state population estimates should be used between decennial censuses to develop annual estimates of urban and rural population.

Status: Action not yet initiated.

Ground Transportation

Auto Safety: Effectiveness of Ford Transmission Settlement Still at Issue

RCED-86-52, 06/10/86

Background

Pursuant to a congressional request, GAO examined the agreement between Ford Motor Company and the Department of Transportation that closed the National Highway Traffic Safety Administration's (NHTSA) investigation of an alleged transmission defect in certain 1970-79 model year Fords.

Findings

As a result of increased injuries and fatalities due to allegedly faulty Ford automobile transmissions, Ford and

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sions of the Administrative Procedure Act, sections 551 et seq. and 701 et seq. of Title 5, when providing for alternative procedure for approving state highway safety plans and failure of the Federal Highway Administration to open meetings with a particular organization to the public pursuant to Federal Advisory Committee Act, Appendix I of Title 5. Id.

3. Regulations

Under this section, Federal Highway Administration's duty to promulgate regulations pertaining to states' plans for certification acceptance is mandatory, although agency is vested with some discretion in deciding what type of regulations are necessary. Center for Auto Safety v. Tiemann, D.C.D.C.1977, 428 F.Supp. 118.

In light of Federal Highway Administration's pending reconsideration of regulations pertaining to certification acceptance plans under this section, there was no final agency action which court could review in action challenging such regulations; however, if agency did not complete reconsideration of regulations within reasonable period of time, agency would run risk of having its failure to act treated, upon appropriate motion made by plaintiffs, as final reviewable agency action. Id.

In the absence of any showing of prejudice as to Federal Highway Administration acceptance of Georgia's certification acceptance plan for highway safety standards pursuant to original tainted regulations governing certification applications, since nonprofit organization which challenged the regulations and the certification was able to comment on the plan while it was pending, and since the organization was entitled to substantive judicial review of the acceptance of the certification, court would not set aside approval of the Georgia plan because of the procedural irregularities in the adoption of the regulations. Center for Auto Safety v. Tiemann, D.C.D.C.1976, 414 F.Supp. 215, remanded on other grounds 580 F.2d 689.

4. Judicial review

Finding of Federal Highway Administration that state had capability to insure that safety standards were contained in state's plan for certification acceptance under this section was not sufficiently explained to afford court proper basis for judicial review, in view of failure of agency to inform court as to which portions of exhibits consisting of thousands of pages were relied upon by agency in making such determination, and thus case would be remanded to agency for clarification. Center for Auto Safety v. Tiemann, D.C.D.C.1977, 428 F.Supp. 118.

While Federal Highway Administrator's decision to employ certification acceptance procedures for state highway safety plan is unreviewable, his decision to approve a state certification is dependent upon mandatory findings and is therefore subject to judicial review. Center for Auto Safety v. Tiemann, D.C.D.C.1976, 414 F.Supp. 215, remanded on other grounds 580 F.2d 689.

5. Safety standards—Generally

When Federal Highway Administration approves state's certification acceptance plan under this section, agency must make finding that state has the capability to insure that safety standards

will be enforced. Center for Auto Safety v. Tiemann, D.C.D.C.1977, 428 F.Supp. 118.

6. —— Factors considered

Under provision of this section authorizing Secretary of Transportation to accept certification from a state on finding that its highway projects will be carried out in accordance with state laws and standards which will accomplish policies and objectives of this title, it is for the Secretary to determine factors relevant to a "capability" finding and the appropriate method for making such a finding; hence, "Certification Acceptance" regulation which specifies reports, etc., that may be examined in evaluating the state's performance and resources is not deficient for failure to include a comprehensive list of specific factors for making a capability finding. Center for Auto Safety v. Bowers, D.C.D.C.1979, 466 F.Supp. 829.

Fact that some documents provided by Secretary of Transportation and Administrator of Federal Highway Administration were prepared after acceptance of Georgia's certification that federal aid highway projects would be carried out in accordance with state laws and standards that met objectives of this title did not undermine the award where there was no post hoc rationalization and subsequent material was relevant to determining continuing adequacy of the state plan and review of such documents was proper in face of court's recognition of possibility of future consideration of the capability finding. Id.

7. Substantial evidence

Decision of Secretary of Transportation and Administrator of Federal Highway Administration to accept Georgia's certification of safety standards for federal aid highways was supported by substantial evidence, including showing that for 20 years the state operated satisfactorily under the secondary road plan, which plan was predecessor to current "Certification Acceptance" system, with remainder of documents reviewed covering many topics, including research and development, safety review and ability of Georgia's Department of Transportation to take corrective action once deficiencies have been spotted. Center for Auto Safety v. Bowers, D.C.D.C.1979, 466 F.Supp. 829.

§ 118. Availability of sums apportioned

(a) On and after the date that the Secretary has certified to each State highway department the sums apportioned to each Federal-aid system or part thereof pursuant to an authorization under this title, or under prior Acts, such sums shall be available for expenditure under the provisions of this title.

(b)(1) Sums apportioned to each Federal-aid system (other than the Interstate System) shall continue available for expenditure in that State for the appropriate Federal-aid system or part thereof (other than the Interstate System) for a period of three years after the close of the fiscal year for which such sums are authorized and any amounts so apportioned remaining unexpended at the end of such period shall lapse.

(2) Except as otherwise provided in this subsection, sums apportioned for the Interstate System in any State shall remain available for expenditure in that State for the Interstate System until the end of the fiscal year for which authorized. Sums not obligated within the time period prescribed by the preceding sentence shall be made available by the Secretary for projects on the Interstate System (other than projects for which sums are apportioned under section 104(b)(5)(B)) in accordance with the following priorities: First, for high cost projects which directly contribute to the completion of an Interstate segment which is not open to traffic; and second, for projects of high cost in relation to a State's apportionment. Sums may only be made available under this paragraph in any State if the Secretary determines that the State has obligated all of its apportionments other than an amount which, by itself, is insufficient to pay the Federal share of the cost of a project on the Interstate System which has been submitted by such State to the Secretary for approval, and the applicant is willing and able to (A) apply the funds to a ready-to-commence project; and (B) in the case of construction work, begin work within ninety days of obligation. Sums made available under this paragraph shall remain available until expended.

(3) Any amount apportioned to the States for the Interstate System under subsection (b)(5)(B) of section 104 of this title shall continue to be available for expenditure in that State for a period of two years after the close of the fiscal year for which such sums are authorized. Sums not obligated within the time period prescribed by the preceding sentence shall be made available by the Secretary for projects for resurfacing, restoring, rehabilitating, and reconstructing the Interstate System to any other State applying for such funds, if the Secretary determines that the State has obligated all of its apportionments under such subsection other than an amount which, by itself, is insufficient to pay the Federal share of the cost of such a project which has been submitted by such State to the Secretary for approval, and the applicant is willing and able to (A) obligate the funds within one year of the date

the funds are made available; (B) apply them to a ready-to-commence project; and (C) in the case of construction work, begin work within ninety days of obligation. Sums made available under this paragraph shall remain available until expended.

(4) Sums apportioned to a Federal-aid system for any fiscal year shall be deemed to be expended if a sum equal to the total of the sums apportioned to the State for such fiscal year and previous fiscal years is obligated. Any Federal-aid highway funds released by the payment of the final voucher or by the modification of the formal project agreement shall be credited to the same class of funds, primary, secondary, urban, or interstate, previously apportioned to the State and be immediately available for expenditure.

(c) Before any apportionment is made under section 104(b)(5)(A) of this title for a fiscal year beginning after September 30, 1983, the Secretary shall set aside $300,000,000. Such amount shall be available only for obligation by the Secretary in accordance with subsection (b)(2) of this section.

(d) In addition to amounts otherwise available to carry out this section, an amount equal to the amount by which the unobligated apportionment for the Interstate System in any State is reduced under section 103(e)(4) of this title on account of the withdrawal of a route or portion thereof on the Interstate System, which withdrawal is approved after the date of enactment of this subsection, shall be available to the Secretary for obligation in accordance with subsection (b)(2) of this section.

(e) The total payments to any State shall not at any time during a current fiscal year exceed the total of all apportionments to such State in accordance with section 104 of this title for such fiscal year and all preceding fiscal years.

(f) Funds made available to the State of Alaska under this title may be expended for construction of access and development roads on a Federal-aid system that will serve resource development, recreational, residential, commercial, industrial, or other like purposes.

(As amended Pub.L. 89–574, § 7(a), Sept. 13, 1966, 80 Stat. 768; Pub.L. 94–280, Title I, § 117(a), May 5, 1976, 90 Stat. 436; Pub.L. 95–599, Title I, § 115(a), Nov. 6, 1978, 92 Stat. 2697; Pub.L. 96–106, § 5(a), Nov. 9, 1979, 93 Stat. 797; Pub.L. 97–424, Title I, § 115, Jan. 6, 1983, 96 Stat. 2107.)

References in Text. The date of the enactment of this subsections, referred to in subsec. (d), is the date of the enactment of Pub.L. 97–424, which was approved on Jan. 6, 1983.

1983 Amendment. Subsec. (b). Pub.L. 97–424, § 115(a), designated existing provisions as pars. (1) through (4), in par. (2) as so designated, substituted "for projects on the Interstate System (other than projects for which sums are apportioned under section 104(b)(5)(B)) in accordance with the following priorities: First, for high cost projects which directly contribute to the completion of an Interstate segment which is not open to traffic; and second, for projects of high cost in relation to a State's apportionment. Sums may only be made available under this paragraph in any State" for "to any other State applying for such funds for the Interstate System," after "available by the Secretary", struck out former cl. (1), which had required readiness to obligate funds within one year of the date the funds are made available, redesignated former cls. (2) and (3) as (A) and (B), respectively; and in par. (3) as so designated, struck out "and any amounts so apportioned remaining unexpended at the end of such period shall lapse" after "such sums are authorized", added provision relating to the disposition of funds not obligated within the prescribed time period, and added further provision that sums made available under this paragraph shall remain available until expended.

Subsecs. (c), (d). Pub.L. 97–424, § 115(b), added subsecs. (c) and (d). Former subsecs. (c) and (d) were redesignated (e) and (f), respectively.

Subsecs. (e), (f). Pub.L. 97–424, § 115(b), redesignated former subsecs. (c) and (d) as (e) and (f), respectively.

1979 Amendment. Subsec. (b). Pub.L. 96–106 substituted "shall continue to be available for expenditure in that State for a period of two years after the close of the fiscal year for which such sums are authorized and any amounts so apportioned remaining unexpended at the end of such period shall lapse" for "remaining unexpended at the end of the period of its availability shall lapse".

1978 Amendment. Subsec. (b). Pub.L. 95–599 substituted provisions relating to the availability of funds until the end of the fiscal year for provisions relating to the availability of funds until two years after the close of the fiscal year and substituted provisions establishing requirements for eligibility for funds for provisions calling for immediate reapportionment of funds.

1976 Amendment. Subsec. (b). Pub.L. 94–280, in revising the text, provided for a separate three year period of availability of sums apportioned to a Federal-aid system (other than the Interstate System), increased from the previously applicable two year period; continued the existing two year period for sums apportioned to the Interstate System; substituted provision for reapportionment of sums, apportioned to the States for the Interstate System under section

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104(b)(4)(A), under section 104(b)(5)(A) of this title and for lapse of sums apportioned to the Interstate System under section 104(b)(4)(B) of this title for prior provision for reapportionment of sums, apportioned to the States for the Interstate System under section 104(b)(4) and (5), under section 104(b)(5) of this title; and substituted provisions deeming there to be an expenditure of sums apportioned to a Federal-aid system if a sum equal to the total of the sums apportioned to the State for the fiscal year and previous fiscal years is obligated for prior provision deeming an expenditure to exist if a sum equal to the total of the sums apportioned to the States for the fiscal year and previous fiscal years is covered by formal project agreements providing for the expenditure of funds authorized by each Act which contains provisions authorizing the appropriation of funds for Federal-aid highways.

1966 Amendment. Subsec. (d). Pub.L. 89-574 added subsec. (d).

Effective Date of 1979 Amendment. Section 5(b) of Pub.L. 96-106 provided that: "The amendment made by subsection (a) of this section [amending this section] shall apply to all amounts apportioned under section 104(b)(5)(B) of title 23, United States Code [section 104(b)(5)(B) of this title], for the fiscal year 1978 and for subsequent fiscal years."

Legislative History. For legislative history and purpose of Pub.L. 89-574, see 1966 U.S. Code Cong. and Adm. News, p. 2800. See, also, Pub.L. 94-280, 1976 U.S. Code Cong. and Adm. News, p. 798; Pub.L. 95-599, 1978 U.S. Code Cong. and Adm. News, p. 6575; Pub.L. 96-106, 1979 U.S. Code Cong. and Adm. News, p. 1813; Pub.L. 97-424, 1982 U.S. Code Cong. and Adm. News, p. 3639.

Code of Federal Regulations

Preconstruction procedures, see 23 CFR 630.102.

Notes of Decisions

Federal restrictions 2
Justiciable issues 3
State control of allotted funds 1
State funds, use of its own 4

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1. State control of allotted funds

A reasonable construction of provision of this section providing that sums apportioned to each Federal-aid system or part thereof shall be available for expenditure on and after date Secretary has certified sums to each State highway department was not supportive of Secretary's argument that states have no inchoate interest whatsoever in funds so apportioned. State Highway Commission of Missouri v. Volpe, C.A.Mo.1973, 479 F.2d 1099.

2. Federal restrictions

Provision of subsec. (b) of this section providing that highway funds shall continue to be available for expenditure "in that state" for a period of two years before the lapse simply means that money is to be available for an individual state to use, and if any state does not obligate all their money within two-year period, then money will lapse, but does not mean that federal government may withhold money as it sees fit so long as states are allowed to obligate funds within two years. State Highway Commission of Missouri v. Volpe, C.A.Mo.1973, 479 F.2d 1099.

State which was ready, willing and able to obligate its apportionment from highway trust fund but was prevented from doing so by withholding, by Secretary of Transportation of the United States with approval of Director of the Office of Management and Budget of the United States, of authority to obligate apportionment from the fund for reasons related to prevention or control of inflation was entitled to injunctive and declaratory relief. State Highway Commission of Mo. v. Volpe, D.C.Mo.1972, 347 F.Supp. 950, modified on other grounds 479 F.2d 1099.

Under this chapter and V.A.M.S. Const. art. 4, §§ 29, 30 and V.A.M.S. § 226.010 et seq., State Highway Commission of Missouri had standing, as state agency invested with exclusive and plenary powers and duties on behalf of Missouri to receive and administer federal highway funds and apportionments, to maintain action against Secretary of Transportation of the United States and Director of the Office of Management and Budget of the United States seeking injunctive, declaratory and mandamus relief in connection with withholding authority from Missouri to obligate apportionment from highway trust fund. Id.

3. Justiciable issues

Action under section 1361 of Title 28 by State to compel Secretary to release all funds authorized and apportioned to State for contractual obligation under this chapter presented a justiciable controversy. State of Iowa ex rel. State Highway Commission v. Brinegar, C.A. Iowa 1975, 512 F.2d 722.

Although Indiana motorist contended that he had been injured by failure of Director of Office of Management and Budget and Secretary of Transportation to release impounded highway funds, where no state project had been denied by Administration and all money apportioned to state for prior fiscal years, as well as major portion of current fiscal year's funds, were available to state, the issue motorist presented was conditioned on events that had not occurred and were so hypothetical as to be nonjusticiable. Stanton v. Ash, D.C.Ind.1974, 384 F.Supp. 625.

4. State funds, use of its own

Where state highway project had not received federal funding prior to injunction halting project, district court was without authority to enjoin state's use of its own funds to engage in preliminary planning and design activities on theory that state and federal government were partners in the enterprise. Sierra Club v. U.S. Army Corps of Engineers, C.A.N.Y.1984, 732 F.2d 253.

§ 119. Interstate System resurfacing

(a) The Secretary may approve projects for resurfacing, restoring, rehabilitating, and reconstructing routes on the Interstate System designated under sections 103

APPENDIX C-1

Apportionment Formulas

Formulas for apportioning authorized sums for certain classes of Federal-aid highways are specified by statute. These are shown below.

Fund	Factors	Weight	Statute*	Minimum Apportionment
Interstate System (for completion only)	Relative Federal Share of Cost to Complete the System**	1	104(b)(5)(A)	1/2 percent (including Alaska)
Interstate Resurfacing, Restoration, Rehabilitation, and Reconstruction	Interstate System Lane Miles Vehicle Miles Traveled on Interstate System	55% 45%	104(b)(5)(B)	1/2 percent
Interstate Highway Substitution (3/4 apportioned, 1/4 discretionary allocation)	Relative Federal Share of Cost to Complete Substitute Projects	1	103(e)(4)	----------
Primary System	Formula A		104(b)(1)	
	Area	2/9		
	Rural Population	2/9		
	Rural Delivery Route Mileage and Intercity Mail Route Mileage	2/9		
	Urban Population*** (1/2 percent minimum (except D.C.))	1/3		
	Formula B		Sec. 108, P.L. 97-424	
	Rural Population	1/2		
	Urban Population***	1/2		
	For each State, determine greater of A or B, then: Each State's apportionment equals: A or B x Total Primary Authorization / Sum of all States' A or B. Except that: the apportionment is not less than smaller of A or B			1/2 percent (including territories as a whole)
Secondary System	Area	1/3	104(b)(2)	1/2 percent (except for D.C.)
	Rural Population	1/3		
	Rural Delivery Route Mileage and Intercity Mail Route Mileage	1/3		
Urban System	Urban Area*** Population	1	104(b)(3)	1/2 percent
Urban Transportation Planning	Urbanized Area**** Population			
Bridge Replacement & Rehabilitation	Relative share of total cost of deficient bridges			maximum

TABLE 1

FEDERAL AID HIGHWAY APPROPRIATIONS BY ELECTION DISTRICT FY 1984-1987

(thousands of dollars)

DISTRICT NAME	HOUSE ELECTION DISTRICT	FY 84		FY 85		FY 86		FY 87	
		Approp.	% of total funds	Approp.	% of total funds	Approp.	% of total funds	Approp.	% of total funds
KETCHKN-WRANGL-PETRSBG	1	0.0	0.0%	7,222.0	10.1%	10,350.0	4.8%	5,800.0	2.3%
INSIDE PASSAGE	2	1,788.0	0.9%	4,508.0	6.3%	6,210.0	2.9%	13,804.0	5.6%
BARANOF-CHICHAGOF	3	0.0	0.0%	0.0	0.0%	900.0	0.4%	0.0	0.0%
JUNEAU	4	3,864.0	1.9%	2,852.0	4.0%	6,580.0	3.1%	135.0	0.1%
KENAI-COOK INLET	5	0.0	0.0%	0.0	0.0%	11,000.0	5.1%	300.0	0.1%
PRINCE WILLIAM SOUND	6	1,039.0	0.5%	3,036.0	4.2%	2,380.0	1.1%	5,850.0	2.4%
ANCHORAGE	7-15	119,958.0	59.7%	15,544.0	21.7%	74,432.0	34.5%	136,827.6	55.2%
MATANUSKA-SUSITNA	16	10,795.0	5.4%	368.0	0.5%	3,285.0	1.5%	8,985.0	3.6%
INTERIOR HIGHWAYS	17	33,397.0	16.6%	32,802.0	45.7%	36,690.0	17.0%	24,174.0	9.8%
FAIRBANKS	18-21	20,020.0	10.0%	5,402.0	7.5%	45,960.0	21.3%	46,967.0	19.0%
NORTH SLOPE-KOTZEBUE	22	0.0	0.0%	0.0	0.0%	13,000.0	6.0%	0.0	0.0%
NORTON SOUND	23	9,220.0	4.6%	0.0	0.0%	4,680.0	2.2%	4,981.0	2.0%
INTERIOR RIVERS	24	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
LOWER KUSKOKWIM	25	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
BRISTOL BAY-ALEUTIAN IS	26	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
KODIAK-EAST AK PENINSULA	27	900.0	0.4%	0.0	0.0%	0.0	0.0%	0.0	0.0%
TOTAL		200,981.0		71,734.0		215,467.0		247,823.6	

Prepared by the House Research Agency February 1987 (87-151;860506-01).

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

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

September 1, 1983

MEMORANDUM

TO: Representative Niilo Koponen

FROM: Betty Barton, Legislative Analyst BB
Susan Brody, Director SEB

RE: Reductions in Federal Funding in Alaska
Research Request No. 83-140

You asked this agency to obtain information about decreases in federal funding that may have occurred in Alaska since fiscal year 1980. In those instances where reductions have taken place, you also asked that we examine whether the State had attempted to replace lost federal funds or had absorbed these losses. No agency within the State has comprehensively monitored this issue in the past, and there is no single source that is considered to be entirely accurate regarding either the obligation or outlay of federal funds in Alaska.[1] At the federal level, existing data is also limited. Because of this, a detailed response to several components of your request was not possible.

Part one of this memorandum presents an overview of several of the fundamental and significant issues concerning federal aid to State and local governments; it reviews the types of federal assistance that are received and summarizes the proposed changes in federalism policies as well as the significance of the changes to State and local governments. Part two examines the reductions in federal aid to Alaska and the effects of these reductions on the State and its municipalities. Part two also presents the results of a survey we conducted of State agencies in Alaska regarding reductions in federal funding for the period FY 1980 to FY 1984.

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1 The Governor's Office of Management and Budget (OMB) is in the process of developing a system for monitoring federal spending in Alaska by department.

OVERVIEW OF FEDERAL AID

Categories of Federal Spending

Federal spending in the states may be divided into five categories:

1. Payments to individuals;
2. Procurements;
3. Grants to states and local governments;
4. Salaries and wages; and
5. Miscellaneous expenditures.

Of these, payments to individuals is the largest category of federal expenditure. Of the $603.5 billion in federal outlays for Federal Fiscal Year (FFY) 1982, $286 billion or 47 percent was for direct payments to individuals.[2] These payments, which include medicare, social security, and federal retirement, are primarily distributed to the elderly. However, food stamp distribution, payments to veterans and to the disabled, and several other program outlays are included in this category.

Twenty-four percent of federal outlays in FFY 1982 was in procurement, the acquistions made by federal agencies within states. The vast majority of these outlays are military-related; in FFY 1982, 80 percent of the outlays in this category were for procurement by the Department of Defense.

The third largest category of federal assistance is grants to states and local governments. Eighty-eight billion dollars[3] (15 percent of total outlays) fall within this category, which includes direct cash grants to state and local government units, payments for grants-in-kind, payments to nongovernmental entities when such payments result in cash or in-kind services that are passed on to a state or local government, payments to regional organizations that are redistributed at the state or local level, research development payments to state and local governments, and shared revenues.[4] Twenty-eight percent of this

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2 Based on data provided by the U.S. Bureau of the Census.

3 Figures for federal grants that were used by the U.S. Bureau of the Census at the time of its preparation of Federal Expenditures by State for Fiscal Year 1982 were primary and may differ slightly from final data to be prepared by the U.S. Department of Treasury.

4 Excluded from this category are federal government grant payments to individuals, some profit and nonprofit organizations, and payment for services rendered.

category of federal assistance was for Aid to Families with Dependent Children (AFDC) and Medicaid while 5 percent was for shared revenues.

Less than ten percent of all federal expenditures fall within the miscellaneous category. These amounts, as reported to the Census Bureau Federal Assistance Award Data System (FAADS), generally represent obligations of the federal government based upon awards of financial assistance approved during the fiscal year. However, the differences between these amounts and actual expenditures are estimated to be small. Roughly $5 billion fell within this category in FFY 82.

Of the five categories of federal expenditures occurring in states, it is grants-in-aid that most directly affects state and local government budgets. Consequently, it is this type of federal aid that is the focus of this memorandum.[5]

Federal Grants to State and Local Governments

Essentially, there are three types of federal grants made to states and municipalities: categorial grants, block grants, and general revenue sharing funds. Generally speaking, categorical grants may be used only for designated, narrowly defined purposes. General revenue sharing funds, on the other hand, are distributed to states and local governments by formula and have few restrictions regarding either the purpose or process utilized for expenditure. In between these two kinds of grants are block grants which present fewer limitations than categorical grants but more than would be imposed through general revenue sharing. Block grants are normally distributed by formula to governments and are to be used in a broad functional area; the specific uses of block grant funds are generally left to the recipient's discretion.[6]

Categorical grants are the oldest and most utilized method of dispensing federal aid; the first block grant was not established until 1966 and general revenue sharing not until 1972. In terms of purpose, federal grants-in-aid fall within one of three categories: grants for operating purposes; grants for capital expenditures; and entitlement grants to individuals or families, e.g. AFDC or Medicaid grants.

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5 Some attention will also be given to direct payments to individuals.

6 Claude E. Barfield, Rethinking Federalism: Block Grants and Federal, State and Local Responsibilities, pages 1 and 2.

The federal grants-in-aid concept emerged during the middle part of this century and made a substantial impact on the spending pattern of state and local governments. Between 1956 and 1981, federal, state and local spending (in nominal terms) increased ten times in size; public spending rose from $99 billion in 1956 to $925 billion in 1981.[7] Public expenditures are commonly measured as a percentage of the gross national product (GNP) in order to account for certain factors, such as price increases and growing population. Expressed in these terms, public spending increased from 24 percent of the GNP in 1956 to 32 percent in 1981. In the federal GNP share, more than 33 percent of this growth is attributed to increased outlays in grants to state and local governments.[8]

The largest increase in federal aid occurred in 1972 when general revenue sharing was implemented. The advent of dollars distributed through this program enabled states and local governments to establish tax relief measures between 1973 and 1975.[9] By 1976, in most states, revenue surpluses had declined causing a resumption of high state and local tax burdens. In many states and localities, property tax relief campaigns were initiated which resulted in a substantial reduction in state and local revenues. At the same time that states and localities were encountering difficulties in their ability to drive down costs and generate revenues, federal domestic policies began to change.[10]

Changing Policies Regarding Federal Aid

In 1981, President Reagan presented an economic package that included substantial modifications to the relationship between the federal government and its states and local governments. Central to the President's position was a concern that the federal government had assumed responsibilities that could be underrtaken more effectively by state and local governments. Included within this position was a belief that the system of dispensing federal aid--largely through categorical grants--was duplicative, ineffective, and frequently involved excessive regulatory requirements. In response to these concerns, the Reagan administration began to devise both long and short-term goals.

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7 John L. Palmer and Isabel V. Sawhill, eds., The Reagan Experiment, page 61.

8 Ibid.

9 Ibid., page 161

10 Ibid.

Included among the long-term goals was an extensive plan for several major program transfers which would have resulted in the federal government assuming complete responsibility for the administration and financing of Medicaid while giving the state governments complete responsibility for Aid to Families with Dependent Children and Food Stamps. In subsequent proposals, the Food Stamp program was excluded from the proposal. The Reagan administration appears to have postponed consideration of this aspect of the federalism initiative. Although a plan of transfer was proposed in the FFY 83 budget plan, it does not appear in the FFY 84 proposal.

Under the original plan, responsibility for approximately 40 grants-in-aid programs would be "turned back" to the states, and, on a transitional basis (until 1987), would be financed by a trust fund to be comorised of revenues from the federal windfall oil profits tax[11] and excise taxes. Between 1988 and 1991, states could determine whether or not to assume responsibility for the former federal programs and would be able to reimpose taxes at the state level that had been phased out at the federal level. Elements of the President's "turn back" plan currently appear in the FFY 84 budget proposal.

The short-term goals of the Reagan administration regarding state and local governments are expressed throughout the FFY 1982 - 1984 budget proposals. Essentially, they may be summarized as follows:

- Reduce grants-in-aid funding;
- Simplify the administration and regulation of grants; and
- Consolidate categorical grants into block grants.

The third goal--concerning block grants--is clearly the major underpinning of the short-term strategy.

In 1981, in his initial budget proposal, President Reagan proposed the consolidation of 85 categorical programs into seven block grants. Congress was generally responsive to this plan, but made several modifications. As enacted, the Omnibus Budget Reconciliation Act of 1981 consolidated 54 programs into the following nine block grants:[12]

- Preventive Health
- Maternal and Child Services

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11 The windfall profits tax eventually was dropped from the proposal.

12 Seven block grants were created and two existing ones were restructured.

- Alcohol and Drug Abuse
- Social Services (revamped)
- Community Services
- Low-Income Energy Assistance (revamped)
- Community Development
- Education and Consolidation Improvement Act

The most substantial effect of this was in the area of health services which had 21 categorical grant programs consolidated into four block grants and which resulted in funding reductions of between 20 and 35 percent. Although the Reagan administration made significant gains in their effort to reduce the number of categorical grants, 450 remained in 1982.

In his FFY 83 budget proposal, President Reagan proposed eight additional block grant initiatives and modifications of these existing grants to include still more categorical programs. As articulated by the U.S. Office of Management and Budget, the purpose of the administration's proposals was to: continue the consolidation effort initiated in the previous year, give states more discretion over the use of their funds, and decrease state and local dependence on federal funds.

By many interpretations, the congressional response to Reagan's proposal in 1982 was less favorable than it had been earlier. Congress authorized only two additional block grants in 1982: the Jobs Training Partnership Act and the Surface Transportation Act.

In the FFY 84 budget plan, the administration has proposed four new block grant initiatives, each introduced as a separate bill:

- The State Fiscal Assistance Block Grant Act (S763 & HR 2650)
- The Local Fiscal Assistance Block Grant Act (S762 & HR 2648)
- The Federalism Block Grant Highway Act (S767 & HR 2649)
- The Rural Housing Block Grant Act (S761 & HR 2647)

If enacted, the grants would be authorized for a five-year period (FFY 84 - FFY 88). According to the President's annual budget message, he intends to appoint a special commission that would explore whether or not excise taxes or a percentage of the income tax could be turned back to states and localities.[13]

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13 Dierdre Riemer, National Governors' Association, InfoLetter, "Federalism Update," 5/18/83, page 4.

Under the FFY 1984 proposal, federal aid outlays appear, on the surface, to increase from $93.5 billion to $95.9 billion. However, the increase is primarily due to $3.2 billion in additional highway funds resulting from the recent gasoline tax increase and $1.5 billion in increased medicaid expenditures that are resulting from continued increases in health care costs. If enacted as proposed, the budget would result in roughly $2.7 billion in reductions for a variety of social programs. In turn, federal aid outlays would decline from 11.6 percent of total outlays to 11.3 percent.[14]

Fiscal Impact of the New Federalism

According to staff at the National Governors' Association, the likelihood that Congress will enact any of the Reagan administration's most recent federalism initiatives is not strong, particulary given the absence of substantial support from either state or local interest groups.[15]

However, regardless of whether or not the Reagan administration's plan is approved, most forecasters have predicted a continued downward trend in the level of federal aid that is obligated to state and local governments. In its most recent report on the features of federalism, the U.S. Advisory Commission on Intergovernmental Relations, has stated that indicators point to a continued decline.[16] The Commission attributes this trend to the action of federal policymakers who are "returning to the basics" in federal budgeting policy. In a recent article in the National Journal, analysts noted that federal aid is one of the simplest components of the budget to reduce: it is roughly one-half of the "so-called controllable" part of the budget and its constituency tends to be diffused.[17]

The fiscal impact of these policies on state and local budgets could be substantial. For example, according to Steven Gold of the National Conference of State Legislatures, if the Reagan adminstration's budget

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14 Rochelle L. Stanfield, National Journal, "State and Local Aid: Still the Easiest to Trim," 2/5/83, page 275.

15 Ibid, page 7.

16 U.S. Advisory Commission on Intergovernmental Relations, The Significant Features of Federalism, 1982-1982.

17 Rochelle L. Stanfield, National Journal, "State and Local Aid: Still the Easiest to Trim," 2/5/83, page 275.

proposals were all adopted, 1991 federal aid would comprise only 3 or 4 percent of state and local budgets as compared to 25 percent in 1980.

Of fundamental concern is whether state and local governments would be able to absorb reductions in aid and program transfers without establishing large increases in local tax structures. A recent survey of state budgets conducted by the National Governors' Association and the National Association of State Budget Offices, found the financial condition of states to be substantially weakened. Based on survey findings, states tended to spend more in FY 83 than they generated in revenues; 27 states are anticipating balances of less than one percent of current expenditures.[18] Forty-six states plan to continue using budget balancing measures; of these, 38 will employ temporary or permanent tax increases; 27 will maintain hiring limits; and 18 will restrict all out-of-state travel for public personnel.

In light of these gloomy fiscal conditions, surprisingly little research has been conducted regarding the effects of these new policies on states and localities. A notable exception is an extensive study directed by Richard P. Nathan, professor of public and international affairs at Princeton's Woodrow Wilson School.[19] The project evaluated 14 states and 40 cities, seeking to identify both the specific programs and services that these governments eliminated in FY 1982 and the ways in which the sample governments responded to federal reductions. In the FFY 82 budget, the largest reductions occurred in social programs, particularly those that provide grants-in-aid. The type of federal aid to states and localities that received the most substantial reductions was in the area of operating grants, which experienced a 17.5 percent decrease in outlays compared to FFY 81. However, capital grants also declined, receiving a 7.5 percent reduction. And, although entitlement grants rose slightly (two percent), the rate of increase was substantially less than those occurring during the past five years, which average ten percent.

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18 National Governors' Assocaiation Office of Research and Development and the National Association of State Budget Offices, Fiscal Survey of the States, 1983, June 1983, page 2.

19 The results of the study have published in a book entitled The Consequences of Cuts: The Effects of Reagan Domestic Program on State and Local Goverments (Princeton University Press), which is scheduled to be distributed this month.

Despite the magnitude of these reductions, the Princeton study has found that for most states and localities, fiscal impacts were not as significant as anticipated. Only in occasional instances were lost federal aid dollars replaced with state and local funds.[20]

It is important to stress that the mildness of these fiscal impacts is partially attributable to a delayed reaction on the part of state and local governments. Dr. Nathan, in fact, has noted that "state and local governments used various delaying and coping strategies to postpone the effects of the federal budget cuts in fiscal year 1982."[21] He found this pattern to be particulary prevalent in terms of block grants. Governments frequently used federal carry over funds to delay the effects of reductions. Consequently, more significant effects may be felt in state operations in current and future years.

Finally, although state and local governments did not sustain major fiscal impacts as a result of the FFY 82 reductions, that is not to say that states were not affected. According to the findings of the study, those who were most significantly affected by the reductions were people, particularly the "working poor," who were negatively affected by reductions in entitlement programs and operating programs.

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20 According to study findings, replacement was most prevalent in Oklahoma, New York and Massachusetts where states replaced between 10 and 25 percent of lost aid. Five of the fourteen states replaced some of the lost funds, but at a rate of less than 10 percent. At the local level, the replacement rate was smaller.

21 Richard P. Nathan, State Legislatures, Consequences of Cuts, 7/83.

FEDERAL FUNDS IN ALASKA

Amounts and Sources of Federal Aid

Since 1970, Alaska has consistently received more federal funds on a per capita basis than any other state in the nation. The state ranks first in federal wages and salaries paid per capita, first in grants to states and local governments, and sixth in federal procurement. This is not to say that Alaska ranks high in all categories of federal assistance. Alaska receives fewer payments to individuals than any other state due to its comparatively small elderly population. Moreover, per capita analysis has limitations because it does not account for unique characteristics of states, e.g., large land area and small population, extensive social programs, the presence of Native Americans, large numbers of federal employees, high costs of living and a large amount of federal shared revenues resulting from natural resource exploration occurring on federal lands.

Approximately $1.9 billion in federal outlays were made in Alaska in FFY 82. Of the federal spending that occurs in the state, much is attributable to military-related expenditures. The state's largest category of federal outlays is wages and salaries which comprises 38 percent of the federal spending that occurs in Alaska.[22]

Of the federal outlays that Alaska received in FFY 82, roughly 22 percent ($422 million) were grants -- that type of federal assistance which is generally regarded to be of greatest direct economic benefit to State and local budgets.[23] Table 1 shows the total amount of federal grants in aid received by State and local governments in Alaska for federal fiscal years (FFY) 19771982. This is compared to the amount received by all states for the same period.

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22 Of this, military salaries account for 26 percent. Alaska's military payroll is $1,187 per person compared to $24 per capita in Iowa; in other words, military wages in Alaska are more than 40 times the size of those in Iowa when measured on a per capita basis.
"Federal Spending: Policy Implications for States," State Policy Reports, (State Policy Research, Inc., Arlington), Vol. 1, Issue 6. 3/21/83.

23 Bureau of the Census, U.S. Department of Commerce, Federal Expenditures by State for Fiscal Year 1982, (U.S. Government Printing Office, Washington), 2/83.

Table 1
FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS:
ALASKA AND OTHER STATES
FEDERAL FISCAL YEARS 1977-1982
(in thousands)

	Alaska	All States
1977	$382,004	$68,436,840
1978	408,211	77,900,903
1979	388,580	82,853,473
1980	451,170	91,365,244
1981	447,917	94,806,235
1982	421,922	88,221,369

Source: FFY 1977-1981 data: U.S. Department of the Treasury, Federal Aid to States, 1981.

FFY 1982 data: U.S. Department of Commerce, Federal Expenditures by State for Fiscal Year 1982.

The sources of federal grants to Alaska, ranked in descending order by size of outlay, are shown on Table 2.

Table 2
FEDERAL GOVERNMENT GRANTS TO STATE & LOCAL GOVERNMENTS IN ALASKA
BY AGENCY--FFY 1981 and FFY 1982
(in Thousands)

Federal Department	FFY 1981	FFY 1982	% Increase/ Decrease
Transportation	$138,910	$135,666	(2.3)
Health & Human Services	78,186	72,948	(6.7)
Education	72,947	63,952	(12.3)
Labor	43,431	28,464	(34.5)
Housing & Urban Development	28,809	25,408	(11.8)
Agriculture	20,039	20,321	1.4
Environmental Protection Agency	17,504	11,339	(35.2)
Interior	17,016	34,335	101.8
Treasury	16,278	19,615	20.5
Commerce	6,515	5,839	(10.4)
Energy	3,800	2,195	(42.2)
Community Service Administration	2,137	-0-	-0-
Justice	1,148	446	(61.1)
National Endowment for the Arts	602	627	4.2
Federal Emergency Management Agency	564	429	(23.9)
Defense	225	263	16.9
Water Resources Council	150	-0-	-0-
Equal Employment Opportunity	68	53	(22.0)
Office of Personnel Management	68	22	(67.6)
Miscellaneous	20	-0-	-0-
TOTAL	$448,417	$421,922	(5.9)

Source: United States Department of Commerce

Transportation is the largest category of aid in Alaska, representing approximately 32 percent of federal aid outlays. According to NCSL, in other states, these outlays, which are principally used for highway expenditures, represent about 14 percent of federal aid. Generally speaking, health and human services comprise the major portion of federal aid in other states. According to staff at the National Conference of State Legislatures, more than half of state welfare spending is federally funded, and, on the average, welfare outlays represent roughly 43 percent of the federal aid received by other states.[24] In Alaska, 17 percent of the federal aid distributed in FFY 82 was related to social service spending.

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24 Steven Gold, National Conference of State Legislatures, Recent Developments in State Finances, Legislative Finance Paper #32, (NCSL: Denver), 2/83, page 23.

Reductions in Federal Aid

As in other states, the amount of federal aid has declined in recent years. Alaska received its largest share of outlays in FFY 80 when $451 million was distributed.[25] Federal aid outlays in FFY 82 reflect a 6.5 percent reduction from this amount. To date, federal aid reductions in Alaska have been slightly less than the national average. Between FFY 81 and FFY 82, for example, Alaska experienced a decrease in federal aid of only 5.9 percent compared to an average decrease of 6.9 percent in all states.

In Alaska, the most substantial reduction occurring between FFY 81 and 82 was in the grants in aid distributed by the U.S. Department of Labor, primarily the result of the elimination and reduction of employment and training programs. The State experienced a decrease of almost $15 million, which was a 34.5 percent reduction from the previous year's outlays. Other significant losses were in federal aid distributed by the U.S. Department of Education, where outlays to Alaska decreased by $9 million (a reduction of 12.3 percent); by the Environmental Protection Agency which made $6.2 million less in outlays (a 35.2 percent reduction); and the Department of Housing and Urban Development which provided $3.4 million fewer outlays (an 11.8 percent reduction). The U.S. Department of Health and Social Services, which was projected by many national analysts to be one of the primary areas of budgetary reduction, distributed 6.7 percent fewer outlays to Alaska in FFY 82--representing a loss of more than $5 million (in nominal dollars).

The impact of these reductions on Alaska's State budget is unclear and depends on the ability of the State to withstand and compensate for losses in the various program categories. However, as a broad statement, it is fair to say that states, such as Alaska, which rely heavily on federal aid may be expected to encounter some negative impacts. As National Governors' Association analysts noted in describing the perceived impacts of the Reagan administration's proposed FFY 83 budget, "on a per capita basis, the big federal aid losers are the big federal aid users."[26] Much of the impact, however, may be passed directly on to Alaska's local governments, because generally a substantial portion of the federal aid that a State receives is redistributed to its municipal governments. According to some analysts, local governments may have developed stronger federal aid dependencies than states.

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25 U.S. Department of the Treasury, Federal Aid to States, 1981, (U.S. Government Printing Office: Washington).

26 National Governor's Association, The Impact of the FY 1983 Federal Budget on the States: State by State Analysis, Preliminary Draft, 2/82, page 15.

It should be noted that several areas of federal aid experienced noteworthy increases in outlays. Grants distributed by the U.S. Department of the Interior, for example, more than doubled between FFY 81 and FFY 82, principally due to sizable increases in outlays from receipts under the Mineral Leasing Act. Treasury grants also rose from $16.3 millio to $19.6 million, a 20.5 percent increase, the result of increases in general revenue sharing.

Federal Funds Received by State Agencies in Alaska

The House Research Agency sent a letter to all executive branch agencies in April of this year asking for information on federal funds received or expected for fiscal years 1980-1984 (see Attachment A). Detailed responses were received from 12 agencies. The Departments of Law and Natural Resources did not provide the requested information, and the Department of Transportation and Public Facilities provided only a partial response.

Brief summaries of most of the responses we received from the State departments are presented on the following pages. Attachment B contains copies of the detailed agency responses. Unfortunately, the information we received cannot be summarized easily. Some of the funding data was presented by State fiscal year (SFY) while other information is by federal fiscal year (FFY). In addition, no clear pattern of federal funding reductions or changes emerges from the data.

Moreover, information for State fiscal year 83 and 84 is somewhat speculative; the estimates provided could vary substantially from the actual amount which will be received. State FY 83 actuals are not computed until the fall of 1983 and FY 84 actuals will not be available until a year from now.

The four State agencies receiving the largest amounts of federal funding were the Departments of Transportation and Public Facilities, Health and Social Services, Education, and Labor, in that order. Federal receipts constitute a substantial part of the budgets of certain agencies, but only a very small percentage of other agency budgets. For example, in FY 83, federal funds represented only about 2 percent of the operating budget of the Department of Commerce and Economic Development, but was 24 percent of the Health and Social Services budget and 55 percent of Department of Labor's budget.

Department of Administration

The only federal funds received by the Department of Administration went to the Older Alaskans Commission. These included funds from the U.S. Departments of Health and Human Services, Labor, and Agriculture.

The largest source of federal funds for the Commission (estimated at $3.2 million in FFY 83) was Title III of the Older Americans Act for social and nutrition programs for the elderly. Funding levels have increased slightly for this program from FFY 80 to FFY 83 and are estimated to continue this trend for FFY 84.

Department of Commerce and Economic Development

No clear trends are evident in the pattern of federal funding for the Department of Commerce and Economic Development. Total federal funds received over the last four State fiscal years have ranged from $2.5 million to $3.7 million.

The Department of Commerce and Economic Development has the following divisions which receive some support from federal funds: Alaska Seafood Marketing Institute; Division of Measurement Standards; Division of Energy and Power Development; Division of Economic Enterprise; and the Alaska Public Utilities Commission. Many of the federal grants to these divisions over the last three fiscal years were for one-time, project-specific purposes. Energy and Power Development is the division in the department which has received the largest amount of federal funds; its federal funds have come primarily from the U.S. Department of Energy.

In addition, the Department's Division of Economic Enterprise participated in a cooperative funding assistance program with the U.S. Economic Development Administration (EDA) through which grant funds were made available to public and nonprofit agencies for public works and technical assistance projects. These federal funds did not pass through the Department, but instead were granted directly to the recipient agencies. The amount granted through this program was substantial and decreased significantly from $4.1 million in FFY 80 to $69 thousand in FFY 83. There is no commitment for funding under this program in FFY 84.

Department of Community and Regional Affairs

The Department of Community and Regional Affairs receives funds from a variety of federal agencies including the U.S. Departments of Commerce, Agriculture, Labor, and Housing and Urban Development. The three largest sources in recent years have been the Coastal Energy Impact Program ($1.8 million in SFY 83) and the Coastal Management Development Program ($3.4 million in SFY 83) both in the U.S. Department of Commerce. The U.S. Department of Labor's CETA program (now the Jobs Training Partnership Act) also has provided a significant source of federal funds ($5.9 million in SFY 83).

Total federal funding for the department has ranged from $11 million to $19 million. No major program reductions are evident except for the CETA program where federal funding decreased steadily from $15.7 million in SFY 80 to $6 million in SFY 83.

Department of Education

The Department of Education's federal funding comes from thirteen federal programs. The federal programs providing the largest amount of funding include the child nutrition programs in the U.S. Department of Agriculture, the ESEA Title I program for disadvantaged children, and the vocational rehabilitation program.

Funding for the child nutrition programs has increased from $5.8 million in SFY 80 to $7.4 million in SFY 83 and is estimated to stay at approximately that level for SFY 84. However, as noted by the department, the funding increases do not give a true picture of the federal budget cuts or their impact. Increases in funding are due to the fact that more children are participating in the program; the actual benefit amounts have decreased. The largest cuts were apparently made in 1981 and 1982.

In addition, under P.L. 81-874, the federal government provides Federal Impact Aid to school districts for students whose parents live and/or work on federal lands not subject to State or local taxation. These funds are classified as "other receipts" and do not become part of the Department of Education's operating budget. In SFY 1980, $46.9 million was received from the federal government under this program. This amount had declined to $34.4 million in SFY 1983.

Department of Environmental Conservation

The State Department of Environmental Conservation (DEC) receives federal funds almost exclusively from the U.S. Environmental Protection Agency. Some of the federal grants are for continuing programs, while others fund one-time special projects.

Reasons cited by the DEC for loss of federal funds over the last several years include: federal budget cuts, State funding for particular programs below the minimum support required for federal matching funds, and a depletion in federal carry over funds from one budget period to the next.

Two of the largest sources of federal funds to the department have been EPA's safe drinking water program and the water pollution control program. The DEC has experienced significant reductions in federal funding for both programs. According to DEC, the amount of funding from

the federal drinking water grant base was reduced by $293,000 beginning with SFY 83; the reductions to the water pollution control program started in SFY 82 and resulted in a permanent loss of approximately $284,100.

Office of the Governor

Federal funding does not represent a substantial part of the Governor's Office total budget. The Alaska Human Rights Commission and the Division of Policy Development and Planning (now a part of OMB) are the two sub-entities in the Governor's office which receive federal funds. The amounts received are given below by State fiscal year. Note that the amounts for SFY 80-82 are actuals, while only the authorized amounts are available for SFY 83 and 84.

SFY 80	SFY 81	SFY 82	SFY 83	SFY 84
$688,500	$149,600	$445,800	$316,600	$366,000

Department of Health and Social Services

The Department of Health and Social Services (DHSS) has many divisions which receive federal funding. The Division of Public Assistance received the majority of DHSS's federal funds. The department notes that the only reduction in federal funding in the Division of Public Assistance occurred in the Title XIX Medicaid program. Medicaid payment entitlements to states were reduced in P.L. 96-499 by 4 percent in FY 83 and 4.5% in FY 84.

The Division of Family and Youth Services also experienced some reductions in federal funding for social services under Title XX of the Social Security Act. Title XX was changed from a categorical grant in fiscal year 1981; the resulting loss of federal funds was replaced with State funds. Many of the other divisions within DHSS experienced funding changes in certain programs when various categorical grant programs were converted to block grants by the Reagan administration, but this did not necessarily result in actual reductions in federal funding.

Department of Labor

The Department of Labor receives federal funds from three agencies: the U.S. Department of Labor, Employment and Training Administration; the U.S. Occupational Safety and Health Administration; and the Bureau of Labor Statistics. Federal funding reductions over the last several years have been felt by most of the programs run by the department.

A substantial amount (roughly 34 percent in SFY S3) of the federal funds received by the Department of Labor go to employment services. In FY 82 federal funds were not provided to operate the rural offices of Employment Services. The State legislature and Governor provided replacement funds to help maintain these offices. Other federal funding reductions were accommodated in this program through staff reductions.

In the area of occupational safety and health (which received 6 percent of the department's federal funds) , the federal funding reduction received in FY 82 was the result of State legislative action, not federal budgetary cutbacks. The State reduced the amount of general funds going to the division which, in turn, decreased the federal contribution as federal funds are tied to the level of State funding.

The total amount of federal funds recieved by the Department of Labor for the past four State fiscal years and anticipated for 1984 is shown below.

SFY 80	SFY 81	SFY 82	SFY 83	SFY 84
$19,616,500	$21,252,600	$18,733,200	$19,859,400	$20,211,300

Department of Military Affairs

Two divisions within the Department of Military Affairs receive federal funds: the Division of Emergency Services (ADES) and the U.S. Property and Fiscal Office (USPFO--includes Army and Air Guard). ADES has had an increase in program funding in federal fiscal years 82 and 83. The Army and Air Guards have also experienced federal funding increases.

Department of Revenue

The Department of Revenue receives federal funds only for its Child Support Enforcement Division. This funding represents a reimbursement of 75 percent of the division's operating expenditures for State fiscal years 1980 through 1982. Beginning in SFY 83, the reimbursement rate decreased to 70 percent. As the reimbursement rate decreases, more State funds are required to maintain the current level of services.

A summary of federal funding received by the Child Support Enforcement Division is presented below for State fiscal years 80 - 84. Funds for SFY 83 and 84 are estimates only.

SFY 80	SFY 81	SFY 82	SFY 83	SFY 84
$1,505,100	$1,755,300	$1,815,000	$2,458,800	$2,875,200

Department of Transportation and Public Facilities

The Department of Transportation and Public Facilities (DOTPF) recieves more federal funds than any other State department, primarily in its capital budet. According to DOTPF, their major source of federal funds (the Federal Highway Administration) has increased by almost 50 percent this year and will continue to increase.

DOTPF anticipates only one reduction in federal funding. The Department has been receiving approximately $162,500/year from the Urban Mass Transit Administration; this has been passed through to seven Alaska cities to help pay for the operating costs of transit services (ferries, buses, etc.). The federal government plans to reduce the funding by 80 percent in 1984, 90 percent in 1985, and eliminate it altogether after that.

Federal Budget Impact Fund

In 1981 and 1982, the Alaska State Legislature established funds to help alleviate the problems created by reductions in federal funding. In 1981, $5 million was appropriated in Chapter 82, SLA 81; the Governor was required to consult with the chairmen of the Legislative Budget & Audit Committee (LB&A) and the House & Senate Finance committees prior to disbursing any of these funds to State and non-State agencies.

The State Federal Budget Impact Fund was created in 1982 by Chapter 125, SLA 82 with a total appropriation of $20 million. The legislation required the governor to submit proposed disbursements from the fund to the LB&A Committee for review. According to information supplied by the Governor's Office of Management & Budget, approximately $16 million was disbursed from this fund in SFY 1983. Many of the recipients of the fund were private nonprofit agencies providing social services. The two largest disbursements went to the Department of Health and Social Services for Medicaid ($1.5 million) and to the Department of Education for BIA school transfers ($7.9 million).

* * * * * * * *

We hope this information is useful to you. If you have any questions regarding it, please call.

SB:BB/dp

Appendix A: HRA Memorandum to State Agencies
Appendix B: Agency Responses

Department of Administration

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF ADMINISTRATION

POUCH C, M.S. 0209
JUNEAU, ALASKA 99811
PHONE: (907) 465-3250

OLDER ALASKANS COMMISSION

May 23, 1983

RECEIVED
MAY 26 19..
HOUSE RESEARCH AGENCY

Deborah Pomeroy/Betty Barton
Research Staff
Alaska State Legislature
House of Representatiives
Research Agency
Pouch Y, State Capital
Juenau, Aalska 99811

Dear .. Pomeroy and Ms. Barton:

This is in response to your letter dated April 20, 1983 to Commissioner Lisa Rudd in regard to reductions in federal funding that have occurred between FY 1980 and FY 1984. You had requested this information by May 13. On May 10th, we requested an extension of the required date to May 18, until our accountant returns from annual leave.

Listed below are the federal funds received or anticipated to be received by the Older Alaskans Commission during FY '80 to FY '84.

Federal Funds:

U.S. Department Health and Human Services
Older Americans Act:

	FFY'80	FFY'81	FFY'82	FFY'83	FFY'84
a) Title III, Social and Nutrition Program for the Elderly	$3,114,001	$3,289,900	$3,203,023	$3,400,291	$3,400,291
b) Title IVa, Training	30,000	30,000	30,000	30,000	30,000
c) Title IVc, Senior Advocacy Assistance	-0-	-0-	50,000	50,000	50,000

U.S. Department of Agriculture

	FFY'80	FFY'81	FFY'82	FFY'83	FFY'84
Cash in Lieu of Commodities	$ 58,793	$ 97,262	$ 120,424	$ 120,424 (est.)	$ 120,424 (est.)

U.S. Department of Labor
Title V, Senior Community Service

Employment Program:

Federal grants period:

7/1/79 - 8/31/79	$ 131,336
9/1/79 - 7/30/80	939,000
8/1/80 - 7/30/81	1,072,000
8/1/81 - 6/30/82	1,160,000
7/1/82 - 6/30/83	1,157,609
7/1/83 - 6/30/84	1,368,609

All of the above grants are categorical grants.

I hope the above information is helpful.

Sincerely,

Dorothy Walt
Internal Auditor

Department of Commerce & Economic Development

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

POUCH D
JUNEAU, ALASKA 99811
PHONE: 465-2500

May 20, 1983

RECEIVED
MAY 23 1983
HOUSE RESEARCH AGENCY

Mses. Betty Barton and
Deborah Pomeroy
Alaska State Legislature
House of Representatives
Research Agency
Pouch Y, State Capitol
Juneau, Alaska 99811

Dear Betty and Debbie:

The Department of Commerce and Economic Development does not receive major federal funding in support of overall operations. A few specific orograms, however, are supported by federal funds. These areas follow, by agency:

Alaska Seafood Marketing Institute

ASMI has received two federal cooperative agreements, 81-ABH-00109 for $217,000 for State fiscal years 1982 and 1983, and 82-ABH-00121 for $254,000 for State fiscal years 1983 and 1984. Both grants were for advertising, promotion and quality assurance education of/for Alaska seafood products. The grants are from DOC/NOAA/NMFS. No further federal grants are expected.

Division of Measurement Standards

The Division of Measurement Standards assumed responsibility for the vehicle weigh stations in FY 83, and with them a Federal Demonstration Program involving commercial vehicle weighing and inspection. This demonstration program ended in March, 1983.

The contract number was DT-FH-61-80-X-00042 Mod #3, and was from the U. S. Department of Transportation, Federal Highway Administration for $672,000. No further federal funding is expected.

08-H2LH

Division of Energy and Power Development

DE&PD has had numerous federally funded programs. A summary of those is attached.

Division of Economic Enterprise

The Division of Economic Enterprise has had three federally funded projects. The history of each is as follows.

BIA Grants - The U. S. Department of Interior, Bureau of Indian Affairs, contracted with the Division of Economic Enterprise through a memorandum of agreement to provide various economic development grants to rural communities throughout Alaska. The contract number was E00C14201732. Funding was $216,000 in FY '80, $154,900 in FY '81, and $10,000 in FY '82. The contract expired September 30, 1981. No further funding has been available.

BLM Grant - The U.S. Department of Interior, Bureau of Land Management, contracted with the Division of Economic Enterprise so the division could participate in the Southcentral Alaska Water Resource Study. The contract number was AK-910-4930-0109-9475. The FY '80 funding was $1,000. No further funding is expected.

NOAA Grant - The U.S. Department of Commerce, National Oceanic and Atmospheric Administration contracted with the Division of Economic Enterprise to supplement the State's efforts for a commercial geoduck feasibility study. The contract was for $10,000 in FY '81, and supplemented an FY '81 authorization of $30,000 for that project. The grant number was 81-ABD-00035. The project is complete; no further funding is expected.

Alaska Public Utilities Commission

The U.S. Department of Energy, Economic Regulatory Administration, granted the Alaska Public Utilities Commission $200,000 in FY '80 and $182,700 in FY '81 to assist the commission in implementing responsibilities mandated under the Public Utilities Regulatory Policies Act (PURPA) enacted November 9, 1978. The grant number as DE-FG01-79RG-10168. Those responsibilities have been assumed. No further federal funding is expected.

I hope this information sufficiently answers your inquiry. If you have any further questions, please call me at 465-2509.

Sincerely,

Steven D. Hildebrand
Accounting Supervisor

SDH/cw#26S8

Enclosure
52083B

FEDERAL FUNDING
FOR
DIVISION OF ENERGY & POWER DEVELOPMENT

May 13, 1983

PROGRAM/PROJECT	RECIPIENT	RECEIPT CATEGORY	SOURCE	SFY 80	SFY 81	SFY 82	SFY 83	SFY 84	STATUS	COMMENT
Appropriate Technology	DEPD	Project	DOE	45,500	201,590	95,000	35,000	-0-	Closing	
AVEC Wood Gasification	DEPD	Project	DOE	-0-	184,000	200,000	205,000	-0-	Continuing	Level of future funding minimal less than $50,000 over next 3 yrs.
Biomass	DEPD	Contract	DOE	-0-	-0-	-0-	-0-	150,000	New	Level of future funding minimal
Energy Extension Service	DEPD	Categorial	DOE	263,300	-0-	175,900	92,600	96,400	Continuing	Level of future funding-stable at $95,000*
Geothermal Commercialization	DEPD	Project	DOE	124,891	91,250	76,250	-0-	-0-	Closing	
Institutional Conservation Program (ICP)	DEPD Subgrantees	Categorial	DOE	621,239	659,942	940,592	311,944	316,493	Continuing	Level of future funding stable at $300,000*
"Jobs Bill" for use with ICP	DEPD	One Time	DOE	-0-	-0-	-0-	-0-	300,000	One Time	
Peat Assessment	DEPD	Project	DOE American Gas Assoc.	200,000	-0-	150,000	-0-	-0-	Closing	
Small Hydro Commercialization	DEPD	Project	DOE	-0-	58,000	36,135	-0-	-0-	Closing	
State Energy Conservation Program	DEPD	Categorial	DOE	292,200	229,500	172,900	136,800	134,600	Continuing	Level of future funding stable at $135,000*
Supplement State Conservation Program	DEPD	Categorial	DOE	57,800	57,900	53,700	-0-	-0-	Closing	

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5161 HTRA HB 213 (FILE 2)

PROGRAM/PROJECT	RECIPIENT	RECEIPT CATEGORY	SOURCE	SFY 80	SFY 81	SFY 82	SFY 83	SFY 84	STATUS	COMMENT
Low Income Home Weatherization Assistance	DEPD Subgrantees	Categorial	DOE	1,282,071	957,100	1,491,507	813,950	858,026	Continuing	Level of future funding stable at $850,000*
"Jobs Bill" for use with WX	DEPD Subgrantees	One Time	DOE	-0-	-0-	-0-	-0-	447,000	One Time	
Warner for use with WX	DEPD Subgrantees	One Time	DOE	-0-	-0-	-0-	-0-	795,000	One Time	
Solar Bank for use with State funded Weatherization Program	DEPD Subgrantees	One Time	HUD	-0-	-0-	-0-	-0-	350,000	One Time	
Anemometer Loan Program	DEPD	Project	DOE	9,800	-0-	-0-	-0-	-0-	Closing	
DOE "CENTS" Program	DEPD	Project	DOE	-0-	-0-	5,000	-0-	-0-	Completed	
Energy Extension Service Evaluation	DEPD	Project	DOE	-0-	-0-	10,000	-0-	-0-	Completed	
Emergency Energy Conservation Planning	DEPD	Project	DOE	-0-	29,000	-0-	-0-	-0-	Completed	
Hydrogen Assessment	DEPD	Contract	DOE	-0-	30,000	-0-	-0-	-0-	Completed	
Oil Shale	DEPD	Project	DOE	37,500	-0-	-0-	-0-	-0-	Completed	
Rural Education	DEPD	Project	ACTION	27,999	-0-	-0-	-0-	-0-	Completed	
State Energy Conservation Program Evaluation	DEPD	Project	DOE	-0-	-0-	10,000	-0-	-0-	Completed	
Trade Expo. Non-Nuclear Energy Research	DEPD	Project	DOE	40,000	-0-	-0-	-0-	-0-	Completed	
Wood Assessment	DEPD	Project	DOE	-0-	40,000	-0-	-0-	-0-	Completed	

PROGRAM/PROJECT	RECIPIENT	RECEIPT CATEGORY	SOURCE	SFY 80	SFY 81	SFY 82	SFY 83	SFY 84	STATUS	COMMENT
Western SUN	DEPD	Contract	Western SUN DOE	112,500	145,800	89,100	-0-	-0-	Completed	
Waste Heat Agriculture	DEPD	Project	DOE	-0-	30,000	-0-	-0-	-0-	Completed	

NOTE: Figure in SFY columns represents funds granted to DEPD during that year.

DEPD = State Division of Energy and Power Development
DOE = U.S. Department of Energy
HUD = U.S. Department of Urban Development
SFY = State Fiscal Year

* Possible increase in funding in these programs by one time legislation - i.e. - Warner, Jobs Bill, Solar Bank, oil overcharge funds.

RU/sh/7/263

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

POUCH D
JUNEAU, ALASKA 99811
PHONE: 465-2500

June 1, 1983

RECEIVED
JUN 01 1983
HOUSE RESEARCH AGENCY

Mses. Betty Barton and
Deborah Pumeroy
Alaska State Legislature
House of Representatives
Research Agency
Pouch Y, State Capitol
Juneau, Alaska 99811

Dear Betty and Debbie:

I was finally able to scratch together significant information on the Economic Enterprise EDA grant funding. This information should be added to that of my letter to you dated May 20, 1983.

EDA 302 The U.S. Department of Commerce, Economic Development Administration, granted $150,000 to the Division of Economic Enterprise in FY '80 for the development of an economic development planning process within the State of Alaska. The grant number was 07-25-01659-03. No further funding was received by the DC&ED. The economic development planning process has been assumed by the Office of the Governor.

EDA 304 The Division of Economic Enterprise participated in a cooperative funding assistance program with the U.S. Economic Development Administration (EDA). Through this program, grant funds can be made available to public and nonprofit agencies for public works and technical assistance projects which will result in the creation of new permanent jobs in the private sector. The State is required to match at least 25% of the EDA funds for a project. No federally funded authorization is on the State books. All EDA funds are granted directly to the recipient agency by the feds.

The amount of EDA funded projects by federal fiscal year is: FFY '79 $1,947,903; FFY '80 $4,112,738; FFY '81 $2,823,983; FFY '82 $1,669,174; and, FFY '83 $68,924. There is no commitment for funding in federal fiscal year '84.

I apologize for the delay on this additional information that I had promised you, as per our phone conversation on May 20. If you have any questions, please call me at 465-2509 and I'll try to help.

Sincerely,

Steven D. Hildebrand
Accounting Supervisor

08-H2LH

SDH/wfs2/23
53183a

Department of Community & Regional Affairs

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

☑ *POUCH B*
JUNEAU, ALASKA 99811
PHONE: (907) 465-4700

☐ *225 CORDOVA STREET · BLDG B*
ANCHORAGE, ALASKA 99501
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May 18, 1983

RECEIVED
MAY 19 1983
HOUSE RESEARCH AGENCY

Betty Barton
Deborah Pomeroy
Research Staff
Research Agency
House of Representatives
Pouch Y
Juneau, Alaska 99811

Dear Betty and Deborah,

Attached is the response by the Department of Community and Regional Affairs to your request of April 20. Hopefully this information on federal funding for FY80 through FY84 is adequate to meet your needs. If you require any further assistance, please contact Bob Rehfeld, Director of Administrative Services at 465-4708.

Sincerely,

Robert F. Rehfeld for

Mark Lewis
Commissioner

21-P1LH

FEDERAL AGENCY	PROGRAM	GRANT AUTHORITY	FY80	FY81	FY82	ESTIMATED FY83	ESTIMATED FY84
U.S. Civil Service Commission	Intergovernmental Personnel	I.P.A. of 1970 (P.L. 91-648)	28.0	-0-	-0-	-0-	-0-
Federal program was discontinued							
Department of Energy	Weatheriza. to low income indivs.	P.L.94-385	56.3	-0-	-0-	-0-	-0-
Transferred program to Commerce and Economic Development. Possibly being transferred back to DC&RA in FY84 but cannot estimate federal expenditures at this time.							
Department of Justice	Volunteer Services	Title I of Omnibus Crime Control Act of 1968	50.0	-0-	-0-	-0-	-0-
Program was discontinued-uncertain if this was transferred to another Department							
Community Services Admin.	State Technical Assistance	Title II, Sec 231, Economic Opportunity Act of 1964	199.0	8.9	-0-	-0-	-0-
This program was merged with other similar programs to for the Community Services Block Grant							
U.S. Dept. of Commerce, NOAA	Coastal Energy Impact Program	Sec 308, Coastal Zone Management Act of 1972	1,702.8	146.5	1,398.6	1,855.8	2,605.4
Current grants terminate June 30, 1984. No new funds are anticipated.							
U.S. Dept of Commerce, NOAA	Coastal Management Program Dev.	Sec 305 & 306, Coastal Zone Management Act of 1972	-0-	-0-	1,610.4	3,420.8	-0-
FY83 is the last year for funding under this Act-FY84 estimate is carry forward funds only. Grant funds were awarded to the Governor's Office prior to FY82. This program will be transferred to the Governor's Office in FY84.							
U.S. Department of Housing and Urban Development	Comprehensive Planning	HUD 701	155.9	161.8	281.6	-0-	-0-
Program terminated at the Federal level							
U.S. Dept of Agriculture	National Forest Receipts	16 USC 500 as amended by P.L. 94-588	1,079.9	1,981.9	1,155.9	1,663.2	1,500.0
This is based solely on Federal income derived from National Forests located within municipal boundaries.							
U.S. Department of Labor	Comprehensive Employment and Training Program	Comprehensive Employment and Training Act	15,667.3	11,485.8	6,670.5	5,970.2	3,000.0
Elimination of the Public Service Employment Program-Act terminates 9/30/83 to be replaced with the Jobs Training Partnership Act.							
U.S. Department of Commerce	Economic Development Admin	Title IX, Sec 903, Economic Opportunity Act of 1964	-0-	3.1	-0-	-0-	-0-
Fed Emergency Management Agency	National Flood Program-State Assistance	Sec 102A, Flood Disaster Protection Act of 1973	-0-	31.3	54.2	90.0	148.4
This is a fairly new program for Federal funding. It is anticipated to continue.							
U.S. Department of Labor	Jobs Training Partnership Act		-0-	-0-	-0-	-0-	5,581.8
This program replaces old CETA program. Funds received by the State will include an allocation for the Municipality of Anchorage previously received directly from the federal government by Anchorage under the old CETA program.							
U.S. Department of Housing and Urban Development	Technical Assist Program	Sect 107, Title I Housing and Comm. Dev. Act of 1974	-0-	-0-	-0-	50.0	50.0
U.S. Department of Housing and Urban Development	Comm Dev Block Grant	Title I Housing and Comm. Dev. Act of 1974	-0-	-0-	-0-	83.1	2,696.9
U.S. Department of Housing and Urban Development	Comm Service Block Grant	P.L. 97-35 Omnibus Budget Reconciliation Act of 1981, Sec 671-682	-0-	-0-	-0-	41.8	727.5
Due to late start up of FFY82 and FFY83 grant programs, funds will not be expended until State FY84.							

Department of Education

MEMORANDUM

State of Alaska

TO: Alaska State Legislature
House of Representatives
Research Agency
Research Staff

DATE: June 3, 1983

FILE NO:

TELEPHONE NO: 465-2802

FROM: Robert Van Slyke
Deputy Commissioner
Department of Education

SUBJECT: Federal Funds Received

As requested, attached are the Department of Education's major sources of regular federal program funds for Fiscal Years 1980-1984.

If you have any questions, please call Richard Spaziani, Deputy Director, Educational Program Support Division, at 2900/2830.

Attachments

RECEIVED
JUN 07 1983
HOUSE RESEARCH AGENCY

SUMMARY OF MAJOR FEDERAL FUNDING SOURCES
ALASKA DEPARTMENT OF EDUCATION

All Dates Are State Fiscal Years

Note: (Firm Fiscal Year 1984 entitlements have not been released at this time.)

Program: P.L. 81-874 Federal Impact Aid

1978	$44,874,571
1979	47,928,481
1980	46,934,161
1981	46,399,198
1982	41,658,687
1983	34,444,051

These funds are provided for students whose parents live and/or work on federal lands not subject to State or local taxation. Entitlement variations are caused primarily by changes in the level of annual federal appropriations.

Impact: State aid to public schools is affected by the provision of AS 14.17.021(b) as applied to the Rural Education Attendance Areas; decreases in federal funds causes a demand for added State funds to meet school district entitlements computed under the State aid distribution formula of AS 14.17.

These funds are normally classified as "other receipts." Funds received directly by the State are used as part of State funding for school operations on military reservations (See AS 14.08.031(c); AS 14.12.020 (a); and AS 14.14.110(c)).

Program: U.S. Department of Agriculture Federal Child Nutrition Programs

1. National School Lunch Program
2. School Breakfast Program
3. Special Milk Program
4. USDA Food Distribution Program
5. Child Care Food Program
6. Nutrition Education and Training Program

The first five programs are "grants-in-aid" entitlement programs with performance funding. The State earns funds or draws USDA commodities based on the number of meals served, times a federally determined reimbursement rate per meal.

School Food Services
Federal Reimbursement Summary

	FY 80	FY 81	FY 82	With est. FY 83	With est. FY 84
SPECIAL MILK PROGRAM (SMP)	174,752	125,889	42,567	33,205	33,205
NUTRITION EDUCATION & TRAINING PROGRAM (NETP)	74,498	74,963	50,000	50,000	50,000
NATIONAL SCHOOL LUNCH PROGRAM (NSLP)					
General Assistance for all Children (Sec. 4)	1,477,038	1,579,285	1,021,988	1,091,961	1,113,800
Assistance for Needy Students (Sec. 11)	2,496,275	3,057,479	3,539,980	3,775,427	3,813,181
Food Service Equipment Assistance - Schools	42,227	40,540	-0-	-0-	-0-
Total Lunch Reimbursement	4,015,540	4,677,304	4,561,968	4,867,388	4,926,981
SCHOOL BREAKFAST PROGRAM (SBP)	284,075	363,836	403,815	457,507	462,082

School Food Services
Federal Reimbursement Summary

	FY 80	FY 81	FY 82	Est. FY 83	Est. FY 84
CHILD CARE FOOD PROGRAM (CCFP)					
Food Service	$ 916,412	$1,687,277	$1,334,701	$1,481,349	$1,599,349
Sponsor Administration	14,028	98,158	137,286	164,712	181,183
Sponsor Startup	12,140	-0-	-0-	1,350	
Cash in lieu of Commodities	80,471	77,087	63,920	82,501	83,429
Food Service Equipment Asstc.	15,062	7,543	-0-	-0-	-0-
Audit Funds	5,398	8,573	-0-	35,859	29,439
Total Child Care Reimbursement	$1,043,511	$1,878,638	$1,535,907	$1,765,771	$1,893,400
SUMMER FOOD SERVICE PROGRAM (SFSP)	-0-	-0-	-0-	-0-	-0-
STATE ADMINISTRATIVE FUNDS (SAE)					
Summer SAE	-0-	-0-	-0-	-0-	-0-
SAE	192,091	214,375	247,126	262,604	274,429
TOTAL REIMBURSEMENT	$5,784,467	$7,335,005	$6,841,383	$7,436,475	$7,640,097

The bottom line figures do not give a true picture of federal budget cuts or their impact. Increases in program participation have entitled Alaska to receive more funds almost every year since 1980 when the federal cuts began.

The following factors have decreased expected funding:

1. Twice yearly upward cost of living adjustments in reimbursement rates were reduced to annual adjustments.

2. A change in the method of calculating reimbursement for the Child Care Food Program (elimination of the tiering method).

3. A lowered reimbursement rate for the reduced price child thereby increasing costs to the student and increasing the cost of total care to the parent in child care institutions.

4. Change in the income level index used to determine eligiblity for free and reduced price meals thus making fewer students qualify for this aid.

5. The limit on the number of meals served per child in the Child Care Food Program was lowered from 5 (3 meals and 2 supplements) to 3 (3 meals and 1 supplement).

Impact: In 1983 there were no federal cuts in the Child Nutrition feeding programs. Although the 1984 President's budget proposed more cuts, the "feeling" we are getting from Congress is that there will be no cuts. However, cuts from 1981 and 1982 are still being felt (Ref.: 1-5, above).

In 1982 General Assistance (Section 4 in School Programs and the paid rate in Child Cares) and the value of donated commodities received per meal was cut 40% (see 1-6, below). If the normal biannual increase had occurred (see Item No. 1, above), the rate would have increased around 21% by 1984.

1. Elemination of one high school program in Kodiak;

2. Elimination of Hydaburg schools in 1982, but they again participated in 1983;

3. Elimination of three small Child Care Programs;

4. Increased cost to children in most urban schools resulting in a decrease in the number of children participating in the programs;

5. Increased local district and Child Care center subsidy to the programs;

6. Belt tightening by everyone.

Program: ESEA Title VII Indian Education (Categorical)

1980	$ 40,369
1981	57,891
1982	51,706
1983	28,101
1984	27,824 (Estimated)

The State Department of Education receives approximately 5 percent

of all Title VII funding which are appropriated directly by the federal government to local school districts. Federal appropriations to local school districts have been decreasing dramatically since FY 1980.

Impact: None specifically on local programs of bilingual/bicultural education; however, increasing demands for State funds at local school district sites for the purposes of developing and implementing local innovations to meet special needs are developing. Reduced Department of Education receipts requires greater use of State general funds for program administration and technical assistance.

Program: Civil Rights Act Title IV (Categorical)
(By grant application and competition)

1980	-0-
1981	$ 82,956
1982	73,156
1983	53,141
1984	130,160 (Applied for)

Impact: Typically used for State Bilingual/Bicultural Education administration and to fund special Department of Education Bilingual/ Bicultural projects. Reduced funding places greater demand on State general funds to maintain same level of service.

Program: ESEA Title I, P.L. 89-313 and P.L. 91-142 VI-B (Categorical)

	P.L. 89-313 Disadvantaged Handicapped)	P.L. 94-142 VI-B (All Handicapped Act)
1980	$1,757,891	$1,496,568
1981	1,641,517	1,815,428
1982	1,826,761	1,724,376
1983	1,842,910	1,908,893
1984	2,000,000(Est.)	2,000,000 (Est.)

Impact: None

Program: ESEA Title I (ECIA Chapter I, FY 1983) (Categorical)
Disadvantaged Children--Basic Skills

	Part A (Disadvantaged)	Delinquent	DOE Administration
1980	$5,681,315	$ 77,925	$225,000
1981	5,136,090	95,949	225,000
1982	5,065,096	114,603	225,000
1983	5,038,933	111,656	225,000
1984	5,038,933 (Est.)	111,656 (Est.)	225,000 (Est.)

Impact: None anticipated. Funds received are based on qualified student enrollment.

Program: ESEA Title I (ECIA FY 1983) Migrant Education (Categorical)

1980	$ 30,000
1981	90,724
1982	186,344
1983	313,538
1984	423,397 (Est.)

Impact: None anticipated. Funds received are based on qualified student enrollments.

Program: ESEA Title IV-B/C (Block Grants ECIA Chapter II FY 1983) (Categorical)

	Title IV-B	Title IV-C	ECIS Chapter II Block Grants (Formerly IV-B/C)
1981	$ 366,892	$ 792,756	
1982	345,437	265,577	
1983			1,749,888
1984			1,783,443

Impact: The greatest impact of federal aid reduction has been on local school district and individual classroom teachers who use Block Grant funds to develop or adapt innovative educational programs at the classroom level. State funding is not categorically available for this purpose. Additionally, funding was also available for the strengthening and development of general Department of Education administration, administrative systems, and activities. The funding of general SEA administrative activities and the development of SEA managment systems has been greatly reduced under the block grant concept. Categorical program funding such as ECIA Chapter I, P.L. 94-142, Career and Vocational Education, and P.L. 89-313 cannot be used for this purpose.

Program: School Bus Driver Training and Driver Safety Education (Categorical)

	School Bus Driver Training	K-12 Traffic Safety Education	Winter & Emergency Driving Education
1980	$23,170	$36,150	-0-
1981	12,250	12,975	$14,840
1982	12,250	-0-	-0-
1983	14,700	-0-	-0-
1984	14,700 (Est.)	-0-	-0-

Impact: None anticipated.

Program: Vocational Education (Categorical)

1980	$1,060,000
1981	1,060,000
1982	1,060,000
1983	1,060,000
1984	1,060,000 (Est.)

Impact: None anticipated. However, federal regulations and federal accountability requirements necessitate the use of DOE staff beyond that which federal sources are willing to pay. Essentially, we have a State vocational education program administered by federal funds for federal purposes.

Program: Alaska Occupational Information Coordinating Committee (AOICC)
(Funding Source for the Alaska Career Information System (AKCIS))

1980	$ 86,500
1981	95,730
1982	86,779
1983	70,920
1984	70,920 (Est.)

Impact: Must use State general funds (vocational matching) or administrative funds from federal vocational education sources to maintain a useful operational level of the program.

Program: Vocational Rehabilitation

1980	$4,754,500
1981	5,121,800
1982	4,907,300
1983	5,090,800
1984	5,114,900 (Est.)

Impact: We do not anticipate any loss of federal funds for FY 1984.

Program: State Library Grants
(Also includes Health/Science Library funds)

1980	$ 300,600
1981	428,500
1982	428,100
1983	461,800
1984	364,300

Impact: No specific impact on general library services. However, current reductions have resulted in the loss of one clerical position, library materials acquisition, and contractual abilities. The majority of the contractual service loss can generally be classified as office support, i.e., telephone, Xerox, and supplies; however, the ability of the Health/Science Library to provide data-base search service has been severely impaired.

Department of Enivronmental Conservation

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

Telephone: (907) 465-2600
Address:

May 10, 1983

RECEIVED
MAY 12 1983
HOUSE RESEARCH AGENCY

Research Agency
Alaska State Legislature
House of Representatives
Pouch V
Juneau, Alaska 99811

Attn: Ms. Betty Barton
Ms. Deborah Pomeroy

RE: Loss federal funds.

Dear Ms. Barton and Ms. Pomeroy:

The Alaska Department of Environmental Conservation (ADEC) is the recipient of federal funds from two federal agencies. U.S. Environmental Protection Agency (EPA) is ADEC's cognizant agency. U.S. Department of Agriculture (USDA) awards only one grant for the cooperative meat inspection program. All grants are categorical and are divided between continuing programs funded each year and special projects that are funded one-time.

ADEC is a young state agency with a small operating budget, 7% of Natural Resources Category. In fact, Department of Military Affairs is the only state agency with a smaller budget. ADEC's budget does not include general funds for special studies. In 1985, all special project funding (Exhibit B) by EPA will cease.

There are several reasons for loss of federal funds. Those affecting ADEC are federal budget cuts, a state program that does not qualify for funding, and ADEC's state funding being below the minimum support required by the federal regulations. Another factor in lower federal funds is related to carry over funds from one budget period to the next budget period. In SFY 84 carry over funds will be near zero.

Grants awarded by EPA have been for the purpose of developing environmental programs to enhance the environment and health in the state. To receive a grant award, ADEC must meet definite terms and conditions such as, maintenance of effort by ADEC, good past performance, and a qualified technical staff.

In SFY 80, the federal government stopped their solid waste program for all states. In SFY 84, hazardous waste grant may be unavailable if the limited state funded program does not meet the basic criteria for grant awards. The environmental problems in Alaska are large, complicated, and increase each year. The work exceeds the available manpower in ADEC. The necessary state budget cuts have added to this burden and also jeopardize future federal funding.

It is important to realize that the difference between the state fiscal year and the federal fiscal year means that firm grant amounts are not available from the federal agency until after the state budget has been prepared. The grant amount in the budget is the best available estimate. In reality, a different amount may become available and the grant award increase. The difference between the budgeted amount and the actual grant award is authorized through an RPL.

Attached are exhibits giving comparisions of grant funding for years 1980-1984. Exhibit A lists all federal expenditures for years 1980 - 1983 and projected grant awards for 1984. Exhibit B is a listing of all EPA special one-time funding grants. Exhibit C is a comparison of match and grant expenditure and lists each years grant award. Exhibit D is a comparison between 1982 and 1984. Comparing these two years gives a view of the creeping problem ADEC is having with federal funding. Following the exhibits are narratives explaining each program that has funding problems.

If you have any questions, please feel free to call Joe Cladouhos, Director, Environmental Quality Management, at 465-2640.

Sincerely,

Richard A. Neve'
Commissioner

EXHIBIT A

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

CONTINUING FEDERAL PROGRAMS

Program I. EPA Grants	Safe Drinking Water EPA Safe D/W	II. Water Pollution Control EPA 106/WPC	205/g Water	CMA	III Air Program EPA Air P.C.	IV Hazardous Waste EPA Solid Waste	H/W 80	V Consumer Protection USDA USDA Meat Ispection	VI Pesticides Pesticide Training	Continuing Grant Total	One-Time Total	Grand Total
Year 1980 Expenditures	4[illegible]	138.0	230.5	140.0	225.4	111.5	69.2	241.7	-0-	1649.5	231.5	1881.0
Year 1981 Expenditures	564.6	160.6	205.7	103.9	398.5	75.5	145.6	241.6	-0-	1896.0	414.2	2310.2
Year 1982 Expenditures	645.0	151.1	262.5	183.1	352.2	5.1	188.1	257.0	9.8	2053.9	890.2	2944.1
Year 1983 Grant Award	602.5	102.5	-0-	225.0	385.1	-0-	52.3	287.9	9.8	1665.1	881.7	2546.8
Year 1984 Projected Grant	567.5	165.6	-0-	352.3	252.2	-0-	208.5	332.7	9.8	1888.6	468.5	2357.1

Narratives are attached for each program

EXHIBIT B

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

One Time Federal Grants For One or More Years

Program	II	Water Pollution Control (EPA)							III Air Program EPA		IV H/W EPA	
Grants	Training Grant	404 St. Prog. A.	208 3rd	208 4th	208 5th	Cl.Lakes Mirror	Cl.Lakes Robe	Cl.Lakes Skaters	Air P.C.	METFAC	HW	One-Time Total
Year 1980 Expenditures	-0-		231.5									231.5
Year 1981 Expenditures	10.0		350.2	50.0	4.0							414.2
Year 1982 Expenditures	-0-	30.0	443.8	158.5	60.0		.4	6.3		191.2		890.2
Year 1983 Grant Award	-0-	30.0	34.1	144.5	60.1	100.0	59.7	46.0	30.0	280.8	96.5	881.7
Year 1984 Grant Award	-0-		-0-	66.5	203.0	-0-	-0-	-0-	-0-	25.0	174.0	468.5

There are no special project requests for 1985. All one time funding will cease.

EXHIBIT C

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

CONTINUING FEDERAL PROGRAMS

Program	I.	II. Water Pollution Control			III	IV		V	VI			
	Safe Drinking Water	EPA			Air Program	Hazardous Waste		Consumer Protection	Pesticides	Continuing		
	EPA				EPA	EPA		USDA				
Grants	Safe D/W	106/WPC	205/g Water	CMA	Air P.C.	Solid Waste	H/W 80	USDA Meat Ispection	Pesticide Training	Grant Total	One-Time Total	Grand Total
Year 1980												
Match Exp.	181.3	178.4	-0-	-0-	94.5	23.7	-0-	241.7	-0-	719.6		
Grant Exp.	493.2	138.0	230.5	140.0	225.4	111.5	69.2	241.7	-0-	1649.5	231.5	1881.0
Grant Award	822.6	173.5	230.5	140.0	434.4	173.3	75.0	272.2	-0-	2321.5		
Year 1981												
Match Exp.	205.3	171.8	-0-	-0-	126.6	55.9	-0-	241.6	-0-	801.2		
Grant Exp.	564.6	160.6	205.7	103.9	398.5	75.5	145.6	241.6	-0-	1896.0	414.2	2310.2
Grant Award	900.9	195.5	284.1	103.9	579.6	94.4	236.7	345.2	-0-	2740.3		
Year 1982												
Match Exp.	221.0	104.3	-0-	-0-	210.7	-0-	-0-	257.0	9.8	802.8		
Grant Exp.	645.0	151.1	262.5	183.1	352.2	5.1	188.1	257.0	9.8	2053.9	890.2	2944.1
Grant Award	905.3	194.8	281.4	183.1	458.2	12.0	284.5	327.4	9.8	2656.5		
Year 1983												
Match Exp.	178.3	84.4	-0-	-0-	211.4	-0-	-0-	287.9	9.8	771.8		
Grant Exp.	602.5	102.5	-0-	225.0	385.1	-0-	52.3	287.9	9.8	1665.1	881.7	2546.8
Grant Award	535.5	122.0	-0-	225.0	382.0	-0-	-0-	332.8	9.8	1607.1		
Year 1984												
Req. Match	189.3	104.3	-0-	-0-	367.4	-0-	108.4	332.7	9.8	1111.9		
Projected Grant	567.5	165.6	-0-	352.3	252.2	-0-	208.5	332.7	9.8	1888.6	468.5	2357.1

205 g and CMA depend on 106/WPC's match requirement being met.

EXHIBIT D

COMPARISON BETWEEN 1982 AND 1984 FEDERAL GRANTS

	1982 Total	1984 Total	Grant Difference	Program Difference
Safe Drinking Water (EPA)	905.3	567.5		<337.8>
Water Pollution Control (EPA)				
106/P	194.8	165.6	<29.2>	
205 g	281.4	-0-	<281.4>	
CMA	183.1	352.3	169.2	
*Special (Grants will be gone in 1985)	699.0	269.5	<429.5>	<570.9>
Air Program (EPA)				
Air Pollution C.	458.2	252.2	<206.0>	
*METFAC	191.2	25.0	<161.2>	<367.2>
Hazardous Waste (EPA)				
Solid Waste	12.0	-0-	<12.0>	
Hazardous Waste	284.5	208.5	<76.0>	
*Special H.W.	-0-	174.0	174.0	86.0
Consumer Protection (USDA)				
Meat Inspection	327.4	332.7		5.3

*Special Projects that cease in 1985 which had a total 1984 funding of $468.50

I. Safe Drinking Water

Beginning with SFY 83, the amount of funding from the federal drinking water grant base was reduced by $293.8. The Office of the Governor furnished the department with a $112.0 RSA to supplement this loss.

The need for department services continues to increase. For instance, public water systems in the southcentral region have been increasing dramatically. These services are necessary to carry out the department's mandate to protect public drinking water supplies, AS 46.03.020(10).

One task of this program is collecting and utilizing laboratory testing information and water systems inventory data. Due to problems with the State's automated system, ADEC has implemented an interim manual/automated data management system. It will be difficult for the program to support a new fully automated data processing system without federal funds. The future status of the data collection system has not been determined.

For further details, please contact the program manager, Dick Farnell at 465-2653.

II. Water Pollution Control

The federal reduction to the Clean Water Act Section 205(g) grant money starting in FY 82 resulted in a permanent loss of approximately $284.1 to the State's Water Pollution Control Program (WPC). This money was formerly used to assist with special projects such as a pass through grant to the Muncipality of Anchorage for monitoring of the impacts of rapid urbanization on their streams. These funds also contributed to personal services and related travel and commodities for the department's WPC staff. Loss of these funds has resulted in the reduction of two staff positions, one Ecologist II and one Environmental Engineer III in Environmental Quality Management. Due to the loss of federal funding, less work will be done for the prevention of water pollution at a time when the State's rapid industrial and urban growth demand more services. Specific program elements can not at this time be enumerated, however, with a little more lead time they can be supplied upon request.

For further details, please contact the program manager, Alex Viteri, at 465-2653.

Special Projects

Since 1977, the Department has received $2,641.6 in 208 grant funds from EPA. These grant funds supported some departmental staff but mainly provided contractual monies for special projects. The 208 grant program was terminated. In SFY 84 the small balance of 208 funds has been committed and there are no other ADEC funds available for special projects. Staff positions formerly funded by 208 grant funds have either been eliminated or funded by general funds.

For further details, please contact the progrm manager, George Franklet at 465-2653.

III Air Program

During development of the 1977 Clean Air Act Amendments, Alaska was instrumental in assuring that control of air quality and sources of air pollutants would be a state function. The state must have the ability to assure orderly management and development of its resources and economic development.

A function of state and local governments is to establish programs to control pollutants which cause unhealthful air quality. Some of these sources are automobiles and woodstoves.

Management of air programs includes the tasks of review and permit issuance for complex industrial activities. Alaska is witnessing a rapid rate of industrial growth requiring an increased need for technical staff.

In the past, additional federal monies in the form of grant carryover have supplied about $100.0 annually to supplement the state's program. These funds will not be available in SFY 84 and beyond. Federal support monies have diminished at a time when we have made commitments to carry out additional programs required to manage the air resources of the state. Without increased state funding, implementation of these programs is questionable.

For further details, please contact the program manager, Len Verrelli, at 465-2666.

IV. Hazardous Waste

Solid Waste

Alaska solid waste management is a very large continuous task. There are 30 cities and 300 additional population clusters for which effective standards and technical advice would reduce safety hazards and the potential for drinking water borne disease and animal carried diseases such as rabies. Loss of funding does not alter this need.

EPA does not have a solid waste management grant program for any state. This ceased in 1980. Some funding from FFY 80 did continue into SFY 81. State funds were inadequate to continue or improve the work effort. The solid waste management staff has been reduced from three to one, while the field staff has remained relatively constant at 3.75 work years per year. An increase of five positions would be necessary to effect measurable improvement in sanitary conditions, during the next five-year period.

For further details, please contact the program manager, Dick Williams, at 465-2666.

Hazardous Waste

The federal program first became effective in FFY 80. The state applied and received funds for one central staff technical employee and his supervisor. They were previously paid by general funds. These positions developed the legislation to implement an Alaskan hazardous waste program.

In 1982, the legislature funded and increased the staff by seven to eight persons with general funds. Significant budget cuts were requested from the agency, so authorized staff and much of the funding were deleted from the management office.

Criteria upon which SFY 83 grants were to be awarded made the state's embryonic program ineligible for federal funds. Carryover funds from 1982 were reawarded to purchase equipment capable of analysing the full array of potentially hazardous chemicals to be regulated. The regulatory and program development work was done with contractual, technical and legal staff. Incremental increases in funds and staffing to establish and implement the program were requested for SFY 84 but not approved. The existing laboratory position assigned to use the grant-funded equipment was deleted and the management staff's funds reduced in the 1984 budget cuts.

Eligibility for the 1984 grant will be based upon the existence of adequate staffing and state resources to implement the program, which currently is not available in the 1984 budget. The $208.5 listed in the exhibits may not be awarded.

For further details, please contact the program manager, David DiTraglia, at 465-2666.

V. Consumer Protection

The U.S. Department of Agriculture has not reduced DEC's grant award for the cooperative Meat Inspection Program in the past several years. The program is funded by 50% federal funds and 50% state matching funds. We receive reimbursement for our indirect costs associated with the program which makes the federal share 62% of the total program costs.

The SFY 84 budget request for federal and state matching funds in the Meat Inspection Program is $280.0 federal funds and $280.0 general fund match. The U.S.D.A. grant award for this program for the corresponding fiscal year of SFY 84 is $332.0. DEC cannot spend and receive the $52.0 difference without increasing our match by the same amount.

The federal government is in the process of regulating all flight kitchens and all school districts under the Meat Inspection Program. Additionally, two new slaughter facilities will be in operation by 1985. This increase in inspection and other program activities will require, at the minimum, one additional inspector.

With declining revenues to the state treasury, it seems inappropriate not to be able to take advantage of 100% of a federal grant award. In SFY 84 the state treasury could receive $63.2 in additional revenue if the corresponding match requirement is met.

For further details, please contact Dennis Grimmer, Fiscal Officer, at 465-2675.

FY 80

SOURCE: Coastal Zone Management administered by Division of Policy Development and Planning (DPDP)

PROGRAM OR PROJECT: Coastal Zone Management

AMOUNT: $313,618

CLASSIFICATION: Categorical

REDUCTION FROM PRIOR YEAR: N/A

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: N/A

FUTURE STATUS OF PROGRAM: Program will continue.

SOURCE: CEIP 308(d) administered by Department of Community and Regional Affairs (DCRA)

PROGRAM OR PROJECT: Bering/Norton Energy Impact Study

AMOUNT: 2/6/6 $125,400

CLASSIFICATION: Categorical

REDUCTION FROM PRIOR YEAR: N/A

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: ($103,724 carried forward in FY 81)

FUTURE STATUS OF PROGRAM: Project will continue.

SOURCE: Soil Conservation Service

PROGRAM OR PROJECT: Willow/Talkeetna River Basin Study

AMOUNT: $49,600

CLASSIFICATION: Categorical

REDUCTION FROM PRIOR YEAR: Unknown

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: Further work was subsequently funded by the State.

FUTURE STATUS OF PROGRAM: Willow/Talkeetna Creeks Instream Flow Data Collection and Analysis: this FY 80 SuHydro planning project provided stream flow information for an early phase of the SuHydro project.

Department of Fish & Game

STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

P.O.BOX 3-2000
JUNEAU, ALASKA 99802
PHONE: (907) 465-4100

May 12, 1983

RECEIVED
MAY 13 1983
HOUSE RESEARCH AGENCY

Ms. Betty Barton
Ms. Deborah Pomeroy
Alaska State Legislature
House of Representatives
Research Agency
Pouch Y
Juneau, Alaska 99811

Dear Ms. Barton & Ms. Pomeroy:

This is in response to your letter dated April 20, 1983, requesting information on programs that have incurred substantial losses of Federal funding.

We have enclosed reports for each of our Budget Request Units that receive Federal funding for the fiscal years 1980 through 1984:

Division of Habitat Protection
Division of Commercial Fisheries
Division of Sport Fisheries
Division of Fisheries Rehabilitation, Enhancement & Development (FRED)
Division of Game
Commercial Fisheries Entry Commission
Administration and Support
Division of Boards of Fisheries and Game
Division of Subsistence

The Divisions of Habitat Protection, Commercial Fisheries, and Sport Fisheries have had or will have Federal fund reductions going into fiscal year 1984.

If you have any questions, please contact John Stewart, 465-4120.

Sincerely,

Don W. Collinsworth
Commissioner

Enclosures

11-K12LH

FY 80 (cont)

SOURCE: Title III administered by Department of Natural Resources (DNR)

PROGRAM OR PROJECT: Willow/Deception Creeks Instream Flow Data Collection and Analysis

AMOUNT: $39,600

CLASSIFICATION: Categorical

REDUCTION FROM PRIOR YEAR: N/A

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: Future funding provided by the State

FUTURE STATUS OF PROGRAM: this project has been funded 50:50 between State and Federal to provide stream flow information. This will no longer be funded by Federal funds.

FY 81

SOURCE: CEIP 308(c)(1) administered by DCRA

PROGRAM OR PROJECT: Energy Facilities Review

AMOUNT: $54,554

CLASSIFICATION: Categorical

REDUCTION FROM PRIOR YEAR: N/A

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: N/A

FUTURE STATUS OF PROGRAM: Project will continue

SOURCE: Coastal Zone Program administered by DPDP

PROGRAM OR PROJECT: Coastal Zone Management

AMOUNT: $315,440

CLASSIFICATION: Categorical

REDUCTION FROM PRIOR YEAR: N/A

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: N/A

FUTURE STATUS OF PROGRAM: Project will continue

FY 81 (cont)

SOURCE: CEIP 308(c)(2) administered by DPDP

PROGRAM OR PROJECT: Participation in Federal OCS Lease Program

AMOUNT: $124,884

CLASSIFICATION: Categorical

REDUCTION FROM PRIOR YEAR: N/A

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: N/A

FUTURE STATUS OF PROGRAM: Project will continue

SOURCE: CEIP 308(d) administered by DCRA

PROGRAM OR PROJECT: Bering/Norton Energy Impact Study

AMOUNT: $60,000 (amendment)

CLASSIFICATION: Categorical

REDUCTION FROM PRIOR YEAR: N/A

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: $103,724 was carried forward from FY 80

FUTURE STATUS OF PROGRAM: $43,486 carried forward into FY 82. This program was defunded in FY 82, and no alternative funding has been available. For areas which would be impacted by OCS oil and gas leasing, the project provided in-depth analysis of the fish, wildlife and habitat resources and potential impacts, and developed comprehensive mitigation to protect the resources and resource uses. Without the project, local communities and districts and State agencies are greatly handicapped in their ability to assess potential impacts and to prepare effective mitigation.

FY 81 (cont)

SOURCE: Soil Conservation Service

PROGRAM OR PROJECT: Willow/Talkeetna River Basin Study

AMOUNT: $4,800 (amendment)

CLASSIFICATION: Categorical

REDUCTION FROM PRIOR YEAR: Unknown

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: N/A

FUTURE STATUS OF PROGRAM: Willow/Talkeetna Creeks Instream Flow Data Collection and Analysis: This FY 80 SuHydro planning project provided stream flow information for an early phase of the SuHydro project. Further work will be subsequently funded by the State.

FY 82

SOURCE: Coastal Zone Management Program administered by Department of Community and Regional Affairs (A)

PROGRAM OR PROJECT: Coastal Zone Management

AMOUNT: $313,579

CLASSIFICATION: Categorical

REDUCTION FROM PRIOR YEAR: $1,861

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: N/A

FUTURE STATUS OF PROGRAM: Continuing project

FY 82 (cont)

SOURCE: CEIP 308(c)(1) administered by DCRA

PROGRAM OR PROJECT: Energy Facilities Review

AMOUNT: $64,000

CLASSIFICATION: Categorical

REDUCTION FROM PRIOR YEAR: N/A

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: N/A

FUTURE STATUS OF PROGRAM: $118,554 balance carried forward into FY 83. Continuing project.

SOURCE: CEIP 308(c)(2) administered by DPDP

PROGRAM OR PROJECT: Participation in Federal OCS Lease Program

AMOUNT: $67,100

CLASSIFICATION: Categorical

REDUCTION FROM PRIOR YEAR: N/A

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: N/A

FUTURE STATUS OF PROGRAM: Continuing project

FY 83

SOURCE:	Coastal Zone Management Program administered by DCRA
PROGRAM OR PROJECT:	Coastal Zone Management
AMOUNT:	$232,500
CLASSIFICATION:	Categorical
REDUCTION FROM PRIOR YEAR:	$81,079
SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM:	N/A
FUTURE STATUS OF PROGRAM:	Amendment has been requested, and sent to B&M for approval, to extend contract to 09/30/83 --amount to be carried forward unknown. The Department's Coastal Zone Management Program is being phased out in FY 84. No alternative funding source is currently available. As a result, most of the technical assistance provided to Coastal Districts for the preparation of District Coastal Management Plans will no longer be available. This will greatly reduce the ability of Coastal Districts to protect their important fish, wildlife, and habitat resources and resource uses.

SOURCE:	CEIP 308(c)(1) administered by DCRA
PROGRAM OR PROJECT:	Energy Facilities Review
AMOUNT:	$118,554 (total of FY 81 and FY 82; balance was carried forward)
CLASSIFICATION:	Categorical
REDUCTION FROM PRIOR YEAR:	N/A
SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM:	Balance will be carried forward into FY 84
FUTURE STATUS OF PROGRAM:	This project terminates on 12/31/83, and no new or alternative funding is available. This will severely limit the Department's ability to participate in the planning, review, and mitigation of major energy development (other than oil and gas) such as coal and geothermal power, and LNG and petrochemical facility development.

FY 83 (cont)

SOURCE: CEIP 308(c)(2) administered by DPDP

PROGRAM OR PROJECT: Participation in Federal OCS Lease Program

AMOUNT: $57,568.36

CLASSIFICATION: Categorical

REDUCTION FROM PRIOR YEAR: N/A

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: N/A

FUTURE STATUS OF PROGRAM: Total of $124,668.36 was received for FY 82 and FY 83. This project terminates on 06/30/83. No new or alternative funding is available. The project has provided most of the Department's funding for participation in the Federal Outer Continental Shelf Lease Program. Lack of adequate Department participation will greatly degrade the protection of State fish, wildlife, and habitat interests impacted by OCS oil and gas leasing.

Sport Fish Division

FY 80

SOURCE: Dingell-Johnson Funds

PROGRAM OR PROJECT: Sport Fish Restoration

AMOUNT: 1,400.0

CLASSIFICATION: Categorical Grant

REDUCTION FROM PRIOR YEAR: N/A

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: N/A

FUTURE STATUS OF PROGRAM: Good/Stable

Note: DJ Funds fund up to 75% of the Sport Fish Division's normal fisheries management activities. These funds are apportioned to the State on a percentage basis which remains the same each year. Funds are received by the Federal Government from the sale of fishing tackle, depth finders, some boats, etc. Annual receipts remain fairly constant, but can be affected by major changes in the economy.

SOURCE: Anadromous Fish Act 89-304

PROGRAM OR PROJECT: Sport Fish Restoration

AMOUNT: 191.6

CLASSIFICATION: Categorical Grant

REDUCTION FROM PRIOR YEAR: -0-

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: -0-

FUTURE STATUS OF PROGRAM: Questionable

Note: Anadromous funds are a Federal Grant which requires 50% matching from State funds. Anadromous funding was used for SE Chinook research and research on Russian River sockeye.

FY 81

SOURCE: Dingell-Johnson Funds

PROGRAM OR PROJECT: Sport Fish Restoration

AMOUNT: 1,547.5

CLASSIFICATION: Categorical Grant

REDUCTION FROM PRIOR YEAR: N/A

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: N/A

FUTURE STATUS OF PROGRAM: Good

Note: DJ Funds fund up to 75% of the Sport Fish Division's normal fisheries management activities. These funds are apportioned to the State on a percentage basis which remains the same each year. Funds are received by the Federal Government from the sale of fishing tackle, depth finders, some boats, etc. Annual receipts remain fairly constant, but can be affected by major changes in the economy.

SOURCE: Anadromous Fish Act 89-304

PROGRAM OR PROJECT: Sport Fish Restoration

AMOUNT: 191.6

CLASSIFICATION: Categorical Grant

REDUCTION FROM PRIOR YEAR: -0-

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: -0-

FUTURE STATUS OF PROGRAM: Questionable

Note: Anadromous funds are a Federal Grant which requires 50% matching from State funds. Anadromous funding was used for SE Chinook research and research on Russian River sockeye.

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02-576(2/77)

Sport Fish Division

FY 80

SOURCE:	Dingell-Johnson Funds
PROGRAM OR PROJECT:	Sport Fish Restoration
AMOUNT:	1,400.0
CLASSIFICATION:	Categorical Grant
REDUCTION FROM PRIOR YEAR:	N/A
SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM:	N/A
FUTURE STATUS OF PROGRAM:	Good/Stable

Note: DJ Funds fund up to 75% of the Sport Fish Division's normal fisheries management activities. These funds are apportioned to the State on a percentage basis which remains the same each year. Funds are received by the Federal Government from the sale of fishing tackle, depth finders, some boats, etc. Annual receipts remain fairly constant, but can be affected by major changes in the economy.

SOURCE:	Anadromous Fish Act 89-304
PROGRAM OR PROJECT:	Sport Fish Restoration
AMOUNT:	191.6
CLASSIFICATION:	Categorical Grant
REDUCTION FROM PRIOR YEAR:	-0-
SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM:	-0-
FUTURE STATUS OF PROGRAM:	Questionable

Note: Anadromous funds are a Federal Grant which requires 50% matching from State funds. Anadromous funding was used for SE Chinook research and research on Russian River ·ockeye.

FY 81

SOURCE:	Dingell-Johnson Funds
PROGRAM OR PROJECT:	Sport Fish Restoration
AMOUNT:	1,547.5
CLASSIFICATION:	Categorical Grant
REDUCTION FROM PRIOR YEAR:	N/A
SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM:	N/A
FUTURE STATUS OF PROGRAM:	Good

Note: DJ Funds fund up to 75% of the Sport Fish Division's normal fisheries management activities. These funds are apportioned to the State on a percentage basis which remains the same each year. Funds are received by the Federal Government from the sale of fishing tackle, depth finders, some boats, etc. Annual receipts remain fairly constant, but can be affected by major changes in the economy.

SOURCE:	Anadromous Fish Act 89-304
PROGRAM OR PROJECT:	Sport Fish Restoration
AMOUNT:	191.6
CLASSIFICATION:	Categorical Grant
REDUCTION FROM PRIOR YEAR:	-0-
SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM:	-0-
FUTURE STATUS OF PROGRAM:	Questionable

Note: Anadromous funds are a Federal Grant which requires 50% matching from State funds. Anadromous funding was used for SE Chinook research and research on Russian River sockeye.

FY 82

SOURCE:	Dingell-Johnson Funds
PROGRAM OR PROJECT:	Sport Fish Restoration
AMOUNT:	1,498.5
CLASSIFICATION:	Category Grants
REDUCTION FROM PRIOR YEAR:	49.0
SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM:	N/A
FUTURE STATUS OF PROGRAM:	Good

Note: DJ Funds fund up to 75% of the Sport Fish Division's normal fisheries management activities. These funds are apportioned to the State on a percentage basis which remains the same each year. Funds are received by the Federal Government from the sale of fishing tackle, depth finders, some boats, etc. Annual receipts remain fairly constant, but can be affected by major changes in the economy.

SOURCE:	Anadromous Fish Act 89-304
PROGRAM OR PROJECT:	Sport Fish Restoration
AMOUNT:	191.6
CLASSIFICATION:	Categorical Grant
REDUCTION FROM PRIOR YEAR:	-0-
SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM:	-0-
FUTURE STATUS OF PROGRAM:	In doubt

Note: Anadromous funds are a Federal Grant which requires 50% matching from State funds. Anadromous funding was used for SE Chinook research and research on Russian River sockeye.

FY 82 (cont'd)

SOURCE: Contract with U.S. Fish & Wildlife Service

PROGRAM OR PROJECT: Mat-Su Stickleback

AMOUNT: 30.0

CLASSIFICATION: Categorical Grant

REDUCTION FROM PRIOR YEAR: N/A

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: N/A

FUTURE STATUS OF PROGRAM: This program will end when the terms of the contract have been fulfilled. Has no significant impact on the continuation of fisheries management program.

FY 83

SOURCE: Dingell-Johnson Funds

PROGRAM OR PROJECT: Sport Fish Restoration

AMOUNT: 1,639.0

CLASSIFICATION: Categorical Grant

REDUCTION FROM PRIOR YEAR: N/A

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: N/A

FUTURE STATUS OF PROGRAM: Good

Note: DJ Funds fund up to 75% of the Sport Fish Division's normal fisheries management activities. These funds are apportioned to the State on a percentage basis which remains the same each year. Funds are received by the Federal Government from the sale of fishing tackle, depth finders, some boats, etc. Annual receipts remain fairly constant, but can be affected by major changes in the economy.

FY 83 (Cont'd)

SOURCE: Anadromous Fish Act 89-304

PROGRAM OR PROJECT: Sport Fish Restoration

AMOUNT: -0-

CLASSIFICATION: Categorical Grant

REDUCTION FROM PRIOR YEAR: 191.6

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: See note

FUTURE STATUS OF PROGRAM: Doubtful

Note: Anadromous funds are a Federal Grant which requires 50% matching from State funds. Anadromous funding was used for SE Chinook research and research on Russian River sockeye. We have made major program reductions in the areas of Kodiak, Bristol Bay and Glennallen, plus minor program adjustments statewide so that State funds could be used to continue research in the Southeast and Russian River areas after the loss of anadromous funding.

SOURCE: Contract with U.S. Fish & Wildlife Service

PROGRAM OR PROJECT: Mat-Su Stickleback

AMOUNT: 24.9 (carried forward from FY 82)

CLASSIFICATION: Categorical Grant

REDUCTION FROM PRIOR YEAR: N/A

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: N/A

FUTURE STATUS OF PROGRAM: Contracted completed September 1982. Lack of future funding has no significant impact on the continuation of fisheries management programs.

FY 84

SOURCE:	Dingell-Johnson Funds
PROGRAM OR PROJECT:	Sport Fish Restoration
AMOUNT:	1,700.0 (est.)
CLASSIFICATION:	Categorical Grant
REDUCTION FROM PRIOR YEAR:	N/A
SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM:	N/A
FUTURE STATUS OF PROGRAM:	Good

Note: DJ Funds fund up to 75% of the Sport Fish Division's normal fisheries management activities. These funds are apportioned to the State on a percentage basis which remains the same each year. Funds are received by the Federal Government from the sale of fishing tackle, depth finders, some boats, etc. Annual receipts remain fairly constant, but can be affected by major changes in the economy.

FY 80

SOURCE:	PL-89-304
PROGRAM OR PROJECT:	Anadromous Fish and Conservation Act
AMOUNT:	$404.2
CLASSIFICATION:	Categorical
REDUCTION FROM PRIOR YEAR:	N/A
SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM:	N/A
FUTURE STATUS OF PROGRAM:	No significant change anticipated

SOURCE:	PL-88-309
PROGRAM OR PROJECT:	Commercial Fisheries Research on Development Act
AMOUNT:	$300.0
CLASSIFICATION:	Categorical
REDUCTION FROM PRIOR YEAR:	N/A
SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM:	N/A
FUTURE STATUS OF PROGRAM:	No significant change anticipated

SOURCE:	Various; primarily NMFS and USFWS Special Projects; research and management-oriented
PROGRAM OR PROJECT:	
AMOUNT:	$669.0
CLASSIFICATION:	Categorical Grants
REDUCTION FROM PRIOR YEAR:	N/A; one-time contracts for a specific purpose
SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM:	N/A
FUTURE STATUS OF PROGRAM:	This area of funding varies from year to year, as programs or projects arise which require State/Federal cooperation. These projects generally dovetail into or augment the ongoing research and management programs of the Division but are not crucial to the continuation of the Division's basic activities.

FY 81

SOURCE:	PL-89-304
PROGRAM OR PROJECT:	Anadromous Fish and Conservation Act
AMOUNT:	$804.2
CLASSIFICATION:	Categorical
REDUCTION FORM PRIOR YEAR:	$400.0 increase
SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM:	N/A
FUTURE STATUS OF PROGRAM:	

SOURCE:	PL-88-309
PROGRAM OR PROJECT:	Commercial Fisheries Research and Development Act
AMOUNT:	$300.0
CLASSIFICATION:	Categorical
REDUCTION FROM PRIOR YEAR:	N/A
SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM:	N/A
FUTURE STATUS OF PROGRAM:	No significant change anticipated

SOURCE:	Various; primarily NMFS and USFWS Special Projects; research and management-oriented
PROGRAM OR PROJECT:	
AMOUNT:	$860.5
CLASSIFICATION:	Categorical Grants
REDUCTION FROM PRIOR YEAR:	-0-
SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM:	Special contracts of a one-time nature
FUTURE STATUS OF PROGRAM:	This area of funding varies from year to year, as programs or projects arise which require State/Federal cooperation. These projects generally dovetail into or augment the ongoing research and management programs of the Division but are not crucial to the continuation of the Division's basic activities.

FY 82

SOURCE:	PL-89-304
PROGRAM OR PROJECT:	Anadromous Fish and Conservation Act
AMOUNT:	$518.6
CLASSIFICATION:	Categorical
REDUCTION FROM PRIOR YEAR:	$285.6
SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM:	N/A
FUTURE STATUS OF PROGRAM:	

SOURCE:	PL-88-309
PROGRAM OR PROJECT:	Commercial Fisheries Research and Development Act
AMOUNT:	$240.0
CLASSIFICATION:	Categorical
REDUCTION FROM PRIOR YEAR:	$60.0
SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM:	N/A
FUTURE STATUS OF PROGRAM:	

SOURCE:	Various; primarily NMFS and USFWS Special Projects; research and management-oriented
PROGRAM OR PROJECT:	
AMOUNT:	$496.2
CLASSIFICATION:	Categorical Grants
REDUCTION FROM PRIOR YEAR:	$364.3
SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM:	Special projects of a one-time nature
FUTURE STATUS OF PROGRAM:	This area of funding varies from year to year, as programs or projects arise which require State/Federal cooperation. These projects generally dovetail into or augment the ongoing research and management programs of the Division but are not crucial to the continuation of the Division's basic activities.

FY 83

SOURCE:	PL-89-304
PROGRAM OR PROJECT:	Anadromous Fish and Conservation Act
AMOUNT:	$472.8
CLASSIFICATION:	Categorical
REDUCTION FROM PRIOR YEAR:	$45.8
SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM:	N/A
FUTURE STATUS OF PROGRAM:	No significant change anticipated

SOURCE:	PL-88-309
PROGRAM OR PROJECT:	Commercial Fisheries Research and Development Act
AMOUNT:	$240.0
CLASSIFICATION:	Categorical
REDUCTION FROM PRIOR YEAR:	N/A
SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM:	N/A
FUTURE STATUS OF PROGRAM:	No significant change anticipated

SOURCE:	Various; primarily NMFS and USFWS Special Projects; research and management-oriented
PROGRAM OR PROJECT:	
AMOUNT:	$1123.0
CLASSIFICATION:	Categorical Grants
REDUCTION FROM PRIOR YEAR:	N/A
SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM:	Special projects of a one-time nature
FUTURE STATUS OF PROGRAM:	This area of funding varies from year to year, as programs or projects arise which require State/Federal cooperation. These projects generally dovetail into or augment the ongoing research and management programs of the Division but are not crucial to the continuation of the Division's basic activities.

FY 84

SOURCE:	PL-89-304
PROGRAM OR PROJECT:	Anadromous Fish and Conservation Act
AMOUNT:	-0-
CLASSIFICATION:	Categorical
REDUCTION FROM PRIOR YEAR:	$472.8
SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM:	N/A
FUTURE STATUS OF PROGRAM:	Congress must overide Reagan budget which 0 the fund each year

SOURCE:	PL-88-309
PROGRAM OR PROJECT:	Commercial Fisheries Research and Development Act
AMOUNT:	-0-
CLASSIFICATION:	Categorical
REDUCTION FROM PRIOR YEAR:	$240.0
SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM:	N/A
FUTURE STATUS OF PROGRAM:	Congress must overide Reagan budget which 0 this fund each year

SOURCE:	Various; primarily NMFS and USFWS Special Projects; research and management-oriented
PROGRAM OR PROJECT:	
AMOUNT:	$905.0
CLASSIFICATION:	Categorical Grants
REDUCTION FROM PRIOR YEAR:	$218.0
SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM:	Special projects of a one-time nature
FUTURE STATUS OF PROGRAM:	This area of funding varies from year to year, as programs or projects arise which require State/Federal cooperation. These projects generally dovetail into or augment the ongoing research and management programs of the Division but are not crucial to the continuation of the Division's basic activities.

FY 82

SOURCE	U.S. Forest Service & National Marine Fisheries
PROGRAM OR PROJECT	Lake Fertilization, Stream Clearance, and Little Port Walter
AMOUNT	$75.5
CLASSIFICATION	Categorical grants/contracts
REDUCTION FROM PRIOR YEAR	N/A
SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM	N/A
FUTURE STATUS OF PROGRAM	This particular portion of the budget changes from year to your. Funds are received from various Federal agencies to conduct specific projects. Little Port Walter is an on-going 50:50 match project. It is anticipated that this agreement will continue.

FY 83

SOURCE	U.S. Forest Service, Dept. of Agriculture, Bureau of Land Management, National Marine Fisheries, National Oceanic and Atmospheric Administration
PROGRAM OR PROJECT	Lake Fertilization, Fishpass/Fish trap design and construction, Little Port Walter
AMOUNT	$99.3
CLASSIFICATION	Categorical grants/contracts
REDUCTION FROM PRIOR YEAR	N/A
SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM	N/A
FUTURE STATUS OF PROGRAM	This particular portion of the budget changes from year to year. Funds are received from various Federal agencies to conduct specific projects. Little Port Walter is an on-going 50:50 match project. It is anticipated that this agreement will continue.

FY 84

SOURCE	National Marine Fisheries
PROGRAM OR PROJECT	Little Port Walter
AMOUNT	$40.0
CLASSIFICATION	Categorized grants/contracts
REDUCTION FROM PRIOR YEAR	Little Port Walter is increased from last year. Other projects were one time only. The U.S. Forest Service, BLM may have new one time projects but it is not known what at this time.
SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM	We will not do special projects, but if funds are available, we will conduct projects with layed off seasonal and engineering staff.
FUTURE STATUS OF PROGRAM	It is expected that Little Port Walter will continue at approximately the same level. This particular portion of the budget changes from year to year. Funds are received from various Federal agencies to conduct specific studies. These projects generally augment the on-going FRED program, but are not crucial to the continuation of the Division's program.

FY 80

SOURCE: Pitman-Robertson Funds

PROGRAM OR PROJECT: Investigations & Research, Hunter Safety, Wildlife Management

AMOUNT: $3,412.4

CLASSIFICATION: CATEGORICAL

REDUCTION FROM PRIOR YEAR: N/A

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: N/A

FUTURE STATUS OF PROGRAM: No significant change anticipated

Note: P-R Funds fund up to 75% of the Game Division's normal wildlife management activities. These funds are apportioned to the State on a percentage basis which remains the same each year. Funds are received by the Federal Government from the sale of sporting goods, guns, ammunition, etc. Annual receipts remain fairly constant, but can be affected by major changes in the economy.

SOURCE: Various; primarily NOAA and U.S.Fish & Wildlife Service

PROGRAM OR PROJECT: Special Projects; marine mammal studies, caribou studies, specific species studies for a variety of needs

AMOUNT: $820.1 (this is an approximate figure)

CLASSIFICATION: Categorical Grants

REDUCTION FROM PRIOR YEAR: N/A

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: N/A

FUTURE STATUS OF PROGRAM: This particular portion of the budget changes from year to year. Funds are received from various Federal agencies to conduct specific studies. These studies generally augment the on-going game management program but are not crucial to the continuation of the Division's s wildlife management program.

FY 81

SOURCE: Pitman-Robertson Funds

PROGRAM OR PROJECT: Statewide Wildlife Management Program: Hunter Safety

AMOUNT: $4,256.2

CLASSIFICATION: CATEGORICAL GRANTS

REDUCTION FROM PRIOR YEAR: N/A

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: N/A

FUTURE STATUS OF PROGRAJ: No Change Anticipated

SOURCE: Various Federal Agencies

PROGRAM OR PROJECT: Special Projects

AMOUNT: $994.9

CLASSIFICATION: CATEGORICAL GRANTS

REDUCTION FROM PRIOR YEAR: None

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: N/A

FUTURE STATUS OF PROGRAM: Changes from year-to-year

FY 82

SOURCE: Pitman-Robertson Funds

PROGRAM OR PROJECT: Statewide Wildlife Management: Hunter Safety

AMOUNT: $4,152.2

CLASSIFICATION: CATEGORICAL GRANTS

REDUCTION FROM PRIOR YEAR $102.0

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: Additional General Funds authorized

FUTURE STATUS OF PROGRAM: Program will continue with additional General Fund appropriations when Federal Funds are inadequate.

SOURCE: Various Federal Agencies

PROGRAM OR PROJECT: Special Projects

AMOUNT: $564.8

CLASSIFICATION: CATEGORICAL GRANTS

REDUCTION FROM PRIOR YEAR: $430.1

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: This represents the completion of several OCS studies in PET 4. No new funds to be received.

FUTURE STATUS OF PROGRAM: Reduced marine mammal studies will continue for several years under NOAA/OCS funding. Additional specific studies will continue as requested and funded.

FY 83

SOURCE: Pitman-Robertson Funds

PROGRAM OR PROJECT: Statewide Wildlife Management: Hunter Safety

AMOUNT: $4,739.3

CLASSIFICATION: Categorial Grants

REDUCTION FROM PRIOR YEAR: None

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: N/A

FUTURE STATUS OF PROGRAM: No changes anticipated

SOURCE: Various Federal Agencies

PROGRAM OR PROJECT: Special Projects

AMOUNT: $260.3

CLASSIFICATION: Categorial Grants

REDUCTION FROM PRIOR YEAR: $304.1

SOURCE OF NEW FUNDS OR REDUCTION IN PROGRAM: Completion of additional OCS studies

FUTURE STATUS OF PROGRAM: Maintain studies of Seals and Belukha Whales, as well as various caribou studies.

FY 84

SOURCE: Pitman-Robertson Funds

PROGRAM OR PROJECT: Statewide Wildlife Management: Hunter Safety

AMOUNT: $5,169.4

CLASSIFICATION: Categorical Grants

REDUCTION FROM PRIOR YEAR: None

SOURCE OF NEW FUNDS OR REDUCTION OF PROGRAM: N/A

FUTURE STATUS OF PROGRAM: No change anticipated

FY 84 Cont.

SOURCE:	Various Federal Agencies
PROGRAM OR PROJECT:	Special Projects
AMOUNT:	$278.5
CLASSIFICATION:	Categorical Grants
REDUCTION FROM PRIOR YEAR:	None
SOURCE OF NEW FUNDS OR PROGRAM REDUCTION:	N/A
FUTURE STATUS OF PROGRAM:	Will change as study needs are identified and requests are received from agencies.

Commercial Fisheries Entry Commission FY 80

Status of Federal Funding

SOURCE	North Pacific Fishery Management Council
PROJECT	Keypunching and Analysis of Halibut Fish Tickets RP80-140
AMOUNT	$10,000 (=original contract; $2262 expended FY 80, remainder carried forward and expended FY 81)
CLASSIFICATION	Other receipts
REDUCTION	-0-
SOURCE OF NEW FUNDS	NA
FUTURE STATUS	One time only

*****

SOURCE	National Marine Fisheries Service/Marasco
PROJECT	Tabulation of gross revenues and pounds caught, by species, for Alaskan shellfish vessels
AMOUNT	$2200
CLASSIFICATION	Other receipts
REDUCTION	-0-
SOURCE OF NEW FUNDS	NA
FUTURE STATUS	One time only

*****

FY 81

SOURCE	North Pacific Fishery Management Council
PROJECT	Processing of Fisheries Data RP81-57
AMOUNT	$31,810 (Project and expenditure over three years)
CLASSIFICATION	Other receipts
REDUCTION	-0-
SOURCE OF NEW FUNDS	NA
FUTURE STATUS	The purpose of this agreement is to enhance the availability of fisheries data in an aggregated and nonconfidential format that will relieve CFEC's

burden of answering numerous ad hoc data requests from the NMFS. These requests for fisheries data have risen to the point that it is more than CFEC can respond to timely with its present staff. It is important that CFEC continue to promote the necessary interphase with our counterpart in the overall effort of joint federal/state management of the common stock resource. This arrangement is a continuation of a level of cooperation between the State and NMFS for sharing of data and this relationship has proven beneficial to both parties.

*****

FY 83

SOURCE	National Marine Fisheries Service
PROJECT	Manipulate fisheries data RPL82-88
AMOUNT	$28,024
CLASSIFICATION	Other receipts
REDUCTION	-0-
SOURCE OF NEW FUNDS	NA
FUTURE STATUS	One time only

*****

FY 83 & FY 84

SOURCE	National Marine Fisheries Service/Lynde
PROJECT	Fisheries Data Access RP83-55
AMOUNT	$54,659
CLASSIFICATION	Other receipts
REDUCTION	-0-
SOURCE OF NEW FUNDS	NA
FUTURE STATUS	The purpose of this agreement is to enhance the availability of fisheries data in an aggregated and nonconfidential format that will relieve CFEC's burden of answering numerous ad hoc data requests from the NMFS. These requests for fisheries data have risen to the point that it is more than CFEC can respond to timely with its present staff. It is important that CFEC continue to promote the necessary interphase with our couterpart in the

overall effort of joint federal/state management of the common stock resource. This arrangement is a continuation of a level of cooperation between the State and NMFS for sharing of data and this relationship has proven beneficial to both parties.

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FY 80 & 81

SOURCE: U.S. FISH AND WILDLIFE SERVICE

PROGRAM: ADMINISTRATIVE SERVICES FOR SPORT FISH & WILDLIFE RESTORATION

AMOUNT: $350,000

CLASSIFICATION: CATEGORICAL

REDUCTION FROM PRIOR YEAR: NONE

SOURCE OF NEW FUNDS: N/A

Indirect costs received for providing administrative services in connection with the Divisions of Game and Sport Fisheries Federal Fish and Wildlife Restoration Programs. These receipts were used to fund the Division of Administration operating program.

FY 82 through FY 84

SOURCE: US FISH AND WILDLIFE SERVICE

PROGRAM: ADMINISTRATIVE SERVICES FOR SPORT FISH AND WILDLIFE RESTORATION

AMOUNT: NONE

REDUCTION FROM PRIOR YEAR: $350,000

SOURCE OF NEW FUNDS: GENERAL FUND

Collections of indirect costs were discontinued in FY 82 as the source of Federal funds were limited and the Divisions of Game and Sport Fisheries utilized the total available funding.

SOURCE: US NATIONAL MARINE FISHERIES SERVICES

PROGRAM: OFFICE OF THE COMMISSIONER SUPPORT OF NORTH PACIFIC FISHERY MANAGEMENT COUNCIL ACTIVITIES

AMOUNT: $25,000

REDUCTION FROM PRIOR YEAR: NONE

SOURCE OF NEW FUNDS: N/A

We anticipate that this funding will continue in the future.

Boards of Fisheries and Game

FY 80 through 82 None

FY 83

Source: U.S. Department of Interior/U.S. Fish and Wildlife Service

Program or Project: Boards of Fisheries and Game

Amount: $460.0

Classification: Categorical

Reduction from prior year: None

Source of New Funds
or Reduction in Program: NA

Future Status of Program: Continuation

FY 84

Source: U.S. Department of Interior/U.S. Fish and Wildlife Service

Program or Project: Boards of Fisheries and Game

Amount: 498.8

Classification: Categorical

Reduction from prior year: None

Source of New Funds
or Reduction in Program: NA

Future Status of Program: Continuation

SUBSISTENCE DIVISION

FY 80 THROUGH FY 82

NO FEDERAL FUNDING

FY 83

SOURCE The U. S. Department of the Interior

PROGRAM OR PROJECT Outer Continental Shelf Subsistence Study (OCS)

AMOUNT $135K

CLASSIFICATION Categorical grant/contract

REDUCTION FROM PRIOR YEAR None

SOURCE OF NEW FUNDS
OR REDUCTION IN PROGRAM N/A

FUTURE STATUS OF PROGRAM This is a special project which will be completed 10/83 -- We do not anticipate another contract for this purpose.

FY 83

SOURCE The U.S. Department of the Interior

PROGRAM OR PROJECT Alaska Native Interest Land Conservation Act (ANILCA)

AMOUNT $500K

CLASSIFICATION Categorical grant/reimbursable

REDUCTION FROM PRIOR YEAR None

SOURCE OF NEW FUNDS
OR REDUCTION IN PROGRAM N/A

FUTURE STATUS OF PROGRAM This is a 50/50 matching funds project we anticipate will continue.

FY 84

SOURCE The U.S. Department of the Interior

PROGRAM OR PROJECT ANILCA

AMOUNT $500K

CLASSIFICATION Categorical grant/reimbursable

REDUCTION FROM PRIOR YEAR None

SOURCE OF NEW FUNDS
OR REDUCTION IN PROGRAM N/A

FUTURE STATUS OF PROGRAM This is a 50/50 matching funds project we anticipate will continue.

amount will stabilize around $160.0. Federal funds are provided through the OCS Lands Act [Section 308 (c)(2)] for review of offshore oil leases.

I have attached for your information copies of the FCC reports and any RPLs pertaining to Federal funding. If I can be of any more assistance to you, please let me know.

Sincerely,

Peter B. McDowell,
Director

PBM/GP/dmc

Attachment

STATE OF ALASKA

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET
DIVISION OF BUDGET REVIEW

BILL SHEFFIELD, GOVERNOR

POUCH AM
JUNEAU, ALASKA 99811
PHONE: (907) 465-3568

April 26, 1983

Ms. Betty Barton, Research Staff
Alaska State Legislature
House of Representatives
Research Agency
Pouch Y, State Capitol
Juneau, AK 99811

Dear Ms. Barton:

The attached chart summarizes the amount of Federal funds received by the Office of the Governor between Fiscal Years 1980 and 1984. As you can see, Federal funding does not play a substantial role in the Office of the Governor. Of the various funding categories you described, funds to the Governor's Office would be considered "other receipts."

Funds received by the Alaska Human Rights Commission come from the U.S. Equal Employment Opportunity Commission (EEOC) and the U.S. Department of Housing and Urban Development (HUD). HUD enters into cooperative agreements with State agencies to ensure the rights of citizens to fair housing including sale, rental and financing practices without regard to race, sex, color, religion or national origin. HUD enforces Title VIII of the Civil Rights Act of 1964; the Alaska Human Rights Commission enforces AS 18.80.230 - .250 in a similar fashion. EEOC and the Commission have engaged in worksharing since 1973. Funds from EEOC help pay personal services costs related to human rights caseload work. As the five-year funding analysis shows, the funds received by the Commission have been relatively stable, with a slight increase in FY 84.

The Division of Policy Development and Planning has been the other recipient of Federal funds. Beginning in FY 84, the Division will be consolidated within the Office of Management and Budget. Funds received have varied from year to year, with Fiscal Year 1981 showing very little receipts. From Fiscal Year 1983 on, it looks like the

Office of the Governor Fiscal Year	Federal Receipts FY 80-84 Authorized	 Actual
FY 80:		
Human Rights Commission	$128.5	$128.5
Div. Policy Dev. & Planning	415.0	560.0
Total	$543.5	$688.5
FY 81:		
Human Rights Commission	106.0	60.2
Economic Analysis	173.0	0.0
Div. Policy Dev. & Planning	12.9	89.4
Total	$291.9	$149.6
FY 82:		
Human Rights Commission	115.0	107.2
Div. Policy Dev. & Planning	354.5	338.6
Total	$469.5	$445.8
FY 83:		
Human Rights Commission	155.4	Not Available
Div. Policy Dev. & Planning	161.2	Not Available
Total	$316.6	
FY 84:		
Human Rights Commission	174.8*	Not Available
Div. Policy Dev. & Planning	161.2*	Not Available
Total	$336.0*	

* These figures represent the Governor's FY 84 proposed budget, as amended. Final numbers as enacted by the Legislature are not available at this time.

Department of Health & Social Services

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

POUCH H 01
JUNEAU, ALASKA 99811
PHONE:
465-3030

May 20, 1983

RECEIVED
MAY 23 1983
HOUSE RESEARCH AGENCY

Betty Barton
and
Deborah Pomeroy
Research Staff
House Research Agency
Pouch Y
Juneau, AK 99811

Dear Ms. Barton and Ms. Pomeroy:

Enclosed is the federal funding information you requested in your letter to me dated April 20, 1983. I hope the information will be of use to you.

Sincerely,

Philip D. Hardie, M.D.

Robert London Smith, Ph.D.
Commissioner, Acting

Enclosure

06-F38LH

MEMORANDUM

State of Alaska

TO: Marsha Hubbard, Director
Division of Budget & Finance

DATE: May 12, 1983

FILE NO:

TELEPHONE NO: 465-3355

FROM: Rod Betit, Director
Division of Public Assistance

SUBJECT: House Research Inquiry
Federal Funding
1980-1984

The attached summary lists federal source of funds, the program that is recipient of the funds and the level of funds for the period covering fiscal years 1980 through 1984. During this period the only reduction in federal funding occurring in programs administered by Division of Public Assistance is Title XIX Medicaid. Public LAW 96-499 changed Title XIX Medicaid payment to states by reducing the amount of payment which a State is entitled by 4 percent in FY83 and 4.5% in FY84. Additionally, Title XIX - Medicaid deferrals for hospital and nursing home cost limits are estimated at 1963.0 in FY83 and 2800.0 in FY84.

DIVISION OF PUBLIC ASSISTANCE
Federal Funding Summary

5/12/83

Code	Receipt Title	Program	FY80	FY81	FY82	Revised FY83 4/15/83	Revised FY84
726	IVA-AFDC	AFDC	11059.8	16790.2	17133.3	17000.0	20595.1
723	Energy Assist	EAP	3447.8	5720.1	4615.3	7208.6	6747.5
730	XIX Medicaid	Medicaid	15592.7	20401.5	20417.2	27899.8	31753.0
725	Food Stamp	PA Admin	70.4	77.8	86.9	111.8	102.6
726	Title IVA-AFDC	PA Admin	92.1	100.9	136.8	122.0	148.2
730	XIX Medicaid	PA Admin	388.9	531.2	502.3	640.1	649.6
725	Food Stamp	Quality Cntrl	54.4	107.5	101.3	125.3	117.5
726	Title IVA-AFDC	Quality Cntrl	109.6	122.9	126.9	135.3	156.7
730	XIX Medicaid	Quality Cntrl	80.8	86.9	67.0	90.6	82.0
725	Food Stamp	Staff Dev.	29.7	29.8	27.9	33.9	43.8
726	Title IVA-AFDC	Staff Dev.	38.3	45.8	43.0	35.7	68.6
730	XIX Medicaid	Staff Dev.	1.4	1.9	2.0	.9	3.4
725	Food Stamp	Elig. Det.	923.3	1380.1	1296.6	1641.3	1601.7
726	Title IV-A-AFDC	Elig. Det.	940.1	1204.4	1557.4	1730.3	2051.8
730	XIX Medicaid	Elig. Det.	53.8	76.7	86.0	188.6	95.2
726	Title IVA-AFDC	Collections	1.8			1.1	.5
730	XIX Medicaid	Collections	25.4	15.5	15.0	14.9	15.9
730	XIX Medicaid	MCAC		15.0	17.0	30.5	32.3
725	Food Stamp	Elig. Sys.	28.8	84.7	74.8	330.1	438.5
726	Title IVA-AFDC	Elig. Sys.	102.3	118.3	152.4	307.2	408.1
730	XIX Medicaid	Elig. Sys.	96.5	79.6	10.9	25.3	33.5
743	Title XVIII	Cert & Lic	100.2	143.8	68.3	79.0	85.0
725	Food Stamps	Fraud				144.2	70.7
726	Title IVA-AFDC	Fraud				28.3	70.7
730	XIX Medicaid	Fraud				3.4	15.7

Federal Funding Reductions:

Title XIX-Medicaid

FY83 4% reduction (52% SGM 48% FED)	(876.0)	
FY83 Deferral - Medicaid	(1963.0)	
FY84 4.5% reduction (52.25 SGM 47.75 FED)		(1545.2)
FY84 Deferral - Medicaid		(2800.0)

MEMORANDUM

State of Alaska

TO: Marsha Hubbard
Director
Division of Budget & Finance

DATE: May 10, 1983

FILE NO:

TELEPHONE NO:

FROM: Gary L. Schaefer
Administrative Officer
Div. of Mental Health & DD

SUBJECT: Request for Information
Federal Funds

Below is a list of the information requested by the House Research Agency regarding Federal funds received in the Division of Mental Health & DD.

Program	Fed. Funds 1980	Fed. Funds 1981	Fed. Funds 1982	Fed. Funds 1983	Anticipated Fed. Funds 1984
Gov. Council for Handicapped & Gifted	250,000	250,000	250,000	250,000	250,000
Manpower Systems Dev. Program	--	155,746	177,797	194,484	
Community Support Program	--	--	--	140,000	
BLOCK GRANT	--	--	171,500	265,500	

RECEIVED
MAY 10 1983
Management and Budget Section

MEMORANDUM State of Alaska

TO: Marsha Hubbard
Director
Budget & Finance
Dept. of H&SS

DATE: May 3, 1983

FILE NO:

TELEPHONE NO:

FROM: Lee Hendrickson
DP Manager II
Office of Data Processing

SUBJECT: Federal Funds

The Office of Data Processing has received the following federal funds from 1980 thru 1984:

FY 80

U. S. Dept. of Agriculture	Foodstamps	$55.3
Dept. of HEW	Medicade	213.4
	BAF	96.1

Dept. of HEW--National Center for Health Statistics
Coop. Health Statistics $158.9

FY 81

U. S. Dept. of Agriculture	Foodstamps	$128.8
Dept. of HEW	BAF	167.8

Dept. of HEW--National Center of Health Statistics
Health Stats. Contract $168.4
SSI Stats. HEW 9.5

FY 82

Dept. of HEW--National Center for Health Statistics
Health Stats. Contract $120.9

FY 83

Dept. of HEW--National Center for Health Statistics
Health Stats. Contract $ 76.6

FY 84

No federal funds anticipated this year. It is anticipated that these funds for the Health Stats. Contract will be received by the new division of Policy, Planning and Evaluation.

The above are considered categorical grants. There are basically no effects on programs as any losses were anticipated as the funds were for a set contract period and the programs were eliminated at the end of the contract period.

RECEIVED
MAY 05 1983
Management and Budget Section

RECEIVED
MAY 10 1983
Budget & Finance
Director's Office

MEMORANDUM State of Alaska

TO: Marsha Hubbard, Director
Division of Budget & Finance

DATE: May 10, 1983

FILE NO: 250

TELEPHONE NO:

FROM: Michael L. Price, Director
Division of Family & Youth Services

SUBJECT: Reductions in Federal Funding

This is in response to your memo of April 28. Attached is a listing of this Division's federal funding for FY 80 - FY 84. The effects of the reductions received are listed at the bottom of the list.

Attachments

RECEIVED
MAY 10 1983
Management and Budget Section

MEMORANDUM State of Alaska

TO: Marsha Hubbard
Director
Division of Budget and Finance

DATE: May 11, 1983

FILE NO:

TELEPHONE NO: 465-3037

FROM: Daniel J. Meddleton, Director
Division of Planning, Policy
and Program Evaluation

SUBJECT: Reductions in
Federal Funding

In response to your April 28, 1983 memorandum regarding reductions in federal funding, the Division of Planning, Policy and Program Evaluation has two components which have federal funding. The following information details the funding source, the amount of federal funding and the reduction impact:

I. Health Planning and Development Component:

A. Alaska State Health Planning and Development Agency federal grant under PL 93-641.

B. Funding: Federal Support
1980 -- 415,439
1981 -- 432,846
1982 -- 436,000
1983 -- 241,348
1984 -- 237,600

C. Funding Impact:

Reductions in federal funds for the State Health Planning and Development Agency have resulted in curtailment or loss in the following areas:

Personal Services:

1. The part-time Clerk Typist III for the Statewide Health Coordinating Council (SHCC) could not be filled the majority of time from 1981 through 1984.

2. The Research Analyst I and the part-time Clerk Typist III have been placed on lay off status effective the beginning of Fiscal Year 1984.

Travel:

1. Reductions in travel funds have forced the Health Planning staff and SHCC members to hold their quarterly and committee meetings by teleconference. The teleconference system presents limitations with a group of twenty members and staff, particularly in areas where hand outs and visual aids are necessary.

DIVISION OF FAMILY & YOUTH SERVICES

FEDERAL FUNDS RECEIVED

Allotments	Program	FY 80 Actual	FY 81 Actual	FY 82 Actual	FY 83 Estimate	FY 84 Estimate
Title IVA, Social Security Act	Foster Care & Institutional Care	$ 159.0	$ 296.5	$ 354.1	(Became Title IVE)	
Title IVE, Social Security Act	Foster Care	(Formerly Title IVA)			105.0	105.0
Title IVB, Child Welfare Services	Foster Care	141.5	238.0			
	Preventive Services			0.0	257.0	257.0
Title IVC, Social Security Act	Work Incentive (WIN)	655.0	377.6	289.5	437.5	437.5
Title XX, Social Security Act	Social Services	5,010.7	6,609.4	1,307.6	(Became Block Grant 10/81)	
Block Grant						
Social Services Block Grant	Social Services	(Formerly Title XX)		3,032.9	3,652.2	3,652.2
Grant						
Title II, Juvenile Justice Delinquency & Prevention Act	Delinquency Prevention	9.7	49.6	225.0	225.0	225.0

Effects of reductions: Title IVE is unrestricted due to the unpredictable nature of eligible cases for claiming.
Title IVB is unrestricted; new federal reporting requirements made claiming impossible in FY 82.
Title IVC; the reduction resulted in funding of the Fairbanks program with SGF.
Title XX/SS Block Grant; the loss of federal funds were replaced with SGF.
Title II funds were transferred from the Department of Law in FY 83, and included Law's unused funds. The FY 80 funds have lapsed.

5/9/83

Work Plan Reductions:

The following activities will be terminated effective July 1, 1984:

1. Update of sections in the State Health Plan (State Profile, Health Status Indicators, Hospital and Long Term Care).

2. Hospital and Long Term Nursing Care Survey.

3. Data development related to new projects.

4. Data requests for technical assistance from other agencies.

5. SHPDA library maintenance, indexing and shelving.

6. Timely responses to reports, plans and correspondence deadlines.

Because of the updates and projects which were undertaken during Fiscal Year 1982 and 1983, the termination of the activities listed will not be as serious for the upcoming Fiscal Year as they will be in Fiscal Year 1985 and 1986. However, reductions in federal funds seriously jeopardize the ability of the State Health Planning and Development Agency to maintain the mandated federal functions.

II. Strategic Planning component: (Information Systems)

A. Federal Contract:

1. National Center for Health Statistics, (NCHS), PL 95-623

B. Funding:

1. 9/30/79 -- 9/29/82. The original contract amount was approved at $505,724. This amount subsequently was amended two different times within this time frame by NCHS resulting in an ending approved award of $353,270; a reduction of $152,454 of the initial figure. Contract #233-79-2099.

2. 9/30/82 -- 9/29/83 = $76,632
Contract #282-82-2045

3. 9/30/83 -- 9/29/84 = $79,300 (Estimated)

C. Funding Impact:

Funding for the Vital Statistics Cooperative Program (via NCHS contract) was reduced from approximately $168,575 per year to $76,630 per year for federal fiscal year 1983.

The funding level for Fiscal Year 1983 and (projected) Fiscal Year 1984 will allow the continuance of the transferral of the State's vital statistic's data to the federal government. However, the appropriate personnel, Analyst Programmer and Statistical Technician, must be maintained in the Department in order to comply with the current contract committment.

The funding reduction that occurred prior to the federal Fiscal Year 1983 caused the reduction of the following personnel and services:

Personnel:

Project Coordinator, half-time Analyst Programmer, Statistical Technician, Statistical Clerk, Clerk IV, and Clerk III.

Services:

Approximately 50% reduction in vital statistic's analysis and dissemination; and 100% reduction in capability to produce Health Manpower information.

cc: Jim Arnoldt
Cintra Price
Lynn Hutton

MEMORANDUM

State of Alaska

RECEIVED
MAY 12 1983
Budget & Finance
Director's Office

TO: Marsha Hubbard
Director
Division of Budget & Finance

DATE: May 11, 1983

FILE NO:

TELEPHONE NO: 586-6201

FROM: George Mundell
Acting Coordinator
Office of Alcoholism/Drug Abuse

SUBJECT: Reductions in Federal Funding

Pursuant to your request of April 28, 1983 and that of the House of Representative's Research Agency, we have prepared the attached chart with notes of explanation of federal funding received by this office from FY-80 through FY-84, inclusive.

There have been no significant reductions. The only change has been the obvious shift from categorical grants to block grants.

If you have any questions or need additional information, please do not hesitate to call me.

Attachment

cc: P. Hardie, M.D.

117/48

OFFICE OF ALCOHOL AND DRUG ABUSE

Federal Receipts FY-80 through FY-84

Federal Fund	Source	Program	FY-80 level	FY-81 level	FY-82 level	FY-83	FY-84
AIS	NIAAA	1	190.0	181.7	27.4	0	0
STSP	NIDA	2	30.0	30.0	33.4	28.3	0
Formula	NIAAA	3	200.0	200.0	0	0	0
409	NIDA	4	183.2	183.2	183.2	0	0
410	NIDA	5	189.7	176.1	162.6	0	0
Prevention	NIDA	6	35.0	51.3	101.0	0	0
SMDP	NIAAA	7	30.0	30.0	30.0	15.0	0
Block Grant	ADAMHA	8	0	0	1,332.0*	2,604.0**	1,504.4
TOTAL			$973.4	$940.5	$1,958.7	$2,707.3	$1,504.4

*rolled over into FY-83
**includes FY-82 funds

Program Key:

1. AIS-NIAAA: Federal funds were provided to the State of Alaska for the development of an alcohol safety action program, a study on third party insurance coverage for alcohol abuse services and other management or development projects in the field of alcohol abuse.

2. STPS-NIDA: To develop, implement, and operate a system of management and technology transfer from the federal level to the local drug abuse service provider.

3. Formula-NIAAA: To purchase alcohol abuse services through the grant-in-aid process.

4. 409-NIDA: To purchase youth drug-abuse prevention projects through the grant-in-aid process.

5. 410-NIDA To purchase either residential or outpatient treatment slots for drug abuse (primarily Anchorage).

6. Prevention-NIDA To develop, implement, and maintain the coordination of drug abuse prevention activities and efforts statewide.

7. SMDP-NIAAA: Identical to the STSP-NIDA program (2) except for alcohol abuse service providers.

8. Block Grant-ADAMHA: To provide funds to the State for alcohol abuse services, drug abuse services, prevention activities and efforts, and 10 percent to be spent in this area at the State's discretion.

Source Key:

NIDA: National Institute on Drug Abuse; Alcohol, Drug Abuse and Mental Health Administration; Public Health Service; Department of Health and Human Services.

NIAAA National Institute on Alcohol Abuse and Alcoholism; Alcohol, Drug Abuse and Mental Health Administration; Public Health Service; Department of Health and Human Services.

ADAMHA: Alcohol, Drug Abuse and Mental Health Administration; Public Health Service; Department of Health and Human Services.

FEDERAL RECEIPTS/GRANTS
DIVISION OF PUBLIC HEALTH
FY 80 - FY 84

SOURCE/DESCRIPTION	DIVISION'S PROGRAM	FY 80	FY 81	FY 82	FY 83	FY 84	TOTAL	GRANT CLASSIFICATION	COMMENTS
VD Control	Communicable Disease Control Labs	110,860.00	146,300.00	90,150.00	62,900.00	62,900.00	473,110.00	Categorical Grant	The losses have been partially funded by GF supplements.
WIC	Family Health	566,475.00	1,010,813.00	1,163,900.00	1,503,000.00	1,509,900.00	5,754,138.00	Categorical	WIC has been able to receive 9,000 congressional support in its program objectives.
Health Education	PH Admin. (Health Ed.)	-0-	298,928.00	314,000.00	339,900.00	296,000.00	1,248,828.00	FY 81-FY 82 Categorical FY 83-84 is block	As the awards went from categorial to block, health risk reduction monies were reduced to augment program efforts in EMS & nursing.
MCH Block	Family Health EMS Nursing Health Education Communicable Disease Control	-0-	-0-	236,700.00	552,500.00	497,200.00	1,286,400.00	Block	The block grant funding for MCH is adequate for the existing need.

FEDERAL RECEIPTS/GRANTS
DIVISION OF PUBLIC HEALTH
FY 80 - FY 84

SOURCE/DESCRIPTION	DIVISION'S PROGRAM	FY 80	FY 81	FY 82	FY 83	FY 84	TOTAL	GRANT CLASSIFICATION	COMMENTS
Communicative Disorder	Family Health	76,000.00	76,000.00	76,000.00	47,185.00	47,185.00	322,370.00	Categorical	The State is being able to retain the neded core activities in its programs.
Child Development	Family Health	65,000.00	65,000.00	65,000.00	-0-	-0-	195,000.00	Categorical	The loss is being supplemented by MCH Block Grant.
EMS	EMS	227,000.00	600,000.00	-0-	-0-	-0-	827,000.00	Categorical Grant	Granting was eliminated in FY 81.
Crippled Children - A	Family Helth	165,000.00	196,269.00	44,000.00	-0-	-0-	405,269.00	Other Receipts	
Crippled Children - B	Family Health	70,000.00	70,000.00	17,500.00	-0-	-0-	157,500.00	Other Receipts	
MCH - A	Family Health Nursing	332,900.00	356,950.00	91,000.00	-0-	-0-	779,950.00	Other Receipts	
MCH - B	Family Health Nursing	70,000.00	352,800.00	30,000.00	-0-	-0-	452,800.00	Other Receipts	
314 - D	Family Health Nursing Communicable Disease Control Labs Grants to Anchorage Health Education	293,900.00	16,030.00	-0-	-0-	-0-	309,930.00	Other Receipts	
Immunization	Communicable Disease Control	116,800.00	60,000.00	99,200.00	100,500.00	100,500.00	477,600.00	Categorical Grant	The State is being able to accomplish its goals & objectives w/ the current funding
IPO	Family Health	150,000.00	201,650.00	397,200.00	360,000.00	300,000.00	1,408,850.00	Categorical Grant	The losses are being supplemented by other sources.
Supplemental Section Income	Family Health		78,300.00	-0-	-0-	-0-	78,300.00	Categorical Grant	Was a single year appropriation.

Department of Labor

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF LABOR

OFFICE OF THE COMMISSIONER

P. O. BOX 1149
JUNEAU, ALASKA 99802
(907)465-2700

May 9, 1983

Betty Barton
House Research Agency
Pouch Y
Juneau, AK 99811

Dear Ms. Barton:

The Department of Labor receives federal funds from three agencies; the U.S. Department of Labor, Employment and Training Administration (ETA), the U.S. Occupational Safety and Health (OSH) Administration, and the Bureau of Labor Statistics OSH. The following components receive funds from the U.S. Department of Labor, ETA: Employment Service, Unemployment Insurance, UI Fraud Investigations, WIN, Labor Market Information, Research Contracts, and Management Services. The Department's Occupational Safety and Health component receives funds from the U.S. Occupational Safety and Health Administration. Additionally, the LMI component receives funds from the Bureau of Labor Statistics OSH. All of these monies come to the Department in the form of categorical grants; but beginning October 1, 1983 (FY '84), the federal funds for the Employment Service component are anticipated to be received as a block grant through the Office of the Governor.

The following components of the Department of Labor have, and expect to receive federal funds as indicated:

Dollars in Thousands

	FY 80	FY 81	FY 82	FY 83	FY 84
Employment Service	$7,380.2	$8,209.9	$6,702.9	$6,805.1	$6,618.0
Unemployment Insurance	9,444.2	10,329.1	9,794.1	10,526.1	11,117.1
UI Fraud	214.2	233.9	255.4	228.4	242.2
WIN	900.9	711.3	546.3	616.5	897.7
OSHA	1,200.1	1,213.0	940.3	1,176.3	1,249.3
Labor Market Information	335.6	393.2	421.1	434.9	87.0
Research Contracts	57.8	162.2	73.1	72.1	Ø
Management Services	83.5	Ø	Ø	Ø	Ø
	$19,616.5	$21,252.6	$18,733.2	$19,859.4	$20,211.3

Employment Service

In FY '82 federal funds were not provided to operate the rural offices of Employment Services ($1507.0). In order to maintain these offices, the Legis-

lature and Governor provided $305.0 and $500.0 (from the FBIF) respectively to help maintain these offices. The remaining reduction of $702.0 was accomplished through staff reductions. This action resulted in substantially fewer Alaskans registered and placed. Between FY '82 and FY '83 real federal funding was decreased (1.5 percent aggregate funding increase)[1], and the State Legislature increased the general fund level by over $900.0. Coupled with some administrative efficiencies, the increase level of general funding enabled the Department to maintain the level of FY '82 service.

Unemployment Insurance Fraud Investigation

The effect of the reduced level of federal funding in FY '83 was to reduce staff by one position. The Department requested and received FBIF to satisfy the difference. In FY '84 we have requested Training and Building funds so that the level of service provided can be maintained.

WIN

Federal funding reductions in FY '82 necessitated the closure of the Ketchikan office and staff reductions in Anchorage and Juneau; but at the same time we were able to enter the Kenai and Wasilla areas. This was done to more effectively utilize remaining funds by concentrating training and grant delivery in the more populated areas and thereby increase the potential of receiving higher levels of federal funding. Additionally, since FY '81, federal funding for WIN has not been included in the federal executive budget document, but has been funded through the continuing resolution process in Congress. Again, in FY '84 it is not included in the President's budget.

Occupational Safety and Health

The federal funding reduction that the division received in FY '82 was the result of Alaska legislative action and not federal budgetary constraints. Because OSHA receives monies from two sources (50/50 program grant and 90/10 contract) which are determined by the level of general fund match, a reduction in general funds will yield proportionate reductions in federal funds. The action in FY '82 resulted in the elimination of sixteen positions and underfunding four of the remaining thirty-two positions.

Labor Market Information and Research Contracts

Although aggregate federal funding has increased, this has been the result of Federal Supplemental Budget requests submissions and approvals. This has created an atmosphere of uncertainty within which it has become difficult to plan for products, projects, and the overall level of service to be

---

1/ During this period inflation was assumed to be 6 percent for budgetary purposes; therefore, the department experienced a 4.5 percent real dollar funding reduction.

provided. This problem will be exacerbated in FY '84 due to the enactment of the Job Training Partnership Act. In FY '84 the Employment and Training Administration will provide funds to the State in a block grant (instead of a categorical grant) and will contract for specific products from the State. This will eliminate funding for several products currently produced.

In FY '84 the Labor Market Information and the Research Contracts components will be combined, and the vast majority of FY '83 federal funding continuation will reside in the Employment Service component. The remaining Labor Market Information component anticipates receiving $87.0 in federal funding directly from the Bureau of Labor Statistics OSH.

Management Services

Federal funds in this component for the Occupational Safety and Health Bureau of Labor Statistics Contract were transferred in FY '81 to the Research Contracts component because the tasks being funded were more appropriately housed there.

If you need additional information, please contact Nico Bus at 465-2720.

Sincerely,

Jim Robison
Commissioner

Department of Military Affairs

STATE OF ALASKA

DEPARTMENT OF MILITARY AFFAIRS

OFFICE OF THE ADJUTANT GENERAL

Bill Sheffield, Governor

SUITE 620 FRONTIER BUILDING
3601 "C" STREET
ANCHORAGE, ALASKA 99503
PHONE: (907) 243-0656 AUTOVON: 862-7210

AG

12 May 83

RECEIVED
MAY 18 1983
HOUSE RESEARCH AGENCY

Ms. Betty Barton
Alaska State Legislature
House of Representatives
Research Agency
Pouch Y, State Capitol
Juneau, Alaska 99811

Dear Ms. Barton:

Per your letter of April 20, 1983, the following information is submitted concerning 1980-1984 reductions in federal funding.

The two attachments represent input from the two (2) divisions within this Department which are in receipt of federal money - specifically the U.S. Property and Fiscal Office (Attachment 1) and the Alaska Division of Emergency Services (Attachment 2).

I hope the information submitted will be useful in your assessment concerning the level of federal support to Alaska.

Sincerely,

Edward G. Pagano

EDWARD G. PAGANO
MAJOR GENERAL, AK NG
The Adjutant General

Attachments (2)

09-11LH

ADES has had an increase in program funding in the past two (2) years (82-83). Items 80-81 shown N/A have been audited and closed out no information is available. The dash lines shown (80-81-82) are prior to program being established. The Tsunami and Earthquake funding are on-going programs.

We have requested minor increases in 84 but have not received funding level we can expect to receive.

FEDERAL FUNDING PER
FEDERAL FISCAL YEAR
CONTRACT/COOPERATIVE AGREEMENT

	80	81	82	83	84
EMA	301,700.00	301,700.00	321,100.00	344,400.00	
NCP	---	---	20.0	85.3	
RDO	---	---	35.9	62.0	
M&S	N/A	N/A	12.3	11.8	
T&E	20.0	20.0	20.0	53.5	
RSM	N/A	43.0	53.5	61.0	
DPIG	25.0	25.0	25.0	25.0	
SHELTER SURVEY	---	---	---	38.4	
EARTHQUAKE	XXXXXXXXXXX	149.9			
TSUNAMI		XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX		112.9	

EMA = Personnel and Administration

NCP = Nuclear Civil Protection

RDO = Radiological Defense Officer

M&S = Maintenance and Service, e.g. telephone, etc.

T&E = Training and Education

RSM = Support Materials, e.g. comm. equip., etc.

DPIG = Disaster Plan Improvement Grant

The following figures for USPFO (based on the federal FY 1 Oct - 31 Dec) are provided for your information:

	FY 80	FY 81	FY 82	FY 83*
Army Guard	$13,579,400	$15,974,600	$17,924,700	$19,126,500
Air Guard	7,507,711	8,354,226	9,109,534	9,984,700
Total	$21,087,111	$24,328,826	$27,034,234	$28,981,200

*Amounts are not final and remain subject to year-end adjustment.

Projections at this time are that both the Army and Air National Guard federal support levels will continue to grow over the next five years. Federal support of the Alaska National Guard is accomplished in the form of direct allotment from the National Guard Bureau to the USPFO for Alaska.

The federal budget for FY 84 has not been finalized at this time, therefore, it is not possible to provide any actual data. The Department does anticipate increased support over the FY 83 funding level.

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5162 HTRA HB 213 (FILE 2) - HB 256

734

Department of Public Safety

STATE OF ALASKA

DEPARTMENT OF PUBLIC SAFETY

DIVISION OF ADMINISTRATIVE SERVICES

Robert J. Sundberg
Commissioner
POUCH N
JUNEAU, ALASKA 99811
PHONE:
465-4336

May 13, 1983

RECEIVED
MAY 17 1983
HOUSE RESEARCH AGENCY

Ms. Betty Barton
Ms. Deborah Pomeroy
Alaska State Legislature
House Research Agency
Pouch Y
Juneau, Alaska 99811

Dear Research Staff:

In response to your letter of April 20, 1983 to Commissioner Sundberg, the attached data identifies the federal funding received by the Department of Public Safety.

Narrative is provided to describe the program effects of reduced federal funding for the Highway Safety Planning Agency.

The Fatal Accident Reporting System (FARS) has received stable federal funding.

The Commercial Motor Carrier Safety Inspection and Weighing Demonstration Program was intended to terminate at the end of its third funding year.

If you have any questions, please call me or my staff.

Sincerely,

Jos Mapranath
Director

12-L15LH

HIGHWAY SAFETY PLANNING AGENCY

The "Highway Safety Act" mandated that each state have a highway safety program and provided that the Governors would be directly responsible for the program within their respective states. AS 44.99.001, and Administrative Order Number 34 delegate the Governor's responsibility and authority to the Highway Safety Planning Agency for the highway safety program in Alaska. The highway safety program is a federally assisted state program which Congress requires be approved by the Secretary of Transportation.

Federal funds are allocated to the state to help administer sub-grants to state agencies and local jurisdictions.

The federal funds identified below are "no year funds" from the federal government, which means that we have the funds until spent, regardless of the fiscal year authorized, or the number of fiscal years needed to spend the funds. Because of this, the State budget usually requests authorization to carry forward and expend prior year funds.

The following obligational limitations on our federal funding reflect only the amounts actually received in the respective fiscal years. The State budgets may not coincide with the obligational limitations because of the difference in fiscal years and as explained previously, because of prior year federal funds being moved forward.

1980 Base Program	$ 834,383	1981 Base Program	$ 697,960
55 Enforcement	101,351	55 Enforcement	120,000
Seat Belts	16,975	Seat Belts	19,100
School Bus	12,500	School Bus	12,500
FHWA	138,846	FHWA	139,223
TOTAL	$1,104,055	TOTAL	$ 988,783

1982 Base Program	$ 329,875	1983 Base Program	$ 341,015
55 Enforcement	100,000	55 Enforcement	100,000
Seat Belts	9,500	Seat Belts	9,500
School Bus	25,000	School Bus	7,500
FHWA	49,000	FHWA	49,000
TOTAL	$ 513,375	TOTAL	$ 507,015

For FY 84, we anticipate $507,015 will be new federal funds however we will not know for sure until about October.

As can be seen by the foregoing, federal funds are less than half of what they used to be and although we have supported legislation to offset these losses over the years, upon request for increased State funds, we have not been successful in obtaining more.

The biggest problem this has caused, is that although we receive less funds, the job that has to be done has not decreased.

The main area in which we have suffered is in the operation of this agency.

In 1981, for example, our Personal Services costs were $361,500 for 9 positions. This has steadily decreased over the years to the point where our FY 84 Governor approved budget only provides $140,300 for 5 positions, although this amount barely covers a little more than 2 positions.

The effects of this situation are having a tremendous impact on the citizens of the State as is explained in the following:

During the years 1975 through 1979, a great deal of emphasis was placed on the highway safety program in Alaska.

During this period, accidents, fatalities and the costs of accidents steadily decreased, as well as the cost of law suits against the State for engineering and maintenance related traffic accidents. In addition, according to the Division of Insurance, the cost of automobile insurance to the citizens of the State decreased steadily and significantly.

Beginning in 1980, the support for a comprehensive State traffic safety program was reflected by a reduction in federal as well as state funding.

During this period the reductions experienced in the period 1975 through 1979 began to turn around and have begun to increase steadily each year.

ASSUMPTION:

Economic conditions in the South 48 will drive more people to Alaska -- hence more drivers and more miles driven.

Decreased federal funds will be available for maintaining and improving the existing road network -- hence heavier traffic on deteriorating roads.

Decreased federal funds will be available for comprehensive highway safety projects.

Accidents and fatalities will continue to increase, as will the cost of these accidents to the citizens of the State.

Highway Safety related law suits against the State and its political subdivisions will continue to increase.

The cost of automobile insurance will cease its downward trend and will begin to increase.

Alaska Highway Safety Planning Agency

Traffic Accident Projection

YEAR	TOTAL ACCIDENTS	INJURY ACCIDENTS	FATALITIES/RATE	PROPERTY DAMAGE
1977	15,086	5,085	136/ 4.5	$20,348,441
1978	12,962	4,822	127/ 4.5	18,775,536
1979	13,521	4,560	90/ 3.2	19,365,424
1980	13,165	4,993	88/ 3.3	20,793,029
1981	13,500	5,500	100/ 4.0	22,250,000
1982	14,000	6,000	115/ 4.5	23,750,000

FATAL ACCIDENT REPORTING SYSTEM (FARS)

Since 1972, the National Highway Traffic Safety Administration (NHTSA) with the cooperation of the states has been developing the Fatal Accident Reporting System (FARS). The FARS is a national computerized data collection system which contains reports of current data on all motor vehicle traffic accidents in which there is a fatality. The FARS definition of a fatality is one which occurs within thirty (30) days of a motor vehicle traffic accident and as a result of the accident. The FARS is a primary tool which can be used by the NHTSA, the states, and the highway community to quantify the national and state accident picture, to identify problem areas, to evaluate highway safety countermeasures programs, and to enhance operation at both state and federal levels.

Calendar Year	Contract Award
1978	10,784
1979	10,393
1980	11,447
1981	10,935
1982	12,961
1983	14,854

COMMERCIAL MOTOR CARRIER SAFETY INSPECTION AND WEIGHING DEMONSTRATION PROGRAM

Alaska's participation in the "Commercial Motor Carrier Safety Inspection and Weighing Demonstration Program" began on March 12, 1980, through Cooperative Agreement DTFH 61-80-X-00042. The objectives of the Demonstration Program are to demonstrate the extent to which safety benefits can be obtained and to determine if the program is effective in increasing motor carrier compliance with the weight limitation specified by the United States Code and the State of Alaska.

Scope of Work

The State of Alaska shall accomplish these objectives during the term of the cooperative agreement by expanding State activity in the weighing and inspection of motor carriers utilizing uniform procedures. The activity under the Demonstration Program shall be above a base level of effort which shall be maintained be Alaska during the demonstration period.

In general, Alaska shall conduct combined weighing and inspection activities at fixed or permanent weighing facilities coupled with expanded portable weighing operations at various locations.

Alaska shall undertake the following three areas of responsibility; 1) the weighing of trucks; 2) the inspection of trucks and their drivers; and 3) the collecting and reporting of weighing, inspection, accident and cost data.

Period	Amount
March 12, 1980 - March 11, 1981	720,900
March 12, 1981 - March 11, 1982	709,250
March 12, 1982 - March 11, 1983	877,000

Department of Revenue

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH S
JUNEAU, ALASKA 99811
PHONE: (907) 465-2300

May 19, 1983

Betty Barton
Deborah Pomeroy
Alaska State Legislature
House of Representatives
Research Agency
Pouch Y
Juneau, AK 99811

Ladies:

The Department of Revenue receives federal funds for its Child Support Enforcement Division. This funding is a reimbursement of 75 percent of the operating expenditures each fiscal year through FY 82. Beginning in FY 83 and in FY 84 the reimbursement rate is 70 percent. The following chart shows actual receipts for the fiscal years 1980, 1981, and 1982 and estimated receipts for 1983 and 1984.

Federal Receipts
Department of Health and Human Services
Title IV-D of the Social Security Act

FY 1980	FY 1981	FY 1982	FY 1983	FY 1984
$1,505,100	$1,755,300	$1,815,000	$2,458,800	$2,875,200

As the reimbursement rate decreases, more state funds are required to maintain the current level of services.

Sincerely,

Joseph K. Donohue
Deputy Commissioner, Taxation

JKD:jas

04-D2LH

Department of Transportation
and Public Facilities
BILL SHEFFIELD, GOVERNOR

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
DEPUTY COMMISSIONER - STANDARDS & STATEWIDE PROGRAMS

POUCH Z
JUNEAU, ALASKA 99811
PHONE: (907)465-3900

May 13, 1983

Ms. Betty Barton
Ms. Deborah Pomeroy
Research Staff
Alaska State Legislature
House of Representatives
Research Agency
Pouch Y
Juneau, Alaska 99811

Dear Ms. Barton and Pomeroy:

With one minor exception, the Department of Transportation and Public Facilities is not experiencing any reductions in federal funding. In fact, the opposite is true as our major source of funds from the Federal Highway Administration has increased by almost 50% this year and will continue to increase in each of the next three years.

The only case where we are experiencing a reduction is in our Urban Mass Transit Administration (UMTA) section 18 funds. In the past few years we have been averaging approximately $162,500 a year. The Department has passed the funding through to seven Alaskan cities to assist the communities in paying operating cost of transit services such as ferries, buses and taxis. These funds are classified as block grants and the current federal administration plans to reduce the funding by approximately 80% in 1984, 90% in 1985, and eliminate altogether after that. If the reductions are realized as planned the cities will have to increase taxes or fares or substantually reduce their operations.

Sincerely,

Fred J. Seeger
Deputy Commissioner

cc: John C. Bates, Director, Planning & Programming
Emil Notti, Special Assistant, Office of the Governor
Wayne E. Weeks, Manager, Unit Support, Planning & Programming

25A-T2LH

Alaska Court System
State of Alaska

OFFICE OF ADMINISTRATIVE DIRECTOR

303 K Street
Anchorage, Alaska 99501

ROBERT G. FISHER
Manager of Fiscal Operations

RECEIVED
MAY 23 1983
HOUSE RESEARCH AGENCY

May 17, 1983

Ms. Deborah Pomeroy
Research Agency
State House of Representatives
Pouch Y
Juneau, AK 99811

Dear Ms. Pomeroy:

As we discussed the Alaska Court System is not a direct recipient of federal funds. The Court receives funds through other state agencies or political subdivisions. A schedule of grant funds received by the Court during fiscal years 1980 through 1984 is attached.

The effect of the loss of this funding can be summarized by the use of the funds. The elimination of CETA funds has greatly hampered the Court's ability to create a pool of trained temporary employees. Many of these employees were later promoted into permanent positions. The CETA program also helped to provide a ready pool of employees during temporary workload increases.

The elmination of the planning and continuing education funds has created a direct impact on the Court's operating budget. These programs are quite worthwhile and have had to be continued using general funds.

I hope this satisfactorily answers your questions. If not, please feel free to contact me.

Sincerely,

Robert G. Fisher
Fiscal Officer

RGF/11

ALASKA COURT SYSTEM
FEDERAL REVENUES
FY1980 - FY1984

SOURCE	PURPOSE OF FUNDING	FUNDING PERIOD	AMOUNT
	(Revenues Originating in FY80)		
Department of Community & Regional Affairs	CETA Contract (#541401)	10/1/79 - 9/30/80	$ 52,662
Department of Community & Regional Affairs	CETA Contract (#246106)	10/1/79 - 9/30/80	40,765
Municipality of Anchorage	CETA Contract (#C-II-905)	10/1/79 - 9/30/80	59,019
Municipality of Anchorage	CETA Contract (#C-VI-8006)	10/1/79 - 9/30/80	68,019
Department of Law-Criminal Justice Planning Agency	Planning Grant (#80-PD-001)	1/1/80 - 3/31/81	36,900
Department of Law-Criminal Justice Planning Agency	Continuing Judicial Education (#80-A-005)	1/1/80 - 12/31/80	12,461
	(Revenues Originating in FY81)		
Municipality of Anchorage	CETA Contract (#C-VI-8105S)	10/1/80 - 9/30/81	125,071
Municipality of Anchorage	CETA Contract (#C-VI-8118)	10/1/80 - 9/30/81	53,780
Department of Law-Criminal Justice Planning Agency	Continuing Judicial Education (#80-A-021)	4/1/81 - 5/19/82	37,144

*Please Note: In FY82, FY83, and FY84 the Court did not receive Federal Funds.

HB

214

Curt Menard
351 W. Swanson Ave.
Wasilla, Alaska 99687
Or
P.O. Box V
Juneau, Alaska 99811
376-5315 Work
745-8122 Work
376-5855 Home
465-2679 Juneau

APR 1 6 1987

April 15, 1987

Bette Cato
Chairman, House Transportation
Pouch V
Juneau, AK 99811

Dear Representative Cato,

I have been contacted by Mr. John Anton with an idea that just might save the Railroad some of their money, the Legislature their time, and the moose their hides.

I am forwarding this same information to the co-sponsors of HB214, The Departments of Fish and Game and Natural Resources, all members of House Transportation, the Alaska Moose Federation and the Alaska Outdoor Council.

This information is being offered for discussion purposes in relation to the objectives outlined in HB214.

Please feel most welcome to call if there are any questions.

Warm Regards,

Curt Menard
Representative

SPECIFICATIONS

Dimension of tank may vary due to placement. At 7.8 gallons per cubic foot, you would have to maintain at least 133 cubic feet. This would give you about 1,000 gallons. You also would have to consider a tank heater if mounted externally. Minimum 3" rigid pipe will be needed to supply the vain pump. Heat tape will be needed concentrically applied to rigid pipe. The nozzle will have to be wraped with heat tape also. Pump must be applied as close to nozzle as possible to prevent water loss. Water supply must be actuated at the end of the nozzle. The pump switch would have to be at hand right at the turret. You would have pressure instantaneously when throwing the switch. You would open and close the nozzle manually but you could not slam the lever shut very fast because it would produce a hammer effect which could possible destroy the hydraulics. Capacity of the pump would have to be of minimum output of 250 GPM. The turret would have to be omni-directional. Pump pressure would have to be minimum of 120 PSI to maintain 90 PSI at end of nozzle due to pressure loss in pipe. Water will have significant force at the extreme range of 200 feet when using a 1" nozzle and an increasing force the closer the target. At this GPM you would have basically enough fluid supply for 4 minutes of steady stream. Therefore by using 3 to 4 second blasts of water the use of the wate is more efficient. Exact placing of this device may be applied to the train itself under direction and consideration of the railroad mechanics since this device may be removed seasonally.

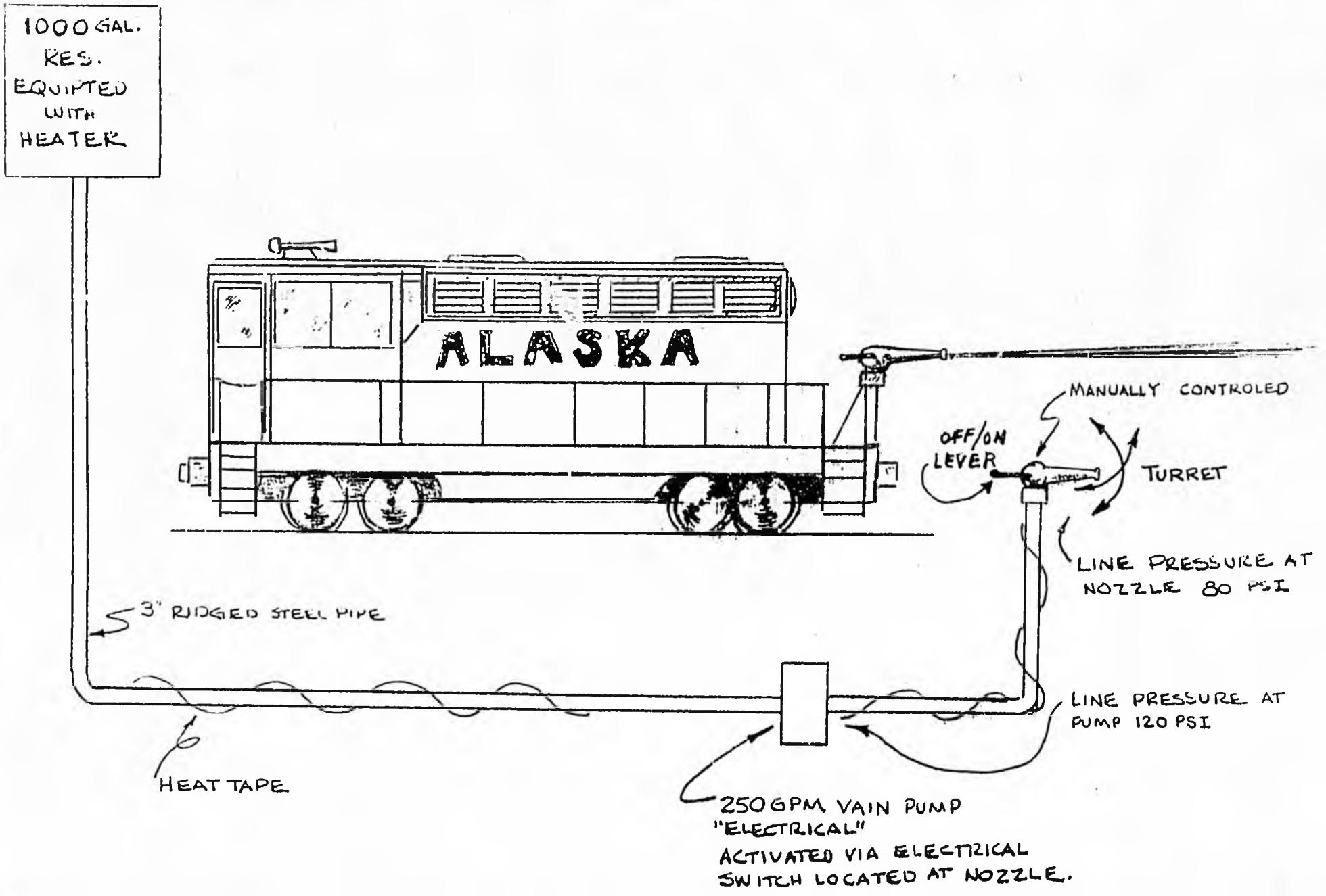
My experience with wild game, is that when pursued they run in a line of least resistance, i.e. down the tracks. They will continue on this course until they sense a more immediate threat. The purpose of this water cannon is to make the moose aware that it is in "contact" with its pursuer, therefore resorting to its natural instinct of changing direction - hence leaving the tracks.

If you have any questions and/or would like to discuss this project please contact me by phone at 248-3114 or correspondence at 3322 W. 88th, Anchorage, AK 99502

Sincerely,

John D Anton

John Anton


1000 GAL.
RES.
EQUIPTED
WITH
HEATER
ALASKA
MANUALLY CONTROLED
OFF/ON
LEVER
TURRET
LINE PRESSURE AT
NOZZLE 80 PSI
3" RIDGED STEEL PIPE
LINE PRESSURE AT
PUMP 120 PSI
HEAT TAPE
250 GPM VAIN PUMP
"ELECTRICAL"
ACTIVATED VIA ELECTRICAL
SWITCH LOCATED AT NOZZLE.

JOHN ANTON

HB

221

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

April 6, 1987

FOR TODAY'S MEETING YOU HAVE:

A FOLDER ON HB 221 THAT INCLUDES:

* a copy of HB 221
* a zero fiscal note from the Dept. of Commerce and Economic Development
* a position paper from the Alaska Railroad Corp.
* a copy of the statutes impacted by HB 221

SECTIONAL ANALYSIS OF SSHB 221:

Title 42 refers to the Alaska State Statutes on Public Utilities and Carriers.

Chapter 40 refers to the Alaska Railroad Corporation (ARRC).

Entry #260(b) is part of Article 4 regarding powers and duties of the ARRC and has to deal with ARRC's annual report.

Section 1 of SSHB 221 has to do with a report that would analyze potential sale arrangements whereby ARRC may be transferred into private ownership.

SSHB 221 specifies that the first report to the effect of selling the railroad would be due in ARRC's annual report for fiscal year 1991. THE FISCAL YEAR REFERRED TO IN SSHB 221 IS THE FISCAL YEAR OF THE ALASKA RAILROAD CORPORATION.

The ARRC operates on a fiscal year that extends from January 1 through December 31. The legislature operates on a fiscal year that extends from July 1 through June 30. By including the required information in its 1991 annual report, ARRC would be providing the legislature with the required information during legislative fiscal year 1992.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version : HB 221
Publish Date : 3-27-87

REQUEST:

Revision Date:

Agency Affected : Alaska Railroad Corporation

Title : An Act Suspending Requirements for Reports on Arrangments and Offers to Sell the Alaska Railroad

BRU :

Sponsor : Rep. Cato

Components :

Requestor : House Transportation Committee

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-					
CAPITAL	-0-					
REVENUE	*					

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-					
FEDERAL FUNDS						
OTHER						
TOTAL	-0-					

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

*As the position paper submitted by the Alaska Railroad Corporation explains, delaying efforts to sell the railroad beyond January 5, 1987, will mean that the State of Alaska, not the United States, will enjoy any sale profits.

Prepared by : Larry D. Wood, General Counsel Phone : 265-2461
Division : Alaska Railroad Corporation Date : 4-6-87

Approved by Commissioner : Date : 4-6-87
Agency : F.G. Turpin, President & CEO M.J. Scott for F.G. TURPIN

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

ALASKA RAILROAD CORPORATION

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

VIA TELECOPIER

April 3, 1987

APR 6 1987

Honorable Bette Cato, Chairman
House Transportation Committee
House of Representatives
P.O. Box V, Room 15
Juneau, Alaska 99811

Re: HB No. 221, An Act Suspending Requirements for Reports on Arrangements and Offers to Sell the Alaska Railroad

Dear Representative Cato,

Thank you for providing this opportunity for the Alaska Railroad Corporation ("ARRC") to comment on HB No. 221. As you know, the bill proposes to amend the Alaska Railroad Corporation Act and will require that the first analysis and documentation of potential railroad sale arrangements appear in the corporation's annual report for fiscal year 1992. We understand that "1990" in the present version of the bill is a typographical error.

For the reasons stated in enclosed position paper, we strongly support this legislation. Should the railroad be sold, delay of mandatory sale arrangements beyond 1990 will avoid federal legal requirements that sale profits be paid to the United States. This action will clearly serve the State's best interests.

Thank you also for your sponsorship of this important legislation.

Sincerely,

F. G. Turpin
President and Chief Executive Officer

cc: James C. Campbell, Chairman

4112L

POSITION PAPER / Alaska Railroad Corporation

HOUSE BILL NO. 221

AN ACT SUSPENDING REQUIREMENTS FOR REPORTS ON ARRANGEMENTS AND OFFERS TO SELL THE ALASKA RAILROAD

I. INTRODUCTION

HB No. 221 proposes that the first analysis and documentation required under AS 42.40.260(b) (part of the Alaska Railroad Corporation Act ("ARCA")) be included in the corporation's annual report for fiscal year 1992.

The Alaska Railroad Corporation ("ARRC") strongly supports this legislation.

II. DISCUSSION

When the State of Alaska purchased the Alaska Railroad in January, 1985, it agreed to many sale terms. These terms include a provision in the federal Alaska Railroad Transfer Act ("ARTA") which requires the State to turn over any profits of a subsequent sale or transfer of the railroad to the United States, if the sale occurs within the first five years of state ownership. 45 USC § 1209(e). This period expires on January 5, 1990.

In the face of this restriction, ARCA presently requires ARRC to include in its annual report an analysis of potential arrangements to sell the railroad every five years, including documentation of at least three offers to sell the railroad. These offers must be bona fide attempts by the state-owned railroad to sell all or part of its assets and operations.

The combination of ARTA's requirement that the State turn over any profits to the federal government if the railroad is sold before January 5, 1990, and the great cost of researching, preparing, soliciting, and negotiating meaningful sale offers does justify delay of ARCA's mandate that sale offers be solicited by ARRC before 1990. This will be simply accomplished by HB No. 221.

The bill extends the due date for the first analysis of potential sale arrangements to fiscal year 1992 which is outside the federal protection period. This action will guarantee that the State will properly enjoy the entire

proceeds of any sale or transfer of the line. The modification of ARCA will clearly serve the State's best interests.

Finally, although out-of-pocket expenses associated with the preparation and negotiation of meaningful offers to sell the railroad may be deducted from sale proceeds which must be paid to the United States, there is less certainty about the deductibility of sale costs directly attributed to hundreds of hours of State and Railroad staff time. In light of that uncertainty, it is most prudent to delay such activities until all costs associated with State disposal of the railroad can be fully realized by its sale.

III. CONCLUSION

ARRC views HB 221 as an important modification of the Alaska Railroad Corporation Act and urges that it be favorably considered.

4114L

Alaska Statutes

Title 1. General Provisions.

Chapter
10. Laws and Statutes (§§ 01.10.030, 01.10.055, 01.10.060, 01.10.070)

Chapter 05. Alaska Statutes.

Sec. 01.05.006. Adoption of Alaska Statutes.

Cross references. — For exception to provision that section headings are not a part of the law, see AS 45.01.109.

NOTES TO DECISIONS

Cited in Schnabel v. State, Ct. App. Op. No. 250 (File No. 7273), 663 P.2d 960 (1983).

Sec. 01.05.031. Revision of statutes.

NOTES TO DECISIONS

Quoted in Schnabel v. State, Ct. App. Op. No. 250 (File No. 7273), 663 P.2d 960 (1983).

Chapter 10. Laws and Statutes.

Article
2. General Rules of Statutory Construction (§§ 01.10.030, 01.10.055, 01.10.060)
3. Effect of Statutes (01.10.070)

Article 1. Common Law.

Sec. 01.10.010. Applicability of common law.

NOTES TO DECISIONS

Quoted in Wells v. State, Ct. App. Op. No. 401 (File Nos. 7479, 7663), 687 P.2d 917 (1984); Beran v. State, Ct. App. Op. No. 506 (File Nos. A-535, A-629, A-630, A-679), 705 P.2d 1280 (1985); Balentine v. State, Ct. App. Op. No. 538 (File No. A-381), 707 P.2d 922 (1985); State v. Burke, Ct. App. Op. No. 583 (File No. A-908), 714 P.2d 374 (1986).

Cited in Jackson v. State, Ct. App. Op. No. 211 (File No. 6664), 657 P.2d 405 (1983); Stiegele v. State, Ct. App. Op. No. 382 (File No. A-399), 685 P.2d 1255 (1984).

(10) "property" includes real and personal property;

(11) "real property" is coextensive with land, tenements, and hereditaments;

(12) "signature" or "subscription" includes the mark of a person who cannot write, with the name of that person written near the mark by a witness who writes the witness's own name near the name of the person who cannot write; but a signature or subscription by mark can be acknowledged or can serve as a signature or subscription to a sworn statement only when two witnesses so sign their own names to the sworn statement;

(13) "state" means the State of Alaska unless applied to the different parts of the United States and in the latter case it includes the District of Columbia and the territories;

(14) "writing" includes printing. (§ 4 ch 62 SLA 1962; am § 2 ch 66 SLA 1965; am § 10 ch 117 SLA 1968; am § 19 ch 74 SLA 1985)

Revisor's notes. — Reorganized in 1985 to alphabetize the defined terms.

Effect of amendments. — The 1985 amendment added paragraph (4).

NOTES TO DECISIONS

Quoted in Hull v. Alaska Fed. Sav. & Loan Ass'n, Sup. Ct. Op. No. 2605 (File No. 6346), 658 P.2d 122 (1983).

Article 3. Effect of Statutes.

Section
70. Time statutes become law and take effect

Sec. 01.10.070. Time statutes become law and take effect. (a) All bills passed by the legislature become law upon the governor's signature or upon the governor's veto being overridden or, when the governor allows a bill to become law without signature, on the day after expiration of the period allowed for gubernatorial action by art. II, § 17 of the Alaska Constitution. Acts become effective 90 days after becoming law, unless the legislature, by concurrence of two-thirds of the membership of each house, provides for another effective date.

(b) The actual effective date of an Act having no effective-date provision is determined by starting with the day after it is signed by the governor or the day after the governor's veto is overridden or the day after expiration of the period allowed for gubernatorial action by art. II, § 17 of the Alaska Constitution, and counting 90 calendar days, the Act becoming effective at 12:01 a.m., Alaska Standard Time on the 90th day.

(c) The actual effective date and time of an Act having an immediate-effective-date provision is 12:01 a.m., Alaska Standard Time, on

the day after it is signed by the governor or on the day after the governor's veto is overridden or on the day after expiration of the period allowed for gubernatorial action by art. II, § 17 of the Alaska Constitution.

(d) An Act which specifies a definite effective date becomes effective at 12:01 a.m., Alaska Standard Time on the date specified.

(e) When the governor allows a bill to become law without signature, the governor shall give written notice of that fact to the legislature. The date of this notice has no effect upon the date the bill becomes law nor upon the date the Act takes effect.

(f) In this section

(1) "Act" means a bill which has become law;

(2) "bill" means a legislative document proposing an Act;

(3) "becomes effective" means becomes applicable; "effective date" does not mean date of enactment (or date of becoming law), although the two will coincide when a bill which has an immediate-effective-date provision is allowed to become law without the governor's signature;

(4) "becomes law" means is enacted; "enactment" occurs when any one of the following takes place:

(A) a bill which is passed by the legislature is signed by the governor;

(B) the period specified in art. II, § 17 of the Alaska Constitution expires without gubernatorial action;

(C) the legislature overrides the governor's veto of a bill;

(5) "passed by the legislature" means that the required majority of each house of the legislature has taken final action in approving the same version of a bill. (§ 5 ch 62 SLA 1962; am § 8 ch 126 SLA 1966; am § 1 ch 115 SLA 1974; am §§ 1—3 ch 6 SLA 1984)

Effect of amendments. — The 1984 amendment substituted "Alaska" for "Pacific" near the end of subsection (b), near the beginning of subsection (c), and in subsection (d).

NOTES TO DECISIONS

Applied in Atlantic Richfield Co. v. State, Sup. Ct. Op. No. 2695 (File No. S-52), 666 P.2d 1031 (1985).

Sec. 01.10.080. Computation of time.

NOTES TO DECISIONS

Quoted in Fairbanks N. Star Borough v. Tundra Tours, Inc., Sup. Ct. Op. No. 3052 (File Nos. S-524, S-554), P.2d (1986).

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Alaska Statutes

Title 42. Public Utilities and Carriers.

Chapter

05. Alaska Public Utilities Commission Act (§§ 42.05.141, 42.05.251, 42.05.361, 42.05.365, 42.05.381, 42.05.385, 42.05.431, 42.05.651, 42.05.711, 42.05.720)
06. Pipeline Act (§§ 42.06.160 — 42.06.200, 42.06.280, 42.06.340, 42.06.610, 42.06.630)
07. Alaska Transportation Commission Act (Repealed)
10. Alaska Motor Freight Carrier Act (Repealed)
30. Miscellaneous Regulations Governing Public Utilities and Carriers (§§ 42.30.200, 42.30.225, 42.30.380)
40. Alaska Railroad Corporation (§§ 42.40.010 — 42.40.990)

Chapter 05. Alaska Public Utilities Commission Act.

Article

2. Powers and Duties of the Commission (§ 42.05.141)
3. Certificate of Public Convenience and Necessity (§ 42.05.251)
5. Rates and Rate Schedules (§§ 42.05.361, 42.05.365, 42.05.381, 42.05.385, 42.05.431)
9. Miscellaneous Provisions (§ 42.05.651)
10. General Provisions (§§ 42.05.711, 42.05.720)

Article 2. Powers and Duties of the Commission.

Section

141. General powers and duties of the commission

Sec. 42.05.141. General powers and duties of the commission. (a) The Alaska Public Utilities Commission may

(1) regulate every public utility engaged or proposing to engage in such a business inside the state, except to the extent exempted by AS 42.05.711, and the powers of the commission shall be liberally construed to accomplish its stated purposes;

(2) investigate, upon complaint or upon its own motion, the rates, classifications, rules, regulations, practices, services and facilities of a public utility and hold hearings on them;

(3) make or require just, fair and reasonable rates, classifications, regulations, practices, services and facilities for a public utility;

(29) enter into agreements with a state agency or other instrumentality of the state; and

(30) do all things necessary or desirable to carry out the powers and duties of the corporation granted or necessarily implied in this chapter or other laws of the state or the laws or regulations of the federal government. (§ 2 ch 153 SLA 1984)

Sec. 42.40.260. Annual report. (a) Within 90 days following the end of the fiscal year of the Alaska Railroad the board shall distribute to the governor and to the legislature a report describing the operations and financial condition of the corporation during the preceding fiscal year. The report may include suggestions for legislation relating to the structure, powers or duties of the corporation or to the operation or facilities of the corporation. Subject to AS 42.40.220, the report shall itemize the cost of providing each category of service offered by the railroad and the income generated by each category.

(b) Every five years the annual report shall include an analysis of potential sale arrangements whereby the corporation may be transferred into private ownership. The analysis shall include documentation of at least three offers to sell the corporation initiated by the corporation during the last five years. (§ 2 ch 153 SLA 1984)

Sec. 42.40.270. Audits. (a) The board shall have the financial records of the corporation audited annually by an independent certified public accountant experienced in railroad accounting. The board shall have an annual performance audit conducted by a recognized railroad management expert to assure that the railroad is being managed and operated effectively and efficiently in accordance with the requirements of this chapter and that each appropriation is used to directly support those services for which the appropriation was requested. Auditors shall use the standards required under AS 42.40.100(9) and determine whether appropriations received for a service that is not self-sustaining were calculated in accordance with United States Interstate Commerce Commission standards for determining rail service subsidies.

(b) The corporation shall make all of its financial records available to an auditor appointed by the governor and to the legislative audit division for examination. Disclosure to the public by the auditor or legislative audit division of this information is subject to AS 42.40.220 and rules implementing that section. (§ 2 ch 153 SLA 1984)

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

P.O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

January 16, 1987

MEMORANDUM

TO: Representative Bette Cato

ATTN: Wendy Chamberlain

FROM: Penelope Weyhrauch
Legislative Analyst

RE: Exemptions to and Sale Provision of the Alaska Railroad Act
Research Request 87.057

You asked for a discussion of the Alaska Railroad Act exemptions and what effect repealing the exemptions might have on the Alaska Railroad Corporation. You also asked for a discussion of the requirement relating to offering the railroad for sale, and whether or not the Alaska Railroad Corporation is complying with this requirement.

Alaska Railroad Act Exemptions

I contacted the Alaska Railroad Corporation (ARRC) and asked them to discuss how the corporation would be affected by repealing the exemptions listed in AS 42.40.920. I asked Tad Lewis, General Counsel for the ARRC, what specific effect on the corporation's revenue and operations the repeal of each of the statutory exemptions would have. Mr. Lewis' letter response is attached. You will note that the response is very general.

Offering the Alaska Railroad for Sale

Alaska Statutes 42.40.260(b) states that "Every five years the [corporation's] annual report shall include an analysis of potential sale arrangements whereby the corporation may be transferred into private ownership. The analysis shall include documentation of at least three offers to sell the corporation initiated by the corporation during the last five years."

According to Jack McGee, Assistant Alaska Attorney General, AS 42.40.260(b) provides all the guidelines available for ARRC to follow to meet the offer-to-sell requirement. Mr. McGee said that the first five-year period began on January 5, 1985, at the time ownership for the railroad passed from the

federal government to the State. The ARRC is required to offer the railroad for sale three times before January 5, 1990.

Mr. McGee said that he interprets the statutory offer-to-sell requirement to mean that the ARRC must actively solicit offers and not just advertise that the railroad is for sale. Mr. McGee said that if the corporation does not comply with the statutory requirement, the legislature would probably take action, the severity of which would depend on how strongly they believed that the railroad should be transferred to private ownership.

I asked Mr. Lewis if the ARRC has taken any steps to begin complying with the statute. He said that at the last corporation board meeting, the board asked the ARRC's legal counsel to begin looking at different ways the corporation could approach complying with the requirement. Mr. Lewis mentioned that the board discussed the form in which offers should be conducted and how a sale will be most advantageous to the State. Mr. Lewis said that an offering to sell will probably be in the form of a solicitation of proposals to buy the railroad.

Mr. Lewis referenced federal restraints (included in the Alaska Railroad Transfer Act) in regard to selling the railroad. He said that one restraint is that if the railroad were sold within five years of the transfer of the railroad to State ownership, any profit from the sale reverts to the federal government. This restraint was included in the act because the federal government wanted the State to operate the railroad for at least five years. Mr. Lewis said that this restraint makes it more beneficial for the State to retain the railroad until after 1990.

* * * *

I have attached the Alaska Railroad Corporation Act (AS 42.40.010-980) for your information. If you would like the ARRC to provide more specific information on each of the exemptions, please let me know and I will write a second letter to the corporation.

PW

Attachments

The Federal Transfer Act has several provisions:

a. If the state sells all or any part of the railroad during the first 5 years the monies from this sale will revert to the Federal Government.

b. After the 5 years the state may not sell any land which is needed to operate the railroad (rights of ways) etc. The state may sell land that is not necessary for the railraod to operate, BUT it may not sell any of the approximate 18,000 acres required for the railraod to operate.

c. After the ten years, the state may sell the entire Corporation is so desired.

ALASKA RAILROAD CORPORATION

Pouch 7-2111 • Anchorage, Alaska 99510-7069

January 12, 1987

Ms. Penelope Weyhrauch
Legislative Analyst
Alaska State Legislature House of
Representatives Research Agency
P.O. Box Y
State Capital
Juneau, Alaska 99811-3100

Dear Ms. Weyhrauch:

Your letter dated December 4, 1986 to Mr. Larry Wood, General Counsel of the Alaska Railroad Corporation, was referred to me for response.

You have asked for our assessment of negative impacts that the Alaska Railroad Corporation ("ARRC") might experience if the statutory exemptions in AS 42.40.920 were repealed. Unfortunately, your question does not avail itself of a simple response.

In order to answer your question, it is important to understand the various laws and agreements which circumscribe ARRC's existence and operations. The federal Alaska Railroad Transfer Act ("ARTA"), 45 U.S.C. §§1201-1214, authorized the transfer of the Alaska Railroad to ARRC and established the ground rules for the State's purchase of the Railroad. As part of that act, the State was required to make certain declarations and agreements to abide by the sale terms. The state Alaska Railroad Corporation Act ("ARCA"), AS 42.40.010-.990, implemented the State's commitments all within the requirements of ARTA through the creation of a public corporation to own and operate the Alaska Railroad.

ARTA, the State's own declarations and agreements to abide by those sale terms, and ARCA insure that the State-owned railroad shall be a rail carrier generating, retaining, and managing its own revenues for railroad purposes to better serve Alaska's transportation and development needs. In framing the operating characteristics of the public corporation to conform to this expectation, Alaska's leadership, both federal and state, gave ARRC enough independence to conduct its activities as a

separate and viable economic entity. Exemptions from laws which apply to state agencies mean generally that ARRC promotes, receives, and manages its own revenues, supplies, equipment, facilities, and real estate, establishes its own personnel policies, compensation systems, and employment agreements, promulgates its own rules and regulations to govern internal and external affairs, and manages its own purchasing, financing, and budgeting needs. On the other hand, a desire for public accountability requires open meetings, appointments by the Governor to the railroad board, procurement and ethical codes substantially equivalent to State models, financial and management audits, annual and oversight reports, legislative approval of certain real estate transactions, and long-range capital improvement and program plans. This wise blend of financial and operations independence with State oversight requirements results in a quasi-public, quasi-private railroad armed with the flexibility needed to quickly react to changing market, financial, and legal needs and with the accountability mechanisms necessary to satisfy the governmental aspects of its operations.

As a result of the dual legislative desires of self-sufficiency and public accountability all within the confines of ARTA, the Alaska legislature created a public corporation unlike any other public corporation in Alaska. This is reflected in the legislative findings and purposes which accompanied ARCA. See 1984 Alaska Session Laws, Chapter 153, Section 1. The findings and purposes clauses state that the public corporation is to be exclusively responsible for the management of the financial and legal obligations of the Alaska Railroad, carry out its responsibilities on a self-sustaining basis, and provide for the prudent operation of the railroad according to sound business management practices. Also, ARCA creates a "viable economic entity with the powers and duties necessary to operate and manage the Alaska Railroad pending eventual transfer of the Railroad to the private sector." ARCA and its legislative history reflect a legislative desire that the railroad operate as independently as possible from the State to facilitate the smooth transfer of its business and assets to a private owner. Indeed, AS 42.40.260 requires that ARRC's annual report contain every five years an analysis of potential sale arrangements, including documentation of at least three offers to sell ARRC.

Under AS 42.40.920, ARRC is exempt from the following statutes:

(1) AS 19;
(2) AS 30.15;
(3) AS 35;
(4) AS 37.05;
(5) AS 37.07;
(6) AS 37.10.010 37.10.060;
(7) AS 37.10.085;
(8) AS 37.20;

(9) AS 37.25;
(10) AS 38;
(11) AS 44.62.040 - 44.62.320.

A careful review of these statutes demonstrates how each conflicts with ARCA or ARTA. Titles 19 and 35 set forth the powers and duties of the Department of Transportation and Public Facilities ("DOT/PF") to plan, construct, maintain and operate transportation facilities, including state ferries, airports and water and harbor facilities, and to plan and construct public buildings, boat harbors, dikes and breakwaters. Since ARRC operates as a self-sustaining public corporation, exemptions from Titles 19 and 35 insure that ARRC is responsible for its own facilities and operations.

AS 30.15 provides for state grants of monies and land for construction of local port facilities. ARRC's exemption precludes municipalities from using ARRC funds or lands for port facility development.

Exemptions from portions of Title 37 are required by ARTA which states that "revenues generated by the state-owned railroad shall be retained and managed by the state-owned railroad for railroad and related purposes." 45 U.S.C. §1207(a)(5). AS 37.05, the Fiscal Procedures Act, establishes uniform accounting, purchasing, post auditing, and related financial provisions for all "state agencies" and requires state agencies to submit reports, documents, and statements to the Department of Administration for accounting purposes, requires federal funds received by state agencies to be deposited in the state treasury, makes the Department of Administration responsible for all accounts and purchases of state agencies, requires competitive bidding procedures, and imposes other financial and reporting requirements. The exemption from AS 37.05 conforms to ARTA by allowing ARRC to maintain and control its own accounts and to act as its own purchasing agent.

The exemption from AS 37.07, the Executive Budget Act, also conforms to ARTA by allowing the ARRC to budget and manage its revenues as a separate economic entity.

AS 37.10.010 - .060 designates the Department of Administration as the custodian of state funds and requires all officers, boards and commissions to account to the Department of Revenue for moneys received. Again, an exemption from AS 37.10.010 to 37.10.060 allows ARRC to manage its own revenues.

AS 37.25 determines which unexpended appropriations lapse and which do not. This exemption insures that all ARRC's monies are available to it from year to year.

AS 37.10.085 prohibits political subdivisions from subscribing to the stock of a corporation and from loaning credit or

borrowing money for a corporation's use. Exemption from AS 37.10.085 permits ARRC to manage its revenues by placing its funds in a wide range of investments, including lending its credit and borrowing money for the use of a corporation.

AS 37.20 authorizes the governor to accept federal grants and transfers of property. Transferred land falls within the jurisdiction of the Department of Natural Resources. ARRC's exemption from AS 37.20 insured that federal railroad property, including land, building, monies, personnel property and structures, would be directly conveyed to ARRC rather than to the Departments of Administration, Natural Resources and Transportation and Public Facilities.

Title 38 states that the lands of the state are to be managed by the Department of Natural Resources. Exemption from Title 38 conforms to ARTA's and ARCA's mandate that ARRC manage railroad real estate.

AS 44.62.040 to 44.62.320, much of the Administrative Procedures Act, provide procedures for adopting and implementing regulations in state government. These provisions are supplanted by ARCA's AS 42.40.170 - .270, which call for publicly adopted rules by ARRC's board of directors.

The eradication of one or more of the ARCA exemptions will substantially change the model of a self-sufficient, competitive and accountable public railroad corporation that was created by Alaska's state and federal leadership. Furthermore, through the development of its own personnel, procurement, surplus property, budget, accounting, and land and lease plans, policies, and procedures, ARRC stands ready for expeditious transfer to the private sector. The short history of ARRC operations have underscored the wisdom of the legislature's original direction. We very much support that mission and would most appreciate the opportunity to comment upon proposed legislation to change or amend it.

I hope this adequately answers your question. Please feel free to call if you have any further questions.

Yours very truly,

E. T. L.

E. Thaddeus Lewis
Associate General Counsel

cc: F. G. Turpin
L. D. Wood, Esq.

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Chapter 40. Alaska Railroad Corporation.

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

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

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

Article 1. Establishment and Organization.

Section
10. Establishment of the corporation
20. Board of directors
30. Term of office
40. Vacancies
50. Compensation and expenses
60. Board officers

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

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

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

Article 4. Powers and Duties.

Section
250. General powers
260. Annual report
270. Audits
280. State oversight reports
285. Legislative approval required
290. Long-range capital improvement and program plan
300. Use of corporation assets
310. Indemnification

Sec. 42.40.250. General powers. In addition to the exercise of other powers authorized by law, the corporation may

(1) adopt a seal;

(2) adopt bylaws governing the business of the corporation;

(3) sue and be sued;

(4) appoint trustees and agents of the corporation and prescribe their powers and duties;

(5) hire legal counsel to represent the corporation;

(6) make contracts and execute instruments necessary or convenient in the exercise of its powers and duties;

(7) acquire by purchase, lease, bequest, devise, gift, exchange, the satisfaction of debts, the foreclosure of mortgages, or otherwise, personal property, rights, rights-of-way, franchises, easements, and other interests in land, and acquire by appropriation water rights that are located in the state, taking title to the property in the name of the corporation;

(8) hold, maintain, use, operate, improve, lease, exchange, donate, convey, alienate, encumber, or otherwise grant a security interest in, or authorize use or dispose of, land or personal property, subject to other provisions of this chapter;

(9) contract with and accept transfers, gifts, grants or loans of funds or property from the United States and the state or its political subdivisions, subject to other provisions of federal or state law or municipal ordinances;

(10) undertake and provide for the management, operation, maintenance, use, and control of all of the property of the corporation, including all land and personal property of the Alaska Railroad transferred under 45 U.S.C. 1203(a) and described in the report dated July 14, 1983, as amended, submitted to Congress and the legislature under 45 U.S.C. 1204(a);

(11) recommend to the legislature and the governor any tax, financing, or financial arrangement the corporation considers appropriate for expansion or extension and operation of the Alaska Railroad;

(12) maintain offices and facilities at places it designates;

(13) apply to the state, the United States, and foreign countries or other proper agencies for the permits, licenses, rights-of-way, or approvals necessary to construct, maintain, and operate transportation and related services, and obtain, hold, and reuse the licenses and permits in the same manner as other railroad operators;

(14) prescribe rates to be charged for services provided by the Alaska Railroad consistent with 45 U.S.C. 1201 — 1214 (Alaska Railroad Transfer Act of 1982);

(15) determine the routes, schedules, and types of service to be provided by the Alaska Railroad;

(16) enter into contracts, leases, and other agreements with connecting carriers, shippers, and other persons concerning the services, activities, operations, property, and facilities of the corporation, including agreements that contain provisions to preserve and expand the railroad's traffic base;

(17) plan for and undertake expansion of the railroad and railroad activities, including extension of the rail system, and contract with other modes of transportation service connecting to the rail system;

(18) hire and discharge railroad personnel and determine benefits and other terms and conditions of employment;

(19) assume all rights, liabilities, and obligations of the Alaska Railroad in accordance with 45 U.S.C. 1201 — 1214 (Alaska Railroad Transfer Act of 1982);

(20) maintain a security force to enforce municipal ordinances, state laws, and the corporation's rules with respect to violations that occur on or to property owned, managed or transported by the corporation;

(21) issue its bonds upon approval of the legislature and provide for and secure their payment, provide for the rights of their holders and hold or dispose of them;

(22) purchase the corporation's bonds at a price not more than the principal amount of them plus interest;

(23) cancel bonds of the corporation purchased by the corporation;

(24) secure the payment of its bonds by pledge, mortgage, or other lien on its contracts, revenues, income, or property;

(25) consent to the modification of the rate of interest, time of payment of an installment of principal or interest, or other term of a loan, contract, or agreement to which the corporation is a party;

(26) borrow money, including the amounts necessary to establish reasonable reserves, and pay financing charges and interest on bonds for a reasonable period after which the corporation estimates other money will be available to pay the interest, consultant, advisory, and legal fees, and other expenses necessary or incident to borrowing;

(27) acquire, hold, and dispose of stocks, memberships, contracts, bonds, general or limited partnership interests or other interests in another corporation, association, partnership, joint venture, or other legal entity, and exercise the powers or rights in connection with these interests that are provided in contracts or agreements and that are allowed by law concerning the satisfaction of debts;

(28) undertake and provide for the acquisition, construction, maintenance, equipping, and operation of connecting, switching, terminal, or other railroads and railroad facilities;

(29) enter into agreements with a state agency or other instrumentality of the state; and

(30) do all things necessary or desirable to carry out the powers and duties of the corporation granted or necessarily implied in this chapter or other laws of the state or the laws or regulations of the federal government. (§ 2 ch 153 SLA 1984)

Sec. 42.40.260. Annual report. (a) Within 90 days following the end of the fiscal year of the Alaska Railroad the board shall distribute to the governor and to the legislature a report describing the operations and financial condition of the corporation during the preceding fiscal year. The report may include suggestions for legislation relating to the structure, powers or duties of the corporation or to the operation or facilities of the corporation. Subject to AS 42.40.220, the report shall itemize the cost of providing each category of service offered by the railroad and the income generated by each category.

(b) Every five years the annual report shall include an analysis of potential sale arrangements whereby the corporation may be transferred into private ownership. The analysis shall include documentation of at least three offers to sell the corporation initiated by the corporation during the last five years. (§ 2 ch 153 SLA 1984)

Jack Meyce, AG most specific

Sec. 42.40.270. Audits. (a) The board shall have the financial records of the corporation audited annually by an independent certified public accountant experienced in railroad accounting. The board shall have an annual performance audit conducted by a recognized railroad management expert to assure that the railroad is being managed and operated effectively and efficiently in accordance with the requirements of this chapter and that each appropriation is used to directly support those services for which the appropriation was requested. Auditors shall use the standards required under AS 42.40.100(9) and determine whether appropriations received for a service that is not self-sustaining were calculated in accordance with United States Interstate Commerce Commission standards for determining rail service subsidies.

(b) The corporation shall make all of its financial records available to an auditor appointed by the governor and to the legislative audit division for examination. Disclosure to the public by the auditor or legislative audit division of this information is subject to AS 42.40.220 and rules implementing that section. (§ 2 ch 153 SLA 1984)

Sec. 42.40.280. State oversight reports. (a) The board shall provide a state oversight report to the governor and the legislature before undertaking

(1) expansion, reduction, or diversification of services provided by the railroad upon the date of transfer or as provided under this chapter that the board determines would represent a significant and permanent change in the level and nature of services provided; or

(2) an application for an appropriation to be used for providing any service that is not self-sustaining.

(b) The report under (a) of this section shall be in writing, describe the proposed undertaking in detail, and specify

(1) its financial impact on the corporation;

(2) its impact on the level and nature of services provided by the corporation;

(3) the reasons the action is necessary or desirable to achieve the purposes of this chapter;

(4) whether and when the undertaking or service is expected to be self-sustaining financially; and

(5) if the undertaking requires an appropriation to be used for providing a service that is not self-sustaining, that the amount of the appropriation has been strictly calculated in accordance with United States Interstate Commerce Commission standards for determining rail service subsidies. (§ 2 ch 153 SLA 1984)

Sec. 42.40.285. Legislative approval required. Unless the legislature approves the action by law, the corporation may not

(1) exchange, donate, sell, or otherwise convey its entire interest in land;

(2) issue bonds;

(3) extend railroad lines; this paragraph does not apply to a spur, industrial, team, switching or side track;

(4) lease land for a period in excess of 35 years unless the corporation reserves the right to terminate the lease if the land is needed for railroad purposes. (§ 2 ch 153 SLA 1984)

Sec. 42.40.290. Long-range capital improvement and program plan. (a) The corporation shall prepare and the board shall adopt a long-range capital improvement and program plan. The plan shall explain the manner in which the corporation intends to accomplish the purposes of this chapter and the corporation's anticipated capital improvements during each of the five years after the plan is adopted.

(b) The board shall annually review and approve revisions to the long-range capital improvement and program plan. The board shall provide copies of the updated plan to the governor and the legislature by December 1 of each year. (§ 2 ch 153 SLA 1984)

Sec. 42.40.905. Notice of legal actions. (a) The corporation shall notify the Department of Law within 30 days before initiating legal action unless special circumstances exist that require immediate legal action to protect the corporation assets or to continue existing service.

(b) If notice of legal action is not given under (a) of this section, within seven days of taking action the board shall notify the Department of Law of the action taken and of the special circumstances that exempted the action from the requirements of (a) of this section. (§ 2 ch 153 SLA 1984)

Sec. 42.40.910. Exemption from taxation. (a) The exercise of the powers granted by this chapter shall be in all respects for the benefit of the people of the state, for their well-being and prosperity, and for the improvement of their social and economic conditions. Subject to (b) of this section, the real and personal property of the corporation and its assets, income, and receipts are exempt from all taxes and special assessments of the state or a political subdivision of the state.

(b) Bonds and notes issued under this chapter are issued by a body corporate and public of the state and for an essential public and governmental purpose. Therefore, the bonds and notes, the interest and income from them, and all fees, charges, funds, revenue, income and other money pledged or available to pay or secure the payment of the bonds and notes or interest on them, are exempt from taxation except for inheritance, transfer, and estate taxes.

(c) This section does not affect or limit an exemption from license fees, property taxes, or excise, income or other taxes, provided under any other law, nor does it create a tax exemption with respect to the interest of any business enterprise or other person, other than the corporation. (§ 2 ch 153 SLA 1984)

Sec. 42.40.920. Application of existing laws. (a) The corporation is not subject to the jurisdiction of the Alaska Transportation Commission.

(b) [Effective July 1, 1987] Unless specifically provided otherwise in this chapter, the following laws do not apply to the operations of the corporation:

sets up DOT
- (1) AS 19; - Highways & Ferries
- (2) AS 30.15; - Navigation, Harbors + Slupping - State grants for port facilities constr
- (3) AS 35; - Public Buildings, Works & Improvements
- (4) AS 36.30, except as specifically provided in that chapter; - Public Contract
- (5) AS 37.05; Public Finance : financial reports - uniform accounting
- (6) AS 37.07; - Exec. Budget Act
- (7) AS 37.10.010 — 37.10.060; Public Funds
- (8) AS 37.10.085; - Fin. Aid to Corporations by state or political subdiv.
- (9) AS 37.20; - Acceptance of federal funds.

(10) AS 37.25; - Misc provisions re appropriations
(11) AS 38; — Public Lands
(12) AS 44.62.010 — 44.62.320. (§ 2 ch 153 SLA 1984; am § 41 ch 106 SLA 1986) - Admin Procedures Act. - applies primarily to developing regulations

Effect of amendments. — The 1986 amendment, effective July 1, 1987, inserted paragraph (4) of subsection (b) and redesignated the following paragraphs accordingly.

Editor's notes. — Prior to July 1, 1987, subsection (b) read as follows: "(b) Unless specifically provided otherwise in this chapter, the following laws do not apply to the operations of the corporation:
"(1) AS 19;
"(2) AS 30.15;
"(3) AS 35;
"(4) AS 37.05;
"(5) AS 37.07;
"(6) AS 37.10.010 — 37.10.060;
"(7) AS 37.10.085;
"(8) AS 37.20;
"(9) AS 37.25;
"(10) AS 38;
"(11) AS 44.62.040 — 44.62.320."

Sec. 42.40.930. Conflicting laws inapplicable. If provisions of AS 42.40 conflict with the provisions of other state law, the provisions of AS 42.40 prevail. Provisions of AS 42.40 shall be construed so that they do not conflict with 45 U.S.C. 1201 — 1214 (Alaska Railroad Transfer Act of 1982). (§ 2 ch 153 SLA 1984)

Sec. 42.40.935. Railroad facilities code compliance. (a) Not later than two years after the date of transfer the corporation in consultation with the Department of Labor shall develop and adopt a plan to achieve compliance with AS 18.60. The plan shall be implemented and compliance achieved within five years after it is adopted.

(b) No later than two years after the date of transfer, the corporation in consultation with the Department of Public Safety and appropriate municipal officials, shall develop and adopt a plan to achieve compliance with building and related safety codes applicable to facilities of the corporation. The plan shall be implemented and compliance achieved within five years after it is adopted. In the sole determination of the commissioner of public safety, any existing building owned or controlled by the corporation that does not present a serious safety hazard and for which compliance would be uneconomical in consideration of its remaining useful life shall be exempted from compliance with state or municipal safety codes. (§ 2 ch 153 SLA 1984)

Sec. 42.40.940. Sale or lease of the railroad. (a) The governor may provide for the sale or lease of the Alaska Railroad and dissolve the corporation if

(1) it can be assured that the railroad will continue to operate after the sale or lease; and

(2) under the terms of the sale or lease, the state will receive the amount of money it has spent in connection with the Alaska Railroad.

(b) A sale under this section is subject to approval by law. (§ 2 ch 153 SLA 1984)

Sec. 42.40.950. **Reversion of assets.** Except as provided in AS 42.40.940, if the corporation ceases to exist its assets revert to the state. (§ 2 ch 153 SLA 1984)

Sec. 42.40.980. **Definitions.** In this chapter unless the context otherwise requires,

(1) "board" means the board of directors of the Alaska Railroad Corporation;

(2) "bonds" means bonds, bond anticipation notes, notes, refunding bonds, or other obligations;

(3) "collective bargaining" means the performance of the mutual obligation of the corporation or its designated representatives and the representatives of the employees to meet at reasonable times, including meetings in advance of the budget making process, and negotiating in good faith with respect to wages, hours, and other terms and conditions of employment, or the negotiation of an agreement, or negotiation of a question arising under an agreement and the execution of a written contract incorporating an agreement reached if requested by either party, but these obligations do not compel either party to agree to a proposal or require the making of a concession;

(4) "corporation" means the Alaska Railroad Corporation;

(5) "date of transfer" means the date on which the United States Secretary of Transportation delivers the transfer documents under 45 U.S.C. 1201 — 1214 (Alaska Railroad Transfer Act of 1982);

(6) "employees" means all persons employed by the corporation including executive officers;

(7) "executive officer" means the corporation's chief executive officer, assistant chief executive officer, assistant to the chief executive officer, chief of administration, superintendent of transportation, manager of marketing and sales, chief engineer, chief mechanical officer, manager of industrial development and real estate, manager of budget and accounting, manager of planning, manager of personnel, manager of supply and procurement, chief of security, manager of operating rules, manager of data processing, manager of strategy, manager of operations planning, manager of supply, manager of procurement, manager of safety, manager of administrative procedure, chief counsel, or, if so designated by the board, any employee who fulfills these management functions under a different title or who exercises a similar or comparable level of responsibility or supervision;

(8) "land" means any interest in real property, including tide and submerged land, and any right appurtenant to the interest;

STATE OF ALASKA
THE LEGISLATURE

COPY

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

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M February 2, 1988

SUBJECT: Solicitation of offers to purchase the Alaska Railroad (W.O. 5-1769)

TO: Representative Bette Cato
Chairperson
House Transportation Committee

FROM: George Utermohle
Legislative Counsel

Enclosed is the draft bill relating to solicitation of offers to purchase the Alaska Railroad requested by Wendy Chamberlain of your staff.

The bill establishes a schedule for the Governor to solicit offers for the purchase of the Alaska Railroad and then to report back to the legislature on the results of the solicitation. The bill achieves its purpose by imposing the duty upon the Governor under his authority under AS 42.40.940, rather than upon the Board of Directors of the Alaska Railroad under the provisions of AS 42.40.260(b).

The contents of the solicitation is left to the discretion of the Governor. The bill takes this approach rather than list all the things that must be included in the solicitation, because it would be difficult to anticipate all of the kinds of information that a prospective buyer may need in order to make a decision whether to pursue the issue further. Also a detailed listing of the contents of a solicitation for offers would require the assistance of experts familiar with privatization of government enterprises, and the sale of large corporations. In the absence of such expertise, the bill relies on the Governor to develop a meaningful solicitation for offers and gives the Governor ample time in which to develop and release the solicitation.

If I can provide further assistance, please advise.

Enclosure
GU:bb
wkb2/027

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 4-6-87 1:30p.m.

HOUSE COMMITTEE REPORT

(7)

Date referred: 4/3/87 **FURTHER REFERRALS:** Finance

DATE: April 6, 1987

The Transportation **Committee has considered** SSHB 221

"An Act suspending requirements for reports on arrangements and offers to sell the Alaska Railroad; and providing for an effective date."

RECOMMENDS:

[ ] **replace with** _____ [ ] **the same title**

[ ] **attached amendment(s)** [ ] **a new title**

[X] **do pass**

[ ] **do not pass**

[ ] **no recommendation**

[ ] **individual recommendations**

[ ] **additional referral to the** _____ **Committee**

ADOPTS: [ ] _____ **letter of intent**

ATTACHES NEW FISCAL NOTE(s):

[ ] **fiscal impact**

[X] **zero fiscal note**

[ ] **zero with analysis**

[ ] **same as previous fiscal note published** _____

[ ] **same as previous zero fiscal note published** _____

SIGNING DO PASS:

M.(W. Miller

Hermin Lonnie

Bette J. Cato

Bill Hudson

Ed Pearson

SIGNING OTHER RECOMMENDATIONS:

Bette Cato

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: April 6, 1987

SIGN-IN

Subject of meeting:

* HB 221: "An Act suspending requirements for reports on arrangements and offers to sell the Alaska Railroad; and providing for an effective date."

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?

* indicates first public hearing

HB

256

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

April 24, 1987

COMMITTEE CALENDAR:

HB 256: "An Act relating to driving motor vehicles in the vicinity of the James Dalton Highway; providing penalties for violations of motor vehicle laws; and providing for an effective date."

HCR 8: Relating to levels of service by the Alaska Marine Highway System.

FOR THIS MEETING YOU HAVE:

A folder on HB 256 that includes:
* a copy of HB 256
* a fiscal note from [redacted] DOT/PF
* a fiscal note and position paper from the Department of Public Safety
* a letter from the Governor
* a copy of the statutes impacted by HB 256

A folder on HCR 8 that includes:
* copy of HCR 8
* fiscal note from DOT/PF
* correspondences of support
* a report on the Alaska Marine Highway System commissioned by the Southeast Conference

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: 3-23-87

Bill Version: HB 256
Publish Date: HOUSE 4/8/87

Revision Date:
Title: Motor vehicles near Dalton Hwy

Agency Affected:
BRU:

Sponsor: Administration
Requestor: Governor's Office

Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This proposed legislation would not have a fiscal impact on the Department of Transportation and Public Facilities.

Prepared by: H. Glenzer Jr. (signed)
Division: Regional Director, Northern Region
Phone: 451-2210
Date: 3/26/87

Approved by Commissioner: Mark D. Hickey
Agency: Transportation & Public Facilities
Date: 3/27/87

Distribution (by preparer):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HB 256
REQUEST — Publish Date:
Revision Date: — Agency Affected: Public Safety
Title: An Act relating to driving in the vicinity of the James Dalton.. — BRU: Fish & Wildlife Protection
Sponsor: Rules Comm./Governor — Components:
Requestor: House Transportation

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING:: (Thousands of Dollars)

GENERAL FUNDS		0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL		0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact is anticipated.

JMR 4/24/87

Prepared by: K Niles. Kathy Niles, Administrative Ass't — Phone: 465-4336
Division: Commissioner's Office — Date: 4/22/87

Approved by Commissioner: [signature] — Date: 4/24/87
Agency: Public Safety

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

BILL NO: HB 256 DATE: 4/22/87

TITLE: "An Act relating to driving motor vehicles in the vicinity of the James Dalton Highway..."

CONTACT: James D. Vaden
Deputy Commissioner
465-4322

DEPARTMENT OF PUBLIC SAFETY

The bill establishes penalties for violating a provision in existing law which prohibits driving a vehicle within five miles of the James Dalton Highway (the North Slope haul road). Existing law, while prohibiting such conduct, does not specify a penalty for violation of the law. Because of this apparently inadvertent omission, there is no practical way to ensure compliance with the law.

HB 256 broadens the prohibition from "off-road vehicles" (a term that is not defined in AS 19) to all "motor vehicles" as defined under AS 28.40.100. It further clarifies, and slightly expands, the exceptions to the general prohibition.

This bill makes violation of the statute a "strict liability" offense. This means that the state need not prove that the offender intended to break the law, only that he voluntarily committed an act that did violate the law. Under the bill, the offense is classified as a "violation," punishable by a maximum fine of $300; no jail time may be imposed. If it can be proved that the offender acted with "criminal negligence," however -- that is, his conduct was a gross deviation from the standard of care that a reasonable person would observe in the situation (see AS 11.81.900(a)(4)) -- his conduct would constitute a class B misdemeanor offense, punishable by up to 90 days in jail, up to a $1,000 fine, or both.

This bill also amends AS 19.45.002 to explicitly provide that the penalties set out in that section apply not only to violations of the designated chapters of the statute, but to regulations adopted under those chapters. This clarification is needed to allow the state to regain the ability to enforce existing regulations regarding commercial vehicle width, height, and weight. Although these regulations have been in effect for many years, and have been enforced under the authority of AS 19.45.002 since at least 1972, the new "bail schedule" contained in the "Vehicle and Traffic Offenses" booklet issued by the Alaska Court System on January 1, 1987 states that 17 AAC 25.020 -- 17 AAC 25.060 and 17 AAC 25.100, regarding vehicle width, height, load, road closures and restrictions, etc., "are not enforceable because there is no penalty in the statutes (AS 19) for violation of the regulations." Vehicle Booklet at 27. The new bail schedule does not include a bail amount for violations of these regulations, effectively precluding enforcement of the existing regulations. The absence of any enforceable vehicle weight, height, or width limits, or road closure provisions, will have a devastating effect on highway safety and the protection of the roadway surfaces in Alaska; this problem should be addressed as quickly as possible.

The language of AS 19.45.002 is also updated by making a violation of the designated provisions a "class B misdemeanor" offense, a cross-reference to the

classification and penalty structures contained in Alaska's revised criminal code. The substance of the new subsec. (b) was taken from existing AS 28.40.050(e), and makes clear that, notwithstanding the general penalty provision, the penalty for a violation of a vehicle weight limit is a fine of five cents for each pound of weight over the authorized limit.

Passage of this bill would help to protect the state's roadway surfaces and the frozen terrain along the Dalton Highway.

The Department of Public Safety supports this legislation.

Arthur English
Commissioner

The bill also amends AS 19.45.002 to explicitly provide that the penalties set out in that section apply not only to violations of the designated chapters of the statute, but to regulations adopted under those chapters. This clarification is needed to allow the state to regain the ability to enforce existing regulations regarding commercial vehicle width, height, and weight. Although these regulations have been in effect for many years, and have been enforced under the authority of AS 19.45.002 since at least 1972, the new "bail schedule" contained in the "Vehicle and Traffic Offenses" booklet issued by the Alaska Court System on January 1, 1987 states that 17 AAC 25.020 -- 17 AAC 25.060 and 17 AAC 25.100, regarding vehicle width, height, load, road closures and restrictions, etc., "are not enforceable because there is no penalty in the statutes (AS 19) for violation of the regulations." Vehicle Booklet at 27. The new bail schedule does not include a bail amount for violations of these regulations, effectively precluding enforcement of the existing regulations. The absence of any enforceable vehicle weight, height, or width limits, or road closure provisions, will have a devastating effect on highway safety and the protection of the roadway surfaces in Alaska; this problem should be addressed as quickly as possible.

The language of AS 19.45.002 is also updated by making a violation of the designated provisions a "class B misdemeanor" offense, a cross-reference to the classification and penalty structures contained in Alaska's revised criminal code. The substance of new subsec. (b) was taken from existing AS 28.40.050(e), and makes clear that, notwithstanding the general penalty provision, the penalty for a violation of a vehicle weight limit is a fine of five cents for each pound of weight over the authorized limit.

To protect the state's roadway surfaces, the people who travel on them, and the fragile terrain along the Dalton Highway, I urge your prompt and favorable action on this measure.

Sincerely,

Steve Cowper
Governor

§ 17.30.900

which defined

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Alaska Statutes

Title 19. Highways and Ferries.

Chapter

05. Administration (§§ 19.05.020, 19.05.040, 19.05.046, 19.05.080)
10. State Highway System (§§ 19.10.060, 19.10.070, 19.10.072, 19.10.160 — 19.10.210)
20. Cooperation by and with the State (§ 19.20.015)
25. Protection and Use of State Highways and Roads (§§ 19.25.020, 19.25.040, 19.25.200)
30. Access Roads (§§ 19.30.070, 19.30.080, 19.30.127, 19.30.131, 19.30.141, 19.30.161, 19.30.241, 19.30.260 — 19.30.320)
40. James Dalton Highway (§§ 19.40.020, 19.40.100, 19.40.200, 19.40.210)
45. Miscellaneous Provisions (§ 19.45.001)
60. Ferry Terminal Facilities (§ 19.60.010, 19.60.070)
65. Alaska Marine Highway System (§ 19.65.010)

Chapter 05. Administration.

Article

1. Department of Transportation and Public Facilities (§§ 19.05.020, 19.05.040, 19.05.046)
2. Acquisition of Property (§ 19.05.080)

Article 1. Department of Transportation and Public Facilities.

Section

20. Regulations
40. Powers of department
46. Accounting and disposition of receipts from nonstate entities

Sec. 19.05.020. Regulations [Effective July 1, 1987]. The department shall adopt regulations necessary to carry out the purpose of AS 19.05 — AS 19.25. The regulations may not conflict with AS 36.30 (State Procurement Code) or regulations adopted by the Department of Administration to implement that chapter. (§ 1 art III title I ch 152 SLA 1957; am § 10 ch 106 SLA 1986)

Effect of amendments. — The 1986 amendment, effective July 1, 1987, added the second sentence.

Sec. 19.40.200. Disposal of land or materials. (a) The state may not dispose of state land under AS 38 which is within five miles of the right-of-way of the highway.

(b) The prohibition on disposal of state land under (a) of this section does not apply to a disposal necessary for

(1) an oil and gas lease under AS 38.05.180;

(2) exploration, development, production, or transportation of oil and gas north of 68 degrees north latitude; or

(3) a state lease or materials sale for exploration, development, production, or transportation of oil and gas or reconstruction or maintenance of the highway north of 68 degrees north latitude.

(c) Before the sale of materials under (b)(3) of this section to a private entity or person or to a state agency the state shall give due consideration to the availability of materials from private sources in the area where the materials are needed. (§ 5 ch 177 SLA 1980; am § 1 ch 77 SLA 1985)

Revisor's notes. — By judgment dated March 19, 1981, in Alaska Legislative Council v. Hammond, case no. 4FA-80-1689, the superior court for the fourth judicial district upheld the validity of the enactment of ch. 177, SLA 1980. The attorney general's opinion cited in the legislative history note to this section in the main pamphlet should be disregarded.

Effect of amendments. — The 1985 amendment added subsections (b) and (c).

Editor's notes. — Section 3, ch. 77, SLA 1985 made the 1985 amendments to this section retroactive to October 5, 1980.

Legislative history reports. — For Senate letter of intent relating to (b)(3) of this section, see 1985 Senate Journal, page 264, which refers to identical language in an earlier version of the bill.

Sec. 19.40.210. Prohibition of off-road vehicles. Off-road vehicles are prohibited on land within five miles of the right-of-way of the highway. However, this prohibition does not apply to off-road vehicles necessary for oil and gas exploration, development, production, or transportation or to a person who holds a mining claim in the vicinity of the highway and who must use land within five miles of the right-of-way of the highway to gain access to the mining claim. (§ 5 ch 177 SLA 1980; am § 2 ch 77 SLA 1985)

Effect of amendments. — The 1985 amendment, in the second sentence inserted "to off-road vehicles necessary for oil and gas exploration, development, production, or transportation or" and substituted "the" for "his" following "access to."

Editor's notes. — Section 3, ch. 77, SLA 1985 made the 1985 amendments to this section retroactive to October 5, 1980.

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02-576(2/77)

STEVE COWPER
GOVERNOR

SHB256

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 7, 1987

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that cures some serious technical problems with the penalty provisions in AS 19 (highway laws).

The bill establishes penalties for violating a provision in existing law which prohibits driving a vehicle within five miles of the James Dalton Highway (the North Slope haul road). Existing law, while prohibiting such conduct, does not specify a penalty for violation of the law. Because of this apparently inadvertent omission, there is no practical way to ensure compliance with the law.

The passage of motorized vehicles over the fragile terrain that surrounds the Dalton Highway can cause significant and long-term environmental damage. Recognizing this problem, this bill broadens the prohibition from "off-road vehicles" (a term that is not defined in AS 19) to all "motor vehicles" as defined under AS 28.40.100. The bill also clarifies, and slightly expands, the exceptions to the general prohibition.

Because it may be difficult at times to prove a person's intent to violate this law, the attached bill makes violation of the statute a "strict liability" offense. This means that the state need not prove that the offender intended to break the law, only that he voluntarily committed an act that did violate the law. Under the bill, the offense is classified as a "violation," punishable by a maximum fine of $300; no jail time may be imposed. If it can be proved that the offender acted with "criminal negligence," however -- that is, his conduct was a gross deviation from the standard of care that a reasonable person would observe in the situation (see AS 11.81.900(a)(4)) -- his conduct would constitute a class B misdemeanor offense, punishable by up to 90 days in jail, up to a $1,000 fine, or both.

The bill also amends AS 19.45.002 to explicitly provide that the penalties set out in that section apply not only to violations of the designated chapters of the statute, but to regulations adopted under those chapters. This clarification is needed to allow the state to regain the ability to enforce existing regulations regarding commercial vehicle width, height, and weight. Although these regulations have been in effect for many years, and have been enforced under the authority of AS 19.45.002 since at least 1972, the new "bail schedule" contained in the "Vehicle and Traffic Offenses" booklet issued by the Alaska Court System on January 1, 1987 states that 17 AAC 25.020 -- 17 AAC 25.060 and 17 AAC 25.100, regarding vehicle width, height, load, road closures and restrictions, etc., "are not enforceable because there is no penalty in the statutes (AS 19) for violation of the regulations." Vehicle Booklet at 27. The new bail schedule does not include a bail amount for violations of these regulations, effectively precluding enforcement of the existing regulations. The absence of any enforceable vehicle weight, height, or width limits, or road closure provisions, will have a devastating effect on highway safety and the protection of the roadway surfaces in Alaska; this problem should be addressed as quickly as possible.

The language of AS 19.45.002 is also updated by making a violation of the designated provisions a "class B misdemeanor" offense, a cross-reference to the classification and penalty structures contained in Alaska's revised criminal code. The substance of new subsec. (b) was taken from existing AS 28.40.050(e), and makes clear that, notwithstanding the general penalty provision, the penalty for a violation of a vehicle weight limit is a fine of five cents for each pound of weight over the authorized limit.

To protect the state's roadway surfaces, the people who travel on them, and the fragile terrain along the Dalton Highway, I urge your prompt and favorable action on this measure.

Sincerely,

Steve Cowper
Governor

§ 17.30.900

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Title 19. Highways and Ferries.

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20. Cooperation by and with the State (§ 19.20.015)
25. Protection and Use of State Highways and Roads (§§ 19.25.020, 19.25.040, 19.25.200)
30. Access Roads (§§ 19.30.070, 19.30.080, 19.30.127, 19.30.131, 19.30.141, 19.30.161, 19.30.241, 19.30.260 — 19.30.320)
40. James Dalton Highway (§§ 19.40.020, 19.40.100, 19.40.200, 19.40.210)
45. Miscellaneous Provisions (§ 19.45.001)
60. Ferry Terminal Facilities (§ 19.60.010, 19.60.070)
65. Alaska Marine Highway System (§ 19.65.010)

Chapter 05. Administration.

Article

1. Department of Transportation and Public Facilities (§§ 19.05.020, 19.05.040, 19.05.046)
2. Acquisition of Property (§ 19.05.080)

Article 1. Department of Transportation and Public Facilities.

Section

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Sec. 19.05.020. Regulations [Effective July 1, 1987]. The department shall adopt regulations necessary to carry out the purpose of AS 19.05 — AS 19.25. The regulations may not conflict with AS 36.30 (State Procurement Code) or regulations adopted by the Department of Administration to implement that chapter. (§ 1 art III title I ch 152 SLA 1957; am § 10 ch 106 SLA 1986)

Effect of amendments. — The 1986 amendment, effective July 1, 1987, added the second sentence.

Sec. 19.40.200. Disposal of land or materials. (a) The state may not dispose of state land under AS 38 which is within five miles of the right-of-way of the highway.

(b) The prohibition on disposal of state land under (a) of this section does not apply to a disposal necessary for

(1) an oil and gas lease under AS 38.05.180;

(2) exploration, development, production, or transportation of oil and gas north of 68 degrees north latitude; or

(3) a state lease or materials sale for exploration, development, production, or transportation of oil and gas or reconstruction or maintenance of the highway north of 68 degrees north latitude.

(c) Before the sale of materials under (b)(3) of this section to a private entity or person or to a state agency the state shall give due consideration to the availability of materials from private sources in the area where the materials are needed. (§ 5 ch 177 SLA 1980; am § 1 ch 77 SLA 1985)

Revisor's notes. — By judgment dated March 19, 1981, in Alaska Legislative Council v. Hammond, case no. 4FA-80-1689, the superior court for the fourth judicial district upheld the validity of the enactment of ch. 177, SLA 1980. The attorney general's opinion cited in the legislative history note to this section in the main pamphlet should be disregarded.

Effect of amendments. — The 1985 amendment added subsections (b) and (c).

Editor's notes. — Section 3, ch. 77, SLA 1985 made the 1985 amendments to this section retroactive to October 5, 1980.

Legislative history reports. — For Senate letter of intent relating to (b)(3) of this section, see 1985 Senate Journal, page 264, which refers to identical language in an earlier version of the bill.

Sec. 19.40.210. Prohibition of off-road vehicles. Off-road vehicles are prohibited on land within five miles of the right-of-way of the highway. However, this prohibition does not apply to off-road vehicles necessary for oil and gas exploration, development, production, or transportation or to a person who holds a mining claim in the vicinity of the highway and who must use land within five miles of the right-of-way of the highway to gain access to the mining claim. (§ 5 ch 177 SLA 1980; am § 2 ch 77 SLA 1985)

Effect of amendments. — The 1985 amendment, in the second sentence inserted "to off-road vehicles necessary for oil and gas exploration, development, production, or transportation or" and substituted "the" for "his" following "access to."

Editor's notes. — Section 3, ch. 77, SLA 1985 made the 1985 amendments to this section retroactive to October 5, 1980.

Alaska Statutes

Title 28. Motor Vehicles.

Chapter

05. Administration (§§ 28.05.021, 28.05.091, 28.05.141)
10. Vehicle Registration and Title (§§ 28.10.011, 28.10.021, 28.10.041, 28.10.051, 28.10.101, 28.10.105, 28.10.107, 28.10.108, 28.10.111, 28.10.181, 28.10.321, 28.10.411, 28.10.421, 28.10.423, 28.10.431, 28.10.502)
15. Drivers' Licenses (§§ 28.15.041, 28.15.046, 28.15.051, 28.15.071, 28.15.171, 28.15.221, 28.15.231, 28.15.271)
17. Commercial Driver Training Schools (§ 28.17.051)
20. Motor Vehicle Safety Responsibility Act (§ 28.20.440)
22. Motor Vehicle Liability Insurance (§§ 28.22.010, 28.22.100, 28.22.200, 28.22.600)
32. Commercial Motor Vehicle Safety Inspections (§§ 28.32.010 — 28.32.900)
33. Commercial Motor Vehicle Financial Responsibility (§ 28.33.010)
35. Miscellaneous Provisions (§§ 28.35.031, 28.35.032, 28.35.045, 28.35.145, 28.35.251, 28.35.253, 28.35.255)
37. Driver License Compact (§§ 28.37.010 — 28.37.190)
40. General Provisions (§ 28.40.100)

Chapter 05. Administration.

Article

1. Powers and Duties of Department of Public Safety (§ 28.05.021)
2. Vehicle Equipment Standards (§ 28.05.091)
3. Subpoenas, Notices and Hearings (§ 28.05.141)

Article 1. Powers and Duties of Department of Public Safety.

Section

21. Commissioner to enter compacts and reciprocal agreements

Sec. 28.05.021. Commissioner to enter compacts and reciprocal agreements. (a) The commissioner may, under terms and conditions best calculated to promote the interests of the state, enter into a compact or agreement with an authorized representative of another jurisdiction in a matter relating to driver licensing, vehicle registration, or other activity authorized under this title. A compact or agree-

Sec. 28.40.100. Definitions for title. (a) Unless otherwise specifically defined or unless the context otherwise requires, in this title and in regulations adopted under this title

(1) "cancel" means the annulment or termination by formal action of the department of a certification, registration, license, permit or privilege issued or allowed under this title or regulations adopted under this title, because of an error or defect in the document issued or the application for issuance or because the person holding the document is no longer entitled to it;

(2) "commissioner" means the commissioner of public safety;

(3) "department" means the Department of Public Safety;

(4) "driver" means a person who drives or is in actual physical control of a vehicle;

(5) "driver's license", or "license" when used in relation to driver licensing, means a license, permit or privilege, whether or not a person holds a valid license issued in this or another jurisdiction, to drive a motor vehicle under the laws of this state;

(6) "highway" means the entire width between the boundary lines of every way that is publicly maintained when a part of it is open to the public for purposes of vehicular travel, including but not limited to every street and the Alaska state marine highway system but not vehicular ways or areas;

(7) "motor vehicle" means a vehicle which is self-propelled except a vehicle moved human or animal power;

(8) "motorcycle means a vehicle having a seat or saddle for the use of the rider and designed to travel on not more than three wheels in contact with the ground; the term does not include a tractor;

(9) "motor-driven cycle" means a motorcycle, motor scooter, motorized bicycle, or similar conveyance with a motor attached and having an engine with 50 or less cubic centimeters of displacement;

(10) *[Repealed, § 88 ch 74 SLA 1985, effective January 1, 1986.]*

(11) "official traffic-control device" means a sign, signal, marking, or other device not inconsistent with this title, placed or erected by authority of a state or municipal agency or official having jurisdiction, for the purpose of traffic regulating, warning and guiding;

(12) "owner" means a person, other than a lienholder, having the property in or title to a vehicle, including but not limited to a person entitled to the use and possession of a vehicle subject to a security interest in another person, but exclusive of a lessee under a lease not intended as security;

(13) "revoke" means the termination by formal action of the department or a court of a certification, registration, license, permit or privilege issued or allowed under this title or regulations adopted under this title; the certification, registration, license, permit or privilege may not be reissued, renewed or restored during the time for which revoked; however, after that time, an application for a new certificate, registration, license, permit or privilege may be made;

(14) "roadway" means that portion of a highway designed or ordinarily used for vehicular travel, exclusive of the sidewalk, berm, or shoulder, even though the sidewalk, berm, or shoulder is used by persons riding bicycles or other human powered vehicles; and in the event that a highway includes two or more separate roadways, the term refers to each roadway separately but not to all such roadways collectively;

(15) "suspend" means the temporary withdrawal by formal action of the department or a court of a certificate, registration, license, permit or privilege issued or allowed under this title or regulations adopted under this title, effective for a period of time which must be specifically designated by the department or court;

(16) "traffic" means pedestrians, ridden or herded animals, vehicles and other conveyances either singly or together while using a highway or vehicular way or area which is open to public use for purposes of travel;

(17) "underinsured motor vehicle" means a motor vehicle licensed for highway use with respect to ownership, operation, maintenance, or use for which there is a bodily injury or property damage insurance policy or a bond applicable at the time of an accident and the amount of insurance or bond

(A) is less than the limit for uninsured and underinsured coverage of the insured's policy; or

(B) has been reduced by payments to persons other than an insured, injured in an accident, to less than the limit for uninsured and underinsured coverage of the insured's policy;

(18) "vehicle" means a device in, upon, or by which a person or property may be transported or drawn upon or immediately over a highway or vehicular way or area except devices used exclusively upon stationary rails or tracks; and

(19) "vehicular way or area" means a way, path or area, other than a highway or private property, which is designated by official traffic control devices or customary usage and which is open to the public for purposes of pedestrian or vehicular travel, and which way or area may be restricted in use to pedestrians, bicycles, or other specific types of vehicles as determined by the department or other agency having jurisdiction over the way, path or area.

(b) The commissioner shall adopt regulations to define other terms which are used in this title and in regulations adopted under this title. (§ 50-1-1 ACLA 1949; am § 3 ch 81 SLA 1973; am §§ 13, 14 ch 241 SLA 1976; am § 1 ch 135 SLA 1977; am § 14 ch 70 SLA 1984; am § 1 ch 13 SLA 1985; am § 88 ch 74 SLA 1985)

Alaska Statutes

Title 11. Criminal Law.

Chapter

41. Offenses Against the Person (§§ 11.41.443, 11.41.445)
46. Offenses Against Property (§§ 11.46.200, 11.46.480, 11.46.484, 11.46.630, 11.46.740, 11.46.985, 11.46.990)
51. Offenses Against the Family (§§ 11.51.125, 11.51.130)
56. Offenses Against Public Administration (§§ 11.56.340, 11.56.350, 11.56.805, 11.56.810, 11.56.815, 11.56.820)
61. Offenses Against Public Order (§ 11.61.125)
71. Controlled Substances (§§ 11.71.030 — 11.71.070, 11.71.120, 11.71.305, 11.71.900)
81. General Provisions (§§ 11.81.250, 11.81.410, 11.81.900)

Chapter 16. Parties to Crime.

Sec. 11.16.100. Legal accountability based upon conduct.

NOTES TO DECISIONS

Cited in Dailey v. State, Ct. App. Op. No. 329 (File No. 7128), 675 P.2d 657 (1984).

Sec. 11.16.110. Legal accountability based upon the conduct of another: Complicity.

NOTES TO DECISIONS

Cited in Dailey v. State, Ct. App. Op. No. 329 (File No. 7128), 675 P.2d 657 (1984).

Sec. 11.16.120. Exemptions to legal accountability for conduct of another.

NOTES TO DECISIONS

Quoted in Kott v. State, Sup. Ct. Op. No. 2774 (File No. 5570), 678 P.2d 386 (1984).

Sec. 11.81.620. Effect of ignorance or mistake upon liability.

NOTES TO DECISIONS

Quoted in Afcan v. State, Ct. App. Op. No. 572 (File No. A-703), 711 P.2d 1198 (1986).

Cited in Gerlach v. State, Ct. App. Op. No. 468 (File No. A-501), 699 P.2d 358 (1985).

Sec. 11.81.630. Intoxication as a defense.

NOTES TO DECISIONS

Excluding lay testimony on alcoholic blackouts. — The trial court did not err in rejecting lay testimony which defendant offered to establish the existence of alcoholic blackouts. Staael v. State, Ct. App. Op. No. 454 (File No. A-78), 697 P.2d 1050 (1985).

Applied in Fox v. State, Ct. App. Op. No. 394 (File No. 7483), 685 P.2d 1267 (1984); Abruska v. State, Ct. App. Op. No. 502 (File No. 7672), 705 P.2d 1261 (1985).

Cited in Baden v. State, Ct. App. Op. No. 285 (File No. 6832), 667 P.2d 1275 (1983).

Article 6. Definitions.

Section
900. Definitions

Sec. 11.81.900. Definitions.

(a) For purposes of this title, unless the context requires otherwise,

(1) a person acts "intentionally" with respect to a result described by a provision of law defining an offense when the person's conscious objective is to cause that result; when intentionally causing a particular result is an element of an offense, that intent need not be the person's only objective;

(2) a person acts "knowingly" with respect to conduct or to a circumstance described by a provision of law defining an offense when the person is aware that the conduct is of that nature or that the circumstance exists; when knowledge of the existence of a particular fact is an element of an offense, that knowledge is established if a person is aware of a substantial probability of its existence, unless the person actually believes it does not exist; a person who is unaware of conduct or a circumstance of which the person would have been aware had that person not been intoxicated acts knowingly with respect to that conduct or circumstance;

(3) a person acts "recklessly" with respect to a result or to a circumstance described by a provision of law defining an offense when the person is aware of and consciously disregards a substantial and unjustifiable risk that the result will occur or that the circumstance exists; the risk must be of such a nature and degree that disregard of it constitutes a gross deviation from the standard of conduct that a reasonable person would observe in the situation; a person who is

unaware of a risk of which the person would have been aware had that person not been intoxicated acts recklessly with respect to that risk;

(4) a person acts with "criminal negligence" with respect to a result or to a circumstance described by a provision of law defining an offense when the person fails to perceive a substantial and unjustifiable risk that the result will occur or that the circumstance exists; the risk must be of such a nature and degree that the failure to perceive it constitutes a gross deviation from the standard of care that a reasonable person would observe in the situation.

(b) In this title, unless otherwise specified or unless the context requires otherwise,

(1) "affirmative defense" means that

(A) some evidence must be admitted which places in issue the defense; and

(B) the defendant has the burden of establishing the defense by a preponderance of the evidence;

(2) "benefit" means a present or future gain or advantage to the beneficiary or to a third person pursuant to the desire or consent of the beneficiary;

(3) "building", in addition to its usual meaning, includes any propelled vehicle or structure adapted for overnight accommodation of persons or for carrying on business; when a building consists of separate units, including apartment units, offices, or rented rooms, each unit is considered a separate building;

(4) "cannabis" has the meaning ascribed to it in AS 11.71.900(10), (11), and (14);

(5) "conduct" means an act or omission and its accompanying mental state;

(6) "controlled substance" has the meaning ascribed to it in AS 11.71.900(4);

(7) "correctional facility" means premises, or a portion of premises, used for the confinement of persons under official detention;

(8) "credit card" means any instrument or device, whether known as a credit card, credit plate, courtesy card, or identification card or by any other name, issued with or without fee by an issuer for the use of the cardholder in obtaining property or services on credit;

(9) "crime" means an offense for which a sentence of imprisonment is authorized; a crime is either a felony or a misdemeanor;

(10) "culpable mental state" means "intentionally", "knowingly", "recklessly", or with "criminal negligence", as those terms are defined in (a) of this section;

(11) "dangerous instrument" means any deadly weapon or anything which, under the circumstances in which it is used, attempted to be used, or threatened to be used, is capable of causing death or serious physical injury;

(12) "deadly force" means force which the person uses with the intent of causing, or uses under circumstances which he knows create a substantial risk of causing, death or serious physical injury; "deadly force" includes intentionally discharging or pointing a firearm in the direction of another person or in the direction in which another person is believed to be and intentionally placing another person in fear of imminent serious physical injury by means of a dangerous instrument;

(13) "deadly weapon" means any firearm, or anything designed for and capable of causing death or serious physical injury, including a knife, an axe, a club, metal knuckles, or an explosive;

(14) "deception" means to knowingly

(A) create or confirm another's false impression which the defendant does not believe to be true, including false impressions as to law or value and false impressions as to intention or other state of mind;

(B) fail to correct another's false impression which the defendant previously has created or confirmed;

(C) prevent another from acquiring information pertinent to the disposition of the property or service involved;

(D) sell or otherwise transfer or encumber property and fail to disclose a lien, adverse claim, or other legal impediment to the enjoyment of the property, whether or not that impediment is a matter of official record; or

(E) promise performance which the defendant does not intend to perform or knows will not be performed;

(15) "defense", other than an affirmative defense, means that

(A) some evidence must be admitted which places in issue the defense; and

(B) the state then has the burden of disproving the existence of the defense beyond a reasonable doubt;

(16) "drug" has the meaning ascribed to it in AS 11.71.900(9);

(17) "dwelling" means a building that is designed for use or is used as a person's permanent or temporary home or place of lodging;

(18) "explosive" means a chemical compound, mixture, or device that is commonly used or intended for the purpose of producing a chemical reaction resulting in a substantially instantaneous release of gas and heat, including dynamite, blasting powder, nitroglycerin, blasting caps, and nitrojelly, but excluding salable fireworks as defined in AS 18.72.050, black powder, smokeless powder, small arms ammunition, and small arms ammunition primers;

(19) "felony" means a crime for which a sentence of imprisonment for a term of more than one year is authorized;

(20) "fiduciary" means a trustee, guardian, executor, administrator, receiver, or any other person carrying on functions of trust on behalf of another person or organization;

(21) "firearm" means a weapon, including a pistol, revolver, rifle, or shotgun, whether loaded or unloaded, operable or inoperable, designed for discharging a shot capable of causing death or serious physical injury;

(22) "force" means any bodily impact, restraint, or confinement or the threat of imminent bodily impact, restraint, or confinement, "force" includes deadly and nondeadly force;

(23) "government" means the United States, any state or any municipality or other political subdivision within the United States or its territories; any department, agency, or subdivision of any of the foregoing; an agency carrying out the functions of government; or any corporation or agency formed under interstate compact or international treaty;

(24) "highway" means a public road, road right-of-way, street, alley, bridge, walk, trail, tunnel, path, or similar or related facility, as well as ferries and similar or related facilities;

(25) "includes" means "includes but is not limited to";

(26) "incompetent person" means a person who is impaired by reason of mental illness or mental deficiency to the extent that the person lacks sufficient understanding or capacity to make or communicate responsible decisions concerning that person;

(27) "intoxicated" means intoxicated from the use of a drug or alcohol;

(28) "law" includes statutes and regulations;

(29) "leased" includes "rented";

(30) "metal knuckles" means a device that consists of finger rings or guards made of a hard substance and designed, made, or adapted for inflicting serious physical injury or death by striking a person;

(31) "misdemeanor" means a crime for which a sentence of imprisonment for a term of more than one year may not be imposed;

(32) "nondeadly force" means force other than deadly force;

(33) "offense" means conduct for which a sentence of imprisonment or fine is authorized; an offense is either a crime or a violation;

(34) "official detention" means custody, arrest, surrender in lieu of arrest, or confinement under an order of a court in a criminal or juvenile proceeding, other than an order of conditional bail release;

(35) "official proceeding" means a proceeding heard before a legislative, judicial, administrative, or other governmental body or official authorized to hear evidence under oath;

(36) "omission" means a failure to perform an act for which a duty of performance is imposed by law;

(37) "organization" means a legal entity, including a corporation, company, association, firm, partnership, joint stock company, foundation, institution, government, society, union, club, church, or any other group of persons organized for any purpose;

(38) "peace officer" means a public servant vested by law with a duty to maintain public order or to make arrests, whether the duty extends to all offenses or is limited to a specific class of offenses or offenders;

(39) "person" means a natural person and, when appropriate, an organization, government, or governmental instrumentality;

(40) "physical injury" means a physical pain or an impairment of physical condition;

(41) "police dog" means a dog used in police work under the control of a peace officer;

(42) "possess" means having physical possession or the exercise of dominion or control over property;

(43) "premises" means real property and any building;

(44) "propelled vehicle" means a device upon which or by which a person or property is or may be transported, and which is self-propelled, including automobiles, vessels, airplanes, motorcycles, snow machines, all-terrain vehicles, sailboats, and construction equipment;

(45) "property" means an article, substance, or thing of value, including money, tangible and intangible personal property including data or information stored in a computer program, system, or network, real property, a credit card, a domestic pet or livestock regardless of value, choses-in-action, and evidence of debt or of contract; a commodity of a public utility such as gas, electricity, steam, or water constitutes property but the supplying of such a commodity to premises from an outside source by means of wires, pipes, conduits, or other equipment is considered a rendition of a service rather than a sale or delivery of property;

(46) "public place" means a place to which the public or a substantial group of persons has access and includes highways, transportation facilities, schools, places of amusement or business, parks, playgrounds, prisons, and hallways, lobbies, and other portions of apartment houses and hotels not constituting rooms or apartments designed for actual residence;

(47) "public record" means a document, paper, book, letter, drawing, map, plat, photo, photographic file, motion picture, film, microfilm, microphotograph, exhibit, magnetic or paper tape, punched card or other document of any other material, regardless of physical form or characteristic, developed or received under law or in connection with the transaction of official business and preserved or appropriate for preservation by any agency, municipality, or any body subject to the open meeting provision of AS 44.62.310, as evidence of the organization, function, policies, decisions, procedures, operations, or other activities of the state or municipality or because of the informational value in it; it also includes staff manuals and instructions to staff that affect the public;

(48) "public servant" means each of the following, whether compensated or not, but does not include jurors or witnesses:

(A) an officer or employee of the state, a municipality or other political subdivision of the state, or a governmental instrumentality of the state, including legislators, members of the judiciary, and peace officers;

(B) a person who participates as an advisor, consultant, or assistant at the request or direction of the state, a municipality or other political subdivision of the state, or a governmental instrumentality;

(C) a person who serves as a member of the board or commission created by statute or by legislative, judicial, or administrative action by the state, a municipality or other political subdivision of the state, or a governmental instrumentality;

(D) a person nominated, elected, appointed, employed, or designated to act in a capacity defined in (A) — (C) of this paragraph, but who does not occupy the position;

(49) a "renunciation" is not "voluntary and complete" if it is substantially motivated, in whole or in part, by

(A) a belief that circumstances exist which increase the probability of detection or apprehension of the defendant or another participant in the criminal enterprise, or which render more difficult the accomplishment of the criminal purpose; or

(B) a decision to postpone the criminal conduct until another time or to transfer the criminal effort to another victim or another but similar objective;

(50) "serious physical injury" means

(A) physical injury caused by an act performed under circumstances that create a substantial risk of death; or

(B) physical injury that causes serious and protracted disfigurement, protracted impairment of health, protracted loss or impairment of the function of a body member or organ, or that unlawfully terminates a pregnancy;

(51) "services" includes labor, professional services, transportation, telephone or other communications service, entertainment, including cable, subscription, or pay television or other telecommunications service, the supplying of food, lodging, or other accommodations in hotels, restaurants, or elsewhere, admission to exhibitions, the use of a computer, computer time, a computer system, a computer program, a computer network, or any part of a computer system or network, and the supplying of equipment for use;

(52) "sexual contact" means

(A) the defendant's

(i) knowingly touching, directly or through clothing, the victim's genitals, anus, or female breast; or

(ii) knowingly causing the victim to touch, directly or through clothing, the defendant's or victim's genitals, anus, or female breast;

(B) but "sexual contact" does not include acts

(i) that may reasonably be construed to be normal caretaker responsibilities for a child, interactions with a child, or affection for a child; or

(ii) performed for the purpose of administering a recognized and lawful form of treatment that is reasonably adapted to promoting the physical or mental health of the person being treated;

(53) "sexual penetration" means

(A) genital intercourse, cunnilingus, fellatio, anal intercourse, or an intrusion, however slight, of an object or any part of a person's body into the genital or anal opening of another person's body;

(B) but "sexual penetration" does not include acts performed for the purpose of administering a recognized and lawful form of treatment that is reasonably adapted to promoting the physical health of the person being treated;

(C) each party to any of the acts defined as "sexual penetration" is considered to be engaged in sexual penetration;

(54) "solicits" includes "commands";

(55) "threat" means a menace, however communicated, to engage in conduct described in AS 11.41.520(a)(1) — (7) but under AS 11.41.520(a)(1) includes all threats to inflict physical injury on anyone;

(56) "violation" is a noncriminal offense punishable only by a fine, but not by imprisonment or other penalty; conviction of a violation does not give rise to any disability or legal disadvantage based on conviction of a crime; a person charged with a violation is not entitled

(A) to a trial by jury; or

(B) to have a public defender or other counsel appointed at public expense to represent the person;

(57) "voluntary act" means a bodily movement performed consciously as a result of effort and determination, and includes the possession of property if the defendant was aware of the physical possession or control for a sufficient period to have been able to terminate it. (§ 10 ch 166 SLA 1978; am §§ 29 — 32 ch 102 SLA 1980; am §§ 12 — 14 ch 45 SLA 1982; am §§ 12 — 15 ch 143 SLA 1982; am § 2 ch 54 SLA 1983); am § 5 ch 79 SLA 1984; am § 3 ch 114; am §§ 1, 2 ch 116 SLA 1984)

Effect of amendments. — The first 1984 amendment inserted "the use of a computer, computer time, a computer system, a computer program, a computer network, or any part of a computer system or network" in paragraph (51) of subsection (b).

The second 1984 amendment inserted "including cable, subscription, or pay television or other telecommunications service" in paragraph (51) of subsection (b).

The third 1984 amendment, in paragraph (52) of subsection (b), inserted present subparagraph (A), added presented subparagraph (B), and, in subparagraph (A), divided the formerly undivided

Alaska Statutes

Title 12. Code of Criminal Procedure.

Chapter

05. Jurisdiction (§ 12.05.010)
10. Limitations of Actions (§§ 12.10.010 — 12.10.040)
20. Bars to Actions (§§ 12.20.010 — 12.20.060)
25. Arrest (§§ 12.25.010 — 12.25.230)
30. Bail (§§ 12.30.010 — 12.30.080)
35. Search and Seizure (§§ 12.35.010 — 12.35.120)
36. Disposition of Recovered or Seized Property (§§ 12.36.010 — 12.36.090)
40. Grand Jury (§§ 12.40.010 — 12.40.100)
45. Trial (§§ 12.45.010 — 12.45.160)
47. Insanity and Competency to Stand Trial (§§ 12.47.010 — 12.47.130)
50. Witnesses (§§ 12.50.010 — 12.50.101)
55. Sentencing and Probation (§§ 12.55.005 — 12.55.185)
60. Prevention of Crimes (§§ 12.60.020 — 12.60.240)
61. Rights of Victims (§§ 12.61.010 — 12.61.020)
62. Criminal Justice Information Systems Security and Privacy (§§ 12.62.010 — 12.62.070)
65. Coroner's Inquest (§§ 12.65.010 — 12.65.110)
70. Uniform Criminal Extradition Act (§§ 12.70.010 — 12.70.290)
75. Habeas Corpus (§§ 12.75.010 — 12.75.230)
80. Miscellaneous Provisions (§§ 12.80.010 — 12.80.050)
85. General Provisions (§§ 12.85.010 — 12.85.020)

Revisor's notes. — The provisions of this title were redrafted in 1984 to remove personal pronouns pursuant to § 4, ch. 58, SLA 1982 and to make other, minor word changes.

For a review of the sources of some of Alaska law, see Brown, *The Sources of the Alaska and Oregon Codes* (pts. 1 and 2), 2 UCLA — Alaska L. Rev. 15, 87 (1972-1973).

Chapter 05. Jurisdiction.

Section

10. Crime commenced outside state but consummated inside

within paragraphs (4), (5) or (6) of subsection (g) the court may not impose a concurrent sentence. However, if the defendant's conduct falls within paragraphs (1), (2) or (3) of subsection (g) the court is authorized to impose concurrent sentences. (Griffith v. State, Ct. App. Op. No. 331 (File No. A-47), 675 P.2d 662 (1984).

Where defendant's various check forgery cases violated similar societal interests, he could therefore receive concurrent sentences. Winfree v. State, Ct. App. Op. No. 378 (File No. A-156), P.2d (1984).

Sec. 12.55.030. Discharge of indigents imprisoned for nonpayment of fine. [Repealed, § 16 ch 53 SLA 1973.]

Sec. 12.55.035. Fines. (a) Upon conviction of an offense, a defendant may be sentenced to pay a fine as authorized in this section or as otherwise authorized by law. In determining the amount and method of payment of a fine, the court shall take into account the financial resources of the defendant and the nature of the burden its payment will impose. No defendant may be imprisoned solely because of inability to pay a fine.

(b) Upon conviction of an offense, a defendant who is not an organization may be sentenced to pay, unless otherwise specified in the provision of law defining the offense, a fine of no more tha

(1) $75,000 for murder in the first or second degree, sexual assault in the first degree, kidnapping, or misconduct involving a controlled substance in the first degree;

(2) $50,000 for a class A, B, or C felony;

(3) $5,000 for a class A misdemeanor;

(4) $1,000 for a class B misdemeanor;

(5) $300 for a violation.

(c) Upon conviction of an offense, a defendant that is an organization may be sentenced to pay a fine not exceeding the greater of

(1) $100,000; or

(2) an amount which is three ti es the pecuniary gain realized by the defendant as a result of the c' se.

(d) If a defendant is sentenced to pay a fine, the court may grant permission for the payment to be made within a specified period of time or in specified installments. (§ 12 ch 166 SLA 1978; am § 17 ch 45 SLA 1982; am § 26 ch 143 SLA 1982)

Cross references. — For classification of offenses, see AS 11.81.250; for sentences of imprisonment for felonies, see AS 12.55.125; for sentences of imprisonment for misdemeanors, see AS 12.55.135; for sentences for violations, see AS 12.55.140.

Effect of amendments. — The first 1982 amendment, in subsection (b)(1), deleted "or" preceding "kidnapping" and added "or misconduct involving a controlled substance in the first degree."

The second 1982 amendment inserted "sexual assault in the first degree" in paragraph (1) of subsection (b).

While neither 1982 amendment gave effect to the other, both have been given effect in paragraph (b)(1), set out above.

Alaska Statutes

Title 1. General Provisions.

Chapter
10. Laws and Statutes (§§ 01.10.030, 01.10.055, 01.10.060, 01.10.070)

Chapter 05. Alaska Statutes.

Sec. 01.05.006. Adoption of Alaska Statutes.

Cross references. — For exception to provision that section headings are not a part of the law, see AS 45.01.109.

NOTES TO DECISIONS

Cited in Schnabel v. State, Ct. App. Op. No. 250 (File No. 7273), 663 P.2d 960 (1983).

Sec. 01.05.031. Revision of statutes.

NOTES TO DECISIONS

Quoted in Schnabel v. State, Ct. App. Op. No. 250 (File No. 7273), 663 P.2d 960 (1983).

Chapter 10. Laws and Statutes.

Article
2. General Rules of Statutory Construction (§§ 01.10.030, 01.10.055, 01.10.060)
3. Effect of Statutes (01.10.070)

Article 1. Common Law.

Sec. 01.10.010. Applicability of common law.

NOTES TO DECISIONS

Quoted in Wells v. State, Ct. App. Op. No. 401 (File Nos. 7479, 7663), 687 P.2d 917 (1984); Beran v. State, Ct. App. Op. No. 506 (File Nos. A-535, A-629, A-630, A-679), 705 P.2d 1280 (1985); Balentine v. State, Ct. App. Op. No. 538 (File No. A-381), 707 P.2d 922 (1985); State v. Burke Ct. App. Op. No. 583 (File No. A-908), 714 P.2d 374 (1986).

Cited in Jackson v. State, Ct. App. Op. No. 211 (File No. 6664), 657 P.2d 405 (1983); Stiegele v. State, Ct. App. Op. No. 382 (File No. A-399), 685 P.2d 1255 (1984).

(10) "property" includes real and personal property;

(11) "real property" is coextensive with land, tenements, and hereditaments;

(12) "signature" or "subscription" includes the mark of a person who cannot write, with the name of that person written near the mark by a witness who writes the witness's own name near the name of the person who cannot write; but a signature or subscription by mark can be acknowledged or can serve as a signature or subscription to a sworn statement only when two witnesses so sign their own names to the sworn statement;

(13) "state" means the State of Alaska unless applied to the different parts of the United States and in the latter case it includes the District of Columbia and the territories;

(14) "writing" includes printing. (§ 4 ch 62 SLA 1962; am § 2 ch 66 SLA 1965; am § 10 ch 117 SLA 1968; am § 19 ch 74 SLA 1985)

Revisor's notes. — Reorganized in 1985 to alphabetize the defined terms.

Effect of amendments. — The 1985 amendment added paragraph (4).

NOTES TO DECISIONS

Quoted in Hull v. Alaska Fed. Sav. & Loan Ass'n, Sup. Ct. Op. No. 2605 (File No. 6346), 658 P.2d 122 (1983).

Article 3. Effect of Statutes.

Section
70. Time statutes become law and take effect

Sec. 01.10.070. Time statutes become law and take effect. (a) All bills passed by the legislature become law upon the governor's signature or upon the governor's veto being overridden or, when the governor allows a bill to become law without signature, on the day after expiration of the period allowed for gubernatorial action by art. II, § 17 of the Alaska Constitution. Acts become effective 90 days after becoming law, unless the legislature, by concurrence of two-thirds of the membership of each house, provides for another effective date.

(b) The actual effective date of an Act having no effective-date provision is determined by starting with the day after it is signed by the governor or the day after the governor's veto is overridden or the day after expiration of the period allowed for gubernatorial action by art. II, § 17 of the Alaska Constitution, and counting 90 calendar days, the Act becoming effective at 12:01 a.m., Alaska Standard Time on the 90th day.

(c) The actual effective date and time of an Act having an immediate-effective-date provision is 12:01 a.m., Alaska Standard Time, on

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Applied i
State, Sup. (
S-52), 666 P.

Sec. 01.

Quoted in
v. Tundra T

the day after it is signed by the governor or on the day after the governor's veto is overridden or on the day after expiration of the period allowed for gubernatorial action by art. II, § 17 of the Alaska Constitution.

(d) An Act which specifies a definite effective date becomes effective at 12:01 a.m., Alaska Standard Time on the date specified.

(e) When the governor allows a bill to become law without signature, the governor shall give written notice of that fact to the legislature. The date of this notice has no effect upon the date the bill becomes law nor upon the date the Act takes effect.

(f) In this section

(1) "Act" means a bill which has become law;

(2) "bill" means a legislative document proposing an Act;

(3) "becomes effective" means becomes applicable; "effective date" does not mean date of enactment (or date of becoming law), although the two will coincide when a bill which has an immediate-effective-date provision is allowed to become law without the governor's signature;

(4) "becomes law" means is enacted; "enactment" occurs when any one of the following takes place:

(A) a bill which is passed by the legislature is signed by the governor;

(B) the period specified in art. II, § 17 of the Alaska Constitution expires without gubernatorial action;

(C) the legislature overrides the governor's veto of a bill;

(5) "passed by the legislature" means that the required majority of each house of the legislature has taken final action in approving the same version of a bill. (§ 5 ch 62 SLA 1962; am § 8 ch 126 SLA 1966; am § 1 ch 115 SLA 1974; am §§ 1—3 ch 6 SLA 1984)

Effect of amendments. - - The 1984 amendment substituted "Alaska" for "Pacific" near the end of subsection (b), near the beginning of subsection (c), and in subsection (d).

NOTES TO DECISIONS

Applied in Atlantic Richfield Co. v. State, Sup. Ct. Op. No. 2695 (File No. S-52), 666 P.2d 1031 (1985).

Sec. 01.10.080. Computation of time.

NOTES TO DECISIONS

Quoted in Fairbanks N. Star Borough v. Tundra Tours, Inc., Sup. Ct. Op. No. 3052 (File Nos. S-524, S-554), P.2d (1986).

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 4-24-87 1:30p.m.

HOUSE COMMITTEE REPORT

(7)

Date referred: 4/8/87 **FURTHER REFERRALS:** Judiciary

DATE: April 24, 1987

The Transportation **Committee has considered** HB 256

"An Act relating to driving motor vehicles in the vicinity of the James Dalton Highway; providing penalties for violations of motor vehicle laws; and providing for an effective date."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Bette Cato

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: April 24, 1987

Subject of meeting:

* HB 256: Dalton Hwy Use & Other Motor Vehicle Laws

* HCP 8: Winter Service; Alaska Marine Highway

SIGN-IN

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?	
Deputy Comm. Jim Vadell	Box N Juneau	4322	Dept. of Public Safety	Yes	HB 256
Special Asst. Gretchen Derr	P.O. Box N. Juneau 99811	4654300 3460	~~Criminal Division~~ DPS HB 256	No	
GAYLE HORETSKI	BOX KC JUNEAU	465-3428	Criminal Division DEPT. OF LAW	HB 256 YES	256
John Vincent Roscapep	204 N. Franklin Juneau 99801	586-2315	Alaskan Environmental Coalition	Yes	256

* indicates first public hearing

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5163 HTRA HB 271 - HB 305 735

HB

271

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HB 271
Publish Date:

REQUEST
Revision Date:
Title: "An Act relating to weights and measures..."
Sponsor: Labor & Commerce Committee
Requestor: House Transportation

Agency Affected: Public Safety
BRU: Alaska State Troopers
Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING:: (Thousands of Dollars)

GENERAL FUNDS		0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL		0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact is anticipated.

JNR 4/24/87

Prepared by: Kathy Miles, Administrative Ass't
Phone: 465-4336
Division: Commissioner's Office
Date: 4/22/87

Approved by Commissioner: Lynn Hs
Date: 4/24/87
Agency: Public Safety

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

page ____ of ____

BILL NO: HB 271 DATE: 4/22/87

TITLE: "An Act relating to weights and measures; and providing for an effective date.

CONTACT: James D. Vaden
Deputy Commissioner
465-4322

DEPARTMENT OF PUBLIC SAFETY

Grant authority to the Department of Commerce & Economic Development to write citations and provide penalties for weights and measures violations.

The Department of Commerce & Economic Development is responsible for scale house operations, and as such is responsible for weighing trucks; however, existing Statutes do not give them the authority to enforce size and weight limitations through the issuance of citations. This bill corrects that. In addition, it provides penalties for size and weight limitation violations.

Amendments proposed:

Add a new paragraph to Sec. 45.75.131 (4) "Equipment violations under regulations in 13 AAC.

Sec. 45.75.132(a)-(f) could be deleted and replaced with a paragraph under Sec. 45.75.131 which would read "Citations issued under this Section must be in accordance with AS 12.25.190-220." Sec. 45.75.132(g) could be adopted as sub-paragraph 6 under Sec. 45.75.131, or listed independently under a new Section number.

An amendment will need to be made to AS 12.25.190 to address the issuance of citations proposed under Sec. 45.75.131.

The Department of Public Safety supports this legislation.

Arthur English
Commissioner

SOURDOUGH EXPRESS, INC.
DEPENDABLE SERVICE SINCE 98

• P. O. Box 73398
• 600 Driveway St.
• Fairbanks,
• Alaska 99707

• Telephone
(907) 452-1181
• Telex
090-35493

April 13, 1987

Representative Bette Cato
P.O. Box V
Juneau, AK 99811

APR 2 1 1987

Subj: Senate Bill No. 146, an act relating to weights and measures

Dear Representative Cato;

We are urging your support of legislation which would give limited citation issuing authority to Scale House Operators. Currently, the authority for enforcement of all infractions, including weight and length violations, rests with the State Troopers. The budget situation has forced the Troopers to focus their limited resources on more pressing crimes than weight and height violations. The result is widespread abuse of the law.

The scale house is the appropriate place to monitor size and weight limitations and therefore would seem to be the place to issue citations for violations. There would be no addional costs involved and you would go a long way towards stopping the destruction of our roads from overweight trucks.

Sincerely;

Richard Gregory, President

SOURDOUGH EXPRESS, INC.

HB

272

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HB272
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to release of motor vehicle records.
Sponsor: Rieger
Requestor: House Transportation

Agency Affected: Public Safety
BRU: Division of Motor Vehicles
Components: Vehicle Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	-0-	29.8	30.7	31.6	32.6	33.6
TRAVEL						
CONTRACTUAL		14.2	13.1	13.5	13.9	14.3
SUPPLIES		.2	.2	.2	.3	.3
EQUIPMENT		16.1				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		60.3	44.0	45.3	46.8	48.2
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		60.3	44.0	45.3	46.8	48.2
FEDERAL FUNDS						
OTHER						
TOTAL		60.3	44.0	45.3	46.8	48.2

POSITIONS:

FULL-TIME		1	1	1	1	1
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

A 3% inflation factor included in FY90 and subsequent years.
Assume effective date of July 1, 1988.
See attached page.

Prepared by: Jay N. Dulany JND
Division: Motor Vehicles
Phone: 269-5551
Date: 1/12/88

KLS
JND 1/12/88

Approved by Commissioner: Dave A. Hoffbeck
Agency: Dept. of Public Safety Dep. Comm.
Date: 1-28-88

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

CONTINUATION OF FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB272

EXPENDITURES:

Personal Services			
1 MVR II, Range 9, Anchorage		29.8	29.8
Contractual			
Communications			
Telephone and tolls		2.0	
Postage		1.5	
Printing			
Forms		2.0	
Data Processing			
DP Network connect		1.5	
DPS Info. Systems chargeback @ $475 per month		5.7	
CRT/Printer/Controller maintenance		1.5	
			14.2
Commodities			
Normal office supplies, envelopes		.2	.2
Equipment			
1 chair		.3	
1 desk		.5	
1 calculator		.3	
1 CRT terminal		3.8	
1 typewriter		.9	
1 controller		5.8	
1 printer		4.5	
			16.1
	Total		60.3

Position Title	No. of Positions	Range/Step	Barg. Unit
Motor Vehicle Representative II	1	9B	GGU

Time Status	Staff Months	Location	Election District
PFT	12	Anchorage	7-15

Type of Expenditure		Amount
1	2	3
Salary	21,420	
Benefits	5,355	
Premium Pay		
Other	3,027	
Total Personal Services		29.8
Travel		
Contractual		14.2
Commodities		.2
Equipment		16.1
Other		
Total Cost		60.3

Funding Source for Total Cost		
Federal Receipts	1002	
G.F. Match	1003	
General Fund	1004	60.3
I-A Receipts	1006	
CIP Receipts	1061	
Other		

This position will be required to deal with the additional activity resulting from passage of this bill.

Due to the FY83 elimination of a research position in the Anchorage office, microfiche was made available at the office for individuals to research and find their own information from motor vehicle registration records. With passage of this bill, anyone requesting vehicle information will have to be screened to verify eligibility. If the requestor is eligible, they will be provided with the necessary data.

This position will do the screening to determine eligibility, and perform the record search when necessary.

REQUEST FOR NEW POSITION

Agency: Public Safety

BRU: Motor Vehicles

Component: Vehicle Services

Revised Date

FY 89

BILL NO: HB 272 DATE: April 21, 1987

TITLE: An Act relating to release of motor vehicle records. CONTACT: Bill Brown 465-4335

APR 2 8 1987

DEPARTMENT OF PUBLIC SAFETY

Motor vehicle registration information is currently public. This bill would restrict who could obtain data from those files. It also prohibits disclosure of a social security number.

The main part of the bill relating to the release of data from registration files is workable, however, there are additional needs to be addressed. It will preclude certain persons now utilizing the information from having access. Some examples are: private enterprise acting through contracts to provide service to the State (ie: student loan collection); civil process servers; private investigators; collection agencies; private individuals wanting to identify vehicles abandoned on their property; attorney services; and surprisingly, private individuals who purchase cars and do not transfer appropriate paperwork, at some later time lose their paperwork, and don't even know who they bought the car from, which is not uncommon. A recommended amendment is to add an item 6 in Section 2(d) of the bill as follows: "(6) a business or person determined by the commissioner to have a legitimate need for receiving a copy of the record requested.".

The prohibition to release a social security number is opposed. It is recommended the first sentence in subsection (e), beginning on line 4 of page 2 be deleted. The SSN is not currently released to any of those persons or firms listed in subsection (d). However, it is released to governmental agencies listed in subsection (c). It is unknown why the legislature would want to take an identification tool away from these agencies, especially from the criminal justice agencies.

Due to the FY83 elimination of a research position in the Anchorage office, microfiche was made available to allow individuals in Anchorage to research the vehicle registration records themselves. In other areas of the State, DMV employees do the research to respond to inquiries. This legislation will require the department to set stricter guidelines concerning access to registration information. This will eliminate the opportunity for open individual research. Therefore, one motor vehicle representative position will be necessary in Anchorage to screen requests, determine eligibility, and perform the record search when necessary.

The department is neutral on this bill, with the exception of the first sentence beginning on line 4, page 2, which it opposes.

Arthur English
Commissioner

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST:

Bill Version : HB 272
Publish Date :

Revision Date:
Title : An Act relating to release of motor vehicle records.
Sponsor : Rieger
Requestor : House Transportation

Agency Affected : Public Safety
BRU : Motor Vehicles
Components : Vehicle Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		29.8	30.7	31.6	32.6	33.6
TRAVEL						
CONTRACTUAL		14.2	13.1	13.5	13.9	14.3
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LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		60.3	44.0	45.3	46.8	48.2
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		60.3	44.0	45.3	46.8	48.2
FEDERAL FUNDS						
OTHER						
TOTAL		60.3	44.0	45.3	46.8	48.2

POSITIONS:

FULL-TIME		1	1	1	1	1
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

A 3% inflation factor included in FY89 and subsequent years.
Assume effective date of July 1, 1987.

JVH 4/21/87

Prepared by : Charles R. Hosack RH
Division : Motor Vehicles
Phone : 269-5551
Date : 4-21-87

Approved by Commissioner : [signature]
Date : 4/21/87
Agency : Public Safety

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 272

EXPENDITURES:

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1 MVR II, Range 9, Anchorage	29.8	29.8
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Communications		
Telephone and tolls	2.0	
Postage	1.5	
Printing		
Forms	2.0	
Data Processing		
DP Network Connect	1.5*	
DPS Info Systems chargeback @ $475 per month	5.7	
CRT/Printer/Controller maintenance	1.5	
		14.2
Commodities		
Normal office supplies, envelopes.	.2	.2
Equipment		
1 chair	.3	
1 desk	.5	
1 calculator	.3	
1 CRT terminal	3.8	
1 typewriter	.9	
1 controller	5.8	
1 printer	4.5	
		16.1
TOTAL		60.3

Position Title	No. of Positions	Range/Step	Barg. Unit
Motor Vehicle Representative II	1	9B	GGU

Time Status	Staff Months	Location	Election District
PFT	12	Anchorage	7-15

Type of Expenditure		Amount
1	2	3
Salary	21,420	
Benefits	5,355	
Premium Pay		
Other	3,027	
Total Personal Services		29.8
Travel		
Contractual		14.2
Commodities		.2
Equipment		16.1
Other		
Total Cost		60.3

Funding Source for Total Cost		
Federal Receipts	1002	
G. F. Match	1003	
General Fund	1004	60.3
I-A Receipts	1006	
CIP Receipts	1061	
Other		

Justification

This position will be required to deal with the additional activity resulting from passage of this bill.

Due to the FY83 elimination of a research position in the Anchorage office, microfiche was made available at the office for individuals to research and find their own information from motor vehicle registration records. With passage of this bill, anyone requesting vehicle information will have to be screened to verify eligibility. If the requestor is eligible, they will be provided with the necessary data.

This position will do the screening to determine eligibility, and perform the record search when necessary.

Request For New Position

Agency: Public Safety

BRU: Motor Vehicles

Component: Vehicle Services

Revised Date

FY 88

Motznik Computer Services, Inc.

3701 Mountain View Drive
Anchorage, Alaska 99508
(907) 276-6254

JAN 28 1988

January 25, 1988

Rep. Bette Cato
P.O. Box V
Juneau, Alaska 99811

Dear Rep. Cato:

I'm writing regarding HB272 which would make motor vehicle information confidential.

The motor vehicle file showing ownership and liens on vehicles is the clearing house for vehicle ownership, just as the recording office is the clearing house for ownership or attachments of real property. I don't see how you can make this information confidential.

Some of the current uses of the file are:

1. Lenders check the file to see that their lien on the vehicle is properly recorded. If the vehicle they are lending on is used, they check the file to see there are no lien holders before them.
2. An individual buying a used car can check the file to make sure there are no lien holders.
3. A towing company can check the file to find out who owns the vehicle they have towed.
4. Before disposing of an unclaimed vehicle, a towing company must notify the lien holder.
5. Anyone with a judgement can check the file to see if the defendant has a vehicle that can be attached to satisfy the judgement, or check if a vehicle he is about to repossess has a lien holder.
6. By court ruling, the trustee in a foreclosure must make a diligent effort to obtain the current address of the person being foreclosed on. The motor vehicle file works well for obtaining current addresses, because most people have a vehicle and the registration must be renewed each year so the address is more current than in many other files.
7. Attorneys, investigators, and collection departments use the file for obtaining a current address for witnesses or defendants.
8. Large companies use the file to determine the owner of a vehicle in their parking lot before having the vehicle towed. This way they don't tow away the boss's second car.
9. The volume users of motor vehicle information currently get the motor vehicle file on microfiche and do their look-ups in their own office. This bill will require them to make every request in writing to the motor vehicle department; creating a tremendous increase in employee time and cost.

It is my understanding that the purpose of proposing this bill is to prevent a criminal from obtaining the address of a potential victim through the use of a

license plate number. The standard example being that a rapist can see a girl drive by, write down her license plate number and go to the motor vehicle office to get her address. While this is a situation we would all like to prevent, I doubt that HB272 would have much effect. Even if a motor vehicle clerk determined that the potential rapist at the counter was lying about his reason for needing the address of the vehicle owner or that he had false indentification, he would probably find his victim through another means or attack someone else. He probably would not reform on the spot. Money spent on policemen, police dogs, rehabilitation etcetera has got to be a better crime deterrent than money spent on motor vehicle clerks.

The passage of HB272 would probably create more criminal activity rather than less. It would make it harder to locate individuals and attach their property for such criminal activities as bad checks, non-payment of bills, or fraudulent business dealings. It is the attorneys, investigators, banks, and collection agencies that enforce these types of crimes and the motor vehicle file is one of their tools. I feel that the social security number in this file should also be made available. This is the only way to tell you have the right 'Charles Smith.' To attach a person's permanent fund check, you must give the state the person's social security number or birth date. While stealing money with a bad check is not as dramatic as in a robbery or burglary, it still has the same effect and its the civil proceedings rather than the police that are the enforcers.

If the legislature determines that this bill should be passed, I suggest that some of the following changes be made to lessen its impact on the valid users of the file:

1. Rather than make the whole file confidential, just make the license plate number confidential. The file then could not be accessed by plate number, but could still be accessed by owner name or manufacturers serial number.

2. Make provision in the bill that the volume users of the file can apply once a year to the motor vehicle department to be approved for unlimited access to the file on microfiche, magnetic tape, or online computer access such as our Public Information Access System. It seems ridiculous to have a bank or tow company fill out thousands of forms a year only to have a public employee do the work they could have done more efficiently by themselves.

Please call me if you would like a further discussion about this bill. Thank you for consideration of my remarks.

Sincerely,

Robert L. Motznik
President

RLM/vb
cc: PIAS subscribers

OFFICE: (907) 561-2221
907 E. DOWLING ROAD
SUITE #13
MAILING: P.O. BOX 230288
ANCHORAGE, ALASKA 99523-0288

ALASKA SECURITY

Armored Car Service
Uniformed Security Officer Service
Insured - Bonded - Licensed

February 11, 1988

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

RE: HB 272, relating to Motor Vehicle Records.

Dear Representative Cato:

I am writing this letter to ask you to further consider the impact this bill will have on legitimate business.

I know the belief that this bill will prohibit some types of crime was a motivating factor behind its introduction. If, however, an individual is intent on finding who a person is or where they live, all they have to do is follow them home.

I agree that maybe some control is necessary but I feel that state licensed companies, who perform quasi government service through contracts, should not be prohibited from access to public records.

As an example, we have contracts to provide security for the protection of persons and property with the Port of Anchorage, Anchorage Telephone Utility, Department of Corrections, hospitals and banks. Frequently, this requires us to identify both persons and vehicles for trespassing, illegal parking and suspicious activity related to thefts and assaults. By restricting companies such as mine in this bill you only make it easier for the criminal element while handicapping the honest citizens.

Since we are a state licensed agency and we do in fact, act as an agent of the local, State and Federal Governments through our contracts; I am asking that you at least amend Section 1 (C) to include licensed Security Agencies as being allowed the same access to these records as the agencies with whom we are contractually bound to perform responsibilities in their stead.

Overall I see this bill as a protective blanket for every dead beat in the State and a hindrance to Alaska business.

Your earnest consideration is appreciated.

Sincerely

Richard L. Burton (Retired Commissioner of Public Safety)
President

RLBdrb

cc. Anchorage
Chamber Legislative Committee

HB

280

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

May 8, 1987

COMMITTEE CALENDAR:

HB 213: "An Act relating to allocation of federal-aid highway funds; and providing for an effective date."

HB 280: "An Act relating to taxation of watercraft motor fuel."

CSSB 17: "An Act relating to unlawful possession and vandalism of official traffic control devices, disregard of a highway obstruction, and damages to highway."

FOR THIS MEETING YOU HAVE:

A folder on HB 213 that includes:
* a copy of the committee substitute for HB 213
* a sectional analysis
* a letter of intent
* a fiscal note on CSHB 213 from DOT/PF
* a copy of HB 213
* a fiscal note & position paper on HB 213 from DOT/PF
* information from the six-year capital plan
* a classification of road miles within Alaska
* a letter from the Ass't. Division Administrator of the Federal Highway Administration
* a report on HB 213 from Rep. Hoffman
* minutes from the 4/13, 4/15 & 5/4 public hearings of HB 213

A folder on HB 280 that includes:
* a copy of HB 280
* a fiscal note from the Dept. of Revenue
* a position paper on the Senate companion bill
* a discussion on the watercraft motor fuel tax
* a resolution from the Anchorage Chamber of Commerce
* written testimony from two witnesses

A folder on CSSB 17 that includes:
* a copy of CSSB 17
* a fiscal note and position paper from the Dept. of Public Safety
* a memorandum and sectional analysis from Sen. Faiks
* a copy of the statutes impacted by CSSB 17

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HB 280
REQUEST
Publish Date:

Revision Date: 2/12/87
Agency Affected: Revenue
Title: An act relating to taxation of watercraft motor fuel
BRU: Audit
Sponsor: Cato
Components:
Requestor: Transportation & Finance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -

POSITIONS:

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

ANALYSIS: See attached.

Prepared By: Steven E. Kettel
Phone: 465-2320
Division: Audit
Date: 5/5/87

Approved by Commissioner: Hugh Malone
Date: 5/5/87
Agency: Revenue

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

House Bill 280
Fiscal Note Analysis
May 5, 1987

HB 280 amends definitions in AS 43.40.100 by correcting language usage and adding a section under the definition of motor fuel which excludes from the definition that fuel originating outside the jurisdiction of the State and brought into the State in fuel storage tanks on watercraft for the purpose of operating said watercraft, engines on the watercraft or auxiliary watercraft carried by the watercraft.

Until recently it was Department policy that watercraft of all types, whether engaged in intrastate or interstate commerce must pay the five-cent watercraft motor fuel tax on fuel consumed or used in Alaska. This policy had been conveyed to the water transportation, crude oil tanker, cruise ship and fish processing industries. This position was challenged by the industry and a formal hearing decision issued by the Department. The decision held that the Department, in asserting its policy against the interstate water transportation industry in 1985 had, in effect, changed its policy without regulatory authority. In response, the Department has requested an opinion from the Attorney General whether it is statutorily permissible to tax fuel consumed in the State, and if so, whether an amendment to the regulations is necessary.

We believe it is sound public policy to assert the tax against the interstate shipping industry. First, the levy is borne by Alaska resident shipping companies and puts them at a competitive disadvantage with foreign companies which are not taxed on their fuel purchased in other jurisdictions. Second, there is substantial revenues at stake, conservatively estimated at $3 million per year.

Suggested Amendments:

Sub-paragraph (M) exempts fuel consumed by "auxiliary watercraft carried by the watercraft." It is our understanding that the sponsors do not intend to exempt from tax fuel consumed by fish processing facilities in the State, especially fishing vessels or other smaller watercraft which enable the processing vessel to take fish in Alaskan waters. The amending language may provide a loophole for fish processors, and we suggest amending language be drafted which disallows the exemption to vessels while they are fishing in Alaskan waters.

The amendment also may permit fish processors to be exempt from tax on fuel used by on-board generators and other engines not associated with propulsion of the vessel. This may also be outside the scope of the sponsor's intention.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: SB 100
REQUEST — Publish Date:

Revision Date: 2/12/87
Agency Affected: Revenue
Title: An act relating to taxation of watercraft motor fuel
BRU:
Sponsor: Jones
Components:
Requestor: Transportation & Finance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -

POSITIONS:

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

ANALYSIS: See attached.

Prepared By: Steven E. Kettel — Phone: 465-2320
Division: Audit — Date: 2/12/87

Approved by Commissioner: — Date:
Agency: Revenue / SEE ADDITIONAL FISCAL NOTE FOR REVENUE IMPACT

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

Senate Bill 100
Fiscal Note Analysis
February 12, 1987

SB 100 amends definitions in AS 43.40.100 by correcting language usage and adding a section under the definition of motor fuel which excludes from the definition that fuel originating outside the jurisdiction of the State and brought into the State in fuel storage tanks on watercraft for the purpose of operating said watercraft, engines on the watercraft or auxiliary watercraft carried by the watercraft.

It is current Department policy that watercraft of all types, whether engaged in intrastate or interstate commerce must pay the five-cent watercraft motor fuel tax on fuel consumed or used in Alaska. This policy has been conveyed to the water transportation, crude oil tanker, cruise ship and fish processing industries. This position has been challenged by the industry and is currently in the formal hearing process.

We believe it is sound public policy to assert the tax against the interstate shipping industry. First, the levy is borne by Alaska resident shipping companies and puts them at a competitive disadvantage with foreign companies which are not taxed or their fuel purchased in other jurisdictions. Second, there is substantial revenues at stake, conservatively estimated at $3 million per year.

Suggested Amendments:

Sub-paragraph (M) exempts fuel consumed by "auxiliary watercraft carried by the watercraft." It is our understanding that the sponsors do not intend to exempt from tax fuel consumed by fish processing facilities in the State, especially fishing vessels or other smaller watercraft which enable the processing vessel to take fish in Alaskan waters. The amending language may provide a loophole for fish processors, and we suggest amending language be drafted which disallows the exemption to vessels while they are fishing in Alaskan waters.

The amendment also may permit fish processors to be exempt from tax on fuel used by on-board generators and other engines not associated with propulsion of the vessel. This is also outside the scope of the sponsor's intention.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: SB 100
REQUEST
Publish Date: 2/3/87

Revision Date:
Agency Affected:
Title: An Act relating to the taxation of watercraft motor fuel
BRU:
Sponsor: Jones by Request
Components:
Requestor:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-		-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	(3000.0)	(3000.0)	(3000.0)	(3000.0)	(3000.0)

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Analysis assumes an effective date of July 1, 1987. See attached.

DT

Prepared By: David Tonkovich
Phone: 465-2173
Division: Research/Revenue
Date: 2/12/87

Approved by Commissioner: [signature]
Date: 2/16/87
Agency: DEPARTMENT

SEE ADDITIONAL FISCAL NOTE ON ADMINISTRATIVE COST

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

Continuation for Fiscal Note Analysis

SB 100

Analysis:

This legislation exempts from the $.05/gallon marine fuel tax that fuel which is purchased outside the State's jurisdiction but is brought into the state for use by a watercraft.

It is the State's contention that fuel used within the three mile limit is subject to the fuel tax. This contention is currently the subject of an administrative hearing process. Because of uncertainty over the outcome of that process current revenue estimates do not include these potential revenues.

There are three pieces of information required to estimate the revenue impact of this bill: 1) The volume of vessel traffic into and out of Alaska; 2) The amount of fuel used within the State's jurisdiction by these vessels; and 3) The portion of the fuel purchased outside the State. Unfortunately there is only fragmentary data on any of these items.

An earlier fiscal note on this topic (SB 387, 1986 Legislative Session) tried to provide a rough estimate of the impact of excluding this fuel usage from the tax. The procedure to develop that estimate is summarized below. Because there have been no further returns filed on this element of the marine fuel tax (pending the outcome of the administrative hearing process) the figures developed for that legislation remain our best estimate of the impact.

The estimate contained in the note for SB 387 was prepared by dividing potential collections into two parts:

1. Revenues from users whose tax liability could be estimated from data on the number of trips, average fuel consumption and time in Alaska waters. Also, for several of these users a full year return was available. This part of the estimate covered these major users:

   Tankers into and out of Valdez
   Cruiseships in Southeast Alaska
   Several large common carriers serving Southcentral Alaska
   Several carriers distributing petroleum products for local use.

   Our estimate for these users is $2 million annually.

2. Revenues for remaining users. This tax liability is more difficult to estimate because of the diversity of users and the fact that available returns cover only part of the year. This estimate would cover many of the common and contract carriers, freighters hauling raw materials and semi-finished products such as LNG, fish processors and a variety of other users.

   Our estimate for these users is $1 million. Because of the numbers and variety of users involved this estimate is probably conservative.

POSITION PAPER - SB 100

SB 100 is identical to CS SB 387 (Fin.) which passed the Senate but died in House Rules Committee upon adjournment in 1986.

This legislation is necessary to correct a new (1985) and onerous reinterpretation of the motor fuel tax by the Department of Revenue (D.O.R.). It concerns fuel brought into the state in a marine vessel's fuel storage tanks and consumed to operate the vessel while in Alaska waters. SB 100 would clarify that, consistent with the application of the motor fuel tax laws between 1946 and 1985, fuel brought into the state in fuel storage tanks for the purpose of operating the vessel is not subject to the motor fuel tax.

Background Information

The motor fuel tax was enacted in 1946. Marine fuel purchased or transferred within Alaska is taxable in full at $.05 per gallon.

Since its enactment in 1946 until 1985, motor fuel purchased outside Alaska and consumed in Alaska without first being stored or otherwise coming to rest in the state was <u>not taxed</u> under the motor fuel tax provisions.

In 1985, <u>without benefit of any new legislative authorization</u>, D.O.R. initiated a series of letters to certain marine cargo carriers, among others, attempting to levy a fuel tax on fuel consumed in Alaska but which was brought into the state in fuel storage tanks and used to propel and operate the vessel.

This "new interpretation" of the law has not been authorized by the Legislature or existing law and extends the tax beyond the original scope of the marine fuel tax statute.

D.O.R. contends that a 1982 amendment to its administrative regulations authorizes its "new interpretation." However, D.O.R. admits that nothing in the public notice of intent to adopt the regulations stated that D.O.R. intended to tax mere consumption of marine fuel or that it intended to change the application of the law it had used the previous 39 years.

The amendment in question consists of deletion of the word "and" used in the statute and substitution of the word "or" to define "user." The result is that the statute defines "user" as follows:

> (4) "user" means a person consuming or using motor fuel, who either
>
> (A) purchases the fuel out of the state and ships it into the state for personal use in the state;
>
> (B) manufactures the fuel in the state; or
>
> (C) purchases or receives fuel in the state that is not taxed at the time of purchase or receipt or is taxed at a rate that is less than the rate prescribed by AS 43.40.010. (emphasis added)

However, after the D.O.R. amendment, the regulations defines "user" as follows:

> (6) "user" means a person consuming or using motor fuel who purchases the fuel out of state or ships it into the state for personal use in the state, who manufactures the

fuel in the state, or who purchases or receives in the state fuel that is not taxed at the time of purchase or receipt or is taxed at a rate that is less than the rate prescribed by AS 43.40.010; (emphasis added)

The regulations are obviously inconsistent with statute and appear to be an attempt to extend the scope of the fuel tax beyond that originally intended by the Legislature. This unilateral action by an executive branch agency which attempts to make substantive changes in the law without legislative authorization is highly questionable and unfair.

SB 100 would amend the statute to prevent this "new interpretation" and clarify legislative intent to ensure that D.O.R will tailor its administrative activity consistent with the 39-year history of the motor fuel tax.

It is worthy of note that D.O.R. has said that if successful in the marine fuel area, it will extend its "new interpretation" to vehicular motor transportation and aviation fuel which raises questions similar to those in the marine transportation area.

POLICY CONSIDERATIONS IN SUPPORT OF SB 100

1. D.O.R.'s "new interpretation" would certainly increase the costs of consumer goods, construction materials and equipment, and other products shipped to Alaska and thereby increasing the cost of living to all Alaskans;
2. The "new interpretation" would result in higher tourist travel costs to Alaska as cruise ships would be subject to the new fuel tax;
3. The "new interpretation" would impose the tax on the amount of marine fuel consumed while inside the three-mile limit of Alaska waters thereby placing certain ports at a competitive disadvantage due to their location farther inside bays, harbors and inlets;
4. The "new interpretation" would also apply to tanker traffic to and from Valdez, however, this merely increases transportation costs which are "netted back" reducing the well-head value to the state of Alaska;
5. The "new interpretation" would apply to the large fishing fleet and pleasure craft which ply Alaska waters raising questions of the administrative, enforcement, and personnel costs required to adequately monitor the expansion of the tax to fuel "consumed" in transit.
6. When the "new interpretation" is applied to motor vehicle transportation, it is readily apparent that revenue agents would be necessary at the Canadian border to measure fuel in tanks of automobiles, recreation vehicles and trucks

coming into Alaska to levy and collect this tax. (Ferry travel from Seattle would require similar treatment.)

7. No other west coast state, neither Texas nor Hawaii impose a "consumption tax" such as is being proposed under D.O.R.'s "new interpretation."

8. When applied to the aviation travel, both commercial and private, similar questions of increased travel costs and administrative costs are evident.

9. Aside from the obvious administrative costs and enforcement problems, as a matter of public policy, it does not make good sense to permit this extension of the motor fuel tax which will result in more expensive consumer goods, construction equipment and materials and which would possibly discourage tourist travel to Alaska. This is an especially sensitive question at this time of economic stagnation in the state.

10. There is no revenue loss to the state of Alaska because the tax has not been levied or collected between 1946-1985.

ALASKA MOTOR FUEL TAX CHRONOLOGY

The following is a chronology of key events in the interpretation and application of the Alaska Motor Fuel Tax.

1946 — Alaska Territorial Legislature imposes motor fuel tax on (1) all fuel sold and delivered or otherwise transferred within the Territory; and (2) all fuel consumed by a "user," defined as "any person, firm or corporation consuming or using any motor fuel, who shall have purchased such fuel out of the Territory and shipped it into the Territory for his or its own use within the Territory." Laws of Alaska 1946, Ch. 18 (emphasis added).

1946 - Present — Alaska Legislature amends and reenacts motor fuel tax numerous times, without substantive change to provisions relevant here.

1946 - 1985 — Division of Audit (DOA) of Department of Revenue applies motor fuel tax in accord with constitutional and statutory limits:

A. Motor fuel purchased or transferred within Alaska was taxable in full without regard to the jurisdiction in which the fuel was actually consumed.

B. Motor fuel purchased outside Alaska and consumed in Alaska during propulsion without first being stored or otherwise coming to rest in the state was not taxed under the Motor Fuel Tax provisions.

June 3, 1982 — Governor approves House Bill 101, which amends the motor fuel tax statute without substantive change to the definition of "user" or other provisions relevant here.

July 19, 1982 — Department adopts first comprehensive motor fuel tax regulations, without prior notice. Finding of Emergency states that the regulations are necessary to implement House Bill 101. However, the regulations also purport to restate the definition of "user" as follows:

A. The statute defines "user" as a person consuming or using motor fuel who . . . purchases the fuel out of the state and ships it into the state for personal use in the state . . . AS 43.40.100(4) (emphasis added).

B. The regulations define "user" as "a person consuming or using motor fuel who purchases the fuel out of state or ships it into the state for personal use in the state . . ." 15 AAC 40.900(5) [now(6)] (emphasis added)."

July 20, 1982 — Department issues Notice of Adoption of Emergency Regulation. Nothing in the notice states that the Department adopted a different definition of "user," or that the Department intended to tax fuel merely consumed in state waters, or that DOA intended to change the way it had applied the motor fuel tax since 1946. No notice is sent to marine fuel consumers as such, or to the Taxpayers here. Extensive comments are submitted on numerous topics, but none of them mention the definition of "user" or taxation of fuel merely consumed in state waters. Nothing in the Department's file on the regulations even discusses the definition of "user" or taxation of fuel merely consumed in state waters.

Nov. 14, 1982 — The July 1982 regulations are adopted and made permanent by the Department.

1985 — DOA begins to apply the motor fuel tax differently. DOA now interprets the statute and regulations as follows:

A. Motor fuel purchased or transferred within Alaska remained taxable in full at the time of purchase, but in-state purchasers could seek a refund of tax on any fuel consumed outside Alaska. Under this interpretation, fuel both purchased and consumed in the state would be subject to only one tax.

B. Motor fuel purchased outside Alaska and consumed while in transit through Alaska would be subject to Motor Fuel Tax on the fuel actually consumed within the state, even

	though not stored or otherwise coming to rest in the state . . . without regard to whether such fuel was subject to actual or potential taxation in the state or foreign country where purchased, and without any express statutory or regulatory credit for taxes paid outside the state.
May 1985	DOA issues Questions and Answer Booklet reflecting its new interpretation as to motor fuel purchased in Alaska. DOA does not seek to comply with Alaska Administrative Procedure Act requirements in the issuance of the Booklet.
June 1985	DOA issues 200 letters applying its new interpretation of the statute to motor fuel purchased outside Alaska and merely consumed in state waters. The letters instruct the recipients, including the Taxpayers here, to file returns for the periods they had allegedly been using fuel in Alaska waters and to respond within 30 days, or else taxes, penalties, and interest would be assessed accordingly. DOA does not seek to comply with Alaska Administrative Procedure requirements in the issuance of the letters. The letters are the first written notice directed to Taxpayers or to marine fuel consumers in general regarding application of the tax to fuel merely consumed in state waters.
July - Nov. 1985	DOA requests that Taxpayers file returns as of January 12, 1985, and represents that it will not seek returns for any prior period.
Oct. Dec. 1985	DOA and Taxpayers agree on appeal procedures, under which Taxpayers file a return for one month, pay the tax for that month, and simultaneously file a refund claim. DOA agrees to stay all other reporting, collection, penalty and assessment procedures pending final administrative and judicial resolution of the matter.
Currently	The matter is now on appeal before the Department of Revenue.

Anchorage chamber issues 3 resolutions

The Anchorage Chamber of Commerce has adopted three resolutions relating to state policy and Anchorage development.

The first asks Gov. Steve Cowper for release of road funds impounded during the Fiscal Year 87 budget adjustment. These funds will continue replacement and upgrade of critical traffic thoroughfares.

The second addresses a state Department of Revenue administrative decision to collect a five percent tax on marine fuel used for ship operation within the three-mile limit, including cruise ships. Payment of the tax will impact most seriously in Alaska on goods transported into the Cook Inlet, said the chamber. The Chamber has asked the Governor and Legislature to reverse this administrative decision as not equitable.

The final action provides for supporting the proposed 3,680 acre land exchange between the Eklutna Inc. village corporation and the state of Alaska.

The Eklutna land is adjacent to Chugach State Park. The state land lies between Fifth and Sixth avenues and Cordova and A streets in Anchorage.

Each parcel of land is valued at about $9 million. The land exchange would further enhance the municipality's efforts to protect the Eagle River Greenbelt. The Chamber also asks the state to support and assist Eklutna Inc. in the development of a major resort area north of Anchorage.

The three items were recorded as resolutions and forwarded to Governor Cowper for action by the Administration. The chamber said it considers these items important to the quality of growth in Anchorage.

This Resolution has been Adopted by The Anchorage Chamber of Commerce.

RESOLUTION

WHEREAS, The Alaska Motor Fuel Tax laws have since 1946, levied a 5 cent per gallon tax on marine fuel purchased or transferred within Alaska; and

WHEREAS, for 39 years marine fuel purchased outside Alaska waters and brought into the state in fuel storage tanks on watercraft for the purpose of operating the vessel has not been taxed under the Motor Fuel Tax provisions of Alaska law; and

WHEREAS, in 1985, the Alaska Deopartment of Revenue initiated a new and different interpretation of the law as applied to marine fuel brought into the state in fuel storage tanks on watercraft for the purposes of operating the vessel and began a tax collection effort; and

WHEREAS, this effort was undertaken without new authorizing legislation or amendment; and

WHEREAS, the new interpretation of the marine fuel tax will have serious implications for the business and individual consumers in Alaska by increasing the costs of goods brought into the state by water transportation; and

WHEREAS, the new interpretation will apply to cruise ships which visit Alaska waters thereby increasing costs of such tourist travel to our state; and

WHEREAS, because the new interpretation would impose the tax on the amount of marine fuel consumed while the watercraft is inside the 3 mile limits of Alaska waters, certain Alaska ports will be unfairly placed at a competitive disadvantage due to longer travel time inside bays, habors and inlets; and

WHEREAS, in 1986 the Alaska Senate passed CS S.B. 387 (Finance) which would have specifically prevented application of the new interpretation; and

WHEREAS, the Alaska House of Representatives adjourned before S.B. 387 could reach the floor for a vote on the issue; and

WHEREAS, legislation similiar to S.B. 387 would not result in a revenue loss to the State of Alaska because such a tax was not levied or collected between 1946 and 1985;

THEREFORE BE IT RESOLVED, that the Anchorage Chamber of Commerce urges that Governor Cowper and the Alaska Legislature take action to clarify the law so that marine fuel brought into the state in fuel storage tanks on watercraft for the purposes of operating the vessel not be taxed and avoid increasing costs of business and consumer goods to Alaska consumers, increasing the costs of tourist activities in the state and avoid the competitive discrimation against certain ports which could result;

BE IT FURTHER RESOLVED, that copies of this resolution together with a letter urging Governor Cowper and the legislative delegation to support a measure similiar to S.B. 387 be sent to the appropriate state officials.

(8) "watercraft" means a ship, boat, vessel, or other structure that is capable of being moved in or on water either under its own propulsion or propelled by another craft, including a floating fish processor, a transportation barge, a drilling ship, and a semi-submersible drilling rig;

* * *

(Eff. 4/8/82, Reg. 82; am. 8/1/82, Reg. 83; am. 7/19/82, Reg. 83; am. 11/14/82, Reg. 84; am. 8/12/84, Reg. 91)

Discussion

The Taxpayers received letters from the Division in June, 1985 requiring them to file motor fuel tax returns and pay the tax based on fuel acquired outside of Alaska and consumed within the state. After quoting AS 43.40.010, the Revenue Auditor wrote:

> This tax is a user tax. The fuel purchased out of state and used or consumed within Alaska waters is subject to the Alaska Motor Fuel tax. Every user is required to remit the tax accrued on motor fuel imported into the State and used during each month. Based on our information, we believe you are required to file a monthly tax return with the Department of Revenue.
>
> I have enclosed Alaska Statutes and regulations governing motor fuel taxes. Also enclosed are motor fuel tax returns (04-541) with instructions on how to prepare these returns. We request that you file these returns for the periods that you have been using motor fuel within Alaska waters. If you need additional returns or information please contact this office.

Exs. 1 - 5, Letters to Taxpayers. The Taxpayers filed motor fuel tax returns for October, 1985, paid the taxes based on consumption and filed claims for refund. The claims were denied. F.F. 15. The Taxpayers filed appeals, F.F. 16, and an informal conference decision was issued which upheld the taxation of the motor fuel, F.F. 17.

The Taxpayers have raised several issues concerning the application of the motor fuel tax to fuel purchased outside of Alaska and consumed in Alaska waters from a vessel's fuel tanks (bunkers). The Taxpayers protest the proposed taxation method based on statutory interpretation, the Administrative Procedure Act and constitutional grounds. Because we conclude that the action by the Division violates the Administrative Procedure Act, we do not reach the statutory interpretation and constitutional issues.

I. The Taxation Of Watercraft Fuel Purchased Outside of Alaska And Consumed In Alaska Proposed By The Audit Division In June, 1985 Was Inconsistent With The Prior Course Of Conduct Of The Division Concerning The Taxation Of Such Motor Fuel.

The Division and the Taxpayers have stipulated that a single course of conduct concerning the taxation of watercraft motor fuel was followed from the enactment of the law in 1946 until 1985. Motor fuel purchased or transferred within Alaska was taxable in full without regard to the jurisdiction in which the fuel was actually consumed and motor fuel purchased outside of Alaska and consumed in Alaska without first being stored or otherwise coming to rest in the state was not taxed. F.F. 1. In other words, a vessel taking on fuel in its bunkers outside of Alaska and consuming that fuel in Alaska did not pay motor fuel tax to Alaska. This historical approach was based primarily on statutory interpretation because the first regulations concerning the motor fuel tax were not adopted until 1982. See 15 AAC 40.010 -- 15 AAC 40.900, Eff. 7/19/82, Reg. 83.

Under AS 43.40.010 there were two classifications of taxpayers, dealers and users. A dealer was a person who sold or otherwise transferred in Alaska motor fuel upon which the tax had not been paid. AS 43.40.100(1). A user paid the motor fuel tax at the same rates as a dealer and was a person who consumed or used motor fuel who either purchased the fuel outside of Alaska and shipped it into the state for personal use in the state, or who manufactured the fuel in the state or who purchased or received fuel in the state which was not taxed at the time of purchase or receipt or was taxed at less than the proper rate. AS 43.40.100(4). The tax was levied when a dealer sold or otherwise transferred motor fuel, AS 43.40.010(a) or when a user consumed motor fuel, AS 43.40.010(b).

Prior to the Division's action in 1985, the Taxpayers in this case did not pay nor did the Division require that they pay motor fuel tax. They were not "dealers" because they were not selling or otherwise transferring the fuel in this case. The Taxpayers did not manufacture the fuel and did not otherwise receive fuel in the State; therefore they could not have received it tax-free or at a reduced tax rate. See F.F. 1. Had the Taxpayers been taxable at all, it would have been because they purchased the fuel out of the state and shipped it into the state for personal use in the state. AS 43.40.100(4)(A). Though not conclusive as to the taxability of their use of motor fuel, neither the Taxpayers nor any other motor fuel consumer on watercraft filed a return and paid a tax on the consumption basis proposed in the June, 1985 letters to the Taxpayers. F.F. 19. The record contains no reference to any earlier attempt by the Division to impose or require this method of taxation on watercraft fuel use.

While the letters to the Taxpayers failed to cite authority for the Division's action in 15 AAC 40, the Division claims that its action and

change of method of taxation were authorized by properly adopted regulations. The key regulation is 15 AAC 40.900(6) which defines "user" differently than in the statute, AS 43.40.100(4). The statute defines "user" as follows:

> "user" means a person consuming or using motor fuel, who either
>
> (A) purchases the fuel out of the state and ships it into the state for personal use in the state; . . . .

AS 43.40.100(4)(emphasis added).

This definition was first enacted in 1946, § 1(c), ch. 18, Session Laws of Alaska 1946 in substantially the same form:

> "User" means any person, firm or corporation consuming or using any motor fuel, who shall have purchased such fuel out of the Territory and shipped it into the Territory for his or its own use within the Territory.

(Emphasis added). The regulation expands the definition by replacing the emphasized "and" in the statutory definition with an "or" in the regulation:

> "user" means a person consuming or using motor fuel who purchases the fuel out of state or ships it into the state for personal use in the state, ...

15 AAC 40.900(6). AS 43.40.100(4) requires the taxpaying user to purchase outside of the state and ship into the state for personal use. Under the regulation anyone purchasing motor fuel outside of the state and bringing it by any means into the state for use is taxable. This is so because the import is no longer restricted to bringing it in by "shipping." If we presume, for the sake of argument, that the regulation was properly adopted, is consistent with AS 43.40.100(4), and is constitutional, there would be authority under the regulation to tax motor fuel on watercraft which was used in Alaska waters and brought into Alaska waters as the vessel's fuel supply. However, we conclude that the regulation does not provide the Division with the authority to change the method of taxation on fuel purchased outside of Alaska and used on watercraft. The new interpretation imposed in the June, 1985 letters was not covered by this regulation, but rather amounted to a "regulation" in and of itself. As such, it was not properly adopted.

A. The Department's Notice Of Proposed Adoption Of Emergency Regulations Is Presumed To have Been Adequate To Notify The Public Of The Subject Of The Proposed Regulations.

The Division adopted 15 AAC 40.900(6), the new definition of "user" as part of a group of regulations first adopted as emergency regulations,

effective 7/19/82, Reg. 83, and then as permanent regulations, effective 11/14/82, Reg. 84. The emergency regulations were adopted in response to the passage of Conference Committee Substitute for House Bill 101 which became Chapter 82 of the 1982 Session Laws of Alaska. The newly enacted legislation, however, did not amend the definition of "user" nor did it expand the taxation of fuel consumed on watercraft. Those changes were introduced in the new regulations.

The Department's Notice of Adoption Of Emergency Regulations contained the following summary of the proposed regulations and their subject matter:

Section 010 relates to return filing requirements;

Section 020 indicates which fuel is subject to motor fuel tax and provides for exemptions from the tax;

Section 030 requires a certificate for certain tax exempt sales;

Section 040 contains licensing requirements;

Section 050 requires a bond for every qualified dealer;

Section 060 authorizes the revocation of a qualified dealers license;

Section 070 lists which records shall be kept;

Section 100 allows a refund or credit on certain sales or transfers of motor fuel;

Section 110 requires tax payments for sales of diesel fuel not used for heating purposes;

Section 200 allows a refund of tax for certain uses of motor fuel;

Section 210 requires a claim be filed in order to receive a tax refund;

Section 220 relates to recovery by the State of erroneously issued refunds;

Section 230 indicates what records must be kept in order to claim a tax refund;

Section 900 contains definitions.

Notice of Adoption of Emergency Regulations, Dept. of Revenue (Jul. 20, 1982). This notice was published three times each in the Juneau Empire, Aff. of Publication, Juneau Empire (Aug. 10, 1982), the Anchorage Daily News, Aff. of Publication, Anchorage Daily News (Aug. 6, 1982), and the Fairbanks Daily News-Miner, Aff. of Publication, Fairbanks Daily News-Miner (Aug. 31, 1982).

A notice of proposed adoption, amendment or repeal must contain an informative summary of the proposed subject of agency action. AS 44.62.200(a)(3). The standard which the notice must meet is whether the notice gave members of the public sufficient information to decide whether their interests could be affected by the agency action and thus to make their views known to the agency. State v. First Nat. Bank of Anchorage, 660 P.2d 406, 425 (Alaska 1982). The filing of a regulation by the lieutenant governor establishes the rebuttable presumption that all the requirements of adopting a regulation have been complied with, including providing adequate notice to the public. AS 44.62.100(a)(3). Thus, the notice set out above presumably was adequate to inform the public of the subject of the regulations which the Department was proposing to adopt.

In addition to the presumption that all requirements were met is the liberal construction to be given the informative summary. First Nat. Bank at 660 P.2d at 425 n. 32. Where a failure to comply with the requirements has been alleged, the failure must have been substantial before a regulation is set aside. Chevron U.S.A., Inc. v. LeResche, 663 P.2d 923, 929 (Alaska 1983).

The notice set out above gave the public notice that regulations were being proposed which would affect motor fuel tax "filing requirements," the determination of which "fuel is subject to motor fuel tax," the allowance of "a refund for certain uses of motor fuel" and the procedure for filing a refund claim. Notice of Proposed Adoption, supra. We believe the notice was adequate to notify the public of the proposed changes.

While the notice was adequate for the purposes stated, the regulation file is devoid of any intent of the Division to change the taxation method for watercraft motor fuel users. Thus, the June 1985 letters contained the first written notice of the change in the taxation of motor fuel consumed by the Taxpayers. In our opinion, no notice of the change was provided by the regulations adopted in 1982.

B. The June, 1985 Letters To The Taxpayers Imposed A New Basis For The Taxation Of The Taxpayers' Motor Fuel Which Should Have Been Adopted By Regulation.

The June, 1985 letters notified the taxpayers of the new interpretation of the motor fuel tax:

> This tax is a user tax. The fuel purchased out of state and used or consumed within Alaska waters on watercraft is subject to the Alaska Motor Fuel tax. Every user is required to remit the tax accrued on motor fuel imported into the State and used each month. Based on our information, we believe you are required to file a monthly tax return with the Department of Revenue.

Letter from John Hansen, Revenue Auditor to Taxpayers at 2 (June 7 and 10, 1985) (requesting Taxpayer to file returns and pay motor fuel tax) (emphasis added).

In writing the letter to the Taxpayers, the auditor changed the statutory requirement that a user ship motor fuel into the state for personal use, AS 43.40.100(4)(A), to import fuel into the state, Letters to Taxpayers, supra. "To ship" primarily means to "place or receive on board of a ship for transportation by water . . . [or] to cause to be transported", Webster's Third New International Dictionary, at 2096 (1976). Under this definition, we do not consider a vessel "shipping" the fuel in its fuel tanks to Alaska any more than the family car can be considered to be "shipping" fuel around the city.

On the other hand, "import" has a broader meaning, "to bring from a foreign or external source; introduce from without." Id. at 1135. "Import" goes beyond "ships into" by including all fuel brought into the state by any means from any outside source and thus includes a vessel's own fuel. The Letters introduced a new interpretation of "user" and effectively was a "regulation" as defined in the Administrative Procedure Act, AS 44.62.640(a)(3), but was imposed on the Taxpayers without going through the process for adopting regulations under AS 44.62. Although arguably consistent with the new definition of "user" adopted in the 1982 regulations, 15 AAC 40.900(6), there was no change in the enforcement of the law until the June letters, almost three years after the adoption of the regulations. The June letters constituted a new interpretation of the law, and thus were not properly adopted as regulations under the Administrative Procedure Act.

Should the Division wish to pursue the method of taxation proposed in the June, 1985 letters, it should do so only after properly adopting a regulation providing notice of the change from the prior method of taxation. In the course of adopting such a regulation, the Division should consider the arguments presented in this appeal concerning the consistency of such an approach within the existing statutes and conformity with the provisions of the United States and Alaska Constitutions cited by the Taxpayers.

Decisions

1. The June, 1985 letters to the Taxpayers asking for the filing of Motor Fuel tax returns and payment of the tax on fuel purchased outside of Alaska and consumed while operating within Alaska were inconsistent with prior interpretations of the Division.

2. The method of taxation proposed in the June 1985 letters was not properly adopted under the provisions of the Alaska Administrative Procedure Act.

3. The Taxpayers are only liable for the motor fuel tax as users where the motor fuel was purchased outside of Alaska and shipped into the state for personal use, or the Taxpayers manufactured the fuel in the state or if they purchased or received fuel in the state that was not taxed at the time of purchase or receipt or was taxed at a rate that was less than the rate prescribed by AS 43.40.010.

4. The claims for refund for taxes paid for October, 1985 and which were at issue in this appeal are granted.

If any Taxpayer in this appeal disagrees with this decision, it may, within 30 days from the date of the adoption of this decision, file an appeal in the superior court in the judicial district in which it conducts business.

This decision is dated at Juneau, Alaska this 19th day of March, 1987.

/s/
Donald M. Bullock, Jr.
Revenue Hearing Examiner

This Resolution has been Adopted by The Anchorage Chamber of Commerce.

RESOLUTION

WHEREAS, The Alaska Motor Fuel Tax laws have since 1946, levied a 5 cent per gallon tax on marine fuel purchased or transferred within Alaska; and

WHEREAS, for 39 years marine fuel purchased outside Alaska waters and brought into the state in fuel storage tanks on watercraft for the purpose of operating the vessel has not been taxed under the Motor Fuel Tax provisions of Alaska law; and

WHEREAS, in 1985, the Alaska Deopartment of Revenue initiated a new and different interpretation of the law as applied to marine fuel brought into the state in fuel storage tanks on watercraft for the purposes of operating the vessel and began a tax collection effort; and

WHEREAS, this effort was undertaken without new authorizing legislation or amendment; and

WHEREAS, the new interpretation of the marine fuel tax will have serious implications for the business and individual consumers in Alaska by increasing the costs of goods brought into the state by water transportation; and

WHEREAS, the new interpretation will apply to cruise ships which visit Alaska waters thereby increasing costs of such tourist travel to our state; and

WHEREAS, because the new interpretation would impose the tax on the amount of marine fuel consumed while the watercraft is inside the 3 mile limits of Alaska waters, certain Alaska ports will be unfairly placed at a competitive disadvantage due to longer travel time inside bays, habors and inlets; and

WHEREAS, in 1986 the Alaska Senate passed CS S.B. 387 (Finance) which would have specifically prevented application of the new interpretation; and

WHEREAS, the Alaska House of Representatives adjourned before S.B. 387 could reach the floor for a vote on the issue; and

WHEREAS, legislation similiar to S.B. 387 would not result in a revenue loss to the State of Alaska because such a tax was not levied or collected between 1946 and 1985;

THEREFORE BE IT RESOLVED, that the Anchorage Chamber of Commerce urges that Governor Cowper and the Alaska Legislature take action to clarify the law so that marine fuel brought into the state in fuel storage tanks on watercraft for the purposes of operating the vessel not be taxed and avoid increasing costs of business and consumer goods to Alaska consumers, increasing the costs of tourist activities in the state and avoid the competitive discrimation against certain ports which could result;

BE IT FURTHER RESOLVED, that copies of this resolution together with a letter urging Governor Cowper and the legislative delegation to support a measure similiar to S.B. 387 be sent to the appropriate state officials.

TESTIMONY
OF
M.R. LADNER, PUBLIC AFFAIRS
FOR
SEALAND SERVICE, FAIRBANKS, ALASKA
TO
ALASKA HOUSE TRANSPORTATION COMMITTEE
JUNEAU, ALASKA

MADAM CHAIR, MEMBERS OF THE COMMITTEE, MY NAME IS MIKE LADNER AND I AM THE PUBLIC AFFAIRS SPOKESMAN FOR SEALAND SERVICES IN ALASKA, BASED OUT OF FAIRBANKS. SEALAND SERVICES OPERATES THREE SHIPS BETWEEN SEATTLE AND THE RAILBELT AND ALEUTIAN CHAIN MARKETS OF ALASKA.

I AM TESTIFYING FOR SEALAND IN SUPPORT OF HB 280, WHICH WE STRONGLY FEEL CLARIFIES THE EXISTING LAW PASSED BY THE TERRITORIAL LEGISLATURE IN 1946. THE TERRITORIAL LEGISLATURE'S INTENT, WE BELIEVE, WAS TO STOP VESSEL OPERATORS FROM BRINGING IN BULK FUEL, FOR RESALE, THUS AVOIDING IN-STATE PURCHASED AND ALASKA TAXES.

THE ALASKA DEPARTMENT OF REVENUE IN JUNE OF 1985 CAME TO THE VESSEL OPERATORS AND STATED THEY WERE NOW GOING TO COLLECT A TAX ON FUEL BURNED, BUT NOT PURCHASED IN ALASKA'S THREE-MILE LIMIT. FOR THIRTY-NINE YEARS THIS TAX WAS NEVER COLLECTED, NOR WAS THE LAW INTERPRETED IN SUCH A WAY FOR IT TO BE ASSESSED. THE DEPARTMENT OF REVENUE ARBITRARILY, FOR REASONS OF ITS OWN, ISSUED WITHOUT CLEAR LEGISLATIVE INTENT, A NEW TAX.

THIS USER TAX WOULD COST OUR COMPANY APPROXIMATELY $150,000 PER YEAR BASED PRIMARILY ON OUR CRUISING TIME WITHIN COOK INLET, KODIAK ISLAND, CORDOVA, AND DUTCH HARBOR, AS WELL AS INTERMEDIATE POINTS. A USER TAX

IS USUALLY BASED ON SERVICES RECEIVED, BUT ON THIS "CONSUMPTION" TAX, ALL AIDES TO NAVIGATION, INSPECTIONS, SAFETY AT SEA AND PORT CHARGES ARE EITHER PROVIDED BY THE FEDERAL OR LOCAL GOVERNMENTS.

SEALAND EMPLOYS 203 PEOPLE DIRECTLY AND INDIRECTLY IN ALASKA AND WE PAY TAXES ON PAYROLL, WORKERS' COMPENSATION, PERSONAL PROPERTY, EXCISE, AND LICENSE TAX. OUR COMPANY PAYS ITS FAIR SHARE OF TAXES IN ALASKA AND FEELS WE ARE GOOD CORPORATE CITIZENS.

SINCE THE DEPARTMENT OF REVENUE HAS NEVER COLLECTED THIS TAX, THERE WOULD BE NO LOSS OF REVENUE IN PASSING THIS LEGISLATION. THE DEPARTMENT OF REVENUE HAS INITIALLY SINGLED OUT THE MARITIME INDUSTRY ON THIS TAX, BUT CHECKS FOR TRUCKS AT THE BORDER, CARS AND RECREATIONAL VEHICLES AT THE BORDER AND ON THE FERRIES AND ALL AIRLINES WHEN THEY HIT ALASKA AIRSPACE WOULD ALSO FALL UNDER REVENUES' INTERPRETATION OF THIS TAX. AS ONE MIGHT IMAGINE, THE EQUITABLE ENFORCEMENT AND STAFFING TO ENFORCE THIS TAX WOULD BE A DIFFICULT AND COSTLY UNDERTAKING, PLUS THE ACCOUNTING BURDEN FOR THE TRANSPORTATION COMPANIES WOULD BE INCREASED.

IF THIS TAX WERE APPLIED TO THE COMMON CARRIERS OF ALASKA, IT WOULD BE ADDED TO THE RATES PAID BY THE ALASKAN CONSUMER, EITHER BY ADDING TO THE RATE OR BY ADDING AN ALASKA FUEL TAX SURCHARGE TO THE BILL OF LADING.

SEALAND THEREFORE URGES PASSAGE OF HB 280. I WISH TO THANK THE CHAIR AND THIS COMMITTEE FOR ALLOWING US TIME TO EXPRESS OUR OPINION ON THIS ISSUE.

THANK YOU.

TESTIMONY OF TOTEM OCEAN TRAILER EXPRESS, INC. (TOTE)
BY LEIGHTON H. THETFORD, ALASKA GENERAL MANAGER BEFORE
THE ALASKA HOUSE TRANSPORTATION COMMITTEE IN SUPPORT
OF HOUSE BILL NO. 280
MAY 6, 1987

Mr. Chairman, members of the Committee, TOTE is testifying today on our own behalf and on behalf of other ocean carriers shipping between the states of Alaska and Washington. We wish to express our support of Senate Bill 100, which was introduced to clarify the original intent of the legislature for the Alaska Motor Fuel Tax Act, and to eliminate any ambiguity in that act in relation to fuel brought into the state in the fuel storage tanks of watercraft.

The Motor Fuel Tax Act was passed as law by the Territorial Legislature in 1946. We believe that the legislature intended to tax fuel sold in Alaska and bulk fuel shipped as cargo into Alaska for personal use in the state. The legislature intended to prevent the shipping of untaxed bulk fuel into Alaska and therefore prevent a loss of sales tax revenue. The legislature did not intend to tax fuel brought into the state in fuel storage tanks on a watercraft for the purpose of operating the watercraft.

Alaska followed this leislative intent until June, 1985. No tax was asserted or collected on fuel brought into the state in fuel storage tanks on a watercraft for the purpose of operating the watercraft. In June, 1985 the Department of Revenue arbitrarily determined to redefine the legislative intent and to collect a tax on this bunker fuel. We strongly disagree with this new interpretation and believe that, in attempting to reinterpret the law and impose a new tax, the department violated the intent of the legislature as expressed in both the Motor Fuel Tax Act and the Alaska Administrative Procedure Act.

The department has asserted this tax is a user tax. The fuel tax has not previously been based on fuel used, but on fuel purchased in state or shipped into the state. The concept of a user tax is to pay for a service. The State of Alaska itself provides virtually no service for our industry. Aids to navigation, dredging, safety at sea, inspections and vessel safety are covered by the federal government. TOTE's port and dockside facilities are paid for by dockage fees and rental payments to the Port of Anchorage which were approximately $1.9 million in 1986. In addition, TOTE is an Alaska corporation and pays substantial taxes to the State of Alaska, including income, property and payroll taxes.

A tax on bunker fuel consumed in Alaskan waters encourages carriers to avoid travel within the three-mile limit. Ports such as Anchorage, which lie further within Alaskan waters, would be discriminated against, as would carriers serving those ports. TOTE serves the Port of Anchorage only in our service to Alaska. Our ships cruise six hours in each direction through Cook Inlet. If a tax is imposed on bunker fuel, most of TOTE's tax would result from sailing through Cook Inlet to Anchorage.

Any increase in taxes would worsen the condition of the water transportation industry and increase costs to the Alaska consumer. In addition, our industry is a major source of commerce and employment in Alaska and any additional burden on the industry would be detrimental to the Alaskan economy. The past three years have been unprofitable for many carriers in our industry and several operators have been forced from the business as a result. The next three years are expected to be more difficult.

Our industry has filed an appeal with the Department of Revenue contesting this new tax. Although we expect to ultimately prevail in this matter, this arduous and expensive process can be avoided by clarifying the act through House Bill No. 280.

In summary, House Bill No. 280 was introduced to clarify the original intent of the legislature for the Alaska Motor Fuel Tax Act, and to eliminate any ambiguity in that act in relation to fuel brought into the state in the fuel storage tanks of watercraft. This bill will relieve the industry and the Department of Revenue from an expensive appeal and litigation process resulting from the department's radical new interpretation of the act. Finally, this bill will prevent a burden from being imposed on water carriers and consumers in Alaska.

I thank you for this opportunity to express the views of TOTE and of our industry. We encourage your support of House Bill No. 280 and will answer any questions you have at this time.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 5-8-87 1:30p.m.

Official Business

COMMITTEE:

House Transportation Committee

DATE: May 8,1987

Subject of meeting:

HB 213: Allocation of Feferal Highway Funds

*HB 280: Taxation of Watercraft Motor Fuel

CSSB 17: Vandalism of Traffic Control Devices

SIGN-IN

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Carl A. Meyer Chief of Audit Appeals	Dept. of Revenue P.O. Box SA	465-2343	DOR	Available for HB 280 Questions
Alexis Gabay Staff Attorney-Sen. Faiks	— CSSB 17	465-4523	Senator Faiks	Yes SB 17
Jon Scribner	DOT&PF Pouch Z JNU	465-3900	DOT&PF	if questions, yes HB 213

*indicates first public hearing

HB

305

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

February 3, 1988

****

COMMITTEE CALENDAR:

HB 305: "An Act relating to transportation of pupils; and providing for an effective date.

This is a work session only that will be teleconferenced for the purpose of collecting public testimony from the communities of Anchorage, Delta Junction, Fairbanks, the Mat-Su area, Seward, Soldotna and Valdez.

FOR THIS MEETING, YOUR PACKET INCLUDES:

Item #1: HB 305
#2: fiscal notes: Depart. of Labor
Depart. of Education
Depart. of Public Safety
#3: A memo from House Labor & Commerce Chairman Rep. Dave Donley
#4: a sectional analysis
#5: a letter form Depart of Public Safety
#6: two (proposed) amendments

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

Februa y 10, 1988

****

COMMITTEE CALENDAR:

HB 305: "An Act relating to transportation of pupils; and providing for an effective date."

HJR 50: Requesting the Congress to remove the Highway Trust Fund and the Airport and Airway Trust Fund from the Unified Federal Budget.

(This is a first public hearing on HJR 50)

FOR THIS MEETING, YOUR PACKET INCLUDE:

a folder on HB 305:
- item #1: HB 305
- #2: fiscal notes: Depart. of Labor
  Depart. of Education
  Depart. of Public Safety
- #3: a statement from Rep. Donley, Chairperson of House Labor & Commerce
- #4: sectional analysis
- #5: letter re wages and safety record
- #6: committee substitute for HB 305
- #7: testimony - 2/3/88 minutes and other
- #8: statutes

a folder on HJR 50:
- item #1: HJR 50
- #2: statement from Rep. Davis
- #3: fiscal note: DOT/PF

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

March 2, 1988

****

COMMITTEE CALENDAR:

HB 305: "An Act relating to transportation of pupils; and providing for an effective date."

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

a folder on HB 305 that includes:

item #1: HB 305
#2: fiscal notes, HB 305: Depart. of Labor
Depart. of Education
Depart. of Public Safety
#3: 2/3 statement from Rep. Donley
#4: sectional analysis
#5: letter regarding wages and safety record
#6: original committee substitute - 2/4
#7: 2/03 & 2/10 minutes
#8: statutes

New information: 3/2 statement from Rep. Donley
a new committee substitute - 2/16
sectional analysis
an amendment to the 2/16 CS

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HB 305
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An act relating to transportation of pupils.."
Sponsor: House Labor and Commerce
Requestor: House Transportation

Agency Affected: Labor
BRU: Labor Standards and Safety
Components: Wage and Hour

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Tom Stuart, Director — TStuart
Division: Labor Standards and Safety
Phone: 264-2452
Date: 2/02/88

Approved by Commissioner: Jim Sampson — Jim Sampson
Agency: Labor
Date: 2/02/88

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

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION : HB-305
PUBLISH DATE : _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title : ...transportation of pupils...

Agency Affected : Education
BRU : K-12

Sponsor : House Labor and Commerce
Requestor : House Labor and Commerce

Components : Pupil transportation

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This is not a zero fiscal note. The potential cost of sections 2, 3, and 4 of the bill are indeterminate.

Prepared by : Steve Hole
Division : Commissioner's Office
Phone : 465-2800
Date : 2-2-88

Approved by Commissioner : William G. Demmert
Agency : Education
Date : 2-2-88

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management & Budget
Impacted Agency(ies)

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HB 305
PUBLISH DATE: _____

FISCAL NOTE

REQUEST: _____

Revision Date: _____
Title: An Act relating to transportation of pupils.
Sponsor: House L&C
Requestor: House L&C

Agency Affected: Public Safety
BRU: Motor Vehicles
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

No fiscal impact on this department.

KCP
JNR
2/2/88

Prepared by: Bill Brown — Phone: 465-4335
Division: Motor Vehicles — Date: 2-2-88

Approved by Commissioner: [signature] — Date: 2-3-88
Agency: Public Safety

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

HOUSE LABOR AND COMMERCE COMMITTEE
ALASKA STATE LEGISLATURE
P.O. BOX V, JUNEAU 99811
(907) 465-3892

February 3, 1988

To: Representative Bette Cato, Chair
Members, House Transportation Committee

From: Representative Dave Donley, Chair
House Labor and Commerce Committee

Re: HB 305 - School Bus Drivers

HB 305, relating to wages and required experience for school bus drivers, was introduced by the House Labor and Commerce Committee and is before the House Transportation today.

I've included a brief sectional analysis of HB 305 to aid in your deliberations today. HB 305 makes three substantial amendments to existing statute: 1) raises the age to obtain a school bus drivers license from 19 to 21, 2) raises the one year requirement for having an Alaska drivers license to two years and, 3) establishes a minimum wage for drivers at no less than two and one half times the federal minimum wage law ($3.35/hour - $3.85/hour in Alaska).

The House Labor and Commerce Committee introduced HB 305 in response to concerns about the continuing reduction in wages for school bus drivers and the potential effect on the quality and availability of qualified drivers. Most school bus drivers are employees of contractors who bid for pupil transportation services. Less than twenty percent of school bus drivers in Alaska are paid directly by a school district. Since most pupil transportation costs are fixed (i.e. gas, oil, tires, insurance, heat, lights, license fees, routine maintenance, and the buses themselves), reducing wages paid to drivers may be the only way for a contractor to place the winning bid. The House Labor and Commerce Committee felt that the compensation levels of school bus drivers must not be allowed to deteriorate because wages currently paid are at an absolute minimum to expect qualified and proficient applicants.

Last year, the Committee received the results of a brief telephone survey of wages paid to school bus drivers:

CITY	CONTRACTOR	ENTRY WAGE	TOP WAGE
KENAI	LAIDLAW	$8.10/HR	$11.45/HR
MATSU/BOROUGH	TUNDRA TOURS	$8.22/HR	$10.40/HR
KODIAK	T.M.S.	$9.50/HR	$10.00/HR
FAIRBANKS	T.M.S.	$8.50/HR	$10.00/HR
ANCHORAGE	T.M.S.	$7.50/HR	$ 9.00/HR
ANCHORAGE	LAIDLAW	$8.22/HR	$ 9.75/HR

Before deciding to introduce HB 305, our Committee heard arguments that there is no correlation between wages paid to school bus drivers and a good safety record. However, the Anchorage School district has suffered three student fatalities in the last four years, in three separate school bus accidents. In each case, the contractor was T.M.S. (Transportation & Marketing Systems).

The operation of a school bus is viewed by many as nothing more difficult than driving the family car. From a mechanical standpoint this may be true. However, from a safety standpoint it is not. A much greater level of proficiency must be required of our school bus drivers than we require from drivers who do not carry passengers, let alone a bus full of children.

In recognition of the greater degree of experience and proficiency required, the legislature recently adopted measures to substantially increase the required experience and training levels for school bus drivers. While this legislation imposed considerable costs on potential drivers, it did nothing to protect their wages and therefore helped to make bus driving a substantially less attractive job. The resulting increase in the turnover rate among drivers means wasted training dollars, potentially unsafe pressure on current employees, and an overall lower level of proficiency.

In order to correct errors in the current version of HB 305, I prepared two amendments for your consideration. The first would correct the effective date so that it reads September 1, 1988 instead of September 1, 1987. The second amendment corrects a drafting oversight so that the minimum wage requirements established under HB 305 apply to all school bus drivers, whether they are paid by a school district or through an independent contractor.

The House Labor and Commerce Committee believes that HB 305 reasonably and fairly addresses an important public safety issue. We support measures to increase the proficiency and experience level for school bus drivers and feel strongly that the best way to accomplish that goal and still maintain a pool of qualified, experienced drivers, is to guarantee that they receive no less than a livable wage.

HOUSE LABOR AND COMMERCE COMMITTEE
ALASKA STATE LEGISLATURE
P.O. BOX V, JUNEAU 99811
(907) 465-3892

Sectional Analysis for HB 305
"An Act relating to transportation of pupils"

Section 1:

Section 1 contains Legislative Findings that establish the public purpose behind requiring additional experience and proficiency levels for school bus drivers in Alaska.

Section 2:

Section 2 adds a new subsection (d) to AS 14.09.010 to require school districts, transportation contractors, or other recipients of state funds for pupil transportation services to establish classifications for their employees who provide transportation services in order to identify school bus drivers as employees eligible for the minimum wage established under AS 23.10.065(b). The section further requires that if the wage schedule for bus drivers established by an entity under this section is higher than the minimum wage established under AS 23.15.065 (b) then the higher wage applies to all other employees who work as bus drivers.

Section 3:

Amends AS 23.10.065 (Section of law that establishes a minimum wage for all employees in Alaska as $.50 cents above federal minimum wage) to exempt school bus drivers under AS 23.10.065(b).

Section 4:

Adds a new subsection (b) to AS 23.20.065 providing that school bus drivers be paid a minimum wage no less than two and one half times the prevailing federal minimum wage. (Current federal minimum wage is $3.35/hour nationally and $3.85/hour in Alaska. Two and one half times $3.85/hour establishes a minimum wage for school bus drivers as $9.62 and hour.

Section 5:

Section 5 amends AS 28.15.046(b) to raise the minimum age for obtaining a school bus drivers license from 19 to 21 years (AS 28.15.046(b)(1)), and raises the one year requirement for possession of a license to two years (AS 28.15.046(b)(2)).

Section 6:

Effective date clause. The effective date in the current version is September 1, 1987.

Prepared by the House Labor and Commerce Committee
Representative Dave Donley, Chairman
February 3, 1988

STATE OF ALASKA

DEPARTMENT OF LABOR

STEVE COWPER, GOVERNOR

BOX 1149
JUNEAU, ALASKA 99802
PHONE:
(907) 465-4856

April 21, 1987

APR 22 1987

The Honorable Dave Donley
State Capital
P.O. Box V
Juneau, AK 99811

Dear Representative Donley:

I refer to your request of April 14, 1987 concerning statistics or a study which may indicate the relationship between wages paid to a school bus driver and his or her safety record.

The department does not have any information on this subject. I, therefore, called the Department of Education and the Alaska Highway Safety Council but neither of these agencies had any information on the subject. They referred me to the National School Transportation Association, in Springville, Virginia, and to the National Safety Council in Chicago, Illinois. I contacted both these organizations and they also were not aware of any studies in this area.

I am sorry I was not of more help but evidently there are no studies either on a state or national level on this subject.

Sincerely,

Richard Arab, Deputy Director
Division of Labor Standards
and Safety

07-G17LH

5-0777B
Ford
2/4/88

Original sponsor: Labor and Commerce Committee

IN THE HOUSE

CS FOR HOUSE BILL NO. 305 ( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to transportation of pupils; and providing for an effective date."

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

* Section 1. LEGISLATIVE FINDINGS. The legislature finds that the driving conditions existing in this state are unique and require school bus drivers to have experience in driving a vehicle on the roads and under the conditions existing in the state in order to ensure that they are adequately trained. The legislature also finds that in order to properly train school bus drivers, drivers should be licensed in this state for a minimum period of one year, as required under AS 28.15.046(b)(2), as amended by sec. 6 of this Act.

* Sec. 2. AS 14.09.010 is amended by adding a new subsection to read:

(d) A school district, transportation contractor, or other recipient of state funds for pupil transportation shall establish two wage schedules for its employees who provide pupil transportation services. One wage schedule must include employees, other than drivers, paid on an hourly basis, by classification. The other wage schedule must include drivers, by classification. After an entity establishes a wage schedule required by this subsection, an employee hired by that entity to provide substantially the same pupil transportation services as an employee compensated according to the established wage schedule shall be compensated at a rate not less than that established by the wage schedule. If wages paid to the employee are higher than the rate established by the wage schedule, the wage

schedule shall be amended to conform to the higher wage rate.

* Sec. 3. AS 23.10.055(5) is amended to read:

(5) an individual employed by the United States or by the state or political subdivision of the state, except as provided in AS 23.10.065(b), including prisoners not on furlough detained or confined in prison facilities;

* Sec. 4. AS 23.10.065 is amended to read:

Sec. 23.10.065. MINIMUM WAGES. Except as provided under (b) of this section, an [AN] employer shall pay to each employee wages at a rate of not less than 50 cents an hour greater than the prevailing Federal Minimum Wage Law or $2.60 an hour, whichever is greater, for hours worked in a pay period, whether the work is measured by time, piece, commission or otherwise. An employer may not apply tips or gratuities bestowed upon employees as a credit toward payment of the minimum hourly wage required by this section. Tip credit as defined by the Fair Labor Standards Act of 1938 as amended does not apply to the minimum wage established by this section.

* Sec. 5. AS 23.10.065 is amended by adding a new subsection to read:

(b) An employer shall pay to each person employed as a school bus driver wages at a rate of not less than two and one-half times the Alaska as described in 23.10.065 prevailing Federal Minimum Wage Law, for hours worked in a pay period, whether work is measured by time, commission, or otherwise. An employer may not apply fringe benefits as a credit toward payment of the minimum wage established under this subsection.

* Sec. 6. AS 28.15.046(b) is amended to read:

(b) The department may not issue a license under this section unless the applicant

(1) is at least 21 [19] years of age;

(2) has had a license issued by the department to operate a

motor vehicle at least one year before the date of application and has had a license to operate a motor vehicle at least three years before the date of application;

(3) has successfully completed all required driving, written, and physical examinations;

(4) has submitted information sufficient to complete a background check consisting of a fingerprint check of national criminal records and state criminal records of the state or states in which the applicant has resided for the past two years;

(5) has completed a state approved school bus driver training course established under AS 14.07.020(a)(14) or has for the previous two years been licensed by the state to operate a school bus.

* Sec. 7. This Act applies to school bus driver employment contracts entered into or renewed on or after September 1, 1988.

* Sec. 8. This Act takes effect September 1, 1988.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS	2-3-88	1:30 p.m.
" "	2-10-88	1:30 p.m.
" "	3-2-88	1:30 p.m.

Gordon Epperly : Juneau

1. School bus drivers are required to complete first aid and CPR classes, which takes about four hours of personal time and costs $20 for their certification cards.

2. School bus drivers are required to have physicals, costing $50 - $100, on their own time.

3. New drivers are required to attend a two week training program, at their own expense, and complete a "ground check". Certification is $10.

4. Returning drivers are required to attend eight hours of continued training per year. Own expense.

School bus drivers have been for years trying to become affiliated with a labor union, but because they are hired by a contractor, affiliation attempts have failed.

Other bus and truck drivers are paid Davis Bacon wages.

Alaska Statutes

Title 14. Education.

Chapter

03. Public Schools Generally (§§ 14.03.010 — 14.03.140)
07. Administration of Public Schools (§§ 14.07.010 — 14.07.170)
08. Education in the Unorganized Borough (§§ 14.08.011 — 14.08.151)
09. Transportation of Pupils (§§ 14.09.010 — 14.09.020)
11. Construction, Rehabilitation, and Improvement of Schools and Education-Related Facilities (§§ 14.11.010 — 14.11.135)
12. Organization and Government of School System (§§ 14.12.010 — 14.12.180)
14. Local Administration of Schools (§§ 14.14.020 — 14.14.310)
17. Public School Foundation Program (§§ 14.17.010 — 14.17.250)
18. Prohibition Against Discrimination Based on Sex in Public Education (§§ 14.18.010 — 14.18.110)
20. Teachers and School Officials (§§ 14.20.010 — 14.20.650)
25. Teachers' Retirement (§§ 14.25.010 — 14.25.220)
30. Pupils and Educational Programs for Pupils (§§ 14.30.010 — 14.30.660)
33. School Safety Patrols (§§ 14.33.010 — 14.33.060)
35. Vocational Education (§§ 14.35.010 — 14.35.030)
36. Community Schools (§§ 14.36.010 — 14.36.070)
40. The University of Alaska and the Community Colleges (§§ 14.40.010 — 14.40.640)
42. Postsecondary Education (§§ 14.42.010 — 14.42.390)
43. Scholarship, Loan, and Grant Programs for Postsecondary Students (§§ 14.43.010 — 14.43.910)
44. Interstate Education Compacts (§§ 14.44.010 — 14.44.060)
45. Private and Denominational Schools (§§ 14.45.010 — 14.45.200)
48. Regulation of Postsecondary Educational Institutions (§§ 14.48.010 — 14.48.210)
50. Federal Aid for Education (§§ 14.50.010 — 14.50.080)
56. State Library and Historical Library and State Library Programs (§§ 14.56.010 — 14.56.350)
57. The State Museum (§§ 14.57.010 — 14.57.080)
60. General Provisions (§ 14.60.010)

Sec. 14.08.170. [Repealed, § 1 ch 124 SLA 1975.]

Chapter 09. Transportation of Pupils.

Section
10. Transportation of pupils

Section
20. Transportation for nonpublic school students

Collateral references. — 68 Am. Jur. 2d Schools, §§ 234-241.

79 C.J.S. Schools and School Districts, §§ 475-482.

One transporting children to or from school as independent contractor. 66 ALR 724.

Risks and causes of loss within liability policy covering transportation of school children. 154 ALR 1102.

Tort liability of public schools and institutions of higher learning for accidents associated with transportation of students. 34 ALR3d 1210.

Relief against school board's "bussing plan" to promote desegregation. 50 ALR3d 1089.

Tort liability for misclassification or wrongful placement of student in special education program. 33 ALR4th 1166.

Personal liability of executive or administrative officer unit for personal injury or death of student. 35 ALR4th 272.

Liability of school employee, other than teacher or administrator, for personal injury or death of student. 35 ALR4th 328.

Sec. 14.09.010. Transportation of pupils. (a) The department may provide for the transportation of pupils who reside a distance from established schools, and in order to accomplish that purpose may

(1) require school districts to enter into contracts with the department for the administration, supervision, operation or subcontracting of the operation of transportation systems for students to and from the schools within their service area;

(2) require all school districts, transportation contractors and other recipients of state transportation funds to submit to the department an annual report, which includes a financial statement and other operational data required by the department;

(3) permit school districts to

(A) establish supplementary systems of student transportation for students ineligible to utilize transportation facilities paid for by the state;

(B) charge fares or fees for the supplementary transportation systems; and

(C) use local tax funds to pay, in whole or in part, the cost of the supplementary system.

(b) Each school district mentioned in (a)(1) of this section is entitled to receive reimbursement from the state for the operation of the transportation system on a unit cost basis determined by the department.

(c) The school board of a district, or the department for areas not within school districts, shall designate as hazardous those routes

which cannot be safely traveled by children not served by school bus. The designation may recognize hazards that exist only part of the time and in these instances the designation shall be applicable only during the time the hazards are found to exist. The board or the department shall provide for the transportation of pupils on routes designated as hazardous. The additional cost of the transportation in a district shall be shared equally by the district and the department. Eligibility to receive school bus service on routes designated as hazardous shall not be subject to restrictions based on the minimum distance between established schools and the residences of pupils. (§ 1 ch 39 SLA 1966; § 1 ch 98 SLA 1966)

Revisor's notes. — Subsection (c) was enacted as AS 14.10.070(c). Renumbered in 1966.

Opinions of attorney general. — Until the Alaska Supreme Court issues a decision overruling Matthews v. Quinton, Sup. Ct. Op. No. 31 (File No. 48), 362 P.2d 932 (1961), or modifying it in a significant manner, the law in the state is that public funds may not be used to provide transportation to private school children. 1978 Op. Att'y Gen. No. 23.

NOTES TO DECISIONS

Prior law. — For cases construing former similar provisions, see Tapscott v. Page, 17 Alaska 507 (1958); Matthews v. Quinton, Sup. Ct. Op. No. 31 (File No. 48), 362 P.2d 932 (1961), cert. denied, 368 U.S. 517, 82 S. Ct. 530, 7 L. Ed. 2d 522 (1962).

Borough was not acting as an agent of the state in furnishing transportation of pupils. Kenai Peninsula Borough v. State, Sup. Ct. Op. No. 1124 (File No. 2092), 532 P.2d 1019 (1975).

While the state did supervise the school transportation service insofar as it related to the funding provided by it and also had certain regulations in effect pertaining to the over-all safety of the transportation system, the actual control of the transportation services was undertaken by the borough which, on its own behalf, entered into the contract with a school bus owner to furnish transportation service for specified routes. Kenai Peninsula Borough v. State, Sup. Ct. Op. No. 1124 (File No. 2092), 532 P.2d 1019 (1975).

Department of Education discretion in awarding school busing contracts. — Although neither the Department of Education nor regional school boards were explicitly given the discretion to decide when a busing contract was to be awarded by bid or by negotiation under former AS 37.05.230(4), the authority granted to the Department of Education under this section compelled the conclusion that the department additionally had been granted the discretion to choose between bid and negotiation in awarding busing contracts. State v. Northern Bus Co., Sup. Ct. Op. No. 2899 (File No. 7079), 693 P.2d 319 (1984).

Applied in Girves v. Kenai Peninsula Borough, Sup. Ct. Op. No. 1168 (File No. 2016), 536 P.2d 1221 (1975).

Cited in Jennings v. State, Sup. Ct. Op. No. 1467 (File No. 2658), 566 P.2d 1304 (1977).

Collateral references. — Transportation of school pupils at expense of public. 63 ALR 413; 118 ALR 896; 146 ALR 625.

Nature and extent of transportation that must be furnished under statute requiring free transportation of school pupils. 52 ALR3d 1036.

Alaska Statutes

Title 23. Labor and Workers' Compensation.

Chapter

05. Department of Labor (§§ 23.05.010 — 23.05.340)
10. Employment Practices and Working Conditions (§§ 23.10.015 — 23.10.415)
15. Employment Services (§§ 23.15.010 — 23.15.650)
20. Alaska Employment Security Act (§§ 23.20.005 — 23.20.535)
25. Employer's Liability for Negligence (§§ 23.25.010 — 23.25.040)
30. Alaska Workers' Compensation Act (§§ 23.30.005 — 23.30.270)
35. Commercial Fishermen's Fund (§§ 23.35.010 — 23.35.150)
40. Labor Organizations (§§ 23.40.020 — 23.40.260)
45. General Provisions (§ 23.45.010)

Revisor's notes. — The provisions of this title were redrafted in 1984 to remove personal pronouns pursuant to § 4, ch. 58, SLA 1982, and to make other minor word changes.

Cross references. — For rights of correctional industries workers, see AS 33.32.

Chapter 05. Department of Labor.

Article

1. Administration (§§ 23.05.010 — 23.05.130)
2. Wage Claims (§§ 23.05.140 — 23.05.260)
3. General Provisions (§§ 23.05.270 — 23.05.280)
4. Reciprocal Agreements (§§ 23.05.320 — 23.05.340)

Article 1. Administration.

Section

10. Purpose
20. Records of department
30. Funds
40. Bond of commissioner
50. Power to issue subpoenas and take testimony
60. Powers of the department
80. Employer's records
90. Employer shall furnish information
100. Inspections and examination of records
110. Biennial report
120. Cooperation with other agencies
130. Preference for resident workers

NOTES TO DECISIONS

Based on Fair Labor Standards Act. — See notes under same catchline under article analysis. Webster v. Bechtel, Inc., Sup. Ct. Op. No. 2245 (File Nos. 3979, 4139), 621 P.2d 890 (1980), Notes to Decisions.

AS 23.10.050 — 23.10.150 are directed toward a situation distinct from that of the Equal Pay for Women Act. Brown v. Wood, Sup. Ct. Op. No. 1551 (File Nos. 2564, 2565), 575 P.2d 760 (1978), modified on rehearing on other grounds, 592 P.2d 1250 (1979).

Applied in Dresser Indus., Inc v. Alaska Dep't of Labor, Sup. Ct. Op. No. 2415 (File No. 5625), 633 P.2d 998 (1981).

Sec. 23.10.055. Exemptions. The provisions of AS 23.10.050 — 23.10.150 do not apply to

(1) an individual employed in agriculture, which includes farming in all its branches and, among other things, includes the cultivation and tillage of the soil, dairying, the production, cultivation, growing, and harvesting of any agricultural or horticultural commodities, the raising of livestock, bees, fur-bearing animals, or poultry, and any practices, including forestry and lumbering operations, performed by a farmer or on a farm as an incident to or in conjunction with the farming operations, including preparation for market, delivery to storage or to market or to carriers for transportation to market;

(2) an individual employed in the catching, trapping, cultivating or farming, netting or taking of any kind of fish, shellfish, or other aquatic forms of animal and vegetable life;

(3) an individual employed in the hand picking of shrimp;

(4) an individual employed in domestic service, including a baby-sitter, in or about a private home;

(5) an individual employed by the United States or by the state or political subdivision of the state including prisoners not on furlough detained or confined in prison facilities;

(6) an individual engaged in the activities of a nonprofit religious, charitable, cemetery or educational organization where the employer-employee relationship does not, in fact, exist, and where services rendered to the organization are on a voluntary basis;

(7) an employee engaged in the delivery of newspapers to the consumer;

(8) an individual employed solely as a watchman or caretaker of a plant or property that is not in productive use for a period of four months or more;

(9) an individual employed in a bona fide executive, administrative or professional capacity or in the capacity of an outside salesman or a salesman who is employed on a straight commission basis;

(10) an individual employed in the search for placer or hard rock minerals;

(11) an individual under 18 years of age employed on a part-time basis not more than 30 hours in a week; or

Sec. 23.10.065. Minimum wages. An employer shall pay to each employee wages at a rate of not less than 50 cents an hour greater than the prevailing Federal Minimum Wage Law or $2.60 an hour, whichever is greater, for hours worked in a pay period, whether the work is measured by time, piece, commission or otherwise. An employer may not apply tips or gratuities bestowed upon employees as a credit toward payment of the minimum hourly wage required by this section. Tip credit as defined by the Fair Labor Standards Act of 1938 as amended does not apply to the minimum wage established by this section. (§ 4 ch 171 SLA 1959; am § 2 ch 2 SLA 1962; am § 1 ch 41 SLA 1974)

Cross references. — For the Fair Labor Standards Act of 1938, see 29 U.S.C. 201-219.

NOTES TO DECISIONS

This section is based on the federal Fair Labor Standards Act of 1938, 29 U.S.C. §§ 201-219, and the terms used in the Alaska Statute are defined in the same way as in the federal act. McGinnis v. Stevens, Sup. Ct. Op. No. 1207 (File Nos. 2255, 2312), 543 P.2d 1221 (1975), decided prior to the 1978 amendment to AS 23.10.055(5).

Prisoners as employees of the state. — See McGinnis v. Stevens, Sup. Ct. Op. No. 1207 (File Nos. 2255, 2312), 543 P.2d 1221 (1975), decided prior to the 1978 amendment to AS 23.10.055(5).

Article not void. — The Alaska Wage and Hour Act merely requires higher minimum and overtime pay than the Fair Labor Standards Act, 29 U.S.C. §§ 201-219. Although compliance with both is more expensive than compliance with the federal act, it is not, in any sense, impossible so as to make the Alaska law void. Webster v. Bechtel, Inc., Sup. Ct. Op. No. 2245 (File Nos. 3979, 4139), 621 P.2d 890 (1980).

Concurrent coverage of minimum wage claims is not preempted by the Federal Fair Labor Standards Act. It appears that 29 U.S.C. § 218(a) was intended to allow the recovery of additional amounts under more protective state laws. It is logical that Congress contemplated that the state would allow for an action as to the whole claim, not just the increment, and, further, that Congress intended that the claims would be brought together, where possible, so that enforcement would not be costly. Webster v. Bechtel, Inc., Sup. Ct. Op. No. 2245 (File Nos. 3979, 4139), 621 P.2d 890 (1980).

Applied in Alaska Int'l Indus., Inc. v. Musarra, Sup. Ct. Op. No. 1966 (File Nos. 3652, 3676), 602 P.2d 1240 (1979).

Cited in Dresser Indus., Inc. v. Alaska Dep't of Labor, Sup. Ct. Op. No. 2415 (File No. 5625), 633 P.2d 998 (1981).

Collateral references. — Validity of minimum wage statutes relating to private employment, 39 ALR2d 740.

Sec. 23.10.070. Exemptions from minimum wage. To the extent necessary to prevent curtailment of opportunities of employment, the commissioner may by regulations or orders provide for the employment at wages lower than the minimum wage prescribed in AS 23.10.050 — 23.10.150 of

Alaska Statutes

Title 28. Motor Vehicles.

Chapter

05. Administration (§§ 28.05.021, 28.05.041, 28.05.091, 28.05.141, 28.05.151)
10. Vehicle Registration and Title (§§ 28.10.011, 28.10.021, 28.10.041, 28.10.051, 28.10.101 — 28.10.108, 28.10.111, 28.10.121, 28.10.131, 28.10.141, 28.10.151, 28.10.181, 28.10.201, 28.10.321, 28.10.411, 28.10.421, 28.10.423, 28.10.431, 28.10.495, 28.10.502)
15. Drivers' Licenses (§§ 28.15.041, 28.15.046, 28.15.051, 28.15.071, 28.15.166, 28.15.171, 28.15.191, 28.15.221, 28.15.231, 28.15.271)
17. Commercial Driver Training Schools (§ 28.17.051)
20. Motor Vehicle Safety Responsibility Act (§ 28.20.440)
22. Motor Vehicle Liability Insurance (§§ 28.22.010, 28.22.100, 28.22.200, 28.22.600)
32. Commercial Motor Vehicle Safety Inspections (§§ 28.32.010 — 28.32.900)
33. Commercial Motor Vehicle Financial Responsibility (§ 28.33.010)
35. Miscellaneous Provisions (§§ 28.35.031 — 28.35.033, 28.35.045, 28.35.145, 28.35.235, 28.35.251 — 28.35.255)
37. Driver License Compact (§§ 28.37.010 — 28.37.040, 28.37.110 — 28.37.190)
40. General Provisions (§§ 28.40.050, 28.40.100)

Chapter 05. Administration.

Article

1. Powers and Duties of Department of Public Safety (§§ 28.05.021, 28.05.041)
2. Vehicle Equipment Standards (§ 28.05.091)
3. Subpoenas, Notices and Hearings (§ 28.05.141)
4. Disposition of Certain Vehicle and Traffic Offenses (§ 28.05.151)

Article 1. Powers and Duties of Department of Public Safety.

Section

21. Commissioner to enter compacts and reciprocal agreements
41. Commissioner to prescribe forms, examine applications, and administer oaths

nor may the department issue the license until proper application has been made and all required driving, written, and physical examinations have been successfully completed. A license issued under this subsection expires on September 1 of the year following issuance. Application for renewal may be made by submitting to the department the results of a current physical examination and paying the required fee.

(c) A person may not drive a commercial motor vehicle until the person applies for and is issued a license for that purpose under (a) of this section. The department may not issue a license under this subsection unless the applicant is at least 19 years of age, has held a valid driver's license at least one year, and has successfully completed all required driving tests and written and physical examinations. In this subsection, "commercial motor vehicle" has the meaning given in AS 28.32.900. (§ 19 ch 178 SLA 1978; am § 2 ch 104 SLA 1985; am § 2 ch 19 SLA 1986)

Effect of amendments. — The 1985 amendment added subsection (c).

The 1986 amendment deleted "school bus transporting school children, or a bus transporting school-age children or another" preceding "motor vehicle" in the first sentence of subsection (b).

TITLE 28: MOTOR VEHICLES CHAP 15 DRIVERS LICENSES

Sec. 28.15.046. Licensing of school bus drivers. (a) In addition to the requirements of AS 28.15.041(a), a person may not drive a school bus transporting school children, or a bus transporting schoolage children until the person has applied for and has been issued a license for that purpose under this section.

(b) The department may not issue a license under this section unless the applicant

(1) is at least 19 years of age;

(2) has had a license to operate a motor vehicle at least one year before the date of application;

(3) has successfully completed all required driving, written, and physical examinations;

(4) has submitted information sufficient to complete a background check consisting of a fingerprint check of national criminal records and state criminal records of the state or states in which the applicant has resided for the past two years;

(5) has completed a state approved school bus driver training course established under AS 14.07.020(a)(14) or has for the previous two years been licensed by the state to operate a school bus.

(c) The department may not issue a license under this section to an applicant who has been convicted of any of the following offenses within 20 years of the time of application:

(1) sexual abuse of a minor in any degree (AS 11.41.434 — 11.41.440);

(2) sexual assault in any degree (AS 11.41.410 or 11.41.420);

(3) incest (AS 11.41.450);

(4) unlawful exploitation of a minor (AS 11.41.455);

(5) contributing to the delinquency of a minor (AS 11.51.130);

(6) a felony involving possession of a controlled or imitation controlled substance (AS 11.71 or AS 11.73);

(7) a felony or misdemeanor involving distribution of a controlled or imitation controlled substance (AS 11.71 or AS 11.73);

(8) promoting prostitution in the first or second degree (AS 11.66.110 or 11.66.120).

(d) The department may not issue a license to an applicant who has been convicted of driving while intoxicated (AS 28.35.030) within two years of the time of application or to an applicant who has two or more convictions for driving while intoxicated within 10 years of the time of application.

(e) For purposes of determining whether an applicant has been convicted of an offense listed under (c) or (d) of this section, a conviction under prior state law or in another jurisdiction of an offense having elements substantially similar to those of the offenses listed in (c) or (d) of this section is considered a conviction.

(f) Costs of conducting the background check required under (b)(4) of this section shall be paid by the applicant. A license issued under this section expires on September 1 of the year following issuance. Application for renewal may be made by submitting to the department the results of a current physical examination and paying the required fee. (§ 3 ch 19 SLA 1986)

Sec. 28.15.051. Instruction permit, temporary driver's license and special driver's permit. (a) Except as provided in (b) of this section, a person who is at least 14 years of age may apply to the department for an instruction permit. The department may, after the applicant has successfully passed all parts of the examination under AS 28.15.081 other than the driving test, issue to the applicant an instruction permit. The permit allows a person, while having the permit in the person's immediate possession, to drive a specified type or class of motor vehicle on a highway or vehicular way or area for a period not to exceed two years. The permittee must be accompanied by a person at least 19 years of age who has been licensed at least one year to drive the type or class of vehicle being used, who is capable of exercising control over the vehicle and who occupies a seat beside the driver, or who accompanies and immediately supervises the driver when the permittee drives a motorcycle. An instruction permit may be renewed.

(b) The department, upon receiving proper application, may issue a restricted instruction permit effective for a school year or for a more restricted period to an applicant who is at least 14 years of age and who is enrolled in a driver education program which includes practice

HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE P.O. BOX Y, JUNEAU 99811
Chairman - Representative Dave Donley (907) 465-3892

March 2, 1988

M E M O R A N D U M:

To: Representative Bette Cato, Chair
House Transportation Committee

From: Representative Dave Donley, Chair
House Labor and Commerce Committee

Re: HB 305 - School bus drivers

A proposed committee substitute for HB 305, relating to school bus drivers, is before the House Transportation Committee for consideration today. The changes in the proposed CS are:

1. The minimum wage established for school bus drivers in HB 305 has been amended to be defined as two and one half times the federal minimum wage plus 50 cents ("Alaska" minimum wage).

2. The troublesome Section 2 from the previous version of HB 305 is deleted entirely.

3. Provisions have been added to provide that any change in the federal minimum wage (on which the minimum wage under HB 305 is based) does not apply during the contract period but only upon renewal or for a new contract.

The proposed CS for HB 305 represents good public policy that should go a long way in improving the experience and proficiency levels of Alaska's school bus drivers by protecting their wages and working conditions. The House Labor and Commerce Committee urges you to support the proposed House Transportation Committee Substitute for HB 305.

5-0777B
Ford
2/16/88

Original sponsor: Labor and Commerce Committee

IN THE HOUSE

CS FOR HOUSE BILL NO. 305 ( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to transportation of pupils; and providing for an effective date."

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

* Section 1. LEGISLATIVE FINDINGS. The legislature finds that the driving conditions existing in this state are unique and require school bus drivers to have experience in driving a vehicle on the roads and under the conditions existing in the state in order to ensure that they are adequately trained. The legislature also finds that in order to properly train school bus drivers, drivers should be licensed in this state for a minimum period of one year, as required under AS 28.15.046(b)(2), as amended by sec. 5 of this Act.

(previous section now deleted)

* Sec. 2. AS 23.10.055(5) is amended to read:

(5) an individual employed by the United States or by the state or political subdivision of the state, except as provided in AS 23.10.065(b), including prisoners not on furlough detained or confined in prison facilities;

* Sec. 3. AS 23.10.065 is amended to read:

Sec. 23.10.065. MINIMUM WAGES. Except as provided under (b) of this section, an [AN] employer shall pay to each employee wages at a rate of not less than 50 cents an hour greater than the prevailing Federal Minimum Wage Law or $2.60 an hour, whichever is greater, for hours worked in a pay period, whether the work is measured by time, piece, commission or otherwise. An employer may not apply tips or gratuities bestowed upon employees as a credit toward payment of the

minimum hourly wage required by this section. Tip credit as defined by the Fair Labor Standards Act of 1938 as amended does not apply to the minimum wage established by this section.

* Sec. 4. AS 23.10.065 is amended by adding new subsections to read:

(b) Subject to the limitation under (c) of this section, an employer shall pay to each person employed as a school bus driver wages at a rate of not less than two and one-half times the minimum wage established under (a) of this section, for hours worked in a pay period, whether work is measured by time, commission, or otherwise. An employer may not apply fringe benefits as a credit toward payment of the minimum wage established under this subsection.

(c) Notwithstanding (b) of this section, an employer who contracts with the Department of Education or a school district to provide school bus transportation services is not required to adjust school bus driver wages under (b) of this section, except when entering into or renewing the contract.

* Sec. 5. AS 28.15.046(b) is amended to read:

(b) The department may not issue a license under this section unless the applicant

(1) is at least <u>21</u> [19] years of age;

(2) has had a license <u>issued by the department</u> to operate a motor vehicle at least one year before the date of application <u>and has had a license to operate a motor vehicle at least three years before the date of application</u>;

(3) has successfully completed all required driving, written, and physical examinations;

(4) has submitted information sufficient to complete a background check consisting of a fingerprint check of national criminal records and state criminal records of the state or states in which

the applicant has resided for the past two years;

(5) has completed a state approved school bus driver training course established under AS 14.07.020(a)(14) or has for the previous two years been licensed by the state to operate a school bus.

* Sec. 6. This Act takes effect September 1, 1988.

HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE P.O. BOX Y, JUNEAU 99811

Chairman - Representative Dave Donley (907) 465-3892

Sectional Analysis for CS HB 305 (Transportation)
"An Act relating to transportation of pupils"

Section 1:

Section 1 contains Legislative Findings that establish the public purpose behind requiring additional experience and proficiency levels for school bus drivers in Alaska.

Section 2:

Amends AS 23.10.055(5) to add school bus drivers to the list of exceptions from standard minimum wage requirements.

Section 3:

Amends AS 23.10.065(a) which is the section of law that establishes a minimum wage for all employees in Alaska as $.50 cents above federal minimum wage) to exempt school bus drivers under AS 23.10.065(b).

Section 4:

Adds a new subsection (b) to AS 23.20.065 providing that school bus drivers be paid a minimum wage no less than two and one half times the prevailing federal minimum wage plus 50 cents. (Current federal minimum wage is $3.35/hour nationally and $3.85/hour in Alaska. Two and one half times $3.85/hour establishes a minimum wage for school bus drivers as $9.62 and hour).

3.85
3.85
7.7 5

Section 5:

Section 5 amends AS 28.15.046(b)(1) to raise the minimum age for obtaining a school bus drivers license from 19 to 21 years.

AS 28.15.046(b)(2)) is amended to require that an applicant has had a license to operate moter vehicle for at least three hears prior to application for a school bus drivers license and at least one of those years had to possess a license to operate a moter vehicle in Alaska.

Section 6:

Effective date is September 1, 1988.

* * * * * * * * *

Prepared by the House Labor and Commerce Committee
Representative Dave Donley, Chairman
March 3, 1988

CS HB 305

A M E N D M E N T

by CATO

Page 2 Line 7 is amended to read

wages at a rate of not less than <u>two</u> [delete "two and one half"] times the minimum

Original sponsor: Labor and Commerce Committee

IN THE HOUSE BY THE TRANSPORTATION COMMITTEE

CS FOR HOUSE BILL NO. 305 (Transportation)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to transportation of pupils; and providing for an effective date."

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

* Section 1. LEGISLATIVE FINDINGS. The legislature finds that the driving conditions existing in this state are unique and require school bus drivers to have experience in driving a vehicle on the roads and under the conditions existing in the state in order to ensure that they are adequately trained. The legislature also finds that in order to properly train school bus drivers, drivers should be licensed in this state for a minimum period of one year, as required under AS 28.15.046(b)(2), as amended by sec. 5 of this Act.

* Sec. 2. AS 23.10.055(5) is amended to read:

(5) an individual employed by the United States or by the state or political subdivision of the state, except as provided in AS 23.10.065(b), including prisoners not on furlough detained or confined in prison facilities;

* Sec. 3. AS 23.10.065 is amended to read:

Sec. 23.10.065. MINIMUM WAGES. Except as provided under (b) of this section, an [AN] employer shall pay to each employee wages at a rate of not less than 50 cents an hour greater than the prevailing Federal Minimum Wage Law or $2.50 an hour, whichever is greater, for hours worked in a pay period, whether the work is measured by time, piece, commission or otherwise. An employer may not apply tips or gratuities bestowed upon employees as a credit toward payment of the

minimum hourly wage required by this section. Tip credit as defined by the Fair Labor Standards Act of 1938 as amended does not apply to the minimum wage established by this section.

* Sec. 4. AS 23.10.065 is amended by adding new subsections to read:

(b) Subject to the limitation under (c) of this section, an employer shall pay to each person employed as a school bus driver wages at a rate of not less than two times the minimum wage established under (a) of this section, for hours worked in a pay period, whether work is measured by time, commission, or otherwise. An employer may not apply fringe benefits as a credit toward payment of the minimum wage established under this subsection.

(c) Notwithstanding (b) of this section, an employer who contracts with the Department of Education or a school district to provide school bus transportation services is not required to adjust school bus driver wages under (b) of this section, except when entering into or renewing the contract.

* Sec. 5. AS 28.15.046(b) is amended to read:

(b) The department may not issue a license under this section unless the applicant

(1) is at least <u>21</u> [19] years of age;

(2) has had a license <u>issued by the department</u> to operate a motor vehicle at least one year before the date of application <u>and has had a license to operate a motor vehicle at least three years before the date of application</u>;

(3) has successfully completed all required driving, written, and physical examinations;

(4) has submitted information sufficient to complete a background check consisting of a fingerprint check of national criminal records and state criminal records of the state or states in which

the applicant has resided for the past two years;

(5) has completed a state approved school bus driver training course established under AS 14.07.020(a)(14) or has for the previous two years been licensed by the state to operate a school bus.

* Sec. 6. This Act takes effect September 1, 1988.

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5164 HTRA HB 305 - HB 357

HOUSE COMMITTEE REPORT

(7)

Date referred: 5/7/87

FURTHER REFERRALS: HESS

DATE: 3-2-88

The Transportation Committee has considered HB 305

"An Act relating to transportation of pupils; and providing for an effective date."

RECOMMENDS:

[✓] replace with CS HB 305 (Trsp) [X] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[X] additional referral to the Finance Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[X] fiscal impact

2 [X] zero fiscal notes

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Bill Hudson

Bette Cate

Henry Springer

D.C. Barbee

SIGNING OTHER RECOMMENDATIONS:

Mike Miller No Rec

Jerry Pearce No Rec

Bette Cate

Chairman's signature

****
*
* DELIVER TO: LHSCTRA
*
*
* ORIGINAL
* SENT: 02/04/88 TIME: 09:39
* FROM: LIOCMAT
* SUBJECT: HTRANS,HB305,2-3-88
* PRINT DATE: 02/04/88 TIME: 12:01
*
****

DATE: 2/03/88
SITE: MATSU
SPONSOR: HOUSE TRANSPORTATION
SUBJECT: HB305 - TRANSPORTATION OF PUPILS
MODERATOR: MARY

FINAL STATS

TESTIFIED
1. SAUNDRA HUTCHINS, MAT-SU SCHOOL DISTRICT, P O BOX 1688, PALMER 99645

OBSERVED:
NAME/REPRESENTING ADDRESS PHONE #
1. NONE

TESTIFIED: 1
UNABLE: 0
OBSERVED: 0
TOTAL: 1

START/END TIME
1:30 TO 3:00PM

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**********************************************************************
*                                                                    *
* DELIVER TO: LHSCTRA                                                *
*                                                                    *
*                                                                    *
* ORIGINAL                                                           *
* SENT:          02/03/88  TIME: 14:46                               *
* FROM:          LTCCSOL                                             *
* SUBJECT:       FS 2-3-88;H TRA;TRANSP.PUPILS                       *
* PRINT DATE:    02/04/88  TIME: 08.55                               *
*                                                                    *
**********************************************************************

2-3-88
HOUSE TRANS
TRASNSPORTING PUPILS
SOLDOTNA
VESTA
                                    FINAL STATS
**********************************************************************\
TO TESTIFY
NAME/REPRESENTING                   ADDRESS                  PHONE #
1.CYNDI DREW/K.PEN BUS DRIV         BOX 3250,SOL             262-6104

**********************************************************************\
TO OBSERVE
NAME/REPRESENTING                   ADDRESS                  PHONE #
1.MARVIN PARAZOO                    BOX 2766,SOLDOTNA        283-9335
2.DONALD WOOD                       SR2, BOX 930,SOLDOTNA    262-9568
3.JOHN KEATING                      BOX 347,STERLING         262-9403
4.VERNON BENNENT                    BOX 3197,SOLDOTNA        262-1831
5.WILLIAM HATFIELD                  HCR68,BOX 1101,MOOSE PAS 262-7714
6.JACOB BARKMAN                     BOX 4603,SOLDOTNA        262-1602
7.DONNA ATKINS                      44610 GOLDN EAGLE ,KENAI 283-9127
8.TED CARMICHAEL/K PEN B. DRIV      BOX 1401, SOLDOTNA       262-1477
9.RICHARD LAND/KEN.P.BUS DRIV       SOLDOTNA, AK 99611       2623768

10.JOHN PALM                        BOX 615,STERLING99672/2627213


1 TESTIFIED
9       UNABLE
10       OBSERVED
12       TOTAL

1:25P/2:47P                         START/END TIME


**********************************************************************
*                                                                    *
* DELIVER TO: LHSCTRA                                                *
*                                                                    *
*                                                                    *
* ORIGINAL                                                           *
* SENT:          02/03/88  TIME: 15:09                               *
* FROM:          LIOCHTM                                             *
* SUBJECT:       HTRA;TRANSPORT PUPIL;2-3-88                         *
* PRINT DATE:    02/04/88  TIME: 08:55                               *
*                                                                    *
**********************************************************************

            *** FINAL TELECONFERENCE STATISTICS ***


DATE:      __FEBRUARY 3RD, 1988_____________________________________
SITE:      __ANCHORAGE HOUSE FINANCE CONFERENCE ROOM, 5TH FLOOR
SPONSOR:   __HOUSE TRANSPORTATION _____________________________________
SUBJECT:   __HB 305 - TRANSPORTATION OF PUPILS_____________________
LOCAL MODERATOR:  __HARRY TRACY MANDREGAN_____ _____________________

**********************************************************************

TESTIFIED:
NAME\REPRESENTING          ADDRESS                    PHONE #
1.  ELEANOR J. PACKARD     P.O. BOX 684 PALMER, ALASKA   745-3779
2.  KATHRYN HARRINGTON     1140 JACKSON BLVD.            349-5759
3.  JOYCE CONLEY           BOX 133  CHUGIAK, ALASKA      688-2952

**********************************************************************
 OBSERVED:
 NAME\REPRESENTING         ADDRESS                    PHONE #
1.  ROMAYNE KAREEN   DEPT. OF EDUCATION - JUNEAU        465-2890

**********************************************************************
```

TESTIFIED: ____3_____ START TIME: __1:30 PM
OBSERVED: ____1_____ END TIME: __2:45 PM
TOTAL: ____4_____

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**********************************************************************
*                                                                    *
* DELIVER TO: LHSCTRA                                                *
*                                                                    *
*                                                                    *
* ORIGINAL                                                           *
* SENT:          02/03/88  TIME: 15:10                               *
* FROM:          LIOCDJT                                             *
* SUBJECT:       HTRANS;FS;HB305;2-3-88                              *
* PRINT DATE:    02/04/88  TIME: 08:56                               *
*                                                                    *
**********************************************************************
```

DATE: FEBRUARY 3, 1988
SITE: DELTA JUNCTION
SPONSOR: HOUSE TRANSPORTATION
SUBJECT: HB 305 - TRANSPORTATION OF PUPILS
MODERATOR: LIZ SARVER

FINAL STATS

TESTIFIED

NAME/REPRESENTING	ADDRESS	PHONE #
1. LORETTA NISTLER	P.O. BOX 988	895-4310

OBSERVED

NAME/REPRESENTING	ADDRESS	PHONE #
1. WILLIAM STOOKEY	P.O. BOX 527	895-4658
BUSINESS MGR, DELTA/GREELY SCHOOL DISTRICT		

TESTIFIED: 1
UNABLE: 0
OBSERVED: 1
TOTAL: 2

START/END TIME

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**********************************************************************
*                                                                    *
* DELIVER TO: LHSCTRA                                                *
*                                                                    *
*                                                                    *
* ORIGINAL                                                           *
* SENT:          02/03/88  TIME: 16:46                               *
* FROM:          LIOCVAL                                             *
* SUBJECT:       H TRANS;FS;HB305;2-3-88                             *
* PRINT DATE:    02/04/88  TIME: 09:56                               *
*                                                                    *
**********************************************************************
```

DATE: FEBRUARY 3, 1988

SITE: VALDEZ
SPONSOR: H TRANS
SUBJECT: HB 305-TRANSPORTATION OF PUPILS
MODERATOR: DONNA GRENIER

FINAL STATS

TESTIFIED 0
NAME/REPRESENTING ADDRESS PHONE #

OBSERVED 0
NAME/REPRESENTING ADDRESS PHONE #

TESTIFIED:
UNABLE:
OBSERVED:
TOTAL:

START/END TIME:

VALDEZ HAD NO PARTICIPANTS, SO DID NOT DIAL IN.

EOM

****

* DELIVER TO: LHSCTRA

* ORIGINAL
* SENT: 01/11/88 TIME: 15:23
* FROM: LIOCGLE
* SUBJECT: HHESS;FS;EXAMPLE;1-11-88
* PRINT DATE: 02/04/88 TIME: 08:57

****

* * * * * EXAMPLE ONLY * * * * * *

THIS IS JUST A TEST MESSAGE TO LET YOU PRACTICE USING EMAIL TO OBTAIN THE NAMES AND ADDRESSES OF PARTICIPANTS DURING LEGISLATIVE TELECONFERENCES FOR YOUR COMMITTEE MINUTES.

DATE: JANUARY 11, '988
SITE: PANGO PANGO
SPONSOR: HHESS
SUBJECT: EXAMPLE OF TELECONFERENCE FINAL STATS FORM
MODERATOR: GLENN

PARTICIPANT LIST
FINAL STATS

TESTIFIED

NAME/REPRESENTING	ADDRESS	PHONE #
1. FRANK SEWARD	1414 ALASKA PLACE WASHINGTON DC	202-4522
2. IVANOFF BARANOFF	C/O GEN DEL SITKA 99821	747-6653
3. JOHN SMITH	1021 STIKINE ST. JUNEAU 99801	789-8649
4. JANE DOE	623 BUCK AVENUE JUNEAU 99801	586-2087

OBSERVED

NAME/REPRESENTING	ADDRESS	PHONE #
1. BILL HARRIS	2029 SECOND ST. JUNEAU 99801	(NO PHONE)
2. JOE JUNEAU	C/O GEN DEL DOUGLAS 99834	364-2207
3. ELAINE JOHNSON	(NO ADDRESS GIVEN)	

TESTIFIED: 4
UNABLE: 0
OBSERVED: 2
TOTAL: 6

START/END TIME 4:45 - 6:15

****

* DELIVER TO: LHSCTRA

* ORIGINAL
* SENT: 02/03/88 TIME: 15:31
* FROM: LTCCFBX
* SUBJECT: HTRA;FS;TRANS PUPILS;2-3-88
* PRINT DATE: 02/04/88 TIME: 08:57

****

****FINAL STATS*******

DATE: FEBRUARY 3, 1988
SITE: FAIRBANKS
SPONSOR: HOUSE TRANSPORTATION
SUBJECT: HB 305; PUPIL TRANSPORTATION
MODERATOR: FRAN

****

TESTIFY:

NAME\REPRESENTING	ADDRESS	PHONE:#
1. MELVIN TRESCHER	5714 HOWELL RD,FBKS,99701	488-7722
2. LEOTA KOPP	946 COWLES,FBKS,99701	456-4782
3. JUDY PATTERSON	P.O. BOX 73169,FBKS,99707	452-8167
4. JOHN ELDRIDGE	P.O. BOX 73169,FBKS,99707	452-7649

****

OBSERVE:

NAME\REPRESENTING	ADDRESS	PHONE #
1. BOB SHOFCHIK	P.O. BOX 1250,FBKS,99707	452-2000
2. PHYLLIS HUNSUCKER	1618 SCENIC LOOP,FBKS,99709	479-6668

****

TESTIFIED 4 TIME START 1:40 P.M.
OBSERVED 2 TIME END 2:45 P.M.
TOTAL 6

****

* DELIVER TO: LHSCTRA

* ORIGINAL
* SENT: 02/03/88 TIME: 17:25
* FROM: LIOCSIT
* SUBJECT: HTRANS;FS;HB305;2-3-88
* PRINT DATE: 02/04/88 TIME: 08:57

****

FEBRUARY 3, 1988
HOUSE TRANSPORTATION
HB305 - TRANSPORT PUPILS
SITK
MODERATOR-ELAINE SUNDE

FINAL STATS

****

THERE WERE NO PARTICIPANTS IN SITKA.

Official Business

COMMITTEE:

House Transportation Committee

DATE: February 10, 1988

SIGN-IN

Subject of meeting:

HB 305: "An Act relating to the transportation of pupils; and providing for an effective date."

*HJR 50: Requesting the Congress to remove the Highway Trust Fund and the Airport and Airway Trust Fund from the Unified Federal Budget.

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Ron Lind	P.O. Box Z Juneau	465-4070	DOT&PF	HCR 50
Rosa Terrel	134 N. Franklin Juneau 99801	586-1740	A.G.C.	50
Ginger Baim	Rep. Dave Donley	465-4954	H. L+C Committee	IF ~~NEEDED~~ ✓
J.R. Carr	3301 Eagle ST ANC	264-2435	Dept of Labor	305
Tommy McKeen	Box F Juneau	465-2890	Dept of Educ	yes
Valerie Therrien	779 8th Avenue Fairbanks	456-8113	Susconm. on local govt. powers AK Municipal League	yes - 305
Micheal Gatti	Box 1608 Palmer, AK 99567	745-4801	ANC susconm. on local govt. powers attorney - mat Su Boro	yes - HB 305

* indicates first public hearing

Official Business

COMMITTEE:

House Transportation Committee

DATE: March 2, 1988

SIGN-IN

Subject of meeting:

HB 305: "An Act relating to transportation of pupils; and providing for an effective date."

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Gordon Eperly	P.O. Box 34358 Juneau 99803	789-5656	Pres of ABC Bus Lines	Yes

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

M E M O R A N D U M March 2, 1988

SUBJECT: Durational Residency Requirement
CSHB 305 (Transportation)

TO: Representative Bette Cato, Chair
House Transportation Committee

FROM: Michael F. Ford MFF LMB
Legislative Counsel

This is to bring to your attention a constitutional problem in sec. 5 of CSHB 305 (Transportation) concerning requiring school bus drivers to have an Alaska driver's license for one year. In our opinion such a requirement would be held unconstitutional as it would violate the state equal protection clause.

In Williams v. Zobel, 619 P.2d 422 (AK 1980), the Alaska Supreme Court discussed the test to be used to determine if a durational residency requirement is constitutional. Essentially the court balances the denial of the benefit or right against the government objective involved. The state must show that the residency requirement has a fair and substantial relationship to a legitimate government objective. See also State v. Erickson, 574 P.2d 1, 11-12 (AK 1978). Requiring an Alaska drivers' license for one year prior to being eligible for employment as a school bus driver does not seem to be a legitimate government objective. The argument that familiarity with Alaska driving conditions, or a general safety aspect, fails when you consider that driving conditions vary greatly across Alaska. For example, a person living in Ketchikan is probably no better prepared to drive a school bus in Fairbanks, than a person living in Montana or California.

In short, this type of residency requirement would probably not survive constitutional challenge.

MFF:gc
WKG1:064

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02–576(2/77)

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

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

M E M O R A N D U M March 2, 1983

SUBJECT: Durational Residency Requirement
CSHB 305 (Transportation)

TO: Representative Bette Cato, Chair
House Transportation Committee

FROM: Michael F. Ford MFF:LMS
Legislative Counsel

This is to bring to your attention a constitutional problem in sec. 5 of CSHB 305 (Transportation) concerning requiring school bus drivers to have an Alaska driver's license for one year. In our opinion such a requirement would be held unconstitutional as it would violate the state equal protection clause.

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In short, this type of residency requirement would probably not survive constitutional challenge.

MFF:gc
WKG1:064

HB

342

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

March 14, 1988

****

COMMITTEE CALENDAR:

SB 342: "An Act relating to contracting procedures for the sale and delivery of in-bond merchandise at the international airports; and providing for an effective date."

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

a folder on SB 342 that includes:

item #1: SB 342 - both versions
#2: fiscal note - DOT/PF
#3: a letter from the Governor
#4: statutes
#5: State Affairs: Committee Report Form and minutes

STATE OF ALASKA 1988 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: CSSB 342 (Trsp)
REQUEST 2/18/88 Publish Date: 2-23-88

Revision Date:
Title: Contracting procedures for in-bound merchandise at Int'l Airports.
Sponsor: Governor
Requestor: Jones

Agency Affected: DOT&PF
BRU: Alaska Int'l Airport System
Airport Leasing
Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: The fiscal impact of this bill is zero because it only defines alternate means by which the DOT&PF may obtain contracts for duty free concessions.

Prepared by: W. Keith Gerken WKGerken Phone: 465-3900
Division: Deputy Commissioner, Operations Date: 2/18/88

Approved by Commissioner: Mark S. Hickey MSH Date: 2/18/88
Agency: DOT&PF

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

STEVE COWPER
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 14, 1988

The Honorable Jan Faiks
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Faiks:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill pertaining to contracting procedures for the sale and delivery of in-bond merchandise sold at Alaska's international airports. These transactions take place in the "duty free" shops.

This bill amends existing AS 02.15.091(d) to allow the Department of Transportation and Public Facilities (DOT/PF) to award duty free contracts through the competitive proposal mechanism. Presently, the department must offer the duty free contracts only by competitive bid and then make the contract award after considering the generation of maximum revenue for the International Airports Revenue Fund (AS 37.15.430).

While generation of revenue is a critical component of any contract involving operation of the duty free shops, giving the department flexibility to use competitive proposal procedures will possibly increase revenue and assist the state to meet other valid goals. DOT/PF would like to be able to consider such factors as space layout, kind of merchandise, level of service, minority participation plans, and demonstrated experience. DOT/PF regulations in 17 AAC 40 govern that department's competitive proposal procedures.

I believe that this measure warrants your critical scrutiny. My Administration looks forward to working with legislative committees to explain this bill in greater detail. This bill has the support of the Department of Transportation and Public Facilities. Please call on Commissioner Mark Hickey if you have additional questions about this bill.

Sincerely,

Steve Cowper
Governor

Alaska Statutes

Title 2. Aeronautics.

Chapter
05. Alaska Air Commerce Act of 1960 (Repealed)
15. Alaska Aeronautics Act of 1949 (§§ 02.15.050, 02.15.091, 02.15.102 — 02.15.114, 02.15.130, 02.15.140, 02.15.180, 02.15.210, 02.15.225, 02.15.260)
30. Operation of Aircraft (§§ 02.30.020 — 02.30.040)

Chapter 05. Alaska Air Commerce Act of 1960.

[Repealed, § 5 ch 104 SLA 1969; 1983 Initiative Proposal No. 2, § 6.]

Chapter 15. Alaska Aeronautics Act of 1949.

Article
1. Aeronautics Functions (§ 02.15.050)
2. State Airports (§§ 02.15.091, 02.15.102 — 02.15.114)
3. Airport Assistance (§§ 02.15.130, 02.15.140)
6. General Provisions (§§ 02.15.210, 02.15.225, 02.15.260)

Article 1. Aeronautics Functions.

Section
50. Miscellaneous powers and duties of department

Sec. 02.15.050. Miscellaneous powers and duties of department. (a) The department may confer with and hold joint hearings with agencies of the United States in connection with matters arising under this chapter or relating to the sound development of aeronautics.

(b) The department may avail itself of the cooperation, services, records and facilities of the agencies of the United States as fully as may be practicable in the administration and enforcement of this chapter. The department shall, upon request, furnish to the agencies of the United States its cooperation, services, records and facilities, insofar as may be practicable.

(c) The department or any state or municipal police officer shall report to the appropriate agency of the United States all accidents in aeronautics in this state of which it or he is informed, and shall, insofar as practicable, preserve, protect and prevent the removal of

Sec. 02.15.060. Establishment, operation and maintenance.

NOTES TO DECISIONS

Applied in Clark v. State, Ct. App. Op. No. 716 (File No. A-1840), P.2d (1987).

Sec. 02.15.090. Operation and use privileges.

NOTES TO DECISIONS

Legislative intent. — By enacting AS 02.15.120, 02.15.160, and this section, the legislature intented to insure that airport facilities would be made available, on a priority basis, to that segment of society for which those facilities are designed: Those persons operating aircraft or machinery used incidentally to the operation of aircraft. Plancich v. State, Sup. Ct. Op. No. 2902 (File Nos. S-97, S-98), 693 P.2d 855 (1985).

Sec. 02.15.091. Sale and delivery of in-bond merchandise at international airports. (a) As provided by (b) and (c) of this section, the department shall allow the sale and delivery of in-bond merchandise at an international airport only by an exclusive contract.

(b) While the exclusive contracts for the sale and delivery of in-bond merchandise at international airports that exist on June 15, 1982 are in effect, the department may not permit or confer a right on any other person to offer to sell, sell, or deliver in-bond merchandise at an international airport.

(c) After the exclusive contracts existing on June 15, 1982 are no longer in effect, the department shall enter into one exclusive contract and, on its expiration, additional successive exclusive contracts for the sale and delivery of in-bond merchandise at each international airport. Except under the existing and future exclusive contracts described in this section, the department may not permit or confer a right upon any person to offer to sell, sell, or deliver in-bond merchandise at an international airport.

(d) The department shall offer the exclusive contracts required by this section only by competitive bid and shall award the contracts after considering the generation of maximum revenues for the International Airports Revenue Fund established by AS 37.15.430.

(e) The department shall actively supervise the operations under each exclusive contract for the sale and delivery of in-bond merchandise in order to ensure the effectiveness of the operations. To supervise contract operations under this section, the department shall develop and implement guidelines that provide for review of the reasonableness of price schedules, quality and assortment of merchandise, and customer service.

(f) Nothing in this section applies to deliveries of in-bond merchandise as cargo to airlines. (§ 2 ch 111 SLA 1982)

(7)

HOUSE COMMITTEE REPORT

Date referred: 2/26/88 FURTHER REFERRALS: Transportation

DATE: 3-9-88

The State Affairs Committee has considered CSSB 342(Trsp)

"An Act relating to contracting procedures for the sale and delivery of in-bond merchandise at the international airports; and providing for an effective date."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[X] same as previous zero fiscal note published 2-23-88

SIGNING DO PASS:

Senate Intergovernmental

Dave Dowley

Jim Wilson

Lyndon Hilbert

D.R. "Tom" Bowden

SIGNING OTHER RECOMMENDATIONS:

Cliff Davidson (no rec)

Terry Morton no rec.

Jim Wilson

Chairman's signature

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 3-14-88 1:30p.m.

(7)

HOUSE COMMITTEE REPORT

Date referred: 3/11/88

FURTHER REFERRALS:

DATE: 3-14-88

The Transportation Committee has considered CSSB 342(Trsp)

"An Act relating to contracting procedures for sale and delivery of in-bond merchandise at the international airports; and providing for an effective date."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[X] same as previous zero fiscal note published 2/23/88

SIGNING DO PASS:

Bill Haley

Bill Hudson

Bette Cates

O.C. Fisher

SIGNING OTHER RECOMMENDATIONS:

Mike Miller No Rec.

Heinrich Springer No Rec

Bette Cates

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: March 14, 1988

SIGN-IN

Subject of meeting:

SB 342: "An Act relating to contracting procedures for the sale and delivery of in-bond merchandise at the international airports; and providing for an effective date."

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Bob Foe	D.O.T Juneau	465-3900	DOT	Yes

(to be introduced as a committee bill as per 3/14 meeting)

5-1763A
Ford
02/02/88

file item #6

IN THE HOUSE

HOUSE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to civil liability for voluntary aircraft inspection programs."

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

* Section 1. AS 09.65.092 is amended to read:

Sec. 09.65.092. CIVIL LIABILITY FOR VOLUNTARY AIRCRAFT SAFETY INSPECTION. An aircraft or power plant technician or mechanic certified by the Federal Aviation Administration who participates without compensation in a voluntary aircraft safety inspection program is not liable for civil damage resulting from an act or omission arising out of the [AN] aircraft safety inspection [IN THAT] program unless the act or omission constitutes gross negligence or reckless or intentional misconduct. In this section "aircraft safety inspection program" includes classroom training or consultation related to aircraft safety.

HB

349

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

January 20, 1988

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COMMITTEE CALENDAR:

HB 349: "An Act increasing the membership on the board of directors of the Alaska Railroad Corporation; and providing for an effective date."

FOR THIS MEETING, YOUR PACKET INCLUDES:

item #1: HB 349
#2: ARRC position paper
#3: fiscal notes: House Transportation Committee
Dept. of Commerce & Economic Dev.
#4: Sewar. statement
#5: ARRC board membership
#6: Alaska State Statutes
#7: a map of the judicial districts

ALASKA RAILROAD CORPORATION

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

January 19, 1988

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

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

Dear Bette Representative Cato,

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

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

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

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

Thank you very much.

Sincerely,

F. G. Turpin
President & CEO

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

5820L

POSITION PAPER / Alaska Railroad Corporation

January 19, 1988

HOUSE BILL NO. 349

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

I. Introduction

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

II. Discussion

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

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

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

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

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

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

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

III. Conclusion

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

5821L

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HB 349
PUBLISH DATE: _____

FISCAL NOTE

REQUEST: _____

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

Agency Affected: _____
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS: None

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

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

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

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

Distribution (by preparer):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HB-349
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act increasing the membership on the board of directors of the ARRC
Sponsor: Cato
Requester: _____

Agency Affected: _____
BRU: _____
Components: _____

EXPENDITURES / REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	$12,800					
TRAVEL	12,000					
CONTRACTUAL						
SUPPLIES	600					
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	$25,400					
CAPITAL						
REVENUE						

FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

Existing law provides $400 compensation for each meeting that a board member attends (except for Commissioners). Travel costs include air fare, hotel and per diem at the same rate as other boards and commissions.

Prepared by: James B. Blasingame, Director of Administration Phone: 265-2680
Division: Alaska Railroad Corp. Date: _____

Approved by Commissioner: Frank G. Turpin Date: 1/20/88
Agency: President & Chief Executive Officer

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

0662D/012088a

CITY OF SEWARD

P.O. BOX 167
SEWARD, ALASKA 99664

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

January 19, 1988

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

Dear Madam Chairman:

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

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

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

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

Sincerely,

CITY OF SEWARD, ALASKA

DARRYL SCHAEFERMEYER
INTERIM CITY MANAGER

DS:alm

Enclosures: Overview and Seward
sections of HTC FY88 Interim Report

cy: Council

OVERVIEW OF ALASKA RAILROAD CORPORATION

The Alaska Railroad has been operating in Alaska for 62 years. On January 5, 1985, it was transferred from federal to state ownership for $22.3 million. This purchase price did not include any receivables or cash and, therefore, an additional $10.0 million ($4.9 million for operating and $6 million for capital) was appropriated by the legislature to the corporation. Additional costs associated with the transfer totalled $1.2 million.

Effective January 6, 1985, the Alaska Railroad Corporation became responsible for operating the Alaska Railroad. The powers of the corporation are vested in a seven member Board of Directors. Five of these members are appointed by the Governor and confirmed by the legislature. These members serve for staggered five year terms, each at the pleasure of the Governor. The Commissioner of the Department of Transportation and Public Facilities and the Commissioner of the Department of Commerce and Economic Development make up the remaining two board members.

ARRC is a "quasi-public" corporation. It operates along the lines of a private for profit corporation and, therefore, many of the decisions made by the corporation directors are made from a business/profit approach. According to the statutes enacted for guidelines under which the corporation operates (SEC:42.40.010), the corporation is also a public corporation and an instrumentality of the state within the Department of Commerce and Economic Development. The Corporation has a legal existence independent of and separate from the state.

In 1986, House Transportation staff completed an oversight report on the ARRC. This report (attached) addressed many of the concerns expressed by residents of the state regarding the operations of the corporation. Today, many questions and concerns still linger concerning the ARRC. As a result, the following report was prepared. It addresses the present concerns of community leaders along the railbelt. Perhaps the most confusing point surrounding the ARRC is its status. The Alaska Railroad Corporation Act established the corporation as a state agency while allowing it to run as a private corporation. Many residents feel very frustrated the ARRC does not comply with many of the requirements placed on other state agencies such as the budgeting process, and others are concerned the ARRC is exempt from many of the requirements placed on private industry such as property tax.

These exemptions and benefits were afforded the ARRC to enable the corporation to run smoothly and efficiently thus greatly reducing the amount of general funds dollars required each year to run the corporation. To date, the corporation has not requested any appropriation from the legislature and it does not forsee this happening in the near future.

While the corporation is sensitive to many of the community needs expressed in this report, it is also attempting to meet the mandates layed down in the Alaska Statutes. Corporation management feels it is very difficult to adequately address both of these concerns.

In an attempt to listen to community needs and concerns and be responsive to these concerns, the ARRC established a community advisory council. This is made up of representatives from each of the rail community. This advisory council met several times during the summer, corporation management feel the initial meetings have been very successful and hope this advisory council will provide an mechanism for the ARRC and the rail communities to communicate more effectively and work toward resolving many of the community concerns.

After spending many hours listening to all sides involved, it does appear many of the frustations expressed by both parties may be related to interpretation of the statutes and the questions surrounding the "private versus state" status of the corporation.

THE CITY OF SEWARD

Since the state has owned the Alaska Railroad Corporation, the city of Seward has corresponded with the Alaska Railroad Corporation on a regular basis. In fact, before the state actually took ownership of the ARRC, the city of Seward wrote a lengthy letter to the newly appointed railraod board members to outline the areas they hoped could be addressed and agreed upon by the city and the ARRC.

The attached letter written November 1, 1984 shows the Citys concerns, suggestions and requests. Many of the points made in this letter are still the priorities expressed by the City of Seward today (3 years later)

1. Self determination
2. Seward Dock facility
3. Marketing - Seward Terminal Manager
4. Seward Board member
5. Philosophical approach of ARRC
6. Access to railroad information

All of the six points listed above are very closely intertied. The city of Seward is a very aggressive and progressive community. Much of the development and growth in recent years is directly related to the aggressive attitude of local city government. Seward is one of the few Alaskan deepwater ports. The City has the additional benefit of having much of the infrastructure such as roads, easy access etc. already in place. Seward's major immediate and long range goals include encouraging economic activity, jobs and investment in Seward. Like many other smaller Alaska coastal communities, this is a MUST if the community is to continue to grow and thrive. The Alaska Railroad plays an important part in the overall achievement of these goals and the future economic growth of Seward. WHY?

The $40 million Seward Coal dock facility is owned by the Alaska Railroad Corporation. Almost all the fraight coming into Seward moves over this dock. With a superb deepwater port, lack of effort by the railroad to aggressively market or fully utilize this port greatly frustrates Sewardites who rely on ocean going trade for their livelihood. It is obvious there have been numerous lengthy meetings between the Corporation and the city over these concerns. The corporation realises Sewards wish to obtain the Coal dock, however, corporation mangement feel this trnasfer must be in the best interests of both parties. While Seward ownership of the dock would allow Seward to aggressively compete for business, much

City of Seward (cont'd)

The city of Seward hired Mr. Chris Gates to assist Seward in the marketing and economic development of the City and the port. Mr. Gates has been working to encourage the Railroad to take advantage of its port assets in Seward. In discussions with Mr. Gates and city oficials, there is a great deal of frustration expressed at the lack of cooperation by the railroad corporation.

Mr. Gates noted as an example that in January of this year Seward longshoreman themselves went to Seattle to attempt to spur interest in and business over the Alaska Railroad dock. Seward longshoremen president, Mr. Stanley Lemas was able to interest a general cargo carrier to call at the Port of Seward on a bimonthly basis. The success of this venture was assured when the Alaska Railroad representatives pledged assistance to the carrier in the form of reduced service changes and land lease rates. This inducement by the railroad put the soliciation "over the top" and the carrier committed to call at Seward.

Alaska Cargo Transport has called at Seward since January, however, the railroad has not followed through with its pledge for reduced service charges or reduced base rates. This has obviously created hardship on the carrier who has repeatedly asked the Railroad to follow through with its original promises.

Seward feels this "type" of lack of co-operation by the ARR placed Seward in an unfair economic disadvantage.

Railroad Response

Much of the frustration experienced by the residents of Seward is shared by the ARRC. Both parties feel the city of Seward and the corporation must work together in order to resolve issues whenever possible. To this end, ARRC management has agreed to provide passenger service to Seward in spite of the fact that it loses revenue. Freight services to and from Seward are continued even though they provide no profit and barely break even. Now the ARRC is being asked to provide carriers with reduced service charges and land lease rates. The question again arises, should ARRC management decisions be made by the corporation in their role as a private entity based primarily on economics and business criteria or, should decisions be made as a public entity giving first consideration to state and local issues and concerns?

1. Self-determination

Seward overwhelmingly supports self-determination. City officials and residents feel strongly that SEWARD should have control over their own future economic growth and activity, and not the Alaska Railroad.

Seward feels this one point is vital because they question whether the ARRC can promote Seward, or can avoid discouraging Seward tonnage that might produce greater incremental return if delivered through another port. For example, the question has been raised about the willingness of the Alaska Railroad to promote general cargo use of the Seward dock to a carrier who, if successful, might rob or "deplete" tonnage currently carried by major ARRC interline carriers (i.e. hydrotrain). Seward feels the railroad appears to be less interested in dock promotion if the cargoes carried by the vessels are not discharged to rail but use a competing mode of transportation from the dock.

Railroad Response

ARRC management is currently negotiating with the city of Seward to transfer management of the Seward coal dock facility to the city. The corporation agrees that self-determination for Seward would be in the best interests of both parties. Transferring the coal dock to Seward would allow the city to aggressively market the coal dock which would directly affect the future economic growth of the city. It would allow Seward to offer incentives to industry that would encourage new trade and business to locate there. However, the corporation does not support a transfer made at ARRC expense. The corporation is concerned about retaining existing business and does not want to be put in a position of directly competing for business with the city. At this time, ARRC management does not feel its concerns have been adequately addressed. The corporation would like some assurance that the transfer of the coal dock to the city of Seward would not negatively impact current ARRC operations while at the same time greatly benefiting Seward. Until those concerns are addressed, ARRC management questions the wisdom of supporting the transfer.

2. Seward Dock Facility

The city of Seward would like the coal dock facility and a small parcel of land located along the seaward edge of the city's small boat harbor transferred to the city of Seward. Since the coal dock terminal was financed by legislative monies (over $2 million) appropriated to the city and by industrial development bonds issued by the city, Seward believes the coal dock has been improperly offered to the ARRC by the state of Alaska.

Seward feel a compromise regarding the ownership of the coal dock facilities might be reached if the ARRC would agree to a long term lease of these facilities to the city of Seward.

Railroad Response

ARRC management is currently negotiating with the city of Seward to transfer management of the Seward coal dock facility to the city. This issue of transfer of the coal dock facility is inseparable linked to the issue of self-determination for the city of Seward. Transferring the coal dock to Seward would allow the city to aggressively market the coal dock which would directly affect the future economic growth of the city. It would allow Seward to offer incentives to industry that would encourage new trade and business to locate there. However, the corporation does not support a transfer made at ARRC expense. The corporation is concerned about retaining existing business and does not want to be put in a position of directly competing for business with the city. At this time, ARRC management does not feel its concerns have been adequately addressed. The corporation would like some assurance that the transfer of the coal dock to the city of Seward would not negatively impact current ARRC operations while at the same time greatly benefiting Seward. Until those concerns are addressed, ARRC management questions the wisdom of supporting the transfer.

3. Marketing -Seward Terminal Manager

Along with the above concern, Seward is very frustrated with another "policy" type issue that directly affects the communities ability to attract new business and promote the Seward dock. The ARRC has pulled all management and supervisory people from Seward, telling the city to be satisfied instead with a zenith number for all communications to the ARRC. Seward states the ARRC has no "Seward specific" marketing plan, promotion or advertising.

When prospective new clients express an interest in Seward as a possible site for their venture, Seward officials cannot supply them with any information on shipping alternatives or freight rates, etc. Seward feel it is poor business and very negative for marketing to ask these clients to call a zenith number.

Another concern to Seward is the ARRC's recently released five year capital improvements plan. This plan contains no capital improvements for the city of Seward. With ports like Anchorage continually growing and expanding, Seward feels this shows the ARRC's intent for limited future growth of the Seward port.

The ARRC has not committed to maintaining safety and operation levels of the dock-mounted gantry cranes. Pilings, cranes and overall facility upgrading is necessary.

Railroad Response

Since the overwhelming percentage of freight moving through Seward currently passes over the coal dock, the ARRC believes that whoever controls the coal dock should address the issue of terminal manager. Should the coal dock transfer to the city of Seward, the ARRC believes it would be consistant with the city's long range goal of self-determination for the city to employ a terminal manager. If the coal dock were to remain under the auspices of the corporation, then ARRC would be willing to employ a terminal manager. ARRC management believes that until the question of transfer of the dock is resolved, the issue of establishing a terminal manager in Seward cannot be addressed.

4. ARR Board of Directors

Since the state has owned the Alaska Railroad Corporation, Seward has expressed a strong desire to have a local representative from Seward on the Board of Directors. With the lack of progress in many of the areas of concern, Seward residents feel that in order to have a listening ear they need either "representation on the Board" OR a change in what they determine as conflict of interest and board makeup.

Firstly, Seward feels one of the members of the Board has a definite conflict of interest with his appointment. Mr. Dickerson is the chairman of the Anchorage Port Commission. He is also a former member of the Anchorage Assembly and past president of the Anchorage Chamber of Commerce. Both Anchorage and Seward are competiitve ports, attracting business means jobs in Anchorage or, jobs in Seward. While Seward is very quick to commend Mr. Dickerson for this past work, it does feel that asking any board member to serve two competing masters at the same time is unhealthy to the long term interests of both master and the individual. To have the chairman of the Anchorage Port Commission maintaining his office and responsibility to maximize the interest of the ARRC's chief competing port (Anchorage) while upholding his responsibility to the citizens of the state of Alaska to increase and maximize the profitability of the Alaska Railroad corporation is a definite conflict of interest.

The remaining board makeup is of concern to Seward. A majority of the members are from Anchorage, or, have previous strong ties to Anchorage. There is no representation by Whittier or Seward, and it is very difficult for Seward or Whittier to feel they have any access or input into the decisions made by the Corporation.

SOLUTION

As the board members serve for staggered five year terms, consideration could be given to filling one of the terms with a resident from Seward. ARRC managment support this request.

A change in board makeup or the possible addition of two board members to the current seven member Board of Directors, has been offered as a solution by Seward.

Solution to this concern would go a long way in mending some of the damaged "bridges" of the past. Seward and Whittier would feel like they had some say in running the Corporation, and the question of lack of interest in Seward, its concerns, its resources and its residents would be alleviated. Local community members would have an avenue to pursue.

C. Philosophical Approach

The ARRC philosophical approach is an area of great concern to the city of Seward. Seward questions the ARRC "caretaker approach" to many vital issues affecting the city. Residents and city officials are extremely concerned because they feel very strongly that the future growth and development of the city of Seward is very closely tied to the growth and development of the ARRC. As has been stated repeatedly by Seward, the immediate short term and long range plan for the city is to increase economic development, diversify the local economy and work to promote tourism. Seward feel if the ARRC will not aggressively compete for all new business (truck, plane, ship or train), the city of Seward cannot diversify or grow. THIS IS TREMENDOUSLY FRUSTRATING TO SEWARD.

Seward officials feel the Board of Directors for the Corporation have a "caretaker approach" to running the corportion, particularly when it comes to marketing any area that does not directly benefit the corporation itself. When one considers the corporation does control the Seward coal dock facility then it becomes very clear that the corporation also largely controls the future economic development of Seward. Most new business, freight and industry to Seward will probably use the dock facility and, unless the corporation is willing to market this facility agressively, the future of Seward is very limited.

Seward would like to see a consistent and well defined philosophical approach by the ARRC Board of Directors. City officials feel corporation management wears two hats, one as a "quasi" legal private corporation mandated by the legislature to make a profit and, the other as a state agency. While Seward understands the reasons for the legislature establishing the corporation Seward residents feel the ARRC management continually "change hats" to benefit the corporation instead of having a consistent management philosophy. Seward site as an example the fact that as a state agency the ARRC is exempt from payment of property taxes on land owned by the corporation in the city of Seward yet, as a private for profit corporation the ARRC states the corporation is manadated to make a profit and therefore must negotiate any leases with the city at fair market value. Seward feel the corporation has the best of both worlds, a private for profit corporation that is afforded all the exemptions of a state agency.

In summary Seward would like to see a clear, well defined philosophical approach adopted by the corporation. This approach should state what the corporation intends to do in the future. This would go a long way to answering Sewards concern that ARRC management and the state of Alaska's main objective is to have the financial records and books of the corporation look very positive to attract a buyer for the ARRC within the next five years. Seward feels that if continues to be the approach of the ARRC the future economic develoment of Seward looks very bleak.

Railroad response

Alaska Railroad Corporation management state the corporation is being run closely following the Alaska Statutes. 42.40 On several occassions ARRC management has asked questions regarding the legislatures intent for the ARRC. Management has also expressed its concern of not knowing what the future plans for the Corporation are, AS 42.40.260 (b) states every 5 years the annual report by the A . shall include an analysis and documentation of at le st three offers to sell the corporation. Management state it is difficult to define long range plans when the future of the ARRC itself is unknown.

6. Accessibility to Railroad records

Seward officials feel that since the state has acquired the ARRC the records and information available from the corporation have been much less accessible.

On numerous occassions Seward has requested information from the railroad which has not been available. While the Alaska Railroad Corporation has by statute been given the authority to designate information as "confidential", the city of Seward feel the corporation has taken this authority to extremes. Under federal ownership information such as the amount of freight hauled on a monthly basis to and from Seward and other areas was available, under state ownership this is no longer available. Seward feel information such as this would be very beneficial in helping them assess the amount of freight movement to and from Seward and would greatly benefit prospective clients in estimating their freight costs.

In summary, Seward officials do not object to the corporations right to withhold information that is of a proprietary or privileged nature however, Seward does feel that as the corporation is an instrumentality within the state the records of the corporation, its budgets, finances and overall fiscal records should be much more accessible to individuals requesting this information.

Railroad response

AS 42.40.220 (b) states: Records of the corporation are, in general, public. However, the corporation may designate by rule and withhold public disclosure of matters of a privileged or proprietary nature. These matters include personnel, records, communications with and work product of legal counsel, and, consistent with the standards and practices of the United States Interstate Commerce Commission for the protection of these matters, other information including proprietary information associated with specific shippers, divisions and contract rate agreements.

This is an area that has received a great deal of comment. Many complaints have arisen regarding competitive rates set by the Alaska Railroad Corporation.

While the state auditors must be allowed access to all ARRC financial records for the purpose of the audit, information designated by the corporation under the Public Disclosure section may not be released by the state auditors. The auditors report may include a summary and facts and findings however, no specific reference to any information designated to be withheld from public disclosure may be released.

REVISION DATE: 11/10/87

Railroad Corporation

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

Alaska Statutes

Title 42. Public Utilities and Carriers.

Chapter

05. Alaska Public Utilities Commission Act (§§ 42.05.141, 42.05.251, 42.05.361, 42.05.365, 42.05.381, 42.05.385, 42.05.431, 42.05.651, 42.05.711, 42.05.720)
06. Pipeline Act (§§ 42.06.160 — 42.06.200, 42.06.280, 42.06.340, 42.06.610, 42.06.630)
07. Alaska Transportation Commission Act (Repealed)
10. Alaska Motor Freight Carrier Act (Repealed)
30. Miscellaneous Regulations Governing Public Utilities and Carriers (§§ 42.30.200 — 42.30.380)
40. Alaska Railroad Corporation (§§ 42.40.010 — 42.40.990)

Chapter 05. Alaska Public Utilities Commission Act.

Article

2. Powers and Duties of the Commission (§ 42.05.141)
3. Certificate of Public Convenience and Necessity (§ 42.05.251)
5. Rates and Rate Schedules (§§ 42.05.361, 42.05.365, 42.05.381, 42.05.385, 42.05.431)
9. Miscellaneous Provisions (§ 42.05.651)
10. General Provisions (§§ 42.05.711, 42.05.720)

Article 2. Powers and Duties of the Commission.

Section

141. General powers and duties of the commission

Sec. 42.05.141. General powers and duties of the commission. (a) The Alaska Public Utilities Commission may

(1) regulate every public utility engaged or proposing to engage in such a business inside the state, except to the extent exempted by AS 42.05.711, and the powers of the commission shall be liberally construed to accomplish its stated purposes;

(2) investigate, upon complaint or upon its own motion, the rates, classifications, rules, regulations, practices, services and facilities of a public utility and hold hearings on them;

(3) make or require just, fair and reasonable rates, classifications, regulations, practices, services and facilities for a public utility;

(4) prescribe the system of accounts and regulate the service and safety of operations of a public utility;

Chapter 40. Alaska Railroad Corporation.

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

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

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

Article 1. Establishment and Organization.

Section
10. Establishment of the corporation
20. Board of directors
30. Term of office
40. Vacancies
50. Compensation and expenses
60. Board officers

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

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

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

Alaska Statutes

Title 1. General Provisions.

Chapter
10. Laws and Statutes (§§ 01.10.030, 01.10.055, 01.10.060, 01.10.070)

Chapter 05. Alaska Statutes.

Sec. 01.05.006. Adoption of Alaska Statutes.

Cross references. — For exception to provision that section headings are not a part of the law, see AS 45.01.109.

NOTES TO DECISIONS

Cited in Schnabel v. State, Ct. App. Op. No. 250 (File No. 7273), 663 P.2d 960 (1983).

Sec. 01.05.031. Revision of statutes.

NOTES TO DECISIONS

Quoted in Schnabel v. State, Ct. App. Op. No. 250 (File No. 7273), 663 P.2d 960 (1983).

Chapter 10. Laws and Statutes.

Article
2. General Rules of Statutory Construction (§§ 01.10.030, 01.10.055, 01.10.060)
3. Effect of Statutes (01.10.070)

Article 1. Common Law.

Sec. 01.10.010. Applicability of common law.

NOTES TO DECISIONS

Quoted in Wells v. State, Ct. App. Op. No. 401 (File Nos. 7479, 7663), 687 P.2d 917 (1984); Beran v. State, Ct. App. Op. No. 506 (File Nos. A-535, A-629, A-630, A-679), 705 P.2d 1280 (1985); Balentine v. State, Ct. App. Op. No. 538 (File No. A-381), 707 P.2d 922 (1985); State v. Burke, Ct. App. Op. No. 583 (File No. A-908), 714 P.2d 374 (1986).

Cited in Jackson v. State, Ct. App. Op. No. 211 (File No. 6664), 657 P.2d 405 (1983); Stiegele v. State, Ct. App. Op. No. 382 (File No. A-399), 685 P.2d 1255 (1984).

(10) "property" includes real and personal property;

(11) "real property" is coextensive with land, tenements, and hereditaments;

(12) "signature" or "subscription" includes the mark of a person who cannot write, with the name of that person written near the mark by a witness who writes the witness's own name near the name of the person who cannot write; but a signature or subscription by mark can be acknowledged or can serve as a signature or subscription to a sworn statement only when two witnesses so sign their own names to the sworn statement;

(13) "state" means the State of Alaska unless applied to the different parts of the United States and in the latter case it includes the District of Columbia and the territories;

(14) "writing" includes printing. (§ 4 ch 62 SLA 1962; am § 2 ch 66 SLA 1965; am § 10 ch 117 SLA 1968; am § 19 ch 74 SLA 1985)

Revisor's notes. — Reorganized in 1985 to alphabetize the defined terms.

Effect of amendments. — The 1985 amendment added paragraph (4).

NOTES TO DECISIONS

Quoted in Hull v. Alaska Fed. Sav. & Loan Ass'n, Sup. Ct. Op. No. 2605 (File No. 6346), 658 P.2d 122 (1983).

Article 3. Effect of Statutes.

Section
70. Time statutes become law and take effect

Sec. 01.10.070. Time statutes become law and take effect. (a) All bills passed by the legislature become law upon the governor's signature or upon the governor's veto being overridden or, when the governor allows a bill to become law without signature, on the day after expiration of the period allowed for gubernatorial action by art. II, § 17 of the Alaska Constitution. Acts become effective 90 days after becoming law, unless the legislature, by concurrence of two-thirds of the membership of each house, provides for another effective date.

(b) The actual effective date of an Act having no effective-date provision is determined by starting with the day after it is signed by the governor or the day after the governor's veto is overridden or the day after expiration of the period allowed for gubernatorial action by art. II, § 17 of the Alaska Constitution, and counting 90 calendar days, the Act becoming effective at 12:01 a.m., Alaska Standard Time on the 90th day.

(c) The actual effective date and time of an Act having an immediate-effective-date provision is 12:01 a.m., Alaska Standard Time, on

the day after it is signed by the governor or on the day after the governor's veto is overridden or on the day after expiration of the period allowed for gubernatorial action by art. II, § 17 of the Alaska Constitution.

(d) An Act which specifies a definite effective date becomes effective at 12:01 a.m., Alaska Standard Time on the date specified.

(e) When the governor allows a bill to become law without signature, the governor shall give written notice of that fact to the legislature. The date of this notice has no effect upon the date the bill becomes law nor upon the date the Act takes effect.

(f) In this section

(1) "Act" means a bill which has become law;

(2) "bill" means a legislative document proposing an Act;

(3) "becomes effective" means becomes applicable; "effective date" does not mean date of enactment (or date of becoming law), although the two will coincide when a bill which has an immediate-effective-date provision is allowed to become law without the governor's signature;

(4) "becomes law" means is enacted; "enactment" occurs when any one of the following takes place:

(A) a bill which is passed by the legislature is signed by the governor;

(B) the period specified in art. II, § 17 of the Alaska Constitution expires without gubernatorial action;

(C) the legislature overrides the governor's veto of a bill;

(5) "passed by the legislature" means that the required majority of each house of the legislature has taken final action in approving the same version of a bill. (§ 5 ch 62 SLA 1962; am § 8 ch 126 SLA 1966; am § 1 ch 115 SLA 1974; am §§ 1—3 ch 6 SLA 1984)

Effect of amendments. — The 1984 amendment substituted "Alaska" for "Pacific" near the end of subsection (b), near the beginning of subsection (c), and in subsection (d).

NOTES TO DECISIONS

Applied in Atlantic Richfield Co. v. State, Sup. Ct. Op. No. 2695 (File No. S-52), 666 P.2d 1031 (1985).

Sec. 01.10.080. Computation of time.

NOTES TO DECISIONS

Quoted in Fairbanks N. Star Borough v. Tundra Tours, Inc., Sup. Ct. Op. No. 3052 (File Nos. S-524, S-554), P.2d (1986).

J. JUSTIN RIPLEY

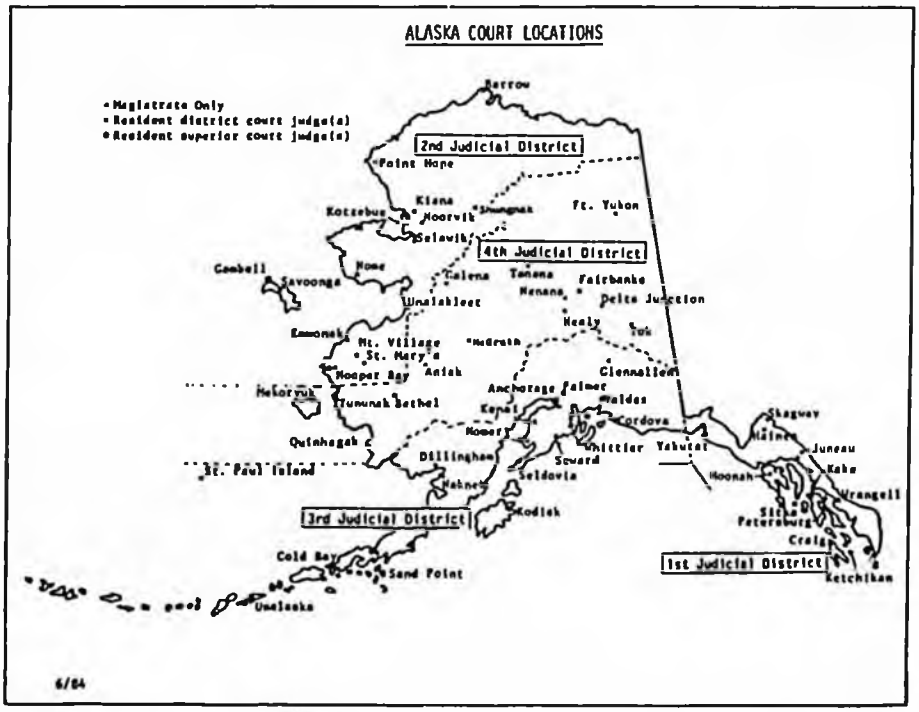
Born Oct. 21, 1934, Kotzebue, Alaska. B.A., Gonzaga University, 1956; J.D. Gonzaga University, 1964. U.S. Army 1957-60; trust administrator, Seattle First National Bank, 1961-62; law clerk, Alaska Supreme Court 1964-65; staff of Attorney General, Juneau, 1965-68; staff of district attorney, Third Judicial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

BRIAN SHORTELL

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

MILTON SOUTER

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



HOUSE BILL 349 - AN ACT INCREASING THE MEMBERSHIP ON THE BOARD OF DIRECTORS OF THE ALASKA RAILROAD CORPORATION; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEN THE ALASKA RAILROAD CORPORATION WAS FORMED IN 1985, THE GENERAL POWERS OF THE CORPORATION WERE VESTED IN A 7 MEMBER BOARD OF DIRECTORS. WE SPENT CONSIDERABLE TIME DRAFTING THE ACT TO ENSURE THE ALASKA RAILROAD BOARD MEMBERSHIP PROVIDED FOR REPRESENTATION FROM THE PRIVATE INDUSTRY, JUDICIAL DISTRICTS AFFECTED BY THE RAILROAD, UNIONS, EXPERIENCED RAILROAD MANAGEMENT AND THE COMMISSIONERS FROM THE DEPARTMENT OF TRANSPORTATION AND THE DEPARTMENT OF COMMERCE.

LIKE ANY NEWLY FORMED CORPORATION, THERE NEEDS TO BE YEARLY EVALUATIONS AND OVERSIGHT TO PINPOINT ANY PROBLEMS AND ALSO TO LOOK AT AREAS WHERE IMPROVEMENTS CAN BE MADE.

AFTER THREE YEARS OF OVERSIGHT AND EVALUATION OF THE ALASKA RAILROAD CORPORATION, I FEEL STRONGLY THAT A GREAT DEAL OF THE RECENTLY DISCUSSED COMMUNICATION CONCERNS WITH THE RAIL COMMUNITIES COULD BE OVERCOME IF THESE COMMUNITIES HAD REPRESENTATION ON THE ALASKA RAILROAD BOARD OF DIRECTORS.

THE HOUSE TRANSPORTATION COMMITTEE INTERIM REPORT COMPLETED THIS PAST INTERIM EVALUATED THE ALAKSA RAILROAD CORPORATIONS RELATIONSHIP WITH THE RAIL COMMUNITIES. THIS REPORT CLEARLY

DEMONSTRATES A NEED FOR INCREASED INPUT FROM SEVERAL RAIL COMMUNITIES AND, A REAL NEED FOR A MORE OPEN LINE OF COMMUNICATIONS BETWEEN THE RAILROAD AND THE RAIL COMMUNITIES.

HB 349 WOULD ADD TWO ADDITIONAL MEMBERS TO THE CURRENT SEVEN MEMBER BOARD OF DIRECTORS. ONE OF THESE MEMBERS WOULD BE A RESIDENT OF SEWARD AND THE OTHER A RESIDENT OF FAIRBANKS.

AS YOU WILL NOTE FROM THE CURRENT BOARD MEMBERSHIP LIST ENCLOSED IN YOUR FOLDERS, THE CURRENT BOARD MEMBERSHIP PROVIDES VERY ADEQUATE REPRESENTATION FROM AREAS SUCH AS ANCHORAGE. THERE IS CURRENTLY NO REPRESENTATIVE FROM EITHER WHITTIER OR SEWARD, TWO COMMUNITIES WHOSE GROWTH AND DAILY OPERATIONS ARE GREATLY INFLUENCED AND AFFECTED BY THE ALASKA RAILROAD.

HB 349 WOULD HAVE NO FISCAL IMPACT TO THE STATE.

I FEEL HB 349 WOULD HELP ELIMINATE MANY OF THE COMMUNICATION CONCERNS THAT CURRENTLY EXIST AND WOULD ALSO PROVIDE FAIR AND ADEQUATE REPRESENTATION FROM ALL RAIL COMMUNITIES.

I DO ASK YOUR SUPPORT FOR HB 349. OF THE SEVEN SEATS

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 1-20-88 1:30 p.m.

(7)

HOUSE COMMITTEE REPORT

Date referred: 1/11/88 FURTHER REFERRALS: Finance

DATE: January 20, 1988

The Transportation Committee has considered HB 349

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

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[X] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Bill Hudson

Trust Lear

D. A. Parker

M. W. Miller

Heinrich Springer

Bette Cash

SIGNING OTHER RECOMMENDATIONS:

Bette Cash

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: January 20, 1988

Subject of meeting:

*HB 349: "An Act increasing the membership on the board of directors of the Alaska Railroad Corporation; and providing for an effective date."

SIGN-IN

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Kent Dawson	326 4th St. #203 Juneau 99801	586-2667	City of Seward	yes

*indicates first public hearing

HB
357

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation:

1/25/88

2/01/88

(7)

HOUSE COMMITTEE REPORT

Date referred: 1/13/88

FURTHER REFERRALS: C & RA
Finance

DATE: February 1, 1988

The Transportation Committee has considered HB 357

"An Act relating to grants for local service roads and trails; and providing for an effective date."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[ ] do pass

[ ] do not pass

[ ] no recommendation

[X] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[X] same as previous zero fiscal note published 1/13/88

SIGNING DO PASS:

Heinrich Spanjer

Bette Cate

SIGNING OTHER RECOMMENDATIONS:

R.G. Bruce Moore - No Rec

Bill Hudson - No Rec.

Bette Cate

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: January 25, 1988

SIGN-IN

Subject of meeting:

*HB 357: "An Act relating to grants for local service roads and trails; and providing for an effective date."

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
KEITH GERKEN	DEP. COMM.	3900	DOT/PF	X
plaid CHUCK BARTNESS	/ Group Chief / DOT & PF	789-6747	DOT & PF	No
m. BRUCE FREITAG	DOT M&O ENGR	465-2957	✓	No.

*Indicates first public hearing

Official Business

COMMITTEE:

House Transportation Committee

DATE: February 1, 1988

SIGN-IN

Subject of meeting:

HB 357: "An Act relating to grants for local service roads and trails; and providing for an effective date."

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
BRUCE FREITAG MAINTENANCE ENGR	BOX Z JUNEAU 99811	465-2957	DOT/PF	IF REQUESTED

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

January 25, 1988

****

COMMITTEE CALENDAR:

HB 357: "An Act relating to grants for local service roads and trails; and providing for an effective date."

This is a first public hearing

FOR THIS MEETING, YOUR PACKET INCLUDES:

item #1: HB 357
#2: a letter from the Governor
#3: fiscal notes: Dept. Comm. & Regional Affairs
DOT/PF
#4: comparison of allocation, 50/50 vs. 70/30
#5: 70/30 allocations
#6: 50/50 allocations
#7: a letter from the City of Wasilla

February 1, 1988

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COMMITTEE CALENDAR:

HB 357: "An Act relating to local service roads and trails; and providing for an effective date."

FOR THIS MEETING, YOUR PACKET INCLUDES:

Item #1: HB 357
#2: a letter from Governor Cowper
#3: fiscal notes: Dept. of Comm. & Regional Affairs
DOT/PF
#4: a comparison of the 50/50 split vs. the 70/30
#5: district allocations based on the 70/30 split
#6: district allocations based on the 50/50 split
#7: two letters; one supporting, one opposing

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 13, 1988

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill pertaining to local service roads and trails. This measure would alter the existing formula for allocating money for acquisition and construction of these roads and trails.

Basically, this measure will allow rural areas to receive more funding for service roads and trails. The change will not be particularly dramatic in terms of actual dollars but will benefit rural areas.

I am making this proposal because local service road and trail funding is extremely important for rural portions of our state. Urban areas have a significantly greater opportunity to acquire financial resources from various sources to construct roads, highways, and transportation systems. Rural communities often lack this advantage.

I realize that this measure may generate some initial concern that certain portions of our state are benefiting at the expense of other communities or regions. This is not my intent. I simply want to ensure that vital local service roads and trails are designed, funded, and built in areas where they provide the greatest benefit. Other programs benefit urban Alaskans. The local service road and trail program needs to be weighted toward rural areas.

This bill has the support of the Department of Transportation and Public Facilities and the Department of Community and Regional Affairs. I believe that this measure merits your favorable action. Please call upon Commissioner Hickey if you have additional questions regarding the mechanics of this proposed change or the operation of AS 19.30.127 -- 19.30.241 in general.

Sincerely,

Steve Cowper
Governor

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HB 357
PUBLISH DATE: HOUSE 1/13/88

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Local Service Roads and Trails
Sponsor: Rules Committee
Requestor: Governor

Agency Affected: DCRA
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

There is no fiscal impact on this Department as a result of the formula change.

Jim Plasman

Prepared by: James Plasman, Deputy Director — Phone: 465-4750
Division: Municipal & Regional Assistance — Date: 12/11/87

Approved by Commissioner: _____ — Date: Dec. 11, 1987
Agency: Community and Regional Affairs

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

CC

STATE OF ALASKA 1988 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HB 357
Publish Date: HOUSE 1/13/88

REQUEST

Revision Date:
Title: Local Service Roads & Trails

Agency Affected: DOT&PF
BRU: Plans, Programs & Budget

Sponsor: Rules Committee
Requestor: Governor

Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: There is no fiscal impact on state expenditures as a result of this change. Any costs associated with administration of the program, would be charged to any new appropriation for the program and the cost of administration will not vary because of this legislation.

Prepared by: Ron Lind, Director
Phone: 465-3900
Division: Plans, Programs & Budget
Date: 12/3/87

Approved by Commissioner: Mark S. Hickey MSH
Date: 12/3/87
Agency: Transportation & Public Facilities

Distribution (by preparer):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

Comparison by district 50/50 vs. 70/30

19-Jan-88

1. ALLOCATION BY DISTRICT

ALLOCATION DISTRICT COLUMN A	50/50 SPLIT TOTAL DISTRICT ALLOCATION (COL J + COL F) COLUMN K	PERCENT OF TOTAL STATE COLUMN L	70/30 SPLIT TOTAL DISTRICT ALLOCATION (COL J + COL F) COLUMN K	PERCENT OF TOTAL STATE COLUMN L
ALLOCATION DISTRICT I	343852	34.39%	241068	24.11%
ALLOCATION DISTRICT II	234870	23.49%	265397	26.54%
ALLOCATION DISTRICT III	93903	9.39%	83858	8.39%
ALLOCATION DISTRICT IV	283910	28.39%	355514	35.55%
ALLOCATION DISTRICT V	43466	4.35%	54163	5.42%
STATEWIDE TOTAL	1000000	100.00%	1000000	100.00%

II. ALLOCATION BY BOROUGH WITHIN ALLOCATION DISTRICTS 1-5

ALLOCATION DISTRICT COLUMN A	50/50 TOTAL BOROUGH ALLOCATION (COL J + COL F) COLUMN K	PERCENT OF TOTAL DISTRICT COLUMN L	70/30 TOTAL BOROUGH ALLOCATION (COL J + COL F) COLUMN K	PERCENT OF TOTAL DISTRICT COLUMN L
ALLOCATION DISTRICT I				
MUNICIPALITY OF ANCHORAGE	131122	38.13%	58721	24.36%
KENAI PENINSULA BOROUGH	70340	20.46%	57397	23.81%
KODIAK ISLAND BORO	25221	7.33%	20902	8.67%
MAT-SU BOROUGH	88840	25.84%	76243	31.63%
UNORGANIZED BORO I	28328	8.24%	27804	11.53%
DISTRICT I TOTAL	343852	100.00%	241068	100.00%
ALLOCATION DISTRICT II				
FBKS NORTH STAR BORO	104307	44.41%	75081	28.29%
NORTH SLOPE BORO (PART)	28157	11.99%	43296	16.31%
UNORGANIZED BORO II	102406	43.60%	147021	55.40%
DISTRICT II TOTAL	234870	100.00%	265397	100.00%

II. ALLOCATION BY BOROUGH WITHIN ALLOCATION DISTRICT 1-5

ALLOCATION DISTRICT COLUMN A	TOTAL BOROUGH ALLOCATION (COL J + COL F) COLUMN K	PERCENT OF TOTAL DISTRICT COLUMN L	TOTAL BOROUGH ALLOCATION (COL J + COL F) COLUMN K	PERCENT OF TOTAL DISTRICT COLUMN L
ALLOCATN DISTRICT III				
CITY/BORO OF JUNEAU	22814	24.29%	14801	17.65%
CITY/BORO OF SITKA	11179	11.91%	9715	11.58%
HAINES BORO	4505	4.80%	4592	5.48%
KET GATEWAY BORO	10409	11.09%	6617	7.89%
UNORGANIZED BORO III	44996	47.92%	48134	57.40%
DISTRICT III TOTAL	93903	100.00%	83858	100.00%
ALLOCATN DISTRICT IV				
ALEUTIAN EAST BORO	25178	8.87%	26986	7.59%
BRISTOL BAY BORO	3953	1.39%	3598	1.01%
NO SLOPE BORO (PART)	35695	12.57%	51261	14.42%
NORTHWEST ARCTIC BORO	33343	11.74%	43907	12.35%
UNORGANIZED BORO IV	185741	65.42%	229762	64.63%
DISTRICT IV TOTAL	283910	100.00%	355514	100.00%

II.ALLOCATION BY BOROUGH WITHIN ALLOCATION DISTRICT 1-5

ALLOCATION DISTRICT COLUMN A	TOTAL BOROUGH ALLOCATION (COL J + COL F) COLUMN K	PERCENT OF TOTAL DISTRICT COLUMN L	TOTAL BOROUGH ALLOCATION (COL J + COL F) COLUMN K	PERCENT OF TOTAL DISTRICT COLUMN L
ALLOCATN DISTRICT V				
UNORGANIZED BORO V	43466	100.00%	54163	100.00%
DISTRICT V TOTAL	43466	100.00%	54163	100.00%
STATEWIDE TOTAL	1000000		1000000	

III. ALLOCATION BY CITY WITHIN BOROUGH

BOROUGH/ CITY COLUMN A	50/50 SPLIT TOTAL CITY ALLOCATION (COL J + COL F) COLUMN K	PERCENT OF TOTAL DISTRICT COLUMN L	PERCENT OF TOTAL BOROUGH COLUMN M	70/30 SPLIT TOTAL CITY ALLOCATION (COL J + COL F) COLUMN K	PERCENT OF TOTAL DISTRICT COLUMN L	PERCENT OF TOTAL BOROUGH COLUMN M
ALLOCATION DISTRICT I						
MUNICIPALITY OF ANCHORAGE	131122	38.13%	100.00%	58721	24.36%	100.00%
KENAI PENINSULA BORO						
CITY OF KENAI	5933	1.73%	8.43%	2955	1.23%	5.15%
CITY OF SEWARD	1986	0.58%	2.82%	1007	0.42%	1.75%
OTHER	62421	18.15%	88.74%	53436	22.17%	93.10%
TOTAL	70340	20.46%	100.00%	57397	23.81%	100.00%
KODIAK ISLAND BORO						
CITY OF KODIAK	6015	1.75%	23.85%	2994	1.24%	14.32%
OTHER	19206	5.59%	76.15%	17908	7.43%	85.68%
TOTAL	25221	7.33%	100.00%	20902	8.67%	100.00%
MAT-SU BOROUGH						
CITY OF PALMER	3644	1.06%	4.10%	1881	0.78%	2.47%
OTHER	85197	24.78%	95.90%	74362	30.85%	97.53%
TOTAL	88840	25.84%	100.00%	76243	31.63%	100.00%
UNORGANIZED BORO I						
TOTAL	28328	8.24%	100.00%	27804	11.53%	100.00%
DISTRICT I TOTAL	343852	100.00%		241068	100.00%	

III. ALLOCATION BY CITY WITHIN BOROUGH

BOROUGH/ CITY COLUMN A	50/50 SPLIT TOTAL CITY ALLOCATION (COL J + COL F) COLUMN K	PERCENT OF TOTAL DISTRICT COLUMN L	PERCENT OF TOTAL BOROUGH COLUMN M	70/30 SPLIT TOTAL CITY ALLOCATION (COL J + COL F) COLUMN K	PERCENT OF TOTAL DISTRICT COLUMN L	PERCENT OF TOTAL BOROUGH COLUMN M
ALLOCATN DISTRICT II						
FBKS NORTH STAR BORO						
CITY OF FAIRBANKS	19709	8.39%	18.90%	8632	3.25%	11.50%
CITY OF NORTHPOLE	1201	0.51%	1 [illegible]%	531	0.20%	0.71%
OTHER	83396	35.51%	79.[illegible]5%	65918	24.84%	87.80%
TOTAL	104307	44.41%	100.00%	75081	28.29%	100.00%
NORTH SLOPE BORO(PART)						
TOTAL	28157	11.99%	100.00%	43296	16.31%	100.00%
UNORGANIZED BORO II						
TOTAL	102406	43.60%	100.00%	147021	55.40%	100.00%
DISTRICT II TOTAL	234870	100.00%		265397	100.00%	100.00%

III. ALLOCATION BY CITY WITHIN BOROUGH

BOROUGH/ CITY COLUMN A	50/50 SPLIT TOTAL CITY ALLOCATION (COL J + COL F) COLUMN K	50/50 SPLIT PERCENT OF TOTAL DISTRICT COLUMN L	50/50 SPLIT PERCENT OF TOTAL BOROUGH COLUMN M	70/30 SPLIT TOTAL CITY ALLOCATION (COL J + COL F) COLUMN K	70/30 SPLIT PERCENT OF TOTAL DISTRICT COLUMN L	70/30 SPLIT PERCENT OF TOTAL BOROUGH COLUMN M
ALLOCATN DISTRICT III						
CITY/BORO OF JUNEAU	22814	24.29%	100.00%	14801	17.65%	100.00%
CITY/BORO OF SITKA	11179	11.91%	100.00%	9715	11.58%	100.00%
HAINES BOROUGH						
TOTAL	4505	4.80%	100.00%	4592	5.48%	100.00%
KET GATEWAY BORO						
CITY OF KETCHIKAN	3115	3.32%	29.93%	1192	1.42%	18.02%
OTHER	7294	7.77%	70.07%	5424	6.47%	81.98%
TOTAL	10409	11.09%	100.00%	6617	7.89%	100.00%
UNORGANIZED BOROUGH III						
TOTAL	44996	47.92%	100.00%	48134	57.40%	100.00%
DISTRICT III TOTAL	93903	100.00%		83858	100.00%	

III. ALLOCATION BY CITY WITHIN BOROUGH

BOROUGH/ CITY COLUMN A	50/50 SPLIT TOTAL CITY ALLOCATION (COL J + COL F) COLUMN K	50/50 SPLIT PERCENT OF TOTAL DISTRICT COLUMN L	50/50 SPLIT PERCENT OF TOTAL BOROUGH COLUMN M	70/30 SPLIT TOTAL CITY ALLOCATION (COL J + COL F) COLUMN K	70/30 SPLIT PERCENT OF TOTAL DISTRICT COLUMN L	70/30 SPLIT PERCENT OF TOTAL BOROUGH COLUMN M
ALLOCATION DISTRICT IV						
ALEUTIANS EAST BORO	25178	8.87%	100.00%	26986	7.59%	100.00%
BRISTOL BAY BORO	3953	1.39%	100.00%	3598	1.01%	100.00%
NO SLOPE BORO (PART)	35695	12.57%	100.00%	51261	14.42%	100.00%
NORTHWEST ARCTIC BOROUGH	33343	11.74%	100.00%	43907	12.35%	100.00%
UNORGANIZED BORO IV	185741	65.42%	100.00%	229762	64.63%	100.00%
DISTRICT IV TOTAL	283910	100.00%		355514	100.00%	
ALLOCATION DISTRICT V						
UNORGANIZED BORO V TOTAL	43466	100.00%	100.00%	54163	100.00%	100.00%
DISTRICT V TOTAL	43466	100.00%		54163	100.00%	
STATEWIDE TOTAL	1000000			1000000		

III. ALLOCATION BY CITY WITHIN BOROUGH

LSR&T ALLOCATION BASED ON 70/30 (AREA/POPULATION) SPLIT AS PROPOSED BY HB 357

BORCUGH/ CITY COLUMN A	TOTAL AREA OF BOROUGH (SQ MI) COLUMN B	AREA OF CITY (SQ MI) COLUMN C	CITY'S AREA RATIO (COL C/COL B) COLUMN D	TOTAL BOROUGH ALLOCATION COLUMN E	CITY ALLOCATION (COL D x COL E x .7) COLUMN F	BOROUGH POPULATION (RE:1985 DOL) COLUMN G	CITY'S POPULATION (RE: 1985 DOL) COLUMN H	CITY'S POPULATION RATIO (COLH/COLG) COLUMN I	CITY ALLOCATION (COL I x COL E x .3) COLUMN J	70/30 SPLIT TOTAL CITY ALLOCATION (COL J + COL F) COLUMN K	PERCENT OF TOTAL DISTRICT COLUMN L	PERCENT OF TOTAL BOROUGH COLUMN M
ALLOCATION DISTRICT IV												
ALEUTIAN EAST BORO	15405	15405	1.0000000000	26986	18890	6828	6828	1.0000000000	8096	26986	7.59%	100.00%
BRISTOL BAY BORO	1200	1200	1.0000000000	3598	2519	1326	1326	1.0000000000	1080	3598	1.01%	100.00%
NO SLOPE BORO (PART)	46666	46666	1.0000000000	51261	35883	4504	4504	1.0000000000	15378	51261	14.42%	100.00%
NORTHWEST ARCTIC BORO	36000	36000	1.0000000000	43907	30735	5790	5790	1.0000000000	13172	43907	12.35%	100.00%
UNORGANIZED BORO IV												
TOTAL	172231	172231	1.0000000000	229762	160833	38156	38156	1.0000000000	68929	229762	64.63%	100.00%
DISTRICT IV TOTAL	271502	271502	1.0000000000	355514	248860	56604	56604	1.0000000000	106654	355514	100.00%	
ALLOCATION DISTRICT V												
UNORGANIZED BORO V												
TOTAL	41177	41177	1.0000000000	54163	37914	9024	9024	1.0000000000	16249	54163	100.00%	100.00%
DISTRICT V TOTAL	41177	41177	1.0000000000	54163	37914	9024	9024	1.0000000000	16249	54163	100.00%	
STATEWIDE TOTAL	586499	586499	1.0000000000	1000000	700000	539600	539600	1.0000000000	300000	1000000		

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5165 HTRA HB 357

737

19-Jan-88

I. ALLOCATION BY DISTRICT

LSR&T ALLOCATION BASED ON 70/30 (AREA/POPULATION) SPLIT AS PROPOSED BY HB 357

ALLOCATION DISTRICT COLUMN A	TOTAL AREA OF STATE (SQ MI) COLUMN B	AREA OF ALLOCATN DISTRICT (SQ MI) COLUMN C	ALLOCATION DISTRICT'S AREA RATIO (COL C/COL B) COLUMN D	TOTAL STATEWIDE ALLOCATION COLUMN E	DISTRICT ALLOCATION (COL D x COL E x .7) COLUMN F	TOTAL POPULATION OF AK (RE:1985 DOL) COLUMN G	DISTRICT POPULATION (RE:1985 DOL) COLUMN H	ALLOCATION DISTRICT'S POP RATIO (COLH/COLG) COLUMN I	DISTRICT ALLOCATION (COL I x COL E x .3) COLUMN J	70/30 SPLIT TOTAL DISTRICT ALLOCATION (COL J + COL F) COLUMN K	PERCENT OF TOTAL STATE COLUMN L
ALLOCATION DISTRICT I	586499	50962	0.0868918788	1000000	60874	539600	324198	0.6008117124	180244	241068	24.11%
ALLOCATION DISTRICT II	586499	182512	0.3111889364	1000000	217832	539600	85554	0.1585507784	47565	265397	26.54%
ALLOCATION DISTRICT III	586499	40346	0.0687912511	1000000	48154	539600	64220	0.1190140845	35704	83858	8.39%
ALLOCATION DISTRICT IV	586499	271502	0.4629198004	1000000	324044	539600	56604	0.1048999259	31470	355514	35.55%
ALLOCATION DISTRICT V	586499	41177	0.0702061333	1000000	49146	539600	9024	0.0167234989	5017	54163	5.42%
STATEWIDE TOTAL	586499	586499	1.0000000000	1000000	700000	539600	539600	1.0000000000	300000	1000000	100.00%

II. ALLOCATION BY BOROUGH WITHIN ALLOCATION DISTRICTS 1-5

LSR&T ALLOCATION BASED ON 70/30 (AREA/POPULATION) SPLIT AS PROPOSED BY HB 357

ALLOCATION DISTRICT COLUMN A	TOTAL AREA OF DISTRICT (SQ MI) COLUMN B	AREA OF BOKO (SQ MI) COLUMN C	BOROUGH'S AREA RATIO (COL C/COL B) COLUMN D	TOTAL DISTRICT ALLOCATION COLUMN E	BOROUGH ALLOCATION (COL D x COL E x .7) COLUMN F	DISTRICT POPULATION (RE:1985 DOL) COLUMN G	BOROUGH POPULATION (RE:1985 DOL) COLUMN H	BOROUGH'S POPULATION RATIO (COLH/COLG) COLUMN I	BOROUGH ALLOCATION (COL I x COL E x .3) COLUMN J	70/30 TOTAL BOROUGH ALLOCATION (COL J + COL F) COLUMN K	PERCENT OF TOTAL DISTRICT COLUMN L
ALLOCATION DISTRICT I											
MUNICIPALITY OF ANCHORAGE	50962	1884	0.0369687218	241068	6238	324198	235269	0.7256954084	52483	58721	24.36%
KENAI PENINSULA BOROUGH	50962	14697	0.2883913504	241068	48665	324198	39144	0.1207410286	8732	57397	23.81%
KODIAK ISLAND BORO	50962	5440	0.1067462031	241068	18013	324198	12952	0.0399508942	2889	20902	8.67%
MAT-SU BOROUGH	50962	20544	0.4031238962	241068	68026	324198	36833	0.1136126688	8217	76243	31.63%
UNORGANIZED BORO I	50962	8397	0.1647698285	241068	27804	324198	0	0.0000000000	0	27804	11.53%
DISTRICT I TOTAL	50962	50962	1.0000000000	241068	168747	324198	324198	1.0000000000	72320	241068	100.00%
ALLOCATION DISTRICT II											
FBKS NORTH STAR BORO	182512	7500	0.0410931884	265397	7634	85554	72474	0.8471141034	67447	75081	28.29%
NORTH SLOPE BORO (PART)	182512	41615	0.2280124047	265397	42360	85554	1006	0.0117586554	936	43296	16.31%
UNORGANIZED BORO II	182512	133397	0.7308944069	265397	135784	85554	12074	0.1411272413	11236	147021	55.40%
DISTRICT II TOTAL	182512	182512	1.0000000000	265397	185778	85554	85554	1.0000000000	79619	265397	100.00%

II. ALLOCATION BY BOROUGH WITHIN DISTRICT 1-5

LSR&T ALLOCATION BASED ON 70/30 (AREA/POPULATION) SPLIT AS PROPOSED BY HB 357

ALLOCATION DISTRICT COLUMN A	TOTAL AREA OF DISTRICT (SQ MI) COLUMN B	AREA OF BORO (SQ MI) COLUMN C	BOROUGH'S AREA RATIO (COL C/COL B) COLUMN D	TOTAL DISTRICT ALLOCATION COLUMN E	BOROUGH ALLOCATION (COL D x COL E x .7) COLUMN F	DISTRICT POPULATION (RE:1985 DOL) COLUMN G	BOROUGH POPULATION (RE:1985 DOL) COLUMN H	BOROUGH'S POPULATION RATIO (COLH/COLG) COLUMN I	BOROUGH ALLOCATION (COL I x COL E x .3) COLUMN J	TOTAL BOROUGH ALLOCATION (COL J + COL F) COLUMN K	PERCENT OF TOTAL DISTRICT COLUMN L
ALLOCATN DISTRICT III											
CITY/BORO OF JUNEAU	40346	3100	0.076835374	83858	4510	64220	26270	0.4090625973	10291	14801	17.65%
CITY/BORO OF SITKA	40346	4480	0.1110395083	83858	6518	64220	8160	0.1270632202	3197	9715	11.58%
HAINES BORO	40346	2620	0.0649382838	83858	3812	64220	1991	0.0310028029	780	4592	5.48%
KET GATEWAY BORO	40346	1250	0.0309820057	83858	1819	64220	12248	0.1907194021	4798	6617	7.89%
UNORGANIZED BORO III	40346	28896	0.7162048282	83858	42042	64220	15551	0.2421519776	6092	48134	57.40%
DISTRICT III TOTAL	40346	40346	1.0000000000	83858	58701	64220	64220	1.0000000000	25157	83858	100.00%
ALLOCATN DISTRICT IV											
ALEUTIAN EAST BORO	271502	15405	0.0567399135	355514	14120	56604	6828	0.1206275175	12865	26986	7.59%
BRISTOL BAY BORO	271502	1200	0.0044198569	355514	1100	56604	1326	0.0234259063	2498	3598	1.01%
NO SLOPE BORO (PART)	271502	46666	0.1718808701	355514	42774	56604	4504	0.0795703484	8487	51261	14.42%
NORTHWEST ARCTIC BORO	271502	36000	0.1325957083	355514	32998	56604	5790	0.1022895908	10910	43907	12.35%
UNORGANIZED BORO IV	271502	172231	0.6343636511	355514	157868	56604	38156	0.6740866370	71894	229762	64.63%
DISTRICT IV TOTAL	271502	271502	1.0000000000	355514	248860	56604	56604	1.0000000000	106654	355514	100.00%

II.ALLOCATION BY BOROUGH WITHIN DISTRICT 1-5

LSR&T ALLOCATION BASED ON 70/30 (AREA/POPULATION) SPLIT AS PROPOSED BY HB 357

ALLOCATION DISTRICT COLUMN A	TOTAL AREA OF DISTRICT (SQ MI) COLUMN B	AREA OF BORO (SQ MI) COLUMN C	BOROUGH'S AREA RATIO (COL C/COL B) COLUMN D	TOTAL DISTRICT ALLOCATION COLUMN E	BOROUGH ALLOCATION (COL D x COL E x .7) COLUMN F	DISTRICT POPULATION (RE:1985 DOL) COLUMN G	BOROUGH POPULATION (RE:1985 DOL) COLUMN H	BOROUGH'S POPULATION RATIO (COLH/COLG) COLUMN I	BOROUGH ALLOCATION (COL I x COL E x .3) COLUMN J	TOTAL BOROUGH ALLOCATION (COL J + COL F) COLUMN K	PERCENT OF TOTAL DISTRICT COLUMN L
ALLOCATN DISTRICT V											
UNORGANIZED BORO V	41177	41177	1.0000000000	54163	37914	9024	9024	1.0000000000	16249	54163	100.00%
DISTRICT V TOTAL	41177	41177	1.0000000000	54163	37914	9024	9024	1.0000000000	16249	54163	100.00%
STATEWIDE TOTAL	586499	586499	1.0000000000	1000000	700000	539600	539600	1.0000000000	300000	1000000	

III. ALLOCATION BY CITY WITHIN BOROUGH

LSR&T ALLOCATION BASED ON 70/30 (AREA/POPULATION) SPLIT AS PROPOSED BY HB 357

BOROUGH/ CITY COLUMN A	TOTAL AREA OF BOROUGH (SQ MI) COLUMN B	AREA OF CITY (SQ MI) COLUMN C	CITY'S AREA RATIO (COL C/COL B) COLUMN D	TOTAL BOROUGH ALLOCATION COLUMN E	CITY ALLOCATION (COL D x COL E x .7) COLUMN F	BOROUGH POPULATION (RE:1985 DOL) COLUMN H	CITY'S POPULATION (RE: 1985 DOL) COLUMN H	CITY'S POPULATION RATIO (COLH/COLG) COLUMN I	CITY ALLOCATION (COL I x COL E x .3) COLUMN J	70/30 SPLIT TOTAL CITY ALLOCATION (COL J + COL F) COLUMN K	PERCENT OF TOTAL DISTRICT COLUMN L	PERCENT OF TOTAL BOROUGH COLUMN M
ALLOCATION DISTRICT I												
MUNICIPALITY OF ANCHORAGE	1884	1884	1.0000000000	58721	41105	235269	235269	1.0000000000	17616	58721	24.36%	100.00%
KENAI PENINSULA BORO												
CITY OF KENAI	14697	22	0.0021773151	57397	87	39144	6518	0.1665133865	2867	2955	1.23%	5.15%
CITY OF SEWARD	14697	22	0.0014969041	57397	60	39144	2152	0.0549764970	947	1007	0.42%	1.75%
OTHER	14697	14643	0.9963257808	57397	40031	39144	30474	0.7785101165	13405	53436	22.17%	93.10%
TOTAL	14697	14697	1.0000000000	57397	40178	39144	39144	1.0000000000	17219	57397	23.81%	100.00%
KODIAK ISLAND BORO												
CITY OF KODIAK	5440	2	0.0003676471	20902	5	12952	6173	0.4766059296	2989	2994	1.24%	14.32%
OTHER	5440	5438	0.9996323529	20902	14626	12952	6779	0.5233940704	3282	17908	7.43%	85.68%
TOTAL	5440	5440	1.0000000000	20902	14632	12952	12952	1.0000000000	6271	20902	8.67%	100.00%
MAT-SU BOROUGH												
CITY OF PALMER	20544	3	0.0001460280	76243	8	36833	3016	0.0818830940	1873	1881	0.78%	2.47%
OTHER	20544	20541	0.9998539720	76243	53362	36833	33817	0.9181169060	21000	74362	30.85%	97.53%
TOTAL	20544	20544	1.0000000000	76243	53370	36833	36833	1.0000000000	22873	76243	31.63%	100.00%
UNORGANIZED BORO I												
TOTAL	8397	8397	1.0000000000	27804	19463	0	0	1.0000000000	8341	27804	11.53%	100.00%
DISTRICT I TOTAL	50962	50962	1.0000000000	241068	168747	324198	324198	1.0000000000	72320	241068	100.00%	

III. ALLOCATION BY CITY WITHIN BOROUGH

LSR&T ALLOCATION BASED ON 70/30 (AREA/POPULATION) SPLIT AS PROPOSED BY HB 357

BOROUGH/ CITY COLUMN A	TOTAL AREA OF BOROUGH (SQ MI) COLUMN B	AREA OF CITY (SQ MI) COLUMN C	CITY'S AREA RATIO (COL C/COL B) COLUMN D	TOTAL BOROUGH ALLOCATION COLUMN E	CITY ALLOCATION (COL D x COL E x .7) COLUMN F	BOROUGH POPULATION (RE:1985 DOL) COLUMN H	CITY'S POPULATION (RE: 1985 DOL) COLUMN H	CITY'S POPULATION RATIO (COLH/COLG) COLUMN I	CITY ALLOCATION (COL I x COL E x .3) COLUMN J	70/30 SPLIT TOTAL CITY ALLOCATION (COL J + COL F) COLUMN K	PERCENT OF TOTAL DISTRICT COLUMN L	PERCENT OF TOTAL BOROUGH COLUMN M
ALLOCATN DISTRICT II												
FBKS NORTH STAR BORO												
CITY OF FAIRBANKS	7500	30	0.0040000000	75081	210	72474	27099	0.3739134034	8422	8632	3.25%	11.50%
CITY OF NORTHPOLE	7500	3	0.0004000000	75081	21	72474	1640	0.0226288048	510	531	0.20%	0.71%
OTHER	7500	7467	0.9956000000	75081	52325	72474	43735	0.6034577918	13592	65918	24.84%	87.80%
TOTAL	7500	7500	1.0000000000	75081	52557	72474	72474	1.0000000000	22524	75081	28.29%	100.00%
NORTH SLOPE BORO(PART)												
TOTAL	41615	41615	1.0000000000	43296	30307	1006	1006	1.0000000000	12989	43296	16.31%	100.00%
UNORGANIZED BORO II												
TOTAL	133397	133397	1.0000000000	147021	102915	12074	12074	1.0000000000	44106	147021	55.40%	100.00%
DISTRICT II TOTAL	182512	182512	1.0000000000	265397	185778	85554	85554	1.0000000000	79619	265397	100.00%	100.00%

III. ALLOCATION BY CITY WITHIN BOROUGH

LSR&T ALLOCATION BASED ON 70/30 (AREA/POPULATION) SPLIT AS PROPOSED BY HB 357

BOROUGH/ CITY COLUMN A	TOTAL AREA OF BOROUGH (SQ MI) COLUMN B	AREA OF CITY (SQ MI) COLUMN C	CITY'S AREA RATIO (COL C/COL B) COLUMN D	TOTAL BOROUGH ALLOCATION COLUMN E	CITY ALLOCATION (COL D x COL E x .7) COLUMN F	BOROUGH POPULATION (RE:1985 DOL) COLUMN H	CITY'S POPULATION (RE: 1985 DOL) COLUMN H	CITY'S POPULATION RATIO (COLH/COLG) COLUMN I	CITY ALLOCATION (COL I x COL E x .3) COLUMN J	70/30 SPLIT TOTAL CITY ALLOCATION (COL J + COL F) COLUMN K	PERCENT OF TOTAL DISTRICT COLUMN L	PERCENT OF TOTAL BOROUGH COLUMN M
ALLOCATN DISTRICT III												
CITY/BORO OF JUNEAU	3100	3100	1.0000000000	14801	10361	26270	26270	1.0000000000	4440	14801	17.65%	100.00%
CITY/BORO OF SITKA	4480	4480	1.0000000000	9715	6800	8160	8160	1.0000000000	2914	9715	11.58%	100.00%
TOTAL	2620	2620	1.0000000000	4592	3214	1991	1991	1.0000000000	1378	4592	5.48%	100.00%
KET GATEWAY BORO												
CITY OF KETCHIKAN	1250	2	0.0016000000	6617	7	12248	7311	0.5969137818	1185	1192	1.42%	18.02%
OTHER	1250	1248	0.9984000000	6617	4624	12248	4937	0.4030862182	800	5424	6.47%	81.98%
TOTAL	1250	1250	1.0000000000	6617	4632	12248	12248	1.0000000000	1985	6617	7.89%	100.00%
UNORGANIZED BOROUGH III												
TOTAL	28896	28896	1.0000000000	48134	33694	15551	15551	1.0000000000	14440	48134	57.40%	100.00%
DISTRICT III TOTAL	40346	40346	1.0000000000	83858	58701	64220	64220	1.0000000000	25157	83858	100.00%	

19-Jan-88

I. ALLOCATION BY DISTRICT

LSR&T ALLOCATION BASED ON 50/50 (AREA/POPULATION) SPLIT RE: AS 19.30.131 (C)

ALLOCATION DISTRICT COLUMN A	TOTAL AREA OF STATE (SQ MI) COLUMN B	AREA OF ALLOCATN DISTRICT (SQ MI) COLUMN C	ALLOCATION DISTRICT'S AREA RATIO (COL C/COL B) COLUMN D	TOTAL STATEWIDE ALLOCATION COLUMN E	1/2 DISTRICT ALLOCATION (COL D x COL E x .5) COLUMN F	TOTAL POPULATION OF AK (RE:1985 DOL) COLUMN G	DISTRICT POPULATION (RE:1985 DOL) COLUMN H	ALLOCATION DISTRICT'S POP RATIO (COLH/COLG) COLUMN I	1/2 DISTRICT ALLOCATION (COL I x COL E x .5) COLUMN J	50/50 SPLIT TOTAL DISTRICT ALLOCATION (COL J + COL F) COLUMN K	PERCENT OF TOTAL STATE COLUMN L
ALLOCATION DISTRICT I	586499	50962	0.0868918788	1000000	3446	539600	324198	0.6008117124	300406	343852	34.39%
ALLOCATION DISTRICT II	586499	82512	0.3111889364	1000000	155.74	539600	85554	0.1585507784	79275	234870	23.49%
ALLOCATION DISTRICT III	586499	40346	0.0687912511	1000000	34396	539600	64220	0.1190140845	59507	93903	9.39%
ALLOCATION DISTRICT IV	586499	271502	0.4629198004	1000000	231460	539600	56604	0.1048999259	52450	283910	28.39%
ALLOCATION DISTRICT V	586499	41177	0.0702081333	1000000	35104	539600	9024	0.0167234989	8362	43466	4.35%
STATEWIDE TOTAL	586499	586499	1.0000000000	1000000	500000	539600	539600	1.0000000000	500000	1000000	100.00%

II. ALLOCATION BY BOROUGH WITHIN ALLOCATION DISTRICTS 1-5

LSR&T ALLOCATION BASED ON 50/50 (AREA/POPULATION) SPLIT RE: AS 19.30.131 (C)

ALLOCATION DISTRICT COLUMN A	TOTAL AREA OF DISTRICT (SQ MI) COLUMN B	AREA OF BORO (SQ MI) COLUMN C	BOROUGH'S AREA RATIO (COL C/COL B) COLUMN D	TOTAL DISTRICT ALLOCATION COLUMN E	1/2 BOROUGH ALLOCATION (COL D x COL E x .5) COLUMN F	DISTRICT POPULATION (RE:1985 DOL) COLUMN G	BOROUGH POPULATION (RE:1985 DOL) COLUMN H	BOROUGH'S POPULATION RATIO (COLH/COLG) COLUMN I	1/2 BOROUGH ALLOCATION (COL I x COL E x .5) COLUMN J	50/50 TOTAL BOROUGH ALLOCATION (COL J + COL F) COLUMN K	PERCENT OF TOTAL DISTRICT COLUMN L
ALLOCATION DISTRICT I											
MUNICIPALITY OF ANCHORAGE	50962	1884	0.0369687218	343852	6356	324198	235269	0.7256954084	124766	131122	38.13%
KENAI PENINSULA BOROUGH	50962	14697	0.2883913504	343852	49582	324198	39144	0.1207410286	20759	70340	20.46%
KODIAK ISLAND BORO	50962	5440	0.1067462031	343852	18352	324198	12952	0.0399508942	6869	25221	7.33%
MAT-SU BOROUGH	50962	20544	0.4031238962	343852	69307	324198	36833	0.1136126688	19533	88840	25.84%
UNORGANIZED BORO I	50962	8397	0.1647698285	343852	28328	324198	0	0.0000000000	0	28328	8.24%
DISTRICT I TOTAL	50962	50962	1.0000000000	343852	171926	324198	324198	1.0000000000	171926	343852	100.00%
ALLOCATION DISTRICT II											
FBKS NORTH STAR BORO	182512	7500	0.0410931884	234870	4826	85554	72474	0.8471141034	99481	104307	44.41%
NORTH SLOPE BORO (PART)	182512	41615	0.2280124047	234870	26777	85554	1006	0.0117586554	1381	28157	11.99%
UNORGANIZED BORO II	182512	133397	0.7308944069	234870	85833	85554	12074	0.1411272413	16573	102406	43.60%
DISTRICT II TOTAL	182512	182512	1.0000000000	234870	117435	85554	85554	1.0000000000	117435	234870	100.00%

II. ALLOCATION BY BOROUGH WITHIN ALLOCATION DISTRICT 1-5

LSR&T ALLOCATION BASED ON 50/50 (AREA/POPULATION) SPLIT RE: AS 19.30.131 (C)

ALLOCATION DISTRICT COLUMN A	TOTAL AREA OF DISTRICT (SQ MI) COLUMN B	AREA OF BORO (SQ MI) COLUMN C	BOROUGH'S AREA RATIO (COL C/COL B) COLUMN D	TOTAL DISTRICT ALLOCATION COLUMN E	1/2 BOROUGH ALLOCATION (COL D x COL E x .5) COLUMN F	DISTRICT POPULATION (RE:1985 DOL) COLUMN G	BOROUGH POPULATION (RE:1985 DOL) COLUMN H	BOROUGH'S POPULATION RATIO (COLH/COLG) COLUMN I	1/2 BOROUGH ALLOCATION (COL I x COL E x .5) COLUMN J	TOTAL BOROUGH ALLOCATION (COL J + COL F) COLUMN K	PERCENT OF TOTAL DISTRICT COLUMN L
ALLOCATN DISTRICT III											
CITY/BORO OF JUNEAU	40346	3100	0.0768353740	93903	3608	64220	26270	0.4090625973	19206	22814	24.29%
CITY/BORO OF SITKA	40346	4480	0.1110395083	93903	5213	64220	8160	0.1270632202	5966	11179	11.91%
HAINES BORO	40346	2620	0.0649382838	93903	3049	64220	1991	0.0310028029	1456	4505	4.80%
KET GATEWAY BORO	40346	1250	0.0309820057	93903	1455	64220	12248	0.1907194021	8955	10409	11.09%
UNORGANIZED BORO III	40346	28896	0.7162048282	93903	33627	64220	15551	0.2421519776	11369	44996	47.92%
DISTRICT III TOTAL	40346	40346	1.0000000000	93903	46951	64220	64220	1.0000000000	46951	93903	100.00%
ALLOCATN DISTRICT IV											
ALEUTIAN EAST BORO	271502	15405	0.0567399135	283910	8055	56604	6828	0.1206275175	17124	25178	8.87%
BRISTOL BAY BORO	271502	1200	0.0044198569	283910	627	56604	1326	0.0234259063	3325	3953	1.39%
NO SLOPE BORO (PART)	271502	46666	0.1718808701	283910	24399	56604	4504	0.0795703484	11295	35695	12.57%
NORTHWEST ARCTIC BORO	271502	36000	0.1325957083	283910	18823	56604	5790	0.1022895908	14521	33343	11.74%
UNORGANIZED BORO IV	271502	172231	0.6343636511	283910	90051	56604	38156	0.6740866370	95690	185741	65.42%
DISTRICT IV TOTAL	271502	271502	1.0000000000	283910	141955	56604	56604	1.0000000000	141955	283910	100.00%

II.ALLOCATION BY BOROUGH WITHIN ALLOCATION DISTRICT 1-5

LSR&T ALLOCATION BASED ON 50/50 (AREA/POPULATION) SPLIT RE: AS 19.30.131 (C)

ALLOCATION DISTRICT COLUMN A	TOTAL AREA OF DISTRICT (SQ MI) COLUMN B	AREA OF BORO (SQ MI) COLUMN C	BOROUGH'S AREA RATIO (COL C/COL B) COLUMN D	TOTAL DISTRICT ALLOCATION COLUMN E	1/2 BOROUGH ALLOCATION (COL D x COL E x .5) COLUMN F	DISTRICT POPULATION (RE:1985 DOL) COLUMN G	BOROUGH POPULATION (RE:1985 DOL) COLUMN H	BOROUGH'S POPULATION RATIO (COLH/COLG) COLUMN I	1/2 BOROUGH ALLOCATION (COL I x COL E x .5) COLUMN J	TOTAL BOROUGH ALLOCATION (COL J + COL F) COLUMN K	PERCENT OF TOTAL DISTRICT COLUMN L
ALLOCATN DISTRICT V											
UNORGANIZED BORO V	41177	41177	1.0000000000	43466	21733	9024	9024	1.0000000000	21733	43466	100.00%
DISTRICT V TOTAL	41177	41177	1.0000000000	43466	21733	9024	9024	1.0000000000	21733	43466	100.00%
STATEWIDE TOTAL	586499	586499	1.0000000000	1000000	500000	539600	539600	1.0000000000	500000	1000000	

III. ALLOCATION BY CITY WITHIN BOROUGH

LSR&T ALLOCATION BASED ON 50/50 (AREA/POPULATION) SPLIT RE: AS 19.30.131 (C)

BOROUGH/ CITY COLUMN A	TOTAL AREA OF BOROUGH (SQ MI) COLUMN B	AREA OF CITY (SQ MI) COLUMN C	CITY'S AREA RATIO (COL C/COL B) COLUMN D	TOTAL BOROUGH ALLOCATION COLUMN E	1/2 CITY ALLOCATION (COL D x COL E x .5) COLUMN F	BOROUGH POPULATION (RE:1985 DOL) COLUMN G	CITY'S POPULATION (RE: 1985 DOL) COLUMN H	CITY'S POPULATION RATIO (COLH/COLG) COLUMN I	1/2 CITY ALLOCATION (COL I x COL E x .5) COLUMN J	50/50 SPLIT TOTAL CITY ALLOCATION (COL J + COL F) COLUMN K	PERCENT OF TOTAL DISTRICT COLUMN L	PERCENT OF TOTAL BOROUGH COLUMN M
ALLOCATION DISTRICT I												
MUNICIPALITY OF ANCHORAGE	1884	1884	1.0000000000	131122	65561	235269	235269	1.0000000000	65561	131122	38.13%	100.00%
KENAI PENINSULA BORO												
CITY OF KENAI	14697	32	0.0021773151	70340	77	39144	6518	0.1665133865	5856	5933	1.73%	8.43%
CITY OF SEWARD	14697	22	0.0014969041	70340	53	39144	2152	0.0549764970	1934	1986	0.58%	2.82%
OTHER	14697	14643	0.9963257808	70340	35041	39144	30474	0.7785101165	27380	62421	18.15%	88.74%
TOTAL	14697	14697	1.0000000000	70340	35170	39144	39144	1.0000000000	35170	70340	20.46%	100.00%
KODIAK ISLAND BORO												
CITY OF KODIAK	5440	2	0.0003676471	25221	5	12952	6173	0.4766059296	6010	6015	1.75%	23.85%
OTHER	5440	5438	0.9996323529	25221	12606	12952	6779	0.5233940704	6600	19206	5.59%	76.15%
TOTAL	5440	5440	1.0000000000	25221	12611	12952	12952	1.0000000000	12611	25221	7.33%	100.00%
MAT-SU BOROUGH												
CITY OF PALMER	20544	3	0.0001460280	88840	6	36833	3016	0.0818830940	3637	3644	1.06%	4.10%
OTHER	20544	20541	0.9998539720	88840	44414	36833	33817	0.9181169060	40783	85197	24.78%	95.90%
TOTAL	20544	20544	1.0000000000	88840	44420	36833	36833	1.0000000000	44420	88840	25.84%	100.00%
UNORGANIZED BORO I												
TOTAL	8397	8397	1.0000000000	28328	14164	0	0	1.0000000000	14164	28328	8.24%	100.00%
DISTRICT I TOTAL	50962	50962	1.0000000000	343852	171926	324198	324198	1.0000000000	171926	343852	100.00%	

III. ALLOCATION BY CITY WITHIN BOROUGH

LSR&T ALLOCATION BASED ON 50/50 (AREA/POPULATION) SPLIT RE: AS 19.30.131 (C)

BOROUGH/ CITY COLUMN A	TOTAL AREA OF BOROUGH (SQ MI) COLUMN B	AREA OF CITY (SQ MI) COLUMN C	CITY'S AREA RATIO (COL C/COL B) COLUMN D	TOTAL BOROUGH ALLOCATION COLUMN E	1/2 CITY ALLOCATION (COL D x COL E x .5) COLUMN F	BOROUGH POPULATION (RE:1985 DOL) COLUMN H	CITY'S POPULATION (RE: 1985 DOL) COLUMN H	CITY'S POPULATION RATIO (COLH/COLG) COLUMN I	1/2 CITY ALLOCATION (COL I x COL E x .5) COLUMN J	50/50 SPLIT TOTAL CITY ALLOCATION (COL J + COL F) COLUMN K	PERCENT OF TOTAL DISTRICT COLUMN L	PERCENT OF TOTAL BOROUGH COLUMN M
ALLOCATN DISTRICT II												
FBKS NORTH STAR BORO												
CITY OF FAIRBANKS	7500	30	0.0040000000	104307	209	72474	27099	0.3739134034	19501	19709	8.39%	18.90%
CITY OF NORTHPOLE	7500	3	0.0004000000	104307	21	72474	1640	0.0226288048	1180	1201	0.51%	1.15%
OTHER	7500	7467	0.9956000000	104307	51924	72474	43735	0.6034577918	31472	83396	35.51%	79.95%
TOTAL	7500	7500	1.0000000000	104307	52153	72474	72474	1.0000000000	52153	104307	44.41%	100.00%
NORTH SLOPE BORO(PART)												
TOTAL	41615	41615	1.0000000000	28157	14079	1006	1006	1.0000000000	14079	28157	11.99%	100.00%
UNORGANIZED BORO II												
TOTAL	133397	133397	1.0000000000	102406	51203	12074	12074	1.0000000000	51203	102406	43.60%	100.00%
DISTRICT II TOTAL	182512	182512	1.0000000000	234870	117435	85554	85554	1.0000000000	117435	234870	100.00%	

III. ALLOCATION BY CITY WITHIN BOROUGH

LSR&T ALLOCATION BASED ON 50/50 (AREA/POPULATION) SPLIT RE: AS 19.30.131 (C)

BOROUGH/ CITY COLUMN A	TOTAL AREA OF BOROUGH (SQ MI) COLUMN B	AREA OF CITY (SQ MI) COLUMN C	CITY'S AREA RATIO (COL C/COL B) COLUMN D	TOTAL BOROUGH ALLOCATION COLUMN E	1/2 CITY ALLOCATION (COL D x COL E x .5) COLUMN F	BOROUGH POPULATION (RE:1985 DOL) COLUMN H	CITY'S POPULATION (RE: 1985 DOL) COLUMN H	CITY'S POPULATION RATIO (COLH/COLG) COLUMN I	1/2 CITY ALLOCATION (COL I x COL E x .5) COLUMN J	50/50 SPLIT TOTAL CITY ALLOCATION (COL J + COL F) COLUMN K	PERCENT OF TOTAL DISTRICT COLUMN L	PERCENT OF TOTAL BOROUGH COLUMN M
ALLOCATN DISTRICT III												
CITY/BORO OF JUNEAU	3100	3100	1.0000000000	22814	11407	26270	26270	1.0000000000	11407	22814	24.29%	100.00%
CITY/BORO OF SITKA	4480	4480	1.0000000000	11179	5590	8160	8160	1.0000000000	5590	11179	11.91%	100.00%
HAINES BOROUGH	2620	2620	1.0000000000	4505	2252	1991	1991	1.0000000000	2252	4505	4.80%	100.00%
KET GATEWAY BORO												
CITY OF KETCHIKAN	1250	2	0.0016000000	10409	8	12248	7311	0.5969137818	3107	3115	3.32%	29.93%
OTHER	1250	1248	0.9984000000	10409	5196	12248	4937	0.4030862182	2098	7294	7.77%	70.07%
TOTAL	1250	1250	1.0000000000	10409	5204	12248	12248	1.0000000000	5205	10409	11.09%	100.00%
UNORGANIZED BOROUGH III												
TOTAL	28896	28896	1.0000000000	44996	22498	15551	15551	1.0000000000	22498	44996	47.92%	100.00%
DISTRICT III TOTAL	40346	40346	1.0000000000	93903	46951	64220	64220	1.0000000000	46951	93903	100.00%	

III. ALLOCATION BY CITY WITHIN BOROUGH

LSR&T ALLOCATION BASED ON 50/50 (AREA/POPULATION) SPLIT RE: AS 19.30.131 (C)

BOROUGH/ CITY COLUMN A	TOTAL AREA OF BOROUGH (SQ MI) COLUMN B	AREA OF CITY (SQ MI) COLUMN C	CITY'S AREA RATIO (COL C/COL B) COLUMN D	TOTAL BOROUGH ALLOCATION COLUMN E	1/2 CITY ALLOCATION (COL D x COL E x .5) COLUMN F	BOROUGH POPULATION (RE:1985 DOL) COLUMN H	CITY'S POPULATION (RE: 1985 DOL) COLUMN H	CITY'S POPULATION RATIO (COLH/COLG) COLUMN I	1/2 CITY ALLOCATION (COL I x COL E x .5) COLUMN J	50/50 SPLIT TOTAL CITY ALLOCATION (COL J + COL F) COLUMN K	PERCENT OF TOTAL DISTRICT COLUMN L	PERCENT OF TOTAL BOROUGH COLUMN M
ALLOCATION DISTRICT IV												
ALEUTIANS EAST BORO	15405	15405	1.0000000000	25178	12589	6828	6828	1.0000000000	12589	25178	8.87%	100.00%
BRISTOL BAY BORO	1200	1200	1.0000000000	3953	1976	1326	1326	1.0000000000	1976	3953	1.39%	100.00%
NO SLOPE BORO (PART)	46666	46666	1.0000000000	35695	17847	4504	4504	1.0000000000	17847	35695	12.57%	100.00%
NORTHWEST ARCTIC BOROUGH	36000	36000	1.0000000000	33343	16672	5790	5790	1.0000000000	16672	33343	11.74%	100.00%
UNORGANIZED BORO IV												
TOTAL	172231	172231	1.0000000000	185741	92870	38156	38156	1.0000000000	92870	185741	65.42%	100.00%
DISTRICT IV TOTAL	271502	271502	1.0000000000	283910	141955	56604	56604	1.0000000000	141955	283910	100.00%	
ALLOCATION DISTRICT V												
UNORGANIZED BORO V												
TOTAL	41177	41177	1.0000000000	43466	21733	9024	9024	1.0000000000	21733	43466	100.00%	100.00%
DISTRICT V TOTAL	41177	41177	1.0000000000	43466	21733	9024	9024	1.0000000000	21733	43466	100.00%	
STATEWIDE TOTAL	586499	586499	1.0000000000	1000000	500000	539600	539600	1.0000000000	500000	1000000		

CITY OF WASILLA
290 E. HERNING AVE.
WASILLA, ALASKA 99687
PHONE: 373-9050

JAN 22 1988

January 19, 1988

Honorable Bette Cato, Chairman
House Committee on Transportation
P. O. Box V
Juneau, AK 99811

RE: House Bill No. 357

Dear Representative Cato:

I urge your rejection of HB 357 for the following reasons:

1. As proposed, HB 357 virtually eliminates all possible funding for local service roads and trail construction for First Class Cities throughout the State. It should be noted that the structure of the wording of the legislation does not indicate that first class cites are being deleted from existing law as eligible participants in the program. Perhaps the omission is an oversight but must be corrected in any event.

2. I oppose the intent of the general philosophy of the legislation in that directing a greater portion of the state's resources to benefit a smaller portion of the population is not in the best interest of the state. The need for development and economic incentives are as urgently required in the densely populated areas of the state as in the sparsely populated areas.

Your assistance in rejecting House Bill 357 will be appreciated and if that is not possible, please insure that first class cities continue to be eligible for program participation.

Sincerely,

John C. Stein
Mayor, City of Wasilla

JCS/cla

enclosure - Marked Copy HB 357

Bob Harris

Introduced: 1/13/88
Referred: Transportation, Community & Regional Affairs and Finance

go00178h

IN THE HOUSE

BY THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

HOUSE BILL NO. 357

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to grants for local service roads and trails; and providing for an effective date."

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

* Section 1. AS 19.30.131 is amended to read:

Sec. 19.30.131. ALLOCATION OF MONEY [FUNDS]. (a) During each fiscal year the commissioner shall allocate money [SUMS] appropriated or otherwise designated for expenditure upon local service roads for that fiscal year among the five allocation districts in the following manner: 70 percent [ONE-HALF] in the ratio which the area of each allocation district bears to the total area of the state and 30 percent [ONE-HALF] in the ratio which the population of each allocation district bears to the total population of the state as shown by the latest available federal or state census or other census approved by the Department of Community and Regional Affairs.

(b) The commissioner shall also further allocate the money [SUMS] in each allocation district to the boroughs and unified municipalities within each allocation district in the following manner: 70 percent [ONE-HALF] in the ratio which the area of each organized borough or unified municipality (excluding salt water areas) within that district bears to the total area of the allocation district and 30 percent [ONE-HALF] in the ratio which the population of each organized borough area or each unified municipality within that district bears to the total population of the allocation district as shown by the latest available federal or state census or other census approved

by the Department of Community and Regional Affairs.

(c) The commissioner shall also further allocate portions of the money [SUM] allocated to any organized borough and to any home rule or first class city within the organized borough in the following manner:

(1) 70 percent [ONE-HALF] in the ratio which the area of each home rule or first class city bears to the total area of the organized borough excluding salt water areas; and

(2) 30 percent [ONE-HALF] in the ratio which the population of each home rule or first class city bears to the total population of the organized borough as shown by the latest available federal or state census or other census approved by the Department of Community and Regional Affairs.

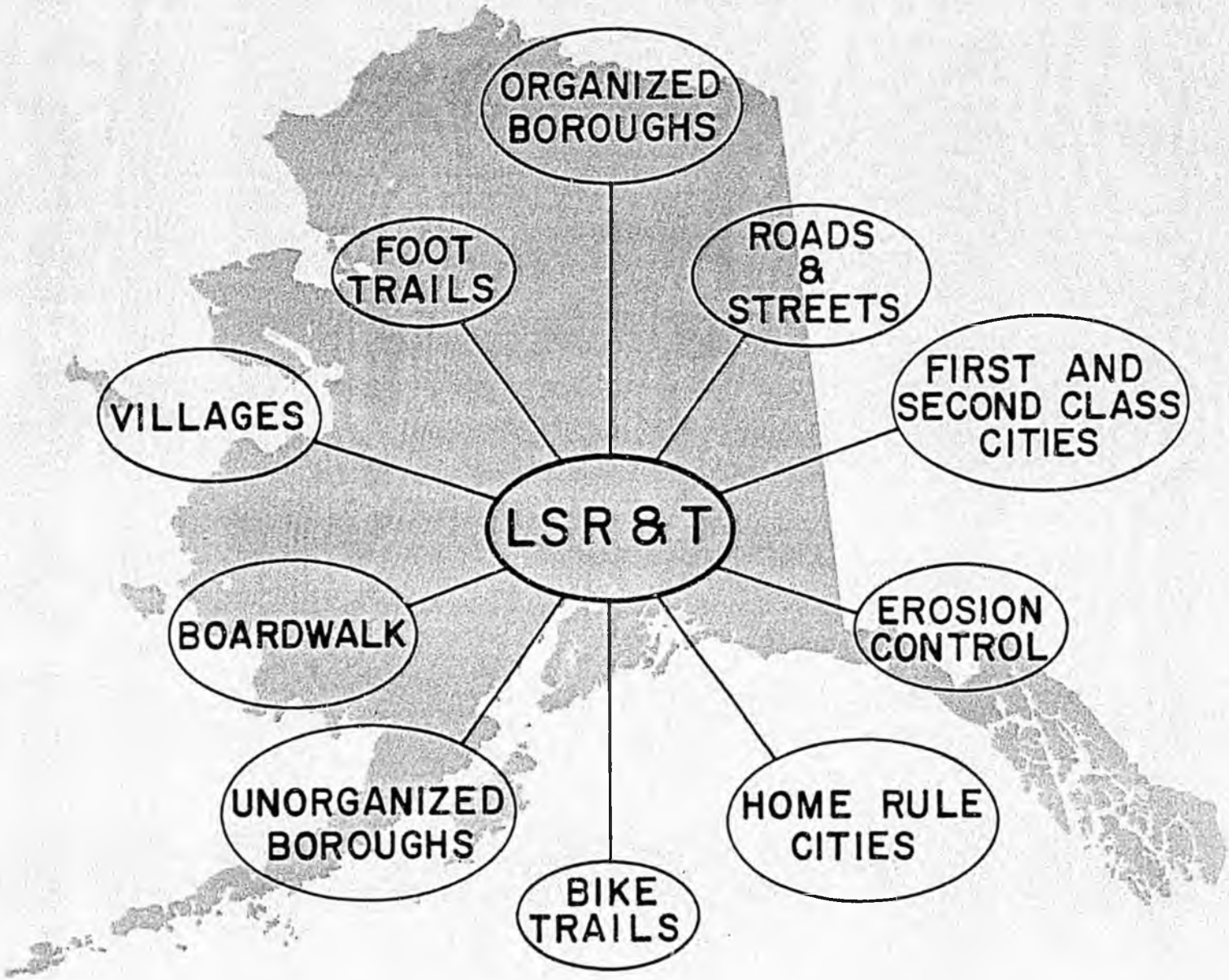
(d) The money [SUMS] not allocated within each district to a local government under (b) and (c) of this section shall be allocated to the unorganized borough and administered by the department.

* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

Item # 8

FIVE YEAR LOCAL SERVICE ROADS AND TRAILS PROGRAM

1985 - 1989



STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES

BILL SHEFFIELD
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 2, 1985

Fellow Alaskans:

It is my pleasure to submit for your review the Five Year Local Service Roads and Trails Program for FY85 through FY89.

This is a long-range planning document of the Department of Transportation and Public Facilities, and, as with all such plans, changing conditions may require modification of the plan in future years.

This program provides for the construction of transportation-related projects such as trails, boardwalks, roads, streets, sidewalks, and drainage facilities, requested by local governments. It serves as a much-needed supplement to the federal aid highway program.

The widespread support shown by Alaskans for the program is gratifying and indicates the commitment of the public to the program's objectives.

Sincerely,

Bill Sheffield
Governor

NARRATIVE

LOCAL SERVICE ROADS & TRAILS PROGRAM

The Local Service Roads and Trails Program provides for construction of local roads and trails which are not included in the federal-aid primary, urban or interstate highway systems.

Under the Local Service Roads & Trails Act, funds for home rule and first class cities, municipalities and organized boroughs are allocated by strict formula. These local governments then establish their own project scheduling; therefore, this publication is merely a listing of their individual programs as submitted. Project priorities and scheduling in the unorganized boroughs are based primarily on requests and recommendations of village councils and residents. Personal contact with the communities is established by LSR&T representatives from the Department's regional offices. Community needs are thus determined first-hand, along with approximate costs. Since the cost of requested projects usually exceeds the funds available, priorities must be established based on need. Local communities often participate in project costs with their own funds.

Local labor and equipment are utilized wherever practical in the construction of these projects. Not only is this beneficial to the economy of the communities, but it normally reduces the overall cost of the project. A side benefit is the training of local residents who will, in many cases, be maintaining the completed project.

This five year LSR&T Program is based on funds from a recent allocation of $3,500,000 for fiscal year 1985 and with proposed allocations of $7,000,000 for fiscal years 1986 through 1989.

It is anticipated that the funding shown in this program will be used by the end of fiscal year 1985. Therefore, projects shown for fiscal years beyond 1985 can only proceed if additional funds are made available.

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STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 1

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1985		
MUNICIPALITY OF ANCHORAGE	Misc. Street & Pedestrian Improvements, (Anchorage Roads & Drainage Serv. Area)	1.	209,000
	Misc. Street & Pedestrian Improvements, (Hillside--Girdwood Area)	2.	223,200
	Misc. Street & Pedestrian Improvements, (Eagle River-Chugiak Area)	3.	228,300
	Trails (Anchorage P & R Serv. Area)	4.	90,000
	Trails (Girdwood P & R Serv. Area)	5.	30,000
	Trails (Eagle River--Chugiak Serv. Area)	6.	48,000
KENAI PENINSULA BOROUGH	Greer Drive Phase II	7.	106,100
	Browns Lake	8.	532,000
MATANUSKA-SUSITNA BOROUGH	Serivce Area #27 Meadow Lakes Roads	9.	64,500
	Service Area #23 North Colony Roads	10.	64,500
	Service Area #20 Greater Willow Roads	11.	64,500
	Service Area #29 Greater Talkeetna Roads	12.	64,500
KODIAK ISLAND BOROUGH	Sargent Creek/Birch Circle Road	13.	66,000
	Sharatin/Perenosa Road	14.	66,000
	Beaver Lake Drive/Peotter Drive Road	15.	66,200
CITY OF KENAI	City Streets	16.	66,000
	Accumulating Funds		59,300
CITY OF SEWARD	Accumulation of funds for 1986		58,600
CITY OF HOMER	Utilized all Funding		
CITY OF SOLDOTNA	Accumulating Funds		31,600
CITY OF SELDOVIA	Accumulation of Funds		6,500
CITY OF KODIAK	Accumulation of Funds		66,400
CITY OF PALMER	Traffic and Parking Study	17.	17,800
	Accumulating Funds		36,700
UNORGANIZED BOROUGH I			
WHITTIER	Railroad Lease Area Paving - Construction Phase I	18.	100,000
PILE BAY	Road & Bridge	19.	58,900
	Accumulating funds for Whittier - Recreation Access Road		94,600

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 1

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1986*		
MUNICIPALITY OF ANCHORAGE	Misc. Street & Pedestrian Improvements, (Anchorage Roads & Drainage Serv. Area)	20.	418,300
	Misc. Street & Pedestrian Improvements, (Hillside--Girdwood Area)	21.	133,000
	Misc. Street & Pedestrian Improvements, (Eagle River-Chugiak Area)	22.	137,000
	Trails (Anchorage P & R Serv. Area)	23.	170,000
	Trails (Girdwood P & R Serv. Area)	24.	20,000
	Trails (Eagle River--Chugiak Serv. Area)	25.	40,000
KENAI PENINSULA BOROUGH	No Program Submitted		354,600
MATANUSKA-SUSITNA BOROUGH	Serivce Area #15 Caswell Road	26.	129,000
	Service Area #14 Fairview Road	27.	129,000
	Service Area #17 Knik Road	28.	129,000
	Service Area #21 Big Lake Road	29.	129,000
KODIAK ISLAND BOROUGH	King Crab Way/Spruce Road	30.	43,000
	Spruce Road	31.	43,000
	Peotter Drive Road Phase I	32.	44,800
CITY OF KENAI	Accumulating Funds for 1988		39,500
CITY OF SEWARD	Second Avenue Paving	33.	75,600
CITY OF HOMER	Kachemak Way Paving	34.	20,100
CITY OF SOLDOTNA	Enf[illegible] ve, Chugach Drive ; Street Drainage	35.	26,000
	Colu[illegible]eet, Lupine Street and Aspen Drive Drainage	36.	26,000
CITY OF SELDOVIA	Accumulation of Funds		4,300
CITY OF KODIAK	Accumulation of Funds		41,100
CITY OF PALMER	No Program Submitted		33,100
UNORGANIZED BOROUGH I			
NEW CHENEGA	Boardwalks	37.	60,000
WHITTIER	Railroad Lease Area Paving - Phase II	38.	266,000

*Unfunded with present allocations

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 1

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1987*		
MUNICIPALITY OF ANCHORAGE	Misc. Street & Pedestrian Improvements, (Anchorage Roads & Drainage Serv. Area)	39.	418,300
	Misc. Street & Pedestrian Improvements, (Hillside--Girdwood Area)	40.	133,000
	Misc. Street & Pedestrian Improvements, (Eagle River-Chugiak Area)	41.	137,000
	Trails (Anchorage P & R Serv. Area)	42.	170,000
	Trails (Girdwood P & R Serv. Area)	43.	20,000
	Trails (Eagle River--Chugiak Serv. Area)	44.	40,000
KENAI PENINSULA BOROUGH	Pipeline Road	45.	354,600
MATANUSKA-SUSITNA BOROUGH	Serivce Area #26 Greater Butte Road	46.	129,000
	Service Area #16 South Colony Road	47.	129,000
	Service Area #30 Trapper Creek Road	48.	129,000
	Service Area #28 Gold Trails Road	49.	129,000
KODIAK ISLAND BOROUGH	Peotter Drive Road Phase II		26,000
	Three Sisters Way	50.	26,000
	Stover Road	51.	26,000
	Greville/Sequel Road	52.	26,000
	S. Russian Creek Road	53.	26,800
CITY OF KENAI	Accumulating Funds for 1988		39,500
CITY OF SEWARD	Government Road Paving	54.	17,000
CITY OF HOMER	Hillside Campground Road Upgrade & Trail	55.	20,100
CITY OF SOLDOTNA	Fireweed Street, Banner Land & Crest Dr. Drainage and Edwards Court Resurfacing	56.	10,000
	Foothill Street Drainage and Upgrading of Karen Lane & Cody Court.	57.	10,000
CITY OF SELDOVIA	Accumulating Funds		4,300
CITY OF KODIAK	Accumulating Funds		41,100
CITY OF PALMER	No Program Submitted		33,100
UNORGANIZED BOROUGH I	Accumulating Funds for Whitter - Recreation Access Road		189,800

*Unfunded with present allocations

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 1

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1988*		
MUNICIPALITY OF ANCHORAGE	Misc. Street & Pedestrian Improvements, (Anchorage Roads & Drainage Serv. Area)	58.	418,300
	Misc. Street & Pedestrian Improvements, (Hillside--Girdwood Area)	59.	133,000
	Misc. Street & Pedestrian Improvements, (Eagle River-Chugiak Area)	60.	137,000
	Trails (Anchorage P & R Serv. Area)	61.	170,000
	Trails (Girdwood P & R Serv. Area)	62.	20,000
	Trails (Eagle River--Chugiak Serv. Area)	63.	40,000
KENAI PENINSULA BOROUGH	Taurianen Trail Road	64.	354,600
MATANUSKA-SUSITNA BOROUGH	Serivce Area #25 Bogard Road	65.	129,000
	Service Area #19 Lazy Mountain Road	66.	129,000
	Service Area #31 Alpine Road	67.	129,000
	Service Area #9 Midway Road	68.	129,000
KODIAK ISLAND BOROUGH	Vista View Drive	69.	32,000
	Beaver Lake Vista Road	70.	32,000
	Marmot Drive - Reconstruction	71.	32,000
	Woodland Drive - Reconstruction	72.	34,800
CITY OF KENAI	Standard, Richfield & Thompson Roads	73.	118,000
CITY OF SEWARD	Dimond Boulevard Paving	74.	17,000
CITY OF HOMER	Grubstake Avenue Design	75.	20,100
CITY OF SOLDOTNA	Trumpeter Avenue, Riverview & Hill Crest Lane Drainage	76.	20,000
CITY OF SELDOVIA	Accumulating Funds		4,300
CITY OF KODIAK	Accumulating Funds		41,100
CITY OF PALMER	No Program Submitted		33,100
UNORGANIZED BOROUGH I	Accumulating Funds for Whittier - Recreation Access Road		189,800

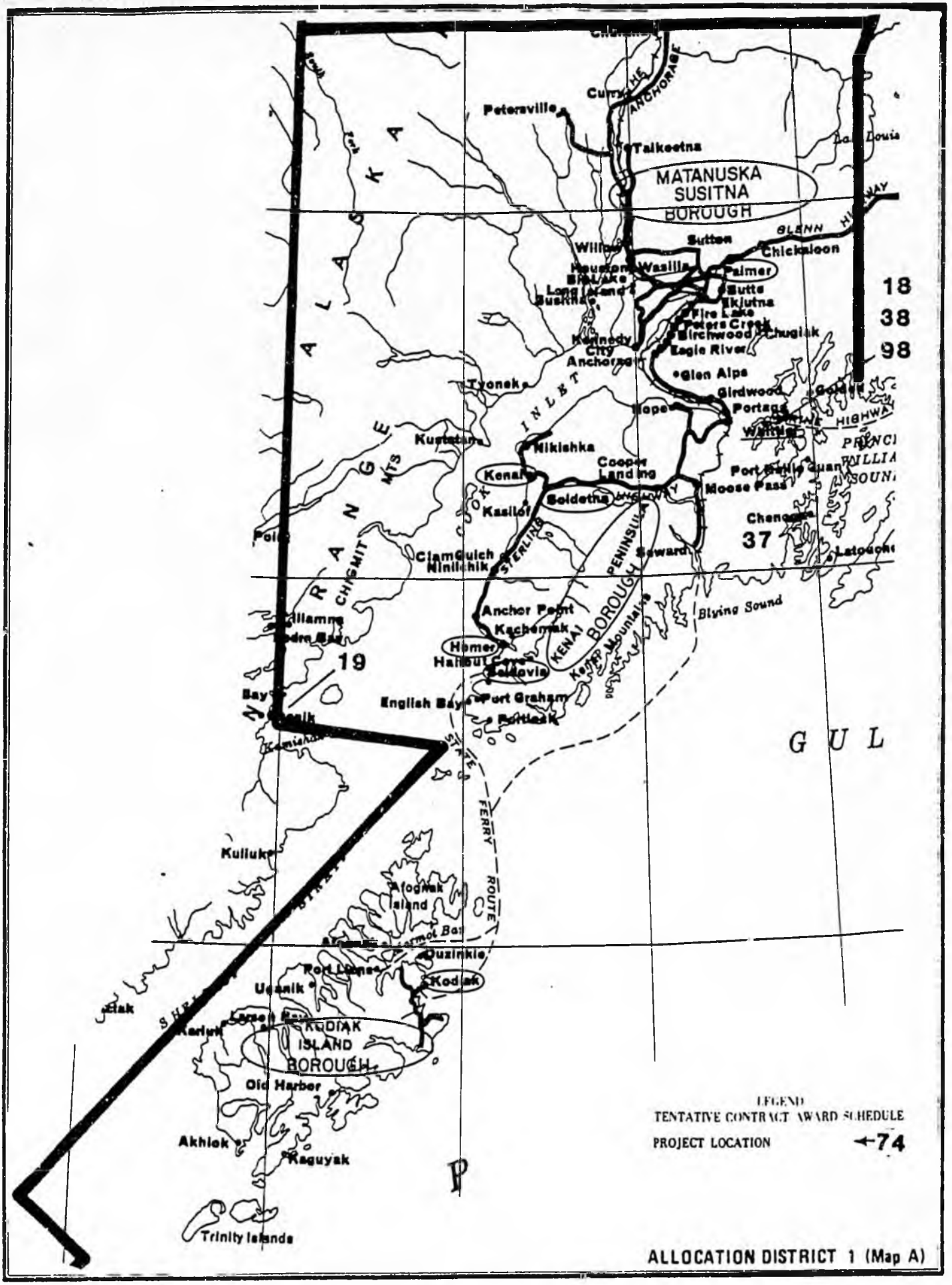
*Unfunded with present allocations

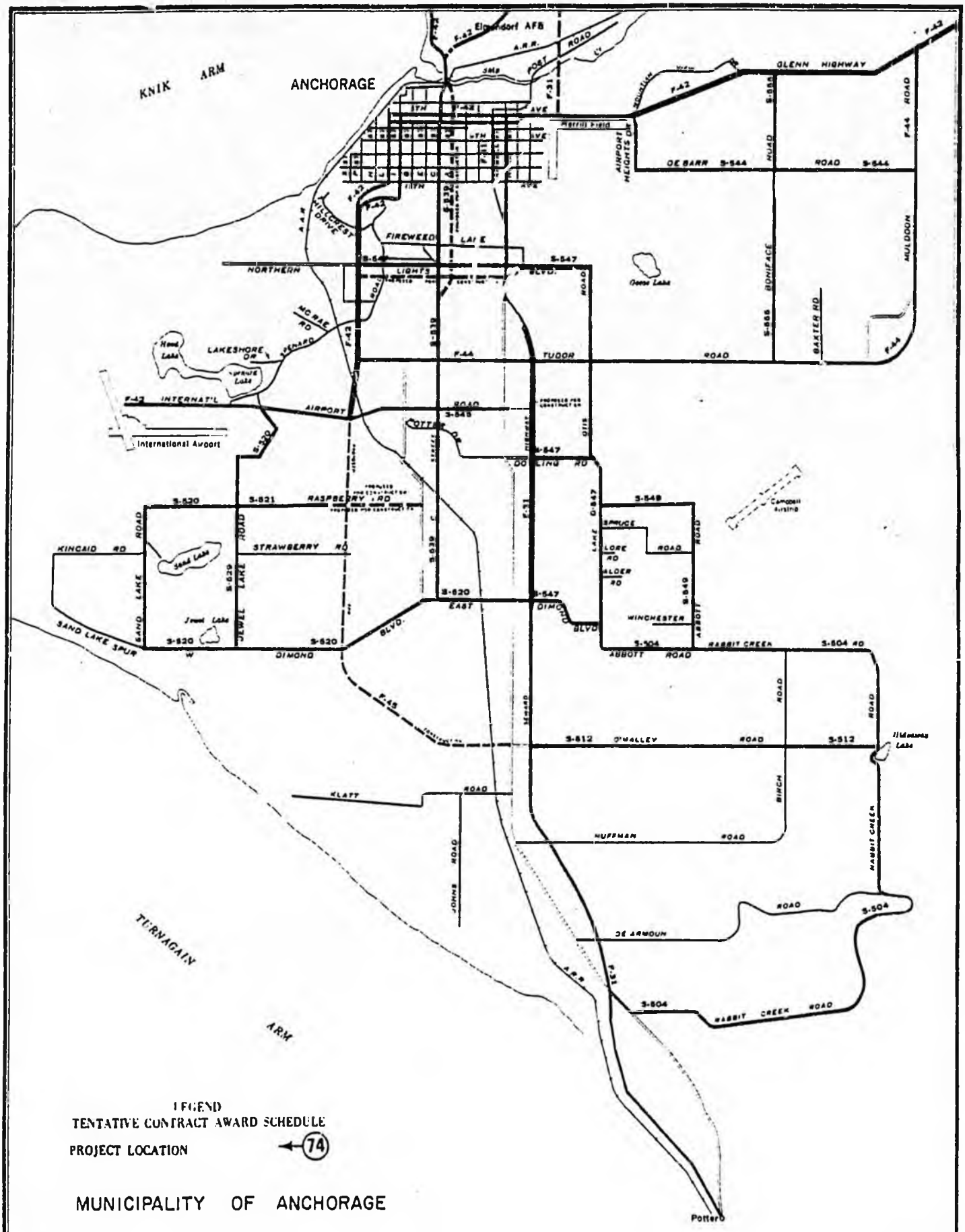
STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 1

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1989*		
MUNICIPALITY OF ANCHORAGE	Misc. Street & Pedestrian Improvements, (Anchorage Roads & Drainage Serv. Area)	77.	418,300
	Misc. Street & Pedestrian Improvements, (Hillside--Girdwood Area)	78.	133,000
	Misc. Street & Pedestrian Improvements, (Eagle River-Chugiak Area)	79.	137,000
	Trails (Anchorage P & R Serv. Area)	80.	170,000
	Trails (Girdwood P & R Serv. Area)	81.	20,000
	Trails (Eagle River--Chugiak Serv. Area)	82.	40,000
KENAI PENINSULA BOROUGH	Accumulation of Funds		354,600
MATANUSKA-SUSITNA BOROUGH	Serivce Area #29 Greater Talkeetna Road	83.	129,000
	Service Area #27 Meadow Lakes Road	84.	129,000
	Service Area #23 North Colony Road	85.	129,000
	Service Area #20 Greater Willow Road	86.	129,000
KODIAK ISLAND BOROUGH	Peotter Drive - Phase III	87.	16,000
	Bells Flats Road	88.	16,000
	Middle Bay/Pauloff Circle	89.	16,000
	Woman's Bay Drive/Otter Road	90.	16,000
	Gara/Snek/Osin Road	91.	16,000
	Kodiak Avenue	92.	16,000
	Leta/Panamaroff Creek Road	93.	16,000
	Pillar/Beaver Road	94.	18,800
CITY OF KENAI	Accumulating Funds		39,500
CITY OF SEWARD	Railroad Avenue Paving	95.	17,000
CITY OF HOMER	Beluga Slough Trail	96.	20,100
CITY OF SOLDOTNA	Little Ave, Parkwood St, Leibrock St & Leibrock Circle Drainage	97.	21,000
CITY OF SELDOVIA	Accumulating Funds		4,300
CITY OF KODIAK	Accumulating Funds		41,100
CITY OF PALMER	No Program Submitted		33,100
UNORGANIZED BOROUGH I			
WHITTIER	Recreation Access Road	98.	569,300

*Unfunded with present allocations


Petersville
Talkeetna
MATANUSKA SUSITNA BOROUGH
Willow
Houston
Big Lake
Wasilla
Palmer
Sutton
Chickaloon
Long Island
Susitna
Butte
Ikjutna
Fire Lake
Peters Creek
Birchwood
Chugiak
Eagle River
Kennedy City
Anchorage
Glen Alps
Girdwood
Portage
Hope
Tyonek
Kustatan
Nikishka
Cooper Landing
Kenai
Soldotna
Kasilof
Moose Pass
Seward
Clam Gulch
Kinilchik
Anchor Point
Kachemak
Homer
Halibut Cove
Seldovia
English Bay
Port Graham
Portlock
Blying Sound
Kenai Mountains
KENAI PENINSULA BOROUGH
Kamishak Bay
Kuliuke
Afognak Island
Duzinkie
Kodiak
Port Lions
Ugaanik
KODIAK ISLAND BOROUGH
Old Harbor
Akhiok
Kaguyak
Trinity Islands
ALASKA RANGE
CHIGMIT MTS
CROSS SOUND
INLET
STERLING HIGHWAY
SEWARD HIGHWAY
GLENN HIGHWAY
ANCHORAGE
STATE FERRY ROUTE
18
38
98
37
19
LEGEND
TENTATIVE CONTRACT AWARD SCHEDULE
PROJECT LOCATION
←74
ALLOCATION DISTRICT 1 (Map A)


KNIK ARM
ANCHORAGE
Elmendorf AFB
GLENN HIGHWAY
FIREWEED LANE
NORTHERN LIGHTS BLVD.
TUDOR ROAD
INTERNAT'L AIRPORT ROAD
International Airport
RASPBERRY RD
STRAWBERRY RD
KINCAID RD
SAND LAKE SPUR
DIMOND BLVD
EAST
ABBOTT ROAD
HABBIT CREEK
O'MALLEY ROAD
HUFFMAN ROAD
KLATT ROAD
DE ARMOUN ROAD
HABBIT CREEK ROAD
BONIFACE
MULDOON
BAKTER RD
LAKESHORE DR
MC RAE RD
DOWLING RD
OTTER DR
SPRUCE
WINCHESTER
BIRCH
JOHNS ROAD
TURNAGAIN ARM
Potter
LEGEND
TENTATIVE CONTRACT AWARD SCHEDULE
PROJECT LOCATION
74
MUNICIPALITY OF ANCHORAGE
ALLOCATION DISTRICT 1 (Map B)

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 2

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1985		
FAIRBANKS NORTH STAR BOROUGH	Dawson Road	1.	
	Cripple Creek Road	2.	
	Rosie Creek Road	3.	
	Landfill/So. Cushman St. Ext.	4.	1,068,900
	Park Ridge Road	5.	
	Various Locations - Collection Roads and Arterials	6.	
NORTH SLOPE BOROUGH			
WAINWRIGHT	Community Roads	** 7.	187,500
CITY OF FAIRBANKS	No Program Submitted		76,600
CITY OF NORTH POLE	No Program Submitted		7,500
CITY OF NENANA	No Program Submitted		9,000
CITY OF TANANA	No Program Submitted		7,400
UNORGANIZED BOROUGH II			
HEALY-OTTO LAKE AREA	Road Construction	8.	250,000
JAN LAKE	Foot Trail	9.	150,000
VARIOUS LOCATIONS	Roads & Trails	10.	25,200

**Refer to Map A Allocation District 4

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 2

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1986*		
FAIRBANKS NORTH STAR BOROUGH	Various Locations - Collector Roads & Arterials	11.	565,400
NORTH SLOPE BOROUGH			
ATGASUK	Community Roads	** 12.	375,100
CITY OF FAIRBANKS	No Program Submitted		153,200
CITY OF NORTH POLE	No Program Submitted		5,000
CITY OF NENANA	No Program Submitted		6,000
CITY OF TANANA	No Program Submitted		5,000
UNORGANIZED BOROUGH II			
NORTHWAY	Village Streets	13.	250,000
BEAVER	Dump Site Road	14.	100,000
RAMPART	Local Roads	15.	100,000
MINTO	Village Streets	16.	100,000
VARIOUS LOCATIONS	Roads & Trails	17.	171,300

*Unfunded with present allocations

** Refer to Map A Allocation District 4

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 2

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1987*		
FAIRBANKS NORTH STAR BOROUGH	Various Locations - Collector Roads & Arterials	18.	565,400
NORTH SLOPE BOROUGH			
POINT LAY	Community Roads	** 19.	375,100
CITY OF FAIRBANKS	No Program Submitted		153,300
CITY OF NORTH POLE	No Program Submitted		5,000
CITY OF NENANA	No Program Submitted		6,000
CITY OF TANANA	No Program Submitted		5,000
UNORGANIZED BOROUGH II			
WISEMAN	Local Roads	20.	250,000
ANDERSON-NENANA	Local Roads	21.	200,000
CANTWELL-HEALY	Local Roads	22.	200,000
VARIOUS LOCATIONS	Roads & Trails	23.	71,300

* Unfunded with present allocations
** Refer to Map A Allocation District 4

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 2

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1988*		
FAIRBANKS NORTH STAR BOROUGH	Various Locations - Collector Roads & Arterials	24.	565,400
NORTH SLOPE BOROUGH			
POINT HOPE	Community Roads	** 25.	375,100
CITY OF FAIRBANKS	No Program Submitted		153,000
CITY OF NORTH POLE	No Program Submitted		5,000
CITY OF NENANA	No Program Submitted		6,000
CITY OF TANANA	No Program Submitted		5,000
UNORGANIZED BOROUGH II			
DELTA	Community Roads	26.	250,000
DOT LAKE	Community Roads	27.	150,000
TOK	Community Roads	28.	200,000
VARIOUS LOCATIONS	Roads & Trails	29.	121,300

* Unfunded with present allocations

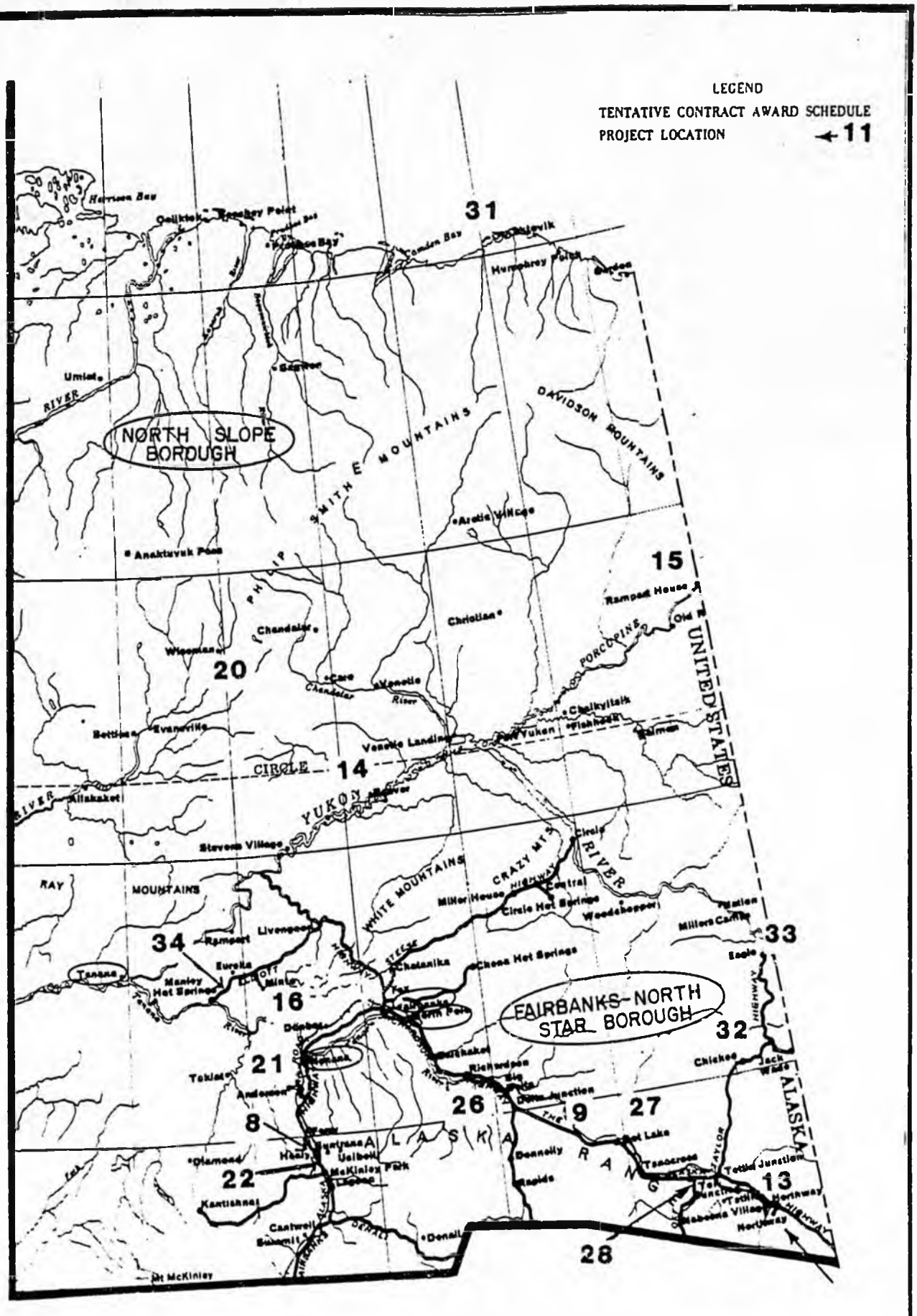
** Refer to Map A Allocation District 4

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 2

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1989*		
FAIRBANKS NORTH STAR BOROUGH	Various Locations - Collector Roads & Arterials	30.	565,400
NORTH SLOPE BOROUGH			
KAKTOVIK	Community Roads	31.	375,100
CITY OF FAIRBANKS	No Program Submitted		153,200
CITY OF NORTH POLE	No Program Submitted		5,000
CITY OF NENANA	No Program Submitted		6,000
CITY OF TANANA	No Program Submitted		5,000
UNORGANIZED BOROUGH II			
CHICKEN	Community Roads	32.	200,000
EAGLE	Community Roads	33.	200,000
TOFTY ROAD	Sullivan Creek Bridge	34.	321,300

* Unfunded with present allocations



ALLOCATION DISTRICT 2 (Map A)

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 3

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1985		
CITY & BOROUGH OF JUNEAU	Accumulating Funds for 1988		83,600
CITY & BOROUGH OF SITKA	Accumulating Funds for 1986		44,100
KETCHIKAN GATEWAY BOROUGH			
SAXMAN	Drainage Parking Area	1.	50,000
CITY OF KETCHIKAN	No Program Submitted		28,900
HAINES BOROUGH	Funds Utilized		
CITY OF HAINES	Tlingit Park Walkway	2.	5,000
CITY OF WRANGELL	Accumulating Funds		22,100
CITY OF PETERSBURG	8th Gauffin & Union Streets	3.	165,400
CITY OF PELICAN	Boardwalks	4.	1,800
CITY OF CRAIG	No Program Submitted		5,300
CITY OF SKAGWAY	Funds Utilized		
CITY OF YAKUTAT	Funds Utilized		
CITY OF KAKE	Streets	5.	5,500
CITY OF HOONAH	Accumulating Funds		6,700
CITY OF HYDABURG	No Program Submitted		2,900
CITY OF KLAWOCK	No Program Submitted		3,100
UNORGANIZED BOROUGH			
GUSTAVUS	Good River Bridge	6.	5,000
KASAAN	Trails	7.	10,000
TENAKEE	Tenakee Avenue	8.	45,000
VARIOUS LOCATIONS	Roads & Trails	9.	113,600

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 3

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1986		
CITY & BOROUGH OF JUNEAU	Accumulating Funds for 1988		156,000
CITY & BOROUGH OF SITKA	Kashevaroff Street	10.	19,000
	Guardrail - Wolff & Jamestown Drive	11.	22,000
KETCHIKAN GATEWAY BOROUGH	Pave Rotary Beach Parking	12.	22,000
CITY OF KETCHIKAN	Ketchikan Creek Trail - Phase I	13.	27,000
HAINES BOROUGH	Chilkat Lake Road	14.	24,000
CITY OF HAINES	Park Trail	15.	10,100
CITY OF WRANGELL	Church, Episcopal & Howell Streets	16.	36,000
CITY OF PETERSBURG	Accumulating Funds		19,000
CITY OF PELICAN	Boardwalk	17.	1,200
CITY OF CRAIG	Watertank road	18.	3,600
CITY OF SKAGWAY	Boardwalk & Surfacing	19.	8,900
CITY OF YAKUTAT	Roadway Topping	20.	3,000
CITY OF KAKE	Upgrade Cemetery Road	21.	3,700
CITY OF HOONAH	Accumulating Funds		4,500
CITY OF HYDABURG	No Program Submitted		2,000
CITY OF KLAWOCK	No Program Submitted		2,100
UNORGANIZED BOROUGH			
HYDER	5th Street	22.	29,000
TENAKEE	Trails & Footbridges	23.	30,000
THORNE BAY	Street Improvements	24.	32,000
KASAAN	Street Improvements	25.	50,000
ANGOON	Relay Road	26.	30,000
EDNA BAY	Boardwalk	27.	30,000
PORT PROTECTION	Boardwalk	28.	25,000
VARIOUS LOCATIONS	Roads & Trails		69,000

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 3

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1987		
CITY & BOROUGH OF JUNEAU	Accumulating Funds for 1988		156,000
CITY & BOROUGH OF SITKA	Jarvis Street	29.	55,000
KETCHIKAN GATEWAY BOROUGH	No Program Submitted		58,000
CITY OF KETCHIKAN	Ketchikan Creek Trail Phase II	30.	27,000
HAINES BOROUGH	Chilkat Lake Road	31.	24,000
CITY OF HAINES	No Program Submitted		10,100
CITY OF WRANGELL	Peninsula Street	32.	14,700
CITY OF PETERSBURG	Accumulating Funds		19,000
CITY OF PELICAN	Boardwalks	33.	1,200
CITY OF CRAIG	Spruce Street	34.	3,600
CITY OF SKAGWAY	Boardwalk & Surfacing	35.	8,900
CITY OF YAKUTAT	Road Surfacing	36.	3,000
CITY OF KAKE	Stairway	37.	3,700
CITY OF HOONAH	Accumulating Funds		4,500
CITY OF HYDABURG	No Program Submitted		2,000
CITY OF KLAWOCK	No Program Submitted		2,100
UNORGANIZED BOROUGH			
ELFIN COVE	Boardwalk	38.	30,000
PORT ALEXANDER	Boardwalk	39.	25,000
KUPREANOF	Trail - Phase II	40.	40,000
VARIOUS LOCATIONS	Roads & Trails	41.	200,000

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 3

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1988		
CITY & BOROUGH OF JUNEAU	7th Street Retaining Wall	42.	546,000
CITY & BOROUGH OF SITKA	Price Street	43.	20,000
	Beardslee Street	44.	50,000
KETCHIKAN GATEWAY BOROUGH	No Program Submitted		58,000
CITY OF KETCHIKAN	Trails	45.	27,000
HAINES BOROUGH	Chilkat Lake Road	46.	12,000
	Battery Piont Road	47.	12,000
CITY OF HAINES	No Program Submitted		10,100
CITY OF WRANGELL	Reid Street	48.	14,700
CITY OF PETERSBURG	Accumulating Funds	49.	19,000
CITY OF PELICAN	Boardwalk	50.	1,200
CITY OF CRAIG	Port Bagail Blvd.	51.	3,600
CITY OF SKAGWAY	No Program Submitted		8,900
CITY OF YAKUTAT	Monti Bay Heights	52.	3,000
CITY OF KAKE	Trails	53.	3,700
CITY OF HOONAH	Accumulating Funds		4,500
CITY OF HYDABURG	No Program Submitted		2,000
CITY OF KLAWOCK	No Program Submitted		2,100
UNORGANIZED BOROUGHS			
TENAKEE	Trails & Bridges	54.	30,000
HYDER	5th Street	55.	25,000
VARIOUS LOCATIONS	Roads & Trails	56.	240,000

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 3

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1989		
CITY & BOROUGH OF JUNEAU	Gastineau Avenue - Retaining Wall	57.	156,000
CITY & BOROUGH OF SITKA	Cascade Creek Road	58.	75,000
KETCHIKAN GATEWAY BOROUGH	No Program Submitted		58,000
CITY OF KETCHIKAN	Trails	59.	27,000
HAINES BOROUGH	Battery Point Road	60.	24,000
CITY OF HAINES	No Program Submitted		10,100
CITY OF WRANGELL	Reid Street	61.	14,700
CITY OF PETERSBURG	Accumulating Funds		19,000
CITY OF PELICAN	Boardwalk	62.	1,200
CITY OF CRAIG	Cold Storage Road	63.	3,600
CITY OF SKAGWAY	No Program Submitted		8,900
CITY OF YAKUTAT	Hemlock Street	64.	3,000
CITY OF KAKE	Trails	65.	3,700
CITY OF HOONAH	Lumbago Road	66.	24,700
CITY OF HYDABURG	No Program Submitted		2,000
CITY OF KLAWOCK	No Program Submitted		2,100
UNORGANIZED BOROUGH			
VARIOUS LOCATIONS	Roads & Trails	67.	295,000

HAINES BOROUGH
CITY-BOROUGH JUNEAU
CITY-BOROUGH SITKA
KETCHIKAN GATEWAY BOROUGH
ALEXANDER ARCHIPELAGO
Pt Manby
Yakutat Bay
Ocean Cape
Yakutat
Cape Fairweather
Skagway
Klukwan
Haines
Excursion Inlet
Gustavus
Cape Spencer
Elfin Cove
Chichagof
Hoonah
Pelican
Tenakee Springs
Chichagof Island
Cross Sound
Icy Strait
Hawk Inlet
Douglas
Juneau
Admiralty Island
Chatham Strait
Angoon
Baranof Island
Sitka
Sitka Sound
Cape Fanshaw
Kake
Kupreanof
Petersburg
Wrangell
Port Alexander
Big Port Walter
Goddard
Kuiu Island
Frederick Sound
Stephens Passage
Caldera
Etolin Island
Clarence Strait
Prince of Wales Island
Thorne Bay
Klawock
Craig
Ketchikan
Revillagigedo Island
Port Herbert
Mud Bay
Mountain Pt
Metlakatla
Dixon Entrance
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LEGEND
TENTATIVE CONTRACT AWARD SCHEDULE
PROJECT LOCATION ←74
ALLOCATION DISTRICT 3

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 4

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1985		
	CENTRAL REGION		
BRISTOL BAY BOROUGH	Funds Expended		
CITY OF DILLINGHAM	No Program Submitted		45,000
CITY OF KING COVE	No Program Submitted		13,200.
CITY OF ST. MARY'S	Accumulating Funds for 1986		11,200
CITY OF SAND POINT	Accumulating Funds for 1986		18,000
CITY OF UNALASKA	Funds Expended		
UNORGANIZED BOROUGH IV (SOUTH)			
CHIGNIK BAY	Streets and Bridge	1.	70,000
CLARKS POINT	Roads Erosion Control	2.	30,000
NONDALTON	Streets	3.	50,000

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 4

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1985		
	NORTHERN REGION		
CITY OF BARROW	No Program Submitted		39,900
CITY OF NOME	No Program Submitted		87,400
CITY OF GALENA	No Program Submitted		9,700
UNORGANIZED BOROUGH IV (NORTH)			
AREA WIDE	Winter Trail Staking	4.	63,000
AREA WIDE	Reconnaissance, Administration and Construction Equipment	5.	84,700
KOYUK	Roads	6.	30,000
SAINT MICHAEL	Streets	7.	100,000

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 4

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1986*		
	CENTRAL REGION		
BRISTOL BAY BOROUGH	Accumulating Funds		25,600
CITY OF DILLINGHAM	No Program Submitted		30,000
CITY OF KING COVE	Ram Creek Boardwalk Phase I	8.	20,000
CITY OF ST. MARY'S	Reconstruct & Surface City Streets	9.	18,800
CITY OF SAND POINT	Boardwalk	10.	15,000
CITY OF UNALASKA	Accumulating Funds for 1989		25,400
UNORGANIZED BOROUGH IV (SOUTH)			
CHIGNIK LAKE	Streets	11.	400,000
CHIGNIK BAY	Streets & Bridge	12.	30,000
MANOKOTAK	Roads	13.	100,000
NONDALTON	Streets	14.	50,000
PEDRO BAY	Trail & Bridges	15.	150,000
PERRYVILLE	Safety	16.	13,000
TAKOTNA	Streets Phase I	17.	130,000

* Unfunded with present allocations

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 4

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1986*		
	NORTHERN REGION		
CITY OF BARROW	No Program Submitted		79,800
CITY OF NOME	No Program Submitted		58,200
CITY OF GALENA	No Program Submitted		19,400
UNORGANIZED BOROUGH IV (NORTH)			
AREA WIDE	Winter Trail Stalking	18.	110,000
AREA WIDE	Reconnaissance Administration & Construction Equipment	19.	201,200
SAINT MICHAEL	Streets	20.	200,000
STEBBINS	Roads	21.	20,000
GOLOVIN	Streets	22.	20,000

* Unfunded with present allocations

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 4

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1987*		
	CENTRAL REGION		
BRISTOL BAY BOROUGH	Accumulating Funds		25,600
CITY OF DILLINGHAM	No Program Submitted		30,000
CITY OF KING COVE	Ram Creek Boardwalk Phase II	23.	11,000
CITY OF ST. MARY'S	Construct City Streets	24.	2,500
CITY OF SAND POINT	Accumulating Funds		22,300
CITY OF UNALASKA	Accumulating Funds for 1989		25,40u
UNORGANIZED BOROUGH IV (SOUTH)			
LEVELOCK	Streets	25.	450,000
CHIGNIK BAY	Streets & Bridge	26.	150,000
EKWOK	Streets	27.	150,000
MANOKOTAK	Roads	28.	100,000
TAKOTNA	Streets Phase II	29.	40,000

* Unfunded with present allocations

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 4

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1987*		
	CENTRAL REGION		
BRISTOL BAY BOROUGH	Accumulating Funds		25,600
CITY OF DILLINGHAM	No Program Submitted		30,000
CITY OF KING COVE	Ram Creek Boardwalk Phase II	23.	11,000
CITY OF ST. MARY'S	Construct City Streets	24.	2,500
CITY OF SAND POINT	Accumulating Funds		22,300
CITY OF UNALASKA	Accumulating Funds for 1989		25,400
UNORGANIZED BOROUGH IV (SOUTH)			
LEVELOCK	Streets	25.	450,000
CHIGNIK BAY	Streets & Bridge	26.	150,000
EKWOK	Streets	27.	150,000
MANOKOTAK	Roads	28.	100,000
TAKOTNA	Streets Phase II	29.	40,000

* Unfunded with present allocations

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 4

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1987*		
	NORTHERN REGION		
CITY OF BARROW	No Program Submitted		79,800
CITY OF NOME	No Program Submitted		58,200
CITY OF GALENA	No Program Submitted		19,400
UNORGANIZED BOROUGH IV (NORTH)			
AREA WIDE	Winter Trail Staking	30.	110,000
AREA WIDE	Reconnaissance & Administration	31.	61,200
GOLOVIN	Streets	32.	280,000
WHITE MOUNTAIN	Streets	33.	100,000

* Unfunded with present allocations

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 4

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1988*		
	CENTRAL REGION		
BRISTOL BAY BOROUGH	Accumulating Funds		25,600
CITY OF DILLINGHAM	No Program Submitted		30,000
CITY OF KING COVE	Accumulating Funds		8,800
CITY OF ST. MARY'S	Road to Cemetary	34.	7,500
CITY OF SAND POINT	Accumulating Funds		12,000
CITY OF UNALASKA	Accumulation of funds for 1989		25,400
UNORGANIZED BOROUGH IV (SOUTH)			
EEK	Boardwalks & Shelter Cabins	35.	150,000
EKWOK	Streets	36.	150,000
LEVELOCK	Streets	37.	230,000
MARSHALL	Streets	38.	340,000

* Unfunded with present allocations

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 4

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1988*		
	NORTHERN REGION		
CITY OF BARROW	No Program Submitted		79,800
CITY OF NOME	No Program Submitted		58,200
CITY OF GALENA	No Program Submitted		19,400
UNORGANIZED BOROUGH IV (NORTH)			
AREA WIDE	Winter Trail Staking	39.	110,000
AREA WIDE	Reconnaissance & Administration	40.	61,200
WHITE MOUNTAIN	Streets	41.	200,000
BUCKLAND	Streets	42.	180,000

* Unfunded with present allocations

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 4

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1989*		
	CENTRAL REGION		
BRISTOL BAY BOROUGH	Accumulating Funds		25,600
CITY OF DILLINGHAM	No Program Submitted		30,000
CITY OF KING COVE	Accumulating Funds		8,800
CITY OF ST. MARY'S	Construct Subdivision Road	43.	7,500
CITY OF SAND POINT	Accumulating Funds		12,000
CITY OF UNALASKA	Construction Road Agnes Beach to Town Creek Bridge	44.	65,800
	Bike Trails & Foot Paths	45.	10,400
UNORGANIZED BOROUGH IV (SOUTH)			
BETHEL	Streets	46.	200,000
BETHEL	Trail Markers	47.	60,000
EGEGIK	Streets	48.	200,000
TOKSOOK BAY	Road Construction	49.	250,000

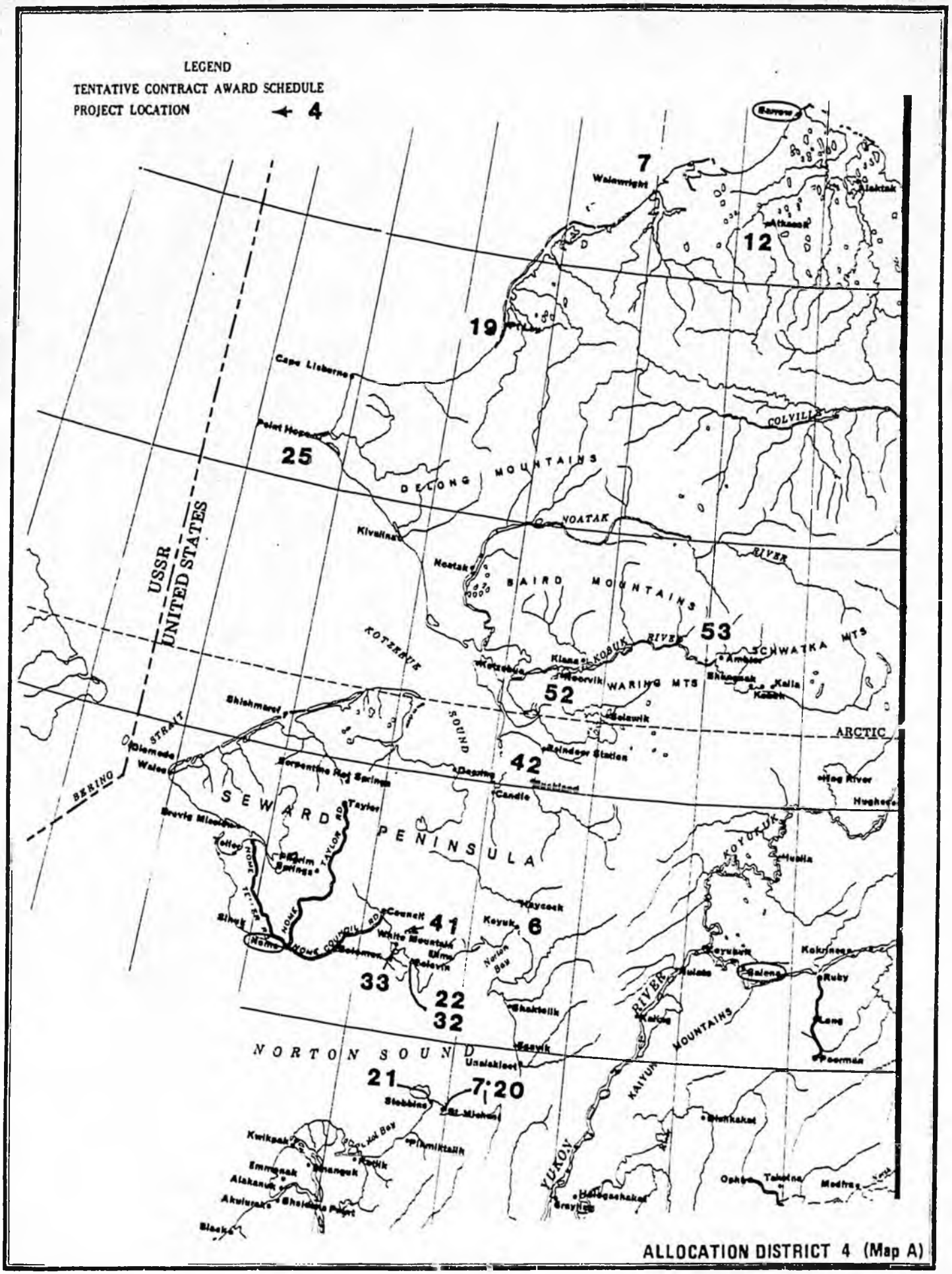
* Unfunded with present allocations

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 4

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1989*		
	NORTHERN REGION		
CITY OF BARROW	No Program Submitted		79,800
CITY OF NOME	No Program Submitted		58,200
CITY OF GALENA	No Program Submitted		19,400
UNORGANIZED BOROUGH IV (NORTH)			
AREA WIDE	Winter Trail Stalking	50.	100,000
AREA WIDE	Reconnaissance & Administration	51.	71,200
NOORVIK	Streets	52.	200,000
AMBLER	Roads	53.	180,000

*Unfunded with present allocation


LEGEND
TENTATIVE CONTRACT AWARD SCHEDULE
PROJECT LOCATION
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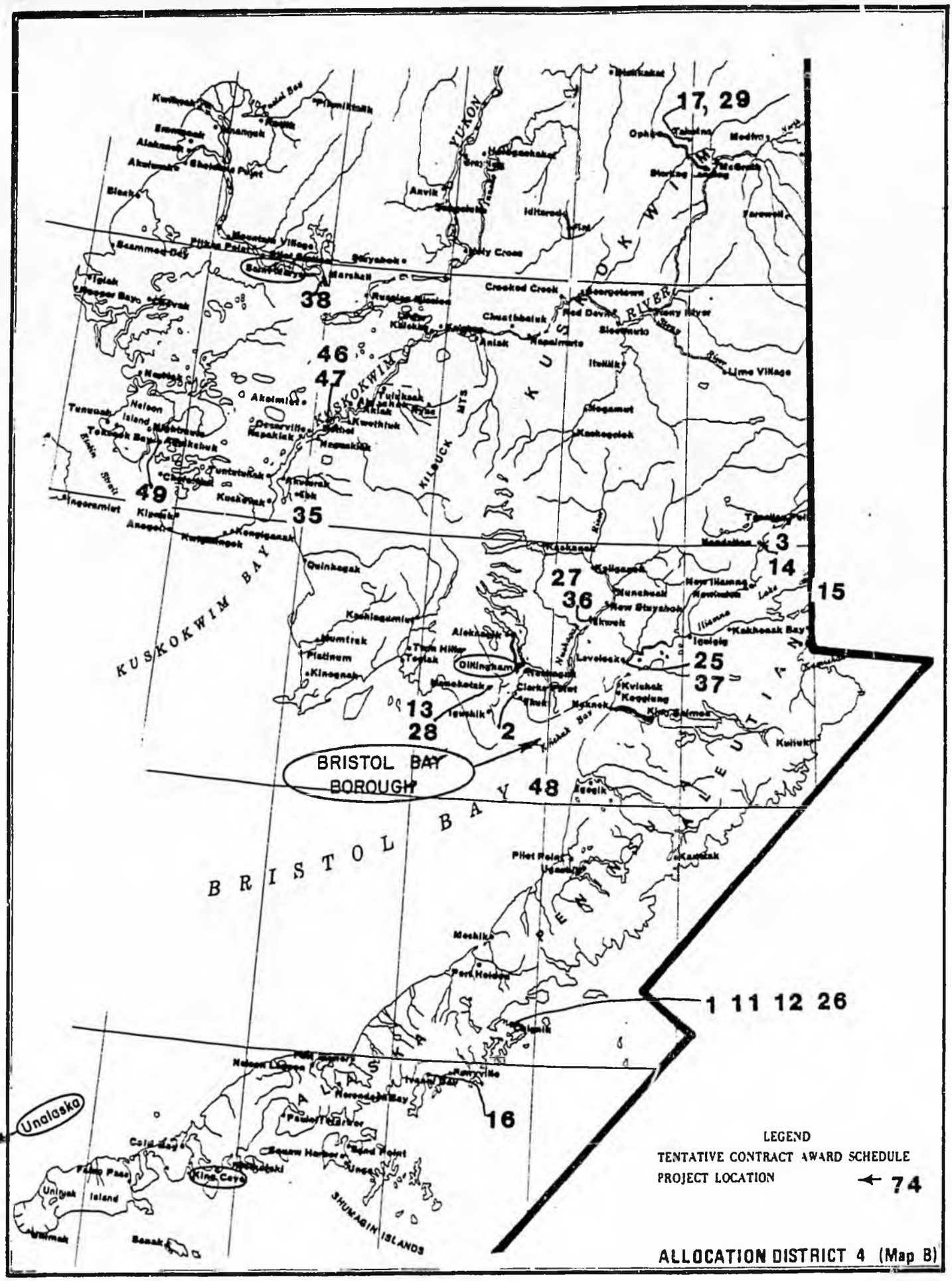
USSR
UNITED STATES
BERING STRAIT
SEWARD PENINSULA
NORTON SOUND
DELONG MOUNTAINS
BAIRD MOUNTAINS
WAINWRIGHT
BARROW
ATKASOOK
POINT HOPE
CAPE LISBURNE
KIVALINA
NOATAK
NOATAK RIVER
KOTZEBUE
KOBUK RIVER
SCHWATKA MTS
WARING MTS
SHISHMAREF
WALES
DIOMEDE
SOLOMON
NOME
TAYLOR
TELLER
HOME ROAD
COUNCIL ROAD
KOYUK
KOYUKUK RIVER
KAIYUH MOUNTAINS
YUKON
ARCTIC
ALLOCATION DISTRICT 4 (Map A)



LEGEND

TENTATIVE CONTRACT AWARD SCHEDULE

PROJECT LOCATION ← 74

ALLOCATION DISTRICT 4 (Map B)

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 5

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1985		
	CENTRAL REGION		
CITY OF CORDOVA	Accumulating Funds for 1989		78,600
UNORGANIZED BOROUGH V (SOUTH)	Accumulating Funds for 1989		86,700
	NORTHERN REGION		
CITY OF VALDEZ	Robe River Bike Path	1.	102,400
UNORGANIZED BOROUGH V (NORTH)			
TAZLINA	Terrace Access Road	2.	150,000
GLENNALLEN	Terrace Drive Subdivision Road	3.	91,800

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 5

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1986*		
	CENTRAL REGION		
CITY OF CORDOVA	Accumulating Funds for 1989		24,700
UNORGANIZED BOROUGH V (SOUTH)	Accumulating Funds for 1989		36,200
	NORTHERN REGION		
CITY OF VALDEZ	No Program Submitted		68,300
UNORGANIZED BOROUGH V (NORTH)			
COPPERVILLE	Streets	4.	100,000
WORTHINGTON GLACIER	Access Road	5.	87,700

* Unfunded with present allocations

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 5

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1987*		
	CENTRAL REGION		
CITY OF CORDOVA	Accumulating Funds for 1989		24,700
UNORGANIZED BOROUGH V (SOUTH)	Accumulating Funds for 1989		36,200
	NORTHERN REGION		
CITY OF VALDEZ	No Program Submitted		68,300
UNORGANIZED BOROUGH V (NORTH)			
TSINA LAKE	Access Road	6.	187,700

* Unfunded with present allocations

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 5

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1988*		
	CENTRAL REGION		
CITY OF CORDOVA	Accumulating Funds for 1989		24,700
UNORGANIZED BOROUGH V (SOUTH)	Accumulating Funds for 1989		36,200
	NORTHERN REGION		
CITY OF VALDEZ	No Program Submitted		68,300
UNORGANIZED BOROUGH V (NORTH)			
COPPER CENTER	Local Roads	7.	187,700

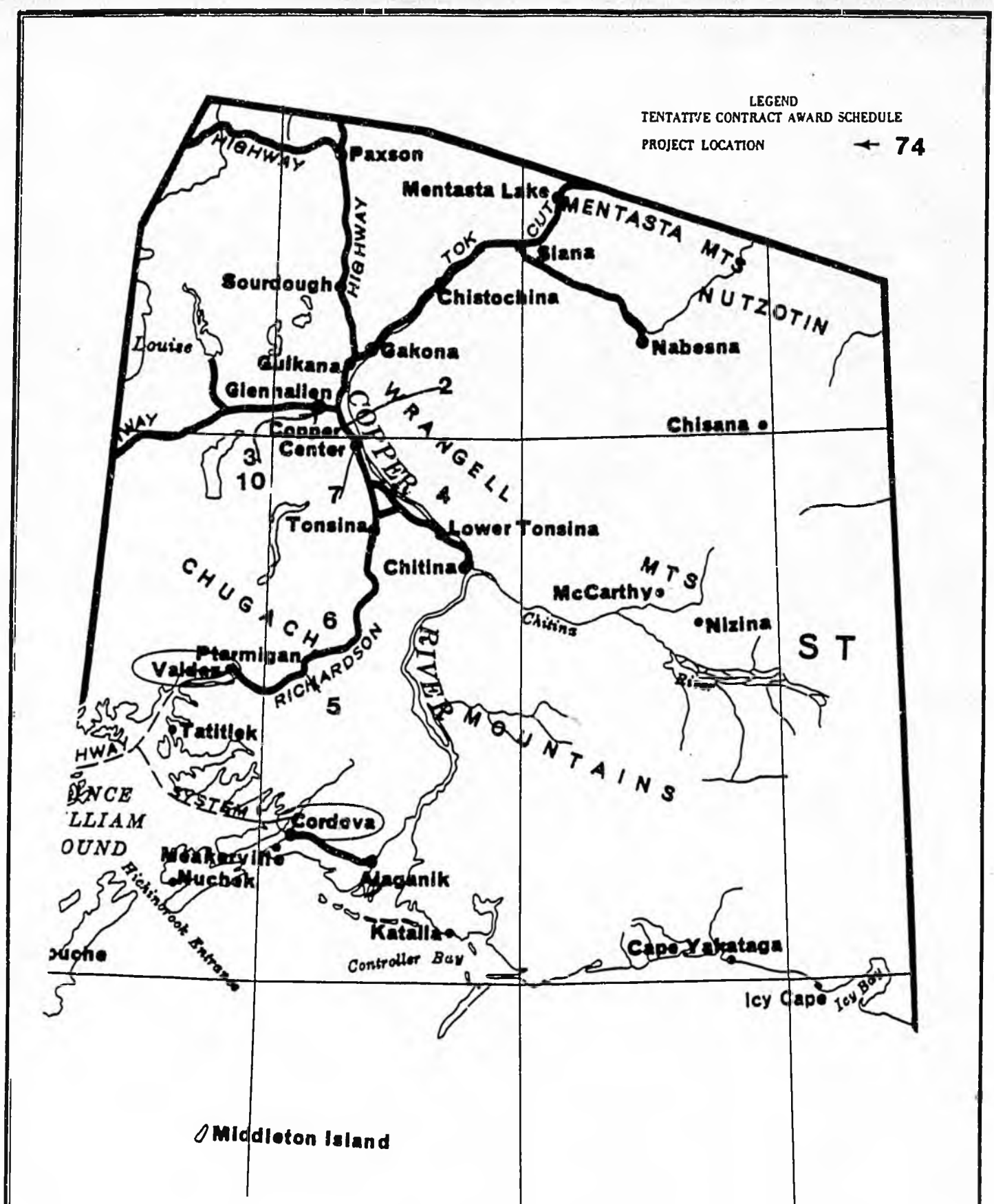
* Unfunded with present allocations

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
LOCAL SERVICE ROADS AND TRAILS

Allocation District 5

PROJECT LOCATION	PROJECT DESCRIPTION	PROJECT NUMBER	LSR&T FUNDS (DOLLARS)
	Fiscal Year 1989*		
	CENTRAL REGION		
CITY OF CORDOVA	Railroad Avenue Realignment & Paving	8.	177,400
UNORGANIZED BOROUGH V (SOUTH)			
EYAK LAKE	Access Road	9.	228,400
	NORTHERN REGION		
CITY OF VALDEZ	No Program Submitted		68,300
UNORGANIZED BOROUGH V (NORTH)			
GLENNALLEN	Local Roads	10.	187,700

* Unfunded with present allocations


LEGEND
TENTATIVE CONTRACT AWARD SCHEDULE
PROJECT LOCATION ← 74
Paxson
Mentasta Lake
MENTASTA MTS
TOK
CUT
Slana
Sourdough
HIGHWAY
Chistochina
NUTZOTIN
Louise
Gakona
Nabesna
Gulkana
Glennallen
COPPER
WRANGELL
2
Chisana
Copper Center
3
10
7
4
Tonsina
Lower Tonsina
CHUGACH
Chitina
MTS
McCarthy
Nizina
6
Ptarmigan
Valdez
RICHARDSON
5
RIVER MOUNTAINS
Tatitlek
Cordova
Meakanyine
Nuchek
Kanganik
Katalla
Controller Bay
Cape Yakataga
Icy Cape
Middleton Island
ALLOCATION DISTRICT 5

item #9

MEMORANDUM

State of Alaska

Department of Transportation & Public Facilities

TO: Bruce Freitag
Maintenance & Operations Engineer
Headquarters

DATE: February 25, 1987

FILE NO:

TELEPHONE NO: 789-6247

FROM: Ole Bartness
Group Construction Chief
Southeast Region

SUBJECT: Southeast Region
Local Service Roads & Trails
Project Listing

In accordance with your request, attached is a listing of projects constructed in Southeast Alaska through the LSR&T program.

Also listed are projects currently under construction. It is anticipated that all projects, with the exception of the Ketchikan Secondary Bypass, will be completed by July 15, 1987. This will, in effect, complete the LSR&T program in this region as all funds have been encumbered.

OB:cab

Attachment

SOUTHEAST REGION

LOCAL SERVICE ROADS & TRAILS

PROJECTS COMPLETED FROM PROGRAM INCEPTION THROUGH 1986

Unorganized Borough III

Angoon Cribwall
Angoon Housing Access
Angoon to Killisnoo
Angoon Stairway
Angoon Surfacing
Craig Beach Road
Craig Cold Storage Road
Craig 4th and Main
Craig Hamilton Drive
Craig Main and Beach
Craig Port Bagail Blvd.
Craig School Bypass
Edna Bay Boardwalks
Elfin Cove Boardwalk I+II
Gustavus Good River Bridge
Harris River Road
Hoonah Front Street
Hoonah Hill Street Stairs
Hoonah Lumbago Road
Hoonah Parking
Hoonah Trail
Hydaburg Boardwalk
Hydaburg Drainage
Hydaburg Housing Access
Hydaburg Landfill Road
Hydaburg Quarry Access
Hydaburg Surfacing
Hydaburg Townsite Road
Hyder Bridge
Kake Cemetary Access
Kake Drainage I+II
Kake Totem Park
Kasaan Boardwalk
Kasaan Bridges I+II
Kasaan Totem Park
Kasaan Trail Improvements
Klawock Anchorage Street
Klawock Boardwalk
Klawock Drainage & Paving
Klawock Housing
Klawock Surfacing I+II
Klawock Union Street
Kupreanof Trail
Metlakatla J.W. Smith Road
Metlakatla Paving
Metlakatla Tamgas Trail
Pelican Boardwalk
Pelican Clam Street Boardwalk
Pelican Creek Bridge
Pelican Landfill Access
Port Alexander
Port Alexander Boardwalk
Skagway Dewey Lake Trail
Skagway Dock Street
Skagway Sidewalks
Skagway Trails
Tenakee Bridge
Tenakee Bridge Repair
Tenakee Columbia Cove
Tenakee Culverts
Tenakee "D" Street
Tenakee Dock Street
Tenakee "J" Street
Tenakee Streets
Tenakee Trail
Thorne Bay Improvements
Thorne Bay--South Bay Access Rd.
Yakutat Bayview Drive
Yakutat Bulkhead
Yakutat Housing Access I+II
Yakutat Pioneer Access
Yakutat Streets
Yakutat Street Surfacing

Projects Under Construction
Unorganized Borough III

Elfin Cove Trail & Boardwalk
Hollis--Clark Bay Terminal Subdivision Road
Hyder Streets

Haines Borough

Completed Projects:

Chilkoot Lake Trail
Haines Bike Path
Learning Center Drainage
Paving Third & Dalton
Six-Year Program
Third Avenue Sidewalk
Tlinget Park Access
Tlinget Park Walkway
Trail System

Under Construction:

Chilkoot Lake Road

City and Borough of Juneau

Completed Projects:

Bituminous Surface Upgrade I
Davis Avenue
Evergreen Bowl Access
Memorial Drive I+II
Riverside Drive I, II, III
Trinity Drive

Under Construction:

Bituminous Surface Upgrade II

Ketchikan

Completed Projects:

Carlanna Extension
Community Center Access
Drainage and Lighting
Firehall Access
Harriet Hunt Road Extension
Recreation Area Parking Lot
Saxman Drainage
Schoenbar Trail Lighting

Under Construction: (KTN)

Secondary Bypass

Wrangell

Completed Projects:

Ash, Shakes and St. Michael
Outer Drive
Second Avenue
St. Michael Street

Under Construction:

Wrangell Grant

Petersburg

Completed Projects:

8th, Gauffin & Union
Birch Street Trestle

Sitka

Completed Projects:

Cascade Creek Street
Davidoff Street
Katlian, Lincoln, Jay Davis
Lincoln Avenue
Monastery Street
Nakwasina Street
Shuler Drive
Sidewalk Replacement
Sirstad Street
Spruce Street
Thimbleberry Bay Road
Verstovia Street
Wachusetts Street

Under Construction:

Katlian Avenue

Other projects under construction in Southeast:

1. Hoonah LSR&T Grant

Item # 10

MEMORANDUM State of Alaska

TO: Bruce Freitag
Headquarters Operations
MS 2500

DATE: February 24, 1987

FILE NO.:

THRU:

TELEPHONE NO.: 562-6530

SUBJECT: ~~LSR&T~~ Projects
~~Central~~ Region

FROM: Robert L. Haneline RLH
LSR&T Engineer
Central Region

Per your recent request, please find attached a listing of those projects constructed by the Central Region Local Service Roads and Trails Section (LSR&T) since the inception of the LSR&T Program (June 30, 1971).

Should you require additional information, please do not hesitate to contact this office (562-6530).

tp

Attachments: As stated

Allocation $9,389,074.(

UNORGANIZED BOROUGH IV (South)

COMPLETED PROJECTS		DATE CLOSED	FUNDS EXPENDED
G-10049	"D" Street to Airport - Dillingham	4/17/73	$ 6,199.51
G-10059	"D" Street to 1st Avenue - Dillingham	11/27/74	$ 4,858.59
G-10069	"C" Street to 2nd Avenue - Dillingham	4/17/73	$ 3,765.65
G-10101	Trail Staking	11/19/76	$ 12,472.66
G-10105	1975-76 Boardwalks	4/26/76	$ 300,212.11
G-10106	Dillingham Waste Road		$ 67,000.00
G-10112	Sand Point	4/17/73	$ 47,499.90
G-10129	Aniak Village Streets	6/20/74	$ 60,740.63
G-10149	Trail Staking		$ 32,096.58
G-10199	Mekoryuk City Streets	12/1/75	$ 30,174.75
G-10209	Manokotak	11/27/74	$ 51,173.05
G-10219	Scammon Bay	11/27/74	$ 51,572.57
G-10332	Kalskag	11/27/74	$ 24,457.15
G-10342	Lower Kalskag	11/27/74	$ 18,416.35
G-10359	Nondalton	11/27/74	$ 46,193.53
G-10369	New Stuyahok	11/27/74	$ 37,554.84
G-10379	Bethel Subdivision	11/27/74	$ 125,000.00
G-10409	Nightmute Village Streets		$ 1,763.62
G-10412	St. Paul	11/27/74	$ 68,365.30
G-10422	Quinagak	11/17/73	$ 137.10
G-10432	Dillingham Streets	4/1/73	$ 1,856.06
G-10449	Egegik Boardwalk	4/17/73	$ 5,015.98
G-10479	2nd Avenue to Firehall - Dillingham	4/17/73	$ 5,380.35
G-10559	Koliganek Village Streets	9/30/76	$ 51,195.54
G-10569	Togiak Village Streets		$ 620.62
G-10579	McGrath	11/27/74	$ 62,242.29
G-10599	Chignik Lake Village Streets		$ 10,629.47
G-10629	Ekwok Village Streets	4/20/77	$ 53,282.74
G-10639	Sleetmute Village Streets		$ 56,268.66
G-10659	Toksook Bay Village Streets	11/19/76	$ 70,873.20
G-10669	Nikolai	11/27/74	$ 34,504.40
G-10679	Twin Hills Village Streets	11/19/76	$ 47,377.57
G-10709	Egegik Landfill Road		$ 11,324.49
G-10729	Snake Lake Road	8/31/74	$ 140,940.59
G-10869	Goodnews Bay Village Streets	4/20/77	$ 45,630.11
G-10899	Red Devil	1/27/75	$ 3,016.00
		SUBTOTAL	$1,589,811.96

**Includes: $20,000.00 from the Western District for the Scammon Bay Project, G-10143
$12,000.00 from Project A-81641
$86,205.00 from Reserve Account

NOTE: Purchase Limitations

1. Up to $500.00 can buy direct
2. $1,500.00 to $2,000.00 must go through Supply
3. Over $5,000.00 must be advertised for competitive bid

R# = 74411

Account with Mark Air = #6200084

UNORGANIZED BOROUGH IV (South)

	COMPLETED PROJECTS (Continued)	DATE CLOSED	FUNDS EXPENDED
G-10103	Village of Portage Creek	2/11/80	$ 177,652.00
G-10107	Wage Comp & Liability Insurance	10/20/80	$ 50,500.00
G-10108	Iguigig	6/8/1978	$ 49,272.24
G-10110	Unalaska - Pyramid Creek	2/16/82	$ 44,517.47
G-10111	Kakhonak	6/8/78	$ 15,888.66
G-10113	Aleknagik	12/26/79	$ 123,578.10
G-10115	Culvert Stock Pile	6/2/83	$ 6,107.00
G-10116	Village Boardwalks (Chignik Lagoon, Cooked Creek, Eek, Kwillingok, Nunapitchuk, Pedro Bay, Tuntutuliak	2/5/80	$ 147,709.29
G-10117	Kipnuk Footbridge	1/20/80	$ 35,347.48
G-10118	McGrath - Cranberry Ridge Road	10/30/81	$ 553,862.15
G-10119	Egegik	2/11/80	$ 58,865.45
G-10120	Slop Bucket Road	1/29/79	$ 66,900.00
G-10121	Pilot Point	8/27/80	$ 84,398.00
G-10122	Dillingham City Streets	4/9/79	$ 77,952.00
G-10123	Kipnuk Foot Bridge No. 2	1/21/81	$ 36,277.00
G-10124	Quinhagak Subdivision Road	12/21/79	$ 189,876.00
G-10125	Clark's Point Roads	7/23/81	$ 384,273.29
G-10126	Nelson Lagoon	1/3/80	$ 111,662.00
G-10127	Lime Village Roads	3/17/80	$ 42,000.00
G-10128	Village Boardwalks (Newtok, Toksook, Mekoryuk, King Cove, Kasigluk & Akolmiut)	9/27/83	$ 189,547.20
	NOTE: Double payment made to United Transportation Barge Company on Toksook shipment - overpayment of $7,728.67 in 1979		
G-10130	Dillingham Small Boat Harbor Access Road	5/13/83	$ 9,594.54
G-10131	Alegnagik South Shore	4/12/84	$ 219,537.86
G-10132	Winter Trail Staking - 1979	8/5/82	$ 35,907.07
G-10133	False Pass	9/30/80	$ 90,788.00
G-10134	Chuathbaluk	9/23/80	$ 56,142.00
G-10136	Perryville City Streets & Vehicle Bridge	9/2/82	$ 281,069.65
G-10137	Lower Kalskag City Streets	9/3/82	$ 226,873.25
G-10138	Upper Kalskag City Streets	7/21/83	$ 119,661.00
G-10139	Stony River	9/23/80	$ 92,195.00
G-10140	Akutan Boardwalk	1/9/84	$ 47,501.00
G-10142	"C" Street in Dillingham	5/13/83	$ 56,690.01
G-10144	Special Appropriation - Boardwalks (Kwigillingok & Kipnuk)	2/9/84	$ 129,677.51
G-10146	1981 Boardwalks (Akolmiut, Atmauthluk, Tuntutuliak, Napakiak, Quinhagak, Tuluksak, & Ivanoff Bay)	1/13/84	$ 253,442.00
		SUBTOTAL	$4,065,264.52

UNORGANIZED BOROUGH IV (South)

COMPLETED PROJECTS (Continued)		DATE CLOSED	FUNDS EXPENDED
G-10147	Atka Road & Vehicle Bridges	9/3/82	$ 90,784.16
G-10148	Nunapitchuk Boardwalk	4/12/84	$ 59,930.23
G-10619	Crooked Creek	2/11/80	$ 159,651.00
G-10649	Tununak Road & Vehicle Bridge	5/2/80	$ 345,552.00
G-47049	Ugashik Roads	4/12/84	$ 133,911.27
G-10114	Equipment Purchase	8/14/85	$ 179,616.00
G10135	Hooper Bay Boardwalk	1/16/85	$ 76,961.69
G-10141	Aniak Housing Site Access	9/17/84	$ 298,031.16
G10143/ 53495	Scammon Bay (Road from City to Kun River)	7/ /86	$ 149,443.39
G-10145	Koliganek Vehicle Bridge & Access Road	9/17/84	$ 235,073.74
G-10150	Sand Point Boardwalk	9/17/84	$ 89,315.34
G-10152	Chignik Footbridge	9/17/84	$ 37,835.86
G-10153	Togiak Street Reconstruction	4/9/84	$ 140,352.00
G-10154	Newhalen Subdivision Road	9/17/84	$ 54,642.87
G-10156/ 53500	Shageluk Road Reconstruction	11/ /86	$ 50,274.00
G-10160/ 53504	Old Kasigluk Boardwalks - 1984	11/ /86	$ 38,615.00
G-10161	Kongiganak Boardwalks - 1984	4/2/85	$ 28,224.78
G-10162/ 53506	Kwigillingok Boardwalks & Footbridge	11/ 86	$ 159,342.00
G-10163	Mekoryuk Boardwalk - 1984	1/16/85	$ 44,961.79
G-10164	Nunapitchuk Boardwalk - 1984	12/21/84	$ 26,551.39
G-10165	Bethel/Nunapitchuk Trail Markers	4/16/85	$ 13,664.83
G-10167/ 53509	Equipment Purchase	11/ /86	$ 371,602.00
G 00011/ 53493	Reconnaissance	7/24/86	$ 22,624.00
		SUBTOTAL	$2,806,960.50
		TOTAL	$8,462,036.98

UNORGANIZED BOROUGH IV (South)

CURRENT RUNNING ACCOUNTS

PROJECT	FUNDS AUTHORIZ.

PROJECTS COMPLETED - TO BE CLOSED OUT

PROJECT	FUNDS AUTHORIZE

CURRENT PROJECTS

PROJECT		FUNDS AUTHORIZEI
G-10151/53497	1st Avenue West (Dillingham)	$ 60,000.00
G-10155/53499	New Stuyahok Roads & Bridge	$ 100,000.00
G-10157/53501	Manokotak City Streets	$ 300,000.00
G-10158/53502	Chignik Roads & Bridge Construction	$ 225,000.00
G-10159/53503	Pedro Bay Trail Construction	$ 167,876.00
G-10166/53508	Kuskokwim 300 Trail Markers	$ 50,000.00
G-10168/56938	Chignik Lagoon Airport Access Road & Bridge Project	$ 21,000.00

UNORGANIZED BOROUGH IV

SPECIAL APPROPRIATIONS

COMPLETED PROJECTS		DATE CLOSED	FUNDS EXPENDED
A80331	Tatitlek to Airport	7/15/83	$ 47,769.66
A80851/ 53084	Napakiak Dump Site Road	12/31/85	$ 450,283.47
A80861	Nelson Island Trail Markers	11/3/83	$ 24,994.00
X10088	Kongiganak Boardwalks	7/26/85	$ 35,000.00
X14611	Goodnews Bay (Road to High School & Garbage Dump Site)	8/18/82	$ 237,664.48
X14618	HB-60 Boardwalks (Oscarville, Napaskiak, Kwethluk, Nunapitchuk, Nightmute, Tununak, Akiachak & Tuntutuliak	12/2/83	$ 128,101.92
X14619	Chevak Boardwalk	2/24/83	$ 90,385.22
X14620	HB-60 Boardwalk (Same Villages as X14618)	12/2/82	$ 187,564.00
X14492	Hooper Bay Boardwalk	5/19/81	$ 19,200.00
X14494	Chefornak Boardwalk	8/10/82	$ 39,263.70
		TOTAL	$1,260,226.45

PROJECTS COMPLETED - TO BE CLOSED OUT

PROJECT		FUNDS AUTHORIZEI
A80831/ 53083	Kipnuk Boardwalk & Footbridge	$ 368,400.00
A81641/ 53093	Shageluk Road Construction & Repair	$ 500,000.00
X14505 54356	Twin Hills Public Access Road	$ 450,000.00

CURRENT PROJECTS

PROJECT		FUNDS AUTHORIZEI
G10004/ 55895	Chignik Bay Roads & Vehicle Bridge	$ 70,000.00
G10006/ 56155	Advance Project Definition Monies	$ 30,000.00
G10008/ 56613	Kipnuk Footbridge - 1986	$ 80,000.00
R10287/ 53888	New Stuyahok City Streets & Footbridge	$ 240,000.00
R10778/ 56448	Manokotak City Streets	$ 40,000.00
X10087/ 54317	Pedro Bay Trail & Vehicle Bridge	$ 156,000.00
55893	Chignik Lagoon Roads & Vehicle Bridge	$ 290,000.00
60584	Geoweb/Paraweb Erosion Evaluation	$ 10,000.00
6470..?	Sheldon Point Boardwalks - 1987 (At least under Rural Winter Transportation - Some District).	13,000.00
62495	Soldotna Airport Clearing	50,000.00
56E?.		

DATE: NOVEMBER, 1986
ALLOCATION: $319,749.00

UNORGANIZED BOROUGH V (SOUTH)

	COMPLETED PROJECTS	DATE CLOSED	FUNDS EXPENDED
G57012	Tatitlek Village Road	June 28, 1984	$100,523.84
G57013	Glennallen High School Access Road Paving	December 17, 1984	$107,493.31
G57014	Tatitlek Boardwalk	June 28, 1984	$ 22,950.88

Allocated $1,475,594.

UNORGANIZED BOROUGH I -

COMPLETED PROJECTS

		FUNDS EXPENDED
G10132	Whittier Tunnel Study	$ 5,668.52
G10459	Whittier Cove Creek	$ 12,324.11
G10589	Whittier City Streets	$ 41,040.57
G10689	Whittier Camper Park	$ 11,487.78
G10699	Whittier Sanitary Fill	$ 11,120.44
G10742	Whittier Shotgun Cove, Recon.	$ 15,381.89
G10809	Whittier Salmon Creek Road	$ 75,037.67
G10859	Whittier to Shotgun Cove Pt. No. 1	$ 50,488.86
G17001	Whittier City Streets	$ 372,348.00
G17002	Pile Bay Bridge	$ 0.00
G17003	New Chenega Roads	$ 556,427.97
G17004	Pile Bay Road and Bridge Repair	$ 8,178.91
G17005/ 53550	Railroad Lease Area Paving - Whittier	$ 99,852.00
	TOTAL	$1,259,356.72

PROJECTS COMPLETED - TO BE CLOSED OUT

PROJECT		FUNDS AUTHORIZE

CURRENT PROJECTS

PROJECT		FUNDS AUTHORIZE
G17006/ 53551	Central LSR&T Administration (Running Account)	$ 100,000.00
G17007/ 53552	New Chenega Boardwalks - 1985	$ 70,000.00

Allocated $2,788,588.C

KENAI PENINSULA BOROUGH -

COMPLETED PROJECTS		FUNDS EXPENDED
G10079	Funny River Road	$ 65,004.11
G10089	Resurrection Glacier Road	$ 29,770.73
G10109	Nikolaeusk Road	$ 86,574.93
G10399	Mackey Road	$ 54,129.06
G10469	Marhenke Street	$ 9,992.00
G10532	Port Graham - English Bay	$ 18,388.86
G10739	Knight Drive	$ 6,224.33
G10752	Ross Alexander Road	$ 32,639.24
G10762	Old McClay Road	$ 50,686.00
G10772	Midway Drive	$ 0.00
G10782	Rabbit Run Road	$ 12,068.36
G10839	Solid Waste Road	$ 78,983.07
G10849	City of Soldotna (Fireweed - Kobu)	$ 7,798.06
G11201	Skyline Drive Extension	$ 31,968.94
G11202	Longmere Lake Access	$ 217,690.59
G11203	Kinsley Loop Road Extension	$ 28,700.04
G11204	Resurrection Glacier Road	$ 2,250.00
G11205	Ninilchik Spit Road	$ 0.00
G11206	Tustumena Lake Road	$ 126,193.62
G11207	Culvert Stockpile	$ 14,451.74
G11208	Seldovia City Streets	$ 20,693.00
G11209	Homer City Streets	$ 27,651.13
G11210	Marydale Drive	$ 43,561.74
G11211	West Poppy Lane	$ 118,688.83
G11212	Cabin Lake Road	$ 0.00
G11213	Rabbit Run Road Extension	$ 31,836.15
G11214	Depot Road	$ 15,623.77
G11215	Redoubt Avenue Extension	$ 25,094.00
G11216	Seldovia City Streets (Augustine Avenue/"C"Street)	$ 18,000.00
G11217	Lou Morgan Road	$ 252,711.34
G11218	Greer Drive	$ 129,524.83
G11219	Tote Road Extension	$ 110,164.26
G11220	Murwood Drive	$ 76,435.01
G11221	Kenai River Bridge Sub.	$ 492.50
G11222	Base Road	$ 1,450.00
G11223	Bear Creek Drive	$ 16,889.00
G11224	Fairview Avenue Reconstruction	$ 0.00
G11226	Feuding Lane	$ 11,712.81
G11227	Resurrection River Bridge	$ 31,147.10
G11228	Seldovia Streets - 1981	$ 19,284.21
G11229	Kachemak Way (Homer)	$ 148,746.00
G11231	Brown's Lake Road	$ 429,956.30
	TOTAL	$2,403,175.66

UNDER AGREEMENT			FUNDS AUTHORIZEC
G11225	Soldotna Street Reconstruction - 1981	109,415.01	$ 109,416.00
G11230	Greer Road, Phase II		$ 18,968.60
G11232	Beaver Creek Road		$ 44,619.11
G11233	Robinson Loop Paving		$ 207,625.00

Allocated $3,626,73

MATANUSKA-SUSITNA BOROUGH

COMPLETED PROJECTS		FUNDS EXPENDED
G10099	Hollywood - Vine	$ 15,001.00
G10222	Goose Bay - Point McKinzie	$ 411.18
G10232	Smith Road	$ 36,872.13
G10242	Four Mile Road	$ 43,650.30
G10252	Little Susitna North	$ 3,164.89
G10262	Horseshoe Lake Road	$ 1,357.80
G10272	South Big Lake	$ 101,663.92
G10282	Crystal Lake	$ 31,031.51
G10292	Beaver Lake	$ 103,895.33
G10302	Oilwell Road	$ 50.88
G10312	Palmer Landfill	$ 1,499.26
G10719	Mat-Su Borough Trails	$ 2,804.30
G10829	Huntly Road Extension	$ 15,000.00
G10830	Edgerton Park Road	$ 40,659.50
G10831	Christian Lake Road	$ 69,137.47
G11401	Oilwell Road	$ 707.12
G11402	Christian Lake Road	$ 0.00
G11403	Church Road	$ 232,415.78
G11404	Crystal Lake South	$ 158,130.00
G11405	Long Lake	$ 70,415.21
G11406	Hollywood Road West	$ 231,790.03
G11407	Buckingham Palace Road	$ 74,604.39
G11408	South Big Lake Road - West Extension, Phase I	$ 931.18
G11409	Caudill Road	$ 232.97
G11410	King Arthur Drive - Phase I	$ 218.98
G11411	Sunshine Road - Phase I	$ 429.41
G11412	Burma Road - Phase I	$ 151.83
G11413	Point McKinzie - Goose Bay Road	$ 200,000.00
G11414	Soapstone Road	$ 190,156.11
G11415	South Big Lake Road - West Extension, Phase Ii	$ 354,232.04
G11416	Yolanda Drive	$ 375.99
G11417	Goddard RSA Roads	$ 83,200.00
G11418	Access to West Long Lake	$ 38,188.50
G11419	Welch Road	$ 29,500.00
G11420	Lucille Street - Phase I	$ 55,000.00
G11421	Smith Drive	$ 92,758.00
G11422	King Arthur Drive - Phase II	$ 64,514.01
G11424	Spruce Street (City of Wasilla)	$ 211,000.00
G11425	RSA #9 Midway	$ 96,606.23
G11426	RSA #28 Gold Trails	$ 112,256.43
G11427	RSA #25 Bogard	$ 118,977.27
	TOTAL	$2,882,991.05

Allocated $3,626,736.

MATANUSKA-SUSITNA BOROUGH (Continued)

PROJECT		FUNDS AUTHORIZE
G11428	RSA #19 Lazy Mountain	$ 129,000.00
G11429	RSA #31 Alpine	$ 129,000.00
G11430	West Long Lake Road Extension	$ 39,695.78
G11431	RSA #27 Meadow Lakes	$ 27,000.00
G11432	RSA #20 Willow	$ 170,000.00

CURRENT PROJECTS

PROJECT	FUNDS AUTHORIZE

Allocated $258,973

BRISTOL BAY BOROUGH

COMPLETED PROJECTS		FUNDS EXPENDED
G10301	King Salmon Heights	$ 7,004.25
G10302	Savonoski Road - Phase I	$ 6,097.41
G10303	Naknek Streets - Drainage Culverts	$ 2,045.00
G10306	South Naknek Streets - Bristol Bay Borough	$ 6,639.12
G10308	Savonoski Road - Phase I	$ 8,324.16
G10309	Savonoski Road - Phase II	$ 25,694.00
G10310	School Trail	$ 60,000.00
G10311	King Salmon Heights Road	$ 54,753.00
G10312	Naknek River Subdivision Extension	$ 51,727.00
G10322	School Access Road - King Salmon	$ 314.80
G10489	King Salmon Creek Road	$ 10,894.75
G10499	South Naknek to Airstrip	$ 4,015.17
G10509	Monsen - St. John	$ 2,455.50
G10519	School Access - King Salmon	$ 6,304.00
G10529	P.O. to Cannery	$ 4,442.85
G10889	South Naknek Dump Road	$ 4,607.89
	TOTAL	$ 225,318.90

PROJECTS COMPLETED - TO BE CLOSED OUT

PROJECT	FUNDS AUTHORIZEI

CURRENT PROJECTS

PROJECT	FUNDS AUTHORIZED

Allocated $7,142,031.

MUNICIPALITY OF ANCHORAGE

COMPLETED PROJECTS		FUNDS EXPENDED
G10389	Northern Lights Boulevard	$ 100,000.00
G10799	Spenard Road	$ 330,000.00
G10819	Anchorage Bike Trails	$ 106,337.00
G10879	City of Anchorage - 1974 Bike Trails	$ 123,625.00
G10909	Patterson Street	$ 58,000.00
G11101	GAAB Trail "C"	$ 124,000.00
G11102	Arctic Boulevard	$ 922,285.00
G11103	Inlet View Drive - Eagle River	$ 70,590.70
G11104	Baranof Avenue - Eagle River	$ 40,000.35
G11105	Coronado Drive - Eagle River	$ 191,015.78
G11106	76 Bike Trails	$ 99,312.00
G11107	132nd Avenue & Buffalo Street	$ 26,115.80
G11108	Prospect Drive	$ 58,174.26
G11109	Huffman - Birch	$ 20,000.00
G11110	Spenard Road (Northern Lights to Hillcrest)	$ 90,000.00
G11111	Old Seward Highway (36th to 46th)	$ 200,000.00
G11112	36th Avenue, "C" Street to Old Seward Highway	$ 200,000.00
G11113	Mountain View Drive	$ 90,000.00
G11114	Rockridge Drive	$ 63,516.04
G11115	Upper O'Malley Road	$ 237,702.70
G11116	Golden View Drive	$ 133,500.00
G11117	84th Avenue	$ 44,574.64
G11118	36th Avenue - Spring to "C" Street	$ 200,000.00
G11119	Lake Otis Parkway	$ 48,418.22
G11120	Fireweed Lane (Spenard Road to Arctic Boulevard)	$ 159,800.00
G11121	Old Eagle River Bike Trails	$ 22,400.00
G11122	Chester Creek Greenbelt Bike Trails	$ 63,502.00
G11124	Wilderness Street Improvements	$ 94,583.64
G11125	Old Seward Highway Street Improvements	$ 210,000.00
G11126	Arctic Boulevard Improvements	$ 405,257.50
G11127	Birchwood Camp Road Improvements	$ 35,000.00
G11130	Campbell Creek Greenbelt Bike Trail	$ 100,000.00
G11131	Tikishla Park Bridge Replacement	$ 30,000.00
G11132	DeBarr Tunnel Lighting	$ 0.00
G11134	Northwood Drive Improvements	$ 479,400.00
G11135	Pine Street/McCarrey Street Improvements	$ 373,389.00
G11136	Prospect Drive Improvements	$ 130,000.00
G11137	Golden View Drive (same as G11116, but needed to process additional payment after project was closed out)	$ 24,317.00
G12101	75 Bike Trails	$ 99,312.00
	TOTAL	$5,804,128.63

PROJECTS COMPLETED - TO BE CLOSED OUT

PROJECT		FUNDS AUTHORIZED
G11123	Stuckagain Heights Street Improvements	$ 20,000.00
G11128	Homestead Gruening School Crossings	$ 20,000.00
G11142	Eagle River Roadway Surfacing	$ 226,920.00

MUNICIPALITY OF ANCHORAGE (Continued)

CURRENT PROJECTS

G11129	Business Boulevard & Old Glenn Traffic Control & Channelization	$ 302,000.00
G11133	Rabbit Creek School Walkway	$ 15,000.00
G11138	Patterson Street Pedestrian Bridge	$ 30,000.00
G11139	Tikishla Park Bridges	$ 60,000.00
G11140	1985 Pedestrian Walkways	$ 100,000.00
G11141	Girdwood Trails	$ 161,198.00
G11143	Upper Dearmoun Road Improvements	$ 332,295.00

Allocated $1,111,808.(

KODIAK ISLAND BOROUGH

COMPLETED PROJECTS		FUNDS EXPENDED
G10169	Otemoli Way	$ 44,241.24
G10179'	Lake View Drive	$ 11,304.93
G10609	Melnitsa Lane	$ 81,669.08
G11301	Otmeoli Way	$ 95,330.00
G11302	Lakeview Drive - Phase II	$ 70,649.00
G11303	Lakeview Drive - Phase III	$ 0.00
G11304	Sawmill Circle - Lakeview Drive - Phase I	$ 241,594.00
G11305	Sawmill Circle - Lakeview Drive - Phase II	$ 77,368.00
G11306	Monashka Circle/Bayview Drive	$ 21,000.00
G11307	Belike Lane/Eider Street	$ 10,163.03
G11308	Lilly Drive/Unamed Street	$ 21,000.00
G11309	Sharatin Road/Perenosa Drive	$ 12,340.70
G11310	Dark Lake Access	$ 9,587.18
G11311	Pillar Drive/Beaver Way	$ 6,307.04
G11312	Russian Creek Road	$ 8,083.77
G11313	Sargent Creek Road/Birch Circle	$ 11,952.57
G11314	Middle Bay Drive Pauloff Circle	$ 7,758.36
G11315	Uyak Drive/Lake Orbin Drive	$ 12,702.73
G11316	South Russian Creek Road/Penaunaroff Road	$ 9,678.54
G11317	Gara Drive/Russian Loop Road	$ 18,198.08
G11318	Birch Street/Cove Drive/Beach Drive	$ 8,650.61
G11319	Rezanof Drive Pathway	$ 104,731.27
	TOTAL	$ 884,310.13

UNDER AGREEMENT		FUNDS AUTHORIZED
G11320	South Russian & Sargent Creek Roads	$ 227,500.30

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5166 HTRA HB 357 - HB 401

738

CITIES (Continued)

PALMER

Allocation: $317,982.00

PROJECTS COMPLETED		FUNDS EXPENDED
G10189	Palmer City Streets	$ 29,626.00
G12501	Palmer Street Improvements	$ 68,616.95
G12502	Cope Industrial Way	$ 10,000.00
G12503	North Gulkana Street	$ 75,032.50
G12504	North Alaska Street	$ 75,382.00
G12505	Palmer Traffic & Parking Study	$ 14,590.09
G12506	West Dogwood Avenue	$ 36,729.00
	TOTAL	$ 309,976.54

UNDER AGREEMENT	FUNDS AUTHORIZE

SEWARD

Allocation: $160,629.00

PROJECTS COMPLETED		FUNDS EXPENDED
G12301	Seward Road Improvement	$ 69,552.00
G12302	Fourth of July Creek Access Road	$ 30,029.00
G12303	Ballaine Boulevard Overlay - 1985	$ 61,048.00
	TOTAL	$ 160,629.00

UNDER AGREEMENT	FUNDS AUTHORIZE

KODIAK

Allocation: $294,703.00

PROJECTS COMPLETED		FUNDS EXPENDED
G10159	Mission Road	$ 38,799.19
G12401	Mission Road Overlay	$ 49,044.53
G12402	Mission Road Improvements	$ 134,574.00
	TOTAL	$ 222,417.72

UNDER AGREEMENT	FUNDS AUTHORIZE
	$ 0.00

CITIES (Continued)

HOMER

Allocation: $33,035.00 (Received first allocation in July, 1983)

PROJECTS COMPLETED		FUNDS EXPENDED
G12601	Bishop's Beach Access	$ 30,162.00

UNDER AGREEMENT		FUNDS AUTHORIZED

KING COVE

Allocation: $14,545.00 (Received first direct allocation in July, 1983)

PROJECTS COMPLETED		FUNDS EXPENDED
		$ 0.00

UNDER AGREEMENT		FUNDS AUTHORIZED
G13001	King Cove Boardwalks - 1985	$ 14,545.00

SAINT MARY"S

Allocation: $12,366.00 (Received first direct allocation in July, 1983)

PROJECTS COMPLETED		FUNDS EXPENDED
		$ 0.00

UNDER AGREEMENT		FUNDS AUTHORIZED
G13101	Dixon Circle/Kassag Road/Kamuck Way	$ 11,291.00

SAND POINT

Allocation: $19,744.00 (Received first direct allocation in July, 1983)

PROJECTS COMPLETED		FUNDS EXPENDED
G13201	Sand Point Boardwalks - 1985	$ 19,744.00

UNDER AGREEMENT		FUNDS AUTHORIZED

CITIES

SELDOVIA

Allocation: $7,133.00 (Received first direct allocation in July, 1983)

PROJECTS COMPLETED	FUNDS EXPENDED
	$ 0.00

UNDER AGREEMENT		FUNDS AUTHORIZI
		$ 0.00

SOLDOTNA

Allocation: $34,605.00 (Received first direct allocation in July, 1983)

PROJECTS COMPLETED	FUNDS EXPENDED
	$ 0.00

UNDER AGREEMENT		FUNDS AUTHORIZE
G12701	Soldotna Street Improvements - 1986	$ 34,605.00

UNALASKA

Allocation: $41,800.00 (Received first direct allocation in July, 1983)

PROJECTS COMPLETED	FUNDS EXPENDED
	$ 0.00

UNDER AGREEMENT		FUNDS AUTHORIZE
G13301	HUD Housing & Airport Road	$ 41,800.00

CITIES (Continued)

KENAI

Allocation: $360,915.00

PROJECTS COMPLETED		FUNDS EXPENDED
G10028	Riverview Drive	$ 4,584.20
G10029	Willow Street	$ 7,576.93
G10039	Fourth Avenue	$ 8,454.42
G12201	Redoubt Avenue	$ 0.00
G12202	Boat Harbor Access Road	$ 0.00
G11203	LSR&T-LPW	$ 142,076.00
G11204	Willow Street Illumination	$ 66,958.00
G12205	1st & 2nd Streets - 1983 (Design)	$ 20,000.00
G12206	Aliak, McCollum, Cinderella, Fox, Princess, & Linwood City Streets	$ 28,288.00
G12207	Standard, Richmond & Thompson Streets	$ 18,000.00
	TOTAL	$ 295,937.55

UNDER AGREEMENT	FUNDS AUTHORIZI

CORDOVA

Allocation: $327,027.00

PROJECTS COMPLETED		FUNDS EXPENDED
	Not of record -- projects constructed while City was under the jurisdiction of the Valdez District	$ 214,865.00
G52101	LaFevere Street Improvement	$ 23,627.36
	TOTAL	$ 238,492.36

UNDER AGREEMENT	FUNDS AUTHORIZE

DILLINGHAM

Allocation: $49,386.00 (Received first direct allocation in July, 1983)

PROJECTS COMPLETED	FUNDS EXPENDED

UNDER AGREEMENT	FUNDS AUTHORIZE

1/19/88 LSR&T PROGRAM

DISTRICT	50/50	% TOTAL	30/70	% TOTAL	DELTA	% CHANGE
I. ANCHORAGE	$2,031,000	33.9%	$1,357,800	22.6%	($673,200)	-11.2%
II. FAIRBANKS	$1,464,000	24.4%	$1,696,800	28.3%	$232,800	3.9%
III. SOUTHEAST	$618,000	10.3%	$567,600	9.5%	($50,400)	-0.8%
IV. WESTERN	$1,629,000	27.2%	$2,059,800	34.3%	$430,800	7.2%
V. VALDEZ	$258,000	4.3%	$318,000	5.3%	$60,000	1.0%
TOTAL	$6,000,000	100.0%	$6,000,000	100.0%	$0	0.0%

The table above shows how a theoretical $6 million LSR&T Program would be allocated under the present statutes which divides the funds to each district 50% by population and 50% by area (square miles). It also shows how the allocation would change under the proposed housekeeping bill allocation formula of 30% by population and 70% by area. This would tend to favor the rural districts. The concept appears to be to help the rural areas that do not have the tax base to support their own program, but anomalies such as the North Slope Borough with a large area, small population, and a superior tax base are not addressed.

This allocation concept is complicated by the fact that the allocation districts do not conform to Regional boundries. For example the large Western District encompasses both Nome and Bethel.

If the funds were allocated to the three DOT&PF Regions on either a 50/50 or 30/70 split, the program would look like the table below. It is difficult to compare the two tables as it is not known how the Western District allocation would be suballocated between Central and Northern Regions.

REGION	50/50	% TOTAL	30/70	% TOTAL	DELTA	% CHANGE
CENTRAL	$2,966,400	49.4%	$2,515,913	41.9%	($450,488)	-7.5%
NORTHERN	$2,416,500	40.3%	$2,917,667	48.6%	$501,167	8.4%
SOUTHEAST	$617,100	10.3%	$566,421	9.4%	($50,679)	-0.8%
TOTAL	$6,000,000	100.0%	$6,000,000	100.0%	$0	0.0%

JAN 26 1988

Tanana Chiefs Conference, Inc.

201 First Ave.
Fairbanks, Alaska 99701
(907) 452-8251

YUKON TANANA SUBREGION

January 19, 1988

Chairman Bette Cato
House Transportation Committee
P.O. Box V
Juneau, AK 99811

Dear Representative Cato:

This letter supports House Bill 356 "An Act relating to grants for local service roads and trails, and providing for an effective date." Rural areas need funding for service roads and trails. HB 357 would allocate monies for much needed road improvements to the community of Rampart.

Short-term jobs would be created in a down economy. It would also assist in the future development of both land development within the community of Rampart along the perimeter of the existing roadway, and expansion of fish processing to support both fresh and frozen products.

I think HB 357 should receive favorable comments from the Transportation Committee to the Legislature.

Thank you.

Sincerely,

TANANA CHIEFS CONFERENCE, INC.

Oscar Frank, Jr.
Community Resource Coordinator

OFJr/alj

HB

397

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation

2/19/88

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

February 19, 1988

****

COMMITTEE CALENDAR:

HB 397: "An Act relating to licensing school bus drivers."

FOR THIS MEETING, YOUR PACKET INCLUDES:

item #1: HB 397
#2: Sponsor Substitute for HB 397
#3: fiscal note - Department of Public Safety
#4: fiscal note - Department of Education
#5: position paper - Department of Education
#6: position paper - Fairbanks North Star Borough
#7: statutes
#8: Depart. of Public Safety definitions
#9: DOE regulations on school bus driver training
#10: letter of support - Kenai Peninsula Boro School District
#11: SB 375

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSHB 397 (HESS)
PUBLISH DATE: _____

FISCAL NOTE

REQUEST: _____

Revision Date: _____
Title: "An Act relating to licensing school bus drivers."
Sponsor: Rep. Cato and Frank
Requestor: House Rules

Agency Affected: Public Safety
BRU: Motor Vehicles
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

No fisal impact on this department.

Prepared by: Bill Brown
Phone: 465-4335
Division: Motor Vehicles
Date: 3/7/88

Approved by Commissioner: Dale Hoffbeck, Dep. Comm. Date: 3-16-88
Agency: Public Safety

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

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version : HB-397
Publish Date :

REQUEST:

Revision Date:
Title : . . licensing of school bus drivers.

Agency Affected : Education
BRU :

Sponsor : Cato
Requestor : House Transportation

Components :

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		Ø	Ø	Ø	Ø	Ø
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		Ø	Ø	Ø	Ø	Ø
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by : Steve Hole
Division : Commissioner's Office
Phone : 465-2800
Date : 2-18-88

Approved by Commissioner : William G. Demmert
Agency : Education
Date : 2-18-88

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

ALASKA DEPARTMENT OF EDUCATION
Position Paper - SB 375
2/10/88

The Department of Education strongly supports training and licensing of drivers who transport large groups of students to or from school or school activities.

We agree with the requirements of this bill for training and special licensing of drivers who transport school children to or from school or school activities on school buses, or who transport school age children to or from school on buses.

While the department takes no position on the intent of the bill to delete training and special licensing of drivers of non-school buses transporting school age children on activity trips, we believe that school districts should provide these drivers with training in at least the following areas: pre-trip inspection, defensive driving, emergency situations, and passenger management.

for

William G. Demmert, Commissioner

Fairbanks North Star Borough School District

&

Interior Delegation Meeting

December 14, 1987

Interior Delegation

Sen. Jack Coghill
Sen. Bettye Fahrenkamp
Sen. Ken Fanning

Rep. Mark Boyer
Rep. Mike Davis
Rep. Steve Frank
Rep. Niilo Koponen
Rep. Mike Miller

Fairbanks School Board

Bonnie Brody, President

Mike Kramer
Jerry McBeath
Gene Redden
Tony Barnhill, Post Rep.

Walt Schlotfeldt
Karl Schroeder
Andy Warwick
Mike Griffin, Base Rep.

Linda Lowery, Student Rep.

Rick Cross, Superintendent

SCHOOL BUS DRIVERS' LICENSES

POSITION PAPER
AS 28.15.046(A)

I. Statutory requirement

Effective Sept 1, 1987 a person may not drive a school bus, or a bus transporting school age children, until that person has been issued a school bus driver's license.

II. Impact on District

Since the new licensing requirements apply to persons driving any bus transporting school age children, many more people are required to possess school bus driver's licenses than in the past. Anyone who drives school age children in a vehicle capable of transporting 11 or more students must now obtain a school bus driver's license.

This change impacts primarily the extra curricular programs of the District. It also effects the use of the District van by FAJHS staff to transport students. District activities will be impacted as follows:

1. Schools may not rent vans to transport teams to and from events unless the sponsor/driver possesses a valid school bus driver's license. This applies to renting vans in Fairbanks to drive to another town. It also applies to renting vans in Anchorage (or any other town) to travel around town after flying from Fairbanks.

   This restriction on the use of vans will increase the cost of transporting teams. Teams will have to either rent smaller capacity vans, rent school buses, or arrange for sponsors to obtains bus driver's licenses. Each of those alternatives increases activity costs, possibly to the point of making it too expensive to travel out of district for certain groups.

2. Schools may no longer charter buses from common carriers (e.g. Westours, Sturgeon, etc.) unless the drivers of those motor coaches possess school bus driver's licenses. These drivers do not generally possess school bus driver licenses, so the district cannot presently use common carriers on long haul charters.

3. The FAJHS must either lower the capacity of its van (presently a 15 passenger van) to less than 10 passenger capacity, or the staff at FAJHS must obtain school bus driver's permits.

III. Potential Solutions

The District has several options available to address the problems created by these new licensing requirements. They are as follows:

1. Hire all transportation of students to school bus contractors.

2. Arrange for all coaches/sponsors travelling with students to obtain school bus driver's permits.

3. Only rent/lease vehicles of 10 passenger or less.

4. Pursue amendment to AS 28.15.046(a) that will change the persons required to possess a school bus driver's license.

The district is presently using a combination of alternatives 1-3 in an effort to comply with the new law. This changes the way students transportation has occurred in the past, making it both more expensive and more difficult to arrange.

IV. Recommended Solution

The alternative of amending the law should be considered. The new law, designed to standardize school bus driver training requirements, has created a new class of persons required to obtain this license. These people will probably never drive a yellow school bus, but are still required to possess a school bus driver's permit.

To suggest that only drivers of school buses should need school bus driver's licenses is not unreasonable. The District supports a change in the law that will limit the application of the statute to those drivers who actually transport students on school buses.

27.21.998

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Alaska Statutes

Title 28. Motor Vehicles.

Chapter

05. Administration (§§ 28.05.021, 28.05.041, 28.05.091, 28.05.141, 28.05.151)
10. Vehicle Registration and Title (§§ 28.10.011, 28.10.021, 28.10.041, 28.10.051, 28.10.101 — 28.10.108, 28.10.111, 28.10.121, 28.10.131, 28.10.141, 28.10.151, 28.10.181, 28.10.201, 28.10.321, 28.10.411, 28.10.421, 28.10.423, 28.10.431, 28.10.495, 28.10.502)
15. Drivers' Licenses (§§ 28.15.041, 28.15.046, 28.15.051, 28.15.071, 28.15.166, 28.15.171, 28.15.191, 28.15.221, 28.15.231, 28.15.271)
17. Commercial Driver Training Schools (§ 28.17.051)
20. Motor Vehicle Safety Responsibility Act (§ 28.20.440)
22. Motor Vehicle Liability Insurance (§§ 28.22.010, 28.22.100, 28.22.200, 28.22.600)
32. Commercial Motor Vehicle Safety Inspections (§§ 28.32.010 — 28.32.900)
33. Commercial Motor Vehicle Financial Responsibility (§ 28.33.010)
35. Miscellaneous Provisions (§§ 28.35.031 — 28.35.033, 28.35.045, 28.35.145, 28.35.235, 28.35.251 — 28.35.255)
37. Driver License Compact (§§ 28.37.010 — 28.37.040, 28.37.110 — 28.37.190)
40. General Provisions (§§ 28.40.050, 28.40.100)

Chapter 05. Administration.

Article

1. Powers and Duties of Department of Public Safety (§§ 28.05.021, 28.05.041)
2. Vehicle Equipment Standards (§ 28.05.091)
3. Subpoenas, Notices and Hearings (§ 28.05.141)
4. Disposition of Certain Vehicle and Traffic Offenses (§ 28.05.151)

Article 1. Powers and Duties of Department of Public Safety.

Section

21. Commissioner to enter compacts and reciprocal agreements
41. Commissioner to prescribe forms, examine applications, and administer oaths

nor may the department issue the license until proper application has been made and all required driving, written, and physical examinations have been successfully completed. A license issued under this subsection expires on September 1 of the year following issuance. Application for renewal may be made by submitting to the department the results of a current physical examination and paying the required fee.

(c) A person may not drive a commercial motor vehicle until the person applies for and is issued a license for that purpose under (a) of this section. The department may not issue a license under this subsection unless the applicant is at least 19 years of age, has held a valid driver's license at least one year, and has successfully completed all required driving tests and written and physical examinations. In this subsection, "commercial motor vehicle" has the meaning given in AS 28.32.900. (§ 19 ch 178 SLA 1978; am § 2 ch 104 SLA 1985; am § 2 ch 19 SLA 1986)

Effect of amendments. — The 1985 amendment added subsection (c).

The 1986 amendment deleted "school bus transporting school children, or a bus transporting school-age children or another" preceding "motor vehicle" in the first sentence of subsection (b).

Sec. 28.15.046. Licensing of school bus drivers. (a) In addition to the requirements of AS 28.15.041(a), a person may not drive a school bus transporting school children, or a bus transporting schoolage children until the person has applied for and has been issued a license for that purpose under this section.

(b) The department may not issue a license under this section unless the applicant

(1) is at least 19 years of age;

(2) has had a license to operate a motor vehicle at least one year before the date of application;

(3) has successfully completed all required driving, written, and physical examinations;

(4) has submitted information sufficient to complete a background check consisting of a fingerprint check of national criminal records and state criminal records of the state or states in which the applicant has resided for the past two years;

(5) has completed a state approved school bus driver training course established under AS 14.07.020(a)(14) or has for the previous two years been licensed by the state to operate a school bus.

(c) The department may not issue a license under this section to an applicant who has been convicted of any of the following offenses within 20 years of the time of application:

(1) sexual abuse of a minor in any degree (AS 11.41.434 — 11.41.440);

(2) sexual assault in any degree (AS 11.41.410 or 11.41.420);

(3) incest (AS 11.41.450);
(4) unlawful exploitation of a minor (AS 11.41.455);
(5) contributing to the delinquency of a minor (AS 11.51.130);
(6) a felony involving possession of a controlled or imitation controlled substance (AS 11.71 or AS 11.73);
(7) a felony or misdemeanor involving distribution of a controlled or imitation controlled substance (AS 11.71 or AS 11.73);
(8) promoting prostitution in the first or second degree (AS 11.66.110 or 11.66.120).

(d) The department may not issue a license to an applicant who has been convicted of driving while intoxicated (AS 28.35.030) within two years of the time of application or to an applicant who has two or more convictions for driving while intoxicated within 10 years of the time of application.

(e) For purposes of determining whether an applicant has been convicted of an offense listed under (c) or (d) of this section, a conviction under prior state law or in another jurisdiction of an offense having elements substantially similar to those of the offenses listed in (c) or (d) of this section is considered a conviction.

(f) Costs of conducting the background check required under (b)(4) of this section shall be paid by the applicant. A license issued under this section expires on September 1 of the year following issuance. Application for renewal may be made by submitting to the department the results of a current physical examination and paying the required fee. (§ 3 ch 19 SLA 1986)

Sec. 28.15.051. Instruction permit, temporary driver's license and special driver's permit. (a) Except as provided in (b) of this section, a person who is at least 14 years of age may apply to the department for an instruction permit. The department may, after the applicant has successfully passed all parts of the examination under AS 28.15.081 other than the driving test, issue to the applicant an instruction permit. The permit allows a person, while having the permit in the person's immediate possession, to drive a specified type or class of motor vehicle on a highway or vehicular way or area for a period not to exceed two years. The permittee must be accompanied by a person at least 19 years of age who has been licensed at least one year to drive the type or class of vehicle being used, who is capable of exercising control over the vehicle and who occupies a seat beside the driver, or who accompanies and immediately supervises the driver when the permittee drives a motorcycle. An instruction permit may be renewed.

(b) The department, upon receiving proper application, may issue a restricted instruction permit effective for a school year or for a more restricted period to an applicant who is at least 14 years of age and who is enrolled in a driver education program which includes practice

Chapter 15. Drivers' Licenses.

Article
1. Issuance, Expiration and Renewal of Licenses (§§ 28.15.041, 28.15.046, 28.15.051, 28.15.071)
2. Cancellation, Suspension, Revocation or Limitation of Drivers' Licenses (§§ 28.15.166, 28.15.171, 28.15.191)
3. Point System (§§ 28.15.221, 28.15.231)
4. Fees (§ 28.15.271)

Article 1. Issuance, Expiration and Renewal of Licenses.

Section
41. Classification of drivers' licenses
46. Licensing of school bus drivers
51. Instruction permit, temporary driver's license and special driver's permit
71. Application of minors

Sec. 28.15.011. Drivers must be licensed.

NOTES TO DECISIONS

Subsection (a) construed. — The provisions of subsection (a) constitute a broad statement of the legislature's intent, in enacting the motor vehicle code, to adopt a statutory scheme that deals with the licensing of Alaska drivers in a comprehensive and uniform manner; this subsection is not a legislative commitment to the philosophical concept of an innate privilege to drive. Roberts v. State, Ct. App. Op. No. 478 (File No. A-342), 700 P.2d 815 (1985).

Sec. 28.15.041. Classification of drivers' licenses. (a) The commissioner shall provide by regulation for the classification of drivers' licenses. The regulations shall specify license classifications which are reasonably necessary for the safe operation of the various types, sizes and combinations of motor vehicles. The regulations shall also establish medical standards, standards of driving conduct and proficiency, and other standards governing the issuance, renewal, or denial of these licenses. The department may examine each applicant to determine the applicant's qualifications according to the class of license applied for, and upon issuing a driver's license the department shall indicate on the license the classification for which an applicant for a license has qualified by examination. The regulations and any subsequent modifications under this section become effective only if approved by a concurrent resolution adopted by a majority vote of each house of the legislature.

(b) A person may not drive a motor vehicle when in use for the transportation of persons for compensation until the person has applied for and has been issued a license for that purpose under (a) of this section. The department may not issue a license under this subsection unless the applicant is at least 19 years of age, has had at least one year of driving experience, and the department is satisfied as to the applicant's good character, competence and fitness to be licensed;

nor may the department issue the license until proper application has been made and all required driving, written, and physical examinations have been successfully completed. A license issued under this subsection expires on September 1 of the year following issuance. Application for renewal may be made by submitting to the department the results of a current physical examination and paying the required fee.

(c) A person may not drive a commercial motor vehicle until the person applies for and is issued a license for that purpose under (a) of this section. The department may not issue a license under this subsection unless the applicant is at least 19 years of age, has held a valid driver's license at least one year, and has successfully completed all required driving tests and written and physical examinations. In this subsection, "commercial motor vehicle" has the meaning given in AS 28.32.900. (§ 19 ch 178 SLA 1978; am § 2 ch 104 SLA 1985; am § 2 ch 19 SLA 1986)

Effect of amendments. — The 1985 amendment added subsection (c).

The 1986 amendment deleted "school bus transporting school children, or a bus transporting school-age children or another" preceding "motor vehicle" in the first sentence of subsection (b).

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Alaska Statutes

Title 1. General Provisions.

Chapter
10. Laws and Statutes (§§ 01.10.030, 01.10.055, 01.10.060, 01.10.070)

Chapter 05. Alaska Statutes.

Sec. 01.05.006. Adoption of Alaska Statutes.

Cross references. — For exception to provision that section headings are not a part of the law, see AS 45.01.109.

NOTES TO DECISIONS

Cited in Schnabel v. State, Ct. App. Op. No. 250 (File No. 7273), 663 P.2d 960 (1983).

Sec. 01.05.031. Revision of statutes.

NOTES TO DECISIONS

Quoted in Schnabel v. State, Ct. App. Op. No. 250 (File No. 7273), 663 P.2d 960 (1983).

Chapter 10. Laws and Statutes.

Article
2. General Rules of Statutory Construction (§§ 01.10.030, 01.10.055, 01.10.060)
3. Effect of Statutes (01.10.070)

Article 1. Common Law.

Sec. 01.10.010. Applicability of common law.

NOTES TO DECISIONS

Quoted in Wells v. State, Ct. App. Op. No. 401 (File Nos. 7479, 7663), 687 P.2d 917 (1984); Beran v. State, Ct. App. Op. No. 506 (File Nos. A-535, A-629, A-630, A-679), 705 P.2d 1280 (1985); Balentine v. State, Ct. App. Op. No. 538 (File No. A-381), 707 P.2d 922 (1985); State v. Burke, Ct. App. Op. No. 583 (File No. A-908), 714 P.2d 374 (1986).

Cited in Jackson v. State, Ct. App. Op. No. 211 (File No. 6664), 657 P.2d 405 (1983); Stiegele v. State, Ct. App. Op. No. 382 (File No. A-399), 685 P.2d 1255 (1984).

(10) "property" includes real and personal property;

(11) "real property" is coextensive with land, tenements, and hereditaments;

(12) "signature" or "subscription" includes the mark of a person who cannot write, with the name of that person written near the mark by a witness who writes the witness's own name near the name of the person who cannot write; but a signature or subscription by mark can be acknowledged or can serve as a signature or subscription to a sworn statement only when two witnesses so sign their own names to the sworn statement;

(13) "state" means the State of Alaska unless applied to the different parts of the United States and in the latter case it includes the District of Columbia and the territories;

(14) "writing" includes printing. (§ 4 ch 62 SLA 1962; am § 2 ch 66 SLA 1965; am § 10 ch 117 SLA 1968; am § 19 ch 74 SLA 1985)

Revisor's notes. — Reorganized in 1985 to alphabetize the defined terms.

Effect of amendments. — The 1985 amendment added paragraph (4).

NOTES TO DECISIONS

Quoted in Hull v. Alaska Fed. Sav. & Loan Ass'n, Sup. Ct. Op. No. 2605 (File No. 6346), 658 P.2d 122 (1983).

Article 3. Effect of Statutes.

Section
70. Time statutes become law and take effect

Sec. 01.10.070. Time statutes become law and take effect. (a) All bills passed by the legislature become law upon the governor's signature or upon the governor's veto being overridden or, when the governor allows a bill to become law without signature, on the day after expiration of the period allowed for gubernatorial action by art. II, § 17 of the Alaska Constitution. Acts become effective 90 days after becoming law, unless the legislature, by concurrence of two-thirds of the membership of each house, provides for another effective date.

(b) The actual effective date of an Act having no effective-date provision is determined by starting with the day after it is signed by the governor or the day after the governor's veto is overridden or the day after expiration of the period allowed for gubernatorial action by art. II, § 17 of the Alaska Constitution, and counting 90 calendar days, the Act becoming effective at 12:01 a.m., Alaska Standard Time on the 90th day.

(c) The actual effective date and time of an Act having an immediate-effective-date provision is 12:01 a.m., Alaska Standard Time, on

the day after it is signed by the governor or on the day after the governor's veto is overridden or on the day after expiration of the period allowed for gubernatorial action by art. II, § 17 of the Alaska Constitution.

(d) An Act which specifies a definite effective date becomes effective at 12:01 a.m., Alaska Standard Time on the date specified.

(e) When the governor allows a bill to become law without signature, the governor shall give written notice of that fact to the legislature. The date of this notice has no effect upon the date the bill becomes law nor upon the date the Act takes effect.

(f) In this section

(1) "Act" means a bill which has become law;

(2) "bill" means a legislative document proposing an Act;

(3) "becomes effective" means becomes applicable; "effective date" does not mean date of enactment (or date of becoming law), although the two will coincide when a bill which has an immediate-effective-date provision is allowed to become law without the governor's signature;

(4) "becomes law" means is enacted; "enactment" occurs when any one of the following takes place:

(A) a bill which is passed by the legislature is signed by the governor;

(B) the period specified in art. II, § 17 of the Alaska Constitution expires without gubernatorial action;

(C) the legislature overrides the governor's veto of a bill;

(5) "passed by the legislature" means that the required majority of each house of the legislature has taken final action in approving the same version of a bill. (§ 5 ch 62 SLA 1962; am § 8 ch 126 SLA 1966; am § 1 ch 115 SLA 1974; am §§ 1—3 ch 6 SLA 1984)

Effect of amendments. — The 1984 amendment substituted "Alaska" for "Pacific" near the end of subsection (b), near the beginning of subsection (c), and in subsection (d).

NOTES TO DECISIONS

Applied in Atlantic Richfield Co. v. State, Sup. Ct. Op. No. 2695 (File No. S-52), 666 P.2d 1031 (1985).

Sec. 01.10.080. Computation of time.

NOTES TO DECISIONS

Quoted in Fairbanks N. Star Borough v. Tundra Tours, Inc., Sup. Ct. Op. No. 3052 (File Nos. S-524, S-554), P.2d (1986).

CHAPTER 40.
GENERAL PROVISIONS

Section
10. Definitions

13 AAC 40.010. DEFINITIONS. In chapters 02, 04, 06, and 08 of this title, and in AS 28, unless otherwise provided

(1) "alley" means a street or highway intended to provide access to the rear or side of lots or buildings in urban districts and not intended for use by through vehicular traffic;

(2) "arterial street" means a U.S. or state numbered route, controlled-access highway, or other major radial or circumferential street or highway designated by a municipality within its respective jurisdiction as part of an interlocking system of streets or highways;

(3) "authorized emergency vehicle" means a vehicle equipped as required by 13 AAC 04.090, 095 and 210 and which is used by a publicly maintained fire or police department, airport security police, a public or private ambulance service, a vehicle of a federal agency which is designated as an emergency vehicle by that agency, or other vehicles designated by the commissioner; the term does not include a person's private vehicle equipped as provided by 13 AAC 04.100;

(4) "authorized flagman" means every person who is directing or regulating traffic as required by statute, regulation or ordinance, or by contract or agreement, and who is wearing and equipped with the warning devices set out in the Alaska Traffic Manual, published by the Department of Transportation and Public Facilities;

(5) "bicycle" means a vehicle propelled exclusively by human power upon which a person may ride, having two tandem wheels or three wheels in contact with the ground, except scooters and similar devices;

(6) "bus" means every motor vehicle designed for carrying more than 10 passengers and used primarily for the transportation of passengers, and every motor vehicle designed and used for the transportation of persons for compensation, except a taxicab or school bus;

(7) "business district" means the territory contiguous to and including a highway, other than a controlled-access highway, when within any 600 feet along the highway there are buildings in use for business or industrial purposes, including, but not limited to, hotels, banks, office buildings, railroad stations or public buildings other than schools which occupy at least 300 feet of frontage on one side or 300 feet collectively on both sides of the highway; however, if the highway is physically divided into two or more roadways, only those buildings facing each roadway separately may be regarded;

(8) "centerline" means the line, marked or unmarked, parallel to and approximately equidistant from the sides of a roadway or highway, or a plainly marked dividing line on a roadway between lanes of traffic traveling in opposite directions which may or may not be equidistant from the sides of the roadway or highway;

(9) "controlled-access highway" means every highway, street, or roadway where access to or from the highway is determined by the public authority having jurisdiction over the highway, street or roadway;

(10) "cowling" means the forward or rear portion of a snowmobile surrounding the motor and clutch assembly;

(11) "crosswalk" means that portion of a roadway at an intersection which is between an extension of a sidewalk which ends on the opposite side of the roadway or, in the absence of a sidewalk, that portion of the roadway which is an extension of the edge of the roadway to the opposite side of the roadway and between a parallel line 10 feet from that extension in a direction away from the intersection, except as modified by a marked crosswalk on a portion of a roadway at an intersection or elsewhere which is distinctly indicated by lines or other markings on the surface of the roadway;

(12) "dazzle" means to cause a person to lose clear vision due to the effect of a brilliantly shining light;

(45) "safety zone" means the area of space officially set apart within a roadway for the exclusive use of pedestrians, and which is protected or marked by signs which are plainly visible at the time it is used as a safety zone;

(46) "school bus" means every motor vehicle that complies with the color and identification requirements set forth in the edition of Minimum Standards for School Buses and Minimum Standards for Alaska School Buses, which is in effect on the effective date of this section, and is used to transport children to or from school or in connection with school activities; it does not include buses operated by common carriers for the urban transportation of school children;

(47) "semitrailer" means a vehicle with or without motive power, other than a pole trailer, designed for carrying persons or property, drawn by a motor vehicle, and constructed so that part of its weight rests upon or is carried by another vehicle;

(48) "sidewalk" means that portion of a street between the curblines or the lateral lines of a roadway and the adjacent property lines, and intended for use by pedestrians;

(49) "snowmobile" means a motor vehicle designed to travel over ice or snow, and supported in part by skis, belts, cleats, or low-pressure tires;

(50) "solid rubber tire" means a tire of rubber or other resilient material which does not depend upon compressed air for the support of the load;

(51) "specially constructed vehicle" means a vehicle required to be registered under AS 28.10, which is not originally constructed under a distinctive name, make, model, or type by a generally recognized manufacturer of vehicles and which is not materially altered from its original construction;

(52) "special mobile equipment" means a vehicle which is not designed or used primarily for the transportation of persons or property and only incidentally operated or moved over a highway, including but not limited to ditch digging apparatus, well boring apparatus, construction and [illegible] as asphalt spreaders, [illegible] loaders, tractors, [illegible] ditchers, leveling [illegible] motor graders, [illegible] earthmoving carry[illegible] shovels and drag lin[illegible] and earthmoving equip[illegible] house trailers, [illegible] vehicles, dump [illegible] mixers, cranes, [illegible] designed for the [illegible] property to which m[illegible]

(53) "stand" or "[illegible] of a vehicle, wheth[illegible] temporarily for [illegible] actually engaged [illegible] passengers;

(54) "stop" or "[illegible] cessation from move[illegible] momentarily, of a veh[illegible] not, except when ne[illegible] with other traffic [illegible] directions of a pol[illegible] sign or signal;

(55) "street" mea[illegible] AS 28;

(56) "through hi[illegible] portion of highway [illegible] has preferential rig[illegible] which vehicula[illegible] highways is requ[illegible] right-of-way to [illegible] obedience to a [illegible] official traffic-cont[illegible]

(57) "tow car" [illegible] is equipped for [illegible] crane, hoist, or [illegible] used primarily [illegible] assistance to oth[illegible]

(58) "trailer" [illegible] without motiv[illegible] persons or prop[illegible] motor vehicle, [illegible] trailers;

(59) "transp[illegible] business of deliv[illegible]

[illegible] and designated [illegible] of ident[illegible] an en[illegible] by its [illegible] department [illegible] another juris[illegible]

[illegible] wrecked [illegible] to disable [illegible] used for it [illegible] repair [illegible] Reg. 70)

8/27/87

STATE OF ALASKA
DEPARTMENT OF EDUCATION

Regulations on School Bus Driver Training
DRAFT

The following regulations were adopted by the State Board of Education at its regular meeting held on August 17, 1987:

4 AAC 27 is amended by adding new sections to read:

4 AAC 27.200. APPROVED SCHOOL BUS DRIVER TRAINING COURSES. (a) Upon application by a district on forms prescribed by the department, the department may approve a school bus driver training course that is required by a pupil transportation contract which was awarded pursuant to 4 AAC 27.085. Courses approved under this subsection are approved until the expiration of the transportation contract under which the approval was made.

(b) Upon application on forms prescribed by the department and until June 30, 1988, the department may approve a school bus driver training course which includes at least 10 hours of training in the following subjects: pre-trip inspection; seat and mirror adjustment; defensive driving; driving skills; loading and unloading procedures; student management; and safety and emergency procedures. Courses approved under this subsection are approved until June 30, 1988 unless otherwise authorized in writing by the department.

(c) Upon application on forms prescribed by the department, the department may approve a school bus driver training course that:

(1) is conducted by a school bus driver training instructor certified under 4 AAC 27.210;

(2) meets the minimum standard training requirements of 4 AAC 27.220; and

(3) except as otherwise authorized in writing, by the department, follows the Minimum Course Content for Pre-Service Training of Alaska School Bus Drivers, 1987 Edition, issued by the department.

(d) Courses approved under subsection (c) are approved for a period of three years.

4 AAC 27.210. CERTIFICATION OF INSTRUCTORS. (a) The department will certify a person holding a school bus driver permit as a school bus driver training instructor if the person:

(1) has a minimum of two years' school bus driving experience; and

(2) satisfactorily completes a school bus driver training instructor certification program conducted by the department.

(b) A school bus driver training instructor certificate issued under (a) of this section expires three years from the date of issuance or whenever the holder fails to continue to hold a school bus driver permit, whichever comes first.

(c) A certificate issued under (a) of this section may be renewed any number of times if the holder submits an application on a form prescribed by the department and

(1) has conducted at least one state approved training course annually during the life of the certificate; or

(2) has prior approval of the department to enter and satisfactorily completes a school bus driver training instructor refresher program conducted by the department.

4 AAC 27.220. MINIMUM STANDARDS FOR SCHOOL BUS DRIVER TRAINING COURSES. (a) In order for a person to be certified by a department approved instructor as having met the requirements of a school bus driver training course approved under 4 AAC 27.200(c), the person must successfully:

(1) identify the major mechanical component parts of a school bus;

(2) complete a pre-trip inspection of a school bus;

(3) adjust the driver's seat of a school bus so that all controls can be reached easily;

(4) adjust the mirrors of a school bus for optimum visibility;

(5) demonstrate starting and stopping the bus smoothly using proper coordination of accelerator, clutch where applicable, and brakes;

(6) stop a school bus a specified distance from another object or point using over the hood, rear and curb reference points;

(7) where applicable, shift gears on a moving school bus in a manner which provides a safe ride to passengers and avoids damage and unnecessary wear to the bus components;

(8) where applicable, demonstrate the use of shifting in slowing and stopping the bus;

(9) turn a corner in a school bus while keeping the bus in the correct lane of traffic;

(10) back up a school bus in a straight line, and turn the bus around by backing into a side street under conditions of both ample and limited space;

(11) explain and demonstrate defensive driving skills which may help prevent accidents in school buses in spite of incorrect actions of others;

(12) demonstrate procedures for properly loading and unloading students;

(13) explain techniques for managing the behavior of pupils on a school bus in a positive way;

(14) explain proper actions to take during driving emergencies;

(15) locate and explain how to use emergency equipment found on school buses;

(16) explain and demonstrate procedures for safely positioning a school bus on a road after a mechanical breakdown or emergency situation;

(17) demonstrate procedures for safely evacuating passengers of a school bus; and

(18) demonstrate procedures for properly crossing railroad tracks in a school bus.

4 AAC 27.230. ISSUANCE OF SCHOOL BUS DRIVER CERTIFICATES; RECORDKEEPING REQUIREMENTS. (a) An instructor certified under 4 AAC 27.210 may issue a certificate certifying that a person has completed a state approved school bus training course under AS 14.07.020(a)(14) only if the person has completed a course approved under 4 AAC 27.200 using the Minimum Course Content for Pre-Service Training of Alaska School Bus Drivers, 1987 Edition, issued by the department, and has demonstrated to the instructor's satisfaction that the driver has met each of the minimum standards set forth in 4 AAC 27.220.,

(b) An instructor must keep records available for inspection by the department for a period of three years for each person to whom he or she has given instruction in school bus driving indicating:

(1) the objectives on which training was given, including when the training was given, and the amount of training given on each objective; and

(2) evaluation sheets, dated and signed by the instructor and driver, documenting that the driver has met each of the minimum standards set forth in 4 AAC 27.220.

(c) The instructor must furnish a duplicate of each certificate issued under (a) of this section to the department within 5 days of its issuance.

4 AAC 27.240. REVOCATION OF INSTRUCTOR CERTIFICATE. A certificate issued under 4 AAC 27.210 may be revoked for the following reasons:

(a) fraudulent certification of training;

(b) failure to follow department regulations and instructions concerning school bus driver training;

(c) negligence in driving or instructional techniques;

(d) revocation of school bus driver permit;

(e) failure to properly document training as required by 4 AAC 27.230; or

(f) willful failure to submit duplicate certificate to the department as required by 4 AAC 27.230.

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

148 North Binkley Street • Soldotna, AK 99669 • Phone 907/262-5846

February 10, 1988

Representative Bette Cato
House of Representatives
P.O. Box V
Juneau, AK 99811

Dear Representative Cato:

I am corresponding with you in regard to two items:

1. Licensure of occupational therapists.
2. Necessity to hold a school bus driver's license to operate a school van.

Licensure of occupational therapists. There has been considerable confusion regarding this issue. You will recall that this item was before the legislature last year. It is our belief that an occupational therapist need not hold a license from the state in order to provide occupational therapy services to school children in an educational setting. They simply must hold state certification through the Department of Education. HB 368 clarifies this situation and clearly exempts school employed occupational therapists from a requirement of holding licensure from the State of Alaska. We support this provision and encourage your passage of this amendment.

School bus drivers license. Again, there has been confusion regarding this item. There have been various interpretations as to what type of requirements must be met by individuals who drive school vans to transport youngsters for extracurricular activities. HB 397 and SB 375 address this issue. We encourage your passage of SB 375 and HB 397 if amended to 19 feet. These bills would would clearly stipulate that it is not necessary for a person to hold a "school bus driver's license" in order to operate a school van transporting youngsters for extracurricular activities.

Thank you for your attention to these items as they come before you.

Sincerely,

Fred

Fred Pomeroy
Superintendent

bj

Original sponsors: Cato and Frank

IN THE HOUSE BY THE TRANSPORTATION COMMITTEE

CS FOR HOUSE BILL NO. 397 (Transportation)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to licensing of school bus drivers; and providing for an effective date."

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

* Section 1. AS 28.15.046(a) is amended to read:

(a) In addition to the requirements of AS 28.15.041(a), a person may not drive a school bus transporting school children to or from school to enable them to participate in class or a school activity, or a bus transporting school [SCHOOL-AGE] children to or from school for classroom studies until the person has applied for and has been issued a license for that purpose under this section. This subsection does not apply to a person or a motor vehicle exempted under regulations adopted by the commissioner.

* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

HOUSE BILL 397

GOOD AFTERNNON. I AM HERE TODAY TO EXPLAIN MY REASONS FOR INTRODUCING HB 397 AND PROVIDE YOU WITH SOME BACKGROUND AND CONCERNS IN THE AREA OF SCHOOL BUS DRIVER LICENSING.

IN 1986 THE LEGISLATURE PASSED HB 409 WHICH WAS SIGNED INTO LAW BY THE GOVERNOR APRIL 30, 1986.
HB 409 IMPOSED STRICTER REQUIREMENTS ON SCHOOL BUS DRIVERS TO HELP ENSURE THE SAFETY OF OUR CHILDREN. THE NEW LAW REQUIRES ALL SCHOOL BUS DRIVERS TO BE ISSUED A SCHOOL BUS DRIVER'S LICENSE. IN ORDER TO OBTAIN THIS LICENSE, DRIVERS MUST COMPLETE A SCREENING PROCESS WHICH INCLUDES A BACKGROUND CHECK, FINGERPRINTING PROCESS TO IDENTIFY SEXUAL OFFENDERS AND DWI OFFENDERS, THE BILL ALSO REQUIRES ALL DRIVERS TO COMPLETE A 40 HOUR TRAINING PROGRAM.

WHILE I STRONGLY SUPPORT THIS THESE REQUIREMENTS, I HAVE INTRODUCED HB 397 TO MORE CLEARLY DEFINE THE SEVERAL AREAS OF CONCERN WITH THE CURRENT REGULATIONS.

THE EXISTING LICENSING REQUIREMENTS APPLIES TO PERSONS DRIVING

A "BUS TRANSPORTATING SCHOOL AGE CHILDREN". WHILE THIS LANGUAGE WAS DESIGNED TO ENSURE THAT ALL PERSONS, INCLUDING VOLUNTEERS, WHO TRANSPORT CHILDREN TO AND FROM SCHOOL MEET THE

NEW LICENSING REQUIREMENTS. IT ALSO UNINTENTIONALLY INCLUDED MANY ORGANIZATIONS AND GROUPS SUCH AS GIRLS AND BOYS CLUBS, WHO USE PARENTS AND CHAPERONES TO TRANSPORT CHILDREN TO EVENTS. SCHOOL DISTRICTS HAVE EXPRESSED FRUSTRATIONS BY THE REQUIREMENT FOR SCHOOL COACHES TO OBTAIN A SCHOOL BUS DRIVERS LICENSE TO TRANSPORT A TEAM (debate) TEAM TO AN EVENT.

HB 397 MORE CLEARLY DEFINES THIS 'GREY' AREA.

SECTION 1. LINE 11 STATES: A PERSON MAY NOT DRIVE A SCHOOL BUS TRANSPORTING SCHOOL CHILDREN TO OR FROM SCHOOL TO ENABLE THEM TO PARTICIPATE IN CLASS OR SCHOOL ACTIVITY, OR A BUS TRANSPORTING SCHOOL CHILDREN TO OR FROM SCHOOL FOR CLASSROOM STUDIES;

A SCHOOL BUS IS DEFINED AS EVERY MOTOR VEHICLE THAT COMPLIES WITH THE COLOR AND IDENTIFICATION REQUIREMENTS SET FORTH IN THE MINIMUN STANDARDS FOR SCHOOL BUSES AND IS USED TO TRANSPORT CHILDREN TO OR FROM SCHOOL OR IN CONNECTION WITH SCHOOL ACTIVITIES. THEREFORE, ANY PERSON DRIVING A SCHOOL BUS (MANY OF YOU HAVE SEEN THE YELLOW AND BLACK BUSES WITH THE WARNING LIGHTS) TO OR FROM SCHOOL FOR CLASS OR "SCHOOL' ACTIVITY WOULD BE REQUIRE TO HAVE THIS LICENSE. THIS WOULD INCLUDE 'ANY ACTIVITY' THAT THE SCHOOL WAS INVOLVED WITH.

IN ORDER TO MORE CLEARLY UNDERSTAND THIS BILL, ONE POINT SHOULD BE NOTED, THE TERM SCHOOL BUS HAS A DIFFERENT DEFININATION THAN THE WORD BUS AS DEFINED BY THE DEPARTMENT OF PUBLIC SAFETY.

LINE 13 STATES: ANY PERSON DRIVING A BUS TRANSPORTING SCHOOL CHILDREN TO OR FROM SCHOOL FOR CLASSROOM STUDIES.

A BUS IS DEFINED AS EVERY MOTOR VEHICLE DESIGNED FOR CARRYING MORE THAN 10 PASSENGERS AND USED PRIMARILY USED FOR TRANSPORTING OF PASSENGERS. IN THIS SECTION A DRIVER WOULD BE REQUIRED TO HAVE A SCHOOL BUS DRIVERS LICENSE IF HE/SHE WERE DRIVING A BUS (VAN) TRANPORTATING 10 PASSENGERS OR MORE AND THESE PASSENGERS WERE BE TRANSPORTED TO OR FROM SCHOOL FOR CLASSROOOM STUDIES.

THIS WOULD NOT INCLUDE ANY PERSON TRANSPORTING SCHOOL CHILDREN IN A BUS/VAN TO SCHOOL ACTIVITIES OTHER THAN CLASSROOM STUDIES. THIS WOULD ALLOW A PARENT/CHAPERONE TO TRANSPORT A SMALL BUS/VAN OF CHILDREN TO A PLAY OR CONCERT ETC. WITHOUT THE FRUSTRATION OF THE LICENSING REQUIREMENT. IT WOULD ALSO ALLOW A PERSON TO TRANSPORT THE GIRLS SCOUT OR THE BOY SCOUTS TO A COOKOUT OR OTHER FUNCTION WITHOUT THIS LICENSING REQUIREMENT IMPAIRING THIS TRIP.

SB 375:

SB 375 CORRECTS A PROBLEM CREATED IN 1986 WHEN THE LEGISLATURE IMPOSED STRICTER REQUIREMENTS FOR SCHOC BUS DRIVERS, AND THE ENSUING REGULATIONS ENCOMPASSED ALL VAN DRIVERS REGARDLESS OF THE PURPOSE OF TRANSPORTATION OF CHILDREN. MANY SCHOOL DISTRICTS ARE ADVERSELY AFFECTED, PARTICULARLY IN SMALLER COMMUNITIES AS THOSE SCHOOLS FREQUENTLY USE "SCHOOL ACTIVITY VANS" DRIVEN BY A VARIETY OF STAFF, COACHES OR TEACHERS. TO COMPLY, ALL WOULD HAVE TO UNDERGO THE TRAINING AND OTHER REQUIREMENTS WHICH CAN BE COSTLY TO THESE DISTRICTS.

"BUS" IS DEFINED IN EXISTING DEPARTMENT OF PUBLIC SAFETY REGULATIONS 13 AAC 40.010 (6): "BUS" MEANS "EVERY MOTOR VEHICLE DESIGNED FOR CARRYING MORE THAN 10 PASSENGERS AND USED PRIMARILY FOR THE TRANSPORTATION OF PASSENGERS, AND EVERY MOTOR VEHICLE DESIGNED AND USED FOR THE TRANSPORTATION OF PERSONS FOR COMPENSATION, EXCEPT A TAXICAB OR SCHOOL BUS."

BY THAT DEFINITION, CURRENT LAW REQUIRES THAT A DRIVER OF A VAN DESIGNED TO CARRY MORE THAN TEN PASSENGERS MUST POSSESS A SCHOOL BUS DRIVER'S LICENSE. IN ORDER TO COMPLY, THE DRIVER MUST COMPLETE A STATE APPROVED SCHOOL BUS DRIVER TRAINING COURSE; SUPPLY DPS WITH SUFFICIENT INFORMATION TO COMPLETE A NATIONAL CRIMINAL RECORDS CHECK AND BACKGROUND

CHECK; PASS A WRITTEN AND ROAD EXAM AND UNDERGO A PHYSICAL EXAMINATION.

SB 375 MORE CLEARLY DEFINES THAT SCHOOL BUS DRIVER'S LICENSES ARE REQUIRED ONLY WHEN TRANSPORTING CHILDREN TO AND FROM SCHOOL, OR WHEN A "SCHOOL BUS" IS BEING USED TO TRANSPORT CHILDREN TO AND FROM SCHOOL. ALL OTHERS WOULD NOT BE REQUIRED TO OBTAIN A "SCHOOL BUS " DRIVER'S LICENSE.

CS SB 375 (RULES) ADDS MINOR CHANGES WHICH FURTHER CLARIFY WHICH DRIVERS ARE AFFECTED BY REPLACING "SCHOOL-AGE" WITH "SCHOOL", AND BY PROVIDING A DEFINITION OF "CLASSROOM STUDIES."

GIRL SCOUTS

Farthest North
Girl Scout Council, Inc.
946 Cowles, Suite 210
Fairbanks, Alaska 99701
(907) 456-4782

February 10, 1988

Senator Bettye Fahrenkamp
515 7th Avenue Room 130
Fairbanks, Alaska 99701

Dear Senator Fahrenkamp;

The Farthest North Girl Scout Council supports Senate Bill 375.

The Council owns a twelve passenger van which is used extensively in our program delivery i.e.; resident camp, day camp, canoe trips. In the past we had been able to loan our van to Girl Scout leaders for transporting their troops to special outings. However, the law which requires a bus driver's license, made it impossible for our volunteer leaders to borrow the van. Programs have and will continue to be changed or deleted if vans transporting children require a bus driver's license.

Thank you for introducing this bill. Please convey our concern on these issues to the committees working on this issue.

Sincerely,

Janice M. Jenitis

Janice M. Jenitis
Executive Director

cc:LK/njk

SALCHA SKI CLUB
P.O. Box 140055
Salcha, Alaska 99714
(907) 488-3987 or 488-3012

February 10, 1988

Senator Bettye Fahrenkamp
Alaska State Senate
P.O. Box V
Juneau, Alaska 99811

Dear Senator Fahrenkamp:

I am writing to express the complete support of our organization (all 114 members) for your Senate Bill 375. This bill will remedy the transportation problems caused by current regulations which have forced us to leave behind team members who would ordinarily have travelled with us to ski races in Anchorage.

As an organization on a limited budget, run completely by volunteer help, we do not have the time or financial resources to obtain school bus driver's licenses for our drivers. Nor do we think that such licensing would improve the quality or safety-consciousness of our drivers.

Would you please pass along this letter to other members of the senate and also the Department of Transportation so that they will know of our problems with current regulations and our support for your Senate Bill 375. Thank you.

Sincerely,

James F. Ostlind

James F. Ostlind, Executive Director
Salcha Ski Club

FEB 19 1988

LAIDLAW
TRANSIT, INC.

P.O. BOX 2560, SOLDOTNA, AK 99669, (907) 262-1611
HOMER TERMINAL: 276 OLSON LANE, HOMER, AK 99603, (907) 235-8165

FEB. 12, 1988

REPRESENTATIVE BETTY CATO,

THE SCHOOL BUS DRIVERS OF THE KENAI/NIKISKI AREAS ARE EXPOSED DAILY TO SAFE AND NOT SO SAFE CONDITIONS AROUND OUR PUBLIC SCHOOLS. AS A RESULT OF THAT EXPOSURE, WE WISH TO ADDRESS SOME AREAS WHERE POTENTIAL DANGER EXISTS. NIKISKI ELEMENTARY, KENAI CENTRAL HIGH SCHOOL, KENAI JUNIOR HIGH SCHOOL AND MOUNTAIN VIEW ELEMENTARY ARE LOCATED ALONG A HIGH TRAFFIC HIGHWAY WHERE SPEED (55MPH) AND SCHOOL BUSSES HAVE TO MIX. OUR OBSERVATIONS AND CALLS FROM THE GENERAL PUBLIC CONFIRM OUR OPINION THAT THE INSTALLATION OF SCHOOL ZONE "FLASHING YELLOW" SIGNALS WOULD BEST SERVE OUR COMMUNITY SCHOOL AGE CHILDREN.

OUR BASIC PROBLEM STEMS FROM HAVING TO ENTER THE FLOW OF TRAFFIC FROM A DEAD STOP, CROSSING A FAST MOVING LINE OF TRAFFIC AND DOING THIS WITHOUT INTERFERING WITH TRAFFIC FLOW. "SCHOOL ZONE.. 20MPH WHEN CHILDREN ARE PRESENT" SIGNS ADDS LIMITATION FOR TRAFFIC SPEED, BUT ONLY WHEN CHILDREN ARE PRESENT ALONG THE ROADSIDE OR CROSSING THE ROADWAY. THIS IS IMPORTANT OF COURSE BUT A 35' BUS (ON A ICY ROAD SURFACE) FILLED WITH UP TO 72 CHILDREN, FINDS IT ALMOST IMPOSSIBLE TO BLEND WITH 55 MPH TRAFFIC. AS WE ENTER THE TRAFFIC, WE MUST CHANCE THE SAFETY OF OUR STUDENTS, OTHER MOTORIST AND OURSELVES BECAUSE OF LOST TRACTION WHICH MAKES FOR A SLOW START AND POOR ACCELERATION.

ONLY WHEN THESE FLASHING YELLOW SIGNALS ARE IN PLACE DO WE FIND THE ABSENCE OF HIGH SPEED AND THE PRESENCE OF MOTORIST SHOWING MORE CONCERN FOR LAW, BUSSES AND SAFETY IN GENERAL.

NIKISKI ELEMENTARY SCHOOL NEEDS THE INSTALLATION OF STREET LIGHTS ON THE ENTRANCE AND EXIT OF THE SCHOOL. AS THIS SCHOOL IS LOCATED ON A CURVE IN THE HIGHWAY, WE HAVE WITNESSED MANY "CLOSE CALLS" OF HEAD ON COLLISIONS, SIDESWIPES AND SKIDDING. PROPER LIGHTING WILL ASSIST IN WARNING MOTORIST OF THE SCHOOL AREA, ILLUMINATE WALKING AND BIKE RIDING STUDENTS AND MAKE SLOW MOVING VEHICLES MORE VISABLE.

EACH YEAR WE ALSO EXPERIENCE 'HEART-FAILING' MOMENTS WHEN WE ARE FORCED TO DRIVE OUR BUSSES DOWN A ROADWAY BESIDE BIKE RIDING STUDENTS ENROUTE TO SCHOOL. THIS PRACTICE (IN THE ABSENCE OF BIKE PATHS) HAS CAUSED MANY DRIVERS TO QUESTION THEIR EMPLOYMENT AS A SCHOOL BUS DRIVER.

IF YOU CAN ASSIST OUR COMMUNITY BY LENDING YOUR SUPPORT TO THE MATTERS MENTIONED ABOVE WE THANK YOU AND WILL CONTINUE OUR COMBINED EFFORT TO PROVIDE THE MOST ACCIDENT FREE ENVIRONMENT FOR OUR CHILDREN.

SINCERELY YOURS,

TED CARMICHAEL

Ted Carmichael

(7)

HOUSE COMMITTEE REPORT

Date referred: 1/27/88 FURTHER REFERRALS: State Affairs

DATE: February 19, 1988

The Transportation Committee has considered HB 397

"An Act relating to licensing of school bus drivers."

RECOMMENDS:

[X] replace with C.S. HB 397 (tr3d) [ ] the same title

[ ] attached amendment(s) [X] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[X] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Fletcher Spurgin

Mike Hill

Dave Robbins

Bill Hutts

SIGNING OTHER RECOMMENDATIONS:

Fletcher Spurgin

Chairman's signature

Official Business

COMMITTEE: House Transportation Committee

DATE: February 19, 1988

SIGN-IN

Subject of meeting:

*HB 397: "An Act relating to licensing of school bus drivers."

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Bob Greene. Ex Dir.	316 W 11th St. Juneau	586-1083	ASBSBA Chairman	Yes.
Bill Brown	P.O. Box N Juneau, AK 99811	465-4335	DMV	Answer Questions
Peter Goll	P.O Box V, Juneau AK	4925		Yes

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**********************************************************
*                                                        *
* DELIVER TO: LHSCTRA                                    *
*                                                        *
*                                                        *
* ORIGINAL                                               *
* SENT:          02/19/88  TIME: 14:08                   *
* FROM:          LTCCFBX                                 *
* SUBJECT:       HTRAN;FS;SCH BUS;2-19-88                *
* PRINT DATE:    02/19/88  TIME: 14:57                   *
*                                                        *
**********************************************************
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*****FINAL STATS*****

DATE: __FEBRUARY 19, 1988_____
SITE: __FAIRBANKS_____
SPONSOR: __HOUSE TRANSPORTATION_____
SUBJECT: __LICENSING OF SCHOOL BUS DRIVERS_____
MODERATOR: __FRAN_____

****

TESTIFY:

NAME\REPRESENTING	ADDRESS	PHONE:#
1.) BOB SHEFCHIK	578 CANOR ROAD,N.P.,99705	452-2000

****

OBSERVE:

NAME\REPRESENTING	ADDRESS	PHONE #
1.) JO SWARNER - AIDE TO SEN. FAHRENKAMP		

****

TESTIFIED____1_____ TIME START__1:35 P.M.__
OBSERVED_____1_____ TIME END____1:55 P.M.__
TOTAL_____2_____

Walt Furnace

STEVE COWPER, GOVERNOR

DEPARTMENT OF EDUCATION

OFFICE OF THE COMMISSIONER

GOLDBELT PLACE
801 WEST 10th STREET
POUCH F
JUNEAU, ALASKA 99811

March 18, 1988

The Honorable Bettye Fahrenkamp
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Senator Fahrenkamp:

As sponsor of SB 375, An Act Relating to Licensing School Bus Drivers, I wanted to let you know that a concern has been raised regarding availability of training for drivers of school buses transporting children to and from private schools. I would appreciate your sharing the following information with House members:

1. Training programs are available to private schools. A private school may apply directly to the Department of Education for approval of a program, or may enroll drivers in other programs already approved by the department.

2. Approved programs exist in many locations in the state. A list of programs is attached. At least two private schools in Anchorage - Anchorage Christian Schools and Abbott Loop Christian School - have applied for and received approval of programs. Additionally, Harvester Christian Academy sent a trainer to the state sponsored school bus driver instructor workshop last year.

3. School bus contractor training programs are open to private school drivers. Tundra Tours, Inc. of Mat-Su Valley, TMS of Anchorage, Fairbanks and Kodiak, and Laidlaw Transit, Inc. of Anchorage are examples of companies that will train private school drivers.

4. The state is developing a plan to reimburse private schools for a reasonable registration fee if a school bus driver successfully completes an approved training program.

Sincerely,

William G. Demmert
Commissioner

Attachment

05-E1LH

Alaska State Legislature

SENATOR BETTYE FAHRENKAMP
CHAIRMAN, LEGISLATIVE COUNCIL
CHAIRMAN, OIL AND GAS COMMITTEE
515 7TH AVENUE, SUITE 130
FAIRBANKS, ALASKA 99701
OFFICE (907) 452-4882
HOME (907) 456-2899

WHILE IN JUNEAU
P.O. BOX V
JUNEAU, ALASKA 99811
CAPITOL ROOM 125
OFFICE (907) 465-3834
HOME (907) 780-6027

Senate

To: All Representatives

From: Senator Bettye Fahrenkamp

Date: March 17, 1988

Re: CS SB 375 (Rules), An Act Relating to School Bus Licensing

SB 375 corrects a problem created in 1986 when the legislature imposed stricter requirements for school bus drivers and the ensuing regulations encompassed all van drivers regardless of the purpose of transportation of children. Many school districts are adversely affected, particularly in smaller communities as those schools frequently use "school activity vans" driven by a variety of staff, coaches or teachers. To comply, all would have to undergo the training and other requirements which can be costly to these districts.

"Bus" is defined in existing Department of Public Safety regulations 13 AAC 40.010 (6): "bus" means "every motor vehicle designed for carrying more than 10 passengers and used primarily for the transportation of passengers, and every motor vehicle designed and used for the transportation of persons for compensation, except a taxicab or school bus".

By that definition, current law requires that a driver of a van designed to carry more than ten passengers must possess a school bus driver's license. In order to comply, the driver must complete a state approved school bus driver training course; supply DPS with sufficient information to complete national criminal records check and background check; pass a written and road exam and undergo a physical examination.

SB 375 more clearly defines that school bus driver's licenses are required only when transporting children to and from school, or when a "school bus" is being used to transport children to and from school. All others would not be required to obtain a "school bus" driver's license.

CS SB 375 (Rules) adds minor changes which further clarify which drivers are affected by replacing "school-age" with "school", and by providing a definition of "classroom studies".

HB

401

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation:

2/8/88

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

February 8, 1988

****

COMMITTEE CALENDAR:

HCR 34: Relating to tourist-oriented directional signs.

HB 401: "An Act establishing rebates for motor fuel taxes for fuel used in watercraft outside the state; and limiting the authority of the attorney general and the Department of Revenue to recover refunds paid before the effective date of this Act; and providing for an effective date."

HCR 35: Commending the Alaska Marine Highway System for 25 years of service.

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

* A folder on HCR 34

* A folder on HB 401 that includes:
  Item #1: HB 401
  #2: fiscal notes: Depart. of Revenue
  Depart. of Comm. & Eco. Dev.
  position paper: Depart. of Revenue
  #3: Senate companion bill SB 366
  #4: Sectional Analysis
  #5: Statutes
  #6: background information

* a folder on HCR 35

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HB 401
PUBLISH DATE: February 5, 1988

FISCAL NOTE

REQUEST:

Revision Date: February 5, 1988
Title: An Act establishing rebates for use in watercraft outside the state.
Sponsor: Cato, Naverre & Swackhammer
Requestor: Transportation & Finance

Agency Affected: Revenue
BRU: Income and Excise Audit

Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES	-	34.0	34.0	34.0	34.0	34.0
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	2.0	2.0	2.0	2.0	2.0
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	2.5	-0-	-0-	-0-	-0-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	38.5	36.0	36.0	36.0	36.0
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	[2000.0]	[2000.0]	[2000.0]	[2000.0]	[2000.0]
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	[2000.0]	[2000.0]	[2000.0]	[2000.0]	[2000.0]

POSITIONS:

FULL-TIME	-	1	1	1	1	1
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS:
Prepared By: Steven E. Kettel
Division: Income and Excise Audit

Phone: 465-2320
Date: February 5, 1988

Approved by Commissioner: J. J. Mahe
Agency:

Date: 2/5/88

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

Prepared by Steven E. Kettel
Director, Income and Excise Audit
Department of Revenue
February 5, 1988

Analysis of HB 401

Prior to July, 1984, the Department of Revenue did not issue motor fuel tax refunds to in-state purchasers, such as fishermen and fish processors that used the fuel outside the state's 3-mile taxing jurisdiction. In July, 1984 the Department began issuing the refunds, and at the same time assessing the motor fuel tax against out-of-state fuel purchasers that imported untaxed fuel and used the fuel in state waters. Several recent U.S. Supreme Court decisions allowing a properly apportioned tax were the basis for the change in the Department's watercraft tax policy. This policy, which placed the incidence of the tax on the use of the fuel in-state was overturned by a Departmental Hearing Decision #87-07 dated March 20, 1987. This decision required the Department to amend its regulations prior to authorizing the assessment of tax against the importer/consumers of marine fuel. Later in September of 1987, the Attorney General's office advised this Department that additional statutory authority was necessary to support the tax refunds to those purchasing fuel inside but consuming it outside the 3-mile limit.

HB 401 would provide the necessary authority for the Department to issue refunds of tax to out-of-state consumers. The legislation, however, does not provide a mechanism for taxing fuel imported and consumed by a vessel in this state. Passage of this legislation without consideration of the importation issue is not advised.

Department's Position on HB 401

The Department does not support passage without amendment for the following reasons:

1) The legislation further narrows the state's tax base by approximately $2 million per year.
2) The recipients of these refunds are, by an overwhelming majority, non-resident individuals and businesses. Based upon our 18 month refunding project, only 14% of the claimants listed in-state addresses.
3) Purchasers of out-of-state fuel do not pay the 5¢ tax and thus have a competitive advantage over their Alaska resident competitors.
4) We have not seen evidence showing that without the refund legislation, motor fuel purchasers will move off-shore to make their fuel purchases. It is not clear to us that fuel sold on the high seas is significantly cheaper than fuel sold on-shore.
5) The watercraft tax account in the general fund has historically been used as a benchmark for appropriations to harbor facilities around the state. A decrease in marine fuel tax may reduce funding for these essential services and facilites.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HB 401/SB 366
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: February 5, 1988
Title: Establishing rebates for motor fuel taxes
Sponsor: Cato
Requester: _____

Agency Affected: Commerce & Econ. Dev.
BRU: Division of Business Development
_____
Components: _____
_____

EXPENDITURES / REVENUES : (Thousands of Dollars)

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

FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-			

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

No fiscal impact on this department

Prepared by: Paul Peyton, Project Manager
Division: Business Development
Phone: 465-2162
Date: February 5, 1988

Approved by Commissioner: J. Anthony Smith
Agency: Department of Commerce and Economic Development
Date: 2/9/88

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

0785D-2/020588a

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

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

M E M O R A N D U M January 22, 1988

SUBJECT: Sectional analysis, W.O. 5-1622B: Rebates of motor fuel taxes for fuel used in certain watercraft

TO: Senator Fred Zharoff

FROM: Jack Chenoweth
Legislative Counsel

This bill proposes to authorize rebates or refunds of motor fuel taxes when the fuel is used or consumed in the operation of watercraft outside the state.

Bill section 1 adds a new section, AS 43.40.033, authorizing the refund of watercraft motor fuel taxes, and directing the Department of Revenue to adopt necessary regulations and to prescribe forms to assure proper operation of the refund program.

Bill section 2 amends an existing section, AS 43.40.050(b), limiting to one year the filing period for refund claims for watercraft motor fuel taxes; the one year limitation is currently applicable to the department's other refund and credit programs.

Section 5 gives the Act a July 1, 1988 effective date. By section 3, the watercraft motor fuel rebate program, established by this Act, is made applicable to motor fuel sold and delivered in the state, and used and consumed in watercraft outside the state after June 30, 1988.

As I understand, between 1985 and March, 1987, the Department of Revenue made refunds of watercraft motor fuels (within the limits of and in a manner substantially similar to what is being proposed in this bill). The department stopped that program apparently after it was advised by the Department of Law that there was no legal basis for the refund program.

Bill section 4, in a sense, "ratifies" those payments that were apparently made in error by declaring that the attorney general and the Department of Revenue may not recover these refunds. The provision is drafted in a manner that recognizes the payments that have already been made; it does not authorize any additional refunds to persons who might have applied under that defunct program.

JBC:bb
WKB1/087

ALASKA STATUTES

Title 43
Revenue and Taxation

OCTOBER 1983

Sec. 43.35.140. Gambling not legalized. AS 43.35.100 — 43.35.150 do not legalize gambling. (§ 4 ch 116 SLA 1949; am § 1 ch 53 SLA 1951)

Cross references. — For limitations on authorized gaming activities, see AS 05.15.180.

Sec. 43.35.150. Violations and penalties. (a) It is unlawful for a person to (1) distribute in the state a punchboard for which the license tax provided in AS 43.35.100 — 43.35.150 is not paid; or (2) maintain for use, or permit the use of, in a place or premises occupied by the person a punchboard upon which the license stamp is not affixed.

(b) A person violating a provision of AS 43.35.100 — 43.35.150 is guilty of a misdemeanor, and upon conviction is punishable by a fine of not more than $500. (§ 5 ch 116 SLA 1949; am § 1 ch 53 SLA 1951)

Chapter 40. Motor Fuel Tax.

Section

10. Tax on transfers or consumption of motor fuel and expenditure of proceeds
30. Refund for nonhighway use
35. Other refunds and credits
50. Refund claim by affidavit
60. Separate invoices
70. Refund warrants
80. Examination of books and records
85. Preservation of books and records
100. Definitions

Collateral references. — 71 Am. Jur. 2d, State and Local Taxation, §§ 616 — 634; 53 Am. Jur. 2d, Licenses, §§ 30, 46 — 58.

State tax on or in respect of goods shipped in interstate commerce to consignee for sale on consignor's account without previous sale or order for purchase, 4 ALR2d 244.

Loading or unloading interstate freight in performance of obligation resting upon one other than interstate carrier as interstate commerce as regards local taxation, 10 ALR2d 651.

State taxation of motor carriers as affected by commerce clause, 17 ALR2d 421.

Power of legislature to remit, release, or compromise tax claim, 28 ALR2d 1425.

Financial hardship or inability to pay taxes as rendering inapplicable statutes denying remedy by injunction against assessment or collection of tax, 65 ALR2d 550.

Sec. 43.40.010. Tax on transfers or consumption of motor fuel and expenditure of proceeds. (a) There is levied a tax of eight cents a gallon on all motor fuel sold or otherwise transferred within the state, except that

(1) the tax on aviation gasoline is four cents a gallon,

(2) the tax on motor fuel used in and on watercraft of all descriptions is five cents a gallon, and

(c) The department shall establish the necessary regulations and prescribe the appropriate forms to prove that the motor fuel is taken to and used in foreign countries.

(d) If a person obtains motor fuel on which the tax levied by this chapter has been paid and the motor fuel is exempt from the tax, the person is entitled to a refund of the tax paid. (§ 2 ch 47 SLA 1955; am § 3 ch 27 SLA 1957; am § 2 ch 136 SLA 1961; am § 4 ch 158 SLA 1970; am § 3 ch 124 SLA 1971; am § 4 ch 125 SLA 1971; am § 4 ch 116 SLA 1977; am §§ 35, 36 ch 113 SLA 1980; am § 5 ch 82 SLA 1982)

Effect of amendments. — The 1980 amendment substituted a reference to this chapter in subsection (b), and added subsection (d).

The 1982 amendment substituted "the tax has been" for "duty is" in subsection (b).

Sec. 43.40.035. Other refunds and credits. (a) A person who resells fuel on which the tax under AS 43.40.010(a) or (b) was previously paid is entitled to a credit or refund of the tax if (1) the resold fuel is not motor fuel and the requirements of AS 43.40.010(*l*) have been fulfilled; or (2) the amount of tax previously paid exceeds the tax due on the resale. The amount of the credit or refund under this section is equal to the amount of tax previously paid on the resold fuel less the amount of tax prescribed by AS 43.40.010(a) or (b).

(b) A reseller may elect, with the express written consent of the supplier of the resaler, to receive the credit or refund under this section directly from the supplier rather than by filing a claim for the credit or refund with the department. When an election is properly made under this subsection, the supplier may claim the credit or refund from the department. To be effective an election under this subsection must be signed in quadruplicate by the reseller and by the supplier. The reseller and the supplier shall each file one copy of the election, with original signatures, with the department. The reseller and supplier shall each retain a copy of the election with original signatures for audit review by the department. If an election is made under this subsection, it may not be revoked without the express written consent of the supplier. (§ 6 ch 82 SLA 1982; am § 3 ch 87 SLA 1983)

Effect of amendments. — The 1983 amendment substituted "the requirements of AS 43.40.010 (*l*) have been fulfilled" for "a certificate of use is acquired under AS 43.40.010(*l*)" in the first sentence of subsection (a).

Sec. 43.40.040. Applications and permits for refund. [Repealed, § 45 ch 113 SLA 1980. For current law, see AS 43.40.050(a).]

Sec. 43.40.050. Refund claim by affidavit. (a) A person who claims a refund under AS 43.40.030 shall present the claim for the refund to the commissioner of revenue by affidavit upon a form provided by the commissioner. The claim shall include the name, address

and occupation of the applicant, the nature of the business of the applicant, and a description sufficient to identify the machinery or equipment in which the motor fuel for which the refund is claimed was used. The claim shall be accompanied by each invoice issued to the claimant at the time the motor fuel was purchased. The commissioner may require any additional information which the commissioner considers necessary for the administration of this subsection.

(b) A claim for refund under AS 43.40.030 or 43.40.035 shall be filed within one year from the date of the purchase of the motor fuel as indicated on the invoice, and failure to file within the one-year period is a waiver of the right to the refund. A claim is considered to be filed when the claim is mailed or personally presented to an office of the department.

(c) A reseller who claims a refund or credit under AS 43.40.035 shall present the refund claim to the department or to the supplier of that reseller by affidavit on a form provided by the department. The claim shall include the name, address, and occupation of the applicant, the nature of the business of the applicant, and a description sufficient to identify the reason for the refund or credit. The claim shall be supported by documentation required by the department. (§ 4 ch 47 SLA 1955; am § 1 ch 139 SLA 1960; am § 37 ch 113 SLA 1980; am §§ 7 — 9 ch 82 SLA 1982)

Effect of amendments. — The 1980 amendment in subsection (a), changed a reference to this chapter at the beginning and at the end of the subsection, substituted the present second sentence for the former material, which read: "with the information the commissioner requires", and substituted "was" for "is" preceding "purchase" at the end of the present third sentence.

The 1982 amendment substituted "under AS 43.40.030" for "as provided in AS 43.40.010 — 43.40.100" and "the claim for the refund" for "his claim" in the first sentence of subsection (a), substituted "the commissioner" for "he" and "this subsection" for "AS 43.40.010 — 43.40.100" in the last sentence of subsection (a), inserted "under AS 43.40.030 or 43.40.035" in the first sentence of subsection (b), and added subsection (c).

Collateral references. — 53 C.J.S., Licenses, § 62.

Sec. 43.40.060. Separate invoices. The department may require the issuance of separate invoices for fuel sold, distributed, or transferred when the invoices will be the basis for a refund claim. (§ 6 ch 47 SLA 1955)

Sec. 43.40.070. Refund warrants. Upon approval of a refund claim by the department, a warrant shall be drawn on the highway fuel tax account in the general fund in favor of the applicant in the amount of the claim. (§ 7 ch 47 SLA 1955; am § 5 ch 131 SLA 1962)

Sec. 43.40.080. Examination of books and records. (a) To determine the validity of a claim for refund, the department may examine the books and records of the claimant and the books and records of a distributor of motor fuel. The department may cancel the refund permit

Article 4. Recovery of Money or Property Illegally Paid or Diverted.

Section
90. Action by attorney general
100. Costs of action and disposition of amount recovered

Sec. 37.10.090. Action by attorney general. Whenever money, funds, or property of a city, school district, municipal government, or the state are illegally paid or are diverted for an illegal purpose or paid to a person not authorized by law to receive them, they may be recovered by an action instituted by the attorney general. When it appears to the attorney general that it is more advantageous to begin or conduct the action with additional counsel, the attorney general may choose and authorize additional counsel to bring the suit in the name of the proper party. (§ 12-5-1 ACLA 1949)

Sec. 37.10.100. Costs of action and disposition of amount recovered. (a) The necessary and reasonable costs of the suit and of the additional counsel shall be advanced by the state, and a sum recovered in the suit shall be deposited in the state treasury.

(b) However if the sum recovered belongs to a city, school district, or municipal government, the sum shall be transferred to it, less sums advanced by the state in the suit, and not already repaid to it. The Department of Administration may pay to the city, school district or municipal corporation the sums belonging to it, upon warrants drawn as provided by law. The warrants shall be based upon vouchers approved by the attorney general. (§ 12-5-2 ACLA 1949

Chapter 11. Renewable Resources Funds.

Article
1. Alaska Renewable Resources Development Fund (§§ 37.11.010 — 37.11.[illegible])
2. Alaska Renewable Resources Investment Fund (§§ 37.11.050 — 37.11.[illegible])

Article 1. Alaska Renewable Resources Development Fund.

Section
10. Alaska renewable resources development fund
20. Fund authorization level
30. Fund utilization
40. Fund balances

Editor's notes. — This article may be unconstitutional under the rationale of State v. Alex, Sup. Ct. Op. No. 2488 (File Nos. 5065, 5068, 5142), P.2d (1982), which held that the assessment provisions of the Fisheries Enhancement Loan Program Act AS 16.10.[illegible] dedicated the proceeds of a state tax or license to a special purpose in contravention of Alaska Const. art. II, §

Section 2, ch. 130, SLA 1[illegible] provides: "On June 30 of the first year in which the

RECEIVED
ALASKA DEPARTMENT OF REVENUE
DEC 15 1987
OFFICE OF THE COMMISSIONER

DRAFT POSITION PAPER

RE: State of Alaska Marine Fuel Tax Rebates

I. HISTORICAL BACKGROUND

In 1985 the Alaska Department of Revenue (DOR) instituted a rebate program for taxes paid on marine fuel purchased from shoreside fuel facilities in Alaska but consumed in waters beyond the State of Alaska three-mile territorial limit. By filing appropriate documents with DOR a consumer would receive a pro-rated rebate of the $0.05 (five cent) per gallon tax. In other words the consumer paid the tax at the time of purchase but the tax was later refunded on that portion of the fuel estimated to be consumed beyond State of Alaska jurisdiction. In establishing the rebate procedure the state adopted the position that where the fuel was consumed took precedence over where the fuel was purchased.

Another pertinent provision of Alaska law provides an exemption from the marine fuel tax at the time of purchase. This exemption applies to marine fuel sold in Alaska and transported as "cargo out of the state into international waters if the fuel is sold or otherwise transferred to watercraft which operate exclusively in international waters and which do not enter state territorial waters, ports or facilities". This exemption allows high seas bunkering suppliers, which primarily are foreign flag tankers, to purchase marine fuel tax-free and refuel the fishing and processing fleet as long as the consuming vessels do not enter state waters.

Functioning together, the rebate procedure and the tax exemption for high seas bunkering activities created a tax structure whereby American based fisherman and fuel suppliers were treated on the same basis as high seas bunkering operators.

In April 1987 an internal assessment by DOR resulted in first a temporary suspension which in September 1987 became permanent after the Attorney

General reviewed the legality of the rebate program. In essence the Attorney General confirmed DOR lacked the statutory authority to rebate marine fuel taxes. Without the rebate program significant economic inequities resurfaced which penalized the shore-based fuel supplier and American flag vessels either operating in or re-entering state waters.

II. THE PROBLEM

Fundamentally, Alaska now has a marine fuel tax structure which tends to discourage the high-seas fleet from entering Alaska waters and simultaneously increases the operating expenses of the Alaskan based fishing operators to a level above their foreign competitors. Additionally, there is substantial basis for asserting that the tax generates an economic disincentive to establish shore-based fishing operations in Alaska. In essence this particular tax discourages the high seas fleet operators from calling on Alaska ports as they then lose the tax exempt status on fuel purchased beyond the three-mile limit. The net effect is that Alaskan ports and the Alaskan economy lose the benefits generated through the harvestation of our fish resources. These benefits include food purchases, crew changes, port berthing fees, tug assists, pilotage, repairs, maintenance supplies, personal purchases and in general all of the expenses vessels incur when calling on one of our coastal communities.

III. DISCUSSION

While Alaska continues to be in the throes of a devastating recesssion there is a bright light on our economic horizon. The shining star is the most traditional of Alaska's basic resources, commercial fishing, and specifically the bottom and intermediate trawl fishery. There is a consensus among those knowledgeable of the industry that if this resource is properly managed and regulated to the best interests of Americans this fishery will become the very mainstay of the seafood industry.

The Cowper Administration is undertaking an enormous effort to Alaskanize the bottom fish industry. The Governor has appointed a fisheries minicabinet to draft a fisheries policy which consists of goals and strategies for developing Alaska's seafood industry. One of the specific charges to this group is to examine and identify tax impediments to attracting shoreside processing. Unquestionably, the suspension of the rebate program has created an impediment and accordingly appears to be inconsistent with the Cowper Administrations commitment to the industry.

The North Pacific Fisheries Management Council is gradually phasing in a larger percentage of their recommended guide line harvest allocations to American fishing and processing firms. Organized groups such as the Southwest Municipal Conference are working diligently to encourage more shore based participation so Alaska can share in the economic benefits derived from the fish resources within our 200-mile Exclusive Economic Zone (EEZ).

The domestic fishing industry has been, historically, under capitalized and, of consequence, the additional fuel cost generated by the marine fuel tax may be a determining factor in decisions such as shore based plants vs floater and whether or not to base, re-supply and even repair vessels in Alaska. For example, the total amount of fuel consumed in U.S. waters by foreign flag vessels is estimated to be 160 million gallons annually. Purchases of fuel by these vessels operating within our waters from shore side fuel suppliers is estimated to be less than 10% or 16 million gallons. At sea refueling is a common practice not only for foreign flag vessels but also for American joint venture trawlers.

IV. POSSIBLE SOLUTIONS

There are two obvious solutions to the problem.

One is to repeal the exemption on fuel purchased in Alaska and consumed exclusively in international waters. This policy would subject all

purchases of fuel in Alaska to the fuel tax and place the domestic based fishing vessels and the high seas bunkering operator on equal terms. Under the aforementioned situation we are assuming the high seas foreign flag refueler purchased fuel from an Alaskan based supplier rather than importing the fuel from a foreign country or transporting the fuel from another state. In reality, this approach would accomplish very little in terms of encouraging either the domestic or foreign consumer to utilize shoreside fuel suppliers.

The second option is to simply reinstate the rebate program. This procedure requires the legislature to enact a statute specifically authorizing DOR to implement a rebate system. Based on reasonable assumptions this approach would result in approximatley 1.5 to 2 million dollars less revenue to the state treasury. The potential loss in revenue is a bonafide concern, however, this loss may well be more than offset by increased economic benefits associated with attracting the fishing industry shoreside.

The latter approach is consistent with the efforts of the Cowper Administration, North Pacific Fisheries Management Council, Southwest Municipal Conference and Alaska businesses all of who are attempting to create a positive business environment in Alaska.

item # 7

For the record, I am Rep. Bette Cato, prime sponsor of HB 401.

HB 401 has two purposes. It reinstates a marine fuel tax refund program that existed from 1984 through early 1987, and it clarifies the fact that refunds made under the previous program were legal, and legal action may not be taken to recover them.

The marine fuel tax refund program allows a purchaser of marine fuel to apply for a tax refund on the marine fuel consumed outside of state waters.

The refund program provides two distinct benefits.

First of all, it attracts more commercial fishing vessels to Alaska's coastal communities to not only purchase fuel, but also to purchase groceries, clothing, minor repair work, and other products and services. It would help the economies of our coastal communities.

Secondly, it establishes a more equitable tax structure that will help our Alaskan shore based fuel suppliers compete with high seas suppliers. High seas fuel suppliers do not pay the tax because they operate outside state waters. In fact, under current law and regulations, a high seas fuel supplier can come into port, purchase tax-exempt marine fuel, take it outside the state's three mile limit and then sell it without the tax. State regulations provide this exemption apparently because of the U.S. Constitution's commerce clause. This creates a situation where people who fish who purchase their fuel in

port, from Alaskan sources, end up paying the tax, while people who fish who purchase their fuel from high seas fuel suppliers that operate beyond the three mile limit do not.

Alaska's fishing industry has changed with the development of long distance bottom fishing fleet. This fleet works mainly in areas outside the jurisdiction and control of the state of Alaska. Alaska's challenge is to attract this fleet to do business in Alaskan ports, and to allow the suppliers of products and services in our Alaskan ports, such as fuel suppliers, to operate effectively against their competitors outside the three mile limit. HB 401 establishes a tax structure which will help accomplish that goal.

Mt. Dale Lindsay, the president of Harbor Enterprises, Inc., is here today. He can provide the committee with specific details about the problem this legislation addresses.

Thank you.

item #8

PETRO MARINE SERVICES

A HARBOR ENTERPRISES COMPANY

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TESTIMONY OF DALE R. LINDSEY
HARBOR ENTERPRISES, INC.
HOUSE BILL 401
HOUSE TRANSPORTATION COMMITTEE

GOOD AFTERNOON. MY NAME IS DALE LINDSEY AND I AM THE PRESIDENT OF HARBOR ENTERPRISES, INC. TO PROVIDE YOU WITH A BIT OF BACKGROUND ON THE COMPANY, MYSELF AND MY SUPPORT OF HOUSE BILL 401, I OFFER THE FOLLOWING INFORMATION FOR YOUR ASSIMILATION.

HARBOR ENTERPRISES, INC. (HEI) WAS FOUNDED IN SEWARD IN 1936 AND IS ONE OF THE OLDEST PETROLEUM MARKETING FIRMS IN ALASKA. OUR COMPANY CONTINUES TO BASE ITS OPERATIONS IN SEWARD. WE PRESENTLY HAVE BULK PLANT FACILITIES LOCATED AT NIKISKI, WHERE WE HAVE THREE EMPLOYEES; KODIAK, 6 EMPLOYEES; DUTCH HARBOR, 11 EMPLOYEES; AND SEWARD, 15 EMPLOYEES. IN ADDITION, WE HAVE MARKETING OFFICES LOCATED IN ANCHORAGE, 4 EMPLOYEES AND SEATTLE, 1 EMPLOYEE. WE ALSO DISTRIBUTE PETROLEUM PRODUCTS TO COASTAL COMMUNITIES LOCATED IN SOUTHCENTRAL ALASKA, KODIAK ISLAND, ALASKA PENINSULA, ALEUTIANS AND BERING SEA VIA BARGE. IN A POLL CONDUCTED BY ALASKA BUSINESS MONTHLY, WE RANKED 14TH IN ALASKA IN TERMS OF FISCAL 1986-87 GROSS SALES REVENUE. HEI IS ALSO THE LARGEST ALASKAN OWNED AND ALASKAN BASED FUEL DISTRIBUTOR.

AT THE PERSONAL LEVEL, I WAS BORN AND RAISED IN SEWARD AS WAS MY WIFE, CAROL AND OUR FOUR CHILDREN. AFTER A BRIEF STINT AS A LOCOMOTIVE FIREMAN AND ENGINEER WITH THE ALASKA RAILROAD, I

ACQUIRED A HEATING FUEL DISTRIBUTORSHIP IN SEWARD IN 1959 AND HAVE OVERSEEN ITS GROWTH AND EXPANDED OPERATIONS SINCE. IN ADDITION TO HEI, I OWN TWO CRAB FISHING VESSELS WHICH CURRENTLY OPERATE OUT OF DUTCH HARBOR. LET ME ASSURE YOU THAT ALTHOUGH I AM BOTH A SELLER OF FUEL AND A CONSUMER OF FUEL, MY PREFERENCE LIES IN SELLING THE STUFF RATHER THAN IN BUYING IT! IRRESPECTIVE OF WHICH SIDE OF THE FENCE THAT PERIODICALLY WE FIND OURSELVES ON, WE ARE WITHOUT QUESTION ALASKAN AND WE ARE QUITE PROUD OF THIS FACT.

HEI MARKETS AND OPERATES AS PETRO MARINE SERVICES. AS OUR TRADE NAME INDICATES WE ARE A MARINE ORIENTED COMPANY. ACCORDINGLY, WE FOCUS A GOOD DEAL OF OUR MARKETING EFFORT TOWARD SERVING THE MARINE INDUSTRY IN ALASKA OF WHICH A MAJORITY IS COMMERCIAL FISHING RELATED AND THIS BRINGS US TO THE REASON THAT I AM APPEARING BEFORE YOU TODAY.

IN JUNE 1985 I CAME TO JUNEAU TO DISCUSS SPECIFIC INEQUITIES IN THE STATE'S MOTOR FUEL TAX REGULATIONS WITH OFFICIALS IN THE DEPARTMENT OF REVENUE. THE CRUX OF THE ISSUE THEN AND NOW AGAIN, IS THE $0.05 (FIVE CENTS) PER GALLON TAX CHARGED ON SALES OF MOTOR FUEL FOR MARINE USE CONSUMPTION. WHAT PROMPTED THESE DISCUSSIONS WAS A PROVISION IN THE STATUTES WHICH ALLOWED FOREIGN FLAG TANKERS TO PURCHASE FUEL FROM ALASKAN REFINERS EXEMPT ALL TAXES. THESE FOREIGN TANKER OPERATORS WOULD THEN TRANSPORT THIS FUEL BEYOND THE STATE'S THREE-MILE JURISDICTION AND SELL TO FOREIGN AND DOMESTIC FISHING VESSELS EX THE FIVE CENTS MARINE FUEL TAX WHICH WE SHORESIDE DISTRIBUTORS WERE SUBJECT TO. WHILE I WAS UNSUCCESSFUL IN CONVINCING REVENUE OFFICIALS THAT THEY

OUGHT TO EITHER CLOSE THE EXEMPTION TO THE FOREIGNERS OR REPEAL THE TAX ALTOGETHER, THEY DID MENTION THAT A REFUND WOULD BE ALLOWED ON TAXED FUEL PURCHASED WITHIN ALASKA BUT CONSUMED IN WATERS OUTSIDE THE STATE'S THREE-MILE LIMIT. IN ESSENCE THE REBATE PROCEDURE REPRESENTED A SIGNIFICANT DEPARTURE FROM THE DEPARTMENT OF REVENUE'S TRADITIONAL POSITION THAT THE PLACE OF DELIVERY TAKES TAX PRECEDENCE OVER WHERE THE FUEL IS CONSUMED. THE NET RESULT OF THIS DECISION WAS THAT APPROXIMATELY 95% OF THE TAX REVENUE GENERATED FROM FUEL SOLD TO THE HIGH SEAS FLEET OPERATING IN WATERS OUTSIDE ALASKA'S JURISDICTION WAS REFUNDED BETWEEN JANUARY 1, 1985 AND MAY 1, 1987.

FOLLOWING A DEPARTMENT OF REVENUE INTERNAL POLICY REVIEW IN THE SPRING OF 1987, THE REBATE PROGRAM WAS PLACED IN TEMPORARY SUSPENSION. THIS WAS FOLLOWED WITH PERMANENT SUSPENSION IN SEPTEMBER 1987 AFTER A LEGAL OPINION BY THE ATTORNEY GENERAL STATED DEPARTMENT OF REVENUE HAD EXCEEDED THEIR STATUTORY AUTHORITY WHEN THEY IMPLEMENTED THE REBATE PROGRAM.

UNFORTUNATELY, BY VIRTUE OF THE AFOREMENTIONED OPINIONS, THE INEQUITIES TO THE SHORESIDE FUEL DISTRIBUTOR WHICH EXISTED PRIOR TO JUNE 4, 1985 ARE PREVALENT ONCE MORE. IN VIEW OF THIS FACT MY RECOMMENDATION IS THAT THIS COMMITTEE SUPPORT HOUSE BILL 401 AS DRAFTED AND INTRODUCED BY REPRESENTATIVES CATO, NAVARRE AND SWACKHAMMER. THE IMPACT OF THE MARINE FUEL TAX NOW FALLS DISPROPORTIONATELY ON ALASKA FISHERMEN AND OTHER FISHERMEN WHO CHOOSE TO DO BUSINESS WITH ALASKA SHORESIDE SUPPLIERS. I WOULD LIKE TO UNDERSCORE THIS POINT. <u>THOSE WHO PARTICIPATE IN THE ALASKAN ECONOMY BY HOME-PORTING HERE OR OPERATING IN ALASKA</u>

WATERS, BEAR THE BURDEN OF THE TAX. WITHOUT QUESTION, THE REBATE PROGRAM TENDED TO PROVIDE SOME RELIEF FOR FISHERMEN WHO PATRONIZED ALASKA SHORESIDE BUSINESSES, BUT HAD TO COMPETE WITH THE HIGH SEAS OPERATORS. THE CURRENT SITUATION--WITHOUT REBATES--TENDS TO PENALIZE THOSE FISHING VENTURES FROM WHICH ALASKANS BENEFIT THE MOST. IT TENDS TO INCREASE THE COSTS ASSOCIATED WITH DOING BUSINESS IN ALASKA.

IT SHOULD BE KEPT IN MIND THAT THE REBATE PROGRAM WAS SUSPENDED BECAUSE OF UNANTICIPATED LEGAL CONSIDERATIONS...NOT BECAUSE IT WAS POOR PUBLIC POLICY OR LACKED MERIT. IN FACT, TO THE BEST OF MY KNOWLEDGE, THE POLICY CONSIDERATIONS WHICH PROMPTED THE DEPARTMENT OF REVENUE TO BEGIN THE REBATES REMAIN THE SAME NOW AS THEY WERE IN 1985.

I HAVE DISTRIBUTED TO YOU, WITH MY WRITTEN TESTIMONY, A LIST OF PRACTICAL AND ECONOMIC REASONS THAT THE REBATE PROGRAM CONTINUES TO BE SOUND PUBLIC POLICY. IT CERTAINLY SEEMS CONSISTENT WITH THE MANY EFFORTS TO "ALASKANIZE" THE OFF-SHORE FISHERY. FOR EXAMPLE, THE LEGISLATURE IS NOW CONSIDERING SJR 51 AND HJR 45. THESE RESOLUTIONS EMBODY IMPORTANT POLICY STATEMENTS URGING THE NORTH PACIFIC FISHERIES MANAGEMENT COUNCIL TO ADOPT REQUIREMENTS THAT ALASKAN SHORE-SIDE SUPPORT SERVICES BE UTILIZED.

GOVERNOR COWPER HAS APPOINTED A FISHERIES MINI-CABINET TO ENSURE MAXIMUM PARTICIPATION BY ALASKANS IN THE SEAFOOD INDUSTRY. THIS GROUP WILL BE STUDYING IMPEDIMENTS TO SHORE-SIDE INFRASTRUCTURE DEVELOPMENT, INCLUDING STATE AND LOCAL TAX POLICY.

THE DEPARTMENT OF COMMERCE STUDY OF BERING SEA SUPPORT

SERVICES WAS RELEASED LAST FALL. IT NOTES THAT THE MANNER IN WHICH THE OFFSHORE FISHERIES ARE BEING DEVELOPED IS NOT MEETING THE EXPECTATIONS OF MANY ALASKANS. I QUOTE:

"AMERICANIZATION FROM FOREIGN TO DOMESTIC PRODUCTION IS TAKING PLACE AT A PACE NO ONE ENVISIONED, LARGELY THROUGH EXPANSION AT OVER-THE-SIDE JOINT VENTURES AND FACTORY TRAWL HARVESTS. THIS HAS BEEN A FRUSTRATING EXPERIENCE FOR ALASKANS BECAUSE MUCH OF THIS ECONOMIC ACTIVITY LEAVES ONLY MINIMAL IN-STATE ECONOMIC BENEFIT."

THE STUDY ALSO CONCLUDES THAT AVAILABILITY OF FUEL IS THE SINGLE MOST IMPORTANT REASON FOR CHOICE OF PORT. IT ALSO FOUND THAT OWNERS DID NOT HESITATE TO COMPARE AT-SEA PRICES WITH THOSE SHORESIDE IN DUTCH HARBOR. I HAVE ALSO FOUND THIS TO BE TRUE. FOR EXAMPLE, LAST YEAR (WHILE THE REBATE PROGRAM WAS IN EFFECT) THE HIGH-SEAS PRICE FOR #2 MARINE DIESEL WAS $0.71 PER GALLON. WE SOLD FUEL IN DUTCH HARBOR FOR $0.69 PER GALLON. WITH THE MARINE FUEL TAX OF $0.05 PER GALLON WE HAVE TO CHARGE $0.74; HOWEVER, AS LONG AS THE REBATE PROGRAM WAS AVAILABLE OUR COMPANY COULD BE MORE COMPETITIVE, WHICH IS CRUCIAL TO OUR ECONOMIC SURVIVAL.

I APPRECIATE HAVING THIS OPPORTUNITY TO PRESENT MY VIEWS TO THE HOUSE TRANSPORTATION COMMITTEE. ONCE AGAIN, I RESPECTFULLY URGE YOUR SUPPORT OF THIS LEGISLATION.

I WOULD BE PLEASED TO ANSWER ANY QUESTIONS THAT YOU MAY HAVE CONCERNING MY POSITION AS THIS RELATES TO HOUSE BILL 401.

Item # 9

PETRO MARINE SERVICES

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WHY THE REBATE PROGRAM MAKES SENSE
IS GOOD PUBLIC POLICY AND SHOULD BE REINSTATED.

I. THE REBATE PROGRAM REMOVES A SIGNIFICANT COMPETITIVE DISADVANTAGE EXPERIENCED BY ALASKA FISHERMEN AND FISHERMEN DOING BUSINESS WITH ALASKA SHORE-SIDE SUPPLIERS.

   A. HIGH SEAS FUEL SUPPLIERS ARE NOT SUBJECT TO THE TAX...ONLY ALASKA-BASED FISHERMEN AND USERS OF ALASKA SUPPLIERS PAY THE TAX, WHICH TENDS TO INCREASE THEIR EXPENSES COMPARED TO EXCLUSIVELY HIGH SEAS FISHING ENTERPRISES.

II. BECAUSE THE REBATE PROGRAM TENDS TO EQUALIZE THE COSTS OF AT SEA FUEL WITH SHORE-SIDE FUEL, IT REMOVES A DISINCENTIVE FOR DOING BUSINESS WITH ALASKA SHORE-SIDE SUPPLIERS OF FUEL, SHIP REPAIRS, PROCESSING, TRANSPORTATION, AND COLD STORAGE (SEE SJR 51).

   A. LOWER SHORE-SIDE FUEL COSTS RESULTING FROM REBATES MAY CREATE GREATER OPPORTUNITIES FOR ALASKA BUSINESSES, EMPLOYMENT, IMPROVED INFRASTRUCTURE AND COMMUNITY TAX REVENUES.

III. PASSAGE OF SB366 AND HB401 SHOULD NOT BE CONSIDERED AS "SPECIAL INTEREST LEGISLATION". ALL END-USE CONSUMERS AND SHORESIDE FUEL DISTRIBUTORS WILL BENEFIT ALONG WITH THE STATE BY VIRTUE OF ATTRACTING SIGNIFICANTLY MORE FISH PROCESSING AND RAW FISH LANDING ACTIVITY TO SHORE WHICH, IN TURN, WILL ENHANCE SERVICE AND SUPPLY BUSINESSES. IF A REVENUE LOSS SITUATION DID NOT EXIST THE REBATE PROGRAM BILL WOULD ESSENTIALLY BE NON-ISSUE LEGISLATION.

IV. THE REBATE PROGRAM MAY HELP MAKE ALASKA PROCESSED FISH PRODUCTS MORE COMPETITIVE BY REMOVING AN EXPENSE WHICH HIGH SEAS OPERATORS DO NOT NECESSARILY INCUR.

V. THE REBATE PROGRAM SHOULD HELP ENCOURAGE DEVELOPMENT OF AN ALASKA-BASED CATCHER-PROCESSOR FLEET AND CAPTURE A LARGER PORTION OF THE OFF-SHORE RESOURCE.

   A. BRINGING THE ON-SHORE FUEL COSTS INTO A BETTER COMPETITIVE POSITION WITH HIGH SEAS COSTS WILL HELP

ALASKA COMMUNITIES SECURE HOME-PORTING OF CATCH-PROCESSORS. (FOR EXAMPLE, THE CITY OF HOMER'S EFFORTS TO SECURE HOME-PORTING OF "OCEAN TRAWL" VESSELS.)

VI. THE REBATE PROGRAM IS CONSISTENT WITH THE GOALS OF THE COWPER ADMINISTRATION, THE ALASKA LEGISLATURE, THE FISHING INDUSTRY, THE ALASKA BUSINESS COMMUNITY, AND MUNICIPAL GOVERNMENTS.

A. GOVERNOR COWPER HAS APPOINTED A FISHERIES MINI-CABINET TO FORMULATE A FISHERIES DEVELOPMENT POLICY± DESIGNED TO MAXIMIZE ALASKA OWNERSHIP AND EMPLOYMENT IN THE SEAFOOD INDUSTRY AND TO PROMOTE SUPPORT SERVICE DEVELOPMENT IN ALASKA COMMUNITIES. IMPORTANT ASPECTS OF THIS UNDERTAKING INCLUDE IDENTIFICATION OF CONSTRAINTS TO SHORE-SIDE INFRASTRUCTURE DEVELOPMENT AND POTENTIAL METHODS TO MITIGATE THE NEGATIVE ASPECTS OF STATE AND LOCAL TAX POLICY. THE REBATE PROGRAM IS CONSISTENT WITH THESE OBJECTIVES.

B. THE LEGISLATURE'S STATED POLICY IS SIMILAR IF NOT IDENTICAL TO THE EXECUTIVE BRANCH. IN 1987, THE LEGISLATURE PASSED A FISHERIES BUSINESS TAX CREDIT PROGRAM DESIGNED TO FACILITATE GREATER ON-SHORE PROCESSING CAPACITY. CURRENTLY PENDING BEFORE THE LEGISLATURE ARE SJR 51 AND HJR 45, WHICH ARE IMPORTANT POLICY STATEMENTS RELATIVE TO INCREASING ALASKA'S PARTICIPATION IN THE ECONOMIC BENEFITS OF OFF-SHORE FISHING ACTIVITIES.

C. THE NORTH PACIFIC FISHERIES MANAGEMENT COUNCIL IS REVIEWING A RECENT PROPOSAL, SPONSORED BY THE SOUTHWEST MUNICIPAL CONFERENCE, TO REQUIRE USE OF SHORE-SIDE FUEL SUPPLIERS, PROCESSORS, TRANSPORTATION COMPANIES AND THE LIKE.

D. THE REBATE PROGRAM COMPLIMENTS ALL OF THESE EFFORTS AND SHOULD BE REINSTATED IN LAW.

FOOTNOTES;

1. IN 1986, 500 FOREIGN FLAG VESSELS SPENT 34,000 VESSEL DAYS IN U.S. EEZ, BUT USED ONLY MARGINAL AMOUNTS OF U.S. SHIPPING CAPACITY AND OTHER SUPPORT SERVICES (SJR 51 AND HJR 45.)

2. THE AMOUNT OF BULK FUEL CONSUMED IN U.S. EEZ BY FOREIGN FLEETS IS ESTIMATED TO EXCEED 160 MILLION GALLONS ANNUALLY. PURCHASES OF FUEL BY FOREIGN VESSELS FROM U.S. FIRMS IS ESTIMATED TO BE LESS THAN 10 PERCENT OF THE FUEL CONSUMED. AT-SEA REFUELING IS A COMMON PRACTICE NOT ONLY FOR FOREIGN OPERATORS BUT FOR U.S. JOINT VENTURE TRAWLERS (SOUTHWEST

MUNICIPAL CONFERENCE PROPOSAL TO NPFMC).

3. THE ALASKA DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT, DIVISION OF BUSINESS DEVELOPMENT, RECENTLY PUBLISHED A STUDY OF BERING SEA SUPPORT SERVICES FOR 1985. IT REACHED THE FOLLOWING CONCLUSIONS.

A. "THE MOST IMPORTANT REASONS FOR CHOICE OF PORT ARE, IN ORDER, FUEL, VESSEL MAINTENANCE AND REPAIR FACILITIES."

B. "PORTS INTERESTED IN ATTRACTING THESE SHIPS MUST HAVE SUBSTANTIAL FUEL AVAILABLE AND REPAIR FACILITIES, AS WELL."

C. "OWNERS TEND TO COMPARE AT-SEA FUEL PRICES WITH THOSE IN DUTCH HARBOR."

(7)

HOUSE COMMITTEE REPORT

Date referred: 1/27/88 FURTHER REFERRALS: Finance

DATE: February 8, 1988

The Transportation Committee has considered HB 401

"An Act establishing rebates for motor fuel taxes for fuel used in watercraft outside the state; and limiting the authority of the attorney general and the Department of Revenue to recover refunds paid before the effective date of this Act; and providing for an effective date."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[ ] do pass

[ ] do not pass

[X] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[X] fiscal impact [ ] same as previous fiscal note published _____

[X] zero fiscal note

[ ] zero with analysis [ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Bette Cate

SIGNING OTHER RECOMMENDATIONS:

Bill Hudson - No Rec

Heinrich Jennings No Rec.

Bette Cate

Chairman's signature

Official Business

COMMITTEE: House Transportation Committee

DATE: February 8, 1988

SIGN-IN

Subject of meeting:

*HCR 34: Relating to tourist-oriented signs
*HB 401: Rebates for Motor Fuel Taxes
*HCR 35: Commending the Alaska Marine Highway

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Carl Meyer	P.O. Box SA Juneau	465-2343	Dept. of Revenue	Yes HB 401
Dale Lindsey	P.O. Box 389 Seward	224-3140	Harbor Enterprises Inc	HB 401 Yes
DAVID MCCLUNE	2033 SIXTH AVE. #770 SEATTLE WA 98121 ?	(206) 448-7588	DEPT. OF REVENUE	NO -
KEITH GERKEN	Box Z. JUNEAU	465-3900	DOT & PF	YES
Rep. Ron Larson	Box V Juneau		~~Will be here as soon as finance has a quorum etc~~	HJR 34 Yes
Greg Robin	Here for 3 more mins			HCR 35

* indicates first public hearing

COURT PLAZA BUILDING, SUITE 800
240 MAIN STREET
P O BOX 1211
JUNEAU, ALASKA 99802-1211

REED R. STOOPS

PHONE (907) 586-3340
TELEX 099-45-376
TELECOPY (907) 586-6818

FEB 11 1988

February 9, 1988

Mr. Bob Evans
Legislative Liaison
Office of the Governor
P. O. Box A
Juneau, Alaska 99811

Dear Bob:

This is to follow up our recent conversation regarding watercraft fuel taxation issues now under consideration by the Legislature.

There are two separate matters of concern which have shifted back and forth from the Administration to the Legislature due to 1987 AG opinions:

(1) Does the State have the authority to tax fuel purchased out-of-state, but consumed in Alaska? As a matter of policy, should the State seek statutory authority if it does not now possess it?

(2) Does the State have the authority to issue rebates of the State fuel tax for fuel purchased in Alaska but consumed out-of-Alaska? If not, is this a good policy?

With respect to fuel purchased out-of-State, the State has historically taken the position that no tax should be levied on fuel purchased out-of-State but consumed in-State. By "historically", I mean from territorial days until 1985, when the Department of Revenue used creativity to interpret its statutory authority to permit the collection of such a tax. Various marine carriers filed suit against the Department in 1985 regarding its authority to levy the tax by regulation, and won a procedural

victory last year. The AG's office then opined that the Department should not attempt to reimpose the tax without specific legislative authorization. (Before the Ag's opinion, two bills had been introduced (SB 100/HB 280) to clarify the statutes to make it clear that the State did not have the authority to levy the tax.)

This issue has been resting peacefully until recent legislation (SB 366/HB 401) was introduced dealing with rebates for fuel purchased in-State, but consumed out-of-State. Historically, the State has been granting these rebates, but discontinued them last year when the AG's office told Revenue it lacked the statutory authority to do so. In the first hearing on SB 366, the Department of Revenue suggested to the Senate Resources Committee that it would support recontinuation of the rebates if the Legislature would give it the specific authority to tax out-of-State fuel. In a subsequent hearing on HB 401, the Department indicated it was drafting a bill to accomplish this.

Before the Governor's office makes a decision on whether to introduce the Department of Revenue's proposed legislation, I urge you to consider the following arguments in opposition to the concept:

(1) The tax would add a "surcharge" to virtually all food and basic goods transported by water to Alaska. All the marine transportation companies would be forced to pass this new charge along to the "customer", which is all of us.

(2) The tax could not be fairly applied, since it would catch major carriers, but miss charter operations, private vessels, etc. The State has no way of monitoring such trips to Alaska, so it would not be likely to collect the tax.

(3) The same tax has also been considered by Revenue for aviation fuel purchased for aircraft flying into Alaska, as the same logic would apply to the State's tax jurisdiction over activities in air space as in the water. Such a tax would run counter to DOT and CED efforts to attract more air traffic into Alaska's major airports, particularly Anchorage.

(4) There is no clear relationship between the proposed tax and public services rendered to those being taxed. The marine carriers operate to and from private facilities, and receive no State services that I can think of.

On the other hand, providing a rebate for fuel purchased in-State but consumed out-of-State does make sense, because it encourages more business for shore based facilities which would otherwise go to offshore supply ships. This incentive for attracting business is widely used in other coastal states. Those states (i.e., Washington) which offer rebates, do not generally collect taxes on fuel purchased in neighboring states but consumed en route to their home ports. This would clearly serve as a dis-incentive to interstate commerce and diminish the impact of their port marketing programs.

For these reasons, I believe that the Administration should not link the two issues (i.e., the revenue from one pays the cost of the other) because they are separate and distinct issues. Further, I urge you to maintain the State's historic position on fuel taxation for sound public policy reasons.

Sincerely,

/S/
Reed R. Stoops

RRS:sd/rs.81

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

P.O. BOX S
JUNEAU, ALASKA 99811-0400
PHONE: (907) 465-2300

February 12, 1988

The Honorable Bette Cato
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Representative Cato:

At the recent hearing on HB 401, the Transportation committee requested additional information from this Department.

(1) Is there documentation which substantiates the difference in fuel prices between shorebased and floating/foreign distributors?

Foreign sellers are not required to file tax returns with this Department. We have unconfirmed reports that the offshore price is only a few cents per gallon cheaper than the onshore price.

(2) Does the watercraft tax receipts correspond with the docks and harbor appropriation levels?

The watercraft motor fuel tax presently generates revenues of $5 million per year. Correspondingly, the following budget request items relating to harbors and docks will exceed the revenue estimates:

St. Paul Island - Completion of harbor project	$4 million
Governor's Jobs Bill - Harbor projects	2 million
Annual Debt Service on existing facilities	$4.9 million ('87) $4.1 million ('88)

(3) What is the breakout of refunds (old program) by (a) country (b) state?

Marine Fuel Tax Refunds

$4,229,375.06 total refunded 18 month period

Alaska	94	- 14%
Washington	447	
California	27	
Oregon	28	
Texas	7	
Ohio	11	- 86%
Maryland	2	
Virginia	1	
Canada	22	
Japan	4	
England	1	
	644	

(4) Does the 86% nonresident figure represent the number of claims or the dollar amount?

86% of the claims were filed by nonresident businesses.

Sincerely,

Hugh Malone
Commissioner of Revenue

HM:SEK:sp
88-39

Juneau Empire

TUESDAY, JANUARY 26, 1988

Marine fuel tax rebate pushed

By SUE CROSS
THE ASSOCIATED PRESS

A Kodiak senator backed by the fishing industry is launching a drive to bring back Alaska's marine fuel tax rebate, a program that returned about $2 million a year to fishermen before it was halted in September.

Sen. Fred Zharoff, D-Kodiak, says the measure he introduced Monday (SB366) would boost business in coastal towns that supply the Gulf of Alaska's international fishing fleet.

"When a vessel comes in to purchase fuel, it buys more than fuel, – also groceries, clothing, etcetera," said Zharoff, a fisherman himself. "If we can offer this incentive, we'll be able to offer not only fuel, but other services as well."

The bill would rebate Alaska's 5-cents-per-gallon marine fuel tax for vessels that burn the fuel more than three miles offshore, outside Alaska's territorial limit.

Revenue officials say the state may not be able to afford the rebate anymore.

It was suspended in September and subsequently dropped.

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5167 HTRA HB 437 - HB 479

739

HB

437

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation:

2/17/88

STATE OF ALASKA 1988 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HB 437
REQUEST
Publish Date:

Revision Date: 2/23/88
Agency Affected: DOT&PF
Title: Replace Parks Highway Signs with Mitchell Expressway Signs
BRU: Northern Region
Sponsor: Trans. Committee
Components:
Requestor: Cato

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL		10.0				
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		10.0				
FEDERAL FUNDS						
OTHER						
TOTAL		10.0				

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: See attached analysis

Prepared by: Ron Tanner
Phone: 451-2276
Division: DOT&PF
Date: 2/23/88

Approved by Commissioner: Mark S. Hickey
Date: 2/23/88
Agency: DOT&PF

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

FISCAL NOTE ATTACHMENT

(Replace Parks Highway Signs with Mitchell Expressway Signs)

ANALYSIS:

The name change of this section of highway from Parks Highway to Mitchell Expressway will require replacing the old signs with 271 square feet of new signs. The contract price for the new signs will range between $40 to $50 per square foot, placing the cost of the change between $8,688 to $10,880.

It may be necessary to replace some of the support structures, as the new signs are larger than the old, due to the increase in the number of letters in the legend.

Several of the signs are located on signal mast arms and the increased size of the sign will necessitate checking the structural adequacy of the signal poles and mast arms with new signs. If the signal poles are not adequate for the new sign legend, it may become necessary to decrease the size of the legend below what is considered acceptable in the Federal Manual on Uniform Traffic Control Devices.

AMENDMENT

to House Bill 437 (Robert J. Mitchell Expressway)

page 2, line 2:

delete: "Parks Highway and"

page 2, line 3:

delete: "to"

and insert: "and"

ROBERT J. MITCHELL
Pioneer Memorial Service

First United Methodist Church
Fairbanks, Alaska
February 27, 1980
1:00 p.m.

Brother Robert J. Mitchell, known to his many friends as "Mitch" was a life-long Alaskan. He was born in Fairbanks on November 2, 1918, the son of Eliza and Charles Mitchell. His mother, Eliza Hatch Mitchell, attended school in Fairbanks and later worked in the Fairbanks Postoffice for many years. His father, Charles, was associated with Waetcher Brothers and was a member of Igloo #4, Pioneers of Alaska, Roll Call number 1597. Mitch and his sister, Dorothy Hardy, grew up in Fairbanks and attended local schools. On occasions, in reminiscing about his school days, Mitch would grin and remark "what a difficult time Benji Adler had with him in her English class." During high school he played basketball, a game in which he maintained an active interest throughout his life. After graduating from Fairbanks High School in 1936, he continued to play basketball as a member of "Sticky" Griffins Wolverines in a league that had players such as John Butrovich, Joe Franich, Bill Stroecker, Jack Wilbur and the Ringstad brothers. When queried about the success of his team, his answer was, "We played a lot of games but Johnny Butrovich's team always seemed to come out ahead."

Like many other local boys, Mitch worked for the Alaska Road Commission during high school summer vacations and later he was employed full-time in the various highway camps in the Fairbanks District. He did his job with enthusiasm and was always interested in learning more about his work from experienced fellow workers.

The result was that he developed a knowledge of heavy-duty equipment, construction and transportation that would serve him well in the years to come. His sense of detail and balance also came into focus while working with the road commission. About 1937, Bob, after receiving a paycheck, decided that he was being under paid for the period. He went to Frank Nash with his analysis and Frank took him to the time-keeper who showed "Mitch" that he was credited with all the hours that he had worked. The offsetting feature was that "Mitch" was attending too many meal sittings and that his account was being deducted for every one of them.

After service in the Army during World War II in Alaska, Canada and Montana, he returned to Fairbanks and his stories of the "Fighting 83rd" provided amusement for his associates--but often left the conclusions to their imagination.

The happiest day of Mitch's life was on January 20, 1945, when he married Mary Maureen Ludvigson, a vivacious, petite girl who had come from Barron, Wisconsin, to work for Metcalf, Hamilton Kansas City Bridge Company at Ladd Field during World War II. Bob and Mary continued to live in Fairbanks and were blessed with three children, Gregory Charles Mitchell, Janelle Lois Weaver and Judith Louise Jasperson, all, who with their respective spouses, Jacquelyn, Tom and Jim, ~~all~~ reside in Fairbanks. Grandchildren are Joann and Douglas Weaver, Peggy Jasperson, Roberta and Gregory Mitchell II.

After returning to Fairbanks, Mitch, with his life-time friend Clyde Geraghty, formed Mitchell Truck and Tractor, Inc.
The Company was one of the early pioneer trucking companies hauling over the Richardson Highway from Valdez. The two partners were forward looking and always searching for more efficiency that resulted in such innovative equipment as a booster engine and drive

train for hill climbing--a unit that was installed under the flat bed of a 30-foot semi-trailer.

In 1952, Bob Mitchell, together with Clyde Geraghty, Carl Heflinger, Carl Erickson and Harvey Marlin, Jr., formed GHEMM Company, Inc. This company started out in earth work and equipment rental and has grown over the years, performing general contract work throughout central, northern and western Alaska, including construction of the Alyeska pipeline-highway Yukon River Bridge jointly with the Monson-Osberg group of Seattle, Washington. Good friend Conrad Frank joined Ghemm Company in 1959.

In 1957, Bob formed Tip Top Chevrolet, together with other longtime Fairbanks associates such as Bob Ginther and Clyde Geraghty and was President of this company. He was also a partner in Metro Company and Tria Company and was President of New State Lands, Inc.

In the early 1960's, GHEMM Company performed several difficult construction jobs jointly with Guy and Dick Rivers and also one fairly large bridge job across the Susitna River at Sunshine on the Parks Highway jointly with the Rivers Brothers and Bill Vehmier of Fairbanks.

One of the original Mitchell Truck and Tractor employees, Willis Lundberg, is still with GHEMM Co., Inc. Bob and Willie always worked together through thick and thin to make things come out for the company.

Bob Mitchell was an enthusiastic Fairbanks booster with an outgoing personality that gave an air of welcome and confidence to those with whom he came in contact. He was instrumental in the development of many beautiful residental subdivisions and the industrial area of South Fairbanks and Metro Field including its

airport and the rail spur to the International Airport. Mitchell Truck and Tractor participated in the development of Mitchell Subdivision, Lemeta, Aurora and Westgate. Later, GHEMM Company, Inc. was involved with New State Lands in Fairwest and Edanella.

"Mitch" was especially proud of Metro Airport and the Railroad Spur to the International Airport. His associates often joked that when a tanker train went by or a Herc or other large airplane landed, Mitch was probably out there standing at attention in salute.

During these years, Bob was an instrument rated pilot and would fly personnel and needed parts and equipment to the projects to help keep the jobs on schedule.

Mitch was always dedicated to leading young people and from him many fortunate young men and women learned skills in the operation of equipment and most of all, the value of hard work, a positive approach to all endeavors and attention to detail. The young people who worked for him were very concerned about performing their job correctly as he had directed but all too frequently when he would be away from the scene, some unfortunate event would happen, such as a tractor getting stuck. They would try with feverish desperation to correct the problem but invariably he would return before recovery had been made, would quickly survey the problem, then simply climb on the tractor and walk it out or do some sort of thing "so apparently simple" to overcome the problem. Many of these young people are here now and will be carrying on for the good of the community and future generations.

Bob was a special person who was enthusiastic and energetic in all of his activities. More often than not he could be found on a tractor at 4:30 - 5:00 a.m. catching up on work that needed

to be done to assure continuity of projects. Also, he was a man of action and has been known to stimulate activities of others by throwing a full bucket of ice water on a partner enjoying a leisure shower. You can imagine the results.

His excellent personality and sense of humor were catching and, as a result, he was highly respected by his fellowman in all walks of life and those who came in contact with him were that much better off because of the association.

Mitch's philosophy of life can be summarized to a degree by the following thoughts.

1. There is far more time and money lost by indecision than by wrong decision and his success proved the point.

2. No matter how difficult or adverse a problem, treat it as an opportunity.

3. When the going gets tough, the tough get going.

Brother Robert J. Mitchell, Roll Call Number 2194, joined Igloo #4, Pioneers of Alaska on October 2, 1951. He passed away in Palm Springs, California on February 23, 1980 while in the company of his friend and partner of long standing, Clyde Geraghty. He is survived by his widow, Mary, who resides at the family home at 665 - 10th Avenue, Fairbanks and his children and grandchildren. His sister, Dorothy, preceded him in death.

The outstanding contributions that Brother Robert J. Mitchell has made to family, friends and colleagues will be long remembered. Fairbanks and Alaska are that much richer for his having come this way and pioneered on various fronts for the benefit of society in the true tradition of Alaskan Pioneers.

Editorial Opinion and Comment of

FAIRBANKS

Daily News-Miner

"Independent in All Things . . . Neutral in None"

Other opinions expressed on this page do not necessarily reflect those of the Daily News-Miner.

The Mitchell touch

One doesn't have to look far to see the marks Robert J. Mitchell left on Fairbanks, and we'll all miss his brand of full-speed-ahead promotion for a long time.

Bob Mitchell was born here in 1918 and devoted his whole life to his belief that Fairbanks has a big place in Alaska's future. He had a contagious enthusiasm for the future of the Interior, and he never avoided the hard work necessary to make his efforts pay off.

All of Mr. Mitchell's work was important to him, but perhaps his biggest dream was the development of industrial property south of Fairbanks. He's the man who convinced other businessmen to finance and donate the materials and labor necessary to build the rail spur to Fairbanks International Airport. It might have been done eventually, but his efforts got it in time to serve through the trans-Alaska pipeline years and provide low-cost jet fuel shipping from the North Pole Refinery now.

He and his partners also invested their own labor and encouragement in Metro Field and some of the industries that have grown up around it after this industrial air park opened. This was Mr. Mitchell's way—he never waited for things to happen; he made them happen.

That's the way things were ever since he came back from his World War II hitch to get married and form Mitchell Truck and Tractor, a pioneer name in Richardson Highway transportation. He was also president of Tip-Top Chevrolet, one of the founders of Ghemm Co., a partner in Metro Company and Tria Company and president of New State Lands Inc. Both his family and his businesses are still here, and still thriving.

But perhaps Mr. Mitchell's greatest contribution was the lasting spirit he left here through his work and inspiration for young people in Fairbanks. He was as devoted to our community as he was to the business world, and because of that we'll never forget Bob Mitchell and the special touch he had in making our town a better place to live.

evaluation of the inmates'
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mates said the parole
heavy emphasis on that
et seems to give no credit
participation in the AA

said the meetings are a
y consist of tape recor-
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people on the street who
alcohol, not for inmates
access anyway
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to receive the counseling
red. Others testified that
commended psychiatric
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aid he has been in prison
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ney believe the parole
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they are not learning
ind don't stand much of a
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they are reluctant to try
ployer to write a letter
ve a job. If they have to
ployer they were denied

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'm still fighting my case
The whole focus of the
is on that," he said.
ates said they are unable
p. that public defenders
the prison to assist them
inmates have a parole
a job lined up, a place to
ns upon release, that
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nstances, judges have
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ised after serving a third
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parole after the time is
id.
said his residence was
parole officer and police
arch warrant, that his
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seen in a bar, drinking and moving from his residence without notifying his parole officer. He said the last point was not true.

Still another inmate, in for selling marijuana, said he has refused to go before the parole board and will instead serve his full three years rather than play games with a parole hearing.

"I had Rev. Lyons say that I'm an insult to come up for parole," one inmate said.

"This is my first adult offense," one man testified, but the board dwelled on

thought the board should have professional members, and several said yes.

Inmates also said they would like to have halfway houses to help them re-integrate into society.

"We have a lot of people in here for three and four years because they got drunk or left their areas of residence without the parole board's permission. It costs the state $26,000 a year to keep a man in here--over a drunk? It's pretty serious," one inmate said.

Robert Mitchell rite Wednesday

A memorial service for Robert J. Mitchell, president of Tip-Top Chevrolet and one of the founders of Ghemm Co., will be Wednesday at 1 p.m. at the United Methodist Church, 915 Second Ave.

The service will be conducted jointly by the church and the Pioneers of Alaska.

Mitchell, 61, died Saturday while vacationing in Palm Desert, Calif.

He was born in Fairbanks Nov. 2, 1918, to Eliza and Charles Mitchell and had lived here all his life.

Mitchell attended grade school and high school in Fairbanks, graduating in 1936. He was active in basketball and played with "Sticky" Griffins' Wolverines in the same league as John Butrovich, Joe Franich, Bill Stroecker, Jack Wilbur and the Ringstad brothers.

After serving in the U.S. Army during World War II in Alaska, Canada and Montana, he formed Mitchell Truck and Tractor Inc. with Clyde Geraghty.

He married Mary Maureen Ludvigson on Jan. 20, 1945. Their three children, Gregory Charles Mitchell, Janelle Lois Weaver and Judith Louise Jasperson, live in Fairbanks.

The Mitchells' grandchildren are Joann and Douglas Weaver, Peggy Jasperson, Roberta Mitchell and Gregory Mitchell II.

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It built such innovative equipment as a booster engine and drive train for climbing hills that was installed under the flatbed of a 30 foot semi trailer.

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Ghemm began in earth work and equipment rental and expanded over the years to perform general contract work throughout Alaska. In a joint effort with a Seattle company, Ghemm built the Yukon River Bridge.

In 1957 Mitchell founded Tip Top Chevrolet along with other longtime Fairbanks residents. He was also a partner in Metro Company and Tria

ROBERT MITCHELL

Company and was president of New State Lands Inc.

He was instrumental in developing several subdivisions and the industrial area south of Fairbanks.

"Mitch," as he was known to his friends, was dedicated to leading young people and instilling in them the value of hard work and a positive approach to life.

The family asks that memorials be given to the Alaska Special Olympics, 1024 Kellum St., or to the United Methodist Church.

Honorary pallbearers are Peter Eagan, Randy Frank, Steve Frank, Mike Geraghty, Steve Geraghty, Robbie Gunther, Bill Gordon, Harvey Marlin III, Gary Norrgard, Gary Wilken, Carl Erickson, Con Frank, Clyde Geraghty, Harvey Marlin Jr., Bob Bettisworth, Jack Cook, Jim Dieringer, Dan Eagan, Bob Gunther, Bud Meyeres, Francis O'Connor, Ralph Paden, Mark Ringstad, Jack Wilbur, Clyde Hovik, Gene Rogge, Gene Miller, Harry Porter, Cliff Burglin, Wally Burnett, Tom Miklautsch and Leo Scholtfeldt.

n Box Boy

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00 block of Lacey Street
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ham, 18, of 1127 Park
the theft of a tape
akers valued at $170
nday.

• • •

2 Mile Freeman Road,
ne padlock was broken
a small TV was taken.

k rite set

ATTENTION
All Members of the
CULINARY UNION LOCAL 879
NEXT REGULAR MEETING

Alaska State Legislature
Senate Transportation Committee

Sen. John B. (Jack) Coghill, Chairman
Sen. Paul Fischer, Vice-chairman
Sen. Mitch Alwood
Sen. Jan Faiks
Sen. Joe Josephson

Pouch V
Juneau, Alaska 99811

Text from Public Hearing in Fairbanks

Thursday, March 27, 1986

On House Bill 664, Senate Bill 461

12 Noon to Two P.M., Noel Wien Public Library

Senator Coghill

"Okay, we will bring our public hearing to order and its 12:10 p.m. and its the 27th of March 1986. The purpose of the hearing today is to discuss and gather opinions on House Bill 664 and Senate Bill 461, Both entitled an act relating to naming the Robert J. Mitchell Expressway. My name is Jack Coghill and I am chairman of the Senate Transportation Committee. It is my responsibility to hold the hearing. In order for us to name a road or a expressway after a person using federal funds we have to have a public hearing in the area in which it is going to effect.

I have known Bob Mitchell for as long as I can recall, I remember when he was working with the old road commission. After we all got out of the service he had already started his truck and tractor business. A lot of us boys, when we got out of the service, the first place that we went was to work with Bobby Mitchell. We were either greasing cats or working in one way or another. It was his way of keeping the home town boys going. After he expanded to the point that he had a freight service and got involved with Ghemm Company and was involved and was a tremendous supporter of the Interior of Alaska...the purpose of projecting this name forward as far as the transportation committee is concerned is that it is time that we in Alaska start naming some of our road and rights-of-ways after our old timers that are our contemporaries. We have people signing up, and as you come in we would like you to come forward and sit on one of the front seats so that we can tape you and put you in the record."

Senator Coghill read the letter from Bruce Stacer, dated March 26, 1986.

Testimony Given

Francis Erickson
1205 10th Avenue
Fairbanks, AK 99701
456-5358

"I am also a life long Alaskan, I have lived in Fairbanks for 64 years. I believe that this is very fine and very commendable, however, there are a lot of other pioneer truckers in this country that have not had much recognition, like Gezzy (spelling?) and Roggy (spelling?) just to name two. I think that it is about time that we get these older timers in. As far as a pioneer trucker, of course, Bobby started in 1945-46 after the war; and his partner Gerhatty, and his family, are certainly well know here. They have extended themselves over quite some expanse. Clyde is going to be the grand president of the grand igloo here in a couple of years. I think that he deserves some recognition also.

There are quite a few here, and as far as the Railroad Spur and the Mitchell race way and so on, there are other partners in that enterprise that never have received some recognition either. I don't know if you have to be deceased to receive recognition, but it kind of seems that way. I think that it is about time that we turned to some of the others here. Don't misunderstand, I was a friend of Bob Mitchell's and knew him all my life, but you people have a little more say so and when you get behind all of these things, it seems that when I read in the paper it has already been done. By the time that we get here and get to the hearing...this is the first time we heard of it. I didn't have time for...well to get background on some others that I would have named probably, because I just read it in the paper yesterday. So sometimes, I feel that we need a little more advanced warning of these hearing too."

Joe Tremarello
Box 80974
College, AK 99753

"I am a forty year resident of the Fairbanks area and I feel that it is very appropriate, and certainly support, House Bill 664 and Senate Bill 461 as stated. Not only for Bob's contribution to the area of construction, but as a parent raising his family here and his support to my background in teaching. His support to the schools and the staff over the years has been commendable. He did a lot for youth and I feel that it would be very appropriate to name this expressway after Bob."

Ken Fanning
Box 80292
College, AK 99708

"I would like to comment on the previous comments. I appreciate the fact that you are considering naming something after somebody of recent generation who, in fact, has left a strong family unit that is continuing on that way. I think, personally, that it is a good idea to consider naming this road after people that are continuing to support the community."

Oliver Backlund
No Address Given
President of the Fairbanks Pioneers Igloo

"I support this bill, I think that there is going to be a lot of other roads that we can name a lot of other Alaska pioneers after. I think Robert Mitchell was really active in the area and a respected local businessman. I really support this bill."

Joe Balch
7665 Salcha Road
Salcha, AK 99714

"I like Mitchell, although that was a few years ago, to tell you the truth. I would like to see the roads named after a man that was so industrial instead of some politician. He has seen his schooling through the school of hard knocks, actually, and I think that this is an appropriate name for it."

Shirley Demientieff
1205 Kennicott
Fairbanks, AK 99701

"I have been in Fairbanks for twenty years in all and I was born and raised in Nenana, as you know Mr. Coghill. I have no problem with naming roads after people. That does not bother me at all. I like the idea of the South Expressway, I think that it is long overdo, I think that it is something that we really needed. But my problem, Jack, is that when I first heard the name I said 'who is Robert Mitchell?' So far I heard...I don't even know if he is dead or alive...with no disrespect, I have no idea of his contributions have been. I am assuming that he is someone who is a good guy. My idea is a little bit different. I would think that...Natives make a population of 10-15% of the statewide population now and there is really nothing named after Native people in the interior...

What I would like to see is that the expressway be named after our champion dog racer. George Attla, seven time winner of the North American, eleven time winner of the Rondevue in Anchorage. He is a Huslia Hustler, he lives in North Pole, he will be using that road. That would be something that would be current, that is well known; when you ask who George Attla is, nobody is going to say 'who is George Attla?' they are going to know who he is. It would be something that I would be extremely proud of and that other people could be extremely proud of too. I just heard about this early this week but I have been able to get these names of people. This is strictly grass roots, not going anywhere other than FNA and Tanana Chiefs. Those are over a hundred names of people that feel the same way that I do about this expressway. (Ms. Demientieff brought a petition to the table and presented it to Senator Coghill) That (the petition) is in support of the name "George Attla Expressway."

Pete Eagan
P.O. Box 1170
Fairbanks, AK 99701
456-4793

"My name is Pete Eagan, I was born and raised here in Fairbanks and I have known Bob Mitchell since I was a child. He was a real good friend of my family's. Later on I had the honor to have worked for Bob when I was in high school and college. I learned a great deal from Bob. He was a very fine man, well liked by everyone in town. He had a terrific sense of humor, and he was definitely from the old school, where your word was your bond. If Bob told you he would do something, he would do it. He was very involved in the whole development of the South Fairbanks, Industrial area and I think that this would be a very fitting tribute to Bob to name this new expressway after him. Thank you."

Harold R. Herning
Box 1792
Fairbanks, AK 99701
488-2291

"I knew Bob for 43 years up until the time of his death. I think Bob, of all the people in Fairbanks, probably is one our truest Alaskans we have ever had. He was truly Alaskan in every sense and the naming in appropriate. This is his home ground. That is his life, to develop that area and I think that it is no more than appropriate that a man of his caliber be recognized. There is nothing that can be said about Bob that is wrong. The only thing that can be said is praise as far as Bob is concerned. I thank you."

Jim Desmond
No Address Given

"I would certainly like to testify for the bills to name the Expressway the Robert J. Mitchell. I knew Bob for years and years. A wonderful man, and inspiration to all the people that were my age when I was a teenager when we interacted with Bobby a lot. And I certainly feel that he is worthy of the honor."

Terry P. McLean
1907 Capital
Fairbanks, AK 99709

"Yes, Jack, I would like to testify in favor of the Robert J. Mitchell Expressway. I personally owe a great deal to Robert Mitchell and his partners in Ghemm Company. I was able to complete my education at the University of Alaska due to their summer and winter employment. Bobby Mitchell was always a friend as well as the boss. Although when he made up his mind to do something it was often difficult to get him to change his mind, he would always hear you out or listen to your suggestions and ideas. Although Air North is no longer flying it provided jobs for many many people and pilots that are today flying jets all over the United States and the World. Bobby Mitchell worked thousands of hours to building the runway at Metro Field and was always able to help people, no matter what the situation. Thousands of people have enjoyed stock car racing because Bobby Mitchell and Ghemm company allowed GFRA to build the race way across from the float pond at Metro Field. Many of the roads that were built that will intertie with the Expressway were built by Bobby Mitchell or people that he helped provide employment for. I feel that it really makes sense to honor those that have helped build the community and the character of the people living in the Fairbanks area."

Mark Ringstad
502 Monroe Street
Fairbanks, AK 99701
456-5734

"I knew Bob Mitchell all my life, was raised with him here in Fairbanks. Bob was in the construction industry and trucking industry all of his adult life. He was one of the prime movers for the railroad to go to the South Fairbanks area. He was one of the major developers of the entire Van Horn Road area. I think that it is most fitting and most appropriate to name that expressway after him."

Gary Wilken
2600 Riverview Drive
Fairbanks, AK 99701

"I carry with me some written testimony, Senator, from Bill Gordon and a letter from Pete Eagan Sr. and Dan Eagan, they are out of town and wanted to be sure that they heard today. Just a couple of things...it is difficult for me to talk about Bob Mitchell, he was such a big part of my life, Bob, as far as the South Fairbanks area, we all know, was one of the leaders in developing that area. I went to work with Bob in the early sixties when there was nothing but a dirt road and he lead us off into the muskeg and said 'this shall be a airport.' So, we know that he was one of the people that was instrumental. To name that highway after him is very fitting. I appreciate the opportunity to provide testimony and look forward to bills passing. Thanks, appreciate the opportunity."

Nancy Lee Baker
49 Timberland Drive
Fairbanks, AK 99701

"I would like to comment, and I am going to comment before I read the bill, my idea is that the road should be called the Parks Highway Extension, because that is what it logically is. That is what people will call it naturally. One reason that I am a little concerned is that I happen to make a small map myself (in the record). To put another name on it, for map makers and for tourists it seems to me that it would be utter confusion. Logically it is the Parks Highway extension. I have a lot of respect for the person named here, but that is beside the point. I don't think that we have a right to go around confusing the public."

Walley Burnett
1901 Crosson
Fairbanks, AK 99701

"Senator Coghill, it is nice to be here. Yesterday I talked to a couple of people and they mentioned that there was a possibility that they would be naming the South Fairbanks Expressway. Bob Mitchell was a long time Fairbanksan from a long time Fairbanks family. He was very instrumental in developing the Van Horn and Peger Road, in which this road will be passing through. If you will recall in the early days of the pipe line, Bob Mitchell was one of the main people involved in the development of the Railroad that went into the South Fairbanks area. He moved lots of gravel and made lots of roads, often with out pay. I feel that when we drive back and forth on Airport Road, Van Horn and Peger, and we do go through the expressway, we do think of our good friend Bob Mitchell. I whole heartedly would like to give my approval of putting his name into naming it the Mitchell Expressway."

Harvey Marlin
665 10th Ave.
Fairbanks, AK 99701

"I have lived in Fairbanks since 1929 and have know Bob Mitchell from that day forward. Not only as a classmate, but as a good and personal friend. When it came to my attention that this expressway was to be named, perhaps anyway, in memory of Bob Mitchell, I was very definitely impressed and I still am. I think that it is a very wise move. Bob was a gentleman that promoted for the City of Fairbanks all of his working years. As a matter of fact, he began his working career with the Alaska Road Commission. Both he and his partner began a trucking operation from Valdez to Fairbanks with the assistance of the veterans aid. There again they continued on in to the highway program, Clyde previous to that was a master mechanic to the road commission. Bob Mitchell has always been associated with the road system and has always done a great amount over and above walking the extra mile to make the roads within our community better, not always for pay, by the way. I think that this is a very wise choice and I am one thousand percent in favor of it."

Con Frank
200 Gold Dust Drive
Fairbanks, AK 99707
479-2828

"Well, I would like to say that I would endorse the naming of this section of highway for Robert Mitchell. I have known him almost forty years since I came to Alaska. He was one of the first people that I met when I came here. I have been a partner with him and closely associated with him for twenty years. He was a very positive person and dedicated a lot of his efforts to the development of Fairbanks, and especially the South Fairbanks area. He started out on South Cushman, he and his partner, started in there in 1948-49 and then gradually moved further south there to the Van Horn Road area. I would just like to say that I would endorse this naming."

Senator Coghill

"Thank you very much Mr. Frank, is there anyone else that would like to make a statement? If not, then our public hearing is closed. This will be transcribed and will be put into the record. It will be used in the deliberation of both the House and Senate. They may want to have more hearings. If that is the case, then this will be part of that record."

Let's call the extension the Parks Highway

Guest Opinion

By NANCY LEE BAKER

The four-mile extension of the George Parks Highway will end by joining the Richardson Highway near the old 30th Street exit. The work is scheduled for completion in September 1988.

A move to call this four-mile section the Robert J. Mitchell Expressway began in February 1986, when Sen. Jack Coghill and Rep. Steve Frank initiated Senate Bill 461 and an identical House bill. They got through most committees but not to both floors due to pressures of the closing days.

The same legislators are in the process of introducing the bills again this year. Since there was some opposition from individuals two years ago (which did not keep them from trying to hustle the bills through in 1986), the approach this year appears to be to go directly to large bodies such as the city council, borough assembly, Chamber of Commerce and its transportation committee for their public endorsement. These endorsements are intended to convey the broad approval of Fairbanksans for this move.

In "talking around," however, I find almost no individual support for the resolutions these bodies endorsed, except from some personal friends of the late Robert Mitchell. The consensus was to maintain the same name.

It is understandable that at "first thought" it might seem like a good idea to name a new piece of road after a friend, but the result of suddenly changing the name of a highway that thousands of people will have been traveling on for 358 miles at speeds in excess of 50 mph is not an inconsequential thing to be taken lightly. It deserves serious "second thoughts." Some of them follow:

Confusion: The bottom line is, calling the last four miles anything but the Parks Highway would be confusing. It is one continuous highway, doesn't turn, get wider, narrower, or change in any way. A sign proclaiming you are all of a sudden on a different highway spells instant confusion to a visitor to our area. This could precipitate slowing down, changing lanes, conversations with the "co-pilot" about how we got "off course." Any one of these reactions are a basis for possible accidents.

We are a tourist dependent economy. We spend hundreds of thousands of dollars attracting visitors. Shouldn't we be more considerate of them? Many of them are older citizens, with slower reactions in some cases, and driving less maneuverable vehicles with the poor visibility that RV's often offer.

A different name could offer problems and expense to mapmakers, as well as map readers who see a different name (if there is room to print it) on what appears to be obviously the same highway.

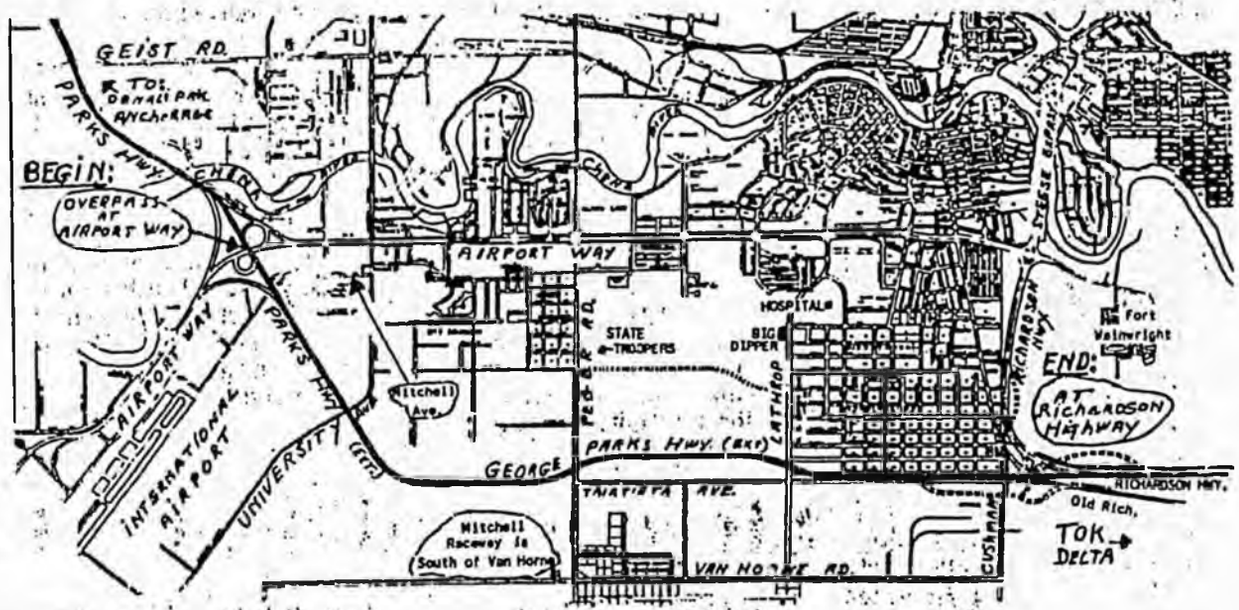
Where would the highway signs be placed to tell drivers they are now on a different highway? Driving to the airport from town, a motorists would see a sign announcing the exit to "Highway 3, Parks Highway." A few hundred feet later on a sign would say "Highway 3," with a different name.

Think seriously (until it becomes funny and you start laughing) of various possible confusions in giving directions about how to get "from here to there" when it requires getting on or off the new portion of road should it have a different name.

It is worth noting that the engineer who designed the highway is also "seriously concerned about the confusion that would result if the name of the new portion were to be anything other than the Parks Highway."

Cost: It will cost at least $10,000 to remove the dozen or more signs that are already up at University, Peger, and Lathrop intersections and replace them with another name. If the new name has many more letters they will have to be made smaller in order to fit the signs. The $10,000 could probably be better used for maintenance! Signs at University Avenue have been there for two years. It would be nice if they had squatter's rights!

In answer to my "confusion concerns," some legislators said the public would get used to it. The *visitors* will not get used to it, and why should the local people have to go through the process? There are better ways to commemorate people than to confuse the public.



Map shows the route of the Parks Highway extension through South Fairbanks.

Map courtesy of Nancy Lee Baker

Another consideration, in view of the recent attempt to avoid duplicate street names in town. There is a Mitchell Avenue, named after the same Mitchell. It runs off University Avenue, next to Erickson Avenue, also named after a partner in the Ghemm Co. of which Mitchel was a partner.

The new portion of the highway can only be named by legislative action. This has not happened yet but it is in the brewing stage. Let's hope some legislator, with grass roots encouragement, will speak up and propose a bill to name it the Parks Highway.

Nancy Lee Baker is a 37-year reside with an interest in mapmaking.

488-6676

THE GRANGE

AMERICA'S FAMILY COMMUNITY FRATERNITY

Two Rivers Grange No. 3

Feb ruary 2, 1988
6128 Chena Hot Springs Road
Fairbanks, AK., 99712

Representative Steve Frank
Pouch V
Juneau, Alaska, 99811

Dear Representative Frank:

Members of the TWo Rivers Grange #3 urge you to reconsider your plans to introduce legislation to name the Parks Highway extension the "Robert Mitchell Highway". Our objection is to the confusion this will create especially for tourists. Many of us have traveled into cities where streets on one side of the road are one name and a different name on the other side. Fairbanks doesn't need that sort of confusion. We urge you to propose a bill to name the extension the "Parks Highway".

Yours truly,
Two Rivers Grange #3

Alice H. McKee, Sec.

488-2629

Evolyn Melville
2526 Outside Blvd.
North Pole, Alaska 99705

February 1, 1988

Senator John (Jack) Coghill,
Alaska State Legislature
Juneau, Alaska

Dear Jack,

At our Chamber lunch meeting last week, we were given some information regarding a bill you are co-sponsoring--to rename a portion of the George C. Parks Memorial Highway, for Robert Mitchell.

Now you know as well as I, that highways, roads, streets and by-ways in Alaska are not all that easy to follow because of lack of signing or poor signing. (the Lower '48 is not much better in many places). Why further confuse our dear folks, visitors and residents alike, by changing the name of a highway right in the middle of things.

I have no quarrel with naming something after Bobby Mitchell. He was a GOOD ball player, worked hard at his chosen profession, and I have known him ever since I can remember. However, there are a couple of memorials to him already: a street named Mitchell Place, and the Mitchell Raceway off Van Horn Road.

We want to encourage visitors and Alaskans to visit us in the Interior, and not drive them crazy with highways that have no name continuity.

Surely you and Steve can think of something else much less disconserting if you wish to further memorialize Bobby Mitchell. Please reconsider and withdraw this bill.

Thanks for taking the time to read this letter.

Evolyn Melville

cc. Steve Frank

Interior
Business Products, Inc.
3180 Peger Road
P.O. Box 74690, Fairbanks, AK 99707
907 456-1104

March 25, 1986.

To Whom It May Concern:

As a property owner and life-long resident of Alaska, I wholeheartedly support the naming of the "30th Avenue Bypass", the Robert J. Mitchell Expressway.

Bob Mitchell has made a lasting impact on the development of our community. More specifically, Bob contributed to much of the growth in South Fairbanks and the area south of Van Horn Road. His very business located along Cushman Street, along with his development of Metro Industrial Airport, inspired many others to follow. Without his dedication and early belief in Fairbanks' future the need for this bypass would probably be many years yet in the future.

It would be most fitting to ' this highway in honor of one of Alaska's pioneers who ga') much of his time to his community. Please designat ' "30th Avenue Bypass" the Robert J. Mitchell Expressw

Sincerely,

Bill Gordon

Bill Gordon
Vice President

lr/BG

March 26, 1986

Senator Jack Coghill
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

Dear Senator Coghill:

It has come to my attention that there is a bill or resolution before the legislature regarding the naming of the new South Fairbanks Expressway. As proposed, this expressway between the Airport Road overpass and the proposed Richardson Highway overpass would be named the "Bob Mitchell Memorial Expressway."

I knew Bob since I was a child, and later on had the great fortune of working for him during my high school and college years: I learned a great deal about life and the value of good hard work during this time. Bob was a very fine man, and was heavily involved in the development of this South Fairbanks industrial area, rail spur, and road system.

I think that the naming of this expressway after Bob would be a very fitting tribute to a fine, highly-regarded individual. I would welcome and appreciate your support in this matter.

Sincerely,

Pete Eagan

Pete Eagan
Box 1170
Fairbanks, Alaska 99707

March 25, 1986

Senator Jack Coghill
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

Dear Senator Coghill:

I respectfully request your consideration in naming that section of the South Fairbanks Expressway, between the Airport Road overpass and the proposed Richardson Highway overpass, the "Bob Mitchell Memorial Expressway".

Mr. Mitchell was a very fine individual and very instrumental in the development of the South Fairbanks Industrial area and its road system.

Thank you for your consideration on this request.

Very truly yours,

Dan F. Eagan

Dan F. Eagan
Box 1170
Fairbanks, Alaska 99707

Mar 26, 1986

To Whom It May Concern:

As a life-long Alaskan, I strongly Recommend that the 30th Ave By-Pass be named ~~the~~ in honor of, and in memory of, Robert J. Mitchell. Bobby Mitchell was also a life-long Alaskan. Even more importantly, he was truly a pioneer in the development of transportation, in particular, the highway system in and around Fairbanks. I knew him personally since 1937. He was a life-long resident of Fairbanks. After WWII, he used his GI loan to buy a Caterpillar. Before the war (WWII) he worked ~~on~~ with the Alaska Highway Commission. He developed a trucking operation with Clyde Geraghty that serviced Valdez and Fairbanks. He was one of the founding partners in GHEMM Construction Co. and built many roads and bridges throughout Alaska. Bobby Mitchell devoted all 63 years of his life and his boundless energy and optimism to ~~the~~ his Alaskan Gold Select in the future of Fairbanks. He deserves to be remembered.

Bruce F. Staser

Bruce F. STASER
1351 Hillcrest Dr.
FAIRBANKS

Introduced by: Mayor and Council
Date: December 21, 1987

RESOLUTION NO. 2918

A RESOLUTION TO MEMORIALIZE AND NAME THE ROBERT J. MITCHELL EXPRESSWAY.

WHEREAS, Robert J. Mitchell, a life-long Alaskan and resident of the interior, was in early adulthood an employee of the Alaska Road Commission and a founder of Mitchell Truck and Tractor, an early interior Alaska transportation company; and

WHEREAS, Mitchell was one of the founders of GHEMM, Inc., an important Alaska construction firm, and was one of the first persons to develop the potential of the current South Fairbanks industrial area; and

WHEREAS, through Mitchell's efforts a rail spur was constructed from Fairbanks through the South Fairbanks industrial area to the east side of the international airport; and

WHEREAS, the new South Fairbanks Expressway is immediately adjacent to the area developed by Mitchell and with which he was deeply involved before passing away on February 23, 1980; and

WHEREAS, Mitchell left behind a legacy of the strong family unit, friendship to all, knowledge of the value of positive thought and undaunted faith in the future of Fairbanks and Alaska; and

WHEREAS, the City of Fairbanks wishes to remember Robert J. Mitchell's positive contribution to the people of the interior and to the development of the South Fairbanks industrial area.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAIRBANKS, ALASKA, that the section of the Alaska Highway System from the new Airport Road Interchange to the Richardson Highway is to be named the **Robert J. Mitchell Expressway.**

PASSED and APPROVED this 21st day of December, 1987.

Bill Walley

BILL WALLEY, Mayor

ATTEST:

Carma B. Roberson

CARMA B. ROBERSON, City Clerk

0090Z
pb: bj

HUB OF THE INTERIOR
FAIRBANKS

Greater Fairbanks **Chamber** of Commerce

First National Center
100 Cushman Street
(907) 452-1105
P.O. Box 74446
Fairbanks, Alaska 99707

RESOLUTION 1 - 1287

A RESOLUTION NAMING THE ROBERT J. MITCHELL EXPRESSWAY

WHEREAS, Robert J. Mitchell was a life-long Alaskan and a life-long resident of the interior, born on November 2, 1918 and;

WHEREAS, Mr. Mitchell was an employee of the Alaska Road Commission during early adulthood and, was a founder of Mitchell Truck and Tractor an early Interior Alaska transportation company and,

WHEREAS, Robert J. Mitchell was one of the founders of GHEMM, Inc., and was one of the first persons to develop the potential of the current South Fairbanks industrial area and;

WHEREAS, Through Robert J. Mitchell's efforts, a major rail spur from Fairbanks through the South Fairbanks industrial area to the east side of the international Airport was constructed and;

WHEREAS, The new South Fairbanks Expressway is routed immediately adjacent to the area that Robert J. Mitchell was so deeply involved with before passing away on February 23, 1980 and;

WHEREAS, Robert J. Mitchell left behind a legacy of strong family unit, friendship to all, knowledge of the value of positive thought, and undaunting faith in the future of Fairbanks and Alaska and;

WHEREAS, The Greater Fairbanks Chamber of Commerce wishes to to remember Robert J. Mitchell's positive contribution to the people of the interior and to the development of the South Fairbanks industrial area,

NOW BE IT THEREFORE RESOLVED: that the section of the Alaska Highway System from the new Airport Road Interchange to the Richardson Highway is to be named the Robert J. Mitchell Expressway.

DATED THIS 21st DAY OF December 1987.

BY Mike Kelly
Mike Kelly, Chairman

BY
W.R. Cox, President & C.E.O.

SOUTH FAIRBANKS BUSINESS ASSOCIATION

P.O. Box 60389
Fairbanks, Alaska 99706
(907) 456-7986

A RESOLUTION NAMING THE ROBERT J. MITCHELL EXPRESSWAY

WHEREAS: Robert J. Mitchell was a life-long resident of the interior, born on November 2, 1918 and,

WHEREAS: Mr. Mitchell was an employee of the Alaska Road Commission during early adulthood, and was a founder of Mitchell Truck and Tractor, an early Interior Alaska transportation company.

WHEREAS: Robert J. Mitchell was one of the founders of GHEMM, Inc. an important Alaska construction firm and was one of the first persons to develop the potential of the current South Fairbanks industrial area and,

WHEREAS: Through Robert J. Mitchell's efforts, a major rail spur from Fairbanks through the South Fairbanks industrial area to the east side of the International Airport was constructed and,

WHEREAS: The new South Fairbanks Expressway is routed immediately adjacent to the area that Robert J. Mitchell was so deeply involved with before passing away on February 23, 1980 and,

WHEREAS: Robert J. Mitchell left behind a legacy of strong family unit, friendship to all, knowledge of the value of positive thought, and undaunting faith in the future of Fairbanks and Alaska and,

WHEREAS: The South Fairbanks Business Association wishes to remember Robert J. Mitchell's positive contribution to the people of the Interior and to the development of the South Fairbanks industrial area,

NOW BE IT THEREFORE RESOLVED: that the section of the Alaska Highway System from the new Airport Road Interchange to the Richardson Highway is to be named the Robert J. Mitchell Expressway.

This resolution was adopted at a regular meeting of the South Fairbanks Business Association December 18, 1987.

Charles P. Rees, 1st Vice President

CPR:cab:SFBA2:form:P3

(7)

HOUSE COMMITTEE REPORT

Date referred: 2/8/88 FURTHER REFERRALS:

DATE: February 17, 1988

The Transportation Committee has considered HB 437

"An Act relating to naming the Robert J. Mitchell Expressway."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[X] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Mike Miller

Steve Rogers

Kim Elliott

Bill Hudson

Bette Cats

P.C. Parker

Bette Cats

Chairman's signature

SIGNING OTHER RECOMMENDATIONS:

Official Business

COMMITTEE:

House Transportation Committee

DATE: February 17, 1988

SIGN-IN

Subject of meeting:

* HB 437: "An Act relating to naming the Robert J. Mitchell Expressway."
* HJR 52: Opposing reductions in the budget of the United States Coast Guard.
* SJR 54: Expressing support for the Alaska Airlines application for approval to fly to Siberia.

NAME Please include title	**ADDRESS** Please use full address. Please include zip.	**PHONE**	**REPRESENTING**	**DO YOU WANT TO TESTIFY?** on what?
Rep Steve Frank	The Alaska State Legislature Juneau	465-3709	[redacted] Fairbanks, Alaska	HB 437
Rep Cliff Davidson	" " "	465-2487		HJR 52
Chief of Operations for the 17th Coast Guard District Capt. Ward Manchief	Bay 3-5000 Juneau, Ak. 99802	586-7354	Coast Guard	"
Sen Theiss Stedman	Alaska Alaska State Legislature Juneau	465-4984		SJR 54

* indicates first public hearing

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* DELIVER TO: LHSCTRA                                                *
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*                                                                    *
* ORIGINAL                                                           *
* SENT:          02/17/88  TIME: 15:18                               *
* FROM:          LIOCFBX                                             *
* SUBJECT:       HTRA,FS,MITCHELL EXPY-2-17-88                       *
* PRINT DATE:    02/17/88  TIME: 16:26                               *
*                                                                    *
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FINAL STATS

DATE: FEBRUARY 17, 1988
SITE: FAIRBANKS
SPONSOR: HOUSE TRANSPORTATION
SUBJECT: HB 437: ROBERT J. MITCHELL EXPRESSWAY
MODERATOR: BARB

****

TESTIFY:

NAME\REPRESENTING	ADDRESS	PHONE: #
1.)	ROGER BURNS, 2557 DALE ROAD, FAIRBANKS 99709	479-2724
2.)	GARY WILKEN, 2600 RIVERVIEW DR., FAIRBANKS 99709	474-0341
3.)	CELIA M. HUNTER, 1819 MUSKOX TR., FAIRBANKS 99709	479-2754
4.)	GINNY HILL WOOD, 1819 MUSKOX TR., FAIRBANKS 99709	479-2754
5.)	ALASKA LINCK, 666 TENTH AVE., FAIRBANKS 99701	456-5107
6.)	NANCY BAKER, 49 TIMBERLAND, FAIRBANKS 99701	452-2624
7.)	JOE TREMARELLO, BOX 80574, COLLEGE 99708	476-6051
8.)	EVOLYN MELVILLE, 2526 OUTSIDE BLVD., N POLE 99705	488-2679
9.)	PETE EAGAN, BOX 1170 FAIRBANKS 99707	456-4793
10.)	ANGIE KRUCKENBERG, BOX 10449, FAIRBANKS 99710	457-6270
11.)	MARK RINGSTAD, 502 MONROE ST., FAIRBANKS 99701	456-5734
12.)	GEORGIANNE FRANK, BOX 81109 FAIRBANKS 99708	479-4394
13.)	HAROLD HERNING, BOX 1797, FAIRBANKS 99707	488-2291

****

OBSERVE:

NAME\REPRESENTING	ADDRESS	PHONE #
1.)	JAN WEAVER, 304 EIGHTEENTH AVE., FAIRBANKS 99701	456-4866
2.)	JO SWARNER, SEN. FAHRENKAMP'S OFFICE	

****

TESTIFY: __13__
OBSERVE: __ 2__
TOTAL: __15__

START TIME: 1:30 P.M.
END TIME: 2:30 P.M.

JOSTENS
BILL GORDON
(907) 474-9262

Scholastic Division
P.O. Box 47
Fairbanks, AK 99701

FEB 12 1988

February 8, 1988

The Honorable Betty Cato
Chairperson, Transportation Committee
Alaska State Legislature
Juneau, AK 99801

Dear Ms. Cato:

This letter is written to strongly support the naming of the new 30th Avenue by-pass in Fairbanks after Robert J. Mitchell.

As a property owner in South Fairbanks which is the area served by this road and as a 2nd generation Alaskan, I can think of no more appropriate person to remember by this road. Bob Mitchell devoted much of his adult life to pioneering the development of Fairbanks - especially the area in south Fairbanks which is crossed by this expressway.

I believe it is necessary to provide a descriptive name to the couplet which joins the Parks Highway to the Richardson Highway. It is most appropriate to give this roadway the name of the Mitchell Expressway in honor of this great Alaskan. I hope your committee will act favorably on this resolution.

Sincerely,

Bill Gordon

cc: Gary Wilken

15 Feb 1988 FEB 1 8 1988

Ms Betty Cato, Chairperson, House Transportation Committee

Pouch V

Juneau, Alaska 99811

I am taking this opportunity to endorse the naming of what is now referred to as the 30th Avenue by-pass in Fairbanks to be permanently named the Mitchell Expressway.

My first point is that Bob Mitchell represents history in Fairbanks. Bobs father, Charlie came to Fairbanks in 1906, was married to Liza Hatch in 1914, and Bob was born, raised and died a resident of Fairbanks. Bob married and raised a family after World War II, and their three children all married and are living here together with their children also. This family does represent considerable history in the city of Fairbanks.

Bob Mitchell always referred to Fairbanks with pride. Any of us that knew him heard many times the expressions of satisfaction and pride when "Mitch" would refer to a project that was completed, be it road, bridge, or building, and he would say " isn't it great to know you had a part in building or doing that." Oftentimes while driving from one place to another "Mitch" would remark out of a clear sky " isn't this a great place to live in." Bob truly loved his Fairbanks.

My main point is that "Mitch" made things happen. He was not afraid to risk his assets, starting first with a GI loan after World War II. He, and lifelong friend and partner Clyde Geraghty, developed Mitchell Truck & Tractor Service doing land clearing, digging basements, moving houses, freighting from Valdez to all road points North, and you name it. From that organization numerous other activities were developed in South Fairbanks, and the "Mitchell Expressway", if you will, cuts right through the middle of much that "Mitch" worked so hard for.

What better name could there be for an Expressway than to remember one so dedicated to his community.

Thank you very much for your consideration,

Harvey Marlin

Harvey Marlin
665 10th
Fairbanks, Alaska 99701

Michael V. McGee
2436 Mission Road
Box 56116
North Pole, Alaska 99705

February 21, 1988

FEB 25 1988

Mrs. Betty Cato, Chairman
House Transportation Committee
Juneau, Alaska

Dear Mrs. Cato,

The suggestion has been made to rename that part of the new Parks highway extension inside the Farbanks city limits for Bob Mitchell. This is a well-intentioned but very silly idea. We do not need more streets that change their names as they wander about Fairbanks. In fact, an excellent suggestion would be a bill requiring that cities and buroughs refrain from this idiocy in the future and that they must coordinate names where they cross city limit lines so they do not change at these locations.

I am sure we can find a whole street to name for Bob Mitchell. He deserves better than a chunk of street and the cuss words of confused tourists, new residents and out-of-town visitors.

Sincerely,

Michael V McGee

FEB 19 1988

P. O. Box 81109
Fairbanks, AK 99708
February 15, 1988

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

Dear Representative Cato:

I am very much in favor of renaming the portion of the Parks Highway between Airport Road and the Richardson Highway for Robert Mitchell.

This man was like a second father to me. He was a visionary teacher, and his dreams for the South Fairbanks area are coming true.

Robert Mitchell will long be remembered as an ardent promoter of the potential of the South Fairbanks area, even without a highway named after him. However, I think he should be properly honored for his efforts to make Fairbanks a better place to live.

Thank you.

Sincerely,

Randall C Frank

Randall C. Frank

FEB 19 1988

PO Box 83750
Fairbanks, AK 99708
February 15, 1988

Ms. Betty Cato, Chair
House Transportation Committee
Juneau, AK 99801

Dear Ms. Cato,

I wish to comment on the proposal to name the extension of the Parks Highway through Fairbanks in honor of Robert J. Mitchell. While I support the idea that Mr. Mitchell's efforts in behalf of Fairbanks are worthy of recognition, I feel that naming this section of highway after him will do more harm than good.

Names of objects such as highways are used by many people every day to assist in orientation. We use these terms to communicate how and where to find different places. Building confusion into the system, by taking one highway and changing its name in mid-stream (in this case at as it crosses Airport Road) is a disservice to the community which Mr. Mitchell helped to build.

Fairbanks is heavily dependent on the tourism industry, which brings thousands of visitors to the area each year. We need to make it as simple and straight forward as possible for these people to find their way around our city. Emergency vehicles attempting to respond to fires, accidents and other catastrophes are often hampered by vague and ambiguous directions. We shouldn't make their job even tougher by building confusion into the system from the start.

I am all in favor of honoring Mr. Mitchell, but let's find some complete entity that can bear his name without needlessly adding confusion to the map of our city.

Sincerely,

Tom George

Tom George

Fairbanks, Alaska

February 16, 1988

FEB 19 1988

Mrs. Betty Cato- Chair person

House Transportation Committee

Dear Lady Cato;

Your invitation for contributors to mr. Robert mitchell's life history of his outstanding achievements during his too short life was too much for me to resist paying him the respects he so richl deserves in naming The Richardson Inter chang in his honor.

He began his adult life while still young in years in aincere effort to to assit his widowed mother with her various problems. naturally this required money, which was his cue for going to work at the initial construction of nearby Ladd Air Force Base as a Bull-dozer operator, while previously I had serving as a supervisor of Maintenance and repair crews, which brought Bobby and I into close relationship. Bobby soon became a perfectionist in his frequent reques for maintnence service which in many cases were trivial and not affecting the normal operation of his bull-dozer, much to the annoy-ance of my busy mechanics. In preparing for war misunderstanding amon workers simply could not be tolerated! So, in the intereset of re-establishing peace between Bobby and my mechanics I decided to ask Bobby he was pursuing this highly questionable practice?

His reactions and his reply will never be forgotten. He stood facing away from me seemingly dazed at my question, then turning slowly and in a strong well articulated voice said "Dick, please allow me to explain! If for any reason I might be fired from my present job, it would be impossible for me to contribute to my dear Mother's financial problems., and this would be impossible for me to accept.

With tears rolling down his pale cheeks he continued, "When my dear Mother gave me life she also gave me a part of herself, just like all mothers do. Now can you understand why insist on having my bull-dozer in top condition?" Yes- I understood, because I felt the same responsibility towards my dear Mother! Now I enjoyed a new relationship with Bobby, and so did my mechanics when the Bobby's story was heard.

Through a series of bizarre war time events I was re-assigned to the sagebrush and rattle snake voids of eastern Washington to super-vise the construction of a "top Secret" Air Base, where Japanese ball-oons were dropping fire bombs on our forest and our sage brush setting them aflame, while hundreds of construction men and women were working around the clock building the longest and widest runways in the world, Yes- they even poured concrete runways in the dead of winter when heating it was necessary. Indeed a giant project being accomplished by Americans from all walks of life., requiring four years to complete.

During those four years I maintained contact with happenings in Fairbanks, about six month before the end of World War Two, word was received of Bobby's venture into Construction of his own. Its history of success is common knowledge.

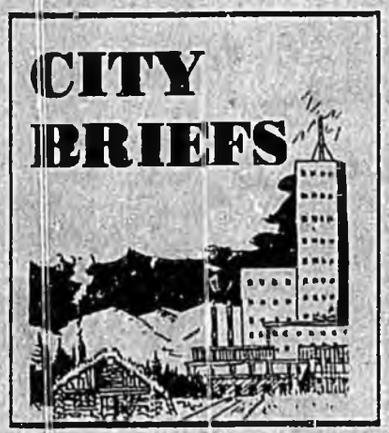
In closing this narrative of Bobby, let us not forget true inno-vators are seldom recognized as such, until after they have fulfilled their destinies. Please let us pay bobby the honors he so richly des-erves by naming the newly constructed Richardson Interchange Highway "The Robert Mitchell Highway, with an everlasting plaque identifying it as such in a conspicuous location for all motorists to enjoy.

BestWishes to you and yours

Richard E. Denver
2763 Phillips Field Rd.

Fairbanks Daily News-Miner, Fairbanks, Alaska

Fairbanks



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7 p.m.—**1988 Arctic Winter Games volleyball committee** meeting, 507 Gaffney Road. Information: 451-0880.

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And, university officials say, the reduced budget has left the school unable to compete with salaries offered by Lower 48 institutions, making it difficult to replace the top-level professors and instructors who left with people of equal caliber.

Gov. Steve Cowper alluded to this problem in his Jan. 25 State of the State message, and pushed for the creation of a science and technology foundation to help make sure Alaska doesn't get left behind in the areas of physical science and technology.

The University of Alaska Fairbanks' more technical departments—such as the schools of management, engineering and biochemistry—are among those hardest hit, according to Karen Cedzo, UAF's public information officer.

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Stevens confident '91 bill will become law

News-Miner Bureau

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President Reagan has until midnight Tuesday to decide whether to sign or veto the bill. If he neither signs nor vetoes it, it becomes law without his signature.

Stevens said he has talked briefly with White House Chief of Staff Howard Baker, a former senator, about the issue. The measure is a top priority of the all-Republican Alaska delegation and the Alaska Federation of Natives.

"He (Baker) knows he has to talk to me before he makes a recommendation of a veto to the president," said Stevens. "I fully expect the recommendation to be on Baker's desk today."

Interior Secretary Donald P. Hodel, the lead administration official on the issue, has recommended a veto. He argues that the bill is unconstitutional and could set a precedent for the treatment of Indian tribes in the Lower 48.

"I disagree with that," said Stevens of Hodel's objections. "We have a unique situation. There is no other Indian corporation created by an act of Congress. There is no precedent."

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"This is a supplemental education program in academic tradi-

O'Malley program is fund through the Bureau of Ind Affairs.

"We're going back to the basic Guinn said. "For the last th years, we have not had an act committee."

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02-576(2/77)

Fairbanks, Alaska

February 8, 1988

To- The Editor- What? Again!

Ever since the disappearence of wooden sidewalks in our Core area, over forty years ago, (Experts from outside of Alaska's boundaries) have been hired at sizeable fees to wave their magic flags which they have claimed will transform our Frontier style core area into one of shopping splendor, while others have volunteered their services free of charge, in spite of the too narrow streets which prevents two dog teams to use them simultaneously without a canine confrontation.

Now it appears we have two groups of experts planning improvements for our " once upon a time Frontier gold mining town" one planning transform our core [illegible] of shoppi

With tears rolling down his pale cheeks he continued, "When my dear Mother gave me life she also gave me a part of herself, just like all mothers do. Now can you understand why insist on having my bull-dozer in top condition?" Yes- I understood, because I felt the same responsibility towards my dear Mother! Now I enjoyed a new relationship with Bobby, and so did my mechanics when the Bobby's story was heard.

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BestWishes to you and yours

Richard E. Denver
2763 Phillips Field Rd.

Opinion

FAIRBANKS DAILY

Monday, February 1, 1988

Let's call the extension the Parks Highway

Guest Opinion

By NANCY LEE BAKER

The four-mile extension of the George Parks Highway will end by joining the Richardson Highway near the old 30th Street exit. The work is scheduled for completion in September 1988.

A move to call this four-mile section the Robert J. Mitchell Expressway began in February 1986, when Sen. Jack Coghill and Rep. Steve Frank initiated Senate Bill 461 and an identical House bill. They got through most committees but not to both floors due to pressures of the closing days.

The same legislators are in the process of introducing the bills again this year. Since there was some opposition from individuals two years ago (which did not keep them from trying to hustle the bills through in 1986), the approach this year appears to be to go directly to large bodies such as the city council, borough assembly, Chamber of Commerce and its transportation committee for their public endorsement. These endorsements are intended to convey the broad approval of Fairbanksans for this move.

In "talking around," however, I find almost no individual support for the resolutions these bodies endorsed, except from some personal friends of the late Robert Mitchell. The consensus was to maintain the same name.

It is understandable that at "first thought" it might seem like a good idea to name a new piece of road after a friend, but the result of suddenly changing the name of a highway that thousands of people will have been traveling on for 358 miles at speeds in excess of 50 mph is not an inconsequential thing to be taken lightly. It deserves serious "second thoughts." Some of them follow:

Confusion: The bottom line is, calling the last four miles anything but the Parks Highway would be confusing. It is one continuous highway, doesn't turn, get wider, narrower, or change in any way. A sign proclaiming you are all of a sudden on a different highway spells instant confusion to a visitor to our area. This could precipitate slowing down, changing lanes, conversations with the "co-pilot" about how we got "off course." Any one of these reactions are a basis for possible accidents.

We are a tourist dependent economy. We spend hundreds of thousands of dollars attracting visitors. Shouldn't we be more considerate of them? Many of them are older citizens, with slower reactions in some cases, and driving less maneuverable vehicles with the poor visibility that RV's often offer.

A different name could offer problems and expense to mapmakers, as well as map readers who see a different name (if there is room to print it) on what appears to be obviously the same highway.

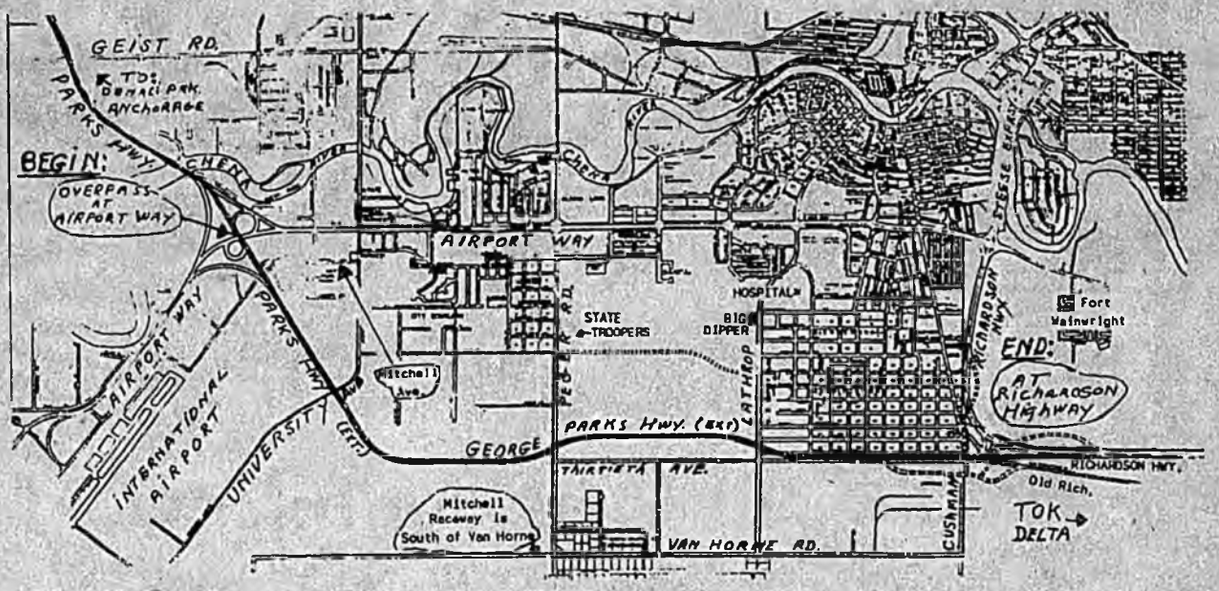
Where would the highway signs be placed to tell drivers they are now on a different highway? Driving to the airport from town a motorists would see a sign announcing the exit to "Highway 3, Parks Highway." A few hundred feet later on a sign would say "Highway 3," with a different name.

Think seriously (until it becomes funny and you start laughing) of various possible confusions in giving directions about how to get "from here to there" when it requires getting on or off the new portion of road should it have a different name.

It is worth noting that the engineer who designed the highway is also "seriously concerned about the confusion that would result if the name of the new portion were to be anything other than the Parks Highway."

Cost: It will cost at least $10,000 to remove the dozen or more signs that are already up at University, Peger, and Lathrop intersections and replace them with another name. If the new name has many more letters they will have to be made smaller in order to fit the signs. The $10,000 could probably be better used for maintenance! Signs at University Avenue have been there for two years. It would be nice if they had squatter's rights!

In answer to my "confusion concerns," some legislators said the public would get used to it. The *visitors* will not get used to it, and why should the local people have to go through the process? There are better ways to commemorate people than to confuse the public.



Map shows the route of the Parks Highway extension through South Fairbanks.

Map courtesy of Nancy Lee Baker

Another consideration, in view of the recent attempt to avoid duplicate street names in town. There is a Mitchell Avenue, named after the same Mitchell. It runs off University Avenue, next to Erickson Avenue, also named after a partner in the Ghemm Co. of which Mitchell was a partner.

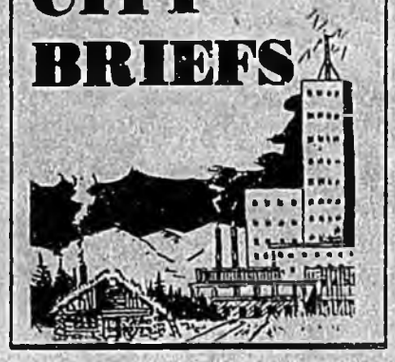
The new portion of the highway can only be named by legislative action. This has not happened yet, but it is in the brewing stage. Let's hope some legislator, with grassroots encouragement, will speak up and propose a bill to name it the Parks Highway.

Nancy Lee Baker is a 37-year resident with an interest in mapmaking.

Fairbanks Daily News-Miner, Fairbanks, Alaska

Fairbanks

CITY BRIEFS



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O'Malley program is funde through the Bureau of India Affairs.

"We're going back to the basics, Guinn said. "For the last thre years, we have not had an activ committee."

FEB 23 1988

Feb. 17, 1988

Dear Ms Cato;

Enclosed is a very informed opinion on the naming of the Parks Highway Extension. Many people I have spoken to favor this opinion & I'm sure if bias is kept out of the Committee's thinking they will see it this way too.

For some reason pressures seem to being to be brought to bear on the Comm. Please look at this realistically!

Sincerely

Frances J. Erickson

(concerned citizen)

FRANCES ERICKSON
1205 10TH AVE.
FAIRBANKS, ALSK.
99701

FAIRBANKS AK
PM
17 FEB
1988
99701

amr

Ms. Betty Cato, Chairperson
House Transportation Committee
Juneau, Alk. 99801

HB

448

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation:

3/9/88

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

March 9, 1988

****

COMMITTEE CALENDAR:

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

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

An Overview by the Commonwealth North Railroad Committee

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

a folder on HB 448 that includes:

item #1: HB 448
#2: a statement from Rep. Frank
#3: a sectional analysis
#4: a proposed amendment
#5: information re political signs
#6: required form for filing candidacy
#7: statutes
#8: position paper - Division of Elections
#9: fiscal note & position paper - DOT/PF

a folder on HJR 68 that includes:

item #1: HJR 68
#2: fiscal note - Depart. of Comm. & Economic Dev.
#3: statement from Rep. Davidson
#4: tax alert from National Fisheries Institute
#5: Omnibus Reconciliation Act - an excerpt
#6: House Congressional Record - an excerpt
#7: letters of support
#8: newspaper articles
#9: press release from Rep. Don Young

Alaska State Legislature

STEVE FRANK
DISTRICT 20A
Finance Committee

1125 Sunset Drive
Fairbanks, Alaska 99701

While in Juneau
P.O. Box V
Juneau, Alaska 99811
(907) 465-3709

House of Representatives

TO: The House Transportation Committee

FROM: Rep. Steve Frank

RE: House Bill 448 - "An Act relating to outdoor political advertising"

DATE: March 7, 1988

House Bill 448 would change the law and stiffen the penalties for illegal placement of political advertising signs.

Each election year a large number of political campaign signs can be found along most of our major roadways in violation of law. Existing statute prohibits signs along federal aid highways as well as primary and secondary roads, but enforcement of this law seldom occurs.

Under current statute, the Department of Transportation gives 30 days for compliance to the owner of the land where the sign in violation is placed and at the end of 30 days, if the sign is still in violation, "...the department shall remove it at the expense of the owner of the land."

This bill would change the existing statute in four (4) ways. It would:

1) require candidates filing for political office to sign a statement acknowledging that they are aware of the law related to political advertising signs;

2) eliminate the 30 day period that a sign can be illegally placed and charge the department with immediate removal upon discovery of that sign;

3) increase the minimum penalty for violation from $50 to $250 per count; and

4) shift the burden of responsibility from the owner of the land to the person or group advertising.

This bill is aimed at violations by candidates who knowingly place their political advertising signs in prohibited areas and "buy time" through the notice period which allows the sign to remain fixed for 30 days after the owner of the land is asked to remove it. It would <u>not</u> change existing laws regarding other types of signs.

Thank you for your consideration.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M February 8, 1988

SUBJECT: Outdoor political advertising
(Work Order No. 5-0633)

TO: Representative Steve Frank

FROM: Richard A. Bradley
Legislative Counsel

Rick Solie has requested a sectional analysis of the above described bill.

As a preliminary matter, note that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1 amends AS 15.25.030(b). It provides that at the same time that a candidate for the elective political office files a declaration of candidacy, the candidate will file a statement prepared by the Department of Transportation and Public Facilities that the candidate is familiar with the provisions of law regulating "outdoor political advertising."

Section 2 of the bill adds a new Sec. 19.25.115. Sec. 19.-25.115(a) provides that a candidate or group may place advertising on private property so long as the private property is not within the zone where advertising is prohibited under AS 19.25.105(a): "within 660 feet of the nearest edge of the right- of-way and visible from the main-traveled way of the interstate, primary, or secondary highways in this state".

Section 19.25.115(b) directs the Department of Transportation and Public Facilities to remove summarily posters or signs erected in violation of AS 19.25.105(a) and bill the

candidate or group named on the poster or sign for its actual costs from the removal.

Section 3 amends AS 19.25.130, PENALTY FOR VIOLATION. The amendment leaves the existing penalty ($50 to $1,000) in place for existing violations of the section covered. It signals that there is a different penalty for a violation of Sec. 19.25.115.

Section 4 establishes a new Sec. 19.25.130(b). The section adds a new penalty of $250 to $1,000 for a violation of the new section on political advertising, Sec. 19.25.115.

Section 5 of the bill amends AS 19.25.150 to carve out from the application of this section the political advertising; the political advertising is covered under Sec. 19.25.115 added at bill sec. 2.

Section 6 of the bill amends AS 19.25.160(1). The existing law section defines "outdoor advertising." The amendment to the definition excludes political advertising.

The bill contains no effective date clause. It is, therefore, effective 90 days after enactment. Art. II, sec. 18, Alaska Constitution.

RAB;bb
wkb2/058

AMENDMENT

TO: House Bill 448 - "An Act relating to outdoor political advertising."

House Bill 448 is amended by adding two new sections to read:

Section 7.
Section 1 of this act takes effect January 1, 1989.

Section 8.
Sections 2 through 6 of this act take effect immediately under AS 01.10.070 (c).

IMPORTANT INFORMATION ABOUT CAMPAIGN TREASURERS AND POLITICAL SIGNS

The Alaska Public Offices Commission and the Department of Transportation and Public Facilities are responsible for administering Alaska law with regard to the subjects below. Should you have any questions about these requirements or wish additional information, please contact the appropriate office as indicated.

APOC, Anchorage, 276-4176

Section 15.13.060. CAMPAIGN TREASURERS.

(a) Each candidate and group shall appoint a campaign treasurer who is responsible for receiving, holding, and disbursing all contributions and expenditures, and for filing all reports and statements required by law. A candidate may be a campaign treasurer.

(b) Each group shall file the name and address of its campaign treasurer with the commission at the time it registers with the commission under §.050 of this chapter.

(c) Each candidate for state office shall file the name and address of the campaign treasurer with the commission, or submit, in writing, the name and address of the campaign treasurer to the lieutenant governor for filing with the commission, no later than 15 days after the date of filing his declaration of candidacy or his nominating petition. Each candidate for municipal office shall file the name and address of the campaign treasurer with the commission no later than seven days after the date of filing his declaration of candidacy or his nominating petition. If the candidate does not designate a campaign treasurer, the candidate is the campaign treasurer.

(d) In the case of the death, resignation or removal of a campaign treasurer, the candidate shall appoint a successor as soon as practicable and file his name and address with the commission within 48 hours of the appointment. The candidate is disqualified when he has been found to have been in wilful violation of this subsection.

(e) A campaign treasurer may appoint as many deputy campaign treasurers as he considers necessary. The candidate shall file the names and addresses of the deputy campaign treasurers with the commission.

(f) The candidate is responsible for the performance of his campaign treasurer, and any default or violation by the treasurer also shall be considered a default or violation by the candidate if he knew or had reason to know of the default or violation. (§ 1 ch 76 SLA 1974; am § § 16-19 ch 189 SLA 1975; am § 1 ch 133 SLA 1977)

Section 15.13.090. IDENTIFICATION OF COMMUNICATION (Effective January 1, 1981). All advertisements, billboards, handbills, paid-for television and radio announcements and other communications intended to influence the election of a candidate or outcome of a ballot proposition or question shall be clearly identified by the words "paid for by" followed by the name and address of the candidate, group or individual paying for the advertising. In addition, candidates and groups must identify the name of their campaign chairman. (§ 1 ch 76 SLA 1974; am § 22 ch 189 SLA 1975; am § 36 ch 100 SLA 1980)

Department of Transportation & Public Facilities

AS 19.25.080-180, AS 19.25-200-250 and 17 AAC 20.010 govern the placement of political signs. Political signs placed within 660 feet of the right-of-way of primary or secondary highways are illegal. Political signs placed more than 660 feet outside the right-of-way with the purpose of the message being read from the traveled way of a primary or secondary highway are illegal.

The placing of a sign in violation of the state statutes is a misdemeanor and upon conviction is punishable by a fine of not less than $50 nor more than $1,000 (Sec. 19.25.130). Political signs placed within the right-of-way of highways are illegal encroachments under AS 19.25.220 and 17 AAC 20.010, and may be summarily removed pursuant to AS 19.25.240, Outdoor Advertising.

Private landowners placing signs, allowing signs to be placed, or allowing signs to remain on property along State primary or secondary highway rights-of-way are in violation of the law and could also have civil liability. Private landowners could find themselves in court and liable for damages caused by a sign on their property which contributed to a vehicle accident.

Confiscated signs may be recovered from the nearest field maintenance facility after payment for man and equipment hours expended in the removal. In all cases the minimum charge will not be less than $50. Confiscated signs not recovered will be destroyed after thirty (30) days.

If you are in doubt concerning the state right-of-way in a given area, please contact the appropriate regional office of the Department of Transportation and Public Facilities for information: Anchorage Regional Office - 266-1440; Fairbanks regional Office - 451-2294; Juneau Regional Office - 789-6221.

Candidates should check with municipal officials for local ordinances regarding sign placement.

DECLARATION OF CANDIDACY
DISTRICTWIDE OFFICE

RETURN TO:
DIRECTOR OF ELECTIONS
OR ELECTION SUPERVISOR

☐ $30 filing fee must accompany this Declaration.

My Conflict of Interest Statement is:
☐ Enclosed with this Declaration;
☐ On file with the Alaska Public Offices Commission.

GENERAL INFORMATION (Please Print or Type)

I, _____, am a qualified voter and declare myself to be a resident of, and a candidate for nomination to the office of

☐ State Senator
☐ State Representative

representing Election District _____ Seat _____. I am registered under and a candidate of the _____ political party in the primary election to be held on August _____, 19_____.

I have been a resident of Alaska since _____, 19_____, and a resident of the Election District in which I am seeking office since _____, 19_____.

My current residence address is: _____
(Use street #, mile post, plat #, or other physical location description.)

I have lived at this address since _____, 19_____.

(If less than one year, prior address: _____.
I lived at my prior address from _____, 19_____ until _____, 19_____.)

My full mailing address is: _____.

I request that my name appear on the ballot in the following manner:**

_____

** (The Director of Elections may not include on the ballot, as part of candidate's name, any honorary or assumed title or prefix, but may include in the candidate's name any nickname or familiar form of a proper name of the candidate. AS 15.15.030(4).)

CERTIFICATION

I, the undersigned, certify that the information in this Declaration of Candidacy is true and complete, and that I meet the specific residency and citizenship requirements of this office. I further certify that I shall meet the age requirements upon taking the oath of office, if elected. I am not a candidate for any other office to be voted upon at the primary or general election and have not filed another Declaration of Candidacy or nominating petition for the office for which this Declaration is filed. I also acknowledge that should I choose to withdraw my candidacy, my withdrawal must be submitted to the Director of Elections in writing over my signature.

Subscribed and sworn to before me this _____ day of _____, 19_____.

_____
CANDIDATE SIGNATURE

_____
Notary Public
My Commission Expires:_____

_____ _____
Home Phone Work Phone

NOTARY SEAL

To assist staff in verifying candidate/voter identification, please provide one or both of the following:

SS#: _____ Voter #: _____

Return To:
ALASKA PUBLIC OFFICES COMMISSION
2221 E. Northern Lights Blvd., Room 128
Anchorage, Alaska 99508
(907) 276-4176

APOC FORM 15-1

REGISTRATION STATEMENT FOR A CANDIDATE OR A CANDIDATE'S CAMPAIGN COMMITTEE

STATE CANDIDATES DUE DATE: No later then fifteen (15) days after the date of filing a declaration of candidacy or nominating petition.

MUNICIPAL CANDIDATES DUE DATE: No later than seven (7) days after the date of filing a declaration of candidacy or nominating petition.

The APOC will direct all communications, including audit reports, related to your campaign to the Campaign Mailing Address you specify

Name of Candidate:	Campaign Mailing Address:	Home Tele. Work:

Candidate's Campaign Committee Name (if any):

State Office Filed For (include district if any):	Municipal Office Filed For (include name of municipality):

Campaign Chairman (if any):	Mailing Address:	Home Tele.: Work:

The name of the Chairman must be included in all campaign communications.

Treasurer(if any):	Mailing Address:	Home Tele.: Work:

Deputy Treasurer(s):	Mailing Address:	Telephone Numbers:

BANKING INSTITUTIONS
If this group intends to raise or spend more than $5,000 during 1987, designate below which regulated banking institutions will serve as campaign account depositories (2AAC 50.319):

Name of Depository	Account Number	(Use additional Sheet if Necessary)

CERTIFICATION

I hereby certify that the information contained in this registration statement is complete, true, and correct: further, I acknowledge having received notice of the information concerning campaign treasurers, identification of communications, and placement of political signs as printed on the reverse side of this form.

Date: _____ Signature: _____

❑ Candidate ❑ Treasurer

APOC FORM 15-1 (5/87) **SEE REVERSE SIDE**
APOC/ CLERK USE ONLY:
Packet Provided - YES NO

ALASKA PUBLIC OFFICES COMMISSION

CONFLICT OF INTEREST STATEMENT OF FINANCIAL INTERESTS HELD DURING THE PRIOR CALENDAR YEAR

☐ I am filing candidacy forms in 1987. This statement reflects information for calendar year 1986.
☐ I am filing candidacy forms in 1988. This statement reflects information for calendar year 1987.

READ THE MANUAL OF INSTRUCTIONS IN THE RUNNING BOOKLET FOR THE COMPLETE REPORTING REQUIREMENTS

You must check one of the above boxes. Statements filed without a reporting period designated or an original signature are not valid. You must also show the financial interests, to the extent ascertainable, held by family members during the prior calendar year.

PART 1. GENERAL INFORMATION

Name of Reporting Official:_____

Candidate for:_____
Indicate Seat

Declaration of Candidacy Date:_____ Election Date: _____

Current Resident Address:_____
Street City Zip Code

Permanent Mailing Address:_____
Street City Zip Code

Home Phone:_____ Work Phone:_____

Family Members of Reporting Official (list names):

Spouse: _____ Dependent Children_____

_____

Nondependent Children, Living with Reporting Official:_____

_____

PART 2. CERTIFICATION

I, the undersigned, certify that the information in this Statement is, to the best of my knowledge, true, correct and complete. In the absence of a Notary Public or other official authorized to administer an oath, I personally certify under penalty of perjury that the Statement is true. By statute, a person who makes a false sworn certification which s/he does not believe to be true is guilty of perjury.

_____ _____ _____

SIGNATURE DATE LOCATION

PART 3. SOURCES OF INCOME AND CAPITAL GAINS OVER $100

Name *(of official, spouse, children)*	Source of Income *(show name only: do NOT list amounts)*
Salary:	Source:
Rentals: *(include business name)*	Tenants:
Dividends and Interest:	Source:
Self Employment: *(include business name)*	Source: *(clients, customers, or "retail")*
Other:	

(Continue any section on blank paper).

PART 4. BUSINESS INVOLVEMENT OR OWNERSHIP INTEREST AS A STOCKHOLDER, OWNER, OFFICER, PARTNER, PROPRIETOR, OR EMPLOYEE

Name *(of official, spouse, children)*	Nature of Involvement or Interest	Name and Address of Business

PART 5. REAL PROPERTY INTERESTS, OWNED, INCLUDING OPTIONS TO BUY

Name *(of official, spouse, children)*	Identity of Property, Location and Current Use	Nature of Interest

PART 6. BENEFICIAL INTEREST IN TRUSTS OR OTHER FIDUCIARY RELATION

Name *(of official, spouse, children)*	Trustor	Assets	Extent of Interest

(Continue any section on blank paper.)

PART 7. LOANS, LOAN GUARANTEES OR OTHER FINANCIAL OBLIGATIONS OF $500 OR MORE

Name	Identity of Maker of Loan, Loan Guarantor, or Creditor

PART 8. CONTRACTS AND OFFERS TO CONTRACT WITH THE STATE OR ITS INSTRUMENTALITY

Name	State Contracting Dept. or Instrumentality	Identity of Contract	Indicate: Bid, Held, or Offered

PART 9. LEASES OR OFFERS TO LEASE MINERAL, TIMBER, OIL OR OTHER NATURAL RESOURCES

Name	Nature of Lease	Identity of Lease	Indicate: Held, or Offered

Please forward your Completed Candidate Conflict of Interest Statement to any of the following locations:

ALASKA PUBLIC OFFICES COMMISSION
2221 E. Northern Lights Room 128
Anchorage, AK 99508
276-4176

ALASKA PUBLIC OFFICES COMMISSION
Pouch CC
Juneau, AK 9981[illegible]
465-4864

Or Any Division of Elections Office

HOUSE BILL NO. 448
NEUTRAL SUMMARY
Prepared by the Division of Elections

The Division of Elections has reviewed House Bill No. 448, "An Act relating to outdoor political advertising," that would require a political candidate to be familiar with the provisions of the law that regulates outdoor political advertising, and to simultaneously file a statement to that fact at the time he or she files a declaration of candidacy. The Division is neutral on the intent of HB 448.

Sandra J. Stout
Director
Division of Elections

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: House Bill No. 448
PUBLISH DATE:

REQUEST: **FISCAL NOTE**

Revision Date:
Title: Act relating to outdoor advertising

Agency Affected: DOT&PF
BRU: Engineering and Operations Standards

Sponsor: Frank, Miller, Boyer, Davis, Sund, and Brown
Requestor: CATO

Components:

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

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

FUNDING: (THOUSANDS OF DOLLARS)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Sec. 2. (b) of this bill should reduce general fund expenditures.

Prepared by: Milton H. Lentz
Division: Engineering and Operations Standards

Phone: 465-2985
Date: 3/4/88

Approved by Commissioner: _____
Agency: Department of Transportation and Public Facilities

Date: _____

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

Dept. of Transportation & Public Facilities

POSITION PAPER

BILL NO: House Bill No. 448

TITLE: An act relating to outdoor Political Advertising

APPROVED: Mark S. Hickey
Commissioner

DATE:

The Department of Transportation and Public Facilities supports this bill as control of political signs has become a controversial and increasing problem within the state. This bill would assist in the enforcement of political signs in that:

(1) The candidate must acknowledge that they are familiar with the provisions of law regulating outdoor political advertising.

(2) Responsibility has been identified as the candidate or group owning the signs.

(3) The 30 day notice ordering the owner to remove an unlawful political sign is eliminated, thereby making enforcement more effective.

(4) The penalty for a violation is increased from $50 to $250.

For further information call Susan Fleischhauer at 465-3900

(7)

HOUSE COMMITTEE REPORT

Date referred: 2/10/88

FURTHER REFERRALS: Judiciary
Finance

DATE: March 9, 1988

The Transportation Committee has considered HB 448

"An Act relating to outdoor political advertising."

RECOMMENDS:

[X] replace with CS HB 448 (Trsp) [ ] the same title
[X] a new title

[ ] attached amendment(s)

- [ ] do pass
- [ ] do not pass
- [X] no recommendation
- [ ] individual recommendations
- [ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

- [ ] fiscal impact
- [X] zero fiscal note
- [ ] zero with analysis
- [ ] same as previous fiscal note published _____
- [ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Mike Miller

Herman Springer

SIGNING OTHER RECOMMENDATIONS:

Bill Updegraff - No Rec.

Ike Leavell - No Rec.

Bette Cate - No Rec.

Bette Cate
Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE:

SIGN-IN

Subject of meeting:

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

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

An Overview by the Commonwealth North Railroad Committee

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY? Which bill
	Loren H. Lounsbury	276-1414	Commonwealth North	
Chief R/W ~~Engineer~~	Milton H. Lentz	465-2985	DOT&PF	If requested H.B. 448
	Ted Trenk			
Malcolm B. Roberts	2001 Churchill Rd 99517	276-1414	Commonwealth North	yes

* indicates first public hearing

HB

479

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation:

2/29/88

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

February 29, 1988

****

COMMITTEE CALENDAR:

HB 479: "An Act making appropriations to the Department of Transportation and Public Facilities for the Alaska marine highway system; and providing for an effective date."

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

a folder on HB 479 that includes:

item #1: HB 479
#2: a statement from Rep. Goll
#3: service reductions
#4: funds necessary to restore service
#5: executive summary - Southeast Conference report on the Alaska Marine Highway
#6: resolutions and letters of support
#7: service complaints from tourist industry
#8: statutes

REPRESENTATIVE
PETER GOLL

P O BOX V
JUNEAU, ALASKA 99811
(907) 465-4925

STATE OF ALASKA
HOUSE OF REPRESENTATIVES

M E M O R A N D U M

DATE: February 26, 1988

TO: Representative Bette Cato
Chair, House Transportation Committee

FROM: Representative Peter Goll

SUBJECT: HB 479

HB 479, is an appropriation bill for the Alaska Marine Highway System, using $4,897,100 in ferry program receipts to restore lost services. This legislation is a step toward restoration of ferry service to its FY 86 levels.

The Alaska Marine Highway is the only surface transportation system linking Southeast communities to one another and to the mainland road system. It is the only safe and affordable transportation available to citizens of rural communities.

The system is necessary to the economy of Southeast Alaska and other coastal regions, providing the connections needed to maintain freight service, private transportation, and tourism.

I have provided for your information:

1. A spreadsheet showing the service reductions that have been made as a result of budget cuts since FY 86, including the winter service cuts to Alaskans.

2. A spreadsheet showing the funds necessary to restore service to the FY 86 levels, and the revenue sources for the appropriation. Noted are revenues generated through fares.

3. An excerpt from the Executive Summary of the Southeast Conference report on the importance of the Marine Highway to the safety, health and economy of the region.

4. Resolutions and letters from elected officials, local governments, organizations, and health professionals, detailing need for adequate surface transportation.

5. Service complaints from the tourism industry.

1/14/88

NUMBER OF PORT CALLS - ALASKA MARINE HIGHWAY SYSTEM

PORT	Summer Season May 16-Sept 30				Winter Season Oct 1 - May 15			
	FY 86 Actual	FY 87 Actual	FY 88 Planned	FY 89 Budget	FY 86 Actual	FY 87 Actual	FY 88 Planned	FY 89 Budget
Skagway	152	148	146	144	144	128	120	124
Hair s	305	297	293	289	288	256	240	248
Juneau	323	319	312	316	324	298	285	295
Sitka	133	132	131	137	202	198	192	192
Petersburg	247	239	241	249	272	260	246	246
Wrangell	228	224	222	230	202	196	196	196
Ketchikan	570	548	518	514	532	502	418	402
Prince Rupert	114	110	106	108	84	83	73	78
Seattle	37	36	31	19	36	33	33	33
Pelican	9	9	9	9	9	10	9	10
Hoonah	95	93	95	95	146	136	138	144
Tenakee	57	57	57	57	133	98	92	98
Angoon	76	78	76	84	146	144	138	140
Kake	38	38	38	38	68	92	66	66
Hollis	136	138	133	135	191	236	210	206
Metlakatla	152	152	146	133	262	162	119	131
Hyder	17	19	19	19	--	--	--	--

FY 89 OPERATING PLAN $67.4 MIL BUDGET EQUAL TO FY 86

VESSEL	OPERATING PLAN	OPERATE MONTHS	EXPENSE[1] (In millions) INOP.	OP.	TOTAL	REVENUE (In millions)
	JUL AUG SEP OCT NOV DEC JAN FEB MAR APR MAY JUN					
COLUMBIA	SEA / SEA / OCT 24 REDUCED CREW / MAY 16 OVERHAUL / SEA	5.2	1.6	6.5	8.1	7.1
MATANUSKA	YPR / SEA / FEB 28 OVERHAUL / MAY 6 / YPR	9.8	.7	8.1	8.8	7.8
MALASPINA	YPR / YPR / DEC 28 OVERHAUL / FEB 28 / SEA / YPR	10.0	.7	8.2	8.9	7.7
TAKU	YPR / OCT 21 OVERHAUL / YPR / YPR	9.8	.7	7.4	8.1	5.7
LeCONTE	OCT 1 OVERHAUL NOV 30	10.0	.5	4.3	4.8	1.8
AURORA	NOV 30 OVERHAUL JAN 25	10.1	.5	4.4	4.9	1.8
TUSTUMENA	JAN 12 REFURBISH APR 20	8.5	.6	4.2	4.8	2.3
BARTLETT	OCT 1 OVERHAUL DEC 1	10.0	.4	3.5	3.9	1.7
CHILKAT	LAY UP / OCT 1 OVERHAUL / FEB 1 LAY UP	4.0	.3	.3	.6	.1
		Subtotal			52.9	36.0

"DRAFT" 2/10/88

Shoreside ops & Admin[2]	8.7
Risk Management	4.0
Marine Facilities	1.8
TOTAL	67.4 Mil.

CAPITAL COST - CHILKAT DOCK - PR. OF WALES IS.	.5
CAPITAL COST - CHILKAT DOCK - METLAKATLA	.6
TOTAL CAPITAL	$1.1 Mil.

1. EXPENSES ASSUME AN AVERAGE FUEL PRICE EQUAL TO THE AVERAGE FOR FY 88 AND A LABOR COST BASED UPON THE SAME WAGE RATES AS FY 88

2. THIS SHORESIDE COMPONENT INCLUDES:

Administrative Mgmt.	$2.3 Mil
Operations Mgmt.	.8
Reservations Mgmt	2.6
Terminal Operations	3.0
	$8.7 Mil

SOUTHEAST CONFERENCE

ALASKA MARINE HIGHWAY SYSTEM

THE COMMUNITY PERSPECTIVE

"Working For All Alaska"

EXECUTIVE SUMMARY

This report describes the importance of the Alaska Marine Highway System (AMHS) from the community perspective. It has been developed to show how the economy and way of life of the people in Southeast Alaska has evolved in concert with the ferry system. It points out that budget and other decisions regarding the AMHS should take into consideration the importance of the ferry system in other than strictly economic terms; most particularly the sense of real security, reliability, and the affordable transportation which it offers to the traveling public. It explains the reality that dismantling this billion dollar infrastructure would be a severe blow not only to Southeast Alaska but to the entire state. The report shows how the ferry system is so interwoven in the economic fabric and well-being of Alaska that it deserves a fresh look; a commitment to efficient management and direction through prudent budget decisions. Furtner, it offers specific recommendations and findings to improve the system.

The ferry system is a vital component of the economy of Southeast Alaska. Therefore, any decision that may result in a general service reduction should be approached with great caution. It is an unfortunate reflection of our government that the rationale to reduce service seems based on the assumption that communities must suffer before management can become effective or labor brought to the table as a full partner in resolving the problems. As a matter of fact,

in most cases it costs at least 50% of vessel expense to lay-up. For example, the Bartlett cost 90% of operating expense to be put into lay-up. Therefore, it needs to generate only 10% of costs in revenue to be more cost effective to operate.

As this study began, the focus of the effort was that of discovering the relative ways in which the AMHS is important to each respective community served by the system. The inter-relationships developed with the rest of the State as a result of the ferry system were also explored. It was learned that not only is the system important in a general way for transportion of people, vehicles, and goods, but in particular ways. That is, a particular major component of a local economy has often developed with the ferry service, and vice versa.

The major component in some communities may be a single business, such as the case with the Hoonah Cold Storage. Hoonah Cold Storage depends on the ferry to ship out 100% of its fish products. This was almost two million pounds of salmon in 1986, and the business expects a 30% increase this year. In Sitka, a winter 'turnaround' run is the primary boost to the retail trade. It is an economic convenience, as well as being key to the delivery of important human services, for those who do not live in Sitka. The economy of the City of Skagway in recent years has become almost entirely based on tourism. Of course, the ferry system plays a very important role in bringing tourists to Skagway. The

AMHS brought 36,000 visitors to Skagway in 1986. Ketchikan faces a double-edged sword when the State considers reductions in ferry service. The mainline runs are extremely important because of the tourist trade, export of fisheries products, and the import of goods and supplies to furnish the area's retail demands. But the feeder ferries are critical for retail and commercial trade, fish transport, and winter economic activity. The economies of the people of Ketchikan would be severely impacted by a reduction in either mainline or feeder ferry service. There is one community, however, which appears to have an even deeper dependence on the ferry system: the City of Haines. There are so many business functions in Haines which have evolved with, and depend upon the ferries, it clearly would suffer the most immediate and significant effects of reductions in service. Haines is still the main embarkation and disembarkation point for people and goods destined for the interior or travelling south from the interior. Without the ferry system, Haines would simply be a place at the end of a very long spur road. These are but a few examples of the community perspectives of the AMHS. The more enlightening and detailed reports are found in the Community Section. Reading that section is imperative in understanding the AMHS's relationship to developing economies. The particular ways the communities have used the ferries to develop and stafilize the economy of Southeast must be recognized.

Of course, the communities served by the ferry system are dependent on it in numerous general ways. These include the delivery of food, particularly fresh produce and dairy products; mail delivery; school travel; tourist travel; and the transportation of vehicles, equipment and general freight. In some cases, practically 100% of the fresh produce is delivered by ferry. In addition, all second and third class mail and surface parcel post from the lower 48 travels by ferry. The mail is ferried to Haines, Skagway, Petersburg, Wrangell, Sitka, Ketchikan, and Juneau, then shuttled to smaller communities.

During the school year, all school districts make use of the ferry system for student travel to a remarkable degree. Petersburg, Juneau, Wrangell, and Ketchikan report that a student group (averaging 30 students) from their high schools is going somewhere on the ferry system virtually every week of the school year. For purposes of school travel, both safety and cost considerations combine so that schools schedule events around the ferry schedule. And as funding for education decreases, the cost of flying is not a reasonable alternative for student travel.

The AMHS is also important to the health, welfare and safety of Southeast residents. Residents of the smaller communities depend on the system for transportation to larger communities to meet shopping, business, medical, and recreational needs. The selection of goods and services is extremely

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5168 HTRA HB 479 - HB 485

limited in some small communities, making travel to larger communities a necessity. Thirteen of the nineteen SE communities we surveyed have no resident doctor; fourteen have no hospital. Travel by ferry to the larger communities is often the preferred mode of transportation, due to its safety, dependability, and people's fear of flying. The senior citizens of Southeast rely on the ferry system to a great degree, perhaps more than others. For them the ferries are safer, more accessible, and more dependable; as well as providing a far less costly means of transportation.

It is safe to say that almost all Southeast communities served by the AMHS are positively affected by the ferry transport of tourists into their community. Communities as small as Pelican notice an increase in business brought about by the arrival of a ferry. The Southeast communities, through the Southeast Alaska Marketing Council (SAMC), have been doing a great deal to encourage use of the AMHS. They have invested $400,000. in advertising to encourage the 'independent traveller' to visit SE Alaska. To date they have received 12,000 responses to their ads; 57% of these were interested in ferry travel as their means of transport. The SAMC supplies travel information to the respondents based on their interest.

The degree of general dependence on the ferry system by the various communities appears to rise in inverse proportion to the size of the community. The smaller the community, the more dependent it is likely to be on the ferry system for its

transportation needs. However, a reduction in service would adversely impact elements of all local economies.

In addition to the individual and general ways in which the various Southeast communities are dependent on the ferries, the system is an important source of jobs. The system employs approximately 900 people and there are more than 5,000 other people that depend on the system for their jobs. Table 5 which is appended to this report details the number of people directly employed by the AMHS in each community. Ketchikan is home for the largest number of employees of the ferry system: 294 employees.

It is also important to note that the system is not only important to the economy of Southeast, but to the state's overall economy - more important than is generally thought. In all, the Southeast system carried 313,071 passengers during 1985, the latest year for which figures are available. That same year the system transported 79,780 vehicles. The "Alaska Tourism Handbook," published by the Division of Tourism reveals that 60% of the summer travelers on the ferry system visit Anchorage and 59% visit Fairbanks. In addition, 40% of all winter traffic on the Southeast ferries is headed for the interior. Each year the AMHS carries thousands of tons of freight and millions of dollars of visitor revenues to the northern regions of the state. Each week semi-vans loaded with goods and supplies head for interior Alaska. Even more vans flow from the rest of the state, especially Anchorage to

CITY OF HAINES

RESOLUTION 87/88-10

A RESOLUTION OF THE CITY OF HAINES, ALASKA, IN SUPPORT OF FRIDAY FERRY SERVICE TO HAINES AND SKAGWAY.

WHEREAS, the City of Haines is seeking to promote winter visitation to our community, and the Chilkat Bald Eagle Preserve for the benefit of the economy of the area; and,

WHEREAS, the State of Alaska, Marine Highway system is not planning to operate a ferry on Fridays to the upper Lynn Canal this winter; and,

WHEREAS, the communities of Haines and Skagway both provide highway access to the interior for all residents of Southeast Alaska, allowing them access to Anchorage, Fairbanks and Whitehorse for the purpose of trade and travel; and

WHEREAS, the Alaska Marine Highway has in serve the M/V Chilkat, which could be used for this Friday ferry service;

NOW THEREFORE BE IT RESOLVED by the Council of the City of Haines, Alaska, that the City of Haines supports the use of the M/V Chilkat on a special Friday trip from Juneau to Haines and Skagway for the mutual benefit of both communities as they seek to promote winter visitors to the Upper Lynn Canal.

PASSED AND APPROVED THIS 21ST DAY OF OCTOBER, 1987.

Frank L. Wallace

Frank L. Wallace, Mayor

ATTEST:

Susan V. Johnston

Susan V. Johnston, City Clerk

S E A L:

CITY OF SKAGWAY, ALASKA

RESOLUTION 87-26R

A RESOLUTION OF THE CITY OF SKAGWAY, ALASKA, IN SUPPORT OF FRIDAY FERRY SERVICE BETWEEN SKAGWAY, HAINES, AND JUNEAU

WHEREAS, the Alaska Marine Highway is the only surface transportation link between communities in southeast Alaska, and

WHEREAS, Skagway is the northern terminus of the Marine Highway, and

WHEREAS, the Klondike Highway, linking Skagway to Whitehorse, Y. T., and interior Alaska is now open year-round, and

WHEREAS, continued economic viability for the northern panhandle communities is based on a year-round transportation link, and

WHEREAS, the primary travel days between communities for the purpose of recreation and visitation are Fridays and Sundays, and

WHEREAS, new recreation facilities for winter sports are attracting more and more potential visitors, and

WHEREAS, the State of Alaska, Division of Tourism has committed more funding for Fall/Winter/Spring promotion, and

WHEREAS, the State of Alaska Marine Highway service to Skagway and Haines this Winter has ferry dockings two days in a row on Sundays and Mondays, another ferry on Wednesday, and then no ferry until the next Sunday.

NOW THEREFORE BE IT RESOLVED that the Skagway City Council urges the Marine Highway System to restore Friday ferry service between Juneau, Haines and Skagway by March 1, 1988 at the latest.

PASSED AND APPROVED BY THE SKAGWAY CITY COUNCIL ON THE 19TH DAY OF NOVEMBER, 1987.

Skip Elliott

Skip Elliott, Mayor

ATTEST:

Lorene S. Gordon

Lorene S. Gordon, City Clerk

PRINCE OF WALES COMMITTEE
FOR IMPROVED SERVICE
TO THE ISLAND

Senator Richard Eliason
Box v
Room 417
Juneau, Alaska 99811

Dear Senator Eliason,

We would like to thank you in advance for the work that you are doing for the people of Southeast.

We have formed a committee for improved service to the people of Prince of Wales via the Alaska Marine Highway. We have a definate need here for improved service.

We are enclosing a packet of information concerning the efforts that are being made to further this project. We will have an open meeting February 14, 1988 at that time petitions will be generated and taken in a door to door Island wide campaign. The petitions will be forthcoming.

Please take the time to review our concerns and offer what help you are able to afford to us.

Thank you again for your consideration of our concerns.

Sincerely,
Waunita Pannell
Charlie Calton

pc: Gov. Cowper
Peter Goll
Bette Cato
Lloyd Jones
Robin Taylor

WAUNITA PANNELL - BOX 157 - KLAWOCK, AK.
755-2296
CHARLIE CALTON - BOX 49 - CRAIG, AK.
826-3756

The people of the Prince of Wales Island are generating the introduction of a petition to the Alaska Marine Highway System for the purpose of requesting:

1) A regular daily schedule for the service to the Prince of Wales Island, directed at the present winter scheduling.

2) A look at a proposal for the early haul-out of the M V Aurora (during the winter months) for the proposed improvement of the winter scheduling.

3) Installing an elevator (or incorporating a chair-lift in the existing stairwell) for all handicapped persons traveling the Alaska Marine Highway System.

This letter is a request to your organization for a letter of endorsement of this petition.

We firmly believe the more endorsements we have to this petition, the better the chances for the improvement of the services to the Prince of Wales Island will be.

This petition will be formalized and approved by an Island Committee on February 14th, and the following Monday, February 15th, will be sent to you for your perusal and, very hopefully, your organizations endorsement.

If you have any questions on this matter, or any other suggestions that will enhance or substantiate this petition, please feel free to contact us with your suggestions and/or recommendations.

Waunita Pannell 755-2296 P. O. Box 157 Klawock
Charlie Calton 826- 3756 P. O. Box 49 Craig

Thank you for your considerations toward this effort.

The POW Committee for Improved
Service to the Island VIA
The Alaska Marine Highway

PROPOSAL

WHEREAS, The Prince of Wales Committee for improved service to the Island via Alaska Marine Highway System.

WHEREAS, The Island population is approximately 4700 to 5200 persons and the embarking - dis-embarking statistics of the Alaska Marine Highway usage for 1986 was above and comparable to larger ports.

WHEREAS, Our present schedule (especially during winter months) does not meet the direct needs of the people of Prince of Wales Island.

WHEREAS, The lack of daily schedules hinder the people from using the services of Physicians, Medical facilities, Attorneys and other professionals without the additional expense of having to make use of the airline services rather than the ferry system.

WHEREAS, The ferry does not allow for travelers who would like to utilize the weekend in Ketchikan to do so without loss of time from work.

WHEREAS, Ketchikan City and Borough and the State of Alaska are losing daily revenue,as money is being spent on mail order services, that would otherwise be directed to the city.

WHEREAS, With a regular daily schedule there would be more participation on the Marine Highway between families of Prince of Wales and Ketchikan. also, the possiblity of added tourism to the island.

WHEREAS, With the daily schedule the school systems of Prince of Wales would be able to participate in more activities to benefit the students and also increase ridership rather than being forced to utilize the airline system, which is sometimes cost prohibitive and impossible due to weather conditions.

WHEREAS, An early haul-out of the M.V. Aurora (during the winter months) causes an extra burden on those leaving for the winter, or taking vacations during the holidays.

WHEREAS, The handicapped do not have access to special care and handling such elevators for the ill, aged or wheel chair confined.

THEREFORE, Be it resolved that the Prince of Wales Commitee for Improved Service to the Island via Alaska Marine Highway system urges the Department of Transportation and the Legislature to upgrade and improve the present service to the island in accordance with the above mentioned items to ensure regular guaranteed daily scheduling that the people of Prince of Wales can rely upon.

Family Practice Physicians
10301 GLACIER HIGHWAY • JUNEAU, ALASKA 99801
(907) 789-2910

MIKE FRANKLIN, M.D.
KIM C. SMITH, M.D.
WILLIAM M. COLE, M.D.
ERIC OLSEN, M.D.

LARRY DePUTE, P.A.-C

December 2, 1987

File No. 140-3704-A

Mr. George Davidson, System Director
Alaska Marine Highway
Pouch R
Juneau, Alaska 99811

Dear Mr. Davidson:

Thank you for your letter of November 16. There are some other points that should be brought up, however.

The Aurora makes 3 trips per week from Metlakatla to Hollis and back. All these are within a 38 hour period. Perhaps one of these trips could be removed in favor of Juneau to Skagway.

Secondly, the new road being opened from Skagway to Whitehorse has opened up new oppurtunities for recreation and commerce that were just beginning last year. The Skagway Inn for example became very popular with Juneau people, and it made people aware of quality skiing that was thought to be available only out of state or in the Interior. I'm sure the number of users this year would have been much higher if the ferries would have made it possible. With the warmer winter weather we have been experiencing, there is very little available to Juneau residents in the form of winter activities.

Thank you for your cooperation.

Yours truly,

Kim C. Smith, M.D.

cc: ~~Senator Duncan~~
Rep. Ulmer
Rep. Hudson

NOV 1 8 1987

CITY OF SKAGWAY
GATEWAY TO THE GOLD RUSH OF "98"
P.O. BOX 415, SKAGWAY, ALASKA 99840
907-983-2297

November 16, 1987

Commissioner Mark Hickey, DOTPF
Representative Peter Goll
Senator Dick Eliason

We are writing to ask for your help in restoring the Friday ferry service between Juneau / Haines and Skagway.

We understand the budgetary constraints facing the Alaska Marine Highway, however, both Skagway and Haines are connected to the Marine Highway by year-round highways. In Skagway's case, the Klondike Highway is the only surface connection between the capital of the Yukon Territory, Whitehorse, and the capital of the State of Alaska, Juneau (via ferry from Skagway). As we as a state develop more and more economic ties with the Yukon, it becomes imperative that we have the necessary transportation links in place.

The weekend traffic between Skagway / Haines / Juneau and Whitehorse provides economic benefit to all the communities, as residents make the trips not only for recreation, skiing, downhill in Juneau, cross-country between Skagway and Whitehorse, but for shopping trips, visits to doctors and dentists, and to see friends and relatives.

We believe that by reinstituting the Friday ferry service in mid-February or early March at the latest, it will provide residents of the Northern Panhandle with economic benefits needed for our communities to remain healthy and strong and to continue to be viable participants in the overall growth our state so dearly needs.

The Skagway Convention & Visitors Bureau urges you to reconsider the Marine Highway's winter ferry schedule and appropriate the necessary funding to continue our transportation corridor between interior Alaska, the Yukon and Southeast Alaska, on the days when traffic has the greatest potential.

Thank you.

Sincerely,

Gary C. Danielson,
Executive Director
Skagway Convention & Visitors Bureau

cc: Representative Bill Hudson
Senator Jim Duncan
George Davidson, Director, Marine Highway System
Juneau Convention & Visitors Bureau

Box 317
Skagway, Alaska
Nov 7, 1987

Mark Hickey, Director
Dept of Marine Transportation
Juneau , Alaska

Dear Mr. Hickey,

I am writing to add my voice to those urging you to make a stronger effort to provide weekend ferry service to Skagway and Haines during the winter months. The present scheduling, with a three-day gap in service between Wed. and Sunday, hampers traffic in our area all winter long, when winter weather makes air travel much more uncertain, and the ferry alternate more needful.

By spring, by which I mean February, when days are getting longer, many people not only in Skagway and Haines, but in Juneau and Whitehorse also, are feeling ready for a weekend jaunt up or down the channel for a day or two in another town, Ski weekends, winter Carnivals, musical events and other attractions are among the enticements for such traffic. For us in Skagway especially, every little bit of winter traffic is a measurable contribution to the survival of our town. High school sports and music events need this weekend service also.

The Friday ferry, which we have had in the past, and during summer months, gets cut down to a shorter and shorter schedule every year, and is now slated to stay off until April 1 of 1988. We have been told that the ferry system gets more traffice on the southern end, between Ketchikan and Hollis which is why they get the Le Conte now. We can accept this, but it is our understanding that you do have vessels idle during the winter, and we'd surely like to see one of them, even if only in Feb. and March. As you well know, this is our Highway. Please give us more service, and more traffic will come to use i

It would be nice to see the long-range plan for ferry service completed, and to see that it included fuller winter scheduling for Lynn Canal. We'd like to see a smaller high-speed vessel available to add extra service available to add extra service to supplement mail-line ferry service, which we certainly wish to keep up here in Lynn Canal. With the Klondike Highwa now open for the winter, Skagway is getting a share to the very substatial auto traffic to and from the Alaska Highway.

Sincerely,

Barbara D. Kalen

Barbara D. Kalen

cc: Governor Steve Cowper
Rep. Peter Goll

4.01

February 8, 1988

Mr. Robert Hale
1683 North 14th Street
Coos Bay, Oregon 97420

Dear Mr. Hale:

Your letter has been received and reviewed. You did, apparently write to us in November, seeking reservations which included 2-berth rooms.

We had received some 300 requests for reservations by November and when your reservation request was processed, in the order which it was received, there were no 2-berth rooms available.

A four berth room was substituted in one case and a three berth in the other. These were the only choices available!

If the substitution does not meet with your approval, we will cancel them. We will not, however, provide three or four berth rooms at the two berth rate. If you wish, we can place you on the waitlist for a 2-berth cabin, but there are few 2-berth cabins on these vessels and the odds on having one cancelled are poor.

Your request for a price adjustment is denied.

Sincerely,

Sherman D. Burton
Customer Services Manager

vw

STATE OF ALASKA
DEPT OF TRANSP AND PUBLIC FACILITIES
ALASKA MARINE HIGHWAY SYSTEM - RESERVATIONS
BOX R, JUNEAU, ALASKA 99811

Re: Itinerary Number #0310271
Mr. & Mrs. Hale

Since November 2, 1987 arrangements for our transportation schedule to and from Alaska have been negotiated with you. Our agent, Mrs. Arthur May, phoned you on November 2, 1987 asking how and when to request ferry reservations. As per your instructions Mrs. May mailed in our request soon after November 2, 1987.

On December 7, 1987 you acknowledged our request for reservations and indicated that the schedule would be mailed to us as soon as possible, indicating that reservations are available generally in January. Our agent was told to check with you by January 4, 1988.

On January 4, 1988 our agent attempted to phone you all day and received no response. Also on January 5, 1988 our agent phoned you all day and received no response. On January 6, 1988 our agent completed a phone call to you. You indicated that reservations would be arranged in a couple of days. Reservations were received that week. They were dated January 5 and January 6, 1988.

Departing Malaspina May 20, 1988 SEA-HNS we request
a 2 berth facility for $184.00
Our reservation now shows billing for a 4-berth facility for $271.00
184.00
Overcharge $ 87.00

Columbia
Departing July 5, 1988 JNU-SEA we request
a 2 berth facility for $175
Our reservation now shows billing for a 3-berth facility for $205.00
175.00
Overcharge $30.00

TOTAL OVERCHARGE 117.00

We confirm our request for 2-berth cabin at the 2-berth price or a price adjustment on the more expensive facilities you have reserved for us.

Please advise.

Robert Hale

Robert Hale
1683 N. 14th St.
Coos Bay, Oregon 97420

January 26, 1987

July 8, 1987

Ms. Cheryl Erickson
Sales Manager
Pioneer Inn
9830 100th Avenue
Fort St. John, British Columbia
CANADA V1J 1Y5

Dear Ms. Erickson:

In response to your thoughtful letter concerning the Circle Tours cancellations with your lodging establishment, I wish to offer the following.

The Alaska Marine Highway System (AMHS) provides transportation for passengers and vehicles. One connection to the continental land highway system is at Prince Rupert. Some of the vessels calling at Prince Rupert have berths in limited numbers.

During the summer months, requests for berths, from individuals as well as tours, exceed the number available. Many individuals travel without berths, as do some tours. Many tours choose not to travel without berths. The AMHS has a limited number of ships, thus the AMHS cannot provide berths to all who desire them in the peak summer period and the tours seldom wish to travel except in the peak summer period.

We wish to accommodate everyone, unfortunately we can't. We will keep trying.

Sincerely,

Sherman D. Burton
Traffic Manager

VW

cc: Donna Spear, Fort St. John Chamber of Commerce,
9323-100th St, Fort St. John, B.C., Canada V1J 4N4

pioneer inn

FORT ST. JOHN

June 10, 1987

Alaska Marine Highways Ferries
Box R
Juno, Alaska
99811

Dear Sirs:

We are writing with regards to Circle Tours 5 bus tour cancellations with our hotel. These were for: June 10, July 01, 05, 19 and August 02.

These 5 tours were cancelled due to the Alaska Marine Ferries inability to provide space. No alternate dates to the ones requested were offered to Circle Tours office, according to our contact there.

We are very disappointed with your handling of this tour company. It represents 200 tourists lost to our City and frankly we are very upset. You obviously do not give buses, with 45 passengers per bus, much priority. Why not? They have the ability to put through a thriving tourist trade, if treated appropriately.

Alaska has become a very popular destination. If your services are not at present able to keep up with the tourist demands, perhaps a revamping is in order, however this lost business cannot continue.

We sincerely hope that the 1988 tourist season is not marred with a repeat of the above situation.

Yours truly,

Cheryl Erickson
Sales Manager

cc: Circle Tours
Ft. St. John Chamber of Commerce
Peace River Alaska Highway Tourist Assoc.
B.C. Ministry of Tourism

9830 100th Avenue, Fort St. John, B.C. V1J 1Y5 Telex 036-75107 Telephone (604) 787-0521

FORT ST. JOHN & DISTRICT CHAMBER OF COMMERCE

9323 - 100th Street, Fort St. John, B.C. V1J 4N4
(604) 785-6037

June 11, 1987

Alaska Marine Highway
Box "R"
Juno, Alaska 99811
U.S.A.

Ladies & Gentlemen:

It has been brought to the attention of the Fort St. John & District Chamber of Commerce that your Company is apparently no longer allowing space for buses on your Ferries. This has resulted in the loss of a great deal of Tourist Trade not only to our Community, and all the lodges and Communities located along the Alaska Highway, but also to yourselves. We have been advised of a large number of bus tours that have been forced to cancel their tours to Alaska after advice from your Company that there was no space available on the Ferries and no alternate dates to accommodate them were offered.

Alaska is becoming a very popular destination point and from all indications to date through our office, your state will see almost double the visitors over last year and at least half that number want to take the Ferry trip down the coast. The majority of those who visit Alaska and take the Marine Highway originate from the United States.

A great deal of promotion for the State of Alaska and your Company is done by our office to visitors all over the world. The trip up the Alcan Highway and the Ferry trip down the coast are, for many, a very exciting prospect.

Perhaps our efforts should instead be concentrated on the alternate route up the Alaska Highway to the B. C./Yukon border, down the Stewart/Cassiar Highway to Prince Rupert and then aboard a B. C. Ferry for a gorgeous trip down the coast of B. C. to Vancouver. There is no problem obtaining space on the B. C. Ferries as more Ferries and frequencies are added during the peak Tourist season.

continued . . . . . .

Is it possible for your Company to consider the same increases? These Visitors mean dollars spent at each and every stop along the way including those in your State. They are of an Economic Benefit to all of us.

Kindly advise our office if you foresee a solution to this problem of non-availability of space on your Ferries in the near future.

Thank You for your time and consideration and we look forward to your early response.

Yours truly

Ms. Donna Spear, Vice-President
Transportation & Communications Director

DS/tk

FEDERAL MARITIME COMMISSION
WASHINGTON, D.C. 20573

March 11, 1987

Ref: 26:D-1-679

Mr. Douglas Barton
Alaska Marine Highway
Box R
Juneau, Alaska 99811

Dear Mr. Barton:

The enclosed letter, dated February 27, 1987, from Senator William Proxmire, requests information to respond to the complaint of his constituent, Mr. Philip T. Jones.

A copy of Mr. Jones' letter, dated February 16, 1987, is also enclosed outlining difficulties in securing berth reservations on the ferry between Skagway and Prince Rupert, B.C.

Would you please review this situation and let us have a reply for Senator Proxmire as soon as possible. Your cooperation will be appreciated, thank you.

Sincerely,

Geoffrey Rogers, Director
Office of Informal Inquiries
and Complaints

Enclosures

cc: David Miles, Esq., Legislative Counsel, FMC

United States Senate

2/27/87

To ensure proper handling, please return all correspondence TO THE ATTENTION OF:

Pat Tidwell

Respectfully referred to:

Congressional Liaison
Federal Maritime Commission
1100 L St. N.W.
Washington, D.C. 20573

Please respond to the attached inquiry in duplicate and return the enclosure. Thank you for your cooperation.

Bill Proxmire

William Proxmire, U.S.S.

'85 FEB 18 AM

Pat

Phone 414/723-4309

Jones
ELKHORN BUS SERVICE, INC.

Philip T. Jones, President

D.B.A. JONES COACH TRAVEL

511 S. Lincoln St. • Elkhorn, Wisconsin 53121

February I6,I987

Senator William Proxmire
?44 Federal Court Building
5I7 E. Wisconsin Ave.
Milwaukee, WI. 53202

Dear Senator Proxmire:

I write this letter because I am frustrated. It is tough doing business out in this world, but when bureaucracy gets fouled up it makes things twice as hard.

My reason for writing: I own and run a charter, travel and tour business. A small company here in Wisconsin. I incorporated in I969 as a bus company here in Wisconsin. I now have I0 over the road coaches with ICC authority in 49 states and Canada.

My problem? I cannot get to the Alaskan Marine Highway. I have "run" tours (one each summer) to Alaska via motorcoach the last 3 years. Each year I cannot get reservations on the ferry between Skagway and Prince Rupert, B.C.. Berths are required due to 36 hours on the ferry and all are senior citizens.

I fully understand the fact that they only have so many berths. My concern is how come I can buy a ready made tour from several Canada tour companies with guaranteed berths on the ferry? The point being, how can Canadian's get the berths and we can't when the U.S. are the people who own the boats and it is a U.S. state?

Is there any help you can give me in this matter? Your prompt attention would be appreciated.

Very truly yours,

Philip T. Jones

Philip T. Jones

4.01

March 18, 1987

Mr. Geoffrey Rogers, Director
Office of Informal Inquiries
and Complaints
Federal Maritime Commission
Washington, D.C. 20573

Dear Mr. Rogers:

In response to your letter of March 11, 1987, the following information is provided.

The Alaska Marine Highway provides transportation, food, beverage and sleeping accommodations. Requests for these services exceeds the supply in many instances, particularly during the busy summer months.

Many tour bus operators contact us to secure transportation during the summer. Virtually all desire cabins for their trip. The Alaska Marine Highway does not have enough cabins to meet this demand and therefore, some tour bus operators as well as some individual travelers are unable to travel with cabins. Many choose to travel without cabins, sleeping in the reclining chairs or in sleeping bags in the heated solarium. Some choose not to travel.

Being unable to provide cabins to all the tour bus operators that desire them, the Alaska Marine Highway is forced to select those to receive cabins. This is done based upon past performance with the Alaska Marine Highway. Many Canadian companies utilize the Marine Highway as do many Canadian citizens, as one might expect since we share a great deal of common border. If the past performance of a Canadian tour bus operator was adequate, the Alaska Marine Highway would consider that company eligible to receive space in the future. We have not established priorities based upon nationality.

I trust this answers the questions posed and I wish you a pleasant summer.

Sincerely,

Sherman D. Burton
Traffic Manager

SDB/wld

FEDERAL MARITIME COMMISSION
WASHINGTON, D.C. 20573

March 27, 1987

Ref: 26:D-1-679

Mr. Sherman D. Burton, Traffic Manager
Alaska Marine Highway System
Department of Transportation
& Public Facilities
Pouch R
Juneau, Alaska 99811

Dear Mr. Burton:

Thank you for responding so promptly about the inquiry we received from Senator Proxmire. Your letter, dated March 18, 1987, was helpful in clarifying the State's policy in respect to allocating sleeping accommodations.

Understandably this is not an easy task considering the short supply and strong demand. Since the problem experienced by the Senator's constituent stems from that task, we wonder how his bus tour can expect to receive space. Said in another way, without having the experience of their patronage, how can James Coach Travel provide you with a record of past performance.

Mr. Burton, we would appreciate your advices and your continued cooperation. Thank you.

Sincerely,

Geoffrey Rogers, Director
Office of Informal Inquiries
and Complaints

cc: Senator William Proxmire
David R. Miles, Legislative Counsel, FMC

4.P1

April 8, 1987

Mr. Geoffrey Rogers
Director
Federal Maritime Commission
Washington, D.C. 20573

Dear Mr. Rogers:

There are a number of things that "James Coach Travel" could do, that would be of benefit, if they wish to make a trip to Alaska with large numbers of people desiring sleeping accommodations.

First, they could make the trip at a time when the demand is less. With respect to Marine Highway services, traveling southbound earlier in the year, or northbound later in the year would serve this purpose.

Another method would be to stop in one or more, communities along the way, utilizing their sleeping accommodations, thus lessening the need for sleeping accommodations on the vessels.

Traveling without cabins is something that many people do. This might be a possibility.

Since it is important, to the Alaska Marine Highway, that blocked space be allotted to bonafide enterprises that will fullfill their obligation to produce the agreed upon number of passengers and meet their financial obligations, it would be of assistance to accompany the request for space with promotional brochures, or any descriptive documents that might reflect the organizations background.

The Alaska Marine Highway encourages private enterprise to promote travel during non peak periods and any brochures or information indicating an effort in that direction would certainly be of interest.

James Coach Travel can continue to request space in competition with others, during the very peak travel period and request berths for some forty travelers. Their continued requests will serve to lend credibility and sincerity to their status and when space becomes available they will receive every consideration.

We certainly want James Coach Travel to be able to visit Alaska as often as they desire and I hope the preceeding discussion will allow them to do so.

Sincerely

Sherman D. Burton
Traffic Manager

SDB/wld

(7)

HOUSE COMMITTEE REPORT

Date referred: 2/15/88 FURTHER REFERRALS: Finance

DATE: 2/29/88

The Transportation Committee has considered HB 479

"An Act making appropriations to the Department of Transportation and Public Facilities for the Alaska marine highway system; and providing for an effective date."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact [ ] same as previous fiscal note published _____

[ ] zero fiscal note

[ ] zero with analysis [ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Bettye Davis

SIGNING OTHER RECOMMENDATIONS: -

Do not pass - should be a part of budget process -

No rec.

Bettye Davis

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: February 29, 1988

SIGN-IN

Subject of meeting:

*HB 479: "An Act making appropriations to the Department of Transportation and Public Facilities for the Alaska marine highway system; and providing for an effective date."

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
KEITH GERKEN	Box 2	3900	DOT + PF	Yes
PASS Services Mgr Doug Burton	AK Marine Hwy	3946		

* indicates first public hearing

HB

481

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation:

2/24/88

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

February 24, 1988

****

COMMITTEE CALENDAR:

HB 481: "An Act relating to naming the Woodrow Johansen Expressway."

HB 485: "An Act amending provisions relating to a solicitation for offers to purchase or operate the Alaska Railroad; and providing for an effective date."

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

a folder on HB 481 that includes:

item #1: HB 481
#2: fiscal note - DOT/PF

a folder on HB 485 that includes:

item #1: HB 485
#2: CS HB 485
#3: fiscal note - Depart. of Comm. & Economic Dev.
#4: a green binder:
* HB 485 & background info
* legal services
* statutes
* federal regs
* transfer overview
* AK RR appraisal
* assessment
* misc.

STATE OF ALASKA 1988 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HB 481
REQUEST 2-18-88 Publish Date:

Revision Date:
Title: Act act relating to naming the Woodrow Johansen Expressway
Sponsor: Cato
Requestor: Cato

Agency Affected: DOT&PF
BRU:
Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS		0				
OTHER						
TOTAL		0				

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: See attached analysis

Prepared by: W. Keith Gerken Phone: 465-3900
Division: Deputy Commissioner, Operations Date: 2/23/88

Approved by Commissioner: Mark S. Hickey Date: 2-23-88
Agency: DOT&PF

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

Fiscal Note (Attachment)
HB 481

The Geist Road Extension will be built under five projects between 1987 and 1995. The first project is now under contract and the second and third projects will be ready for construction in approximately one year. The first project (now under contract) does not include any "Geist Rd" signs.

All signs are eligible for federal highway funding, however, the department is concerned that road signs do not become too large. Letter sizes are set by standards for the type of facility and for this project 8 to 13 inch letters will be common. If all signs must read "Woodrow Johansen Expy," some signs will be very large, require special structures to support, and may be difficult to place at some locations. A compromise of "Johansen Expy" would be appreciated where sign sizes become a problem.

There may also be some community concerns with the discontinuity between the existing Geist Road west of University Avenue and the proposed renaming to the east.

SCHEMATIC :

PROPOSED [redacted]

"WOODROW JOHANSEN EXPRESS WAY"

approximate Location ; final location to be determined

item #3

Alaska State Legislature

REPRESENTATIVE DISTRICT 23
HEINRICH "Henry" SPRINGER

HOME:
P.O. Box 352
Nome, AK 99762
(907) 443-2854

WHILE IN JUNEAU:
P.O. Box V
Juneau, AK 99811
(907) 465-3789/-4984

COMMITTEES:

CHAIR:
Community and Regional Affairs

VICE-CHAIR:
Transportation

MEMBER:
Resources

TO: Transportation Committee

SUBJECT: House Bill 481

From 1963 to 1975 I have worked under Mr. Johansen's supervision in various functions with the Department of Highways and from 1975 to 1979 (the time of his retirement) as his colleague when he was District Engineer at Fairbanks and when I was District Engineer at Nome.

There is no other man in Alaska whom I admire more. He has dedicated his whole life to the transportation matters in Alaska. The attached biographical sketch and the data contained in the bill show this very clearly. I have no doubt that it is warranted to honor him in this way.

This bill differs in some aspects from other similar ones:

1. The highway has not been built yet and is in various stages of implementation: the western segment is ready for construction, the eastern end is still in the location - approval - and design stage.

2. The highway will connect with 2 major highways through an urban area and therefore there is no confusion or duplication of designation.

3. I do not know of any controversy over the name of "Woodrow Johansen".

The early designation has three advantages:

a) the name can be incorporated early enough in planning, design and contract plans and documents and eliminate the possibility of duplication;

b) the signs and markers can be purchased and installed in the usual process and extra cost is avoided; and

c) name usage is assured from the start, avoiding a problem often experienced with renaming facilities.

I have not encountered any opposition. The bill has the support of the Fairbanks legislators both in House and Senate, DOT/PF and the Governor's Office, City Mayor Bill Wally of Fairbanks, Borough Mayor Juanita Helms Fairbanks North Star Borough and numerous people.

I have also contacted Ms Nancy Lee Baker who expressed reservations on House Bill 437 (Mitchell Expressway; although she thought it may be too early to name the route she had no problem in principal.

It is appropriate to remember and honor Woodrow Johansen through future generations and I hope this bill moves from Committee and through the legislature this session.

WOODROW JOHANSEN

Biographical Sketch

Born November 24, 1913 in Eyak, Alaska (near Cordova)

Spent childhood years in the Cordova area. As a young man, worked on construction crew for the Copper River Northwestern Railway. Originally aspired to be an engineer for the railroad.

Graduated from Cordova High School in 1932.

Attended the University of Alaska in Fairbanks under then university president, Dr. Charles Bunnell.

Was listed in "Who's Who Among Students in American Universities and Colleges" in 1939.

Graduated with a B.S. degree in civil engineering in 1940. By this time the Kennicott Copper Mine had ceased operation and the Copper River Northwestern Railroad was shut down.

Went to work for the U.S. Army Corps of Engineers, then joined the University of Alaska engineering faculty in 1942.

Taught at the University of Alaska from 1942 to 1952 as an associate professor of civil engineering.

Earned an M.S. degree in Civil Engineering from the University of Illinois in 1949.

Joined Alaska Road Commission in 1951 as assistant district engineer of the Fairbanks district.

Was district engineer with the Valdez district from 1952 to 1954.

Became professor of civil engineering and head of the civil engineering department at the University of Alaska in 1954.

Returned to the Alaska Road Commission as Fairbanks district engineer in 1955. Remained in that position when the A.R.C. became the U.S. Bureau of Public Roads.
Accepted post as Interior District Engineer for the State Department of Highways when that agency took over responsibility for Alaska's highway system in 1960. Remained in the position of Interior Regional Engineer when the Dept. of Highways was incorporated into the Department of Transportation & Public Facilities in 1977.

Retired from state service in 1979.

Married the former Carolyn Haggstrom, also Alaskan born, in 1942. Carolyn graduated from the University of Alaska with a bachelors degree in Business Administration. She also has a bachelors and a masters in Education and taught for many years in the Fairbanks school system. The Johansens have four children.

Throughout his career, Woody Johansen has distinguished himself as an outstanding engineer and administrator. As the Interior District Engineer he headed up the largest highway district in the state for over twenty years.

Under his stewardship, a number of noteworthy highway engineering projects were completed, including:

The northern half of the George Parks Highway, providing a new and shorter route between Anchorage and Fairbanks.

The Dalton Highway, the only overland access to the Prudhoe Bay oil fields.

The Yukon River Bridge, the first bridge to span the Yukon River in the state of Alaska.

The Moody Bridge, which carries the Parks Highway across the Nenana River gorge near Healy.

The Hurricane Gulch Bridge, which provided the final connection between the northern and southern portions of the Parks Highway.

Numerous projects to rebuild, widen, straighten and otherwise upgrade all of the major highways, both urban and rural, in the Interior district.

Took a strong interest in the encouragement and development of engineering students at the University of Alaska. Provided opportunities for summer employment for students to give them exposure to the practical applications of civil engineering knowledge and skills.

Was named the University of Alaska Distinguished Alumnus in 1976.

HOUSE COMMITTEE REPORT

(7)

Date referred: 2/15/88 FURTHER REFERRALS:

DATE: 2/24/88

The Transportation Committee has considered HB 481

"An Act relating to naming the Woodrow Johansen Expressway."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[✓] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[✓] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Mike Miller

Bill Hudson

SIGNING OTHER RECOMMENDATIONS:

Bettie Cato

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: February 24, 1988

SIGN-IN

Subject of meeting:

*HB 481: "An Act relating to naming the Woodrow Johansen Expressway."

*HB 485: "An Act amending provisions relating to a solicitation for offers to purchase or operate the Alaska Railroad; and providing for an effective date."

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY? which bill
Director	6710 Chad St Anchorage 99518	349-7005	AK Railroad	HB 485
Rep. Henry Springer	The Alaska State Legislature Box I Juneau, AK 99811		self	HB 481

* indicates first public hearing

HB

485

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

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Mary Van Nimwegen

House Transportation:

2/24/88

#2

5-1960B

Original sponsor: Cato

IN THE HOUSE BY THE TRANSPORTATION COMMITTEE

CS FOR HOUSE BILL NO. 485 (Transportation)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the annual report of the Alaska Railroad Corporation; and providing for an effective date."

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

* Section 1. AS 42.40.260(b) is amended to read:

(b) Every five years the annual report shall include an analysis of potential sale arrangements whereby the corporation may be transferred into private ownership. [THE ANALYSIS SHALL INCLUDE DOCUMENTATION OF AT LEAST THREE OFFERS TO SELL THE CORPORATION INITIATED BY THE CORPORATION DURING THE LAST FIVE YEARS.]

* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

February 24, 1988

****

COMMITTEE CALENDAR:

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* transfer overview
* AK RR appraisal
* assessment
* misc.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HB 485
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Econ. Dev.
Title: An Act amending provisions relating to a solicitation for offers to purchase or operate the Alaska Railroad Corp. BRU: Alaska Railroad Corporation
Sponsor: Cato Components: _____
Requester: House Transportation Committee

EXPENDITURES / REVENUES : (Thousands of Dollars)

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

FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Jim Blasingame, Executive Vice President Phone: 265-2403
Division: Alaska Railroad Corporation Date: February 24, 1988

Approved by Commissioner: Kathy Marshall for J. Anthony Smith, Commissioner Date: February 24, 1988
Agency: Department of Commerce and Economic Development

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

0691D-4/022488a

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HB 485
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Econ. Dev.
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LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
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0691D-4/022488a

THE ALASKA RAILROAD CORPORATION

The decision to purchase the Alaska Railroad from the federal government was made in 1984 however, discussions on this subject took place from 1980 onward. Numerous bills and resolutions were introduced regarding the railroad purchase.

- SCS CSHB 512 (fin) was signed into law by the Governor July 5, 1984. This act established the Alaska Railroad Corporation to manage and operate the Alaska Railroad and provided for an effective date of July 6, 1984.

- January 5, 1985, the Alaska Railroad was transfered from federal to state ownership.

- Purchase price $22.3 million. This price did not include any receivables or cash, therefore the legislature appropriated an additional $10.9 million ($4.9 million for operating and $6 million for capital)

- Effective January 6th, 1985 the Alaska Railroad Corporation became responsible for management and operation of the Alaska Railroad. A seven member Board of Directors appointed by the Governor are responsible for the overall management of the Corporation. The Corporation is a public coporation and is an instrumentality of the state within the Department of Commerce and Economic Development. The corporation has a legal existence independent of and separate from the state.

- The first year of operations, the ARRC posted a profit of $7.133 million. In 1986, railroad revenues declined. This, coupled with several unexpected catastrophies caused the ARRC to record a $985,000 loss. With 1987 year end recently completed, the ARRC has recorded a $3.017 million profit for the year.

- Actual revenues for 1987 still show a significant reduction 1985 - $67.234 (million)
  1986 - $58.133
  1987 $53.703

  However, actual expenses have been reduced significantly
  1985 - $58.085
  1986 - $56.068
  1987 - $45.604

- Several areas have changed substantially since the first year of operations of the ARRC. The major income producers have shifted:

Decrease	% 1987 vs 1985	Increase	% 1987 vs 1987
Pipe	- 77.9%	Passenger	+ 25.1%
Gravel	- 65.0%	Real Estate	+ 20.5%
Interline	- 41.6%	Coal	+ 19.1%

- Over the past 3 years of state ownership the ARRC has to upgradeD services. In 1985 the ARRC spent $12.5 million on capital improvements and upgrades. In 1986 $9.2 million was spent and in 1987 $6.3 million in capital expenditures was incurred. These upgrades have included new locomotives, new intermodal cars, new bulletproof passenger service cars, additional bud cars, as well as many many capital dollars being spent to upgrade the exist track and rail bed.

- The Corporation has also capitalized on land leasing Total land holding of the Alaska Railroad is 39,292 acres. Of this 13,759 acres is used for right of way and, 8,124 is used for operating. The ARRC currently leases 2,077 acres of land throughout the state for a total income of $5.206 million. This is a 20.5% increase over 1985.

- The Alaska Railroad transfer act provided specific language regarding the direction for the state owned railroad to follow.
Sec. 3 Chapter 153 SLA 84 (SCS CSHB 512 Fin)
Sec. 42.40.260 states. Every 5 years the annual from the ARRC to the Governor and legislature shall include potential sale arrangements whereby the corporation may be transfered to private ownership. The analysis shall include documentation of at least three offers to sell the corporation initiated by the corporation. This report would be be required in the ARRC annual report year end 1989 and would be presented to the legislature in January 1990.

To date no sale offers have been solicited and railroad management state the necessary sale package has not yet been prepared by the corporation.

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

P. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

January 16, 1987

MEMORANDUM

TO: Representative Bette Cato

ATTN: Wendy Chamberlain

FROM: Penelope Weyhrauch
Legislative Analyst

RE: Exemptions to and Sale Provision of the Alaska Railroad Act
Research Request 87.057

You asked for a discussion of the Alaska Railroad Act exemptions and what effect repealing the exemptions might have on the Alaska Railroad Corporation. You also asked for a discussion of the requirement relating to offering the railroad for sale, and whether or not the Alaska Railroad Corporation is complying with this requirement.

Alaska Railroad Act Exemptions

I contacted the Alaska Railroad Corporation (ARRC) and asked them to discuss how the corporation would be affected by repealing the exemptions listed in AS 42.40.920. I asked Tad Lewis, General Counsel for the ARRC, what specific effect on the corporation's revenue and operations the repeal of each of the statutory exemptions would have. Mr. Lewis' letter of response is attached. You will note that the response is very general.

Offering the Alaska Railroad for Sale

Alaska Statutes 42.40.260(b) states that "Every five years the [corporation's] annual report shall include an analysis of potential sale arrangements whereby the corporation may be transferred into private ownership. The analysis shall include documentation of at least three offers to sell the corporation initiated by the corporation during the last five years."

According to Jack McGee, Assistant Alaska Attorney General, AS 42.40.260(b) provides all the guidelines available for ARRC to follow to meet the offer-to-sell requirement. Mr. McGee said that the first five-year period began on January 5, 1985, at the time ownership for the railroad passed from the

federal government to the State. The ARRC is required to offer the railroad for sale three times before January 5, 1990.

Mr. McGee said that he interprets the statutory offer-to-sell requirement to mean that the ARRC must actively solicit offers and not just advertise that the railroad is for sale. Mr. McGee said that if the corporation does not comply with the statutory requirement, the legislature would probably take action, the severity of which would depend on how strongly they believed that the railroad should be transferred to private ownership.

I asked Mr. Lewis if the ARRC has taken any steps to begin complying with the statute. He said that at the last corporation board meeting, the board asked the ARRC's legal counsel to begin looking at different ways the corporation could approach complying with the requirement. Mr. Lewis mentioned that the board discussed the form in which offers should be conducted and how a sale will be most advantageous to the State. Mr. Lewis said that an offering to sell will probably be in the form of a solicitation of proposals to buy the railroad.

Mr. Lewis referenced federal restraints (included in the Alaska Railroad Transfer Act) in regard to selling the railroad. He said that one restraint is that if the railroad were sold within five years of the transfer of the railroad to State ownership, any profit from the sale reverts to the federal government. This restraint was included in the act because the federal government wanted the State to operate the railroad for at least five years. Mr. Lewis said that this restraint makes it more beneficial for the State to retain the railroad until after 1990.

* * * *

I have attached the Alaska Railroad Corporation Act (AS 42.40.010-980) for your information. If you would like the ARRC to provide more specific information on each of the exemptions, please let me know and I will write a second letter to the corporation.

PW

Attachments

STATE OF ALASKA
THE LEGISLATURE

COPY

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM February 2, 1988

SUBJECT: Solicitation of offers to purchase the Alaska Railroad (W.O. 5-1769)

TO: Representative Bette Cato
Chairperson
House Transportation Committee

FROM: George Utermohle
Legislative Counsel

Enclosed is the draft bill relating to solicitation of offers to purchase the Alaska Railroad requested by Wendy Chamberlain of your staff.

The bill establishes a schedule for the Governor to solicit offers for the purchase of the Alaska Railroad and then to report back to the legislature on the results of the solicitation. The bill achieves its purpose by imposing the duty upon the Governor under his authority under AS 42.40.940, rather than upon the Board of Directors of the Alaska Railroad under the provisions of AS 42.40.260(b).

The contents of the solicitation is left to the discretion of the Governor. The bill takes this approach rather than list all the things that must be included in the solicitation, because it would be difficult to anticipate all of the kinds of information that a prospective buyer may need in order to make a decision whether to pursue the issue further. Also a detailed listing of the contents of a solicitation for offers would require the assistance of experts familiar with privatization of government enterprises, and the sale of large corporations. In the absence of such expertise, the bill relies on the Governor to develop a meaningful solicitation for offers and gives the Governor ample time in which to develop and release the solicitation.

If I can provide further assistance, please advise.

Enclosure
GU:bb
wkb2/027

Chapter 40. Alaska Railroad Corporation.

Article

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

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

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

Article 1. Establishment and Organization.

Section

10. Establishment of the corporation
20. Board of directors
30. Term of office
40. Vacancies
50. Compensation and expenses
60. Board officers

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) In addition to compensation under (a) of this section, an appointed member of the board is entitled to per diem and travel expenses authorized by law for state boards and commissions. (§ 2 ch 153 SLA 1984)

Sec. 42.40.060. Board officers. (a) The board shall elect from its membership a chairman and vice-chairman and prescribe their duties by rule.

(b) The board shall appoint a secretary and prescribe the duties of the secretary. (§ 2 ch 153 SLA 1984)

Article 2. Management.

Section
100. Management by the board
110. Executive officers
120. Delegation

Sec. 42.40.100. Management by the board. The board is responsible for the management of the corporation but shall delegate certain powers and duties to the chief executive officer in accordance with AS 42.40.120. In managing the corporation the board shall

(1) be responsible for the management of the financial and legal obligations of the Alaska Railroad;

(2) operate the Alaska Railroad as a common carrier subject to the jurisdiction of the United States Interstate Commerce Commission consistent with 45 U.S.C. 1207;

(3) generally manage the corporation on a self-sustaining basis;

(4) apply to the legislature for an appropriation with the concurrence of the governor to be used to provide a particular service that is not otherwise self-sustaining if a subsidy is required to maintain that service;

(5) provide for safe, efficient, and economical transportation to meet the overall needs of the state;

(6) raise needed capital by issuing bonds of the corporation upon approval by the legislature while ensuring that borrowing by the corporation does not directly or indirectly endanger the state's own borrowing capacity;

(7) review all state and other land disposal proposals to aid in planning for future development or expansion of transportation services;

(8) ensure that the procurement procedures of the corporation meet accepted railroad industry standards;

(9) ensure that the accounting procedures of the corporation meet generally accepted accounting principles consistent with industry standards for comparable railroads. (§ 2 ch 153 SLA 1984)

Sec. 42.40.110. Executive officers. (a) The board shall appoint the chief executive officer of the corporation who serves at the pleasure of the board. The board shall fix compensation for the chief executive officer.

(b) The chief executive officer of the corporation shall appoint and fix the compensation for other executive officers. The compensation for an executive officer appointed under this subsection is subject to board approval. (§ 2 ch 153 SLA 1984)

Sec. 42.40.120. Delegation. (a) The board shall by rule delegate to the chief executive officer powers and duties necessary or appropriate for the management of the daily affairs and operations of the corporation. The board may by rule require the exercise of a delegated power or duty to be subject to board approval.

(b) Within 60 days after its first meeting, the board shall delegate the following activities of the corporation to the chief executive officer or other executive officers designated by the board:

(1) leasing subject to AS 42.40.285 and 42.40.350(b) and (d), granting easements in, issuing permits for the use of, or conveying other interests in property that do not constitute a transfer of the corporation's entire interest in land;

(2) establishing specific rates, tariffs, divisions, and contract rate agreements;

(3) making routine changes in service levels;

(4) establishing procurement and accounting procedures for the corporation; and

(5) performing procurement activities.

(c) Notwithstanding (a) and (b) of this section, specific board approval is required for the following:

(1) issuing bonds upon approval by the legislature;

(2) mortgaging or pledging corporation assets;

(3) donating property or other assets belonging to the corporation;

(4) acting as a surety or guarantor;

(5) adopting a long-range capital improvement and program plan;

(6) adopting annual reports;

(7) effecting general, comprehensive increases and decreases in rates;

(8) expanding or reducing services in a major way;

(9) expanding the main or branch rail lines including spur, industrial, team, switching or side tracks, other than performing routine track alignment as necessary to maintain existing service levels;

(10) selecting independent auditors and accountants;

(11) entering into collective bargaining agreements;

(12) adopting annual budgets;

(13) beginning a capital project with an estimated completion cost of more than $500,000 or an estimated completion time of more than one year;

(14) exchanging, donating, selling, or otherwise conveying its entire interest in land subject to approval by the legislature;

(15) exercising the power of eminent domain. (§ 2 ch 153 SLA 1984)

Article 3. Administrative Provisions.

Section
150. Meetings of the board
160. Quorum and voting
170. Executive sessions
180. Rules
190. Emergency rules
200. Validity of rules
205. Application
210. Previously adopted rules and orders
220. Public disclosure of information
230. Conflicts of interest

Sec. 42.40.150. Meetings of the board. (a) The chairman of the board shall call meetings of the board at least once every three months. The chairman or a majority of the members of the board may call other meetings of the board as necessary. The chairman shall preside at meetings.

(b) Except for executive sessions, the meetings of the board are public. The board shall provide by rule for a method of providing reasonable notice to the public of its meetings.

(c) The board shall keep minutes of each meeting. (§ 2 ch 153 SLA 1984)

Sec. 42.40.160. Quorum and voting. (a) Four voting members of the board constitute a quorum for the transaction of business.

(b) Four affirmative votes are required for board action. The board shall provide by rule for the manner of voting, except that the board may not provide for voting by proxy. The rules may provide for voting and conferring by telecommunication devices. (§ 2 ch 153 SLA 1984)

Sec. 42.40.170. Executive sessions. (a) The question of holding an executive session shall be determined in accordance with AS 42.40.160. A subject may not be considered at an executive session unless it is mentioned in the motion calling for the executive session or is auxiliary to a subject mentioned. An action may not be taken at an executive session.

(b) Only the following subjects may be discussed in an executive session:

(1) matters, the immediate knowledge of which would clearly have an adverse effect upon the finances of the corporation;

(2) unless the person has requested to have the subjects discussed in public, subjects that tend to prejudice the reputation and character of a person;

(3) matters that, by law or municipal charter or ordinance, are permitted to be kept confidential from public disclosure;

(4) matters pertaining to personnel;

(5) matters pertaining to the corporation's legal position;

(6) land acquisition or disposal; and

(7) proprietary or other information of a type treated as confidential under the standards and practices of the United States Interstate Commerce Commission, including practices that protect information associated with specific shippers, divisions, and contract rate agreements. (§ 2 ch 153 SLA 1984)

Sec. 42.40.180. Rules. (a) The board shall adopt rules to carry out its functions and the purposes of this chapter, including rules to safeguard property owned, managed, or transported by the corporation and to protect employees and persons using the corporation's property or services. At least 15 days before the adoption of a rule, the board shall give public notice of the proposed action by publishing a notice in at least three newspapers of general circulation in the state and by mailing a copy of the notice to each person who has requested notice of proposed changes to rules. The notice must state the time, place, and nature of the proceedings and must contain a summary of the subject of the proposed rule.

(b) On the date and at the time and place designated in the notice required under (a) of this section the board shall provide each interested person an opportunity to present statements in writing concerning the proposed rule and shall give members of the public an opportunity to present oral statements for a total period of at least one hour.

(c) The board shall consider all relevant matters presented to it before adopting a rule. The board may take action on a rule that varies in content from the summary provided with the notice of the proposed rule if the subject of the rule was reflected in the summary and it provided reasonable notice to the public as to whether their interests could be affected by the board's action on that subject.

(d) The board shall establish in the bylaws of the corporation additional procedures for adopting rules if necessary. (§ 2 ch 153 SLA 1984)

Sec. 42.40.190. Emergency rules. (a) The board shall establish in the bylaws of the corporation a procedure for the adoption of a rule on an emergency basis. An emergency rule may be adopted only when necessary for the orderly operation of the corporation's facilities or programs. The requirements of AS 42.40.180 do not apply to actions taken under this section. However, within 10 days after the adoption of a rule on an emergency basis the board shall give notice of its action that substantially complies with the notice requirements of AS 42.40.180(a).

(b) An action taken under this section remains in effect for not more than 120 days. To prevent an emergency rule from lapsing the board may adopt the same rule under AS 42.40.180 before the end of the 120-day period. (§ 2 ch 153 SLA 1984)

Sec. 42.40.200. Validity of rules. (a) Failure to mail notice to a person under AS 42.40.180(a) or 42.40.190(a) does not invalidate an action taken by the board.

(b) An interested person may challenge a rule adopted by the board by bringing an action in the superior court. In addition to other grounds, a court may declare a change invalid

(1) for substantial failure by the board to comply with AS 42.40.180 or 42.40.190; or

(2) if the rule was adopted under AS 42.40.190, upon the grounds that the emergency rule was not necessary for the orderly operation of the corporation's facilities or programs. (§ 2 ch 153 SLA 1984)

Sec. 42.40.205. Application. Adoption of a rule is not subject to AS 42.40.180 or 42.40.190 if it

(1) relates only to the internal management of the corporation;

(2) relates to specific rates, tariffs, divisions, and contract rate agreements;

(3) relates to service schedules of the railroad;

(4) is directed to a specifically named person or to a group of persons and does not apply to the general public; or

(5) relates to the use of public works under the jurisdiction of the corporation if the effect of the order is indicated to the public by means of signs or signals. (§ 2 ch 153 SLA 1984)

Sec. 42.40.210. Previously adopted rules and orders. The board may provide by resolution that rules and orders in effect on the date of transfer remain in effect until amended or repealed by the board. AS 42.40.180 does not apply to actions taken under this section. (§ 2 ch 153 SLA 1984)

Sec. 42.40.220. Public disclosure of information. (a) Except as provided under (b) of this section, information in the possession of the corporation is public and is open to public inspection at reasonable times.

(b) The corporation may by rule designate and withhold public disclosure of matters of a privileged or proprietary nature. Those matters include personnel records, communications with and work product of legal counsel, and, consistent with the standards and practices of the United States Interstate Commerce Commission for the protection of these matters, other information including proprietary information

associated with specific shippers, divisions and contract rate agreements. (§ 2 ch 153 SLA 1984)

Sec. 42.40.230. Conflicts of interest. (a) Except as provided in this section, a board member or executive officer of the corporation may not participate in a decision of the corporation in which that person or a member of that person's immediate family has a direct or indirect financial interest unless the financial interest is a remote financial interest and participation is approved under (b) of this section.

(b) A board member or executive officer may participate in a decision if that person or a member of that person's immediate family has only a remote interest, the fact and extent of the interest is disclosed to the board in a public meeting and is noted in the minutes of the board before any participation by the member or in the decision, and thereafter in a public meeting the board by vote authorizes or approves the participation. If the person whose participation is under consideration is a board member, that person may not vote under this subsection. For purposes of this subsection, "remote interest" means an interest that in good faith is defined as remote by rules adopted by the corporation.

(c) A board member or executive officer is not considered to be financially interested in a decision when the decision could not affect that person in a manner different from its effect on the public.

(d) Within 120 days of the first meeting of the board, the board shall adopt and may subsequently amend rules implementing this section, providing additional conflict of interest and ethical rules it considers appropriate.

(e) The board may recommend to the governor the removal of a board member or executive officer who intentionally violates this section or a rule adopted under this section.

(f) For purposes of this section

(1) "participate in a decision" includes all discussions, deliberations, preliminary negotiations, and votes;

(2) "immediate family" means

(A) spouse;

(B) dependent, parent, parent-in-law, child, son-in-law, daughter-in-law, sibling, uncle, aunt, niece, or nephew. (§ 2 ch 153 SLA 1984)

Article 4. Powers and Duties.

Section		Section	
250.	General powers	290.	Long-range capital improvement and program plan
260.	Annual report	300.	Use of corporation assets
270.	Audits	310.	Indemnification
280.	State oversight reports		
285.	Legislative approval required		

Sec. 42.40.250. General powers. In addition to the exercise of other powers authorized by law, the corporation may

(1) adopt a seal;

(2) adopt bylaws governing the business of the corporation;

(3) sue and be sued;

(4) appoint trustees and agents of the corporation and prescribe their powers and duties;

(5) hire legal counsel to represent the corporation;

(6) make contracts and execute instruments necessary or convenient in the exercise of its powers and duties;

(7) acquire by purchase, lease, bequest, devise, gift, exchange, the satisfaction of debts, the foreclosure of mortgages, or otherwise, personal property, rights, rights-of-way, franchises, easements, and other interests in land, and acquire by appropriation water rights that are located in the state, taking title to the property in the name of the corporation;

(8) hold, maintain, use, operate, improve, lease, exchange, donate, convey, alienate, encumber, or otherwise grant a security interest in, or authorize use or dispose of, land or personal property, subject to other provisions of this chapter;

(9) contract with and accept transfers, gifts, grants or loans of funds or property from the United States and the state or its political subdivisions, subject to other provisions of federal or state law or municipal ordinances;

(10) undertake and provide for the management, operation, maintenance, use, and control of all of the property of the corporation, including all land and personal property of the Alaska Railroad transferred under 45 U.S.C. 1203(a) and described in the report dated July 14, 1983, as amended, submitted to Congress and the legislature under 45 U.S.C. 1204(a);

(11) recommend to the legislature and the governor any tax, financing, or financial arrangement the corporation considers appropriate for expansion or extension and operation of the Alaska Railroad;

(12) maintain offices and facilities at places it designates;

(13) apply to the state, the United States, and foreign countries or other proper agencies for the permits, licenses, rights-of-way, or approvals necessary to construct, maintain, and operate transportation and related services, and obtain, hold, and reuse the licenses and permits in the same manner as other railroad operators;

(14) prescribe rates to be charged for services provided by the Alaska Railroad consistent with 45 U.S.C. 1201 — 1214 (Alaska Railroad Transfer Act of 1982);

(15) determine the routes, schedules, and types of service to be provided by the Alaska Railroad;

(16) enter into contracts, leases, and other agreements with connecting carriers, shippers, and other persons concerning the services,

designating an appropriate organization for State ownership, operation and management of the Railroad after the transfer.

SECTION 4 -- TRANSFER AUTHORIZATION

This section establishes the primary transfer components. Under subsection (a), the Secretary of Transportation is required to transfer the rail properties of the Alaska Railroad to the State as soon as possible after five specified certifications are made.

Subsection (b) requires the Secretary of Transportation after consultation with the Secretary of the Interior to simultaneously deliver to the State the following documents on the date of transfer; (1) a bill of sale conveying title to all personal rail properties of the Alaska Railroad; (2) an interim conveyance of the real properties of the Alaska Railroad which are not subject to unresolved claims of valid existing rights; (3) an exclusive license to use rail properties not conveyed above pending resolution of claims of valid existing rights in accordance with the review, settlement and final adjudication procedures established in section 6 (b); (4) an exclusive-use easement for Railroad purposes and other existing uses to right-of-way lands located with the Denali National Park and Preserve and title to the improvements within the right-of-way. All other rail properties located in the park are transferred to the Department of the Interior for administration as part of the park.

Lands subject to an interim conveyance (including lands to be conveyed following the review, settlement and adjudication process discussed above), must be surveyed by the Department of the Interior within five years after the date of enactment pursuant to section 606 (b)(2). Following completion of the survey, the Secretary is required to issue a patent to the State.

Subsection (c) provides that interim conveyances and patents issued to the State must transfer all U.S. reservations for the Alaska Railroad except unexercised reservations for future rights-of-way under the 1914 Alaska Railroad Act. In addition, there shall be reserved to the Secretaries of the Interior, Defense and Agriculture as appropriate existing easements for administration identified in the closing report. The appropriate secretary may also obtain future easements with State consent. Existing and future easements may not interfere with operations and support functions of the Alaska Railroad.

The Park Service will continue to use and occupy through the Secretary of the Interior a small tract at Talkeetna, Alaska, currently used for certain park activities so long as this use or occupation does not interfere with Railroad operations.

With respect to the required certifications, subsection (d) directs the Secretary of Transportation to find that the State will operate the

SECTION 5 -- TRANSITION PERIOD

This section sets forth the activities which are to occur, or are not to occur, during the period of enactment of the legislation and the date of transfer. Subsection (a) provides for joint submission by the Secretary of Transportation and the Governor of Alaska, no later than six months after enactment, of a report that describes in detail the rail properties of the Railroad, the liabilities and obligations to be assumed by the State, and the sum of money, if any, in the Alaska Railroad Revolving Fund to be used by the Federal Government in carrying out its remaining responsibilities.

Under subsection (b), the State shall have access to properties of, and records pertaining to the Railroad in order to evaluate and prepare for the transfer. Also the Secretary is directed not to take certain actions such as transfer, sale or lease of the Railroad properties or the obligation of Railroad monies, without the consent of the State.

Subsection (c) directs the Secretary prior to transfer to ensure that the Railroad's accounting practices and systems conform to reporting standards set by the ICC. This action will facilitate the transition of the Railroad to its status as a regulated carrier in intrastate and interstate commerce.

Finally, subsection (d) provides that within nine months after the date of enactment the United States Railway Association must determine the fair market value of the Railroad applying generally accepted procedures, methods and standards. This determination must include an appraisal of the real and personal property to be transferred to the State which considers the current fair market value and potential future value of this property if used in whole or in part for other purposes. The determination must also take into account all obligations imposed by this act and other applicable law upon operation and ownership of the Railroad.

SECTION 6 -- LANDS TO BE TRANSFERRED

This section sets forth the status of the rail properties to be transferred and provides for the orderly adjudication of claims of valid existing rights to those properties. Subsection (a) specifies that the property to be transferred is excluded from selection or conveyance provided under amendments to ANCSA relating to the Cook Inlet Region, Inc., the Chugach Natives, Inc. and certain future Eklutna Village Corporations selections provided for ANILCA.

Subsection (b) reinforces the Department of the Interior's existing responsibility to adjudicate third party claims and to issue written opinions and appropriate documents of title. Specifically, the Secretary of the Interior is directed to complete the determination of "smallest practicable tract" under section 3(e) of ANCSA within three years of the enactment of this legislation. Prior to initiating these adjudications, a ten month

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02-576(2/77)

ALASKA RAILROAD TRANSFER LEGISLATION
SECTION-BY-SECTION ANALYSIS

SECTION 1 -- TITLE

This section provides that the legislation may be cited as "Alaska Railroad Transfer Act of 1982."

SECTION 2 -- FINDINGS

This section states the reasons that the Alaska Railroad should be transferred to the State of Alaska. While the Railroad has served the interest of the Federal Government in the past, today it primarily serves residents and businesses of the State. Further, the transfer is consistent with the Federal Government's efforts today to transfer programs to the states whenever appropriate. Finally the transfer is necessary in order to insure that in the future the Railroad will be operated and its services expanded to meet the needs of the State and the Railroad users.

SECTION 3 -- DEFINITIONS

This section defines the major terms used in the legislation. Among those described is "rail properties of the Alaska Railroad." This definition is important because it describes the rail properties to be transferred. As defined in the legislation, rail properties means all right, title and interest to real and personal properties held by or for the Alaska Railroad as of the date of enactment with limited exceptions, as follows: (1) The unexercised reservation to the United States in all patents to lands as provided for the construction of future rights-of-way; (2) the right of the Secretary of Transportation to exercise the power of eminent domain; (3) any money in the Alaska Railroad Revolving Fund that the Secretary and the State agree is needed to pay certain Federal obligations arising from operation of the Railroad, which are not assumed by the State; (4) certain properties that the Secretary determines, with the consent of the State, to be necessary to carry out Federal functions after the transfer; and (5) certain properties in Denali National Park and Preserve.

This section defines "exclusive-use easement" as a surface easement for transportation, communication and transmission purposes and support functions together with the right to use the subsurface if necessary for such purposes. The definition further guarantees subjacent and lateral support and entitles the easement holder to fence, afix track fixtures and structures to and exclude persons from the land subject to the easement.

This section also defines the terms "State" and "State-owned Railroad." The definitions are broadly worded to give the State maximum flexibility in

designating an appropriate organization for State ownership, operation and management of the Railroad after the transfer.

SECTION 4 -- TRANSFER AUTHORIZATION

This section establishes the primary transfer components. Under subsection (a), the Secretary of Transportation is required to transfer the rail properties of the Alaska Railroad to the State as soon as possible after five specified certifications are made.

Subsection (b) requires the Secretary of Transportation after consultation with the Secretary of the Interior to simultaneously deliver to the State the following documents on the date of transfer; (1) a bill of sale conveying title to all personal rail properties of the Alaska Railroad; (2) an interim conveyance of the real properties of the Alaska Railroad which are not subject to unresolved claims of valid existing rights; (3) an exclusive license to use rail properties not conveyed above pending resolution of claims of valid existing rights in accordance with the review, settlement and final adjudication procedures established in section 6 (b); (4) an exclusive-use easement for Railroad purposes and other existing uses to right-of-way lands located with the Denali National Park and Preserve and title to the improvements within the right-of-way. All other rail properties located in the park are transferred to the Department of the Interior for administration as part of the park.

Lands subject to an interim conveyance (including lands to be conveyed following the review, settlement and adjudication process discussed above), must be surveyed by the Department of the Interior within five years after the date of enactment pursuant to section 606 (b)(2). Following completion of the survey, the Secretary is required to issue a patent to the State.

Subsection (c) provides that interim conveyances and patents issued to the State must transfer all U.S. reservations for the Alaska Railroad except unexercised reservations for future rights-of-way under the 1914 Alaska Railroad Act. In addition, there shall be reserved to the Secretaries of the Interior, Defense and Agriculture as appropriate existing easements for administration identified in the closing report. The appropriate secretary may also obtain future easements with State consent. Existing and future easements may not interfere with operations and support functions of the Alaska Railroad.

The Park Service will continue to use and occupy through the Secretary of the Interior a small tract at Talkeetna, Alaska, currently used for certain park activities so long as this use or occupation does not interfere with Railroad operations.

With respect to the required certifications subsection (d) directs the Secretary of Transportation to find that the State will operate the

Railroad as a carrier in intrastate and interstate commerce. In addition, the Secretary is to certify that the State will assume the rights, liabilities and obligations of the Railroad. However, the State will not be responsible for claims or causes of action accruing on or before the date of transfer, or judgements rendered before the transfer, except those tort actions which result in claims of less than $2,500.

The Secretary must also find the State has established specified employee protection arrangements to apply during the two year period after the date of transfer. For those employees who are not officers and who choose to transfer to the State-owned Railroad, the State must ensure that they are retained in their same position, and unless otherwise agreed to, at least at the same level of compensation in effect at the time of transfer. These provisions are not to apply to those employees who are reassigned, retired or separated for cause or lack of work.

Under this subsection, the State is to continue existing collective bargaining agreements during this two year period unless otherwise agreed to. This subsection further provides that these agreements are to be renegotiated during this period unless otherwise agreed to, and that they are to expire at the end of the two year period.

Finally, with respect to these employees, the State is to ensure that certain Federal benefits are retained. These include accrued leave, insurance, seniority rights and cost of living increases. Also those employees who are transferred to the State-owned Railroad but terminated or laid off, during the transition period, shall be entitled to priority of reemployment in the railroad and prior Federal service is to be counted in determining seniority for such purposes.

For officers of the Railroad including the General Manager, Assistant General Manager, Assistant to the General Manager, Chief of Administration and Chief Consel, the Secretary must also certify that the State has agreed to retain those officers for at least one year from the date of transfer (except where separated for cause, resignation, retirement or lack of work), at or above their base salary in effect on the date of transfer in such positions as the State may determine. As an alternative, the State may remove these employees upon payment of lump sum severance pay equal to their base salary for one year diminished pro-rata for employment by the State-owned Railroad within one year of the date of transfer prior to separation. Benefit guarantees discussed above for officers are in effect for one year only.

The fifth certification requires the Secretary to find that the State has agreed to compensate the U.S. at the value, if any, determined under Section 605 (b) below.

SECTION 5 -- TRANSITION PERIOD

This section sets forth the activities which are to occur, or are not to occur, during the period of enactment of the legislation and the date of transfer. Subsection (a) provides for joint submission by the Secretary of Transportation and the Governor of Alaska, no later than six months after enactment, of a report that describes in detail the rail properties of the Railroad, the liabilities and obligations to be assumed by the State, and the sum of money, if any, in the Alaska Railroad Revolving Fund to be used by the Federal Government in carrying out its remaining responsibilities.

Under subsection (b), the State shall have access to properties of, and records pertaining to the Railroad in order to evaluate and prepare for the transfer. Also the Secretary is directed not to take certain actions such as transfer, sale or lease of the Railroad properties or the obligation of Railroad monies, without the consent of the State.

Subsection (c) directs the Secretary prior to transfer to ensure that the Railroad's accounting practices and systems conform to reporting standards set by the ICC. This action will facilitate the transition of the Railroad to its status as a regulated carrier in intrastate and interstate commerce.

Finally, subsection (d) provides that within nine months after the date of enactment the United States Railway Association must determine the fair market value of the Railroad applying generally accepted procedures, methods and standards. This determination must include an appraisal of the real and personal property to be transferred to the State which considers the current fair market value and potential future value of this property if used in whole or in part for other purposes. The determination must also take into account all obligations imposed by this act and other applicable law upon operation and ownership of the Railroad.

SECTION 6 -- LANDS TO BE TRANSFERRED

This section sets forth the status of the rail properties to be transferred and provides for the orderly adjudication of claims of valid existing rights to those properties. Subsection (a) specifies that the property to be transferred is excluded from selection or conveyance provided under amendments to ANCSA relating to the Cook Inlet Region, Inc., the Chugach Natives, Inc. and certain future Eklutna Village Corporations selections provided for ANILCA.

Subsection (b) reinforces the Department of the Interior's existing responsibility to adjudicate third party claims and to issue written opinions and appropriate documents of title. Specifically, the Secretary of the Interior is directed to complete the determination of "smallest practicable tract" under section 3(e) of ANCSA within three years of the enactment of this legislation. Prior to initiating these adjudications, a ten month

period is provided whereby all affected parties are directed to make a good faith effort to review and settle as many of these claims as possible. This subsection specifies that until settlement or final adjudication, interim management of the Railroad lands subject to claims of valid existing rights shall be in accordance with standards agreed to in the Memorandum of Understanding between the FRA, the State, Cook Inlet Region, Inc. and village corporations. In recognition of the importance of maintaining exclusive control over right-of-way lands to ensure sufficient protection for safe and economic operation of the Railroad, the final part of this subsection provides a process whereby village corporations are allowed to relinquish any claims to railroad lands within the right-of-way for subsequent transfer to the State. This provision further provides that failure to make such a relinquishment shall result in the conveyance to the State of all right, title and interest of the United States in the right-of-way free and clear of such claims.

Under subsection (c), any decision by the Secretary of the Interior pursuant to this section is open to review only by an action brought in Federal District Court of Alaska and is to be expedited. The State is allowed to participate in such an appeal as well as in any agency proceeding. To ensure that the goals of this legislation are not frustrated, this section further provides that no injunctive or other relief can delay the transfer of the Railroad or impede its operations.

Lands among the rail properties are expressly excluded by subsection (d) from selection by Cook Inlet Region, Inc. (CIRI) and Chugach Natives, Inc. under 43 U.S.C. 1611 and sections 1425 and 1430 of P.L. 96-487 (ANILCA); although CIRI claims can be revitalized with State consent if the Railroad is transferred to Alaska. If there is no transfer, the State may still exercise "a public purpose" veto over lands proposed to be included in the selection pool. Federal DOT also has veto power so long as the Railroad is not under State ownership. Since the passage of P.L. 94-204 (ANSCA) in 1976, incorporating the Cook Inlet Land Exchange Agreement (exchange agreement), the Secretary of the Interior and the State of Alaska have been attempting to ensure the land entitlement of CIRI under that complex provision is fulfilled in a manner consistent with the interests of the State, environmental concerns and concerns of other public and private entities.

In one of the integral parts of the exchange agreement, the "in-region pool" provision, the Secretary of the Interior in conjunction with the General Services Administrator, was charged with promptly identifying and creating a selection pool of Federal lands within the Cook Inlet Region. The transfer of the Alaska Railroad through this legislation would exclude rail properties from possible placement in the "in region" selection pool, unless the State or Secretary of Transportation consent to its inclusion.

ANILCA amended ANCSA to allow for "in-region pool selections to occur out of State. Since the existing exchange agreement allows the Secretary of

the Interior discretion to enlarge the "in region pool" using out of region entitlement. The objective of this section is to reaffirm this secretarial discretion and to make clear that out-of-state properties can be placed into the "in region pool." This subsection also allows CIRI to negotiate with local governments to obtain the properties being selected.

Utilization of CIRI's current statutory rights to obtain Federal surplus property wherever located will be essential for fulfillment of its entitlement. Therefore, a more detailed provision is needed to insure the properties will be made available. This section adjusts CIRI's current statutory right by specifically requiring that both the Secretary of the Interior and CIRI obtain early notice of potentially available properties. The amendments also clarify the Secretary of the Interior's authority to offer properties under his jurisdiction to CIRI as partial fulfillment of CIRI's entitlements.

In addition, to increase to properties within Alaska that can be placed into the "in region pool," section 6 extends CIRI's "in-region" priority statewide.

The amount of property within the "in-region pool" has been for various reasons less than the minimum amount required. On three separate occasions the original deadline on January 15, 1978 has had to be extended to recognize this fact. To ensure fulfillment, section 6 lifts the deadline until the pool is complete but in no event later than July 15, 1987.

Subsection (e) expressly provides that the State shall be liable to a party receiving a conveyance of land among the rail properties for damage resulting in use by the State in a manner not authorized under the license provided in section 4.

SECTION 7 -- EMPLOYEES OF THE ALASKA RAILROAD

Subsection (a) of this section provides that those employees who transfer to the State-owned Railroad and who presently participate in the Federal Civil Service System, may continue to participate in this system for as long as they continue to work for the State-owned Railroad. However as an alternative, the State-owned Railroad may provide such employees either in or substantially equivalent to those benefits the State provides its employees under the State Retirement System. This section provides an exemption to the State alternative program for those transferred emoloyees who are entitled to retire under the Federal retirement system within five years of the date of transfer. These employees may elect to remain participants in the Federal system even if the State chooses to provide other benefits.

Subsection (b) of this section provides that those Federal emplcyees who choose not to transfer to the State-owned Railroad at the time the Railroad

is transferred to the State shall be entitled to all normal rights and benefits under Federal law for discontinued employees.

Subsection (c) provides for similar protections for transferred employees whose employment with the State-owned Railroad is involuntarily terminated during the two year period following the transfer.

SECTION 8 -- STATE OPERATION

Subsection (a) of this section provides that after the transfer, the State-owned Railroad shall be subject to the same Federal laws, with some limited sections, as are other railroads, including the Interstate Commerce Act, the Federal Antitrust Laws (unless the State acts otherwise to invoke an exemption), and the Railroad Safety Laws. The limited exemptions are the Railroad Retirement Act, the Railway Labor Act, the Federal Employer's Liability Act and the Railroad Unemployment Insurance Act. All FRA memoranda which sanction noncompliance with Federal railroad safety regulations ineffect on the date of transfer shall continue in effect according to their terms as "waivers of compliance."

In addition, subsection (a) exempts the State-owned Railroad from any state or local statute specifying a minimum number of crew members that must be employed in connection with the operation of its trains.

Subsection (a) specifies that the State-owned Railroad shall retain and manage its own revenues. The purpose of this provision is to avoid the need for annual appropriations by the State for the Railroad.

Subsection (b) of this section requires the ICC to promulgate an expedited, modified procedure for providing the State-owned Railroad a certificate of public need and necessity.

This subsection also exempts ICC actions under this subsection from the National Environmental Policy Act and the Energy Policy and Conservation Act in order to ensure an expeditious process.

Subsection (c) of this subsection provides that the State-owned Railroad shall be eligible to participate in Federal assistance programs on the same basis as other railroads. including that provided for by the Railroad Revitalization and Regulatory Reform Act.

Subsection (d) of this section provides that the railroad properties within the Denali National Park and Preserve and Chugach National Forest shall be subject to applicable Federal laws and regulations established for the protection of forest and park values. In making this determination, the appropriate secretary is to consult with the Governor of Alaska. Moreover, any determination by the Secretaries must be designed to avoid unreasonable interference with Railroad operations. This subsection also requires that

any decision to fence the right-of-way within Denali shall be subject to the concurrence of the Secretary of the Interior.

SECTION 9 -- FUTURE RIGHTS-OF-WAY

This section contemplates future rights-of-way for expansion of the Railroad. Subsection (a) provides that the State or State-owned Railroad may request the Secretary of the Interior, or the Secretary of Agriculture as appropriate, in consultation with the Secretary of Transportation to approve expeditiously pursuant to existing law, a right-of-way over Federal lands and applications for terminal and station grounds and material sites.

Subsection (b) specifies that any rights-of-ways and grounds and sites granted under this section must conform to the extent possible to the standards established in the Alaska Railroad Act of 1914.

Subsection (c) provides that a right-of-way granted under this section is subject to reversion in accordance with section 10 below.

SECTION 10 -- REVERSION

This section provides for the reversion to the United States of the properties of the Alaska Railroad if within 10 years of the transfer such properties are converted to a use that would prevent the State-owned Railroad from continuing to operate. As a alternative to the actual reversion of the properties, the State at its option, may pay the United States an amount determined to be the value of the properties at the time they were converted to a use preventing the Railroad from operating.

Subsection (b) specifically provides that if the State discontinues use of any land within the right-of-way for a continuous period of 18 years, or upon a formal notification of discontinuance from the State, the State's interest in these lands will revert to the United States.

Subsection (c) further states that upon such reversion, these lands will be conveyed by patent to abutting land owners, except as specified in subsection (d). This latter subsection provides that the portion of the right-of-way within the Denali National Park and Preserve and the Chugach National Forest will revert to the Department of the Interior and the Department of Agriculture, as appropriate, for administration as part of these units.

Subsection (e) provides that if the State sells or transfers the Railroad within five years after the date of transfer, the proceeds from the sale or transfer that exceed the cost of any rehabilitation and improvements and any liabilities incurred by the State shall be paid to the United States.

SECTION 11 -- OTHER DISPOSITION

To ensure that the Railroad is transferred from Federal ownership, this section authorizes the Secretary of Transportation to otherwise dispose of the Railroad if satisfaction by the State of the five conditions under section 4 cannot be certified within a year of the delivery of the report mandated under section 5. Consistent with the concern for continued rail service, this section directs the Secretary to give preference to a prospective owner who will continue to operate rail service.

SECTION 12 -- DENALI NATIONAL PARK AND PRESERVE

All rail properties within the Denali National Park and Preserve are transferred to the Department of Interior for administration as part of the park subject to the exclusive-use easement discussed above.

SECTION 13 -- APPLICABILITY OF OTHER LAWS

This section exempts actions taken under the legislation from the requirements of a number of Federal statutes, including the National Environmental Policy Act and those provisions of the Administrative Procedures Act not pertaining to judicial review. The reasons for these exemptions is to ensure that the transfer process is not delayed.

This section also clarifies that actions taken under this legislation do not constitute a disposal of surplus Federal property or a revocation of withdrawals made from or confirmed for the Alaska Railroad under a number of specifically named and generally referenced land laws, including the Federal Land Policy and Management Act. These clarifications are necessary in order to ensure that the rail properties do not become available for entry or selection by third parties as a result of action taken under the legislation.

SECTION 14 -- CONFLICT WITH OTHER LAWS

This section provides that this legislation shall govern in the event in any conflict between this legislation and any other law.

SECTION 15 -- REPEAL AND AMENDMENT OF EXISTING LAWS

This section repeals the Alaska Railroad enabling act and other related laws, and makes conforming changes to other Federal laws that mention the Alaska Railroad. These changes would become effective at the times of transfer or other disposition or at the time of any other disposition of the Railroad pursuant to Section 11 of this legislation.

SECTION 16 -- SEPARABILITY

This section provides that if any section is held invalid, other sections shall not be affected.

(2) a person who is able to assure that adequate transportation will be provided over a substantial portion of the feeder line described in subsection (a) of this section for a period of not less than 3 years; or

(3) any combination of members of the classes of applicants described in paragraphs (1) and (2) of this subsection.

Alaska Railroad Transfer Act of 1982.

TITLE VI—ALASKA RAILROAD TRANSFER

SHORT TITLE

45 USC 1201 note.

SEC. 601. This title may be cited as the "Alaska Railroad Transfer Act of 1982".

FINDINGS

45 USC 1201.

SEC. 602. The Congress finds that—

(1) the Alaska Railroad, which was built by the Federal Government to serve the transportation and development needs of the Territory of Alaska, presently is providing freight and passenger services that primarily benefit residents and businesses in the State of Alaska;

(2) many communities and individuals in Alaska are wholly or substantially dependent on the Alaska Railroad for freight and passenger service and provision of such service is an essential governmental function;

(3) continuation of services of the Alaska Railroad and the opportunity for future expansion of those services are necessary to achieve Federal, State, and private objectives; however, continued Federal control and financial support are no longer necessary to accomplish these objectives;

(4) the transfer of the Alaska Railroad and provision for its operation by the State in the manner contemplated by this title is made pursuant to the Federal goal and ongoing program of transferring appropriate activities to the States;

(5) the State's continued operation of the Alaska Railroad following the transfer contemplated by this title, together with such expansion of the railroad as may be necessary or convenient in the future, will constitute an appropriate public use of the rail system and associated properties, will provide an essential governmental service, and will promote the general welfare of Alaska's residents and visitors; and

(6) in order to give the State government the ability to determine the Alaska Railroad's role in serving the State's transportation needs in the future, including the opportunity to extend rail service, and to provide a savings to the Federal Government, the Federal Government should offer to transfer the railroad to the State, in accordance with the provisions of this title, in the same manner in which other Federal transportation functions (including highways and airports) have been transferred since Alaska became a State in 1959.

DEFINITIONS

45 USC 1202.

SEC. 603. As used in this title, the term—

(1) "Alaska Railroad" means the agency of the United States Government that is operated by the Department of Transportation as a rail carrier in Alaska under authority of the Act of

March 12, 1914 (43 U.S.C. 975 et seq.) (popularly referred to as the "Alaska Railroad Act") and section 6(i) of the Department of Transportation Act (49 U.S.C. 1655(i)), or, as the context requires, the railroad operated by that agency;

Definitions.

(2) "Alaska Railroad Revolving Fund" means the public enterprise fund maintained by the Department of the Treasury into which revenues of the Alaska Railroad and appropriations for the Alaska Railroad are deposited, and from which funds are expended for Alaska Railroad operation, maintenance and construction work authorized by law;

(3) "claim of valid existing rights" means any claim to the rail properties of the Alaska Railroad on record in the Department of the Interior as of the day before the date of enactment of this Act;

(4) "date of transfer" means the date on which the Secretary delivers to the State the four documents referred to in section 504(b)(1) of this title;

(5) "employees" means all permanent personnel employed by the Alaska Railroad on the date of transfer, including the officers of the Alaska Railroad, unless otherwise indicated in this title;

(6) "exclusive-use easement" means an easement which affords to the easement holder the following:

(A) the exclusive right to use, possess, and enjoy the surface estate of the land subject to this easement for transportation, communication, and transmission purposes and for support functions associated with such purposes;

(B) the right to use so much of the subsurface estate of the lands subject to this easement as is necessary for the transportation, communication, and transmission purposes and associated support functions for which the surface of such lands is used;

(C) subjacent and lateral support of the lands subject to the easement; and

(D) the right (in the easement holder's discretion) to fence all or part of the lands subject to this easement and to affix track, fixtures, and structures to such lands and to exclude other persons from all or part of such lands;

(7) "Native Corporation" has the same meaning as such term has under section 102(6) of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3102(6));

(8) "officers of the Alaska Railroad" means the employees occupying the following positions at the Alaska Railroad as of the day before the date of transfer: General Manager; Assistant General Manager; Assistant to the General Manager; Chief of Administration; and Chief Counsel;

(9) "public lands" has the same meaning as such term has under section 3(e) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(e));

(10) "rail properties of the Alaska Railroad" means all right, title, and interest of the United States to lands, buildings, facilities, machinery, equipment, supplies, records, rolling stock, trade names, accounts receivable, goodwill, and other real and personal property, both tangible and intangible, in which there is an interest reserved, withdrawn, appropriated, owned, administered or otherwise held or validly claimed for the Alaska Railroad by the United States or any agency or instrumentality

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thereof as of the date of enactment of this Act, but excluding any such properties disposed of, and including any such properties acquired, in the ordinary course of business after that date but before the date of transfer, and also including the exclusive-use easement within the Denali National Park and Preserve conveyed to the State pursuant to this title and also excluding the following:

(A) the unexercised reservation to the United States for future rights-of-way required in all patents for land taken up, entered, or located in Alaska, as provided by the Act of March 12, 1914 (43 U.S.C. 975 et seq.);

(B) the right of the United States to exercise the power of eminent domain;

(C) any moneys in the Alaska Railroad Revolving Fund which the Secretary demonstrates, in consultation with the State, are unobligated funds appropriated from general tax revenues or are needed to satisfy obligations incurred by the United States in connection with the operation of the Alaska Railroad which would have been paid from such Fund but for this title and which are not assumed by the State pursuant to this title;

(D) any personal property which the Secretary demonstrates, in consultation with the State, prior to the date of transfer under section 604 of this title, to be necessary to carry out functions of the United States after the date of transfer; and

(E) any lands or interest therein (except as specified in this title) within the boundaries of the Denali National Park and Preserve;

(11) "right-of-way" means, except as used in section 609 of this title—

(A) an area extending not less than one hundred feet on both sides of the center line of any main line or branch line of the Alaska Railroad; or

(B) an area extending on both sides of the center line of any main line or branch line of the Alaska Railroad appropriated or retained by or for the Alaska Railroad that, as a result of military jurisdiction over, or non-Federal ownership of, lands abutting the main line or branch line, is of a width less than that described in subparagraph (A) of this paragraph;

(12) "Secretary" means the Secretary of Transportation;

(13) "State" means the State of Alaska or the State-owned railroad, as the context requires;

(14) "State-owned railroad" means the authority, agency, corporation or other entity which the State of Alaska designates or contracts with to own, operate or manage the rail properties of the Alaska Railroad or, as the context requires, the railroad owned, operated, or managed by such authority, agency, corporation, or other entity; and

(15) "Village Corporation" has the same meaning as such term has under section 3(j) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(j)).

TRANSFER AUTHORIZATION

SEC. 604. (a) Subject to the provisions of this title, the United States, through the Secretary, shall transfer all rail properties of the Alaska Railroad to the State. Such transfer shall occur as soon as practicable after the Secretary has made the certifications required by subsection (d) of this section and shall be accomplished in the manner specified in subsection (b) of this section. 45 USC 1208.

(b)(1) On the date of transfer, the Secretary shall simultaneously:

(A) deliver to the State a bill of sale conveying title to all rail properties of the Alaska Railroad except any interest in real property;

(B) deliver to the State an interim conveyance of the rail properties of the Alaska Railroad that are not conveyed pursuant to subparagraph (A) of this paragraph and are not subject to unresolved claims of valid existing rights;

(C) deliver to the State an exclusive license granting the State the right to use all rail properties of the Alaska Railroad not conveyed pursuant to subparagraphs (A) or (B) of this paragraph pending conveyances in accordance with the review and settlement or final administrative adjudication of claims of valid existing rights;

(D) convey to the State a deed granting the State (i) an exclusive-use easement for that portion of the right-of-way of the Alaska Railroad within the Denali National Park and Preserve extending not less than one hundred feet on either side of the main or branch line tracks, and eight feet on either side of the centerline of the "Y" track connecting the main line of the railroad to the power station at McKinley Park Station and (ii) title to railroad-related improvements within such right-of-way.

Prior to taking the action specified in subparagraphs (A) through (D) of this paragraph, the Secretary shall consult with the Secretary of the Interior. The exclusive-use easement granted pursuant to subparagraph (D) of this paragraph and all rights afforded by such easement shall be exercised only for railroad purposes, and for such other transportation, transmission, or communication purposes for which lands subject to such easement were utilized as of the date of enactment of this Act. In the event of reversion to the United States, pursuant to section 610 of this title, of the State's interests in all or part of the lands subject to such easement, such easement shall terminate with respect to the lands subject to such reversion, and no new exclusive-use easement with respect to such reverted lands shall be granted except by Act of Congress.

(2) The Secretary shall deliver to the State an interim conveyance of rail properties of the Alaska Railroad described in paragraph (1)(C) of this subsection that become available for conveyance to the State after the date of transfer as a result of settlement, relinquishment, or final administrative adjudication pursuant to section 606 of this title. Where the rail properties to be conveyed pursuant to this paragraph are surveyed at the time they become available for conveyance to the State, the Secretary shall deliver a patent therefor in lieu of an interim conveyance.

(3) The force and effect of an interim conveyance made pursuant to paragraphs (1)(B) or (2) of this subsection shall be to convey to and vest in the State exactly the same right, title, and interest in and to the rail properties identified therein as the State would have received had it been issued a patent by the United States. The

Secretary of the Interior shall survey the land conveyed by an interim conveyance to the State pursuant to paragraphs (1)(B) or (2) of this subsection and, upon completion of the survey, the Secretary shall issue a patent therefor.

(4) The license granted pursuant to paragraph (1)(C) of this subsection shall authorize the State to use, occupy, and directly receive all benefits of the rail properties described in the license for the operation of the State-owned railroad in conformity with the Memorandum of Understanding referred to in section 606(b)(3) of this title. The license shall be exclusive, subject only to valid leases, permits, and other instruments issued before the date of transfer and easements reserved pursuant to subsection (c)(2) of this section. With respect to any parcel conveyed pursuant to this title, the license shall terminate upon conveyance of such parcel.

(c)(1) Interim conveyances and patents issued to the State pursuant to subsection (b) of this section shall confirm, convey and vest in the State all reservations to the United States (whether or not expressed in a particular patent or document of title), except the unexercised reservations to the United States for future rights-of-way made or required by the first section of the Act of March 12, 1914 (43 U.S.C. 975d). The conveyance to the State of such reservations shall not be affected by the repeal of such Act under section 615 of this title.

(2) In the license granted under subsection (b)(1)(C) of this section and in all conveyances made to the State under this title, there shall be reserved to the Secretary of the Interior, the Secretary of Defense and the Secretary of Agriculture, as appropriate, existing easements for administration (including agency transportation and utility purposes) that are identified in the report required by section 605(a) of this title. The appropriate Secretary may obtain, only after consent of the State, such future easements as are necessary for administration. Existing and future easements and use of such easements shall not interfere with operations and support functions of the State-owned railroad.

(3) There shall be reserved to the Secretary of the Interior the right to use and occupy, without compensation, five thousand square feet of land at Talkeetna, Alaska, as described in ARR lease numbered 69-25-0003-5165 for National Park Service administrative activities, so long as the use or occupation does not interfere with the operation of the State-owned railroad. This reservation shall be effective on the date of transfer under this section or the expiration date of such lease, whichever is later.

(d)(1) Prior to the date of transfer, the Secretary shall certify that the State has agreed to operate the railroad as a rail carrier in intrastate and interstate commerce.

(2)(A) Prior to the date of transfer, the Secretary shall also certify that the State has agreed to assume all rights, liabilities, and obligations of the Alaska Railroad on the date of transfer, including leases, permits, licenses, contracts, agreements, claims, tariffs, accounts receivable, and accounts payable, except as otherwise provided by this title.

(B) Notwithstanding the provisions of subparagraph (A) of this paragraph, the United States shall be solely responsible for—

(i) all claims and causes of action against the Alaska Railroad that accrue on or before the date of transfer, regardless of the date on which legal proceedings asserting such claims were or may be filed, except that the United States shall, in the case of

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any tort claim, only be responsible for any such claim against the United States that accrues before the date of transfer and results in an award, compromise, or settlement of more than $2,500, and the United States shall not compromise or settle any claim resulting in State liability without the consent of the State, which consent shall not be unreasonably withheld; and

(ii) all claims that resulted in a judgment or award against the Alaska Railroad before the date of transfer.

"Accrue."

(C) For purposes of subparagraph (B) of this paragraph, the term "accrue" shall have the meaning contained in section 2401 of title 28, United States Code.

(3)(A) Prior to the date of transfer, the Secretary shall also certify that the State-owned railroad has established arrangements pursuant to section 607 of this title to protect the employment interests of employees of the Alaska Railroad during the two-year period commencing on the date of transfer. These arrangements shall include provisions—

(i) which ensure that the State-owned railroad will adopt collective bargaining agreements in accordance with the provisions of subparagraph (B) of this paragraph;

(ii) for the retention of all employees, other than officers of the Alaska Railroad, who elect to transfer to the State-owned railroad in their same positions for the two-year period commencing on the date of transfer, except in cases of reassignment, separation for cause, resignation, retirement, or lack of work;

(iii) for the payment of compensation to transferred employees (other than employees provided for in subparagraph (E) of this paragraph), except cases of separation for cause, resignation, retirement, or lack of work, for two years commencing on the date of transfer at or above the base salary levels in effect for such employees on the date of transfer, unless the parties otherwise agree during that two-year period;

(iv) for priority of reemployment at the State-owned railroad during the two-year period commencing on the date of transfer for transferred employees who are separated for lack of work, in accordance with subparagraph (C) of this paragraph (except for officers of the Alaska Railroad, who shall receive such priority for one year following the date of transfer);

(v) for credit during the two-year period commencing on the date of transfer for accrued annual and sick leave, seniority rights, and relocation and turnaround travel allowances which have been accrued during their period of Federal employment by transfered employees retained by the State-owned railroad (except for officers of the Alaska Railroad, who shall receive such credit for one year following the date of transfer);

(vi) for payment to transferred employees retained by the State-owned railroad during the two-year period commencing on the date of transfer, including for one year officers retained or separated under subparagraph (E) of this paragraph, of an amount equivalent to the cost-of-living allowance to which they are entitled as Federal employees on the day before the date of transfer, in accordance with the provisions of subparagraph (D) of this paragraph; and

(vii) for health and life insurance programs for transferred employees retained by the State-owned railroad during the two-year period commencing on the date of transfer, substantially

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equivalent to the Federal health and life insurance programs available to employees on the day before the date of transfer (except for officers of the Alaska Railroad, who shall receive such credit for one year following the date of transfer).

(B) The State-owned railroad shall adopt all collective bargaining agreements which are in effect on the date of transfer. Such agreements shall continue in effect for the two-year period commencing on the date of transfer, unless the parties agree to the contrary before the expiration of that two-year period. Such agreements shall be renegotiated during the two-year period, unless the parties agree to the contrary. Any labor-management negotiation impasse declared before the date of transfer shall be settled in accordance with chapter 71 of title 5, United States Code. Any impasse declared after the date of transfer shall be subject to applicable State law.

5 USC 7101 *et seq.*

(C) Federal service shall be included in the computation of seniority for transferred employees with priority for reemployment, as provided in subparagraph (A)(iv) of this paragraph.

(D) Payment to transferred employees pursuant to subparagraph (A)(vi) of this paragraph shall not exceed the percentage of any transferred employee's base salary level provided by the United States as a cost-of-living allowance on the day before the date of transfer, unless the parties agree to the contrary.

(E) Prior to the date of transfer, the Secretary shall also certify that the State-owned railroad has agreed to the retention, for at least one year from the date of transfer, of the offices of the Alaska Railroad, except in cases of separation for cause, resignation, retirement, or lack of work, at or above their base salaries in effect on the date of transfer, in such positions as the State-owned railroad may determine; or to the payment of lump-sum severance pay in an amount equal to such base salary for one year to officers not retained by the State-owned railroad upon transfer or, for officers separated within one year on or after the date of transfer, of a portion of such lump-sum severance payment (diminished pro rata for employment by the State-owned railroad within one year of the date of transfer prior to separation).

(4) Prior to the date of transfer, the Secretary shall also certify that the State has agreed to allow representatives of the Secretary adequate access to employees and records of the Alaska Railroad when needed for the performance of functions related to the period of Federal ownership.

(5) Prior to the date of transfer, the Secretary shall also certify that the State has agreed to compensate the United States at the value, if any, determined pursuant to section 605(d) of this title.

TRANSITION PERIOD

Report to Congress and State legislature. 45 USC 1204.

SEC. 605. (a) Within 6 months after the date of enactment of this Act, the Secretary and the Governor of Alaska shall jointly prepare and deliver to the Congress of the United States and the legislature of the State a report that describes to the extent possible the rail properties of the Alaska Railroad, the liabilities and obligations to be assumed by the State, the sum of money, if any, in the Alaska Railroad Revolving Fund to be withheld from the State pursuant to section 603(8)(C) of this title, and any personal property to be withheld pursuant to section 603(8)(D) of this title. The report shall separately identify by the best available descriptions (1) the rail properties of the Alaska Railroad to be transferred pursuant to

section 604(b)(1) (A), (B), and (D) of this title; (2) the rail properties to be subject to the license granted pursuant to section 604(b)(1)(C) of this title; and (3) the easements to be reserved pursuant to section 604(c)(2) of this title. The Secretaries of Agriculture, Defense, and the Interior and the Administrator of the General Services Administration shall provide the Secretary with all information and assistance necessary to allow the Secretary to complete the report within the time required.

(b) During the period from the date of enactment of this Act until the date of transfer, the State shall have the right to inspect, analyze, photograph, photocopy and otherwise evaluate all of the rail properties of the Alaska Railroad and all records related to the rail properties of the Alaska Railroad maintained by any agency of the United States under conditions established by the Secretary to protect the confidentiality of proprietary business data, personnel records, and other information, the public disclosure of which is prohibited by law. During that period, the Secretary and the Alaska Railroad shall not, without the consent of the State and only in conformity with applicable law and the Memorandum of Understanding referred to in section 606(b)(3) of this title—

(1) make or incur any obligation to make any individual capital expenditure of money from the Alaska Railroad Revolving Fund in excess of $300,000;

(2) (except as required by law) sell, exchange, give, or otherwise transfer any real property included in the rail properties of the Alaska Railroad; or

(3) lease any rail property of the Alaska Railroad for a term in excess of five years.

(c) Prior to transfer of the rail properties of the Alaska Railroad to the State, the Alaska Railroad's accounting practices and systems shall be capable of reporting data to the Interstate Commerce Commission in formats required of comparable rail carriers subject to the jurisdiction of the Interstate Commerce Commission.

(d)(1) Within nine months after the date of enactment of this Act, the United States Railway Association (hereinafter in this section referred to as the "Association") shall determine the fair market value of the Alaska Railroad under the terms and conditions of this title, applying such procedures, methods and standards as are generally accepted as normal and common practice. Such determination shall include an appraisal of the real and personal property to be transferred to the State pursuant to this title. Such appraisal by the Association shall be conducted in the usual manner in accordance with generally accepted industry standards, and shall consider the current fair market value and potential future value if used in whole or in part for other purposes. The Association shall take into account all obligations imposed by this title and other applicable law upon operation and ownership of the State-owned railroad. In making such determination, the Association shall use to the maximum extent practicable all relevant data and information, including, if relevant, that contained in the report prepared pursuant to subsection (a) of this section.

(2) The determination made pursuant to paragraph (1) of this subsection shall not be construed to affect, enlarge, modify, or diminish any inventory, valuation, or classification required by the Interstate Commerce Commission pursuant to subchapter V of chapter 107 of title 49, United States Code (49 U.S.C. 10781 et seq.).

45 USC 712.

(e) Section 202(a) of the Regional Rail Reorganization Act of 1973 is amended—

(1) by striking "and" at the end of paragraph (9);

(2) by striking the period at the end of paragraph (10) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(11) determine the value of the Alaska Railroad, as required by section 605 of the Alaska Railroad Transfer Act of 1982.".

LANDS TO BE TRANSFERRED

45 USC 1205.

SEC. 606. (a) Lands among the rail properties of the Alaska Railroad shall not be—

(1) available for selection under section 12 of the Act of January 2, 1976, as amended (43 U.S.C. 1611, note), subject to the exception contained in section 12(b)(8)(i)(D) of such Act, as amended by subsection (d)(5) of this section;

Post, p. 2568.

(2) available for conveyance under section 1425 of the Alaska National Interest Lands Conservation Act (Public Law 96-487; 94 Stat. 2515);

(3) available for conveyance to Chugach Natives, Inc., under sections 1429 or 1430 of the Alaska National Interest Lands Conservation Act (Public Law 96-487; 94 Stat. 2531) or under sections 12(c) or 14(h)(8) of the Alaska Native Claims Settlement Act (43 U.S.C. 1611(c) and 1613(h)(8), respectively); or

(4) available under any law or regulation for entry, location, or for exchange by the United States, or for the initiation of a claim or selection by any party other than the State or other transferee under this title, except that this paragraph shall not prevent a conveyance pursuant to section 12(b)(8)(i)(D) of the Act of January 2, 1976 (43 U.S.C. 1611, note), as amended by subsection (d)(5) of this section.

(b)(1)(A) During the ten months following the date of enactment of this Act, so far as practicable consistent with the priority of preparing the report required pursuant to section 605(a) of this title, the Secretary of the Interior, Village Corporations with claims of valid existing rights, and the State shall review and make a good faith effort to settle as many of the claims as possible. Any agreement to settle such claims shall take effect and bind the United States, the State, and the Village Corporation only as of the date of transfer of the railroad.

(B) At the conclusion of the review and settlement process provided in subparagraph (A) of this paragraph, the Secretary of the Interior shall prepare a report identifying lands to be conveyed in accordance with settlement agreements under this title or applicable law. Such settlement shall not give rise to a presumption as to whether a parcel of land subject to such agreement is or is not public land.

(2) The Secretary of the Interior shall have the continuing jurisdiction and duty to adjudicate unresolved claims of valid existing rights pursuant to applicable law and this title. The Secretary of the Interior shall complete the final administrative adjudication required under this subsection not later than three years after the date of enactment of this Act, and shall complete the survey of all lands to be conveyed under this title not later than five years after the date of enactment of this Act, and after consulting with the Governor of the State of Alaska to determine priority of survey with

regard to other lands being processed for patent to the State. The Secretary of the Interior shall give priority to the adjudication of Village Corporation claims as required in this section. Upon completion of the review and settlement process required by paragraph (1)(A) of this subsection, with respect to lands not subject to an agreement under such paragraph, the Secretary of the Interior shall adjudicate which lands subject to claims of valid existing rights filed by Village Corporations, if any, are public lands and shall complete such final administrative adjudication within two years after the date of enactment of this Act.

(3) Pending settlement or final administrative adjudication of claims of valid existing rights filed by Village Corporations prior to the date of transfer or while subject to the license granted to the State pursuant to section 604(b)(1)(C) of this title, lands subject to such claims shall be managed in accordance with the Memorandum of Understanding among the Federal Railroad Administration, the State, Eklutna, Incorporated, Cook Inlet Region, Incorporated (as that term is used in section 12 of the Act of January 2, 1976 (Public Law 94-204; 89 Stat. 1150)), and Toghotthele Corporation, executed by authorized officers or representatives of each of these entities. Duplicate originals of the Memorandum of Understanding shall be maintained and made available for public inspection and copying in the Office of the Secretary, at Washington, District of Columbia, and in the Office of the Governor of the State of Alaska, at Juneau, Alaska.

(4) The following procedures and requirements are established to promote finality of administrative adjudication of claims of valid existing rights filed by Village Corporations, to clarify and simplify the title status of lands subject to such claims, and to avoid potential impairment of railroad operations resulting from joint or divided ownership in substantial segments of right-of-way:

(A)(i) Prior to final administrative adjudication of Village Corporation claims of valid existing rights in land subject to the license granted under section 604(b)(1)(C) of this title, the Secretary of the Interior may, notwithstanding any other provision of law, accept relinquishment of so much of such claims as involved lands within the right-of-way through execution of an agreement with the appropriate Village Corporation effective on or after the date of transfer. Upon such relinquishment, the interest of the United States in the right-of-way shall be conveyed to the State pursuant to section 604(b)(1)(B) or (2) of this title.

(ii) With respect to a claim described in clause (i) of this subparagraph that is not settled or relinquished prior to final administrative adjudication, the Congress finds that exclusive control over the right-of-way by the Alaska Railroad has been and continues to be necessary to afford sufficient protection for safe and economic operation of the railroad. Upon failure of the interested Village Corporation to relinquish so much of its claims as involve lands within the right-of-way prior to final adjudication of valid existing rights, the Secretary shall convey to the State pursuant to section 604(b)(1)(B) or (2) of this title all right, title and interest of the United States in and to the right-of-way free and clear of such Village Corporation's claim to and interest in lands within such right-of-way.

(B) Where lands within the right-of-way, or any interest in such lands, have been conveyed from Federal ownership prior to

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the date of enactment of this Act, or is subject to a claim of valid existing rights by a party other than a Village Corporation, the conveyance to the State of the Federal interest in such properties pursuant to section 604(b)(1)(B) or (2) of this title shall grant not less than an exclusive-use easement in such properties. The foregoing requirements shall not be construed to permit the conveyance to the State of less than the entire Federal interest in the rail properties of the Alaska Railroad required to be conveyed by section 604(b) of this title. If an action is commenced against the State or the United States contesting the validity or existence of a reservation of right-of-way for the use or benefit of the Alaska Railroad made prior to the date of enactment of this Act, the Secretary of the Interior, through the Attorney General, shall appear in and defend such action.

(c)(1) The final administrative adjudication pursuant to subsection (b) of this section shall be final agency action and subject to judicial review only by an action brought in the United States District Court for the District of Alaska. Review of agency action pursuant to this title shall be expedited to the same extent as the expedited review provided by section 1108 of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3168).

(2) No administrative or judicial action under this title shall enjoin or otherwise delay the transfer of the Alaska Railroad pursuant to this title, or substantially impair or impede the operations of the Alaska Railroad or the State-owned railroad.

(3) Before the date of transfer, the State shall have standing to participate in any administrative determination or judicial review pursuant to this title. If transfer to the State does not occur pursuant to section 604 of this title, the State shall not thereafter have standing to participate in any such determination or review.

43 USC 1611 note.

(d)(1) Section 12(b)(7)(i) of the Act of January 2, 1976 (Public Law 94-204) is amended—

(A) by striking "subsection 12(b)(6)" and inserting in lieu thereof "section 12(b) (5) and (6)";

(B) by striking "12(b)(7)(ii)" and inserting in lieu thereof "12(b)(7)(iv)";

(C) by striking "crediting" and inserting in lieu thereof "using";

(D) by striking "this subsection 12(b)(7)(i)(b)" and inserting in lieu thereof "these subsections 12(b)(7) (i)(b) or (ii)";

(E) by striking "State" in the last sentence and inserting in lieu thereof "state"; and

(F) by striking the penultimate sentence.

(2) Section 12(b)(7) of such Act is amended—

(A) by redesignating subsections (ii) through (iv) as subsections (iv) through (vi), respectively; and

(B) by inserting immediately after subsection (i) the following:

"(ii) Subject to the exceptions stated in section 12(b)(9), and notwithstanding the foregoing subsection 12(b)(7)(i) and any provision of any other law or any implementing regulation inconsistent with this subsection, until the obligations of the Secretary and the Administrator of General Services under section 12(b) (5) and (6) are otherwise fulfilled:

"(A) concurrently with the commencement of screening of any excess real property, wherever located, for utilization by Federal agencies, the Administrator of General Services shall

notify the Region that such property may be available for conveyance to the Region upon negotiated sale. Within fifteen days of the date of receipt of such notice, the Region may advise the Administrator that there is a tentative need for the property to fulfill the obligations established under section 12(b) (5) and (6). If the Administrator determines the property should be disposed of by transfer to the Region, the Administrator or other appropriate Federal official shall promptly transfer such property;

43 USC 1611 note.

"(B) no disposition or conveyance of property under this subsection to the Region shall be made until the Administrator, after notice to affected State and local governments, has provided to them such opportunity to obtain the property as is recognized in title 40, United States Code and the regulations thereunder for the disposition or conveyance of surplus property; and

"(C) as used in this subsection, 'real property' means any land or interests in land owned or held by the United States or any Federal agency, any improvements on such land or rights to their use or exploitation, and any personal property related to the land.

"Real property"

"(iii) If the Region accepts any conveyance under section 12(b)(7)(i) or (ii), it shall be in exchange for acres or acre-equivalents as provided in subparagraph I(C)(2)(e) of the document referred to in this section, except that, after the obligation of the Secretary and the Administrator under subparagraph I(C)(2)(g) of that document has been fulfilled, the acre-equivalents under subparagraph I(C)(2)(e)(iii)(A) shall be one-half the valued increment therein stated. The entitlement of the Region under section 12(b) of this Act shall be reduced by the number of acres or acre-equivalents attributed to the Region under this subsection. The Secretary and the Administrator are directed to execute an agreement with the Region which shall conform substantially to the 'Memorandum of Understanding Regarding the Implementation of Section 12(b)(7)', dated September 10, 1982, and submitted to the Senate Committee on Commerce, Science, and Transportation. The Secretary, the Administrator and the Region may thereafter otherwise agree to procedures to implement responsibilities under this section 12(b)(7), including establishment of accounting procedures and the delegation or reassignment of duties under this statute.".

(3) Section 12(b)(7)(iv) of such Act, as so redesignated by paragraph (2) of this subsection, is amended—

43 USC 1611 note.

(A) by striking "surplus" the first place it appears therein;

(B) by inserting immediately before the period at the end of the first sentence the following: "or paying for the conveyance of property pursuant to subsections (i) or (ii)";

(C) by inserting immediately after "account shall be" the following: "the sum of (1)";

(D) by striking "I(C)(2)(e)" and inserting in lieu thereof "I(C)(2)(e)(iii)(A)";

(E) by striking "the effective date of this subsection", and inserting in lieu thereof "December 2, 1980";

(F) by striking "and shall be adjusted" and inserting in lieu thereof "and (2) one-half the acre or acre-equivalent exchange value under subparagraph I(C)(2)(e)(iii)(A) of ten townships fewer than the unfulfilled entitlement of the Region on the same date to acres or acre-equivalents under paragraph I(C)(1)

of the document referred to in this section. The balance of the property account shall be adjusted in accordance with subsection 12(b)(7)(iii)"; and

(G) by striking "subsection 12(b)(6)" and inserting in lieu thereof "section 12(b) (5) and (6)".

43 USC 1611 note.

(4) Section 12(b)(7)(v) of such Act, as so redesignated by paragraph (2) of this subsection, is amended by striking "subsection (iii)" and inserting in lieu thereof "subsection (iv)".

43 USC 1611 note.

(5) Section 12(b)(8) of such Act is amended to read as follows:

"12(b)(8). Subject to the exceptions stated in section 12(b)(9), and notwithstanding any provisions of law or implementing regulation inconsistent with this section:

"(i) The deadlines in subparagraphs I(C)(2) (a) and (g) of the document referred to in this section shall be extended until the Secretary's obligations under section 12(b) (5) and (6) are fulfilled: *Provided*, That:

"(A) the obligation of the Secretary under subparagraph I(C)(2)(a) of such document shall terminate on such date, after July 15, 1984, that the Secretary has fulfilled his obligation under subparagraph I(C)(2)(g) of that document: *Provided*, That the obligation of the Secretary under subparagraph I(C)(2)(g) of such document shall be fulfilled at such date, after July 15, 1984, that the sum of the acres or acre-equivalents identified for and placed in the pool and the acres or acre-equivalents used by the Region in purchasing property under section 12(b)(7) equals or exceeds 138,240 acres or acre-equivalents;

"(B) the authority of the Secretary under subparagraphs I(C)(2)(b) and I(C)(2)(g)(ii) of such document to contribute to the pool created under subparagraph I(C)(2)(a) of such document shall terminate (a) on July 15, 1984, if, by that date, the Secretary has fulfilled his obligation under subparagraph I(C)(2) (g), or (b) if not, on such date after July 15, 1984 as such obligation is fulfilled, or (c) if such obligation remains unfulfilled, on July 15, 1987;

"(C) the concurrence by the State as described in subparagraphs I(C)(2)(a)(vi) and I(C)(2)(c) of the document referred to in this section shall be deemed not required after the Secretary has fulfilled his obligation under subparagrapn I(C)(2)(g) of that document, but in no event after July 15, 1987. In lieu of such concurrence, after 1984 as to military property, and after the Secretary has fulfilled his obligation under subparagraph I(C)(2)(g) of that document or July 15, 1987, whichever is earlier, as to any other property, except property of the Alaska Railroad which is governed by subsection 12(b)(6)(i)(D) of this Act, the Secretary shall not place any lands in the selection pool referred to in subparagraphs I(C)(2) (a) and (g) of the document referred to in this section without the prior written concurrence of the State. Such concurrence shall be deemed obtained unless the State advises the Secretary within ninety days of receipt of a formal notice from the Secretary that he is considering placing property in the selection pool, that the State, or a municipality of the State which includes all or part of the property in question, requires the property for a public purpose of the State or municipality; and

"(D) notwithstanding section 906(a)(2) of the Alaska Railroad Transfer Act of 1982, the Secretary may include property of the Alaska Railroad in the pool of lands to be made available for selection to the extent that he is authorized to do so under a provision of section 12(b) of this Act if the State consents to its inclusion, which consent is not subject to any limitation under subsection 12(b)(8)(i)(C) herein: *Provided*, That, while the Alaska Railroad is the property of the United States, the Secretary shall obtain the consent of the Secretary of Transportation prior to including such property: *And provided further*, That, if the transfer of the Alaska Railroad to the State does not occur pursuant to the terms of the Alaska Railroad Transfer Act of 1982 or any amendments thereto, the State's consent shall be deemed obtained unless the State advises the Secretary in writing, within ninety days of receipt of a formal notice from the Secretary that he is considering placing such property in the selection pool, that the State, or a municipality of the State which includes all or part of the property in question, requires the property for a public purpose of the State or the municipality.

Ante, p. 2564.

Ante, p. 2568.

Ante, p. 2556.

"(ii) In addition to the review required to identify public lands under section 3(e) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(e)), the Secretary shall identify for inclusion in the pool all public lands (as such term is used under section 3(e) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(e)), as described in subparagraph I(C)(2)(a)(v) of the document referred to in this section, and shall, in so doing, review all Federal installations within the boundaries of the Cook Inlet Region whether within or without the areas withdrawn pursuant to section 11 of the Alaska Native Claims Settlement Act (43 U.S.C. 1610) or by the Secretary acting under authority contained in that section: *Provided*, That no such additional review under such subparagraph shall be required of military installations or of such other installations as may be mutually excluded from review by the Region and the Secretary: *And provided further*, That the Secretary shall not review any property of the Alaska Railroad unless such property becomes available for selection pursuant to subsection 12(b)(8)(i)(D).

"(iii) The concurrence required of the State as to the inclusion of any property in the pool under subparagraph I(C)(2)(b) of the document referred to in this section shall be deemed obtained unless the State advises the Secretary in writing, within ninety days of receipt of a formal notice from the Secretary that the Secretary is considering placing property in the selection pool, that the State, or a municipality of the State which includes all or part of the property in question requires the property for a public purpose of the State or the municipality.

"(iv) The deadlines in subparagraph I(C)(1)(b) of the document referred to in this section shall be extended for an additional twenty-four months beyond the dates established in the Act of July 17, 1980 (Public Law 96-311; 94 Stat. 947).

"(v) On or before January 15, 1985, the Secretary shall report to the Congress with respect to:

Report to Congress.

"(A) such studies and inquiries as shall have been initiated by the Secretary and the Administrator of General Services, or have been prepared by other holding agencies,

to determine what lands, except for lands held by the Alaska Railroad or the State-owned railroad, within the boundaries of the Cook Inlet Region or elsewhere can be made available to the Region, to the extent of its entitlement;

"(B) the feasibility and appropriate nature of reimbursement of the Region for its unfulfilled entitlement as valued in subsection 12(b)(7)(iv) of this Act;

"(C) the extent to which implementation of the mechanisms established in section 12(b)(7) promise to meet such unfulfilled entitlement;

"(D) such other remedial legislation or administrative action as may be needed; and

"(E) the need to terminate any mechanism established by law through which the entitlement of the Region may be completed.".

43 USC 1611 note.

(6) Section 12(b) of such Act is amended by adding at the end thereof the following:

"12(b)(9). No disposition or conveyance of property located within the State to the Region under section 12(b)(6), 12(b)(7) and 12(b)(8), as amended, shall be made if the property is subject to an express waiver of rights under the provisions of subparagraph I(C)(2)(f) of the document referred to in this section, or if such disposition or conveyance violates valid rights, including valid selections or valid authorized agreements, of Native Corporations (as such term is used in section 102(6) of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3102(6)) or the State existing at the time of such disposition or conveyance under section 6 of Public Law 85-508, as amended (excepting section 906(e) of the Alaska National Interest Lands Conservation Act), sections 12(a), 12(b), 16(b) or 22(f) of the Alaska Native Claims Settlement Act, section 12(b) of the Act of January 2, 1976 (Public Law 94-204; 89 Stat. 1154), or sections 1416, 1418 through 1425 (inclusive), 1427 through 1434 (inclusive), or 1436 of the Alaska National Interest Lands Conservation Act: *Provided, however*, That nothing within this subsection 12(b)(9) shall diminish such rights and priorities as the Region has under section 12(b) of the Act of January 2, 1976 (Public Law 94-204; 89 Stat. 1151), as amended by section 4 of the Act of October 4, 1976 (Public Law 94-456; 90 Stat. 1935), section 3 of the Act of November 15, 1977 (Public Law 95-178; 91 Stat. 1369), section 2 of the Act of August 14, 1979 (Public Law 96-55; 93 Stat. 386), the Act of July 17, 1980 (Public Law 96-311; 94 Stat. 947), and section 1435 of the Alaska National Interest Lands Conservation Act.

Ante, p. 2568.

48 USC note prec. 21.
43 USC 1635.
43 USC 1611, 1615, 1621
43 USC 1611 note
94 Stat. 2499, 2501-2515, 2518-2544, 2546.
43 USC 1611 note.

"12(b)(10). For the purpose of its incorporation into this section, paragraph I(C)(1) of the document referred to in this section is amended as follows: (1) by striking 'withdrawn' and inserting in lieu thereof 'withdrawn or formerly withdrawn'; (2) by striking '17(d)(1)' and inserting in lieu thereof '17(d)(1) and (2)'; and (3) by striking the last sentence of subparagraph I(C)(1)(a) and inserting in lieu thereof the following: 'Cook Inlet Region, Incorporated shall not nominate any lands within the boundaries of any conservation system unit, national conservation area, national recreation area, national forest, defense withdrawal, or any lands that were made available to the State for selection pursuant to sections 2 and 5 of the State-Federal Agreement of September 1, 1972.'.

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"12(b)(11). Notwithstanding the provisions of section 906 of the Alaska National Interest Lands Conservation Act and section 6(i) of the Alaska Statehood Act (72 Stat. 339): 43 USC 1635. 48 USC note prec. 21.

"(i) The State is hereby authorized to convey to the United States for reconveyance to the Region, and the Secretary is directed to accept and so reconvey, lands tentatively approved for patent or patented to the State, if the State and the Region enter into an agreement that such lands shall be reconveyed to the Region to fulfill all or part of its entitlement under paragraph I(C)(1) of the document referred to in this section: *Provided*, That the acreage of lands conveyed to the United States under this provision shall be added to the State's unfulfilled entitlement pursuant to section 6 of the Alaska Statehood Act, and the number of townships to be nominated, pooled, struck, selected and conveyed pursuant to paragraph I(C)(1) of the document referred to in this section shall be reduced accordingly.

"(ii) The Secretary is directed to convey to the Region lands selected by the State prior to July 18, 1973 or pursuant to sections 2 and 5 of the State-Federal Agreement of September 1, 1972, if the State relinquishes such selections and enters into an agreement with the Region that such lands shall be reconveyed to the Region to fulfill all or part of its entitlement under paragraph I(C)(1) of the document referred to in this section, and the number of townships to be nominated, pooled, struck, selected and conveyed pursuant to paragraph I(C)(1) of the document referred to in this section shall be reduced accordingly.

"(iii) The Secretary, in the Secretary's discretion, is authorized to enter into an agreement with the State and the Region to implement the authority contained in this section 12(b)(11), which agreement may provide for conveyances directly from the State to the Region. Conveyances directly conveyed shall be deemed conveyances from the Secretary pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.).".

(e) The State shall be liable to a party receiving a conveyance of land among the rail properties of the Alaska Railroad subject to the license granted pursuant to section 604(b)(1)(C) of this title for damage resulting from use by the State of the land under such license in a manner not authorized by such license. 45 USC 1205.

EMPLOYEES OF THE ALASKA RAILROAD

SEC. 607. (e)(1) Any employees who elect to transfer to the State-owned railroad and who on the day before the date of transfer are subject to the civil service retirement law (subchapter III of chapter 83 of title 5, United States Code) shall, so long as continually employed by the State-owned railroad without a break in service, continue to be subject to such law, except that the State-owned railroad shall have the option of providing benefits in accordance with the provisions of paragraph (2) of this subsection. Employment by the State-owned railroad without a break in continuity of service shall be considered to be employment by the United States Government for purposes of subchapter III of chapter 83 of title 5, United States Code. The State-owned railroad shall be the employing agency for purposes of section 8334(a) of title 5, United States Code, and shall contribute to the Civil Service Retirement and Disability 45 USC 1206. 5 USC 8331.

Fund a sum as provided by such section, except that such sum shall be determined by applying to the total basic pay (as defined in section 8331(3) of title 5, United States Code) paid to the employees of the State-owned railroad who are covered by the civil service retirement law, the per centum rate determined annually by the Director of the Office of Personnel Management to be the excess of the total normal cost per centum rate of the civil service retirement system over the employee deduction rate specified in section 8334(a) of title 5, United States Code. The State-owned railroad shall pay into the Federal Civil Service Retirement and Disability Fund that portion of the cost of administration of such Fund which is demonstrated by the Director of the Office of Personnel Management to be attributable to its employees.

(2) At any time during the two-year period commencing on the date of transfer, the State-owned railroad shall have the option of providing to transferred employees retirement benefits, reflecting prior Federal service, in or substantially equivalent to benefits under the retirement program maintained by the State for State employees. If the State decides to provide benefits under this paragraph, the State shall provide such benefits to all transferred employees, except those employees who will meet the age and service requirements for retirement under section 8336(a), (b), (c) or (f) of title 5, United States Code, within five years after the date of transfer and who elect to remain participants in the Federal retirement program.

(3) If the State provides benefits under paragraph (2) of this subsection—

(A) the provisions of paragraph (1) of this subsection regarding payments into the Civil Service Retirement and Disability Fund for those employees who are transferred to the State program shall have no further force and effect (other than for employees who will meet the age and service requirements for retirement under section 8336(a), (b), (c) or (f) of title 5, United States Code, within five years after the date of transfer and who elect to remain participants in the Federal retirement program); and

(B) all of the accrued employee and employer contributions and accrued interest on such contributions made by and on behalf of the transferred employees during their prior Federal service (other than amounts for employees who will meet the age and service requirements for retirement under section 8336 (a), (b), (c) or (f) of title 5, United States Code, within five years after the date of transfer and who elect to remain participants in the Federal retirement program) shall be withdrawn from the Federal Civil Service Retirement and Disability Fund and shall be paid into the retirement fund utilized by the State-owned railroad for the transferred employees, in accordance with the provisions of paragraph (2) of this subsection. Upon such payment, credit for prior Federal service under the Federal civil service retirement system shall be forever barred, notwithstanding the provisions of section 8334 of title 5, United States Code.

(b) Employees of the Alaska Railroad who do not transfer to the State-owned railroad shall be entitled to all of the rights and benefits available to them under Federal law for discontinued employees.

(c) Transferred employees whose employment with the State-owned railroad is terminated during the two-year period commencing on the date of transfer shall be entitled to all of the rights and benefits of discontinued employees that such employees would have had under Federal law if their termination had occurred immediately before the date of the transfer, except that financial compensation paid to officers of the Alaska Railroad shall be limited to that compensation provided pursuant to section 604(d)(3)(E) of this title. Such employees shall also be entitled to seniority and other benefits accrued under Federal law while they were employed by the State-owned railroad on the same basis as if such employment had been Federal service.

(d) Any employee who transfers to the State-owned railroad under this title shall not be entitled to lump-sum payment for unused annual leave under section 5551 of title 5, United States Code, but shall be credited by the State with the unused annual leave balance at the time of transfer.

STATE OPERATION

SEC. 608. (a)(1) After the date of transfer to the State pursuant to section 604 of this title, the State-owned railroad shall be a rail carrier engaged in interstate and foreign commerce subject to the jurisdiction of the Interstate Commerce Commission under chapter 105 of subtitle IV of title 49, United States Code, and all other Acts applicable to rail carriers subject to that chapter, including the antitrust laws of the United States, except, so long as it is an instrumentality of the State of Alaska, the Railroad Retirement Act of 1974 (45 U.S.C. 231 et seq.), the Railroad Retirement Tax Act (26 U.S.C. 3201 et seq.), the Railway Labor Act (45 U.S.C. 151 et seq.), the Act of April 22, 1908 (45 U.S.C. 51 et seq.) (popularly referred to as the "Federal Employers' Liability Act"), and the Railroad Unemployment Insurance Act (45 U.S.C. 351 et seq.). Nothing in this title shall preclude the State from explicitly invoking by law any exemption from the antitrust laws as may otherwise be available. 45 USC 1207.

(2) The transfer to the State authorized by section 604 of this title and the conferral of jurisdiction to the Interstate Commerce Commission pursuant to paragraph (1) of this subsection are intended to confer upon the State-owned railroad all business opportunities available to comparable railroads, including contract rate agreements meeting the requirements of section 10713 of title 49, United States Code, notwithstanding any participation in such agreements by connecting water carriers.

(3) All memoranda which sanction noncompliance with Federal railroad safety regulations contained in 49 CFR Parts 209–236, and which are in effect on the date of transfer, shall continue in effect according to their terms as "waivers of compliance" (as that term is used in section 202(c) of the Federal Railroad Safety Act of 1970 (45 U.S.C. 431(c))).

(4) The operation of trains by the State-owned railroad shall not be subject to the requirement of any State or local law which specifies the minimum number of crew members which must be employed in connection with the operation of such trains.

(5) Revenues generated by the State-owned railroad shall be retained and managed by the State-owned railroad for railroad and related purposes.

(6)(A) After the date of transfer, continued operation of the Alaska Railroad by a public corporation, authority or other agency of the

State shall be deemed to be an exercise of an essential governmental function, and revenue derived from such operation shall be deemed to accrue to the State for the purposes of section 115(a)(1) of the Internal Revenue Code of 1954 (26 U.S.C. 115(a)(1)). Obligations issued by such entity shall also be deemed obligations of the State for the purposes of section 103(a)(1) of the Internal Revenue Code of 1954 (26 U.S.C. 103(a)(1)), but not obligations within the meaning of section 103(b)(2) of the Internal Revenue Code of 1954 (26 U.S.C. 103(b)(2)).

(B) Nothing in this title shall be deemed or construed to affect customary tax treatment of private investment in the equipment or other assets that are used or owned by the State-owned railroad.

(b) As soon as practicable after the date of enactment of this Act, the Interstate Commerce Commission shall promulgate an expedited, modified procedure for providing on the date of transfer a certificate of public convenience and necessity to the State-owned railroad. No inventory, valuation, or classification of property owned or used by the State-owned railroad pursuant to subchapter V of chapter 107 of title 49, United States Code (49 U.S.C. 10781 et seq.) shall be required during the two-year period after the date of transfer. The provisions of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) and section 382(b) of the Energy Policy and Conservation Act (42 U.S.C. 6362(b)) shall not apply to actions of the Commission under this subsection.

(c) The State-owned railroad shall be eligible to participate in all Federal railroad assistance programs on a basis equal to that of other rail carriers subject to the jurisdiction of the Interstate Commerce Commission under chapter 105 of subtitle IV of title 49, United States Code.

(d) After the date of transfer to the State pursuant to section 604 of this title, the portion of the rail properties within the boundaries of the Chugach National Forest and the exclusive-use easement within the boundaries of the Denali National Park and Preserve shall be subject to laws and regulations for the protection of forest and park values. The right to fence the exclusive-use easement within Denali National Park and Preserve shall be subject to the concurrence of the Secretary of the Interior. The Secretary of the Interior, or the Secretary of Agriculture where appropriate, shall not act pursuant to this subsection without consulting with the Governor of the State of Alaska or in such a manner as to unreasonably interfere with continued or expanded operations and support functions authorized under this title.

FUTURE RIGHTS-OF-WAY

45 USC 1208.

SEC. 609. (a) After the date of enactment of this Act, the State or State-owned railroad may request the Secretary of the Interior or the Secretary of Agriculture, as appropriate under law, to expeditiously approve an application for a right-of-way in order that the Alaska Railroad or State-owned railroad may have access across Federal lands for transportation and related purposes. The State or State-owned railroad may also apply for a lease, permit, or conveyance of any necessary or convenient terminal and station grounds and material sites in the vicinity of the right-of-way for which an application has been submitted.

(b) Before approving a right-of-way application described in subsection (a) of this section, the Secretary of the Interior or the

Secretary of Agriculture, as appropriate, shall consult with the Secretary. Approval of an application for a right-of-way, permit, lease, or conveyance described in subsection (a) of this section shall be pursuant to applicable law. Rights-of-way, grounds, and sites granted pursuant to this section and other applicable law shall conform, to the extent possible, to the standards provided in the Act of March 12, 1914 (43 U.S.C. 975 et seq.) and section 603(6) of this title. Such conformance shall not be affected by the repeal of such Act under section 615 of this title.

(c) Reversion to the United States of any portion of any right-of-way or exclusive-use easement granted to the State or State-owned railroad shall occur only as provided in section 610 of this title. For purposes of such section, the date of the approval of any such right-of-way shall be deemed the "date of transfer".

REVERSION

45 USC 1209.

SEC. 610. (a) If, within ten years after the date of transfer to the State authorized by section 604 of this title, the Secretary finds that all or part of the real property transferred to the State under this title, except that portion of real property which lies within the boundaries of the Denali National Park and Preserve, is converted to a use that would prevent the State-owned railroad from continuing to operate, that real property (including permanent improvements to the property) shall revert to the United States Government, or (at the option of the State) the State shall pay to the United States Government an amount determined to be the fair market value of that property at the time its conversion prevents continued operation of the railroad.

(b) If, after the date of transfer pursuant to section 604 of this title, the State discontinues use of any land within the right-of-way, the State's interest in such land shall revert to the United States. The State shall be considered to have discontinued use within the meaning of this subsection and subsection (d) of this section when:

(1) the Governor of the State of Alaska delivers to the Secretary of the Interior a notice of such discontinuance, including a legal description of the property subject to the notice, and a quitclaim deed thereto; or

(2) the State has made no use of the land for a continuous period of eighteen years for transportation, communication, or transmission purposes. Notice of such discontinuance shall promptly be published in the Federal Register by the Secretary, the Secretary of the Interior, or the Secretary of Agriculture, and reversion shall be effected one year after such notice, unless within such one-year period the State brings an appropriate action in the United States District Court for the District of Alaska to establish that the use has been continuing without an eighteen-year lapse. Any such action shall have the effect of staying reversion until exhaustion of appellate review from the final judgment in that action or termination of the right to seek such review, whichever first occurs.

Publication in Federal Register.

(c) Upon such reversion pursuant to subsection (b) of this section, the Secretary of the Interior shall immediately convey by patent to abutting landowners all right, title and interest of the United States. Where land abutting the reverted right-of-way is owned by different persons or entities, the conveyance made pursuant to this

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subsection shall extend the property of each abutting owner to the centerline of the right-of-way.

(d) If use is discontinued (as that term is used in subsection (b) of this section) of all or part of those properties of the Alaska Railroad transferred to the State pursuant to this title which lie within the boundaries of the Denali National Park and Preserve or the Chugach National Forest, such properties or part thereof (including permanent improvements to the property) shall revert to the United States and shall not be subject to subsection (c) of this section. Upon such reversion, jurisdiction over that property shall be transferred to the Secretary of the Interior or the Secretary of Agriculture, as appropriate, for administration as part of the Denali National Park and Preserve or the Chugach National Forest.

(e) Except as provided in subsections (a) through (d) of this section, if, within five years after the date of transfer to the State pursuant to section 604 of this title, the State sells or transfers all or substantially all of the State-owned railroad to an entity other than an instrumentality of the State, the proceeds from the sale or transfer that exceed the cost of any rehabilitation and improvement made by the State for the State-owned railroad and any net liabilities incurred by the State for the State-owned railroad shall be paid into the general fund of the Treasury of the United States.

(f) The Attorney General, upon the request of the Secretary, the Secretary of the Interior, or the Secretary of Agriculture, shall institute appropriate proceedings to enforce this section in the United States District Court for the District of Alaska.

OTHER DISPOSITION

45 USC 1210

SEC. 611. If the Secretary has not certified that the State has satisfied the conditions under section 604 within one year after the date of delivery of the report referred to in section 605(a) of this title, the Secretary may dispose of the rail properties of the Alaska Railroad. Any disposal under this section shall give preference to a buyer or transferee who will continue to operate rail service, except that—

(1) such preference shall not diminish or modify the rights of the Cook Inlet Region, Incorporated (as that term is used in section 12 of the Act of January 2, 1976 (Public Law 94-204; 89 Stat. 1150)), pursuant to such section, as amended by section 606(d) of this title; and

Ante, p. 2564.

(2) this section shall not be construed to diminish or modify the powers of consent of the Secretary or the State under section 12(b)(8) of such Act, as amended by section 606(d)(5) of this title.

Any disposal under this section shall be subject to valid existing rights.

DENALI NATIONAL PARK AND PRESERVE LANDS

45 USC 1211.

SEC. 612. On the date of transfer to the State (pursuant to section 604 of this title) or other disposition (pursuant to section 611 of this title), that portion of rail properties of the Alaska Railroad within the Denali National Park and Preserve shall, subject to the exclusive-use easement granted pursuant to section 604(b)(1)(D) of this title, be transferred to the Secretary of the Interior for administration as part of the Denali National Park and Preserve, except that a

transferee under section 611 of this title shall receive the same interest as the State under section 604(b)(1)(D) of this title.

APPLICABILITY OF OTHER LAWS

SEC. 613. (a) The provisions of chapter 5 of title 5, United States Code (popularly known as the Administrative Procedure Act, and including provisions popularly known as the Government in the Sunshine Act), the Federal Advisory Committee Act (5 U.S.C. App. 1 et seq.), the National Historic Preservation Act (16 U.S.C. 470 et seq.), section 4(f) of the Department of Transportation Act (49 U.S.C. 1653(f)), and the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) shall not apply to actions taken pursuant to this title, except to the extent that such laws may be applicable to granting of rights-of-way under section 609 of this title. 43 USC 1212. 5 USC 500 et seq.

(b) The enactment of this title, actions taken during the transition period as provided in section 605 of this title, and transfer of the rail properties of the Alaska Railroad under authority of this title shall be deemed not to be the disposal of Federal surplus property under the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 484) or the Act of October 3, 1944, popularly referred to as the "Surplus Property Act of 1944" (50 U.S.C. App. 1622). Such events shall not constitute or cause the revocation of any prior withdrawal or reservation of land for the use of the Alaska Railroad under the Act of March 12, 1914 (43 U.S.C. 975 et seq.), the Alaska Statehood Act (note preceding 48 U.S.C. 21), the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.), the Act of January 2, 1976 (Public Law 94-204; 89 Stat. 1145), the Alaska National Interest Lands Conservation Act (Public Law 96-487; 94 Stat. 2371), and the general land and land management laws of the United States.

(c) Beginning on the date of enactment of this Act, the ceiling on Government contributions for Federal employee health benefits insurance premiums under section 8906(b)(2) of title 5, United States Code, shall not apply to the Alaska Railroad.

(d) Nothing in this title is intended to enlarge or diminish the acreage entitlement of the State or any Native Corporation pursuant to existing law.

(e) With respect to interests of Native Corporations under the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.) and the Alaska National Interest Lands Conservation Act (16 U.S.C. 3101 et seq.) except as provided in this title, nothing contained in this title shall be construed to deny, enlarge, grant, impair, or otherwise affect any judgment heretofore entered in a court of competent jurisdiction, or valid existing right or claim of valid existing right.

CONFLICT WITH OTHER LAWS

SEC. 614. The provisions of this title shall govern if there is any conflict between this title and any other law. 43 USC 1213.

REPEAL AND AMENDMENT OF EXISTING STATUTES

SEC. 615. (a) On the date of transfer to the State (pursuant to section 604 of this title) or other disposition (pursuant to section 611 of this title), whichever first occurs, the following provisions are repealed:

(1) The Act of March 12, 1914 (43 U.S.C. 975 et seq.). 16 USC 353a.

45 USC 801a.

(2) The Act of June 24, 1946, to authorize certain expenditures by the Alaska Railroad (60 Stat. 304).

(3) The Act of July 19, 1932, concerning mining of coal adjacent to the Alaska Railroad (30 U.S.C. 208a).

(4) Section 6(i) of the Department of Transportation Act (49 U.S.C. 1655(i)).

(b) On the date of transfer to the State (pursuant to section 604 of this title) or other disposition (pursuant to section 611 of this title), whichever first occurs, the following provisions are amended as follows:

(1) Title 5, United States Code, is amended—

(A) in section 3105(a), by striking paragraph (3), and by redesignating paragraphs (4)–(8) as paragraphs (3)–(7), respectively;

(B) in section 3401(1), by striking clause (iii), and by redesignating clauses (iv)–(viii) as clauses (iii)–(vii), respectively;

(C) in section 5102(aX1), by striking clause (iii), and by redesignating clauses (iv)–(ix) as clauses (iii)–(viii), respectively;

(D) in section 5342(aX1), by striking subparagraph (C), and by redesignating subparagraphs (D)–(J) as subparagraphs (C)–(I), respectively; and

(E) in section 7327, by striking subsection (a), and by striking the subsection designation "(b)".

(2) Section 102(7) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 802(7)) is amended by striking "and the Alaska Railroad".

(3) Section 10749(b) of title 49, United States Code, is amended—

(A) by inserting "or" at the end of paragraph (1XB);

(B) by striking "; or" at the end of paragraph (2) and inserting in lieu thereof a period; and

(C) by striking paragraph (3).

(4) Section 324(aX1) of the Public Health Service Act (42 U.S.C. 251(aX1)) is amended by striking "employees of the Alaska Railroad and".

(5) Section 202(3Xa) of the Alaska National Interest Lands Conservation Act (16 U.S.C. 410hh-1(3Xa)) is amended by striking the third sentence.

(6) Section 1(o) of the Railroad Retirement Act of 1974 (45 U.S.C. 231(o)) is amended by inserting immediately after "National Transportation Safety Board," the following: "the State-owned railroad (as defined in the Alaska Railroad Transfer Act of 1982), so long as it is an instrumentality of the State of Alaska,".

SEPARABILITY

45 USC 1214.

SEC. 616. If any provision of this title or the application thereof to any person or circumstance is held invalid, the remainder of this title and the application of such provision to other persons or circumstances shall not be affected thereby.

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TRANSFER OVERVIEW

This overview summarizes the basic statutory scheme for the proposed transfer of the Alaska Railroad to the State of Alaska, describes the anticipated timetable for the transfer and discusses a series of major issues that were considered in the development of ARTA.

The Act was signed into law by President Reagan on January 14, 1983. It authorizes transfer of the Alaska Railroad to the State of Alaska subject to several specified conditions, including the requirement that the State compensate the United States for the value, if any, of all rail properties transferred. Other important conditions include State commitments to continue railroad operations, to assume existing obligations, to provide employee protection for at least two years, and to protect retirement benefits.

Two key provisions, each tied to the date of enactment, establish an orderly process for State consideration of the transfer offer. Within six months from the date of enactment, this Report is required to be prepared by the Governor of Alaska and the Secretary of Transportation and submitted to the Alaska State Legislature and the Congress. Within nine months from the date of enactment, the railroad's fair market value must be determined by USRA.

Following delivery of this Report, the Secretary of Transportation has 12 months within which to certify that the

State has agreed to all conditions for transfer specified by ARTA. Actual transfer of the railroad is to take place "as soon as practicable" after these certifications are made. Within three months of certification, the Secretary and the State will agree on the actual date of transfer, which the parties hope will be no later than six months following certification. Although both parties are committed to proceeding expeditiously, a longer period may be needed to ensure an orderly process. If the State has been unable to satisfy the transfer conditions within the 12-month time period, ARTA permits the Secretary to dispose of the railroad and to give preference to a buyer or transferee who will continue to operate rail services.

Certification Process.

As noted, ARTA sets out a series of conditions that the State must meet to allow transfer certification by the Secretary. The legislation does not, however, attempt to specify how the State is to satisfy the conditions. Much will depend upon the State's decision concerning the nature of the entity it will designate or create to operate the railroad under State ownership. The working assumption of the State during development of ARTA was that State enabling legislation would be enacted to resolve this fundamental issue, and that such legislation would either satisfy the outstanding certification requirements or empower the operating entity to do so.

As a precondition to transfer, the Secretary is required to certify that the State has agreed:

(1) to operate the railroad as a rail carrier in intrastate and interstate commerce;

(2) to assume all rights, liabilities, and obligations of the Alaska Railroad on the date of transfer, with some limited exceptions regarding claims and causes of action;

(3) to protect retirement benefits and to establish acceptable arrangements for continued employment during a two-year period following date of transfer;

(4) to allow representatives of the Secretary of Transportation adequate access to railroad employees and records when needed in relation to the period of Federal ownership; and

(5) to compensate the United States at the value, if any, determined by the valuation exercise being performed by the USRA.

Reversion.

If transferred to the State under Section 604, the railroad may revert, in whole or in part, to the United States under three separate reversion provisions in ARTA:

(1) Under Section 610(e), any proceeds in excess of the cost of any rehabilitation and improvement and any

net liabilities from the State's sale or transfer of "all or substantially all" of the railroad within five years of transfer to an entity other than a State instrumentality are to be paid to the United States Treasury.

(2) Section 610(a) requires the reversion to the United States, or the payment by the State of the fair market value, of all or part of the railroad's real property "converted to a use that would prevent the State-owned railroad from continuing to operate" within ten years after transfer.

(3) Section 610(b) requires reversion to the United States generally for conveyance to the abutting owners of any land within the right-of-way if its use for transportation, communication or transmission purposes is discontinued by the State for an uninterrupted period of 18 years.

Claims Against Railroad Lands.

Approximately 4,000 acres of the railroad's non-right-of-way lands are subject to claims by Native Village Corporations under the Alaska Native Claims Settlement Act. Article II and Appendix D of this Report provide more detail regarding the lands involved. During the ten month period following the date of enactment of ARTA, the State, the Department of the Interior, and all affected Native Village Corporations are

directed to undertake a good faith effort to negotiate settlements for as many outstanding claims as possible.

If any of these claims cannot be settled within the ten-month period, they must be adjudicated by the Secretary of the Interior within two years of the date of enactment of ARTA, or 14 months after completion of the review and settlement process. All other unresolved claims against railroad lands on record in the Department of the Interior, as of the day before the date of enactment must be adjudicated within three years from the date of enactment. Resolution of claims to railroad land is not a precondition to transfer.

Survey Requirement.

ARTA requires the Secretary of the Interior to survey within a five-year period all lands among the rail properties conveyed to the State. The parties emphasize the importance of meeting the deadline and will continue to work with the Department of the Interior to do so. Article II, Appendices B-E and Exhibit 1 of this Report provide more detail about the lands involved.

Railroad Right-of-Way.

ARTA requires the transfer to the State of all right, title, and interest of the United States to all rail properties of the Alaska Railroad, including all railroad rights-of-way. ARTA also provides that where lands or any interests within the right-of-way have been conveyed out of Federal

ownership prior to enactment, the State shall receive, at minimum, an exclusive-use easement. These two provisions are intended to ensure that the State will receive all of the interest necessary to maintain viable railroad operations.

Future Rights-of-Way.

ARTA provides for expeditious review of any future right-of-way requests by the State across Federal lands. The Act requires that such rights-of-way conform, to the extent possible, to the standards provided by the Alaska Railroad Enabling Act of 1914 and the exclusive-use easement definition contained in ARTA. Responsibility for reviewing and granting such future rights-of-way is vested by existing law in the Secretary of the Interior or the Secretary of Agriculture, with the participation of the Secretary of Transportation as appropriate, particularly with respect to the interest to be granted for operation and economic growth of the railroad.

Denali National Park and Preserve Lands.

On the date of transfer, the Secretary will deliver to the State a deed that conveys to the State (a) an exclusive-use easement for that portion of the rights-of-way within Denali National Park and (b) title to the railroad-related improvements within such right-of-way. All other railroad holdings and improvements within the Park are to be transferred to the Secretary of the Interior for administration as part of the Park. Rail properties within the boundaries of the Chugach

National Forest and the Denali National Park and Preserve will be subject to laws and regulations for the protection of forest and park values. Implementation of those regulations will be subject to prior consultation with the Governor and may not unreasonably interfere with continued or expanded operation of the State-owned railroad.

Real Property Conveyance.

Articles II and III, related to real and personal property and supported by lengthy appendices and exhibits, are the most detailed parts of this Report. The transfer from the Federal Government of its only commercial operating railroad present property questions of first impression. This transfer is further complicated by the peculiar status of many Federal lands located in Alaska. The impact of competing claims to such lands on the transfer process accounts for the complex statutory scheme provided in ARTA and for the detailed treatment of the railroad lands in Article II.

The Act provides for four different types of conveyance documents to be issued to the State on the date of transfer. Each document will convey interests in land based on the status of the affected parcel on that date.

First, the State will receive an "interim conveyance" of lands that, like the patented lands, are free of claims by others but, unlike the patented lands, are not yet surveyed. When these lands have been surveyed after the date of

transfer, the interim conveyances will be converted into patents.

Second, the State will receive a patent for railroad lands that are surveyed and are not subject to unresolved claims made by third parties under a variety of Federal laws.

Third, the State will receive an exclusive-use easement, as defined in ARTA, for right-of-way lands within Denali National Park and Preserve.

Fourth, the State will receive a license allowing it the exclusive right to use the railroad lands that are subject to claims of third parties (such as Native Corporations) on the date of enactment but which have not been resolved by the date of transfer. As these claims are settled or decided, the lands in the license category will either be placed in the interim conveyance category (if the third party's claim is denied) or conveyed to the claimant (if the claim is approved). The real property conveyance provisions of ARTA thereby require that certain railroad lands be held in escrow (i.e., under license) until their ultimate ownership is determined through settlement or by adjudication.

Employee Protection.

The work force of the Alaska Railroad (described in the "Profile" section) remains one of its most valuable assets. The employee protection provisions of ARTA, more fully discussed in Article VI, testify to the continuing interest

of the State and the United States in protecting the employees' well-being in the face of the proposed transfer to the State. The provisions also are intended to facilitate and indeed encourage the transfer of the Alaska Railroad work force to the State-owned railroad, in recognition of its critical importance to the ongoing viability of the railroad. Although care has been taken to preserve employee options to elect not to transfer and to protect their rights in the event they decide to separate from the railroad upon transfer, the Secretary and the Governor hope that the vast majority of employees will remain with the State-owned railroad.

ARTA REQUIREMENTS

Transfer Terms and Conditions

ARTA establishes a series of conditions the State must meet to obtain certification from the Secretary of Transportation. The legislation does not, however, specify how the State is to satisfy these conditions. Much depends on our decision about the mechanism we select to operate the railroad.

Prior to transfer, the Secretary is required to certify that the State has agreed:

(1) to operate the railroad as a rail carrier in intrastate and interstate commerce;

(2) to assume all rights, liabilities and obligations of the ARR on the date of transfer, except for some claims and causes of action;

(3) to protect retirement benefits and to establish acceptable arrangements for continued employment for all employees during a two-year period following the date of transfer;

(4) to allow representatives of the Secretary of Transportation adequate access to railroad employees and records; and

(5) to compensate the United States at the fair market value, if any, as determined by the United States Railway Association.

Other chapters of this report explain some of these conditions in greater detail, particularly those relating to employee protection and retirement benefits.*

* Additionally, the first section of the Transfer Report, entitled "Transfer Overview," provides information about other key aspects of the federal transfer legislation. This includes those provisions dealing with reversion requirements, native claims against railroad lands, and the type of interest to be obtained in the railroad's right-of-way.

Provisions Affecting Continued Operations

The following discussion analyzes the effect of ARTA's requirements (other than employee protection obligations which are addressed elsewhere), on continued operation of the railroad following acquisition. Several observations should help eliminate confusion regarding ARTA's continued rail service requirements.

First, it is important to remember that most of the federal transfer statute was structured on a premise of the so-called "no-cost transfer." The compensation requirement was a last minute compromise to obtain Congressional passage, and was merely added to the already established conditions. Consequently, certain provisions are not consistent with the purchase provision of ARTA; particularly the reversion clauses which remain in effect for a certain period of time after acquisition.

Another important consideration is the requirement that the State agree to operate the railroad as a common carrier engaged in intrastate and interstate commerce. Some interpretations suggest that when read in context with the reversion clauses under Section 610 of ARTA, there is a prescribed ten-year period for ensuring continued rail operations. However, this is not the case. The State is not required to continue rail services for any specific period.

Some also suggest that ARTA requires all existing services be continued, including passenger service. This also is not the case. The reversion requirement under Section 610 merely states that if, within the first 10 years after transfer, the State converts all or part of the real property to "a use that would prevent the State-owned railroad from continuing to operate," then the State shall be subject to a requirement to repay the United States for these holdings, or revert such property at our option.

However, under full regulation by the Interstate Commerce Commission (ICC), the State will be subject to some ICC oversight in any abandonment proceedings. Generally, these proceedings are strictly based on economic considerations related to operating history. Assuming a history of highly marginal performance, it is doubtful that ICC oversight would prevent discontinuance of service at some point in the future.*

* The Transfer Team, however, is not suggesting th. service be discontinued.

Other key ARTA provisions that have a bearing on continued rail operations are primarily located in Section 608, including the following:

(1) full and formal regulation by the Interstate Commerce Commission as a rail carrier engaged in intrastate and foreign commerce;

(2) full jurisdiction under federal antitrust laws, although the State may invoke by law any exemptions otherwise available;

(3) exemption from the following laws so long as the State-owned railroad remains an instrumentality of the State of Alaska: the Railroad Retirement Act of 1974, the Railroad Tax Act, the Railroad Labor Act, the Federal Employers' Liability Act, and the Railroad Unemployment Insurance Act;

(4) a clarification that ICC regulation is intended to confer on the State-owned railroad "all business opportunities available to comparable railroads, including contract rate agreements";

(5) clarification that train operations by the State-owned railroad shall not be subject to any state or local laws specifying minimum crew size;

(6) a specific requirement that all revenues generated by the State-owned railroad are to be retained and managed by the State-owned railroad for railroad and related purposes;

(7) a statement by Congress that continued operation of the ARR by "a public corporation, authority or other agency of the State" is an exercise of an essential governmental function and qualifies under the Internal Revenue Code for tax-exempt status, which also would apply to obligations issued by this entity;

(8) a requirement that rail operations within the boundaries of Chugach National Forest and Denali National Park will be subject to laws and regulations for the protection of forest and park values so long as such regulation does not "unreasonably interfere with continued or expanded operations and support functions";

(9) guarantees that the State will receive the full federal interest in the right-of-way, but nothing less than an exclusive-use easement for transportation, communication and utility purposes in all areas, except within the Denali National Park, where the railroad is to receive an exclusive-use easement for rail purposes only; and

(10) no guarantees for future rights-of-way across federal lands, but language which encourages the Secretary of the Interior to expeditiously review applications for that purpose.

CERTIFICATE OF APPRAISAL

CHARLES F. SEYMOUR, RUSSELL E SNYDER, AND ARNOLD S. TESH

DO HEREBY CERTIFY THAT UPON REQUEST FOR VALUATION BY:

THE UNITED STATES RAILWAY ASSOCATION
955 L'ENFANT PLAZA NORTH, S.W.
WASHINGTON, DC 20595

THEY HAVE PERSONALLY EXAMINED THE FOLLOWING DESCRIBED PROPERTY:

ALASKA RAILROAD REAL ESTATE TO BE TRANSFERRED
UNDER THE ALASKA RAILROAD TRANSFER ACT

AND THAT THEY ARE OF THE OPINION THAT AS OF OCTOBER 1, 1983

THE MARKET VALUE OF THE PROPERTY

MORE FULLY DESCRIBED HEREIN, WILL BE AS FOLLOWS:

$58,000,000

THIS MAY BE ALLOCATED AS FOLLOWS:

OPERATING PROPERTY:	$ 7,000,000
NON-OPERATING PROPERTY:	$51,000,000

CHARLES F. SEYMOUR, MAI, CRE

RUSSELL E. SNYDER, MAI

ARNOLD S. TESH, ASA

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Alaska V

CERTIFICATION, ASSUMPTIONS, LIMITING CONDITIONS, AND CONTINGENCIES

Your appraiser, whose signature appears on the Certificate of Appraisal, does hereby certify that, except as otherwise noted in this appraisal report:

1. He has no present or contemplated future interest in the real estate that is the subject of this appraisal report.

2. He has no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.

3. To the best of his knowledge and belief, the statements of fact contained in this appraisal report, upon which the analyses, opinions, and conclusions expressed herein are based, are true and correct.

4. This appraisal report sets forth all of the limiting conditions imposed by the terms of the assignment or by the appraiser affecting the analyses, opinions and conclusions contained in this appraisal.

5. This appraisal report has been made in conformity with and is subject to the requirement of the Code of Professional Ethics and Standards of Professional Conduct of the American Institute of Real Appraisers of the National Association of Realtors.

6. No one other than the appraiser prepared the analyses, conclusions and opinions concerning real estate that are set forth in this appraisal report.

7. The American Institute of Real Estate Appraisers conducts a voluntary program of continuing education for its designated members. MAI's and RM's who meet the minimum standards of this program are awarded periodic educational certification. I am certified under this program through December 31, 1983.

This appraisal is to be used in whole and not in part. No part of it shall be used in conjunction with any other appraisal.

No responsibility is assumed by the appraiser for matters which are of legal nature, nor is any opinion on the title rendered herewith. Good title is assumed. Management is assumed to be competent and the ownership to be in repsonsible hands.

This property has been appraised as though free of liens and encumbrances, except as herein described.

The appraiser herein, by reason of this report is not required to give testimony in court with reference to the property appraised, unless arrangements have been previously made therefore.

Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the American Institute of Real Estate Appraisers of the National Association of Realtors.

Neither all nor any of the contents of this report (especially any conclusions as to value, the identity of the appraiser of the firm with which he is connected, or any reference to the American Institute of Real Estate Appraisers or to the M.A.I. or R.M. designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the appraiser(s)

SPECIAL ASSUMPTIONS AND INSTRUCTIONS UNDER THE ALASKA RAILROAD TRANSFER ACT (ARTA)

In accordance with the advice and counsel of the United States Railway Association, Jackson-Cross has assumed the following in its appraisal of the Alaska Railroad:

1. Fair market value of the railroad to the State of Alaska is the price the State, as a prudent purchaser, would pay for the rights transferred under ARTA. The State is constrained by all existing state law that would affect it or any other purchaser of the railroad's property. Accordingly, we do not consider potential actions which the State might take which would affect fair market value.

2. The purchaser will operate the railroad for ten years, at a level of service that approximates current projections and in its present configuration.

3. All real estate classified as operating property would be available for transfer for non-rail use in 10 years after the date of the appraisal on October 1, 1993.

4. Upon transfer, the State will acquire full title to only those portions of the property identified by USRA as owned in fee simple by the Alaska Railroad.

5. The purchaser will be permitted to make any use of the operating property immediately after transfer of the properties to the State as long as such uses do not interfere with rail operations.

6. All non-operating property would be available for disposition immediately after transfer of the properties to the State.

7. All revenues from real estate transactions during the first ten (10) years must be used for railroad or other related purposes. Other related purposes can include transportation budget items relating in some way to the Alaska Railroad.

8. There would be no added costs to a purchaser for environmental, subdivision or zoning actions beyond that which is reflected in comparable sales.

9. The purchaser is required to assume all existing leases on the property, but will renegotiate them at fair market value upon their expiration or at the earliest date permissible under the terms of such leases.

10. USRA has provided the appraiser with the inventory of Alaska Railroad property and with its allocation between operating and non-operating real estate.

11. The analysis of real estate taxes has been performed in accordance with the normal real estate market practices, i.e. the purchaser is responsible for normal real estate taxes during the holding period and for disposition taxes normally paid by the seller when sales are consummated.

12. The purchaser is entitled to utilize all financing instruments normally available, including mortgages.

13. The discount rate reflects the cost of money attributable to a typical acquisition in the private sector.

14. Theoretical social costs and benefits associated with the transferred property are not considered within the purview of fair market value.

15. The railroad is considered a single property to be owned and controlled by a single entity.

16. The date of the appraisal is October 1, 1983.

17. No special allocation is made in this report for parcels subject to Native claims. At USRA's request, Jackson-Cross supplied a total value for such parcels. That value is $3,200,000.

18. Corridor value for the right-of-way is not considered.

19. The Section 605(a) Closing Report is considered to the extent that information contained therein affects the real estate value.

20. No specific studies are performed to determine the existence of semi-precious and precious minerals located within the subject. Mineral rights and their potential value are only considered to the extent as reported and reflected in the real estate market transactions in the private sector.

21. Income from leases located on property designated by USRA as operating property, pipeline permits, and trackage charges, are excluded from the real estate valuation. USRA advises that this income has been considered in its projections of railroad operating income.

PURPOSE AND FUNCTION OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the subject property, more fully described herein, as of October 1, 1983.

As used herein, market value may be defined as:

> The price which a well-informed buyer acting intelligently, voluntarily, and without necessity would be warranted in paying, and a well-informed seller acting intelligently, voluntarily, and without necessity would be warranted in accepting for the property as of a certain date.

The function of this appraisal is to provide USRA with an estimate of market value of the real estate for incorporation in its report on the market value of the Alaska Railroad properties to be conveyed under the Alaska Railroad Transfer Act (A.R.T.A.).

The subject property is valued in fee simple, subject to A.R.T.A. restrictions as interpreted by USRA.

ACKNOWLEDGEMENT

All of the judgements and conclusions contained within this report are those of the appraisers for which they assume full professional responsibility. However, the appraisers wish to acknowledge the assistance of David W. Anderson, Douglas S. Butcher, Joseph R. Dugan, Alf Moody, and Frederick J. Williams of Jackson-Cross Company in the preparation of various facets of this report.

SUMMARY OF VALUATIONS BY MARKET AREA

Market Area	Operating Property			Non-Operating Property			Total Property
	Land	Improvements	Subtotal	Land	Improvements	Subtotal	
Anchorage	$5,883,223	$ 766,688	$6,649,911	$39,282,728	--	$39,282,728	$46,932,639
Fairbanks	327,441	332,132	659,573	6,184,764	--	6,184,764	6,844,337
Seward	188,618	83,666	272,274	1,393,082	--	1,393,082	1,667,356
Whittier	102,661	130,113	232,776	922,717	--	922,717	1,155,293
Valdez	--	--	--	365,631	--	365,631	365,631
Other	68,374	23,616	91,990	2,783,183	116,000	2,899,183	2,991,173
Totals	$6,770,109	$1,136,215	$6,906,324	$50,933,925	$116,000	$51,049,925	$57,956,249
Rounded	$6,770,000	$1,160,000	$6,910,000	$50,930,000	$120,000	$51,050,000	$58,000,000

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

PROPERTY APPRAISED:	All Alaska Railroad real estate holdings held in fee simple by the Alaska Railroad.	
OWNER:	The Alaska Railroad (United States Department of Transportation).	
LAND:	The total land area valued is 28,416.31 acres, based on maps and other documents provided to the appraisers by USRA and the Alaska Railroad. USRA has allocated 3,913.61 acres to Operating property and 24,502.7 acres to Non-operating property.	
IMPROVEMENTS:	Numerous structures located throughout the Alaska Railroad land holdings are more fully described herein. Improvements containing a total of 512,000± square feet of building area owned by the Alaska Railroad have value consistent with the highest and best uses of the properties under the assumptions provided by USRA.	
PRESENT USE:	Operating property is devoted to rail operations. The uses of Non-Operating properties range from undeveloped wilderness to land leases for industrial, commercial, residential, agricultural, institutional, and recreational.	
HIGHEST AND BEST USE:	A separate highest and best use conclusion was made for each of the Valuation Units described herein. With respect to Operating property, highest and best use conclusions are based on the assumption, provided by USRA, that rail operations will cease on October 1, 1993.	
MARKET VALUE OF OPERATING PROPERTY:	Land	$ 5,770,000
	Improvements	1,140,000
	Total	$ 6,910,000
MARKET VALUE OF NON-OPERATING PROPERTY:	Land	$ 50,930,000
	Improvements	120,000
	Total	$ 51,050,000
TOTAL MARKET VALUE:	Land	$ 56,700,000
	Improvements	1,260,000
	Total	$ 57,960,000
	Rounded to	$ 58,000,000

VALUATION

After considering all the facts and circumstances in connection with the subject property, it is our opinion that the market value of the land and improvements, as of October 1, 1983, will be:

--- FIFTY EIGHT MILLION DOLLARS ---
($58,000,000)

This may be allocated as follows:

Land	$56,740,000	This is equivalent to 28,416.31 acres at $1,997 per acre.
Improvements	$ 1,260,000	This is equivalent to 512,002 square feet of building area at $2.46 per square foot.

OBJECTIVE AND VALUATION METHODOLOGY

The final adoption of a methodology for appraising the non-rail use fair market value of the Alaska Railroad (ARR) real estate results from comprehensive consideration of the Alaska Railroad Transfer Act of 1982 (ARTA) which defines assumptions and limiting conditions. Market factors were also considered in formulating the process.

It has been the practice of the ARR to lease its real estate, rather than sell it. Jackson-Cross assumes a continuation of this practice regardless of ownership. Valuation theory assures that proper capitalization of an income stream results in a value conclusion synonymous with an appraisal assuming sale of the leased fee interests.

To arrive at a fair market value to the State of Alaska, the basic methodology comports with conventional real estate approaches and techniques.

Two major steps are required to estimate the fair market value of the Alaska Railroad.

> First, the base values are determined. Each base value represents the estimated price for a single parcel as of October 1, 1983, assuming that it is sold on that date, that it is the only piece of Alaska Railroad property on the market in that area at the time, and that there are no restrictions or encumbrances preventing the sale.
>
> Second, the net revenues, if any, likely to be received from non-rail use leasing of the subject property are estimated; the period of time it is likely to take to realize those net revenues are estimated; and, the present value is appraised as of October 1, 1983, of the expectation of those future net revenues, considering the cost of money over time and the risk of uncertainty that the projected net revenues will, in fact, be realized.

BASE VALUE

The first two major valuation phases involves a determination of base value, or the total of all gross proceeds to be received for the real property if it were sold in marketable parcels on October 1, 1983. Base value assumes that each parcel is the only parcel being marketed at the subject property on October 1, 1983.

Property Categories

The Alaska Railroad property is comprised of both operating and non-operating property. The United States Railway Association supplies Jackson-Cross with the configuration between these categories. They are distinguished by the following assumptions:

1. Operating property is not marketable for non-rail use for a period of ten years.

2. Non-operating property is immediately marketable for non-rail use.

Both categories of property are appraised by Jackson-Cross under the aforementioned conditions, except where the railroad lacks title. Jackson-Cross relies upon USRA for instructions regarding the extent to which properties should be included or excluded due to title problems.

Market Areas

All Alaska Railroad real estate is examined by market area. Those parcels sharing economic, social, and geographic characteristics tend to have their values influenced by the same local phenomena. For instance, changes in population, real estate supply, industrial growth, property taxes and transportation, among other possibilities, may influence the property within a market area and have no direct measurable effect upon neighboring communities or jurisdictions. Most importantly, from a valuation standpoint, is that within a market area properties of similar utility compete for existing demand. Obviously, no market is totally immune to what occurs outside its borders, but whatever macro-economic impact may occur it is best to measure it with local market data if it exists.

Valuation Unit

For all of the Alaska Railroad real property assigned for valuation, Jackson-Cross analyzes each of the permissible uses and determines which uses are most profitable and likely as of the date the property can be marketed for non-rail use.

All property in each market area is divided into valuation units. Property within a unit is of consistent highest and best use and value level. The valuation unit is different from a marketable parcel. It is a method of reporting value results only. The valuation unit may consist of one or more marketable parcels.

A review of the subject property along with sales and leases identified in the market enables the appraiser to assign preliminary parcelization. During the base valuation phase it is often necessary to modify the valuation units.

Valuation Analysis

For each valuation unit a detailed study of market data is utilized to determine unit values. This analysis includes consideration for marketable parcel location, highest and best use, size, shape, topography, soil conditions, access, and any other variables which may have an impact on value.

The resulting base unit value for each valuation unit is multiplied by the size of the valuation unit to equal the total base value. For example, a 10,000 square foot valuation unit with a square foot value of $2.00 results in a total Base Value of $20,000.00. The unit value applied reflects the gross unit price likely to be received for the optimum sized marketable parcels within the valuation unit. To properly reflect market data, a 10,000 square foot valuation unit is not valued as a 10,000 square foot parcel if the standard marketable lot is 5,000 square feet. Instead, it is valued as two 5,000 square foot lots, each of which are assumed not to compete with the other.

Base Value Limitations

As mentioned earlier, Base Value for the Alaska Railroad real estate is the sum of all of the individual marketable parcel gross selling prices on October 1, 1983. It assumes that none of these parcels are encumbered by the requirement to operate a railroad, or by the existence of leases which are not in conformity with the market. It also assumes that no other property within the subject portfolio is available for sale or lease on that date.

PORTFOLIO MARKET VALUE

The second major phase of this valuation involves the discounting of future proceeds to a present worth. This discounted cash flow process arrives at a value for the entire Alaska Railroad real estate portfolio as a single property. The discounting technique's applicability to the subject assignment is explained below.

Applicability of Discounted Cash Flow Technique

The discounted cash flow technique is a standard valuation tool for determining the present value of cash flows to be realized over a period of time from the disposition or use of assets. In the subject case where it is likely a purchaser would continue the practice of the Railroad to lease the property, discounted cash flow analysis is an appropriate valuation practice. As a practical matter, the same present value should be realized from leasing property at market rates or from selling the assets free of encumbrances.

The discounted cash flow technique is necessary because the amount of the Alaska Railroad's real estate holdings, the different geographic markets where that property is located and the diversity of highest and best uses cannot be directly compared to a single "comparable" sale in the market.

The subject property is especially conducive to discounted cash flow due to the:

1. Long term nature of the existing leases.
2. Diversity of the real estate inventory.
3. Heterogenous nature of the business entity which includes operating a railroad and managing a real estate portfolio.
4. Lack of a stabilized income stream or level annuity.

The procedure of performing a discounted cash flow analysis involves a projection of:

1. Periodic actual gross income likely to be received.
2. The periodic management, marketing and holding costs likely to be incurred.
3. The relative risk and time-cost of money in realizing the projections.

Pace of Absorption

An important element of the discounted cash flow analysis is the time when the potential benefits (i.e., proceeds of sale or lease) are likely to be realized. A timetable for realizing lease income from the Alaska Railroad properties results from a detailed analysis in each of the major market areas.

Within each market area property is categorized by highest and best use. Each highest and best use category is then analyzed for quality characteristics which may affect the pace at which the property is likely to be leased. For major markets a study of existing market activity along with socio-economic factors supplies the appraiser with the basic data necessary to project the likely rate of absorption that would be predicted by an investor as of October 1, 1983.

With regard to non-operating property in Anchorage, approximately 80% of the dollar value is currently under lease; similarly, in Fairbanks approximately 60% of the dollar value of the non-operating railroad property is currently leased. Jackson-Cross considers these properties, and those under lease in other markets, to have been already absorbed into the market, and to remain under lease for the term of the existing contracts. The appraiser, using real estate market and other economic data, then estimates the rate at which the unleased property would be leased, including the effect of re-leasing property after the termination of existing contracts. While he considered that any terminating leases could be renewed immediately, because start-up time would be necessary for a new owner, Jackson-Cross assumed that no other new leases would be entered into for at least one year. The appraiser also estimates the rate at which the operating property could have been leased for alternative uses under the hypothetical assumption that railroad operations terminate after ten years.

Rents

A review of real estate practices in both Anchorage and Fairbanks reveals that land leases generally provide for the escalation (or reduction) of rents every five years. This five-year cycle, which is contained in most of the existing leases of Alaska Railroad property, is assumed to continue for new leases. Accordingly, rents would be set at new market rents only when:

1. The escalation is due;
2. The lease expires and a renewal at market rental value is anticipated;
3. A vacant property is leased.

Capitalization Factor

To determine market rent, a capitalization or rental factor is derived from rentals of parcels similar to subject marketable parcels. A study of property sold and leased indicates a range of 9% to 11%. An overall factor of 9.75% is considered appropriate for the individual subject properties. Both overall quality and diversity of the inventory constitute the prime consideration for the proposed factor.

Management and Leasing Expense

A study of the major market areas indicates management fees for income producing properties ranging between 4% to 6½% of gross income. This range does not include separate brokerage commissions paid when a lease is arranged. In light of the amount of property involved here, and the extent of management and leasing activity available to a competent firm, an overall figure of 5% of the effective gross income is considered adequate. This, of course, includes any reasonable combination of in-house costs and outside commissions.

Holding Expense

The ownership of the Alaska Railroad real estate carries certain expense obligations regardless of whether it is totally or only partially leased. The expenses include real estate taxes, administration, insurance, special legal and accounting functions, maintenance, security and supplies. The total estimated annual allowance for holding is 1½% of base value.

Terminal Value

Both Non-operating and Operating properties have ten year earnings projections. To take into account the perpetual nature of lease income, during the tenth year of each projection, values are stabilized and discounted to October, 1983. This is known as valuing the final reversion. The procedure takes into account that proceeds will be generated beyond the lease income projection period.

Discount Rate

Since the sum of all projected net income is not to be received on October 1, 1983 a rate for discounting the proceeds to that date is required.

A prudent investor demands a return for his investment including a real rate of interest, compensation for inflation factors and for risk associated with a proposed

investment. Also required in a real estate transaction is compensation for the relative non-liquidity of the investment. The discount rate represents the rate at which the market would take all of these factors into consideration with respect to future earnings and pay a fair price for the right to receive such future earnings.

There are no projects which can be compared directly with the valuation of approximately 28,416 acres of Alaska real estate. On individual transactions for parcels in the region, Jackson-Cross has determined that the market is currently demanding rates of return on equity before taxes of 15% to 20%. The size and complexity of the subject transaction lead to a conclusion that a higher rate of return would be necessary to attract equity capital. A prudent investor would likely structure the acquisition on the assumption of 75% debt and 25% equity mix and would require a 25% return for the equity component.

The cost of debt capital is a barometer of minimum requirements for discount. Major Alaska projects with tangible development plans are attracting mortgage capital at 1.5% to 2.5% above prime on a floating basis. Fixed rates require 13% to 14% and are subject to a typical 20 to 25 year term. Fixed rate mortgages are currently subject to call every five to six years. Mortgage constants range between 14% and 14.5%. Since the Alaska Railroad has a significant portion of undeveloped property, the portfolio as a whole would not meet prevailing standards for institutional investors. Since other lenders in such circumstances demand higher returns, it is concluded a debt cost of 16% would be appropriate.

Overall, therefore, a capitalization consisting of 75% debt at 16% cost and 25% equity at cost of 25% leads to an 18% total property return to acquire the portfolio.

Each major market area in the Alaska Railroad region has different investment characteristics. In this analysis the overall portfolio discount rate adequately considers these differences.

Special Considerations

How the market reacts today is the best indicator of its perception of the future. Current prices, rents and absorption reflect investors' anticipations of profit and use. Current financing practices are an excellent indication of that market's anticipation of future real and inflationary trends. For these reasons much weight was placed on market data. However, due to the twenty years required for realizing optimum proceeds, Jackson-Cross also takes into account:

1. Trends in government sponsored economic programs which are likely to affect the real estate market in Alaska. These include, but are not limited to, public land sales, public financing, permanent fund projections, and legislation restricting expenditures.

2. Projections for production and revenues and their impact upon employment, price changes, and ultimately real estate supply and demand.

3. Demographics, including where in Alaska growth has occurred, and where it is expected in the future. How such growth may affect prices and absorption varies by ages, occupations, and income levels.

4. New or expanding industries, such as the recent influx of service and professional businesses. This is likely to contribute towards the continuing economic growth of the state.

5. Defense spending, which is likely to continue as a major contribution to the Alaska economy.

SUMMARY OF VALUATION PROCEDURE

Within the body of the report are computerized summaries of the valuation process. The steps taken in the appraisal calculation are as follows:

1. Total Base Value is determined for October 1, 1983.

2. For each period Total Base Value is escalated at a rate of 3% to 5% depending on the market area.

3. A rental factor of 9.75% is applied to each total periodic Base Value to arrive at a maximum potential gross income.

4. The maximum potential gross income is then modified to reflect:

   a. Current leases which are not at market levels; and

   b. Property which is not yet projected as leased.

5. Management and leasing expense is subtracted at a rate of 5% of effective gross income each period.

6. Holding expense is subtracted at a rate of 1½% of base value each period.

7. The period net income is calculated.

8. The net income is discounted at an annual rate of 18% each period.

9. During the tenth year for non-operating property and the twentieth year for the operating property a single reversion is calculated against the total of the capitalized value for each of those years' net incomes, plus the base value of property remaining unleased. The reversion factor applied is 18%.

United States Railway Association

VALUATION

OF THE

ALASKA RAILROAD

September 1983

United States Railway Association

955 L'Enfant Plaza North, S.W.
Washington, D.C. 20595
(202) 488-8777
Stephen Berger
Chairman of the Board

September 23, 1983

The Honorable George Bush
President
United States Senate
Washington, D.C. 20510

The Honorable Thomas P. O'Neill, Jr.
Speaker
United States House of Representatives
Washington, D.C. 20515

Dear Mr. President and Mr. Speaker:

Pursuant to Section 605(d)(1) of the Alaska Railroad Transfer Act of 1982, P.L. 97-468, enclosed is the United States Railway Association's determination of the fair market value of the Alaska Railroad. Copies of the reports of consultants who assisted USRA in this analysis will be transmitted separately at a later date.

Sincerely,

Stephen Berger
Chairman of the Board

UNITED STATES RAILWAY ASSOCIATION

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The approval and release of this report is an act of the Board of Directors of the Association. Not every member of the Board necessarily concurs in every statement or determination made in the report.

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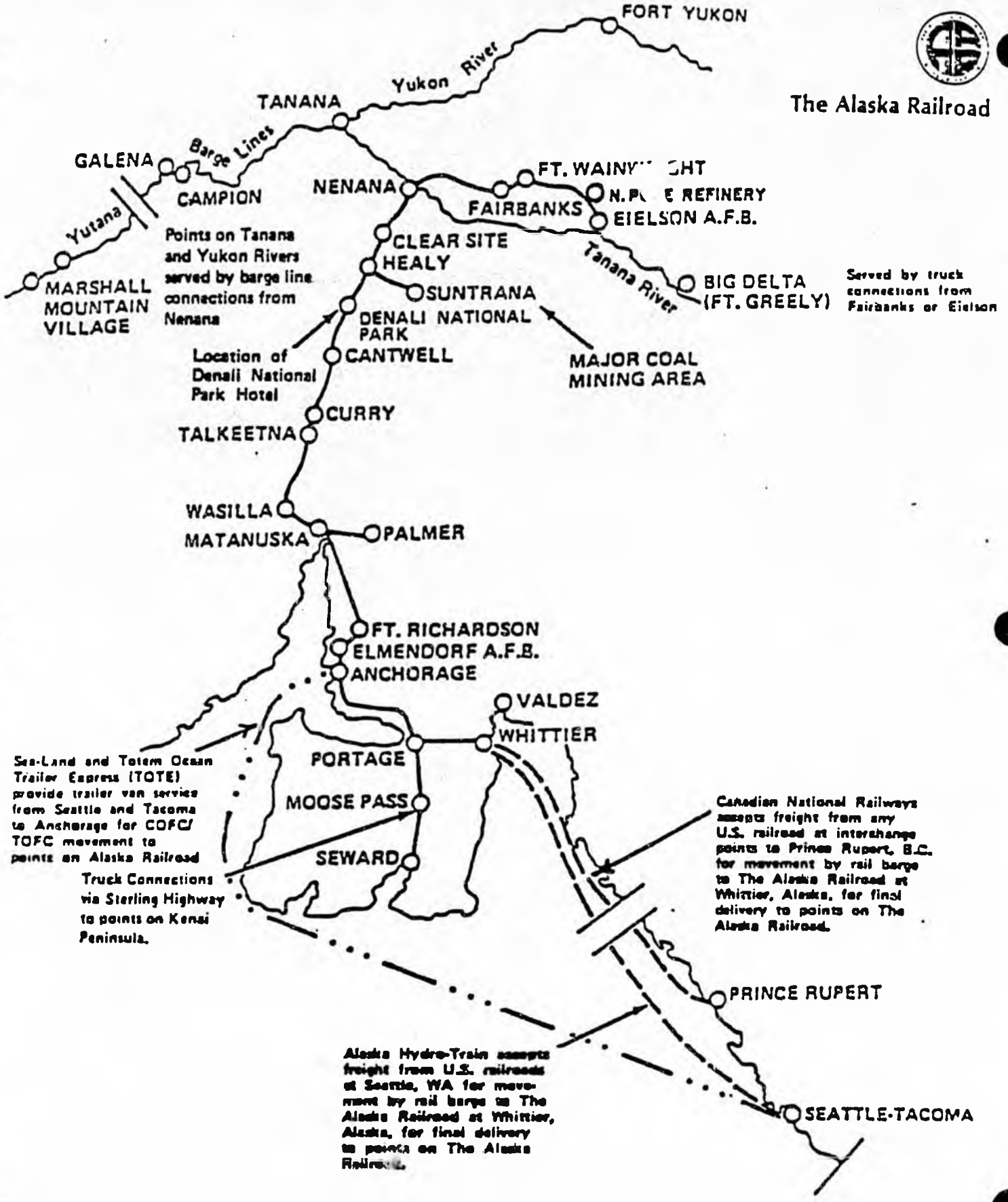

ALASKA RAILROAD ROUTE MAP

Showing connecting carriers

FOREWORD

Description of the Alaska Railroad

In 1914, Congress authorized construction of the Alaska Railroad to open up Alaska's interior and to facilitate commerce through Alaska's ports. After the arduous job of building a railroad through the wilderness was completed in 1923, President Harding dedicated the railroad and a new era began in Alaska's history. The railroad went on to play a significant role in the development of Alaska's interior and as an armed forces supply link during World War II.

It has been operated by the Federal government since its inception, and today it is administered by the Federal Railroad Administration as part of the Department of Transportation. It currently operates over 525 route miles serving the principal Alaska cities of Anchorage and Fairbanks, the ports of Whittier and Seward, and natural attractions such as Denali National Park. Both freight and passenger service is offered year round. Interline rail freight traffic is interchanged at Whittier with barge lines linking the railroad with Seattle and Prince Rupert, B.C. Principal freight commodities carried include gravel, coal, aviation fuel, pipe, building materials and piggyback.

While the Alaska Railroad performs an important function within the State of Alaska, its operations and patronage are modest when compared with railroads in the lower 48 where it would be classified as a medium-sized "short-line" carrier with below average freight traffic density. Historically, the

railroad has been subsidized by Congressional appropriations. Since 1939, the appropriations have been used almost exclusively for capital and maintenance projects. Since 1975, appropriations have ranged from a low of $3.0 million in 1978 to a high of $12.6 million in 1981.

In fiscal year 1983, which ends September 30, it is estimated that the railroad will have carried 82,000 carloads and 204,000 passengers. Projected fiscal year 1983 revenues are $55.5 million with operating expenses estimated at $50.8 million. As shown in Table 1, this continues a trend begun in fiscal year 1981, the first time since the Alaska pipeline construction years that the railroad's operating revenues exceeded expenses.

Table 1

THE ALASKA RAILROAD
Financial Results

Fiscal Year (1)	Revenue Millions	Expenses (Inc. Dep.) $ Millions	Surplus (Shortfall) $ Millions	Expense/ Revenue Ratio	Feder Appro priati $ Mill
1973	17.7	20.7	(3.0)	117	-
1974	21.5	22.6	(1.1)	105	-
1975	42.3	36.5	5.8	86	6.0
1976(1)	53.7	49.6	4.1	92	9.0
1977	35.0	36.0	(1.0)	103	6.0
1978	29.1	33.6	(4.5)	115	3.0
1979	25.2	31.8	(6.6)	126	9.3
1980	28.9	34.7	(5.8)	120	6.5
1981	43.9	40.6	3.3	92	12.6
1982	58.8	49.2	9.6	84	6
1983	55.5	50.8(2)	4.7	92	

1) Year end changed from June to September in 1976. Transition quarter ignored.

2) For comparison with previous years, excludes $2.3 million of engineering expense previously treated as capital.

3) $7.6 million was appropriated in the continuing resolution, Public Law 97-377 in December 1982. The DOT appropriations bill for fiscal year 1983 contained no funding for the Alaska Railroad.

INTRODUCTION AND SUMMARY

The Alaska Railroad Transfer Act of 1982, P.L. 97-468 (ARTA) was signed into law on January 14, 1983. In that Act, Congress found that while continuation of the Alaska Railroad is necessary to achieve Federal, State and private objectives, continued Federal control and financial support are no longer required to accomplish those objectives. Congress further found that the Alaska Railroad was primarily benefitting Alaska residents and businesses and concluded that the Federal government should offer to transfer the Railroad to the State of Alaska.

ARTA establishes the terms and conditions for transferring the Railroad, sets forth the timetable and procedures for accomplishing the transfer, and authorizes the Secretary of Transportation to effect the transfer upon certification that the State has complied with the Act's terms and conditions. As part of the transfer process, ARTA Section 605(d)(1) directs the United States Railway Association (USRA) to determine the Railroad's fair market value. This report fulfills that requirement.

On July 15, 1983, pursuant to ARTA Section 605(a), the United States Department of Transportation and the State of Alaska submitted a Joint Report (605(a) Report) describing the assets and liabilities to be transferred. As directed by ARTA, USRA has used information contained in that report to the extent relevant to determining the Railroad's fair market value.

In directing USRA to value the Alaska Railroad, ARTA provides three specific instructions concerning that valuation. First, Section 605(d)(1) states that USRA

> "shall determine the fair market value of the Alaska Railroad under the terms and conditions of this title, applying such procedures, methods and standards as are generally accepted as normal and common practice."

Second, the Act provides that

> "[s]uch determination shall include an appraisal of the real and personal property to be transferred to the State pursuant to this title. Such appraisal by the Association shall be conducted in the usual manner in accordance with generally accepted industry standards, and shall consider the current fair market value and potential future value if used in whole or in part for other purposes."

Finally, the Act requires that

> "[t]he Association shall take into account all obligations imposed by this title and other applicable law upon operation and ownership of the State-owned railroad."

In reaching its determination of value, USRA used the normally accepted definition that fair market value is "what a willing buyer would pay . . . to a willing seller."* In the appraisal field, the valuation of property at fair market value "means merely an attempt to estimate the price for which the

---

*United States v. Miller, 317 U.S. 369, 374 (1943); United States v. 564.54 Acres of Land, 441 U.S. 506, 511 (1979). While the willing buyer/willing seller definition of fair market value ordinarily focuses on the loss to the seller (i.e., the loss to the United States in disposition of the railroad), ARTA Section 605(d)(1) mandates a focus on the obligations imposed by the buyer under ARTA (i.e., "obligations imposed by this title . . . upon operation and ownership of the State-owned railroad"). Consequently, to be consistent with ARTA's direction, the valuation concentrates on the present value of the property rights to be received by the purchaser under ARTA.

property could be sold by some stipulated seller to anyone else, . . ."*

Thus, fair market value is based on economic value in the marketplace. It assumes that both buyers and sellers act rationally. It ignores the special desire of any particular buyer for the property and any unique value which the property may have to that particular buyer.

This means that the fair market value of the Alaska Railroad properties is not the subjective or special value of those assets to the State of Alaska. The price which the State would have to pay to acquire the rail properties should be based upon how much it would have to pay to outbid any other potential purchaser, subject to ARTA's terms and conditions.

Consistent with ARTA's direction that USRA apply "standards as are generally accepted as normal and common practice", USRA has determined the amount which a rational buyer might pay in the marketplace for the properties to be transferred to the State of Alaska considering both (1) the "terms and conditions" of ARTA that will apply to the State's acquisition of the Alaska Railroad, and (2) all obligations imposed by ARTA and other applicable law upon operation and ownership of the State-owned railroad.

*1 Bonbright, Valuation of Property, p. 65 (1937); accord, American Institute of Real Estate Appraisers, The Appraisal of Real Estate, pp. 23-24 (7th ed. 1978); 1 Orgel, Valuation Under Eminent Domain, Section 20, pp. 90-96 (2nd ed. 1953).

Since ARTA's terms and conditions require the State to operate the Railroad for at least ten years (or railroad properties would revert to the United States under ARTA Section 610(a)), determining the Railroad's fair market value begins with estimating the present value of continuing railroad operations for ten years, including the present value of the Railroad's non-operating real estate.* The next step is to estimate and compare

(1) the present value of continuing rail operations beyond ten years in perpetuity, with

(2) the present value of putting the Railroad's assets in whole or in part to other uses after ten years.

These alternative estimates of fair market value require analyses of the Railroad's operations, its physical plant and equipment, its real estate assets, the costs which the buyer will incur incident to the transfer, and the proceeds and costs that would be incurred if the Railroad's assets were converted to other uses.**

These analyses are described in the sections which follow. They were assembled to determine the Railroad's present fair market value under two alternative hypotheses -- (1) continued rail operations in perpetuity, and (2) rail operations for ten

---

*Any losses from continued operations could be offset by rents from the non-operating real estate, since ARTA Section 608(a)(5) requires that all railroad revenue "be retained and managed . . . for railroad and related purposes." The term "related purposes" is considered broad enough that this condition would not so restrict the State's use of railroad revenues as to materially affect fair market value.

**USRA was assisted in determining the scope and nature of its analysis under ARTA by the law firm of Nossaman, Guthner, Knox & Elliott.

years followed by putting the Railroad's assets to their highest and best alternative uses. Results of these two scenarios are summarized in Table 2.

Table 2

ARR VALUATION
as of 10/1/83

(in 000)

	Continued Rail Operations Scenario	Alternative Use Scenario
Real Estate	$ 47,800*1	$ 54,800*2
Rail Operations	(25,529)*3	(35,430)*4
	$ 22,271	$ 19,370

*1) Present value of the Railroad's non-operating real estate.

*2) Present value of the Railroad's non-operating real estate plus present value from alternate use of Railroad's operating real estate after 10 years.

*3) Includes all start-up costs.

*4) Includes all costs associated with rail operations during the first 10 years including start-up costs, plus labor protection costs associated with discontinuing rail operations. Also includes net proceeds from assumed liquidation of facilities and equipment.

The fair market value of both the continued rail operations scenario and the alternative use scenario consists of two components: a real estate component and a rail operations component. The fair market value of the Alaska Railroad under these two valuation scenarios was determined by reducing the cash flows from each of these two components to a present value as of October 1, 1983.

Continued Rail Operations Scenario

The real estate component of value was derived by projecting future lease income from the non-operating real property. The Alaska Railroad's historical practice has been to lease to others the property not required for rail operations, and an investor would likely continue this practice. Accordingly, it was assumed that the property presently under lease would continue to be leased and that other property would be leased to the extent possible. The net cash flows were discounted to produce a present value of $47,800,000. This amount does not include the real estate which has been selected by Native corporations. However, for the reasons discussed in Appendix A, Native Claim Selection Analysis, USRA concluded that a prudent buyer would pay nothing for the possibility that significant portions of the lands subject to Native claims might eventually be conveyed.

The value of the rail operations was derived from a forecast provided by the Alaska Railroad and adjusted by USRA. The 605(a) Report was used as a beginning point for the derivation of start-up costs, and estimates of capital requirements were made by

consultants to USRA. These constant dollar cash flows were then discounted to produce a negative value of $25,529,000,* which was then subtracted from the $47,800,000 value of the non-operating real estate to yield an October 1, 1983 fair market value of $22,271,000.

Alternative Use Scenario

In the alternative use scenario, the Railroad is assumed to cease operations at the end of the tenth year, the facilities and equipment removed and sold, and the operating real estate made available for leasing and development in the same fashion as the non-operating real estate. The cash flows generated by this additional real estate were valued in the same manner as the non-operating real estate and increased the 1983 present value of the real estate by $7,000,000 to $54,800,000.**

The value of the rail operations in this scenario is (1) the present value of the cash flow from rail operations for ten years (2) plus the present value of the net proceeds that would be received from dismantling and selling the Railroad's facilities

*It was necessary to estimate the value of the cash flows after the tenth year (the last year of the USRA projection). This was done by calculating a normal year cash flow that could be expected after the tenth year and capitalizing that amount by 16 percent and then discounting the capitalized flows back to present value.

**While the $7 million value may seem small in relation to the real estate involved, it must be kept in mind that the cash flows from alternative use of the operating real estate do not begin until the eleventh year (1994) which causes the present value to be relatively small.

and equipment starting in the eleventh year, (3) less the present value of labor protection payments attendant to discontinuing rail operations. These cash flows, which were all stated in constant dollars, were discounted at the same rate as was used to discount the cash flows in the continued rail scenario. The present value of these flows was a negative $35,430,000 and was deducted from the $54,800,000 real estate value to yield an October 1, 1983 fair market value of $19,370,000 for the alternative use scenario.

Based on these valuation studies, USRA concluded that there was no persuasive evidence that a buyer would be willing to pay more than the present value of continued railroad operations for the speculative possibility that an eventual conversion of some or all of the Railroad's assets to alternative uses would produce greater value. Therefore, USRA determined that the fair market value of the Alaska Railroad pursuant to Section 605(d)(1) of ARTA is $22,271,000.

CONTINUED EARNINGS VALUATION

The purpose of this analysis was to examine the earnings which could reasonably be expected to flow from a continuation of rail service. It was based on revenue and expense forecasts developed by the Alaska Railroad along with a projection of capital requirements to support that level of operations.

These forecasts were reviewed and validated by USRA staff, and adjustments were made as necessary. The validation process included an examination of historic performance levels and trends, field inspections, interviews with railroad and other knowledgeable personnel, and a review of proposed capital projects.

In general, the forecasts made by the Railroad were accepted as presented. As discussed later in this section, adjustments were made to projected operating expenses for some additional maintenance of way expenses. Adjustments were also made to forecasted productivity improvements, since it was USRA's judgment that a potential investor would be unwilling to pay for as yet undemonstrated cost reductions. The projected capital program was modified as well.

Other cost increases resulting from the transfer of the Railroad, identified in detail in the 605(a) report, were also reviewed and adjusted. These items include legal and administrative expenses, tort claims, working capital and employee retirement obligations. Additionally, the cost of compliance with Federal OSHA requirements and State or local

building codes not now applicable to the Railroad were estimated and included, as well as one-time transfer costs.

The resulting modified revenue, expenses, and capital requirements from operations were reduced to a single present value as of October 1, 1983.

Revenue

Revenue is based on an Alaska Railroad passenger and freight traffic forecast for the fiscal years 1984 through 1989 (see Table 3). Passenger revenue is projected to increase 59 percent from fiscal 1984 to 1989, with freight revenue rising 34 percent. Most commodities show a gain over the period with only petroleum products declining. Gravel traffic, which has been increasing over the past several years, is expected to remain at 1983 levels as is coal moving to local Alaska destinations. The commodity showing the largest increase is pipe because of renewed activity on the North Slope and a greater need for replacement pipe.

Of particular importance is the projection of an export coal movement beginning with a test shipment in 1984. This coal would be moved in unit trains from Healy to the port of Seward for shipment to Korea. It would be handled in shipper-owned equipment and would represent a significant addition to the Railroad's traffic base. Planning for this movement has been going on for some time. However, recognizing that the necessary port facilities have not yet been built, the uncertainty of current world coal markets and the possibility of increased costs, USRA modified the Railroad's forecast by delaying the

estimated start-up date by one year. We believe that a prospective purchaser would view the uncertainties associated with the projected export coal movement as being significantly higher than the uncertainty inherent in other elements of the Railroad's forecast.

Neither the Railroad nor USRA has forecast any traffic improvements that are purely speculative. For example, there are major mineral reserves in the area which are a source of potential new traffic. However, additional facilities would be required, probably including substantial extensions of the Railroad's lines.

All elements of revenue are stated in constant 1983 dollars. This means that the average revenue per carload changes only as traffic (commodity) mix or length of haul changes. It was assumed that rate increases will be made in a timely fashion in response to cost increases. To the extent that the Railroad should prove unable to do this, operating margins would be reduced from forecasted levels.

Expenses

USRA adopted most of the Railroad's forecast of operating expenses. The most important modifications were additional maintenance of way expenses, the previously discussed adjustment to projected productivity improvements, and additional legal and administrative expenses attributable to the transfer itself.

Asset Condition and Maintenance Expenses

Since the condition of the Railroad's plant and equipment has been of major concern in the past and could be responsible for major shifts in expense levels, USRA physically inspected facilities and equipment as necessary to make a careful assessment of future requirements.*

Maintenance of Way. The Railroad consists of approximately 650 active track miles in main and branch lines, yards and sidings. The main lines from Seward to Fairbanks and from Portage to Whittier consist of 115 pound rail on wood ties. The branch line and yard rail generally varies from 70 to 90 pounds. New rail was installed on the main line from 1948 to 1952 to overcome deterioration from heavy traffic during the war. Although precise numbers are not known, major tie renewals were also done at that time. The extremely large rebuilding effort during that five-year period and the relatively low traffic levels since have reduced the subsequent need for large program expenditures for tie and rail renewal.

In order to evaluate the Railroad's condition and estimated future needs, the property was inspected by observing the track structure and ride qualities from trains, hi-rail vehicles and selected walking inspections. Some tie renewal and surfacing work was observed in progress, and records for defective rails, derailments, slow orders and other engineering data were

*USRA was assisted in this analysis by Frank S. King and Jackson R. Bell, experts in railway engineering and equipment.

reviewed. This review clearly showed that the Railroad is currently in satisfactory condition to handle present and projected traffic levels. In 1982, the Railroad's highest traffic density was 8 million gross tons (MGT) on the 40-mile segment between Anchorage and Matanuska. The balance of the main line handled less than 4 MGT for the year. These statistics reflect a low-density railroad as compared with other railroads where density may often be over 40 MGT per year for single track lines.

Over the past three years 1981-83, the Railroad will have replaced an average of about 21,000 ties and renewed about 2.75 track miles of rail per year. The Railroad has projected some increases in program levels predicated on increased traffic, but future expense increases are partly offset by projected cost reductions due to greater efficiency.

In its analysis, USRA determined that the maintenance of way costs projected by the Railroad should be increased to assure a track structure adequate for the expected traffic. The magnitude of this adjustment varies from about $800,000 annually to nearly $1.5 million annually, or a total $10.8 million for the ten years, 1984-93. This funding will provide for tie replacements of 35,000 in 1984 rising to 50,000 by 1990. Rail renewal will similarly increase from about 4.5 track miles in 1984 to 10 track miles in 1993. These program increases reflect not only traffic growth but also the age of many ties and much of the rail. Ties and rail installed in the post-war period, 1948-52, will have provided forty years of service within the next ten years.

this should require increased replacement rates from current levels.

Maintenance of Equipment. The Railroad currently owns 62 locomotives, 46 passenger cars and 1,642 freight cars. In addition, various vehicles, maintenance and shop equipment are also maintained. The demand for equipment is high throughout the summer due to tourism and the construction season. During the winter, demand is low, providing time for programmed equipment repair. Total expenses in this category were about $9.5 million last year, and they are projected to remain at about that level through 1984. After that, consistent with traffic growth, expenses are projected to increase each year, reaching $11.5 million in 1989.

This projected spending should be adequate to provide the necessary level of locomotive overhauls and heavy repairs as well as running and heavy repair to freight cars. Maintenance of passenger equipment has also been provided for, premised on the current scheduled level of trains.

A part of the locomotive fleet is old and expensive to maintain, and much of the freight car fleet is or soon will be over 40 years old. However, the overall condition of the fleet should improve over the ten-year period due to the projected acquisition of new or good used locomotives and freight equipment as provided for in the capital plan.

The need for additional or replacement freight cars will have to be continually re-evaluated as traffic develops. The Railroad

has had some success in getting shippers of bulk commodities to obtain and finance needed equipment. Currently one of the major gravel shippers provides hopper cars for regular unit train moves, and the potential coal exporter has agreed to provide not only the necessary cars, but also the locomotives.

The opportunity for additional shipper equipment agreements will depend on future traffic developments. Surplus freight equipment in the lower forty-eight states may provide an economical source for some of the Railroad's future needs. In summary, based on the projected traffic and expected equipment acquisitions, the expense levels projected should be adequate not only to maintain the current fleet condition but to permit some improvement.

Forecasted Capital Requirements

Historically, capital spending has varied widely, and government appropriations have been required to permit any reasonable capital program. According to data provided by the Railroad, since 1975, capital spending has ranged from a low of $2.8 million to a high of $11.8 million.* Uncertain funding and resulting wide swings from year to year made effective capital planning difficult, often leading to last-minute decisions on project approvals.

*Alaska Railroad annual reports have reported capital expenditure totals that included the cost of major track work such as tie replacement, rail renewal, track surfacing, bridge repairs, etc. Under ICC accounting, these costs properly belong in operating expenses. The spending totals shown reflect this adjustment.

The Railroad provided USRA with a capital plan averaging $14 million annually from 1984 to 1988 funded by the Railroad's cash flow. After reviewing that plan and a proposed project list, discussions with management and on-site inspections, a yearly allocation of $12 million was considered adequate to continue operations and to handle forecasted traffic growth.

Approximately half of this amount is allocated for acquiring and upgrading locomotives, cars and other equipment. The remaining amounts provide for rehabilitation of bridges and tunnels, track construction to serve new and existing customers, stabilization of the roadbed in the Healy Canyon and elsewhere, realignment work to reduce curvature, and other plant requirements.

Start-up Costs

In Appendix L of the 605(a) Report, the State of Alaska and the Department of Transportation identified 15 items which they considered to be potential start-up obligations under the Act. The Report characterized these as "'start-up' responsibilities, because they are new undertakings by the railroad, not previously imposed on the railroad because of its Federal status." For the most part, these responsibilities are not "one-time"; rather, they affect ongoing expenses and result from various changes in access to Federal government resources. USRA treated these issues as follows.

(1) Vehicle Leasing. Under Federal ownership, the General Services Administration assigns vehicles to the Railroad for a

monthly lease payment which includes maintenance. The State, the Department of Transportation, and the General Services Administration have not yet resolved whether the existing leased vehicles will be transferred. In the event the Railroad acquires the existing fleet of older leased vehicles, it will be required to make other arrangements for maintenance. USRA determined that the Railroad could most likely continue to lease vehicles at terms and conditions equivalent to those currently in effect. Regardless of the final outcome, there would be no significant change in net costs to the Railroad for vehicles, and USRA's analysis includes no adjustment to the Railroad's projected expenses for this item.

(2) Supplies and Materials. After transfer, the Alaska Railroad can no longer acquire supplies through Federal government supply depots. However, USRA's valuation assumes that the purchasing power of the State-owned railroad will offset the loss of the ability to purchase through the Federal government. USRA did include increased administrative costs associated with an additional purchasing agent.

(3) Legal Fees. Currently, much of the Railroad's legal work is performed by United States government attorneys. After transfer, this will no longer be the case, and the Railroad will have to do more of its own legal work as well as retain outside counsel. After consultation with the Alaska Railroad and with others, USRA concluded that an additional $600,000 per year is an appropriate additional cost to factor into the valuation.

(4) Additional Administrative Expense. USRA has assumed that, as a result of the loss of certain administrative support currently provided by various Federal agencies, the Railroad will incur an additional annual expense of $108,000 representing three person years to handle this work.

(5) Tort Claims. Currently, all tort settlements or awards in excess of $2,500 are paid by the Federal treasury. After transfer, these will all be the responsibility of the Railroad. Over the four-year period 1980-83, the Federal treasury paid a total of $288,000, an average of $72,000 a year. From this experience, USRA assumed an additional average cost of $75,000 per year.

(6) Working Capital. As with all businesses, the Railroad will require working capital. USRA assumed that none of the revolving fund will be transferred to the State because pre-conveyance claims and contingent liabilities that must be paid are likely to consume the entire fund. After reviewing the working capital requirements of other railroads, it was USRA's judgment that one month's worth of operating expenses would be adequate working capital for the Alaska Railroad. This amounts to approximately $4.4 million in the first year, varying over the forecast period as operating expenses vary.

(7) Lack of Access to Federal Surplus Equipment. After transfer, the Railroad's access to excess Federal equipment will be greatly diminished. In our judgment, this should not increase the Railroad's costs.

(8) ARTA Section 604(d)(3) Employee Protection Obligations. Section 604(d)(3) requires the Secretary of Transportation to certify that the State-owned railroad has established arrangements to protect the employees of the railroad for the two years immediately following the transfer. This provision requires continuation of current labor agreements, retention for two years of all employees (other than certain officers) who elect to transfer to the Railroad, continuation of compensation at current levels, re-employment priority, and maintenance of benefit programs, as well as other items. The essence of these provisions is to continue the employees' current status. Since the forecast calls for maintaining rail operations at current levels, USRA assumed that all present employees would be offered jobs by and would transfer to the State-owned railroad. Since USRA's forecast of cash flows also assumes the continuation of current compensation levels, no protection payments would be required under these assumptions.*

(9) Section 607 Retirement Obligations. ARTA Section 607 requires that, after transfer to the State, the Railroad must provide retirement benefits substantially equivalent to current levels for all employees who elect to transfer. As stated in the 605(a) Report, the Department of Transportation asked the Office of Personnel Management (OPM) "to calculate retirement costs and

*If, in fact, there are large numbers of employees who elect not to transfer, then this could cause significant disruptions to the smooth operation of the railroad which could prove to be costly. USRA has no way of directly quantifying either the likelihood of this occurring or its cost.

benefits for existing employees who participate in the Federal retirement system and to prepare an estimate of the financial consequences if all of those employees transferred to the State-owned railroad at this time" (605(a) Report, pp. 69-70). The 605(a) Report further states (at page 70) that:

> "[i]n preparing its calculations, OPM assumed that if transferred employees remain in the Federal retirement system pursuant to Section 607(a)(1), the language of that provision governing the amount of the State-owned railroad's employer contributions . . . would require the State-owned railroad to pay, as the employer contribution, 29.06 percent of basic payroll for those transferred employees into the Federal retirement fund to fully fund retirement benefits that accrue for those employees after transfer. OPM's calculation assumes the current seven percent employee contribution would remain unchanged.
>
> This is an increase of 22.06 percent over the amount the Alaska Railroad has contributed as a Federal agency and reflects the manner in which the Federal retirement system is normally funded, which for Federal agencies includes other payments from the U.S. Treasury."

The ultimate resolution of this issue will not occur until after the date of this report. Indeed, in the 605(a) Report, the Department of Transportation and the State of Alaska acknowledge that an "accurate estimate of the retirement obligations that would be imposed on the State-owned railroad pursuant to Section 607(a) cannot be calculated at this time." However, for purposes of completing this valuation in a timely manner, USRA has been required to make assumptions as to the cost of this provision to the Railroad.

USRA's analysis assumes that all permanent employees would transfer to the State-owned railroad and would be included in a plan that will have an annual cost to the Railroad equivalent to the cost that OPM has suggested -- that is, a 22.06 percent

additional contribution over and above the 7 percent contribution which the Railroad is currently paying. USRA assumed all new employees hired after the date of the transfer would be covered under a new pension plan that would require the Railroad to contribute 12 percent of the new employees' base salary.

USRA's analysis of the additional pension costs used the actuarial base developed by OPM which listed current employees, by sex, for each year until the last Railroad employee currently in the Federal retirement system has left the payroll. These data were costed using the 1983 average wage levels to yield the total wage base for each year. This wage base was multiplied by an additional 22.06 percent to arrive at the additional pension costs.

As each current employee leaves the payroll, USRA assumed a replacement would be added, but that the replacement's pension expense would be only 5 percent in addition to the current 7 percent contribution. This approximates the contribution now required for employees of the State. These cash flows were then included with all other expenses, and the first 10 years of additional pension expense is shown on Table 3.

The Department of Transportation and the State acknowledge that "the exact number of employees who will transfer and the value of their retirement benefits will not be known until the date of Transfer". Thus, the assumptions which USRA has made could be significantly different from the actual outcome. However, we believe the estimates provided by our assumptions are

reasonable and fair to both the Federal government and the State, as well as to any other buyer.

(10) Section 607 Severance Obligations. The severance obligations imposed upon the Railroad by Section 607 of the Act require the Railroad to pay certain compensation to employees whose employment is terminated without cause during the first two years after transfer. Because of the activity levels forecasted, we have assumed that no employees will fall into this category and, therefore, no upward adjustment to the Railroad's projected operating expenses is necessary.

(11) Non-Availability of Statutory Exemptions if the Railroad Ceases to be a State Instrumentality. If, after transfer, the Railroad ceases to be an instrumentality of the State, then the Railroad would lose its exemption from Federal income taxes, the Railroad Retirement Act, the Railway Labor Act, and the Federal Employer's Liability Act. Because of the nature of the projected cash flows, no tax liability would accrue even if a private purchaser, and not the State, acquired the Railroad. USRA also assumed that there would be no significant changes in cash flow if the labor related statutes were applied. Therefore, we have made no adjustments for these provisions.

(12) Section 608(a)(1) Antitrust Applicability. After transfer, the exemption which the Railroad enjoys from certain antitrust laws will be lost. While this may become an issue in the future that could adversely affect the Railroad's revenues, USRA has no way of quantifying what the long-range effect might be.

(13) ICC Regulation. Currently the Railroad is subject only to partial regulation by the ICC under Executive Order 12434. After transfer, ARTA Section 608(a) provides that the Railroad will be fully regulated by the ICC in a manner similar to other railroads of the same class (most likely Class II). While there will be some additional costs, they are not significant enough to quantify separately. However, as previously stated, upward adjustments were made to both legal and other administrative costs to cover these as well as other contingencies.

(14) Compliance With Various Safety Statutes and Regulations. USRA considered three separate categories of potential expenses -- OSHA, State and local building codes, and facility condition.

* OSHA. Based on an updated study provided by the Alaska Railroad, which indicates approximately $2.5 million additional funding will be required to eliminate the remaining deficiencies, we have included $500,000 per year for five years. These funds will be utilized to correct problems associated with buildings, facilities and equipment beyond expenditures budgeted elsewhere.

* State and Local Building Codes and Existing Condition of Facilities. A recent report prepared for the State estimated the total cost to correct building deficiencies to be about $85 million. Condition problems accounted for about 62 percent or $53 million with the balance of $32 million being related to code violations. Repairs, additions or replacement costs

were based on bringing the existing buildings into compliance, regardless of current use.

In the future, the Railroad will have to correct some code violations and improve the condition of some buildings. However, the Railroad will certainly conduct a careful review of current and future railroad operating needs before any large expenditures are made. Some buildings are no longer required, and some consolidations may be possible. If replacement is necessary, a much smaller and more efficient facility might be adequate. The Railroad currently has an on-going program to correct some of these deficiencies. In addition, there is some overlap with the funding required to correct OSHA deficiencies reported earlier. After consideration of these factors, discussions with the Railroad and the State, and on-site inspections, the following future needs were considered reasonable and are reflected in USRA's analysis:

-- Building code deficiencies -- an allocation of $1.5 million per year for ten years for a total of $15 million. This allows for items such as fire separation, fire resistance in wall coverings, ventilation, lighting, electrical deficiencies, handicapped access, and other code related items.

-- Condition discrepancies -- Justified projects in this category would be funded under the Railroad's normal capital budgeting process. As discussed

previously in this section, this total budget is forecast at $12 million per year for ten years.

(15) Transition Expenses. Upon transfer to the State, there will be certain one-time costs that will have to be incurred. These would include such things as legal costs, filing fees, consulting fees and administrative costs as well as costs to the Railroad ranging from remarking equipment to indicate the new ownership to printing stationery. We estimate these one-time costs to be $1,750,000.

Table 3

ALASKA RAILROAD ADJUSTED CASH FLOW FORECAST FOR RAIL OPERATIONS
1984-1993
($ IN 000)
CONSTANT 1983 $

ITEM	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
RR FORECAST REV. *	56746	64106	65446	67806	70186	72656	72656	72656	72656	72656
RR FORECAST EXP.	46590	50130	50790	51390	51990	52610	52610	52610	52610	52610
NET CASH	10156	13976	14656	16416	18196	20046	20046	20046	20046	20046
ADJUST RR FORECAST										
EXPORT COAL	0	-1750	-250	0	0	0	0	0	0	0
PRODUCTIVITY	-580	-624	-632	-639	-647	-654	-654	-654	-654	-654
MOW ADJUSTMENT	-1220	-810	-850	-870	-1010	-1050	-1150	-1110	-1270	-1440
CAPITAL EXPENDED	-12000	-12000	-12000	-12000	-12000	-12000	-12000	-12000	-12000	-12000
ADJ. RR FORECAST	-3644	-1208	924	2907	4539	6342	6242	6282	6122	5952
STARTUP COSTS										
PENSIONS	-4514	-4316	-4145	-3967	-3821	-3675	-3524	-3377	-3225	-3079
CODE CONFORMITY	-1500	-1500	-1500	-1500	-1500	-1500	-1500	-1500	-1500	-1500
ADD'L LEGAL FEES	-600	-600	-600	-600	-600	-600	-600	-600	-600	-600
OSHA	-500	-500	-500	-500	-500	0	0	0	0	0
TORT CLAIMS	-75	-75	-75	-75	-75	-75	-75	-75	-75	-75
OTHER EXPENSES	-108	-108	-108	-108	-108	-108	-108	-108	-108	-108
WORKING CAPITAL	-4377	-95	-160	-57	-49	-42	4	16	-1	-2
ONE TIME STARTUP	-1750	0	0	0	0	0	0	0	0	0
TOTAL STARTUP	-13424	-7194	-7096	-6007	-6653	-6000	-5803	-5644	-5509	-5364
ADJUSTED CASH	-17068	-8402	-6172	-3900	-2114	342	439	638	613	588

*: DOES NOT INCLUDE REAL ESTATE LEASES, DOES INCLUDE MISCELLANEOUS LEASES SUCH AS WIRE AND PIPE EASEMENTS OF $296. REAL ESTATE LEASES ARE TREATED SEPERATELY.

Present Value of Future Cash Flows

As previously discussed, the fair market value of the Alaska Railroad is the amount which the State would have to pay to outbid (e.g., by one dollar) any competing potential purchaser. To determine the maximum bid of a competing non-government purchaser, the estimated future cash flows must be discounted to present values at a rate equal to the cost of capital that the private purchaser would employ in valuing this railroad.

In arriving at a weighted average cost of capital to use as the discount rate in this valuation, numerous factors were considered. Among these were railroad debt-equity ratios, the cost of debt, the average real return on equities, and risk premiums used in other rail valuations. The resulting constant dollar discount rate was then compared to discount rates used in various other railroad related valuations as well as to the cost of capital for the nation's railroads as found by the ICC in Ex Parte 436. These comparisons served as a check on the reasonableness of the rate used in the Alaska Railroad valuation.

USRA determined that the appropriate constant dollar discount rate to use in this analysis was 16 percent as applied to the projected cash flows expressed in constant dollars.* The

*This discount rate is not comparable to the rate used in the real estate analyses for two reasons: (1) As noted above, the continued earnings valuation was performed in constant dollars. In contrast, the real estate analysis considered the effects of appreciation in value of the real property, and was performed in inflated dollars. (2) Different special considerations were relevant to the real estate analysis than to the continued earnings valuation.

development of this discount rate required weighing the special considerations attendant to the Alaska Railroad. Elements of these special considerations include:

* The possibility of not realizing cash flows that, in turn, are based on estimates, not on historical evidence,
* The change from Federal ownership,
* The onset of full regulation by the ICC upon the change in ownership, and
* The uncertainties on the world energy markets.

Measuring Potential Alternative Use Value

To measure the possible alternative use value of the Alaska Railroad's assets under the terms and conditions of ARTA, USRA hypothesized that, beginning in the eleventh year, there would be an immediate cessation of all rail operations to permit the Railroad's operating assets to be placed in their highest and best alternative uses.* To assess the effect of such an option on value, USRA performed the following analyses.

*In determining possible alternate uses for the Railroad's real estate, it was USRA's judgment that it would be highly speculative to assume that any operating real estate could be otherwise developed under a continued operations scenario, particularly during the early years following transfer to the State. Not only would such development require relocation of existing yards or other facilities, but it is also uncertain that any major redevelopment plan could easily obtain the required approvals of various disparite interests. Further, any assembling of operating and non-operating real estate would most likely be affected by existing leases. In light of these factors which would affect both the timing and costs of any partial alternative development of the operating real estate, USRA concluded that its consideration of the alternate use value of these parcels in a liquidation scenario after ten years was a fair method of measuring their value for other purposes.

Rail Operations

If the Alaska Railroad were planning to totally cease operations, it might well cut back dramatically on all its expenses before the eleventh year. It is also true that shippers would begin to find alternative modes of transportation; consequently, the Railroad's revenues would also drop dramatically. For purposes of this analysis, we have assumed that revenues would drop by the same dollar amount per year as expenses. We have used the cash flows generated by the Railroad for the continued operations scenario (as adjusted by USRA) as being representative of the cash flows that the Railroad would generate in the liquidation scenario.

Labor Protection

As a result of discontinuing rail operations, USRA has assumed that there would be imposed on the owners of the Alaska Railroad labor protection conditions similar to those commonly known as "New York Dock". These conditions essentially require employees (depending on seniority) to be paid their full salary and benefits for six years, unless they find other jobs. In the case where an employee finds another job at a lower rate of pay than the one he had on the railroad, that employee is entitled to the difference in pay between his new job and what he received on his old job. Protected employees also have the option of taking a one-time lump sum payment equivalent to one year's pay.

In order to calculate the cost to the State of these labor protection conditions, USRA assumed that all permanent employees

would be eligible to receive labor protection payments. Of these employees, based on the current age profile of the Railroad's employees, USRA assumed that (1) all those 55 and older would choose to retire, (2) 25 percent of the eligible employees would take the lump sum settlement, and (3) 25 percent of the remaining work force would find new employment each year.

FACILITIES AND EQUIPMENT ASSETS

USRA selected Frank S. King and Jackson R. Bell, experts in railway engineering and equipment, to assist in determining the alternative use value of the Railroad's facilities and equipment; they determined the net value that could be realized from disposition of these assets taking into consideration all of ARTA's terms and conditions. Their analysis is described in greater detail in their report to USRA.

USRA first assembled and validated the Railroad's inventories of track, equipment, and other facilities. These assets include approximately 650 track miles,* yards and port facilities, shops, buildings, bridges, communications facilities, 1,642 freight cars, 46 passenger cars and 62 locomotives, as well as maintenance and shop machinery. Physical inspections were made as required to determine the condition of the assets,** and a determination was made as to which asset categories would be sold as scrap and which could be sold to others for re-use.

*This figure represents the total of all the Railroad's track including not only its 460-mile main line from Seward to Fairbanks, but also its branch lines as well as passing tracks and yard tracks.

**USRA also relied on this condition assessment to determine the Railroad's maintenance and capital requirements for use in determining the Railroad's continued operations value, previously discussed.

USRA estimated the range of market prices for resale and for scrap, dismantling costs, shipping costs from Alaska, and costs to comply with environmental or other regulations.* In making these estimates, USRA considered various market data such as the demand for scrap and the supply and demand for used railroad equipment and used rail.

Since ARTA requires that the State must continue to operate the railroad for at least ten years or suffer reversion, the state could not realize any alternate value from liquidating these assets until ten years after transfer.** USRA estimated that an orderly dismantling and liquidation program would require 2 1/2 years, beginning in 1994 and finishing in 1996.

USRA determined that the net proceeds from sale of the Railroad's track and facilities plus its equipment would be $11.6 million in 1983 constant dollars.

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*USRA was assisted in these areas by Mr. Michael V. Cody.

**Indeed, based on the Railroad's forecast, the positive earnings projected for 1994 and later years, if realized, would prevent the Railroad from obtaining authority to abandon under the applicable provisions of the Interstate Commerce Act. This represents a major uncertainty that any purchaser would weigh heavily before paying a price based in part on asset values to be received many years in the future and only if rail operations could be discontinued.

REAL ESTATE ASSETS

USRA selected Jackson-Cross Company, a nationwide real estate appraisal firm, to assist in valuing the Alaska Railroad's real estate assets. Jackson-Cross determined the present value, as of October 1, 1983, of the Railroad's real estate taking into consideration all of ARTA's terms and conditions. Their analysis is described in greater detail in their appraisal report to USRA.

To consider the ARTA Section 610(a) requirement that the State must continue to operate the railroad for at least ten years or suffer reversion, USRA instructed Jackson-Cross to consider the Alaska Railroad's real estate assets in two categories:

* "Non-operating" property -- land which is not necessary for the railroad's operations. This is essentially real estate which is leased to third parties, or which is available for development.

* "Operating" property -- all other property, such as the right-of-way, yards and other facilities, including the port facilities at Whittier and Seward.

Because the Railroad's "non-operating" property is not required for rail operations, it is not affected by the continued rail operation requirement. However, because of ARTA's restrictions, USRA assumed that no value could be realized from alternate use of the Railroad's operating real estate until ten years after transfer to the State.* Jackson-Cross was instructed to determine

*In some locations, the Railroad is presently earning income from easements or permits on operating property which do not interfere with rail operations. This income was considered in USRA's
(Continued)

/ the present value of the cash flow which can reasonably be projected from continued development of the Railroad's non-operating real estate, and (2) the present value of the cash flow which could reasonably be projected from alternate use of the Railroad's operating real estate beginning ten years after transfer.

Most of the Alaska Railroad's real property not required for rail operations is currently leased to others, and there was no reason to assume that a purchaser of the property would change this practice. Jackson-Cross, therefore, based its appraisal upon the assumption that the Railroad's real estate would be leased rather than sold. To the extent that any current rents are below market levels, the lease assumption explicitly considers that fact. USRA assumed that the State will be required to honor the terms and conditions of these leases. They were thoroughly reviewed and analyzed, and USRA has considered their effect in determining the value of the Railroad's real estate.

Jackson-Cross then assumed that, except as prevented by existing leases, rents would be set at market levels. It

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(Continued)
continued operations valuation. As discussed later, the Railroad lacks clear title to much of the right-of-way so that it would no longer be entitled to income from such property upon conversion to alternate uses. As to right-of-way properties where the State will acquire clear title under ARTA, it was not considered feasible to attempt to ascribe any separate value to this potential income, since the highest and best alternate use might well either (1) preclude the continuance of the easement or permit or (2) result in the lessee, rather than the fee owner, collecting such easement or permit income.

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
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CORRECTION

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(1) the present value of the cash flow which can reasonably be projected from continued development of the Railroad's non-operating real estate, and (2) the present value of the cash flow which could reasonably be projected from alternate use of the Railroad's operating real estate beginning ten years after transfer.

Most of the Alaska Railroad's real property not required for rail operations is currently leased to others, and there was no reason to assume that a purchaser of the property would change this practice. Jackson-Cross, therefore, based its appraisal upon the assumption that the Railroad's real estate would be leased rather than sold. To the extent that any current rents are below market levels, the lease assumption explicitly considers that fact. USRA assumed that the State will be required to honor the terms and conditions of these leases. They were thoroughly reviewed and analyzed, and USRA has considered their effect in determining the value of the Railroad's real estate.

Jackson-Cross then assumed that, except as prevented by existing leases, rents would be set at market levels. It

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(Continued)
continued operations valuation. As discussed later, the Railroad lacks clear title to much of the right-of-way so that it would no longer be entitled to income from such property upon conversion to alternate uses. As to right-of-way properties where the State will acquire clear title under ARTA, it was not considered feasible to attempt to ascribe any separate value to this potential income, since the highest and best alternate use might well either (1) preclude the continuance of the easement or permit or (2) result in the lessee, rather than the fee owner, collecting such easement or permit income.

estimated the net revenues that most likely would be realized from a normal leasing and management program as well as the period of time an investor would perceive as necessary to realize those net revenues. Jackson-Cross then discounted these projected net revenues to consider the cost of money over time and the risk of uncertainty that those projected net revenues would, in fact, be realized.*

USRA classified the Railroad's real estate into "non-operating" and "operating" based on current railroad operational requirements with reasonable estimates for operational expansion. All land presently leased to others was classified as non-operating, including lands leased to tenants who are also shippers on the railroad.

There is no definitive inventory available of exactly what constitutes the property of the Alaska Railroad. USRA compiled maps from the Railroad's records to correspond with an inventory estimate which had been prepared by the Department of Transportation in 1981. Additional inventory information was contained in the 605(a) Report. However, despite the best efforts of all parties involved to assemble whatever inventory data are available, substantial questions still remain.

*In practice, the lease assumption produces the same value as an assumption that the real estate would have been sold over a period of years, subject to the existing leases. This is because the prices investor(s) would be willing to pay are a function of the rental income that could be earned, taking into consideration both present rents and projected future rent increases.

Most notable of these questions is the definitio. of exactly what rights will ultimately be conveyed to the State of Alaska. Depending on future adjudication or negotiation, there are many instances where the State may receive less than fee title to portions of the Alaska Railroad's real estate, particularly its right-of-way. Exhibit 1 to the 605(a) Report summarizes existing claims against the property. According to that exhibit, prepared by the Anchorage office of the Bureau of Land Management, more than half of the Alaska Railroad's right-of-way passes through lands which were patented to private parties or to the State without a specific reservation for the Railroad's right-of-way.* In a limited number of areas, mining claims have also been filed which are near to or encroach upon the right-of-way. Further, in other locations, ARTA provides that the State will only receive an "exclusive use easement" to certain portions of the right-of-way.

Therefore, in an alternative use scenario, the Railroad would have no legal interest to transfer in considerable portions of its right-of-way. Accordingly, in determining the value of the Railroad's operating real estate for alternate uses after ten years, Jackson-Cross was instructed not to include value for any parcels where ownership would disappear upon cessation of rail

*Of a total of 619.11 miles of right-of-way, 142.34 miles have been patented to individuals; 137.87 miles have been patented to the State; and 91.25 miles have been tentatively approved for patent to the State upon survey. An additional 85.92 miles have been selected by the State, and another 1.3 miles appear to have been patented to both private parties and to the State.

operations. Further, because clear title existed for very little of the right-of-way, Jackson-Cross was also instructed not to consider "corridor value" for the Alaska Railroad's right-of-way in its alternate use determination.

Additionally, significant portions of the right-of-way, as well as certain parcels of land adjacent to or away from the right-of-way, are subject to claims under the Alaska Native Claims Settlement Act of 1971 (ANCSA) and the 1906 Native Allotment Act. These claims will not have been settled prior to the issuance of this report. It is not possible for USRA to know the final outcome with respect to these parcels. Therefore, as further discussed in Appendix A, USRA has analyzed the value of these parcels separately and has evaluated their impact on the Railroad's fair market value.

Jackson-Cross determined the present value of the Railroad's non-operating real estate to be $47.8 million. Jackson-Cross determined that the present value resulting from alternate use of the Railroad's operating real estate after a hypothetical discontinuance of rail operations is $7 million.

APPENDIX A

NATIVE CLAIM SELECTION ANALYSIS

The Alaska Railroad's real estate inventory includes certain parcels which are subject to claims under the Alaska Native Claims Settlement Act of 1971 (ANCSA) and the 1906 Native Allotment Act. Section 606(b)(1)(A) of ARTA directs that "[d]uring the ten months following the date of enactment of this Act, . . . the Secretary of the Interior, Village Corporations with claims of valid existing rights, and the State shall review and make a good faith effort to settle as many of the claims as possible." Failing settlement, ARTA Seccion 606(b)(2) further directs that the "Secretary of the Interior shall complete the final administrative adjudication required under this subsection not later than three years after the date of enactment of this Act."

According to data furnished by the Alaska Railroad and the Anchorage Office of the Bureau of Land Management, Native claims have been filed for the following ten parcels.

LOCATION	ACRES	GRAVEL RESERVE	ROCK RESERVE
EAGLE RIVER	1596	Yes	No
BIRCHWOOD	978	Yes	No
EKLUTNA	605	Yes	Yes
MATANUSKA	238	No	No
PITTMAN	140	Yes	No
BROAD PASS	561	Yes	No
HEALY	123	No	No
NENANA	231	No	No
HOLY CROSS	60	No	No

No negotiated settlements have been reached, and the ultimate disposition of these parcels cannot be known at this time. However, despite these unresolved issues affecting the basic inventory to be valued, ARTA directs that USRA report one number representing the Railroad's fair market value.

At this time, there are considerable uncertainties as to whether any of these parcels will ultimately be conveyed to the State. The possibilities range from conveyance of all or a substantial portion of these parcels, which would suggest an upward adjustment to value of as much as $3.2 million,* to conveyance of only operating real estate and the loss of access to currently used rock and gravel reserves, in which case a reduction in value approximating $1.8 million** would be appropriate. If the status quo was maintained -- that is, if the Railroad was conveyed lands underlying rights-of-way and facilities and the continued right to withdraw rock and gravel as needed from currently utilized reserves -- no adjustment to value would be appropriate. Moreover, some parcels may be conveyed

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*Jackson-Cross estimated the fair market value of the Railroad's total real estate inventory with and without the parcels subject to Native claim selection. From this analysis, USRA determined that the Railroad's fair market value would be increased by $3.2 million if all parcels subject to Native claim selection were conveyed to the State. This estimate assumes all the previously described ARTA terms and conditions.

**USRA also considered the impact on value if the Railroad were to lose all of its present rights to withdraw gravel or rock from these parcels. While precise estimates are not available, increased costs for using alternate sources of rock and gravel would reduce the Railroad's fair market value by about $1.8 million.

only if, in subsequent negotiations, the State agrees to exchange other State lands for such parcels.

In light of this broad spectrum of unknown and virtually unpredictable future events, USRA can find no basis for assuming that a prudent investor would pay for the speculative possibility that significant portions of the Native claim parcels would be conveyed in the future. Therefore, we consider that it is inappropriate for our fair market value determination to include any amount ascribed to these parcels. We feel that this conclusion is a fair balancing of both the downside risk that the Railroad might lose access to the gravel and rock reserves and the upside possibility that at least some of these parcels beyond those directly utilized in support of current rail operations might ultimately be conveyed to the Railroad in fee.

HOLY CROSS

EXECUTIVE SUMMARY

The results of our examination of the fixed facilities and equipment of The Alaska Railroad, including analysis of the data provided by the United States Railway Association and The Alaska Railroad, and information obtained by on-site inspections and interviews with officials of The Alaska Railroad, are summarized as follows:

The inventory of the fixed facilities has been prepared using The Alaska Railroad records and information furnished verbally by knowledgeable railroad personnel. This information was supplemented by sample inspections, but actual physical counts were beyond the scope of this effort. The track chart, yard maps, timetable and certain estimated counts furnished by the railroad are the basis for the inventory of track materials. The total quantities of this material are reasonably accurate, although there may be some insignificant variations in sub-total quantities of the smaller weight rail and associated track materials. Total counts of rail in track are within 0.7 percent of the reported total mileage of the railroad. Bridge, trestle, culvert, tunnel, building, marine facility and highway crossing schedules or summaries were prepared from lists furnished by the railroad. Communication and signal information was furnished in part verbally and from records furnished by the Engineering Department of the railroad.

The track structure of the railroad appears to be in relatively good condition for present day tonnages and train speeds. Most of the 115 lb. RE rail laid on the main line and Whittier subdivision is in relatively good condition with only minor wear and would be suitable for cropping, welding and relaying in Class 1 railroad branch lines or even low tonnage mainline tracks. However, except for some 115 lb. turnout material and a relatively few 13 inch double shoulder tieplates, other track materials would probably not be reusable on railroads in the "lower 48." The bridges including the wood trestles are in good condition. Most railroad communications are transmitted through a modern micro-wave system, including but not limited to, radio equipped locomotives, maintenance of way and automotive equipment supplemented by approximately 150 portable type radio receiver-transmitter sets.

Spending in recent years for rail, ties, ballast and surfacing appears to have been adequate to properly maintain this railroad. However, because of the overall age of the crossties and the lighter weight rail, it appears that some increase in spending is warranted for the installation of these materials. Both capital and expense spending have been adequate to properly maintain bridges, trestles and culverts, marine and communication facilities. Operating expenses for these facilities should continue at about the same level. However, capital spending will have to be increased somewhat if the railroad should be

transferred from Federal ownership. Additional expenditures will be required to correct OSHA and State of Alaska building code violations.

To estimate the Railroad's alternate use value, costs have been estimated in 1983 dollars to dismantle the tracks, to load the material (excluding crossties and ballast) into cars, and to transport it to the port at Whittier. At current scrap prices, the cost of picking up, loading, moving to port and shipping to a location of a quantity buyer would exceed the sale value of all types of steel scrap. Therefore, this report provides two options; one for handling only that material, 115 lb. reusable rail, turnouts and tieplates, with a positive resale value, and the second for reclaiming all track materials (including all steel scrap) except crossties, timber and ballast, regardless of value. Because the cost of dismantling the bridges, trestles and culverts and moving the reclaimed material to a marketplace would exceed the sale value, it is assumed that these structures would remain in place (except for the Tenana River Bridge discussed in detail at page 64). The micro-wave communication system would probably be of value to some public body or a private communications company "where is, as is."

The inventory of equipment has been prepared using The Alaska Railroad records, supplemented by on-site inspections and interviews with selected officials of the Railroad's Mechanical Department. Representative samples of each general category of

equipment were inspected and formed the basis for judging the condition of equipment.

The fleet of 62 locomotives, excepting the five GP-40-2 locomotives delivered in May 1983, is generally in poor to fair condition. Locomotives are maintained on an as needed immediately basis or on an as funded basis. Due to the relatively low annual mileage, the Railroad has managed to maintain locomotives without any major planned maintenance/ overhaul/rehabilitation programs.

The passenger fleet of 52 cars is generally in fair condition with the exception of the recently rehabilitated all-electric cars which are in very good condition and which represent 20 percent of the fleet. The passenger car fleet is well maintained, but again without planned maintenance/rehabilitation programs.

The freight car fleet of 1,642 cars ranges in condition from new to not fit for service or too old for interchange. By the end of 1983, 46 percent of the fleet will be prohibited in interchange. These cars are also maintained on an as needed basis.

The highway vehicles, most of which are owned by the General Services Administration and leased to The Alaska Railroad, are generally in good condition and well maintained. Miscellaneous equipment such as snow plows, locomotive cranes and spreaders are

generally in fair condition and maintained/repaired as required. The cabooses have all been rebuilt and are in good condition.

The maintenance of way equipment is generally in fair to good condition and well maintained. Formal records for equipment maintenance are not kept by individual piece of equipment; therefore, maintenance history of equipment is difficult to determine.

The shop equipment, such as turret lathes, wheel machines, armature extractors, boring mills and drill presses, is in fair to good condition. Shop overhead cranes need general overhaul and repair and the drop pit needs total rehabilitation. The Alaska Railroad is just beginning to develop planned maintenance programs for shop equipment.

We assessed equipment condition from the point of view of service life and maintainability to provide the required service for the continuing operation analysis, and we have categorized equipment by type, quantity, scrap or reusability based upon current condition and age for the alternative use scenario.

Conclusions

The following table summarizes our analysis of projected operating expenses and capital expenditures which will be required from 1984 through 1993 to maintain the railroad's fixed facilities and equipment in adequate condition for the forecasted traffic.

PROJECTED OPERATING EXPENSES
AND CAPITAL EXPENDITURES

Facilities & Equipment
(Millions of 1983 Dollars)

Year	Operating Expenses*		Capital Expenditures**
	Engineering	Equipment	
1984	10.56	9.38	14.00
1985	10.58	10.71	14.00
1986	10.68	10.92	14.00
1987	10.76	11.11	14.00
1988	10.96	11.30	14.00
1989	11.06	11.50	13.50
1990	11.16	11.50	13.50
1991	11.12	11.50	13.50
1992	11.28	11.50	13.50
1993	11.45	11.50	13.50
Totals	109.61	110.91	137.50

* Excluding depreciation.

** Includes expenditures required for compliance with OSHA as well as state and local codes.

The following describes the results of our analysis of the net liquidation value of the fixed facilities and equipment of The Alaska Railroad. These results are provided in two options:

Option No. 1----------$13,925,000
(does not include any scrap track materials)

Option No. 2----------$11.639,000
(includes all metallic scrap track materials)

INVENTORY AND CONDITION ASSESSMENT

Rail

Track materials comprise the major element of the fixed facility inventory, of which the biggest and most valuable item is the 115 lb. RE rail. Most of this rail was rolled by Colorado Fuel and Iron Company in the early 1950's and laid during the same period. Although much of this rail has now been in track for over thirty years, wear, except on the sharper curves, has not been appreciable due to the low tonnages handled. See Traffic Density Charts, Appendix II, Exhibit 41. A sampling of rail head wear measurements were taken on both heavy and light tonnage lines which carried 7.90 and 2.60 million gross tons respectively in 1982. These measurements indicate relatively light wear except on the sharper curves where flange wear is appreciable. See Appendix I. Exhibit 1.

The detected defective rail history is relatively good and presents no problem. Prior to 1978 the Alaska Railroad operated rail defect detector equipment over its lines once every five years, but since that time they have been operated annually except for 1978 when two inspections were made and 1979 when none was conducted. During the five-year period from 1978 through 1982, these inspections detected a total of 147 115 lb. rail defects which includes 23 defects caused by outside sources, i.e., engine burn fractures, defective welds and broken bases.

See Appendix I, Exhibit 2. For this period an average of 5.17 defective rails per year were detected per 100 miles of main track, laid with 115 lb. rail, including the Whittier subdivision. This history does not adversely affect the suitability of this rail in its present service or for relying on light tonnage tracks.

On-the-ground inspections revealed that, except for rail laid on curves of four degrees or more, the main line 115 lb. rail is in good condition with very little bending at the joints. See Appendix II, Track Pictures. Some chipping of the rail head running surface at the joints was observed which can be corrected by welding for its present usage or by cropping1/ for relayer use. The railroad is turning and renewing rail on curves as required. Much of this worn reclaimed rail is then relaid in yard, industrial and storage tracks.

This 115 lb. rail laid on the main line and the Whittier Subdivision is in such condition that, with the projected program, it will adequately carry present and projected traffic levels with spot renewals on curves and replacement of defective rails as they occur. However, some of this rail will be removed from the main line in the next ten years in order to replace light rail in yard and siding tracks. Most of this 115 lb. rail

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1/ Cropping a rail means sawing off approximately 18 inches on each end which eliminates the worn joint area.

is of such quality that, if it were to be removed, it could be cropped, welded into long strings and relaid in light tonnage main tracks, branch lines, sidings or yard tracks.

The inventory of rail was developed by using the track chart, the timetable, yard valuation maps, actual lengths of track and quantities of rail by section all furnished by The Alaska Railroad. Since the lengths of all tracks other than the main were provided from clearance point to clearance point or end, a factor was applied to account for the rail used on the turn-out side to the clearance point. See Appendix I, Exhibit 3. Half of this turnout rail is considered scrap to allow for worn stock rails and curved lead rails. Also, most of the rail on curves of four degrees or more is considered not reusable, and, therefore, is classified as scrap. Those scrap rail assumptions for turnouts and curves including spirals should adequately compensate for the occasional other rails with engine burns or other defects disqualifying them for main or branch line use.

The calculated length of all rail presently in track is 658.0 track miles. Inasmuch as there is no market for large quantities of rail sections of 90 lbs. or less, all rail other than the 115 lb. is considered scrap which amounts to a total of about 15,900 net tons including an estimated 238 in storage on the ground. There is approximately 14,800 net tons of 115 lb. scrap rail which is about 14.1 percent of the total of this rail presently in track. In addition, there is an estimated 435 tons of

reusable, hereafter referred to as "fit," rail in storage. The method used for calculating tonnage figures is shown in Appendix I, Exhibit 4. The fit 115 lb. rail in track and in storage amounts to approximately 90,400 net tons. A breakdown for all rail by section and track is shown in the Appendix I, Exhibit 5.

In addition, there is a small quantity of new 115 lb. rail stored on the ground principally at Anchorage. Fit and scrap material in storage was estimated by the Railroad which provided the quantities of stored fit and scrap rail. As of February 23, 1983 there was $701,699 worth of new rail, other track material (OTM) and turnout material on hand. See Appendix II, Exhibit 42. For the purpose of this study, it is assumed that this material would, in general, be used prior to any hypothetical date of cessation of service and that scrap sales would continue so that, at that date, new material would be exhausted and scrap and fit materials on hand would be at approximately the same level as today. This same assumption is made regarding all other new maintenance of way materials now in stock.

In the latter part of 1982, the Alaska Railroad began buying and using a chrome alloy (Chroma) rail in 78-foot lengths to reduce curve wear and rail joint maintenance. At this time, the quantity of this rail, which has all been used to replace worn out curve rail, is relatively small and is, therefore, not singled out as an individual inventory item. Depending upon wear it will either be fit or scrap and fall into its proper category as described above.

Other Track Material (OTM)

The OTM used with all rail sections is generally in good condition for its present usage. However, most of it is obsolete or of too small a size and weight to be considered reusable by another railroad. Therefore, for the purpose of this inventory, with several exceptions, most of this material is classified as scrap.

Several years ago, The Alaska Railroad changed their standards for both 115 lb. tieplates and splice bars. The new tieplates are 13 inch, double shoulder punched for both rail and hold-down or anchor spikes. These tieplates replace 11 inch double shoulder plates punched only for four rail holding spikes. Thirty-six inch, six hole splice bars replace 24 inch, four hole bars. The track between Portage and Girdwood, 10.3 miles, is equipped with the new bars and plates. Approximately another 2,000 pairs of these bars and 100,000 each of the 13 inch tieplates are scattered over the main line.

Splice bars on this railroad are well maintained including periodic oiling to prevent corrosion. Most of the 24 inch bars and all of the new 36 inch bars are in good condition, but none have any value as reusable. Any railroad buyers of the 115 lb. rail would weld it into long continuous strings eliminating

the need for the conventional splice bars. This railroad does not presently have in place any continuous welded rail except for short strings through grade crossing.

No major railroad would buy and spend the money to install small 11 inch plates including those showing any interest in the 115 lb. rail. However, the 13 inch plate punched for anchor spikes should be marketable and they are, therefore, considered as fit for resale and reuse. There are relatively few of these, numbering about 159,000. The Seattle, Washington, price of this fit material is $2.80 each2/ or $286 per net ton.

Although the other 115 lb. OTM including rail anchors, spikes, bolts and nutlocks is in adequate condition for its present use, none has a resale value for reuse. Rail anchors are not as effective after the first application and not worth a reasonable price plus the costs of distributing and applying. Bolts and nutlocks are not required for the same reason that splice bars have no market as described above. Spikes once driven and then pulled are usually bent making them undesirable for further use. See the Appendix I, Exhibit 6 for additional information on the inventory of other track material (OTM).

2/ Mr. Michael Cody, a consultant retained by USRA, furnished all values and prices of fit and scrap track materials in his report to USRA dated September 1, 1983.

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

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Turnouts

The Alaska Railroad utilizes three different size turnouts in basically two rail sections. They are No. 7's and No. 9's in the 70 lb. ASCE and 115 lb. RE sections (one No. 7, 75 lb. ASCE) and 115 lb. No. 11's used in the main tracks primarily at passing sidings. Sample on-the-ground inspections revealed the 115 lb. turnout components; switches, frogs, guard rails, etc., to be in good condition although some worn and chipped switch points, a few worn stock rails and slightly worn frogs were noted. The 70 lb. turnouts were, generally, in fair condition with a few found to have well worn switch points, loose braces and other worn components.

It is estimated that 85 percent of the 115 lb. No. 11 turnouts and 80 percent of 115 lb. No. 9's in the main track are fit for reuse, and approximately 75 percent of the 115 lb. No. 9's in use in other than in main tracks are considered reusable. For the purpose of classifying fit turnout material, this report considers only turnout packages.3/ No tabulation has been made of individual switch points, frogs, guard rails, plates or other turnout components. These turnout packages for 115 lb. rail are presently being purchased new by the railroad.

3/ "Turnout packages" include switch points, rods, plates, braces, heel blocks, frogs, frog plates, guard rails and all bolts associated with complete switches, frogs and guard rails if needed. They do not include any rail including the stock rails, regular tieplates, rail splice bars, track bolts, track nutlocks, anchors, switch stands or any switch timber.

Similar to the handling of 70 lb. rail and OTM all reclaimed 70 lb. turnout material is considered scrap and so tabulated in tons. Although approximately 77 No. 7-115 lb. turnout packages are in good condition and fit for reuse, there would be no buyer. Most railroads prefer No. 8 turnouts as a minimum size and use the shorter, sharper turnouts only for special unique situations. The Alaska Railroad is now replacing worn out No. 7's with No. 9's whenever possible and also avoiding the use of No. 7's in new construction. There are a total of 208 No. 9 and 93 No. 11 115 lb. turnout packages considered saleable for reuse. See Appendix I, Exhibit 6.

Crossties and Switch Timber

There are approximately 2,092,000 crossties and approximately 690,000 lineal feet of switch timber in track. The ties are soft wood, for the most part hemlock and fir. All ties are creosote treated and those installed in recent years and at the present time measure 7 in. x 9 in. x 8 ft. 6 in. Both ties and switch timber are generally in good condition.

These ties and timber would have little value in the alternative use scenario. It is, therefore, assumed that they would be left in place. There may be opportunities to sell a modest number of these ties and timber on a "where is-as is" basis after track removal, but the net proceeds would be negligible. Other railroads would not spend the money to buy and install used softwood ties.

Ballast

For many years the ballast used on this railroad was pit run gravel with the grading ranging from sand to river stones as large as a man's head. In recent years the railroad has been crushing this gravel to a maximum size of about two to two and one-half inches. This has made a considerable improvement in track conditions and expedited surfacing and lining with modern track maintenance equipment. Although in many areas, but not all, this ballast is clean and dry, any reuse value would be difficult to estimate and would be less than the cost of salvaging.

Bridges, Trestles and Culverts

There are 76 undergrade steel bridges of various types, all in good condition. See Appendix II, Bridge Pictures. These bridges are listed by location and type in Appendix II, Exhibit 43. Sample inspections were made of 17 of these structures. Although many have not been painted for some time, there was no evidence of oxidation or corrosion. Abutments and piers appeared to be in good condition with little or no spawling or undercutting. Most of these bridges have open decks. A considerable amount of bridge timber has been renewed in recent years so that the decks, in general, are in good condition. The

only component of these structures with any value is the steel as scrap. However, the cost of dismantling these bridges and loading and transporting the steel to a market would far exceed the sale price.

There are 129 wooden trestles on this railroad as of February 28, 1983; a schedule of these trestles is shown in Appendix II, Exhibit 44. Sample inspections were made of 34 of these structures. All were found to be in good condition. The Chief Engineer stated that all of the other trestles were in a similar condition. All decks, except three with ballast, are of the open type. The bridge timber on the open deck trestles, as on the steel bridges, is in good condition. Two of the ballast deck trestles were inspected and no exception could be taken. The structure condition is good, the ballast clean and dry. The track condition is good including rail, ties, surface and line. All timber including piling, caps, cross bracing, stringers and decking is treated and in good condition. Even though this timber is in good condition, its market value would be far less than the cost of dismantling.

A listing of all culverts by location, type, size and length, dated July 31, 1983, indicates a total of 1,506 scattered over the entire railroad. There are at least twelve different types including open top wooden track boxes, built with logs, built with lumber, corrugated metal pipe, concrete pipe, and multi-plate. Sizes vary from concrete and metal pipe 12 inches in

diameter to twin ten foot diameter multiplate with lengths varying from eight to 216 feet. A summary of this listing can be found in Appendix II, Exhibit 45.

Sample inspections of two multiplate and 12 corrugated metal pipe culverts were made and these facilities were found to be in good condition, open at both ends with adequate length and grade suitable for the physical characteristics of the location. There were 49 open top track boxes installed between 1949 and 1968 of which most were built in 1953 and 1958. The railroad has an ongoing program to replace these boxes with below grade pipe culverts, and by the end of this 1983 fiscal year there will be a significant reduction in their number. There are four culverts in service constructed of logs between 1935 and 1938 which will probably require replacement within the next few years. Also, of importance when considering maintenance and capital expenditures are the 226 culverts constructed with lumber or timber between 1937 and 1967.

Tunnels

There are eleven tunnels on the railroad ranging in length from 136 feet to two and one-half miles. See Appendix II, Exhibit 46. None of these tunnels is lined. The seven tunnels between Seward and Portage are in relatively poor condition. The portals are poor to fair and the tunnels are seeping with water and have poor drainage causing serious problems. In the winter it is a seven day a week job to control the ice using bulldozers

to keep these tunnels passable for train movement. Two tunnels, one about 3/4 mile and the other one about 2-1/2 miles long, are located between Portage and Whitter. Of the 11 tunnels, these appear to be in the best condition, although they are unlined and do seep some water. Track surface and alignment appeared good and the drainage was adequate. In both cases the portals are well built and in good condition. The other two tunnels located in the vicinity of Healy appeared to be in better condition than the Seward to Portage tunnels insofar as water seepage and drainage is concerned. Track surface and alignment are adequate for the maximum authorized speed.

A wooden snow shed 225 feet long is located just south of tunnel No. 11.35. This shed is of timber construction and is in relatively poor condition. Drainage, water and track conditions within the shed are deplorable. At the time of our inspection, there was one location in this shed where 10 inch shims were in place between the ties and the rails. See Appendix II, Shim Pictures. A large diameter metal pipe is programmed to replace this shed, and also the former 460 foot snow shed north of this tunnel which was removed in the Spring of 1983.

Buildings

See Appendix II, Exhibit 47 for a list of the buildings now in use by, or on the operating property of, the railroad. Sample inspections of these buildings indicate that most of them are in relatively good condition and well maintained. There are a few buildings requiring exterior refinishing or painting and some roof work. However, there appears to be a surplus of building space. For example, warehouse #4 in Anchorage, formerly leased out, is practically vacant. A truck storage shed was found to be empty and a B. and B. Butler building was loaded with military surplus, electrical and mechanical equipment. Building consolidations could result in savings in maintenance and capital spending.

A $2,300,000 project is presently underway to change heating methods and conserve energy in the major buildings including shop facilities in Anchorage. This project will result in an improved environment within the buildings and a return on the investment of 10 percent.

In general these buildings compare well with similar railroad structures in the "lower 48."

Marine Facilities

A description and listing of the major marine facilities is in Appendix II, Exhibit 48. With the exception of rail barge slip #1 and the transit shed at Whittier, these facilities

appear, from a overall general inspection, to be in fair condition. The #1 slip at Whittier is presently out of service due to electrolysis of the steel piling in the foundations under the towers.

Signals

Except for three dragging equipment detector (DED) signals, the only signals on this railroad are for highway grade crossing protection. However, there are only four sets of these automatic flashing light crossing signals owned and maintained by the railroad. Two sets are over 20 years old and the other two were installed during the past six years. There are a number of other crossing signal sets owned by the State, City of Anchorage or armed services for which the railroad is reimbursed for all maintenance costs.

Communications

The Alaska Railroad utilizes a modern micro-wave communication system with the exception of two short segments, i.e., the Whittier Subdivision and on the main line between Moose Pass and Portage where communications are handled through open wire and seven miles of underground cable. The original micro-wave system was installed between Portage and Anchorage in 1957 and 1958, and is being rebuilt this year using all new modern solid state components replacing vacuum tube equipment at

a cost of $200,000. See Appendix II, Exhibit 49 for a more detailed inventory of this communication equipment.

Transmitter-receiver radio equipment is installed in the following types of equipment: locomotives, rail-highway vehicles, track mounted maintenance of way machinery, motor cars, and certain automobiles assigned to the Transportation, M. of W., M. P. & E., Administrative and Security Departments. In addition, there are 120 portable handheld and 30 portable lunch box radios. A list of this equipment is also shown in Appendix II, Exhibit 49. All of these transmitter-receiver sets are in fair to good condition, many of which are relatively new. The entire system operates on FRA assigned frequencies.

The railroad is presently dismantling the open wire pole lines replaced by the micro-wave system. Most of this work should be completed by the end of the next year.

Locomotives

The Alaska Railroad's locomotive fleet currently consists of sixty-two (62) diesel-electric locomotives, summarized as follows:

Alaska Railroad Locomotive Fleet

Quantity	Type	Horsepower
13	F-7's	1500
10	GP-7's	1800
3	GP-35's	2500
2	E-8's	2400
2	MRS-1700's	1600
11	RSD-4's	1600
21	GP-40's	3000
62		

Source: The Alaska Railroad

Eight (8) of these locomotives are currently out-of-service due to various major repair needs.

The F-7's, GP-7's, GP-35's and RSD-4's are generally in poor condition, needing substantial rehabilitation and repair of electrical wiring, rotating equipment and engines.

Sixteen (16) of the GP-40's are in fair to good condition, needing some engine work and basic truck overhaul. Five (5) of the GP-40's, the GP-40-2's, received by The Alaska Railroad in May, 1983, are in very good condition.

The maintenance history of the E-8's and MRS-1700's is unknown.

The Alaska Railroad will take delivery of four (4) new GP-49 diesel-electric locomotives in October, 1983.

The locomotive fleet is detailed in the Appendix I, Exhibit 7, by number, manufacturer, class/type, date built/rebuilt, date received by the Alaska Railroad, original owner, current condition and comments. The information contained in this Exhibit was compiled from railroad data, interviews with the railroad's equipment managers, and by actual inspection of available units.

The locomotive fleet, though able to handle the traffic, will require substantial planned maintenance and rehabilitation to maintain current and meet increased traffic requirements. Tradeoffs of cost to repair and rehabilitate many of the Railroad's locomotives will likely result in "buy new" decisions. The following provides some detail on locomotive condition and required repair/overhaul and rehabilitation:

The 1500 Series, F-7 locomotives which were built between 1949 and 1953, were purchased new from General Motors Corporation, Electro-Motive Division. Miscellaneous upgrading has been done on these units over the years. The general condition of these locomotives is poor as they are in need of rewiring, truck overhaul, electrical rotating equipment rehabilitation and engine rebuild.

The GP-7, yard and freight service locomotives, were built in 1951 and acquired from the Army in 1960. These locomotives were rebuilt in 1975, 1976 and 1977, and are currently in need of truck, intermediate engine, and electrical rotating equipment overhaul.

The 2500 series, GP-35 locomotives, were purchased new from General Motors, EMD Division, in 1963 and 1964 and have had no major repairs since new. They are currently in need of intermediate engine, truck and electrical rotating equipment overhaul.

The E-8 passenger service locomotives were purchased from AMTRAK in 1981, and they are currently being upgraded for operation on the Alaska Railroad.

The MRS-1700 work train service locomotives were built in 1952 and acquired from the Navy in 1977. The maintenance history of these locomotives is unknown.

The RSD-4 series, yard switcher locomotives which were built in 1953 by General Electric/ALCO and acquired from the Army in 1974 and 1975, have not had major repair work done on them since they were new. Five (5) of these units are currently stored with bad order engines and the remaining units are in poor condition requiring considerable repair/rehabilitation.

The GP-40 freight service locomotives were bought new from General Motors in 1964, 1975, 1976 and 1978 and are generally in fair condition. Five (5) of these will need intermediate engine overhaul and all units will require truck overhaul in the near future.

The GP-40-2, freight service locomotives purchased from Chrome Crankshaft (out of a Conrail lease), are in very good condition.

Photographs of some typical Alaska Railroad owned locomotives are included in Appendix II.

Passenger Equipment

The Alaska Railroad passenger fleet currently consists of 52 cars, 46 of which are owned by the Railroad and six of which are leased from AMTRAK.

The Railroad owned passenger equipment is generally in fair condition with the exception of the recently rehabilitated all-electric cars which are in like new condition. The all-electric cars include six chair cars, one lunch counter/cafe lounge, one dome car and two baggage cars. The average age of the passenger car fleet is 29 years.

The passenger car fleet is detailed in Appendix I, Exhibit 8, by manufacturer, class/type, date built/remanufactured, date received by the Railroad, original owner, current condition, and comments/repairs needed. The information detailed in this Exhibit was obtained from The Alaska Railroad data, the railroad's equipment managers and by visual inspection of available equipment.

Photographs of typical Railroad owned passenger cars are included in Appendix II.

Freight Cars

The Alaska Railroad currently owns 1,642 freight cars of the following types:

Quantity	Type
386	Gondolas
320	Hoppers
315	Flats
131	Boxes
123	Tanks
106	Ballast
76	Air Dump
56	Insulated Box
27	Hy-Cube Box
23	URB Flats
21	Bulkhead Flats
19	Covered Hoppers
15	Reefers
14	Shuttle Flats
10	TOFC Flats
1,642	

Source: The Alaska Railroad

Of the 1,642 freight cars owned by the Alaska Railroad, 197 cars are presently prohibited in interchange due to age. By the end of 1983, a total of 752 cars will be prohibited in interchange due to being over forty years old.

Thirty-six hopper cars and 51 tank cars are operating in restricted service, exclusively on the Alaska Railroad, until December 31, 1983 under a waiver granted by the Federal Railroad Administration.

There are 114 cars in service that are over 50 years old, 87 operating under FRA waiver and 27 in maintenance of way service.

The average age of The Alaska Railroad owned freight car fleet is approximately 31 years.

The freight car fleet is detailed in Appendix I, Exhibit 9, by type, date built/age, capacity, quantity, current condition and comments/repairs needed. This information was obtained from The Alaska Railroad supplied status reports, interviews with the railroad's equipment managers and by on-site inspections of available equipment.

Photographs of typical Railroad owned freight cars are included in Appendix II.

Highway Vehicles-Owned and Leased

The Alaska Railroad owns a fleet of 33 highway vehicles, 24 of which are equipped with hy-rail gear, and leases 106 highway vehicles from the General Services Administration. A complete listing of the leased vehicles, including lease rates, is detailed in Appendix II, Exhibit 51. The highway vehicle fleet is generally in good condition.

A schedule of Railroad owned highway vehicles, including vehicle condition, is contained in Appendix I, Exhibit 10.

A photograph of a typical hy-rail equipped highway vehicle is included in Appendix II.

Snow Plows, Cranes and Miscellaneous Equipment

The Alaska Railroad currently maintains 45 pieces of miscellaneous equipment including three snow plows, 11 locomotive cranes and ditchers, three spreaders, 27 cabooses and a business car.

The snow plows, cranes and miscellaneous equipment condition is described in Appendix I, Exhibit 11.

The three snow plows are in fair condition, six of the locomotive cranes/ditchers are in good condition and five are in poor condition. One of the spreaders is in poor condition and two are in good condition.

The general condition of the caboose fleet is good as they have been recently refurbished.

The Alaska Railroad business car, "Denali", was recently rebuilt and is in good condition.

Photographs of representative spreaders, locomotive cranes, cabooses and the business car are included in Appendix II.

Maintenance of Way Equipment

The maintenance of way equipment is summarized in Exhibit 12 of Appendix I by type, quantity, current condition and comments and is detailed in Appendix II, Exhibit 50. This information was supplied by The Alaska Railroad and was supplemented and updated by the railroad's equipment managers and by actual inspection of available equipment.

The general assessment of the maintenance of way equipment is fair to good and it is well maintained.

Typical photographs of snow removal equipment and maintenance of way cranes are included in Appendix II.

Shop Equipment

The Alaska Railroad shop equipment is detailed in Appendix I, Exhibit 13, by equipment description, quantity, capacity, location and condition.

The shop equipment, with the exception of overhead cranes and some speciality items such as drop tables, is generally in fair to good condition.

The listing of equipment and its general condition was provided by The Alaska Railroad and has been supplemented by discussions with the railroad's equipment managers.

Photographs of typical shop equipment are included in Appendix II.

Fixed Facilities Assessment

The condition of track components, bridges, tunnels, buildings, marine facilities, signals and communication equipment has been briefly described, but it is appropriate to elaborate on track conditions.

Samples of all types of track, main line, branch line, sidings, yard, shop, storage and industrial were inspected by hy-rail vehicle and/or on foot. A walking inspection was made of the full length of the Anchorage yard with spot inspections of most of the tracks and all ladder tracks. Spot walking inspections usually consisted of a minimum of 20 rail lengths. In addition, an overall inspection was made of the main line in both directions between Anchorage and Fairbanks from a special train.

These inspections indicated the rail to be in relatively good condition for the use intended, i.e., main track, siding, yard, etc. Traffic on the sharper curves on the main line is causing considerable head wear. However, worn rail is turned4/ or renewed well before the occurrence of any problems. In fact, curve worn rail is turned or renewed well before it is worn to the extent

4/ Turning means reversing a rail in the same location so that the gauge or inside becomes the field or outside, and the unworn field side becomes the gauge side.

that eastern United States heavy tonnage railroads would take similar action. When it is decided to relay this rail, it is renewed with a chrome alloy (Chroma) rail in 78 foot lengths.

On siding and yard tracks the light 70 lb. ASCE rail is generally in fair condition. Because no rail anchors are used on this rail, it is running (moving longitudinally) and, in certain instances, skewing ties at joints. A few poor conditions were noted on the auxiliary tracks at Birchwood and in Anchorage yard, involving defective and skewed ties together with poor surface and line. But, generally, surface is fair with some bent joints in certain locations, and for the most part this is not a problem. This rail, undoubtedly, would not hold up under heavy tonnage conditions. It is being replaced with second hand (S.H.) or fit 115 lb. rail as it becomes available from main line renewals.

The 90 lb. rail is in two sections, ASCE and RA of which there is a total of 17.8 track miles. Approximately 37 percent of this track was laid without tieplates. Stretches laid with tieplates and rail anchors, i.e., the Fairbanks Airport Spur, are in good line and surface. The 75 lb. ASCE rail laid only on the Eielson Branch is in fair condition. Light rail, 65 and 70 lb., is laid on the tracks in the out-of-service Valdez facility and not a factor.

For the past six years they have averaged about 20,200. See Appendix I, Exhibit 15. For this year, 40,000 were originally programed, but this number has been reduced to a projected 25,000. At present, 50,000 are programmed for 1984. Sample spot track inspections seem to indicate that a level of tie renewals somewhat more than presently projected for 1983, but less that programmed for 1984 should be adequate for the next five years. Beyond that, renewals will probably have to be increased significantly.

The Alaska Railroad has been pursuing an ambitious reballasting and surfacing program with excellent results. With the exception of certain locations, the greater portion of this railroad, including branch lines, sidings and yards, is well surfaced and lined on clean dry ballast. The crushed gravel now in use is a vast improvement over the pit run gravel. During the past two years, an average of about 77,000 cubic yards of ballast were dumped and 180 miles of track surfaced. This means that about 55 percent of the actual total mileage on the railroad was surfaced in this two year period.

Because of many factors peculiar to the Alaskan climate and the primitive methods of sub-grade construction (by today's standards) used on the original lines, there are significant miles of track that must be surfaced every year after the surface frost is gone to remove shims and long stretches of slow orders. It appears that the level of this type of work performed during the past two years is adequate. However, an increase in

The railroad projects the renewal of 31,200 feet of rail in 1983 and is presently programming 52,800 feet for 1984. Considering present and projected traffic volumes together with the present relatively good rail conditions, the Railroad's 1983 and 1984 levels appear adequate. However, in future years, new rail quantities should increase to account for increased curve wear and the need to use some main line rail to replace worn light rail in yards and sidings.5/

Even though the crossties are softwood with many of them now in track approaching or over 30 years, they are in very good condition. A few inspections revealed as few as one defective tie per 20 rail lengths (780 feet). There was no instance found where the ties did not meet the FRA Class 3 track standards on the main line or Class 2 on sidings and in yards with the few exceptions at Birchwood and Anchorage yard. Some replaced ties were inspected of which many did not appear defective as defined in the FRA Track Safety Standards. It is apparent that the tie renewals during the past five years have been adequate to properly maintain this railroad.

The railroad estimates average tie life at 37 years so that normal tie renewals should average approximately 56,000 annually.

5/ The Railroad developed a "Normal Capital Program" (see Appendix 1, Exhibit 14) covering all desired projects if cash flow and traffic warranted. That program would provide for 20 miles of new rail per year. However, future needs may not necessarily increase to the levels projected in that "Normal Capital Program".

ballast is programmed for this year and next, with a moderate increase in miles of surfacing. Regardless of depth, all ballast is charged to capital. The following table provides a comparison.

Actual and Projected Ballast and Surfacing
1981 Through 1984

	Actual Average 1981 & 1982	1983	Inc. vs 81 & 82		1984	Inc. vs 81 & 82	
			Actual	%		Actual	%
Ballast-Cu. Yds.	77,000	120,000	43,000	56	160,000	83,000	10
Surfacing-Trk. Mi.	180	200	20	11	200	20	1

Source: The Alaska Railroad

There are many other conditions causing problems with expensive solutions. Maintaining banks to hold the subgrade along the Turnagain Arm against the tides and along rivers against the current requires continual dumping of rip-rap or armor rock. In 1981, approximately 3,800 cubic yards of this material was placed followed by 2,000 in 1982. This work continues this year and must continue in future years to keep the line in service.

Since frost heaves during the severe winters are a major problem, continual shimming is required to keep operating even under slow order conditions. Special track fastenings to permit shims up to 10 inches thick were found in the snow shed at mile post 11.3, and at mile post 151.3, concrete ties have been

installed with threaded fastenings permitting the use of "slotted" steel shims up to six inches thick. See Appendix II, Shim Pictures. At this location both sides of a short stable stretch heave every winter requiring the shimming of the rails across the stable or "low spot." Then, as the frost thaws the track must be closely watched in order to remove these shims at the right time to avoid unsafe surface or cross level conditions. After the shims are removed surfacing and lining is usually required to restore the track to a normal speed operation. These are just two examples of an expensive frost and shimming problem on this railroad. There are 27 buildings each containing 96 sq. ft. of which the only purpose is to store shims, and they are referred to as shim sheds.

Some stretches of the main line are adjacent to hills on which there are mud slides. This mud pushes up against the track and in instances over it. See Appendix II, Slide Pictures. Drainage ditches are blocked and in some cases the track is moved from its alignment. All this results in considerable expense to move this mud out either to the opposite side of the track or to another location via dump cars. At some locations, the railroad has actually driven rail piling at the toe of the slope of the hill or mountain to reduce the pressure of these slides against the track in an attempt to preserve the alignment.

The timetable lists 35 slide areas covering a total 39.65 miles. Of these, 23 are for snow, 11 for mud and dirt and 25 for rock. (This totals more than 35 because in some slide areas more than one type of material is involved.) All types of slides can, and some do, cause disruption to train operations and considerable cost to remove the material and restore the track to service.

Conditions on the line between Seward and Portage, specifically between mile posts 40 and 54, result in severe operating problems and high maintenance expense. This stretch of track winds its way through and over the mountains around curve after curve of up to 14 degrees and up and down steep grades, including the ruling grades, southbound, 3.0 percent and northbound, 2.0 percent. Six of the poorest unlined rock tunnels with continual seeping and dripping water with poor drainage further compound the problem. In the winter large icicles as big as stalactites form and ice fills the track to over the rail. All of this must be continually removed to keep trains operating.

Between the tunnels there are rock cliffs or one side with attendant winter snow slides and falling rock at any time, with 5.7 miles of this stretch designated as "Slide Area." A steel deck truss bridge is located immediately south of the south portal of the first tunnel, another steel bridge between the first and second, and a third between the fourth and fifth tunnel. During the winter it is a seven day per week job, using

heavy equipment, to keep the track through this area open for rail traffic.

Another critical stretch of track is located in the Healy Canyon between mile posts 348.5 and 357. In this area the railroad is built on the side of the mountain along the west side of the twisting Nenana River. This stretch of track is practically all curves up to 10 degrees. The mountain rises sharply along the west side of the track, and the sub-grade on the east side drops steeply to the river over 100 feet below. Although there are rock slides on the mountain, the biggest problem is the slipping or subsidence of the sub-grade into the river. Piling has been driven along the east side of the track in many areas in an effort to stabilize the track. See Appendix II, Healy Canyon Pictures. As a result of subsidence and continual changes in alignment, no record of the degree of some curves in this area is recorded on the track chart.

Maintaining a railroad under these conditions is a most expensive undertaking. Ballast and fill materials must be repeatedly dumped, and the track surfaced and lined even for a 20 mile per hour maximum speed for passenger trains and 15 for freight. But even more critical is the fact that under the right conditions with a large volume of water draining off the mountain into the sub-grade, a slip might occur sending a stretch of the track structure down into the Nenana River. Railroad personnel are continually on the alert for such an occurrence and are, of

course, protecting the movement of all trains. If the railroad is to continue to increase its traffic and train movements and operate a reliable service, reconstruction or relocation of the track structure through this area appears to be a necessity.

Severe Alaskan winters bring heavy accumulations of snow and ice over the entire railroad resulting in abnormally high costs, considering winter traffic volumes, for removal to keep the railroad operating. The following table shows these costs for the past five years as reported by the railroad.

Costs - Snow and Ice Removal*
FY 1978 to FY 1983

1983	$936,789	(to May)
1982	941,130	
1981	703,140	
1980	657,925	
1979	660,919	

* The costs for 1981 through 1983 were furnished by the Engineering Department. Those for 1979 and 1980 are from the Financial Statements, Maintenance of Way Operating Expense, captioned "Removing Snow, Ice and Sand and Car Cleaning." (Maintenance of Way performs no car cleaning.)

Equipment Assessment

The general condition of locomotives, passenger cars, freight cars, highway vehicles, snow plows, cranes and miscellaneous equipment, maintenance of way and shop equipment has been described in the Inventory and Condition Assessment section of this report. However, for purposes of the continued operations

analysis, the condition assessment is looked at from the point of view of the service life and maintainability of the equipment to provide the required service.

To establish the maintainability of equipment, we inspected the Railroad's shops and shop facilities and had discussions with The Alaska Railroad personnel responsible for equipment maintenance.

These inspections and interviews indicated that the rolling stock has generally been maintained on an "as needed repair" basis rather than on a programmed rehabilitation/overhaul basis. However, the railroad is now establishing certain programmed maintenance, such as F-7, GP-7 and GP-40 locomotive rehabilitation and shop overhead crane overhaul.

The passenger car fleet is in fair condition and maintained to meet service requirements. Major overhaul/rehabilitation of passenger equipment has not been done on the Railroad. The all-electric passenger train overhaul/conversion was contracted to General Electric's overhaul/rehabilitation facility in Hornell, New York.

The highway vehicle fleet, including the vehicles equipped with hy-rail gear, is in good condition. However, should the ownership of The Alaska Railroad be transferred from the Federal Government, the leased vehicle fleet may no longer be available from the General Services Administration. If this fleet were no

longer available to the railroad, these vehicles could be leased from other sources at similar costs. For the detailed listing of these leased vehicles, see Appendix II, Exhibit 51.

The freight car fleet has been maintained as necessary without particular consideration for preventive/programmed maintenance.

The large number of cars prohibited in interchange, a total of 752 cars by the end of 1983, and the average age of the fleet, approximately 31 years, point out the need for The Alaska Railroad to invest in new freight cars to meet current traffic needs and future projections, even though freight car requirements for the projected export coal market will be met by the shipper.

The snow plows, cranes and miscellaneous equipment are in fair to good condition. Some overhaul work will be required on the locomotive cranes and ditchers to support increased traffic projections. The caboose fleet has recently been overhauled and is in good shape.

The heavy equipment shop, which maintains most of the Maintenance of Way equipment, is large enough and well equipped to handle the maintenance and repair of the railroad's maintenance of way equipment. Planned maintenance programs such as engine and crawler track replacements are in place and effective. Major rehabilitation/remanufacturing plans such as

repowering forklifts and graders are also in place. The number one problem of the heavy equipment shop is obtaining parts.

The shop overhead cranes are in need of general repair, primarily because they are "worn out," and crane rails need to be aligned.

The drop pit is in very bad shape, needing general repairs, and a new truck assembly.

The locomotive machine shop equipment, consisting primarily of military surplus, is generally in fair condition. The boilermaker shop equipment is about 50 percent good and 50 percent poor. The blacksmith shop is an antique, and the carpenter shop is good. The wheel shop machines are generally in fair to good shape, with a good boring mill, which is currently out of service awaiting parts from Germany. The equipment in the tin shop is old, but in fairly good condition.

The railroad has just begun a planned shop equipment maintenance program (previously equipment was maintained only if it needed immediate repair), beginning with a budget allotment for the rehabilitation of overhead cranes and the drop pit.

The heavy maintenance and running repair facilities are currently adequate, but crowded.

The diesel repair shop is overcrowded and consideration is being given to extension of the facility to provide space for two additional locomotives.

In general, expenditures for maintenance over the past five (5) years have been adequate to provide the required service. However, to maintain the same level of service, and particularly to meet the demands of the projected increases in traffic, increases in capital expenses for new purchases, programmed maintenance, and increased facility space will be needed.

For each of the major categories of freight traffic, the following table displays an index of how the traffic in each category actually changed between 1978 and 1982 and how the railroad projects traffic to change in the next five years.

Freight Traffic - 1978-87

(Revenue tons)

Fiscal Year	1978	1979	1980	1981	PU=1 1982	1983	1984	1985	1986	1987
Sand, Gravel & Mud	.26	.23	.14	.65	1	1.37	1.37	1.37	1.37	1.37
Coal	.91	.80	.90	1.00	1	.97	.96	1.63	1.82	1.94
Petroleum Prods.	.85	.63	.57	.86	1	1.31	1.34	1.31	1.34	1.41
Mfgrs. & Misc.	.68	.62	.65	.60	1	.81	.87	.99	.79	.83
TOFC/COFC	.81	.72	.75	.92	1	.88	.97	1.05	1.02	1.07
Forestry Prods.	.88	.72	1.41	1.31	1	1.44	1.63	1.93	1.93	2.00
Other	1.21	1.04	1.46	1.06	1	.69	.73	.77	.82	.75

Source: The Alaska Railroad

From these projections, the freight traffic will increase by 37 percent in Sand, Gravel and Mud, 94 percent in Coal, 41 percent in Petroleum Products, and 100 percent in Forestry Products by 1987, while TOFC/COFC, Manufacturers and Miscellaneous will remain fairly constant, and Others will decrease by 24 percent over the 1982 level. The 94 percent increase in coal traffic is The Alaska Railroad's projection of export coal. Locomotives for line haul and freight cars will be provided by the shipper. However, The Alaska Railroad will maintain the locomotives and provide helper locomotives as required.

These increases could probably be met with the current freight car fleet, except hopper cars for the increased coal traffic, if the current fleet were in good condition and available. However, the large number of cars that will be unavailable to the Alaska Railroad by the end of 1983 due to age (prohibited in interchange) will require substantial investment in freight cars over the next five (5) years.

The railroad passenger traffic is projected to increase between 1983 and 1987. This traffic increase will overburden the old and obsolete steam powered portion of the passenger car fleet.

The locomotive fleet, though able to handle the traffic, will require substantial planned maintenance and rehabilitation to maintain current and meet increased traffic requirements. Trade-offs of cost to repair and rehabilitate many of the Railroad's locomotives will likely result in "buy new" decisions.

Operating Expenses-Fixed Facilities

This investigation and study concludes that operating expenditures for Engineering, which includes maintenance of way and communications, should be modestly increased during the next ten years if the railroad is to be maintained at its present levels for present and projected traffic volumes. As a result of a change in certain accounting procedures effective this year, some types of roadway work formerly handled as a capital cost are now charged to operating expenses. It appears that the impact of this change may be somewhat greater than presently forecasted.

Furthermore, in ten years, the rail now in the main track will have been in service for over 40 years, with the lighter rail in the branch lines, auxiliary tracks and yards much older in service years, some rolled in 1915. Obviously annual rail renewals should be increased above present levels during the next ten years, but not necessarily to the 20 miles as contained in the previously mentioned "Normal Capital Program." The renewal of crossties as compared with past years must also be increased in future years particularly in the latter half of the next decade when most of the ties now in track will be between 35 and over 40 years old.

The following table compares actual engineering operating expenditures for the past five years with the Railroad's projections for this year and the next six.

Engineering Operating Expenses

(Excluding Depreciation)

Year	$000	Notes
1978	5,065	Actual*
1979	4,068	
1980	3,946	
1981	5,419	
1982	7,417	
1983	9,800	Projected 9/1/83
1984	9,340	Program in 1983 Dollars
1985	9,770	
1986	9,830	
1987	9,890	
1988	9,950	
1989	10,010	

* Due to the previously discussed accounting change, these years are not directly comparable with 1983 and beyond.

Source: The Alaska Railroad

Except for its projected rail and crosstie renewals, we determined that other costs making up the Railroad's projected engineering operating expenses appear reasonable. Using 1983 as a base year, we modified the Railroad's tie and rail projections to arrive at what we consider would be an adequate program to support the railroad's traffic projections over the next ten years. We determined that an increase in the railroad's tie and

rail projections was appropriate (See Appendix I, Exhibit 16). We also considered that the railroad should be able to achieve a two percent productivity improvement commencing in fiscal year 1984.

A comparison of our modified projected expenses with the railroad's projections appears in the following table.

Projected Engineering Operating Expenses

(Excluding Depreciation)
Thousands of 1983 Dollars

Year	ARR	Modified	Difference
1983	9,800	---	---
1984	9,340	10,560	1,220
1985	9,770	10,580	810
1986	9,830	10,680	850
1987	9,890	10,760	870
1988	9,950	10,960	1,010
1989	10,010	11,060	1,050
1990	10,010	11,160	1,150
1991	10,010	11,120	1,110
1992	10,010	11,280	1,270
1993	10,010	11,450	1,440
Totals (excluding 1983)	98,830	109,610	10,780

The railroad prepared a report in January 1983 entitled "Deferred Maintenance" showing a total of $88,200,000. See Appendix I, Exhibit 17. Seven of the 13 items on this list relate to capital and perhaps should be considered as "Deferred Capital Spending." The other items are in the maintenance

category. The tie and rail numbers in that analysis are based on a theoretical life rather than actual present condition. Our modified projections for ties and rail for the next ten years appear quite adequate. On the ground inspections did not reveal any conditions of deferred maintenance in connection with the three items: yards, turnout renewal or rail joints. However, it did appear that there may be an excessive number of chipped rail heads (surface) at the joints which could be considered deferred maintenance. The railroad's report provides $600,000 for rail end welding which appears reasonable. The railroad has accelerated this activity this year and anticipates a continuation in coming years within projected operating expenses.

The Engineering department leases 38 pieces of automotive equipment from the General Services Administration. This equipment includes automobiles and trucks from pick-ups to diesel tractors. The monthly lease rate varies from $127 to $372 and totals $6,172. The State, the Department of Transportation, and the General Services Administration have not yet resolved whether these vehicles will be transferred. However, the impact of losing this equipment on engineering operating expenses would be insignificant. Similar equipment can be leased at comparable prices from other sources or purchased as a part of the capital program resulting in a slight reduction in these expenses.

Operating Expenses-Equipment

This investigation and study indicates that the railroad's projected expenditure for motive power and equipment is sufficient for current and projected operations.

The Alaska Railroad is projecting passenger service annual mileage to remain constant at approximately 1,750,000 miles through 1989, freight service annual mileage to increase by approximately 38 percent by 1989 and locomotive mileage to increase by approximately 57 percent by 1989. These locomotive and freight train projected mileage increases are primarily the result of the anticipated export coal market.

Currently The Alaska Railroad is operating a fleet of locomotives and freight cars that are generally in fair to poor condition resulting in high maintenance cost per mile. The following table delineates the locomotive, passenger car and freight, private and leased equipment maintenance cost per mile for fiscal years 1981 and 1982, the forecasted cost for 1983 and the projected cost for 1984 through 1993.

Maintenance Cost/Mile

Fiscal Year	Locomotives	Passenger Equipment	Freight, Private & Leased Equipment
1981	$1.73	$0.26	$0.27
1982	1.23	0.24	0.23
1983	1.36	0.25	0.23
1984	1.35	0.24	0.21
1985*	1.15	0.24	0.17
1986	1.12	0.23	0.16
1987	1.16	0.23	0.16
1988	1.09	0.22	0.16
1993	0.95	0.22	0.14

* Start of substantial export coal traffic as projected by The Alaska Railroad.

Source: The Alaska Railroad

The Alaska Railroad locomotive fleet currently contains 13 F-7 locomotives and 11 RSD-4 locomotives with average annual maintenance of costs of $1.76 per locomotive mile. In October, 1983, the Railroad will take delivery of four new GP-49 locomotives with average annual maintenance cost of $0.55 per locomotive mile. Upon receipt of 12 additional GP-49 locomotives in 1984, 1985 and 1986, the Railroad plans to scrap the 11 RSD-4's and eight of the F-7 locomotives, thereby reducing the locomotive fleet maintenance cost per mile.

The Alaska Railroad passenger car fleet currently contains ten recently rehabilitated and upgraded all-electric passenger cars and the Railroad plans to have ten additional cars

rehabilitated and converted to all electric by 1986, thus reducing the passenger car fleet maintenance cost per mile.

The Alaska Railroad's Capital Expenditure Plan calls for the replacement of approximately 15 percent of the freight car fleet by 1986, which should reduce the freight, private and leased equipment maintenance cost per mile.

Although increased track maintenance will be required to meet the needs of projected increased traffic, the purchase of new and more advanced track work machinery should offset increases in maintenance of way equipment maintenance. Engineering equipment estimated cost of repairs for November, 1982 to May, 1983 is detailed in Appendix II, Exhibit 52.

The reduction in maintenance cost per mile of locomotives, passenger and freight cars due to the purchase of new and the rehabilitation/upgrade of older equipment, the purchase of new and more advanced track work machinery, and the projected productivity gain of 2 percent a year after 1984, should permit The Alaska Railroad to operate effectively within the following projected operating expenses for equipment.

Projected Operating Expenses
Equipment
Excluding Depreciation
Thousands of 1983 Dollars

Fiscal Year	Expenses
1983	$ 9,440
1984	9,380
1985	10,710
1986	10,920
1987	11,110
1988	11,300
1989	11,500
1990	11,500
1991	11,500
1992	11,500
1993	11,500
Totals (excluding 1983)	$110,920

Source: The Alaska Railroad

Capital Expenditures

The railroad provided USRA with a capital plan averaging $14 million annually for fiscal years 1983 and 1987 funded by the railroad's projected cash flow. See Appendix I, Exhibit 18. That plan did not include much of the work which will be required incident to the transfer of ownership to comply with OSHA and state and local codes. Conversely, that plan included at least one questionable item in our opinion; namely, installing double track between M.P. 105 and M.P. 114.

The railroad also provided a master listing of potential capital projects which might be considered depending on future earnings and traffic levels. These projects total $723 million. See Appendix I, Exhibit 19. Obviously, a prudent investor would not undertake any of these projects unless he could be assured of a reasonable return on investment, or unless they were absolutely required to continue operating the railroad. However, the listing was useful in defining the possible range of requirements which might be considered in the future depending on traffic, earnings, or external factors.

Discussions with the railroad management indicate a consensus that $12 million per year for the next ten (10) years would adequately cover capital requirements based on present traffic projections. This amount would provide, generally, for the following:

Item	Millions-1983 Dollars
Purchase Locomotives	1.50*
Purchase Freight and Passenger Cars	2.90*
Purchase Shop Equipment	0.30*
Modify and Upgrade Motive Power	0.50*
Modify and Upgrade Passenger Cars	0.50*
Purchase M/W Equipment	0.75*
Energy Conversions	1.00*
Ballast and Riprap	0.75
Building Improvements	0.70*
Bridges and Tunnels	0.75
Line Changes	0.60*
Communications and Signals	0.50
Drainage Improvements	0.25
Contingencies	1.00
Total	12.00

* These projected capital expenditures are based on an average of the total amount projected for the ten year period, not the amount projected for each year of the ten year period.

This program will generally permit the railroad to handle its forecasted traffic; however, it will not significantly increase the railroad's utility. Further, this program provides some but not all funding to correct OSHA violations and state code deficiencies.

The revised OSHA report, prepared by the railroad, shown in Appendix II, Exhibit 53, lists 78 deficiencies at a total estimated cost to correct of $5,991,000. However, after an analysis of this list and present work programs, it was found that $3,850,000 has already been committed with work that is in progress or is in the 1984 capital program. This leaves an

estimated total of $2,141,000 to complete the necessary improvements. After providing for a contingency of $350,000, we determined that this work could be completed in five years at an additional capital expenditure of $500,000 per year.

The State of Alaska retained a consortium of consultants to study state codes, OSHA, and other building deficiencies on The Alaska Railroad. Two independent and separate estimates were made to correct the conditions found. These estimates both totaled between 85 and 90 million dollars. The results of these studies were made available about September 1, 1983.

A complete review was made of the three volumes which provides a description of each violation or deficiency and an estimated cost to correct. Our study developed the following:

1. Although the total cost of the two estimates are approximately the same, estimates for individual items and buildings vary widely, in some instances as much as 1,000 percent.

2. These listings almost completely overlap the OSHA list previously discussed.

3. The overheads as they are applied actually total 109 percent. This appears too high, and our investigation indicates that 80 percent would be a reasonable total overhead for the State of Alaska. This is for work

performed by outside contractors with no consideration given to performing any of the work by railroad forces. Quite likely, much of this work would be done by railroad forces, particularly in the outlying areas, with significantly lower overheads.

4. All improvements are estimated on an "in kind" basis. In other words, no consideration was apparently given to eliminating any facilities on which it would be expensive to make the required improvements, by building new or by moving present occupants to another facility. In one case approximately $1,000,000 is estimated to improve a building that is practically vacant.

5. Many of the cited deficiencies are not code or OSHA violations, but desirable improvements which would be handled as required in the annual capital programs.

6. No accounting is made of work now in progress or programmed which will rectify some of these violations.

After taking all of the above factors into consideration together with our knowledge of the facilities and discussions with railroad representatives, it appears that about $15,000,000 in addition to present commitments and the previously projected OSHA expenditures should support the required improvements to meet these code violations. For additional details regarding these calculations, see Appendix I, Exhibit 20.

If this work were to be completed over the next ten year period, another $1.5 million per year would be added to the capital program as shown in the following table.

Summary of
Projected Capital Spending
Millions of 1983 Dollars

Year	ARR	OSHA	Code Violations	Total
1984	12.0	.5	1.5	14.0
1985	12.0	.5	1.5	14.0
1986	12.0	.5	1.5	14.0
1987	12.0	.5	1.5	14.0
1988	12.0	.5	1.5	14.0
1989	12.0	---	1.5	13.5
1990	12.0	---	1.5	13.5
1991	12.0	---	1.5	13.5
1992	12.0	---	1.5	13.5
1993	12.0	---	1.5	13.5
Totals	120.0	2.5	15.0	137.5

ALASKA
REVIEW OF SOCIAL AND ECONOMIC CONDITIONS

UNIVERSITY OF ALASKA INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH FEBRUARY 1982 Vol. XIX No 1

THE ALASKA RAILROAD: OVERVIEW AND OPERATIONAL ALTERNATIVES

INTRODUCTION

This Review takes a look at the federally owned Alaska Railroad in the context of its apparent pending transfer to the State of Alaska. After describing the history of the railroad—its present physical plant, rolling stock, and its operations—we analyze the most important issues with which the state must deal: railroad land, employees, finances, competitive environment, and passenger service. We also review organizational structures that might be applied to the railroad following the end of federal control and make recommendations for further action. (See box on page 3 for a brief summary of study findings.)

The Alaska Railroad (ARR) is unique in that it is (1) the only railroad in North America that is a federal agency, (2) the farthest north railroad in North America, and (3) considered (by some) as a frontier development tool. It has enjoyed a varied history and has alternately been the recipient of intense criticism and extensive federal grants. Originally conceived as a development project in the grand style of the Panama Canal (from which it received much of its early equipment), it quickly fell into disrepute, emerged as a military implement, was converted from pauper to spoiled child, and then allowed to sink into an anonymity which has plagued it to the present day.

The Alaska Railroad is an operating agency of the United States Department of Transportation, Federal Railroad Administration (FRA). As such it is subject to all the obscure federal policies visited upon such agencies, and its operational motivations are both political and economic. However, it has also become an important overland transport link in Alaska and a central element in the state's economic development process.

Changing Federal Policy

During the past decade, FRA has become increasingly interested in transferring ownership of the property to a nonfederal entity. The agency first introduced draft federal legislation to facilitate the transfer in 1971. However, the momentary prosperity of the ARR during the Alyeska pipeline construction project diminished federal interest in disposing of the property.

With the return of "normal" economic conditions in 1978, however, FRA was once again motivated to explore means of relieving itself of the ARR. The economic downturn also coincided with a shift in FRA policy, mainly due to its increasing involvement with Conrail and Amtrak.[1] By 1979, it was apparent that both organizations had become major fiscal and political liabilities for FRA, leading the agency to both a fear of and disinterest in attempts to operate any railroad. Thus, FRA's policy tended toward the dissolution of any rail property which

[1] Federally controlled railroad properties that had been unsuccessfully managed in the private sector.

This article was adapted from a report prepared for the Alaska Department of Transportation and Public Facilities, Division of Planning and Programming, by the Institute of Social and Economic Research and Bivens and Associates, Inc.

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FEATURE

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The Alaska Railroad: Overview and Operational Alternatives

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appeared to be economically marginal, including those controlled by FRA.

This policy, as it pertains to the Alaska Railroad, was first published in ARR's 1979 annual report (in mid-1980):

> Since the Government of the State of Alaska has substantial surplus funds because of the growth of oil revenues, the Federal Government believes that ownership of the Alaska Railroad should be with the State Government. The Federal Government believes the Alaska Railroad exists primarily for the benefit of the residents and shippers of Alaska; they need and deserve a much larger voice in determining the role they want the railroad to play.

This policy received additional emphasis when the Reagan administration took office in January 1981. The transfer of the ARR was consistent with emerging federal orientation in several areas, including (1) replacing a federal function with a local entity, (2) reducing federal employment, and (3) reducing FRA's funding requests.

The policy also supported FRA perceptions that (1) the ARR no longer served the function of a frontier development tool, but had become part of a more mature transportation and economic system, (2) Alaska could afford to operate and subsidize the railroad if necessary, (3) future prospects suggested that private enterprise might find the railroad an increasingly attractive investment, and (4) the ARR could more effectively support public and private objectives under a revised organizational and institutional structure.

To implement these views, FRA once again prepared draft legislation to authorize transfer of the Alaska Railroad to the state. This legislation was introduced into the U.S. Senate on July 17, 1981.

History of the Alaska Railroad

The ARR came into existence through an act of Congress on March 12, 1914. This legislation empowered the President to acquire and (or) construct a railroad, not to exceed 1,000 miles in length, to connect Alaska's interior navigable waterways and one or more coal fields with an ice-free harbor on the Gulf of Alaska. The Alaska Engineering Commission, which had previously located several potential routes, was directed by President Wilson to purchase the 71-mile Alaska Northern Railway and to extend its line from Seward to the head of navigation of Cook Inlet

and northward up the Susitna and Chulitna river valleys to a crossing of the Alaska Range near the headwaters of the Nenana River. From that point the railroad was to be built to the confluence of the Nenana and Tanana rivers and upriver to Fairbanks. Two branches were also constructed to tap coal deposits. One branch extended eastward up the Matanuska Valley and the other eastward from the juncture of the Healy and Nenana rivers. This basic system, with minor additions and deletions, has remained intact from its official completion in 1923 to the present (see Figure 1).

Deterioration and Rehabilitation

The decline of placer mining in the Tanana Valley prior to the completion of the railroad, the conversion of naval vessels from coal to oil soon after completion, and the general lack of economic activity along the line combined to produce operating deficits during the first decade and a half of ARR's operation. From 1924 to 1945, the railroad received no operating or capital appropriations from Congress. This resulted in a continuing deterioration of an already marginal physical structure. During the years before World War II, the railroad was maintained to only

SUMMARY OF ISSUES INVOLVED IN ARR TRANSFER

- Pending Transfer of the Alaska Railroad. The Federal Railroad Administration (FRA) is presently taking steps to transfer the Alaska Railroad (ARR) from the federal government to the State of Alaska. The FRA proposes to transfer the ARR to the state without charging a direct acquisition cost. However, FRA's proposed legislation also transfers all ARR's liabilities and obligations, which have not yet been clearly defined.

- ARR Lands. Lands required for effective railroad operation extend beyond the ARR's rights of way, yards, terminals, and ports, since the railroad requires not only materials-source lands, but also needs to lease lands to traffic-producing tenants. However, much of ARR's land holdings are presently uncertain, because Native claims have been filed on certain portions of it under the 1971 Alaska Native Claims Settlement Act.

- Railroad Finances. A 1980 ICC freight rate study of the ARR concluded that the present rates exceed the variable cost of transportation and fully compensate the carrier. In fact, in the past 3 years, even with poor economic conditions nationally and in Alaska, freight transport on the ARR fully met all out-of-pocket costs and some capital costs.

Passenger service, however, has long required subsidization by the freight traffic, and even this subsidy has not been enough. While an increase in passenger fares seems warranted, fares cannot be raised enough to fully meet the cost of passenger service without driving away passengers. This problem would be somewhat alleviated by separating revenue and cost accounting for passenger and freight service. Management needs to establish an aggressive passenger marketing program, moderately increase passenger fares, and request a public subsidy to cover remaining costs of service.

- Outlook and Benefits of the ARR. The ARR's freight service, available from Seward and Whittier all the way through Anchorage to Fairbanks, serves the needs of a majority of Alaskans. It is, and will continue to be, an important element in Alaska's transportation system. Not only is it essential to development of many of Alaska's resources, but by competing with normal carriers, the ARR assures competitive rates for shippers. Without the rail service alternative, costs of moving commodities would be much higher. And some products, such as large bulk shipment of coal, steel, sand and gravel could not be economically moved at all.

- ARR Employees. The ARR has for several years been reducing the numbers of its employees, and a hiring freeze has been in effect since January 20, 1981. As of mid-April 1981, the ARR had 679 employees and 785 authorized positions, a vacancy rate of 17 percent. Freight-user service could suffer should present employment levels persist in an expanding market.

As Department of Transportation personnel, the employees of the ARR have all the privileges and rights of other federal agency personnel. In addition, most ARR employees are members of various labor unions. Enjoying such double protection under existing agreements, employees will not likely wish to relinquish any of their existing rights. As a result, transferring these employees to the state could involve several complex problems.

Meeting all employer retirement and fund contributions for ARR employees will cost about $38 million during the next 20 years (1981 dollars). Or, if we include inflation and salary increases of 10 percent per year (compounded), the cost will total about $195 million, or an average annual contribution of $8.7 million. However, ARR now realizes and could expect to continue to realize adequate revenues from freight service to provide funds for this contribution. Freight revenues could also pay for employee sick leave ($4.3 million) and annual leave ($1.5 million).

- Condition of Railroad. The track, structures, and rights of way of the ARR are generally in good condition and well maintained. For the most part, the lines meet or exceed FRA Class IV standards.

The rolling stock and locomotives are generally well maintained and adequate for the traffic carried. However, much of the locomotive and car fleet is old, being previously well used by the military or other railroads. A fleet modernization program may be needed if traffic increases significantly.

Passenger cars are generally well maintained but are old and in need of substantial modernization.

The ARR is generally capable of servicing its equipment; its mechanical and electrical shops are well equipped and adequately support effective maintenance and modification of locomotives and rolling stock.

minimal branchline standards. This condition was aggravated by the fact that "official" completion in 1923 had still left a great deal of work to be done before the system could be considered technically adequate.

World War II provided ARR with a rush of traffic and much-needed income, as well as the now-important link with a second ice-free port, at Whittier. However, the war also accelerated deterioration of the property. Even with military assistance between 1942 and 1945, the railroad was almost physically exhausted by the end of the war. This

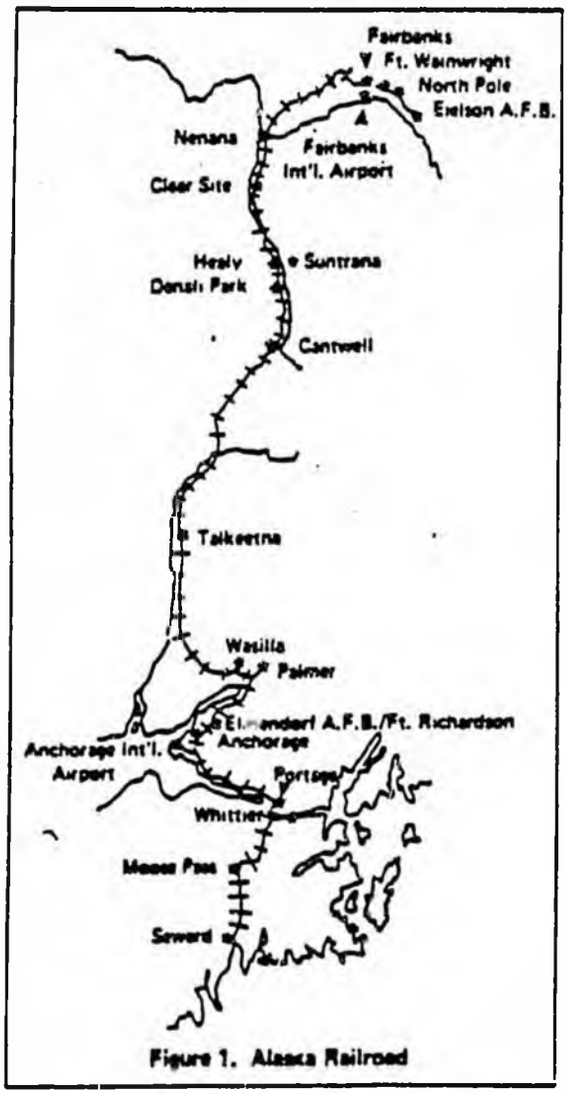

Figure 1. Alaska Railroad

situation demanded a decision on whether to abandon the railroad or rebuild it. The Federal Government decided to rebuild.

This decision resulted in a project that was to last 30 years and become one of the most controversial episodes in the ARR's history. Actual expenditures began in 1946 and over the construction term amounted to almost $95 million. The actual value of these improvements, however, was considerably greater since much property was transferred at nominal cost from other federal agencies. The rehabilitation included strengthening the roadbed; laying new track; replacing bridges and buildings; buying new locomotives, rolling stock, and maintenance equipment; and building new shops, as well as terminals at Anchorage, Fairbanks, and Seward.

Most of the work, from Whittier to Fairbanks, was completed by 1952; however, the main line to Seward, begun in 1953, was not completed until 1958, and only after a special appropriation was requested by the Defense Department. By the end of the rehabilitation period, the railroad would finally be considered complete and was basically in its present form.

The 1964 Earthquake

Total damage to the Alaska Railroad from the 1964 earthquake amounted to approximately $27 million, of which $25.4 million was obtained through Congressional appropriations.[2] Of the total, almost $11.7 million was required to reconstruct the line from Portage to Seward and the Seward Terminal. Records of the controversy over whether or not the Seward reconstruction should be undertaken indicate that it could not be justified on the basis of capital and future operating costs. However, the Alaska Railroad and its owner, the Department of the Interior, presented funding appeals based on a combination of economic and social factors. One letter stated:

> The decision on reconstruction is not restricted to economic considerations alone; in many respects humane and equitable factors assume even greater significance. The essential fact is that failure to restore rail service means that Seward will disappear as an important factor in Alaska life.

[2]These appropriations should be clearly distinguished from other federal funds invested in the ARR. The railroad's earthquake rebuilding monies were only a small part of the $400 million in disaster relief assistance provided to Alaska. The vast majority of this money went to individuals, private companies and local governments through a variety of assistance programs. Thus, for policy purposes, the funding of the ARR reconstruction should be treated in the same light as one would all other economic entities of the state, rather than as a federal agency appropriation.

C-4

Given the information available at the time, the decision to rebuild to Seward may or may not have been economically sound. The important point is that as a federal agency, the railroad based a major part of its argument to rebuild the line on factors which were not necessarily in its own economic best interest. A private firm, confronted with the same circumstances, would not likely have used the same reasoning nor have made the same decision.

Railroad Barges and the Port of Anchorage

Shortly before the earthquake, two other events occurred which, together with the subsequent loss of Seward, caused a long-term change in the character of both the railroad's traffic patterns and those of Alaska's entire railbelt region. These were (1) the initiation of railcar barge services between Alaska and both Canada and the continental United States and (2) the opening of the Port of Anchorage to year-round container ship service. Of the two, the most important was the barge service—not in terms of movement volumes, but rather in the options made available to Alaska shippers. The action of the railroad and its barge connections made it possible for the first time to ship directly from the manufacturer or major distributor, wherever his location, directly to an Alaska location without reloading in Seattle and Alaska ports. The economic independence from Seattle wholesalers offered by this service forced steamship companies, particularly Alaska Steamship and Sea-Land Service, to establish similar options.

Construction of the Trans-Alaska Oil Pipeline

The final set of events which shaped the present Alaska Railroad were those surrounding its participation in the construction of the trans-Alaska pipeline. During the years 1974 through 1977, the railroad probably moved the largest, most lucrative volumes of traffic since World War II, and the physical system underwent a similar, although somewhat milder, strain. Once again, the only possible solution, given the federal agency status of the railroad, was to transfer property from other federal organizations (most notably locomotives from the military) and to use Congressional appropriations for capital improvements and major maintenance. Twenty-four million dollars in appropriations, in addition to $13 million in improvements financed through earnings, permitted the railroad to emerge, for the first time, from a period of heavy usage in better physical condition than it entered.

THE PHYSICAL PLANT

The Main Line and Branches

The Alaska Railroad (ARR) today has a single track mainline of 419 miles from Whittier to Fairbanks via Anchorage, Wasilla, Healy, and Nenana. In addition, there are six branches with an aggregate total of 115 miles. These include the 28-mile branch from Fairbanks to Eielson, the 10-mile Fairbanks International Airport spur from Ft. Wainwright to the airport, the 4-mile coal branch from Healy to Suntrana, the 7-mile line from Matanuska Junction to Palmer, the 3-mile Anchorage International Airport spur, and the 63-mile line from Portage to Seward.[3]

The mainline has only mild gradients along the water level route between Whittier and Anchorage and up the Susitna Valley as far north as Gold Creek (about 150 miles from Anchorage). However, the severe grades on the next 35 miles to the summit of the pass through the Alaska Range reduce the tonnage ratings of locomotives by about 40 percent. The grades on the north side of the range are much easier, being similar to the water level line in the lower Susitna Valley, with the exception of a single short five-mile stretch. The mainline north of the range to Fairbanks and the Eielson branch pass through generally rolling country with mild gradients.

The most severe portion of the railroad is the line from Portage to Seward, which crosses two mountain barriers with steep gradients. Both restrict southbound traffic, reducing the tonnage a locomotive can handle by 75 percent and 65 percent, respectively, when compared with what can be moved between Anchorage and Portage. Northward grades are slightly milder but still are more demanding than any of the line north of Portage.

Passing sidings are spaced about every 7-to-10-miles so that trains may meet and pass. However, sidings long enough to accommodate most freight trains are less frequent. In addition, there are tracks at various points along the line which serve industries not located at a major yard. Table 1 summarizes the physical features of the mainline and principal branches.

Track Conditions

The track structure of the Alaska Railroad is currently in excellent condition, particularly considering the relatively light traffic. The main line and the line to Seward are maintained to FRA Class IV quality standards which permit freight trains speeds up to 60 miles per hour and passenger trains to 80 miles per hour, if certain safety conditions are met. In fact, the Alaska Railroad must limit its train speeds

[3] It should be noted that the railroad considers the line to Seward as part of the main line, and it is maintained to these standards. However, it has the lightest traffic of the entire system (about 300,000 gross tons annually).

Table 1

Summary of Alaska Right-of-Way Characteristics

Line Segment	Distance	Tonnage Rating Northbound[a]	Tonnage Rating Southbound[a]	Passing Sidings over 3000 ft.	Industrial Tracks Between Stations[b]
Seward-Divide	9.1	875	4,000	0	0
Divide-Primrose	6.4	1,600	850	0	0
Primrose-Hunter	31.6	1,600	4,000	2	3
Hunter-Grandview	4.9	900	4,000	0	0
Grandview-Spencer	10.9	4,000	640	1	2
Spencer-Portage	8.4	4,000	3,000	1	0
Whittier-Portage	12.4	2,600	3,000	1	0
Portage-Potter	36.4	4,000	3,000	1	0
Potter-Anchorage	13.7	2,000	2,500	1	22
Anchorage-Matanuska	36.4	1,850	3,000	3	5
Matanuska-Palmer	6.5	2,000	4,000	0	6
Matanuska-Goldcreek	112.5	1,850	2,500	8	9
Goldcreek-Hurricane	18.2	1,100	2,500	0	0
Hurricane-Honolulu	7.3	1,100	1,325	1	0
Honolulu-Colorado	8.4	1,100	1,800	1	0
Colorado-Summit	15.4	1,800	1,800	1	1
Summit-Healy	45.6	2,700	1,800	1	6
Healy-Nenana	53.6	4,000	1,800	1	7
Nenana-Fairbanks	58.6	3,000	2,000	4	4
Fairbanks-Eielson	26.0	3,000	2,000	0	9
Yards:	Seward Nenana	Healy Anchorage	Whittier Fairbanks		

[a]Tonnage ratings for 3,000 horsepower locomotives.

[b]Additional industrial tracks in yards, at military bases (Ft. Richardson, Elmendorf, Eielson, Ft. Wainwright), and at Anchorage and Fairbanks International Airports.

Source: Alaska Railroad, Timetable No. 109.

for freight and passenger trains to 49 and 59 miles per hour, respectively, since it has no automatic block signal system, one of the FRA safety requirements for higher speeds. In addition, the number of sharp curves places further speed limitations on some sections of the line. These allow the railroad to follow the contour of the land in more mountainous areas so that the relatively mild gradients (which are extremely important to efficient operation) can be maintained.

Tracks, Bridges, and Yards

The track and bridges of both the main line and the Seward line are maintained to accommodate cars carrying a load of up to 100 tons, although the Eielson and Suntrana branches have lower loading limits. Present operation plans call for limiting 100-ton capacity cars to 80 tons when they are used to move bulk products, such as coal and gravel. This is due to the excessive track wear caused by trains composed entirely of 100-ton capacity cars.

The railroad also operates and maintains a number of yards to serve local industries, sort cars, and to maintain its equipment. These vary considerably depending on the purpose for which they are used. The yard at Seward serves the railroad-owned port facilities at that location and includes a number of car marshalling tracks, a small equipment maintenance facility, the dock facilities, and several tracks to local industries. Whittier is designed and used differently; since it is the interchange point for railcar service, the facility is primarily designed to serve the two railroad-owned car-barge slips. Secondarily, facilities in Whittier include those for the Whittier-Portage passenger-auto shuttle service and those for the military dock and petroleum terminal.

Anchorage has the railroad's major classification yard, locomotive and car maintenance shops, headquarters, and some car storage facilities. The yards also serve a number of major and minor indus-

tries including the Anchorage Port, Elmendorf Air Force Base, and Fort Richardson. There are also container-on-flatcar and trailer-on-flatcar facilities in Anchorage.

Healy has a small yard and locomotive service facility and exists primarily to serve the nearby coal mines. The Nenana yard exists solely to serve the railroad's small river port in that town and several other local industries. Fairbanks contains a small classification yard, limited locomotive and car shops, and trackage to serve local industrial facilities. The yard is also the base for service to Fort Wainwright and Eielson Air Force Base, as well as the North Pole Refinery.

Equipment

The Alaska Railroad uses a variety of equipment to produce revenue and maintain the property. The largest and most costly units are the locomotives—the railroad has sixty-five, with an average age of 18.7 years. The most modern of the units are the fifteen 3,000-horsepower road-switcher locomotives built by General Motors between 1975 and 1978. These are comparable to the most modern equipment on any railroad. Ten older 1,600-horsepower road-switcher locomotives were completely rebuilt in 1977 and have a useful efficient life at least through 1992. Four other 2,500-horsepower road switchers acquired in the mid-sixties are old enough to be eligible for complete rebuilding, and one has already been rebuilt. Of the remaining thirty-six units, most were built between 1951 and 1953, and only about ten to twelve are usually in service under present traffic conditions.

Seven of the older car-body type locomotives are used in passenger and mixed train service between Anchorage and Fairbanks, while several ex-military road switchers are used in Anchorage yard service and as backup yard engines around the system. Several of the car-body types might be usefully rebuilt if passenger service is continued. However, the ex-military units are probably near the end of their useful lives. Several of the older locomotives of both types are being cannibalized to provide parts for the others.

The freight car fleet numbered 1,754 units in 1980, with an average age of 32 years. Table 2 shows the distribution of freight cars by functional type. Clearly, the freight car roster is dominated by the open types, including the flat cars, gondolas, open hoppers, and dump/ballast cars. This is consistent with the types of traffic being handled with most of the tonnage consisting of bulk materials, such as coal, gravel, logs, and pipe along with trailer- and container-on-flat-car (TOFC/COFC) service. Another important component of the car fleet available to ARR are the tank cars, particularly the privately owned cars leased to oil companies served by the railroad and used for petroleum product distribution throughout the railbelt.

Table 2

Alaska Railroad Freight Cars

Car Type	Number	Most Recent Year Built	Number Built in Most Recent Year
Box	235	1965	34
Flat	389	1976	100
Gondola	394	1943	395
Hopper, Open	348	1981	25
Hopper, Covered	21	1970	9
Tank	139	1970	3
Refrigerator	16	1966	11
Dump and Ballast	157	1958	27
Caboose	27	1977	3
Other	28	1943	2
Subtotal	1,754	1981	
Privately Owned Cars Assigned to Alaska Railroad			
Flat	52	1979	8
Tank	230	1980	16
Subtotal	282	1980	
Total	2,036		

Source. Alaska Railroad 1980 Annual Report and Alaska Railroad Equipment Summary.

Of particular concern is the age of much of the ARR's own fleet and the limited capacity of many of the units. Only 340 cars have been purchased new since 1960 and only 140 cars since 1970. Even though the fleet has been well maintained, maintenance will become more costly as the cars continue to age. The aging problem also creates problems in ARR's interchange of traffic with other railroads. Federal safety standards limit the age of equipment which may be used in interline service. Some of ARR's equipment is already prohibited from participating in this traffic, while other cars are allowed to operate only with waivers.

The limited capacity of some cars could be detrimental to the railroad, particularly for transportation of some future bulk shipments. This is also a difficulty with ARR's tank car fleet (although the private cars assigned to ARR are modern units). With a few exceptions, however, this factor does not appear to limit service of existing traffic.

Table 3

Alaska Railroad Passenger Cars

Type	Number Owned	Number Leased	Average Age
Coach	21	–	29
Dome Coach	3	4	26
Combination Passenger/Baggage	3	–	36
Food Service & Recreation	10	2	27
Baggage	6	–	20
Power Cars	4	–	38
Business Car	1	–	24
Total	48	6	28

Source: FY 1980 Annual Report, The Alaska Railroad.

The passenger car fleet consists of 48 units owned by the ARR and 6 leased from Amtrak for supporting the increased 1981 summer service. Table 3 shows the types and ages of the present equipment. Although not as old as the railroad's freight fleet, the passenger cars are an aging asset which will require a complete rebuilding if the present level of service is to be continued. Twenty-eight of the cars were acquired from the Union Pacific Railroad in 1971, eight came from the Southern Railway in 1980, and the remainder were rebuilt from surplus military hospital cars. In recognition of the need to extensively rebuild the current fleet, if passenger service is to continue, the railroad currently has ten cars being rebuilt under contract to General Electric.

In addition to revenue-producing equipment, the ARR also has 205 units of maintenance and emergency equipment. This includes such items as snow plows, cranes, and cars for housing mobile maintenance forces. This is supplemented by a considerable fleet of on- and off-track machinery used in maintenance and in-house construction work. Also, sufficient shop facilities and machinery are available to perform any level of maintenance required by the car and locomotive fleets; however, space and personnel limitations sometimes preclude programming a large volume of heavy repair or rebuilding work over a short period. Therefore, large projects, such as the previously mentioned passenger car rebuilding may be contracted to outside firms.

OPERATIONS

Clearly, the purpose of ARR's equipment is to provide train service to the railroad's customers. Since rail operations provide the ARR's largest proportion of revenues, they are thus of special interest to this study. Table 4 lists the types of trains operated by the ARR and the number operated in the years 1976-1980; Table 5 indicates the total train miles produced by these trains on each segment of the railroad. Currently, the service can be categorized as follows:

1. Anchorage—Fairbanks — Passenger and mixed train service
2. Anchorage—Fairbanks — Freight service
3. Healy—Fairbanks — Coal trains
4. Anchorage—Palmer — Gravel trains
5. Anchorage—Whittier — Freight service
6. Anchorage—Whittier — Passenger shuttles
7. Anchorage—Seward — Freight service
8. Anchorage and Fairbanks industrial switching trains

Table 6 summarizes the present frequency of these operations along with the winter schedules for the same services. As can be seen, frequency of operation can vary considerably, particularly for the passenger and gravel trains. This leads to equipment utilization problems in that a sufficient number of cars and locomotives must be on hand to meet peak conditions but some can be expected to be surplus during slack seasons. This is aggravated by the difficulty that ARR, as a federal agency, has in

Table 4

Approximate Number of Trains Operated
(All are roundtrips unless otherwise noted)

Service	1980	1979	1978	1977	1976
Anchorage-Seward Freight	46	53	46	68	132
Anchorage-Whittier Freight	129	123	158	187	122
Anchorage-Palmer Local Freight	32	32	38	36	37
Anchorage-Palmer Gravel Trains	102	146	158	187	235
Anchorage-Fairbanks Freight	181	192	213	271	340
Anchorage-Fairbanks Mixed[a]	74	70	70	69	71
Fairbanks-Healy Coal Trains[b]	145	139	139	156	191
Fairbanks-Eielson Industrial Switchers[b]	260	243	243	260	330
Anchorage Airport Industrial Switcher[b]	286	260	260	277	295
Anchorage-Fairbanks Passenger	126	114	114	114	111
Anchorage-Whittier Shuttle Trains	226	222	221	234	209
Special Passenger Trains	14	13	10	–	–

[a]A mixed train includes both freight and passenger service in the same train.

[b]Estimates based on information provided by Alaska Railroad officials.

Source: Crew Call Sheets as compiled by Interstate Commerce Commission; conversations with Alaska Railroad officials.

leasing supplemental equipment, a strategy common throughout the rail industry in such circumstances.

Also of interest is the changing traffic pattern that has been occurring during the past 5 years (Table 4). Since costs to operate additional trains (above some minimum level) do not rise as fast as the number of trains and while revenues tend to increase directly with the number of revenue trains, it is evident that the cyclic nature of Alaska's economy very directly affects ARR's net income. Table 4 graphically illustrates the difficulties faced by the railroad's management during the last 3 years of declining and stagnating economic activity.

Table 5 also shows the large part that passenger service plays in ARR operations. With passenger and mixed train service accounting for 48 percent of the 1980 train miles, it is obviously an important element in the cost structure of the railroad.

The length of ARR trains varies considerably by type of service. Freight trains to Seward generally comprise 40 to 60 cars while those to Whittier are 45 to 50 cars, depending on which barges they are meeting. The unit gravel trains between Anchorage and Palmer consistently have either 60 or 80 hopper cars each. The Anchorage-Fairbanks freights range between 60 to 100 cars, and the Healy-Fairbanks freights range between 40 to 60 cars. The mixed trains between Anchorage and Fairbanks will have 2 to 6 passenger and 20 to 25 freight cars while summer passenger trains have 6 to 10 cars. In a particular circumstance, maximum train length may be dictated by length of passing sidings, traffic demands, locomotive availability, union agreements, grades, barge capacity, or climate.[4]

Table 5

Approximate Revenue Train Miles

Rail Segment/Service	1980	1979	1978
Healy-Fairbanks/			
Freight	66,183	67,854	64,953
Mixed	15,258	16,157	16,157
Passenger	28,274	24,908	24,908
Anchorage-Healy/			
Freight	97,103	108,123	119,876
Mixed	33,156	35,107	35,107
Passenger	61,437	64,248	64,124
Anchorage-Whittier or Seward/			
Freight	27,205	26,968	29,526
Passenger	38,054	37,186	35,813
ARR Total/			
Freight	190,471	200,745	214,355
Mixed	48,414	51,264	51,264
Passenger	127,765	116,322	114,845
Total	366,651	368,331	380,564

Source: Computed by Interstate Commerce Commission from Train Mile Reports

Table 6

Alaska Railroad Train Service
(in trips per week)

Service	Summer 1981	Winter 1981-82
Freight		
Anchorage-Fairbanks	4	5
Anchorage-Seward	bi-monthly	1
Anchorage-Palmer/Local	bi-monthly	–
Anchorage-Palmer/Gravel	20	–
Healy-Fairbanks	3	5
Anchorage-Whittier/AHT[a]	every 5 days	1
Anchorage-Whittier/CNR[b]	every 9 days	bi-monthly
Mixed		
Anchorage-Fairbanks	3	1
Passenger		
Anchorage-Fairbanks	7	–
Anchorage-Whittier	9	3

[a]AHT = Alaska Hydro Train Railcar Barges.
[b]CNR = Canadian National Railway Railcar Barges.

Source: Alaska Railroad officials.

Traffic Base

The ARR transports only a few commodities between a small number of origins and destinations. ARR traffic logically divides itself into two basic components: local and interline. Of the two, the local movements (strictly ARR origins and destinations) generate the most tonnage but relatively low levels of revenue per ton-mile. The interline traffic is that interchanged between ARR and either Alaska Hydro-Train or Canadian National Railway through the car-barge facility at Whittier or the trailer and container movements through the Port of Anchorage that are forwarded by the railroad.

Local

Tables 7 and 8 show the revenue tons transported by the railroad and the resulting revenues. As can be seen, the two consistently largest movements are (1) the coal moved from Healy to power plants at Clear Air Force Station, the University of Alaska in Fairbanks, Fairbanks, Fort Wainwright, and Eielson Air Force Base and (2) the gravel moved from Palmer to the three largest aggregate companies in Anchorage. Both are fairly short hauls and involve

[4]In the winter, decreased airbrake response time and increased train friction may limit length.

Table 7

Freight Traffic Revenue Tons Carried
(in thousands of tons)

Commodity	1981	1980	1979	1978	1977
Coal	853.0	880.2	823.9	892.3	880.0
Sand & Gravel	1,796.8	386.2	637.6	727.2	889.5
Petroleum	389.1	251.7	219.6	373.9	532.3
Forest Products	100.7	108.8	86.2	87.8	82.0
Manufactured Products	311.9	292.1	276.9	308.9	336.7
TOFC/COFC*	112.8	92.4	88.7	89.8	99.7
Other	8.1	9.9	7.1	10.1	18.1
Total	3,362.1	1,741.3	1,808.9	2,177.7	2,308.2

*Trailer-on-flatcar/Container-on-flatcar.

Source: Alaska Railroad Annual Reports.

commodities of relatively low value.

Petroleum products represent the most lucrative of the larger, local movements. Since the construction of the North Pole refinery, this traffic has consisted principally of gasoline moving from Anchorage to Fairbanks. However, there has recently been a growth in the opposite direction in movements of jet and diesel fuel supplies from North Pole refinery to distributors in Anchorage and to the Anchorage International Airport. The railroad also delivers fuel to Fairbanks International Airport and the Anchorage Airport from sources other than North Pole.

The other significant intrastate movements include logs from Nenana to Seward,[5] cement from Anchorage to Fairbanks, pipe from either the Seward or Anchorage ports to Fairbanks for forwarding to the North Slope, and a limited amount of local trailer-on-flatcar business between Anchorage and Fairbanks.

Interline Traffic

Interline traffic differs considerably from local traffic. A major component is trailer-on-flatcar and container-on-flatcar traffic forwarded by the railroad on substitute service agreements with Totem Ocean Trailer Express and Sea-Land Service Company between Anchorage and Fairbanks. While this traffic amounts to only 90,000 to 100,000 tons annually, it carries a premium rate because of its time sensitivity and long distance. This traffic produces almost as much revenue as the much larger coal movement. It is time competitive with over-the-road movements and generally carries a lower tariff than motor carriers offer.

The railroad port at Whittier receives the larger part of the interline business. This traffic is composed of all types of consumer and industrial goods including building products, furniture, chemicals, oil field service equipment, fertilizers, machinery, vehicles, foodstuffs, and other goods. Most of those cars with west coast origins arrive aboard Alaska Hydro-Train (AHT) barges from Seattle. However, cars from mid-western, eastern, and Canadian origins tend to move through Prince Rupert via Canadian National Railway (CNR) and the barges they operate. The AHT movements total 200,000 to 300,000 tons annually while CNR moves about 30,000 to 40,000 tons. While these two comprise only 10 to 15 percent of ARR's total traffic tonnage, they generate between 30 to 40 percent of the revenues because of the value of traffic and the proportion of the total that moves fairly long distances. Presently about 50 percent goes to Anchorage while the remainder goes to Interior or Kenai Peninsula points.

Several characteristics of ARR traffic are important to understand because they define both the present and likely future markets which the railroad will serve. The railroad, as an instrument of mass movement, is generally oriented toward industrial rather than consumer customers; it provides most of its services to a limited clientele which has direct siding access to the system. It should be remembered that rail service is attractive to a relatively limited number of shippers; however, these shippers usually comprise the basic elements of Alaska's economy, such as petroleum production and refining, mining, construction; timber; the military; wholesaling;

Table 8

Freight Traffic Revenue
(in thousands of $)

Commodity	1981	1980	1979	1978	1977
Coal	$4,837	$3,717	$3,207	$3,307	$3,115
Sand & Gravel	2,712	866	1,008	972	879
Petroleum	8,700	4,991	3,877	8,382	11,814
Forest Products	1,734	1,253	896	2,131	1,402
Manufactured Products	13,831	8,225	8,738	8,370	8,091
TOFC/COFC*	4,414	3,064	2,327	2,434	2,839
Other	181	166	114	115	244
Total	34,909	21,284	18,166	22,991	28,483

*Trailer-on-flatcar/Container-on-flatcar.

Source: Alaska Railroad Annual Reports.

[5]This movement ceased in early 1981 with the collapse of the Japanese housing market.

and, potentially, heavy manufacturing, agriculture, and chemicals. Thus, the railroad tends to serve only those organizations which ship in sufficient quantity to make use of the discounts offered by carload, multi-carload, or trainload tariffs. For local traffic, this implies that the primary shippers will be the very largest industries in the railbelt, particularly those related to energy, construction, and resource development. This is particularly true given the small size of Alaska's heavy manufacturing and agriculture sectors. Should these two traditionally rail-oriented groups develop into a significant force in the state, they would become important revenue sources for ARR.

The interline traffic, particularly the railcar movements, is a bit more complex. For these movements several factors are important in determining the appeal of rail service. While the ability to order in carload or greater amounts is important, several other factors also influence the shippers' choice of mode. An important characteristic of many of these movements is that they involve commodities which are either not produced or wholesaled in the Seattle area or which can be procured more inexpensively by going beyond Seattle and dealing in sufficiently large quantities. This is particularly important for the Canadian National traffic. Another important feature of these movements is that they usually involve commodities which normally move by rail on the continental rail system, thus, making it attractive to avoid an additional set of loading and unloading changes at the port of embarkation. A fourth characteristic of considerable importance is the distance of a shipper's plant or warehouse from a rail siding. Only 5 to 10 percent of railcar shipments are distributed to their consignee from a central public warehouse or forwarding facility by truck, and these usually to the smaller, more infrequent shippers.

Together, these factors define a fairly narrow market to which ARR's interline service can appeal. However, as noted earlier, it is a very important market. It is also a fairly volatile one which varies considerably with the levels of activity in specific industrial economic sectors (i.e., construction), rather than being oriented toward the more stable consumer sector. While innovative marketing can stabilize these patterns somewhat and also potentially increase market share, it is unlikely that it can penetrate more than 30 percent of the U.S.-Railbelt Alaska trade without a significant shift in the texture of the Alaska economy or a dramatic change in competition. It is also notable that ARR's ability to enlarge its share of the market is limited by the capability and number of railcar barges which private operators have available and are willing to commit to the service.

Outlook

During the next 3 to 5 years the railbelt economic prospects provide considerable encouragement for the stabilization of the railroad's freight operations at a sufficiently high level to keep it viable. There are enough moderate-to-large-scale construction projects to provide firm prospects for a continuing high level of traffic. In addition, the prospect of moving 800,000 metric tons of coal annually from Healy to a Seward export terminal provides an important long-term, as well as seasonal, element of stability. It is also the type of movement for which the railroad is ideally suited. It adds significantly to revenues without proportionally increasing costs by utilizing already existing capacity and capabilities.

MAJOR RESTRUCTURING ISSUES

Clearly, there is much more to the Alaska Railroad than simply the enumeration of the physical and operational features indicated above. Its land holdings, employees, finances, competitive and regulatory environment, and passenger service must also be considered in any restructuring of the property. These issues have emerged as being the most critical now being faced by the state or any new potential owner or operator of the Alaska Railroad.

Land

The following discussion down through "Native Village Selection Area Claims" page 14 was prepared by the Office of General Counsel of the Federal Railroad Administration

Land is perhaps the most valuable fixed asset currently controlled by the Alaska Railroad (ARR). It is also an extremely important asset for operation, maintenance, and traffic development purposes. The total lands under control of the railroad are about 38,000 acres. The ARR has acquired its land through executive order, public land order, purchase, trade, and BLM trust deed. The earliest acquisitions were in 1914—the latest (.2 acres), in 1970. While these holdings are not extensive, they are among the most valuable industrial lands in Alaska. Of the total lands, about 12,000 acres are used for the right-of-way. The remaining 26,000 acres are used or reserved for marine and rail terminals, gravel resources, right-of-way erosion protection, industrial leases, gravel and rock reserves, railroad administration, and future development and facility expansion. Since the Alaska Native Claims Settlement Act of 1971 (ANCSA), both the ownership and use of these lands has been clouded. Table 9 indicates the location and quantities of land and the Native villages that have filed claims against particular parcels.

The railroad land holdings fall within seven

Native village selection areas and four Native regions that were established by ANCSA. Approximately 8,035 acres of railroad land, or 21 percent of the total holdings, are located in Native village selection areas and are potentially subject to claims by Native village corporations. Substantially all railroad land, whether or not located in a Native village or regional area, may ultimately be claimed by Cook Inlet Region, Incorporated (CIRI) under the special authorization that allows CIRI to select land outside its regional boundaries.

Right-of-way Lands

The main line right-of-way from Seward to Fairbanks was established by executive order in 1915.[6] The right-of-way lands of two small, private railroads were purchased to form the first 70 miles north from Seward and part of the right-of-way approaching Fairbanks. The balance of the original right-of-way was reserved from public domain by the Alaska Engineering Commission under authority of the Alaska Railroad Act and the 1915 executive order. Other public lands have been acquired over the years and now provide branch line connections to Palmer, Whittier, and other towns. Spur lines have been constructed to provide access to airports and coal fields along the railbelt. Defense lands have been transferred to the railroad for construction of rail lines into several defense installations. The railroad has also purchased some right-of-way lands from private individuals or from state and local governments. The right-of-way is mostly 200 feet wide, with some variations. The right-of-way is wider at several locations where needed for control of washouts and for steep cuts and fills. Narrower rights-of-way are common on several spur lines where the railroad passes through military reservations or where other factors hindered the acquisition of a full 200-foot right-of-way.

Non-Right-of-Way Lands

The 26,521 acres of railroad land other than right-of-way lands were acquired by executive orders, public land orders, transfers, purchases from private owners, and by trade for other lands with state and local governments. These land parcels range in size from 0.4 acres up to 5,830 acres at twenty-seven locations adjacent to the right-of-way and three smaller locations off the railbelt. These lands were acquired to support operation of the railroad. About 1,000 acres were leased to businesses which provide lease revenue and generate rail traffic for the railroad. Another 9,000 acres are used as active gravel and rock quarries or 425 held for the railroad's future gravel and rock needs. Other parcels are used for storage, maintenance, and terminals. About 100 acres are used for the operation of the Yutana Barge Line at Nenana and another 570 acres are part of the Seward and Whittier port and terminal facilities. The largest three parcels are located in the remote areas of Curry (4,970 acres), Midway (3,811 acres), and Healy (5,830 acres). These large parcels are mostly vacant and are held by the railroad for controlling watershed, providing gravel resources, and allowing future development or expansion of the railroad.

The three pieces of land not adjacent to the right-of-way are a presently leased 50-acre parcel in Valdez that was used to handle railcars from ocean-going barges in support of the Alaska oil pipeline construction and two parcels totaling 60.4 acres (60 acres at Holy Cross and 0.4 acres at Tananal that are leased as docking and storage areas by Yutana Barge Lines.

Native Village Selection Area Claims

Table 9 shows railroad lands that are located within Native village selection areas. Claims have been filed by Native village corporations for virtually all railroad lands that lie within these areas. The extent to which these lands will ultimately be conveyed to the village corporations will depend on determinations made by the Department of the Interior as to which lands are actually used by the railroad and, therefore, exempt from selection under section 3(e) of ANCSA. The Department of the Interior published final 3(e) regulations that went into effect in late 1980, setting narrow standards for determining which lands are actually used by the railroad. Under the regulations, the railroad would not retain any leased land or gravel reserves claimed by a Native corporation, and the railroad's right-of-way would be converted into a limited easement right across land that would be conveyed to the Native claimants. In the first major claim for railroad land within a village selection area, the Federal/State Land Use Planning Commission (LUPC), an advisory body established by ANCSA, recommended that 90 percent of the railroad's land holdings claimed by the Eklutna Village Corporation should be conveyed. This recommendation includes all leased lands, all right-of-way lands, and substantially all gravel reserves and would leave the railroad with only a small storage yard and one gravel pit in this area. The railroad would retain only 240 acres out of its present 2,700 acres in this area. Although the 3(e) regulations are now final, the Department of the Interior has neither formally ruled on

[6] Executive Order No. 1, April 10, 1915.

Table 9

Alaska Railroad Lands

Location	Total Acres	Acres Leased (Annual Lease Revenue)		Acres Containing Gravel & Rock Reserves (Est. Cubic Yards in Ground)		Acres Within Native Selection Area (Name of Native Village)	
1. Seward	299	55	($123,000)	—		—	
2. Crown Point	81	1	($1,600)	—		—	
3. Moose Pass	5.6	—		—		—	
4. Portage	900	—		—		—	
5. Whittier	272	15	($3,500)	100	($150,000)	—	
6. Anchorage	661	332	($1,500,000)	—		—	
7. Eagle River	1,800	0.1	($9,400)	1,450	(9,000,000)	1,800	(Eklutna)
8. Birchwood	251	—		150	(1,800,000)	251	(Eklutna)
9. Eklutna	343	—		343	(2,300,000)	343	(Eklutna)
9a. Eklutna-BLM Gravel Reserve	301	—		301	—	301	(Eklutna)
10. Matanuska	199	—			—	199	(Eklutna)
11. Pittman	145	—		145	(2,100,000)	145	(Eklutna & Knik)
12. Willow	56	—			—	—	
13. Gravel Pit	215	—		215	(2,200,000)	—	
14. Talkeetna	144	—			—	—	
15. Curry	4,970	—		1,200	(10,000,000)	—	
16. Gold Creek	26	—			—	—	
17. Chulitna	100	—		100	(1,500,000)	—	
18. Midway	3,811	—		1,000	(3,900,000)	—	
19. Colorado	44	—		44	(650,000)	—	
20. Broad Pass	1,070	—		600	(1,600,000)	630	(Cantwell)
21. McKinley Park	18.4	0.3	($5,700)		—	—	
22. Healy	5,830	1	($13,380)	600	(5,200,000)	—	
23. Lignite	1,260	—	(2,400)	—		—	
24. Clear	2,780	—		2,780	(40,000,000)	640	(Nenana)
25. Nenana	279	104	($221,000)		—	279	(Nenana)
26. Fairbanks	40	92	($250,000)		—	—	
27. Holy Cross	60	4	($1)		—	60	(Holy Cross)
28. Tanana	1	—			—	0.4	(Tanana)
29. Moose Creek	89	—			—	89	(Eklutna)
30. Valdez	50	17	($41,250)		—	—	
Subtotal	26,521.4	3[illegible]	($2,171,231)	9,028	(80,400,000)	4,737.4	
% of Subtotal		3.3%			34.0%	17.9%	
			Right-of-Way Lands			2,863.9*	
Seward-Fairbanks	10,677.2	—		—		—	
Portage-Whittier	184	—		—		—	
Fairbanks-Eielson	470.3	—		—		—	
Healy-Suntrana	111.5	—		—		—	
Matanuska-Chickaloon	434.1	—		—		434.1*	
Subtotal	11,877.1					3,298	
% of Subtotal	27.8%						
TOTAL	38,398.5					8,035.4	
% of TOTAL						20.9%	

*Right-of-way miles in village selection area: Nenana, 40.5 miles; Cantwell, 38.7 miles; Knik, 3.5 miles; Knik and Eklutna 43.8 miles; Eklutna, 30.6 miles; Chickaloon, 27.3 miles.

Source: Alaska Railroad records.

the Eklutna claim nor begun to process other claims. However, Department of the Interior officials in Alaska and Washington, D.C. have indicated a willingness to accept the bulk of the LUPC's recommendations. Selections of railroad land in other village areas are expected to follow the outcome of the Eklutna claims. If the result for all railroad land located in village selection areas follows the LUPC recommendation, the railroad would lose up to 90 percent of its lands located in village selection areas. This could mean the loss of 7,554 acres, or 19.8 percent of the railroad's total land holdings, the loss of 19 million cubic yards of gravel and rock reserves; and the direct loss of $230,000 per year in lease revenue.

Cook Inlet Regional Corporation Selection of Railroad Land

A problem that could affect virtually all railroad lands is the special selection authority of Cook Inlet Region, Incorporated. CIRI considers substantially all railroad land holdings, whether located in Native village selection areas or not, to be eligible for selection. CIRI has formally asked that all railroad lands, except those conveyed to village corporations, be placed into the selection pool that was created by the special statutory authority for CIRI to select lands outside its regional boundaries. To date, CIRI's broad interpretation of the law has not been accepted by the Department of the Interior, which maintains that the CIRI selection pool cannot include railroad lands outside the village selections areas. However, CIRI is expected to challenge the Department of the Interior's view. If CIRI is successful in reversing the Department of the Interior's opinion either administratively or in court, substantially all railroad lands would be subject to CIRI selection. It would then be necessary for the Department of the Interior to make a 3(c) actual-use determination for all railroad lands selected, not just railroad lands located within village selection areas. The narrow standards in the final 3(e) regulations would then be applied to all railroad lands and could result in the loss of virtually all ARR's leased lands, gravel reserves, and other properties along the railbelt.

The Uses of Railroad Lands

The authors feel that the railroad's lands are as essential to its operations as are any of the other ARR assets. They believe that if the ARR is to act as a part of the market economy of the state, it must be capable of exercising some degree of control over the lands with which it is associated. Such control ranges from absolute and perpetual surface control over some of the land to more limited powers over other types of real property.

Lands now under the jurisdiction of the ARR may be categorized as follows:

1. Main line and branch line rights-of-way.
2. Terminals and ports.
3. Lands leased to traffic-producing tenants.
4. Material source lands (for example, gravel deposits).
5. Lands leased to nontraffic-producing tenants.
6. Lands held for future operations and traffic development.
7. Former rights-of-way.
8. Other holdings.

In the authors' opinion, each of these types of land requires specific protection if it is to continue supporting the railroad in its role as a functional participant in the state transport network.

Requiring the most protection are the main line and branch line rights of way. The nature of railroad operations requires that these lands be under complete control of the railroad, including at a minimum the right to:

1. Have complete freedom to add to or delete from the land any structures, roadbed, adjacent rocks, or gravel or to recontour the land as necessary.
2. Move track within the right-of-way or to add or delete track.
3. Provide loading and unloading facilities for railroad customers or for railroad purposes.
4. Add structures as may be necessary for operation.
5. Remove any vegetation which may be required to operate or expand the railroad's services.
6. Fence the right-of-way.
7. Operate any and all trains necessary.
8. Restrict or grant access to persons or vehicles as it sees fit.
9. Construct and maintain any drainage facilities necessary to preserve the right-of-way.
10. Make any provisions necessary to protect the operational capability of the right-of-way even if this requires access to and control of lands beyond the normal right-of-way limits (e.g., avalanche, flood control).
11. Take such action as may be necessary to safely operate in situations where conflicts with other transport modes may exist.

12. Place all necessary communications and signal devices within the right-of-way or to maintain separate rights-of-way for these items where necessary.

The authors believe that all of these elements must be available to enable the railroad to maintain the property, provide for safe operations, protect the public, meet public regulatory requirements, operate efficiently, and be responsive to economic opportunities and influences. The normal mechanism required to exercise these responsibilities is fee ownership of the property by a railroad. In those relatively unusual circumstances in which a railroad cannot obtain fee ownership, then it occupies a land parcel via a railroad easement. This gives the railroad complete control of all surface rights to the property, including the right to exclude the fee owner from the property and to exercise all of the functions noted above. The usual railroad right-of-way is 100 feet to either side of the center line of the main line. It is very unusual for less than this width of land to be available; however, wider rights-of-way are not uncommon. The Alaska Railroad's enabling legislation specifies a right-of-way width of 200 feet total with a supplement of 50 feet for purposes of operating a communications system where necessary. Terminal or port lands usually have no specific width related to track location. Rather, they are specified in the more traditional types of descriptions used generally in real property.

Lands Providing for Railroad Traffic Development

This category of land is second in importance to that of rights-of-way and terminals. The importance of this category goes beyond the lease income generated by the property to the very essence of railroad traffic and marketing. An analysis of the Alaska Railroad's traffic indicates that only a very small portion of operating revenues are derived from customers whose businesses are not directly adjacent to the railroad's right-of-way.[7] The efficient loading or unloading of carloads requires a customer to have direct access to railroad facilities. This factor is of such importance that it is usually quite difficult to serve a customer who is not directly linked to the railroad. One of the primary tools available to a railroad to solicit this type of traffic is land adjacent to its right-of-way on which a shipper can locate his facilities or store his goods. Thus, the lands available for leasing to traffic-producing customers contribute much to the ability of the railroad to sustain its present operation and to be economically viable. Likewise, those lands which are available for future lease to traffic-producing customers represent the long-term capability of the railroad to continue its existence as an economic enterprise.

In the authors' view, the only mechanism which will permit the railroad to manage these lands effectively is complete control of their use. While there is a clear obligation in ANCSA legislation to honor existing leases whether the landowner is the railroad or another party, the only manner in which a continuing commonality of interest between the railroad and future lease holders can be maintained is by providing ownership of those parcels for the railroad or by requiring any future owner to use them for rail traffic purposes so long as the railroad exists. It is not at all likely that the land development interests of the railroad and a future, non-railroad owner would coincide since land sale or lease for non-railroad purposes would frequently generate much higher income than would typical railroad uses.

Lands, Improvement, and Construction

This category includes those properties from which materials such as gravel and rock are obtained for maintenance and improvement. The authors feel that a railroad must have long-term access to such land as well as a fairly unrestricted right to remove materials as required. These needs are basic to the continuing operation of a railroad, because any railroad's roadbed and track will deteriorate rapidly if not regularly maintained and ballast renewed periodically. This renewal requirement is particularly critical in Alaska where the amount of moisture during spring breakup can, if not controlled, make track unusable within a single year. In addition to regular maintenance, there may be very large short-term demands for rock and gravel to repair damage from floods, avalanches, and earthquakes. The ARR annually requires an estimated 200,000 tons of gravel and 40,000 tons of rock for normal maintenance. In addition to this amount are requirements for emergencies and for track improvements, industry access, and alignment improvements. The latter items result from changing demands of railroad traffic and operation patterns. These are produced by such factors as changes in car types and commodities (such as bulk commodities requiring more substantial track), frequency of operations (more traffic requires more frequent attention regardless of commodity), types of operations (need to improve transit times to attract or keep time-sensitive traffic), or the need to improve operating efficiency (lower maintenance costs or operating costs by realigning track).

Unlike the previous land categories, there is no

[7] See "Traffic Base," page 9.

absolute requirement for ownership of the property if the railroad has the access and extraction rights mentioned previously or has access to commercial gravel. However, without railroad ownership of the materials, the costs of maintenance and improvement will be increased in two ways. One will be the commercial cost of gravel and rock. Having to purchase gravel at the current cost of $13 per ton would cost the ARR a minimum of $2,600,000 annually for normal maintenance. These costs would amount to an additional charge of $1.49 for each revenue ton carried by the Alaska Railroad (in 1980 dollars). In addition to this would be any aggregate demands for emergencies, new construction, or rebuilding. These additional costs would either have to be passed to shippers (and, thus, largely to consumers) by freight rate increases or would have to be supported by a public subsidy. Should increased freight rates be chosen, they will probably make the railroad less competitive and result in higher subsidy demands.

Lands Leased to Nontraffic-Producing Tenants

The lands leased to nontraffic-producing tenants are not necessary to the continued operation of the railroad, except where the lands can be converted to traffic-producing properties either by lease to customers for plant location or by exercise of mineral rights. How much these holdings may assist the railroad in its future operations will largely depend on location in relation to commercial opportunities. Even though the presently leased properties are not essential to the operational survival of the railroad, they do provide a major source of income which permits lower freight rates than might otherwise be the case. Should the railroad lose control of this land, the lost revenue would have to be obtained from other sources—either higher freight rates or public subsidy.

Former Rights-of-Way Land

This final land category is probably important only in terms of the future resource development role that policymakers may wish the railroad to play. Specifically, the railroad currently controls the land of a former right-of-way extending eastward up the Matanuska Valley approximately 30 miles past the Sutton, Eska, and Jonesville coal fields to Chickaloon. This right-of-way provides access to coal resources and will be an essential ingredient in any scheme to export coal from the Matanuska Valley.

According to ARR management, any railroad depends almost entirely upon the way it can use its lands if it is to operate effectively and to market that operation reasonably. Without this ability to utilize lands, any railroad is clearly an unattractive investment. Therefore, without a satisfactory resolution of the current questionable status of Alaska Railroad lands, any potential owner should be hesitant about becoming involved with the railroad. If he should do so without obtaining the types of guarantees specified above, it should be with the clear understanding that this course of action may well lead to a large and continuing drain upon his treasury.

Employee Concerns and Obligations

Present Situation

The Alaska Railroad (ARR) is a federal agency under the Federal Railroad Administration (FRA), U.S. Department of Transportation. Few of the positions held by employees of the Alaska Railroad, the only railroad operated by the federal government, are found in other federal agencies since the majority are unique to railroad operations. The ARR employees, having significant railroad operational experience and knowledge, represent one of the railroad's most valuable assets. In addition, the ARR employees have knowledge of the special railroad operational requirements for Alaska, with its difficult climatic conditions and associated maintenance requirements.

Declining Work Force. After the completion of the pipeline, the Alaska Railroad experienced declining traffic and revenues until the 1981 fiscal year (June 1980). Since that time, significant traffic and revenue increases have occurred despite high interest rates, inflation, and generally poor national economic conditions. In the face of increasing costs and declining revenues and traffic, the Alaska Railroad has annually reduced its work force over the last 5 years. For example, in FY 1976, the railroad employed an average of 1,025 persons, but by April 1981, this workforce totaled only 629 employees, including both permanent and temporary workers.[8]

The following table demonstrates the personnel levels by department in mid-April 1981, according to a railroad manning report (see Table 10).

Organized Labor and the ARR. As regards organized labor for its employees, the Alaska Railroad is similar to private railroads in the continental United States. Unlike private sector railroads, however, most labor agreements with the Alaska Railroad

[8] Because the Alaska Railroad is a federal agency, there is substantially larger lag between the acknowledgment of declining revenue traffic and a reduction in the number of employees than would be experienced in private railroad operations.

Table 10

Authorized vs. Actual Numbers of ARR Employees

Department	Authorized Position	Total Employees	Permanent Employees	Temporary Employees
Administration	86	82	77	5
Transportation	236	218	202	16
Engineering	270	181	137	44
Mechanical	142	138	130	8
Marketing	14	10	9	1
Total	757	629	555	74

are perpetually in effect until either organized labor or the railroad management wishes to open the labor agreements for renegotiation. This factor has interesting long-range implications in view of the potential transfer of the railroad's ownership and operations.

At the present time, five unions represent the Alaska Railroad employees. These are listed in Table 11 along with the number of employees which each represents.

The Full-Crew Law. An additional area of concern regarding employee operating agreements and a change from federal status involves a current Alaska statute, the full crew law—the only one left in the United States. It requires a five-man train crew, including a locomotive fireman, for all trains. Currently, because it is a federal agency, the ARR is exempt from this law and operates its trains on the basis of agreements negotiated with labor organizations. Usually, these require only three- or four-man crews for each train. If Alaska does not repeal this law during the course of any restructuring, it is unlikely that the railroad would ever be a self-supporting operation. If the present full crew law continues in force, the state should be prepared to pay several million dollars annually in subsidy for unnecessary labor.

Thus, the Alaska Railroad's employee situation is more complex than that of other railroads since its employees are generally not only members of various labor unions (similar to other railroads) but are also federal employees with all of the rights and benefits which are afforded participants in the federal government's civil service system. The implications of these double protection rights and benefits for the proposed transfer are far reaching and significant.

Financial Implications

Another significant consideration in the potential transfer of the Alaska Railroad from the federal government to the State of Alaska is the financial implications of employee protection, including federal retirement benefits.

The current employees of the Alaska Railroad have participated in and contributed to the federal Civil Service Retirement and Disability Fund. The Alaska Railroad has matched the contributions made by each employee during their employment to date, and these contributions have been made out of railroad revenues. The federal Civil Service Retirement System is under the jurisdiction of the U.S. Office of Personnel Management.

The Civil Service Retirement and Disability Fund is the accumulation of money held in trust by the U.S. Treasury for the purpose of paying annuity, refund, and death benefits to persons entitled to them. The present Alaska Railroad employees are among the persons entitled to these benefits.

The identified federal commitments which were made by the Alaska Railroad to employees at the time of employment include the total cost of relocation back to the point of recruitment of any employee and family recruited from outside Alaska when they choose to return. Other employee commitments include participation in the Federal Employees Group Life Insurance Program, health insurance benefits, accrued sick and annual leave, credit for time served as federal employees, turnaround trips to the point of recruitment every two years (as distinguished from relocation), and protection against arbitrary dismissal by the Merit Systems Protection Board.

There are many unanswered questions related to the employees and protection of their rights. These questions can best be answered and the problems

Table 11

Labor Organizations Representing ARR Employees

Organization	Employees Represented
American Train Dispatchers Association	20
Brotherhood of Railway Carmen	37
United Transportation Union	127
American Federation of Government Employees*	315
International Association of Machinists and Aerospace Workers	80
Total	579

*The American Federation of Government Employees represents both white- and blue-collar workers.

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solved by the federal government since it is their system and not Alaska's which has given the employees their protection. Failure to solve these obligations prior to the transition phase may well lead to lengthy and costly litigation as well as to excessive employee turnover. Thus, careful consideration of these factors as part of the federal transfer legislation would benefit all concerned.

We should also note that several of the existing labor agreements will continue in force until either the labor organizations or the railroad management wishes to open negotiations. It is probably best that these agreements remain in force for a specified time, after which they would be subject to new negotiations. The transfer legislation could provide for such negotiations and establish the framework for setting labor agreements.

In summary, ARR's legal obligations to its employees are extensive, and the federal government is in a much better position than the state to provide them with a proper transitional program. Such a program would protect the employees, the State of Alaska, and the federal government.

Finances

Its status as a federal agency complicates the financial condition of the Alaska Railroad. For example, none of the traditional measures of financial health such as price-earning, debt-equity, or even revenue-expense ratios properly portray the condition of the operation. In addition, the burden of passenger service (about 35 percent of all trains operated in 1980) distorts even the traditional railroad operating efficiency measures which might otherwise be employed. Financial reporting is done by methods and for reasons which differ from private practice and which are not even entirely consistent with federal government standards. Similarly, public sector capital budgeting and justification is not organized or presented using the methods of the rail industry. The differences result both from conflicting management objectives and requirements for management information which are dictated as much by federal control as by the need to manage operations.

The ARR receives operational funds from four primary sources:

1. Revenues earned by transporting freight and passengers.
2. Income from property leased to others.
3. Reimbursable services performed for others.
4. Congressional appropriations for acquiring capital assets and for major maintenance.

This income is all placed into a single revolving fun account with the U.S. Treasury against which th railroad draws to support its day-to-day operation and fund capital expenditures. Income placed in th account remains available until extended by ARR either for operations, capital expenditures, or o work authorized by appropriation.

While the revenue from the railroad's ow operations is largely independent of external con trol,[9] those resources obtained by Congressiona appropriation are subject to many of the sam restraints common to the budgets of all federa agencies. These requirements dictate a budgetar process which may have both revenue-based fundin and appropriated funding used for similar purposes while justification for their use may be quite dif ferent. The justification for appropriated fundin is similar to that seen for other agencies whic seek money to maintain the existing property and operations and to comply with federal guidelines This is somewhat different from the approach usec on most private rail systems where budg[illegible]re developed and justified on the basis of the [illegible] bility of operations and the investment [illegible]ng funded.

With this background, let us look in more d at the railroad's financial situation. This analysis will deal with the *financial statements, revenues and expenses, assets and liabilities, and capital budgets.* We will review both the information available from this material and its limitations. In addition, where possible, we will explain the future implications of these items.

Reporting Financial Information

The Alaska Railroad prepares three public financial documents. One of these, the *capital budget and appropriation request*, will be dealt with in another part of this section. The other two are the *annual report* and the *monthly financial statements*. While both provide useful information, they are limited in scope when compared to similar documents prepared by private railroads.

Annual Reports. The annual reports are prepared following the end of each federal fiscal year (September 30). They summarize the previous year's financial performances and contain a limited amount of operational data as well as a narrative outline of the previous year's events. The financial information includes a brief income statement, balance sheet, and

[9]The only restraint upon expenditures of these revenues is that they must be used for a function authorized the railroad in its enabling legislation, as amended.

a statement of changes in financial position. None of these are entirely consistent with private practice in stockholder reports, principally due to the federal status. The differences are most clearly apparent in the balance sheet where liabilities include only a limited number of current items and neither long-term liabilities nor stockholders' equity. The long-term liabilities do not exist since the railroad is debt free and need not provide for taxes. Substituted for stockholder's equity is an item termed "Proprietary Interest of the United States Government," which is the sum of all federal appropriations plus retained earning from operations.

The income statement varies from that of private practice in that it does not account for fixed charges other than depreciation. It is important to note that the ARR, as is common with most railroads, does not capitalize and depreciate its track structure. Rather, it uses the practice known as betterment accounting, which charges any replacement material regardless of the amount of expenditure, to current maintenance expenses and capitalizes only the improvements. While the result of this practice for a private railroad is to present the financial status in a more conservative light, the effect on the Alaska Railroad is slightly different. Because the ARR seeks federal appropriations to perform some major track maintenance (which becomes part of the proprietary interest), this work is effectively capitalized (whether it involves replacements or improvements) and is then not depreciated. Effectively, this practice tends to understate the long-term capital requirements to maintain an adequate track structure while at the same time, it overstates current maintenance expenditures.

Table 12 shows the changes in fixed asset values which have taken place in the 1976-1981 period. The increase is due primarily to additions to equipment (mostly fifteen new locomotives) and to structures.

A difficulty on the asset side of the balance sheet involves establishing the value of assets. It should be remembered that a considerable portion of the ARR properties were transferred from other federal agencies, often at a cost of only transport charges or salvage value. The entire line from Whittier to Portage is in this category. To what extent this type of accounting for the assets understates their true value is not certain. For present day-to-day operational purposes, it is not of great importance except that it understates the depreciation charges and thus the capital reserve requirements. Any restructuring will necessitate the identification of appropriate asset values for rate-making and other purposes.

Table 12

End of Fiscal Year Fixed Assets
($ in millions)

	Date					
	6/81	6/80	6/79	6/78	6/77	6/76
Land*	.27	.27	.82	.43	.27	.27
Buildings	12.32	12.36	12.39	12.15	11.96	11.51
Other Structures & Facilities	112.13	111.69	110.89	108.83	107.63	107.20
Equipment	45.84	44.03	41.33	40.93	40.93	36.36
Nonoperating Property	1.88	2.99	3.93	3.54	3.54	3.44
Total Fixed Assets	172.44	171.34	168.96	165.88	164.33	159.78

*Only purchased lands are included in this statement. See Table 9 for values of all lands.

Source: Alaska Railroad Financial Statements

The lands controlled by the railroad are also not included in assets, except for those directly purchased by the ARR, because most of the land was transferred to the railroad at no cost by executive order or public land order.

Monthly Financial Statements. The monthly financial statements are much more detailed than the annual reports. They provide both an income statement and a balance sheet in the same format as the annual report. However, each line item is further broken down into relevant details. Conceptually, the same limitations apply to these statements as to the annual reports. This investigation, however, discovered an additional serious limitation: the inability to isolate passenger- from freight-service costs. While revenues are separately reported, costs are separated in only a few categories. Those that are recognized appear to be only a few of the short-term, out-of-pocket costs. This clearly does not reflect the full, direct cost of providing the passenger service, which constitutes 30 to 40 percent of all train miles operated. Because of the importance of this function of the ARR, we allocated the costs left unassigned by the financial statements and present them later in this section.

Another important difference between the ARR and normal industry reporting occurs in the area of operational statistics, which allow the analyst to prepare efficiency measurements. While the annual report contains limited data on operations, the financial statements have none. Those in the annual report are not equivalent to those required of private railroads in their annual reports to the ICC or even to

many of those prepared for stockholders. This area represents an important deficiency in the ARR's public reports.

With these explanations in mind, it is appropriate to look at the financial performance of the Alaska Railroad during the past several years.

Financial Performance

The Alaska Railroad has experienced rather varied financial circumstances over the past decade. It experienced some of its best years during 1975 and 1976 and some of its worst in 1979 and 1980. The ARR's cyclic performance during these years is representative of the entire financial and operational history of the railroad. It also indicates the sensitivity of the railroad's financial performance to traffic changes which would be considered minor on most railroads.

Table 13 summarizes the income and expense performance between October 1975 and September 1981. As can be seen, revenues had fallen by 1979 to half their 1976 level; expenses stabilized after 1977 and remained so through 1980. This indicates the sensitivity of the profit or loss to changes in revenue rather than to cost factors. This is a basic fact for all light-density railroads; they must operate at certain minimum levels if they are to handle available traffic and maintain certain operable levels. That is what has occurred on the Alaska Railroad. To retain traffic, it has had to maintain and operate the property at a certain level. However, it would cost only marginally more to operate at a considerably higher level, generating much more revenue. The 1981 results further illustrate this problem. As noted below, the composition of costs and revenues provides significant insight into the various cost factors.

Table 13

Revenues and Expenses
($ in millions)

	FY 81	FY 80	FY 79	FY 78	FY 77	FY 76
REVENUE						
Operating	$40.78	$26.74	$23.08	$27.44	$33.38	$46.08
Nonoperating	3.16	2.13	2.08	1.65	1.65	1.15
Total	43.94	28.89	25.16	29.09	35.03	47.21
EXPENSES						
Operating	40.36	34.38	31.28	33.30	36.70	49.67
Nonoperating	.27	.34	.21	.21	.25	.18
Total	40.63	34.72	31.49	33.51	36.95	49.85
Gain (loss)	3.31	(5.83)	(6.33)	(4.42)	(1.92)	(2.64)
Depreciation included in Expenses	3.27	3.53	3.22	3.20	3.12	2.81
Cash Gain (loss)	6.58	(2.30)	(3.11)	(1.22)	3.20	(.03)

Source: Alaska Railroad Financial Statements

Tables 14, 15, and 16 provide a more detailed analysis of 1978, 1979, and 1980 revenues and expenses distributed to freight and passenger service and to other activities. It is important to note that the method used by this analysis develops fully allocated costs.[10] That is, the method allocates both the direct, short-term, out-of-pocket costs and the various types of joint costs and overhead to the appropriate service. This estimates the resources used to supervise the passenger trains' operation and maintenance, to market and administer them, to provide the incremental track maintenance required by them, to service and supply them, and to control their activities. It should be realized that if the passenger trains were eliminated, many of these joint and common costs would remain. However, over the long term, it would be possible to eliminate them

Table 14

1978 Revenues and Expenses
($ in millions)

	Freight	Passenger	Other	Total
Revenue-Total	$ 23.68	$1.50	$ 3.77	$ 28.95
Operating	23.68	1.50	2.12	27.31
Nonoperating			1.65	1.65
Cash Expense	21.98	6.35	1.98	30.32
Engineering	4.24	0.64		4.88
Maintenance	5.29	1.28		6.57
Transportation	9.30	2.95		12.25
Traffic	0.29	0.13		0.42
Communications	0.30	0.14		0.44
Administration	2.57	1.21		3.78
Other Operating			1.86	1.86
Nonoperating			0.12	0.12
Depreciation	2.81	0.26	0.12	3.19
Total Expense	24.80	6.61	2.10	33.51
Gain (Loss) Before Depreciation	1.70	(4.74)	1.79	[illegible]
Fully Allocated Gain (Loss)	(1.11)	(5.11)	1.67	[illegible]

Sources: Alaska Railroad Financial Statements and Annual R
reapportioned using ICC cost allocation methods

[10]Where the financial statements provided specific cost breakouts (such as passenger or freight car maintenance), these were used directly rather than being allocated

Table 15

1979 Revenues and Expenses
($ in millions)

	Freight	Passenger	Other	Total
Revenue-Total	$19.08	$1.96	$4.11	$25.15
Operating	19.08	1.96	2.03	23.07
Nonoperating			2.08	2.08
Cash Expense	20.10	6.17	2.00	28.27
Engineering	3.35	0.58		3.94
Mechanical	4.77	1.15		5.92
Transportation	8.86	2.89		11.75
Traffic	0.31	0.16		0.47
Communications	0.25	0.13		0.38
Administration	2.56	1.25		3.81
Other Operating			1.91	1.91
Nonoperating			0.09	0.09
Depreciation	2.82	0.25	0.15	3.22
Total Expense	22.92	8.42	2.15	31.49
Gain (Loss) Before Depreciation	(1.02)	(4.21)	2.11	(3.12)
Fully Allocated Gain (Loss)	(3.84)	(4.46)	1.96	(6.34)

Sources: Alaska Railroad Financial Statements and Annual Report recomputed using ICC cost allocation methods.

or to divert the resources they represent to more productive uses.[11]

The analysis indicates that the nonrail activities have consistently shown a positive net income. The freight service has shown a positive cash flow (net income before deduction of depreciation) in 1978 and 1980, but 1979 indicates a $1.02 million cash loss. For the 3 years, the total cash gain on freight operations was $2.48 million. While this is not sufficient to cover all depreciation charges, it does represent an impressive performance, particularly when considered in relation to the weak Alaska economy during this period. With freight and other activities combined, the cash flow is positive for all 3 years, and total net income is positive (or zero) in 1978 and 1980. This leaves the passenger service as the principal source of the substantial losses shown in the annual reports. Such a result is consistent with the problems experienced by other North American railroads during the past 30 years.

[11] Where ARR accounting records did not specifically allocate costs to either freight or passenger service, they were so allocated using methods prescribed by the Interstate Commerce Commission to the extent that the required operating statistics were available. See Code of Federal Regulations, Title 49, Part 1242.

There are two possible causes for the passenger service's poor financial situation: excessive expenses or inadequate revenues. An examination of the various expense categories indicates that they are not excessive considering the substantial proportion of the operations represented by passenger service. Given the nature of passenger train operations, this is in fact a substantial compliment to the ARR management. This result is confirmed by comparing the ARR passenger service to that of the Denver and Rio Grande Western (D&RGW) passenger service for comparable periods. During 1978 to 1980, approximately the same number of passenger train miles were operated by both railroads. Expenses were also comparable; however, the D&RGW revenues were 50 percent to 100 percent greater, resulting in a significantly smaller loss attributed to passenger service. ARR revenues, on the other hand, were not large enough to be comparable to the proportion of total operations represented by passenger service.

A more detailed discussion of the passenger problem is contained in the following section (Competitive and Regulatory Environment). It appears, however, that it would be impossible to generate enough passenger traffic to make the net income from passenger operations positive. This is the basis of a substantial long-term public policy question. It

Table 16

1980 Revenues and Expenses
($ in millions)

	Freight	Passenger	Other	Total
Revenue-Total	$22.72	$2.09	$4.08	$28.89
Operating	22.72	2.08	1.92	26.73
Nonoperating			2.16	2.16
Cash Expense	20.92	7.80	2.67	31.19
Engineering	3.20	0.59		3.79
Mechanical	5.27	1.59		6.86
Transportation	9.34	3.58		12.92
Traffic	0.33	0.20		0.53
Communications	0.25	0.15		0.40
Administration	2.53	1.49		4.02
Other Operating			2.42	2.42
Nonoperating			0.25	0.25
Depreciation	3.08	0.32	0.13	3.53
Total Expense	24.00	7.92	2.80	34.72
Gain (Loss) Before Depreciation	1.80	(5.51)	1.41	(2.30)
Fully Allocated Gain (Loss)	(1.28)	(9.83)	1.28	(5.83)

Sources: Alaska Railroad Financial Statements and Annual Report recomputed using ICC cost allocation methods.

is also important to realize that, except for a modest depreciation charge against passenger service, this analysis has not included any capital costs.

Since it appears that freight service is a fairly stable income source even in economically depressed years, it is useful to examine the effects of adding a major additional long-term movement. For purposes of this discussion, it is assumed that the recently announced pending coal movement from Healy to Seward for export saw its initial operation in 1980. The revised income statement is shown in Table 17 based on the proposed 800,000 metric tons moving at a rate of $10.10 per ton. Operation expenses are based on data supplied by ARR, and depreciation costs are computed at current rates based on the assumption that all new equipment is used for the movement. For this analysis, only freight and other activities are considered. The changes in performan due to this single movement are considerable overall net income of $0 becomes a positive $1 million, and total cash generated goes from $3 million to $5.37 million. This clearly indicates bo the dependence of a light-density railroad on sm movements and, more importantly, the positi effects of a substantial traffic source with long-te prospects.

Thus, the overall indication is of a property th has undergone substantial financial changes over th past 5 years. Although it has seen serious diminutio in the volume and ton-miles of avaiuable freig traffic, there has been sufficient control of costs t maintain an overall positive cash flow each year aft the passenger service is deducted from the results high-revenue, moderate-cost movement such as th proposed for coal could add stability to the perfor ance.

Table 17

1980 Financial Performance with Potential Coal Traffic

800,000 Metric Tons = 881,600 Short Tons
($ in millions)

	Freight	Other	Total
Without Coal			
Revenue	$22.72	$4.08	$26.80
Operating	22.72	1.92	24.64
Nonoperating		2.16	2.16
Cash Expense	20.92	2.67	23.59
Operating	20.92	2.42	23.34
Nonoperating		0.25	0.25
Depreciation	3.08	0.13	3.21
Total Expense	24.00	2.80	26.80
Gain (Loss) Before Depreciation	1.80	1.41	3.21
Fully Allocated Gain (Loss)	(1.28)	1.28	0.00
With Coal			
Revenue	31.82	4.08	35.70
Operating	31.82	1.92	33.54
Nonoperating		2.16	2.16
Cash Expense	27.66	2.67	30.33
Operating	27.66	2.42	30.08
Nonoperating		0.25	0.25
Depreciation	3.42	0.13	3.21
Total Expense	31.08	2.80	33.88
Gain (Loss) Before Depreciation	3.96	1.41	5.37
Fully Allocated Gain (Loss)	0.54	1.28	1.82

Source: Table 16 and Alaska Railroad records.

Unlike private railroads, the Alaska Railroa does not have access to capital markets. It cannot borrow funds for equipment and cannot mortgage property to generate capital. These factors mean th the only methods of obtaining funds for capit improvements are through internal generation of de[illegible]ed charges or financial surpluses or appropriation. It also means that it must be sufficiently profitable to pay cash for improvements.[12]

Table 18 lists the capital and major mai tenance expenses between July 1975 and Septem ber 1980 along with the source of funds. Clearly about 75 percent of the funding came from appro priations rather than from earnings. As noted in th previous section, it appears that the principal reaso for this is the negative impact of passenger service o income. It also indicates that without passenge service, the ARR would have produced $7.79 millio internal capital between 1978 and 1980 instead o the $1.2 million actually available. This would hav reduced the necessary appropriation from $17.3 mi lion to $9.51 million, even assuming that no mone had been retained from earlier, more prosperou years. Clearly, the recognition of passenger service a a public good requiring public support could have major impact upon the railroad's capital budge flexibility.

Capital Budgets

[12]The usual method used by private railroads to purchase rai equipment is through the "Philadelphia Plan," in which th down payment is 20 percent of purchase price, with th balance paid over 15 years. Because rail equipment offer excellent security, the interest rates are usually substantially below the prime rate.

Table 18

Capital and Major Maintenance Programs
($ in millions)

Use	1980	1979	1978	1977	1976[a]	Total
Buildings	$0.2	$0.1	$0.1	$0.1	$0.5	$1.0
Roadbed, Track, Structures	3.3	2.3	2.8	3.8	4.2	16.4
Equipment	1.8	0.7	0.3	4.5	13.6	18.9
Other Projects	0.2	6.4[b]	0.4	0.3	0.5	7.8
Total	5.5	9.4	3.6	8.8	17.8	45.1
Fund Source:						
Appropriations	5.0	9.3	3.0	3.0	9.0	32.3
Railroad Earnings	0.5	0.1	0.8	2.8	8.8	13.5

[a] 1976 was a 15-month fiscal year.

[b] $6.3 million for repairs to Seward and Whittier docks.

Source: Alaska Railroad 1980 Annual Report.

It is in capital budgeting that the Alaska Railroad differs the most financially from private operations. This difference results from, and is evident in, several features of the budget, including the distribution among expenditure types, the budget process and line item justifications, and the types of programs included in the budget. As noted earlier, many of the budgeting objectives, fund sources, and utilization capabilities differ. These variations are reflected in the documents themselves.

The budget tends to be heavily weighted toward improving facilities and light equipment rather than purchasing rolling stock. In private industry, the reverse tends to be true. There are three reasons for the difference. One is the ease with which private industry can finance equipment. This ease permits a relatively modest cash flow to leverage substantial amounts of equipment purchases, particularly when used in conjunction with reasonable interest rates and tax advantages related to interest, investment tax credits, and accelerated depreciation. Obviously, the ARR cannot take advantage of any of these. A second reason that equipment expenditures receive less emphasis, particularly in marginal years, is that individual items are so expensive. A locomotive costs $750,000 to $900,000, while cars run $40,000 to $50,000 each. Thus, if an ARR budget is cut by FRA, OMB, or the Congress, an event which occurs regularly, it is easier to reduce the size of track programs than equipment purchases, since the former tends to comprise a large number of smaller items and personnel requirements. With track or structure programs, at least some of the improvement can usually be made, but an equipment acquisition program must often be written off entirely even if a portion of the funding is not approved. A third reason for these budget priorities is that it is easier to repair older equipment and to keep it operating than it is to operate over track which has not been properly maintained. Ultimately, the differences in budget priorities provide for physical facilities maintenance in the manner of most federal agencies, but they do not necessarily respond to marketplace influences.

The next difference between ARR's budget and those of private capital arises in the budget development process and the basis for project selection and justification. On private railroads, the projects for a capital improvement plan are developed on the basis of either rate of return or net present value of the proposal. The ability to contribute to the profitability (usually long term) of the organization is the primary criteria of selection. On the Alaska Railroad, this does not appear to be strictly the case. ARR budgeting documents must conform to U.S. Department of Transportation requirements. These requirements rarely reflect a need to operate profitably. Thus, the justification for projects in the ARR budget is almost inevitably based on cost minimization criteria or satisfaction of federal requirements. While cost minimization is an important part of developing an efficient operation, it may or may not reflect the most profitable use of resources. Such an approach also fails to consider the opportunity costs of alternative uses of capital. Between the 1978 and 1982 budget requests, that of 1979 was the only one which contained a cost-benefit analysis and a computation of internal rate-of-return for individual projects. In no case was there an attempt to estimate overall returns for groups of projects. These overall numbers may be considerably different from the sum of individual returns due to various project interdependencies and timings. It should be emphasized that the majority of these problems result from the requirement that the ARR follow federal budgeting procedures rather than allowing its management to develop programs, as much as possible, on the same basis as private firms.

The final difference between ARR and private budgeting practices is the type of projects incorporated into the capital budget. The ARR's budget includes both strict capital items and major maintenance, which would be part of ordinary expenses under ICC accounting rules and within most private organizations. This causes the income requirements to be understated. This problem is exacerbated by

the use of betterment accounting for track structure as explained earlier. The proportion of the budget which is actually devoted to maintenance rather than to capital expenditures is difficult to estimate from available data. However, the FY 1982 budget, at the minimum level, lists such items as cross-tie replacement, track surfacing, vegetation control, equipment repair and refurbishing, and building repair, none of which appear to be normal capital items. Once again, the requirement to conform with federal budgeting (this time coupled with railroad betterment accounting) distorts the financial picture of the railroad.

The final capital budgeting item which requires review is the question of deferred maintenance. ARR defines deferred maintenance as:

> "... the accumulated maintenance that would have to be performed in order to bring the physical plant up to the material condition and capacity considered necessary to accommodate the level of freight and passenger traffic expected."

In 1977, the ARR estimated deferred maintenance at $58.9 million, with this increasing to $63 million by 1980. Of the 1977 total, $38.7 million was considered to be delayed capital expenditures.[13] Table 19 shows the breakdown of the 1977 total by functional area. It is important to realize that these areas do not represent items which make it unsafe or difficult to operate the railroad. These are items which should be programmed projects but have had implementation delayed. It is not unusual practice in the rail industry to adopt this strategy when revenues are not at an adequate level. Since much of the programming is on a cyclical basis and the items are long-term assets, the practice becomes critical only when it is continued over an extended period. It is also possible to "trade" capital expenditures in exchange for higher current maintenance expenditures. Both are part of the situation at the ARR. This is particularly true for the roadbed and track category where many of the charges are for subgrade which should be upgraded to eliminate future maintenance demand. However, the principal result of not performing the work will be higher current costs, not unsafe conditions or major operational problems. This is the nature of many of ARR's problems, particularly the delayed capital expenditures, although a good deal of the tie renewal appears to be true deferred maintenance.

Thus, it appears that while deferred maintenance

[13] Once again, the effect of betterment accounting for track is to increase the apparent level of deferred maintenance. Actually, many track-related deferred-maintenance items are delayed capital expenditures.

Table 19

Deferred Maintenance by Functional Area
($ in millions)

Rail Relay	$ 7.8
Tie Renewal	7.5
Other Roadbed and Track	15.7
Tunnels	1.7
Bridges	4.3
Buildings	4.9
Other Fixed Facilities	15.7
Communications	0.9
Equipment	0.4
Total	58.9

Source: Alaska Railroad FY 1982 Budget Submittal Documentation.

may become a long-term difficulty if there is a ve large traffic increase (more than the currently pr jected coal traffic), it does not seem to be a mai current problem. The solution of the r e remains difficult to project until the type of s structure under which this railroad will be t can be determined. If structured corre. projected organization may provide consi. potential to address the problem, certainly more tha the present federal structure.

Competitive and Regulatory Environment

The Alaska Railroad both competes and coo erates with Alaska motor carriers and, through barge connections, with marine carriers operati between Alaska and the United States. Because t local freight carried by ARR is unsuitable for roa haulage due to its bulk, the railroad is relatively fre from local competition. The exceptions to this a some petroleum products movement and the loc TOFC/COFC service between Anchorage and Fai banks, which amounts to less than 10 percent of th total traffic between these two points.

However, there are numerous examples of loc tariffs which represent cooperative arrangements. I fact, the Anchorage-Fairbanks TOFC/COFC repre sents one such tariff, while others include gra between Delta and rail points, pipe from Seward t Anchorage to Prudhoe Bay, cement from Anchora to interior points, and petroleum products between variety of places. Table 20 lists several Alask Railroad tariffs which include through rates involvin both the Alaska Railroad and motor carriers. Moto carriers also provide drayage services in Anchorag

Table 20

Alaska Railroad Tariffs Involving Joint Rail-Motor Rates

Tariff No.	Between	Carriers
3085-C	Prince Rupert, B.C., and Ak.	Water/rail/motor rates
3086-A	Washington & British Columbia and Alaska	Water/rail/motor rates
3101-K	British Columbia, Idaho, Montana, Oregon, Washington, Wyoming, and Alaska	Rail/water/rail/motor rates
3016-J	Alaska Points	Rail/motor and motor/rail rates

Source: Alaska Railroad Tariffs 3085-C, 3086-A, 3101-K, 3016-J.

and Fairbanks for the railroad. Table 21 provides a partial list of motor carriers involved in joint arrangements.

It is the interline traffic which brings the railroad into the most direct competition with private carriers. However, even here, ARR is functioning in cooperation with other private firms. The nature of the commodities moved makes the interline traffic more competitive than the local.[14] The marine competitors in this service are Sea-Land Service and Totem Ocean Trailer Express, who operate container ships and roll-on-roll-off trailer ships, respectively, between Puget Sound ports and Anchorage. Both also have through tariff arrangements with motor carriers, as well as with the railroad.

The importance of this traffic is in the volumes available and its high value. The total container, trailer, and railcar traffic through Anchorage and Whittier is presently about 1,350,000 tons annually. Of this, the railroad hauls about 250,000 tons. Some of this is not subject to alternate routings (like heavy machinery, many chemicals, heavy structural shapes); however, most could move by any carrier.

The shipper's choice of carrier is usually based on a combination of price and service characteristics depending on value of cargo and delivery requirements. The most recent innovation used to influence market share was the introduction of contract rates by the railroad. These require the shipper to provide a certain minimum number of carloads in exchange for certain long-term rate maximums and service guarantees. This type of rate was authorized by federal legislation in 1976 and has begun to gain fairly wide acceptance nationally only in the last 2 years. It has created considerable controversy in Alaska, principally because of its success. It has also been the subject of court action and a congressionally mandated ICC investigation to determine whether the prices in the railroad's contracts are in conformance with statutory requirements. Preliminary results indicate that the rates exceed the minimum levels allowed by law and are well below maximum allowable levels.[15]

It is the Interstate Commerce Commission which is responsible for regulation of the economic relations of the various Alaska motor, rail, and water carriers. Executive Order 11107 of April 25, 1963, placed the Alaska Railroad partially under the jurisdiction of the ICC for rate-setting purposes. There were two exceptions which have created difficulties in the railroad's relationship with its competitors, both in terms of marketing and in rate making. These two sections provided that:

1. "The Secretary . . . shall allocate . . . a proper portion of the capital investment of the railroad . . . to the national public purposes for which it had originally been built." (This part of the railroad's valuation was to be excluded from the costs on which rates were based.)
2. " . . . Rates and charges shall not be deemed to be unjust or unreasonable by reason of failure to yield sufficient revenues to cover any amounts for taxes not actually required by law to be paid or provide a return on capital investment."

Effectively these two provisions allowed the railroad to retain most of its rate-making freedom. This situation remained basically unchanged until 1980 when passage of the Staggers Rail Act (and the subsequent appropriation bill) mandated an investi-

[14] See "Traffic Base," pages 9-11 for a description of the competitive commodity types.

[15] It should also be noted that the ICC investigation has, for the first time, included a cost of capital for the federal investment in the railroad as a part of the basis for determining the legality of rates.

Table 21

Motor Carriers Involved in Through Tariffs with the Alaska Railroad

Alaska West Express, Inc.
Big State Motor Freight, Inc.
Drilling Mud Haulers
Four Star Terminals, Inc.
Frontier Transportation Company
K & W Trucking Company, Inc.
Kodiak Oilfield Haulers, Inc.
Muklus Freight Line, Inc.
Sourdough Express, Inc.
Weaver Brothers, Inc.

Source: Alaska Railroad Tariffs 3085-A and 3016-J

C-25

gation of the Alaska Railroad's rail-water rates (the competitive interline movements) to determine whether they were in conformance with the provisions of the act. This represented a substantial change in policy, since the Staggers Act contains very specific provisions regarding the allowable cost basis for rates. The statutory language of the Act makes it clear that the railroad is expected to meet these cost-based tariff requirements, which now form much of the basis for the interline rate making.[16]

Provisions of the Staggers Rail Act provide the basis for marketing and management of rail service delivery. They provide for a good deal of latitude in implementation; however, they do require that economic efficiency be a basic consideration in developing any service and pricing package. They also place a number of restrictions on the relationships between carriers.

Establishing a clear set of pricing rules for the Alaska Railroad is probably the most important function of the new regulatory legislation and the subsequent ICC investigation. These rules define an area of marketing flexibility not previously available. These statutory bounds for pricing also allow the railroad to compete more freely, and they protect its competitors from predatory pricing. However, it is important that they be applied as outlined in the statute if they are to be effectively implemented. Artificial restrictions on the ARR do not appear to be in the best interests of either the state, the ARR's competitors, or the railroad. If Alaska is to develop a financially viable transport system, all participants must become active competitors rather than relying on artificial constraints.

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[16]The Staggers Rail Act of 1980 was enacted following a long period of dissatisfaction with results of ICC regulatory activity and its effect on the financial viability of the rail industry. It had been preceded 3 months earlier by the Motor Carrier Act of 1980 which withdrew most of the economic regulations applicable to the trucking industry. The goals of the rail act were:

1. "To assist the railroads of the nation in rehabilitating the rail system in order to meet the demands of interstate commerce and the national defense.
2. To reform federal regulatory policy so as to preserve a safe, adequate, economical, efficient, and financially stable rail system.
3. To assist the rail system to remain viable in the private section of the economy.
4. To provide a regulatory process that balances the needs of carriers, shippers, and the public.
5. To assist in the rehabilitation and financing of the rail system."

The regulatory environment of the Staggers Act provides a setting for both the competitive and cooperative arrangements between the Alaska Railroad and other carriers. The whole regulatory structure is still in the implementation stage, and the precise application procedure for the new system is not yet known with any degree of certainty. However, it is certain that the new regulations, if imaginatively applied by management, will provide the railroad with considerable opportunity to improve its profitability while simultaneously forcing improvement in the quality of management data and its use. They provide a basic framework for establishing the Alaska Railroad as an integral competitive segment of the state's transport system.

Passenger Service

The Alaska Railroad provides regular scheduled passenger service and special passenger trains. There are two distinct parts of the scheduled passenger service: the long-distance service between Anchorage and Fairbanks and the specialized shuttle service between Portage and Whittier.

The Anchorage-Fairbanks service includes express trains daily in each direction with stops at Talkeetna and Denali Park during the summer tourist months (May-September). In addition, there are three local mixed trains (passenger and freight cars) per week during the summer. The local trains stop as necessary for passengers along the route and permit hunters, fishermen, and hikers to reach parts of Alaska inaccessible by road. The mixed trains are limited by union agreements to a maximum of twenty-five freight cars per train unless granted a special exemption. The express trains operate with coaches, a dining car, a lounge car, a dome car, and a baggage car for checked luggage. In the winter, there is mixed train passenger service once per week. Mixed trains in both summer and winter have coaches and a diner for passenger service. The summer trains represent one of the most salable tourist attractions in Southcentral and Interior Alaska.

Additional passenger service is offered by the Alaska Railroad in the form of a shuttle train between Portage and Whittier, a distance of 12.4 miles. The train moves autos, trucks, buses, (with passengers allowed to remain in their vehicles) on special quick-loading flat cars and also carries passengers in coaches for the 35-minute trip, which includes three-and-one-half miles of tunnels.

This shuttle train provides access to the state ferry service between Whittier and Valdez and access for the private and commercial boat owners who moor their craft at Whittier. The railroad is the only

means of overland transportation to and from Whittier. The equipment originates out of Anchorage and returns to Anchorage each night. The shuttle train from Portage to Whittier provides a summer schedule of three round trips three days per week, four round trips two days per week, and two round trips on the remaining two days of the week. In the winter, the shuttle makes two round trips between Portage and Whittier on Sunday, Wednesday, and Friday, returning to Anchorage each night.

Table 22 indicates the total numbers of passengers carried by the Alaska Railroad during the ten fiscal years from 1971 to 1980. Passenger traffic has been increasing annually since 1975. There were about 154,000 passengers carried in 1953, making it the highest year in passenger service on the railroad. The passengers carried in 1979 reached the second highest level (151,045) followed in 1980 by almost as many (150,678).

Table 22

Alaska Railroad Passengers Carried
FY 1971-1980

Fiscal Year	Passengers
1971	84,000
1972	102,000
1973	74,000
1974	84,000
1975	81,000
1976	84,500
1977	103,632
1978	126,277
1979	151,045
1980	150,678

Source. Alaska Railroad records.

Table 23 shows the passenger service in the last 2 years. While the Anchorage-Fairbanks run suffered a traffic loss, there was a substantial gain on both the Portage-Whittier shuttle and special trains. The railroad operates excursion train services for special events such as the Alaska State Fair in Palmer and scenic trips to Seward.

It is important for the State of Alaska and the railroad to focus on the purpose and function of the passenger service. The State has already provided financial subsidy to assist in meeting some of its operational deficit and in providing improved shuttle service. The passenger equipment now in service is old and will soon have to be substantially rehabilitated to compete in the marketplace. The passenger cars are, in general, well-maintained, but are now in need of modernization, including installation of all-electric heating and air conditioning. The interiors have not been refurbished except for upholstery. According to a memorandum by AMTRAK evaluating the Alaska Railroad passenger service, dated November 21, 1979, the estimated cost to rehabilitate passenger equipment would be about $6 million. The railroad, in the next few years, can keep sufficient equipment in service, particularly with the recent acquisition of eight long-distance coaches from the Southern Railway. In the long term, however, the form, style, and mechanical aspects of passenger train service in Alaska must be re-evaluated.

Table 23

Alaska Railroad Passenger Service
FY 1979–1980

Service	FY 1980	FY 1979	Percent Change
Anchorage-Denali Park-Fairbanks	84,186	81,207	−11.5%
Anchorage-Portage-Whittier (Shuttle)	57,357	64,730	+ 2.1
Special	9,135	5,108	+79.2
Total	150,678	151,045	− 0.2%

Source. Alaska Railroad Annual Reports.

It should be clear from previous portions of this report that if the State of Alaska is to have passenger train service on the Alaska Railroad, it will require a substantial public operational and capital subsidy. The freight and other revenues of the railroad have, in the past, been used as a subsidy supplement to the passenger revenue. This is known as "cross-subsidy"—taking freight income to pay for passenger operating expenses. However, the authors feel that such cross subsidization is not in the best interest of the ARR, if the railroad is to function efficiently as a business enterprise within the state's total transportation system.

In the "Finances" section of this report, we attempted to ascertain more accurately the revenue and expenses of freight and passenger service (page 20). Our analysis indicated that the cost of passenger service is reasonable when comparing the number of passenger trains operated to the total number of trains. Therefore, the operational costs for passenger service appear to be appropriate. The problem is that there are simply an insufficient number of passengers to pay operational costs. Raising fares to provide revenue equal to such operational costs would reduce the number of passengers served, leading to a continu-

ation of the deficit.

Revenue and expenses have been allocated between passenger and other categories. The results of these allocations may be found in Table 24. In each of the past 3 years, passenger service has shown a substantial loss while freight and other railroad services have shown a gain. This is true even in the light of unfavorable economic conditions and low traffic volumes during these years. The financial losses in passenger service have been sufficient to cause the Alaska Railroad to have an overall loss. Thus, cross-subsidization of passenger service by freight service clearly is detrimental to the railroad. The subsidy required for each passenger carried was as follows: 1978—$38.41; 1979—$27.87, 1980—$36.57.

It should also be noted that in this analysis the passenger service received credit for revenue from the vehicles as well as the passengers hauled on the Portage-Whittier shuttle service and for mail and baggage revenues.

Table 24

Alaska Railroad Revenue and Expenses
FY 1978–1980
($ in millions)

	FY 1978	FY 1979	FY 1980
Passengers			
Revenue	$1.50	$1.96	$2.09
Cash Expenses	6.35	6.17	7.60
Gain (Loss)	(4.85)	(4.21)	(5.51)
Freight and Other			
Revenue	27.46	23.19	26.80
Cash Expenses	23.97	22.10	23.59
Gain (Loss)	3.49	1.09	3.21

Note: Depreciation is not included but may be found elsewhere in the report.

Sources: Alaska Railroad reports; Interstate Commerce Commission investigation; computed by Institute of Social and Economic Research, University of Alaska, and Givens and Associates, Inc.

Passenger service is important to Alaska. It is a service that can and should be provided by the ARR. However, the interests of the railroad and the state would best be served if passenger and freight service were separated both operationally and by cost accounting. In that way, passenger service would still be provided as required and requested, but with the understanding that the service requires public subsidy.

RESTRUCTURING ALTERNATIVES

Congress may soon pass legislation for the transfer of the Alaska Railroad from the Federal Railroad Administration, U.S. Department of Transportation, to the State of Alaska. Before such a transfer can take place, the State of Alaska must determine the organizational structure it will use to own and operate the railroad. This organizational structure will most probably become the basis for state legislation.

A potential approach to the state's ownership and operation of the ARR in the period of transition is discussed on pages 34 and 35 of this report ("Alaska Railroad Transition"). The purpose of this section is to describe various organizational alternatives for the state to consider before it selects the most appropriate organization for the Alaska Railroad.

Existing Organizational Limitations

In selecting an appropriate organization for a state-owned and/or state-operated Alaska Railroad, policymakers must understand the limitations of the existing organizational structure in order to avoid perpetuating them. These limitations are best described below:

- Inability to Obtain Adequate Capital Investment Funds. Although the Alaska Railroad, like any rail property, is capital intensive, the ARR has no continuing means for obtaining adequate funds for essential capital investments. All capital funds for the Alaska Railroad have been obtained out of the revenue generated by the railroad or from Congressional appropriations. The railroad is debt free, which is advantageous. However, the funds available from the two current capital sources, revenue and appropriations, have been insufficient to modernize much of the car fleet and other equipment including passenger cars. The process for obtaining the needed capital appropriations is difficult and usually political, providing the railroad with little assurance that the required funds will be available when necessary. The funding mechanisms presently available also make it impossible for the ARR to realistically plan and budget more than a year in advance. There is a need for the Alaska Railroad to be able to borrow capital investment funds and/or to raise such funds from a variety of public and private sources.
- Marketing is Difficult Because of Competitive Issues. As a federal agency, the Alaska Railroad faces difficult marketing conditions. If the railroad markets aggressively, other transportation firms allege that the reason for the railroad's traffic

success is public financial support. On the other hand, the lack of adequate marketing may result in the need for public subsidy. The Interstate Commerce Commission (ICC) was mandated by the Staggers Rail Act of 1980 to investigate such allegations. The ICC study has been completed and found that the questioned rates charged by the Alaska Railroad are compensatory and do not constitute predatory pricing, as was alleged by some of its marine and highway competitors. The Alaska Railroad needs the freedom to agressively market its transportation services.

- **Management Does Not Have Required Flexibility.** Alaska's economic activity is dynamic, which means that rail service needs also change frequently. Under its federal agency status, the Alaska Railroad management does not have the flexibility required to be responsive to changing rail service needs. Even though the railroad has enjoyed a certain autonomy through the years, there are endless federal regulations which must be followed in the transactions of daily business. The ARR management needs flexibility in operating the railroad if they are to make it a self-sufficient component of Alaska's economy and if the ARR is to contribute its full capability to Alaska's overall development.

- **Employees are Unsure of Their Status.** Most of the employees of the Alaska Railroad belong to unions in addition to being federal agency personnel. Therefore, the employees are uncertain whether they work for a railroad or for a federal agency. In effect, the railroad personnel have two sets of rules by which personnel matters are settled, and often these regulations conflict, causing confusion and sometimes hampering performance. They certainly make administration of the property difficult.

- **Needs for Rail Services Have Changed.** The Enabling Act for the Alaska Railroad established as primary purposes for the railroad the connection of Interior Alaska with open Pacific Ocean harbors and the stimulation of development. These purposes have either been fulfilled or are no longer applicable. There has not been a recent policy evaluation or a determination for various aspects of rail service in Alaska based on the changes which have occurred. These include such changes as:

  1. Statehood.
  2. Energy development in Alaska.
  3. Changes in Alaska ports and port development.
  4. Marine transportation interface changes.
  5. Railroad deregulation and availability of contract rates.
  6. Less reliance on rail transport for defense installations.
  7. Improvements in nonrailroad transportation in Alaska.

  Due to these circumstances, the state must clearly determine the role that the Alaska Railroad should now play as part of the Alaska transportation system.

- **Alaska Railroad is Burdened with Federal Agency Requirements.** The Alaska Railroad, in addition to the requirements placed on other common carriers by federal regulations, must also meet various federal agency requirements. Because it is a federal agency, numerous reports are required of the railroad that do not conform to railroad practices or procedures. The railroad must, therefore, spend time trying to force its operation into a format which was designed for other federal agencies. This results in nonproductive time and increased documentation either in preparing reports of no significant management value, explaining why the Alaska Railroad cannot comply with federal requirements, or explaining what was reported in an attempt to comply with external demands.

- **Procurement is Cumbersome and Slow.** The Alaska Railroad must follow federal procurement regulations. Since the Alaska Railroad is the only railroad owned and operated by the federal government, the equipment, materials, and supplies for the railroad are not common federal agency purchases. There are unnecessary delays in obtaining essential supplies and equipment which often limit the railroad's ability to either anticipate or react to market opportunities. The procurement process is also a public process which tends to preclude negotiated purchases and requires direct cash outlays, thereby increasing the costs.

- **Passenger Service is Subsidized by Freight.** Railroad passenger service is more of a social service than a business. Fares (which could be higher than they currently are) cannot be raised sufficiently to cover the true cost of the service. However, rail passenger service is publicly subsidized throughout the United States and the rest of the world. Since the rail freight service is used to subsidize passenger service in Alaska, the public has had to provide the Alaska Railroad with tax revenues for its operation, maintenance, and rehabilitation from

time to time. The accounting system on the Alaska Railroad does not adequately separate the freight and passenger costs for railroad expenses. There is a need to separate the freight and passenger costs and to allocate the passenger cost to the public as a social service.

- **Alaska Railroad Cannot Negotiate Solutions to its Problems.** As a federal agency, the Alaska Railroad has a high degree of public visibility. This tends to preclude the ARR's negotiating solutions to its problems or taking advantage of business opportunities. In the past, the railroad has been able to make certain business decisions without the necessity of Washington approval. Recently, however, there appears to be a shift toward centralization of decision making which prevents negotiations for business within Alaska.

Railroad Perspective: Public Service or Business?

The history of the Alaska Railroad bears out this split perspective of the railroad, is it public service or business? Viewed historically from a public service perspective, the Alaska Railroad has been a success. It has generally accomplished its public service mission by connecting Interior Alaska with open Pacific Ocean ports. The railroad has assisted in developing the urban communities in what has been called the "Railbelt" of Alaska. The ARR serves Alaska's coal fields; it has opened up the Matanuska Valley agricultural areas; it has fostered settlement of public lands. In addition, the ARR has moved large volumes of commodities to and from Alaskan communities and between them at a reasonable cost. Products have been made available at affordable transportation costs. The movement of military personnel and material by rail has aided the national defense structure. The railroad has also provided passenger trains as a public service function.

However, the view of the Alaska Railroad from the business perspective has been less clear and more intermittent. The business perspective involves railroad economics—meeting fully allocated costs plus a return on the investment. The Alaska Railroad has generally not been a profitable business enterprise, except for a few years of substantial traffic resulting from the war or pipeline construction.

This dichotomy between public service and business railroad operation has been reflected in the management and personnel of the Alaska Railroad. Marketing of the railroad's services, as previously mentioned, has also reflected this conflict of perspective. The management decisions which have been made on the railroad have, on occasion, reflected both the public service and the business perspectives.

Faced with the prospect of state ownership and (or) operation of the Alaska Railroad, the decision-makers in the State of Alaska must decide whether the property is to be governed from a public service or a business orientation. The long-range implications of this decision for the people of Alaska are significant. Much debate, discussion, and careful consideration will be required to determine this policy, and the state must also consciously decide where to draw the line between the public service and business sectors of the enterprise.

One major implication of the state's railroad perspective is in the selection of the organizational alternative for the Alaska Railroad. The organizational structure chosen by the state will not assure that the railroad will be operated from the perspective selected, but the appropriate organization can help to facilitate its operation within the framework established by the State of Alaska.

Finally, the transfer of the ARR to the state will provide Alaska with an opportunity to benefit from the railroad's past experience under federal government operation and resolve the uncertainty and conflicts of running the railroad as a public service versus a business operation.

Assumptions and Criteria for a State Railroad Organization

The following assumptions concerning the railroad and its relationship to the state were used to develop the criteria and proposals for an organization to operate a state-owned railroad:

1. The Alaska Railroad is to be transferred to the State of Alaska without direct compensation of the federal government, but with indirect costs to the state for existing liabilities and any requirements for capital investments.
2. The State of Alaska wishes to operate the railroad in the most efficient manner, minimizing the cost to the taxpayers of the state.
3. The Alaska Railroad is an important element of the state's transportation system, and any state investments relating to transportation will be made with full recognition of the importance and intermodal nature of the railroad.
4. The Alaska Railroad can and will be responsive to changing needs and opportunities for transportation services.
5. The railroad revenues are to be used to provide essential rail service, maintain and

improve railroad property, and meet operational expenses.

6. The public's capital investments are to be protected.
7. The rail service rates are to remain competitive.
8. Public railroad operational subsidies are to be minimized.
9. Rail users are to receive good service, including adequate service frequency, an adequate number of cars, and appropriate car types.
10. The Alaska Railroad is to cooperate with the state, local governments, ports, businesses, industries, and other transportation modes within established policies and legal constraints.

Establishing criteria designed to meet the rail service needs of Alaska will enable the state administration and legislature to evaluate the organizational alternatives subsequently described. Each organizational structure can be measured by the extent to which it satisfies the following criteria:

1. Ability to obtain access to public and private capital funds.
2. Freedom of management to make the railroad's operational decisions within established policies.
3. Clear-cut lines of management responsibility and accountability for decisions.
4. Marketing freedom within established policies and budgetary constraints.
5. Clear decision-making authority without a cumbersome and bureaucratic process.
6. Separation of freight and passenger service functions and accounting.
7. Ability to efficiently procure necessary supplies, equipment, services, and materials within appropriate policies and budgetary authority.
8. Management capability to make long-term commitments within established policies.
9. Management freedom to negotiate solutions to problems and to take advantage of service opportunities.
10. Industrial development capability on Alaska Railroad land.
11. Performance-based personnel management, including the direct ability to hire, fire, promote, train, supervise, and direct required railroad employees.
12. Ability to provide financial and other incentives for performance.

We recognize that it may not be possible or acceptable to have a state organization which fully meets all of these criteria. However, these criteria are important in defining the long-term objectives for the Alaska Railroad. The State of Alaska should seek an acceptable organizational structure which will enable the railroad to operate as effectively as possible within these areas.

Organizational Alternatives Considered

When we began this study, various alternatives were considered possible. Among these were:

- Keeping the status quo—letting the ARR continue to operate as a federal agency.
- Allowing the ARR to operate as a federal agency corporation like the Consolidated Railroad Corporation (Conrail) or Amtrak.
- Selling the ARR to private investors.

However, during the early stages of this study the federal government made clear its intentions to divest itself not only of the ARR, but also of Conrail and Amtrak, which precluded the first two alternatives. Further, the difficulty a private investor would have in financing the marginally profitable ARR, in addition to the complex issue of unresolved land-transfer problems, effectively precluded the third alternative. Thus, there emerged but three remaining alternatives that seemed to offer workable opportunities for the ARR. These included the state (1) operating the ARR as a line agency of the state, (2) operating it as a state public corporation or authority, or (3) leasing it out for operation by a private party. We examine these three alternatives in the following paragraphs.

Three Possible Alternatives

The Railroad as a State Line Agency

Under this approach, the state would take title to the railroad in a manner similar to state ownership of such other transportation facilities as airports, the Marine Highway System, and state highways. However, we should note that the long-term availability of railroad assistance funding from the federal government, either for capital or operating purposes, is very uncertain. There currently exists no trust fund for railroads as there is for airports or highways.

Under this alternative, the Alaska Railroad would logically be made a division or some other unit of the Alaska Department of Transportation and Public Facilities. The railroad personnel would therefore become employees of the state with all of the benefits available to other state employees.

Policy direction for the Alaska Railroad as a

state line agency would come from the governor, from the legislature through normal legislative processes, and from the commissioner of the department involved.

There are several advantages to establishing the Alaska Railroad as a state line agency. The management lines of authority and responsibility would be clear. The institutional structures and resources of the State of Alaska could be readily available for use on the railroad. Alaska Railroad employees would have the fringe benefits and other advantages of state employment, including reasonable job protection. Since the railroad already has a cadre of experienced and trained operational personnel, the transition from federal agency status to state agency status would be easier than other alternatives.

However, there are also significant disadvantages in organizing the railroad as a state line agency. The ARR would encounter most of the same limitations as a state agency as it now does as a federal agency. One of the most critical limitations would be the inability to obtain essential capital investment funds except by state appropriations. The competitive issues related to marketing, management flexibility, state agency regulations, procedures and requirements; the potential for even more direct political influence on operational decisions; and the public-service-versus-business-orientation questions are all disadvantages of this approach.

While the state agency alternative should be considered, it clearly does not meet most of the criteria established for a viable railroad organization. If the Alaska Railroad is to adequately fulfill its transportation role within its technological limitations, a state agency organizational structure is the least desirable of the three alternatives discussed in this report. It would be unfortunate if the State of Alaska were to place the Alaska Railroad in an organizational structure that perpetuated the limitations of federal agency status.

The Railroad as a State Public Corporation or Authority

There are precedents for this approach, both nationally and internationally. The West Virginia Railroad Maintenance Authority and the British Rail Corporation, with some variations, will serve as examples.

The West Virginia Railroad Maintenance Authority. The State of West Virginia has since 1975 owned and operated a railroad[17] similar in some ways to the ARR. The West Virginia Maintenance Authority (WVMA) consists of seven part-time members, including the governor as an ex-officio member. The other six members are appointed by the governor, with the consent of the state senate, for staggered 6-year terms. The authority selects its own officers and appoints an executive director (the chief administrative officer). The employees of the authority in West Virginia work for the state and are non-union.

The WVMA has all the powers needed to own and operate a railroad. These powers include the ability to plan, carry out projects, acquire property, sell or transfer property, contracts, and sue or be sued. The WVMA may raise capital via railroad authority revenue bonds. It may also acquire railroad rights in other states. In addition, the authority has the power of eminent domain.

The railroad experience in West Virginia has been generally successful, and with some modification, lessons learned there may be applicable to Alaska.[18]

The British Rail Corporation. Since its inception in the late 1940s, British Rail has operated as a profit-oriented transportation company, providing both freight and passenger service. A government-appointed chairman and an autonomous board of directors provide general policy for running the corporation, with each director responsible for a particular facet of the operation (passenger, maintenance, capital investment, etc.).

British Rail's chief executive is responsible to the board and the chairman, at the same time serving as a member of the board. The principal officers of British Rail serve at the pleasure of the Chief Executive.

The levels and nature of British Rail's passenger service are negotiated between the government and the corporation, with the government paying for passenger service provided.

British Rail's capital investment package overseen by the Minister of Transport includes a 5-year plan, the first 3 years of which are fixed. This establishes the capital limits, within which investments must fall. British Rail can only borrow through the government, and major projects must be approved by the Minister of Transport.

The ministry of Transport, through its Railways Division, oversees the capital investment program of British Rail. It also has some safety responsibilities. Regulation is not institutionalized. The marketplace drives most policy decisions of British Rail.

[17] The West Virginia Railroad carries no commercial passengers.

[18] A copy of the West Virginia Maintenance Authority Act is on file at the Alaska Department of Transportation and Public Facilities.

Like the West Virginia Railroad Authority, the British Rail Corporation offers a potential organizational model for the Alaska Railroad. If the Alaska Railroad, under state jurisdiction, were organized as an authority or public corporation under carefully worded state legislation, most of the federal agency limitations could be removed. Properly established under this approach, the Alaska Railroad could meet all of the criteria previously outlined for a state railroad organization.

The principal advantages of a public corporation or authority alternative are an ability to obtain access to required capital funds and freedom to manage and operate the railroad within policies established by a board. Management can be given flexibility and responsibility and can also be held accountable for its decisions. Passenger service can be accounted for separately and not subsidized by freight service. The state could determine the appropriate levels, locations, and other areas of passenger train service in accordance with their willingness to pay for the service selected. The freight rail service could be marketed and required to meet fully allocated costs. Thus, under this organizational scheme, it might be possible to reach a compromise between the public service and business purposes of the railroad.

A State Railroad with Private Operations

A third alternative would be for the State of Alaska to own the railroad and contract with private enterprise to provide for operations. The main difference between this and the other alternatives is the operation of the Alaska Railroad by a private organization.

Several states, such as South Dakota and Oklahoma, are using this approach. These states, among others, have experienced abandonment of significant rail lines that they considered essential to their economy and transportation systems. These are using state and federal funds to acquire and rehabilitate extensive rail lines. The Department of Transportation, as a representative of the state, takes title to the rail property (usually excluding rolling stock). The state then selects a private railroad with the required management experience, skills, and interest in operating its equipment over the line to furnish shippers and receivers with rail service. An operating agreement is negotiated with the private common carrier for rail service. The operational limitations of the railroad can be whatever the state and the railroad agree upon.

The negotiated operating agreement can include such provisions as the assignment of maintenance responsibilities; liabilities; frequency, level, and type of rail service; car supply; revenues; and costs. Thus, all of the appropriate criteria for a state railroad organization can be reflected in the operational agreement. This can even extend to the provision of required capital.

A major advantage of this approach is that once the operating agreement has been negotiated, the state has only a supervisory or overseer responsibility, plus whatever financial requirements have been determined by the negotiations. The railroad operations can include public service rail requirements as well as being performance based.

A substantial difficulty with this alternative for the Alaska Railroad is that no private railroad carrier is operating within the state. Too, there is the problem of the existing Alaska Railroad personnel. While the present railroad employees have the necessary knowledge of railroad operational peculiarities in Alaska, these are federal agency employees, with long-term rights rather than private employees whose rights are subject to negotiation. This could present such a significant liability to prospective private operators that it might be difficult to find interested parties. This approach, therefore, may be impractical unless the responsibility for the current Alaska Railroad personnel is assumed by the Federal Railroad Administration, while a private carrier, with the necessary qualifications, can be attracted as the operator. However, no one knows at this time whether or not such a private operator exists.

One variation to the alternatives described above is a concept under consideration in Iowa. It is an old concept which has proved successful in other organizations but which is new in its application to railroading. It involves the use of a general partner and limited partnerships.

A limited partnership is a very flexible institutional arrangement which could potentially attract substantial private capital. A major consideration in developing this institutional approach is the designation of the general partner. In order to legally establish a limited partnership, at least one financially responsible general partner must be found or established. The State of Alaska could establish an organization which could become the general partner for this railroad venture. Although limited partners are not subject to liability beyond their investment in the partnership, there is usually no limit to the liability of the general partner.

A limited partnership is, by law, a nontaxable entity. All gains or losses from the venture flow directly back to the investors (partners) for tax purposes. Partnerships are thus attractive because (1) there is no double taxation of income as with

corporations and(2) partners can take full tax advantage of losses, depreciation allowances, and tax credits. The ability to take advantage of depreciation allowances will become more important if the Reagan Administration's accelerated depreciation proposal is enacted. It would be necessary, of course, to examine legal constraints in Alaska for public involvement in limited partnerships. In Iowa, there is no apparent constitutional prohibition against public involvement in such arrangements.

It may be possible in such a limited partnership to attract rail users, businessmen, private individuals, and Alaska Railroad employees, among others. Thus, it would be advantageous to those with direct rail interests to see the Alaska Railroad succeed as a business venture while offering only limited individual liability. The idea and concept may be worthy of further consideration.

Alaska Railroad Transition

Transition Legislation and Problems

As noted earlier, the Federal Railroad Administration (FRA) has determined that the original intent of the Enabling Act for establishing and operating the Alaska Railroad has been met and federal responsibilities discharged. Thus, for the past several years, several federal administrations and the Department of Transportation have discussed divestiture of the Alaska Railroad by the federal government. However, it has only been since January 1981 that the decision was made to prepare legislation for such a divestiture and implementation steps taken.

The FRA has shown some urgency in getting the transfer legislation introduced and passed. This urgency results from a reduction of employees in the Federal Railroad Administration, as well as desire to cut the capital fund request of the Alaska Railroad. FRA's schedule calls for passing the legislation this fiscal year. The legislation proposes that the State of Alaska meet the transfer conditions within one year of enactment of the legislation. The draft legislation also provides for transferring the Alaska Railroad to other interested parties should the State of Alaska not meet the conditions for transfer within this time period.

The proposed legislation further embodies a number of discretionary "strings" attached to the transfer which would enable the federal government to ensure that the State of Alaska own and operate the Alaska Railroad in a manner commensurate with FRA's preconceived ideas. Failure by the state to conform to the provisions of the Act would be grounds for the FRA to reclaim the railroad within a 10-year period. The rationale for the continuing federal interest in the Alaska Railroad is predicated upon the offer of a no-cost transfer to the state.

In summary, there are numerous problems associated with the transfer of the Alaska Railroad from federal to state ownership. Federal transfer legislation will likely be passed by Congress before these problems have been resolved. The U.S. Department of Transportation has not determined the land, the structures, the right-of-way, nor equipment to be included in the transfer. Arrangements have not yet been made to provide for an orderly transfer of the employees from federal agency status. There is no organizational framework established within Alaska to accept the ownership, operation, or employees of the railroad. The FRA is anxious to relinquish ownership, operation, employee, and funding responsibilities of the Alaska Railroad. This could potentially result in postponement of major ARR operational decisions. Such postponement could jeopardize the smooth long-range operation of the railroad and perhaps result in lost traffic—an event not in the best interest of Alaska. In addition, the employees are left in a state of "limbo," not knowing for whom they will work, if they will have a job, how the transition will occur from federal employment, or what happens to the benefits received as a federal employee. The employees lack information, and many of their questions cannot be satisfactorily answered at this time.

State legislation will probably be required to accept the transfer of the Alaska Railroad. The state, however, has made no decision on the transfer question or on the organizational structure required to own and/or operate the railroad. The current railroad assets, obligations, and liabilities have not clearly been defined, which leaves the state with inadequate information on the short- and long-term financial and other requirements accompanying the proposed transfer.

The railroad needs to continue operation without disruption, since disruption would detrimentally affect the state's economy and economic development. And this would come when economic activity is quickly increasing.

These are some of the more important transitional problems. Unfortunately, these problems have not yet received the attention needed to determine their full implications. Time and additional efforts are required to provide the Alaska decision-makers with the information necessary to act in the best interest of the state. The complexities and extent of these transitional problems are likely to result in legal actions and court adjudication. A transitional bridge is needed to facilitate the smooth transfer of the Alaska Railroad from the federal government.

An Orderly Transition

Even if we assume that satisfactory federal legislation can be drafted and passed by Congress for the transfer of the Alaska Railroad from federal to state ownership, there will remain a significant period for transition. Along with land, employee, competition, and various obligation problems, the smooth transition to state ownership and operation is a most perplexing problem. How the transition is handled will have either a positive or adverse impact—long term as well as short term—on the railroad and its operations as well as on the State of Alaska.

During this transitional period, certain needs must be met if the railroad is to fulfill its important and special transportation function in Alaska. These include the need to:

- Continue the freight and passenger operation of the Alaska Railroad.
- Preserve as many potential operational and organizational alternatives for the state as possible.
- Provide adequate legal protection for the Alaska Railroad throughout the transitional period.
- Provide interim protection and transitional assistance for the employees of the Alaska Railroad.
- Provide adequate time for adjudicating the legal issues which have been raised by the transfer question, such as land title, equipment and railroad property, employee rights and benefits; existing or pending court cases, railroad agreements, contracts, and obligations.
- Establish an orderly process and procedure for solving problems which have been identified or which may arise during the transition.
- Provide the time required for the state administration and the legislature to consider the issues, to seek solutions to problems, and to deliberate carefully on the implications of each proposed state legislative bill without being faced with a stringent schedule and a crisis-type atmosphere.

Given the general mood of the Reagan Administration and the Congress to reduce federal expenditures and the federal perception of great Alaskan wealth, it is quite possible that Alaska Railroad transfer legislation will be passed this year. The State of Alaska will probably be faced with the need for a package of legislation which sets the tone and organizational framework for state ownership of the railroad if Congress passes transfer legislation. Under these circumstances, there is a genuine need to provide for an orderly transition from federal to state ownership. Sufficient time must be allowed to work out the myriad transitional problems.

* * * *

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Item #5

HOUSE BILL 485

I HAVE INTRODUCED HB 485 -" AN ACT AMENDING PROVISIONS RELATING TO A SOLICITATION FOR OFFERS TO PURCHASE OR OPERATE THE ALASKA RAILROAD AND PROVIDING FOR AN EFFECTIVE DATE" TO CLARIFY SOME QUESTIONS REGARDING THE ALASKA RAILROAD CORPORATION ACT.

ON JULY 6, 1984, SCS CSHB 512 (FIN) WAS SIGNED INTO LAW. THIS ACT ESTABLISHED THE ALASKA RAILROAD CORPORATION TO MANAGE AND OPERATE THE ALASKA RAILROAD. THE CORPORATION OFFICIALLY TOOK OVER THIS RESPONSIBILITY ON JANUARY 6, 1985, ONE DAY AFTER THE ALASKA RAILROAD WAS TRANSFERED TO STATE OWNERSHIP.

THE STATE OF ALASKA PURCHASED THE ALASKA RAILROAD FOR $22.3 MILLION. AN ADDITIONAL $10.9 MILLION WAS APPROPRIATED BY THE LEGISLATURE FOR OPERATING AND CAPITAL EXPENSES. THIS VALUE WAS DERIVED BY DETERMINING:

A. THE PRESENT VALUE OF THE RAILROAD'S NON OPERATING REAL ESTATE, THIS WAS VALUED AT $47.8 MILLION

B. THE PRESENT VALUE OF CONTINUING RAIL OPERATIONS BEYOND TEN YEARS IN PERPETUITY (INCLUDING START UP COSTS) THIS WAS DETERMINED TO BE A NEGATIVE VALUE OF $25.5 MILLION.

QUESTIONS CONCERNING THE REVERSION CLAUSES BOTH IN THE STATE AND FEDERAL ACT OFTEN ARISE.

SECTION 610 (a) TITLE 6 OF THE FEDERAL ALASKA TRANSFER ACT STATES:

IF WITHIN TEN YEARS AFTER THE DATE OF TRANSFER TO THE STATE ANY OR ALL OF THE REAL PROPERTY TRANSFERRED TO THE STATE IS CONVERTED TO A USE THAT WOULD PREVENT THE STATE OWNED RAILROAD FROM CONTINUING TO OPERATE, THAT REAL PROPERTY INCLUDING PERMANENT IMPROVEMENTS TO THE PROPERTY SHALL REVERT TO THE UNITED STATES GOVERNMENT, OR, THE STATE SHALL PAY TO THE UNITED STATES GOVERNMENT AN AMOUNT DETERMINED TO BE THE FAIR MARKET VALUE OF THAT PROPERTY AT THE TIME OF CONVERSION.

IF WITHIN 5 YEARS AFTER THE DATE OF TRANSFER THE STATE SELLS OR TRANSFERS ALL OR SUBSTANTIALLY ALL STATE OWNED RAILROAD TO AN ENTITY OTHER THAN AN INSTRUMENTALITY OF THE STATE, THE PROCEEDS FROM THE SALE OR TRANSFER THAT EXCEED THE COST OF ANY REHABILITATION AND IMPROVEMENTS MADE BY THE STATE AND ANY NET LIABILITIES INCURRED BY THE STATE, SHALL BE PAID INTO THE GENERAL FUND OF THE TREASURY OF THE UNITED STATES.

SECTION 610 - THE FEDERAL REVERSION CLAUSES ALSO PROVIDES FOR REVERSION REQUIREMENTS IF THE STATE DISCONTINUES USE OF RIGHT OF WAY LAND, OR LAND WHICH LIES WITHIN THE BOUNDARIES OF DENALI NATIONAL PARK OR THE CHUGGACH NATION FOREST BOUNDARIES.

THESE ARE THE FEDERAL REVERSION REQUIREMENTS. THE ALASKA RAILROAD CORPORATION ACT SEC. 42.40.260 (B) STATES: EVERY FIVE YEARS THE ANNUAL REPORT OF THE ALASKA RAILROAD CORPORATION SHALL INCLUDE AN ANALYSIS OF POTENTIAL SALE ARRANGEMENTS WHEREBY THE CORPORATION MAY BE TRANSFERRED INTO PRIVATE OWNERSHIP. THE ANALYSIS SHALL INCLUDED DOCUMENTATION OF AT LEAST THREE OFFERS TO SELL THE CORPORATION INITIATED BY THE CORPORATION DURING THE LAST FIVE YEARS.

COMMITTEE SUBSTITUE HOUSE BILL 485 (TRANSPORTATION) DELETES THE REQUIREMENT FOR THE ANALYSIS TO INCLUDE DOCUMENTATION OF AT LEAST THREE OFFERS TO SELL THE CORPORATION. RAILROAD MANAGEMENT HAS STATED SEVERAL CORPORATIONS HAVE EXPRESSED AN INTEREST IN PURCHASING THE ALASKA RAILROAD. TO DATE, NO FORMAL REQUEST FOR PROPOSALS HAVE BEEN REQUESTED BY THE CORPORATION. BY DELETING THE REQUIREMENT TO DOCUMENT AT LEAST THREE OFFERS TO SELL THE CORPORATION, WE ARE OPEN TO CONSIDER ALL OFFERS. IN ORDER TO DETERMINE WHETHER OR NOT WE WOULD CONSIDER CERTAIN OFFERS, WE NEED TO KNOW WHAT SORT OF OFFERS ARE OUT THERE. MANY TIMES IN NEGOTIATING SUCH SALES WE LIMIT OURSELVES TO A NARROW CRITERIA WE FEEL WE NEED TO MEET. INSTEAD, THIS WOULD ALLOW US TO VIRTUALLY SAY, "BRING ALL OFFERS YOU HAVE RECEIVED IN THE LAST FIVE YEARS TO US FOR CONSIDERATION". WHILE ONE PARTICULAR OFFER MAY NOT MEET SOME OF THE NARROW CRITERIA WE INITIALLY THOUGHT WAS NECESSARY, IT MAY OFFER US SEVERAL OTHER VALUABLE ALTERNATIVES WE HAD NOT CONSIDERED.

AS THE ALASKA RAILROAD IS A VALUABLE IN-STATE TRANSPORTATION MODE, WE NEED TO NOT ONLY LOOK AT THE "BOTTOM LINE" BUT WE MUST ALSO LOOK AT IN STATE TRANSPORTATION NEEDS AND ALTERNATIVES. WE MUST CONSIDER IF ANY PROPOSED SALE IS TRULY IN THE STATE'S BEST INTEREST OVERALL. TO DO THIS WE NEED TO EVALUATE ANY AND ALL OFFERS, AND WEIGH THE ADVANTAGES AND DISADVANTAGES IN ALL AREAS.

HOUSE BILL 485 PROVIDES US THIS OPPORTUNITY. THE ORIGINAL TRANSFER ACT REQUIRES AN ANALYSIS FOR POTENTIAL SALE ARRANGEMENTS TO BE CONSIDERED WITHIN 5 YEARS OF THE TRANSFER DATE. HOUSE BILL 485 ESSENTIALLY BROADENS THE LANGUAGE TO ALLOW US TO CONSIDER ALL OFFERS RECEIVED WITHIN THE FIVE YEAR PERIOD.

I FEEL THIS WILL ENABLE US TO PROPERLY EVALUATE POTENTIAL SALE OFFERS IN ALL AREAS AND THUS MAKE A DEICISION THAT IS IN THE STATE'S BEST TRANSPORTATION AND FINANCIAL INTERESTS

THANK YOU FOR LISTENING. I URGE YOUR SUPPORT OF HB 485.

item# 6

PROPOSAL TO SELL AK RAILROAD

(A) ASSET APPRAISAL & INVENTORY

1-Land
2-Equipment
3-Facilities
4-Other Assets

(B) COSTING ANALYSIS BY TYPE OF SERVICES

1-Freight
2-Coal (local & export)
3-Gravel
4-Petroleum
5-Pipe
6-TOFC-COFC
7-Interline
8-Passenger (Anch.-Fairbanks,Whittier,Seward & Charters)

(C) DETAILED MARKETING PLAN

1-Freight
2-Passenger
3-Real Estate
4-Other

(D) LONG-RANGE PROFITABILITY ANALYSIS

1-Pro-Forma Financials
2-Real Estate Potential

(E) MODELS FOR FINANCING PURHASE

1-Hiring of an Invistment Banker

(F) DETERMINATION OF LIQUIDATION VALUE

(G) DEVELOP REPLACEMENT COST DATA

1-Land
2-Equipment
3-Facilities

(H) RISK MANAGEMENT ANALYSIS

(I) STATUS OF TITLE TRANSFER

1-Outstanding Issues (Federal Transfer Act)
2-Native Claims

(J) ANALYSIS OF LEGAL CLAIMS

(K) ANALYSIS OF LABOR CONTRACTS

1-Impact of Federal Transfer Act
2-Retirement Benifits (Federal & Corporation)
3-What kind of employee protection

(L) DETERMINE TYPE OF SALE (ANALYSIS)

1-Whole
2-Part
3-Combination

(M) DETERMINE STRUCTURE OF SALE (ANALYSIS)

1-Lease
2-Lease / Purchase
3-Outright Purchase
4-What Services To Be Retained

(N) IDENTIFICATION OF PROSPECTIVE BUYERS

PREPARED FOR HOUSE TRANSPORTATION COMMITTEE

H.B.485

2-24-88 / G.D.VALINSKE

(7)

HOUSE COMMITTEE REPORT

Date referred: 2/15/88 FURTHER REFERRALS: Labor & Commerce

DATE: 2/24/88

The Transportation Committee has considered HB 485

"An Act amending provisions relating to a solicitation for offers to purchase or operate the Alaska Railroad; and providing for an effective date."

RECOMMENDS:

[✓] replace with CS HB 485 (Trsp) [ ] the same title [✓] a new title

[ ] attached amendment(s)

[✓] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[✓] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Mike Miller

SIGNING OTHER RECOMMENDATIONS:

Bettye Cato

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: February 24, 1988

SIGN-IN

Subject of meeting:

*HB 481: "An Act relating to naming the Woodrow Johansen Expressway."

*HB 485: "An Act amending provisions relating to a solicitation for offers to purchase or operate the Alaska Railroad; and providing for an effective date."

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY? which bill
Richard Valinske Director	6910 Chad St Anchorage 99518	349-7005	AK Railroad	HB 485
Rep Henry Springer	The Alaska State Legislature Box E Juneau, AK 99811		self	HB 481

* indicates first public hearing

FOR ALL MEMBERS ON THE HOUSE

FACT SHEET - BETTE CATO Bette Cato

HOUSE BILL NO. 485

An Act Amending Provisions Relating to a Solicitation for Offers To Purchase or Operate the Alaska Railroad; and Providing for An Effective Date.

1. WHAT THIS BILL DOES.

HB 485 deletes the second sentence of AS 42.40.260 (b) which is part of the 1984 Alaska Railroad Corporation Act ("ARCA"). Although every five years the Alaska Railroad Corporation's ("ARRC") annual report would continue to analyze potential sales arrangements to private owners, it would not be required to document at least three offers to sell its assets during the same period of time. This provision of the current law would be repealed.

2. IS THIS LEGISLATION REALLY NECESSARY?

Yes. When the State purchased the Alaska Railroad in January, 1985, it agreed to many sale terms. Those terms included a provision in the federal Alaska Railroad Transfer Act ("ARTA") which requires the State to turn over any profits of a subsequent sale to the United States, if the sale occurs within the first five years of State ownership. This period ends on January 5, 1990. Despite this onerous penalty, State law presently requires ARRC to make attempts to sell all or part of its assets during the same period of time! Since it is extremely unlikely that the legislature would approve an early sale under these circumstances, the huge and probably unnecessary cost related to researching, preparing, soliciting, and negotiating meaningful sale arrangements should be avoided by repealing this portion of AS 42.40.260(b).

3. WILL THIS MODIFICATION PREVENT SALE OF THE RAILROAD OR DISCOURAGE ACTIVE SOLICITATION AND CONSIDERATION OF SALES POSSIBILITIES?

No. ARCA's section 940 will remain unchanged. It permits the governor to sell or lease the Alaska Railroad under certain conditions at any time. A sale must be approved by the legislature. In addition, the modification will not eliminate the legislature's original desire that ARRC pursue a disposal of its assets. Every five years, the corporation will continue to analyze transfer opportunities for the legislature's consideration.

4. IS A MODIFICATION WHICH SIMPLY EXTENDS THE TIME PERIOD FOR SOLICITATION OF SALES OFFERS A MORE ATTRACTIVE ALTERNATIVE?

No. Although the ARTA early sales penalty can certainly be avoided by extending the first deadline for solicitation of sales offers by ARRC beyond January, 1990, total repeal of the "three offers" requirement is preferable to continuing an artificial and wasteful stimulus to sales efforts. Instead, potential sales arrangements should be initiated by market opportunities and State needs. Sales profits should not be needlessly diminished by huge costs related to premature sales preparations. Additionally, in the interest of economy, efficiency, and fairness to those involved, only those offers which will clearly serve State needs and fulfill its expectations should be solicited. Unless HB 485 is passed, the railroad will be required to mechanically solicit disposal offers before the State has had an opportunity to consider what long-term railroad operations and operational alternatives will best serve its needs. Direction must be provided to those involved in the disposal process explaining how the railroad will be operated and under what terms and conditions it will be sold. Much time, money, and effort will be expended in the inventory and evaluation of railroad assets and operations, analysis of profitability projections, selection of sales alternatives and terms, identification of acceptable buyers and their qualifications, and negotiation of operating restraints and conditions.

HB

511

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation:

3/16/88

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

March 16, 1988

****

COMMITTEE CALENDAR:

HB 511: "An Act relating to motor vehicle windshields and windows."

Confirmation Hearings on Mr. Mark A. Foster to the Board of Marine Pilots

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

a folder on HB 511 that includes:

item #1: HB 511
#2: fiscal note & position paper: Department of Public Safety
#3: a statement from Rep. Sund
#4: statutes
#5: a letter of support
#6: a proposed amendment

a folder on the confirmation hearings:

item #1: a resume from Capt. Howard Elsensohn
#2: a resume from Mr. Mark A. Foster
#3: a resume from Ms. Marlene Johnson

New Information: a letter from Ms. Shiela Gottehrer regarding Mr. Foster confirmation forms and witness register from the last hearings

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HB 511
PUBLISH DATE:

FISCAL NOTE

REQUEST

Revision Date:
Title: "An Act relating to motor vehicle windshields and windows"
Sponsor: Rep. Sund
Requestor: House Transportation

Agency Affected: Public Safety
BRU: Alaska State Troopers
Components: Detachments

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY88	FY89	FY90	FY91	FY92	FY93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUNDS						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Passage of this legislation will not affect the level of traffic enforcement that currently exists, thus no fiscal impact is anticipated.

Prepared by: Francis C. Allan
Division: Alaska State Troopers
Phone: 269-5691
Date: 3/15/88

Approved by Commissioner:
Date: 3-16-88
Agency: Public Safety

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

BILL NO: HB 511

DATE: March 15, 1988

TITLE: "An Act relating to motor vehicle windshields and windows."

CONTACT: Col. Robert E. Jent
269-5641

DEPARTMENT OF PUBLIC SAFETY

There is a concern among the public and the law enforcement community that vehicles with deeply tinted windows will inhibit the operator's vision and thus impair his/her ability to safely operate the vehicle. Further, law enforcement officers are concerned about approaching motor vehicles when they can not clearly see the operator from outside of the vehicle.

This well intentioned bill addresses a serious concern of the law enforcement community in Alaska. Unfortunately, difficulties are anticipated with the wording used in this legislation. Specifically Sec. 28.35.165(b)(1), (c)(1), and (c)(2). Without a clear, reasonable and sophisticated testing procedure, the percentage of light transmission capacity and luminous reflectance could not be adequately identified and thus the proposed statute would be unable to withstand a court challenge.

Other states have been attempting to deal with the concerns that are being addressed by this legislation. Resolution is unclear at this time. Problems exist related to achieving a balance between officer safety, privacy of citizens, and interference with interstate commerce. It is suggested that a thorough review be performed by the Department of Law relative to the complicated legal issues involved.

Arthur English, Commissioner
Department of Public Safety

JOHN SUND, REPRESENTATIVE
2504 2nd Avenue
Ketchikan, Alaska 99901
(907) 225-5552

While in Juneau
P. O. Box V
Juneau, Alaska 99811
(907) 465-4919

MEMORANDUM

March 9, 1988

TO: Rep. Bette Cato, Chair,
House Committee on Transportation

FROM: Rep. John Sund

RE: House Bill 511

This bill was introduced at the request of a member of the Ketchikan Police Department as a safety measure. (See attached letter from Corporal. James Janke.)

The bill would add a new section to AS 28.35 (Motor Vehicles -Miscellaneous Offenses,) to prohibit operating a motor vehicle with windshields or windows that obstruct the driver's clear view.

I have attached an amendment which would set the penalty at an infraction, (non-criminal, maximum fine $300.-); if no penalty is specified, the offense would become a Class B Misdemeanor (90 maximum jail; $1000 maximum fine).

This legislation would contribute to motor vehicle safety in three ways. First, it would prohibit operation with windshields that obstruct a driver's view in a manner that interferes with safe operation. Second, it would protect the police officer stopping a vehicle by allowing him or her to see inside the vehicle and spot potential trouble. Third, as Officer Jenke points out, it will allow a pedestrian to tell if the approaching driver is alert to his or her presence.

FEB [illegible] 88

February 6, 1988

The Honorable John Sund
Alaska Legislature
P.O. Box V
Juneau, AK 99811

Dear Mr. Sund,

I am writing this letter to you regarding a matter I feel is of grave importance to me and my fellow Police Officers. As you know, John, I am a Police Officer with the City of Ketchikan and have been for the past eight years. In recent years, I have noticed more and more vehicles being driven on our streets and highways with all or most of their windows tinted. The density of the tint varies from slight to completely dark.

My primary concern deals with the vehicles that do not allow one to see inside the vehicle, due to the tint. As a Police Officer, my life depends on my ability to view what is going on inside of a vehicle should I have to make contact with the occupants. Should I have occasion to stop a driver for suspected Driving While Intoxicated, I must know that the occupants in the vehicle have not exchanged drivers. The disadvantages of a Police Officer not being able to view what is going on inside a vehicle while it is on our streets and highways are endless, and obvious.

While describing my dismay of this problem to a concerned citizen one day, she pointed out to me that she also has a major concern about this problem. She went on to tell me that she refuses to cross a street when a vehicle is passing by her, when she cannot see the driver. She stated that is she can't see the driver, how does she know he can see her?

My own personal vehicle has factory tinted glass, but it is not so dark that you cannot see everything inside, this includes in the dark of night. Like I mentioned earlier, my major concern is vehicles with the "mirror" or "one way" tinted windows.

I telephoned your office earlier this week about this matter and talked to a very helpful John Hartle. I informed him at that time that I thought California has a law in effect regarding the "tinted window" issue. He advised me that your staff would research this issue and by the time you receive this letter, they should have some more information for you on this matter.

Mr. Sund, I would appreciate your time and effort on this matter, and hope that it can be resolved in a timely manner. I believe that this is a matter of grave concern to other Police Officers in our state and that they feel the same way I do.

In anticipation, thank you for your help.

Respectfully,

James C. Janke

Cpl. James C. Janke
Ketchikan Police Department
361 Main Street
Ketchikan, Alaska 99901
(907) 225-6631

Home address:
3760 Fairview Avenue
Ketchikan, Alaska 99901
(907) 225-6326

A M E N D M E N T

Offered in the HOUSE By Sund

TO: HB 511

Page 2, after line 3:

Insert a new subsection to read:

"(d) A person who violates this section is guilty of an infraction."

Official Business

COMMITTEE: House Transportation Committee

DATE: March 16, 1988

SIGN-IN

Subject of meeting:

* HB 511: "An Act relating to motor vehicle windshields and windows."

Confirmation Hearings on Mr. Mark A. Foster to the Board of Marine Pilots

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
John Hartle	c/o House Judiciary	x 4990	Rep. John Sund	Yes - HB 511
Sheila Gottschee	Governor's Office	x 3500	Governor	yes if desired - Conf. hearings

* indicates first public hearing

HB

525

4-24-87

Dear Senator Hanley,

I don't usually complain much but this recent article in the Anchorage paper really gauled me; so much so that I cancelled a trip to Seattle next month.

Several years ago it seems our legislature in Juneau complained to the airlines about singling out Alaskans for higher fares to the states and they lowered them for awhile but it didn't last long.

Also, why do I have to pay a full month in advance to get any break at all?

Hope you can help us out.

Sincerely,

Gordon Halkett
3103 Brookside Dr.
Apt. 5
Anchorage, Ak 99517

Air fare wars to continue this summer

But won't apply to Alaska

By BILL MENEZES
The Associated Press

NEW YORK — Several major airlines said Monday they would extend their lowest discount fares through the end of summer, but the tickets would be more expensive and carry more restrictions than the cut-rate fares unveiled earlier this year.

The lower fares will not apply to travel between Alaska and the Lower 48, a local travel agency spokesman said.

"It's fair to say that in the current pricing environment that the relatively high fares between Anchorage and the Lower 48 help offset losses from fare wars in the Lower 48," said Scott McMurren of Easy Travel.

Also Monday, Continental Airlines said it had asked the Department of Transportation to require U.S. airlines to routinely disclose service information such as on-time performance, complaints about lost luggage, and the time it takes for answers on telephone reservation lines.

Continental and Eastern Airlines, both units of Texas Air Corp., said they would continue offering the special "Maxsaver" fares previously slated to end May 20.

Those non-refundable fares, which were matched by other major airlines when introduced in late January, are discounted as much as 80 percent from regular fares and are less than the supersaver fares that previously were the industry's lowest.

Northwest Airlines said it would match the discount fare extension. United and Delta and American representatives said their companies were studying the fare announcements.

Industry analysts said they expected the major airlines to follow the move, noting the summer fares would be higher to reflect the peak travel season and the advance purchase requirements would be slightly greater.

"Those are two positives," said Louis Marckesano, of Janney Montgomery Scott Inc. in Pittsburgh. "We were hoping they would modify pricing upward and or increase the minimum stay involved."

Thomas G. Plaskett, Continental's president, told a news conference the Maxsaver fares had proven "extremely popular," and some 3 million passengers had bought the fares since Feb.1.

The fares good through May 20 — intended to fill seats that otherwise would go empty on many flights — could be purchased at any time up until two days before the flight. Passengers changing or canceling their reservations forfeited the entire ticket price.

The summer fares will cost more than the earlier Maxsavers and the advance purchase requirement was stretched to seven days. They also require a Saturday night stayover and a roundtrip purchase.

The summer Maxsavers are priced from $38 to $278 roundtrip, compared with a range of $38 to $198 roundtrip before May 20. A Maxsaver flight from New York to Los Angeles, for example, would be $129 one-way this summer, compared with $89 each way before May 20.

Continental also said it was trimming the advance purchase restriction on its regular supersavers to seven days from 30 days, while reducing the cancellation penalty to 25 percent from 50 percent.

New logo suggested for Alaska Airlines

Juneau Empire 2/12/88

Dear Editor:

While watching television last night I saw a commercial on one of the Seattle TV stations for Alaska Airlines. This ad was for roundtrip airfare to San Diego – 2,100 air miles, plus two nights' hotel accommodations for a total of $267. The cheapest roundtrip airfare from Juneau to Seattle, 1,818 air miles, is $340 and includes nothing extra.

Seeing this commercial brought to mind the Great Logo Crisis of Alaska Airlines that has been in the news so much during the past few weeks. My suggestion is to get rid of the Eskimo and replace him with a picture of Jesse James – gun, mask and all. This would better represent the highway robbery we all face buying an airline ticket in Southeast Alaska.

Thank you,
Dean Nordenson
Auke Bay

Juneau Empire 1/21/88

Lower fares would create happy faces

Dear Editor:

I think concerns are being misplaced about Alaska Airlines' advertising symbol. While this issue has been capturing headlines and legislators' attention, Juneauites continue paying air fares that are among the highest in the country.

I'm currently planning a trip to Boston. The round-trip air fare for the approximately 900 miles from Juneau to Seattle is $340.60. The round-trip fare for the approximately 3,000 miles from Seattle to Boston is $238. I've lived in Juneau for 14 years and I've yet to talk to anyone who hasn't shared my ill feelings about air fares from Juneau. I really cannot believe that costs here justify fares two or three times greater per mile than typical Lower 48 fares. I'd at least feel a lot better about paying higher air fares from Juneau if those fares could be justified and that justification be publicized with the same vigor as the recent logo switch.

I do have empathy for the airline business here in that I don't think it's reasonable to expect healthy competition in such a confined market. I believe it would be good for the public and the airline industry if an appropriately sanctioned monopoly could be granted to one airline to serve all of Southeast Alaska. I'm thinking of this in similar terms of the monopolies that utility companies now operate under. In the case of air service we would have the opportunity to nationally solicit bids to obtain the best service for the best price over a specified time.

In this manner, the public would benefit from expanded competition and the winning airline would be assured the highest possible volume to allow the lowest possible cost per passenger mile. This would bring air fares down and I suspect Juneau would see more tourists while the state and private sector would save on travel costs.

I appreciate having the opportunity to share my views and I encourage others to share their opinions about this. I think we need everyone to work honestly together on this so we will all be winners and fly with a happy face.

Sincerely,
Mark J. Miller
Douglas

Alaska State Legislature
House of Representatives

4007 BRENTWOOD CIRCLE
ANCHORAGE, ALASKA 99502
(907) 243-7574

WHILE IN JUNEAU
BOX V
JUNEAU, ALASKA 99811
(907) 465-4939

REPRESENTATIVE
ALYCE HANLEY
DISTRICT 9, SEAT B

MEMBER
HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE
REGULATION REVIEW COMMITTEE

February 16, 1988

MEMORANDUM

TO: All House Members

FROM: Representative Alyce Hanley

SUBJECT: Resolution relating to the cost of air travel and to competition in the airline industry; and a bill relating to unfair trade practices of air carriers and ticket agents.

I have prepared for introduction this morning the attached House Resolution and Bill concerning the high cost of airline travel not only within the State of Alaska but to and from Alaska. A similar resolution was introduced during the 14th Legislature and the cost of commercial passenger fares continues to increase. In addition I have also introduced a bill to add a new section to Title 2 called Unfair Trade Practices. This section outlines who can file complaints and adds penalties for participating in restriction of competition in air commerce.

I would welcome your co-sponsorship of this resolution. If you have any questions please do not hesitate to contact my office.

Attachments 2

5-1972A

IN THE HOUSE BY HANLEY

HOUSE RESOLUTION NO. 12

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

Relating to the cost of air travel and to competition in the airline industry.

BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES:

WHEREAS airline travel is an essential means of transportation for the people of the state; and

WHEREAS the competitive market forces in many other states have caused a decline in commercial passenger air fares; and

WHEREAS there are no competitive forces in the state to cause a significant decline in commercial air fares; and

WHEREAS commercial passenger air fares are higher today and continue to escalate upward; and

WHEREAS the cost of air travel in the state has become prohibitively expensive in many rural areas; and

WHEREAS passengers traveling to and from Alaska pay a significantly higher fare per air mile than passengers traveling between other states; and

WHEREAS the commercial air carriers appear to be engaging in setting mutually beneficial fare rates that restrict a free and open competitive market;

BE IT RESOLVED that the House of Representatives urges the Governor, the Attorney General, and the commissioner of transportation and public facilities to investigate and report to the legislature any barriers to an open and competitive airline industry and pursue every avenue that will reduce the cost of airline travel for passengers traveling to and from the State of Alaska.

5-1971A

IN THE HOUSE BY HANLEY

HOUSE BILL NO. 525

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to unfair trade practices of air carriers and ticket agents."

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

* Section 1. AS 02 is amended by adding a new chapter to read:

CHAPTER 07. AIR COMMERCE TRADE PRACTICES.

Sec. 02.07.010. UNFAIR TRADE PRACTICES. (a) The department, upon its own initiative or upon complaint by an air carrier, ticket agent, or a member of the public, shall investigate and determine whether an air carrier or ticket agent has been or is engaged in unfair or deceptive practices or unfair methods of competition in air commerce or the sale of air commerce.

(b) If the department finds, after notice and opportunity for hearing, that the air carrier or ticket agent is engaged in unfair or deceptive practices or unfair methods of competition, it shall order the air carrier or ticket agent to cease and desist from those practices or methods of competition.

(c) The department may enforce this section and adopt procedural regulations necessary to implement this section.

(d) In addition to other penalties and remedies provided by law, a person who violates a provision of this section is subject to a civil penalty not to exceed $100,000 for each violation.

(e) In this section

(1) "air carrier" means a person engaged in air commerce, directly or indirectly, by lease, contract, or other arrangement, and

Dept. of Transportation & Public Facilities

Position Paper

BILL NO: CSHCR 36 TRANS

TITLE: Intrastate Air Travel

APPROVED: [illegible]
Commissioner

DATE: 2/12/86

The Department supports the goals of this bill which we assume to be a concern for reducing, insofar as practicable, the costs for air travel within the State of Alaska. However, there is some question as to how involved the State should get in private industry decisions in a deregulated environment.

The DOT&PF has undertaken a cursory review of air fares for one airline only. This paper (attached) indicates that for one air carrier serving in and out of Alaska, the per mile fare is higher for routes within the State. In evaluating this information, however, it is crucial to consider the different characteristics of the individual routes involved (traffic loads, staging length, competition, etc.)

Part of this analysis also compared costs for in-State routes with costs for routes of comparable length in the lower 48 states. In general, it appeared that the in-State routes were quite comparable and, in some cases, lower than the lower 48 routes of comparable length.

This information is very cursory and cannot be viewed as conclusive, but it does indicate that if there is unfair pricing within the State, it will likely be very difficult to prove.

The DOT&PF will administer the study suggested in HCR 36 if the Legislature deems it advisable. A description of the study is shown on the accompanying fiscal note.

For further information call Susan Fleischnauer at 465-3900.

- D R A F T -

ALASKA/LOWER 48 STATES AIR FARES

DOT&PF - STATEWIDE AVIATION

December 2, 1985

I. INTRODUCTION

This paper conducts two analyses of air fares. The first is a comparison of Alaska Airlines' (ASA's) air fares over three types of routes:

(1) routes between points in Alaska,
(2) routes between points in Alaska and points in the Lower 48 States, and
(3) routes between points in the Lower 48 States.

The intent is to determine how ASA's air fares in Alaska compare to their air fares in the Lower 48 States. For ease of comparison and data collection, only coach and SuperSaver fares of ASA have been used.

The second analysis is a comparision of several of ASA's air fares and air fares of other airlines for trips of comparable length in the Lower 48 States. The intent of this analysis is to determine how ASA's air fares compare to fares of other airlines. Only coach fares have been compared, again for ease of comparison and data collection.

II. ALASKA AIRLINES' FARES; Within Alaska, Alaska to Lower 48 States, and Within the Lower 48 States

Table I compares average ASA fares for three types of routes in Alaska and the Lower 48 States.

TABLE 1
ASA's
AVERAGE COACH AND SUPERSAVER
FARES/MILE

ASA's Routes	ASA's Coach Fares/Mile	ASA's SuperSaver Fares/Mile
Within Alaska	$.30	$.22
Alaska to Lower 48	.21	.15
Within the Lower 48	.22	.15

The Table shows that fares for travel within Alaska far exceed other fares. There may be a variety of explanations for this. Higher labor and operation costs and shorter stage lengths (flight distances) for ASA routes within Alaska compared to the Lower 48 States could be one cause of the differential. In addition, traffic densities and load factors are likely to be lower in Alaska. The low traffic in Alaska also results in fewer carriers competing with ASA compared to the relatively stiff competition for heavier traveled routes between Alaska and the Lower 48 States and between points in the Lower 48 States.

Table 1 also shows that ASA's fares for travel between Alaska and the Lower 48 States are comparable to their fares for travel within the Lower 48 States. Some fares are higher than others, but on the average, they are comparable.

Actual fares for travel between points in Alaska are shown in Table A-I in the Appendix. Only fares from Anchorage to outlying communities were used because ASA routes to the outlying communities originate in Anchorage. For example, to fly Fairbanks to Deadhorse would require a flight from Fairbanks to Anchorage and another flight from Anchorage to Deadhorse.

Fares range from the highest fare/mile for service to Cordova which has low traffic, a short stage length and only air taxi competition, to the lowest fare in the Anchorage to Fairbanks market which has higher traffic, heavier loads, and greater competition. It should be noted that fares to points in Southeast Alaska are as much as three cents/mile less than the average fares for other routes within Alaska. These fares may be slightly artificially low due to subsidies provided through the Essential Air Service (EAS) program.

Actual fares for travel between Alaska and the Lower 48 States are shown in Table A-II in the Appendix. Fares have been shown from Anchorage, Fairbanks, and Juneau because most routes originate from these points. Coach and SuperSaver fares from Anchorage average about one cent/mile less than fares from Fairbanks and Juneau. The highest fares/mile are for routes to Seattle and Portland while the lowest fares/mile are for the longer routes to Phoenix and Tucson.

Actual fares for travel between points in the Lower 48 States are shown in Table A-III. Fares have been shown for travel from Seattle and Portland since most of the ASA routes in the Lower 48 States arrive or depart from these cities.

III. AIR FARES; ALASKA AIRLINES - OTHER AIRLINES

This analysis compares air fares for several of ASA's routes to fares of other airlines for routes of comparable length in the Lower 48 States. Only coach fares are compared and none of ASA's routes entirely within the Lower 48 States were examined.

Table II summarizes the results of this comparison. This table shows that, except for routes from Fairbanks to Seattle and Anchorage to Deadhorse, ASA's flights were consistently cheaper per mile than routes of comparable length by other airlines.

This data has limitations in that only 5 or 6 Lower 48 routes were used for each comparison. In addition, in the case of comparisons of routes within Alaska to routes in the Lower 48 States, in some instances the aircraft flown in the Lower 48 are different from aircraft flown in Alaska. Furthermore, many routes within Alaska utilize 737 aircraft equipped for cargo and passenger loads. In general, however, it appears that ASA's fares are generally lower than fares of other airlines in the Lower 48 for routes of comparable length.

TABLE II
COMPARISON OF ASA's FARES TO OTHER AIRLINES' FARES

ASA's Route	Approximate Stage Length	ASA's Coach Fare/Mile	Other Airlines' Average Coach Fare/Mile for Lower 48 Routes of Comparable Length
Anchorage-Seattle	1450 miles	$.22	$.24
Fairbanks-Seattle	1550 miles	.25	.23
Juneau-Seattle	900	.25	.29
Ketchikan-Seattle	650	.27	.36
Anchorage-Deadhorse	627	.38	.36
Anchorage-Petersburg	677	.29	.36
Anchorage-Sitka	592	.29	.36
Anchorage-Wrangell	709	.27	.36
Anchorage-Bethel	500	.25	.42
Anchorage-Fairbanks	509	.21	.42
Anchorage-Nome	539	.37	.42
Anchorage-Kotzebue	549	.36	.42

The Lower 48 States routes used to compare to Alaska Airlines fares are shown in Tables A-IV-AIX.

IV. CONCLUSIONS

The data presented in this paper suggests three conclusions, based on a fare per mile comparison.

(1) ASA's air fares for travel within Alaska are substantially higher than its fares for travel to and within the Lower 48 States. Higher labor and operations costs in Alaska and lower stage lengths and load factors may be the primary reasons for the higher fares for travel in Alaska.

(2) ASA's air fares for travel from Alaska to the Lower 48 States are, on the average, comparable to ASA's fares for travel within the Lower 48 States.

(3) ASA's fares for travel within Alaska and from Alaska to the Lower 48 States are usually lower than fares of other airlines for routes of comparable length in the Lower 48 States.

TH/sg

STATEMENT

OF

LARRY MERCULIEFF

CS FOR HOUSE CONCURRENT RESOLUTION 36

HOUSE FINANCE COMMITTEE

March 27, 1986

Mr. Chairman, Members of the Committee, my name is Larry Merculieff, representing the City of St. Paul and the St. Paul Trust. My primary task, as an economic development advisor for the City and the Trust, is to seek means by which the community of St. Paul can be economically self-sufficient before Trust funds (which support critical island services) are depleted. I also serve as chairman of the Western Alaska Fishery Loan Board of CEDC which administers a million dollars of revolving loan funds to support developing small boat fisheries in western Alaska.

I wish to speak in support of the committee substitute for HCR 36. As you all know, marine and air transportation to rural Alaska is extremely important for good economic development. In the west coast of Alaska, the primary means by which the communities can develop meaningful entre into the Bering Sea fisheries is by transporting product by air to the markets. In developing coastal fisheries, we have a chicken or egg syndrome. Efficient, low-cost marine transportation cannot financially justify stop-over in a community with low volumes of fish product

to transport. By the same token, developing fisheries communities cannot develop their full potential until low-cost and efficient marine transportation is available and local cold storage facilities are available. This requires, initially, that such communities transport product by air. Obviously, the more cost-efficient the air transportation, the more competitive such communities will be in the various fish markets, and thus, the more likely the developing fisheries will expand.

Needless to say, air transportation costs for passengers and cargo to and from rural communities is costly, affecting every aspect of community economic development. I believe the State of Alaska needs to obtain a clear picture of these costs and the factors which affect them in order to begin addressing the development of integrated and comprehensive plans which achieve the goal of lowering air and marine transport costs in rural Alaska. For example, one factor affecting air transport cost is the method of tendering the mail to the airlines by the U.S. Post Office. Should the U.S. Post Office consider changing their present policies (of what is called equitable tender of mail) to eliminate certain categories of air carriers or somehow make such categories less competitive in their tendering policies, many rural communities may receive less service or experience higher costs, or both, due to a lessening of competition. We understand that at least one special interest group is seeking just such policy changes within the U.S. Post

Office. The point is, the more aware we are of major factors affecting air transport costs, the more able we are to direct efforts to control such factors - and/or to develop plans to lower costs. Certainly we cannot make any impacts on costs without reliable information. We believe that the studies and analyses proposed by CS for HCR 36 is a good step in the right direction.

Thank you.

*
****

TO: HOUSE TRANSPORTATION COMMITTEE

REPS. CATO, DAVIS, SHULTZ, HERRMANN, FURNACE, PIGNALBERI, MARROU

AND REP HERRMANN

FROM: LAMAR COTTEN/CITY OF SAND POINT, BOX 177, SAND POINT, AK, 99661, 383-2696

SUBJECT: HCR 36, INTRASTATE AIRLINE INDUSTRY

CITY OF SAND POINT SUPPORT THE EFFORTS OF REP. HERRMANN AND OTHERS TO ANALYZE AND DETERMINE THE HIGH COST OF INTRA STATE TRANSPORTATION AND RECOMMEND THAT THE TRANSPORTATION COMMITTEE INVESTIGATE THIS MATTER.

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TO: HOUSE TRANSPORTATION COMMITTEE

REPS. CATO, DAVIS, SHULTZ, HERRMANN, FURNACE, PIGNALBERI, MARROU

AND REP. HERRMANN

FROM: LAMAR COTTEN/CITY OF KING COVE, KING COVE, AK 99612

SUBJECT: HCR 36, INTRASTATE AIRLINE INDUSTRY

CITY OF KING COVE SUPPORT THE EFFORTS OF REP. HERRMANN AND OTHERS TO ANALYZE AND DETERMINE THE HIGH COST OF INTRA STATE TRANSPORTATION AND RECOMMEND THAT THE TRANSPORTATION COMMITTEE INVESTIGATE THIS MATTER.

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* DELIVER TO: JPOM
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* ORIGINAL
* SENT: 01/28/86 TIME: 15:46
* FROM: DOROTHY LARSON
* SUBJECT: HCR36 POM
* PRINT DATE: 01/28/86 TIME: 15:47
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TO: HOUSE TRANSPORTATION COMMITTEE
REPRESENTATIVE CATO, CHAIR
REPRESENTATIVES DAVIS, FURNACE, HERRMANN, MARROU, PIGNALBERI AND SHULTZ

REPRESENTATIVES WALLIS AND THOMPSON

SENATOR ZHAROFF, ALASKA STATE SENATE

FROM: CARLOS TENIENTE, BOX 34, ADAK, ALASKA, FPO SEATTLE 89791

RE: HCR36, RELATING TO AIRLINE TRAVEL

URGE YOUR POSITIVE CONSIDERATION AND PASSAGE OF HCR36. AIRLINE TRAVEL IS AN AREA OF GREAT CONCERN TO THOSE OF US IN THE RURAL AREAS AND THOSE WHOSE PRIAMRY MODE OF TRAVEL IS BY AIR CARRIER AND QUITE COSTLY. THANK YOU.

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* DELIVER TO: JPOM
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*
* ORIGINAL
* SENT: 01/28/86 TIME: 15:01
* FROM: DOROTHY LARSON
* SUBJECT: POM - HCR 36
* PRINT DATE: 01/28/86 TIME: 15:02
*
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TO: HOUSE TRANSPORTATION COMMITTEE
REPRESENTATIVES CATO, DAVIS, FURNACE, HERRMANN, MARROU, PIGNALBERI, SHULTZ

FROM: IDA APOKEDAK, PRESIDENT, EXECUTIVE COMMITTEE, BRISTOL BAY AREA HEALTH CORPORATION, DILLINGHAM, ALASKA 99576
PHONE - 842-5201

RE: HCR 36, RELATING TO INTRASTATE AIRLINE TRAVEL

THE EXECUTIVE COMMITTEE OF THE BRISTOL BAY AREA HEALTH CORPORATION MET TODAY AND VOTED BY RESOLUTION TO SUPPORT HCR 36 RELATING TO THE HIGH COST OF AIRLINE TRAVEL IN RURAL AREAS. WE HOPE THAT SOMETHING CAN BE DONE TO LOWER AIRFARES. PLEASE PASS HCR 36. OTHER MEMBERS OF THE EXECUTIVE BOARD ARE JOHN MARK, ANDREW WASSILLIE AND ALVIN BOSKOFSKY.

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* DELIVER TO: JPOM
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* ORIGINAL
* SENT: 01/28/86 TIME: 16:30
* FROM: JEAN MILLER
* SUBJECT: POM
* PRINT DATE: 01/28/86 TIME: 16:53
*
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TO: HOUSE TRANSPORTATION COMMITTEE

REPRESENTATIVES CATO, DAVIS, SHULTZ, HERRMANN, FURNACE PIGNALBERI AND MARROU

FROM: DR. LEROY OWENS
SUPERINTENDENT, ALEUTIAN REGION SCHOOL DISTRICT
640 WEST 36TH, SUITE 3
ANCHORAGE, AK 99503 PHONE: 562-2924

SUBJECT: HCR 36 - INTRASTATE TRAVEL

THE ALEUTIAN REGION SCHOOL DISTRICT SUPPORTS THE ATTENTION OF HCR 36 TO INVESTIGATE THE RATE CHARGE FOR INTRASTATE TRAVEL. RATE INCREASES HAVE RESTRICTED THE ABILITY OF RURAL DISTRICT TO OPERATE EFFECTIVELY. SEVERAL RURAL DISTRICTS ARE INVOLVED IN AN ATTEMPT TO NEGOTIATE THEIR RATES FOR REQUIRED DISTRICT TRAVEL. THIS EFFORT COULD BE GREATLY AIDED BY PASSAGE OF HCR 36.

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* DELIVER TO: JPOM
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* ORIGINAL
* SENT: 01/28/86 TIME: 16:32
* FROM: DOROTHY LARSON
* SUBJECT: HCR 36 - POM
* PRINT DATE: 01/28/86 TIME: 16:54
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9

TO: HOUSE TRANSPORTATION COMMITTEE

REPRESENTATIVE CATO, CHAIR, REPRESENTATIVES DAVIS, FURNACE, HERRMANN,

MARROU, PIGNALBERI, AND SHULTZ

REPRESENTATIVES WALLIS AND THOMPSON

FROM: SOUTHWEST REGION SCHOOLS, DILLINGHAM, AK. 842-5287

RE: HCR 36 - RELATING TO AIRLINE TRAVEL

THE SOUTHWEST REGION BOARD OF EDUCATION SUPPORTS HCR 36 AND FURTHER REQUESTS THAT THE LEGISLATURE INVESTIGATE SOME FORM OF SUBSIDY AS CURRENTLY PRACTICAL WITH STUDENT TRAVEL ON THE STATE FERRY SYSTEM.

AIR TRAVEL IS THE ONLY FORM OF TRANSPORTATION BETWEEN OUR SITES OR MAJOR COMMUNITIES OUTSIDE OF OUR DISTRICT.

IT MAY BE OF INTEREST TO KNOW THAT THE COST OF A ROUND TRIP TICKET TO ANCHORAGE, 300 MILES FROM DILLINGHAM APPROXIMATES THE COST OF A ROUND TRIP TICKET FROM ANCHORAGE TO SAN FRANCISCO, 2,018 AIR MILES.

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* DELIVER TO: JPOM                                             *
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*                                                              *
* ORIGINAL                                                     *
* SENT:          01/28/86  TIME: 16:42                         *
* FROM:          DOROTHY LARSON                                *
* SUBJECT:       HCR 36 - POM                                  *
* PRINT DATE:    01/28/86  TIME: 16:54                         *
*                                                              *
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10

TO: HOUSE TRANSPORTATION COMMITTEE MEMBERS
REPRESENTATIVES CATO, CHAIR, REPRESENTATIVES DAVIS, FURNACE, HERRMANN,
MARROU, PIGNALBERI, AND SHULTZ
REPRESENTATIVES WALLIS AND THOMPSON

FROM: NORMAN ANDERSON, BOX 112 NAKNEK, AK. 99633

RE: HCR 36, RELATING TO AIR TRAVEL INTRASTATE

I WISH TO EXPRESS MY VIEWS ON HCR36. TRANSPORTATION COSTS IN THE BRISTOL BAY AREA ARE AT AN ALL TIME HIGH. ALTHOUGH WE ARE ENJOYING A REDUCED FARE PRESENTLY, THIS IS A TEMPORARY AND TIMELY FIXED RATE. IN A COUPLE OF WEEKS, WE AGAIN, WILL HAVE TO PAY THE INFLATED SCHEDULED RATES WHICH, FIRSTLY MAKES TRAVEL BY SMALL CHARTER AIRLINES MORE ATTRACTIVE WHICH IS PLACING MORE OF A RISK TO TRAVELERS. SMALL PLANES ARE MORE SUSCEPTIBLE TO THE HARSH WEATHER AND TERRAIN CONDITIONS BETWEEN THE ANCHORAGE AND BRISTOL BAY AREA.

SECONDLY, TRAVEL BETWEEN ANCHORAGE AND OUR AREAS IS COMPARED TO TRAVEL COAST TO COAST OUTSIDE. MANY PEOPLE ARE LIMITED TO TRAVEL OUTSIDE THE METROPOLITAN AREA BECAUSE OF THE HIGH COST OF AIRFARE LIMITING THE AVAILABILITY AND ACCESS TO LESS EXPENSIVE PRODUCTS FORCING US TO PAY THE HIGH COST LOCALLY. WE ARE A CAPTIVE AUDIENCE AND AT THE MERCY OF THESE AIR PIRATES.

TO: HOUSE TRANSPORTATION COMMITTEE
REPRESENTATIVE CATO, CHAIR, REPRESENTATIVES DAVIS, FURNACE, HERRMANN, MARROU
PIGNALBERI, SHULTZ

REPRESENTATIVES WALLIS AND THOMPSON

FROM: BILLIE BENEDICT, BOX 10019, DILLINGHAM, AK.

RE:

I WOULD LIKE TO FULLY SUPPORT REPRESENTATIVE HERRMANN'S, THOMPSON'S AND WALLIS' LEGISLATION FOR LOOKING INTO AIR FARES TO RURAL ALASKA AREAS. IN CHOOSING TO LIVE IN ISOLATION, WE WERE AWARE OF THE SACRIFICES. HOWEVER, THE HIGH AIR FARES ARE NOT ONLY AN INCONVENIENCE WHICH PREVENTS US FROM TAKING VACATION OUTSIDE OUR AREA, BUT MOST OF US LEFT FAMILIES BEHIND FROM WHOM WE ARE CUT OFF. ALSO, CONSIDER THE COST TO THE STATE FOR THESE AIR FARES WHEN STATE WORKERS AND WORKERS FROM STATE FUNDED ORGANIZATIONS TRAVEL. THE COST IN OUR COMMUNITY ALONE IS INCREDIBLE. I WOULD LIKE TO SEE SOMETHING POSITIVE DONE TO INCLUDE US IN THE REST OF THE WORLD.

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* DELIVER TO: JPOM
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* ORIGINAL
* SENT: 01/28/86 TIME: 16:14
* FROM: DOROTHY LARSON
* SUBJECT: HCR 36 POM
* PRINT DATE: 01/28/86 TIME: 16:40
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TO: HOUSE TRANSPORTATION COMMITTEE MEMBERS
REPRESENTATIVES CATO, CHAIR, REPRESENTATIVES DAVIS, FURNACE, HERRMANN, AND MARROU,
PIGNALBERI AND SHULTZ

REPRESENTATIVES WALLIS AND THOMPSON

SENATOR FRED ZHAROFF, ALASKA STATE SENATE

FROM: SUE FLENSBURGER, BOX 174, DILLINGHAM, AK., 842-2666

RE: HCR36-RELATING TO AIRLINE TRAVEL

BRISTOL BAY REGION IS ACCESSIBLE TO THE REST OF ALASKA BY AIR AND WATER ONLY. THE COMMERCIAL AIRLINES SERVING OUR REGION HAVE EXCESSIVE FARES CREATING AN ECONOMIC HARDSHIP. AN AUTHORIZED INVESTIGATION INTO THIS SITUATION IS WARRANTED. A MEANS OF ALLEVIATING INSURANCE PROBLEMS FOR AIR TAXIS ALSO DESERVES CONSIDERATION AND ATTENTION.

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* DELIVER TO: JPOM
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* ORIGINAL
* SENT: 01/28/86 TIME: 16:06
* FROM: LIOKOD
* SUBJECT: KODIAK POM
* PRINT DATE: 01/28/86 TIME: 16:32
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8

TO: REPRESENTATIVES CATO, DAVIS, FURNACE, HERRMANN, MARROU, PIGNALBERI, SHULTZ

FR: NANCY GROSS, MANAGER
CITY OF UNALASKA
P.O. BOX 89
UNALASKA, ALASKA 99685
PH: 581-1251

RE: HCR 36 - INTRASTATE AIRLINE TRAVEL

UNALASKA SUPPORTS HCR 36. THREE CARRIERS NOW SERVE US AND THE TICKETS HAVE GONE UP. WE WOULD LIKE TO KNOW WHY.

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* DELIVER TO: JPOM
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* ORIGINAL
* SENT: 01/29/86 TIME: 09:38
* FROM: DOROTHY LARSON
* SUBJECT: HCR36-POM
* PRINT DATE: 01/29/86 TIME: 09:39
*
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TO: HOUSE TRANSPORTATION COMMITTEE MEMBERS

REPRESENTATIVES CATO, CHAIR; DAVIS, FURNACE, HERRMANN, MARROU, PIGNALBERI, AND SHULTZ

REPRESENTATIVES WALLIS AND THOMPSON

SENATOR FRED ZHAROFF, ALASKA STATE SENATE

FROM: SHELLEY FARLER, BOX 10018, DILLINGHAM, AK. 99576

RE: HCR36, AIRLINE TRAVEL

PLEASE PASS HCR36 OUT OF YOUR COMMITTEE, AIR FARES ARE EXTREMELY HIGH WHEN TRAVELING FROM RURAL ALASKA TO THE LARGER CITIES. STUDY SHOULD BE CONDUCTED TO DETERMINE WHY THIS IS SO.

TO: HOUSE TRANSPORTATION COMMITTEE MEMBERS,
REPRESENTATIVES CATO - CHAIR, DAVIS, FURNACE, HERRMANN, MARROU, PIGNALBERI, SHULTZ

REPRESENTATIVES WALLIS AND THOMPSON

SENATOR FRED ZHAROFF, ALASKA STATE SENATE

FROM: KEN HARPER, DILLINGHAM, AK. 99576

RE: HCR36 - AIRLINE TRAVEL

URGE PASSAGE OF HCR36 TO STUDY THE TARIFFS THAT ARE CHARGED RURAL ALASKANS TO TRAVEL. WE PAY HIGH PRICES TO TRAVEL WITHIN THE STATE. WHY IS IT CHEAPER TO TRAVEL TO THE LOWER 48 THAN TO TRAVEL INTRASTATE?

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* DELIVER TO: JPOM
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* ORIGINAL
* SENT: 01/29/86 TIME: 09:05
* FROM: DOROTHY LARSON
* SUBJECT: HCR36-POM
* PRINT DATE: 01/29/86 TIME: 09:08
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TO: HOUSE TRANSPORTATION COMMITTEE
REPRESENTATIVES CATO, CHAIR, DAVIS, FURNACE
HERRMANN, MARROU, PIGNALBERI, SHULTZ
REPRESENTATIVES WALLIS AND THOMPSON

SENATOR ZHAROFF, ALASKA STATE SENATE

FROM: DAVE FISHER, BOX 10201, DILLINGHAM, 99576

RE: HCR36, AIRLINE TRAVEL

URGE SUPPORT OF HCR 36 CONCERNING INTRASTATE AIRLINE TRAVEL. COST OF TRANSPORTATION TO RURAL AREAS IS PROHIBITIVE COMPARED TO TRAVEL OUT OF THE STATE. URGE CONSIDERATION THAT THESE AIR FARES BE STUDIED.

TO: HOUSE TRANSPORTATION COMMITTEE MEMBERS
REPRESENTATIVES CATO, CHAIR, DAVIS, FURNACE, HERRMANN, MARROU,
PIGNALBERI AND SHULTZ

REPRESENTATIVES WALLIS AND THOMPSON

SENATOR ZHAROFF, ALASKA STATE SENATE

FROM: JOHANNA BOUKER, BOX 241, DILLINGHAM, ALASKA 99576 - PH 842-5433

RE: HCR36-RELATING TO AIRLINE TRAVEL

IT APPEARS MAJOR STRUCTURAL CHANGES WILL TAKE PLACE AMONG RURAL CARRIERS DUE TO DEREGULATION. INSURANCE RATES ARE AT A PREMIUM-ONE OF THE CAUSES FOR HIGH FARES. (LOWERING FARES MIGHT CONSTITUTE HAZARD TO RURAL TRAVELERS IN CARRIERS ATTEMPT TO SAVE ON MAINTENANCE COSTS, ETC..) MAJOR CARRIERS RATES BETWEEN CITIES AND BUSH SHOULD BE STUDIED.

DELIVER TO: JPOM

ORIGINAL
SENT: 01/29/86 TIME: 09:14
FROM: DOROTHY LARSON
SUBJECT: HCR36-POM
PRINT DATE: 01/29/86 TIME: 09:14

TO: HOUSE TRANSPORTATION COMMITTEE
REPRESENTATIVES CATO,CHAIR, DAVIS, FURNACE
HERRMANN, MARROU, PIGNALBERI, SHULTZ

REPRESENTATIVES WALLIS AND THOMPSON

SENATOR ZHAROFF, ALASKA STATE SENATE

FROM: LEE HOTCHKISS, BOX 10201, DILLINGHAM, AK. 99576

RE: HCR36-RELATING TO AIRLINE TRAVEL

PLEASE CONSIDER PASSAGE OF HCR36 TO UNDERTAKE A STUDY OF AIR FARES TO RURAL ALASKA, WE LIVING OUT HERE KNOW THE AIR FARES CHARGED ARE EXTREMELY HIGH. WHY IS IT CHEAPER TO GO FROM ANCHORAGE TO THE LOWER 48 THAN IT IS FOR US TO GET TO ANCHORAGE?

TO: HOUSE TRANSPORTATION COMMITTEE MEMBERS
REPRESENTATIVES CATO, CHAIR, DAVIS, FURNACE,
HERRMANN, MARROU, PIGNALBERI, SHULTZ

REPRESENTATIVES WALLIS AND THOMPSON

SENATOR FRED ZHAROFF, ALASKA STATE SENATE

FROM: MARK LISAC, BOX 2818, DILLINGHAM, AK. 99576

RE: HCR36-AIRLINE TRAVEL

HOPE THAT YOU WILL CONSIDER HCR36 FAVORABLY. AIRLINE TRAVEL TO RURAL AREAS NEEDS TO BE STUDIED AND REASONS GIVEN FOR THE DISCREPANCY AND DIFFERENCES IN AIR TRAVEL FROM URBAN TO RURAL AREAS VERSUS THE COST OF TRAVEL FROM OUR URBAN CENTERS TO LOWER 48 AND HAWAII.

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* DELIVER TO: JPOM
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* ORIGINAL
* SENT: 02/11/86 TIME: 15:57
* FROM: LIODLG
* SUBJECT: PUBLIC OPINION MESSAGE
* PRINT DATE: 02/11/86 TIME: 15:57
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9

TO: HOUSE TRANSPORTATION COMMITTEE MEMBER:
REPRESENTATIVE CATO, CHAIR, REPRESENTATIVES DAVIS
FURNACE, HERRMANN
MARROU, PIGNALBERI, AND SHULTZ

SENATOR ZHAROFF

FROM: SHIRLEY CHAPMAN, P.O.BOX 442, KING SALMON,AK.99613
PH 246-4442

RE: HCR 36: AIRLINE TRAVEL

AIRLINE RATES ARE SO HIGH MOST PEOPLE IN THE BUSH AREAS CAN'T AFFORD THEM.

EOM

Febrary 11, 1986

Adelheid Herrmann
Pouch V
Juneau, AK 99811

Dear Representative Herrmann:

I have lived in Naknek for the past 11 years and have seen airline prices and air freight rates go up steadily. We now have two "competing" airlines and three freight haulers all charging to the penny the same rate. For the price of a round trip ticket to Anchorage I could go to Seattle from Anchorage, five times the distance.

Southeast Alaska gets subsidized transportation via the Marine Highway. Most people of the state can at least drive to major shopping areas. We only have the choice air transportation.

This means that all food, household goods and the like needed for living have to come by air and transportation of a family to Anchorage is not a matter of jumping into a car but buying seat fare for each.

Hopefully you can look into this matter.

Kurt Jaehning
Naknek AK 99633

Low air fares extended to Anchorage

11/13/85 Anch. Daily News

Daily News staff and wire services

The low Thanksgiving air fares being offered in the Lower 48 were extended Tuesday to travelers from Anchorage.

Western Airlines announced Tuesday it will offer $158 round-trip "Turkey fares" from Anchorage to anywhere Western flies in the continental United States.

Travel must take place on Nov. 28, 29 and 30, and the return flight must begin by noon on Nov. 30, according to Rachel Cavitt, sales manager for Western Airlines in Alaska.

Tickets also must be purchased within three days of reserving the seat and they are nonrefundable. The last day to purchase tickets is Nov. 26, Cavitt said.

"This is definitely just for the impulse traveler," said one Anchorage travel agent. "But it's just about the cost for two people to go out and have a fancy dinner and drinks."

The Turkey fare offers up to 85 percent savings on some of Western's tickets, Cavitt said.

Western flies to numerous West Coast cities and other destinations across the country including Salt Lake City, Boston, New York, Washington D.C. and Texas.

The Turkey fare is less than half the cost of an ultimate supersaver fare to Los Angeles, which now is about $398.

Two more airlines joined in the Thanksgiving fare war Tuesday, and the carriers reported a surge of telephone queries and bookings for the steep discounts that are designed to fill empty holiday flights.

"It's been very heavy. There are some markets selling out rapidly," said Linda Johnson, spokeswoman for American Airlines. She said Florida routes were practically booked for the 60-hour period covered by American's offer.

United Airlines spokesman Chuck Novak said the number of phone calls to its reservation centers was up 50 percent. Jim Ewing, a spokesman for Delta Air Lines, said: "The volume of calls has increased drastically, I'd say by 15, 20 percent. We've got to put supervisors on the phones."

American was the first to offer the sharply reduced fares in a Monday announcement aimed at luring travelers who otherwise would stay home during Thanksgiving. United and Delta quickly followed with their own plans, and Northwest Airlines and Eastern Airlines announced sales 24 hours later.

American and Eastern are offering discounts of up to 35 percent on round-trips in the 48 continental states from Thanksgiving Day, Nov. 28, through noon Nov. 30, when passenger traffic traditionally is very light. Thanksgiving eve and the following Sunday have been heavily booked for months.

United matched American's offer on routes they both fly. United, American and Eastern require round-trip bookings and payment within three days of making reservations. Their sale deadline is Nov. 26 and tickets

For a New Stuyahok pair, it wasn't good day to fly

by Mitch Lipka
Times writer

After visiting her sick son in an Anchorage hospital, all Annie Gumlickpuk wanted to do was go home to the Bristol Bay village of New Stuyahok.

It all seemed simple enough and it had been done time and time before. All they had to do was get on a plane to Dillingham, catch a Bush plane up the Nushagak River and they would be home.

She and about 10 others boarded a SeAir flight Monday afternoon knowing there was good weather in Anchorage and good weather in Dillingham.

Bad weather is the bane of Bush flying — the major variable people there must learn to cope with.

Off went the SeAir flight and back it came. Mechanical difficulties, the passengers were told.

After a plane switch and more than a hour more on the ground, a second SeAir flight speeded down the runway for the 300-mile trip. Back it came.

Mechanical difficulties, they say.

That's when things began to get bad. Gumlickpuk and her elderly father-in-law, Johnuk Gumlickpuk were informed by the carrier with the next flight out, AirPac, that their tickets would not be honored.

To make the situation still worse, Johnuk Gumlickpuk speaks only Yupik, and had to sit off to the side not understanding what was happening.

It seems that the $163 weekender fare tickets the Gumlickpuks had purchased may only be used on the airline that issued them, even if that airline can't get them where they are going. The Gumlickpuks did not have the money on hand to buy $160 one-way tickets for other carriers.

All things considered it's probably just as well the Gumlickpuks didn't get on the AirPac flight because it too returned to Anchorage and was cancelled. The problem — mechanical difficulties, the passengers were told.

"I don't like being stuck here," Annie Gumlickpuk said. "If they had been courteous and at least put us up for our meals it would have at least made us feel better."

"We don't have to take somebody's room and board and all of that," said Irene Bonner, director of customer services for SeAir. An airline flying a plane with fewer than 60 seats is not required to put up stranded passengers, she said.

"Most people who fly in Alaska understand the hassles with the weather conditions flying to these places," Bonner said. "We do accommodate them any way we can."

Bonner said ticket agents were not able to reach her Monday night, and if they would have, she would have given the Gumlickpuks a ticket on another airline.

"I've been flying all my life but this is the worst it has been," Annie Gumlickpuk said.

"We're so unlucky today," Johnuk Gumlickpuk said with Annie translating. "And it's not our fault."

Janet Schichnes and her family managed to be aboard both SeAir planes and the AirPac plane that were brought back to Anchorage.

"We got on every plane but MarkAir got us here," she said for her Dillingham home this morning. "It's absolutely insane.

"It took us about seven hours to get from Anchorage to Dillingham (normally a one hour flight) and we don't even have our bags."

Repeated calls to AirPac were not returned.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

S. Transportation Feb. 25, 1985 3:30pm

H. C&RA March 18, 1985 3:00pm

H. Transportation Feb. 13, 1986 7:00Am

H. Transportation Jan. 29, 1986 7:00 Am

S. Transportation April 30, 1986

S. Transportation Feb. 19, 1986 3:30pM

H. Transportation JaN. 30, 1986 7:00 Am

Alaska State Legislature

Senate

Official Business

Pouch V
State Capitol
Juneau, Alaska 9981

January 25, 1985

The Honorable Norman Gorsuch
Attorney General
State of Alaska
Pouch K
Juneau, Alaska 99811

Dear Mr. Attorney General:

As you know, Alaska Airlines has announced substantial fare increases for coach class passengers.

Advertising has indicated that each of the other interstate carriers (United Airlines, Northwest Airlines and Western Airlines) has followed the new Alaska Airlines fare schedule with virtual exactitude.

Before the new increases took effect, the one-way coach class fare between Anchorage and Seattle, on each of the carriers, amounted to a cost of 22 cents per mile. Alaska Airlines charged a one-way fare of $324.90. Two other carriers (Northwest Airlines and Western Airlines) were three cents cheaper, at $324.87. United Airlines charged $5.90 less than Alaska Airlines, or $319.00. This is an obviously miniscule "spread", and, as noted, each of the carriers is charging 22 cents per mile in fact.

The route between Anchorage and Juneau is extremely important to State government, inasmuch as many passengers are flying either on state business, at state expense, or because they are exercising their right or duty of citizenship to visit and speak with officials of the government. The fare over this route, where no competition exists, is 33 cents per mile.

For the purpose of this inquiry, however, I will not concern myself with the Anchorage-Juneau route, because only one carrier serves the route. Instead, I will confine my comparisons to the interstate route between Anchorage and Seattle, and other destinations in the continental United

States, on the one hand, and other American routes, not involving an Alaska airport, on the other. The comparisons are based upon the old fares before this month's increases took effect.

Between Anchorage and Seattle, passengers in coach class (disregarding "super saver" passengers) paid 22 cents per mile, as noted. This cost per mile is twice the cost per mile between Salt Lake City, Utah, and Washington, D.C. The distance between Salt Lake City and the nation's capital is 413 miles greater than the distance between Anchorage and Seattle. The fare is $109.00 less than the Anchorage-Seattle fare before the new increase!

If Alaskans were able to travel for 11 cents per mile, they would pay a one way fare to Seattle of $162.45, not $319.00 to $324.90, or the higher fares now in effect.

Another example -- and the examples are endless, obviously -- is the flight between Kansas City and Seattle, a distance of 1,851 miles (slightly farther than the distance from Anchorage to Seattle). Western Airlines offers a one-way fare of $185.00, or 12 cents per mile, between Kansas City and Seattle.

Because "super saver" fares are offered virtually everywhere, and have many restrictions, including a requirement for round trip purchases, I have not attempted to calculate their effect. Our research is particularly interesting, I think, in its showing that the four carriers in the Alaska trade follow virtually equivalent coach class fares, as well as super-saver fares, and are also identical in their failure to offer any type of other discount fares (except senior citizens' discounts offered by Alaska Airlines and United Airlines).

Many Alaskans expected that deregulation of the industry would result in lower fares. Many Alaskans expected that the entry into the Alaska trade of United Airlines would enhance competition and result in savings to the consumer. As shown by the two newspaper clippings I enclose (article from the Anchorage Daily News of January 17, 1985 and editorial from the Anchorage Times of January 18, 1985), the fare increases are of interest and concern to Alaska residents.

The problem of the cost of travel is exacerbated for Alaskans because of the absence of rail or other surface travel modes that can be reasonable alternatives for many, given the distances to be covered and the climate that prevails during most of the year.

The inability of Alaskans to travel out-of-state means diminished opportunities for contact with family and friends in "the lower 48", and diminished opportunities for education, professional seminars, and other activities important to the development and fulfillment of the individual Alaskan in his or her personal life and career.

With all of these considerations in mind, I would be grateful for any reflections you and your Department may have, and would like to know particularly:

1. The elements of proof that would normally be required to show an unlawful "contract, combination or conspiracy" in restraint of trade, or other violation of the state anti-trust law. (AS 45.50.562 et. seq.)

2. Whether there may be a possible application of state anti-trust laws, for restraint of trade or price fixing by agreement or conscious parallelism, in this context.

3. Whether state anti-trust laws apply to interstate air carriers.

4. If not, whether state anti-trust statutes could be changed in a constitutional manner to provide such applicability and to establish state court jurisdiction.

5. Whether there is any precedent for anti-trust suits against air carriers in interstate commerce, either under federal or state anti-trust statutes, brought by attorneys general on behalf of state governments or their people, for alleged price-fixing and restraint of trade.

6. Whether there are any other statutory remedies that can be considered or developed to deal at the state level with the problem.

7. Whether the state has been given any data from the carriers which might justify either the apparent coincidence in their respective fare structures or the recent round of fare increases.

Because the matter I have raised is of great importance to the Alaska tourism industry and Alaska business in general, I am sending a copy of this letter to the Honorable Loren H. Lounsbury and I am inviting him and the Department

...man Gorsuch
..., 1985
...our

of Commerce and Economic Development, which he heads, to share with me any comments or ideas that they may have. At a minimum, it would be my hope that state officials in the executive branch will express to the carriers some of the concerns I have voiced here, and encourage fare competition and lower fares.

One of the puzzling factors in all of this is that it would appear to me to be evident that if fares were lower, more passengers would fill the airlines' seats. I am wondering whether the government or the industry has any information or studies, such as studies for the Division of Tourism of the Department of Commerce and Economic Development, which could help us (and the carriers) estimate what the passenger load factor would be if fares were lower.

Today, Alaskans pay more than 100 percent above what ...ach class travelers pay, on a per mile basis, elsewhere in ... nation. Alaskan travelers appear to be subsidizing ... velers on other routes.

All of this occurs at a time when the rate of inflation ...laska is less than the rate of inflation acros... ...he ...n. In the past several years, the federal gover... ...t noted on many occasions that the cost-of-li...ng ...ential between Alaska and the rest of the count...y is ...ing, not growing. And airline fuel cost... are ...dly stabilizing, too. Some airlines, as we ...now, negotiated union agreements to reduce labor costs. ... as I have noted above, we are in a deregulation ...ent that is a supposed benefit to the consumer.

... assistance and advice would be very welcome, so ...of us in state government, working together, can ...g down the cost of airplane travel, absent ... justifications from the carriers showing good ... prior rates and recent increases have been ...d good reasons why all the carriers are charging ...he same fares.

Sincerely,

Joe P. Josephson.

Joe P. Josephson
State Senator

...oren H. Lounsbury

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K – STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

RECEIVED
FEB
Josephson,

February 5, 1985

The Honorable Joe P. Josephson
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Re: Airline Ticket Prices
A.G. File 166-312-85

Dear Senator Josephson:

Your recent inquiry concerning the high prices Alaskans are forced to pay for airline tickets has been reviewed in detail by my department. This is a matter of substantial public concern, as air travel costs impact Alaskans in many different ways.

My office has been monitoring the situation for sometime. In particular, the nearly identical prices charged by the carriers for travel between Anchorage and Seattle caught our attention. We did initiate an inquiry to find out how and why Alaska Airlines, United, Western, and Northwest all charge essentially the same prices on this heavily travelled route.

Our investigation revealed that the airlines are able to keep track of each others prices, and proposed price increases, through several computerized information networks. The main network is the Airline Travel Publishing Company's computer service (ATPCO). The ATPCO system publishes routes, schedules, fares, and proposed fare changes nationwide, and is apparently updated daily. This system is used by travel agents as well as by the airlines, and allows its subscribers to know -- to the penny -- what any given airline is charging on its routes.

We are informed that airlines generally "move in packs" when it comes to prices. That is to say, as a general rule, no one airline wants to offer a fare that is much higher than any other airline, for fear of losing business. Air travel is a particularly price-sensitive industry. Consumers will fly the airline that offers the best price, with other factors (schedule, quality of in-flight service, etc.) running far behind price as a factor in selecting which airline to choose. If one airline lowers its prices, its competitors follow suit quickly.

We are informed that when an airline decides to raise its prices, it will publish the planned increase through the ATPCO system with an effective date of one to two months after the initial announcement. Thus, its competitors are given notice of any up-coming price rise. The competitors are in a position to follow the leader and file corresponding price increases. Unless one airline does not go along, we are told, the upward change is likely to happen. By closely following the proposals of their competitors, and responding to the changes as they occur, airlines are able to keep their prices within a few percentage points of each other. This process is what is known as "conscious parallelism" in antitrust law. It is not illegal, under either the Alaska Restraint of Trade Act or the Federal Sherman Act, to closely follow and to respond to a competitor's prices.

Your letter asks for my thoughts on how the state antitrust laws apply, and whether they ought to be changed, in this situation. The problem is not one of jurisdiction, nor is it, in my opinion, one which can be remedied easily by changes to the law. If it could be shown by direct evidence that the airlines actually met, and agreed to charge any particular fare on Alaska routes, this office would be able to intervene and seek redress on behalf of consumers. But to prove pricefixing, we need evidence which we do not have, and which our initial inquiry does not indicate we would find. Nor would it be wise policy to seek a change in the law making it illegal for a business to watch a competitor's prices and respond to them -- consumers benefit when businesses cut prices in response to competition.

I join with you in expressing concern for the high prices Alaskans have to pay for airfare, in a time when the cost of air travel elsewhere in the country has declined dramatically. I certainly hope that consumers will express their concerns to the airlines. Perhaps one or more of the air carriers serving Alaska may respond by reducing its fares.

Sincerely yours,

Norman C. Gorsuch
Attorney General

NCG:jf

ALASKA STATE SENATE

JOE P. JOSEPHSON
DISTRICT H — ANCHORAGE
1526 F STREET
ANCHORAGE, ALASKA 99501
(907) 277-4419

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4525

COMMITTEES

BUDGET & AUDIT
HEALTH, EDUCATION & SOCIAL SERVIC
RULES
TRANSPORTATION

SENATE CHAIR, ANCHORAGE CAUCU

OFFICE OF MINORITY WHIP

February 6, 1985

Mr. Bruce Kennedy
President
Alaska Airlines
P.O. Box 68900
Seattle, Washington 98188

Dear Mr. Kennedy:

As a state senator from Anchorage, I have asked why air fares have increased in Alaska this year, at the same time that significant new discount fares are offered elsewhere. My inquiries have resonated in the Alaska community, because Alaskans know that fares charged for flights to and from Alaska were high, both in relative and absolute terms, even before the latest increases took effect.

I am enclosing a copy of my letter to the Attorney General of Alaska dated January 25 and a copy of the press release which I issued at that time. I am also enclosing three other newspaper clippings on this subject, including a recent editorial and a recent travel column, which show the existence of widespread community concern.

This office has received many messages from constituents, and there has been a proliferation of letters to the editor on this subject. For example, I also enclose some letters to the editor of the Anchorage Daily News which appeared in that paper recently.

Alaskans who travel know that the fares now available between points in the continental United States tend to be far lower than the fares available between Anchorage and Seattle, on a cost-per-mile basis. From a traveler's standpoint, as the enclosed newspaper clippings make manifest, there does not appear to be an obvious rationale for the existing fare structures, and there is certainly no discernible relationship between distance and cost.

I need not detail here the very serious consequences to us Alaskans of the high airplane fares. We have no rail alternative. Buses and cars do travel over the Alaska

Highway, but considerations of climate, distance and time make these modes all but useless for most business and vacation travelers.

On the other hand, there is an alternative to the high fares now charged Alaskans on the Anchorage-Seattle route: Alaskans can stay home. Their relatives and friends in the "lower 48", and potential tourists, can stay home, too, rather than visit the 49th State.

That alternative is bad for the airlines. It is bad for Alaskans. It is bad for family relationships. It is bad for tourism. It is bad for commerce. It is bad for those who want to pursue educational curricula and professional seminars in other states. It is bad for community morale. It is bad for the relationship between the airlines and their customers. It is bad for the taxpayers of Anchorage who have invested in a new convention center, a sports arena, and other amenities designed to enhance tourism.

Alaskans are educated and sophisticated. They ask me:

1. Why are airline fares going up here while fares in other places are going down?

2. Why do all airlines consider the high fares to be more profitable, even though they compel many would-be travelers to stay put?

3. What are the justifications for the higher Alaska route fares? Are Alaska state airport landing fees higher than elsewhere? Is jet fuel bought for travel to and from Alaska more expensive? Is there a wage differential paid to employees working in Alaska? Are load factors so low that the costs of operation per seat, relative to revenues, are very high? If so, why do four carriers compete over the market, and why wouldn't lower fares build profits, at least on certain flights, or at least on designated flights off-season? Or, conversely, are load factors so high that it matters not to the carriers whether some Alaskans choose to be price-resistant?

4. Why has deregulation not led to price competitiveness here?

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5172 HTRA HB 525 - HCR 6

I am considering introducing legislation on this subject, and as a member of the Senate Transportation Committee, I have requested public hearings on this question. The Chairman of the Transportation Committee, I am informed, has scheduled such hearings.

I have also received a response from the Attorney General of the State of Alaska to my inquiry about possible anti-trust violations. The reply of the Attorney General indicates that an element in any anti-trust litigation would be evidence of actual consultations among the carriers to set prices; it does appear that such evidence is difficult to obtain, if it exists at all. The Airline Travel Publishing Company computer service gives every carrier access to detailed fare schedules from every competitor, and so a consciously-parallel fare policy can be set without direct communication among competitors on the subject.

The remedies for Alaskans in this environment would appear to be limited to a spontaneous or concerted abstinence or boycott from air travel; consultations with the Alaska delegation in Congress to explore inducements or sanctions at the federal level; utilization of the state's bargaining position as a major customer to bring about price concessions benefiting all Alaska travelers; encouragement of a new entrant in the Alaska market; and public relations rewards and honors to that carrier which is imaginative enough to be the first to give Alaska travelers some overdue relief.

I solicit your comments and suggestions so that Alaskans can begin to get some of the price benefits deregulation was supposed to bring. I have written in an identical vein to your three counterparts at the other interstate air carriers. In my judgment, imaginative leadership in this regard will inure to the short-range and long-range benefit of the company displaying it, and will certainly earn the recognition and gratitude of the legislature and the people of Alaska.

Sincerely,

Joe P. Josephson
State Senator

JPJ:rak
Enclosures

JJ's copy bike Air Fares

RECEIVED

FEB 22

Josephson,

M E M O R A N D U M

TO: Vince O'Reilly, Deputy Commissioner

DATE: February 12, 1985

FROM: Orhan M.Yildiz
Economic Analysis Section

SUBJECT: Airline Industry

THROUGH: Committee of Directors, Economic Analysis Section

In response to your request concerning determinants of airline travel demand we performed a literature search on the subject. Not surpisingly, there is no relevant information specifically for the Alaska market. However, from the limited literature that is available locally I have put together the following discussion, which may shed some light on the questions raised by Senator Josephson.

The 1978 Airline Deregulation Act has increased competition in most of the U.S. airline markets. Consequently, consumers have, in general, benefited from lower fares. In the Alaska market, however, steady price increases in recent years above the inflation rate indicate that Alaskans might not have benefited from the industry deregulation equally. Finding the reasons behind this would require an analysis of the local market characteristics and the airline industry structure in Alaska.

In spite of the increase in competition in the U.S. air travel market, the industry earnings in the post deregulation years have been good, except around the 1980 recession period, and were exceptionally good in 1984. Earnings are expected to increase in 1985. (This information was given by Albert Khan, the man responsible for the deregulation of the airline industry, on the KTOO TV show "Firing Line" on Feb. 9, 1985.) This may imply a price elastic (or price responsive) demand for air travel — i.e., a decrease in fares is more than offset by an increase in demand so that the industry revenues in fact increase. Why, then, is this experience in the lower 48 not transferable to Alaska?

First, the Alaska market has little competition compared to markets elsewhere in the U.S. Even the national market is not entirely competitive, since it is still dominated by the large Trunks, although their market share decreased considerably after the deregulation. In Alaska not only are the alternative modes of travel practically absent, but few airlines operate within the state boundaries. The existence of a small number of operators with similar cost structures and nearly identical products makes

the disadvantage of rivalry clear. This does not necessarily imply collusion. When the market is dominated by one large airline that airline could act as the leader and set the market price, which would be adapted immediately by the smaller airlines. Thus, it is likely that the Alaska market gravitates toward a monopolistic structure or toward an oligopoly with joint profit-maximizing behavior.

Where the air fares are set depends on how easy it is for other airlines to enter the market and the elasticity of demand for air travel. If barriers to entry were low, fares would not be much above those found in a "competitive market," for otherwise new airlines would enter the market to share profits. Thus, one question to be answered is how difficult it is to open the Alaska market to further competition.

If demand for air travel is not responsive to price changes the industry can pass most of the general operating cost increases on to the customers. The existence of monopoly conditions would further exacerbate the situation, because costs due to inefficiencies would be added to the overall costs -- while in a competitive market the inefficient airline would be forced to drop from the market. If the demand responds elastically to price changes cost increases would be born mostly by the industry. Hence, any price increase due to increasing costs would cut revenues drastically. Conversely, a decrease in price would increase revenues but not necessarily the profits of a monopolist. Therefore, the second question that would need to be answered is whether the demand for airline travel in Alaska is responsive to changes in prices.

Whether the Alaska market can become more competitive depends on several factors. Entering into the Trunk business involves economies of scale. Literature indicates that "... a carrier would have to supply at least two billion available ton miles ... in order to achieve unit costs comparable to those of the typical Trunk;" beyond this level of operation economies of scale disappear.1 In this situation the economical alternative would be the entry of an existing airline company, not a new carrier, to the Alaska market. This way the airline would pick the revenue

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1/ Paul Biederman, "The U.S. Airline Industry: End of an Era," Praeger Special Studies, 1982.

Ton miles is the available tons multiplied by mileage flown.

passenger miles of travelers destined to other locations within th U.S. The market share of a carrier also depends on the frequency of service (number of flights per day), although as length of trip increases this becomes less of a factor.2/ In Alaska, trip length between Anchorage and Seattle, Southeast and Seattle, and Southeas and Anchorage would make it feasible to capture a reasonable share of the market with few flights per day.

Obviously, each carrier does not have the same cost structure, since there are other determinants of cost than size. One indicator of carrier efficiency is employee productivity, whic could be measured as revenue ton miles per employee.3/ Total operating expenses of a carrier depends on total employment, age o aircraft fleet (affects maintenance), type of aircraft (technology and cargo revenue. Since the two major airlines operating in Alaska are lower 48 based their employee costs in routes between Alaska and Seattle are probably not much higher than an average U.S. carrier. Of course, airlines have to maintain ground crews (for maintenance and service) at every airport. In addition, the cost of providing service within Alaska would be higher. One factor of great importance for the Alaska market is the cargo revenues of carriers. These work to reduce operating costs considerably. In all likelihood airlines in Alaska receive considerable cargo revenues, which lower operating costs and increase total revenues. Consequently, it is not clear whether operating cost of air carrier service to Alaskans is overall costlier than elsewhere. If further work in the airline cost area is sought, Financial data for Alaska carriers could be obtained from the Federal Aviation Administration (FAA). Such reporting is a requirement of FAA.

In addition to operating costs, a major obstacle to entry into the Alaska market would be fixed depreciation and amortizations costs of investment. Airlines with the monopoly power could easily undercut the prices, even below the level of a competitive market, to drive out a new entrant to the market. A carrier with high financing costs might not survive such rivalry unless it is protected by a parent corporation.

2/ Geaorge C. Eads, "The Local Service Airline Experiment," The Brookings Institute.

3/ A revenue ton mile is the revenue generated from carrying one ton a distance of one mile.

passenger. For a new carrier to enter the Alaska market it is important to know whether Alaska travelers are sensitive to price reductions. If they are not, utilization of additional carrier capacity offered by the new carrier may require deep price cuts, which would also reduce the total revenue earnings of the industry. On the other hand, if there are barriers to entry into a market, companies with the monopoly advantage benefit from inelastic demand. When demand is not responsive to price the reduction in demand would be proportionately less than the price increase, resulting in an increase in revenues.

The results of demand elasticity analysis in the U.S. carrier market has mixed results. In general, demand for business travel is relatively insensitive to price, whereas the reverse is true for vacation travel. Nevertheless, it is not clear that these conclusions apply to the Alaska market. It is possible that even the vacation travel might be inelastic, considering that few substitutes for air travel exist. Besides, demand for travel is derived from demand for other things, such as business, vacation, visiting family or friends. It is generally acknowledged that the geographical conditions here necessitate occasional vacations to outside. Also few Alaskans may spend their annual leaves at a touristic location of Alaska. There is also the fact that most people here have relatives in the lower 48, whom they may need to visit occasionally. Without specific analysis of the market we can not draw definitive conclusions, although these arguments point to a market with low price responsiveness to air travel. However, acknowledging the price sensitivity of vacation travelers, air carriers offer price discounts. Thus, the existence of different fare categories in Alaska indicate that nonbusiness travelers still have a more price elastic demand curve, but this is likely to be a matter of degrees.

A study for the airline travel in the North Atlantic market seems to give some, albeit shaky, evidence to the hypothesis of inelastic demand in Alaska. Cigliano has analyzed the effect of price and income elasticity of airline travel between the U.S. and Europe, and also between Canada and Europe.4/ The total demand (aggregate of different fare classes) was responsive to personal income in both markets, responsive to price in the U.S. market but unresponsive to price in the Canada market. The author attributes

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4/ J. M. Cigliano, "price and Income Elasticities for Airline Travel: The North Atlantic Market," Business Economics, 1980.

the price inelastic demand in Canada to a different mix of travelers — e.g., more first class or business travelers. It is also possible that the special relationship of Canada to England requires a level of governmental and business interaction which is less sensitive to price. Alaska's remote geographical location to the mainland U.S. could easily be likened to the Canadian situatio Cherington, who did the first comprehensive, but subjective, revie of airline pricing concluded that price changes of less than 10 percent produced an inelastic response.5/ This study is now out dated, but for a new entrant to the market this figure gives an idea of the type of strategy required in order to be competitive.

In conclusion, the position of the State of Alaska shoul be the encouragement of competition in the Airline industry by making entry to the market easier. This can take the form of low interest business loans, tax legislation, or contract bidding. By opening the fiscal year air travel to a bidding process the government would be acting as a monopsonist (a monopolist of the user of services). If the size of government related travel is large the bidding process may prove to be very effective and may even lure a new carrier to enter the Alaska market.

5/ Paul Biederman, op. cit.

HB

544

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation:

3/30/88

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

March 30, 1988

****

COMMITTEE CALENDAR:

SJR 27: Urging the United States Army Corps of Engineers to dredge the shoal developing in St. Paul Harbor, Kodiak.

SJR 68: Relating to radioluminescent runway lights.

HB 544: "An Act relating to civil liability for voluntary aircraft inspection programs."

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

a folder on SJR 27 that includes:

item #1: SJR 27
#2: a statement from Senator Zharoff
#3: fiscal note - DOT/PF
#4: position paper - DOT/PF
#5: map of the shoal
#6: status of the shoal
#7: correspondences to and from the Governor
#8: correspondences to and from the Alaska's congressional delegation
#9: information on the original soundings

a folder on SJR 68 that includes:

item #1: SJR 68
#2: fiscal note - DOT/PF
#3: a statement from Sen. Johne Binkley
#4: letter of support - DOT/PF Commissioner
#5: resolutions and a letter of support

a folder on HB 544 that includes:

item #1: HB 544
#2: fiscal note - Dept. of Public Safety
#3: position paper - Dept. of Public Safety
#4: background information
#5: statutes

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HB 544
PUBLISH DATE:

FISCAL NOTE

REQUEST

2

Revision Date:
Title: "An Act relating to civil liability for voluntary aircraft inspection programs."
Sponsor: Transportation Committee
Requestor: House Transportation

Agency Affected: Public Safety
BRU: DPS Administration
Components: Civil Air Patrol

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY88	FY89	FY90	FY91	FY92	FY93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUNDS						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact is anticipated.

Prepared by: Capt. C. Roger McCoy
Division: Commissioner's Office
Phone: 465-4322
Date: 3/30/88

Approved by Commissioner: Arthur English
Agency: Public Safety
Date: 3/30/88

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

BILL NO: HB 544

DATE: March 30, 1988

TITLE: An Act relating to civil liability for volunteer aircraft inspection programs.

CONTACT: Capt. C. Roger McCoy
Commissioner's Office
465-4322

3

DEPARTMENT OF PUBLIC SAFETY

The Alaska Wing Civil Air Patrol (CAP) has an "aircraft safety inspection program" now in place which is part of their objective to improve public awareness of aerospace safety. This program is staffed by CAP members as volunteers which involves presentation through flight instruction schools and safety workshops.

This bill provides qualified volunteers with a degree of civil protection. The Department of Public Safety supports this legislation.

Arthur English
Commissioner

from Rep. Barnes' Office

SUBJECT: Immunity from civil liability for voluntary aircraft inspections.

TO: Transportation Committee

The objective of this bill is to encourage qualified personnel to participate in a voluntary, complimentary aircraft safety inspection program. Each Spring, various groups of individuals visit airports across the State to perform complimentary aircraft inspections. The purpose of these inspections is to seek out winter damage to frames, struts, etc., and to inform the pilots and owners of the potentially dangerous situations involving their aircraft. As the situation now stands, as a result of these Good Samaritan efforts, should one of these persons miss a potentially hazardous situation and an injury result, the resulting liabilitites would be ruinous to the person performing the complimentary inspection, even though there was no charge for the inspection and it was performed at the request of the aircraft owner.

The only solution to this problem would seem to be introduction and passage of Good Samaritan legislation protecting such endeavors. Failing this remedy, the only alternative seems to be some form of State funded insurance program, which is economically impossible at this time, and extremely unsound under any conditions.

TO: REP. BETTE CATO, CHARIPERSON

HOUSE TRANSPORTATION COMMITTEE

RE: HB 544

Formerly, the FAA conducted a "Spring Break" safety inspection program, but this has been discontinued. Currently the only program being conducted in Alaska is an educational safety program conducted by the Alaska Aviation Safety Foundation. This program is presented on public television on Thursday nights. The program features interviews with various persons, ranging from FAA employees to private pilots, and deals with various phases of safety training.

In 1987, the Foundation conducted in excess of 400 tests on Emergency Locator Transmitters, and found approximately one-half of them to be defective. The Foundation also conducted approximately 40 Educational Safety Programs for pilots. These programs were presented from Bethel to Glen Allen and from Barrow to Ketchikan. There have been over 500 pilots reached through this program. Additionally, the Foundation has produced a video entitled "Passenger Safety In Alaska" which has been shown all over the State.

To conduct a voluntary or complimentary inspection such as the Foundation has in mind would require a team of qualified persons and would be performed at the aircraft owner's request. This is not being done at the present time, due to the liability factor. The objective of this bill is to extend freedom from liability to these persons under the Good Samaritan theory. There would be no exemption from liability for intentional or wilful acts, or ommissions.

(7)

HOUSE COMMITTEE REPORT

Date referred: 3/21/88 FURTHER REFERRALS: Labor & Commer

DATE: 3-30-88

The Transportation Committee has considered HB 544

"An Act relating to civil liability for voluntary aircraft inspection programs."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact [ ] same as previous fiscal note published _____

[X] zero fiscal note

[ ] zero with analysis [ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Ed Pearson
Bill Hudson
Mike Miller
Hermie Sprinkle

SIGNING ~~OTHER~~ RECOMMENDATIONS:

Fred Pierce - No Rec

Hermie Sprinkle
Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: March 30, 1988

SIGN-IN

* **Subject of meeting:**

SJR 27: Urging the U.S. Army Corps of Engineers to dredge the shoal developing in St. Paul Harbor, Kodiak.

SJR 68: Relating to Radioluminescent Runway Lights.

HB 544: "An Act relating to civil liability for Voluntary Aircraft Inspection Programs."

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY? (check legislation AVAILABLE FOR QUESTIONS THAT MAY ARISE)
Roger McCoy	P.O. Box N Juneau, AK, 99811	465-4322	Dept. of Public Safety	
Michael Thill	CAP Rm 121	4922	Sen Zharoff	SJR 27
James Adair		4985	Binkley	SJR 68

* indicates first public hearing

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

JANUARY 23, 1987

INSIDE YOUR FOLDERS ARE:

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* Committee schedule for the week of January 26-30, 1987
* HCR 1: Relating to the highway between Eklutna and Palmer
* Status sheet for HCR 1
* Fiscal note for HCR 1
* Memorandum from Rep. Curt Menard
* Resolution from the Mat-Su Borough
* Memorandum from the Mat-Su Borough
* Recommendations from the Mat-Su Borough to DOT/PF

STATUS OF HOUSE CONCURRENT RESOLUTIONS

BILL ID	SPONSOR	ABBREVIATED TITLE	CURRENT STATUS	STATUS DATE
HCR 1	MENARD	EKLUTNA-PALMER HIGHWAY	(H) TRA THEN FIN	01/19/87
HCR 2	NAVARRE	INSURANCE AVAILABILITY AND AFFORDABILITY	(H) L&C THEN JUD	01/19/87
HCR 3	MARTIN	UNIFORM RULES/TIME LIMITS	(H) RUL	01/21/87
HCR 4	COLLINS	CHILDREN'S LAW TASK FORCE	(H) HES THEN JUD THEN FIN	01/23/87
HCR 5	RULES BY REQUEST	MANAGEMENT OF STATE SAND & GRAVEL OF BUDGET & AUDIT	(H) RES THEN FIN	01/23/87

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version : HCR 1
Publish Date :

REQUEST:

Revision Date:
Title : Hwy between Eklutna and Palmer

Agency Affected : DOT&PF
BRU :

Sponsor : Menard & Larson
Requestor : Cato

Components :

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary) The Dept. of Transportation and Public Facilities has requested federal authorization to continue to develop the Glenn Hwy widening project. Future federal authorization will be requested as needed.

Prepared by : Mark S. Hickey MSH
Division : Deputy Commissioner, Operations
Phone : 465-3900
Date : 1-26-87

Approved by Commissioner : Robert Sykes
Agency : DOT&PF
Date : 1/26/87

Distribution (by preparer) :
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

Dept. of Transportation & Public Facilities

Position Paper

BILL NO: HCR 1

TITLE: Relating to the Highway between Eklutna and Palmer

APPROVED: Rocky Gutierrez
Commissioner

DATE: January 26, 1987

The DOT&PF agrees that widening the Glenn Highway from Eklutna to the Parks Highway is a much needed project, and in fact, has included it as a high priority in the Six Year Capital Improvement Program.

Specifically, this project would widen the Glenn Highway to four lanes from Eklutna to the Parks Highway with interchanges at the Parks and Old Glenn Highways. The first phase of the project (widening to four lanes) is estimated to cost $59,000,000. The total cost with interchanges is estimated to be $142,000,000.

A community meeting was held in Wasilla on October 29, 1985 to introduce the project and explain the development process of a federal aid project. One of the major hurdles, the Draft Environmental Impact Statement (DEIS), was submitted to the FHWA on December 18, 1986. Following approval of the DEIS by the FHWA, the project will proceed to design. We anticipate that right-of-way acquisition could begin as early as 1989 and construction could be completed by 1991. At this time there is no reason to believe this project cannot be developed in a timely manner.

Wetlands and wildlife habitat impacts are part of the social and environmental issues being addressed in the DEIS. We do not anticipate any problems with the wetlands as the Alaska Legislature exempted the right-of-way for the project from legislation establishing the Palmer Hay Flats Game Refuge (AS 16.20.032), and the U.S. Fish and Wildlife Service and the Corps of Engineers have cooperated with our development efforts. There will of course be some required wetland mitigation. The extent of which will not be known until the DEIS has been accepted by the FHWA.

For further information call Susan Fleischhauer at 465-3900.

Alaska State Legislature
House

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

M E M O R A N D U M

January 23, 1987

To: Transportation Committee Members

From: Representative Curt Menard

Subject: HCR 1

The following dates summarize the schedule of major project development events:

2/87	Draft Environmental Impact Statement (EIS) Approval
4/87	Public Hearing
11/87	Final EIS Approval
11/87-1/88	Appearance in the Federal Register
1-2/88	Record of Decision by the Federal Highway Administration (FHWA)
5/88	Design Study Report Approval by FHWA

Once the above are complete, the final design, right-of-way acquisition and utility relocation will be initiated. The construction phase is expected to begin in the autumn of 1989.

Rep Menard.

At the request of Mayor Edna DeVries

MATANUSKA-SUSITNA BOROUGH

RESOLUTION SERIAL NO. 84-107

A RESOLUTION SUPPORTING WIDENING OF GLENN HIGHWAY TO FOUR LANES FROM EKLUTNA TO THE JUNCTION OF THE PARKS HIGHWAY.

WHEREAS, most of the Glenn Highway from Anchorage to the Parks Highway junction has already been constructed to a four lane standard, and

WHEREAS, the near doubling of Borough population since 1980 has caused increasing congestion along the Glenn Highway between Eklutna and the junction of the Parks Highway and the Palmer-Wasilla Highway, and

WHEREAS, population growth, increases in traffic count and development trends are sufficiently clear and well established to justify a four lane highway,

NOW THEREFORE, the Matanuska-Susitna Borough Assembly urges the State of Alaska to commence the design for widening the Glenn Highway to four lanes between Eklutna and the junction of the Parks Highway so that the necessary highway right-of-way acquisition and construction can begin at the earliest possible date, and

BE IT FURTHER RESOLVED, the Matanuska-Susitna Borough urges the State of Alaska to seek an allocation of federal aid monies for a four lane highway based upon need, existing and projected traffic count, and

The Matanuska-Susitna Borough directs that a copy of this resolution be forwarded to the Governor of Alaska, to

Senator Jalmar Kerttula, to Representatives Ronald Larson and Barbara Lacher, to Richard J. Knapp, Commissioner Department of Transportation and Public Facilities, to David Haugen, Deputy Commissioner Central Region, Department of Transportation and Public Facilities and to the Mayor Municipality of Anchorage.

PASSED AND APPROVED by the Borough Assembly of the Matanuska-Susitna Borough this 7th day of August, 1984.

Edna DeVries

Edna DeVries, Borough Mayor

ATTEST:

Chris Seagraves

Chris Seagraves, Clerk
(SEAL)

REVIEWED AND APPROVED:

Gary Thurlow

Gary Thurlow, Borough Manager

Matanuska - Susitna Borough

assembly memorandum

20-5

no. TM 84-

from: Department of Public Works date: 11/6/84

subject: Glenn Highway Four Lane Improvement from Eklutna to the Parks Highway Intersection

A number of estimates have been stated publicly over the past several months regarding the cost of construction for the additional two lanes between the Eklutna Flats and the Parks Highway. The Department of Transportation and Public Facilities has two estimates for the four lane work within the limits described above. One estimate is in the amount of $58,000,000, which would include design, right of way, utilities, construction and contract administration for four-lane highway construction, bridges, etc. between Eklutna and the Parks Highway with signalized intersection at the Parks-Glenn intersection.

A second estimate includes the four-laning with bridges, utilities, right of way design and construction for the project referenced above, except for the intersection at the Parks-Glenn Highway, which would include the ultimate design of an interchange for free traffic flow instead of the signalized intersection in the estimate above. The cost estimate for this work is $104,548,000.

Respectfully submitted,

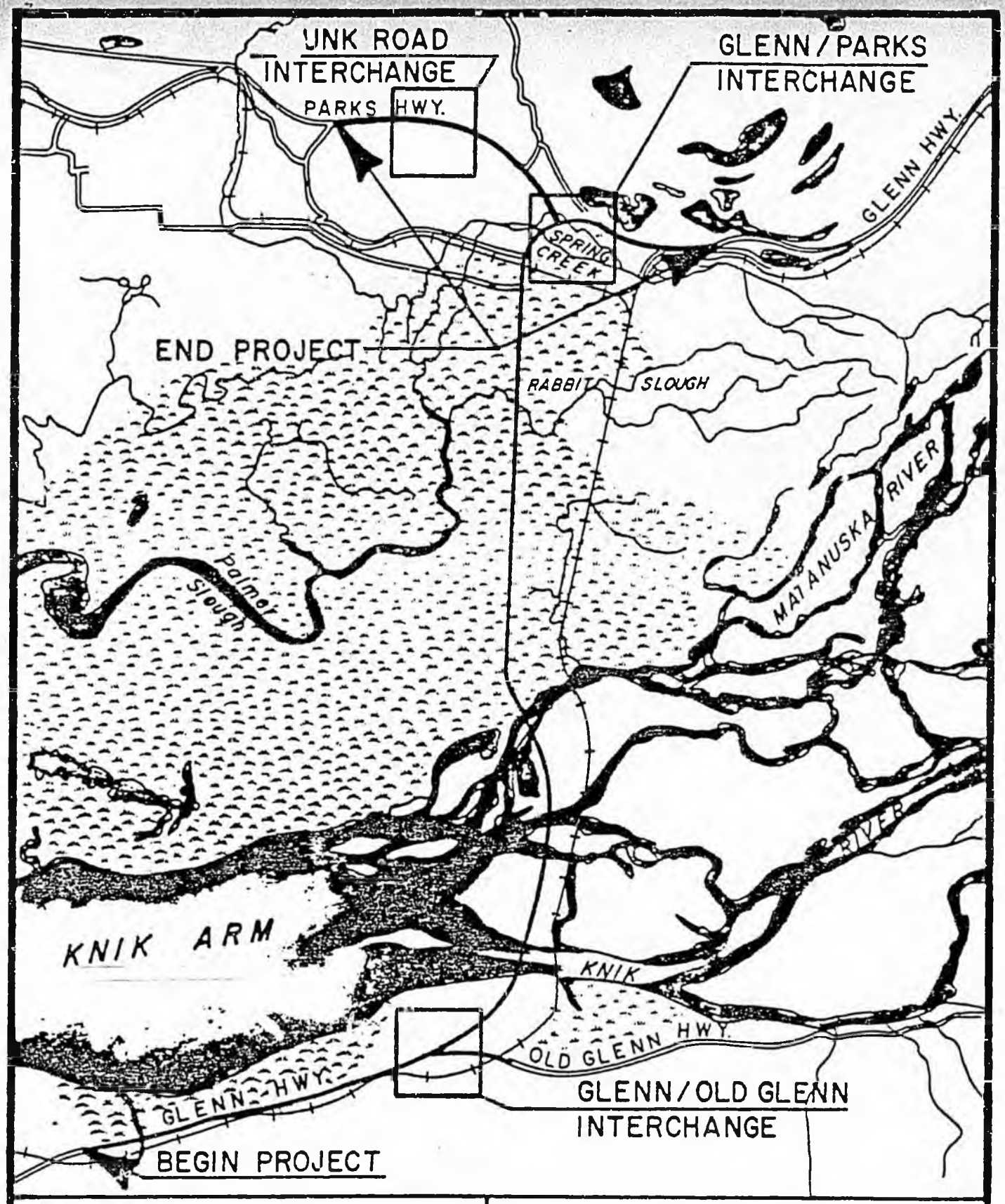
Rodger Wm Lewerenz

Rodger Wm. Lewerenz, P.E.
Borough Engineer

Reviewed and approved:

Gary Thurlow
Borough Manager

map


UNK ROAD
INTERCHANGE
PARKS HWY.
GLENN/PARKS
INTERCHANGE
GLENN HWY.
SPRING
CREEK
END PROJECT
RABBIT
SLOUGH
MATANUSKA
RIVER
Palmer
Slough
KNIK ARM
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OLD GLENN HWY.
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STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
GLENN HIGHWAY, EKLUTNA
TO PARKS HIGHWAY
I-OAI-5(I)
LOCATION MAP

Matanuska-Susitna Borough

BOX B. PALMER, ALASKA 99645 • PHONE 745-4801

BOROUGH MANAGER

December 2, 1985

State of Alaska
Department of Transportation
& Public Facilities
Environmental Section
P. O. Box 196900
Anchorage, Alaska 99519-6900

Gentlemen:

Re: Glenn Highway, Eklutna to Parks

The Matanuska-Susitna Borough supports upgrade of the Glenn Highway - Eklutna to the Parks Highway.

We attended sessions where the various environmental consequences of the project have been discussed. We have also evaluated various statements by various public agencies having an interest in the project. In our opinion the various environmental concerns can be dealt with. Since you are dealing with parallel bridges and a parallel causeway, you are dealing with as few environmental variables as you will ever have occasion to deal with on a major project.

We have some minor recommendations which should not appreciably affect the cost of the project. We urge DOT/PF to consider the attached comments of the Borough Planning Department in the design of the project.

The traffic congestion on this route is severe and the threat to safe and efficient vehicle operation will increase with time. The widening to first four and then eventually six lanes is vital. The 1984 ADT (average daily traffic) was approximately 15,500 vehicles. There were 250 traffic accident on this section of the Glenn Highway between 1982 and 1984.

We believe the project should receive the highest priority possible for a timely upgrade.

PROJECT DESCRIPTION

The Glenn Highway is the primary highway route between Anchorage and the rapidly growing Palmer/Wasilla area. Improvements to the Glenn Highway are considered necessary to provide for the existing and projected traffic demand.

The proposed project begins near the railroad overcrossing at Eklutna where the existing four-lane facility terminates. The proposed project ends at a point on the Parks Highway approximately two miles northwest of the Glenn/Parks intersection, and at a point on the Glenn Highway approximately 1.4 miles northeast of the Glenn/Parks intersection. The total length of the project is approximately 13 miles.

The portion of the Glenn Highway to be improved by this project is presently a two-lane rural highway. The proposed improvement would provide a six-lane divided highway. The existing two-lane highway would be widened to three lanes and would be used for northbound traffic. Three new lanes for southbound traffic would be constructed to the west of the existing road.

Access to the new highway would be fully controlled to allow for the most efficient traffic flow. As a result, certain roads and driveways that currently intercept the Glenn Highway would be closed, or rerouted to frontage roads and other access roads that would feed into proposed interchanges. Three interchanges would be constructed: one at the Old Glenn Highway, one at the Glenn/Parks intersection, and one at the proposed New Trunk Road.

Various methods of providing access to the boat launching area at the Knik River are being investigated.

Bridges

Bridges for the southbound lanes of traffic would be constructed downstream of the existing Knik River and Matanuska River bridges. The existing bridges would be widened to serve the northbound lanes.

The three proposed interchanges: Glenn/Parks Interchange, Old Glenn Highway Interchange, and the Trunk Road Interchange would require bridges for grade separations (i.e. overpasses for railroad crossings, etc.).

Frontage Roads

1. A proposed frontage road may provide access to the property served by the driveway at the old FAA towers near Eklutna; this frontage road would funnel traffic to existing roads in Eklutna Village.

2. Access to Rabbit Slough and private property west of the proposed Glenn/Parks Interchange may be provided by a frontage road system. This frontage road system would be accessible via the Parks Highway.

3. Access to Kepler-Bradley State Park and properties north of the proposed Glenn/Parks Interchange may be provided by a frontage road system. This frontage road system would extend from the Old Trunk Road to the Kepler-Bradley Lakes area.

Right-of-Way

Additional right-of-way would be required for the proposed Glenn/Parks Interchange, the proposed Old Glenn Interchange, the proposed Trunk Road Interchange, and portions of the proposed frontage roads. Some businesses and private property may be impacted by right-of-way acquisition.

Wetlands

Approximately 160 acres of wetlands may be filled by the project as presently proposed. These wetlands provide habitat for salmon, moose, waterfowl, and a variety of small mammals.

Floodplains

Fill, rip-rap, portions of the highway, and the new river bridges would be placed in the 100 year floodplain of the Knik and Matanuska Rivers.

Your comments on this proposal are needed to ensure that all factors are considered in the preparation of the Environmental Impact Statement and that our final recommendations are in the best overall interest of the public. Transmittal of any information you may have concerning environmental, economic, or social concerns and land use issues would be appreciated, and any comments or suggestions regarding the proposed roadway alignment or other project related concerns are welcomed.

For further information about the project and scoping meetings contact Melanie Caltrider, Environmental Analyst, Central Region ADOT&PF at 266-1507.

Sincerely,

Merlyn L. Paine
Environmental Coordinator
Central Region ADOT&PF

MC/MP/mhb

Attachments: Project Map
Agency Scoping Meeting Agenda

My name is Barbara Hunt and I am a legislative aide to Representative Larson. I wish to testify on behalf of House Concurrent Resolution No. 1--relating to the highway between Eklutna and Palmer.

As a past Planning Commissioner for the Mat-Su Borough and a current member of The Commuter Advisory group, I feel I can speak to the need for widening this inadequate 2-lane highway.

In the past 6 years I have spent approximately 3,120 hours commuting on this road. This equates to my logging in 156,000 miles. Although these numbers may be unscientific, I still believe they have validity.

Although Representative Menard has many statistics for your perusal, I would just like to say that I share the two lane with 6,930 other commuters during the peak hours of travel. Those numbers coupled with 3 narrow bridges, uncountable moose, and unpredictable ice fog has made this trip appropriately titled " the dance of death". (That was the name given this highway by the local paper more than two years ago.) Things have not become easier since then. If one accident happens on the two lane--during peak hours, you can be assured of atleast a 1/2 hour or hour delay. Emergency vehicles have the same problems as commuters, because in many cases an alternative is not availiable.

In my discussion with Mayor Jones of the Mat-Su Borough, I understand that this project remains one of the most important projects for the Mat Su Valley. Representative Menard has an assembly resolution to that effect.

I would be glad to answer any questions.

Source: Commuter's Advisory Study;
Will Elder - MOA

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPF In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 1-26-87 1:30 p.m.

Taken to Clerk 1/26/87

HOUSE COMMITTEE REPORT

(5)

Date referred: 1/19/87

FURTHER REFERRALS: Finance

DATE: January 26, 1987

The Transportation Committee has considered HCR 1

Relating to the highway between Eklutna and Palmer.

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[X] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Mike Miller

Jeanette Sprinkle

Bill Hudson

Bettye Davis

SIGNING OTHER RECOMMENDATIONS:

Bettye Davis
Chairman's signature

Official Business

COMMITTEE:

House Transportation

DATE: January 26, 1987

SIGN-IN

Subject of meeting:

first public hearing on HCR 1,

Relating to the highway between Eklutna and Palmer

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
T.J Thrasher	3443 Minnesota Anch 99503	463-3297	Alaska Truckinglines	yes
Barbara Hunt	Room 502 - Capital	3727	Rep. Larson's OFF	yes
CURT MEYERS	604 COURT			YES

HCR

6

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

February 20, 1987

FOR TODAY'S MEETING YOU HAVE:

A FOLDER ON HCR 6 THAT INCLUDES:

* a copy of HCR 6
* a current status report of HCR 6
* a fiscal note on HCR 6
* a fiscal note on SCR 5, the senate companion bill
* Financial Statement on Alaska's International Airports
* two media articles

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HCR No. 6
REQUEST
Publish Date:

Revision Date:
Agency Affected: DOT&PF
Title: Promotion & Marketing of the State-Operated International Airports.
BRU: International Airports
Sponsor: Rieger
Components:
Requestor: Cato

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	250.0	750.0	750.0	750.0	750.0	750.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	250.0	750.0	750.0	750.0	750.0	750.0
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (IARF)	250.0	750.0	750.0	750.0	750.0	750.0
TOTAL	250.0	750.0	750.0	750.0	750.0	750.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: See Attached.

Prepared by: Ron Lind, Director
Phone: 465-2171
Division: Plans, Programs, & Budget
Date: 02/09/87

Approved by Commissioner: [signature]
Date: 2/10/87
Agency: DOT & PF

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

Fiscal Note Analysis

HCR No. 6

1. ANALYSIS OF FISCAL IMPACT ON EXISTING PROGRAMS.

DOT&PF has assumed IARF funding. Airport tenants and airlines pay fees sufficient to meet the costs of operating and improving the international airport system. At current total landed weight levels, each $250,000 in expenses equals roughly $.01 added to the landing fee. A $750,000 increase in operating expenses could increase current landing fees by $.03 per 1,000 pounds of aircraft takeoff weight.

Under the operating agreement between the Department and the airlines any material change in the operating and any change in the capital budget should be reviewed by the signatory airlines.

2. ANALYSIS OF FISCAL IMPACT ON NEW PROGRAMS.

A successful marketing plan should generate increased revenues. In this instance, anticipated revenue increases are impossible to predict because much of the marketing focus is to attract traffic to replace existing international traffic forecasted by the resolution to overfly Alaska because of new long-range aircraft technologically making the Alaska stop unnecessary.

3. ANALYSIS OF EXPENDITURES

The contractual costs for FY 87 represent estimated costs for developing a marketing plan. FY 88 - 90 contractual costs represent estimated marketing program costs based on the Portland maketing budget. Portland and Seattle appear to be analagous to Anchorage since both are targeting worldwide markets. The Port of Seattle spends approximately $1.2 million annually for tourism, cargo marketing and airport public relations. Assuming the Air Cargo Feasibility Study currently underway defines much of the cargo market potential, the tourism and public relations needs at Anchorage and Fairbanks may be able to be addressed with the $750,000 annually --Portland's annual budget for marketing. Until further development work is done the mixture of direct staffing versus contractual activities cannot be determined.

4. OTHER INFORMATION

DOT&PF is in the process of gathering information on other airport marketing programs. Many of them are coordinated efforts with multimodal port authorities, municipal and state tourism agencies, local Chamber of Commerce groups, etc. Typically, a <u>destination</u> is marketed -- not an <u>airport</u> per se. DOT&PF envisions the same basic approach for Anchorage and Fairbanks airports. The marketing program needs to be a coordinated one with the IARF contributing to the overall efforts to market the State and promote broadbased economic development. The approrpriate financial commitment for the airports will undoubtedly be a subject of negotiation with the other parties involved in promoting Alaska.

no. 22

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

SENATE
BILL VERSION: SCR 5
PUBLISH DATE: 2/3/87

REQUEST

Bill/Resolution No.: SCR 5
Title: Re:promotion & marketing of state-operated international airports

Sponsor: Sturgulewski
Requestor: Senate Labor & Commerce
Date of Request:

FISCAL DETAIL

Agency Affected: DOTPF
BRU: International Airports

Components:

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER IARF	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL						

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

Prepared by: Mark K. Johnson, Counsel
Phone: 465-3822
Division: Senate Labor & Commerce Committee
Date: 2-2-87

Approved by Commissioner:
Date:
Agency:

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

STATE OF ALASKA
INTERNATIONAL AIRPORTS
(An Enterprise Fund
of the State of Alaska)
FINANCIAL STATEMENTS
JUNE 30, 1986 AND 1985

STATE OF ALASKA INTERNATIONAL AIRPORTS
(An Enterprise Fund of the State of Alaska)
STATEMENT OF INCOME
YEAR ENDED JUNE 30, 1986

	Anchorage	Fairbanks	Total
Operating Revenues:			
Landing fees	$ 6,456,781	$ 487,510	$ 6,944,291
Parking fees	348,139	169,340	517,479
Gas and oil fees	9,699,120	562,193	10,261,313
Vehicle parking fees	1,866,960	168,350	2,035,310
Terminal building rental	5,344,614	1,263,509	6,608,123
Aircraft docking fees	697,800	7,058	704,858
Federal inspection fees	169,627		169,627
Concession fees	18,985,697	264,973	19,250,670
Land rental	734,249	420,912	1,155,161
Electric energy fees	37,408	36,416	73,824
Flight service station rental		31,140	31,140
Other airport charges	45,479	49,711	95,190
Lease of state property		12,000	12,000
Interest	12,928	3,095	16,023
Other	11,567	14,234	25,801
Total operating revenues	44,410,369	3,490,441	47,900,810
Operating Expenses:			
Security	3,626,172	2,612,524	6,238,696
Field maintenance	2,604,442	1,190,360	3,794,802
Administrative	4,916,287	1,588,645	6,504,932
Building and equipment maintenance	4,442,026	1,203,009	5,645,035
Custodial	2,729,622	591,456	3,321,078
Total operating expenses	18,318,549	7,185,994	25,504,543
Operating income (loss) before depreciation	26,091,820	(3,695 553)	22,396,267
Depreciation expense	6,270,761	2,883,512	9,154,273
Income (loss) from operations	19,821,059	(6,579,065)	13,241,994
Non-Operating Income (Expense):			
Interest income	3,438,698	270,793	3,709,491
Interest expense	(2,625,603)	(206,763)	(2,832,366)
	813,095	64,030	877,125
Net income (loss)	$20,634,154	$(6,515,035)	$14,119,119

BASIS OF ALLOCATION

All items above are charged directly to the individual airports except for interest income, interest expense, and administrative expenses as discussed in Note 5. These items are allocated on the basis of gross revenues generated by each airport.

1/26/87

metro

Trade, tourism linked

By DEAN FOSDICK
The Associated Press

Alaska's chances of selling its resources to Pacific Rim nations would be greatly enhanced if it could step up tourist trade with that region, a spokesman for Japan Airlines says.

Mitsuo Kitamoto, a JAL vice president and head of the company's Anchorage office, said trade follows tourism, and Alaska is missing out on a good thing by not promoting vacation opportunities to people passing through the airport's international terminal.

"After vacations, businessmen often go back to their offices and are more receptive to (trade) offers — especially if those offers are competitive," Kitamoto said.

"Australia and Alaska have many of the same things to offer — coal, ore — and they both have good locations for the (Pacific Rim) market. But Australia changed its tourism policy about two years ago and there's been a rapid increase in the number of (Japanese) tourists there.

"After tourism comes business," Kitamoto said.

Anchorage International Airport is the Alaska gateway for people crossing between Asia and Europe, he said.

But technology and international politics may reduce the number of people passing through the airport, Kitamoto said in an interview.

"Long-range jets are coming that can fly non-stop between Tokyo and Europe ... Paris," he said. "And already last year we started flying a polar route over Siberia.

"Businessmen are asking for more non-stops, for additional flights. And we're looking at it."

What that means for Anchorage is unclear, but it could cut into the transient traffic from Japan, which for JAL means about 4,500 passengers a year, Kitamoto said.

"There's been almost no change in the number of Anchorage-destined passengers in the last two years," he said. "A lack of promotion here has been one problem."

Kitamoto said JAL has agreed to help promote Alaska to its Japanese passengers this year. Alaska should do the same for overseas visitors, he said, an idea he has been pushing over the past several weeks during speeches before civic groups.

"The state needs some selling. We get the same questions (from Japanese) about Alaska we do about Africa. What kinds of shoes and gear are required? Is there any kind of shopping here?

"Why should they buy in Europe when they can buy in Alaska? Why not open a corner of the (airport) duty free shop to Alaska crafts?

"Having resources isn't enough," he said.

Time to

Protecting the future of Anchorage'

Editor's note: this column is excerpted from remarks made by Sheffield Enterprises president Al Parrish to the Dec. 18 membership luncheon of the Anchorage Convention and Visitor's Bureau. Mr. Parris is chairman of the Anchorage Business Council's airport subcommittee.

Comments
by Al Parrish

ANCHORAGE International Airport, as a state-owned facility, began in the early 60's as a principal transfer point for travelers making connections to points within and outside Alaska. In addition, the airport was a refueling and an entry and exit point for international flights, principally on routes between Europe and the Far East.

Today, 26 years later, Anchorage International still serves those primary functions. The plant, however, has grown to include two passenger terminals encompassing 295,000 square feet of total floor area, three runways, extending up to 10,900 feet, 36 aircraft gates, and six baggage claim areas. All of this is contained within approximately 2,600 acres. The airport is serviced by 16 major carriers, nine of which are international, five commuters and approximately 25 non-scheduled airlines.

According to a Department of Transportation study conducted in 1983, the airport contributes more than $1.5 billion to the Anchorage economy. Over 13,000 residents counted on the airport's operation for their jobs, earning a total of $375 million dollars.

HOW WOULD you like your business to have a financial statement like this: In FY '86, the airport took in $45 million dollars, showing a profit of $21 million. Let's take it one step further: image having a business that made a profit of $21 million a year, and that it achieved this profit without any advertising, any public relations, or any marketing studies whatsoever!

Anchorage's strategic location could easily enable it to serve as a platform for business between Europe and Asia. The possibilities are limitless. For example, if Anchorage were to become a foreign trade zone, goods from around the world could be stored here, processed, used in manufacturing other items, exhibited, repackaged, sold or handled in numerous ways. Imports could be used with domestic parts to manufacture new items within the zones — all without paying any customs duties or excise taxes. It would be a tremendous catalyst for development within our business community.

In addition, by expanding the duty free zone at the airport to allow foreign shoppers a much wider range of retail exposure than just gifts and liquors, we could create, in essence, regional shopping centers for stop-over travelers. They could tour duty free trade complexes and showrooms without the necessity of having to go through customs.

More and more, we're seeing international airports taking an active role in marketing their facilities and services. For example, Seattle-Tacoma Airport, together with the Port of Seattle, which owns the airport, has developed an aggressive campaign to attract the expanding transpacific market, the international tourist market and the air cargo industry.

They've produced numerous brochures and an audio-visual presentation. They have a staff of marketing representatives which actively calls on transpacific clients, touting Sea-Tac's excellent international services on the airport premises, such as banks, customs brokers, freight forwarders, warehouses, foreign consultates, plentiful terminal space, excellent ground access, ample runway capacity and minimum environmental concerns.

Sea-Tac's programs and policies have helped to establish it as one of the top 20 airports in the United States for passenger-traffic volume. In 1982, over 9.2 million passengers and 148,000 metric tons of air freight were handled by Sea-Tac. By 1985, the number of passengers at Sea-Tac increased to 11.5 million passengers, up 25 percent. Freight went up to 210,000 metric tons, up 42 percent.

THE NEED, then, tc
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I'm sure most of you
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Anchorage Internationa
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crew members required
able to carry between 4
will be able to fly appr
stop. This will allow t
Tokyo and Frankfurt,
Hong Kong and Londo
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THE NEED, then, to make our presence known is going to become increasingly important in the years ahead. And not just because others are doing it. At this time, Anchorage International faces a very critical challenge, that being the advancement of aviation technology.

I'm sure most of you have heard abou the new Boeing 747-400 series aircraft. This aircraft is an advanced version of the B-747's which have served Anchorage International Airport for the past 15 years. Howevr, the new 400-series requires only a two-person flight crew, compared with the three crew members required on all other 747's. It will be able to carry between 400 and 600 passengers, and will be able to fly approximately 8,000 miles nonstop. This will allow the aircraft to fly between Tokyo and Frankfurt, Singapore and Paris, or Hong Kong and London without refueling in Anchorage.

OUR WINDOW of opportunity is slowly closing, and we can't afford to wait. We need to sell Anchorage International as a place the airlines will want on their route schedules — whether it be for passengers, cargo or simply refueling. And the most direct way to go about this task is to mount a marketing campaign, promoting our plant and its services to the world.

Funds for marketing the airport are already available. Revenues from the airport's operation go into a reserve account. The money is there.

Once a line item dedicated to marketing the airport is budgeted by the state, a cooperative effort can be developed, whereby funds from private and public sources would be combined to develop a generic campaign. We believe it will take approximately $3-$5 million to develop and implement a comprehensive marketing plan for the airport. This seems like a reasonable amount to launch a program to reach the world's markets.

Which revenue streams need to be protected and developed?

Obvious ones are, of course, those passengers who are stopping over in Anchorage, on their way to or from a primary destination. Our research shows that 84 percent of those on flights stopping over in Anchorage would be interested in a stay of four to seven days. One-half of those would have stopped on the trip they were on if they would have known they could.

One good example of a stopover program was developed by the Port Authority of New York and New Jersey for passengers transitting through the three major airports: Kennedy International, Newark International and LaGuardia. They call it, "On Your Way Over, Stopover." The package includes one-night hotel at a choice of hotels, sightseeing, VIP shopping service at Macy's or Bloomingdales with language assistance, a choice of Broadway theatre tickets, a welcome kit, etc., all at a low package price. They've advertised this program in periodicals all over Europe.

Other international passengers of great interest to us are those on either end of the transpolar route who could be persuaded to use Alaska as a visitor destination. New research by the state of Alaska shows that the potential for Japanese and German visitors selecting Anchorage as a visitor destination nearly equals the potential for visitors coming from the U.S. If we do our job right in selling our destination, it is possible that we could attract an additional 200,000 visitors a year from Germany and Japan, or a 50 percent increase in vacation or pleasure travel.

WHILE PASSENGERS are important, air freight offers even greater potential for growth. By increasing freight handling at AIA, we would see an increase in landing revenues (which are based on the gross takepoff weight of the aircraft) and fuel revenues for the airport.

International air freight is a rapidly growing market. In recent years, international air cargo shipments have increased at twice the rate of passenger travel.

The most cost-effective freight for air transportatoin is low-volume, high-value, and relatively low-weight products, such as electronic components, mini-computers, and precision instruments. Other less obvious air freight products are those with time-sensitivity, such as high-fashion apparel, pharmaceuticals, animals, produce, seeds and flowers. These markets need to be actively developed.

I mentioned fuel fees, and I'd like to stress that fuel is an important revenue stream. The airport operates a fuel storage farm and many operators have underground storage tanks. On an average day, approximately 1.2 million gallons are pumped. This means approximately $24,000 a day, or $9 million annually in fuel flowage fees.

Who is backing the plan to market the International Airport? This idea was further advanced by the Anchorage Business Council's Airport Committee, which I happen to co-chair, and others. The council, by the way, was formed by Mayor Tony Knowles with the mission of spurring economic development in Anchorage. Both the municipality and the Anchorage Business Council have endorsed our committee's recommendation. The Greater Anchorage Chamber of Commerce has since given the idea its full support, along with the Anchorage Convention and Visitors Bureau.

We'd like to invite your support as well, because as residents of Alaska and users of the airport, you have a stake in its future operation. We presently have the lead time to plan for the decade ahead. But we can't afford to wait. We need to plan for the 21st Century now.

Anchorage International Faces Uncertain Times Ahead

Concerns range from the present domestic traffic drop-off from the oil industry's slump, to the future effects of longer-range aircraft that won't need to refuel at Anchorage. An occasional moose on the runway is just part of the job.

By Bruce Johnson

Anchorage—International flight stopovers, Alaska's dependence on air transportation and the deregulation of the domestic airline industry all are making Anchorage International Airport a much busier place than the area's population of about 250,000 persons would suggest.

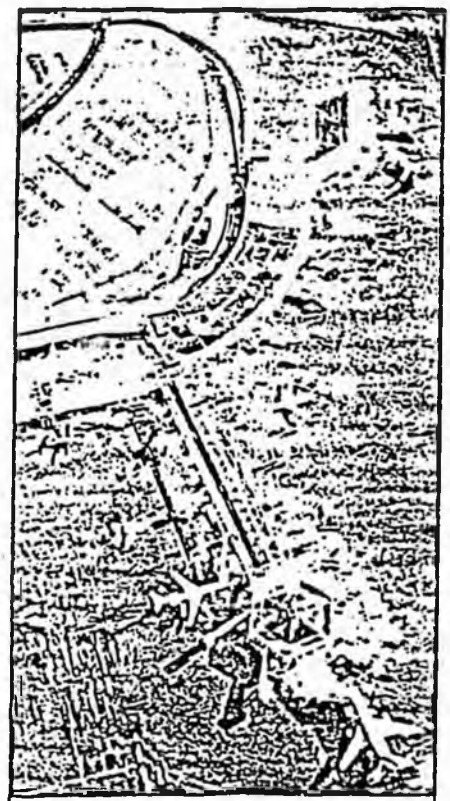
Among the nation's 36 medium-sized air traffic hubs, Anchorage ranks second in number of revenue passengers. Indeed, last year more than 4.6 million passengers were handled at the airport.

But unlike in many communities as large as or even much larger than that of the Anchorage vicinity, there is real meaning behind the "international" portion of the Anchorage airport's name. Of its 4.6 million passenger total last year, more than 1.6 million were classified as through passengers—largely visitors to the airport during refueling/reprovisioning of aircraft flying between the Orient and Europe. No less than ten international carriers have stopover operations at Anchorage International. The latest to join the list is Swissair, operating between Tokyo and Zurich.

Because of Anchorage's central position between Europe and Asia on the polar route, Anchorage International ranks seventh in the United States in terms of international operations. Flights take about nine hours between Anchorage and Europe and about seven hours between Anchorage and Tokyo. The longest nonstop flight between Anchorage and Asia is flown by China Airlines to Taiwan—almost 10 hours.

"We average 40 to 55 widebody aircraft per day here," said Guy Russo, airport director. "Most of those widebody visits involve international stopovers, including freighters."

In order to more effectively accommodate this heavy international side of the business, the airport authority recently added five remote fueling pits. The airport now has eight such parking positions—all dedicated to international stopovers. In addition, three years ago the airport completed construction of an international terminal that serves passengers while their planes are being refueled and reprovisioned. The terminal contains a duty-free shop that Russo unabashedly claims is "one of the nicest in the world."



With prices so low, at least half of the oil industry's Alaska exploration activity has been halted, resulting in a reduction of personnel and freight moving through the Anchorage airport.

The airport's main terminal—dedicated to domestic traffic—accommodates intrastate commuter operations as well as the half-dozen airlines that link Anchorage with the "Lower 48," primarily through Seattle-Tacoma International Airport.

"We run around 6000 seats a day going south from here," Russo said. That capacity includes a daily United Airlines flight direct to Chicago and a Northwest Airlines flight to Minneapolis.

Extremely air-dependent

Deregulation, as well as this giant northern state's extreme dependence on air transportation, is responsible for a marked increase in the number of seats (and decrease in rates—see separate story) being experienced in the Seattle-Anchorage corridor, in particular.

In March, AirCal extended its regional operations to Anchorage and quickly expanded the schedule there to four flights daily. Another newcomer is TWA, with one domestic flight per day out of Seattle.

Anchorage International—state-owned and the largest airport in the state—serves as the main hub for persons flying to or from most places in Alaska, which has a total population of little more than twice that of the Anchorage area. In-state destinations include Fairbanks (which has the second largest airport, also state-owned) in the interior, the Prudhoe Bay oil field area on the North Slope, and remote fishing and other communities in the Kenai Peninsula, Gulf of Alaska mainland, Kodiak Island, western Alaska and the Aleutian Islands areas.

The popular tourist region of Southeast Alaska, also containing the state capital of Juneau, is served directly out of Anchorage as well as from Seattle.

Traffic tied to oil

Although Lower 48 domestic and in-state commuter business remains strong this summer at Anchorage International, the airport is likely to see a

An airport economic impact study last year revealed that airlines paid for nearly 69,000 hotel rooms in Anchorage due to crew and unscheduled passenger layovers.

greater-than-normal drop in business this fall and winter following the summer peak season of tourists, fish processors and fishermen. This is due to the dramatic downturn earlier this year in world crude oil prices. With prices so low, at least half of the oil industry's Alaska exploration activity has been halted, resulting in a reduction of personnel and freight moving through the Anchorage airport.

Also beginning to adversely affect air travel, particularly of business people, is a downturn in North Slope oil revenues flowing into the state government coffers, and the adverse spinoff impact that this is starting to have on Alaska business and individuals in general.

The dominant carriers in the highest-volume portions of the intrastate markets are MarkAir, a relatively new carrier that is solely an in-state operator, and Alaska Airlines, which also is the highest-volume scheduled carrier between the Lower 48 and Anchorage. In addition, United, Northwest, AirCal and TWA compete, as does Western Airlines, a veteran, high-volume operator of the Lower 48-Anchorage trade.

Russo is a longtime Western hand. The airport's director, who has been working in Alaska since 1955, retired as Western's Alaska regional director in January 1983. A year later, he was appointed director of Anchorage International.

Weakening stopovers

During his many years at Anchorage, Russo has seen a dramatic increase in international stopover business. In 1973, he recalled, the airport logged little more than 700,000 international passengers. "That segment of the airport's business surpassed the one-million-person mark for the first time in 1978," he noted.

International stopovers are good business for the Anchorage community. Besides refueling (32.5 million gallons last April, for example) and reprovisioning, fresh flight crews are accommodated for two to four days at a time at Anchorage, depending on flight and personnel schedules. Indeed, an airport economic impact study conducted last year by Applied Economics Associates (AEA), revealed that airlines paid for nearly 69,000 hotel rooms in Anchorage due to crew and unscheduled passenger layovers.

Unfortunately, this lucrative international stopover business is showing signs of weakening somewhat.

Because Asians appear to be traveling to Europe as well as other destinations in increasing numbers, the slight slowdown in Anchorage's international business does not appear to be linked to the terrorism-caused falloff in American travel to Europe. Rather, the slight weakening of Anchorage's international activity could be related to a rise in increased competition from the Asia-Europe route via northern Siberia.

In 1983 Anchorage International handled half of total tonnage flowing through all of the nation's medium-sized airports—an air freight volume only slightly less than that passing through LAX or JFK.

Alaska Airlines carries highest Alaska-Lower 48 volume.

The AEA report noted that at least two international carriers—JAL and SAS—have exercised transit rights through Soviet airspace and that some other carriers are contemplating route changes via Russia.

Of longer term concern at Anchorage is the possible adverse effect on international stopovers that Boeing Co.'s development of the longer-range 747-400 will have.

"We're now in a unique position, I guess, similar to what Gander was during the prop aircraft days across the Atlantic; but I suppose we're going to be faced with some loss of business when the Boeing 747-400 comes on line," Russo reflected.

He observed that the 747-400 will be capable of flying 8000 statute miles—enough to fly the plane nonstop between Asia and Europe via the American and Canadian airspace polar route.

"Not all of the airlines of Europe are going to afford the luxury of having a 747-400," Russo reasoned, but he admits that "some" 747-400-caused deterioration of international stopover business is anticipated during the next decade after the new model enters service.

Reacting to the recent downturn in Alaska's economy caused by the collapse of crude oil prices, the state is intensifying its efforts to attract tourists—international as well as domestic visitors. As part of these efforts, it is focusing increased attention on marketing Alaska as a destination—not just a stopover—for Asian and European tourists. Presently, only about 25,000 international passengers disembark each year at Anchorage to spend some time in Alaska.

"We get quite a few (big-game) hunt-

ers from Austria, Germany and other European countries, and the Japanese like to fish," Russo observed. But he said there is considerable untapped potential for attracting international visitors on the basis of Alaska's spectacular scenery of mountains, glaciers and fjords as well as its cultural and other attractions.

"The long-haul seats are what the airlines are going to fill first," Russo acknowledged concerning the superior revenues generated by Asia-Europe traffic as opposed to Asia-Alaska or Europe-Alaska traffic. But because of the state's international promotion efforts, he is optimistic that more international passengers will disembark at Anchorage.

Heavy traffic, plus floats

Anchorage International, which had 36,738 jet aircraft landings last year, has three 11,400-foot runways—two of which are parallel east-west runways that are instrumented. The third, a north-south runway, is not instrumented. Simultaneous landings and takeoffs occur routinely at the airport. Because of prevailing winds, landings usually are from west to east and takeoffs are from south to north.

Air traffic is heavy in the Anchorage area. Not only do the northerly takeoffs encroach on military plane approaches at Elmendorf Air Force Base, but Anchorage International itself has a large general aviation facility for both wheeled and float planes.

The FAA-operated tower at the airport coordinates commercial and general aviation traffic, each of which has separate traffic patterns.

One of the more interesting aspects of the Anchorage International operation is its base for float planes. Two natural lakes—connected through dredging—are located adjacent to the airport and are ideal for float plane operations. In addition, next to one of the lakes is a general aviation dirt strip.

"We have at least a thousand, maybe 1200, general aviation airplanes around the airport here," Russo related. "People jump into their airplanes here on weekends like people in the Lower 48 jump into their cars."

As far as airliner operations are concerned, the only congestion occurs when, as the airport director puts it, the planes are scheduled to "fly out of here in formation."

Anchorage International has the usual morning (7:30 to 9) and late afternoon (4 to 6:30) peaks in traffic. But in a departure from the norm, the airport also has a peak period between midnight and 2 a.m. This is due to the desire of many passengers wanting red eye flights to Seattle for catching early morning Lower 48 flights there.

Because the airport is getting close to

"We're now in a unique position, I guess, similar to what Gander was during the prop aircraft days, but I suppose we're going to be faced with some loss of business when the Boeing 747-400 comes on line."

gate capacity during those three periods, continued redevelopment and expansion of terminal facilities is being planned.

Extensive changes coming

The airport, which went on line in 1953 in part to accommodate international refueling stopovers between Europe and Asia, has been undergoing extensive facility changes in recent years.

Last September, a commuter carrier wing was added at Concourse C, and domestic carrier gates were added and renovations were accomplished at Concourse B—at a total cost of about $25 million. Anchorage International now has eight widebody gates at the international terminal and 20 domestic and five commuter gates at the main terminal. Concourse A has eight gates, but only three are equipped with jetways because of extensive use of combi planes (with freight forward) into Anchorage. Newly renovated Concourse B has 12 gates, all with jetways. Seven of the airport's domestic gates handle widebody aircraft.

In order to keep up with market demand, construction is underway on a $25 million, 1200-vehicle parking garage with an underground connection to the terminal building lobby. In addition, plans are being made for demolishing the original, 1953-vintage section of the terminal and building another concourse that will be designed for eventual development of a wing stretching between the domestic and international terminals.

When this new building—Concourse C—comes on stream several years from now, there will be a major reassignment of gates at the airport. Said Russo, "Operating efficiency will be enhanced significantly. All commuter flights will be consolidated in one area, narrowbody planes are moved into their own area, and widebody domestic flights will be accommodated out of the new and enlarged Concourse C."

"We have at least a thousand, maybe 1200, general aviation airplanes around the airport. People jump into their airplanes here on weekends like people in the Lower 48 jump into their cars."

Although state owned and operated, Anchorage International has not shared in the spending spree for capital improvements and other projects undertaken by the state government, whose coffers became swelled with oil revenues. All of Anchorage International's expenditures have been supported by operational revenues, Russo reported.

"We didn't benefit from the (state government financial) upturn, and we're not getting hurt by the downturn," he observed.

Freight—the airport's ace

Besides being an important hub for passengers, Anchorage International is a major factor in the movement of air freight.

In fact, the facility ranks first (among the nation's 36 medium-sized air traffic hubs) in the amount of revenue freight handled. Last year alone the airport logged nearly 316.8 million pounds of freight. In 1983, the AEA economic impact study noted, Anchorage International handled a half of total tonnage flowing through all of the nation's medium-sized airports and that the air freight volume at Anchorage was only slightly less than that passing through LAX or JFK that year.

Lots of time-sensitive general freight flows into or through Anchorage airport as belly and freighter traffic from the Lower 48. Most of the freight flow is one way, although fresh fish is a strong backhaul during summers.

Interestingly, the Anchorage airport traditionally has more departing air freight than arriving air freight. This is mainly due to certain freight arriving on express steamship services operating between Washington state and the Port of Anchorage, from where the freight is trucked to the airport for fast distribution by air to in-state destinations.

Milder than Minneapolis

To someone on the "outside"—a term commonly used is Alaska to denote the Lower 48—Alaska is seen as a state plagued with heavy snow and intense cold. But Anchorage, adjacent to saltwater at the head of Cook Inlet, usually has milder winter weather than is often experienced by cities in the northern tier of the Midwest and the Northeast, Russo observed.

Two feet of snowfall is about average during the winter at Anchorage. Usually, the snow comes only a few inches

at a time, although snowstorms—including an 18-inch snowfall last March—are not uncommon. Twenty degrees below zero is about the coldest the temperature gets at Anchorage, with zero being the usual low temperature during the winter, according to Russo. Average low temperatures in the winter are 15 to 20 degrees.

With winter weather usually being milder than at Minneapolis, for example, Anchorage International does not experience abnormal snow removal problems. The airport authority has about 100 pieces of equipment that can be used for snow removal, including graders, grader-towed sweepers, blowers and trucks, plus front-end loaders for hauling snow to remote areas of the airport.

Even during heavy snowfalls, "we're able to keep at least one runway open at all times," Russo said. "It takes us 45 minutes to an hour to get a runway totally clean and back in operation."

Visitors: VIPs and moose

Actually, moose—not snowfalls—create the biggest runway operation problem at Anchorage International.

"A big concern is keeping moose off the runways in the fall and spring," Russo said. "They're capable of going *through* the fence or they can jump *over* the fence."

"A big concern is keeping moose off the runways in the fall and spring; they're capable of going through the fence or they can jump over the fence."

The airport perimeter has an eight-foot-high chain link fence topped with barbed wire, but each year eight to 10 moose—which Russo terms "very stubborn animals"—either are detected near the fence or have broken through or jumped over the fence.

"If we can't herd them out, we have permission from (state) Fish and Game to destroy the moose," Russo said. "We give the meat to a charitable organization."

Besides patroling for moose, airport security personnel occasionally have extra work to do because of stopovers by international dignitaries, whose planes are being refueled. Japan's Prime Minister Nakasone is a frequent visitor. Also a familiar personality is Great Britain's Margaret Thatcher.

The international terminal has a VIP lounge to accommodate those and certain other international visitors, but frequently international dignitaries desire a trip to and from downtown Anchorage—little more than four miles from the airport.

Russo noted that the U.S. Secret Service has personnel based at Anchorage and that Secret Service people from West Coast states are flown north when necessary to augment the Alaska contingent.

The eruption last Easter weekend of Mt. St. Augustine, a volcano about 150 miles from Anchorage, also has made life interesting lately for Russo.

"We never closed the airport, but some of the carriers chose not to come in," he said. "They were concerned about volcanic ash in the air and the effect it would have on jet engines."

So, for several days while the wind blew some ash into Anchorage, flight schedules were seriously disrupted. During that time, the airport lost about 75 percent of its overall traffic load. Ironically, that disruption was far greater than the airport has ever experienced from winter weather. ■

With respect to the resolution before you, I would like to clearly state that the airlines are not opposed to the concept of the promotion and marketing of Anchorage and Fairbanks International Airports. Such programs, which are in place at various other airports throughout the United States, are sometimes, but not always, beneficial in stimulating additional traffic. Many of these programs are in conjunction with and financially supported by other local agencies and organizations, so that the destination is being marketed, not just the airport. Anchorage and Fairbanks Airports both have excellent airfield and terminal facilities and services; and it is very doubtful that an airline management, anywhere in this country or the world, would necessarily be convinced to fly to one of these airports if there are not operational, technical, market-related, or other business reasons to do so. In other words, there is no assurance that an airport marketing program will bring any new traffic.

The airlines are extremely concerned by the current airport marketing proposals, because, at this point, they lack any definition of how a marketing program would be organized and implemented. We know nothing about the scope of the effort, its management, and overall control. The only information we have heard in recent weeks is the proposal to spend anywhere from $3 million to $5 million per year on an airport marketing program. These amounts are incredibly high compared with other airports and seem to have no basis or solid rationale.

The airlines recommend that in considering the current resolution, the Legislature request that the Department of Transportation and Public Facilities work cooperatively with other interested agencies in first developing a coordinated marketing plan with specific tasks identified, goals set, and a realistic budget supported not only by the IARF, but all involved organizations.

The airlines are willing to participate in some manner, but only if we are convinced that a prudent and cost-effective approach is being followed.

Thank you.

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02–576(2/77)

STATEMENT OF ANCHORAGE/FAIRBANKS AIRLINES AIRPORT AFFAIRS COMMITTEE

TO STATE OF ALASKA LEGISLATURE, FEBRUARY 20, 1987

My name is Clifford T. Argue, and I am Staff Vice President of Properties and Facilities for Alaska Airlines. However, I am appearing before you today as Chairman of the Anchorage/Fairbanks Airlines Airport Affairs Committee, which is an organization representing some 22 international and domestic airlines serving Anchorage and Fairbanks airports. These airlines have signed the recently negotiated Airline/Airport Lease and Operating Agreement.

The relationship between the airport operator, in this case the State of Alaska, and the carriers is a partnership. We must continually work together in a spirit of cooperation to ensure the best possible and most cost effective air transportation facilities serving a particular community. Our business relationship has been documented in the operating agreement, which was signed last year following almost two years of intensive negotiation.

This relationship is simple. The airlines are responsible for paying the majority of the costs of the construction, operation, and maintenance of the Anchorage and Fairbanks airports. While there are Federal grants, concession revenues, and other sources of income, our agreements provide that the airlines will make up any difference between revenues and expenses through the rates, fees, and charges we pay to the Department of Transportation and Public Facilities. The burden does not fall back on the general fund of the State.

With respect to the resolution before you, I would like to clearly state that the airlines are not opposed to the concept of the promotion and marketing of Anchorage and Fairbanks International Airports. Such programs, which are in place at various other airports throughout the United States, are sometimes, but not always, beneficial in stimulating additional traffic. Many of these programs are in conjunction with and financially supported by other local agencies and organizations, so that the destination is being marketed, not just the airport. Anchorage and Fairbanks Airports both have excellent airfield and terminal facilities and services; and it is very doubtful that an airline management, anywhere in this country or the world, would necessarily be convinced to fly to one of these airports if there are not operational, technical, market-related, or other business reasons to do so. In other words, there is no assurance that an airport marketing program will bring any new traffic.

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Because of the business relationship noted earlier in my remarks, the airlines also are extremely uneasy about a funding proposal of this magnitude, if it is contemplated to come from the International Airports Revenue Fund. Contrary to some reports, there is not a big fund of unallocated money in the IARF, nor do the airports produce a large "profit." Any apparent "profit" is, in reality, money that is already committed to planned capital projects. Therefore, wherever in the IARF marketing money is budgeted, it will, by necessity, place an additional burden on the airlines through increasing our landing fees paid to the State. Every one million dollars in additional annual cost would require an additional four cents per one thousand pounds of aircraft takeoff weight in landing fees.

We have already seen substantial increases in our landing fees in the past two years to support the extensive construction at both airports, and additional increases can only be counterproductive and burdensome. Such additional costs must be passed on to the consumer through higher air fares and air freight rates; or, as in the recent examples of Boston, Las Vegas, and Florida, recovered through a surcharge on each ticket stated separately. For example, an additional five million dollars in annual costs would cost Alaska Airlines $436,000 and Japan Air Lines $989,000. These are not the types of costs that can be just absorbed by the airlines. Such additional costs might also have the negative effect of causing airlines to curtail service to Anchoarge and Fairbanks and seek lower-cost locations. This would certainly be the exact opposite of what is desired in a marketing program.

The airlines recommend that in considering the current resolution, the Legislature request that the Department of Transportation and Public Facilities work cooperatively with other interested agencies in first developing a coordinated marketing plan with specific tasks identified, goals set, and a realistic budget supported not only by the IARF, but all involved organizations.

The airlines are willing to participate in some manner, but only if we are convinced that a prudent and cost-effective approach is being followed.

Thank you.

ANCHORAGE CONVENTION & VISITORS BUREAU

INTERNATIONAL AIRPORT MARKETING

1987

ACVB LEGISLATIVE & COMMUNITY RELATIONS PRIORITIES

Governmental

1. Cargo and passenger marketing program to protect the future revenue streams of the Anchorage International Airport.

1. $8.2 Million Alaska Division of Tourism Budget.

2. Creation of a Legislative Committee on Tourism.

3. Year-round operation of the Begich Boggs Center At Portage Glacier.

4. Visitor related improvements and enhancements on state highway projects to include but not be limited to pull outs, interpretive displays and signage.

5. Whittier access toll road.

Community

1. Continue joint meetings between the ACVB and AVA Board of Directors at least twice each year to communicate and understand respective legislative goals.

2. Encourage combined monthly membership meetings by the ACVB and the local AVA Chapter.

ANCHORAGE BUSINESS COUNCIL
AIRPORT COMMITTEE
MARKETING PROPOSAL
January 14, 1987

Problem

Alaska's International Airports presently generate enough revenues to be self-supporting. Last year, even after accounting for the deficit at FIA, the airports had an income of $14 Million. However, competitive and technological changes threaten to undermine Alaska's traditional airport revenue streams within five years.

There is clear evidence Alaska is losing its position as a re-fueling stop for Transpolar and Trans Pacific flights. This raises at least two concerns. If the trend continues, eventually domestic carriers and passengers will be required to pick up the slack which will dramatically impact domestic tourism, the cost of shipping and "lower 48" travel. Even more significantly, Alaska will begin to lose undeveloped opportunities for International Trade.

Solution

Since the late 1970s, de-regulation and other developments have increasingly required airports to proactively market themselves in order to remain competitive and hold market position. Newark, Kennedy, LaGuardia, Baltimore/Washington, Atlanta/Harsfield, Miami, and Seattle/Tacoma are good examples.

Following the successful example of these airports, Alaska's International Airports should establish a marketing function as a standard part of their mission and operation. The marketing funds should come from airport operating reserves. The airport marketing effort should protect existing revenue streams and seek to attract and facilitate new ones working in cooperation with economic development partners in each airport location.

Marketing Partners

Airport marketing efforts aimed at passenger development are customarily mounted in conjunction with community convention and visitor bureaus and those aimed at cargo and land development are mounted in conjunction with local economic development coalitions involving communities, utilities, transportation companies, resource development corporations, foreign trade zones, chambers of commerce etc. Partnerships such as these permit airport marketing efforts to stretch and avoid duplication.

Programs

Marketing the airport will involve research and target identification, direct sales, advertising, publicity, trade shows, promotions, and tools including brochures, audio visuals etc. Quantitative measurement in the short term will be carrier, passenger, cargo retention and growth and airport land and new businesses development. In the long term, measurement will include self supporting income and overall position in the world market.

Funding

Based on formulas used in private sector marketing, the airports should initially devote a greater percentage of gross sales or margin to marketing and then lower the rate when marketing effort and positioning are well established. Based on the size of the airports and the urgency of the problem, it makes sense to transfer at least $5 Million from "International Airport Fund" reserves to establish an annual marketing line item for the two International Airports.

PROTECTING THE AIRPORT'S FUTURE

Al Parrish, Speaker
President, Sheffield Enterprises, Inc.
Anchorage, Alaska

Speech Prepared for the **ACVB Membership Luncheon**
December 16, 1986

Thank you. It's good to see so many friends in the audience today and to see such a good turn-out of those in our community who share a growing concern over the future of the Anchorage International Airport.

Before I begin, I'd like to tell you an aviation story: Some time ago, I was on a flight into Kennedy Airport, one of a plane's engines died while flying over Pennsylvania. In a reassuring voice, the captain spoke to the passengers, "I'm sorry to say that our outside port engine has stopped functioning. There is no cause for alarm. However, we'll be about twenty minutes late reaching Kennedy Airport."

A little later, the captain spoke over the intercom again, announcing that a second engine had failed, and again he said there was no cause for alarm -- the other two engines were more than sufficient. "However," he said, "we'll now be about an hour late in landing."

A few minutes later, the captain reported a third engine had conked out, but that the remaining engine would get us down safely. "Now,

however," he said, "our estimated arrival time will be about two hours later than scheduled."

"Ye gods!" cried a lady sitting next to me, who happened to be on her first flight, "if that fourth engine goes, we may be up here all night!"

As the story points out, it is one thing to recognize that a challenge exists, but making a correct interpretation of that challenge is another matter.

Today, I will focus on the challenges facing Anchorage International Airport. First, I'll discuss the growth of the airport since it began operating; next, I'll point to opportunities that await international airports willing to market their facilities and services; third, I'll talk about the advance of aviation technology and how it may effect Anchorage's airport; fourth, I will provide recommendations as to how we may market our airport, to which likely targets, and finally, who supports the marketing of Anchorage International.

But first, I'd like to digress for a moment and tell you about a concept some of you may already be familiar with. Back in 1979, the late R. Buckminster Fuller visited Anchorage to speak at the Future Frontiers conference. It was at this three-day symposium, sponsored by the State Legislative Council, that Mr. Fuller spoke of Alaska's prime location in relation to the world.

During his address, Mr. Fuller presented a map he had developed back in 1930, called the "Dymaxion Sky Ocean World Map". This map was first printed in Life Magazine in 1943 and also published in his book, Critical Path. If you look at this map, you'll see that Alaska is positioned in the center of the map, and that it does absolutely link Asia and America. Alaska anchors the Pacific Rim, around whose circumference clusters 2/3 of the population of the world.

In Anchorage, we have always seen ourselves as the "Air Crossroads of the World". That expression was used for many years as the slogan for the Anchorage Chamber of Commerce. But Mr. Fuller (and several others) have advanced the theory to say that Anchorage and Alaska are not only the crossroads, but the veritable center of the world for trade, commerce and travel. Our markets are not just transpacific, but are, in essence, global.

Bearing that perpective in mind, let's return to our topic today. Anchorage International Airport, as a state-owned facility, began in the early 60's as a principal transfer point for travelers making connections to points within and outside Alska. In addition, the airport was a refueling and an entry and exit point for international flights, principally on routes between Europe and the Far East.

Today, twenty-six years later, Anchorage International still serves those primary funcitons. The plant, however, has grown to include two passenger terminals encompassing 295,000 square feet of total floor area, three runways, extending up to 10,900 feet, 36 aircraft gates, and 6 baggage claim areas. All of this is contained within approximately 2,600 acres. The

airport is serviced by 16 major carriers, 9 of which are international, 5 commuters and approximately 25 non-scheduled airlines.

According to a DOT/PF study conducted in 1983, the airport contributes more than $1.5 billion to the Anchorage economy. Over 13,000 residents counted on the airport's operation for their jobs, earning a total of $375 million dollars.

How would you like your business to have a financial statement like this: In FY '86, the airport took in $45 million dollars, showing a profit of $21 million. Let's take it one step further: image having a business that made a profit of $21 million a year, and that it achieved this profit without any advertising, any public relations, or any marketing studies whatsoever! In today's competive marketplace, it's nearly impossible to believe, but that is precisely the situation at Anchorage International.

The times, they are a'changin', and more and more, international airports are beginning to be seen by the private sector as trade centers, offering enormous potential for economic development within the communities they serve.

As I pointed out earlier, Anchorage's strategic location could easily enable it to serve as a platform for business between Europe and Asia. The possibilities are limitless. For example, if Anchorage were to become a foreign trade zone, goods from around the world could be stored here, processed, used in manufacturing other items, exhibited, repackaged, sold or handled in numerous ways. Imports could be used with domestic parts to

manufacture new items within the zones -- all without paying any customs duties or excise taxes. It would be a tremendous catalyst for development within our business community.

In addition, by expanding the duty free zone at the airport to allow foreign shoppers a much wider range of retail exposure than just gifts and liquors, we could create, in essense, regional shopping centers for stop-over travelers. They could tour duty free trade complexes and show rooms without the necessity of having to go through customs.

More and more, we're seeing international airports taking an active role in marketing their facilities and services. For example, Seattle Tacoma Airport, together with the Port of Seattle, which owns the airport, has developed an agressive campaign to attract the expanding transpacific market, the international tourist market and the air cargo industry.

They've produced numerous brochures and an audio-visual presentation. They have a staff of marketing representatives which actively call on transpacific clients, touting Sea-Tac's excellent international services on the airport premises, such as banks, customs brokers, freight forwarders, warehouses, foreign consultates, plentiful terminal space, excellent ground access, ample runway capacity and minimum environmental concerns. Sea-Tac representatives are even stationed in Tokyo.

By working closely with planning officials of Boeing's aviation market research company, Sea-Tac is able to track aviation trends and target markets for air travel services. The results of their research indicate that

their marketing approach should include such selling points as, lower landing fees than other airports; lower fuel prices; fewer airport delays; improved custom clearance; and greater amenities. These would include duty free shops, foreign language signs, interpreters, exchange facilities, ground transport access and egress.

Sea-Tac's programs and policies have helped to establish it as one of the top twenty airports in the United States for passenger-traffic volume. In 1982, over 9.2 million passengers and 148,000 metric tons of air freight were handled by Sea-Tac. By 1985, the number of passengers at Sea-Tac increased to 11.5 million passengers, up 25%. Freight went up to 210,000 metric tons, up 42%.

Other airports are following suit. Hartsfield International in Atlanta employs a marketing staff, using funds from both public and private sources, to produce brochures, audiovisuals, and advertisements. Trade shows and trade missions are also a part of the airport's marketing strategy.

We see similar efforts at Baltimore/Washington International Airport, and Miami International. We're seeing more and more examples of international airports using ad agencies, public relations firms, and outside sales representatives to establish and position themselves in the international market.

The need, then, to make our presence known is going to become increasingly important in the years ahead. And not just because others are

doing it. At this time, Anchorage International faces a very critical challenge, that being the advancement of aviation technology.

I'm sure most of you have heard about the new Boeing 747-400 series aircraft. This aircraft is an advanced version of the B-747's which have served Anchorage International Airport for the past fifteen years. However, the new 400-series includes some remarkable advancements in engine performance and aerodynamics.

The 400-series requires only a two-person flight crew, compared with the three crew members required on all other 747's. It will be able to carry between 400 and 600 passengers, depending on configuration, and will be able to fly approximately 8,000 miles non-stop. This will allow the aircraft to fly between Tokyo and Frankfurt, Singapore and Paris, or Hong Kong and London without refueling in Anchorage. Boeing received its first order in late 1985 from Northwest Orient Airlines. The first production model of the aircraft is expected in late 1988.

If foreign carriers depart Anchorage International Airport, the operating expenses at the airport will not decline in proportion. The difference between the shortfall in revenue and the continuing expense of operating the buildings, the facilities and the runways will have to be borne by higher landing fees from airlines such as Western, United, Alaska, MarkAir, Reeve and all the commuter carriers. In addition, there will be higher tie-down charges. Thus, the entire rate structure will go up. Who will ultimately pay the cost? You and I, every time we purchase an airline

ticket or use the airport for whatever reason. The effect on the visitor industry itself could be diasterous.

As you can see, we're in a race against time to develop a plan to protect our existing revenue streams and to create opportunities using the airport as a hub for new business activity.

Our window of opportunity is slowly closing, and we can't afford to wait. We need to sell Anchorage International as a place the airlines will want on their route schedules -- whether it be for passengers, cargo or simply refueling. And the most direct way to go about this task is to mount a marketing campaign, promoting our plant and its services to the world.

Funds for marketing the airport are already available. Revenues from the airport's operation go into a reserve account. The money is there. From those funds, we now need to dedicate a line item in the airport's budget to marketing.

Once a line item dedicated to marketing the airport is budgeted by the State, a cooperative effort can be developed, whereby funds from private and public sources would be combined to develop a generic campaign. This program would be modeled after cooperative efforts which have been highly successful in marketing Alaska seafood and tourism.

Based on past experience with those successful cooperative programs, we believe it will take approximately $3 - 5 million dollars to develop and implement a comprehensive marketing plan for the airport. This seems like

a reasonable amount to launch a program to reach the world's markets. Once the groundwork has been laid, we'll have a better feel for what it will take to maintain an on-going marketing program.

Which revenue streams need to be protected and developed?

Obvious ones are, of course, those passengers who are stopping over in Anchorage, on their way to or from a primary destination. Our research shows that 84% of those on flights stopping over in Anchorage would be interested in a stay of 4 -7 days. One-half of those would have stopped on the trip they were on if they would have known they could. Once we tell them they are able to stopover, we need offer an irresistable incentive for them to do so.

One good example of a stopover program was developed by the Port Authority of New York and New Jersey for passengers transitting through the three major airports: Kennedy International, Newark International and LaGuardia. They call it, "On Your Way Over, Stopover". The package includes one-night hotel at a choice of hotels, sightseeing, VIP shopping service at Macy's or Bloomingdales with language assistance, a choice of Broadway theatre tickets, a welcome kit, etc., all at a low package price, depending on the visitor's selections. They've advertised this program in periodicals all over Europe.

The Anchorage Convention and Visitors Bureau is taking its cue and is moving ahead to develop local stopover programs. But the bigger job before us is to let passengers know ahead of time that stopover opportunities exist.

Other international passengers of great interest to us are those on either end of the transpolar route who could be persuaded to use Alaska as a visitor destination. New research by the State of Alaska shows that the potential for Japanese and German visitors selecting Anchorage as a visitor destination nearly equals the potential for visitors coming from the U.S. If we do our job right in selling our destination, it is possible that we could attract an additional 200,000 visitors a year from Germany and Japan, or a 50% increase in vacation/pleasure travel.

While passengers are important, air freight offers even greater potential for growth. By increasing freight handling at AIA, we would see an increase in landing revenues (which are based on the gross takeoff weight of the aircraft) and fuel revenues for the airport. In the private sector, we would see an increase in business and land development surrounding the Anchorage International, as well as crew expenditures at hotels, restaurants, car rental, and retail and service businesses.

International air freight is a rapidly growing market. In recent years, international air cargo shipments have increased at twice the rate of passenger travel. The main reason for this growth has been the overall increase in the importance of speed in international transactions. This is particularly true in Alaska when large volumes of perishables, such as fish, are shipped to outside markets.

The most cost-effective freight for air transportation is low-volume, high-value, and relatively low-weight products, such as electronic

components, mini-computers, and precision instruments. Other less obvious air freight products are those with time-sensitivity, such as high-fashion apparel, pharmaceuticals, animals, produce, seeds and flowers. These markets need to be actively developed.

I mentioned fuel fees, and I'd like to stress that fuel is an important revenue stream. The airport operates a fuel storage farm and many operators have underground storage tanks. On an average day, approximately 1.2 million gallons are pumped. This means approximately $24,000 a day, or $9 million annually in fuel flowage fees.

A natural response to growing freight business would be land and business development near the airport. The development of an airport industrial park and/or a foreign trade zone designation would offer Anchorage new jobs and revenues in a wide range of business activities, including freight forwarding, processing and manufacturing, warehousing and distribution, and much more.

Anchorage presently handles over 300 million pounds of freight each year, a 14.5% increase from ten years ago during the pipeline days. The opportunity is there, but we have to knock on some doors.

There is an old saying regarding the value of advertising: a codfish lays thousands of eggs, and this is done silently. A chicken lays one egg and cackles. The result: nobody eats codfish eggs, and nearly everyone eats chicken eggs. Therefore, we need to cackle about our airport. I guess that would fit in with the bureau's "Wild About Anchorage" campaign.

Who is backing the plan to market the International Airport? This idea was further advanced by the Anchorage Business Council's Airport Committee, which I happen to co-chair, and others. The council, by the way, was formed by Mayor Tony Knowles with the mission of spurring economic development in Anchorage. Both the Municipality and the Anchorage Business Council have endorsed our committee's recommendation. The Greater Anchorage Chamber of Commerce has since given the idea its full support, along with the Anchorage Convention and Visitors Bureau.

We'd like to invite your support as well, because as residents of Alaska and users of the airport, you have a stake in its future operation. We presently have the lead time to plan for the decade ahead. But we can't afford to wait. We need to plan for the 21st century now.

I've enjoyed this opportunity to speak to you today about protecting our airport's future. I've discussed how we've grown in the past 26 years, and which opportunities and challenges await us; I've explained how, through innovative marketing, we can keep the airport solvent and help spur economic development, and I've noted who supports that kind of thinking.

Buckminster Fuller, in describing his Dymaxion World Map, said that the map showed two things: 1) that the colder an area gets, the more the annual temperature variation. (I'm sure all of us in Alaska would concur.)

And 2) the more the geographical temperature varies annually, the more inventive the humans who live in those areas have to be to survive. "If you live by Lake Victoria in eastern Africa," he said, "you will invent a wooden boat if you wish to cross it. If you live beside Lake Baikal in central Siberia and you wish to cross that body of water, you will invent a wooden boat in the summer and skates and a sled in the winter."

That "inventiveness" has to be harnessed, along with financial resources, in order to develop Anchorage International Airport's future markets. In addition, we need the utmost cooperation and support of our elected officials and the state bureaucracy to establish Anchorage International as a premiere airport for trade, commerce, and passengors, truly the "center" of the world. Let's work together to put Anchorage on Main Street!

Crosswinds at the Crossroads

1986 David Predeger

Changing winds aloft are blowing storm clouds toward Anchorage's status as 'Air Crossroads of the World'

BY JUDITH FUERST

AS AIR TRAFFIC PATTERNS evolve, Anchorage risks losing its claim to the title "air crossroads of the world."

Change is in the winds aloft: There's a bypass now, and the intersection's fuel pumps aren't needed by new aircraft capable of flying increased ranges. Anchorage International Airport is no longer the mandatory pit stop it was for traffic between Europe and Asia less than a decade ago.

"We've never had to work for our airport traffic; everything has just fallen into place," says Dan Dixon, director of the Office of International Trade in the state Department of Commerce & Economic Development. He identifies three factors endangering Anchorage International's status as a major airport for international traffic: improvements in air transport technology, relative slowness in marketing the airport and the sluggish development of Alaska as a destination or tourist stopover point for world travelers.

Dixon warns: "Dramatic losses in Anchorage International Airport traffic will have an immediate multimillion-dollar impact on the state's economy in lost revenues. However, the more devastating impact will be on our efforts to sustain and secure growth for our tourist industry and our efforts to provide a foundation for expansion of international trade."

A task force proposed by Dixon began meeting in August to address marketing of the state's major international airport. Its members include representatives of the Division of Tourism, the airport's duty-free shop, the Anchorage Convention & Visitors Bureau (ACVB), the state Department of Transportation & Public Facilities (DOT), the mayor's office and the state legislature.

"It's a baby step in the scheme of things – the first organized step to facing up to what's coming down the road," Dixon says. That specter lurking down the highway is declining revenues for the city, the region and ultimately the state.

It was geography that put Alaska on aviation maps, so to speak. In 1957, Scandinavian Airlines System developed the polar route. Carriers landed at Fairbanks International Airport for refueling in the early years of polar aviation. But as traffic patterns evolved Anchorage became the stopping point for flights traveling from Asia to Europe or the eastern United States.

Sometimes the stops are for refueling only, particularly with cargo flights. Even with planes capable of greater ranges, cargo flights often are routed through a refueling point. By trading payload for fuel weight, the trip becomes more revenue-efficient. Also to be considered in the tradeoff, though, are additional crew and fuel required for landing and takeoff.

Passenger flights, on the other hand, often travel nonstop when able, because most customers prefer direct routing. Typically operational people on carrier staffs argue for stops, while marketing personnel support nonstop routes.

In addition to refueling, many carriers recater planes here, make crew

changes and enter cargo and passengers into the United States to avoid more congested customs clearance in the Lower 48. Each service contributes to airport revenue.

One substantial revenue source for Anchorage International Airport is income from the duty-free concession where international passengers shop during their brief layovers. In 1985 Duty Free Shoppers contributed $14.25 million to airport operations – 30 percent of the system's revenue.

Now, however, what geography giveth technology threatens to taketh. That's already been the fate of three other major refueling points in international air traffic – Gander, New Foundland; Shannon, Ireland, and Bermuda Island. The introduction of the jet eliminated the need to make fueling stops at these locations. Although each has managed to retain traffic, none sees the magnitude of flights – or the revenue from transit air traffic – previously enjoyed.

Anchorage International Airport's contribution to the municipality was calculated in an October 1985 study conducted for the Alaska DOT by Applied Economics Associates. Total economic input was valued at $1.51 billion in 1983, which generated total employment of 13,472.

Contributing to the airport's economic impacts were air transportation, visitor-related, freight forwarding and travel arrangement operations. Those segments directly employed 8,086, with the remaining 5,386 employed as a result of spending by those directly employed.

Total revenue for the Anchorage portion of the state's international airport system (Anchorage and Fairbanks) for the fiscal year ending June 30, 1985, was $39.5 million. Fairbanks International's contribution was $3 million. Because operating expenses for Anchorage and Fairbanks were $16 million and $6 million, respectively, the income generated at Anchorage International subsidized operations at Fairbanks International, thereby contributing to the Interior's economy as well.

Dixon believes 1990 is a critical year for the future of Alaska's airport system. By then carriers will have made important routing decisions based on the delivery of new Boeing aircraft. The new generation 747-400 has optional crew quarters to eliminate the need for stops to relieve crew and a range of 8,000 miles. It is the increasing range of aircraft that weighs most heavily in carrier decisions on whether to land or bypass Anchorage's crossroads.

Carriers that have ordered the new planes include Northwest Airlines, Cathay Pacific Airways, Lufthansa German Airlines, Korean Air Lines, Singapore Airlines and KLM Dutch Royal Airlines. Deliveries of the planes are scheduled to begin December 1988. Except for Cathay Pacific and Singapore, these carriers now land at Anchorage International Airport.

Craig Campbell of Coffman Associates, an airport consulting firm, reports Singapore was known to be considering flights through Anchorage, but with the larger planes probably won't have to. Also, KLM has noted a lack of growth in its routes via Anchorage and is one of the carriers likely to reduce services when it begins flying the new planes, according to Campbell.

BOB COE, PRESIDENT of the Alaska Division of Duty Free Shoppers Ltd. and a member of the state-organized task force, has a vested interest in international transit traffic and keeps tabs on international carriers using Anchorage. He notes in April KAL pulled three inbound and four outbound flights, JAL added two overflights – nonstop routes between Europe or the eastern United States and Asia – and Air France added one overflight. In September, JAL pulled one flight stopping at Anchorage and began another overflight. JAL pulled yet another flight in October.

Earlier this year, JAL – which claims to account for one-fourth of Anchorage's entire international operations – landed at least six freighters and six passenger flights a day. But the carrier's business travelers increasingly opt for nonstop flights from Tokyo to New York or Europe.

Those flights are traveling 98 percent full, while others stopping in Anchorage have "seats available," according to Mitsuo Kitamoto, district manager. Consequently nonstop flights that bypass Anchorage are the area expected to grow.

Another factor changing the relative importance of Anchorage as a refueling center is the ability to travel through Russian air space. JAL is one of a select group of carriers now flying over the Soviet Union in accordance with a bilateral agreement allowing limited use. The route shortens the polar trip, saving three hours in transit time, according to Campbell.

He also points out more foreign carriers are opting for other U.S. landing sites – Seattle, for example, which serves a large population center. "Anchorage is behind the power curve in competition from West Coast airports," Campbell notes. Another region of the country winning new international traffic is the South, particularly Atlanta and Dallas. For example, Delta Airlines recently inaugurated a route from Tokyo to Atlanta.

Airport marketing aimed at attracting international carrier routes has become much more sophisticated in recent years. The stakes are high in terms of airport revenue and regional economic impact. Sandy Daggett, public affairs officer for the Port of Portland, which operates the international airport there, says Delta's Portland service is expected to create an economic impact of $25 million in the State of Oregon.

The carrier will route five flights per week in its new Tokyo-Portland serv
The economic impact is based on 19

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figures and considers tourism generated by the routes as well as airport revenue. To land the new service, Portland spent $300,000, including consulting fees and legal costs.

Daggett says an important factor in securing Portland's position as an international gateway was the more than $4 billion in trade with Japan attributable to the region, which also includes southwest Washington. In the absence of such a trump card, Anchorage must play on other strengths: lack of congestion, facilities, low pricing and a destination for tourism.

"There is a problem developing on the horizon," says Campbell. "Anchorage must go after carriers. It's going to have to be the cheapest if it's goal is to keep airlines here." Other former fuel stops have retained flight operations in various ways. Gander, Newfoundland, has been successful at establishing itself as a service base for charter flights, while Shannon, Ireland, and Bermuda have become destination stops.

Anchorage International Airport currently is not taken seriously as a destination for international travelers. Says Robert Gibbons, spokesman for Northwest, "Alaska is viewed as a domestic tourist market." Although Anchorage once was included in the carrier's international service, "the thrust of operations in Anchorage has shifted to international freighter service and domestic passenger traffic. The international passenger side fell apart with the advent of 747 service," according to Gibbons.

"Nobody knows about Alaska," says JAL's Kitamoto. "Alaska means icy." Canada is much more sophisticated in its marketing, he explains. For example, British Columbia is promoted heavily as a skiing location and attracts many Asian visitors for winter as well as summer travel.

ALTHOUGH ALASKA has the opportunity to sell JAL passengers on tourism in the state when they stop in the international terminal, "the only available display is the duty-free shop" and "bears." Kitamoto suggests one stuffed bear might be enough, but displays currently reinforce misconceptions about a hostile, remote and ice-covered Alaska. Even the stopover tourist booth, which hands out pamphlets, is remembered for its picture of igloos and Eskimos.

"I don't know how the State of Alaska thinks," says Kitamoto. "I would like to say to the state to show more of Alaska—trains, hotels, facilities at Denali. Give the costs and camping information. Let people know how accessible the glaciers are. Other airports all have pictures; only Anchorage has so few in its gate areas."

1986 David Pratoger

In 1985, the Duty Free Shoppers concession contributed $14.25 million in revenue to Anchorage International Airport.

Although Kitamoto expects JAL's freight to increase, he feels the passenger traffic is on uncertain footing: "I don't know what will happen in five years." Once passenger traffic is lost to Anchorage International Airport in nonstop routing, he gives it "no chance to recover."

According to Don Dickey, director of the Alaska Division of Tourism, more than $150,000 has been spent on international tourist promotion in Anchorage International over the last two years. Additionally, the division will be a major funder for the task force to the tune of about $100,000.

Research firms are sampling to obtain a clearer description of passen-

gers passing through Anchorage International and to better understand attitudes of the Japanese and Germans. A continuing problem Dickey notes is carrier preference for selling through tickets rather than ticketing for a layover in Alaska. Hence the Division of Tourism also is meeting with carriers and tour companies to solve those problems and examine incentives.

Reyn Bowman, president and chief executive officer of the ACVB, says the state has been slow to embrace the opportunities of international tourism, but adds, "Now we're making real progress. The Division of Tourism is spending 7-8 percent of its budget on overseas tourists."

According to Rolf Klug, vice president of marketing and sales for ACVB, a 1983 study by Alaska Pacific University showed 84 percent of international transit passengers indicated an interest in visiting Alaska. A further gauge of tourist potential was findings that 62 percent liked winter-oriented travel and 50 percent could have stayed over on that trip.

Says Bowman, "The carriers will keep planes flying in here as long as people want to come. If we don't develop a consumer interest in Alaska as a destination, we stand to lose traffic and see the cost of domestic service increase. If we do develop consumer interest, we've got a win-win situation. But we've got a race with time before carriers receive new aircraft and shift to nonstop flights."

William R. Snell, deputy commissioner of DOT, says, "We've had some flattening off in international passenger service, but it is not a significant decline." Adds Larry Michou, assistant director of administration for Anchorage International, "Our rate base remains solid because as passenger traffic has dropped, cargo, which is heavier and uses more fuel, has increased."

Michou says if the duty-free concession is lost somewhere down the line due to losses of international passenger traffic, the revenue "could be rolled into other fees."

Gina Marie Lindsey, manager of statewide aviation with DOT, points out Anchorage can be cheaper than some of its competitors because of duty-free revenue. Therefore, the loss of Duty Free, which employs about 270 in its Anchorage operations, could mean an increase in airport user rates, both domestic and international.

Snell reports the airport management has initiated four programs aimed at strengthening Anchorage's position in international airport competition. To benefit carriers serving Anchorage and the airport, the airport has promoted the development of a fuel consortium in which member airlines own and control distribution of fuel services. He credits the effort with helping attract new business and stabilizing pricing.

Second, for the first time in Anchorage's history, five-year operating agreements have been signed with the major carriers serving Anchorage and Fairbanks. "Now we know our revenues and commitments for five years, and the airlines get predictability too," he says.

Third, DOT is cooperating in a marketing strategy promoting the airport and increased tourist stopovers. He notes, however, "The airport will market itself if we have competitive facilities for cargo and passengers."

FINALLY, DOT is seeking means to advance Anchorage's use as a hub. It is considering ways to raise capital for facilities. Snell notes any development is expected to involve the private sector. The Alaska Industrial Development Authority and DOT may provide the land, with someone else operating the facilities. Establishment of a foreign trade zone is being considered as well.

Anchorage International Airport would have something to celebrate regarding increased cargo tonnage if a corporation consisting of United Parcel Service and DHL Airways – International Parcel Express (IPX) – is awarded the small package service to Japan. The consortium, which has said it will allow other companies to purchase stock in the venture if it's selected, is one of three applicants.

The final selection will be made by the U.S. Department of Transportation following the recommendation of administrative law judges appointed to weigh the merits of each contender. IPX has stated it would use Anchorage, Cincinnati and Louisville with Tokyo. The two other proposals have been filed by Federal Express, which would use Portland and Memphis with Tokyo, and Orion Air, which has specified Seattle with Tokyo for its service.

IPX traffic through Anchorage would be a welcome addition and perhaps start the airport down the road to becoming a cargo hub. One factor weighing against that happening – or at least one that might limit the size of any hub operation – is the relatively small regional population base. In the past, Anchorage has reaped the benefits of being between major trade and tourist centers of the world. But that position already has been eroded and will not draw international traffic a decade from now unless carriers determine Anchorage International Airport has more than geography to offer.

"We could be facing a grave problem in loss of revenue and jobs. It's later than it should be," says Dixon. □

Editorials

Unlocking the gates

FOR SEVERAL years Alaskans have been asking for a waiver of visa requirements for international travelers passing through Anchorage International Airport. The waiver, sponsored by Rep. Don Young, became law last week when Congress enacted a new immigration law.

That means it is time for Alaskans to pursue the programs they envisioned as possible if visas were eliminated. The federal government is, more or less, telling us through the waiver action, "Here's what you asked for, now let's see what you can do with it."

More than one million passengers spend an hour or more at the airport while they are traveling between Europe and the Orient. They have been confined to the airport and the airlines faced heavy fines when one failed to re-board the plane he arrived in.

Alaskans have seen these travelers as potential visitors to Anchorage and possible visitors to other areas of the state before going on to their destinations. The visa requirement discouraged efforts to promote stopovers.

A FIRST STEP would be to pursue a concerted program to win support from the airlines. At present they do not want stopovers in Anchorage and it is easy to understand why. When a passenger disembarks here, his seat is usually empty on the second half of a long journey between continents.

From an economic standpoint, the airlines must have the prospect of boarding as many passengers in Anchorage as disembark. The designation of Anchorage as the Olympic City for 1994, when it comes, will serve as a mighty catalyst to this end.

It is critically important that this program be successful. Anchorage must become a destination city instead of only a transit point on the global airways. It's value as a transit point is diminishing as new planes and technology permit overflying.

Both Northwest and Japan Airlines no longer stop here. United Airlines has initiated service over the North Pacific with no stop in Anchorage. There is talk of flying non-stop between Japan and Europe.

SUCCESS in this venture is essential. If one out of four international travelers stopped to visit Anchorage, there would be at least 1,000 a day in town and if they stayed three days there would be 3,000. To accommodate them there would be more hotels, more tour buses, more restaurants, more service establishments of every sort.

Such growth would be the forerunner of additional growth to accommodate the Olympic games in 1994 and the new era of international status and fame.

Editorials

The new tourist season

THERE WERE a lot of happy numbers in a new report from the state's Division of Tourism, which took a statistical look at people who travel to Alaska during the off-season months of fall, winter and spring.

A surprising number — 42 percent — are pleasure visitors. And 24 percent of those come to visit friends and relatives. Business-related trips are the reason for 52 percent of the off-season travel, the state's survey showed — and that's surprising only in that some might have guessed that and even larger percentage of winter-type travel would be of a business nature.

AMONG THE other pleasant findings of the report was the discovery that off-season visitors sightsee and do other touristy things just as much, if not more, than do those who come our way in the summer — and they average 10 years younger in age.

They also tend to come here more than once, and stay longer while they're here.

All of which speaks well for the state's effort to expose more and more visitors to the wonders and beauties of Alaska that can't be seen during June, July and August.

And it's something all of us might keep in mind, when the time comes to invite relatives and friends to visit the 49th State. As a matter of fact, you might want to remember to include an invitation in some of the Christmas cards you'll shortly be addressing to family and friends in far away places Outside.

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
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Opinions . . . Other views, other insights

Alaska's international airports offer economic opportunity

Courtroom to boardroom

by Tony Smith

At a time when the state is struggling with the wrong end of OPEC politics, attempting to be the cornerstone of the international fisheries and hopeful of receiving the nod from the International Olympic Committee, we need to remember the economic opportunities at home. In this writer's view, an important part of the state's economy involves some buildings and some asphalt. That's the Anchorage and Fairbanks airports.

The problem is that technology may doom our airports. If we don't come up with a viable plan, a new generation of aircraft may result in stops at Anchorage and Fairbanks being a vestige of the past. In my estimation, the commercial future of our airports is as important to our economic future as our high profile items.

A 1985 study indicated that Anchorage International Airport contributed $1.5 billion to the Anchorage economy. Indications were that the airport alone generated employment of 13,472 people. The cost for this is only approximately $20 million.

There's nothing that says international flights will continue to call at either the Anchorage or Fairbanks airport. Right now, we are the air crossroads of the world, but new long-range Boeing planes may change that. Already some international passenger carriers are beginning to fly direct.

The state, the municipality, and those involved with the airport, must concentrate on this issue. The airport may not be the sexiest issue, but it is one area where we haven't experienced a downturn.

For example, there are international carriers, like Korea Airlines, who are unable to pick up or discharge passengers because they do not have landing rights. The reason for this seems to stem from events at the Seoul airport, which have nothing to do with Alaska. We can not accept that.

Visas have been a problem in the past, but the Alaska Congressional delegation has started a program which may solve that. From Alaska's vantage, we need to have our international friends have the ability to pass a few days in Alaska. We must market Anchorage and Fairbanks as destination points.

We need Free Trade Zones in order to maximize the opportunities for local businesses to take advantage of our strategic location. Our airports have to provide services competitive with Portland, Seattle, Los Angeles and other gateway locations. We've gone a long way on the services, but we can always do more.

A task force is working on the problem, and that's a start. The downside, however, is such that an all-out effort is called for. It's easy to get people excited about AWWR and the Olympics. We need the same excitement about the continued development and marketing of the Fairbanks and Anchorage airports.

An Alaskan since 1971, Tony Smith is an attorney in private practice in Anchorage.

Municipality of Anchorage

OFFICE OF THE MAYOR

P.O. BOX 196650
ANCHORAGE, ALASKA 99519-6650
(907) 264-4431

TONY KNOWLES
MAYOR

October 9, 1986

Governor Bill Sheffield
P.O. Box A
Juneau, AK 99811

Dear Governor:

You are aware that Anchorage International Airport is the linchpin of Anchorage's economy. As such, when potential declines in its revenues come to light, we become concerned. This concern is manifest in the attached resolutions from the Assembly and Chamber of Commerce.

Anchorage is concerned about keeping our airport economically healthy and growing. To accomplish this, we need a hard-hitting marketing and public relations program. We would appreciate your assistance in this endeavor.

Sincerely,

Tony Knowles
Mayor

Dave Walsh
Chairman of the Assembly

2 Enclosures

cc: Commissioner DOT/PF

A:EJG018.TXT

Date: 8-12-86

Submitted by: Economic Dev. Subcommittee, Brockway, Chairman
Prepared by: Assembly Budget Analyst
For Reading: August 12, 1986

ANCHORAGE, ALASKA
AR NO. 86-178

A RESOLUTION SUPPORTING THE DEVELOPMENT OF A MARKETING PROGRAM FOR ANCHORAGE INTERNATIONAL AIRPORT

WHEREAS, the Municipality is in the process of applying for Foreign Trade Zone status, and

WHEREAS, an important aspect of the success of Anchorage's Foreign Trade Zone is Anchorage International Airport, and

WHEREAS, Anchorage International Airport and the marketing thereof has been a recent topic of discussion for several community groups and in the local news media, and

WHEREAS, stopover air traffic economic opportunities at Anchorage International Airport have not been fully realized, and

WHEREAS, a viable and economically productive international airport is in the best interest of the Anchorage economy, and

WHEREAS, there are sufficient monies in the Airport Fund.

NOW, THEREFORE, the Anchorage Municipal Assembly hereby resolves:

Section 1. That acceleration and expansion of the current airport marketing program is warranted and appropriate.

Section 2. That the creation of a strategic planning program for Anchorage International Airport is of utmost importance to Alaska's economic health.

Section 3. That this Assembly welcomes participation in such an effort.

PASSED AND APPROVED by the Anchorage Assembly this 12th day of August, 1986.

Chairman

ATTEST:

Municipal Clerk

ejg/reso 002

Anchorage·Star of the North
Chamber of Commerce

RESOLUTION 86-07

ANCHORAGE INTERNATIONAL AIRPORT

WHEREAS, the Anchorage Chamber of Commerce has, throughout the history of the Airport, been the leading business organization in support thereof; and

WHEREAS, Anchorage is the transportation and marketing center for the State of Alaska; and

WHEREAS, the Chamber recognizes the International Airport has a primary role in the economic growth of Anchorage and Alaska; and

WHEREAS, existing State policies appear to accept a "status quo" insuring only the mutual support and a common maintenance level at major airports in the state; and

WHEREAS, there appears to be neither a near-term nor long-term plan to insure the growth for current and future commercial users, or enhancements for the public and other users at the International Airport,

THEREFORE BE IT RESOLVED that the Anchorage Chamber of Commerce calls upon the Municipal Assembly to move forthwith and:

- strongly urge the State to develop and implement a viable marketing plan with state, national and worldwide impacts, specifically for the Anchorage International Airport;
- take the steps necessary that will result in a formal role for the city in the policy development and the future of the Airport.

APPROVED BY THE Anchorage Chamber of Commerce Board of Directors this 22nd day of August, 1986.

Elaine Atwood
Elaine Atwood
President

Wayne K. Beckwith
Wayne K. Beckwith
Executive Vice President

President: *Elaine Atwood* Executive Committee: *Larry Baker, Ken Calhoon, George Easley, Lee Fisher, Joe Heintz, Harold Heinze, Glenda Rhodes*
Board: *Rod Bradley, Col. Richard Brown, Mike Burns, Dave Dittman, Sen. Jan Faiks, Al Fleetwood, Alice Hartig, Jack Hayes, Duane Heyman, Col. Scott Tippin, Kay Linton, Bill MacKay, Earl Miller, George N. Nelson, John Norman, Al Parrish, Bob Penney, Chief Brian Porter.*

415 F Street, Anchorage, Alaska 99501-2254 (907) 272-2401

APPROVED
Date: 4-8-86

Submitted by: Economic Development Committee/Dana Brockway, Chairman
Prepared by: Assembly Budget Analyst
For Reading: April 8, 1986

ANCHORAGE, ALASKA
AR NO. 86- 51

A RESOLUTION REQUESTING IMMEDIATE ACTION TO OBTAIN FOREIGN TRADE ZONE STATUS FOR CERTAIN AREAS OF THE MUNICIPALITY OF ANCHORAGE.

WHEREAS, the future of Anchorage's economy depends on appropriate and timely actions to further growth and opportunities; and

WHEREAS, the Economic Development Committee has studied the foreign trade zone concept and has heard the testimony of experts as well as from the Chamber of Commerce and Economic Development Commission; and

WHEREAS, the Economic Development Committee has found no significant negative aspects of foreign trade zone status; and

WHEREAS, the Port of Anchorage would be influenced by this change in status and thus is an interested agency.

NOW, THEREFORE, the Anchorage Municipal Assembly resolves:

SECTION 1. The Municipality should immediately proceed to assess Anchorage's foreign trade zone potential, and define potential land areas for consideration.

SECTION 2. The Port of Anchorage should function as the action agency for this effort, and shall make application for foreign trade zone status, providing periodic progress reports to the Assembly.

PASSED AND APPROVED by the Anchorage Municipal Assembly this 8th day of April, 1986.

Chairman

ATTEST:

Municipal Clerk

FINAL REPORT

EXCERPTS FROM
THE ECONOMIC IMPACT
OF
THE ANCHORAGE INTERNATIONAL AIRPORT

SUBMITTED TO:

STATE OF ALASKA
DEPARIMENT OF TRANSPORTATION AND PUBLIC FACILITIES

SUBMITTED BY:

APPLIED ECONOMICS ASSOCIATES, INC.

WITH
R.E. HANSEN RESEARCH ASSOCIATES
AND
DR. WILLIAM B. BEYERS

OCTOBER, 1985

CHAPTER III

THE DEVELOPMENT AND GROWTH OF THE ANCHORAGE INTERNATIONAL AIRPORT

The Anchorage International Airport had its genesis when, late in 1951, operations began on an 8,400 foot east-west and a 5,000 foot north-south runway. The Airport was constructed under the auspices of and operated by the U.S. Civil Aeronautics Authority.

In 1959 Alaska became the 49th state of the Union and, in the following year, ownership and administration of the Airport was transferred to the State of Alaska. During the first year of State administration, construction began to extend the east-west runway to 16,600 feet, necessitated by the advent of jets which were displacing propeller driven-aircraft. Additionally, construction of new parking aprons and ramps began.

The airport expansion and modernization program was interrupted by the 1964 Good Friday earthquake which severely damaged the runways and destroyed the control tower and part of the terminal building. Necessary repairs to make the Airport operational were made quickly, but it took until 1967 before reconstruction of the east-west runway was resumed. It was completed in 1970, in time to handle the ever increasing international traffic as well as the expanding domestic operations, the latter due in large measure due to increased oil related activities.

In order to make the Airport a facility which would be accessible under all but the most adverse wheather conditions, construction of a new north-south runway began in 1978 and was completed in 1980. Throughout that period, modification and improvements continued to be made to the general facilities and the existing terminal building, and a new dedicated international terminal was completed in 1982.

During the 25 years as a State owned and operated airport, the Anchorage International Airport grew from a small regional facility into an important national and international one which, in 1984, served 40 scheduled and non-scheduled airlines. Domestic and international passenger traffic rose from 274,000 in 1960 to over 4,000,000 persons in 1984, making the Airport one of the largest medium size air traffic hubs in the U.S. In 1983, for example, the Federal Aviation Administration (FAA) reported 1.04 million revenue passenger enplanements in Anchorage, compared to 1.04, 1.04 and 1.2 million at the El Paso, Texas, Jacksonville, Florida, and Syracuse, New York airports, respectively [3]. These airports serve metropolitan areas with population bases which (in 1980) ranged from 480,000 to 722,000 persons [4]. Measured on the basis of the number of trips-per-resident population, for example, the Anchorage Airport ranks second (after Reno, Nevada) among all of the 36 medium size hubs in the US with an enplanement ratio of 6.0, compared with 2.2, 1.4, and 1.6, respectively, for the other three cities named above.

Even more striking, and underlining the pivotal role of the Airport in the state's economy, is the volume of freight traffic that passes through it. According to the same FAA source [3], the Airport handled 224,000 tons of enplaned revenue freight in 1983 (20 percent of which were U.S. mail shipments), fully one-half of the total tonnage of

all of the 36 medium size hubs in the U.S. combined, and only slightly less than the tonnage passing through the Los Angeles International and Kennedy International Airports (267,000 and 253,100 tons, respectively) - large hubs serving metropolitan areas with nearly 50 times the population of Anchorage. (In the same year, 72,200 tons of freight were enplaned at the Seattle-Tacoma International Airport.)

The large fraction of U.S. Mail is noteworthy, since subsidized shipments of parcel post are 60 to 80 percent less expensive than airfreight cargo of identical weight. As a result, outlying communities are able to purchase goods at considerably lower than "market" prices, a benefit we have not measured. (Market prices include necessary payments to all factors of production, including a normal return to capital.)

In the sections that follow, we will briefly discuss and document the extraordinary growth of both the domestic and international passenger and freight traffic at and through the Anchorage International Airport between 1960 and 1984.

Passenger Traffic, 1960-1984

Over the 24 year period between 1960 and 1984, total passenger traffic (arriving, departing and in transit) rose from less than 0.3 to over 4.0 million persons, at an average annual rate of 11.9 percent (Table III.1). In only three years, 1965, 1971 and 1972 did passenger traffic fail to increase (Table III.2). (The decrease in 1965 is explained by the 1964 earthquake; the decreases in the other two years are most likely due to the then uncertain future of the Trans-Alaska Pipeline.) The largest growth rate was registered by the "in transit" category, 15.3 percent. Whereas, in 1960, that class of traffic

accounted for only 16.3 percent of total traffic, by 1984 it represented 36.4 percent (Table III.3). However, as Table III.4 shows, growth rates for the several passsenger groups varied substantially over time. Thus, for example, "in transit" traffic rose at an annual rate of 33.6 percent during the 1960-1970 period, 4.6 percent between 1970 and 1980, and only 2.0 percent between 1980 and 1984 (Table III.4).

Detailed data on international traffic were available for the fiscal years 1976-1984 and, together with domestic data, are shown in Tables III.5-III.7. Over the 8 year period, total traffic increased at an annual rate of 6.2 percent. However, during the last two years, international traffic declined by more than 155,000 persons, or over 5 percent per year. Over the 8 year period, the number of arriving and departing international passengers decreased by about 50 percent. Domestic traffic, on the other hand, continued to increase throughout that period.

It is unclear whether the recent decrease in international traffic portends a developing trend, or whether it is a cyclical phenomenon.

[redacted]

TABLE III.1

ANCHORAGE INTERNATIONAL AIRPORT
PASSENGER TRAFFIC, FY 1960 - 1984
(NUMBER OF PERSONS)

YEAR	ARRIVING	DEPARTING	TOTAL ARR & DEP	IN TRANSIT	TOTAL
(1)	(2)	(3)	(4)	(5)	(6)
1960	114,557	114,655	229,212	44,564	273,776
1961	119,468	125,955	245,423	71,536	316,959
1962	131,361	137,758	269,119	127,826	396,945
1963	140,049	143,930	283,979	125,501	409,480
1964	164,441	170,448	334,889	205,060	539,949
1965	189,451	195,335	384,786	152,003	536,789
1966	213,380	219,047	432,427	216,646	649,075
1967	268,557	269,459	538,016	414,809	952,825
1968	331,726	357,519	689,242	418,732	1,107,974
1969	391,050	424,314	815,364	648,821	1,464,185
1970	426,248	433,163	859,411	807,722	1,667,133
1971	413,735	420,249	833,984	778,211	1,612,195
1972	451,455	461,777	913,232	654,681	1,567,913
1973	478,895	488,624	967,519	633,111	1,600,630
1974	540,714	551,767	1,092,481	796,045	1,888,526
1975	694,475	706,739	1,401,214	815,116	2,216,330
1976	857,162	870,024	1,727,186	884,762	2,611,948
1977	945,048	962,392	1,907,440	936,032	2,843,472
1978	955,628	979,636	1,935,264	981,315	2,916,579
1979	995,864	1,018,651	2,014,515	1,166,400	3,180,915
1980	990,547	1,007,566	1,998,113	1,267,474	3,265,587
1981	1,059,854	1,073,108	2,132,962	1,456,894	3,589,856
1982	1,165,338	1,177,757	2,343,095	1,503,206	3,846,301
1983	1,283,720	1,295,433	2,579,153	1,425,082	4,004,235
1984	1,328,793	1,335,646	2,664,439	1,372,679	4,037,118
AARG	10.8%	10.8%	10.8%	15.3%	11.9%

SOURCE: Selected Anchorage International Airport documents.
Calculations by Applied Economics Associates, Inc.

NOTE: AARG - Average Annual Rate of Growth

Freight Traffic, 1960-1984

Reference has already been made to the large volume of freight that moves through the Airport. Table III.8 recapitulates freight movements between 1960 and 1984 and Tables III.9 and III.10 show data for annual percentage changes and and the fractions of total freight arriving at and departing from the airport. A major discrepancy is noted between the volume of "departing" freight reported by the Airport in 1983 (92,466 tons) and "enplaned revenue freight" reported by the Federal Aviation Administration for the same year. The FAA data include all freight, originating or transshipped from one aircraft to another. The Airport statistics do not include freight which is transshipped. For purposes of comparing the Anchorage Airport with other US airports, the FAA data [3] were used.

The data show that between 1960 and 1984, total freight movements increased ten-fold, at an average annual rate of 6.1 percent. Growth rates on a year-to-year basis, however, were very uneven. Not surprisingly, and pointing to the Airport's strategic role in the development of the state's economy, are the enormous growth rates (in excess of 23 percent) of freight traffic registered during the pipeline construction period 1973-1977 (Table III.11).

That Anchorage is the Alaskan entrepot and that the Airport is its essential transportation pipeline is manifested by the fact that throughout the 1960-1984 period, "departing" far exceeded "arriving" air freight tonnage. One explanation for these asymmetrical flows is that goods are shipped to the Anchorage maritime port, or arrive over the road, and are then redistributed by air to the rest of the state which has no other transportation links to the "outside"; another is that

large quantities of relatively high value, perishable fish are flown to foreign and domestic markets during peak harvest periods. Rapid access to markets significantly increases the value of these products. At the Seattle-Tacoma International Airport, in comparison, arriving and departing cargo for each of the years during the same period were nearly always in balance. Clearly, many outlying communities could not survive and an array of economic activities would not take place or would be severely curtailed without the cargo services provided through the Airport.

As in the case of passenger traffic, detailed data for international and domestic cargo movements for the fiscal years 1976-1984 are displayed in Tables III.12-III.14. Over the 8 year period, total domestic freight traffic grew at a modest 1.7 percent. Arriving air freight increased at an annual rate of 1.1 percent. Departing traffic, on the other hand, rose nearly twice as fast, at 2.0 percent. In 1984, it accounted for approximately 64 percent of total freight movements.

In contrast, the international components registered extraordinary growth rates. Whereas, in 1976, international air cargo traffic accounted for only 5.8 percent of the total, by 1984 it represented 12.6 percent. That the Airport has become a major point of entry for foreign air cargo is indicated by the fact that in 1984 over 25 percent of total arriving cargo was carried by international airlines, compared to only 12 percent in 1976.

TABLE III.5

ANCHORAGE INTERNATIONAL AIRPORT
INTERNATIONAL AND DOMESTIC
PASSENGER TRAFFIC, FY 1976 - 1984
(NUMBER OF PERSONS)

YEAR	ARRIVING	DEPARTING	TOTAL ARR & DEP	IN TRANSIT	TOTAL
(1)	(2)	(3)	(4)	(5)	(6)
			INTERNATIONAL		
1976	49,975	50,089	100,064	723,068	823,132
1977	54,629	56,906	111,535	816,609	928,144
1978	47,085	49,613	96,698	882,578	979,276
1979	27,736	26,550	54,286	1,076,925	1,131,211
1980	25,414	26,038	51,452	1,166,971	1,218,423
1981	28,447	27,534	55,981	1,349,113	1,405,094
1982	30,906	29,548	60,454	1,428,628	1,489,082
1983	27,118	27,411	54,529	1,339,294	1,393,823
1984	24,807	24,045	48,852	1,285,017	1,333,869
AARG	- 8.4%	- 8.8%	- 8.6%	7.4%	6.2%
			DOMESTIC		
1976	807,187	819,935	1,627,122	161,694	1,788,816
1977	890,419	905,486	1,795,905	119,423	1,915,328
1978	908,543	930,023	1,838,566	98,737	1,937,303
1979	968,128	992,101	1,960,229	89,475	2,049,704
1980	965,133	981,528	1,946,661	100,503	2,047,164
1981	1,031,407	1,045,574	2,076,981	107,781	2,184,762
1982	1,134,432	1,148,209	2,282,641	74,578	2,357,219
1983	1,256,602	1,268,022	2,524,624	85,788	2,610,412
1984	1,303,986	1,311,601	2,615,587	87,662	2,703,249
AARG	6.2%	6.0%	6.1%	- 7.4%	5.3%

SOURCE: Selected Anchorage International Airport documents.
Calculations by Applied Economics Associates, Inc.

NOTE: AARG - Average Annual Rate of Growth

TABLE III.8

ANCHORAGE INTERNATIONAL AIRPORT
AIR FREIGHT TRAFFIC, FY 1960 - 1984
(POUNDS)

YEAR	ARRIVING	DEPARTING	TOTAL ARR & DEP
(1)	(2)	(3)	(4)
1960	12,298,166	20,549,579	32,847,745
1961	13,380,632	24,132,253	37,512,885
1962	14,777,941	24,760,609	39,538,550
1963	21,509,140	39,639,748	61,148,888
1964	19,360,527	32,631,053	51,991,580
1965	20,627,935	32,097,259	52,725,195
1966	20,762,213	37,394,229	58,156,442
1967	22,400,979	49,776,762	72,177,741
1968	25,980,908	75,573,582	101,554,490
1969	30,526,580	50,137,204	80,663,784
1970	32,241,373	60,865,051	93,106,424
1971	36,618,783	60,493,202	97,111,985
1972	44,026,537	65,937,427	109,963,964
1973	39,638,120	70,230,262	109,868,382
1974	60,748,311	83,145,442	143,893,753
1975	90,331,365	111,874,498	202,205,863
1976	106,702,662	155,280,054	261,982,716
1977	94,276,462	162,304,099	256,580,561
1978	99,169,214	162,682,389	261,851,603
1979	103,798,338	156,074,827	259,873,165
1980	96,422,556	157,568,303	253,990,859
1981	119,343,401	186,479,723	305,823,124
1982	118,350,235	181,498,461	299,848,696
1983	130,138,571	191,784,538	321,923,109
1984	137,478,750	184,931,092	322,409,842
AARG	10.6%	9.6%	6.1%

SOURCE: Selected Anchorage International Airport documents.
Calculations by Applied Economics Associates, Inc.

NOTE: AARG - Average Annual Rate of Growth

TABLE IV.2

SUMMARY OF RESPONSES TO AIRLINES INDUSTRY QUESTIONNAIRE
(DATA PERTAIN TO 1984-1985 CALENDAR OR FISCAL YEAR)

EXPENDITURE CATEGORY	NUMBER OF RESPONDENTS	EXPENDITURES (DOLLARS)	PERCENT OF TOTAL
(1)	(2)	(3)	(4)
Fuel	13	$ 245,727,171	68.6
Wages and salaries	16	44,330,809	12.4
Other/Misc.*	5	20,734,600	5.8
Goods and services	12	12,753,753	3.6
Food, lodging, and transp. for flight crews	13	11,941,406	3.3
Benefits	12	8,836,808	2.5
Contracted maintenance	10	8,280,867	2.3
Terminal bldg. rent, landing and parking fees	14	4,666,786	1.3
State and local taxes	7	665,500	0.2
Total expenditures		$ 357,937,700	100.0

QUESTION	NUMBER OF RESPONDENTS	RESPONSE
(5)	(6)	(7)
Number of full-time employees residing in Anchorage	16	1,183
Number of hotel room nights generated by		
airline personnel layover	13	60,780
unsched. passenger layover	10	8,161

SOURCE: Questionnaires distributed to airlines industry by Applied Economics Associates, Inc.

NOTE: * Includes items such as inflight meals, contracted ground handling, utilities, insurance, depreciation and interest, and security among others.

As shown in the first line of Table IV.2, expenditures on fuel constitute nearly 70 percent of the respondents' total expenditures. The Airport's financial statement for fiscal year 1984 shows that fuel and oil fees collected by the Airport amounted to $8.3 million, or 31.4 percent of total operating revenues, the second largest income source for the Airport after concession fees of $9.4 million (or 35.4 percent of operating revenues).

The second largest expenditure of the airlines is for wages and salaries. These disbursements are income to employees who reside in the Greater Anchorage Area, and, as such, will be respent on goods and services in the local economy. For example, an Alaska Airlines ticket agent who resides in Anchorage will spend his/her income on housing, food, clothing, entertainment and other consumption items produced and/or distributed in the local economy. These purchases constitute revenue to local businesses who, out of these receipts, pay their employees, purchase goods and services from other local businesses, and so on. This process is referred to as the "multiplier effect" and when measured quantitatively (see Chapters V and VI) will describe an ultimate level of output, earnings, or employment that is generated throughout a regional economy as a result of an initial, direct economic stimulus - the purchase of a good or service, for example. Employee benefits, representing other labor income, similarly generate multiplier effects. Together, expenditures on wages and salaries and employee benefits accounted for 14.9 percent of the total expenditures indicated by the respondents.

Expenditures for goods and services, including contract maintenance, and food, lodging, and transportation for flight crews, as well as most of the other/miscellaneous expenditures represent purchases

by the airlines from local businesses. These operational purchases, representing 15.0 percent of total air carrier expenditures in Anchorage, also generate multiple output, earnings and employment effects throughout the local economy.

The remaining airline expenditures, terminal building rent, landing and parking fees, and state and local taxes, represent payments to government agencies. These expenditures, accounting for 1.5 percent of total expenditures, are ultimately returned to the private economy, although not necessarily in the region in which the revenues were generated, in the form of wage and salary payments to government employees and purchases from private firms.

Other important data were collected from the commercial air carriers. The respondents indicated that they employed 1,183 Anchorage residents and paid for a total of 68,941 hotel rooms in Anchorage due to flight crew and unscheduled passenger layovers. The hypothetical question included on the questionnaire asked for the most likely alternative routes for passenger and freight traffic in the event that the Airport closed for one year: Five respondents indicated that both passenger and freight traffic would be re-routed through Fairbanks, four indicated that passenger traffic would be re-routed through the USSR, while two indicated that freight traffic would be carried over the Soviet route as well. Vancouver, B.C. was also indicated as a terminus or refueling point. Two carriers indicated that passenger traffic would not be re-routed at all.

Airport Related Services

Airport related services consist mainly of concessionaires doing

business at the Airport itself. Also included in this category are firms providing ground transportation to and from the Airport, such as car rental agencies, and travel agents. In short, this industry classification includes those local firms who provide goods and services to passengers arriving at and departing from the Airport. In contrast to commercial air carriers, not all of the businesses rely entirely on the Airport. In order to gauge the dependence of such firms on the Airport, a hypothetical question asking how current operations would be affected if the Airport did not exist was included on the questionnaire. As a further check, respondents were also asked to provide data on the level of gross receipts from operations in Alaska and the level of gross receipts from operations conducted at the Airport. In addition, the questionnaire requested information on employment and expenditures in the Anchorage area.

Airport related services questionnaires were mailed to 46 firms. Fourteen were completed and returned to AEA, while five of the original 46 were returned as non-deliverable. Taking 41 (the original 46 minus the 5 returned) as the relevant base to compute the response rate, 34.1 percent of the firms surveyed responded, as indicated in Table IV.1. Table IV.3 summarizes the information provided by those respondents who indicated that they were at least partially dependent upon the existence of the Airport. The data from the surveys were adjusted to take into account those firms who indicated less than 100 percent dependence and therefore the figures in Table IV.3 reflect estimates of the respondents' levels of expenditures and employment directly tied to the Airport.

As shown in Table IV.3, expenditures on employee compensation (wages and salaries plus benefits) constitute the largest fraction of

TABLE VI.10

SUMMARY OF THE IMPACT
OF THE ANCHORAGE INTERNATIONAL AIRPORT
ON ANCHORAGE, 1983

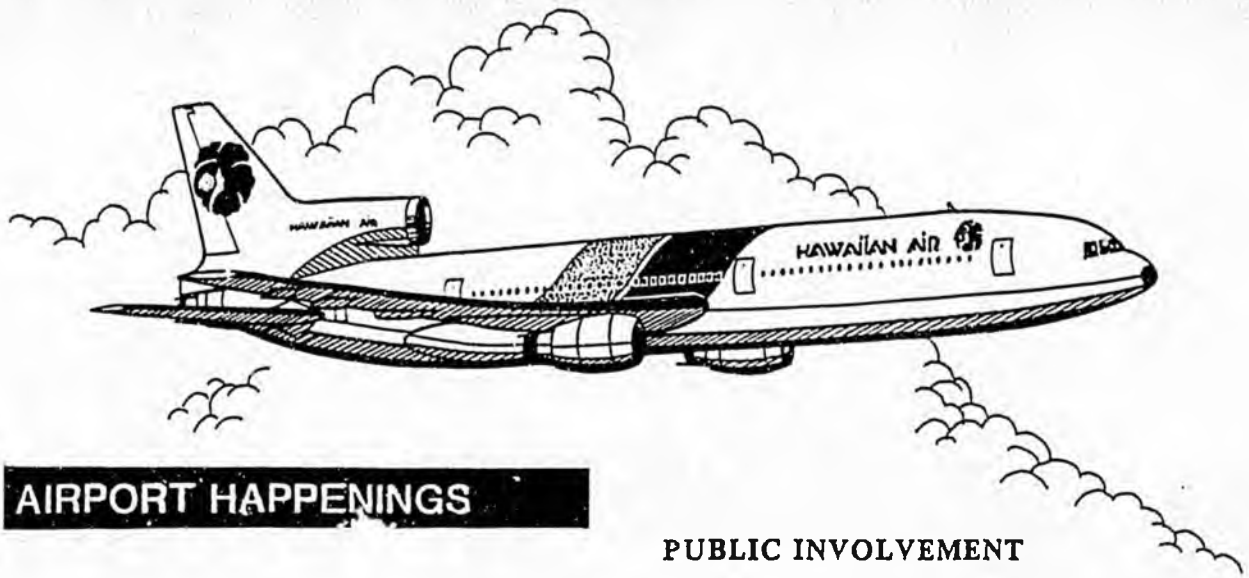
IMPACT MEASURE	DIRECT IMPACT	INDIRECT & INDUCED IMPACT	TOTAL IMPACT
(1)	(2)	(3)	(4)
Output (dollars)	$ 697,600,000	$ 453,500,000	$1,151,100,000
Earnings (dollars)	$ 223,000,000	$ 151,600,000	$ 375,100,000
Employment (number of employees)	8,086	5,386	13,472

SOURCE: US Department of Commerce, Bureau of Economic Analysis, RIMS-II; Applied Economics Associates, Inc. See Table VI.9 of this chapter.

TABLE VII.1
SUMMARY OF AIRPORT-RELATED ECONOMIC IMPACTS ON THE ANCHORAGE ECONOMY
1983
(MILLIONS OF DOLLARS; NUMBER OF EMPLOYEES)

SECTOR	TOTAL OUTPUT	EARNINGS		EMPLOYMENT	
		DIRECT	TOTAL	DIRECT	TOTAL
(1)	(2)	(3)	(4)	(5)	(6)
Air Transportation	$829.2	$152.8	$261.2	4,233	8,052
Visitor-Related	270.6	56.7	92.3	3,306	4,594
Freight Forwarding	26.5	6.3	10.5	220	371
Travel Arrangement	24.8	7.7	11.2	328	456
Total	$1,151.1	$223.5	$375.1	8,086	13,472

SOURCE: Tables VI.5 - VI.9



AIRPORT HAPPENINGS

As announced in October, Hawaiian Airlines is starting non-stop service to Honolulu, Hawaii. The flight, using a Lockheed L-1011 Tri-Jet departs in the morning, arriving in the islands during mid-afternoon.

While it is not new service, Western Airlines has become the wholly owned subsidiary of Delta Airlines. Just this past year Western celebrated its 60th anniversary, making it America's oldest airline. Western has announced that it will continue to operate as Western Airlines until April 1, 1987. Thereafter it will become a part of Delta Airlines and operate under the Delta name and colors. There has been no announced change in service to Anchorage resulting from the acquisition.

As reported in the Anchorage Times on January 4, 1987, British Airways has announced a reduction in service through Anchorage, starting this spring. Most flights between London and Tokyo will be flown non-stop, via Siberia instead of making the traditional refueling stop in Anchorage. This option became available to the international air carrier community in 1985 when the Soviet Union agreed to allow limited access to international air carriers over Siberia in exchange for expanded landing rights at European and Asian cities. British Airways will retain limited weekly scheduled service through Anchorage and has not announced any plans to terminate service at the airport.

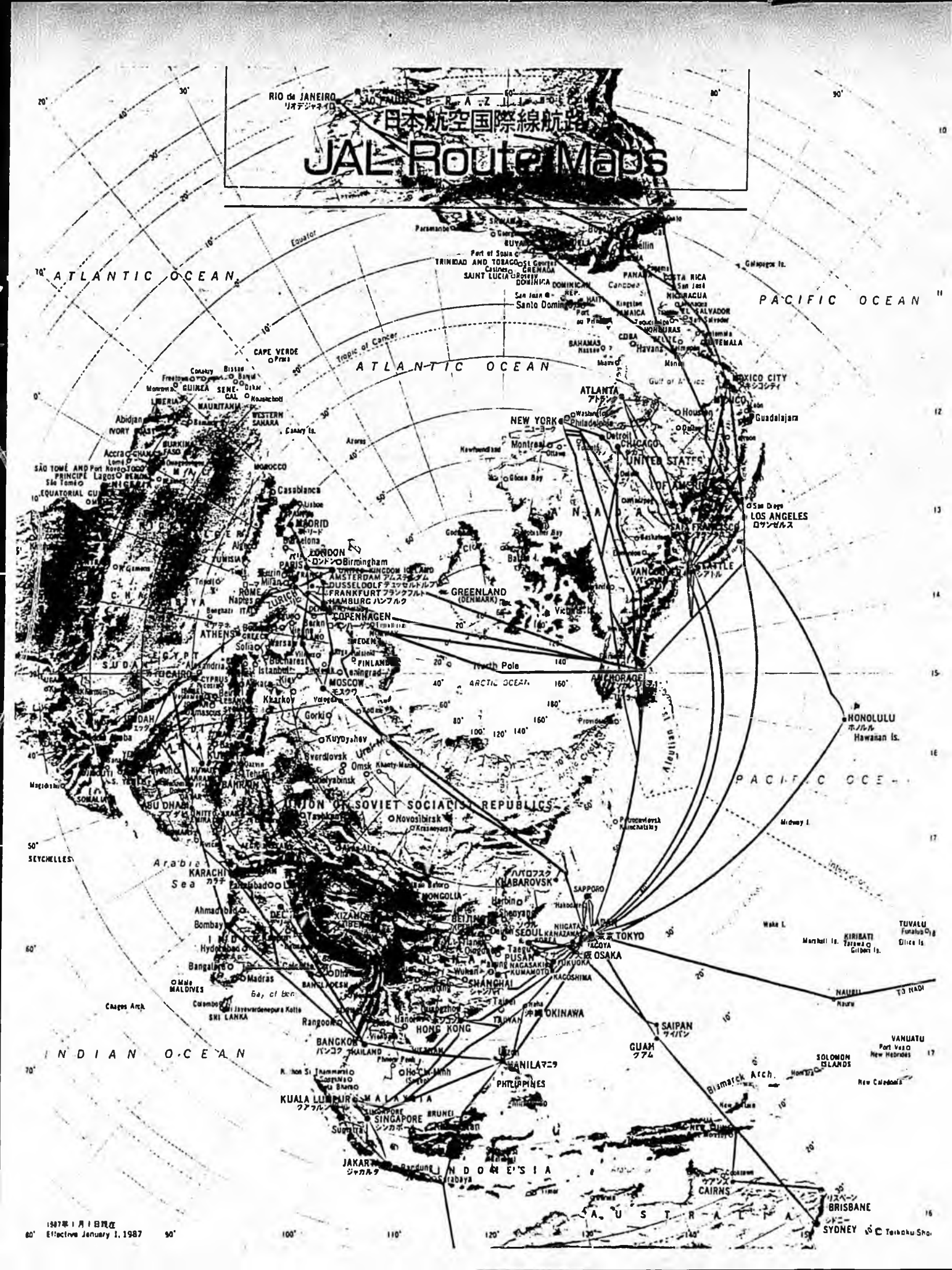
PUBLIC INVOLVEMENT

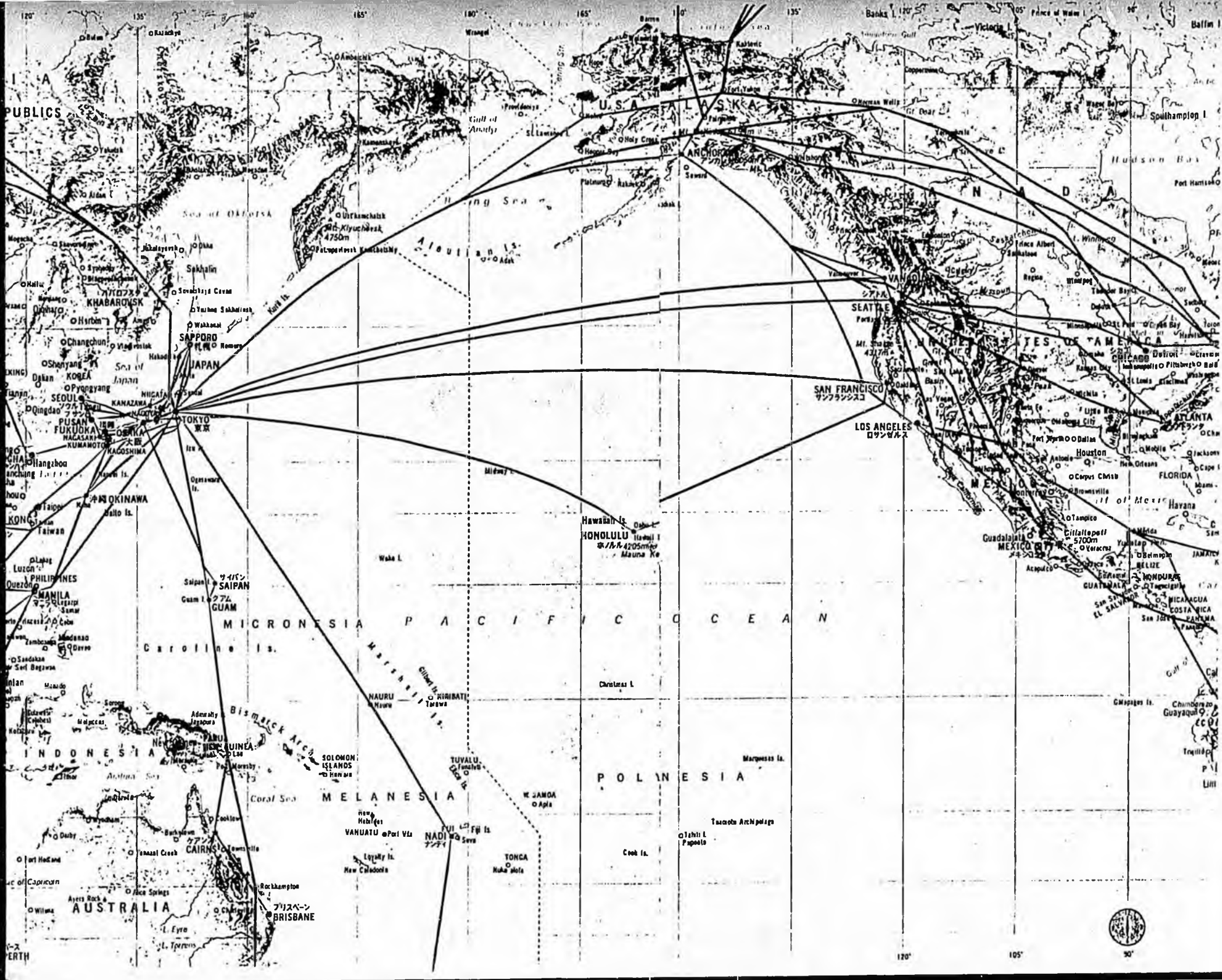
On January 8, 1987, Coffman Associates held a public meeting with members of the Turnagain Community Council to discuss the refined alternatives for the airport. The meeting was well attended and members of the council were extremely interested in the Lake Hood development plan. It was recognized that considerable effort had been conducted by the consultant team to include many suggestions presented during previous meetings which ensure neighborhood compatibility with the airport. Since development recommendations have not yet been finalized, members were advised that comments would be considered in the final program.

TRIVIA QUIZ

In January, Hawaiian Airlines initiated service between Anchorage and Honolulu, using a Lockheed L-1011 Tri-Jet. The airline has stated that plans are currently being developed to extend the service between Anchorage and Europe, establishing the only through service between Honolulu, Anchorage, and Europe. What is the only other American owned airline to have flown this route?

Answer: Western Airlines (soon to be identified as Delta Airlines through merger action in 1986), but service was discontinued in 1981.


日本航空国際線航路
JAL Route Maps
ATLANTIC OCEAN
PACIFIC OCEAN
INDIAN OCEAN
ARCTIC OCEAN
Equator
Tropic of Cancer
Arctic Circle
North Pole
RIO de JANEIRO
リオデジャネイロ
SÃO PAULO
BRAZIL
Parsamaribo
SURINAM
GUYANA
Port of Spain
TRINIDAD AND TOBAGO
St. George's
GRENADA
Castries
SAINT LUCIA
Georgetown
DOMINICA
Caracas
Cayenne
PANAMA
COSTA RICA
San José
NICARAGUA
Managua
EL SALVADOR
San Salvador
HONDURAS
GUATEMALA
Guatemala
BELIZE
Belmopan
Kingston
JAMAICA
Port au Prince
HAITI
DOMINICAN REP.
San Juan
Santo Domingo
CUBA
Havana
BAHAMAS
Nassau
Miami
Gulf of Mexico
Galapagos Is.
Guayaquil
Quito
Medellin
CAPE VERDE
Praia
Conakry
Bissau
Banjul
Freetown
Monrovia
GUINEA
SENEGAL
Dakar
LIBERIA
MAURITANIA
Nouakchott
WESTERN SAHARA
Abidjan
IVORY COAST
Casablanca
Lisboa
MADRID
Barcelona
Azores
Canary Is.
Accra
GHANA
BURKINA FASO
Lomé
TOGO
Cotonou
BENIN
Lagos
NIGERIA
SÃO TOMÉ AND PRINCIPE
São Tomé
EQUATORIAL GUINEA
MOROCCO
ALGERIA
TUNISIA
LONDON
ロンドン
Birmingham
UNITED KINGDOM
ICELAND
AMSTERDAM
アムステルダム
DUSSELDOLF
デュッセルドルフ
FRANKFURT
フランクフルト
HAMBURG
ハンブルク
PARIS
FRANCE
Milan
ROME
Naples
ZURICH
Geneva
Munich
Berlin
COPENHAGEN
SWEDEN
FINLAND
Leningrad
GREENLAND (DENMARK)
Victoria I.
Baffin I.
Hudson Bay
Labrador Sea
Greenland Sea
Barents Sea
Norwegian Sea
North Sea
Baltic Sea
Iceland
Faroe Islands
Newfoundland
Montreal
Ottawa
Toronto
Detroit
CHICAGO
NEW YORK
Philadelphia
Washington
ATLANTA
アトランタ
Houston
Dallas
MEXICO CITY
メキシコシティ
Guadalajara
UNITED STATES OF AMERICA
CANADA
Vancouver
SEATTLE
シアトル
San Francisco
LOS ANGELES
ロサンゼルス
San Diego
Las Vegas
Phoenix
Albuquerque
Denver
Minneapolis
Winnipeg
Edmonton
Calgary
Whitehorse
Yellowknife
Great Bear Lake
Great Slave Lake
Hudson Bay
Baffin I.
ANCHORAGE
Fairbanks
Prudhoe Bay
Beaufort Sea
Chukchi Sea
Bering Sea
Aleutian Islands
Provideniya
Petropavlovsk Kamchatskiy
Midway I.
HONOLULU
ホノルル
Hawaiian Is.
Wake I.
Marshall Is.
KIRIBATI
Tarawa
Gilbert Is.
TUVALU
Funafuti
Ellice Is.
NAURU
Nauru
T3 NADI
Fiji Is.
VANUATU
Port Vila
New Hebrides
SOLOMON ISLANDS
New Caledonia
Bismarck Arch.
New Britain
New Guinea
Coral Sea
Tasman Sea
AUSTRALIA
CAIRNS
ケアンズ
BRISBANE
SYDNEY
シドニー
Norfolk I.
Lord Howe I.
New Zealand
Auckland
Wellington
Christchurch
Chatham Is.
Macquarie I.
Antarctica
Ross Sea
Ross Ice Shelf
Amundsen Sea
Pine Island Glacier
Thwaites Glacier
Marie Byrd Land
Ellsworth Land
Weddell Sea
Antarctic Peninsula
Palmer Land
Filchner Ice Shelf
Ronne Ice Shelf
Queen Maud Land
Enderby Land
Princess Elizabeth Land
Mac. Robertson Land
Prince Charles Mts.
Amery Ice Shelf
Lambert Glacier
Wilkes Land
Adélie Land
Ross Dependency
Scott Base
McMurdo Sound
Mt. Erebus
Mt. Terror
Mt. Sidley
Mt. Kirkpatrick
Mt. Markham
Mt. Vinson
Mt. Tyree
Mt. Minto
Mt. Rea
Mt. Bird
Mt. Siple
Mt. Waesche
Mt. Takahe
Mt. Jackson
Mt. Hope
Mt. Nansen
Mt. Bumstead
Mt. Cleveland
Mt. Dickerson
Mt. Gardner
Mt. Hayes
Mt. Hubbard
Mt. Logan
Mt. Lucania
Mt. Saint Elias
Mt. Wood
Mt. Zion
Mt. Zoroaster
Mt. Zumwalt
Mt. Zwingle
Mt. Zyskowski
Mt. Zyskowski
Mt. Zyskowski


U.S.A. ALASKA
CANADA
UNITED STATES OF AMERICA
PACIFIC OCEAN
MICRONESIA
POLYNESIA
MELANESIA
AUSTRALIA
INDONESIA
JAPAN
KOREA
Sea of Japan
Sea of Okhotsk
Bering Sea
Aleutian Is.
Gulf of Alaska
Coral Sea
Arafura Sea
Caroline Is.
Marshall Is.
Bismarck Archipelago
Hawaiian Is.
Midway I.
Wake I.
Christmas I.
Cook Is.
Tuamotu Archipelago
Marquesas Is.
Galapagos Is.
ANCHORAGE
SEATTLE
SAN FRANCISCO
LOS ANGELES
CHICAGO
Houston
ATLANTA
FLORIDA
Havana
MEXICO CITY
Guadalajara
Acapulco
Tampico
Veracruz
Corpus Christi
Brownsville
Monterrey
Gulf of Mexico
HONOLULU
Mauna Kea
Citlaltepetl 5700m
SAPPORO
TOKYO
NAGOYA
OSAKA
KANAZAWA
NIIGATA
FUKUOKA
NAGASAKI
KUMAMOTO
KAGOSHIMA
PUSAN
SEOUL
Pyongyang
Shenyang
Changchun
Harbin
KHABAROVSK
Vladivostok
Sakhalin
Yuzhno Sakhalinsk
Petropavlovsk Kamchatskiy
Ust'Kamchatsk
Mt. Klyuchevsk 4750m
Anadyr
Provideniya
Wrangel I.
Barrow
Kaktovic
Fort Yukon
Kotzebue
Nome
Kodiak I.
Aleutian Is.
Adak
Attu I.
Kuril Is.
Hokkaido
Honshu
Shikoku
Kyushu
Okinawa
Ishigaki Is.
Miyako Is.
Iwo Jima
Ogasawara Is.
Taipei
Taiwan
Hong Kong
Hangzhou
Qingdao
Luzon
PHILIPPINES
MANILA
Quezon
Cebu
Davao
Mindanao
Zamboanga
Sandakan
Seri Begawan
Miri
Kalimantan
Celebes
Sulawesi
Molucca Is.
Timor
Darwin
Alice Springs
Ayers Rock
Wilkins
L. Eyre
L. Torrens
PERTH
Broome
Derby
Wyndham
Kununurra
Port Hedland
Tropic of Capricorn
Cooktown
Cairns
Townsville
Rockhampton
BRISBANE
Lae
Port Moresby
Torres Strait
Saipan
SAIPAN
Guam I.
GUAM
Nauru I.
NAURU
Kiribati
Tarawa
Tuvalu
Funafuti
SOLOMON ISLANDS
Honiara
VANUATU
Port Vila
New Hebrides
Loyalty Is.
New Caledonia
NADI
Fiji Is.
Suva
TONGA
Nuku'alofa
W. SAMOA
Apia
Tahiti I.
Papeete
Easter I.
Chile
Peru
Ecuador
Colombia
Panama
Costa Rica
Nicaragua
Honduras
Belize
Guatemala
El Salvador
Jamaica
Cuba
Florida
Yucatan
Belmopan
Guayaquil
Chimborazo
Tropic of Cancer
Equator
120°
135°
150°
165°
180°
165°
150°
135°
120°
105°
90°

Representative Betty Cato:

For your information
per the discussion at
the Transportation Committee
on 2/20/87.

Representative Drue Pearce

Synopsis of Anchorage International Airport Operating Agreement and Lease for Domestic Terminal

Sec.	
Preamble	DOTPF is owner/operator of Anchorage International Airport
2.02	Airlines rights to operate are common rights with others to use the airport for air transportation business
2.03	Airline leases Exclusive Use Space Airline has preferential but non-exclusive use of Apron area Airport Director can authorize other airlines to use holdrooms, loading bridges and airline-designated aircraft parking positions when not needed for regular uses. Airport Director can close, relocate, etc. after reasonable notice so long as other simultaneous access is provided.
3.01	Other Airlines can come in but must first try to deal with Signatory Airlines for space and use of facilities.
3.02	Signatory Airlines can be required to provide space or facilities to other airlines but the type of agreement is at the discretion of the Signatory Airlines. Signatory Airline does not have to comply if it would unreasonably interfere with their use of space and facilities. Signatory Airline may charge costs plus a 15% administrative fee.
4.01	DOTPF will provide a Captial Improvement report to Signatory Airlines by NLT the beginning of

the Fiscal Year before the Fiscal Year in which DOTPF intends to undertake new Capital Improvements (any physical asset that costs more than $100,000 including design and planning costs and has a useful life greater than 3 years).

Report includes description, cost estimate, preliminary drawings, project description and location and maps; supporting data; estimated effective date and amount of adjustment to rents or fees resulting from the Capital Improvements cost; evaluation of need; preferred source of funding.

4.02 System-wide (Anchorage and Fairbanks) Capital Improvement whose costs are to be included in rents and fees charged to Signatory Airline are subject to Signatory Airline review <u>except</u> those capital improvements done for the benefit of an airline or other Airport System tenant "under the terms of a separate agreement that provides for payment of rents or fees to cover" financing, maintenance and operation.

NLT 7/15 of each Fiscal Year, DOTPF will meet with Signatory Airlines to discuss Capital Improvements. Unless 67% of the Signatory Airlines withhold approval of Capital Improvements <u>in writing</u> within 30 days after the meeting, Capital Improvements can go ahead.

If approval is withheld, DOTPF can ask for reconsideration at a meeting within 15 days. If approved by 67%, it passes.

If approval is withheld, DOTPF will either postpone for 1 full Fiscal Year or will exclude the capital costs from the rents and fees.

If after 1 full Fiscal Year postponement, DOTPF proposes to go ahead with the same project, it must be resubmitted to the Signatory Airline and rents and fees may be raised to cover it.

4.03 Capital Improvements may proceed if --
-- cost under $500,000
-- necessary to comply with govt. agency
-- necessary for health and safety

5.01 Rent is $28.99/sq.ft/yr. for exclusive use space. Common use space is $28.99/sq.ft./yr. prorated by use.
Fuel flowage fee is .02/gallon for aviation

fuel.

6.01 DOTPF to maintain cost accounting system for Airports that shows:
-- revenues
-- maintenance and operation expenses
-- expenses of DOTPF allocable to the Airport System
-- annual debt service
-- amortization of assets acquired with IARF funds

Records must be kept for these cost centers:
-- Airfield Area
-- Domestic Terminal Building
-- Fairbanks Terminal
-- International Terminal
-- Other buildings and Grounds

6.02 By 9/30 DOTPF will give following to Signatory Airlines:
-- Proposed annual capital and operating budgets
-- Schedule of annual debt service
-- Preliminary calculation of rents and landing fees for next Fiscal Year.

6.03 IARF financial statements to be audited

7.01 Rents and fees must be adjusted annually without formal amendment to agreement.

7.02 Each year the Airport System terminal building rental rate per square foot per year is recalculated. Calculation takes into account:
-- Total estimated maintenance and operation expenses including administrative overhead allocable to the terminal building cost centers.
-- An amount for amortization of capital expenditures for assets placed in service on or before 7/1/77 and before the new rental rate is to take effect. Assets funded by bonds, loans, grants are excluded
-- Annual Debt Service (including any amount required to satisy the rate covenant in the bond resolution) allocable to the terminal building cost.
-- Any required deposit to reserve accounts allocable to the terminal building costs.
-- Estimated assessments, judgments, settlements or charges payable by DOTPF directly related to the Airport System and allocable to terminal building cost centers.

Airport System parking revenues offset terminal building rents as of 1/1/86.

7.03 Landing Fee Rate is recalculated each year.
-- reductions are allowed by subtracting the following amounts:
  -- revenue derived by DOTPF from all sources other than Signatory Airlines
  -- Signatory Airlines terminal rent
  -- all fuel flowage fees paid by Signatory Airlines
  -- the amount transferred from the Prepaid Airline Revenue Account to the Revenue Account net of any overpayment or underpayment from operation of the Airport System.

7.04 Landing fees can be raised after 30 days written notice to the Signatory Airlines in the event there is not enough revenue to cover the landing fee requirement in 7.03.

If landing fee revenue from all Signatory Airlines for any quarter varies by more than 10% from the estimated landing fee requirement, DOTPF may adjust landing fee rate for balance of Fiscal Year.

8.01 This agreement suordinate to all present IARF Bond resolutions.

Signatory Airlines have the opportunity to review and comment on proposed amendments to Bond resolutions and DOTPF will give consideration to comments before adopting amendments or issuing new bonds.

8.02 DOTPF deposits all revenues from Anchorage and Fairbanks Internationals into IARF. Receipts are applied in the following order:

-- Interest Fund and Retirement Fund of the Revenue Bond Redemption Fund to satisfy payments due during Fiscal Year on all outstanding Bonds.
-- Bond Reserve Fund (to maintain a balance equal to the maximum annual debt service on all Bonds outstanding at the time
-- Repair and Replacement Reserve Account of at least $2 Million dollars
-- Operating Account (reasonable and necessary expenses for operation, maintenance, repair, ordinary replacement, and reconstruction.
-- Operation and Maintenance Reserve Account

(one-quarter of amount of annual budget for operation and maintenance expenses)
-- Capital Improvement Account
-- Prepaid Airline Revenue Account (min. $1 Mil. and any amount remaining in the Revenue Account at the end of the Fiscal Year after all amounts have been deposited into other funds in the section

9.01 Airline Responsibilities
-- to give required information
-- perform reasonable, ordinary maintenance within their Exclusive Use Space
-- remove disabled aircraft

9.02 DOTPF's Responsbilities
-- retain FAA certification
-- operate and maintain Airports in reasonable condision and repair
-- keep terminal buildings clean, heated, etc.

10.01 Indemnification

10.02 Insurance - DOTPF maintains comprehensive general liability and fire for Airport and terminal building.

Airline carries public liability, aviation liability, premises, property damage, etc.

Limits: $1 Million/seat for airline/aircraft/ public liability insurance or equivalent insurance
-- for propeller aircraft $10 Million
-- for jet aircraft $20 Million

10.03 Waiver of Subrogation
10.04 Additional Insured
10.05 Notice of Claim
10.06 Insurance Rates - Airline may not use the airport in any manner that will increase the DOTPF's insurance rates.

11.01 Assignment and sublease allowed with advance written approval

.....balance of agreement is standard airport leasing provisions.

2/10/87 - JLF

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

ANCHORAGE INTERNATIONAL AIRPORT
AIRLINE OPERATING AGREEMENT AND
TERMINAL BUILDING LEASE
(DOMESTIC TERMINAL)

February, 1986

EXHIBITS

Exhibit	
A	Airport Layout Plan, Anchorage International Airport
B	Property Plan, Anchorage International Airport
C	Airport Layout Plan, Fairbanks International Airport
D	Property Plan, Fairbanks International Airport
E	Exclusive Use Space, Common Use Space
F	Airport System Cost Centers, Anchorage International Airport
G	Airport System Cost Centers, Fairbanks International Airport
H	Aircraft Parking Positions
I	Flow of Funds
J	AIRLINE's Space Designations
K	Approved Capital Improvements

ARTICLE 1
DEFINITIONS

Section 1.01. Definitions

The words and phrases defined below have the following meanings when used in this Agreement:

1. "Airline" means a business entity that provides Air Transportation services.

2. "Air Transportation" means the carriage of persons, property, cargo, or mail by aircraft and the activities, functions, and operations incidental to an air transportation business.

3. "Aircraft Arrival" means any aircraft arrival at the Airport including scheduled, charter, sightseeing, test, ferry, courtesy, inspection, training, or any other flight. Aircraft Arrival does not include any flight that immediately returns to the Airport because of mechanical, meteorological, or other precautionary reason.

4. "Airport" means the real property and facilities of Anchorage International Airport as it exists on the date of execution of this Agreement or in the future. The existing facilities and boundaries of the Airport are shown in Exhibit A and described in the property plan, Exhibit B.

5. "Airport Directives" means the Airport notices and instructions issued by the Airport Director facilitating day to day operation of the Airport and implementing rules and regulations promulgated by state and federal agencies requiring coordination by the Airport.

6. "Airport Director" means the person DOT&PF delegates to act on its behalf at the Airport.

7. "Airport System" means the Anchorage and Fairbanks International Airports as they exist now or in the future. The existing facilities and boundaries of both airports are shown in Exhibits A and C and described in the property plans, Exhibits B and D.

8. "Annual Budget" means the capital and operating budgets for the Anchorage and Fairbanks International Airports as signed by the Governor of the State of Alaska.

9. "Annual Debt Service" means the total amount required as deposits in a Fiscal Year to any interest, principal, or sinking fund account established by the Bond Resolution for any Bonds issued for any Airport System purpose and

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02-676(2/77)

ANCHORAGE INTERNATIONAL AIRPORT
AIRLINE OPERATING AGREEMENT AND
TERMINAL BUILDING LEASE
(DOMESTIC TERMINAL)

This Airline Operating Agreement and Terminal Building Lease (the Agreement) is offered this ___ day of _____, by and between the State of Alaska, Department of Transportation and Public Facilities (DOT&PF), and Airline, (AIRLINE), a corporation organized and existing under the laws of _____.

DOT&PF and AIRLINE agree as follows:

DOT&PF is the owner and operator of the Anchorage International Airport in Anchorage, Alaska and has the right to enter into leases and grant operating privileges at the Airport.

AIRLINE is a corporation engaged primarily in the business of providing Air Transportation.

Both DOT&PF and AIRLINE have mutually agreed to establish procedures for the periodic setting of rents and fees for the use of the Airport System. Both DOT&PF and AIRLINE have mutually negotiated and desire to enter into this Agreement in order to set forth the rights, privileges, and obligations of both parties and to facilitate the development, promotion, and improvement of Air Transportation.

ARTICLE 1
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2. "Air Transportation" means the carriage of persons, property, cargo, or mail by aircraft and the activities, functions, and operations incidental to an air transportation business.

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9. "Annual Debt Service" means the total amount required as deposits in a Fiscal Year to any interest, principal, or sinking fund account established by the Bond Resolution for any Bonds issued for any Airport System purpose and

to replenish the Bond Reserve Fund and the Repair and Replacement Reserve Account under the Bond Resolution.

10. "Apron Area" means the aircraft parking and maneuvering areas abutting a terminal building up to its dripline.

11. "Bond" or "Bonds" means revenue bond or bonds supported by the IARF and issued by the State of Alaska pursuant to Alaska Statutes 37.15.410-37.15.550 or as amended.

12. "Bond Resolution" means Resolution No. 68-4 adopted by the State Bond Committee of the State of Alaska and any additional resolutions providing for the issuance of Bonds.

13. "Capital Improvement" means any physical asset that costs more then $100,000 including design and planning costs, has an expected useful life greater than three years, and is purchased or constructed to improve, protect, maintain, or develop the Airport System.

14. "Certificated Maximum Gross Takeoff Weight" means the maximum takeoff weight at which each aircraft is authorized by the FAA to operate from the Airport.

15. "Common Use Space" means the space that is available for lease and use in common with other Airlines.

16. "Exclusive Use Space" means the space leased exclusively by AIRLINE.

17. "FAA" means the Federal Aviation Administration.

18. "Fiscal Year" means any fiscal year adopted by DOT&PF. The Fiscal Year of the DOT&PF currently begins on July 1 and ends on June 30.

19. "International Airports Revenue Fund" (IARF) means the fund or funds established now or in the future pursuant to Alaska Statute 37.15.430 or as amended.

20. "Premises" means all of the Common Use Space and Exclusive Use Space leased to AIRLINE under this Agreement.

21. "Rate Covenant" means Section 6.12 of the Bond Resolution and any similar provision of any supplemental or additional resolution providing for the issuance of Bonds.

22. "Signatory Airline" means an Airline that has executed an airline operating agreement with DOT&PF for the use and occupancy of Airport facilities that is substantially similar to this Agreement.

ARTICLE 2
USE OF AIRPORT FACILITIES

Section 2.01. Term

This Agreement is effective from 12:01 a.m. on July 1, 1985 until 12:01 a.m. on July 1, 1990.

Section 2.02. Uses of the Airport

AIRLINE is granted the right to use the Airport, in common with others, for the sole purpose of conducting AIRLINE's Air Transportation business. In addition to all rights granted elsewhere in this Agreement, AIRLINE's use of the Airport for conducting its Air Transportation business includes the right to:

1. Land, takeoff, fly, taxi, push, tow, load, or unload aircraft.

2. Repair, maintain, condition, service, test, park, or store aircraft.

3. Perform or cause to be performed by contract, customary aircraft fueling, servicing, and line maintenance at aircraft parking positions adjacent to the terminal building or on exclusively leased aprons before loading and takeoff or as soon as practical following landing and unloading. AIRLINE may perform other maintenance of aircraft, vehicles, or equipment only at exclusively leased aprons or at locations designated by DOT&PF.

4. Sell tickets, document shipments, handle reservations, and sell transportation of cargo, mail, and personal property by air, and perform, or cause to be performed by contract, the customary handling of passengers, baggage, cargo and mail.

5. Install, maintain, or operate, by AIRLINE alone or in conjunction with any other Airline, air-to-ground and other communication, meteorological, and aerial navigation systems between locations on the Airport, subject to prior written approval of DOT&PF and Section 15.11.

6. Ground train personnel on the Airport necessary to the conduct of AIRLINE's Air Transportation business.

7. Transport by air, load, and unload persons, property, cargo, and mail at the Airport.

8. Use motor vehicles or other ground transportation equipment required for the conduct of AIRLINE's Air Transportation business. This Agreement does not give

AIRLINE the right to operate a ground transportation business to or from the Airport.

9. Install, maintain, and operate passenger clubs, lounges, or VIP rooms in AIRLINE's Exclusive Use Space. AIRLINE may not sell food or beverage items in clubs, lounges, or VIP rooms if the sales violate the contractual rights of the Airport's food and beverage concessionaire.

   a. If AIRLINE sells food or beverage items in its passenger clubs, lounges, or VIP rooms, AIRLINE will submit to DOT&PF a monthly report of the gross sales of food and beverage items and pay DOT&PF a monthly percentage of gross fee for those sales. The percentage amounts used to calculate this fee will be the same as the percentage amounts that DOT&PF requires the food and beverage concessionaire to pay.

   b. If AIRLINE sells food or beverage items in its passenger clubs, lounges, or VIP rooms, AIRLINE will use the Airport's food and beverage concessionaire as AIRLINE's supplier of food and beverage services if required by the terms of the food and beverage concessionaire's contract with DOT&PF. In this event, the monthly report to DOT&PF and the monthly percentage of gross sales fee described in Section 2.02.9.a do not apply to AIRLINE but to the concessionaire only. Nothing in this Agreement prevents AIRLINE from selling memberships in its VIP rooms. The sale of memberships for use of a VIP room is not considered a sale of food and beverage.

10. Install and maintain AIRLINE's identification signs, advertising, or similar matter on AIRLINE's Premises. The size, type and location of signs must be approved in writing by the Airport Director before installation.

11. Purchase AIRLINE's requirements of personal property or services, including fuel, lubricants, inflight food or beverages, and other supplies. AIRLINE may purchase goods and services from any person or company of AIRLINE's choice.

12. Sell, lease, transfer, dispose, or exchange AIRLINE's aircraft, engines, accessories, equipment, or supplies necessary to conduct its Air Transportation business.

13. Use non-exclusive employee vehicle parking facilities for employees at the Airport at locations designated by the Airport Director. The Airport may charge a separate fee for employee vehicle parking which fee must be the

same for AIRLINE's employees as the employees of other Airport tenants.

14. Sell or provide any of the services listed in this Section to any other Airline.

Section 2.03. Exclusive and Common Use Space

A. AIRLINE leases Exclusive Use Space as listed on Exhibit E and depicted on Exhibit J. AIRLINE leases in common with others the Common Use Space listed on Exhibit E and depicted on Exhibit J. AIRLINE may only use each space for the purpose designated on Exhibit E unless the Airport Director approves a change.

B. AIRLINE is granted the preferential but nonexclusive use of the Apron Area at the aircraft parking positions designated for AIRLINE's use on Exhibit H. This is AIRLINE's preferential apron area. AIRLINE may use the parking positions to park a reasonable amount of service equipment required for AIRLINE's operations, subject to the Airport Director's approval.

C. The Airport Director may authorize other Airlines to use AIRLINE's holdrooms, loading bridges, and AIRLINE's designated aircraft parking positions whenever they are not required for AIRLINE's scheduled, extra section, delayed, and charter passenger flight activities or the passenger flight activities of any Airline for which AIRLINE is providing contract services pursuant to a written agreement. As a condition of the use of AIRLINE's facilities, AIRLINE has the right to require the Airline to enter into an agreement covering the use of AIRLINE's facilities and may charge the other Airline a reasonable fee not to exceed the rates designated in the Mutual Assistance Ground Handling Service Agreement (MAGSA) for the use of holdrooms, loading bridges, and associated equipment.

D. DOT&PF grants the right of adequate ingress to and egress from the Airport and the Premises to AIRLINE and its officers, employees, agents, passengers, contractors, invitees, suppliers, and furnishers of services, subject to the Airport Directives.

E. DOT&PF has the right to close, relocate, reconstruct, or modify any access to space provided for AIRLINE's use after reasonable notice so long as adequate substitute access is simultaneously provided. DOT&PF is not obligated to compensate AIRLINE for any change in access. AIRLINE's obligation to perform under this Agreement may not be altered or affected by any change in access described in this subsection.

ARTICLE 3
ACCOMMODATION OF OTHER AIRLINES

Section 3.01. Accommodation Procedures

A. If an Airline initiates or expands regularly scheduled Air Transportation at the Airport and needs terminal space and facilities, DOT&PF will require the Airline to use its best efforts to make suitable arrangements for the Airline's operations at the Airport by:

1. Attempting to secure existing available space or facilities from the DOT&PF, or

2. Attempting to obtain the use of facilities from Signatory Airlines using the terminal.

B. The DOT&PF will use its best efforts to accommodate the Airline by:

1. Attempting to accommodate the Airline in existing available space or facilities for direct lease or use; or, if none is available, by

2. Reviewing the feasibility of immediate construction of new space or facilities for the Airline's lease or use.

C. Upon written request from the Airline, AIRLINE will use its best efforts to make suitable arrangements to either handle the operations of or share its Exclusive Use Space with the Airline.

D. If the efforts of the Airline, DOT&PF, AIRLINE, and other Signatory Airlines do not satisfy the Airline's reasonable space requirements, DOT&PF will, in writing, notify all of the Signatory Airlines at the terminal that all of the requirements of Section 3.01.A, B, and C have been undertaken and have failed to satisfy the requesting Airline's reasonable space requirements.

Section 3.02. DOT&PF's Right to Require Accommodation

A. If the events specified in Section 3.01 have occurred, if 30 days have elapsed since the DOT&PF's notice has been given, and if the Airline is still unable to meet its reasonable requirements for space and facilities, then DOT&PF may require that AIRLINE provide space or facilities to the Airline pursuant to a sublease, assignment, license, use agreement, ground handling agreement, or any combination of them. The type of agreement is at the discretion of AIRLINE.

B. If the proposed accommodation unreasonably interferes or is incompatible with AIRLINE's use of its space and facilities for handling its scheduled passenger and cargo operations, (including the passenger flight activities of any operation for which AIRLINE is providing contract services pursuant to a written agreement) then AIRLINE is under no obligation to provide accommodation.

C. If the proposed accommodation does not unreasonably interfere or is not otherwise incompatible with AIRLINE's use of the space and facilities for handling its scheduled passenger and cargo operations (including the passenger flight activities of any operation for which AIRLINE is providing contract services pursuant to a written agreement), AIRLINE will accommodate the Airline. AIRLINE may charge the Airline for AIRLINE's operating and capital costs related to the space and facilities and an administrative fee that does not exceed 15 percent of AIRLINE's operating and capital costs for the accommodation space.

ARTICLE 4
CAPITAL IMPROVEMENTS

Section 4.01. Capital Improvement Report

A. During the term of this Agreement, DOT&PF will provide a Capital Improvement report to AIRLINE and each Signatory Airline no later than the beginning of the Fiscal Year before the Fiscal Year in which DOT&PF intends to undertake new Capital Improvements. The Capital Improvement report must identify Capital Improvements that will impact AIRLINE's rents and fees.

B. The Capital Improvement report will include the following information:

1. A description of the proposed Capital Improvement, including cost estimates, available preliminary drawings, project descriptions, and location maps;

2. The supporting data used to allocate the proposed Capital Improvement cost to the appropriate Airport System cost centers;

3. The estimated effective date and amount of any adjustment to rents or fees resulting from the proposed Capital Improvement's cost;

4. DOT&PF's evaluation of the need for an anticipated benefit from the proposed Capital Improvement, including any appropriate economic justification; and

5. DOT&PF's preferred source of funding.

Section 4.02. Approval of Capital Improvements

A. All Airport System proposed Capital Improvements whose costs are to be included in the rents and fees charged to AIRLINE and the Signatory Airlines will be subject to Signatory Airline review except those Capital Improvements undertaken by DOT&PF for the benefit of an Airline or other Airport System tenant under the terms of a separate agreement that provides for payment of rents or fees to cover the financing of the improvement and the cost of its maintenance and operation.

B. Two weeks after the beginning of the Fiscal Year, DOT&PF will meet with AIRLINE and the other Signatory Airlines to discuss the proposed Capital Improvements. Unless 67 percent of the number of Signatory Airlines, either directly or through a designated Signatory Airline

representative, withhold approval of specific proposed projects in writing within 30 days after the meeting, the Capital Improvement will be deemed approved by the Signatory Airlines.

C. If DOT&PF receives notice that approval of the Capital Improvement is withheld under Section 4.02.B, the Commissioner of DOT&PF may request reconsideration of the Capital Improvement at a meeting to be held with the Signatory Airlines within 15 days after the notice that approval is withheld has been received. Unless approval is again specifically withheld in writing within 30 days after the reconsideration meeting by 67 percent of the number of Signatory Airlines, either directly or through a designated representative, the proposed Capital Improvement will be deemed approved.

D. If approval is withheld as provided in Section 4.02.B and C, DOT&PF will either postpone the proposed Capital Improvement for one Fiscal Year after the Fiscal Year in which DOT&PF originally intended to undertake the Capital Improvement or will exclude the capital cost of the Capital Improvement from the calculation of AIRLINE's rents and fees.

E. If after the one Fiscal Year postponement DOT&PF proposes to construct the postponed Capital Improvement, the Capital Improvement must be submitted to the Signatory Airlines for review in accordance with Section 4.01.

F. If a Capital Improvement is begun after a one year postponement, approval by the Signatory Airlines is not required and DOT&PF may include the amortization of capital cost, debt service, or lease payments of the Capital Improvement in the rents and fees charged to AIRLINE and the Signatory Airlines after the Capital Improvement has been completed and placed in service.

G. After the postponement described in Section 4.02.D, any Capital Improvement project listed in the Capital Improvement report may be constructed so long as the Capital Improvement project can be completed within the Capital Improvement project scope originally provided to the Signatory Airlines. Any Capital Improvement project that is materially increased beyond the original scope must be resubmitted to the Signatory Airlines for review as a new project.

Section 4.03. Capital Improvement Exceptions

Even if approval of a Capital Improvement is withheld under Section 4.02, DOT&PF may proceed with the Capital Improvement and

upon completion include the cost, net of gifts and grants-in-aid, in the rents and fees charged to AIRLINE and the Signatory Airlines if:

1. DOT&PF determines that the Capital Improvement will cost less than $500,000 including all planning, design, and construction costs, or,

2. The Capital Improvement is necessary and prudent to:

   a. Comply with any regulation or order of any governmental agency (including DOT&PF acting in its nonproprietary capacity) that has jurisdiction over the operation of the Airport System;

   b. Maintain or create Airport System functional capability at the level required by the Bond Resolution or the Bond trustee (whose responsibilities are defined in the Bond Resolution) pursuant to the Bond Resolution for the security of Bonds;

   c. Maintain the public health, safety, or welfare;

   d. Defend and settle litigation, or satisfy judgments against the Airport System rendered by a court of competent jurisdiction;

   e. Repair or prevent casualty damage to Airport System property; or

   f. Acquire land reasonably necessary to preserve the Airport System.

Section 4.04. Approved Capital Improvements

The Capital Improvements listed in Exhibit K are exempt from review under Section 4.02 except as provided in Section 4.02.G.

ARTICLE 5
RENTS AND FEES

Section 5.01. Consideration

The consideration that AIRLINE agrees to provide DOT&PF for this Agreement, including use of the Exclusive Use Space, Common Use Space, and the use of preferential aircraft parking positions, is the following:

A. Provide regularly scheduled Air Transportation to and from the Airport, and

B. Pay the rents and fees and perform all the obligations described in this Agreement. The rents and fees include the following:

1. The initial rent for the Exclusive Use Space set forth in Exhibit E and depicted on Exhibit J that AIRLINE will pay to DOT&PF is the terminal building rent of $28.99 per square foot per year, payable monthly. All rent for the Exclusive Use Space is due on the first day of each month.

2. a. AIRLINE will pay rent for the Common Use Space that is available for use by all Airlines as set forth in Exhibit E and depicted on Exhibit J. The Common Use Space rent that AIRLINE will pay to DOT&PF is AIRLINE's prorated share of the terminal building rent calculated initially at $28.99 per square foot per year, payable monthly. Ten percent of the rent will be prorated equally among the Airlines (including AIRLINE) using the Common Use Space and the remaining ninety percent of the rent will be prorated among the Airlines using the space based on enplanements. AIRLINE 's share of the remaining 90 percent will be based on the ratio of the number of AIRLINE's enplaning passengers at this terminal to the total number of enplaning passengers at this terminal based upon the previous month's certified activity reports. During the first two months after initiating service, enplanements of an Airline initiating service at the Airport will be included in the total number of enplaning passengers at the Airport using the number as reasonably estimated by the Airline initiating service. DOT&PF will invoice AIRLINE its prorated share of the rent for the Common Use Space by the 15th of the month for the following month's rent. DOT&PF will base the prorated rent on enplanements

from the preceding month as reported in AIRLINE's certified activity reports described in Section 5.02.

b. If AIRLINE fails to furnish DOT&PF with a certified activity report by the 10th day of the month as required in Section 5.02, the prorated rent may be calculated by assuming AIRLINE's enplanements were 110 percent of the enplanements used for the previous month's calculation. After delivery of a late certified activity report by AIRLINE, DOT&PF will invoice AIRLINE for any actual enplanements that exceeded the assumed 110 percent used for the first invoice calculation. No adjustment will be made to the rent of any Airline that submits a timely and accurate certified activity report. Any overpayment will not be repaid to AIRLINE.

c. A different prorated rent formula may be applied to the Common Use Space if all of the Signatory Airlines and DOT&PF agree. If all of the Signatory Airlines cannot agree on a different prorated rent formula, DOT&PF may use its management prerogative to determine an equitable formula.

d. All rent for the Exclusive Use Space and Common Use Space is calculated using the terminal building rental rate and is subject to adjustment as provided in Section 7.02. The terminal building rental rate for the Exclusive Use Space and Common Use Space may not be less than $15.00 per square foot per year.

3. AIRLINE, directly or through its supplier or agent, will pay for the term of this Agreement a fuel flowage fee of $0.02 per gallon for aircraft fuel measured as specified in either the Master Agreement Aviation Fueling Operations entered into between Anchorage Fueling Service Company and the State of Alaska, or DOT&PF agreements with suppliers. The fee must be paid monthly and is due on the 20th day of the month after receipt of the fuel.

4. Upon the effective date of this Agreement, rents and fees for the use of all other facilities, rights, and privileges granted to AIRLINE, except as provided elsewhere in this Agreement, will be combined in and represented by a landing fee that is subject to adjustment pursuant to Article 7. No

other fee may be charged AIRLINE for the facilities, rights, and privileges granted under this Agreement.

a. Upon the effective date of this Agreement, the landing fee rate for the Fiscal Year is $.37 per 1;000 pounds of Certificated Maximum Gross Takeoff Weight. The landing fee rate must be recalculated for each Fiscal Year thereafter as set forth in Article 7, but in no event may the landing fee rate be less than $0.30 per 1,000 pounds of Certificated Maximum Gross Takeoff Weight.

b. The landing fees for Aircraft Arrivals must be invoiced monthly by DOT&PF and are due from AIRLINE 30 days after the date on the invoice. The landing fee must be calculated by multiplying the number of 1,000 pound units of the Certificated Maximum Gross Takeoff Weight of AIRLINE during the month by the current landing fee rate established by DOT&PF in accordance with Section 7.03 of this Agreement. Acceptance by DOT&PF of any payment does not preclude DOT&PF from verifying the accuracy of AIRLINE's calculations and from refunding or recovering any difference established by DOT&PF.

Section 5.02. Certified Activity Reports Required

A. By the 10th day of each month, AIRLINE will provide DOT&PF with a certified activity report of AIRLINE's operations at the Airport during the preceding month. The certified activity report must be on Form Anchorage 05-002 provided by DOT&PF and include all data necessary to calculate the landing fee due as well as any other data that DOT&PF reasonably requests.

B. If AIRLINE fails to furnish DOT&PF with the certified activity report required by Section 5.02.A by the 10th day of each month, DOT&PF may determine AIRLINE's landing fee by assuming that the total takeoff weight for AIRLINE during the preceding month was 110 percent of the total takeoff weight of AIRLINE used for the previous month. After delivery of a late certified activity report by AIRLINE, DOT&PF will recalculate the landing fee and will invoice AIRLINE for any underpayment, but any overpayment will not be repaid to AIRLINE. AIRLINE remains responsible for submitting a certified activity report for each month regardless of any estimate made by DOT&PF.

Section 5.03. Interest on Overdue Payments

Any payment due and not received accrues interest from the due date until paid in full at the highest lawful contract rate in Alaska as defined by Alaska Statute 45.45.010 or as amended. Interest on disputed amounts may not be charged to AIRLINE if the dispute is resolved in AIRLINE's favor.

Section 5.04. Additional Rent

After 10 days' written notice to AIRLINE, DOT&PF may, but is not obligated to, cure any default by AIRLINE of its obligation to perform under Article 9 of this Agreement. Any amount paid or cost incurred by DOT&PF to cure any default by AIRLINE, plus a 15 percent administrative fee, is agreed to be additional rent. Unless otherwise provided, all additional rent is due from AIRLINE with the next installment of monthly rent due under this Agreement.

ARTICLE 6
RECORDS AND REPORTS

Section 6.01. DOT&PF Records of Airport System Cost Centers

A. As soon as practicable following the execution of this Agreement, DOT&PF will establish and thereafter maintain a cost accounting system that identifies and segregates by account and cost center the following items for each Fiscal Year: (1) revenues; (2) operation and maintenance expenses, including administrative expenses of the Airport System; (3) expenses of DOT&PF allocable to the Airport System; (4) Annual Debt Service, plus any amount required to satisfy the Rate Covenant of the Bond Resolution; and (5) amortization of assets acquired with International Airport Revenue Funds allocable to the Airport System.

B. Records must be kept for the following cost centers:

1. "Airfield Area Cost Center" includes the aprons, runways, taxiways, approach and clear zones, infield areas, navigational aids, and other facilities of the Airport System that surround the terminal buildings up to the building driplines, are on the airside, and are necessary for aircraft operations.

2. "Domestic Terminal Building Cost Center" includes the domestic terminal complex at Anchorage International Airport including the terminal building with all its fixtures and equipment within the dripline of the building, public parking, employee parking, curbside areas, related landscaping, and access or circulation roads with rights-of-way.

3. "Fairbanks Terminal Cost Center" includes the terminal complex at Fairbanks International Airport including the terminal building with all its fixtures and equipment within the dripline of the building, public parking, employee parking, curbside areas, related landscaping, and access or circulation roads and rights-of-way.

4. "International Terminal Building Cost Center" includes the international terminal complex at Anchorage International Airport including the terminal building with all its fixtures and equipment, public parking employee parking, curbside areas, related landscaping, and access or circulation roads and rights-of-way.

5. "Other Buildings and Grounds Area Cost Center" includes all other areas of the Airport System not included in the above cost centers including facilities, installations, and improvements.

C. The Airport System cost centers as they presently exist are shown on Exhibits F and G.

D. DOT&PF will maintain records that allocate capital funds from the IARF, contributions, Bonds, securities, or other sources to each Airport System cost center. Bond issuance expenses, capitalized interest, and funding of special funds from Bond proceeds as described in Article 8 must be prorated to each Airport System cost center in proportion to the amount of Bond proceeds expended in each Airport System cost center. If it becomes necessary to provide any amount required to satisfy the Rate Covenant of the Bond Resolution, the amount must be prorated among the Airport System cost centers in proportion to the amount of Bond proceeds expended in each Airport System cost center.

Section 6.02. DOT&PF Financial Reports

A. At least nine months before the end of its Fiscal Year, DOT&PF will submit the following items to each of the Signatory Airlines:

1. The proposed annual capital and operating budgets prepared prior to submission to the commissioner that include all estimated Airport System expenses such as maintenance, operation, and administrative expenses. The proposed Annual Budget must include a statement of estimated Airport Systems revenues.

2. A schedule of annual debt service payments required to be made during the next Fiscal Year.

3. A preliminary calculation of the Signatory Airline rents and landing fees for the next Fiscal Year.

B. Within 30 days after receipt of the reports described in Section 6.02.A, AIRLINE may present written comments concerning the reports. Upon request by the Signatory Airlines, a meeting for additional comments must be held between the Signatory Airlines and DOT&PF. DOT&PF will give due consideration to any comments submitted by AIRLINE and the other Signatory Airlines.

C. The proposed budget may be revised as a result of DOT&PF's discussions with AIRLINE, others, or as a result of DOT&PF's budget process. DOT&PF will promptly furnish AIRLINE with a copy of the budget submitted to

the Governor's Office including the schedule of rents and fees.

D. If an Annual Budget is not adopted by the State of Alaska before the Fiscal Year begins, the rents and fees in effect during the preceding Fiscal Year remain in effect until the State of Alaska has adopted a new Annual Budget. The final computation of the new rents and fees will then be made by DOT&PF. The new rents and fees will be retroactively effective as of the beginning of that Fiscal Year.

Section 6.03. IARF Annual Audit

To keep AIRLINE informed of the financial performance of the Airport System, DOT&PF will make available to AIRLINE the annual audit of the IARF financial statements. Upon request by AIRLINE, DOT&PF will answer questions about the audits or statements.

ARTICLE 7
RECALCULATION OF RENTS AND FEES

Section 7.01. Annual Adjustments

Airport System rents and fees must be adjusted annually effective the first day of each Fiscal year without a formal amendment to this Agreement.

Section 7.02. Recalculation of Terminal Building Rental Rate

A. Each year DOT&PF will calculate the Airport System terminal building rental rate per square foot per year for the next Fiscal Year. Whenever the adjustment calculation involves an estimate, the estimate of DOT&PF must be used.

B. DOT&PF will calculate the terminal building rent requirement for each Fiscal year by totaling the following amounts:

1. The total estimated direct and indirect operation and maintenance expenses including DOT&PF's administrative overhead allocable to the terminal building cost centers (combined Domestic, International and Fairbanks Terminal Building Cost Centers).

2. An amount for the amortization of capital expenditures for any asset that has been or will be placed in service on or after July 1, 1977 and before the date the new rental rate is to take effect. Only capital expenditures made by DOT&PF from funds other than Bonds, loans, or grants-in-aid qualify for amortization. Except for planning studies, maintenance equipment, or fleet vehicles that are acquired in the future, amortization of Capital Improvements must be computed at an interest rate of 5 percent per year for an assumed 25-year economic life. Amortization of a Capital Improvement that is a planning study must be computed at an interest rate of 5 percent per year for an assumed 5-year economic life. Amortization of a Capital Improvement that is either maintenance equipment or a fleet vehicle must be computed at an interest rate of 5 percent per year for an assumed 10-year economic life.

3. The Annual Debt Service (including any amount required to satisfy the Rate Covenant of the Bond Resolution) allocable to the terminal building cost

centers or any other amount required by the Bond Resolution.

4. Any required deposit to reserve accounts established pursuant to either the Bond Resolution of this Agreement that is allocable to the terminal building cost centers.

5. The estimated amount of any assessment, judgment (net of insurance proceeds), settlement, or charge to become payable by DOT&PF relating directly to the Airport System that is allocable to the terminal building cost centers.

6. Any adjustment resulting from any difference between the actual versus budgeted costs of the Airport System terminal building cost centers.

C. Effective January 1, 1986 the estimated terminal building rent requirement will be reduced by the estimated amount of Airport System automobile parking revenue.

D. The net terminal building rent requirement for the Fiscal Year must be divided by the total square footage in all of the Airport System terminal buildings minus the square footage used for mechanical and electrical equipment, in order to determine an average rental rate per square foot per year for terminal building space.

Section 7.03. Recalculation of Landing Fee Rate

A. Each year DOT&PF will calculate the Airport System Landing fee for the next Fiscal Year. Whenever the adjustment involves estimated data, the estimate of DOT&PF must be used.

B. The landing fee requirement must be calculated for each Fiscal Year by totaling the following amounts for the Airport System:

1. The total estimated direct and indirect operation and maintenance expenses, including administrative overhead, for the Airport System.

2. An amount for the amortization of Capital Improvement expenditures for any asset that has been or will be placed in service on or after July 1, 1977 and before the date the new landing fee is to take effect. Only Capital Improvement expenditures made by DOT&PF from funds other than Bonds, loans, or grants-in-aid qualify for amortization. Except for planning studies, maintenance equipment, or fleet

vehicles that are acquired in the future, amortization of Capital Improvements must be computed at an interest rate of 5 percent per year for an assumed 25-year economic life. Amortization of a Capital Improvement that is a planning study must be computed at an interest rate of 5 percent per year for an assumed 5-year economic life. Amortization of a Capital Improvement that is either maintenance equipment or a fleet vehicle must be computed at an interest rate of 5 percent per year for an assumed 10-year economic life.

3. The Annual Debt Service (plus any amount required to satisfy the Rate Covenant of the Bond Resolution) of the Airport System or any other amount required by the Bond Resolution.

4. Any required deposits to Airport System reserve accounts established pursuant to the Bond Resolution or this Agreement.

5. The estimated amount of any assessment, judgment (net of insurance proceeds), settlement, or charge to become payable by DOT&PF relating directly to the Airport System operation.

6. Any overpayment or underpayment from operation of the Airport System during the then-current Fiscal Year or any adjustment carried over from any preceding Fiscal Year covered by this Agreement resulting from the difference between the actual versus budgeted revenues and expenses of the Airport System.

7. a. An amount equal to 50 percent of the annual revenue from the duty free concession contract in the International Terminal Building Cost Center or $7.1 million, whichever is greater; or

   b. The amount of the revenue if the total annual revenue from the duty free concession contract is less than $7.1 million.

8. An amount equal to 10 percent of all projected revenue excluding Airline landing fees, Airline terminal rents, and Airline fuel flowage fees.

C. The DOT&PF will reduce the Airport System landing fee requirement for Signatory Airlines for each Fiscal Year by subtracting the following amounts, as presented in the Annual Budget:

1. The operating revenue derived by DOT&PF from all sources other than Signatory Airlines.

2. Signatory Airline terminal rent.

3. All fuel flowage fees paid by Signatory Airlines.

4. The amount transferred from the Prepaid Airline Revenue Account to the Revenue Account net of any overpayment or underpayment from operation of the Airport System as described in Section 7.03.B.6.

D. The Signatory Airline landing fee rate must be calculated for each Fiscal Year by dividing the Airport System landing fee requirement for Signatory Airlines as calculated in Section 7.03.A, B and C by the estimated Certificated Maximum Gross Takeoff Weight for all Signatory Airlines.

Section 7.04. Extraordinary Adjustments of Landing Fee Rate

A. If at any time the revenue of the Airport System is not sufficient to cover the Airport System landing fee requirement described in Section 7.03.B, DOT&PF, after consultation with the Signatory Airlines, and consideration of reducing operation and maintenance costs or using reserve funds to meet the requirement, may immediately increase the landing fee rate to the amount necessary to cover the landing fee requirement after 30 days' written notice to AIRLINE.

B. If the total landing fee revenue from all Signatory Airlines for any quarter of the Fiscal Year varies by more than 10 percent from the estimated total Airport System landing fee requirement for that quarter, DOT&PF may adjust the landing fee rate for the balance of the Fiscal Year.

ARTICLE 8
BOND RESOLUTION AND FLOW OF FUNDS

Section 8.01. Subordination to Bond Resolution

A. This Agreement is subordinate in all respects to all present IARF Bond Resolutions.

B. AIRLINE will be given an opportunity to review and comment on drafts of proposed amendments to all existing IARF Bond Resolutions and drafts of official statements for the issuance of additional IARF Bonds. DOT&PF will give due consideration to the comments before adopting the amendments or issuing new Bonds.

Section 8.02. Flow of Funds

DOT&PF will deposit all revenue received from the Airport System into the IARF. The receipts must be applied in accordance with the Bond Resolution in the following order:

1. a. To the Interest Fund and Retirement Fund of the Revenue Bond Redemption Fund, the amount that will be necessary to satisfy the principal, interest, and minimum sinking fund payments due during the Fiscal Year on all outstanding Bonds.

   b. The Interest Fund and Retirement Fund must be used to pay the principal, premium if any, and interest on Bonds as they become due or for the purchase or redemption of Bonds before their fixed maturity date.

2. a. To the Bond Reserve Fund of the Revenue Bond Redemption Fund, the amount required to maintain a balance equal to the maximum annual debt service on all Bonds outstanding at the time.

   b. The Bond Reserve Fund must be used to pay principal and interest on outstanding Bonds, make minimum sinking fund payments if no other funds are available, or to retire any outstanding Bonds.

3. a. To the Repair and Replacement Reserve Account within the revenue fund, the amount required to maintain a balance of $2,000,000 or any greater amount required by the Bond Resolution.

   b. The Repair and Replacement Reserve Account is to be used to either eliminate any deficiency in the Bond Reserve Fund or to pay the cost of unanticipated or

nonrecurring repairs and replacements to the Airport System as permitted by the Bond Resolution.

4. To the Operating Account, the amount required to pay the reasonable and necessary expenses for the operation, maintenance, repair, ordinary replacement, and reconstruction of the Airport System each Fiscal Year.

5. a. To an Operation and Maintenance Reserve Account, the amount required to maintain a balance equal to one-quarter of the amount in the Annual Budget for operation and maintenance expenses for the Airport System.

   b. The Operation and Maintenance Reserve Account is to be used for the reasonable and necessary expenses for the operation, maintenance, repair, or ordinary replacement and reconstruction of the Airport System to the extent other funds are not available.

6. a. To the Capital Improvement Account, the amount remaining in the Revenue Account at the end of the Fiscal Year after all deposits to the above accounts or uses have been made. No additional deposits may be made into this account after the balance is $12.5 million in excess of the amounts required to fund Capital Improvement projects designated for funding from the IARF as contained in the Annual Budgets. As Capital Improvement projects in the Annual Budgets are completed, the Annual Budget component of the Capital Improvement Account will be reduced by the cost of these Capital Improvement projects.

   b. Beginning July 1, 1986 and each July 1 thereafter, $1 million will be transferred to the Prepaid Airline Revenue Account as the minimum annual deposit. The Capital Improvement Account may be used for any purpose permitted by the Bond Resolution for use of surplus revenue.

7. a. To a Prepaid Airline Revenue Account, an annual minimum deposit of $1 million and any amount remaining in the Revenue Account at the end of the Fiscal Year after all amounts have been deposited into all of the funds and accounts described in this Section.

   b. The Prepaid Airline Revenue Account is the account into which annual Airport System revenue is recorded after all other required fund or account balances are satisfied. Unless 67 percent of the Signatory Airlines agree to an alternate use for the account, the amount in the Prepaid Airline Revenue

Account at the beginning of each Fiscal Year must be transferred to the Revenue Account and used to calculate the Airport System landing fee requirement in the succeeding Fiscal Year as described in Section 7.03.C.4.

ARTICLE 9
ADDITIONAL RESPONSIBILITIES OF PARTIES

Section 9.01. AIRLINE Responsibilities

A. Upon a form provided by DOT&PF, AIRLINE will file with DOT&PF information describing its operations at the Airport within 30 days after the execution of this Agreement. AIRLINE will update this information within 30 days after the beginning of each Fiscal Year. The report must include:

1. Names and telephone numbers of AIRLINE officials responsible for various major AIRLINE functions including station operations, flight operations, scheduling, properties, facilities, and similar information;

2. A general description of AIRLINE's operation including number of employees and employee parking requirements;

3. The current schedule of AIRLINE's flights and as periodically adjusted;

4. A description of AIRLINE's fleet and identification of AIRLINE's aircraft that will serve the Airport and the Certificated Maximum Gross Takeoff Weight for each aircraft; and

5. The identification of AIRLINE's current facility requirements at the Airport.

B. At least ten months before the end of the Fiscal Year, AIRLINE will submit to DOT&PF, in writing, its Certificated Maximum Gross Takeoff Weight forecast for the next Fiscal Year.

C. AIRLINE has the following maintenance, repair, and alteration responsibilities. AIRLINE will at its sole expense and in a manner acceptable to DOT&PF:

1. Maintain and keep in good repair the preferential Apron Area adjacent to its exclusive use holdrooms in a neat, clean, and orderly condition free from litter, debris, refuse, petroleum products, or grease that may result from the activities of its passengers, employees, licensees, invitees, agents, or suppliers. All oil and grease spills must be removed promptly.

2. Perform reasonable, ordinary, and preventive maintenance within its Exclusive Use Space including:

   a. Repair of all personal property and equipment including fixtures, doors, interior windows, baggage conveyors and belts, floor coverings, and ticket counters that are not provided by DOT&PF.

   b. Maintenance and repair of all electrical, plumbing, heating, ventilating, and air conditioning appliances and fixtures that are not provided by DOT&PF.

3. Immediately repair any uninsured damage in any other space at the Airport caused by the fault or negligence of AIRLINE, its servants, contractors, agents, licensees, or employees.

4. Pay as additional rent to DOT&PF any extraordinary cost to provide AIRLINE with water, sewer service, electricity, or extraordinary use of any other utilities as are required.

5. AIRLINE will assure that DOT&PF has emergency access to AIRLINE's Exclusive Use Space either by delivering keys to the Airport Director or by providing emergency telephone numbers by which AIRLINE or its agent can be reached on a 24-hour basis.

D. Disabled or Abandoned Aircraft

1. If any aircraft owned or operated by AIRLINE, through accident or any other reason, is disabled or abandoned in any area on the Airport which could interfere with the continuous, normal operations or any landing and field facilities, AIRLINE will:

   a. Immediately remove the aircraft to a location designated by the DOT&PF unless the aircraft is required to remain in place pending investigation by the appropriate regulatory agencies of the federal government; and

   b. In the event of any accident where federal investigation in place is required, immediately, upon receiving clearance so to do from the appropriate federal agency investigating such accident, remove the aircraft and any resulting wreckage or debris to the area designated by the federal agency authorizing the removal; otherwise the aircraft wreckage and debris

will be immediately removed from the Airport and stored at a location approved by DOT&PF.

If AIRLINE fails to proceed immediately to remove the disabled aircraft as provided above, or if any aircraft owned or operated by AIRLINE is abandoned on Airport, DOT&PF has the right, after reasonable advance written notice to the AIRLINE station manager listed in the report described in Section 9.01.A.1, to remove the aircraft by any reasonable means DOT&PF deems necessary under the circumstances, and AIRLINE will reimburse DOT&PF for all costs and expenses (including storage costs) incurred in the removal and will indemnify, save harmless, and defend the State from any liability, cost, or expense resulting from the removal to the extent set forth in Sectior 10.01.

Section 9.02. DOT&PF's Responsibilities

A. During this Agreement, DOT&PF will:

1. Retain FAA Airport certification;

2. Operate and maintain the Airport in reasonable condition and repair including the runways, taxiways, aprons, roadways, vehicle parking areas, public areas of the terminal buildings, and all appurtenances, facilities, and services;

3. Keep the public areas of the terminal buildings adequately and attractively equipped, furnished, and decorated as well as clean and presentable. In the public view areas of the terminal buildings, DOT&PF will provide and supply directional and informational signs, heat, electricity, light, power, air conditioning, waste-water disposal, water, and janitorial services including rubbish removal. DOT&PF will also keep in good repair and condition the exterior and structural portions of the walls, roof, and floor of the Exclusive Use Space and Common Use Space, as well as all central electrical and mechanical distribution systems; and

4. Maintain existing and future utility systems on the Premises in reasonable condition and repair, including heat, electricity, fire alarm, fire protection, sprinkler, air conditioning, telephone, telegraph, teleregister and intercommunication services, and any lines, pipes, mains, wires, conduits and equipment connected with or

appurtenant to all those systems. DOT&PF may enter the Premises at all reasonable times to make any necessary repairs, alterations, and replacements.

B. DOT&PF will use its best efforts to restore service as soon as practical after any interruption in the services described in this Section.

Section 9.03. DOT&PF's Right to Inspect and Make Repairs

A. DOT&PF or its representative has the right, at reasonable times and with as little interruption of AIRLINE's operations as practical, to enter AIRLINE's Exclusive Use Space and Common Use Space for the following purposes:

1. Inspections to verify AIRLINE's compliance with this Agreement.

2. To do anything that DOT&PF has the right or obligation to do.

B. Except in the case of an emergency reasonable notice must be given and DOT&PF will coordinate with AIRLINE in order to minimize interference with AIRLINE's activities.

Section 9.04. Alterations and Improvements

A. Before beginning construction of any improvement or alteration, AIRLINE will first submit to the Airport Director:

1. Detailed drawings of the proposed construction, and

2. Written proof of approval of the proposed construction from all appropriate agencies.

B. DOT&PF will review and approve or disapprove the proposed construction in writing within 45 days after receipt of the construction drawings.

C. Any construction by AIRLINE must be performed in a safe, neat manner and meet the following criteria:

1. Not interfere with the activities of other tenants;

2. Be compatible with the architecture of the building as determined by the Airport Director;

3. Be performed at no cost to DOT&PF; and

4. Comply with all federal, state and local building codes.

D. Within 30 days after completion of the construction of any alteration or improvement, AIRLINE will deliver to DOT&PF detailed copies of as-built drawings showing the location and dimensions of the alteration or improvement constructed, including structural, mechanical, and electrical systems.

Section 9.05. DOT&PF Modification and Relocation

A. The Airport Director may relocate AIRLINE or modify any portion of AIRLINE's Premises if necessary to renovate or modify the terminal building or apron if that renovation or modification is not inconsistent with the Airport masterplan. If it is necessary to relocate AIRLINE to implement a Capital Improvement, AIRLINE will be notified during the review of Capital Improvements described in Section 4.01.

B. Upon 90 days advance written notice, AIRLINE will vacate and surrender the affected Premises to DOT&PF.

C. If AIRLINE's Premises are modified or relocated, DOT&PF will:

1. Reimburse AIRLINE for the undepreciated capital cost of AIRLINE's improvements that are acquired, demolished, or not replaced in kind by DOT&PF at the new location. Reimbursement must be made on the basis of capital cost figures furnished by AIRLINE and subject to verification by the Airport Director.

2. Provide AIRLINE with substantially similar space so that AIRLINE's operations are not unreasonably disrupted. In the event of relocation, this Agreement will be modified to include AIRLINE's new assigned space.

3. Construct the demising walls and interior improvements to AIRLINE's new area. Interior improvements include wall coverings, floors, ceilings, lighting, electrical, heating units, air ventilation, and fixtures. All material replacement will be similar in type and quality to those on the Premises being relocated.

4. Refinish the remainder of the Premises, if any, for the functions authorized by this Agreement.

5. If requested by AIRLINE, DOT&PF will relocate AIRLINE's fixtures, furnishings, and equipment at DOT&PF expense.

ARTICLE 10
INDEMNIFICATION, INSURANCE, AND SUBROGATION

Section 10.01. Indemnification

A. AIRLINE will indemnify, save harmless, and defend the DOT&PF, its officers, agents and employees from liability of any nature or kind including costs and expenses for or on account of any and all legal actions or claims of any character whatsoever resulting from death or injury to any person(s) or damage to property to the extent caused by any wrongful error, omission, or negligent act of AIRLINE arising out of this Agreement.

B. All liability or costs for legal actions or claims including defense costs resulting from death or injury to any person(s) or damage to property which are caused by the joint negligence of the DOT&PF and AIRLINE arising out of this Agreement will be apportioned on a comparative fault basis.

Section 10.2. Insurance

A. DOT&PF will, during the term of this Agreement, procure and maintain comprehensive general liability and fire and extended coverage insurance for the Airport, terminal building, and other DOT&PF facilities at the Airport in such amounts and for such insured coverages as may be reasonably required for the prudent operation of the Airport.

B. AIRLINE will, during the term of this Agreement, procure and maintain liability insurance for public liability, aviation liability, the leased Premises, property damage, bodily injury and death, with contractual liability endorsements insuring all of AIRLINE's operations under this Agreement, including its obligations under the indemnity clause in Section 10.01 of this Agreement. These policies will be with limits not less than those set forth below. These policies and minimum limits will be consistently applied to all air carriers with similar operations and will be consistent with prudent airport industry practices and this Agreement. Within 30 days after signing this Agreement, AIRLINE will report to DOT&PF the maximum seating capacity installed in each aircraft or type of aircraft operated by AIRLINE at the Airport. If the maximum seating capacity for any aircraft or type of aircraft operated by AIRLINE is changed, AIRLINE will report the change to DOT&PF and obtain any required additional insurance coverage before operating the aircraft at the Airport.

Insurance Coverages	Minimum Limits
Airline/Aircraft/Airport Public Liability Insurance or Equivalent Insurance	$1 million per seat*

With the following minimum limits regardless of seat capacity or cargo configuration:

--	for propeller aircraft	$10 million
--	for jet aircraft	$20 million

* Based on the maximum seating capacity reported by AIRLINE as described in Section 10.02.B in an aircraft operated by AIRLINE at the Airport.

C. All policies of insurance must be in a form and from a company satisfactory to DOT&PF. Each policy must provide that it may not be cancelled or materially changed during its term without at least 30 days' advance written notice to DOT&PF.

D. A certificate certifying coverage of required insurance must be delivered to DOT&PF within 30 days of the effective date of this Agreement.

E. Where any such policy has a normal expiration during the term of this Agreement, AIRLINE will provide a certificate or satisfactory written evidence of continued coverage prior to such expiration. Within 10 days prior to the effective date of any cancellation or reduction in the amount or extent of insurance coverage, AIRLINE will deliver to DOT&PF a certificate or satisfactory written evidence certifying coverage that reinstates or otherwise provides at least the required insurance coverage.

F. The failure by either party at any time to enforce the provisions in this section will not be construed as a waiver of these provisions and will not reduce their obligations under this Agreement.

Section 10.03. Waiver of Subrogation

AIRLINE and DOT&PF agree to waive their respective rights of recovery or claim against the other for any loss or damage to the Premises, the terminal building or their contents (excluding aircraft) resulting from fire or other "all-risk" insurable property hazards caused by the other. Notwithstanding Section 10.01, any fire or "all-risk" property insurance policies carried by either party will include a waiver of subrogation clause waiving any rights of subrogation against the other party to this Agreement.

Section 10.04. Additional Insured

AIRLINE agrees that every insurance policy required under Section 10.02.B will include an endorsement naming DOT&PF as an additional insured to the extent of DOT&PF's indemnified interest under Section 10.01.

Section 10.05. Notice of Claim

Each party will give the other party prompt and reasonable notice of any claim or action involving this Agreement.

Section 10.06. Insurance Rates

AIRLINE may not use the Airport in any manner that will increase DOT&PF's insurance rates. If AIRLINE's activities on the Airport result in increased insurance costs for DOT&PF, then DOT&PF may charge the increased cost to AIRLINE as additional rent.

ARTICLE 11
ASSIGNMENT OR SUBLEASE

Section 11.01. Assignment or Sublease

A. No assignment or sublease is valid without the advance written approval of the Airport Director.

1. The Airport Director may approve a sublease of AIRLINE's Premises, if:

a. In the Airport Director's opinion, the proposed sublease is in the best interest of the Airport's operation;

b. AIRLINE subleases the space for an amount not exceeding the rent DOT&PF charges for that space plus AIRLINE's maintenance and operation costs, an additional allowance for amortization of AIRLINE's improvements, and a 15 percent administrative charge.

c. The term of any sublease does not extend beyond the expiration of the term of this Agreement; and

d. DOT&PF has no comparable vacant space available for lease. The requirement in this sub-paragraph 11.01.A.1.d may be waived in the discretion of the Airport Director.

2. DOT&PF's consent to any sublease does not relieve AIRLINE from obtaining DOT&PF's consent to any future sublease.

3. The Airport Director may approve an assignment of this Agreement if all of the following conditions are met:

a. In the Airport Director's reasonable opinion, the proposed assignment is in the best interest of the Airport's operation;

b. AIRLINE assigns the Agreement to an Airline qualified under the State's regulations to execute the Agreement and capable of complying with all the requirements in this Agreement;

c. AIRLINE assigns this Agreement for an amount not exceeding the cost of AIRLINE's tenant improvements and personal property transferred as part of the assignment; and

B. If this Agreement is assigned pursuant to the bankruptcy code, 11 U.S.C. 101 et seq., any consideration for the assignment greater than the amount permitted under Section 11.01.A.3.c is the exclusive property of DOT&PF and is not the property of AIRLINE or AIRLINE's estate under the bankruptcy code.

Section 11.02. Merger

This article does not prevent the assignment of this Agreement to any corporation or business entity that merges, consolidates, or succeeds to the business of AIRLINE, so long as written documentation of the assignment is given to DOT&PF within 30 days after the merger, consolidation, or succession.

ARTICLE 12
DEFAULT AND TERMINATION

Section 12.01. Reentry and Reletting After Default

A. Without terminating this Agreement and time being of the essence, DOT&PF may immediately reenter, renovate, and relet all or part of the Premises to others and reassign preferential aircraft parking positions to others for the account of AIRLINE if AIRLINE either:

1. Fails to pay any rent or fee, including interest, within 10 days after receipt of written notice of default.

2. Fails to immediately cure a default in performance of any obligation under this Agreement within 30 days after receipt of written notice of default. If the nature of the default is such that it cannot be cured within 30 days after the written notice of default by DOT&PF to AIRLINE, AIRLINE will be deemed to have cured the default if AIRLINE commences to cure the default within the 30 day period and thereafter diligently continues the cure to completion.

3. Fails to continue to perform any obligation of this Agreement after performance is commenced, or

4. Any petition, proceeding, or action by, for, or against AIRLINE is filed under any insolvency, bankruptcy, reorganization, relief of debtors, or receivorship law.

B. DOT&PF will charge AIRLINE renovation costs necessary to restore the Premises to their original condition plus a 15 percent administrative fee for all relet sublease rent received by DOT&PF for AIRLINE's relet space. AIRLINE will reimburse DOT&PF for any deficiency in rents or fees received for the reentered or relet space. A deficiency is the difference between AIRLINE's rent and the relet rent before considering the 15 percent administrative fee.

C. At any time before or after a reentry and reletting as provided in this Section, DOT&PF may terminate AIRLINE's rights under this Agreement, reenter and take possession of the Premises, and cancel all rights and privileges granted to AIRLINE without any restriction on recovery by DOT&PF for past due rents and fees owed by AIRLINE.

D. DOT&PF has any and all additional rights and remedies as provided by law.

Section 12.02. Partial Termination Due to Damage or Destruction

A. If the Exclusive Use Space, Common Use Space, terminal buildings, structures, or any portions of them are damaged by fire or other casualty, DOT&PF will notify AIRLINE within 90 days of the damage whether the damaged space is to be repaired. If the damaged space is to be repaired, DOT&PF will repair the damage with due diligence and will abate the rent allocated to the particular building, room, or other portion of the space rendered untenantable for the period from the occurrence of the damage to the completion of the repairs. DOT&PF will do its best to provide AIRLINE with any available temporary substitute space at the rent deemed reasonable by DOT&PF until the repairs are completed.

B. If DOT&PF fails to notify AIRLINE within 90 days after destruction that DOT&PF will repair the damaged space, AIRLINE may elect within 120 days after destruction to terminate this Agreement as to the space damaged or destroyed, effective on the date of the damage.

Section 12.03. Events Permitting Termination by AIRLINE

AIRLINE may terminate this Agreement if:

A. AIRLINE is prohibited by lawful authority from using the Airport because of any deficiency or unsafe operating condition at the Airport for a period exceeding 60 days. AIRLINE may terminate this Agreement after the 60 days by giving DOT&PF 30 days' advance written notice.

B. DOT&PF does not perform any material covenant in this Agreement for a period of 60 days after written notice of default to DOT&PF by AIRLINE. DOT&PF will be deemed to have cured the default if DOT&PF commences to cure the default within the 60-day period and diligently continues the cure to completion.

C. The IARF statute (AS 37.15.410-37.15.550) is amended to substantially change the structure or operation of the Airport System.

Section 12.04. Events Permitting Termination by DOT&PF

Time being of the essence, DOT&PF may terminate this Agreement immediately and exercise all rights of entry and reentry upon the Premises, with or without process of law, after the occurrence of any of the following events:

A. AIRLINE fails to provide regularly scheduled air transportation to and from the Airport. DOT&PF will not

seek any other damages from AIRLINE for breach of this provision.

B. AIRLINE fails to pay any rent or fee due, including interest, within 10 days after AIRLINE's receipt of written notice of default from DOT&PF.

C. AIRLINE does not perform any other material provision in this Agreement for a period of 60 days after receipt of written notice of default from DOT&PF. If the nature of the default is such that it cannot be cured within 60 days after written notice of default by DOT&PF to AIRLINE, AIRLINE will be deemed to have cured the default if AIRLINE commences to cure the default within the 60-day period and diligently continues the cure to completion.

D. AIRLINE or its creditors file a request for AIRLINE's relief under any state or federal insolvency, bankruptcy, reorganization, relief of debtors, or receivorship statute.

F. A custodian, trustee, receivor, or agent, or any similar person is appointed or authorized to take charge of a substantial part of AIRLINE's property on the Airport.

Section 12.05. Surrender of the Premises

DOT&PF is not required to give AIRLINE notice to quit possession of the Premises at the expiration of this Agreement. Upon the expiration or termination of this Agreement, DOT&PF has the right to take possession of the Premises. AIRLINE agrees to surrender the Premises peaceably and in good condition, except for reasonable wear and tear.

Section 12.06. Ownership of Improvements

A. The ownership of improvements, furnishings, equipment, and fixtures that are constructed or installed on the Premises by AIRLINE is as follows:

1. Title to all removable furniture, furnishings, fixtures, or equipment remains vested in AIRLINE at all times during the term of this Agreement.

2. Title to any structure or other improvement that cannot, in the Airport Director's reasonable determination, be removed without damage to the Premises, vests in DOT&PF upon the expiration or final termination of this Agreement or its extension. These improvements include interior walls, ceilings, carpeting, finished flooring, electrical

wiring, air conditioning ducts and equipment, furnishings, interior decoration, or finishing.

B. AIRLINE may not abandon any property on the Premises without the advance written consent of the Airport Director. Title to any property not removed by AIRLINE at the expiration or termination of this Agreement immediately vests in DOT&PF at its option. At its sole expense, AIRLINE will restore all damaged DOT&PF property to its previous condition or reimburse DOT&PF for the expense to repair any property damage.

Section 12.07. Holdover

If AIRLINE holds over without a written renewal after the expiration of this Agreement, the holding over does not operate as a renewal or extension of the term of this Agreement but only creates a month to month extension of this Agreement regardless of any rent or fee payment accepted by DOT&PF. The obligations of DOT&PF and AIRLINE to perform under this Agreement continue until the month-to-month holdover is terminated. Either party may terminate the holdover at any time by giving the other party at least 30 days' advance written notice.

ARTICLE 13
COMPLIANCE WITH LAW, TAXES, POLICIES AND NONDISCRIMINATION

Section 13.01. Compliance With Law

A. AIRLINE will comply with all present and future statutes, regulations or ordinances of all federal, state, or local governments that apply to or affect AIRLINE or its operations under this Agreement. DOT&PF will comply with all applicable laws governing its operations under this Agreement.

Section 13.02. Taxes

A. AIRLINE will pay, but payment may not be considered part of Airport System revenue, all applicable taxes (including any possessory interest tax, assessment, or similar charge) that at any time during this Agreement may be levied or liened against AIRLINE, the Airport facilities made available for AIRLINE's exclusive use, or AIRLINE's personal property. AIRLINE will pay all taxes, assessments, and charges directly to the taxing or assessing authority.

B. AIRLINE will indemnify and defend DOT&PF from all costs that result directly or indirectly from tax or assessment that AIRLINE is liable for including taxes, penalties, expenses, and reasonable attorney's fees incurred by DOT&PF.

C. At its own expense, AIRLINE may contest the amount or validity of any tax or assessment or the inclusion of the space leased under this agreement as taxable or assessable property directly against the taxing or assessing authority. AIRLINE will indemnify DOT&PF for all taxes, penalties, costs, expenses, and reasonable attorney's fees incurred by DOT&PF resulting directly or indirectly from any tax contest.

D. Upon termination of this Agreement, AIRLINE will promptly pay in full all applicable taxes and liens.

Section 13.03. Policies

A. AIRLINE will comply with all State of Alaska regulations and DOT&PF Policies and Procedures governing the use of Airport facilities.

B. AIRLINE will comply with all local Airport Directives as set forth by the Airport Director.

C. DOT&PF agrees not to promulgate any State of Alaska regulations governing use of the Airport Facilities, DOT&PF Policies and Procedures, or local Airport Directives as set forth by the Airport Director contradictory to:

1. This Agreement,

2. Any regulation of the FAA, or

3. Any government agency regulation that is binding upon AIRLINE.

D. AIRLINE will be given an opportunity to review and comment on periodic changes to all State of Alaska regulations and Airport Directives before implementation.

Section 13.04. Nondiscrimination

A. AIRLINE will not permit discrimination in violation of federal or state law on the grounds of race, color, religion, national origin, ancestry, marital status, age, or sex against any patron, employee, applicant for employment, other person or groups of persons. DOT&PF may take any action necessary to enforce this provision, including actions required by any federal or state law or FAA grant agreement.

B. AIRLINE will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to ensure that no person is excluded from participating in any employment, contracting, or leasing activity on the ground of race, creed, color, national origin, or sex. AIRLINE agrees that no person may be excluded on those grounds from participating in or receiving the services or benefits of any program or activity covered by the regulation. AIRLINE will require its covered suborganizations to provide assurance that they will also undertake affirmative action programs and require assurances from their suborganizations, as required by 14 CFR Part 152.

ARTICLE 14
AGREEMENT NOT TO GRANT MORE FAVORABLE TERMS

Section 14.01. Agreement Not to Grant More Favorable Terms

DOT&PF agrees not to enter into any lease, contract, or other agreement with any other Airline containing substantially more favorable rights and privileges than granted in this Agreement. DOT&PF will not grant any right or privilege that is not accorded AIRLINE to any other Airline unless the same right or privilege is made available to AIRLINE. This covenant does not apply to any Airline that only operates aircraft weighing less than 30,000 pounds Certificated Maximum Gross Takeoff Weight.

ARTICLE 15
GENERAL PROVISIONS

Section 15.01. Delivery of Notices

A. Required notices must be hand delivered or sent by registered or certified mail to the addresses below:

1. DOT&PF:

2. AIRLINE:

B. If notice is given in any other manner or at any other place, notice must also be given in writing at the place and in the manner specified in this section in order to be effective under this Agreement. All notice periods begin on the date of receipt of written notice at the address listed in Section 15.01.A except as provided elsewhere in this Agreement.

C. Either party may change the address in this section by written notice to the other party.

Section 15.02. Severability

If any part of this Agreement is declared to be invalid by a court of competent jurisdiction, the other parts of the Agreement remain in full force.

Section 15.03. Quiet Enjoyment

Upon Payment of the required rents and fees, and subject to its performance of this Agreement, AIRLINE may peaceably use the Airport.

Section 15.04 Officers, Agents, and Employees

No commissioner, councilman, director, officer, agent, employee, or other representative of either party may be charged personally nor held contractually liable by the other party for the enforcement, attempted enforcement, or breach of this Agreement if acting within the scope of their duties. DOT&PF and AIRLINE remain

liable for the acts of these persons that are within the scope of their duties.

Section 15.05. Subordination to Agreements with the U.S. Government

This Agreement is subject to any present or future agreement between DOT&PF and the United States of America concerning the operation or maintenance of the Airport System. AIRLINE may not hold DOT&PF liable for any failure to perform any part of this Agreement as a result of any national emergency declared by the federal government.

Section 15.06. Incorporation of Required Provisions

The parties agree to incorporate into this agreement any provision required by any governmental agency, including DOT&PF acting in its non-proprietary capacity, now or in the future.

Section 15.07. Nonwaiver of Rights

No waiver of default of any part of this Agreement by either party may operate as a waiver of any subsequent default of any part of this Agreement that is to be performed by the other party. Consent or notice by either party may not be construed as consent or notice in the future.

Section 15.08 Force Majeure

Notwithstanding Section 12.02, neither DOT&PF nor AIRLINE will be in violation of this Agreement if it is prevented from performance, by reason of strike, boycott, labor dispute, embargo, shortage of energy or materials, act of God, act of public enemy, act of superior governmental authority, weather condition, riot, rebellion, sabotage, or any other circumstance for which it is not responsible and which is beyond its control.

Section 15.09. Contract Interpretation

The headings of articles and sections are used only for convenience and reference, and may not be used to define or interpret the scope or intent of this Agreement. The language in all parts of this Agreement must be construed according to its fair meaning and not strictly for or against either DOT&PF or AIRLINE.

Section 15.10. Federal Aviation Act, Section 308

This Agreement may not be construed to grant AIRLINE any exclusive right or privilege within the meaning of Section 308 of the Federal Aviation Act of 1958, as amended, except that AIRLINE has the right to exclusive possession of its Exclusive Use Space.

Section 15.11. Radio Interference

At DOT&PF's request, AIRLINE will stop using any machine or device that interferes with any government-operated transmitter, receiver, or navigation aid until the cause of the interference is eliminated.

Section 15.12. Obtaining Federal and State Funds

DOT&PF will use its best efforts to obtain maximum entitlement grants from federal, state, or other sources when consistent with prudent management of the Airport System.

Section 15.13. Management Audits

DOT&PF will conduct periodic management and operation audits of the Airport System and the IARF. DOT&PF will use its best efforts to implement the reasonable recommendations of the audits.

Section 15.14. Project Management

DOT&PF will use its best efforts to implement Capital Improvements with efficient and responsive project management.

Section 15.15. Passenger Facility Charges

If the current prohibition against passenger facility charges (sometimes referred to as "head taxes") is removed, DOT&PF reserves the right to institute the charge if it desires. If a passenger facility charge is instituted, the revenue from this charge will be Airport System revenue and will be dedicated to funding the Airport System Capital Improvements.

Section 15.16. Governing Law

This Agreement is governed by the laws of the State of Alaska. Any legal action involving this Agreement must be filed by AIRLINE in the State of Alaska.

Section 15.17. Inspection of Books and Records

At its own expense and upon reasonable notice, each party has the right from time to time to inspect the books, records, or other data of the other party relating to this Agreement. Inspections must be conducted during regular business hours.

Section 15.18. Generally Accepted Accounting Principles

Any report or disclosure referred to in this Agreement that contains financial information must be prepared in accordance with applicable generally accepted accounting principles unless otherwise noted in this Agreement.

Section 15.19. Modification Necessary for Grant of FAA Funds

A. If the FAA requires that this Agreement be amended as a condition precedent to the granting of funds for the improvement of the Airport, AIRLINE agrees to consent to any amendment that is reasonably required in order to enable DOT&PF to obtain the grant of funds.

B. If any FAA required amendment impairs AIRLINE's rights under this Agreement or causes AIRLINE any unreasonable expense, AIRLINE may terminate this Agreement within 60 days by notice to DOT&PF.

Section 15.20. Consent Not to be Unreasonably Withheld

Neither DOT&PF nor AIRLINE will unreasonably withhold any consent or approval required by this Agreement.

Section 15.21. Prudent Operations

DOT&PF will manage the Airport System in a prudent and reasonable manner.

Section 15.22. Independent Contractor

AIRLINE is neither an agent nor an employee of DOT&PF but is an independent contractor with respect to all AIRLINE's activities on the Airport, including any installation, construction, or service provided.

Section 15.23. Entire Agreement

Except as described in Section 15.26, this Agreement with all attached exhibits constitutes the entire agreement between DOT&PF and AIRLINE at the Airport. Statements previously made, verbal or written, are merged in this Agreement. Until signed by the Commissioner of DOT&PF or his designated representative, this Agreement is of no effect. This Agreement may only be amended in a writing that is signed by the authorized representatives of both parties.

Section 15.24. Condemnation

If any of AIRLINE's rights and privileges under this Agreement are condemned by any proper authority, including the State of Alaska, this Agreement terminates automatically on the date AIRLINE is required to surrender possession of the property. DOT&PF is entitled to all the condemnation proceeds except AIRLINE will be paid only the portion of the proceeds attributable to the fair market value of any improvements placed on the property by AIRLINE according to the provisions of 17 AAC 40.330(g), and not any compensation for consequential or severance damages including business damage, lost profits, or leasehold advantage. Rent will be adjusted according to the provisions of 17 AAC 40.330(g).

Section 15.25. Incorporation of Exhibits

Exhibits A through K are a part of this Agreement.

Section 15.26. Preexisting Agreements

A. On the effective date of this Agreement, the following agreements between AIRLINE and DOT&PF at the airport are terminated:

DOT&PF FILE NO.	SPACE OR PROPERTY LEASED

B. The following agreements between AIRLINE and DOT&PF at the Airport are not terminated by the execution of this Agreement:

DOT&PF FILE NO.	SPACE OR PROPERTY LEASED

C. AIRLINE and DOT&PF agree that the only agreements in existence at the Airport between AIRLINE and DOT&PF on the effective date of this Agreement are this Agreement and those listed in Section 15.26.B.

The parties have executed this Agreement on the dates below:

AIRLINE

By: _____

Title: _____

Date: _____

(CORPORATE SEAL)

STATE OF _____)
) ss.
_____)
(Judicial District or County)

THIS IS TO CERTIFY that on this ___ day of _____, 19__, before me, the undersigned, a Notary Public in and for the State of _____, duly commissioned and sworn, personally appeared _____, known to me and to me known to be an officer of the above mentioned corporation which executed the within instrument, and he acknowledged to me that he executed the same for and on behalf of said corporation, and that he is fully authorized by said corporation so to do; and that the corporation seal affixed to said instrument is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year above written.

_____
Notary Public in and for:_____
My Commission Expires:_____

STATE OF ALASKA DEPARTMENT OF
TRANSPORTATION AND PUBLIC
FACILITIES

Date: _____ By: _____

Title: _____

(CORPORATE SEAL)

STATE OF _____)
) ss.
_____)
(Judicial District or County)

THIS IS TO CERTIFY that on this ___ day of _____, 19__, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared _____, known to me and to me known to be the _____, of Department of Transportation and Public Facilities, and he acknowledged to me that he executed the foregoing instrument freely and voluntarily on behalf of the State of Alaska, Department of Transportation and Public Facilities, for the uses and purposes therein set forth and that he is authorized by said State of Alaska so to do.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year first written above.

_____
Notary Public in and for:_____
My Commission Expires:_____

– Mary's desk copy
Do not remove –

THE POTENTIAL FOR JAPANESE TRAVEL TO ALASKA

NOVEMBER, 1986

NIKKEI RESEARCH INC.

TOKYO, JAPAN

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5174 HTRA HCR 6

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I. Outline of the Survey

1. Objectives

To define Japanese high potential visitors to Alaska numerically, and investigate their characteristics.

2. Procedures of the Survey

A nationally representative 20,000 prospective participants were called and a total of 13,265 responsed to a telephone-screening interview. Thereafter, 715 of the total were screened from the aforementioned 13,265 (1st phase). 715 questionnaires mailed, some 494 completions were received (2nd phase).

The followings are the screening questions.

A. In the past 3 years, have you taken any vacation trips away from home lasting at least 4 days or more?

B. In the past 5 years, have you taken any overseas trips to places that were 3,300 km or more away from your home, that is where the one-way trip was 3,300 km or more from home?

C. Do you currently hold a valid passport?

D. Who in your family decides where to go on vacation?

3. Sampling Method

After selecting 300 locations by proportionate probability procedures, we sampled 20,000 respondents from telephone owners rosters (Japanese yellow pages) in all sampling locations by systematic random sampling techniques.

4. Period of the Survey

(1) Telephone-interview (screening)

27th September, 1986 - 7th October, 1986

(2) Mail-survey

12th October, 1986 - 13th November, 1986

5. The Organization of the Survey

International department, marketing division,

NIKKEI RESEARCH INC. TOKYO, JAPAN

II. Results of the Survey

1. Definitions of PROSPECTS, ACCEPTORS, and HIGH POTENTIALS

(1) Definition of PROSPECTS

A "Prospect" is one who makes or shares in the family vacation decision, has taken vacation of at least 4 days during the 3 years, and taken a vacation of at least 3,300 km one way during the past 5 years.

(2) Definition of ACCEPTORS

An "Acceptor" is the individual who indicates an interest in an Alaskan vacation (3-5 on 1-5 point interest scale).

(3) Definition of HIGH POTENTIALS

A "High Potential" is an Acceptor with a stated interest in an Alaskan vacation, have taken 2 or more long-distance (3,300 km one way) vacations in the past 5 years, and spent at least ¥250,000 per person on the longest distance trip.

Table 1 Constitution of Travelers' Types in Japan

	N	% of Total Population Contacted (N = 13,265)	N	% of PROSPECTS (N = 494)
PROSPECTS (screened samples)	715	5.4%	494	100.0%
ACCEPTORS	-	*) 2.3	215	43.5
HIGH POTENTIALS	-	*) 1.0	95	19.2

*) These volumes were the estimated by the following method PROSPECTS' 5.4% in '% of total populaton contacted' x each volume in '% of PROSPECTS'.

2. Characteristics of PROSPECTS, ACCEPTORS, and HIGH POTENTIALS

(1) Demographic Characteristics

1) Number of Family Members (%)

Table 2

	1	2	3	4	Equal to or more 5	N.A.
PROSPECTS	2.8	17.4	23.1	29.1	26.1	1.4
ACCEPTORS	2.3.	15.3	21.4	30.2	29.8	0.9
HIGH POTENTIALS	4.2	16.8	24.2	24.2	28.4	2.1

2) Children in Family (%)

a. 12 years of age or less

Table 3

	YES	NO	N.A.
PROSPECTS	39.9	51.6	8.5
ACCEPTORS	38.1	53.0	8.8
HIGH POTENTIALS	36.8	53.7	9.5

b. 13 to 17 years of age (%)

Table 4

	YES	NO	N.A.
PROSPECTS	19.2	63.8	17.0
ACCEPTORS	25.1	60.9	14.0
HIGH POTENTIALS	20.0	61.1	18.9

3) Marital Status (%)

Table 5

	NOT MARRIED	MARRIED	N.A.
PROSPECTS	19.0	79.1	1.8
ACCEPTORS	17.7	80.9	1.4
HIGH POTENTIALS	11.6	85.3	3.2

4) Age (%)

Table 6

	18-24	25-34	35-44	45-54	55-64	65+	N.A.	MEAN
PROSPECTS	9.5	29.6	20.9	17.6	10.7	9.9	1.8	42.6
ACCEPTORS	7.4	21.4	26.0	24.7	11.2	7.9	1.4	44.0
HIGH POTENTIALS	3.2	20.0	28.4	21.1	12.6	12.6	2.1	46.4

5) Educational Background (%)

Table 7

	JUNIOR HIGH SCHOOL	HIGH SCHOOL	UNIVER-SITY	N.A.
PROSPECTS	5.9	32.8	58.9	2.4
ACCEPTORS	7.4	33.0	56.7	2.8
HIGH POTENTIALS	5.3	29.5	61.1	4.2

6) Head of Household's Occupation (%)

Table 8

	MANAGER/ ADMINIST.	CLERI-CAL	SALES	PROFES-SIONAL	SER-VICE	OTHERS	NO OCCU-PATION	N.A.
PROSPECTS	28.3	7.7	10.3	20.0	7.3	17.0	7.7	1.6
ACCEPTORS	35.3	4.7	10.2	18.6	8.4	17.7	3.3	1.9
HIGH POTENTIALS	38.9	5.3	8.4	16.8	9.5	13.7	3.2	4.2

7) Family Which Has more than one Worker (%)

Table 9

	NO	YES
PROSPECTS	54.0	46.0
ACCEPTORS	52.1	47.9
HIGH POTENTIALS	60.0	40.0

8) Family Income (%)

Table 10

	Yen x 10,000									
	-200	200-300	300-400	400-500	500-700	700-1000	1000-1500	1500 2000	2000+	N.A.
PROSPECTS	1.6	6.1	10.3	13.8	21.3	23.9	14.2	3.2	2.2	3.4
ACCEPTORS	2.3	3.7	8.8	12.1	21.4	26.0	15.3	4.7	2.8	2.8
HIGH POTENTIALS	0.0	4.2	9.5	14.7	14.7	26.3	16.8	6.3	4.2	3.2

(2) Characteristics of the Previous Traveling Experiences

1) The Frequency of at least 4 Days Vacation in 5 years

More than 70% of PROSPECTS have taken a vacation trip of at most 5 times or less. The percentage of ACCEPTORS was 64.7%, and that of HIGH POTENTIALS was 51.6%. The vacation frequency was PROSPECTS' 4.9 times, ACCEPTORS' 5.9 times, and HIGH POTENTIALS' 7.8 times. Thus, the half of PROSPECTS have taken at least 4 days vacation annually.

Table 11

	times in 5 years							
	1	2	3	4	5	1-5	6 or more	MEAN
PROSPECTS (N = 494)	16.8%	21.1%	11.9%	9.3%	14.4%	73.5%	26.5%	4.9 times/ 5 YRS
ACCEPTORS (N = 215)	12.6	16.7	11.6	11.2	12.6	64.7	35.3	5.9
HIGH POTENTIALS (N = 95)	0.0	14.7	9.5	11.6	15.8	51.6	48.4	7.8

2) Frequency of at Least 3,300 km Distance Overseas Vacation Trip during the Past 5 Years.

60.3% of PROSPECTS had taken such a vacation only once, while, the percent of ACCEPTORS was 54.4.

The actual frequency was PROSPECT' 1.9 times, ACCEPTORS' 2.0 times, and HIGH POTENTIALS' 3.1 times.

Table 12

	times in 5 years			
	1	2 or more	Mean	
PROSPECTS (N = 494)	60.3%	39.7%	1.9	times/5 years
ACCEPTORS (N = 215)	54.4	45.6	2.0	
HIGH POTENTIALS (N = 95)	0.0	100.0	3.1	

3) Destinations of Overseas Vacation during the Past 5 Years

Table 13 shows the ranking of the visited locations.

North America's (U.S.A. and Canada) accounted for 33.8% of PROSPECTS followed by Hawaii's 34%.

Table 14 shows the visited states in U.S.A., California is the Highest rank and New York ranked second.

Table 13

Unit: % (MA)

	PROSPECTS (N = 494)	ACCEPTORS (N = 215)	HIGH POTENTIALS (N = 95)
Hawaii	34.0%	34.0%	41.1%
Europe	28.3	32.6	36.8
Asia or India	28.3	31.6	41.1
U.S.A.	26.1	29.3	36.8
South Pacific, Philippines, Indonesia	22.5	20.0	31.6
Canada	7.7	6.5	11.6
Australasia	6.9	7.4	12.6
Middle East	3.0	3.7	6.3
Mexico	2.4	2.8	5.3
Africa	2.0	1.4	3.2
South or Central America	1.4	1.4	3.2
Caribbean	0.4	0.9	2.1

Table 14

Base = People who have taken vacation in U.S.A.

Unit: % (MA)

	PROSPECTS (N = 147)	ACCEPTORS (N = 74)	HIGH POTENTIALS (N = 38)
California	10.9%	9.5%	15.8%
New York	4.1	5.4	7.9
Illinois	1.4	1.4	2.6
Texas	1.4	0.0	0.0
Washington	1.4	0.0	0.0
Alaska	0.7	1.4	2.6
Arizona	0.7	0.0	0.0
Colorado	0.7	0.0	0.0
Florida	0.7	0.0	0.0
Georgia	0.7	0 0	0.0
Louisiana	0.7	1.4	2.6
Massachusetts	0.7	1.4	2.6
New Jersey	0.7	0.0	0.0
New Mexico	0.7	0.0	0.0
North Carolina	0.7	0.0	0.0
Pennysylvania	0.7	1.4	2.6
Wyoming	0.7	1.4	2.6

4) The Furthest Destinations of Overseas Vacation Trips

Table 15 indicates the ranking of the furthest destinations which the respondents had visited.

Europe is the first rank, Hawaii ranked second, and the third was U.S.A. More than 30% of PROSPECTS had been to Europe.

Table 15

Unit: % (SA)

	PROSPECTS (N = 494)	ACCEPTORS (N = 215)	HIGH POTENTIALS (N = 95)
Europe	30.8%	36.3%	41.1%
Hawaii	19.0	16.3	13.7
U.S.A.	15.8	19.1	18.9
South Pacific, Philippines, Indonesia	11.3	7.4	7.4
Asia or India	8.5	8.8	6.3
Australasia	3.2	2.8	3.2
Canada	3.0	2.3	3.2
Africa	2.2	2.3	3.2
South or Central America	0.8	0.9	2.1
Mexico	0.8	0.5	0.0
Middle East	0.6	0.5	1.1
Caribbean	0.0	0.0	0.0
Others	1.0	1.4	0.0
N.A.	2.8	1.4	0.0

Table 16 indicates the ranking of states for the PROSPECTS who stated U.S.A. as the furthest destination of previous vacation trips.

Table 16

Unit: %

	PROSPECTS (N = 78)	ACCEPTORS (N = 41)	HIGH POTENTIALS (N = 18)
California	50.0	53.7%	55.6
New York	12.8	9.8	0.0
Arizona	2.6	0.0	0.0
Georgia	2.6	2.4	5.6
Alaska	1.3	2.4	5.6
Colorado	1.3	2.4	5.6
Maine	1.3	0.0	0.0
Maryland	1.3	0.0	0.0
Massachusetts	1.3	0.0	0.0
Nebraska	1.3	2.4	0.0
Rhode Island	1.3	2.4	5.6
South Carolina	1.3	0.0	0.0
Virginia	1.3	0.0	0.0
Washington	1.3	0.0	0.0

5) The Total Expenditure for the Furthest Vacation Trip

78% of PROSPECTS spent a maximum ¥800,000 per person for their furthest vacation trip.

The mean expenditure was ¥640,000 per person.

Table 17 The Expenditure per Person for the Furthest Vacation Trip

	Expenditure per person (¥ x 10,000)								
	1-20	21-40	41-60	61-80	81-100	101-150	151-200	201+	MEAN (¥ x 10,000)
PROSPECTS (N = 494)	6.3%	26.1%	30.6%	15.0%	12.3%	3.8%	1.4%	1.6%	64.0
ACCEPTORS (N = 215)	5.1	24.7	28.8	17.7	15.3	3.3	1.9	0.9	64.8
HIGH POTENTIALS (N = 95)	0.0	26.3	35.8	16.8	14.7	3.2	1.1	2.1	67.0

(3) Interests in Vacation Activities

Table 18 indicates the mean scores of the interest-scale for the vacational activities which are more than 3 points in each scale. The traditional sightseeing-related activities such as visiting national parks ..., sightseeing in cities, and visiting museums, and shopping were very popular with PROSPECTS.

Table 18 The Mean Scores of Interests in Vacational Activities Which were rated more than 3 Points
(5 Point rating scale, 1 is the least, 5 is the most)

	PROSPECTS (N = 494)	ACCEPTORS (N = 215)	HIGH POTENTIALS (N = 95)
Visiting national parks and scenic wonders	4.18	4.40	4.35
Sightseeing in cities	3.97	4.06	4.05
Shopping	3.81	3.80	3.81
Visiting museums	3.67	3.91	3.92
Dining out in fine restaurants	3.65	3.65	3.64
Enjoying nightime entertainment	3.49	3.53	3.45
Learning about different cultures	3.33	3.63	3.66
Seeing wildlife in its natural habitat	3.29	3.75	3.54
Swimming and sunbathing	3.18	3.18	3.16
Visiting friends and relatives	3.08	3.11	3.11
Having things for children to do and be interested in	3.04	3.09	3.09
Taking trips that offer adventure and challenge	3.01	3.26	3.11

3. Images of Alaska

(1) The Associated Images of Alaska

Table 19 indicates the results of the first free associations of Alaska which were higher than 1%.

Alaska was associated with 'climate' and 'surroundings' by more than 50% of PROSPECTS.

Table 19

(SA)

	PROSPECTS (N = 494)	ACCEPTORS (N = 215)	HIGH POTENTIALS (N = 95)
Cold/Freezing	26.3%	19.1%	14.7%
Snow/Ice/Icicle	14.6	11.6	11.6
General comments on nature	12.8	21.4	24.2
Eskimos/Indians/ Nature Alaskans	10.3	10.2	8.4
Glaciers/Icebergs	7.5	8.4	10.5
Wildlife/Animals	6.5	4.7	3.2
Anchorage/Juneau/ Other cities	3.4	2.3	3.2
Others on Sights	3.0	3.7	5.3
Mt. McKinley/Denali/ National parks	1.6	3.3	3.2
Vast/Open space	1.4	2.3	3.2

Table 20 The Second Free Associations of Alaska

(SA)

	PROSPECTS (N = 494)	ACCEPTORS (N = 215)	HIGH POTENTIALS (N = 95)
Wildlife?Animals	12.3%	13.0%	16.8%
Cold/Freezing	11.5	8 4	5.3
Eskimos/Indians/ Nature Alaskans	10.9	6.5	6.3
General comments on nature	9.5	14.4	12.6
Snow/Ice/Icicles	7.5	6.0	8.4
Others on sights	5.7	8.8	10.5
Glaciers/Icebergs	5.1	7.0	8.4
Winter sports	2.0	2.8	3.2
Far away	2.0	1.4	0.0
Anchorage/Juneau/ Other cities	1.8	0.5	0.0
Mt. McKinley/Denali/ National parks	1.6	1.9	1.1
Hunting/Fishing	1.6	1.9	2.1
Pipeline/Oil	1.4	1.9	0.0

(2) The Images of Types of Japanese Travelers to Alaska

Table 21 indicates the types of people who would be most likely to take an Alaskan vacation.

Alaska appealed the nature-oriented types such as 'Adventurers', 'People who like scenic wonders', and 'People who like winter sports'.

Table 21

UNIT: % (MA)

	PROSPECTS (N = 494)	ACCEPTORS (N = 215)	HIGH POTENTIALS (N = 95)
People who like scenic wonders	66.4%	75.8%	76.8%
Advendturers	49.2	42.3	45.3
People who like winter sports	29.8	34.9	38.9
People who like fishing	29.8	40.5	36.8
Clibmers	18.8	20.5	22.1
People who like animals	13.6	18.1	20.0
People who have the interest in different cultures	13.4	17.7	22.1
People who like outdoor sports	11.9	17.7	12.6
People who like outdoor life	11.3	13.0	12.6
Professional travellers	11.1	10.2	12.6
People who enjoy gorgeous hotel-life	2.0	3.7	1.1
People who like shopping	1.0	0.9	1.1
Others	1.4	1.4	1.1

(3) The Vacation-related Attributes of Alaska PROSPECTS indicated that 'Hotels & Motels' and 'Food & restaurants' would have no more than 'fair' conditions.

Table 22 The Mean Scores of the Expectations towards the Alaskan Vacation-related Attributes
(4 Point rating scale - 1: poor, 2: fair, 3: good, 4: excellent)

	PROSPECTS (N = 494)	ACCEPTORS (N = 215)	HIGH POTENTIALS (N = 95)
Hotels and motels	2.13	2.29	2.33
Food and restaurants	2.15	2.39	2.41
Ease of getting around	1.60	1.72	1.75
Climate	1.40	1.58	1.55
Recreational facilities for tourists	1.86	2.09	2.04

4. The Interest in Alaska

(1) The Intention to Travel to Alaska

43.5% of PROSPECTS had at least some intention to travel to Alaska.

Table 23 The Interest in Traveling to Alaska

(5 Point rating scale - 1: Not at all interested, 5: Very interested)

	Interest scale point						
	5	4	3	2	1	N.A.	MEAN
PROSPECTS (N = 494)	8.1%	17.0%	18.4%	30.6%	24.5%	1.4%	2.53
ACCEPTORS (N = 215)	18.6	39.1	42.3	0.0	0.0	0.0	3.76
HIGH POTENTIALS (N = 95)	20.0	36.8	43.2	0.0	0.0	0.0	3.77

(2) Reasons Why People Would Like to Travel to Alaska

The interest in scenic wonders was the main reason why ACCEPTORS would like to travel to Alaska. On the other hand, coldness is the main reason why NON-ACCEPTORS would not like to travel to Alaska.

PROSPECTS who had never been to Alaska gave as much the same reasons for not going as NON-ACCEPTORS.

Table 24 Reasons for the Interest in an Alaskan Vacation

Base = PROSPECTS who have at least some interest in an Alaskan Vacation

	ACCEPTORS N = 215	HIGH POTENTIALS N = 95
National parks/ scenic wonders	29.8%	31.6%
Different culture	10.2	9.5
Fishing	7.4	5.3
Winter sports	5.6	5.3
Outdoor life	2.8	4.2
Shopping	1.9	3.2
Good restaurants	0.5	0.0
Tennis/Golf	0.0	0.0
Swimming/Sunbathing	0.0	0.0
Others	42.3	47.4
N.A.	9.8	6.3

Table 25 The Reason of the Non-interest in an Alaskan Vacation

Base: PROSPECTS who have little or no interest in an Alaskan vacation

	PROSPECTS (N = 272)
Coldness	38.6%
Would like to go to other places	21.3
No interest in Alaska	14.0
Unfamiliar	4.0
Faraway from Japan	3.3
Expensive to travel	2.2
No time	2.2
No popular resort	1.5
Positive answer	0.4
Others	19.5
N.A.	7.0

Table 26 Reasons why respondents have never been to Alaska

	PROSPECTS (N = 494)	ACCEPTORS (N = 215)	HIGH POTENTIALS (N = 95)
Coldness	39.7%	29.8%	31.6%
Would like to go to other places	29.1	24.7	30.5
No interest in Alaska	26.9	3.7	5.3
No time	22.5	38.6	28.4
Unfamiliar	20.6	16.3	18.9
Expensive to travel	17.6	28.4	17.9
Faraway from Japan	16.4	20.0	15.8
No popular resort	0.6	0.5	1.1
Others	3.4	6.0	6.3
N.A.	2.4	3.3	5.3

(3) The Favorable Season for Visiting Alaska

Most PROSPECTS would favor a summer vacation if they decided to travel to Alaska.

Table 27

UNIT: %

	N	Months												
		1	2	3	4	5	6	7	8	9	10	11	12	N.A.
PROSPECTS	494	3.2	2.6	2.6	3.0	5.7	8.1	23.1	47.2	3.6	1.8	0.4	2.4	5.5
ACCEPTORS	215	4.2	2.8	4.2	3.7	6.5	10.2	25.6	44.7	5.1	2.3	0.0	4.2	1.9
HIGH POTENTIALS	95	4.2	2.1	2.1	5.3	5.3	11.	27.4	40.0	5.3	3.2	0.0	4.2	3.2

5. Evaluation of an Alaskan Vacation

The great nature-oriented activities, such as 'visit national parks and scenic wonders', 'go winter sports', 'see wildlife in its natural habitat', and 'take trips that offer adventure and challenge' were very highly evaluated.

Table 28 The Mean Scores of Expectation of an Alaskan Vacation

(5 Point rating scale, 1: Very poor, 5: Excellent)

	PROSPECTS (N = 494)	ACCEPTORS (N = 215)	HIGH POTENTIALS (N = 95)
Visiting national parks and scenic wonders	4.32	4.57	4.56
Going winter skiing and play other winter sports	4.11	4.18	4.18
Seeing wildlife in its natural habitat	4.11	4.31	4.32
Taking trips that offer adventure and and challenge	4.05	4.05	4.01
Fishing	3.95	4.06	4.15
Learning about different cultures	3.41	3.54	3.67
Camping, hiking, back-packing, and having good facilities for outdoor activities	3.19	3.55	3.55
Having a things for children to do and be interested in	3.07	3.26	3.19
Sightseeing in cities	3.00	3.23	3.22
Shopping	2.99	3.15	3.13
Dining-out in fine restaurants	2.91	3.09	3.09
Visiting museums	2.54	2.68	2.64
Enjoying nighttime entertainment	2.45	2.60	2.55
Playing tennis and golf	2.23	2.46	2.47
Visiting friends and relatives	2.06	2.13	2.14
Swimming and sunbathing	2.01	2.22	2.29

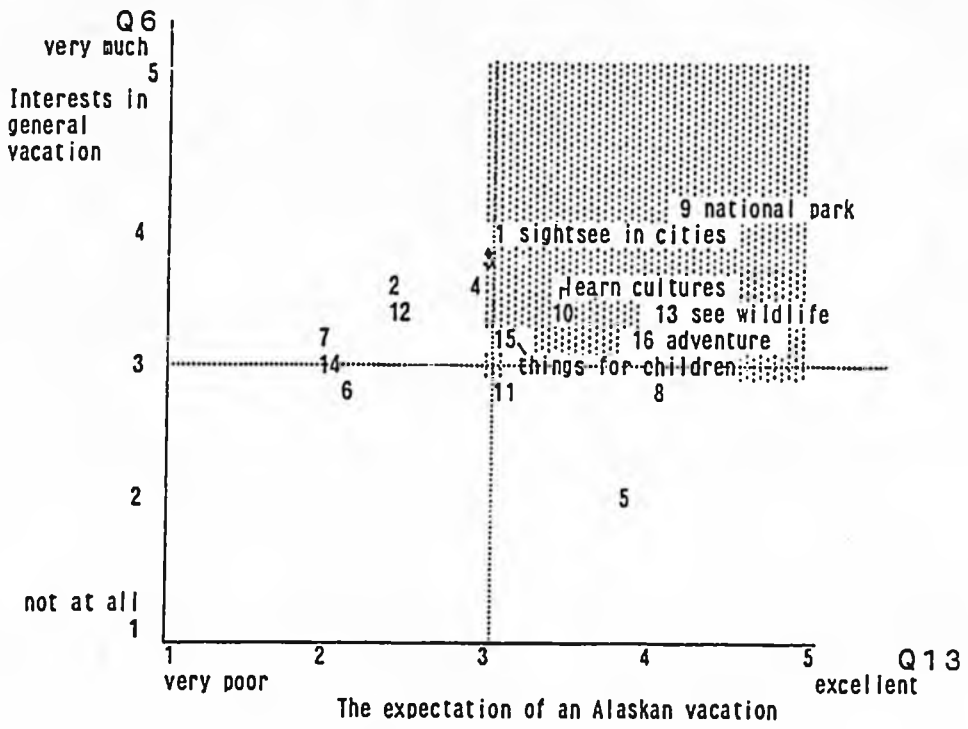
III. Implications and Considerations

1. Benefits of an Alaskan Vacation and Preferred Vacation Pastimes

The vertical score indicates the level of interest in a general vacation, and the horizontal axis indicates the expectation of an Alaskan vacation.

In order to ascertain the most effective activities for the sale & promotion of Alaska, attention should he paid to the areas covered by dots.

Fig. 1 Interest in a General Vacation and Expectations of an Alaskan Vacation



1 To sightsee in cities
2 To visit museums
3 Shopping
4 To dine out in fine restaurants
5 Fishing
6 To play tennis and golf
7 To swim and sunbathe
8 To go winter skiing and play other winter sports
9 To visit national parks and scenic wonders
10 To learn about different cultures
11 To camp, hike, backpack and have good facilities for outdoor activities
12 To enjoy nighttime entertainment
13 To see wildlife and relatives
14 To visit friends and relatives
15 To have things for children to do and be interested in
16 To take trips that offer adventure and challenge

The following are the prospective activities for sale & promotion of an Alaskan Vacation.

to visit national parks and scenic wonders

to see wildlife in its natural habitat

to sightsee in cities

to learn about different cultures

to take trips that offer adventure and challenges

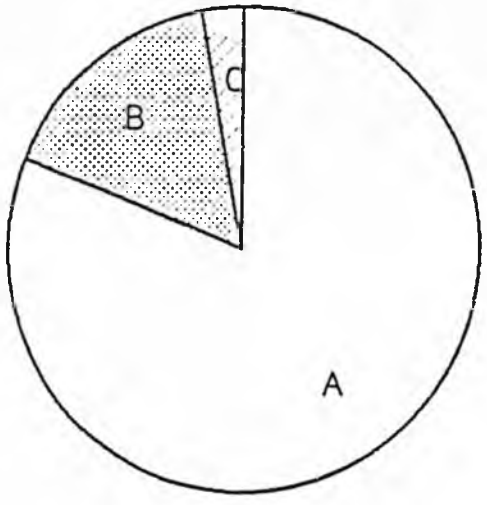
to have things for children to do and to be interested in

2. The Market Characteristics of Prospective Japanese Travelers

(1) The Percentage Rates of Japanese Overseas Travelers by Purpose

Fig. 2 indicates the percentage rates of 1985's Japanese overseas travelers by the purposes of trip. The 81.3% of all Japanese Overseas Travelers who nominated sightseeing as their main vacation determinant may be categorized as Prospects.

fig.2 Percentage of Japanese overseas travelers by purposes
(sourse:1985'data of THE MINISTRY OF JUSTICE)



unit:%

A	sightseeing	81.3	81.3%
B	bisiness	15.5	15.5%
C	others	3.2	3.2%

(2) Distribution of Travelers by Age

Table 29 shows the distribution of 1985's Japanese travelers by age and that of PROSPECTS.

Both approximate each other although the youngest category (18-24 age) of PROSPECTS is somewhat less than the corresponding percentage of the total population, as it is the PROSPECTS are the family vacation decision makers.

Table 29

	*All Japanese travelers	PROSPECTS
18 - 24	15.1%	9.5%
25 - 34	26.5	29.6
25 - 44	22.1	20.9
45 - 54	17.7	17.6
55 - 64	13.2	10.7
65+	5.5	9.9

* The source of these data is THE MINISTRY OF JUSTICE, but we adjusted them in order to match the categories of the survey instrument.

(3) The Constitution of the Total Japanese Outbound Travel Market by Destinations

Table 30 indicates the constitution of the total Japanese outbound travel market segmented by destinations of 3,300 km distance or more, and others.

The percentage of trips equal to or more than 3,300 km is approximately 70%, which corresponds to the definition of PROSPECTS.

Table 30

(Source: WTO & OECD's 1984's data)

	Total Japanese travelers
* More or equal 3,300 km distance destinations	69.7%
Others	30.3%

* We accumulated the % of each destination which is equal to or more than 3,300 km distant from Japan.

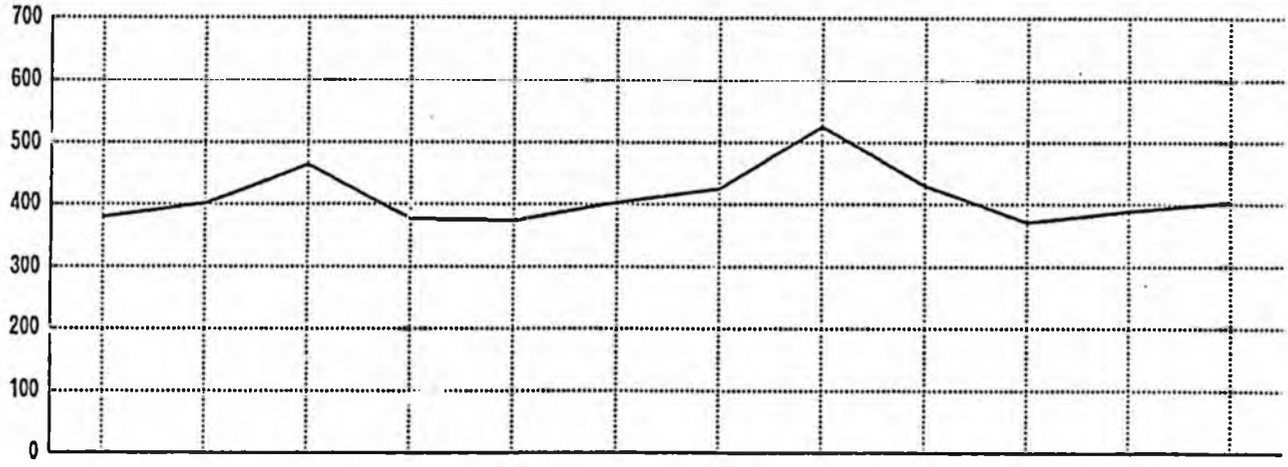
(4) The Seasonal Distribution of Japanese Overseas Travelers

Fig. 3 indicates the seasonal distributions of the Japanese overseas travelers in 1985.

Summer is the most favored season for prospective Japanese travelers to Alaska.

fig.3 Number of Japanese overseas travelers by month
(source:1985's data of THE HINISTRY OF JUSTICE)

UNIT:1,000



1	2	3	4	5	6	7	8	9	10	11	12
379	402	465	377	374	403	426	526	430	371	389	404

month

THE ALASKA VISITORS ASSOCIATION
MARKETING COUNCIL

THE POTENTIAL FOR JAPANESE TRAVEL TO ALASKA

[EXECUTIVE SUMMARY]

NOVEMBER, 1986

NIKKEI RESEARCH INC.

TOKYO, JAPAN

1. Definition and Percentages of PROSPECTS, ACCEPTORS, and HIGH POTENTIALS.

Table 1 Constitution of Travelers' Types in Japan

	N	% of Total Population Contacted (N = 13,265)	N	% of PROSPECTS (N = 494)
PROSPECTS (screened samples)	715	5.4%	494	100.0%
ACCEPTORS	-	*) 2.3	215	43.5
HIGH POTENTIALS	-	*) 1.0	95	19.2

*) These volumes were the estimated by the following method; PROSPECTS' 5.4% in '% of total populaton contacted' x each volume in '% of PROSPECTS'.

1. Definitions of PROSPECTS, ACCEPTORS, and HIGH POTENTIALS

(1) Definition of PROSPECTS

A "Prospect" is one who makes or shares in the family vacation decision, has taken vacation of at least 4 days during the 3 years, and taken a vacation of at least 3,300 km one way during the past 5 years.

(2) Definition of ACCEPTORS

An "Acceptor" is the individual who indicates an interest in an Alaskan vacation (3-5 on 1-5 point interest scale).

(3) Definition of HIGH POTENTIALS

A "High Potential" is an Acceptor with a stated interest in an Alaskan vacation, have taken 2 or more long-distance (3,300 km one way) vacations in past 5 years, and spent at least ¥250,000 per person on the longest distance trip.

2. Characteristics of PROSPECTS, ACCEPTORS, and HIGH POTENTIALS

(1) Demographic Characteristics

1) Number of Family Members (%)

Table 2

	1	2	3	4	Equal to or more 5	N.A.
PROSPECTS	2.8	17.4	23.1	29.1	26.1	1.4
ACCEPTORS	2.3	15.3	21.4	30.2	29.8	0.9
HIGH POTENTIALS	4.2	16.8	24.2	24.2	28.4	2.1

2) Children in Family (%)

a. 12 years of age or less

Table 3

	YES	NO	N.A.
PROSPECTS	39.9	51.6	8.5
ACCEPTORS	38.1	53.0	8.8
HIGH POTENTIALS	36.8	53.7	9.5

b. 13 to 17 years of age (%)

Table 4

	YES	NO	N.A.
PROSPECTS	19.2	63.8	17.0
ACCEPTORS	25.1	60.9	14.0
HIGH POTENTIALS	20.0	61.1	18.9

3) Age (%)

Table 5

	18-24	25-34	35-44	45-54	55-64	65+	N.A.	MEAN
PROSPECTS	9.5	29.6	20.9	17.6	10.7	9.9	1.8	42.6
ACCEPTORS	7.4	21.4	26.0	24.7	11.2	7.9	1.4	44.0
HIGH POTENTIALS	3.2	20.0	28.4	21.1	12.6	12.6	2.1	46.4

4) Educational Background (%)

Table 6

	JUNIOR HIGH SCHOOL	HIGH SCHOOL	UNIVER-SITY	N.A.
PROSPECTS	5.9	32.8	58.9	2.4
ACCEPTORS	7.4	33.0	56.7	2.8
HIGH POTENTIALS	5.3	29.5	61.1	4.2

5) Head of Household's Occupation (%)

Table 7

	MANAGER/ ADMINIST.	CLERI-CAL	SALES	PROFES-SIONAL	SER-VICE	OTHERS	NO OCCU-PATION	N.A.
PROSPECTS	28.3	7.7	10.3	20.0	7.3	17.0	7.7	1.6
ACCEPTORS	35.3	4.7	10.2	18.6	8.4	17.7	3.3	1.9
HIGH POTENTIALS	38.9	5.3	8.4	16.8	9.5	13.7	3.2	4.2

6) Family Income (%)

Table 8

	Yen x 10,000									
	-200	200-300	300-400	400-500	500-700	700-1000	1000-1500	1500-2000	2000+	N.A.
PROSPECTS	1.6	6.1	10.3	13.8	21.3	23.9	14.2	3.2	2.2	3.4
ACCEPTORS	2.3	3.7	8.8	12.1	21.4	26.0	15.3	4.7	2.8	2.8
HIGH POTENTIALS	0.0	4.2	9.5	14.7	14.7	26.3	16.8	6.3	4.2	3.2

3. The Frequency of at least 4 Days Vacation in 5 years

Table 9

	times in 5 years							
	1	2	3	4	5	1-5	6 or more	MEAN
PROSPECTS (N = 494)	16.8%	21.1%	11.9%	9.3%	14.4%	73.5%	26.5%	4.9 times/ 5 YRS
ACCEPTORS (N = 215)	12.6	16.7	11.6	11.2	12.6	64.7	35.3	5.9
HIGH POTENTIALS (N = 95)	0.0	14.7	9.5	11.6	15.8	51.6	48.4	7.8

4. Frequency of at least 3,300 km Distance Overseas Vacation Trip during the past 5 years

Table 10

	times in 5 years			
	1	2 or more	Mean	
PROSPECTS (N = 494)	60.3%	39.7%	1.9	times/5 years
ACCEPTORS (N = 215)	54.4	45.6	2.0	
HIGH POTENTIALS (N = 95)	0.0	100.0	3.1	

5. Seven Most Popular Destinations of Overseas Vacation during the past 5 Years

Table 11

Unit: % (MA)

	PROSPECTS (N = 494)	ACCEPTORS (N = 215)	HIGH POTENTIALS (N = 95)
Hawaii	34.0%	34.0%	41.1%
Europe	28.3	32.6	36.8
Asia or India	28.3	31.6	41.1
U.S.A.	26.1	29.3	36.8
South Pacific, Philippines, Indonesia	22.5	20.0	31.6
Canada	7.7	6.5	11.6
Australasia	6.9	7.4	12.6

Table 12 Seven Most Popular Vacation States for Japanese

Base = People who have taken vacation in U.S.A.

Unit: % (MA)

	PROSPECTS (N = 147)	ACCEPTORS (N = 74)	HIGH POTENTIALS (N = 38)
California	10.9%	9.5%	15.8%
New York	4.1	5.4	7.9
Illinois	1.4	1.4	2.6
Texas	1.4	0.0	0.0
Washington	1.4	0.0	0.0
Alaska	0.7	1.4	2.6
Arizona	0.7	0.0	0.0

6. The Seven Most Associated Images of Alaska

Table 13

(SA)

	PROSPECTS (N = 494)	ACCEPTORS (N = 215)	HIGH POTENTIALS (N = 95)
Cold/Freezing	26.3%	19.1%	14.7%
Snow/Ice/Icicle	14.6	11.6	11.6
General comments on nature	12.8	21.4	24.2
Eskimos/Indians/ Nature Alaskans	10.3	10.2	8.4
Glaciers/Icebergs	7.5	8.4	10.5
Wildlife/Animals	6.5	4.7	3.2
Anchorage/Juneau/ Other cities	3.4	2.3	3.2

7. The Intention to Travel to Alaska

43.5% of PROSPECTS indicated some intention to do so.

Table 14 The Interest in Traveling to Alaska

(5 Point rating scale - 1: Not at all interested, 5: Very interested)

	Five point scale						
	5	4	3	2	1	N.A.	MEAN
PROSPECTS (N = 494)	8.1%	17.0%	18.4%	30.6%	24.5%	1.4%	2.53
ACCEPTORS (N = 215)	18.6	39.1	42.3	0.0	0.0	0.0	3.76
HIGH POTENTIALS (N = 95)	20.0	36.8	43.2	0.0	0.0	0.0	3.77

8. The mean scores for seven elements of expectations for an Alaskan Vacation

Table 15

(5 Point rating scale, 1: Very poor, 5: Excellent)

	PROSPECTS (N = 494)	ACCEPTORS (N = 215)	HIGH POTENTIALS (N = 95)
Visiting national parks and scenic wonders	4.32	4.57	4.56
Going winter skiing and play other winter sports	4.11	4.18	4.18
Seeing wildlife in its natural habitat	4.11	4.31	4.32
Taking trips that offer adventure and challenge	4.05	4.05	4.01
Fishing	3.95	4.06	4.15
Learning about different cultures	3.41	3.54	3.67
Camping, hiking, back-packing, and having good facilities for outdoor activities	3.19	3.55	3.55

THE ALASKA VISITORS ASSOCIATION
MARKETING COUNCIL

THE POTENTIAL FOR JAPANESE TRAVEL TO ALASKA [IMPLICATIONS FOR MANAGERS]

NOVEMBER, 1986

NIKKEI RESEARCH INC.

TOKYO, JAPAN

This survey was conducted between October 12 and November 13, 1986, and reflects the market conditions pertaining at that time.

The methodology consisted of a professionally designed self-administered mail questionnaire. Strict national random probability procedures were used to ensure that each element of the population had an equal probability of selection in the sample.

Two waves of mailouts were employed to maximize the data yield and each respondent was given an incentive gift in appreciation of his/her cooperation. The reader is referred to page 2 for full particulars of the sampling procedures.

As Japan is a homogeneous country without significant ethnic or religious subgroups - and since the telephone directories which constituted the frame of reference for respondent selection cover 95 percent of the household population - the sample may be said to be representative of the Japanese population at large.

Furthermore, the two mailouts of 715 questionnaires elicited a total of 494 completions or a response rate of approximately 70 percent, thus minimizing the possibility of bias and inputting the findings with a reliable level of statistical confidence.

Basically, feedback on Alaska and its attractions was relatively low among the target market subgroups of so-called prospects, Acceptors and High Potentials. It may be hypothesized that this was attributable to lack of

cognizance of available facilities and activities. For example, shopping, dining-out and nighttime entertainment generated generally low scores.

Another aspect which seems capable of correction concerns Japanese impressions of Alaska's 'coldness' with it's concurrent implications of discomfort. However, in point of fact Alaska's summer climate is roughly comparable with that of Hokkaido - which is particularly popular with Japanese tourists during the temperate spring through autumn seasons.

As the average temperatures in Alaska from May through September are relatively mild, and since the findings of this survey indicate that Japanese prefer to take their vacations in the summer, a concerted campaign to dispel the negative connotations of Alaska's 'coldness' seems called for. The seriousness of this problem highlighted by the following percentage perceptions which are climate related:

Cold/freezing	26.3%
Snow/ice/icicle	14.6%
Glaciers/icebergs	7.5%
Total:	48.4%

As a corollary of this situation, the image of Alaska as a destinaton to indulge in outdoor sports such as tennis, golf and swimming has been impaired to such an extent that these activities garnered zero percentage reasons for wanting to take a vacation in Alaska among Acceptors and High Potentials.

Similarly, Alaska's image as a place with good restaurants was minimal, although such dishes as Alaska Salmon, Alaska Crab, and other seafood such as

shrimp, virtually parallel similar delicacies which are much sought after from Hokkaido (and which tend to be expensive). Familiarizing potential Japanese visitors with these similarities - and their availability at reasonable prices in comfortable, clean restaurants - should be a cornerstone of any advertising campaign.

Campers, wildlife enthusiasts, skiers, and photographers form significant segments of adventurous travellers who are always seeking new experiences and are sufficiently affluent to actualize their anticipations. On a cost/benefit basis, such subgroups can generally be reached through clubs, associations and specialty publications as well as non-commercial travelogues aired over the Japanese public television network (NHK and affiliated channels).

Another misconception evident from this survey is the far-away distance of Alaska in comparison with other so-called long-haul destinations, and the time/cost constraints involved in getting there. In point of fact, Alaska is closer that either Europe or the popular U.S. East Coast destinations which attract virtually millions of Japanese tourists annually.

It is perhaps also worthy of mention that according to the Ministry of Justice the fastest-growing segment of Japanese outbound travellers consists of younger people in the 15-24 age group. As the importance of this group increases, so the relavance of the head of the family as the destination decision maker tends to diminish. At this juncture the 15-24 rate of increase is as much as 8 percent per annum. To contend with this explosive growth new strategies and appeals much be developed, with more emphasis on activities which are responsive to their wants and needs.

In Japan, the knowledge of Japanese travellers and potential tourists represents only one side of the coin. Equally important functions are the views of travel agents and tour organizers. While in many Western countries, these functionaries are viewed more or less as booking agents, Japanese vacationers look upon them as consultants whose recommendations are sought and acted upon. Unless the agent or wholesaler has an intimate knowledge of all that Alaska has to offer, chances are that a more familiar destination will be recommended.

Our recommendation is therefore that a further study should be conducted among two levels of travel trade professionals - those who man the agency counters and have direct contact with the public, and those at the executive/administrative level who are responsible for providing the guidelines and organizing the various tour packages. By taking a pulse on the extent of their cognizance of Alaska in a frame of reference of similar-distance competing countries, it should be possible to suggest appropriate strategies and campaigns to contend with any areas of haziness or apprehension.

German Traveller Study

carried out for: Alaska Visitors Association
Marketing Council
P.O. Box 10-220
3057 70th Avenue SE

Mercer Island, WA 98040 (USA)

by: Marplan
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Project no. 46 022
18-11-1986/Ga/ud

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ANNEX: QUESTIONNAIRE (IN GERMAN)

A. OBJECTIVES OF SURVEY

The Alaska Visitors Association Marketing Council, Anchorage, Alaska, commissioned Marplan Forschungsgesellschaft mbH to carry out a marketing study to analyze the size and the structure of the potential visitors to Alaska. This study has been conducted in the USA in 1976 with a similar questionnaire. To achieve comparable data sets it was decided to use similar concepts to the U.S. version in Germany and Japan.

In accordance with the U.S. study several strata are to be considered within the market potential. The modest form of the market potential are the

a) Prospects

who are head of households, responsible for or taking part in decision making for vacations, who took vacations of at least one week in the past three years and who took vacation in a place of at least 3.300 km one way from home in the past five years.

Further groups are:

b) Acceptors

who are prospects who show interest in an Alaska vacation (3 to 5 on a 1 to 5 interest scale).

c) High Potentials

who are acceptors having taken two or more long-distance vacations in the past five years and spent at least 3.000 DM per person on the last long-distance trip.

d) High Profiles

who are prospects, 35 years of age and over with 5.000 DM household income minimum and without children at home.

e) Visitors

Persons having visited Alaska during the past three years.

To work out an optimum marketing concept we have to have some information about the travel behaviour (part 1), the information behaviour (part 2), travel motivations (part 3) and the perception and image Alaska has among prospects.

All questions of the interviews were analyzed and cross tabulated against the potential groups a) to e), demographic variables with touristic relevance as sex, age, education, size of community, children in household and typology. The typology of five attitude types of travel motivations was the result of a cluster analysis. It is a multivariate statistical procedure to get a condensed version of the motivation question (qu. 8). The typology allows a more differentiated analysis of the target group and to design a more specific communication strategy of the benefits of Alaska journeys.

We received five significant groups with specific demands towards travelling:

1. The first type we called the "fun-type", who loves amusement, wants to relax during vacation and is not very interested in culture.

2. The second type we called "adventure-type", he is the one who is most interested in nature and wildlife, also in foreign cultures and likes to hike and camp.

3. The third type is the "sportive/conventional type" who is interested in sports activities (tennis, skiing, etc.). He expects a big range of offers of entertainment and sports activities. But he does not seek as much adventures as other types. Special needs for family vacation must be met.

4. The fourth type we called "visitor-type". He is the one who visits friends and relatives on his long-distance trips to save money.

5. The last type is the "education-type". He is interested in culture and nature. Sports activities are of no interest to him.

We have to point out that within this report only the most relevant results for your marketing actions can be shown. More information can be found in the separate set of tables.

B. SAMPLING AND WEIGHTING PROCEDURES

To have a sound statistical basis for analyzing size and structure of the Alaska tourism market potential in West Germany, the methodological concept had to construct a basis sample which enables to interview 500 prospects (market potential) in a second stage. The total procedure therefore was:

Phase 1: Screening Interviews

Target group for the screening interviews are telephone households in West Germany. The selection of the interviewees was two-fold. In the first stage, the ADM-Master Sample was used with 525 sample points. This sample is representative for West-German households and is a stratified probability sample.

Within the sample points the addresses were drawn at random on the basis of telephone books.

The purpose of the screening interviews was to get information about the potential within the total population and to get the addresses of persons belonging to the target group.

Phase 2: Full Interviews with prospects

489 respondents belonging to the target group were found during the screening interviews. They have been re-interviewed with a full questionnaire. The target group consisted of:

a) prospects: Head of households or one other person in a household who makes or shares in vacation decisions and had taken vacation of at least a one-way distance of 3.300 km.

Weighting: Because of sampling errors, drop-outs and other circumstances the sample had to be weighted. For weighting the following factors were used:

Region, size of community, size of household. Basis for the weighting was the official household statistic of Microcensus.

The tabulation of the results show in the first line the unweighted number of respondents belonging to a group and below a projection in 1.000 households.

Technical details:

Screening interviews	5,987 households
Out of these were found prospects belonging to target group	667 households
re-interviews with full questionnaire	489 households
response rate	73.3%
Target group (prospects) as percentage of total number of households (25.3 Mio.)	11.2%
Target group in numbers approximately	2.84 Mio-

All interviews - screenings and full interviews - were carried out between September 10 and October 8, 1986

Number of interviewers on the job 153

C. RESULTS

1. Travel Behaviour in General

As described in the preface to this report the complete study was carried out in two parts. The target of the first part (screening interviews) was to recruit respondents for the main part of the study and to find some information according to the general behaviour of the German population. Taking the 25,320 Mio. German Households as a basis the findings are that in 68,0%, which means roughly 17 Mio. German households there is at least one person taking a vacation trip lasting one week or longer during the past three years. If we restrict vacation trips to those who went to places with a one-way distance of at least 3.300 km there are still 11,7% (approx. 3 Mio.) found who travelled to these more distant places within the past five years. Reduced by those who travelled to places 3.300 km away during the past five years but did not have vacation of at least one week during the past three years, the final target group for this study is 11.2%, equivalent to 2,840 Mio. households.

	in 1000	in Percent
Total of West-German households	25,320	100.0
With one or more persons having vacation of at least one week during the past three years	17,230	68.0
Having vacation in places at least 3.300 km away from home during the past five years	2,950	11.7
Visited places in 3.300 km distance for vacation during the last five years and having at least one week vacation during the last three years	2,840	11.2

Within the target group the study differentiates between prospects, acceptors, high potentials, high profiles and visitors according the terminology of AVA.

Prospects, the target group for the main study,

Acceptors, those who state interest in an Alaska vacation,

High potential, acceptors who have taken two or more long-distance vacations in the past five years

High profiles, prospects 35 years of age or more with a household income of 5.000 DM net per month as a minimum and finally

Visitors, persons known to have visited Alaska for a pleasure or pleasure/business trip in the past three years.

This study shows the following size of these five groups:

	Households in 1000	Percentage of Prospects	Percentage of total households	
Prospects	2,840	100,0		U.S. - 1990
Acceptors	1,068	37,6	11,3	13.1
High potential	282	9,9	1,1	1.5
High profiles	93	3,3	0,4	2.7
Visitors	42	1,5	0,16	3.3

Evaluating these results one has to take in consideration that at least the groups "high profiles" and "visitors" are based on very small numbers of interviews, i.e. for

high profile	16 interviews
visitors	7 interviews

Even the group "high potentials" is based on 43 interviews only.

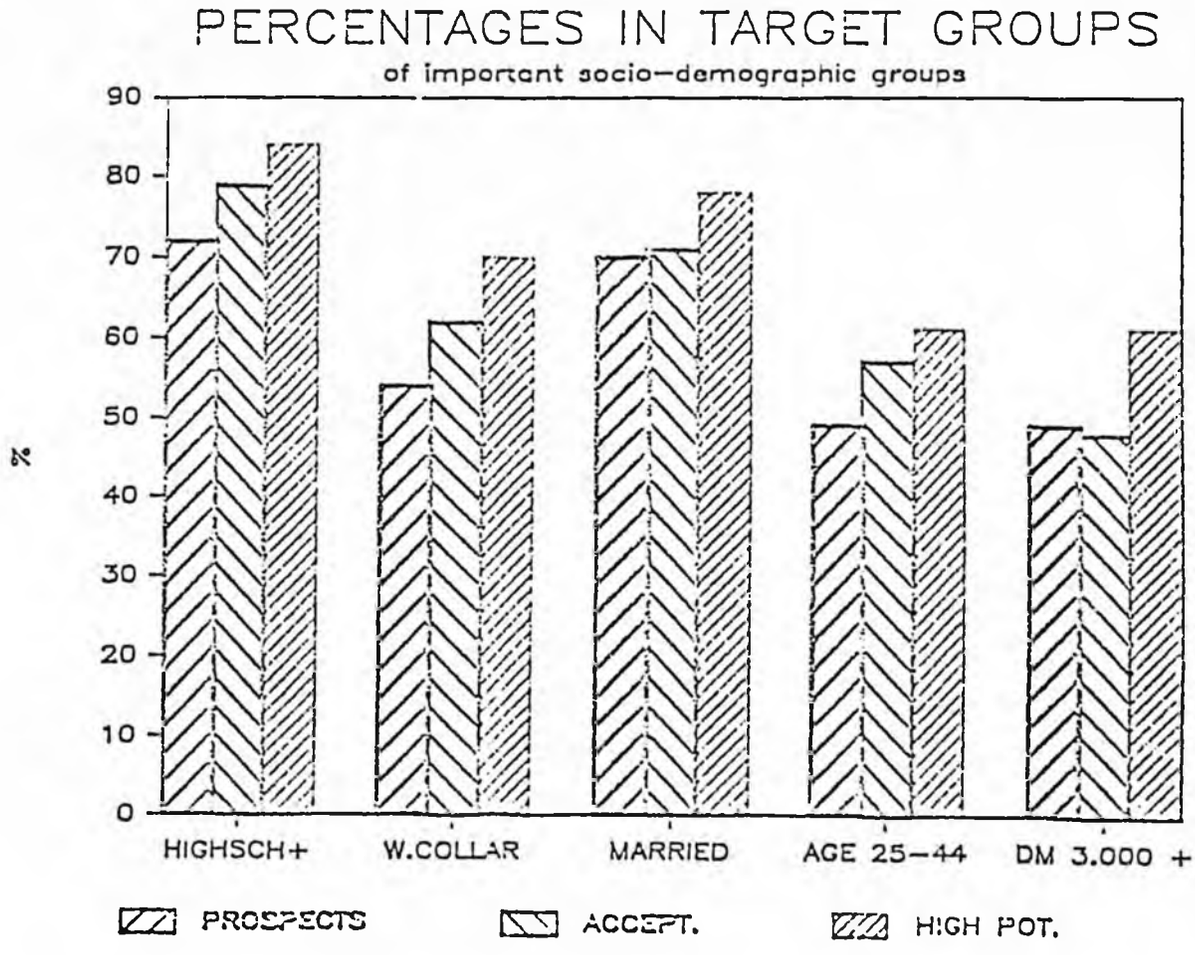
1.1. Structure of Market Potential

For developing marketing strategies AVA has to know which is the structure of the most promising target groups. Accepting that the "value" of the groups is increasing from prospects over acceptors to high potential one has to analyze which socio-demographic groups are increasingly participating on these groups. Education seems to be one of the key elements. The percentage of people with elementary school goes down from 27,7% in the group of prospects to 20,5% among the acceptors to 16,1% within the high potentials. But already the percentage of people with senior high school is going up (from 44,4% to 48,9%). Taking together people with elementary school or better education we find that they make 72% of prospects, 79% of acceptors and 84% of high potential.

There is of course a certain dependency of education and profession and therefore it is not astonishing knowing the results mentioned above that senior personnel in leading positions and white-collar junior executives form another prospective group. They participate with 54% among prospects, 62% among acceptors and 70% among high potential.

Not only because they form the majority in the population married people are a promising target group. We find them at 70% among prospects, 71% among acceptors and 78% among high potentials.

Looking at the age groups we have to accept that neither the young nor the elder people are of high interest. The real target group are people starting in the mid-twenties up to the mid-forties. And, of course, if we come to far-distance travelling income is an important factor. Therefore, the percentage of those having a household income of 3.000 DM net per month and more is growing from 49% to 61% going through target groups from prospects to high potentials.



On the other side: for people who are interested in Alaska as a possible vacation destination it is not important whether they have children or not.

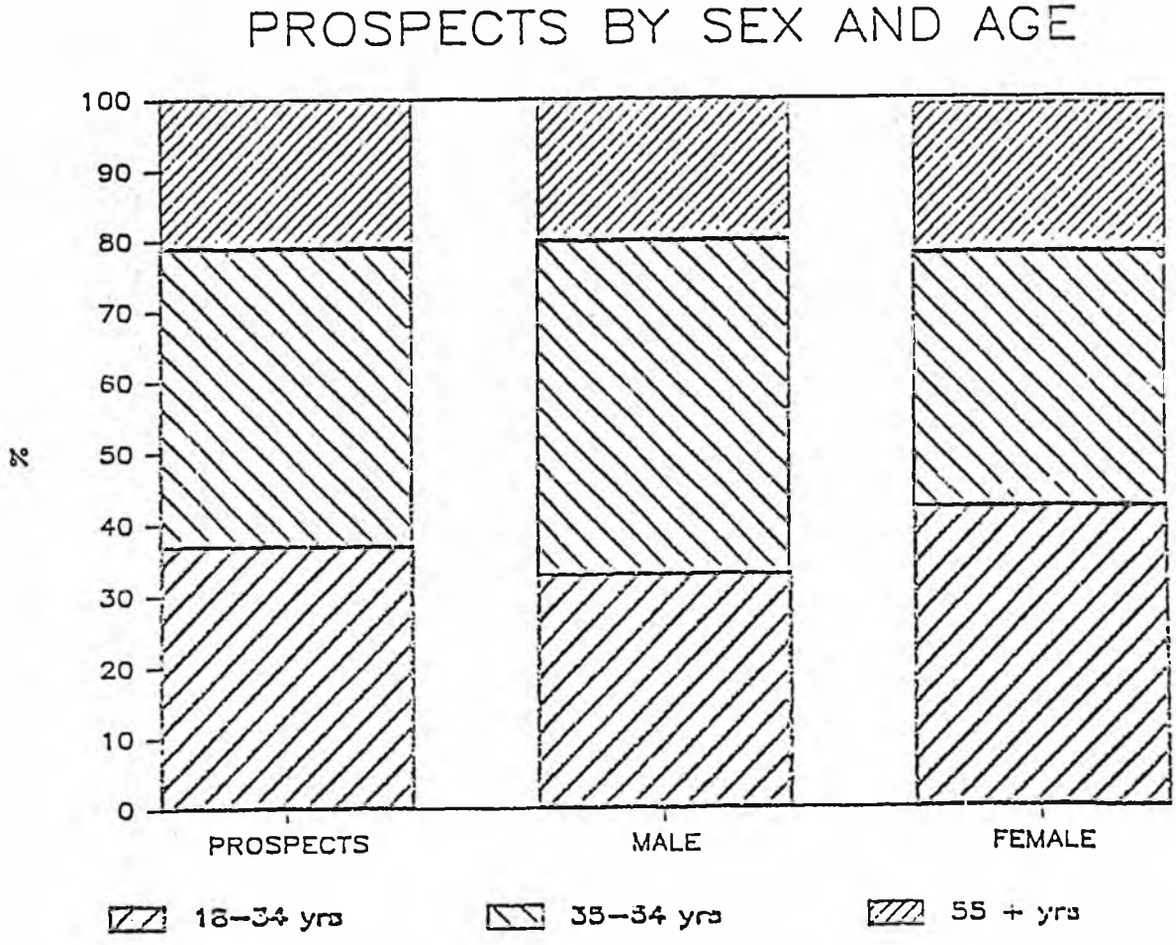
Knowing the structure in West-Germany it is not astonishing to learn that people living in places up to 20.000 inhabitants are nearly as much interested as people in bigger communities. On the contrary, in the big cities and centers of population we find going from prospects to high potential a decreasing percentage going from

prospects	50,8%
acceptors	42,6% to
high potential	38,6%.

Here the most interesting target group could be the population living in places from 20.000 to 500.000 inhabitants but unfortunately compared with those living in the real big places, they are a minority.

Although the regions don't differ too much, Hamburg as well as Bavaria show a remarkable higher percentage among the high potential but on the basis of 43 interviews this does not mean too much. It cannot be proven by the figures but it seems to be a tendency that the more "world-open" places as Hamburg, Rhein-Main-Area and Munich might be of special interest.

At a first glance one cannot recognize a difference between male and female interviewees. But if one analyses the figures deeper one comes to interesting results. Female singles, widowed, divorced or separated living people seem to be more active than their male counterparts and if one analyses the prospects by age and sex one can see that younger females are much more interested than the younger males.


PROSPECTS BY SEX AND AGE
100
90
80
70
60
50
40
30
20
10
0
%
PROSPECTS
MALE
FEMALE
18–34 yrs
35–54 yrs
55 + yrs

1.2. Travelling Experience

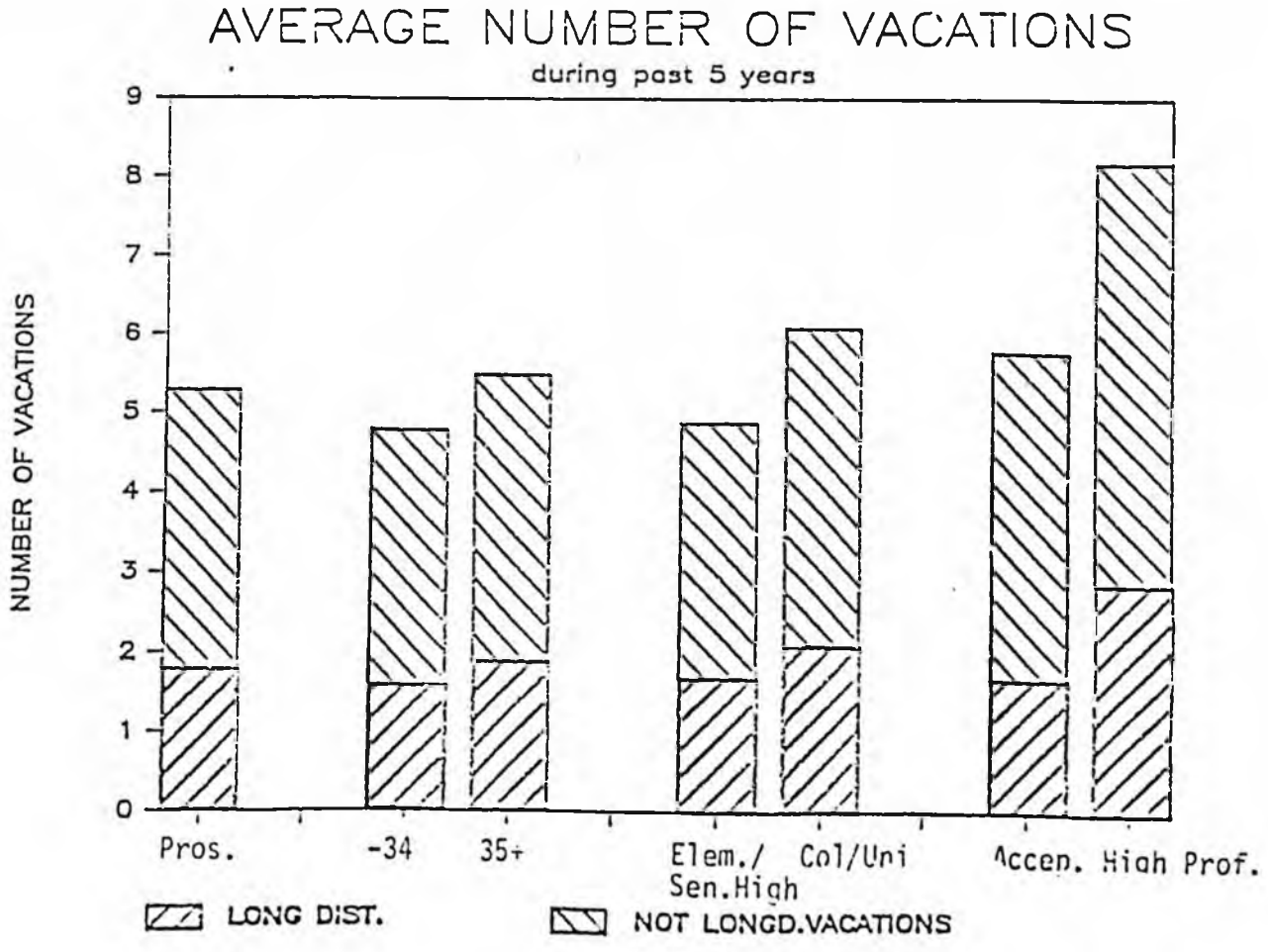
By definition already our target group had to have at least one one-week vacation during the past three years and one long-distance vacation during the past five years. In reality we find that respondents on the average did one vacation of at least one week per year. Over five years it accumulates to an average of 5.3 vacations per person.

For vacations where they had to go to places at least 3.300 km away from home the story is different. During the past five years they had 1.8 vacations of this type. Concerning the number of vacations they had there is a remarkable variation.

	Number of vacations during past 5 years	
	1 week	far distance
n = 489	%	%
1 vacation	10,2	62,2
2 vacations	9,6	21,9
3 vacations	13,6	5,3
4 vacations	11,1	3,9
5 vacations	23,6	4,4
6 vacations and more	31,9	2,3
	100,0	100,0
Mean	5.3	1.8

Nearly two third of our prospects had only one vacation leading to far-distant places compared with only 6,7% saying they had five or more far-distant vacations during the past five years. On the other side more than half (55,5%) of our respondents had five or more vacations of at least one week during the past five years.

If we compare the travel experience among different sub-groups we find the highest frequency of long-distance traveiling among the high potentials. On the average they had 2.9 long-distance vacations during the past five years and belong to the group of "high-frequent-vacationers" if it comes to have vacations of one week or more at all. On the average they had 1.5 vacations per year during the past five years.



1.3. Destination Countries

Asked where they spent their vacation during the past five years European countries are dominating of course. Because they are not of relevance to this study we have to concentrate on Overseas countries visited during the past five years.

Most of the respondents (nearly one third) say they had visited the United States. Second as a single country ranks Canada with 14,5%. Asian destinations were mentioned by 32,1%, Africa by 25,9%, Latin America and Carribean destinations by 20,4%, Australia and New Zealand by 3,9%. Alaska is mentioned by 1,8% which is equal to approximately 50 000 West-German households.

	% of Prospects	Travel groups in 1000
USA	31,3	890
Canada	14,5	413
Africa	25,9	734
Middle East	8,5	241
South/Southeast Asia	18,6	529
East Asia, South Pacific	5,0	141
Australia/New Zealand	3,9	112
Hawaii	2,5	71
Carribean	9,3	263
Mexico	4,6	131
Rest of Central and South America	6,5	184
Alaska	1,8	51

As far as they visited the United States the main regions they went to were:

New York/Rhode Island	37,2%
California	35,4%
Florida	19,1%
Texas	15,6%

Analyzing the results by our sub-groups acceptors and high potentials one can see that nearly all regions are more frequented by acceptors than by the prospects and again more by the high potentials than by the acceptors. The percentage of the visitors of the United States goes from 31,3% to 38,8% and 44,7%, those visiting Canada from 14,5% to 22,1% to 33,4%. Even the figure for visitors to Alaska shows a dramatic increase starting with 1,8% among prospects coming to 3,9% among the acceptors and finally 12,8% among high potentials. But it has to be said again that these results are based on very small figures.

As explained in the preface to this report already Marplan calculated a typology of the respondents based on their travel motivations.

United States and Canada show the highest percentage among conventional travellers and visitors. Mexico and the Carribean Islands are preferred by the fun-type. The educational traveller prefers the Middle-East and plays an important part also in other Asian countries. Hawaii attracts the fun-type very much.

	fun %	advent. %	convent. %	visitors %	educ. %
USA/Canada	25	41	61	57	44
Alaska	-	4	3	1	-
Mexico/Carribean	24	12	14	2	17
South Africa	4	9	6	6	7
Middle East	5	9	5	9	17
Other Asian countries	24	24	16	27	30
Australia/New Zealand	2	4	7	4	1
Hawaii	7	2	2	-	1

After the question which region they have visited during the last five years the question was asked which one was the furthest. Of course, it brings the percentages down because double countings are eliminated. But this effects the different regions in a different way. United States dropped from 31,3% to 23,7%, Canada from 14,5% to 10,0%, South/South-East Asia from 18,6% to 14,3%, the Carribean from 9,3% to 8,0%. This indicates that for instance the Carribean is a destination for itself; if somebody goes to the Carribean it is the furthest destination on this trip.

This is different for Alaska as well as for Hawaii. The figures indicate that Hawaii as well as Alaska are not final "destinations" but more places to have a stop-over when travelling around the world or in case of Alaska being on a flight to e.g. East Asia. Hawaii drops from 2,5% to 1,2%, Alaska from 1,8% to 0,7%.

1.4. Travel Expenditures

Asked for the money they spend for the journey - in case they did more than one trip during the past five years they were asked for the furthest destination - answers differ widely. Some claim they used less than 1.500 DM, others more than 6.000 DM per person. On the average it is calculated with 3.865 DM per person. The average amount per person spent differs with the destinations as well as with different socio-economic groups but also between the types mentioned above already.

Destination:	Average spending per person
Hawaii	6.465 DM
South America	6.220 DM
Australia/New Zealand	5.255 DM
Mexico	4.574 DM
South Asia	4.454 DM
East Asia	4.101 DM
USA	3.913 DM
Carribean	3.713 DM
Africa	3.423 DM
Alaska	3.418 DM
Canada	3.312 DM
Middle East	2.962 DM

Hawaii, Central and South America are the places where they spend the most money, Middle East but also Canada, Alaska and Africa are countries where they spend significantly less. There are different reasons for the differences as availability of reasonably priced package tours or - true certainly for the United States - a high percentage of the visitor type living with friends or relatives in the country of destination or when travelling through several destinations costs for one destination was not so high (e.g. Alaska).

If we analyze the target groups of AVA we find that "high potentials" are high spenders. The average among high potentials is 5,465 DM per person compared to 4,192 DM per person among the acceptors and in average 3,865 DM among the prospects in total.

Among our cluster types we found the lowest spending among the visitors with 2.840 DM.

1.5. Type of Tourism

Again asked if one than more far-distance vacation was taken during the past five years for the furthest destination the respondents were asked what kind of trip it was. The answers show:

* all-inclusive group tours with travel guide	27,7%
* all-inclusive tours without travel guide	20,9%
* self-organized trips	50,5%

The highest proportion of self-organized trips we find among the group of "visitors" (78%) followed by the "adventurers" (58,5%). "Fun" and "educational" travellers organize their trip themselves far less. Educational travellers prefer all-inclusive group tours with a travel guide (51,6%). Even if about half of the travellers organize their trip themselves they ask a travel agent for help and if only to book the transportation.

Again we find remarkable differences according the places the respondents went for vacation.

	self organized %	organized %
Alaska	100	0
Australia/New Zealand	91	9
Canada	82	18
Central/South America	79	21
USA	68	32
East Asia/Pacific	52	48
Middle East	47	53
South Asia	46	54
Mexico	38	62
Hawaii	26	74
Africa	17	83
Carribean	15	85

2. Information Behaviour

The travel agent is the most important source of information. 72,6% of the respondents say they ask their travel agency for information if they start to prepare a long-haul trip.

Other important sources are

Friends	40,9%
Travel guides	34,3%
Automobile club	12,3%
Tourist agencies	11,9%
Books	8,1%

In case one asks the travel agency for information it concerns mostly prices followed by accommodation and transportation facilities; but also 48,3% of the respondents declare they look for information to which country to go.

There are many resources and publications where one can find out through which media channels one can reach certain target groups. Nevertheless, within the study respondents were asked with a list which magazine they read frequently. Prospects as well as acceptors and high potentials read magazines more frequently than average Germans. Within the list ADAC Motorwelt, Stern and Hör Zu are the magazines with the highest coverage. A comparatively small magazine but in a special interest group "Geo" reaches 20,5% or prospects, 23,5% of acceptors and 38,8% of high potential. With a combination of ADAC Motorwelt plus Geo plus Stern one can reach among

Prospects	67,0%
Acceptors	71,2%
High potentials	85,1%

3. Travel Motivations

What are the reasons why Germans travel in their vacation time to far-distant places. Respondents where asked to rank on a 5-point scale how much they like to do some things when they go on vacation. Point 5 equals I like to do it very much and point 1 equals I don't like it at all.

According to these rankings we find the following rank order:

Learn about different cultures	4.3
Sightseeing in cities	4.1
Dine-out in fine restaurants	4.1
Visit national parks and scenic wonders	4.1
Swim and sunbath	4.0
See wildlife in its natural habitat	3.8
Go shopping	3.5
Take trips that offer adventure and challenge	3.4
Visit museums	3.3
Enjoy nighttime entertainment	3.2
Visit friends and relatives	3.2
Camp, hike, outdoor activities	2.9
Wintersports	2.5
Playing possibilities for children	2.3
Play tennis/golf	2.1
Fishing	1.7

As mentioned before these ratings were used to calculate a typology for the respondents. A logical clustering came out with five different types. They were named:

Fun-type	19%
Adventurer	20%
Sportive type	24%
Visitor	18%
Educational traveller	19%
Total	100%

Of course, there is a certain overlapping between the five types but each one of them has its unique strength and can be described as follows:

"Fun" prefers to dine, swim and sunbath and enjoys nighttime entertainment.

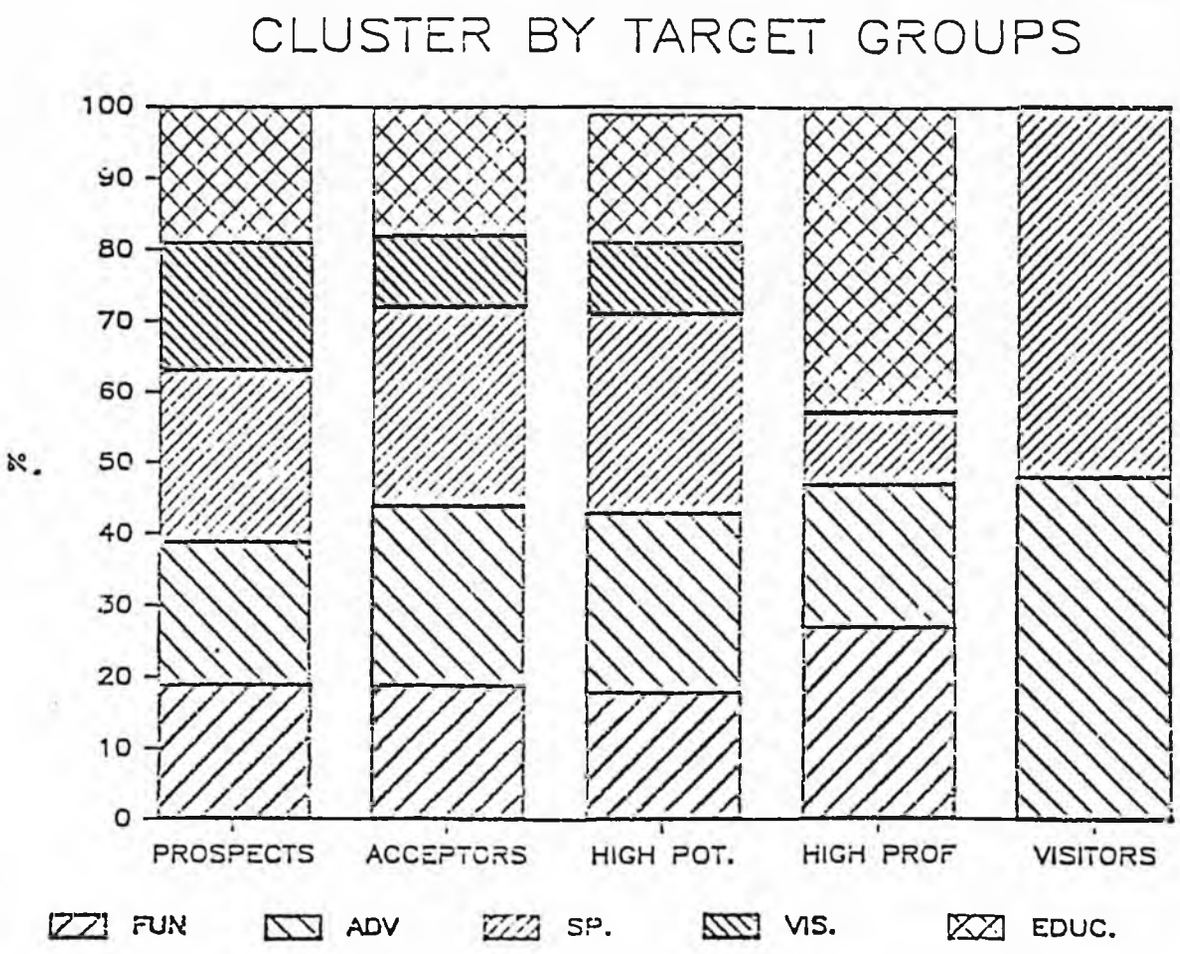
"Adventurer" likes to visit natural parks, to camp, hike, take trips but learns about cultures also.

"Sports" likes to swim, likes wintersports, tennis, fishing, wildlife.

"Visitor" is mainly interested in seeing friends and relatives.

"Educational" likes to go sightseeing, visits museums and likes to learn about cultures.

If we look how the picture fits into the target group we find adventurers and sportive travellers above average among the acceptors but in the high potential group only the adventurers are above average this time together with the educational type. High profiles are dominated by the educational type of traveller but if we come to the small group of visitors of Alaska we find only adventurers and sportive types.


CLUSTER BY TARGET GROUPS
100
90
80
70
60
50
40
30
20
10
0
%.
PROSPECTS
ACCEPTORS
HIGH POT.
HIGH PROF
VISITORS
FUN
ADV
SP.
VIS.
EDUC.

4. Perception and Image of Alaska

4.1. Spontaneous Associations

To all respondents the question was asked: "What is the first thing that comes to your mind when you think about Alaska?" Within all very open associations there is a lot of things mentioned by the respondents. But there are some items the answers concentrate on. The image of Alaska is to be a cold country and it is proven by answers as

Coldness	50,1%
Winter, snow, ice	29,6%
Glacier, snow mountains, icebergs	8,8%

and some other things mentioned in this open-ended question. The next dimension we can find is the image of untouched nature expressed in

clean, untouched nature	11,6%
icebears, bears, wild animals	11,7%
wide, big country	7,8%
wildlife	7,5%
landscape, nice sceneries	5,7%
forest	3,1%
lakes, sea, rivers	3,0%

and many others. Another dimension partly seen very close to the second is the relaxing aspect of Alaska shown by answers as

solitude, silence, relaxing	9,9%
not many people	4,4%
not much tourists	1,6%

The second and third dimensions are the more important for the group of acceptors and high potentials.

4.2. The typical Alaska Traveller

If we ask the respondents to describe the kind of people they think people like to have vacations in Alaska are, there are only three types mentioned by more than 10% of the respondents. Mostly it is

the adventurer	37,1%
people who love nature	20,9%
people who love silence, loneliness	9,8%

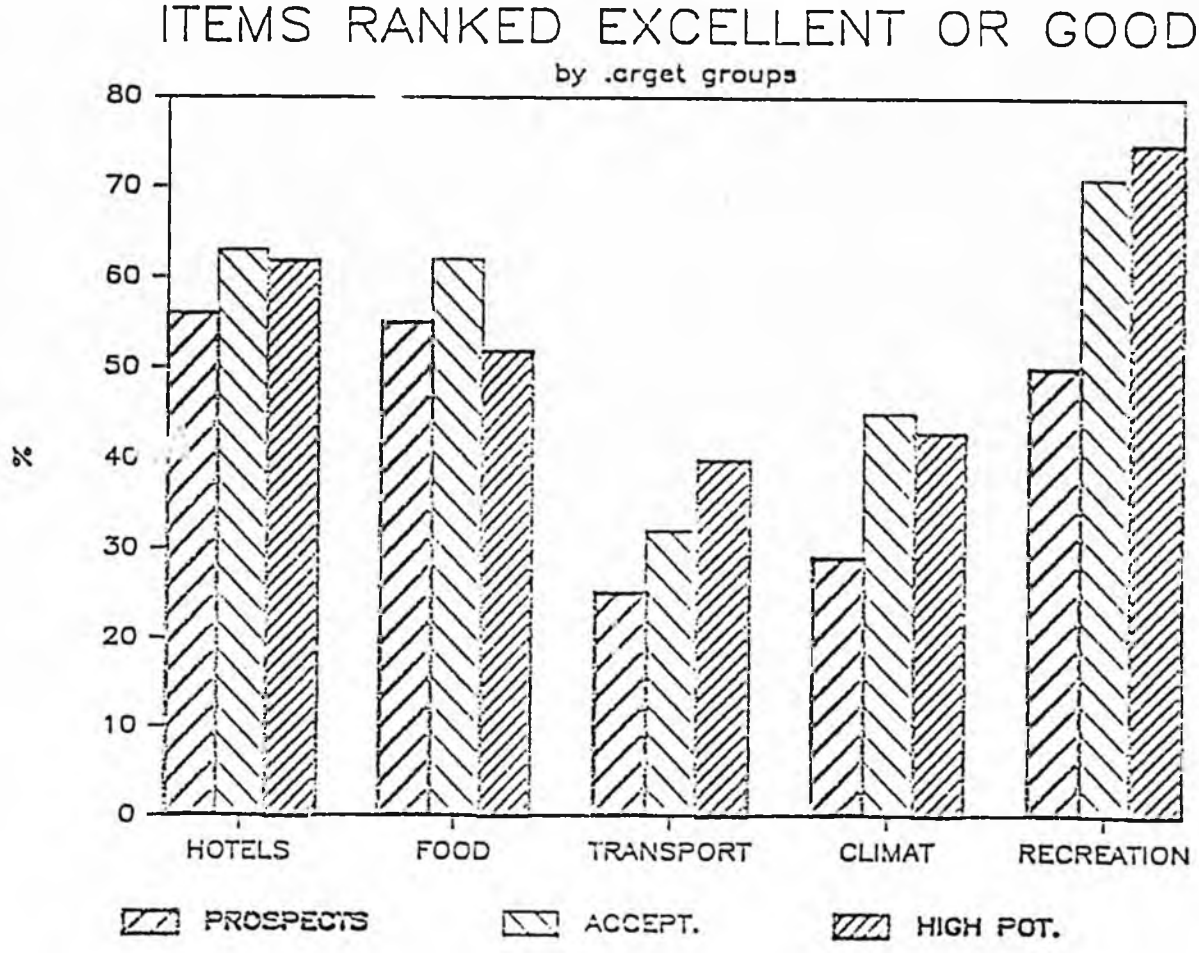
If we take all different types of sports activities together a fourth group can be formed by sportsmen (14,5%).

4.3. Alaska ranked on Image items

To see a country as an attractive opportunity for vacation it has to offer certain facilities. Vacationers ask for a certain standard in hotels, food, transportation, have some ideas about the climate they want and finally the overall aspect of value for recreation. The image profile of touristic Alaska is not at all excellent, if it comes to the best than it is good. Taking excellent and good together, 56% of the respondents believe they could be satisfied with the hotels and motels in Alaska, 55% believe in good food, 50% that there is a possibility for good recreation but only 29% believe in the climate and 25% in the transportation system.

	Hotels	Food	Transp.	Climate	Recr.
	%	%	%	%	%
excellent	5	8	3	6	14
good	51	47	22	23	36
fair	35	39	42	36	33
poor	9	6	32	33	16
MEAN	2.5	2.4	3.0	3.0	2.5

But again acceptors and high potential see Alaska more positive.


ITEMS RANKED EXCELLENT OR GOOD
by .arget groups
%
80
70
60
50
40
30
20
10
0
HOTELS
FOOD
TRANSPORT
CLIMAT
RECREATION
PROSPECTS
ACCEPT.
HIGH POT.

Then again the respondents were shown the list of items they knew already from the question what they like and don't like for their vacation (qu. 8). Taking the rank order of their likes for vacation and comparing it with the rank order for how they see Alaska one can see that Alaska does not fit easily into their picture of an ideal country for vacation.

	Rank on Likes on vacation	Rank on Alaska seen
learn about cultures	1	4
sightseeing	2	9
dining	3	8
natural parks	4	2
swim/sunbath	5	14
see wildlife	6	1
shopping	7	10
visit museums	8	11

If we take the most important items for vacation and compare them with the ranks they have for Alaska we find that only four are the same. The most important point for vacation to learn about cultures is ranked "4" in Alaska, the second important point sightseeing is ranked "9" and the third dining is ranked "8". But visiting national parks and see wildlife are the two most important things one can do in Alaska according to the opinion of the respondents.

So far the results based on ranks and averages. But to go to Alaska for vacation is an individual decision and one has to find out to what extent personal ideas of vacation are satisfied by the image one has of Alaska vacation. In a cross tabulation we tried to find out and calculate the percentages of those who agreed that they would like (point 4 and 5) to find certain circumstances on their vacation and agreed again (point 4 and 5) that they believe this could be found in Alaska. Under this perspective the situation looks far better.

	Prospects %	In 1.000 %
learn about different cultures	66	1.876
visit national parks	62	1.760
see wildlife	58	1.650
dining	35	1.000
si[illegible]tseeing	31	880
camp/hike	30	850
wintersports	25	720
shopping	19	550

66% of the respondents like to learn about different cultures during their vacation and believe there is a possibility for it in Alaska. The potential behind this in numbers is roughly 1.870.000 households in Germany.

62% of the respondents like to visit national parks and believe it could be done easily in Alaska. 58% like to see wildlife and believe they could do it in Alaska, and so on. Here seems to be a quite impressive potential for future tourism.

4.4. Ideal Travel Season

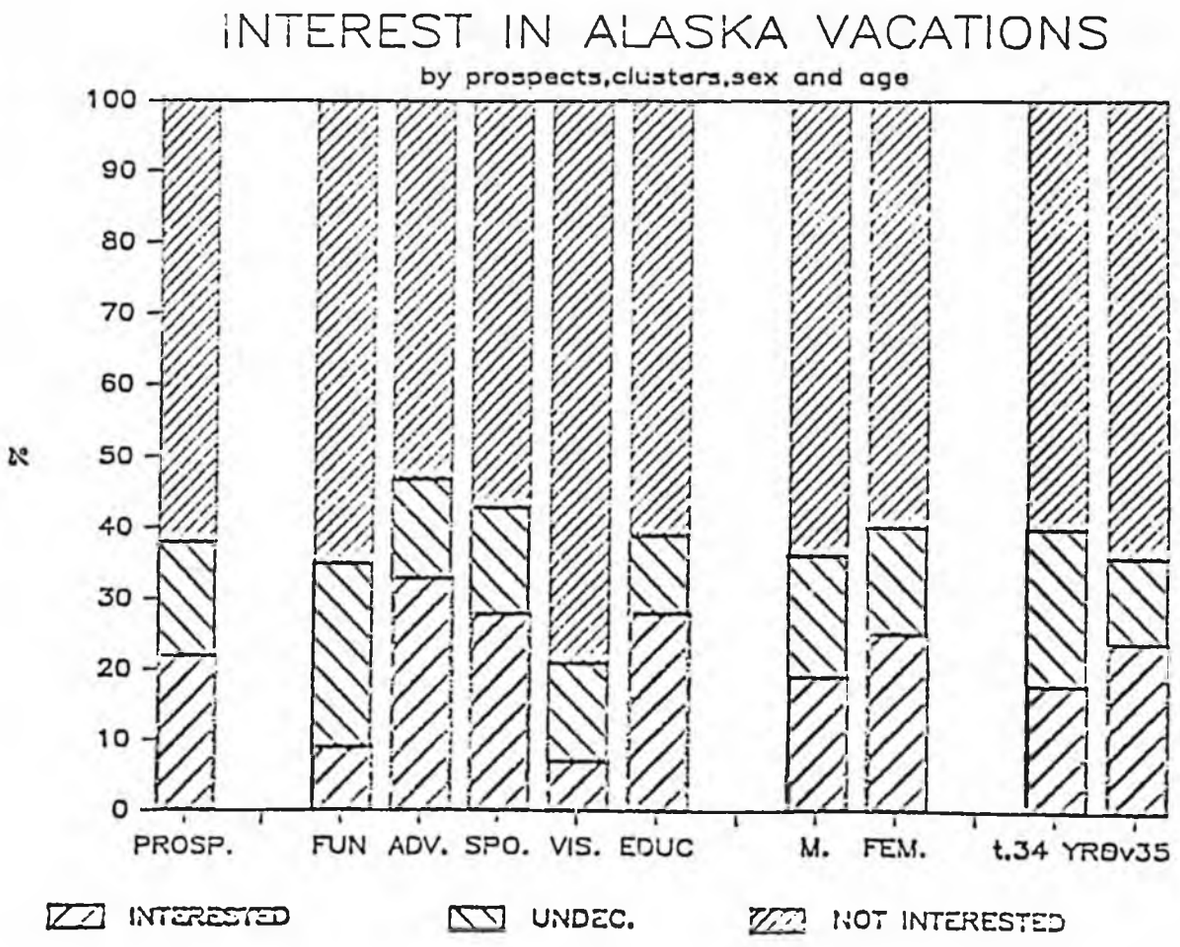
Alaska is seen as a cold country and therefore it is natural that most of the respondents think that summer would be the right time to visit Alaska. In detail they would prefer as their season in Alaska:

Spring	14,9%
Summer	68,5%
Autumn	9,6%
Winter	4,6%

4,7% have no idea which time of the year they would prefer or declare they would not go to Alaska at all.

4.5. Interest in going to Alaska for Vacation

Even if only 8,2% of the respondents say they would be very interested in spending one of their vacations in the next five years in Alaska it still represents a potential of 232.000 households. Knowing that most of the far-distant travellers don't travel alone it might represent a total of 400.000 to 500.000 persons. If we analyze interested (points 4 and 5), undecided (point 3) and not interested (points 1 and 2) by different sub-groups we find the following picture:



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5175 HTRA HCR 6 - HCR 8

747

It is as we can see primarily the adventure but also the sports type and the educational type who are interested in going to Alaska for vacation. Not much interest can be found with the fun-type and the visitors.

Asking for the reason why one would like or not like to go to Alaska for vacation one cannot find new explanations. For those willing to go to Alaska within the next five years it seems to be an interesting country with beautiful sceneries; the main reason against it is the fear that it would be too cold, one prefers a milder climate.

D. SUMMARY AND RECOMMENDATIONS

After screening nearly 6.000 households representatively spread over the Federal Republic of Germany we interviewed 489 households about their long-haul travel behaviour and attitudes. For having data of relevance for marketing decisions we asked

prospects:
That means heads of households, responsible for or taking part in decision making process for vacation, who took vacations of at least one week in the past three years and who took vacations in a place of at least 3.300 km one way from home in the past five years.

11,2% of West-German households meet these conditions and represent 2.84 Mio. households. Additionally within the prospects we analysed some demographically and behaviourally defined target groups:

acceptors:
prospects who show interest in Alaska vacation

high potentials:
acceptors who have travelled two or more long-distance vacations in the past five years and spent at least 3.000 DM per person on the last long-distance trip

high profiles:
prospects who are 35 years and older with 5.000 DM household income minimum and without children at home

visitors:
prospects having visited Alaska during the past three years.

There are households of these types in Germany as follows:

acceptors	1.068.000
high potentials	282.000
high profiles	93.000
visitors	42.000

By definition acceptors and high profiles are by a high percentage interested or very interested in Alaska vacations:

prospects	21,6%
acceptors	57,6%
high potentials	68,2%
high profiles	42,3%

Interest in an Alaska trip is high positively correlated with education, income and professional status. Your target group tends to concentrate in the age group between 25 and 45 years. They often live in or nearby bigger cities, especially Hamburg, Rhein-Main-area and Munich because they seem to be more open-minded towards long-haul travel.

Long-haul travel is of course very often an unique event in the life of the prospects. Nearly two third of them have had only one long-haul journey during the past five years. Here again the high potentials are leading with 2.9 long-distance vacations during the past five years (1.8 all prospects). Die long-haul destinations of the prospects are mostly U.S.A. (31%), Africa (26%), South/Southeast Asia (19%) and Canada (15%), compared to Alaska with 1,8% (approx. 50.000 households). It is therefore not at all surprising that acceptors and even more high potentials were more often in these countries and the portion with Alaska travel experience rises to 12,8% by the high potentials. Alaska as well as Hawaii is often not a final destination but a stop-over on a travel-around-the-world or on the routes across the pola. region. On the average, prospects spent 3,865 DM on their furthest trip per person. But this figure differs widely by destinations and sub-groups. High potentials spent 5,465 DM on the average.

Every second long-haul trip was self-organized, but for visitors of Alaska it was 100%. This does not mean that travel agencies were nearly unimportant for your marketing mix. The opposite is true. 73% of the respondents ask their travel agency for information when preparing a long-haul trip. Only 12% ask tourist agencies or read books about travelling. Not only in Germany leisure travelling is a high interest product. People are always open for hints about travel destinations, they talk about it with friends, read in journals or watch TV-broadcastings throughout the year. To reach your target groups best, we would recommend to advertise through articles in journals, magazines and broadcastings. When inserting ads it is suggested that you use special interest journals like "Geo", "ADAC-Motorwelt" or the journal "Stern". Inserting in all three you couid reach 85% of the high potentials. With "Geo" alone you could reach 39% of high potentials.

Communication with the consumer side requires information about motivations and attitudes towards leisure travel in general and especially Alaska. In other words: the better you know your target group the better you are able to talk to your consumers by advertisement. Therefore, we have concentrated all the psychological issues and resuits through a consumer typology and have found five significant types:

1. Fun type (19%), who prefers to dine, swim, sunbath and enjoy nighttime entertainment (with low interest for Alaska)

2. Adventurer (20%), who likes to visit natural parks, to camp, hike, take trips but learn about culture also (with high interest for Alaska and relatively high portion of high potentials)

3. Sportive type (24%), who likes rather conventional forms of vacation but is fond of winter and summer sports, fishing and wildlife (with high interest for Alaska but a somewhat lower portion of high profiles)

4. Visitor-type (18%), who is mainly interested in seeing friends and relatives (with low interest for Alaska)

5. Educational traveller (19%), who likes to go sightseeing, visits museums and likes to learn about culture (with medium interest in Alaska, but a relevant portion of high profiles).

So your most interesting motivational target groups are the adventurer, the educational type and the sportive type.

The image of Alaska as a travel destination by your prospects is not surprising at all. The spontaneous associations with Alaska are

- coldness	50%
- snow, ice, winter	30%
- glaciers, icebergs, snow mountains	9%

and untouched nature, silence, etc. So the typical Alaska travellers are

- adventurers	37%
- people who enjoy nature	21%
- sportsmen	15%
- people who enjoy loneliness	10%

Travellers ask for a certain standard in hotels, food, transportation, recreation and have preferences towards specific climates. These aspects for Alaska are not at all excellent, they are at best good. Prospects doubt to find good or excellent conditions for recreation and think the transportation system might be troublemaking. Comparing the features prospects want to find in their holiday destination and what they expect in Alaska we find some important strong points:

- learn about different cultures

- visit national parks
- see wildlife
- dining
- sightseeing
- camp/hike
- wintersports

69% would prefer to visit Alaska in summer.

To conclude we estimate the target group that is very interested in visiting Alaska during the next five years with 230.000 households or 400.000 to 500.000 persons. You should communicate with the "adventurers" and "sportsmen" on the one side and with the "educational type" on the other. These two clusters are somewhat different and you should adjust your marketing mix for these requirements to get a maximum in market success.

QUESTIONNAIRE

Nr. der AL

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September 1986
Pae/me

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Marktplatz 9 6050 Offenbach am Main
Tel. 069/ 80 59-1

Hauptfragebogen

Frage	Antwort	SP-Code	Nächste Frage
A) Haben Sie in den letzten 3 Jahren eine Urlaubsreise unternommen, die eine Woche oder länger gedauert hat?	Ja	1	B
	Nein	2	Ende
B) Wer in Ihrer Familie wählt im wesentlichen das Urlaubsziel aus?	ich selbst	1	1
	Ehefrau/Partnerin	2	
	Ehemann/Partner	3	Ende
	eine andere Person	4	
1. Wieviele Urlaubsreisen, die eine Woche oder länger angedauert haben, haben Sie in den letzten 5 Jahren unternommen?	Anzahl eintragen Reisen	11- 12-	
2. Wieviele dieser Reisen brachten Sie 3.300 km oder weiter (einfache Strecke) von zu Hause weg?	Anzahl eintragen Reisen	13- 14-	

Frage	Antwort	SP-Code	Nächste Frage
3. Welche der folgenden Gebiete haben Sie in den letzten 5 Jahren als Urlaubsziel gewählt?	Europa	15- 1	
	Mittlerer Osten	2	
	Afrika	3	
	Asien oder Indien	4	
	Süd Pazifik, Phillipinen, Indonesien	5	
	Australien, Neuseeland	6	
	Süd- oder Zentralamerika	7	
	Hawaii	8	
	Karibische Inseln	9	
	Mexiko	0	
	Kanada	X	
	U S A	Y	
	Alaska	16- 1	
INT.: Wenn USA genannt: Welche Staaten?	----------	17-	

INT.: Wenn Alaska genannt:		18-	
Zu welcher Zeit?	_____ Monat / Jahr	19-	

Frage	Antwort	SP-Code	Nächste Frage
4. Wenn Sie einmal an die letzte Fernreise denken, die Sie 3.300 km oder weiter von zu Hause wegbrachte, welches war das am weitesten entfernte Gebiet, das Sie während dieses Urlaubs besucht haben?		20–	
	Mittlerer Osten	2	
	Afrika (nur Zentral- und Südafrika)	3	
	Asien oder Indien	4	
	Süd Pazifik, Philippinen, Indonesien	5	
	Australien, Neuseeland	6	
	Süd- oder Zentralamerika	7	
	Hawaii	8	
	Karibische Inseln	9	
	Mexiko	0	
	Kanada	X	
	U S A	Y	
	Alaska	21– 1	
	Andere, welche? _____		
5. Wie hoch waren ungefähr die Kosten für Ihre Urlaubsreise nach ..... (Antwort Fr. 4 nennen) pro Person?	DM _____ Kosten pro Person	22– 23– 24– 25–	
6. War diese Reise	... eine organisierte Reise (Pauschalreise) in einer Gruppe, möglicherweise mit Reiseführer	26– 1	
	... eine organisierte Reise (Pauschalreise) aber nicht in einer Gruppe	2	
	... eine selbst organisierte Reise	3	
7. Haben Sie diese Reise, wenn auch nur zum Teil, über ein Reisebüro gebucht?	komplett über ein Reisebüro gebucht	27– 1	
Was haben Sie beim Reisebüro gebucht?	nur Unterkunft im Reisebüro gebucht	2	
	nur Transportmittel im Reisebüro gebucht	3	

Frage	Antwort	SP-Code	Nächste Frage

8. Jeder hat seine eigene Art der Freizeitgestaltung, auch während des Urlaubs. Ich werde Ihnen nun einige Möglichkeiten der Freizeitgestaltung im Urlaub vorlesen, und Sie sagen mir bitte, wie gerne Sie die einzelnen Aktivitäten ausüben. Bitte tun Sie das anhand einer Skala von 5 bis 1.

Ich möchte Sie bitten, sich etwas zum Schreiben zur Hand zu nehmen und eine Zahlenreihe (Skala) 5,4,3,2,1 aufzuschreiben. Zur '5' notieren Sie sich bitte 'sehr gerne', zur '1': 'überhaupt nicht gerne'. Die Zahlen dazwischen dienen zur Abstufung Ihres Urteils

Vorlesen

		tue ich sehr gern				tue ich überhaupt nicht gern
Sehenswürdigkeiten der Städte anschauen	28-	5	4	3	2	1
Museumsbesuche	29-	5	4	3	2	1
Einkaufen	30-	5	4	3	2	1
Essen gehen in guten Lokalen	31-	5	4	3	2	1
Angeln	32-	5	4	3	2	1
Tennis und/oder Golfspielen	33-	5	4	3	2	1
Schwimmen/Sonnenbaden	34-	5	4	3	2	1
Skifahren/Wintersport	35-	5	4	3	2	1
Naturparks/Naturbesonderheiten anschauen	36-	5	4	3	2	1
Kennenlernen fremder Kulturen	37-	5	4	3	2	1
Campen, Wandern, Rucksacktouren und gute Möglichkeiten, die Natur zu erleben	38-	5	4	3	2	1
Nächtliches Unterhaltungsprogramm genießen	39-	5	4	3	2	1
die Wildnis in ihrem ursprünglichen Zustand erleben	40-	5	4	3	2	1
Freunde- und Verwandtenbesuche	41-	5	4	3	2	1
Spielmöglichkeiten für Kinder	42-	5	4	3	2	1
Abenteuertouren unternehmen	43-	5	4	3	2	1

Frage	Antwort	SP-Code	Nächste Frage

INT.: Der Befragte soll an dieser Stelle aus methodischen Gründen den Eindruck haben, daß Alaska rein zufällig aus einer Reihe von möglichen Urlaubszielen für dieses Interview ausgewählt wurde.

Bei dieser Befragung nehmen wir die Meinung von Leuten über die verschiedenen Urlaubsgebiete auf. Mit Ihnen möchte ich mich gerne über Alaska, das für diese Befragung rein zufällig ausgewählt wurde, unterhalten.

9. Was geht Ihnen durch den Kopf, wenn Sie an Alaska denken? Was ist das Erste, woran Sie denken? 44–

45–

46–

47–

10. Was fällt Ihnen noch zu Alaska ein? 48–

49–

50–

51–

11. Man hat seine eigenen Vorstellungen von Urlaubsgebieten. Bitte beschreiben Sie mir die Menschen, die Ihrer Meinung nach am ehesten eine Urlaubsreise nach Alaska unternehmen? 52–

53–

54–

55–

Frage	Antwort	SP-Code	nächste Frage

12. Man hat auch eigene Vorstellungen, wie Alaska als Urlaubsland sein könnte. Rein von Ihrem Eindruck, welche der folgenden Gesichtspunkte, glauben Sie, sind sehr gut, gut, befriedigend oder schlecht in Alaska?

Vorlesen		sehr gut	gut	befriedigend	schlecht
Hotels und Motels	56–	1	2	3	4
Essen und Restaurants	57–	1	2	3	4
Verkehrsnetz	58–	1	2	3	4
Klima	59–	1	2	3	4
Erholungsmöglichkeiten für Touristen	60–	1	2	3	4

13. Bitte sagen Sie mir, wie interessiert sind Sie persönlich, in den nächsten fünf Jahren einmal Urlaub in Alaska zu machen?
Bitte sagen Sie mir anhand einer Skala von 5 bis 1, wie groß Ihr Interesse ist. Die 5 bedeutet "sehr interessiert", die 1 bedeutet "gar nicht interessiert". Mit den Zahlen dazwischen können Sie Ihr Urteil abstufen.

61–

5 4 3 2 1

sehr interessiert — gar nicht interessiert

14. Können Sie mir das kurz begründen? 62–

63–

14. Warum haben Sie Alaska noch nicht besucht? 64–

65–

66–

Frage	Antwort	SP-Code	Nächste Frage
16. Wenn Sie einmal nach Alaska reisen würden, zu welcher Jahreszeit würden Sie reisen?	Frühling	67- 1	
	Sommer	2	
	Herbst	3	
	Winter	4	
		68-80R/	

17. Ich lese Ihnen nun noch einmal die Liste mit den Möglichkeiten der Urlaubsgestaltung vor. Sie sagen mir bitte zu jeder Möglichkeit, wie Sie sie in bezug auf Alaska beurteilen. Ihr Urteil geben Sie mir wieder anhand der Skala von 5 bis 1, wobei die 5 "sehr gut" und die 1 "schlecht" bedeutet. Mit den Zahlen dazwischen können Sie Ihr Urteil abstufen.

V o r l e s e n

		sehr gut				schlecht
Sehenswürdigkeiten der Städte anschauen	10-	5	4	3	2	1
Museumsbesuche	11-	5	4	3	2	1
Einkaufen	12-	5	4	3	2	1
Essen gehen in guten Lokalen	13-	5	4	3	2	1
Angeln	14-	5	4	3	2	1
Tennis und/oder Golfspielen	15-	5	4	3	2	1
Schwimmen/Sonnenbaden	16-	5	4	3	2	1
Skifahren/Wintersport	17-	5	4	3	2	1
Naturparks/Naturbesonderheiten anschauen	18-	5	4	3	2	1
Kennenlernen fremder Kulturen	19-	5	4	3	2	1
Campen, Wandern, Rucksacktouren und gute Möglichkeiten, die Natur zu erleben	20-	5	4	3	2	1
Nächtliches Unterhaltungsprogramm genießen	21-	5	4	3	2	1
die Wildnis in ihrem ursprünglichen Zustand erleben	22-	5	4	3	2	1
Freunde- und Verwandtenbesuche	23-	5	4	3	2	1
Spielmöglichkeiten für Kinder	24-	5	4	3	2	1
Abenteuertouren unternehmen	25-	5	4	3	2	1

Frage	Antwort	SP-Code	Nächste Frage
18. Wo informieren Sie sich zur Vorbereitung einer Fernreise?		26-	
	Reisebüro	1	
	Fremdenverkehrsamt	2	
	Autoclub (z.B. ADAC)	3	
	Reiseführer	4	
	Freunde/Bekannte/Familie	5	
	Sonstiges, wo?		
	_____	6	
	_____		
18a. Bei welchen Teilen der Reisevorbereitung von Fernreisen informieren Sie sich in einem Reisebüro?		27-	
	Informationen über		
	... Land	1	
	... Preise	2	
	... Unterkunft	3	
	... Verkehrsmittel	4	
19. Welche der folgenden Zeitschriften bzw. Magazine lesen Sie regelmäßig?		28-	
	Capital	1	
	Manager Magazin	2	
	Geo	3	
	Hör Zu	4	
	Stern	5	
	Bunte	6	
	ADAC Motorwelt	7	
	Petra	8	
	Sonstiges, was (keine Tageszeitungen!)	29-	
	_____	30-	
	_____		
	_____	31-	
	_____		
			32–36/R

Nun noch einige Fragen zur Statistik:

Frage	Antwort	SP-Code	Nächste Frage
A. Wieviele Personen, Sie selbst eingeschlossen, leben in Ihrem Haushalt?	Anzahl eintragen _____ Personen	37-	
INT.: Wenn mehr als eine Person:		38-	
B. Wieviele davon sind Kinder	unter 12 Jahren ..... Kinder		
	13 bis 17 Jahre alt _____ Kinder	39-	
C. Sind Sie	ledig	40 1	
	verheiratet/zusammen lebend	2	
INT.: V o r l e s e n	verwitwet/geschieden	3	
	getrennt lebend	4	
D. Darf ich Sie fragen, wie alt Sie sind?	18 bis 24 Jahre	41- 1	
	25 bis 34 Jahre	2	
	35 bis 44 Jahre	3	
	45 bis 54 Jahre	4	
	55 bis 64 Jahre	5	
	65 Jahre und älter	6	
E. Welchen Schulabschluß haben Sie?	Volksschule/Hauptschule	42- 1	
	Mittelschule/Realschule höhere Schule ohne Abitur	2	
	Fachschule/Handelsschule	3	
	Abitur	4	
	Universitäts-/Hochschulabschluß	5	

Frage	Antwort	SP-Code	Nächste Frage
F. Welchen Beruf hat der Hauptverdiener?		43-	
	selbständig	1	
	leitender Angestellter/ höherer Beamter	2	
	einfacher/mittlerer Angestellter/Beamter	3	
	Arbeiter	4	
	z.Zt. arbeitslos	5	
	Rentner/Pensionär	6	
	Student/in Ausbildung	7	
Fa. Sind Sie selbst der Hauptverdiener im Haushalt?		44-	
	Ja	1	G
	Nein	2	Fb
Fb. Wie alt ist der Hauptverdiener?		45-	
	18 bis 24 Jahre	1	
	25 bis 34 Jahre	2	
	35 bis 44 Jahre	3	
	45 bis 54 Jahre	4	
	55 bis 64 Jahre	5	
	65 Jahre und älter	6	
Fc. Ist der Hauptverdiener		46-	
	männlich	1	
	weiblich	2	
G . Gibt es ein anderes erwachsenes Haushaltsmitglied als den Hauptverdiener, das berufstätig ist?		47-	
	Ja, ganztags	1	
	Ja, teilweise berufstätig (halbtags)	2	
	Nein	3	

Frage	Antwort	SP-Code	Nächste Frage
H. Wie hoch ist das monatliche Einkommen aller zum Haushalt gehörenden Personen zusammen, ich meine damit das Haushaltsnettoeinkommen nach Abzug der Steuern und Sozialversicherungsbeiträge? INT.: Falls "weiß nicht": Schätzen Sie doch bitte einmal.	_____ DM	48-	
Ha. Befragte Person ist ...	männlich weiblich	49- 1 2	
Ortskennziffer:	75- 76- 77- 78- 79- 80-	50-74/R	

Die ordnungsgemäße Durchführung des Interviews bestätigt:

Datum	Unterschrift	Interviewer-Nr.

With respect to the resolution before you, I would like to clearly state that the airlines are not opposed to the concept of the promotion and marketing of Anchorage and Fairbanks International Airports. Such programs, which are in place at various other airports throughout the United States, are sometimes, but not always, beneficial in stimulating additional traffic. Many of these programs are in conjunction with and financially supported by other local agencies and organizations, so that the destination is being marketed, not just the airport. Anchorage and Fairbanks Airports both have excellent airfield and terminal facilities and services; and it is very doubtful that an airline management, anywhere in this country or the world, would necessarily be convinced to fly to one of these airports if there are not operational, technical, market-related, or other business reasons to do so. In other words, there is no assurance that an airport marketing program will bring any new traffic.

The airlines are extremely concerned by the current airport marketing proposals, because, at this point, they lack any definition of how a marketing program would be organized and implemented. We know nothing about the scope of the effort, its management, and overall control. The only information we have heard in recent weeks is the proposal to spend anywhere from $3 million to $5 million per year on an airport marketing program. These amounts are incredibly high compared with other airports and seem to have no basis or solid rationale.

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02-576(2/77)

STATEMENT OF ANCHORAGE/FAIRBANKS AIRLINES AIRPORT AFFAIRS COMMITTEE

TO STATE OF ALASKA LEGISLATURE, FEBRUARY 20, 1987

My name is Clifford T. Argue, and I am Staff Vice President of Properties and Facilities for Alaska Airlines. However, I am appearing before you today as Chairman of the Anchorage/Fairbanks Airlines Airport Affairs Committee, which is an organization representing some 22 international and domestic airlines serving Anchorage and Fairbanks airports. These airlines have signed the recently negotiated Airline/Airport Lease and Operating Agreement.

The relationship between the airport operator, in this case the State of Alaska, and the carriers is a partnership. We must continually work together in a spirit of cooperation to ensure the best possible and most cost effective air transportation facilities serving a particular community. Our business relationship has been documented in the operating agreement, which was signed last year following almost two years of intensive negotiation.

This relationship is simple. The airlines are responsible for paying the majority of the costs of the construction, operation, and maintenance of the Anchorage and Fairbanks airports. While there are Federal grants, concession revenues, and other sources of income, our agreements provide that the airlines will make up any difference between revenues and expenses through the rates, fees, and charges we pay to the Department of Transportation and Public Facilities. The burden does not fall back on the general fund of the State.

With respect to the resolution before you, I would like to clearly state that the airlines are not opposed to the concept of the promotion and marketing of Anchorage and Fairbanks International Airports. Such programs, which are in place at various other airports throughout the United States, are sometimes, but not always, beneficial in stimulating additional traffic. Many of these programs are in conjunction with and financially supported by other local agencies and organizations, so that the destination is being marketed, not just the airport. Anchorage and Fairbanks Airports both have excellent airfield and terminal facilities and services; and it is very doubtful that an airline management, anywhere in this country or the world, would necessarily be convinced to fly to one of these airports if there are not operational, technical, market-related, or other business reasons to do so. In other words, there is no assurance that an airport marketing program will bring any new traffic.

The airlines are extremely concerned by the current airport marketing proposals, because, at this point, they lack any definition of how a marketing program would be organized and implemented. We know nothing about the scope of the effort, its management, and overall control. The only information we have heard in recent weeks is the proposal to spend anywhere from $3 million to $5 million per year on an airport marketing program. These amounts are incredibly high compared with other airports and seem to have no basis or solid rationale.

Because of the business relationship noted earlier in my remarks, the airlines also are extremely uneasy about a funding proposal of this magnitude, if it is contemplated to come from the International Airports Revenue Fund. Contrary to some reports, there is not a big fund of unallocated money in the IARF, nor do the airports produce a large "profit." Any apparent "profit" is, in reality, money that is already committed to planned capital projects. Therefore, wherever in the IARF marketing money is budgeted, it will, by necessity, place an additional burden on the airlines through increasing our landing fees paid to the State. Every one million dollars in additional annual cost would require an additional four cents per one thousand pounds of aircraft takeoff weight in landing fees.

We have already seen substantial increases in our landing fees in the past two years to support the extensive construction at both airports, and additional increases can only be counterproductive and burdensome. Such additional costs must be passed on to the consumer through higher air fares and air freight rates; or, as in the recent examples of Boston, Las Vegas, and Florida, recovered through a surcharge on each ticket stated separately. For example, an additional five million dollars in annual costs would cost Alaska Airlines $436,000 and Japan Air Lines $989,000. These are not the types of costs that can be just absorbed by the airlines. Such additional costs might also have the negative effect of causing airlines to curtail service to Anchorage and Fairbanks and seek lower-cost locations. This would certainly be the exact opposite of what is desired in a marketing program.

The airlines recommend that in considering the current resolution, the Legislature request that the Department of Transportation and Public Facilities work cooperatively with other interested agencies in first developing a coordinated marketing plan with specific tasks identified, goals set, and a realistic budget supported not only by the IARF, but all involved organizations.

The airlines are willing to participate in some manner, but only if we are convinced that a prudent and cost-effective approach is being followed.

Thank you.

STATE OF ALASKA
THE LEGISLATURE

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

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May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 2-20-87 1:30p.m.

Official Business

COMMITTEE:

House Transportation

DATE: February 20, 1987

SIGN-IN

Subject of meeting:

HCR 6: Relating to promotion and marketing of the state-operated international airports

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
C.T. ARGUE	P.O. Box 68900 Seattle, WA 98168	206 433-3184	Anchorage / Fairbanks Airlines Airport Affairs Com	Yes
R. Poe		465-3900	DOT/PF	Yes
Steve Rieger			Sponsor	Yes
Ken Calhoun	Pres. Anch Chamber of Comm. 99503 207 E. N.L. Ave.	276-1733	Anch Chamber	Yes

HCR
8

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

April 24, 1987

COMMITTEE CALENDAR:

HB 256: "An Act relating to driving motor vehicles in the vicinity of the James Dalton Highway; providing penalties for violations of motor vehicle laws; and providing for an effective date."

HCR 8: Relating to levels of service by the Alaska Marine Highway System.

FOR THIS MEETING YOU HAVE:

A folder on HB 256 that includes:

* a copy of HB 256
* a fiscal note from the Governor's Office
* a fiscal note and position paper from the Department of Public Safety
* a letter from the Governor
* a copy of the statutes impacted by HB 256

A folder on HCR 8 that includes:

* copy of HCR 8
* fiscal note from DOT/PF
* correspondences of support
* a report on the Alaska Marine Highway System commissioned by the Southeast Conference

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version : SCR 9
Publish Date :

REQUEST:

Revision Date:
Title : "Relating to levels of service by the Alaska Marine Highwway System."
Sponsor : Jones et al
Requestor : Jones

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

Components : Southeast and Southwest Vessel Operations and Overhaul

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		6,500.0	6,500.0	6,500.0	6,500.0	6,500.0
TRAVEL		100.0	100.0	100.0	100.0	100.0
CONTRACTUAL		1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
SUPPLIES		2,380.0	2,380.0	2,380.0	2,380.0	2,380.0
EQUIPMENT		20.0	20.0	20.0	20.0	20.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		10,000.0	10,000.0	10,000.0	10,000.0	10,000.0
CAPITAL						
REVENUE		4,000.0	4,000.0	4,000.0	4,000.0	4,000.0

FUNDING: (Thousands of Dollars)

GENERAL FUND		10,000.0	10,000.0	10,000.0	10,000.0	10,000.0
FEDERAL FUNDS						
OTHER						
TOTAL		10,000.0	10,000.0	10,000.0	10,000.0	10,000.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See Attached

Prepared by : George Davidson
Division : Alaska Marine Highway System
Phone : 465-3950
Date : 02/17/87

Approved by Commissioner : Rachel S. Thiessen
Agency :
Date : 2/17/87

Distribution (by preparer):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

page ____ of ____

M88

In assuming the service level of the Alaska Marine Highway System to be comparable to other interstate highways in the state, it is defined to be the level of service authorized for FY 87. Therefore, the required funding represents the dollar amount of decrements included in the Governor's FY 88 Operating Budget.

The service to be restored is as follows:

1. The M/V MALASPINA will not be in unmanned lay-up for four months.

2. The M/V TAKU will not be in unmanned lay-up for six months.

3. Winter mainline service to both Seattle and Prince Rupert, B.C. would be maintained. However, the M/V COLUMBIA will continue with winter unmanned lay-up as in FY 86 and FY 87 and one mainliner will be placed in a reduced operating status for a two-month period as in FY 87.

4. The M/V AURORA will not be placed in unmanned lay-up and the normal feeder schedule will be maintained. With the continued availability of the M/V AURORA, the M/V CHILKAT will be on-line during a four-month period only as originally planned.

5. The M/V BARTLETT will not be placed in unmanned lay-up for six months and normal service to Cordova will be maintained.

1,034 staff months would be restored, affecting 241 people on all ships.

Special notes:

1. Inflationary cost increases have not been included for FY 89 and beyond. Therefore, it is anticipated that, as a result, by FY 92 there would again be a significantly diminished level of service.

2. If service levels are compared to other interstate highway reductions as reduced in the FY 87 Revised Budget, both service levels and costs could be lowered.

Revenue Considerations:

Revenue to be generated as a result of restored ship operations is estimated at $4,000.0, which means that the net subsidy cost to the State would be $6,000.0.

SOUTHEAST ALASKA REGIONAL HEALTH CORPORATION
POST OFFICE BOX 2800 • JUNEAU, ALASKA 99803 • (907) 789-2131

EXECUTIVE OFFICES

[APR 1 (...

April 7, 1987

Lloyd Jones
P.O. Box V
Juneau, Alaska 99811

Dear Senator Jones:

The Southeast Alaska Regional Health Corporation feels a reduction in ferry service between the villages and cities of Southeast Alaska will result in a deterioration of health services for the people of the Southeast region.

Please allow me to outline some of the problems which the village people will face if the severe cuts in ferry service are put into effect:

1. MANY PEOPLE USE THE FERRY SYSTEM TO OBTAIN MEDICAL AND DENTAL SERVICES WHICH ARE NOT AVAILABLE IN THEIR COMMUNITIES. If people are forced to turn to air transportation to obtain these services, medical and dental care will be delayed or not obtained at all. We feel we should be encouraging people to obtain early intervention before the course of a disease or medical problem has reached advanced stages where drastic measures are required.

2. REDUCTIONS IN THE "ONE DAY TURNAROUND" FERRY SERVICE TO SITKA WILL CAUSE SEVERE PROBLEMS FOR MANY VILLAGE PEOPLE. We have arranged for Mt. Edgecumbe Hospital physicians to conduct full clinics on Saturdays. These clinics are available for village people who need to be seen at the clinic and return to their homes the same evening. Many people use this service to not only receive acute medical care not otherwise available in their village but also to obtain preventive health services such as immunizations or infant check-ups. With the recent reductions in state public health nursing staffing, preventive health measures are even less available in the villages.

3. FOR SOME CONDITIONS OUR PHYSICIANS ARE RELUCTANT TO ALLOW THEIR PATIENTS TO FLY IN AIRPLANES AFTER SURGERY. This is sometimes the case where a youthful patient has had ear surgery and the surgeon does not want to subject the patient to air pressure situations often found on airplanes. This is especially true when repairs have been made to ear drums. Cutbacks in service will cause major delays in patients returning to their homes.

MT. EDG[illegible] CUMBE HOSPITAL
222 TONG[illegible]S DRIVE
SITKA, AK 99835 (907) 966-2411

MEDICAL CENTER (907) 586-1600
DENTAL CENTER (907) 586-6620
JUNEAU, ALASKA 99801

4. WE HAVE BEEN TRYING TO ENCOURAGE PRENATAL PATIENTS TO VISIT THEIR DOCTOR SEVERAL TIMES DURING THEIR PERIOD OF PREGNANCY. If these women need to fly to Sitka to obtain these examinations, many women will postpone or eliminate these visits all together. We feel that pregnancy problems need to be detected early and followed regularly to avoid (as much as possible) the need for heroic evacuations of pregnant women from their villages to nearby hospitals.

We hope that these remarks will assist you in your discussions about the need to continue to provide a high level of ferry service throughout the Alaska Panhandle.

Thank you for this opportunity to provide this perspective on health services in Southeast Alaska.

Sincerely,

Niles C. Cesar
Executive Vice President

cc: Tim Smith
Bonnie Dune
Mayor Dan Keck
David Knapp

Alaska State Chamber of Commerce

Resolution Supporting the Alaska Marine Highway System

Whereas the Alaska Marine Highway System (AMHS) is the primary mode of transportation available for many Alaskan Communities; and

Whereas the AMHS is the primary and in some cases the sole mode of transportation available to some Southeastern Alaskan communities; and

Whereas the AMHS plays a critical role in Alaskan commerce while providing full time employment for thousands of state residents.

Whereas the AMHS interstate passengers are major contributors to the state's economy and tourism activities; and

Whereas approximately 40 percent of AMHS passengers traveling between Seattle and Haines are destined for South Central and Interior regions of Alaska; and

Whereas, the proposed reductions in the AHMS winter schedule will severely impact communities that depend on a reliable and continuous transportation system for essential goods and services.

Be it resolved that, The Alaska State Chamber of Commerce respectfully urges Governor Cowper and the Fifthteenth Alaska Legislature to maintain the ~~current operations~~ of the Alaska Marine Highway System, as it is a critical element of Alaska's economy.

~~Frequency of Service~~
Frequency of Service

1987

ALASKA TRUCKING ASSOCIATION POSITION PAPER

"ALASKA MARINE HIGHWAY SYSTEM"

WHEREAS the Alaska Marine Highway System is a public utility charged with the task of providing transportation between points where there is public need which cannot be fulfilled by the use of highways or by private enterprise on a sound econiomic basis. The system must have the flexibility to operate in the best interest of the traveling public and citizens of Alaska.

WHEREAS the coastal communities of Alaska are heavily dependant on the Alaska Marine Highway System service for their economic well being:

WHEREAS revenue generated on the Price Rupert route and the Seattle route is equal to an average of 90% of the expenses on these two mainline routes:

WHEREAS the level of service furnished to th population of Southeast Alaska by the trucking industry is totally dependent upon the frequency of service of the Alaska Marine Highway System:

WHEREAS truck service is valuable to the public because it offers transportation of cargo more frequently and in a shorter time frame than barge service which is available only once a week in Southeast Alaska:

WHEREAS time frame becomes critical in the movement of items such as perishables, break-down repair parts, mail, etc.:

WHEREAS the mainline routes were designed to serve the largest majority of the population in Southeast Alaska:

WHEREAS the present 7 month schedule already represents more than a 50% reduction over the present 5 month summer schedule:

BE IT RESOLVED that the Alaska Trucking Association supports maintaining the present frequency of service level of the Alaska Marine Highway System.

LYNDEN INCORPORATED

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Juneau, Alaska 99801
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SOUTHEAST CONFERENCE

ALASKA MARINE HIGHWAY SYSTEM

THE COMMUNITY PERSPECTIVE

"Working For All Alaska"

ALASKA MARINE HIGHWAY SYSTEM:

THE COMMUNITY PERSPECTIVE

A report regarding the importance of the Alaska Marine Highway System; containing community perspectives; recommendations for the fiscal year 1988 budget; and suggestions for improvements and efficiencies for the future.

Commissioned by the Southeast Conference

Prepared By
Ayers and Associates
April 1987

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I.

INTRODUCTION

INTRODUCTION

This report was commissioned by the Southeast Conference to provide a basic understanding of the importance of the Alaska Marine Highway System to the people of Alaska. The Southeast Conference is an organization of municipalities, chambers of commerce, groups and individuals representing the common interests of citizens, and businesses of Southeast Alaska. This year, the Conference is working on a variety of issues. They include economic development, educational services, fishing and timber enterprises, and transportation.

The general goal of the Conference is to represent the interests of the 70,000 people of Southeast Alaska on those issues where there is common accord and which significantly affect the economic well being of the entire region as well as the state.

While the Southeast Conference is working on a variety of issues, it has focused on the Alaska Marine Highway System as its top priority. This is because the economic stability and way of life of the entire region is so closely linked to the service level of the ferry system. At the time of its genesis in 1956, the establishment of the ferry system was the exclusive goal of the Southeast Conference, and the Conference does credit itself to a large degree for the birth of the ferry system in Southeast.

Now, more than twenty years have elapsed since the Malaspina, the Matanuska and the Taku were commissioned in the spring of 1963. During the past twenty-four years,

the ferry system has served the people of Southeast quite well. Sometimes, especially during recent prosperity, it was even taken for granted. But as times have changed from fat to lean, its budget attracts attention. As the ferry system is subjected to budgetary scrutiny, its crucial importance to the economy and way of life of all of Southeast and other regions is something which we implore be kept in mind. Accordingly, this report is intended to provide a basic understanding of the importance of the ferry system to Southeast and indeed to the entire state. To accomplish this, much of the report focuses on the roots of importance of the ferries in ways that are specific to each community. This perspective is developed to reveal the statewide dangers in dismantling such a broad foundation. In order to discover the particular importance of the ferries in each community, surveys and observations were conducted in each of them and inquiries made of local citizens and business people.

There have been many studies of the ferry system in the past, and there are volumes of reports, but it appears that none of these focuses attention on the critical importance of the evolved system to the communities themselves and ultimately the state.

At the same time as inquiry was made of the ways in which the system is important to each community, inquiry was also made about how the system might be improved and how it should be managed in light of the states' present revenue deficiencies. Thus, one section of the report is devoted

strictly to a set of recommendations and findings. Most of the recommendations merely reflect the views of the citizens of Southeast Alaska. Some, however, have been framed by the authors of this report as a result of their study efforts.

The Southeast Conference is well aware of the fact that the ferry system in Southeast is less than the whole; that the Southwest ferry system is also important. But for purposes of this report, and due to cost and urgency we were only able to focus on the Southeast System as representative of the state's economy as a whole.

The Conference is pleased to offer this report of important aspects of the ferry system which we submit respectfully as assistance to the Legislature and the Governor in their deliberations, and to the people of Alaska who we pray will continue to benefit from our endeavors. Further, we stand ready to serve on any taskforce, advisory board or commission which may be established to help improve the Alaska Marine Highway System.

April Lapham
1st Vice President of
the Southeast Conference,
Mayor of the City of Haines

Ernest E. Polley
President of the Southeast Conference
Mayor of the City & Borough of Juneau

II.

OVERVIEW

ALASKA MARINE HIGHWAY SYSTEM

SOUTHEAST ALASKA

OVERVIEW
ALASKA MARINE HIGHWAY SYSTEM
SOUTHEAST ALASKA

1988 marks the 25th year of service for the Alaska Marine Highway System (AMHS). While service began in 1963, the real origin of the system was a study by the W.C. Gilman Company of New York, commissioned by the U.S. Department of Commerce in 1958. The resulting report proposed the creation of a new and totally unique solution to the transportation needs of Southeast Alaska - a ferry system capable of carrying the same load that one would find on a normal stretch of asphalt highway connecting Southeast communities, if such a highway were feasible. Thus, through the sale of revenue bonds, the AMHS was born. For the first five years, the AMHS completely funded its operation out of receipts. In 1970, the State convinced the federal government that the system was indeed a "Marine Highway," and as such, began receiving federal maintenance funds on the basis of a determination that the AMHS was, by definition, a bridge 500 miles long.

Today the AMHS for Southeast Alaska is a system of seven vessels serving 18 communities in the Alexander Archipelago. The vessels consist of four "mainline" ferrys, and three vessels which serve what the managers of the system term a secondary system. The mainline vessels, consisting of the Motor Vessels Columbia, Malaspina, Matanuska, and Taku connect the large communities of southeast Alaska with each other and Prince Rupert, British Columbia and Seattle, Washington. The three smaller vessels consisting of the Motor Vessels Le Conte, Aurora, and Chilkat connect the smaller communities of southeast to each other and to the larger communities. The communities served by the mainline vessels are:

Ketchikan
Wrangell
Petersburg
Sitka
Juneau
Haines
Skagway

The communities constituting the "secondary system" are:

Metlakatla
Hollis (Hollis is the terminal for four Prince of Wales Island communities: Craig, Klawock, Hydaburg, Thorne Bay)
Hyder
Kake
Angoon
Tenakee Springs
Hoonah
Pelican

The largest vessel in the Southeast System is the M/V Columbia. It is 418 feet long, carries 1000 passengers and 180 vehicles. The M/V Matanuska and M/V Malaspina are the same size. Each is 408 feet long with a passenger capacity of 750 and a vehicle capacity of 120. The M/V Taku is 352 feet long with a passenger capacity of 500 and a vehicle capacity of 105. The M/V Le Conte and M/V Aurora are sister ships. They have identical capacities of 250 passengers and 47 vehicles. The M/V Chilkat, a smaller, aging vessel has a capacity of 75 passengers and 15 vehicles.

During the summer, the Columbia and the Matanuska are on the Seattle run, completing one round trip each week. During the winter period, from October 1 through April 30, there is only one vessel used on the Seattle run, usually either the Matanuska or the Malaspina. The Columbia is usually laid up for most of the winter due to its high operating cost. The Malaspina and the Taku operate between Prince Rupert and Skagway during the summer, completing the round trip in four days if Sitka is served once on each trip and three days if Sitka is not served. Typically each vessel stops at Sitka once each week. During much of the winter only one vessel is used on this route, due to lower traffic.

The Le Conte and Aurora serve the southeast secondary route, supplemented by the Chilkat. The Le Conte serves the northern panhandle and the Aurora serves the southern panhandle. During the summer, the Le Conte operates between Juneau, Sitka, and Petersburg, with stops at Hoonah, Tenakee Springs, Angoon, and Kake. The Le Conte is routed north to Haines and Skagway once or twice each week. The Aurora operates nearly every day between Ketchikan and Hollis, and during the summer, south to Hyder once each week. In October, 1986 the Aurora began serving Metlakatla as well. The Aurora is also used between Prince Rupert and Ketchikan once or twice each week. These vessels serve the same routes during the winter period, but on a reduced basis.

The Chilkat is used between Ketchikan, Hollis, and Metlakatla. The Chilkat makes two round trips on four days of each week during the summer. The ferry system states in its Draft System Plan dated November 1986 that the Chilkat will be retired soon.

In 1985 the Southeast System carried a total of 313,071 passengers. Of these, 235,850 passengers (75.3%) traveled between mainline ports. Tourist traffic is very heavy in the summer months. During July of 1982, a survey showed that approximately 80% of its mainline passengers live outside of Alaska. Of the remaining 20%, 12% were from S.E. Alaska and the remaining 8% were from other parts of the state. As of the time of the preparation of this report, traffic volume figures for 1986 were unavailable.

During 1985 the Southeast system carried a total of 79,780 vehicles. The largest percentage of these vehicles (17.6%) disembarked at Juneau. Of course, many of the vehicles travelling on the ferry system embarked and disembarked more than once as part of a single trip. 15.6% disembarked at Haines. 8% disembarked at Skagway.

The Alaska Marine Highway System, in its twenty-fifth year, is one of Alaska's success stories. We have in the Southeast AMHS a billion dollar infrastructure that is functioning remarkably well, considering the lack of attention it has had for fifteen years.

EXECUTIVE SUMMARY

This report describes the importance of the Alaska Marine Highway System (AMHS) from the community perspective. It has been developed to show how the economy and way of life of the people in Southeast Alaska has evolved in concert with the ferry system. It points out that budget and other decisions regarding the AMHS should take into consideration the importance of the ferry system in other than strictly economic terms; most particularly the sense of real security, reliability, and the affordable transportation which it offers to the traveling public. It explains the reality that dismantling this billion dollar infrastructure would be a severe blow not only to Southeast Alaska but to the entire state. Th report shows how the ferry system is so interwoven in the economic fabric and well-being of Alaska that it deserves a fresh look; a commitment to efficient management and direction through prudent budget decisions. Further, it offers specific recommendations and findings tc improve the system.

The ferry system is a vital component of the economy of Southeast Alaska. Therefore, any decision that may result in a general service reduction should be approached with great caution. It is an unfortunate reflection of our government that the rationale to reduce service seems based on the assumption that communities must suffer before management can become effective or labor brought to the table as a full partner in resolving the problems. As a matter of fact,

in most cases it costs at least 50% of vessel expense to lay-up. For example, the Bartlett cost 90% of operating expense to be put into lay-up. Therefore, it needs to generate only 10% of costs in revenue to be more cost effective to operate.

As this study began, the focus of the effort was that of discovering the relative ways in which the AMHS is important to each respective community served by the system. The inter-relationships developed with the rest of the State as a result of the ferry system were also explored. It was learned that not only is the system important in a general way for transportion of people, vehicles, and goods, but in particular ways. That is, a particular major component of a local economy has often developed with the ferry service, and vice versa.

The major component in some communities may be a single business, such as the case with the Hoonah Cold Storage. Hoonah Cold Storage depends on the ferry to ship out 100% of its fish products. This was almost two million pounds of salmon in 1986, and the business expects a 30% increase this year. In Sitka, a winter 'turnaround' run is the primary boost to the retail trade. It is an economic convenience, as well as being key to the delivery of important human services, for those who do not live in Sitka. The economy of the City of Skagway in recent years has become almost entirely based on tourism. Of course, the ferry system plays a very important role in bringing tourists to Skagway. The

AMHS brought 36,000 visitors to Skagway in 1986. Ketchikan faces a double-edged sword when the State considers reductions in ferry service. The mainline runs are extremely important because of the tourist trade, export of fisheries products, and the import of goods and supplies to furnish the area's retail demands. But the feeder ferries are critical for retail and commercial trade, fish transport, and winter economic activity. The economies of the people of Ketchikan would be severely impacted by a reduction in either mainline or feeder ferry service. There is one community, however, which appears to have an even deeper dependence on the ferry system: the City of Haines. There are so many business functions in Haines which have evolved with, and depend upon the ferries, it clearly would suffer the most immediate and significant effects of reductions in service. Haines is still the main embarkation and disembarkation point for people and goods destined for the interior or travelling south from the interior. Without the ferry system, Haines would simply be a place at the end of a very long spur road. These are but a few examples of the community perspectives of the AMHS. The more enlightening and detailed reports are found in the Community Section. Reading that section is imperative in understanding the AMHS's relationship to developing economies. The particular ways the communities have used the ferries to develop and stafilize the economy of Southeast must be recognized.

Of course, the communities served by the ferry system are dependent on it in numerous general ways. These include the delivery of food, particularly fresh produce and dairy products; mail delivery; school travel; tourist travel; and the transportation of vehicles, equipment and general freight. In some cases, practically 100% of the fresh produce is delivered by ferry. In addition, all second and third class mail and surface parcel post from the lower 48 travels by ferry. The mail is ferried to Haines, Skagway, Petersburg, Wrangell, Sitka, Ketchikan, and Juneau, then shuttled to smaller communities.

During the school year, all school districts make use of the ferry system for student travel to a remarkable degree. Petersburg, Juneau, Wrangell, and Ketchikan report that a student group (averaging 30 students) from their high schools is going somewhere on the ferry system virtually every week of the school year. For purposes of school travel, both safety and cost considerations combine so that schools schedule events around the ferry schedule. And as funding for education decreases, the cost of flying is not a reasonable alternative for student travel.

The AMHS is also important to the health, welfare and safety of Southeast residents. Residents of the smaller communities depend on the system for transportation to larger communities to meet shopping, business, medical, and recreational needs. The selection of goods and services is extremely

limited in some small communities, making travel to larger communities a necessity. Thirteen of the nineteen SE communities we surveyed have no resident doctor; fourteen have no hospital. Travel by ferry to the larger communities is often the preferred mode of transportation, due to its safety, dependability, and people's fear of flying. The senior citizens of Southeast rely on the ferry system to a great degree, perhaps more than others. For them the ferries are safer, more accessible, and more dependable; as well as providing a far less costly means of transportation.

It is safe to say that almost all Southeast communities served by the AMHS are positively affected by the ferry transport of tourists into their community. Communities as small as Pelican notice an increase in business brought about by the arrival of a ferry. The Southeast communities, through the Southeast Alaska Marketing Council (SAMC), have been doing a great deal to encourage use of the AMHS. They have invested $400,000. in advertising to encourage the 'independent traveller' to visit SE Alaska. To date they have received 12,000 responses to their ads; 57% of these were interested in ferry travel as their means of transport. The SAMC supplies travel information to the respondents based on their interest.

The degree of general dependence on the ferry system by the various communities appears to rise in inverse proportion to the size of the community. The smaller the community, the more dependent it is likely to be on the ferry system for its

transportation needs. However, a reduction in service would adversely impact elements of all local economies.

In addition to the individual and general ways in which the various Southeast communities are dependent on the ferries, the system is an important source of jobs. The system employs approximately 900 people and there are more than 5,000 other people that depend on the system for their jobs. Table 5 which is appended to this report details the number of people directly employed by the AMHS in each community. Ketchikan is home for the largest number of employees of the ferry system: 294 employees.

It is also important to note that the system is not only important to the economy of Southeast, but to the state's overall economy - more important than is generally thought. In all, the Southeast system carried 313,071 passengers during 1985, the latest year for which figures are available. That same year the system transported 79,780 vehicles. The "Alaska Tourism Handbook," published by the Division of Tourism reveals that 60% of the summer travelers on the ferry system visit Anchorage and 59% visit Fairbanks. In addition, 40% of all winter traffic on the Southeast ferries is headed for the interior. Each year the AMHS carries thousands of tons of freight and millions of dollars of visitor revenues to the northern regions of the state. Each week semi-vans loaded with goods and supplies head for interior Alaska. Even more vans flow from the rest of the state, especially Anchorage to

points in Southeast.

The efforts of this study as indicated, included inquiring of local citizens and business people about how they are affected by the ferry system. But it also elicited opinions of how the AMHS could be more efficient. There was a remarkable consensus about whether budget reductions should automatically result in a commensurate reduction in service. Most people believe that large savings could be achieved by better management, privatization or cost reductions in areas such as marketing and food service, and a very close and serious scrutiny of current labor agreements in cooperation with the unions themselves. Some also expressed opinions that procurement of supplies and fuel throughout the system could be done much more efficiently.

It is apparent that any significant progress in these areas will take time. The answer lies in effective management and sufficient time to implement strategies. Therefore, it appears that for the present, the best that can be done is to begin to direct the system toward attainable goals with clearly defined strategies, some of which are offered in the Recommendations and Findings section of this report. In the short term, the system should maintain the current level of service with an authorization of 62.6 million for FY 88. In the long term, a work plan should be developed that sets objectives and milestones that cut costs and increase revenues. However, one of the most important recommendations must be

mentioned here, namely that of establishing an advisory board or task force of professionals, users and legislators to advise the Legislature, Governor, and managers of the AMHS on various aspects of operating the system. This system is in many ways an anomaly to normal government processes; it demands separate unique attention.

The AMHS is such a pervasive part of both the economy and way of life for the 70,000 people of Southeast that the proposed, but unneccesary reduction in service could severely cripple the communities of Southeast. The impact of any significant service reduction would also affect the economy of the rest of Alaska, further exascerbating the state's current economic and social situation.

This community perspective is hopefully the beginning of a fresh look at maintaining our AMHS System with reasonable approaches that go beyond the simplistic, devastating proposal to reduce service. This report provides an interesting review of the AMHS, and proposes a direction of effective management and prudent decisions henceforth. It is intended as a symbol of the efforts of the Southeast Conference to work hard in a cooperative spirit with the AMHS, for all Alaskans.

III.

EXECUTIVE SUMMARY

IV.

THE COMMUNITIES' PERSPECTIVE

KETCHIKAN

Ketchikan is the second largest community in Southeast Alaska, with 14,300 residents. It is situated on the southwest side of Revillagigedo Island. Ketchikan's economy is based primarily on fishing, lumber products, and tourism. As the southern-most Alaska municipality on the ferry system's mainline, it relates closely to Seattle and the coastal communities of Britsh Columbia. As the first Alaska stop not only for the mainline ferry, but for barge, jet, and cruiseship traffic as well, Ketchikan has developed a thriving "micro-economy" servicing those transportation systems. In the past month of March, a major vessel maintenance and dry-dock facility has begun operation, and has already performed maintenance on the AMHS vessels Bartlett and Matanuska. The facility is owned by the state but privately operated by Ketchikan Welding Works.

In its position as the first Alaska stop for both passenger and freight service from the South, Ketchikan has become a strong regional retail center, drawing from an area population of nearly 25,000 in an area generally referred to as Southern Southeast. Because of this position, both mainline and feeder ferries are extremely important to the community. In terms of ferry traffic, Ketchikan is the second busiest port in Southeast. In 1985 51,250 passengers embarked and 50,913 passengers disembarked in Ketchikan; 13,821 vehicles embarked and 13,965 vehicles disembarked. The mainline runs from Seattle and Prince Rupert in the south, to Haines, Sitka, and Juneau in the north providing a steady, dependable system for the delivery of freight, dry goods and produce, as well as tourists and vehicular traffic. The feeder ferries running between Southeast communities provide Ketchikan with the consumers for those products, both from an "import" and "export" perspective. In the sections of this report on Metlakatla and Prince of Wales Island, we discuss the import to the outlying communities of maintaining maximum possible service to Ketchikan. But Ketchikan's health and welfare is also very mu n dependent on the same service. The retail economy of Ketchikan has grown to the service demands of 25,000 - 30,000 year-round consumers, nearly half of whom depend upon the AMHS for access. A decrease in service of the feeder system would indeed have a dramatic affect on Ketchikan's private sector, which has invested heavily, and confidentally in their regional responsibilities.

A study conducted by the Ketchikan Gateway Borough of economic indicators showed that while Ketchikan's tourists are extremely important to the local economy, almost 95% of sales are by area residents, and over 20% of those are by

residents of outlying island communities. The study also found that the average tourist spends $28 per day in Ketchikan. The average ferry passenger, on the other hand, spends $55. Reductions of ferry service over the past winter between Ketchikan, Metlakatla, and Hollis have already resulted in a drop in retail sales. Several businesses have responded by conducting "road trips", taking limited inventories out to the islands for "trade shows". The result is some compensation to the island consumer for the lost accessability to goods, but their purchases are from considerably less selection, and at a higher price.

The mainline ferry is extremely important to Ketchikan's regional responsibilities, especially as it relates to fresh meats, produce, and dairy products. A reduction in service between Ketchikan and Seattle could have a dramatic affect on the quality of those products; a level of quality that all of Southeast has come to expect. By utilizing the ferry system rather than barge service, three days are saved in transit. Fresh pork and chicken are especially volatile products, and a reduction in service could affect their availability. A reduction in mainline service that would force milk to be barged would, at present costs result in a 14% increase in price to the consumer due to decreased shelf life. Such a scenario could also result in an inability to get fresh dairy products to some villages, camps and communities in a reasonable time and in reasonable condition.

The timber industry in Ketchikan also utilizes the ferry system extensively for supplies and freight, but not for shipping product. Ten per cent of their incoming freight arrives by mainline ferry into Ketchikan. However, after arrival, 25% of their outgoing freight leaves Ketchikan on the feeder runs. In addition, the ferry is used for employee and vehicle transport. Any immediate freight or supply needs are sent via ferry.

The fish processing industry in Ketchikan is also a major user of both mainline and feeder ferries. Nearly three hundred linear feet in van space is utilized weekly in the summer, exclusively for fish, between Hollis and Ketchikan. Salmon, black cod, halibut, and herring all are shipped via ferry year-round. The industry is a major seasonal employer. A large on-shore processor will employ as many as 200 people during the season. Winter cutbacks on the Ketchikan-Hollis run have, on occassion, forced some companies to charter their own boats to transport the fish. Good frequency of service on the feeder runs is of utmost importance to the industry. Their need is also a year-round need, as harvest of the different species takes place at different times.

Tourism is of course a major portion of the AMHS's

business, and much of that business is channelled to Ketchikan. As Alaska's first port of entry on the mainline, and also the first stop after 40 hours of travel, almost all passengers disembark for a break. This winter and spring, Alaska Airlines, the Port of Seattle, and the AMHS have jointly contributed to a program to promote the AMHS to Seattle area travel agents. Three lunches for nearly 225 travel agents have been held on board the Matanuska in Seattle, while four familiarization trips have been held for four hundred travel agents. The trip cost each agent $295 and includes a ferry stateroom from Seattle to Ketchikan, and a return by air. The target of the program is the 650 travel agencies in the Seattle area. The program has been so successful that plans are in the works to expand the effort to cover the entire west coast, though the program has revealed some serious flaws in the reservations system, which affect the willingness of travel agents to write AMHS tickets.

System wide, one of the major off-season users of the AMHS are school districts. All inter-school activities and competitions depend heavily on ferry transportation. Cuts in the Education Foundation Funding program have already resulted in dramatic reductions in activity budgets for all of Southeast. Ketchikan, for example, has at least one group traveling every weekend of the school year. Of a $140,000 activities budget, $100,000 goes to travel costs. That budget is a 50% reduction over the past year. 50% of student travel is by air; 50% by ferry. However, the cost ratio is 70/30, air over ferries.

Ketchikan faces a double-edged sword when the State considers reductions in ferry service. The mainline runs are extremely important because of the tourist trade, export of fisheries products, and the import of goods and supplies to furnish the area's retail demands. The feeder ferries are also extremely important because they transport the fish product for the fisheries, and the consumers for the retail and commercial trade. Cutbacks in either mainline or feeder ferry service would have a potentially devastating impact on the service the other can provide. Ketchikan, perhaps more so than most other Southeast communities, is subject to economy-wide repercussions from a loss or reduction of service by the AMHS.

HYDER

Hyder is an unincorporated community of 100 people located at the head of Portland Canal in southern Southeast Alaska. The community is the only one in Southeast accessible by road. The community economy has two primary sources; tourism and retailing, both of which derive from Hyder's "sister city" of Stewart, British Columbia.

More than 60,000 visitors arrive in Hyder every summer, primarily from the Trans-Canada highway. Via that route, Hyder is just a 20 hour drive from Seattle. The tourist trade supports one motel, one inn, three restaurants, and several gift shops. In addition, Hyder is a popular destination for Canadian residents of Stewart and the surrounding area. The principal reason for this is that Britsh Columbian bars close several hours earlier than than those operating under Alaska law in Hyder. One freight line also operates in Hyder, and the community is serviced by float plane from Ketchikan.

Hyder did not begin receiving ferry service until last year, and then only by legislative mandate. The service is for summer months only, and on a weekly basis. The intent of adding service to Hyder was to create an opportunity for a drive/ferry circle from Seattle, through Canada and then return by ferry through Hyder.

Traffic counts and analysis are not available for evaluation yet for this run. The trip is 144 miles from Ketchikan with no stops in-between. The trip takes eleven hours.

METLAKATLA

Metlakatla is a Tsimpshian Indian community of 1,100 residents on Annette Island. It is the southernmost of all Alaskan communities, being 12 miles south of Ketchikan. Metlakatla is not an incorporated municipality under state law. Rather, it is a federally created reservation, created by Congress nearly 100 years ago.

The two mainstays of the Metlakatla economy are a fish trap/cannery operation and a saw mill owned by Louisiana-Pacific. Both of these operations ship their products south by barge, but do rely on the ferry for supplies and equipment. The primary traffic on the Ketchikan-Metlakatla run has always been passengers, but the community does receive two vans/week of groceries. In 1985 Metlakatla embarked 5,974 passengers and 1632 vehicles. 5,651 passengers and 1706 vehicles disembarked.

Given its close proximity to Ketchikan, Metlakatla has interacted closely with Ketchikan for many years. This close interaction was made possible primarily because of daily service that was provided by the Alaska Marine Highway System. The service resembeled a commuter service. It allowed the Metlakatla residents to go into Ketchikan in the morning, take care of their business and return in the afternoon. The service was popular and well used. Indeed, the traffic apparently warranted a larger ferry for the run. Therefore, the Metlakatla terminal was modified to accommodate the larger Aurora. Formerly the Chilkat served the Ketchikan-Metlakatla run. The terminal modifications were completed by October of last year. But now the community must share the Aurora with the Prince of Wales Island communities, and they no longer enjoy the daily, over-and-back service they had for so long.

The reduction in service has created some serious problems and inconveniences. Since the residents can no longer go round trip to Ketchikan in a single day, they must overnight in Ketchikan. Usually this means paying for a hotel room. But on the reverse perspective, there are no hotels or motels in Metlakatla. The community had launched an aggressive tourism promotional effort based on the single day turn around service. Now, however, a day trip can only be accomplished if one flies at least one way. The reduction in service has also had the effect of jeopardizing the availability of emergency medical service. There are about 25 - 30 days a year when wind, fog or snow prevents planes from reaching the community. If an emergency should arise now during one of those periods, the ferry is simply less available as an alternative. Any further reductions in service to Ketchikan would seriously impact Metlakatla.

PRINCE OF WALES ISLAND

Prince of Wales Island is the largest island in Southeast Alaska. It is the site of five incorporated municipalities: Craig, population 1200; Klawock, population 600; Hydaburg, population 500; Thorne Bay, population 400; and Kasaan, population 100. In addition, Prince of Wales Island hosts several other unincorporated communities, villages, and logging camps. They include: Rowan Bay, Hobart Bay, Camp Island, Whale Pass, Dolomi, Port Alice, Chomley, Dana Bay, Shoal Cove, Notaki, Labouchere Bay, Coffman Cove, Polk Bay, Point Baker, Port Protection, Long Island, Warm Springs, Bell Island, Waterfall, and Steamboat Cove.

The residents of Prince of Wales Island apparently have not been informed of the State's recession. Existing industries on the island are going strong and local economies are experiencing something of a "mini-boom". Timber prices have begun to rebound which has made harvesting profitable again. In addition, both regional and village native corporations have extra incentive at this time to set aggressive logging schedules in order to take advantage of their ability, for another four years, to sell operating losses. The summer commercial salmon fishing industry is doing extremely well in the southern panhandle and is expected to continue on an up cycle.

In addition, communities on Prince of Wales are pursuing very aggressive economic development plans. A black cod bottom fishery is just beginning to turn the corner in Craig and Klawock. This past winter, over forty boats took part in the opening. Several areas along the west coast of the island have been identified as the best potential areas for mariculture of salmon, oysters, and seaweed. Additionally, several mining companies have been conducting tests and taking samples for a variety of minerals along some of the island's interior roads. Prince of Wales Island has the most extensive road system in Southeast Alaska. As such, it received a great deal of camper/RV/trailer use during both the summer tourist season and the fall hunting season. In addition, this summer two cruise ships a week will off-load tourists for a two-hour tour of Klawock and the surrounding area. This will be the second summer cruise ships have visited Prince of Wales Island.

Obviously, the communities of Prince of Wales depend a great deal on the AMHS to provide transportation and freight to their thriving economies. All economic development efforts, as well as existing industries, would not function without the AMHS. The cold storage in Craig, a major employer, sends all its fish to Ketchikan via ferry, both summer and winter. They already use the service to capacity. A loss or

reduction of service for the cold storage does not just mean more expense; it means the potential loss of the business itself. Quality is the single most important factor. Fresh fish must be processed and transported as quickly as possible. There exists a fear in Craig that if ferry service is reduced, off-shore processors and tenders will move into the area to service the fishermen on the fishing grounds, and that the Craig cold storage will be by-passed completely.

The lumber camps are supplied almost excusively by the ferry. Five refrigerator vans and four dry vans of groceries come onto the island every week via the ferry. All logging equipment, materials, parts, and supplies arrive by ferry. Forest Service vehicles come by ferry. Nearly all motorized vehicles on the island come and go via the ferry. In 1985 15,881 passengers and 4,739 vehicles embarked at Hollis. 16,591 passengers and 5,116 vehicles disembarked

Mail also arrives by ferry, as does an annual convoy of state road equipment. There is no doctor or dentist on the island, so patients must go to Ketchikan, as do participants in local alcohol rehabilitation and mental health programs. The ferry system is also heavily used by the island's senior citizens. Of course, the residents rely upon Ketchikan for regional shopping for all goods and services not available on the island, and the ferry is the chief mode of transportation.

Residents of the island have long been of the opinion that they are under serviced by the ferry system, and recent developments have not seemed to help. A facility upgrade at Metlakatla last summer now prevents the state's smallest ferry, the Chilkat from docking there. The Chilkat had regularly serviced Metlakatla. As a result, the Chilkat has been switched over to the Ketchikan-Hollis run, and the larger ferry, the Aurora, is utilized for the Metlakatla run, except for Tuesdays, when it goes to Hollis. So the Chilkat serves Hollis approximately six days a week. But it is seriously undersized for the daily trip across Clarence Strait. As a result, many of its trips are delayed or cancelled due to adverse weather and sea conditions. Further, because the Chilkat has such limited vehicle capacity (15 vehicles), competition is fierce for the Tuesday sailing on the Aurora. The situation has caused problems, inconveniences and added expense this past winter.

The real concern, however, is that even without any reduction in service from budget cuts, service to the island may not be adequate to support the burgeoning economy. The situation appears to be a lost opportunity for the ferry system, as well. The demand for service is there, almost all of it freight, which should make the run highly cost-effective for the ferry system. The residents hope the situation can be improved soon, as they must depend on consistent reliable ferry service - at least at the current level.

WRANGELL

The City of Wrangell is located on the northern tip of Wrangell Island, 89 miles northwest of Ketchikan. Its population as of July 1, 1986 was 2376. Bordered by Zimovia Strait, Wrangell is situated near the mouth of the Stikine River, which reaches into the Canadian interior. As the Stikine developed into a gateway for trappers and prospectors, the northern tip of Wrangell Island became a strategic location that was the key to Wrangell's early development as a military outpost, a fur trading center, and an outfitting, support and entertainment center during three successive gold rushes. Changing interests led to several boom and bust cycles in Wrangell's early history.

Today, Wrangell's economy is structured around harvesting and processing renewable resources of the area. The Alaska Lumber and Pulp sawmill employs up to 100 workers and is Wrangell's largest private employer. Fishing is Wrangell's other major resource based industry. More than 100 residents fish commercially, and for about half of these, fishing is their principal source of income. There are two seafood processors in Wrangell, with a combined workforce of about 100 workers during peak processing months each year. Most of the fish processed in Wrangell is canned, but there is an increasing demand for fresh fish. Presently, fresh fish is flown out of Wrangell, though the entire halibut harvest in 1986 (620,000 lbs.) was shipped via ferry. Expanded use of ferries for the shipment of fresh fish south is foreseeable, especially if jet service to Wrangell is suspended.

Recently, Wrangell has begun a conscious shift to develop its tourism potential. They are trying to encourage people to discover the unique attractions of Wrangell, including its petroglyph beach, access to the Stikine River and the hot springs, Chief Shakes Island which is home of many totems and carvings, and their 2 annual community festivals - Tent Days and the 4th of July. The ferry system plays an important role in tourism development and is viewed by Wrangell businesses as a key ingredient for the future. Wrangell, along with a number of other Southeast communities is currently engaged in a promotional campaign to lure the "independent traveler" back to Southeast. The "independent traveler" is seen as the person who eschews both group trips and package tours. Studies have shown that a high percentage of independent travelers choose the ferry as their mode of transportation. Even now, Wrangell's Economic Development Director estimates that 40% of Wrangell's visitors arrive by ferry on an annual basis. Further, he advised that approximately 70% of the guests of the city's four hotels arrive via ferry. During

the summer, a steady flow of recreational vehicles disembark from the ferry and use the RV parking area provided free of charge by the City. Their average stay in Wrangell is 5 days, during which time they help support local businesses. Needless to say, any cut back in ferry service would severely curtail the most important aspects of Wrangell's tourism potential.

The ferries are used for close to 100% of student travel. A minimum of one group of Wrangell High School students travels each week of the school year to athletic events, Close-up, RSVP, band performances, or Native Education functions. The ferries are also important to the Native people of Southeast as a whole. Travel between southeast villages and communities to attend potlatches, 40-day parties, 'Celebrations' of heritage, and Native dance performances most often occurs by ferry.

Like Petersburg, Wrangell is presently threatened with a loss of jet service. Should this occur, the importance of the ferries would expand suddenly, and dramatically. Ferry travel for business and pleasure has become a way of live for Wrangell residents - a way of life which would be jeopardized by reductions in ferry service.

PETERSBURG

The City of Petersburg is a fishing community of 3252 permanent residents located on the north end of Mitkof Island where Wrangell Narrows meets Frederick Sound. By air, it lies halfway between Juneau to the north and Ketchikan to the south. Petersburg grew up around a cannery established by a Norwegian immigrant named Peter Buschmann. The cannery began operating in 1900.

Today, fishing and seafood processing continue to be the mainstay of the town's economy, though wood processing has also been important at times. During the fishing season the town's population swells by an additional 600 seasonal workers who are employed in the town's three processing plants. This does not count the fishermen themselves and their crew who make Petersburg their home base during the fishing season. Managers of the processing plants estimate that about half of the seasonal workforce arrives on the ferry and departs in the same manner. The ferry system is used to ship fresh fish south to Seattle. Last year, the second largest processor in Petersburg shipped more fresh fish in this manner than by air. The use of the ferries for the purpose of shipping fish product south (and for other purposes as well) may suddenly increase in the foreseeable future. Both Petersburg and Wrangell are presently threatened with the loss of jet service if the present federal subsidy of that service should end. Last year the number of passengers arriving by air and by ferry into Petersburg was about the same: approximately 15,000 passengers by each mode. Therefore, the amount of passenger traffic into Petersburg by ferry could possibly double unless some alternate type of airplane service is provided.

Presently, during the month of March 1987, ferry service to Petersburg consists of an average of three mainline stops per week, north and south. It also presently has two feeder stops/week, north and south. During the summer season, service expands to an average of six mainline stops per week, north and south. Feeder service remains about the same. In 1985 15,650 passengers and 3,650 vehicles embarked in Petersburg. 15,720 passengers and 3717 vehicles disembarked.

It appears that in the case of both Petersburg and Wrangell, the ferry system is often the preferred alternative for persons travelling to Juneau, Ketchikan or Sitka because of the relative cost. One way passenger fare from Petersburg to Ketchikan is $24 by ferry and $76 by air. One way fare to Juneau is $26 compared to $73 by air. To Sitka it is $16 by ferry and $69 by air.

The ferry system is also important to Petersburg in general ways. A significant amount of the food consumed in Petersburg arrives by ferry, viz. 25 - 30% of all produce, meat, and dairy products. As with virtually all other Southeast communities, it is heavily used for student travel. Petersburg school officials report that at least one group per week, averaging 30 students per group, travels on the ferry throughout the entire school year. 85 - 90% of all student travel is via ferry. Also similar to other Southeast communities, all third class and fourth class mail (parcel post) comes by ferry.

KAKE

Kake, Alaska is a Tlingit community of approximately 600 residents located on the Northwest end of Kupreanof Island in Southeast Alaska. Its direct ferry connections are to Sitka (8 1/2 hours) and Petersburg (4 hours). In addition to being linked to these two communities by air, it has two direct flights to/from Juneau daily.

Fishing and seafood processing provide the main economic base to the town's economy. It is a community where subsistence hunting and fishing are still an important part of life. Timber harvesting has been important, but recently, poor market conditions have forced operators to severely cut back or suspend operations altogether.

Kake is in the unique position of having three community links which are important to it. Petersburg, Sitka, and Juneau all play a role for Kake's residents. Of the three communities Kake is linked to, Petersburg has become the most important, mainly due to its close proximity and its one day ferry turnaround service. Residents go to Petersburg to purchase items not available in Kake, to take care of their banking needs as there is no bank in Kake, and to take care of general business which they can't do in Kake. In addition, Cuprenof Seafoods, the seafood processing company in Kake is under the same ownership as Chatham Straits Seafoods in Petersburg. There is frequent transfer of equipment between the two by ferry. All of the goods sold by the largest store in Kake (approximately 70% of all goods sold in Kake) arrive by ferry from Petersburg. Also the bookkeeping office of this store is in Petersburg. This relationship requires frequent travel of personnel between the two communities. The non-native residents of Kake generally travel to Petersburg for their medical and dental needs, as they are not eligible for service by the regional health corporation in Sitka. This travel is usually scheduled around ferry service.

Sitka is important as a regional health center for the majority of Kake residents, as well as a somewhat larger shopping center than Petersburg. Round trip travel to Sitka by ferry is difficult as the ferry usually arrives very early in the morning and does not provide same day, or even next day return service. The cost to fly back is $75, as opposed to $14 on the ferry.

Juneau maintains its importance as a regional shopping and service center with Kake. However ferry service to and from Juneau is even more difficult and expensive than Kake to Sitka. The ferry situation for Kake residents tends to add to their isolation.

As with all other Southeast communities served by the ferries, the school district utilizes the ferry system a great deal for school travel. The athletic teams using the ferry include basketball, volleyball, and wrestling. Other student organizations utilizing the ferry are RSVP, student dancers, and the student council. The principal of the high school stated that without a doubt, any reduction in ferry service would concomittantly limit activities.

In 1985, 3,490 people boarded the ferry in Kake; 3,421 people arrived in Kake by ferry. There were 830 vehicle arrivals and departures. As with all other smaller communities served by the ferries, travel to meet medical needs and travel by senior citizens is greatly dependent upon the ferries. Kake's general dependence on the ferry is such that it would suffer greatly by any overall reduction in service; indeed residents would like to see it expanded.

ANGOON

Angoon is a Tlingit Indian village located on the southwest side of Admiralty Island. By ferry, it is halfway between Juneau to the north and east, and Sitka to the west. Angoon is the only permanent community on the island, and is considered to be the most traditional of all Tlingit communities in Southeast. Angoon's 700 residents have, for the most part, maintained their subsistence lifestyle, though commercial fishing is important. Angoon consistently registers the highest level of unemployment in the state, as well as the lowest income per capita.

Angoon is served by one main store. This main store carries a large inventory of fresh produce, dairy products, and meats as well as dry goods, and a variety of other items. All fresh produce, dairy products, meats, and some frozen foods are supplied by the ferry. Prior to its weekly ferry service, Angoon had no fresh or frozen foods available. The cost of flying them in makes the consumer cost prohibitive.

Beyond its dependence on the ferries for all fresh and frozen food, there are other significant dependencies. All food for the Senior Citizens Lunch Program arrives by ferry. All building contractors operating in Angoon use the ferry exclusively to transport equipment and machinery. The ferry also allows for both students and adults to be involved in sports programs. Despite its small size, Angoon consistently produces quality sports experiences. Angoon always places well in the annual Gold Medal Basketball Tournament in Juneau, for example. The City of Angoon, incidentally benefits by serving as the local agent for the ferry system. The city receives a 7% commission on ticket sales. Last year these commissions totalled $12,000 or about half the salary of the municipal secretary. As with other Southeast communities, Angoon depends heavily on the ferries for student travel. Prior to the establishment of ferry service, this function was extremely limited. In addition, the community utilizes the ferries for a wide variety of cultural events, such as potlatches, and forty day parties (a wake forty days after the passing of a loved one).

In 1985 4,834 passengers and 458 vehicles embarked at Angoon. 5,212 passengers and 465 vehicles disembarked.

The people of Angoon appreciate the service they now receive, but express apprehension at a possible reduction in service, especially a reduction in winter service. It is during the winter that they are most dependent on the ferries. Winter weather in Chatham Strait can be most vexing.

Wind, waves, snow and fog each or together can and often do prevent planes from getting in or out often for days at a time. During such times the ferry is the only means of transportation. Additionally, Angoon's dependence on the ferries for food is somewhat greater in the winter as it is then out of season for fishing and hunting. Lastly, Angoon's barge service in winter is less frequent than in summer, by two weeks. Consequently, even goods that might otherwise be brought by barge are shipped by ferry. In winter, Angoon receives two vans (approximately 4,000 lbs) of produce, milk, and supplies by ferry each week. Angoon is a prime example of the rule that dependency on the ferry system rises as the size of the community decreases. In the case of Angoon, even a slight reduction of its present service would hurt. Angoon has already experienced some reduction of service and it has hurt. Last winter the Juneau turnaround was discontinued. This created difficulties in terms of the arrangement that had existed for getting groceries from Juneau.

SITKA

The City and Borough of Sitka, Alaska is located on the west coast of Baranof Island. It is home to 8200 people. The borough's boundaries also include a large portion of Chichagof Island. Sitka was Alaska's first capital and also served as Alaska's capital during Russian settlement. Sitka's rich Russian heritage makes it a favorite stop for tourists. The Sitka Summer Music Festival has become one of the nation's premier chamber music festivals. Sitka is also home of Sheldon Jackson College, Southeast's only privately owned and operated college, and one of only two in the state. In addition, Mt. Edgecumbe High School, the state's only public boarding high school is in Sitka, as is Mt. Edgecumbe Hospital, which provides health services to Southeast's Native population. Sitka is also home to Alaska's shortest and most unusual fishing season. The Sitka sac-roe herring fishery lasts just a couple hours, but involves over 50 teams of seine boats, power skiffs, spotter planes, and tenders, all packed into just a couple small bays and inlets.

Sitka receives both mainline and feeder service from the AMHS. In March of this year, it averages a little more than one stop/week, north and south by mainline ferries, and about three stops/week by the LeConte. In summer this changes to an average of more than two stops per week by mainline ferries and less than two stops per week, north and south by feeder ferries. In 1985 18,381 passengers and 3,536 vehicles embarked at Sitka. 18,463 passengers and 4,002 vehicles disembarked.

One run that is both convenient for the communities it serves and to Sitka's economy is the Saturday feeder turnaround. This ferry leaves Juneau late Friday afternoon and picks up passengers from Hoonah, Tenakee Springs and Angoon enroute to Sitka. It arrives in Sitka at 8:00 a.m., then sails at 4:00 p.m. on the return trip. This run allows the residents of the smaller communities an opportunity to buy supplies without having to spend money on hotels or air fares, which could make their whole trip uneconomical. It is important to Sitka's retail economy as it is the only winter "boost" for the town. Sitka's winter economy is stronger than some other communities largely because of this "turnaround" run.

This "turnaround" run is also key to some important human services provided by the Southeast Regional Health Corporation hospital in Sitka. The hospital serves Native people from all of Southeast, and the ferries are the primary means of transportation for all who do not live in Sitka.

The importance of the Saturday turnaround is demonstrated by the fact that until the service was cut this past winter, the hospital's operations were specially geared for the Saturday turnaround. It would be fully staffed by physicans and dentists for their patients who would arrive on that ferry. When the turnaround service was cut this past winter, patient visits decreased significantly.

The ferry system also serves Sitka in more general ways. The U.S. Postal Service delivers 25,000 pounds of mail each week to the city via the ferries. Nearly 100,000 pounds of meat, produce, and dairy products are delivered each week by the ferries to Sitka grocery stores. One grocery store in Sitka estimates that 40% of its groceries come by ferry.

The AMHS is thus important both as a major support to the local retail and tourist trade, and as the primary method of transportation for clients of regional human services that are provided in Sitka.

TENAKEE SPRINGS

Tenakee Springs, also known as Tenakee, is a small community of about 125 people located on the north shore of Tenakee Inlet on the east side of Chichagof Island. It is about equidistant between Sitka and Juneau, 55 miles either way, or about 45 minutes by air. It is well known for its hot springs. Indeed, the existence of the springs is the reason for its founding. Early prospectors and miners apparently discovered the springs, and began using it as a winter haven - a place to wait out the cold winters while taking advantage of the natural springs. Tenakee became a booming resort, complete with card rooms and pool halls. Later, several canneries operated in the area, with the last one closing in 1974. Today Tenakee is a significant retirement community, a seasonal home for some, and a fishing community. The extent to which it is a seasonal home is significant - of the 125 houses and cabins in Tenakee, only 64 are occupied year-round. Of the year-round population, it is estimated that 30% is over 60 years of age.

Tenakee has a special nostalgic appeal. It has no roads. The only vehicles in Tenakee are a fuel truck, a fire truck, and some ATVs. It is a safe harbor for those who would live apart from the modern world. Life in Tenakee has been described as "like turning the clock back 40 years."

Tenakee has three private businesses: the Blue Moon Cafe, the Tenakee Inn and Bar, which offers ten rooms in addition to its food and beverage service, and Snyder Mercantile, a general store selling food, basic hardware, drug items, and fuel. Snyder Mercantile also has five cabins, with another four or five planned. Owners of the Inn and the cabins estimate that 85% of their customers travel to Tenakee by ferry. The expansion of Snyder Mercantile is based on the assumption of continued ferry service, <u>especially</u> continued weekend service from Juneau.

When ferry service was initiated less than ten years ago, its residents chose to limit loading capabilities to passengers only. No vehicles can offload at Tenakee. Thus, use of the ferry for freight purposes by the community is limited. However, its use for passenger transport is quite important. The residents depend upon the ferry for trips to Juneau and Sitka for shopping and medical care. The residents especially appreciate the availability and dependability of the ferry during the winter. Since Tenakee has no land based airstrip, all planes coming in must land on the water. Boarding float planes is quite difficult for some of the older people, as well as for the wheelchair-bound residents. Therefore these residents have a greater degree of reliance on the ferries.

The residents have found that the introduction of ferry service has not impaired their lifestyle. Indeed, they now rely upon it as their primary mode of transportation.

PELICAN

Pelican is a fishing community of 200 permanent residents located on the Northwestern corner of Chichagof Island. Fishing and seafood processing are nearly the whole of Pelican's economy. Pelican Seafoods is the primary employer. During the fishing season, Pelican's population doubles in size, partially due to the increase in Pelican Seafood workers and partially due to an increase in the fishermen themselves. Seven million pounds of seafood are processed in Pelican per year.

Pelican is not accessible to any other community by road. Juneau is Pelican's primary source of goods and services, though Sitka also serves that function. Pelican has daily scheduled flights from Juneau and scheduled flights three times/week from Sitka. Direct air time is 45 minutes from Juneau. One way air fare is $72 from Juneau, three times the cost by ferry. Pelican does not have a landbased airfield. Therefore, only seaplanes can land in Pelican.

Ferry service is very limited to Pelican. Only one ferry per month travels to Pelican in winter, and two per month in the summer. However, Pelican residents do depend upon it. Because of the town's location, it has more weather problems and planes have a more difficult time getting in and out than with communities on the inside of the Archipelago. Almost every winter Pelican experiences a period of a week at a time without air service due to weather conditions. Some residents expressed the opinion that even though the ferry probably serves more people in the summer, it is more important to them to have good ferry service in the winter, when fewer flights are getting in, and when they don't have access to local boats to take them to town.

There is only one general store in Pelican, owned by Pelican Seafoods. Prices are high in the store. Thus, local residents try to avail themselves of the once/month ferry service which delivers groceries and goods for about half the cost of the general store. There are three restaurants in town, two of which close in the winter. Two of the three restaurants receive all their food and supplies by ferry.

Ferry service is important to Pelican both for passenger transport and some vehicles. Equipment of both the City and school District is sent to Juneau for maintenance. As with all other communities served by the ferries, elderly people much prefer the ferries. It is very difficult for them to attempt to board seaplanes. Also as with other Southeast communities, ferry service is viewed as very important for student travel. All student travel is planned around the ferry schedule. Pelican cannot afford a reduction in service.

HOONAH

Hoonah, Alaska is a Tlingit Indian community (pop. 906) located on Chichagof Island, 3 1/2 hours by ferry from Juneau and 20 minutes by air. Hoonah is not presently connected by road to any other town or village. However, there is a logging camp of approximately 250 people at peak season two miles from town.

Hoonah's economy has changed from a subssistence way of life to a varied one where commercial fishing forms the economic base. During the past five years, logging has also become important. However, in 1987 the loading of logs on ships bound for Japan will cease. This will reduce the number of Huna Totem shareholders employed in the industry by 32. This loss will dramatically affect local employment.

Hoonah is now looking at ways to diversify their economy. Tourism is an option being explored as a means to stabilize the economy. People involved in the operations of the Inn, the Lodge, the restaurant, and the City all spoke of promoting Hoonah as an entry point to Glacier Bay. Hoonah is the closest community to Glacier Bay with ferry service. It is this service that would be essential to the development of tourism for Hoonah.

Presently, the ferry system is essential to the community in a number of ways. 100% of the community's fresh produce, eggs, and bread arrives via the ferry, and 50% of the milk and other dairy products. A total of 8,000 lbs. of food arrives each week destined for three stores, two restaurants, and two food co-ops. An additional 6,000 lbs. of food is delivered each week via the ferry when the logging and fishing seasons are in full operation. 5,584 passengers and 1051 vehicles embarked in Hoonah in 1985. 5,947 passengers and 1172 vehicles disembarked. Perhaps just as important as the transportation of food into town, is the transportation of fish out of town. 100% of the fish from Hoonah Cold Storage is shipped on the ferry. During the fishing season, every northbound ferry (bound for Juneau) is used for the transport of fish. In 1986 approximately two million pounds of fish were shipped in this manner. This year, a 30% increase is anticipated, due to an increased freezer capacity. A common concern voiced by the owners of restaurants and stores stems from their limited storage capacity. The growth of their businesses without a corresponding increase in their storage capacity has resulted in a greater dependence on the ferry system.

In addition to the essential functions of food and fish transportation, there is the normal function of people transport. Hoonah, with its small population, has little selection of clothing, and its selection of items such as furniture,

appliances, and building materials is almost non-existent. For these items and many others there is a significant amount of commerce by the Hoonah residents with Juneau. The ferries provide both the cheapest and most convenient method for the Hoonah citizens to do their regional shopping.

As with other southeast communities, heavy use is made of the ferries during the school year for the transportation of school children for athletic, cultural, and music events. 50% of student travel is by ferry. Most Southeast school events are planned around the ferry schedule. In a time of decreasing revenues to the schools, any significant decrease in ferry service would limit student travel correspondingly.

Significant use of the ferries is made by people in need of medical treatment. Hoonah has limited medical facilities and staff. People travel to Juneau or Sitka to visit the doctor, enter the hospital, get prenatal care, have a baby, get more diagnostic tests, etc. Indeed, unless an emergency exists, it appears that the vast majority of patients and attendants utilize the ferry rather than flying. The Southeast Regional Health Corporation provides vouchers for patient transport by ferry, rather than by air, whenever possible.

In questioning the local citizens regarding their use of the ferries, it was discovered that people who prefer to ride the ferry do so for three reasons: 1) cost. The regular roundtrip airfare from Hoonah to Juneau is $94. But roundtrip fare on the ferry is only $20 (winter rate), and senior citizens and children under the age of six can ride the state ferries for free. 2) safety and the fear of flying. Numerous responses were received citing this as the reason for using the ferry. 3) people can take their car, which makes it much easier to operate in a larger city. Hoonah's senior citizens use the ferry almost exclusively in traveling from Hoonah.

The ferry is also important in the transport of vehicles, machinery, and equipment in and out of Hoonah. Whitestone Logging utilizes the service to bring in trucks and heavy equipment, as does the Forest Service and the Huna Totem Corporation. This year the water line installation should be completed and the roads are scheduled to be paved. Equipment used for these projects is transported on the ferry. In general, all regular size vehicles coming into or going out of Hoonah will be transported by ferry.

Hoonah is a prime example of a community which has both a general and particular dependence on the ferries. The general dependence has to do with the overall transportation needs of a small, isolated community. The particular needs are the dependence on the ferry to transport food into Hoonah and fish out.

JUNEAU

Juneau, Alaska, population 29,370, is Alaska's state capital and third largest city. It is located on the mainland, but is not connected by road to any other mainland community. It's closest link to mainland travel is with Haines, 75 miles to the north.

The discovery of gold in Juneau was the basis for Juneau's early growth. For centuries before this discovery, Tlingit Indians had established and enjoyed a sophisticated culture in the area. However, Juneau's destiny changed dramatically in 1880, when Joe Juneau and Richard Harris found gold. Within a few years Juneau became a center for large-scale hard-rock mining. Three gold mines, the Alaska-Juneau (AJ), the Alaska-Gastineau, and the Treadwell Gold Mining Co. were established and became world renowned. Treadwell production peaked in 1915, but closed two years later due to a cave-in which flooded the mines. The Alaska-Gastineau folded due to high costs in 1921. And the AJ mining was halted by the war in 1944.

By the time the mines closed, the government had been transferred to Juneau, establishing Juneau as Alaska's capital. Government remains the focal point. Today government employs one of every two Juneau workers. As in other Southeast communities, fishing is important in Juneau. Tourism is an ever-expanding industry. In the summer of 1985, Juneau was the most visited community in Alaska by vacation/pleasure visitors and the second most visited commmunity by all visitors.

Each year Juneau's population goes through seasonal cycles. In the winter, as host to Alaska's Legislature, Juneau is home to people from all over Alaska who come here to take part in Alaska's government. In the summer, Juneau is a bustling city, entertaining visitors from all over the world.

Many of these visitors come to Juneau by way of the Alaska Marine Highway System. In 1985, the ferries transported more than 60,000 passengers to Juneau and more than 14,000 vehicles. Juneau receives more ferry traffic than any other community in Alaska. Many of these travellers are tourists, but many are people from outlying communities coming to town to avail themselves of the shopping, medical, social service, and other service opportunities which are not available in their communities. Juneau has become a regional trade and travel center for the northern panhandle. Because it is the only community in northern southeast with year-round jet service, residents from the smaller communities travel to

Juneau to connect with jet flights going both north and south. But in travelling to Juneau from the smaller communities, the residents often prefer to use the ferry system because of its lower cost, safety, and dependability.

Juneau has the widest selection of available goods in Southeast due to its frequent barge, ferry, and air service, and its population base. There are also more doctors, dentists, and medical specialists in Juneau than in other Southeast communities. The Southeast Alaska Regional Health Corporation operates a regional clinic in Juneau; and an alcoholism treatment facility as well as a shelter for battered women and children, serving northern southeast are in Juneau. Juneau is also the regional headquarters for many organizations and government agencies including, the Forest Service, the Bureau of Indian Affairs, the Coast Guard, the Postal Service, and many others. In general, people from all over Southeast travel to Juneau to meet their shopping, business, and medical needs. Frequent and dependable ferry service is essential to this travel.

The movement of construction equipment to smaller communities from Juneau by ferry is extremely important. Many Southeast communities do not have paving equipment, asphalt plants, cement trucks, a sufficient number of dump trucks for projects, or good crane trucks to complete certain projects. Contractors from Juneau have the equipment and move it with them to the communities for projects such as water line installation, paving roads, and building projects. The ferry is the only practical way to move it.

As with other Southeast communities, student travel by ferry has become very important. 90% of the student's travel is by ferry. Students travel in groups of 10-60 to sports activities, music and drama festivals, and to debate and foreign language conferences. There is approximately one of these groups from Juneau-Douglas High School travelling in SE Alaska each week. Any reduction in ferry service would mean a corresponding reduction in student travel.

The Gold Medal Tournament is an annual adult basketball tournament in which most of the Southeast communities participate. It is held in Juneau and attracts approximately 1,000 people. The demand for ferry service at tournament time is so great that walk-on reservations must be made to get on the ferry bringing participants and spectators into Juneau. This event may seem minimally important, but it is the highlight of many communities' spring and has become a social tradition throughout. Angoon even closes its schools to coincide with tournament time. Gatherings such as this decrease the isolation people begin to feel after a long, cold winter.

Juneau to the smaller communities is equally important. Juneau receives approximately 16 27-ft. vans each week from the south, loaded with groceries, mail, and supplies. The desire for quick, frequent dependable service are reasons freight companies cited for ferry use. Juneau is served by barge lines once a week. Ferries arrive from Seattle or Prince Rupert 3 times a week. Ferries are off-loaded quickly, with vans heading for their destination upon arrival. With barge service it takes longer from the time the barge docks, to the loading and delivery of containers. There is no benefit to shipping on the ferry from Seattle or Prince Rupert if the frequency is no better than that of the barge. Thus, if the Seattle and Prince Rupert runs are reduced in the winter from 3 to 1 per week, the ferry system would loose more than the corresponding reduction in revenues; it would loose the business of those who use the ferry for its more frequent deliveries from the south. Foodland, a local store, uses the ferry exclusively in order to insure the freshest produce, milk products, and meat by getting deliveries twice a week. This is not possible by using the barge. Contractors, hospitals, the fishing industry, and the forestry industry use the ferry for its speedy delivery.

The movement of freight out of Juneau to the smaller communities is of growing importance. People in the smaller communities have become accustomed to diets of fresh produce, meats, and dairy products. The ferries are the only cost effective way of providing these items to some communities. Since many of these commuities are served by barge once every 4-6 weeks, a reduction in ferry service would severely limit the availability of these products. Other freight such as car parts, hardware, furniture, fishing gear, etc. make up the bulk of items for transport to the smaller communities. As it is now, the car decks of the feeder ferries are oftentimes too full to carry all the traffic needing transport. A cut in the service offerred by these ferries would increase this problem and the ferries may get into the undesireable position of prioritizing users of the system.

In general, the ferry's importance to Juneau is derived from the transport of tourists and Southeast residents from outlying communities into Juneau, and the transport of freight out of Juneau.

HAINES

The City and Borough of Haines (pop. 1847) is located 75 miles north of Juneau on Lynn Canal. It is 1/2 hour from Juneau by air and 4 1/2 hours by ferry. Haines is connected by road to the interior. Twenty-two miles up this road is Klukwan, a small Chilkat Indian Village with a population of 192. Klukwan has no businesses, so it relies totally on Haines for goods and services. Haines is a major entry point for land travel from Southeast Alaska into Canada or the Interior of Alaska, and from the interior to Southeast, Prince Rupert, and Seattle. This function, however, is only possible because of the ferry system. Despite the still recent completion of the Klondike Highway connecting Skagway to Whitehorse, Haines may still be described as the northern terminus of the Marine Highway System. It is the Panhandle's closest link to the rest of Alaska.

The Haines economy in the past ten years has often seemed to be reacting to the on-again, off-again attempts to keep the sawmill operating. Presently, the sawmill is not operating. Fishing has been an important contributor to the economy, but has recently been facing tougher times. Now the community is turning towards its tourism potential as a means of finally stabilizing the Haines economy. This effort has been helped a great deal by the publicity and attention which has been given to the annual fall eagle migration to the Chilkat River. Work on promoting the eagle reserve as a place to visit is progressing, and a visitor information center is under construction. In addition, other efforts are being made to promote Haines as a place to visit rather than just pass through. The underling key ingredient for Haines' tourism potential is its accessability by ferry. Without the ferries, Haines becomes simply a place at the end of a very long spur road.

It is difficult to overemphasize the importance of the ferry system to the Haines economy. For example:

(1) There are five hotels in Haines (a total of 128 rooms), with a gross income of $625,000. The owners of the hotels state that 90% of their business is derived from travellers on the Marine Highway System.

(2) Even though Haines has little more than a thousand residents, it has 11 restaurants, seven of which remain open year-round. The owners of the restaurants estimate that 80% of their business is derived from ferry travellers.

(3) There are are four automobile service stations. The operators of these stations state that 40% of their business derives from ferry traffic.

(4) In 1985 43,534 passengers embarked at Haines, and 13,454 vehicles. 40,867 passengers and 12,424 vehicles disembarked. In comparison, Juneau, which had the highest number of disembarkations had only 1,650 more vehicles disembarking than Haines.

It appears that when people drive down from the interior to connect with the ferry, they have a strong desire not to miss their connection south. And so they arrive early - early enough to need accommodations. Other examples abound of the importance of the ferry system to the Haines community:

(5) Approximately 1/2 of the food in the grocery stores arrives via the ferry; restaurants and bars receive all their supplies by ferry.

(6) Approximately 1/2 of the construction materials sold in Haines arrives by ferry.

(7) The ferry system itself has 27 employees in Haines; including two seasonal and one part-time.

Of all the communities of Southeast Alaska, it is clear that Haines is the most vulnerable and would be hurt the most by any significant curtailment in ferry service. The community has experienced a taste of the impact of ferry service reductions this winter. Last winter Juneau residents could conveniently travel via ferry for the weekend to Haines. This year, however, the schedule will not allow them to go to Haines and return for the weekend. The result is that some businesses in Haines have had their worst winter ever. Indeed, a tour company that had planned some group tours to the Haines area to enjoy the eagle migration had to cancel their plans due to the scheduling difficulties.

Apart from the aspects already identified, it appears as well that Haines is more dependent upon the ferry system than other communities in terms of social and cultural events. Haines is the site of the annual Southeast Fair. The fair, scheduled every year in August, has become a major event. Last year, attendance was approximately 8,000. And the ferries play a vital role. The event has become such a popular one for for Juneau residents (and those travelling

through Juneau) that demand for space far exceeds capacity. To their credit, managers of the system have cooperated by scheduling an extra run to Haines. The ferries carry horses, other animals, and exhibits as well as people to the fair.

While the fair may be the largest event, there are other cultural events and ongoing functions which depend on the ferries. The famous Chilkat Dancers of Haines use the ferries exclusively in their regional tours. They report that approximately 25% of their audience for Haines performances stem from the ferries. Also, there is an annual drama festival and competition in the summer which draws people to Haines by ferry.

As with most other communities served by the ferries, school travel relies greatly on the ferry system. 90% of student travel from Haines is via ferry. The purposes include travel to the annual music festival (this year held in Ketchikan) and a foreign language festival in addition to athletic events. Choosing ferry travel over air is a matter of safety more than cost, according to the high school principal.

Finally, but not least, there are numerous ongoing people services and functions which depend upon the ferries in a manner which makes life in this and other smaller Southeast communites more manageable. There are only two doctors in Haines, one of which also serves Skagway. There is no hospital. People from both communities depend on the ferries for transportation to Juneau for medical treatment unless an emergency exists. Also, periodic visits to Haines are made by a veterinarian, an optometrist, and a chiropractor, all of whom use the ferry as they carry with them a fair amount of equipment. And, twice a month both the Public Defender and District Attorney along with a judge come to Haines for judicial proceedings. They usually fly, but schedule their visits according to the ferry schedule as a backup. The local magistrate estimates that it would cost the state approximately $1500/day should those three people get weathered in. Of course, as with Skagway and Hoonah, many residents depend upon the ferry to be able to travel to Juneau for consumer goods which are simply not available in their community. It is cheaper, safer, and more dependable than flying.

In this study and report, it appears to a significant degree that the importance of the ferries rises in inverse proportion to the size of the community. Haines happens to be the one example which demonstrates the rule most dramatically. The ferries quite simply are a major factor, not just to the economy, but to the quality of life.

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SKAGWAY

The City of Skagway is located at the northern end of Lynn Canal. The current population is 790. It is 93 miles north of Juneau, 45 minutes by air and 6 1/2 hours by ferry. Like a great many other places in Alaska, it has had its economic ups and downs, but Skagway's history appears to have peaks and valleys which are both higher and lower than perhaps any other. Soon after its beginning, and at the height of the rush to the Klondike gold fields, Skagway (combined with nearby Dyea) was the largest city in Alaska (pop. 8500). Of course when the boom turned to bust, the population declined rapidly. Skagway might have turned into a ghost town were in not for the construction of the railroad in 1899. Eventually the railroad became the mainstay of the economy, transporting ore from the Yukon to Skagway to be loaded on ships, and tourists and freight north to Lake Bennett and Whitehorse. But the iron mines closed in 1981 forcing the railroad out of business in 1982. This put the very life of Skagway in jeopardy. But the opening of the Klondike Highway connecting Skagway with Whitehorse has given the town new vitality.

Now Skagway concentrates almost entirely on tourism and the ferries are an important component of this economy. 230,000 people visited Skagway last year. Skagway's population doubles in the Summer in an effort to accommodate their visitors.

While the vast bulk of tourists come by cruise ship, it is the visitors who come by ferry who spend money in local restaurants, hotels, service stations and grocery stores. This is because food and lodging is included in the cruise ship package. Thus, the 36,000 visitors who came by ferry in 1986 are an important component to these Skagway businesses. And, to an increasing degree, this component is not restricted to the Summer period. Skagway is working hard at encouraging Juneau residents to travel north for winter breaks. Since this winter is the first winter that the road to Whitehorse has remained open, visitors are being encouraged to come to Skagway for cross-country skiing or to go to Whitehorse. Due to the winter opening of the road, those business remaining open all report increased winter business. Of course, the ferries play an important role in making the increased winter traffic possible.

The opening of the road also means that tourists traveling north with their car now have the option of disembarking at Skagway. Thus, Skagway now joins Haines as an entry point for travel to the interior and Canada. The 1985 Port Traffic Summary Data indicates that 29,577 passengers and 5,731 vehicles embarked from Skagway. 31,522 passengers and 6,402 vehicles disembarked. Presently, (March 1987) Skagway receives four main-

line ferries/week, and one visit by the Le Conte. In the summer, service increases to five mainline ferries while service by the Le Conte remains about the same.

Like other Southeast communities, Skagway depends on the ferry system for its basic transportation needs. The ferry offers a low-priced, dependable means of transportation to Juneau with its greater selection of consumer goods and services. Since Skagway is situated in a narrow valley with steep mountains on either side, it receives winds from the north, especially in winter, which are severe. The winds make flights into Skagway uncomfortable and at times impossible. The ferry offers a dependable option. Most people schedule their departures according to the ferry schedule, so that even though they may plan to fly, they will not be stranded by a flight cancellation.

Skagway's health professional is a Physician's Assistant, with a doctor from Haines visiting once every two weeks. The ferry is an important link between Haines and Skagway for the transfer of medical supplies, drugs, and personnel. If people need more medical services than are available in Skagway, they usually travel to Juneau, and often by ferry.

Given the recent efforts by Skagway businesses to attract winter business, buoyed by the opening of the road for winter traffic, people in Skagway are naturally disheartened at the prospect of decreased ferry service. For it is the current level of ferry service which largely makes it possible for the winter business to grow. That is, the appeal is being made to Juneau residents for a winter foray to Skagway and Whitehorse, and such a visit by car necessarily involves use of the ferries.

V.

RECOMMENDATIONS AND FINDINGS

RECOMMENDATIONS AND FINDINGS

The intent of this section is to provide a helpful perspective of ways to improve our Alaska Marine Highway System (AMHS). We intend no offense. Indeed, this section, like each of the others is to lend assistance.

From the beginning, the goal of the AMHS has been to allow residents of Southeast access to the same transportation opportunities as those residents of areas on maintained road systems. The service has been treated fiscally as lump sum appropriations, turned over to an administrator for disbursement, much like other passthrough programs such as Education Foundation, Municipal Assistance, and Revenue Sharing. But there is a major difference: school districts and local governments statewide are not able to meet their own funding needs. For that matter, neither is the State's land based highway system. But the AMHS on the other hand, is entirely capable of providing most of its own revenues. It has in the past, and studies indicate that the system has the potential, in the short-term (within five years) to provide from 55 to 60 per cent of its operating costs through system receipts.

This potential, however, is dependent upon the continuation and expansion of service. The system generates no revenues sitting off-line at dockside, and in some cases may cost the system more than when operating and generating revenues. The system is a long way from realizing its revenue potential. The solution, however, does not lie in a change of schedule or reduction of service. It lies in necessary changes to the delivery of those services, specifically day-to-day operation, manning requirements, public perception, and management. The following are some areas revealed during this study where significant improvements could be made:

(1) Advisory Board

Foremost among our suggestions is that the Legislature and Governor form a small advisory board to work with the AMHS to develop goals and implement strategies over the next three years. This recommendation cannot be overstated. The board could well serve as the ingredient necessary to make the AMHS the paradigm of marine transportation and the backbone of economic development. The small board should be comprised of transportation and marketing professionals, legislators, and users.

(2) Vessel Lay-Up

One item that should play an important role in the decisions on funding levels are vessel lay-up costs and the amount

of time vessels spend in port for maintenance. Here is a listing of overhaul costs per week for each vessel, shown as a percentage of its weekly operating costs:

Aurora - 51.4%	Tustemena - 65.5%
Chilkat - 82%	Bartlett - 90.8%
LeConte - 49.8%	Columbia - 71.1%
Matanuska - 66.1%	Malaspina - 42.9%

Lastly, the Taku has a percentage of 50.3%.

If you accept the validity of the 1984 Task Force Report that the system could be providing 55 to 60 per cent of its own funding within five years, then only on the Malaspina would it cost significantly less to lay-up for maintenance than to operate. Further, the time periods for lay-ups for maintenance seem to be excessive. They range from a five week maintenance period for the Chilkat to 19 weeks for the Columbia. By contrast, the cruiseship Stardancer lays up for 8 days per year. All other maintenance is done on board, during operation.

Our recommendation is that the Legislature and Governor establish a five year series of attainable revenue goals as a percentage of operating cost, and that these goals be evaluated along with actual experience prior to each fiscal year appropriation. In this manner, the Legislature can encourage the system to eliminate those areas of apparent excess cost, such as the maintenance time on vessels.

(3) Inventory Control and Purchase of Provisions

Perhaps the most common complaint has been the warehousing of supplies, especially foodstuffs, and the system's inability to track those provisions. We came across a report dated August 4, 1983 from Gerald Wilkerson to members of the Legislative Budget and Audit Committee regarding an audit of AMHS warehouses in Seattle and Juneau. The State Acccunting System (SAS) records for the inventory at the Seattle warehouse showed the Seattle inventory at $230,621.49; while the warehouse records showed inventory at $87,161.18, a difference of $143,460.31. Acting Deputy Commissioner Eugene Black attributed the discrepancy to inadequate reconciliation procedures between the AMHS warehouses and the State Accounting System. Indeed, there were consistent diferences between other AMHS records and the SAS. The Seattle finding stands out, however, because of Governor Sheffield's AHMS Task Force, which was conducting its ispections during the same general time period. In its official report dated April, 1984, the Task Force had the following to say about its inspection of the Seattle warehouse:

> The warehouse space at Pier 48 currently leased by the system is not being utilized to its fullest capacity. In addition, the main warehouse is disorganized with little control in effect. Both front and rear doors to the main warehouse were open with vehicles entering unrestricted. There appears to be excess warehouse capacity and minimal control of the main warehouse area.

In the same audit report, Wilkerson also points out another shortcoming that we feel warrants immediate attention. Wilkerson states:

> Juneau warehouse records do not provide historical detail of inventory transactions which would show all purchases, adjustments, and issuance of inventory items. By not having this detail, the disappearance of inventory and subsequent adjustment of records could go undetected.

Black responded that "the data processing program purchased for use at the warehouse does not have the capability of keeping transactions by item."

We are aware that the management is reviewing these cost saving measures. Our recommendation on this matter is that the Legislature and the Governor direct the AMHS to pusue "shipside" purchase of Provisions. That is, shifting to a system of little or no inventory. The benefits are several. There seems little justification for the amount of space currently being payed for in Seattle, especially if supplies were to be purchased "shipside". Inventory could be more easily tracked because everything purchased would actually make it onto the ship rather than be warehoused. It would also allow Alaska dollars to stay in Alaska, and help to support local economies along its routes, plus build a stronger relationship with the business community. An additional effort should be made to evaluate the current procedures for the purchase of fuel by AMHS. This particular purchasing strategy needs a review beyond our budget and timetable. However, it is equally important and seems to be an area which has been neglected. It is a complex question and entails cost comparisons of food purchase alternatives and warehouse efficiencies.

(3) <u>On-Shore Ship Services</u>

The system seems to have little or no control over docking costs, and certainly no consistency in approach. One

community charges the system $600 every time they tie up a boat, while another community provides the service gratis, in recognition of the importance of the ferry to the community. We do not suggest there is no reasonable explanation, we simply do not have one. A similar problem exists with on-shore agents at the various ports of call. Some are AMHS employees, some are contract agents. Some are dedicated to their work and represent the ferry system very well. They keep regular office hours, sell tickets, meet ships, help with tie-ups etc. Some (more likely to be contract agents) keep minimal staff and minimal office hours, do a poor job on-shore costs (such as tie-ups) that are billable directly to the AMHS, do not present a good impression to passengers, and collect a higher percentage of ticket sales than do travel agents.

Our recommendation is that the Legislature and Governor direct the AMHS to determine the most cost-effective method of handling on-shore services, and further direct that those costs and methods should be as consistent as possible throughout the system. Further, that the system should function within a strict set of guidelines to ensure a consistent level of service at a consistent cost.

(5) Ferry Freight

We found a tremendous dependence by some businesses on the ferry system for freight service, but also received many complaints regarding practices on the cargo deck that often cause inconveniences to clients. There was expressed to us a feeling that the AMHS did not consistently recognize the importance of their commercial clients as a source of revenues. One example given is that the system does not enforce its prepayment requirement on vehicles. The result is that commercial opportunities are lost when a passenger vehicle cancels, because there is no incentive for the person cancelling to notify the AMHS. There is then no opportunity for the space to be filled, though there may be a commercial carrier who would desire the space.

Our recommendation is that the Legislature and Governor instruct the AMHS to consider methods of maximizing revenues from commercial freight users through adjustments in scheduling or lay-up schedules so as to "cater" to commercial clients during periods of high freight volume, such as those noted in the community sections of this report.

(6) Promotion and Marketing

The AMHS is the largest public water transportation system in the United States. Southeast Alaska is one of the nation's major tourist destinations. In a recent survey, 58 percent

of all respondents identified the ferry system as their preferred method of travel to Alaska. Yet until just four months ago, very little effort was made at promoting the system "outside", and even less within Alaska. If the AMHS is to survive without dramatic reductions in services, major sources of revenue have to be identified. There is very nearly unlimited potential for "selling" the system, but several changes do need to occur to realize its tourism potential. We believe this can occur in concert with private enterprise, particularly during the winter months.

Our recommendation is that the Legislature and Governor instruct the AMHS to actively pursue changes within the reservation system that will expedite that system. Areas to be considered should include contracting out the reservation function or the training of the staff to experienced professionals within the travel industry; transferring reservations onto one of the major airlines computer systems so that no extra equipment would be needed by travel agents to write tickets for the ferry system; increase the commissions on tickets to at least minimum industry standards; actively recruit and pursue private/public partnerships in the marketing of the system; work closely with the State Division of Tourism for promotional purposes; initiate efforts to improve the impression the system presents at its Seattle and Prince Rupert terminals; provide training to employees in public contact positions, both on-shore and on-ship. Finally, the Legislature and Governor should urge the management and employees to help realize its potential.

(7) Operations

This brings us to our final "operational" recommendation, and the most common issue we found among systems users. We recommend that the AMHS conduct a thorough, comparative review of all contract provisions with organizations representing employees of the system. Further, that special attention be paid to provisions relating to manning requirements, seniority, training programs, assignment of duties, annual leave, sick leave, penalty and overtime compensation, ship-based versus shore-based compensation and benefits, call-out practices, and residency requirements. The various contracts should be consistent in the different provisions. In addition, a similar review should be conducted of the cost of administering the system, and appropriate recommendations made. The findings and recommendations of this contract review and the administrative review should be implemented at the earliest opportunity, in order to help stabilize the system's operating expenses at a level that will assure continued Legislative support. The labor forces of the AMHS are the element primarily responsible for the successes of the system and

maintaining its effectiveness through recent turmoil. They must be full partners in meeting the current challenges.

The conclusions reached by our research lead us to believe that much of the expense in operating the AMHS is not inherent in the ferry service itself. It appears rather to be entrenched in the delivery of that service by the AMHS. Ferry loads are adequate and the system is being used. For that reason, every effort should be made to avoid a reduction in actual service. By the same token, it is imperative that every effort be taken to encourage the system to streamline its delivery of service in an effort to increase revenue, without sacrificing its committment to basic transportation needs of all Southeast residents. It would be truly unfortunate if any reduction in funding should result strictly in a commensurate reduction in service without regard to other areas of the system. We see the decisions made this session as decisions affecting the entire future of the AMHS.

We feel strongly that there are quantifiable ways of both reducing the cost of operation, and at the same time increasing revenues. We urge your support of funding levels that will guarantee the continuation of the essential service level currently being provided by the AHMS. By the same token, we implore you to adopt an aggressive handling of the system's managerial and operational deficiencies. On no level of management theory have we found justification for allowing a billion dollar infrastructure to sit idle. It would be a questionable business decision to do so, and absolutely unacceptable as a matter of public policy. We urge the legislature and governor to fund the AMHS for FY 88 at a level of 62.6 million, and to adopt intent language that service levels be maintained. Since this is the first year of the session, we would also encourage the governor and the legislature to set some General Fund net operating goals for the AMHS for FY 88. A report from management on the status of that effort, with specific citations, should be requested for delivery to the Legislature by the first day of April, 1988.

Thank you for your consideration. We believe that a strong directive from the legislature and Governor to the management of the AMHS, combined with a maintenance level appropriation for FY 88, can assist the AMHS to make great strides toward ensuring that the system will continue to provide adequate levels of service to the State in the future. We do not pretend or suggest that all of our recommendations are absolutes. There is no claim that we have all the answers, but we believe in the viability and future of the ferry system.

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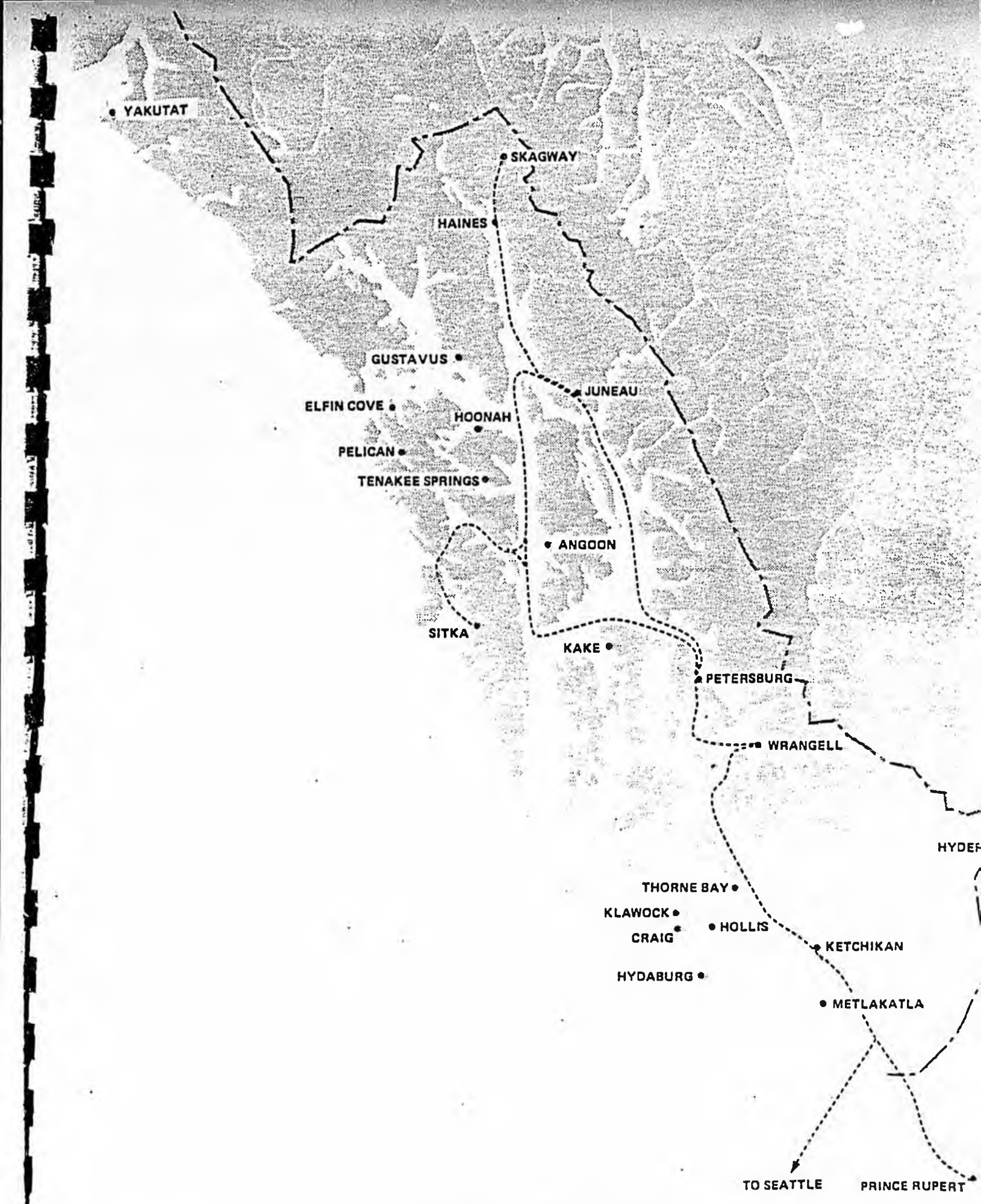
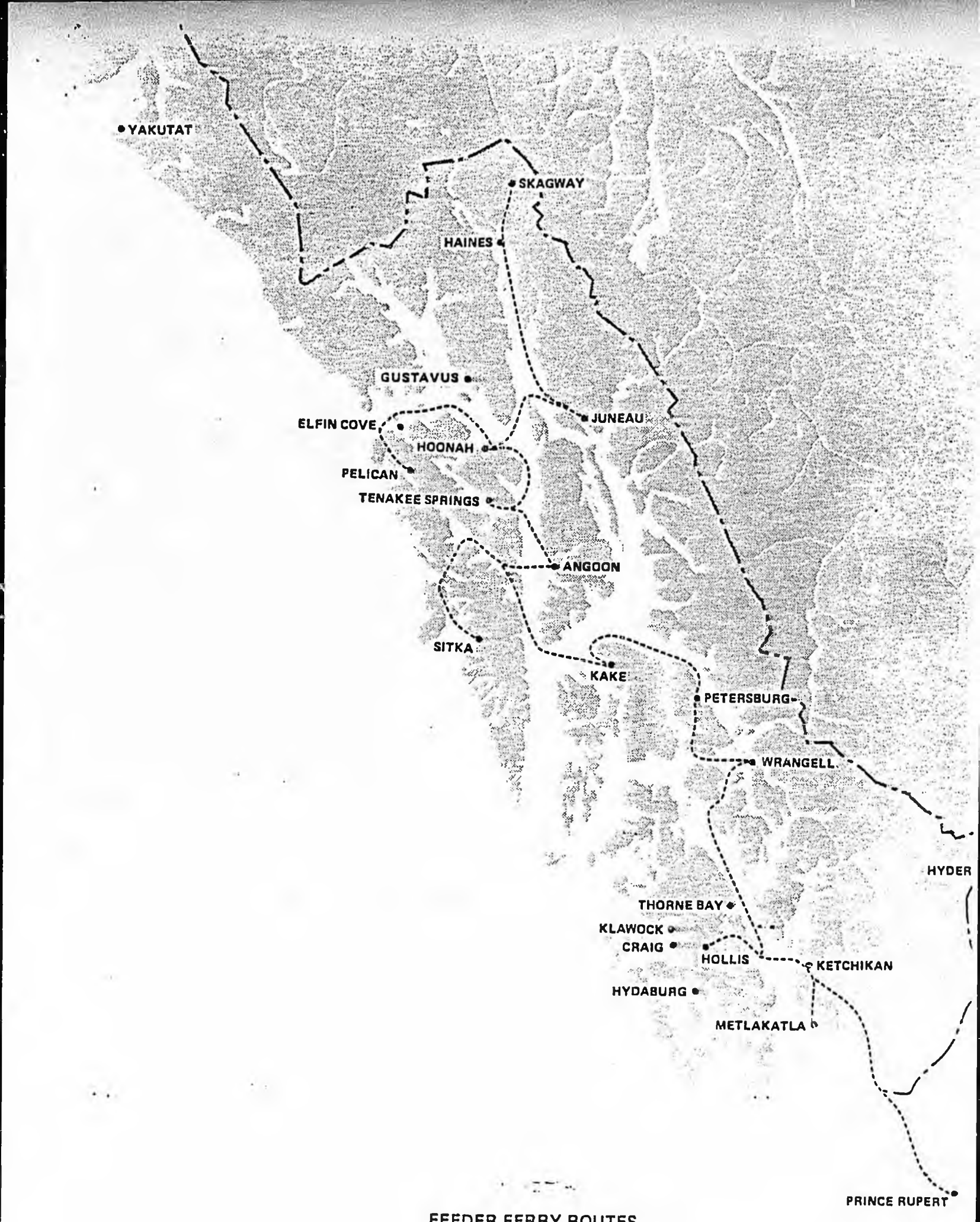
VI.

APPENDICES



MAINLINE FERRY ROUTES



FEEDER FERRY ROUTES

TABLE 1

FERRY SERVICE FOR SOUTHEAST ALASKA
MARCH 1987

	Mainline		Secondary	
	Northbound Stops	Southbound Stops	Northbound Stops	Southbound Stops
KETCHIKAN	14	13	21	23
WRANGELL	14	13	0	1
PETERSBURG	13	13	6	7
SITKA	5	5	12	14
JUNEAU	14	14	17	18
HAINES	14	14	5	5
SKAGWAY	14	14	5	5
METLAKATLA			26	27
HOLLIS			22	22
KAKE			6	10
ANGOON			10	12
TENAKEE			9	9
HOONAH			9	12
PELICAN			3	3

Note: Hyder does not receive service during the period of the winter schedule.

TABLE 2

AVERAGE WEEKLY SERVICE FOR SOUTHEAST ALASKA

MARCH 1987

	Mainline		Secondary	
	Northbound Stops	Southbound Stops	Northbound Stops	Southbound Stops
KETCHIKAN	3.16	2.93	4.74	5.19
WRANGELL	3.16	2.93	0	.23
PETERSBURG	2.93	2.93	1.35	1.58
SITKA	1.13	1.13	2.71	3.16
JUNEAU	3.16	3.16	3.84	4.06
HAINES	3.16	3.16	1.13	1.13
SKAGWAY	3.16	3.16	1.13	1.13
METLAKATLA			5.87	6.09
HOLLIS			4.97	4.97
KAKE			1.35	2.26
ANGOON			2.26	2.71
TENAKEE			2.03	2.03
HOONAH			2.03	2.03
PELICAN			.68	.68

Note: Hyder does not receive service during the period of the Winter schedule.

TABLE 3

FERRY SERVICE FOR SOUTHEAST ALASKA
JULY 1987

	Mainline		Secondary	
	Northbound Stops	Southbound Stops	Northbound Stops	Southbound Stops
KETCHIKAN	26	27	36	34
WRANGELL	26	29	0	0
PETERSBURG	27	29	4	4
SITKA	11	9	8	8
JUNEAU	28	26	14	14
HAINES	26	25	10	10
SKAGWAY	26	26	10	10
METLAKATLA			26	25
HOLLIS			30	30
KAKE			4	4
ANGOON			8	9
TENAKEE			8	5
HOONAH			14	10
PELICAN			2	2
HYDER			5	5

TABLE 4

AVERAGE WEEKLY SERVICE FOR SOUTHEAST ALASKA

JULY 1987

	Mainline		Secondary	
	Northbound Stops	Southbound Stops	Northbound Stops	Southbound Stops
KETCHIKAN	5.87	6.09	8.13	7.67
WRANGELL	5.87	6.54	0	0
PETERSBURG	6.09	6.54	.90	.90
SITKA	2.48	2.03	1.81	1.81
JUNEAU	6.32	5.87	3.16	3.16
HAINES	5.87	5.64	2.26	2.26
SKAGWAY	5.87	5.87	2.26	2.26
METLAKATLA			5.87	5.64
HOLLIS			6.77	6.77
KAKE			.90	.90
ANGOON			1.81	2.03
TENAKEE			1.81	1.13
HOONAH			3.16	2.26
PELICAN			.45	.45
HYDER			1.13	1.13

TABLE 5

ALASKA MARINE HIGHWAY SYSTEM PERSONNEL BY COMMUNITY
(Also showing onboard personnel by union membership)*

	ONBOARD				
	IBU	MM&P	MEBA	SHORESIDE	TOTAL
JUNEAU	158	9	8	101	276
KETCHIKAN	245	19	19	11	294
HAINES	17	1	2	7	27
SKAGWAY	3	1	1	5	10
PETERSBURG	7	1	1	2	11
WRANGELL	2	0	0	2	4
SITKA	5	0	0	2	7
CRAIG	4	0	0	0	4
HOLLIS	0	0	0	2	2
HYDABURG	1	0	0	0	1
THORNE BAY	1	0	0	0	1
HOONAH	0	0	0	1	1
ANGOON	1	0	0	0	1
HYDER	1	0	0	0	1
AK NOT SE	71	10	8	15	104
NON-RESIDENTS	39	27	52	16	134
	555	68	91	165	878

Note: Figures include seasonal and part-time employees

* IBU = Inland Boatmen Union
MM&P = Marine Mates & Pilots
MEBA = Marine Engineer Beneficial Association

TABLE 6

PORT TRAFFIC SUMMARY FOR SOUTHEAST ANNUAL 1985

PASSENGERS EMBARKING

MON	SEA	KTN	WRG	PSG	JNU	HNS	SGY	SIT	YPR	PEL	HOL	KAE	ANG	TKE	HNH	MJF	MET	TOT
JAN	1006	2859	410	715	1977	1341	396	768	673	25	727	210	366	84	292	0	740	12589
FEB	973	2225	330	786	2256	1253	397	1167	530	29	746	464	497	86	382	0	402	12523
MAR	1532	3162	345	751	3483	1550	546	1079	1052	59	1172	220	336	105	318	0	636	16346
APR	1567	2658	367	804	3758	1811	912	1051	1459	63	1098	208	288	120	319	0	0	16483
MAY	2108	3834	450	1219	5201	2862	2146	1463	2260	70	1214	352	488	109	421	240	475	24912
JUN	2623	6385	910	2040	7508	5293	4565	2460	6150	70	1775	408	497	130	561	240	697	42312
JUL	2097	7576	1210	2627	11060	9049	8137	3247	7977	166	1731	337	326	167	522	0	486	56715
AUG	2331	8068	1395	2577	11011	9949	6899	2904	5761	79	2355	350	486	202	576	0	538	55481
SEP	1267	4952	706	1634	4828	4379	3273	1425	1674	159	1614	238	306	66	343	0	394	27258
OCT	1135	3317	476	879	3474	2528	1477	1109	864	22	904	208	257	99	482	0	527	17758
NOV	876	2804	437	730	2816	1647	418	728	645	36	1134	223	453	157	678	0	404	14186
DEC	856	3410	534	888	3267	1872	391	980	522	47	1411	272	534	159	690	0	675	16508
TOT	18371	51250	7570	15650	60639	43534	29557	18381	29567	825	15881	3490	4834	1484	5584	480	5974	313071

VEHICLES EMBARKING

MON	SEA	KTN	WRG	PSG	JNU	HNS	SGY	SIT	YPR	PEL	HOL	KAE	ANG	TKE	HNH	MJF	MET	TOT
JAN	384	645	90	138	509	423	103	130	302	2	175	44	38	0	33	0	153	3169
FEB	490	595	80	128	508	363	101	131	270	6	198	68	40	0	41	0	115	3134
MAR	638	916	100	174	768	447	120	212	547	6	342	43	42	0	68	0	195	4618
APR	549	747	103	193	793	590	145	199	662	10	340	83	33	0	60	0	0	4507
MAY	591	1090	143	306	1283	886	419	266	898	5	370	63	36	0	106	0	131	6593
JUN	566	1632	284	510	1763	1548	881	506	1681	4	529	86	35	0	97	0	163	10285
JUL	438	1991	297	678	2341	2678	1457	639	1913	15	530	80	26	0	105	0	148	13336
AUG	519	2121	278	582	2259	2786	1216	551	1423	5	692	76	46	0	101	0	146	12801
SEP	338	1449	156	352	1333	1516	691	321	571	10	552	62	36	0	83	0	154	7624
OCT	436	1117	142	251	966	1028	370	230	389	2	347	79	41	0	134	0	176	5708
NOV	457	750	122	190	731	599	116	179	307	4	386	82	47	1	127	0	93	4191
DEC	368	768	99	148	723	560	112	172	231	5	278	54	38	4	96	0	158	3814
TOT	5774	13821	1894	3650	13977	13424	5731	3536	9194	74	4739	820	458	5	1051	0	1632	79780

PASSENGERS DISEMBARKING

MON	SEA	KTN	WRG	PSG	JNU	HNS	SGY	SIT	YPR	PEL	HOL	KAE	ANG	TKE	HNH	MJF	MET	TOT
JAN	598	3179	456	784	2472	1134	365	741	405	24	818	282	293	87	269	0	682	12589
FEB	587	2166	334	874	2919	1282	440	958	399	55	911	333	390	77	414	0	384	12523
MAR	741	3184	350	961	3091	2128	543	1158	567	71	1445	345	582	108	490	0	582	16346
APR	1147	2585	442	791	3677	2435	1034	1064	849	84	1267	195	355	130	428	0	0	16483
MAY	816	3985	536	1274	5062	3748	2706	1641	1566	94	1364	330	476	196	518	240	360	24912
JUN	1300	6594	1056	2200	7863	6405	5362	2385	4730	98	1804	417	540	117	577	240	624	42312
JUL	2175	7678	1276	2724	11318	7945	8611	3284	7605	187	2025	320	367	135	581	0	484	56715
AUG	2004	7952	1362	2425	10437	8058	7632	3019	8029	96	2317	382	516	171	517	0	564	55481
SEP	2264	4383	789	1333	4932	2662	2764	1410	3755	127	1540	241	311	74	339	0	334	27258
OCT	1495	3156	443	826	3393	2021	1224	1087	1567	56	898	139	362	101	464	0	526	17758
NOV	927	2787	459	759	2761	1630	467	806	827	24	996	154	384	175	642	0	393	14186
DEC	1431	3264	541	769	3160	1419	379	910	874	27	1206	283	636	183	708	0	718	16508
TOT	15485	50913	8044	15720	61085	40867	31522	18463	31173	943	16591	3421	5212	1554	5947	480	5651	313071

VEHICLES DISEMBARKING

MON	SEA	KTN	WRG	PSG	JNU	HNS	SGY	SIT	YPR	PEL	HOL	KAE	ANG	TKE	HNH	MJF	MET	TOT
JAN	226	651	103	132	627	395	91	181	209	2	258	58	36	0	40	0	160	3169
FEB	212	629	93	162	593	432	100	184	183	5	289	50	29	0	47	0	126	3134
MAR	215	957	125	235	765	752	125	249	270	10	480	92	60	0	102	0	181	4618
APR	296	782	130	190	851	880	183	228	330	10	445	62	33	0	87	0	0	4507
MAY	177	1119	183	306	1216	1331	522	361	501	4	471	79	37	0	137	0	149	6593
JUN	268	1750	301	537	1842	1902	1011	519	1220	7	518	88	40	0	119	0	163	10285
JUL	468	2076	329	688	2361	2108	1666	679	1962	17	621	80	28	0	103	0	150	13336
AUG	371	2080	289	558	2101	2055	1548	590	2110	6	688	97	45	0	102	0	161	12801
SEP	529	1321	184	310	1292	862	620	327	1357	11	465	61	33	1	106	0	145	7624
OCT	531	1009	136	243	1030	707	284	255	738	0	353	63	45	1	123	0	190	5708
NOV	361	815	127	193	739	579	130	239	379	5	303	56	41	5	101	0	118	4191
DEC	439	776	105	163	657	421	122	190	356	2	225	52	38	0	105	0	163	3814
TOT	4093	13965	2105	3717	14074	12424	6402	4002	9615	79	5116	838	465	7	1172	0	1706	79780

PASSENGERS DISEMBARKING

MON	SEA	KTN	WRG	PSG	JNU	HNS	SGY	SIT	YPR	PEL	HOL	KAE	ANG	TKE	HNH	MJF	MET	TOT
JAN	598	3179	456	784	2472	1134	365	741	405	24	818	282	293	87	269	0	682	12589
FEB	587	2166	334	874	2919	1282	440	958	399	55	911	333	390	77	414	0	384	12523
MAR	741	3184	350	961	3091	2128	543	1158	567	71	1445	345	582	108	490	0	582	16346
APR	1147	2585	442	791	3677	2435	1034	1064	849	84	1267	195	355	130	428	0	0	16483
MAY	816	3985	536	1274	5062	3748	2706	1641	1566	94	1364	330	476	196	518	240	360	24912
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NOV	927	2787	459	759	2761	1630	462	806	827	24	996	154	384	175	642	0	393	14186
DEC	1431	3264	541	769	3160	1419	379	910	874	27	1205	283	636	183	700	0	718	16508
TOT	15485	50913	8044	15720	61085	40867	31522	18463	31173	943	16591	3421	5212	1554	5947	480	5651	313071

VEHICLES DISEMBARKING

MON	SEA	KTN	WRG	PSG	JNU	HNS	SGY	SIT	YPR	PEL	HOL	KAE	ANG	TKE	HNH	MJF	MET	TOT
JAN	226	651	103	132	627	395	91	181	209	2	258	58	36	0	40	0	160	3169
FEB	212	629	93	162	593	432	100	184	183	5	289	50	29	0	47	0	126	3134
MAR	215	957	125	235	765	752	125	249	270	10	480	92	60	0	102	0	181	4618
APR	296	782	130	190	851	880	183	228	330	10	445	62	33	0	87	0	0	4507
MAY	177	1119	183	306	1216	1331	522	361	501	4	471	79	37	0	137	0	149	6593
JUN	268	1750	301	537	1842	1902	1011	519	1220	7	518	88	40	0	119	0	163	10285
JUL	468	2076	329	688	2361	2108	1666	679	1962	17	621	80	28	0	103	0	150	13336
AUG	371	2080	289	558	2101	2055	1548	590	2110	6	688	97	45	0	102	0	161	12801
SEP	529	1321	184	310	1292	862	620	327	1357	11	465	61	33	1	106	0	145	7624
OCT	531	1009	136	243	1030	707	284	255	738	0	353	63	45	1	123	0	190	5708
NOV	361	815	127	193	739	579	130	239	379	5	303	56	41	5	101	0	118	4191
DEC	439	776	105	163	657	421	122	190	356	2	225	52	38	0	105	0	163	3814
TOT	4093	13965	2105	3717	14074	12424	6402	4002	9615	79	5116	838	465	7	1172	0	1706	79780

A RESOLUTION BY THE SOUTHEAST CONFERENCE
RESOLUTION #87-1

WHEREAS, the Southeast Conference has completed a comprehensive review of the Alaska Marine Highway System's critical importance to Alaska communities; and,

WHEREAS, Alaska's rugged coastline prohibits road access to all but two of Southeast Alaska's twenty-four municipalities and boroughs; and,

WHEREAS, Southeast Alaska's severe and unpredictable weather frequently prohibits air access to those municipalities; and,

WHEREAS, the Alaska Marine Highway System is the foundation of Southeast Alaska's economy; and,

WHEREAS, the Alaska Marine Highway System is the primary and only dependable mode of transportation in Southeast Alaska; and,

WHEREAS, the Alaska Marine Highway System also provides a significant means of transportation to Southcentral and Interior Alaska that effects their economy; and,

WHEREAS, the Alaska Marine Highway System is critical to Southeast Alaska's fishing, timber, tourism, and retail industries; and,

WHEREAS, the Alaska Marine Highway System is also critical to the delivery of human services, such as health care and education; and,

WHEREAS, any reduction in the level of service in Southeast Alaska would have a dramatic affect on day-to-day life in Southeast;

THEREFORE, BE IT RESOLVED that the Southeast Conference respectfully urges Governor Cowper and the Fifteenth Alaska State Legislature to accept and implement to the maximum extent practical the recommendations presented by the Southeast Conference in the report entitled "The Alaska Marine Highway System: The Community Perspective;" and,

BE IT FURTHER RESOLVED that the Alaska Marine Highway System maintain its current level of service and be funded by an authorization of $62.6 million for fiscal year 1988.

Adopted by the Southeast Conference on the 7th day of April, 1987.

Ernest Polley, President

PUBLICATIONS CONSULTED IN THE PREPARATION OF THIS REPORT:

Alaska Marine Highway Draft System Plan, AMHS, November 1986.

Alaska Marine Highway Schedules, Alaska Marine Highway System, Fall/Winter/Spring/Summer, 1986-1987.

Alaska Tourism Handbook, A Guide to Community Tourism Development, State of Alaska, Division of Tourism, September 1985.

Alaska Visitors Statistics Program; Alaska Visitor Arrivals, Summer Season 1985, Data Decisions Group, February 1986.

Alaska Visitors Statistics Program; Patterns, Opinions, and Planning, Summer Season 1985, Data Decisions Group, April 1986.

Alaska Visitors Statistics Program; Alaska Visitor Arrivals, Fall/Winter/Spring 1985-86, Data Decisions Group, September 1986.

Economic Indicators, Ketchikan Gateway Borough, March 1987.

Governors Revised FY 88 Operating Budget for the Alaska Marine Highway System, AMHS, March 1987.

1985 Annual Traffic Report, AMHS, May 1986.

Report and Recommendations of the Alaska Marine Highway Task Force, Prepared for Governor Sheffield, April, 1984.

Southeast Community Profiles, Department of Community and Regional Affairs, Dates vary by community: 1982-1984.

A Study of the Feasibility of Converting the Haines Tank Farm to a Maintenance, Refueling, and Watering Facility for the Alaska Marine Highway System, Homan-McDowell Associates, April 1979.

Original sponsors: Taylor, Hudson
and Menard

IN THE HOUSE BY THE TRANSPORTATION COMMITTEE

CS FOR HOUSE CONCURRENT RESOLUTION NO. 8 (Transportation)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

Relating to levels of service by the Alaska Marine Highway System.

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

WHEREAS interstate highways play an integral role in the commerce of the state and the United States; and

WHEREAS the Alaska Marine Highway System is used by residents of the Southeastern, Southcentral, and Interior Regions of the state as an interstate and intrastate highway; and

WHEREAS the residents of Southeastern Alaska have assented to a less convenient manner of transportation due to the high cost of constructing roads and the limitations, imposed by geographic circumstances, upon road construction; and

WHEREAS the Alaska Marine Highway System is used by shippers to transport produce and other essential goods from Seattle to the Southeastern, Southcentral, and Interior Regions of the state, thus providing retailers and consumers with these goods in the most timely manner possible; and

WHEREAS, in the winter months, approximately 40 percent of the users of the Alaska Marine Highway System traveling between Seattle and Haines are destined for the Southcentral and Interior Regions of the state; and

WHEREAS the closure of, or reduced service on, a highway during winter jeopardizes the tenuous winter economy of communities in the state; and

WHEREAS the proposed reductions in the winter schedule of the Alaska Marine Highway System could severely damage the economy of communities dependent upon the Alaska Marine Highway System for the reliable and continuous supply of produce and other essential goods and for transportation

services;

BE IT RESOLVED that the Alaska State Legislature respectfully requests the Governor to direct the Department of Transportation and Public Facilities to maintain the operation of the Alaska Marine Highway System at the present level of service.

April 24, 1987

Be it resolved that the Alaska State Legislature respectfully requests the Governor to direct the Department of Transportation and Public Facilities to maintain the operation of the Alaska Marine Highway System at the present level of service.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 4-24-8. 1:30 p.m.

(7)

HOUSE COMMITTEE REPORT

Date referred: 2/11/87 FURTHER REFERRALS: Finance

DATE: April 24, 1987

The Transportation Committee has considered HCR 8

Relating to levels of service by the Alaska Marine Highway System.

RECOMMENDS:

[X] replace with CSHCR 8(Trsp) [X] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[X] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: April 24, 1987

Subject of meeting:

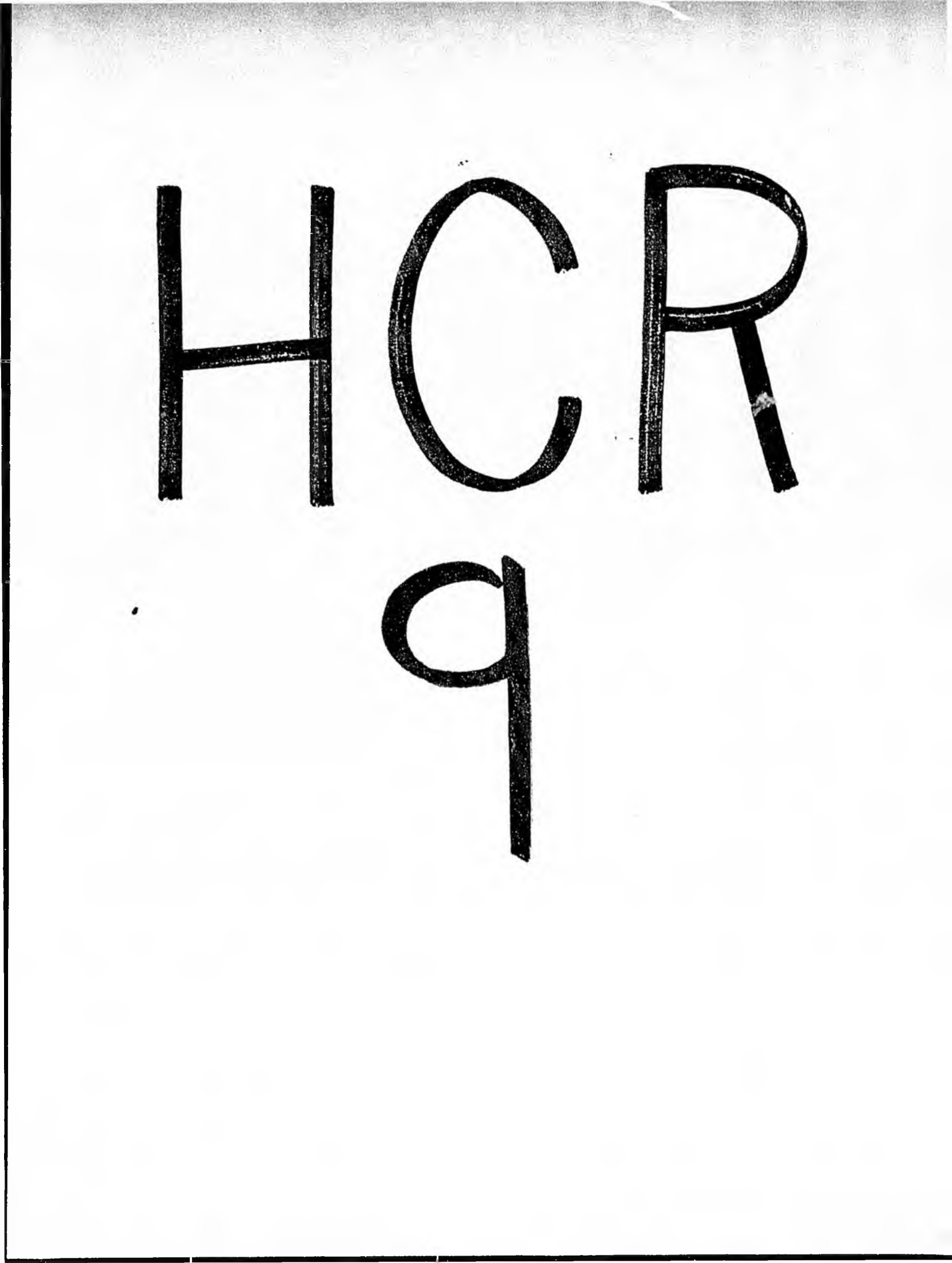
* HB 256: Dalton Hwy Use & Other Motor Vehicle Laws

* HCR 8: Winter Service; Alaska Marine Highway

SIGN-IN

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?	
Deputy Comm. Jim Vadell	Box N Juneau	4322	Dept. of Public Safety	Yes	HB 256
Special Acct. Gretchen Deer	P.O. Box N. Juneau 99811	465-4300 3460	~~Criminal Division~~ DPS HB 256	No	
GAYLE HORETSKI	BOX KC JUNEAU	465-3428	Criminal Division DEPT. OF LAW	HB 256 YES	256
John Vincent Roscupp	204 N. Franklin Juneau 99801	586-2315	Alaska Environmental Coalition	Yes	256

* indicates first public hearing


HCR

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

May 15, 1987

COMMITTEE CALENDAR:

HCR 9: Relating to the expeditious redesign and reconstruction of Hyer Road in the Matanuska-Susitna Borough.

SB 118: "An Act relating to access to public buildings and facilities by the physically handicapped, aged, and infirm."

FOR THIS MEETING YOU HAVE:

A folder on HCR 9 that includes:
* a copy of HCR 9
* a fiscal note from DOT/PF
* letters of support
* a resolution from the Mat-Su Borough
* letters from DOT/PF
* a petition concerning Hyer Road

A folder on SB 118 that includes:
* copy of SB 118
* a fiscal note and position paper from DOT/PF
* a letter from Gov. Cowper to Sen. Faiks

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HCR 9
REQUEST — Publish Date:

Revision Date:
Agency Affected: DOT&PF
Title: Reconstruction and Realignment of Hyer Road
BRU: Design and Construction, Maintenance and Operations
Sponsor: Menard, Larson
Components:
Requestor: Cato

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES				6.0	6.0	6.0
TRAVEL						
CONTRACTUAL				8.5	8.5	8.5
SUPPLIES				2.5	2.5	2.5
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING				17.0	17.0	17.0
CAPITAL		300.0	5,000.0			
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		300.0	5,000.0	17.0	17.0	17.0
FEDERAL FUNDS						
OTHER						
TOTAL		300.0	5,000.0	17.0	17.0	17.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: See attached analysis

Prepared by: William R. Snell (signed) MSH — Phone: 266-1440
Division: Deputy Commissioner, Central Region — Date: February 25, 1987

Approved by Commissioner: Mark D. Hickel — Date: 3/2/87
Agency: Department of Transportation and Public Facilities

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

Fiscal Note Analysis
HCR 9

1. Current Status

Hyer Road connects the Parks Highway and the Palmer-Wasilla Highway in the Matanuska Valley. The road is narrow and has many curves and steep hills. Due to subbase problems, the road is difficult to travel during spring breakup. As this bill states, Hyer Road does not meet current State design standards for horizontal and vertical curvature. In this respect, it is similar to many other roads maintained by the Department of Transportation and Public Facilities (DOT&PF) in the Matanauska-Susitna Borough and throughout the State.

2. Reconstruction Costs

The reconstruction and paving of Hyer Road to meet current State standards is expected to cost in the range of $4-5 million. Since Hyer Road is not eligible for Federal funding, the total cost of these improvements would need to be provided by non-Federal sources. The first stage in the reconstruction of this road would be the project's design, which is estimated to cost approximately $300,000. Once the design has been completed, an accurate cost estimate for reconstruction of this road can be made.

3. Maintenance Costs

It is estimated that maintenance on this road would run approximately $17,000 annually. With declining revenues, the Department will not have funds to maintain this road, so any maintenance activities may have to be picked up by the Matanuska-Susitna Borough. Maintenance costs for this particular road are estimated at $3,400 per lane mile multiplied 5 lane miles equals $17,000.

4. Other Information

Each year the DOT&PF develops a Six Year Capital Improvement Program (CIP), which identifies our recommended transporation improvement priorities and their funding schedule. In developing our budget recommendations, we work with the local governments to insure that their transportation improvement priorities for State maintained roads are given careful consideration. During our meetings with the Matanuska-Susitna Borough officials, the reconstruction of Hyer Road was not identified by the Borough as one of their highest improvement priorities for State maintained roads.

Matanuska-Susitna Borough

BOX B. PALMER, ALASKA 99645 • PHONE 745-4801

BOROUGH ASSEMBLY

February 23, 1987

The Honorable Curtis Menard
Representative
State of Alaska
Pouch V
Juneau, Alaska 99811

Dear Representative Menard: Curt

Thank you for your letter concerning Hyer Road. Hyer Road did not appear on the Borough's legislative priority list because the information did not appear before the Assembly during the period of time we prepared the list. However, once it came before us, action was taken in support of the upgrading of Hyer Road.

We do meet with DOT planning people on a regular basis and have indicated that Hyer Road should be on the CIP list. We will continue to work on seeing that Hyer Road becomes a higher priority. As a matter of fact, DOT'S CIP was fairly well identified before we did get Hyer Road added to it. Granted, it was not a high priority on the list, but, we will continue to work toward getting the job done.

Thank you for your efforts. We appreciate you.

Sincerely,

Dorothy

Dorothy A. Jones
Mayor

DAJ/mh

Cpm

Matanuska-Susitna Borough

BOX B, PALMER, ALASKA 99645 • PHONE 745-4801

BOROUGH ASSEMBLY

February 4, 1987

Honorable Steve Cowper, Governor
State of Alaska
Pouch A
Juneau, AK 99811

RE: Redesign & Construction of Hyer Road

Dear Governor Cowper:

The Matanuska-Susitna Borough Assembly adopted Resolution No. 87-10 on February 3, 1987 supporting necessary funding for redesign and construction of Hyer Road, a State maintained road.

A copy of the resolution is enclosed for your information.

Sincerely,

Dorothy A. Jones, Mayor
Matanuska-Susitna Borough

DJ/cls
Enclosure

cc: Commissioner, DOT/PF
Jalmer Kerttula, Senator
Mike Symanski, Senator
Curtis Menard, Representative
Ron Larson, Representative

Requested by: Petition

MATANUSKA-SUSITNA BOROUGH
RESOLUTION SERIAL NO. 87-010

A RESOLUTION OF THE ASSEMBLY OF THE MATANUSKA-SUSITNA BOROUGH SUPPORTING NECESSARY FUNDING FOR REDESIGN AND CONSTRUCTION OF HYER ROAD.

WHEREAS, the overall design of Hyer Road is unsafe and jeopardizes the health and well being of motorists and does not meet State road design specifications relating to grade and horizontal and vertical curve distances; and

WHEREAS, Hyer Road is the only collector road feeding traffic from residential areas adjoining Hyer Road to either the Parks Highway or the Palmer-Wasilla Highway; and

WHEREAS, Hyer Road is centrally located in one of the highest residential growth areas in the Mat-Su Valley and there is an immediate and identifiable need for additional, safe, traffic feeder roads between the Parks Highway and the Palmer-Wasilla Highway as an interconnecting link to Bogard and Trunk roads; and

WHEREAS, a petition containing the signatures of 240 residents of the Matanuska-Susitna Borough has been received requesting the redesign and construction of Hyer road;

NOW THEREFORE, BE IT RESOLVED by the Assembly of the Matanuska-Susitna Borough that they support necessary funding for redesign and construction of Hyer Road; and

BE IT FURTHER RESOLVED, that copies of this resolution be forwarded to The Governor of the State of Alaska, the Department of Transportation and Public Facilities, Senator Jalmer Kerttula, Senator Mike Symanski, Representative Ron Larson and Representative Curtis Menard.

PASSED AND APPROVED by the Assembly of the Matanuska-Susitna Borough this 3rd day of February, 1987.

Dorothy A. Jones

Dorothy A. Jones, Mayor

ATTEST:

Chris Seagraves

Chris Seagraves, Clerk

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

OFFICE OF THE COMMISSIONER

P.O. BOX Z
JUNEAU, ALASKA 99811-2500
PHONE: (907) 465-3900

March 17, 1987

The Honorable Curt Menard
Alaska State House
P.O. Box V
Juneau, Alaska 99811

Dear Representative Menard:

Thank you for forwarding a copy of Mr. Schwaderer's letter regarding Hyer Road.

I agree with Mr. Schwaderer that the first step to bringing Hyer Road up to state standards is the project design. Our estimate for the design phase is $300,000. Once the design has been completed, an accurate cost estimate for reconstruction of this road can be made. Our estimate of $4 or $5 million dollars is based on reconstructing and paving Hyer Road to state standards. Since Hyer Road is not eligible for federal funds, all funding will have to be from state sources.

I am unable to comment on the cost of Matanuska-Susitna Borough projects. However, I am informed that during our meetings this year with the Matanuska-Susitna Borough officials, Hyer Road was not identified by the Matanuska-Susitna Borough as one of their highest improvement priorities for roads on the state maintained system.

Please contact me again if you have questions regarding this matter.

Sincerely,

Mark S. Hickey
Commissioner

cc: George Sullivan, Legislative Lobbyist, Governor's Office
Susan Fleischhauer, Legislative Liaison,
Office of the Commissioner
Tommy Gene Heinrich, Director of D&C, Central Region

25A-T1LH

GEORGE C. SCHWADERER, INC.
CIVIL ENGINEERS AND SURVEYORS
SRA BOX 6312 C
PALMER, ALASKA 99645
(907) 376-6903

February 9, 1987

The Hon. Curtis Menard
Pouch V
State Capitol
Juneau, Alaska 99811

Dear Rep. Menard:

Thank you for your letter concerning future improvements for Hyer Road. I signed this petition along with my neighbors because we now endure our share of dust during dry periods and because the present alignment and grades include segments where inadequate sight distances cause hazardous driving conditions. However, I would like to take this opportunity to express my opinions concerning both Hyer Road and the Borough road program in general.

First of all the Department of Transportation & Public Facilities' estimate of four to five million dollars to improve Hyer Road to current Federal-aid Secondary or Borough Arterial Road standards appears to be grossly excessive. During 1986 the Borough Department of Public Works graded and paved 2.28 miles of East Bogard and Moffit Roads to essentially the same standard as the Palmer-Wasilla Highway for approximately $1,100,000 including the cost of engineering and construction. That project involved crossing two swamp areas and several rolling hills with heavy grading comparable to the work involved for Hyer Road. One mile of the project was almost entirely on new alignment. Since Hyer Road is considerably shorter than the Bogard/Moffit project the design and construction costs should be more in the magnitude of that project than the four or five million dollar range provided by DOT&PF.

It is obvious that suitable alignment providing the required sight distances cannot he achieved within the existing Hyer Road right-of-way. Neither can the cost of acquiring sufficient right-of-way be ascertained with any degree of accuracy until such time as a new alignment has been determined from engineering studies. However, some right-of-way obviously exists at present and even an additional mile of new right-of-way 100 feet in width would involve only twelve acres of land. The Borough has been acquiring rural acreage at costs ranging from $3,000 to $4,000 per acre. Unless it becomes necessary to acquire someone's home the right-of-way cost would appear to be in the magnitude of $50,000. If a house must be acquired these costs might be increased to $200,000 or $250,000.

Gravel is readily available along Hyer Road as well as from nearby sources. There are at least two commercial asphalt plants within short haul distances. Because many contractors are out of work unit bid prices for road construction have recently been low and there is little reason to believe that such prices will not prevail during the next few years. The DOT&PF estimate thus appears to be as much as triple the costs which might be anticipated on the basis of the Bogard/Moffit project. Even if circumstances increased those costs by as much as 50 percent the State's projection appears to be at least double a realistic estimate.

So far as timing of the work is concerned construction could not occur before 1988, and 1989 is much more realistic. Were funds to be provided for survey and design during this legislative session they would not become available until July 1st. The Borough might then advertise for engineering services by August 1st, receive proposals by September 1st, and issue a notice to proceed by mid-September. Time required for the field survey, preliminary design and advertisement would be unlikely to permit a location public hearing much before the end of the year. If there were no significant objections to the proposed alignment State and Borough approval of the location might be received in time for an appropriation for right-of-way, and possibly construction, during the 1988 session. However, since these funds would not likely become available until July 1988 much of that season would be lost to right-of-way acquisition activities. Possibly a construction contract could be advertised in time to accomplish the initial work in the fall of 1988. However, the Department of Fish and Game will limit the Wasilla Creek crossing work to the period between May 15th and July 15th. It is then apparent that stream crossing and paving activities cannot occur before the 1989 construction season at the earliest.

Because of the long lead time involved in any highway construction project it is clearly necessary during this legislative session to allocate only funds sufficient for the preliminary engineering phase. An amount more in the magnitude of $150,000 should be adequate rather than the four to five million dollars indicated by DOT&PF. This would permit the necessary preliminary work to be accomplished in advance of the 1988 session. By that time the costs of right-of-way and construction could be determined to a higher degree of accuracy.

While from the personal standpoint I would like to see Hyer Road included in the Borough capital improvement program to the extent of preliminary engineering authorization there are other routes for which engineering has already been acc-

omplished and which I believe should be higher on the priority list for construction funding. Foremost among these projects is Trunk Road. The alignment of this route has been approved by both DOT&PF and the Borough assembly, design is essentially complete, and only appropriations for right-of-way and construction are necessary to begin this much needed improvement.

Other roads which should be high on the Borough priority list include those which comprise the alternate route from Houston to Palmer. This route includes four projects for which it is understood the design is complete or for which the alignment has been approved by the Assembly. These use segments of, or connect with, several existing roads to comprise the route. Included are projects identified as the Parks-Pittman Road, the Pittman-Yolanda Connector, the Seward Meridian Road, Phase III and East Bogard Road from Moffit Road to the Glenn Highway.

Another road which warrants early completion is the Willow Creek Road connecting the Parks Highway with the Susitna River at Willow. This road has been graded for 2.25 miles but has not been completed for lack of funds. The design is complete, right-of-way has been acquired and the wetlands permit issued by the Department of the Army. This road will provide public access to the river below the mouth of Willow Creek at a location where the Division of Parks has planned a boat launching facility. About 1.75 miles of grading is required to reach the river and four miles of surfacing. If completed this facility will serve not only residents of the valley but the many visitors seeking access to the Susitna and connecting rivers.

In summary, I support my neighbors' desire to improve Hyer Road to the extent of an appropriation for preliminary engineering funds this year. However, funds for right-of-way and construction should be deferred until such time as they are needed and known to greater accuracy. Any road construction or right-of-way funds allocated to the Borough this year should be spent for Trunk Road, the Willow Creek Road and other projects mentioned above for which location approval has been received and for which design and right-of-way acquisition are in advanced phases.

Thank you for your interest in the road program.

Sincerely,

George C. Schwaderer

George C. Schwaderer

cc: Mayor Dorothy Jones, MSB

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

OFFICE OF THE COMMISSIONER

P.O. BOX Z
JUNEAU, ALASKA 99811-2500
PHONE: (907) 465-3900

FEB 11 RECD

February 11, 1987

Dear Hyer Road Improvement Petitioner:

I have received a copy of a petition which you signed requesting the upgrade of Hyer Road and appreciate your interest in improvements to this road. As the petition states, Hyer Road does not meet current state standards for horizontal and vertical curvature. In this respect, it is similar to many other roads maintained by the Department of Transportation and Public Facilities (DOT&PF) in the Matanuska-Susitna Borough and throughout Alaska.

The reconstruction of Hyer Road to meet current state standards is expected to cost in the range of $4-5 million. Since Hyer Road is not eligible for federal funding, the total cost of these improvements would need to be provided by non-federal sources. The first stage in the reconstruction of this road would be the project's design, which is estimated to cost approximately $300,000. Once the design has been completed, an accurate cost estimate for reconstruction of this road can be made.

Each year, DOT&PF develops a Six Year Capital Improvement Program (CIP), which identifies our recommended transportation improvement priorities and their funding schedule. In developing our budget recommendations, we work with the local governments to insure that their transportation improvement priorities for state maintained roads are given careful consideration. During our meetings with the Matanuska-Susitna Borough officials, the reconstruction of Hyer Road was not identified by the Borough as one of their highest improvement priorities for state maintained roads. Accordingly, we recommend that you work with the Matanuska-Susitna Borough to ensure that the Hyer Road improvements are given careful consideration when the Borough develops its capital improvement priorities.

The department's Six Year CIP is presented to the Governor for his consideration when developing his budget recommendations to the state legislature for funding. The intent of the department's budget recommendations is to identify the highest statewide priorities for transportation improvements for various funding categories. The reconstruction of Hyer Road would probably be dependent upon obtaining state general fund money for this purpose. Due to the recent decline in general fund revenues available to the state, very few general fund transportation improvement projects were included in our budget recommendations. The reconstruction of Hyer Road was not included in our current CIP budget recommendations for state fiscal years 1988 - 1993.

Thank you for informing me of your concern for improvements to Hyer Road. We will give the reconstruction of Hyer Road careful consideration in our discussions with the Matanuska-Susitna Borough regarding the development of our future budget recommendations. However, the opportunity for DOT&PF to recommend the reconstruction of any non-federal aid state maintained roadways will be extremely limited until there is a significant improvement in state general fund revenues available for this purpose.

Thank you for your interest in the transportation needs of your area.

Sincerely,

Rocky Gutierrez
Commissioner

cc: The Honorable Steve Cowper, Governor
Mark S. Hickey, Deputy Commissioner, Operations, DOT&PF
Dorothy Jones, Mayor, Matanuska-Susitna Borough
The Honorable Jalmar Kerttula, Alaska State Senator
The Honorable Ron Larson, Alaska State Representative
The Honorable Curtis Menard, Alaska State Representative
The Honorable Mike Szymanski, Alaska State Senator
William Snell, Deputy Commissioner, Central Region, DOT&PF

PETITION

WHEREAS, the overall design of HYER ROAD is unsafe and jeopardizes the health and well-being of motorists and does not meet state road design specifications relating to grade and horizontal and vertical curve distances, and,

WHEREAS, HYER ROAD is the ONLY collector road feeding traffic from residential areas adjoining HYER ROAD to either the Parks Highway or the Palmer - Wasilla Highway, and,

WHEREAS, HYER ROAD is centrally located in one of the highest residential growth areas in the Mat-Su Valley and there is an immediate and identifiable need for additional, SAFE, traffic feeder roads between the Parks Highway and the Palmer-Wasilla Highway as an interconnecting link to Bogard and Trunk Roads.

THEREFORE, the following individuals petition the Governor of the State of Alaska, the Commissioner of the Department of Transportation, Senator Jalmar Kerttula, Representative Curtis Menard, Representative Ron Larson, Representative Mike Symanski and the Matanuska Susitna Borough to declare HYER ROAD as substandard in design and therefore hazardous to vehicular traffic and to provide immediate support and funding for the redesign and construction of HYER ROAD.

Matanuska-Susitna Borough School District

Box AB PALMER, ALASKA 99645 (907) 745-4822

Bruce P. DeMond, Superintendent

January 12, 1987

Jean Campbell
Palmer Junior High
Palmer, AK 99645

Dear Mrs. Campbell:

It is my understanding that residents and users of Hyer Road intend to petition the Alaska State Department of Transportation to upgrade Hyer Road. The School District supports the intent of such a petition.

For years, school buses have traveled Hyer Road on a daily basis transporting students to and from Wasilla and Palmer schools. If it were possible, the School District would not use Hyer Road for school bus travel. However, the only access for the residential areas east or west of Hyer Road to the Parks Highway or the Palmer-Wasilla Highway is Hyer Road.

It is probable that the portion of Hyer Road that descends the bluff does not meet road design standards. In years past, when traffic volumes were limited, design deficiencies did not impact traffic safety as much as it does now. Not only has residential traffic in the area increased substantially in the last few years, Hyer is also used as a "feeder" road between the Palmer-Wasilla Highway and the Parks Highway. Three school buses travel Hyer Road this year, twice a day.

The DOT-PF capital improvements six-year plan reviewed by the Pupil Transportation Advisory Committee in November did not include Hyer Road. I will ask the Committee to consider a recommendation for upgrade of Hyer Road at the next meeting. The Committee's recommendation would be sent to the Borough Public Works Director. I will advise you of the Committee's action in this matter.

Sincerely yours,

Saundra C. Hutchins
Pupil Transportation Supervisor

SH/sb

DEDICATED TO EXCELLENCE IN EDUCATION

PRINTED NAME	SIGNED NAME	LEGAL ADDRESS	DATE
THOMAS RAYMOND	Thomas Raymond	P.O. Box 8 LOT 7 BLK 7 LAKE	7-3-86
MAVIS RAYMOND	Mavis Raymond	L 7 B 7 Palmer	7-3-86
PAUL A PALMER	Paul A Palmer	L1 B1 Wildwood	7-3-86
[illegible]	[illegible]	V V V	7-3-86
MIKE TURNER	Mike Turner	SRH Box 6216 Wasilla 16 7 15	7-3-86
MIKE BUTLER	Mike Butler	Lot 8 Star 8 Pinnacle View Lakes	7-3-86
TONIA BURNS	Tonia Burns	L1 B4 Wildwood Acres	7-3-86
BOB BURNS	Bob Burns	L1 B4 Wildwood Acres	7-3-86
PHYLLIS SCHWINDT	Phyllis Schwindt	Box 872342 Wasilla	8-5-86
MICHAEL E. CURRAN	Michael E. Curran	RAINBOW PARK ESTATES L 14 B 2	8/5/86
GARY J. SILVERS	Gary J. Silvers	BOX 1292 PALMER, AK	8/5/86
GIFFORD NAFUS	Gifford Nafus	Nickeloon Lake Finger Lake South	8/5/86
Marilyn Purcell	Marilyn Purcell	11 View Trail A	8/5/86
Wilda Boggs	Wilda Boggs	385 N Chugach Palmer AK 99645	8/5/86
[illegible]	Florence Wallner	Colonel Park	8-5-86
PAUL HULBERT	Paul E Hulbert	St. Rt. Box 2550 Wasilla	8-5-86
Eugenia A. Campbell	Eugenia A. Campbell	Hideaway Circle Yadon Acres Subd.	8-8-86
H. Paul Campbell	H Paul Campbell	Hideaway Circle Yadon Acres Subd	8-8-86
Natalie Campbell	Natalie Campbell	Hideaway Circle Yadon Acres Subd	8-8-86
HENRY KIRCHER	Henry Kircher	MILE 4.5 MATANUSKA TRUNK RD.	8-10-86
EMIL J. KIRCHER	Emil Kircher	Mile 4.5 TRUNK Rd	8-10-86
Michelle Barry	Michelle Barry	8 Birch Dr. Cottonwood Shores Subdiv.	8-11-86
Paul Barry	Paul J Barry	Birch Dr. Cottonwood Shores Subd	8-11-86
Stacy A Barry	Stacy A Barry	473 N Gravina Palmer	8/13/86
Barbara Reule	Barbara Reule	St Rt D 984 9172 Palmer	8-10-86
Mary Ann Corning	Mary Ann Corning	2101 W Melanie Circle Wasilla	8/19/86
Linda S. Akers	Linda S. Akers	Lot 11 Clark Wolverine Palmer Rd.	8/19/86
Barbara Estemiga	Barbara Estemiga	2201 W. Melanie Wasilla, AK	8/19/86
Geraldine Lewerenz	Geraldine Lewerenz	Palmer, Alaska	8/20/86
James W. Collins	James W. Collins	End of V McDonald Spur	8/21/86
Glenn L. Akers	Glenn L. Akers	Lot 11 Blk 11 Wolverine Subdivision	8/21/86

PRINTED NAME	SIGNED NAME	LEGAL ADDRESS	DATE
Rene Williams	Rene H Williams	5600 Meadow Drive	7/6/86
Wilma E. Williams	Wilma E Williams	5600 Meadow Drive	7/6/86
NANCY E GEORGE	Nancy E George	MI 1.5 500 Hyer Road	7-6-86
BRIAN P. GEORGE	Brian P George	MI 1.5 500 Hyer Road	7-6-86
Lillian Stamm	LILLIAN STAMM	M.36.8 PARKS Hwy	7/8/86
ARCHIE Stamm	Archie Stamm	M 36.8 Parks Hy	7/8/86
Chester Zenone	Chester Zenone	LOT 7 BLOCK 22 COTTONWOOD SHORES SUBDIV.	7-8-86
Patricia E Aune	PATRICIA E AUNE	Lot 4 Violet Circle Green Valley Subdivision	7-10-86
Barbara J. Miller	Barbara J. Miller	LOT 4 BLK 3 Legislature Subdivision	7-10-86
[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	SC Box 5173 Wasilla 99687	7-[illegible]-86
Nona Van Horn	Nona Van Horn	SRA Box 6125 Palmer 99645	7-17-86
Michelle Gardner	Michelle Gardner	PO Box 871903	7-17-86
Joy Ludvi	Joy Ludvi	SR1 Box 1752	7-17-86
Dena Tylic	Dena L. Tylic	SR1 Box 6263 Wasilla	7/17/86
CHARLOTTE MENARD	Charlotte Menard	PO Box 872498 Wasilla	7/17/86
Alys Vickaryous	Alys Vickaryous	SRA B1387 Wasilla	7/17/86
John McDonald	JOHN McDONALD	SRA Box 6216 Palmer	7-21-86
Lillian Grantham	LILLIAN GRANTHAM	PO Box 870851 Wasilla 99687	21-1986
Margaret Keene	Margaret Keene	PO Box 871633 Wasilla AK 99687	7-21-86
Kevin Keene	Kevin Keene	P.O Box 871633 Wasilla AK 99687	7-21-86
Raymond S. Hogge	Raymond S. Hogge	Box 872579 Wasilla AK 99687	7-21-86
Liz Hunter	Liz Hunter	64½ Mile Nov PO Box 74 Wasilla	7-22-86
Janice Kelly	Janice K. Kelly	S.R.A. Box 6112 Wasilla AK 99687	7-22-86
Cecilia Hamman	Cecilia Hamman	[illegible] Palmer, AK 99645	7-22-86
Pat Wieszbicki	Pat Wieszbicki	SR4 Box 6300 Palmer AK 99645	7-22-86
Julie M. Olszewski	Julie M Olszewski	SRA 6134 Palmer AK 99645	7/22/86
Jay Dearborn	Jay Dearborn	SRA 6104 Palmer AK 99645	7/22/86
Yvonne Elmore	Antoinette E. Elmore	Wasilla 99687	7-22-86
Lois Garrett	Lois Garrett	SRA 6065 Palmer AK 99645	7-22-86
Lloyd H. [illegible]	Lloyd H Hamm	SRA Box 6265 Palmer AK 99645	7-22-86

Lot 1 Block 1
W. Horner Acres

PRINTED NAME	SIGNED NAME	LEGAL ADDRESS	DATE
Margaret Edwards	Margaret Edwards	Hyer Rd.	7/9/86
ROBERT L. EDWARDS	R L Edwards	HYER RD.	7/9/86
[illegible]	[illegible]	PALMER RD	7-9-86
JoAnn Kohler	JoAnn Kohler	#3, Block 4 Woodside East.	7/9/86
Chris Lund	Chris Lund	SR BOX 2085 SHALESTONE LOOP	7/10/86
Stacy Hill	Stacy Hill	P.O. BOX 872904 WASILLA, AK 99687	7-10-86
Mahoney Bubar	David Mahoney	SR BOX 6668 Wasilla	7/10/86
Jerry Moses	Jerry Moses	SR [illegible] AL	7-10-86
Helen Hannan	Helen Hannan	P.O. Box [illegible] AK	7/10/86
Judy K Sanders	Judy K Sanders	1980 Willow Loop Wasilla	7-10-86
HOWARD BARTLE	[illegible]	POBOX [illegible] Wasilla Road	7/10/86
Tina Matney	Tina Matney	SR A BOX 6313 Palmer, AK 99645	7/29/86
Marilee Pyatt	Marilee Pyatt	P.O. Box 876 Wasilla	7-29-86
Helen Shawver	Helen Shawver	P O Box 872006	7-29-86
Deb Roberts	Deb Roberts	POBox 877-0 Willow AK	7-29-86
Debbie Cross	Debbie Cross	P.O. Box 876 Wasilla AK	7/31/86
Richard Bartle	Richard Bartle	P.O. Box [illegible] Wasilla	7/29/86
[illegible]	[illegible]	P.O. Box 876533 Palmer	8/5/86
C.W. Matney	SR A Box 6313 Palmer	C.W. Matney	8/02/86
Trula Acena	SRC Box 42 Willow	TRULA ACENA	8/5/86
Sergio Acena	SRC BOX 42 Willow	SERGIO ACENA	8/5/86
Cassie Pinto	P.O. Box 876	Cassie Pinto	8/7/86
[illegible]	6190 Fairview Rd Wasilla AK	Larry Hooker Chief	8-7-86
Scott Foster	P.O. Box 875792 Wasilla	Shenwood est #2	8/7/86
[illegible]	[illegible] Wasilla AK	[illegible]	[illegible]
Tera Curtis	TERA CURTIS	BOX 873873 WASILLA AK	8/7/86
George Schaeffer	[illegible]	[illegible]	[illegible]
Kenneth D. Griffin	Ken Griffin	Anch. AK. 99517	8/26/86

PRINTED NAME	SIGNED NAME	LEGAL ADDRESS	DATE
MERRILEE ZENONE	Merrilee Zenone	Lot 7 Blk 22 Cottonwood Shores Sub	7-8-86
GARY S REGER	Gary S Reger	LOT 14 BLK L SNOWSHOE WEST	7/18/86
BRUCE Eggleston	Bruce Eggleston	NAOMI DRIVE	7-18-86
Randy Swanson	Randy Swanson	Palmer SR Parks Hwy	7-19-86
REBECCA ANDERSON	Rebecca Anderson	Lot 2 Block 10 TRACT B Bluebird East Sub.	7-21-86
KATIE L. Reusch	Katie L. Reusch	Palmer-Fish Cr. Sub.	7-21-86
GENEVA C. McDONALD	Geneva McDonald	PALMER, ALASKA Rt. 1 Box 6214	7-21-86
Donna Shandy	Donna Shandy	LICENSED PUBLIC ACCOUNTANT	7-24-86
Ray Martin	Ray Martin	Bipond Circle, Wilderness	Acres 7-27-86
John Grachow	John Grachow	Bipond circle, Wilderness	Acres 7-27-86
JACKIE Schmidt	Jackie Schmidt	601 Craven Rd	7-24-86
ART Schmidt	Art Schmidt	601 Craven Rd	7-24-86
Laura B Claypole	Laura Claypole	Lot 2 BLK 3 WILD ACRES	7-30-86
Thomas Claypole	Thomas Claypole	Blk 3 Lot 2 Wild Acres	7/30/86
ALICIA HOUSTEN	Alicia Houston	LIBBY GLACIER SUBDIVISION	8/1/86
[illegible]	R S George	PO Box 870287 Wasilla AK 99687	8/2/86
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
CHARLES ECKER	[illegible]	LOT 2, BLK 2 RIVERDELL ESTATES	8/2/86
Daniel L Hoffman	[illegible]	BLK 4 LOT 15 [illegible]	8/21/86
Dorothy Jacobsen	[illegible]	[illegible] Palmer AK 99645	8/21/86
Gary Pequale	[illegible]	Box 261 M.G.L. Palmer AK. Palmer-Fishhook	8/21/86
AMANDA ROBINSON	[illegible]	Box 2695 Palmer / Pull / Fishhook Rd Apts #2	8/21/86
[illegible]	[illegible]	[illegible]	8/21/86
Mich R. Hitt	[illegible]	Box 5196 Wilderness Rd Lazy Mt.	8/21/86
Ken Bills	Ken Bills	Mile 2½ Jonesville Rd S-Hwy	8-21-86
Judith Richards	Judith Richards	SPR. Box 9744 Palmer AK 99645	8-21-86

PRINTED NAME	SIGNED NAME	LEGAL ADDRESS	DATE
[illegible]	[illegible]	Hyer Road [illegible]	[illegible]
Robert W MEAD	[signature]	[illegible] Wasilla	7-7-86
Nanette Sola[illegible]	Nanette Sola[illegible]	[illegible]	7-7-86
Saundra Civrat	Saundra Civrat	PO Box 87[illegible]	7-4-86
Albert Jorgenson	Albert Jorgenson	P.O. Box 876 Palmer	7/7/86
Helen Messick	HELEN MESSICK	Lake Lucille So. Shore Est Lot 5 PO Box 870723 Wasilla	7/7/86
Nancy Stich	[signature]	[illegible]	7/7/86
[illegible]	[illegible]	[illegible]	7/7/86
Janet Ewing	Janet Ewing	SR Box 2131-C	7/17/86
[illegible]	RONALD J. TRAVITHICK	13700 Flume Ln Anchorage 99516	7/18/86
Deanna L. Chesser	Deanna L. Chesser	POB 876887 Wasilla	7/20/86
Russell Chesser	[signature]	POB 876887 Wasilla	7/20/86
EDWARD E. AHLERS	[signature]	[illegible]	20 July 86
Raymond J. Block	Raymond J. Block	SRB Box 7037 Palmer	7/22/86
Linda Block	[signature]	SRB Box 7037 Palmer	7-22-86
DONALD SULLIVAN	[signature]	PO Box 873826 Wasilla	7/22/86
Jocelyn Sullivan	[signature]	PO Box 873826 Wasilla	7/22/86
Lillian Churchill	[signature]	P.O. Box 666 Wasilla	10/25/86
Churchill	[signature]	[illegible]	[illegible]

PRINTED NAME	SIGNED NAME	LEGAL ADDRESS	DATE
Paul F Semmin	Paul F Semmin	SRA Box 6182 Wasilla, AK 99687	11-14-86
Mary F Potter	Mary F Potter	PO Box 1507 Palmer	11-14-86
SHELLEY [illegible]	[illegible]	[illegible]	11-19-86
DAWN THATCHER	Dawn Thatcher	B. 8 73980 Wasilla AK	11-14-86
Robbin V Nelson	Robbin V Nelson	1st. St. D Box 9134 Palmer	11/14/86
DEBORAH GIACONELLI	Deborah Giaconelli	3540 N. Lakes Nimrod Dr. Wasilla AK	11/14/86
Alison Lewis	Alison Lewis	PO Box 1781 Palmer	11/14/86
Asst. DeVries	[illegible]	PO Box 908 Palmer AK	11/14/86
MARIANNE MCNAMARA	[illegible]	PO Box 870743 Wasilla AK	11/14/86
TODD STARR	Todd Starr	LOT 35 BLK 5 SHOREWOOD	11-14-86
ELISE LARIVIERE	[illegible]	STRA 15-3 PALMER	11-14-86
Kathryn Broady	Kathryn Broady	SR Box 5407 Wasilla AK	1-7-87
William Broady	William Broady	SR Box 5407 Wasilla AK 99687	1-9-87
Karen Johnson	Karen L. Johnson	Lot 4 Block 7 Wilderness East 114th Ave. off Rd.	1-12-87
Maurice L. Johns	Maurice Johns	SR A - Box 6167-15 Palmer AK 99645	1-12-87
Barbara Lockwood	Barbara Lockwood	Box 335 Talkeetna	1-12-87
Lyndee Collier	Lyndee Collier	Mile 4.6 Fairview Lp	1/12/87
Andrea Niles	Andrea Niles	Chandelle Ed Shaw's TRI Lakes	1-12-87
Roberta J. Towne	Roberta G. Towne	Cowsill Rd	1/12/87
Dawn DeMent	Dawn DeMent	Mile 40½ Glenn Hwy	1/12/87
Oliver Rankle	Oliver Rankle	5701 E-7 Portage Dr.	1-12-87
DOROTHY ONKE	Dorothy Onkle	5701 E. Portage	1-12-87

PRINTED NAME	SIGNED NAME	LEGAL ADDRESS	DATE
DONNA J. WRIGHT	Donna J Wright	5700 Yadon Dr Lot 5 Blk 2	7/14/86
Dennis C Wright	Dennis C Wright	15700 Yadon Dr Lot 5 Blk 2	7/14/86
Becky L Foster	Becky L Foster	5705 Hideaway Circle	1-12-87
Robert P McCarthy	Robert P McCarthy	LOT #1 BLK #2 Robyn Subd.	1-12-87
Charlyn C Williams	Charlyn C Williams	11 Tract 6-1 Foothills	Jan 1-13-87
Randy McCarthy	Randy McCarthy	506 E Freeway	1/13/87
Vicki J DeWitt	Vicki J DeWitt	Rt 12.5 Trailer	1/13/87
Phyllis Church	Phyllis Church	2030 Bald Eagle	1/13/87
David Pearson	David Pearson	410 S. Colin #9	1/13/87
James Hennigan	James Hennigan	P.O. Box 315 Ovalo	1/13/87
Cheryl Girardet	Cheryl Girardet	P.O. Box 2537 Hideaway Hills	1-13-87
Tim Anderson	Tim Anderson	516 Box 2331 Palmer	1-13-87
Mary H. Hill	Mary Hill	[illegible]	1/13/87
Yvonne Hughes	Yvonne Hughes	[illegible]	1/13/87
Bill Ferguson	Bill Ferguson	1201 1st Palmer	1/13/87
Pam Clough	Pam Clough	[illegible]	1-13-87
Holly Stephens	Holly Stephens	5RD Box 4142 Palmer	1-13-87
KATHLEEN SUMMERS	Kathleen Summers	531 Quick Silver Cir Palmer	1-13-87
Yvette Arnesen	Yvette Arnesen	PO Box 572 542 Upper Hillcrest Dr	1-13-87
Patricia A Jones	Patricia A Jones	311 Front St. Palmer AK	1-13-87
Denise Willis	Denise Willis	PO Box 2473 Palmer Gold Springs Estates	1-13-87
Mary Lee Tilley	Mary Lee Tilley	Lot 18 Blk 4 Lillian Estates	1/13/87
Gary D. Draskey	Gary D. Draskey	Lot 7 Blk 1 Foothills Estates Sub	1/13/87

PRINTED NAME	SIGNED NAME	LEGAL ADDRESS	DATE
ARTHUR BERGLUND	Arthur Berglund	Hyer Road	July 16, 1986
Paula Cook	Paula Cook	Hyer Rd Wasilla	7/21/86
DARLENE SULLIVAN	[illegible]	[illegible]	7/21/86
Patricia C Hunsucker	Patricia C Hunsucker	Lot 15 Hyer Sub-Wasilla	7/21/86
RANDALL G. JONES	Randall G Jones	P.O. Box 2447 Palmer	7/21/86
Eugene Annas	Eugene Annas	P.O. Box 2308 Palmer	7/21/86
HOWARD FULLER	Howard Fuller	SPA Box 6078 Palmer, AK 99645	7-21-86
Paul Theriault	[illegible]	[illegible]	7-21-86
Ted Boehli	Ted Boehli	300 County Rd Box 874595 Wasilla	7/6/86
LINDA DAHL	Linda Dahl	Upper court + Hyer Road	7/21/86
J PETER DAHL	Peter Dahl	Upper court + Hyer Road "	7/21/86
JEANNE E. RELKIE	Jeanne E. Relkie	10036 711 St Eagle AK	7/21/86
Joel T. McKENZIE	Joel T. McKenzie	350 Hyer Rd Wasilla	8/4/86

PRINTED NAME	SIGNED NAME	LEGAL ADDRESS	DATE
John S Lee	[signature]	Lot 6 Bl 3 Yukon	7-30-86
RUTH E. L. TONG	[signature]	P.O. Box 874536 WASILLA, AK 99687	7-31-86
Janna R. Severson	[signature]		7-31-86
JONE Shepherd	[signature]	LOT 13 BL 1 Cheryl	7-31-86
HAL [illegible]	[signature]	336 [illegible]	8-1-86
MARK WHITE	[signature]	Lot 27 BLK 17 Cottonwood Shores	8/5/86
DARRELL LANKFORD	[signature]	LOT 27 BLK 17 COTTONWOOD SHORES	8/15/86
R. S. Edwards	[signature]	P.O. Box 175 [illegible] AK	8/25/86
R J Wood	[signature]	[illegible] AK	8/25/86
KENT INGALLS	[signature]	LOT 3 BL 1 AMBERWOOD	1-4-87
SHELLY INGALLS	[signature]	LOT 3 BL 1 AMBERWOOD	1-4-87
SHARON KERN	[signature]	Mi. 5 Bodenburg Loop	1-19-87

PRINTED NAME	SIGNED NAME	LEGAL ADDRESS	DATE
Francisco DelaCruz	Francisco DelaCruz	Lot-1 Block 1 DelaCruz Subd.	7/3/86
Laura DelaCruz	Laura DelaCruz	Lot-1 Block 1 DelaCruz Subd.	7/3/86
Nina Ford	Nina E. Ford	Lot 3, Blk 1, Strand Dr. Palmer	7/3/86
Gertrude Felzien	Gertrude Felzien	350 E. Birch Palmer	7/7/86
CHARLES FELZIEN	Charles Felzien	352 E. Birch Palmer	7/7/86
Angelika Chevalier	Angelika Chevalier	Butler Sub Big lake Muskrat Drive	7/5/86
Kathy Wilson	Kathy Wilson	Elsmere Dr. Puffin Spr. # 1	7/6/86
Pedro DelaCruz	Pedro DelaCruz	S.R.A. Box 6244 Palmer	8/4/86
Myona DelaCruz	Myona DelaCruz	S.R.A. Box 6244	8/4/86
Pedro DelaCruz	Pedro DelaCruz	S.R.A. Box 6244	9/12/86
Victor Costin	Victor Costin	S.R.A Box 6245	9/12/86
Kathleen Royal	Kathleen Royal	Box 520434 Biglake	10/6/86
ROBERT L. ROYAL	Robert L Royal	Box 520434 Biglake	10/6/86

PRINTED NAME	SIGNED NAME	LEGAL ADDRESS	DATE
DON JENSEN	Don Jensen	LOT 2 [illegible] LOT 3 [illegible]	7/2/86
JEFF GREEN	Jeffrey D Green	3419 WISCONSIN [illegible]	7-6-86
William Riddle	William Riddle	[illegible]	7/7-86
Richard Cattle	Richard Cattle	P.O. Box 870387 Wasilla AK	7-7-86
W. Hunt Jones, Jr.	W. Hunt Jones, Jr.	[illegible]	7-12-86
Jack W Flint	Jack W Flint	P.O. Box 870233 WASILLA, ALASKA	7/13/86
Vidence Flint	Vidence Flint	Box 870233 WASILLA, AK 99687	7/13/86
[redacted]			
Linda Reanier	Linda Reanier	301 N. PARK ANCH. AK. 99508	1-12-87
Ginger Jensen	Ginger Jensen	POBox 871214 Wasilla	1-12-87
DONALD SELLERS	Donald Sellers	PO Box 874645	1-12-87

			DATE
Emily Larson	Emily Larson	471 NO. Bailey ST. Palmer, AK. 99645	8-24-86
Ronald L. Larson	Ronald L. Larson	471 No. Bailey Palmer AK 99645	8-24-86
Donald C Witzel	Donald C Witzel	Box 3447 Palmer AK Star route 565 Box	8/28/86
Lebron P. McAvoy	Lebron P McAvoy	Box 449; Palmer, AK	8/28/86
Charles Austin	Charles Austin	Box 2863 Palmer AK	8/28/86
Deborah Reed	Deborah Reed	S.R.A Box 611 Palmer	9/2/86
MARTHA HARP	Martha Harp	B SYDARITE PALMER	9/12/86

LINDSEY FINNEY	Lindsey Finney	LONGBEACH SUBDIVISION	8-21-86
Kristie VanGorder	Kristie VanGorder	Dove Lane Eagle Est	8/21/86
Joanne Remington	Joanne Remington	Pikeda Valley Sub	8/21/86
[illegible]	[illegible]	[illegible]	8/21/86
JOHN C. DRASHNER	John C. Drashner	LOT 10 BLK 2 Woodside Estates	8/23/86
KICK TURNER	[illegible]	PO BOX 3196. PHENIX AR	12/20/86

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 5-15-87 1:30p.m.

Official Business

COMMITTEE:

House Transportation Committee

DATE: May 15, 1987

SIGN-IN

Subject of meeting:

*HCR 9: Relating to the expeditious redesign and reconstruction of Hyer Road in the Matanuska-Susitna Borough.

SB 118: "An Act relating to access to public buildings and facilities by the physically handicapped, aged, and infirm."

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Rod Wilson Design Mgr. II		465-2960	DOT/PF	Answer Questions on SB 118
Chair elect d Legislative Chair for the Gov's Council for Handicapped & Gifted Robert Franken	16510 Centerfield, Eagle R. 99577	694-5986		

* indicates first public hearing

HCR

10

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

April 13, 1988

****

COMMITTEE CALENDAR:

SB 298: "An Act naming bridge number 1146 at milepost 240 on the George Parks Highway."

HCR 10: Relating to the expeditious reconstruction and realignment of the Lazy Mountain/Wolverine Road in the Matanuska-Susitna Borough.

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

a folder on SB 298 that includes:

item #1: SB 298
#2: fiscal notes - Senate Finance Committee
DOT/PF
#3: statement - Senator Coghill
#4: House Trans. Comm. substitute for SB 298

a folder on HCR 10 that includes:

item #1: HCR 10
#2: fiscal note - DOT/PF

#4: background information - DOT/PF
#5: a map
#6: Lazy Mountain Community Council request for construction

STATE OF ALASKA 1988 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HCR 10
REQUEST April 12, 1988 Publish Date:

2

Revision Date:
Agency Affected: DOT&PF
Title: Reconstruction of Lazy Mountain/ Wolverine Road
BRU: Design and Construction, Maintenance and Operations
Sponsor: Menard
Components:
Requestor: Cato

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES			9.5	9.5	9.5	9.5
TRAVEL						
CONTRACTUAL			13.5	13.5	13.5	13.5
SUPPLIES			4.0	4.0	4.0	4.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	27.0	27.0	27.0	27.0
CAPITAL	187.5	1,525.0	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	187.5	1,525.0	27.0	27.0	27.0	27.0
FEDERAL FUNDS						
OTHER						
TOTAL	187.5	1,525.0	27.0	27.0	27.0	27.0

POSITIONS:

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

ANALYSIS: See Attached Analysis.

Prepared by: William R. Snell (signed) Phone: 266-1440
Division: Regional Director, Central Region Date: April 12, 1988

Approved by Commissioner: Mark S. Hickey Date: ~~2-29-88~~ 4/13/88
Agency: Department of Transportation and Public Facilities

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

1. Assumptions

It is assumed that the referenced Lazy Mountain/Wolverine Road is the same as the Clark-Wolverine Road found on areas maps (copy attached). The project discussed here would realign approximately one mile of a portion of the existing Clark-Wolverine Road from Huntley Road north along a section line identified as Diana Avenue. At the intersection with Clark Road, Clark-Wolverine Road would proceed in a northerly direction for approximately 2 1/2 miles to the Wolverine Canyon.

2. Status of Current Activities

With $187,500 in funding provided by the Matanuska-Susitna Borough, the Department is currently designing the realignment of a one mile section of Clark-Wolverine Road from Huntley Drive north along the section line identified as Diana Avenue. The cost estimate for realigning and paving this new section of roadway is $1,125,000.

3. Analysis of Construction Costs and Alternatives

As noted above, the realignment and construction cost of this new one mile section of Clark-Wolverine Road from Huntley north to Clark Road is estimated to cost $1,125,000. Of this amount $250,000 would be for right-of-way acquisition, $750,000 for construction, and $125,000 for paving. The north end of this section presents a special problem because of swampy ground.

There are two alternatives for improving the 2.5 mile section of Clark-Wolverine Road between Clark Road and Wolverine Canyon. A minimal maintenance project, which would grade and chip seal the 2.5 miles road on the existing alignment would cost approximately $400,000. A more intensive upgrade project would widen the road, realign problem areas, improve drainage, pave, and relocate utilities would cost approximately $1,000,000 per mile for a $2,500,000 total. The costs shown in this fiscal note reflect the $1,125,000 for the first section of road and $400,000 for a minimal maintenance project on the Clark Road to Wolverine Canyon section for a total cost of $1,525,000.

4. Maintenance Costs

The road maintenance cost is estimated to be approximately $27,000 annually. The $27,000 cost is determined by multiplying the 8 lane miles by an estimated $3,375 per lane mile.

5. Other Information

The realignment and reconstruction of Clark-Wolverine Road is not included in the DOT&PF Six Year Capital Improvement Program (CIP) due to very limited General Fund dollars. Besides the $187,500 in design funding provided by the Matanuska-Susitna Borough to design the realignment of the first section of this road, the DOT&PF has no other funding authorized for this project.

STEVE COWPER, GOVERNOR

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

P.O. BOX 196900
ANCHORAGE, ALASKA 99519-6900
(TELEX 25-185) (907) 266-1440

REGIONAL DIRECTOR, CENTRAL REGION

March 17, 1988

Re: Clark-Wolverine Road

3

The Honorable Curt Menard
Alaska State House
P.O. Box V
Juneau, Alaska 99811

Dear Representative Menard:

This letter is in response to your letter of March 4, 1988. Since 1979, the Department has received only one direct appropriation for Clark-Wolverine Road and that is the recent appropriation in Chapter 10 SLA 1988 for $50,000 for maintenance activities.

The Matanuska-Susitna Borough has received direct Legislative appropriations for this road. In late 1984 the Matanuska-Susitna Borough entered into an agreement with the department for a preliminary engineering project that would identify right of way needs for the relocation of Clark-Wolverine Road beginning at existing M.P. 1 and proceeding north along section line between Section 27/26 to end at approximately M.P. 3. Any remaining funds were to be used by Maintenance and Operations (M&O) beyond M.P. 3.

The PE effort is complete and plans for construction and right of way acquisition have been given to the Matanuska-Susitna Borough. Out of a $187,500 agreement approximately $35,000 is available for maintenance and operations activities.

Several public meetings have already been held with the Lazy Mountain Community Council and Borough representatives during the development of the plans to realign Clark-Wolverine Road and prior to handing the plans over to the Matanuska-Susitna Borough for funding considerations. Meetings were held in May and July 1986 and November 1987.

The realignment and construction cost of the new one mile section of Clark-Wolverine Road from Huntley North along Diana Road to Clark Road is estimated to cost $1,125,000 of this amount $250,000 would be for right-of-way acquisition, $750,000 for construction, and $125,000 for paving. The north end of this section presents a special problem because of swampy ground.

The realignment and construction this one mile section of Clark-Wolverine Road is not included in the Department of Transportation and Public Facilities (DOT&PF) Six Year Capital Improvement Program (CIP) due to very limited general fund dollars.

The Matanuska River Bridge on the Old Glenn Highway outside of Palmer is in the federally funded bridge replacement program. The replacement will occur as part of the Old Glenn Highway reconstruction project. Because the bridge will be on a new alignment it cannot be constructed prior to receiving Federal Highway Administration location approval for the Old Glenn Highway project. We are just beginning the preliminary engineering phase for this project which will include writing the environmental assessment. Replacement of the Matanuksa River Bridge is still several years in future.

Maintenance and operations will make spot repairs on the deck this spring or summer.

I trust this information will be useful to you. Please feel free to contact me again when you have questions.

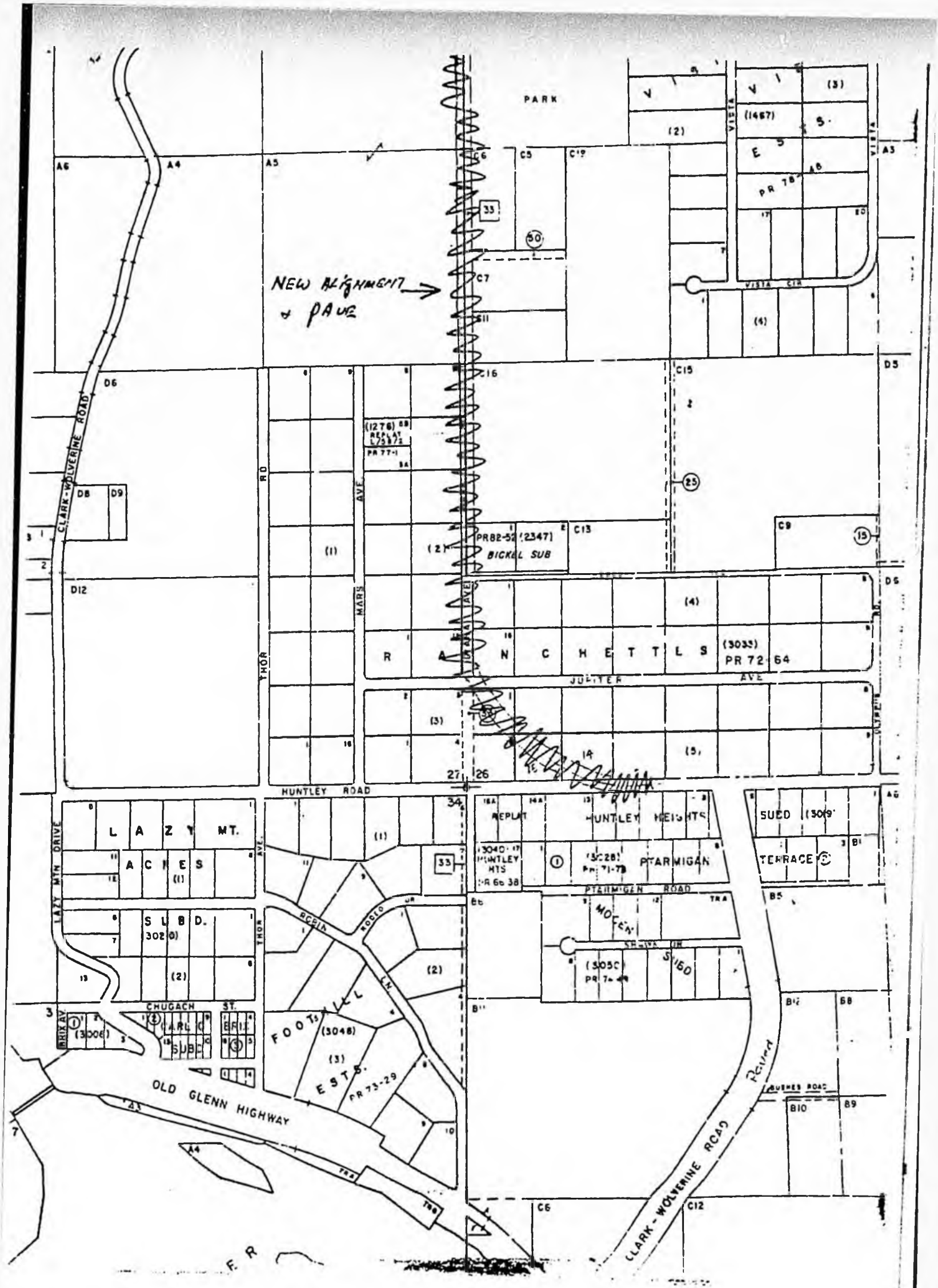
Sincerely,

William R. Snell
Regional Director

MEH/bjf

cc: Susan Fleischhauer, Legislative Liaison, Commissioner's Office
Tommy Gene Heinrich, P.E., Director, D&C, Central Region
Mark Mayo, Legislative Liaison, Central Region
Donald Morfield, Director, M&O, Central Region
John S. Tolley, Chief of Planning, Central Region

Moose Creek Wayside
Moose Creek Ranch
MATANUSKA
HIGHWAY
Old Railroad Grade
Norman Road
Soapstone Road
Jensen Ave
GLENN
Wolverine Lake
Wolverine Creek
Lessing Rd
Loop Road
Airstrip
Wenne Rd
Mollitt Rd
Clark Rd
Vista Cir
Clark-Wolverine Rd
Thor Rd
Mint Ave
Jupiter Ave
Olympus Rd
Lazy Mtn
Lazy Mtn Trail
Marsh Rd
Scott Road
Arctic Ave
Huntley Rd
Bushes Bunches Greenhouses & Gardens
Matanuska Recreation & Equestrian Assoc.
PALMER
High Sch
State Fish & Game
Deneke Park
Hospital
Borough Office
Visitor Information
Pioneer Home
Mom & Pop Grocery & Gas
Fireside Restaurant
Aurora Ln
Nelgen Horse Trail
McRoberts Creek
Smith Road
Herning Rd
Moore Rd
So Chugach
PALMER AIRPORT
Butte Highway Texaco
Outer Springer
Inner Springer Loop
Fairgrounds
Burkholder Lake
McLeod Lake (Meirs L)
Red Salmon viewing Aug 15 - Sep 15 Mile 13.2
RIVER
Outer Springer Public Access
Falk Lake
Butte L
Bodenburg Butte
Butte Cafe
Quick Shop
Pizza & Things Cafe
Bodenburg Rd
Plumley Road
McRoberts Trail
Burnt Butte Creek
Mud L
DV, SS Jim Lake
Gull Lake
Fodder House
Butte
Pony Wheel Ranch
Welling Rd
Silver Bullet Ranch
McKechnie Rd
State Plant & Materials Center
Polar Raceway
Delta's
Area crossed by numerous old logging roads and trails.
Jim Creek Flats
Gravel pit beach
Knik River Road
Barbel Lake
Foot L
HIGHWAY
BEALIGN
PAVE
RIVER
5



Clark-Wolverine Road

Plans developed for this Section MP 1-3

ALASKA STATE LEGISLATURE

Curt Menard
351 W. Swanson Ave.
Wasilla, Alaska 99687
Or
P.O. Box V
Juneau, Alaska 99811
373-CURT
376-5315 Work
376-5855 Home
465-2679 Juneau

March 3, 1988

Jane Seeman
Lazy Mountain Community Council
HC04 Box 9196
Palmer, AK 99645

Dear Jane:

I feel that community councils provide an important link between the Valley and my ability to represent you better.

For this reason, I have written to your President/ Chairman requesting a copy of your Council's minutes.

I will also be available for a teleconference with the Council at any time. It would provide us with a means for exchanging information. I would hear from you, and I could update you on legislation of interest.

I welcome your contact whenever I can be of assistance to you or the Council. I can be reached in Juneau at 465-2679. Please call at any time.

Warm regards,

Curt Menard
Representative

Dear Curt:

If you want to do Something for the dear people in Lazy Mt. you can "get on the stick" and get Money appropriated to Black Top the Clark-Wolverine Road - even if it's only ½ mile at a time. You and Ron and Elmer have got to do more than ASK for the Money - you have got to take a step further and actually get this we get it!!

(over)

How you do that, I do not know, and apparently neither do any of you because your requests never get any farther than just that, a request. The Lazy Mt Community Council was set up in 1992 specifically for the purpose of getting this Road Paved - that is all I care about personally. I am totally disgusted with all your efforts (legislative) if they can be called that, over the past 4½ yrs to get something done with this road. I'm sick and tired of all your promises! Yes, if you and your aides can there can do something constructive, besides promises and wanting to talk, talk, talk - would be interested in hearing from you again - Ten thousand dollars to placate us with a few more tons of gravel does not cut the ice with me.

Warm Regards,

Joe Seaman

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 4-13-88 1:30 p.m.

(7)

HOUSE COMMITTEE REPORT

Date referred: 2/20/87

FURTHER REFERRALS: Finance

DATE: 4-13-88

The Transportation Committee has considered HCR 10

Relating to the expeditious reconstruction and realignment of the Lazy Mountain/Wolverine Road in the Matanuska-Susitna Borough.

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] a new title

[ ] attached amendment(s)

[ ] do pass

[ ] do not pass

[X] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[X] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Mike Miller

SIGNING OTHER RECOMMENDATIONS:

Bill Hudson - No Rec

True Leaver - No Rec

Heinrich Springer No Rec

Heinrich Springer

Vice Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: April 13, 1988

SIGN-IN

Subject of meeting:

SB 298: "An Act naming bridge number 1146 at mile-post 240 on the George Parks Highway."

* HCR 10: Relating to the expeditious reconstruction and realignment of the Lazy Mountain/ Wolverine Road in the Matanuska-Susitna Borough.

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Bob Cramer		4797	Sen. Coghill	IF NEEDED
Rep. Brent Menard			Sponsor of HCR-10	HCR-10

*indicates first public hearing

HCR

13

STATE OF ALASKA

LYMAN F. HOFFMAN
REPRESENTATIVE

P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-4530, 465-4453

HOUSE OF REPRESENTATIVES

DISTRICT 25
AKIACHAK
AKIAK
ATMAUTLUAK
BETHEL
CHEFORNAK
EEK
GOODNEWS BAY
KASIGLUK
KIPNUK
KONGIGANAK
KWETHLUK
KWIGILLINGOK
MEKORYUK
NAPAKIAK
NAPASKIAK
NEWTOK
NIGHTMUTE
NUNAPITCHUK
OSCARVILLE
PLATINUM
QUINHAGAK
TOKSOOK BAY
TUNTUTLIAK
TUNUNAK

M E M O R A N D U M

To: Representative Bette Cato
Chairman, House Transportation Committee

From: Representative Lyman Hoffman

Date: February 25, 1987

Subject: Scheduling of HCR 13

Would you please schedule HCR 13 to be heard in the House Transportation Committee during the week of March 2, 1987.

Enclosed is backup material on HCR 13 for your perusal.

If you have any questions, please do not hesitate to contact my office.

Thank you.

P.O. Box 763 Bethel, Alaska 99559 (907) 543-3543

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

March 2, 1987

FOR TODAY'S MEETING YOU HAVE:

A FOLDER ON HCR 13 THAT INCLUDES:

* a copy of HCR 13
* a fiscal note from DOT/PF
* a position paper from DOT/PF
* a current status report on HCR 13
* a fact sheet
* a map of the Bethel highway
* a correspondence from DOT/PF
* a correspondence from an engineering firm

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

March 9, 1987

FOR TODAY'S MEETING YOU HAVE:

A BINDER ON HB 94 THAT INCLUDES:

* the second committee substitute for HB 94
* the first committee substitute for HB 94
* a copy of HB 94
* a fiscal note from the Dept. of Public Safety
* a position paper from the Dept. of Public Safety
* committee minutes from other hearings on HB 94
* a bill analysis from the Dept. of Health & Social Services
* fatality statistics from the U. S. Coast Guard
* U. S. Coast Guard report on HB 94
* a memorandum on HB 94 from House Research
* a cost analysis and a question/answer paper from the U. S. Coast Guard

A FOLDER ON HCR 13 THAT INCLUDES:

* a copy of committe questions to DOT/PF
* a copy of HCR 13
* a fiscal note & position paper from DOT/PF
* committee minutes from the other hearing on HCR 13
* a fact sheet on the Bethel road
* a map of the Bethel airport road
* maps from DOT/PF
* a letter from an engineering consultants firm
* a fact sheet on the Red Dog Mine

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5177 HTRA HCR 13 - HCR 34

749

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HCR 13
REQUEST — Publish Late:

Revision Date:
Agency Affected: DOT&PF
Title: Reconstruction of Bethel Airport Road
BRU: Design & Construction, Maintenance & Operations
Sponsor: Hoffman
Components:
Requestor: Hoffman

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES				17.5	17.5	17.5
TRAVEL						
CONTRACTUAL				25.0	25.0	25.0
SUPPLIES				7.5	7.5	7.5
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	50.0	50.0	50.0
CAPITAL	-0-	500.0	7,000.0	-0-	-0-	-0-
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	500.0	7,000.0	50.0	50.0	50.0
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	500.0	7,000.0	50.0	50.0	50.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: See attached analysis

Prepared by: William R. Snell (signed)
Phone: 266-1440
Division: Deputy Commissioner, Central Region
Date: February 27, 1987

Approved by Commissioner: Mark D. Ulm, Acting Commissioner
Date: 3/1/87
Agency: Department of Transportation and Public Facilities

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

Fiscal Note
HCR 13

1. Background

The 4.3 mile long Bethel Airport Road has been on the Federal-aid system since 1969 when the original construction took place. That project replaced a 4-wheel drive road and provided for the alignment and a gravel surface.

In 1970-1971 the road was paved. In 1972 the bridge at Brown's Slough was replaced. The last project in 1981-1982 was funded in Chapter 118 SLA 1980 for $2.5 million. This project consisted of replacing culverts in thaw settlement areas, insulating underneath to protect the permafrost, and an asphalt overlay of the road to a 24' surface width.

In 1986 the City completed a $287,000 shoulder widening project with the funding coming from a Transfer of Responsibility Agreement (TORA) with the Department.

2. Current Status

There are many pavement cracks and sections of the road are very uneven due to thawing and consolidation of the underlying silt permafrost. These problems are beyond Maintenance and Operation's ability to correct.

3. Reconstruction costs

The cost to reconstruct this 4.3 mile section of road is estimated to be $7,000,000. This would provide two 12 foot wide paved driving lanes as well as 8 foot wide shoulders. Approximately $500,000 would be required to design this project for major reconstruction. Even though this road is on the Federal Aid Highway System, with its relatively low traffic volumes (1,420 Average Daily Traffic), it would not compete well on a statewide basis for the limited federal funds because of the many other high priority competing projects. The Department currently has no funding to reconstruct this road.

4. Maintenance Costs

The annual maintenance cost for this 4.3 mile section of road is approximately $50,000. This is computed by multiplying the 8.6 lane miles by the estimated maintenance cost of $5,800 per lane mile for this road.

Dept. of Transportation & Public Facilities

Position Paper

3/4/87
MHH for

BILL NO: Bill No: HCR 13

APPROVED: Rocky Gutierrez
Commissioner

TITLE: Reconstruction of Bethel Airport Road

DATE: 2/27/1987

The Department of Transportation and Public Facilities (DOT&PF) agrees that there is a need to reconstruct the Bethel Airport Road. The current poor condition of the roadway is beyond the ability of our maintenance forces to correct. It is estimated that approximately $500,000 in design and $7,000,000 in construction funding would be needed to reconstruct this 4.3 mile road; however, the DOT&PF has no available funding for this purpose.

This road is on the Federal-aid Secondary System; however, its low traffic volumn (1,420 Average Daily Traffic) would not enable this project to compete well for the limited Federal highway construction funding because of the many other high priority projects throughout the State.

For further information call Susan Fleischhauer at 465-3900.

FACT SHEET

BETHEL ROAD
AIRPORT TO BROWN'S SLOUGH
PROJECT DESCRIPTION USING FEDERAL AID FUNDS

First Project: Original Construction, Grading, Drainage & Utilties

BEGAN:	August 1969
COMPLETED:	September 1970
DESIGNED BY:	Department of Transportation and Public Facilities (DOT&PF)
CONSTRUCTED BY:	Studnek Construction
COST:	$2.2 million
	FEDERAL AID

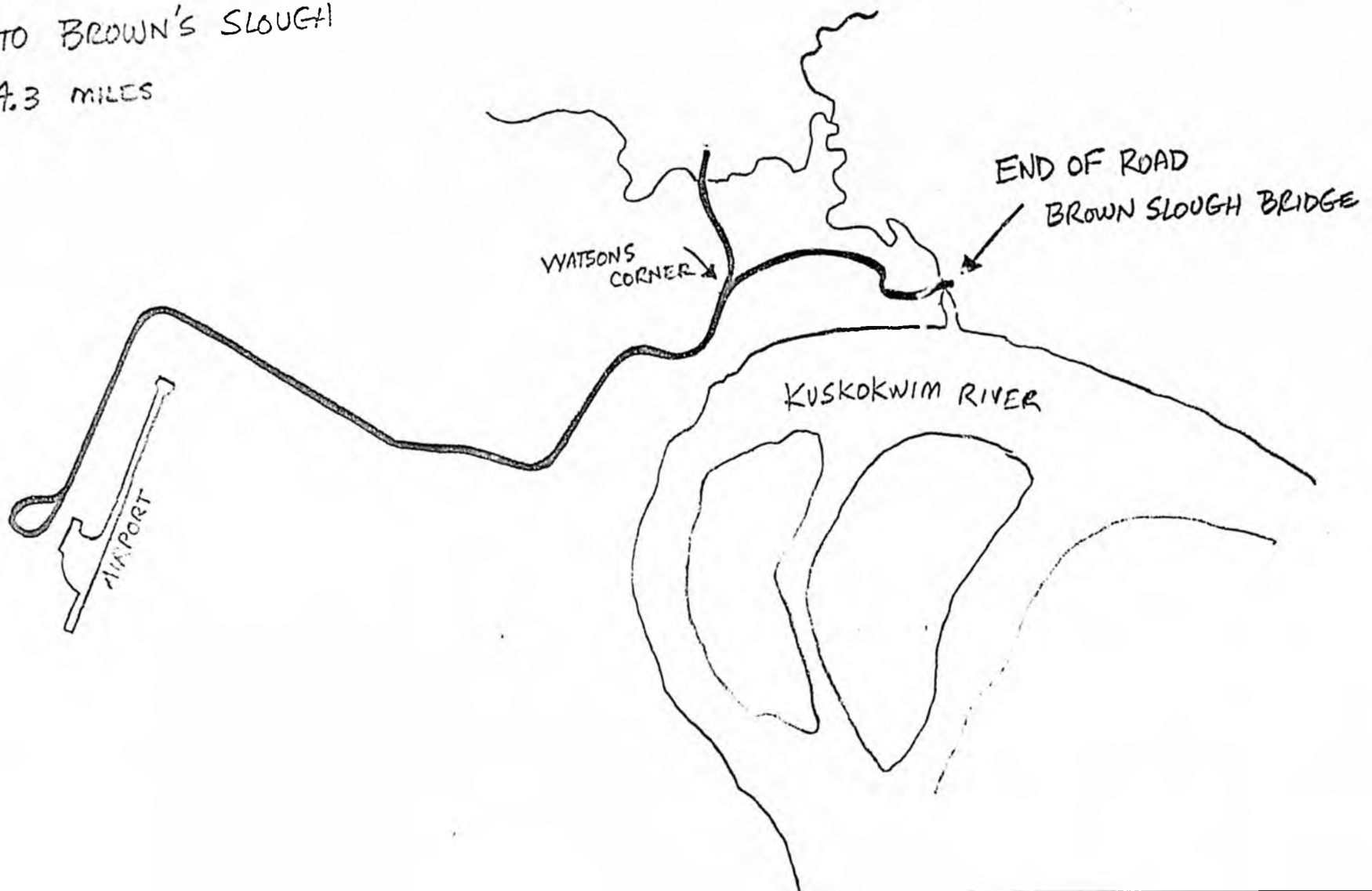
Second Project: Paved Surface

BEGAN:	August 1971
COMPLETED:	September 1972
DESIGNED BY:	(DOT&PF)
CONSTRUCTED BY:	Burgess Construction
COST:	$1.3 million
	FEDERAL AID

BETHEL HIGHWAY

AIRPORT TO BROWN'S SLOUGH

4.3 MILES



STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

POUCH Z
JUNEAU, ALASKA 99811
PHONE: (907) 465-3900

OFFICE OF THE COMMISSIONER

February 23, 1987

The Honorable Lyman Hoffman
House of Representatives
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Hoffman:

The following information and attachments are transmitted in response to a request from your office staff to Bruce Freitag concerning the Bethel Airfield Road.

I believe the route in question was placed on the Federal-aid secondary system at statehood, but the earliest records for it in our office are attached. In 1972 the Department of Highways revised their accounting system and gave this route a "CDS Log" number of 080000.

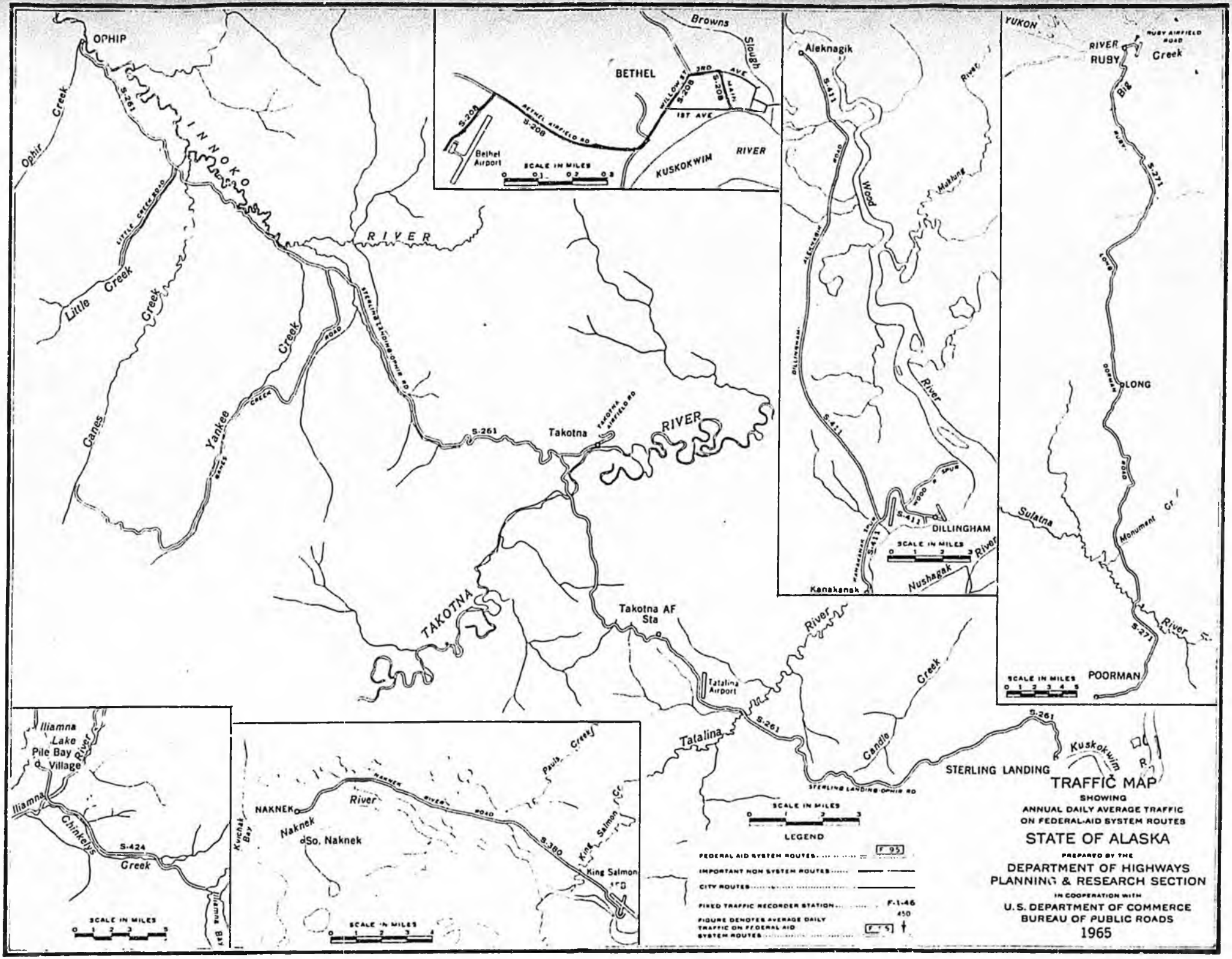
If additional information is needed please let me know.

Sincerely,

Mark S. Hickey
Deputy Commissioner
Operations

Attachment

cc: Susan Fleischhauer, Legislative Liaison
Bruce Freitag, M&O Standards Engineer
Dean Redick, M&O Director, Central Region



MAP 2

Naknek–Bethel–Ophir
Iliamna–Ruby–Dillingham

LEGEND

MAP OF

BETHEL

MAINTENANCE STATION

PREPARED BY THE
STATE OF ALASKA
DEPARTMENT OF HIGHWAYS
PLANNING AND RESEARCH SECTION

1966

SCALE IN MILES

PRIMARY & SECONDARY ROUTES

CONTROL SECTION	ROUTE NUMBER	MILEAGE	DESCRIPTION	MAINTENANCE STATION
122081	200 Airport	4.4	From the Bethel Airport Northerly and Easterly via Bethel to the Jct. with Hanger Lake Road East of Browns Slough.	Bethel
	TOTAL	4.4		

STATE MAINTENANCE ROUTES

CONTROL SECTION	ROUTE NUMBER	MILEAGE	DESCRIPTION	MAINTENANCE STATION
139600	(139601)	1.3	FIRST AVENUE: From Jct. with FAS 208 (Bethel Airfield Road) at Willow Street, Easterly 0.5 mile via First Avenue to Jct. with FAS 208 (Bethel Airfield Road) at Main Street. SECOND AVENUE: From Jct. with Tundra Street Easterly 0.1 mile to Jct. with FAS 208 (Bethel Airport Road) at Bridge Avenue. THIRD AVENUE: From Jct. with FAS 208 (Bethel Airfield Road) at Main Street, Easterly 0.3 mile to Jct. with Tundra Street. TUNDRA STREET: From Jct. with FAS 208 (Bethel Airfield Road) at First Avenue, Northerly 0.2 mile to Third Avenue and a spur Northerly toward Brown's Slough MAIN STREET: From Jct. with FAS 208 (Bethel Airfield Road) at Third Avenue Northerly 0.2 mile to Bethel School.	Bethel
	(139602)	2.3	STANDARD OIL ROAD: From Jct. with FAS 208 (Bethel Airfield Road), Southerly 0.3 mile to Standard Oil Tank Farm. HOSPITAL ROAD: From Jct. with FAS 208 (Bethel Airfield Road) Northwesterly 0.2 mile to A.N.S. Hospital. PIT ROAD: From Jct. with FAS 208 (Bethel Airfield Road) at Willow Street, Northwesterly 0.7 mile to BPR barrow Pit. HANGER LAKE ROAD: From Jct. with FAS 208 (Bethel Airfield Road) at Brown's Slough, Northeasterly 1.1 miles to National Guard Hangar at Hangar Lake.	Bethel
	(139603)	2.3	BIA HEADQRTERS ROAD: From the Junction with FAS 208 (Bethel Airfield Road) near the airfield, westerly to the B.I.A. Headquarters building. (Added to SMR System 3-29-67)	Bethel
	TOTAL	5.9		

FEB 23 1987

Peratrovich, Nottingham & Drage, Inc.

Engineering Consultants

1506 West 36th Avenue • Suite 101 • Anchorage, Alaska 99503 • 907-561-1011

February 19, 1987 PN&D 87000AC

Representative Lyman Hoffman
Box V
Juneau, Alaska 99811

Re: Design, Construction and Maintenance of Roads on Ice-Rich Soils

Dear Representative Hoffman:

It is well known that road construction over ice-rich oil without special precautions results in thawing of the frozen soil often with severe settlement. These settlements are known to cause some of the worst highway maintenance problems in Alaska.

Methods That Work

Much of what has been learned over the last two decades in Alaska about road construction is based on monitoring of viable types of existing roads. From this information engineers have developed many methods that can be used to assure good road performance with lower maintenance costs. Some of these methods include use of the following:

* geotextiles - to segregate fine soil materials from structural fills, to bridge settlement zones and reduce differential settlement at roadway surface and to ensure insulation integrity in organic tundra overlay construction (i.e. Red Dog project).

* synthetic plastic honeycomb reinforcing sections - similar to that used in the Shishmaref airport construction.

* rigid insulation - between the embankment and natural ground to slow heat flow into frozen ground. The high strength closed cell rigid insulation provide the best performance.

* thicker embankment fill - when cost effective as an insulating layer. Typically, 1 ft. of soil has the equivalent insulating value of 1 inch of rigid insulation.

* culvert insulation - to slow thaw below culverts thus road settlement.

* adequate shoulder widths - to protect and insulate the roadway edge from settlement due to ambient temperatures and drainage along the road.

* positive drainage - to minimize thermal degradation at culverts and along the shoulders.

* heat pipes - to maintain frozen soil at site specific areas.

* painted surfaces - painting or paving roadway surfaces with white materials to reflect infrared from the sun. A white surface will reflect heat and reduce the temperature in the fill thus reducing thaw in underlying soil. Black surfaces absorb I.R. energy and increase ground temperatures.

Many of these methods can be used to repair and stabilize existing roads or to improve performance and reduce maintenance.

Repair

Road upgrade costs depend on many factors: availability of local building materials and equipment, present condition of the road surface and foundation, soil type, drainage, adequate right-of-way, etc. However, the first step towards developing any upgrade plan would be to prepare a preliminary engineering status and upgrade report listing problems, their extent and obtaining an engineer's opinion on what is required to upgrade the road. These studies can generally be performed by reviewing available data and conducting a site visit.

Example

The Bethel Highway (FAS 208) is an example of improper construction over ice-rich soil. It was built to substandard width and does not use many of the methods now commonly used for roads of this type; it has narrow shoulders, does not use thermal protection for culverts and was constructed with improper base gradation and surfacing. Shoulders are important because they help prevent thawing below the roadway edge. And thermal protection of culverts is important because it protects against thaw under the roadway.

Repair and upgrade of this road to minimum State standards is expected to cost $750,000 to $1,000,000 per mile because some construction materials must be shipped to the site from outside Bethel. However, after a preliminary study, methods may be developed which could more fully utilize near site materials thus reducing costs.

If I may be of any further assistance please call.

Sincerely,

PERATROVICH, NOTTINGHAM & DRAGE, INC.

Alan B. Christopherson, P.E.
Senior Engineer

ABC/jk/L7

cc: Lori Nottingham

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

March 4th, 1987

TO: Commissioner Mark Hickey

FROM: Representative Bette Cato

SUBJECT: HCR 13 - Representative Hoffman
Reconstruction of the Airport Road in Bethel

At the recent Committee meeting held on Monday March 2nd, 1987 the House Transportation Committee requested the following information from the Department:

a. Why is the fiscal note so high?

b. Why does the road not appear in the 6 year plan?

c. What was the departments rationale for taking this project out of the Federal funding request and placing it in with projects requesting general fund appropriations?

d. How did the department arrive at the $2 million per mile figure?

e. Basically, does the department plan new construction or is using part of the existing road feasible?

f. The fiscal note and plans provides for 8 ft. shoulders, could the department reduce the cost by construction of 4 ft. shoulders?

g. Does the construction plan include reusing the asphalt already there or are the plans to bring new asphalt to the construction site?

This resolution is scheduled for a second hearing on Monday March 9th. I would appreciate a representative from the department attending the meeting to answer the above questions.

Thank you

Bette

Representative Bette Cato
House Transportation Chairman

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

OFFICE OF THE COMMISSIONER

P.O. BOX Z
JUNEAU, ALASKA 99811-2500
PHONE: (907) 465-3900

March 9, 1987

HCR 13 - Relating to the expeditious redesign and reconstruction of the airport road in Bethel.

1. Why is the fiscal note so high? How did the department arrive at the $2 million per mile figure? The department should revise its fiscal note to reflect a savings from previous fiscal note by reusing existing materials. Would it be possible to lower reconstruction costs by providing for a 4 ft. shoulder width instead of 8 ft?

   The department is in the process of revising cost estimates for the road. Central Region Design and Construction is examining the road section by section to determine if existing materials could be reused in an effort to lower costs.

2. What is the department's rationale for taking this project out of the federal funding request and placing it in with projects requesting general fund appropriations, and why is it not listed in the 6-year CIP?

   Reconstruction of the Airport Road in Bethel was never included in the federal funding request because it does not meet the criteria the department uses to prioritize projects, and, therefore, cannot compete on a statewide basis with other projects being considered. With limited federal funds available each year, identified needs greatly exceed available funding. However, the department is in the process of determining whether or not the project would qualify for the "Federal 3-R Program" (rehabilitation, reconstruction, repaving). The criteria the department uses to determine federal funding priorities are attached.

3. Basically, does the department plan new construction, or is using part of the existing road feasible? Does the construction plan include reusing the asphalt already there or are the plans to bring new asphalt to the construction site?

   Again, in determining a new cost estimate for the project, the department will examine the possibility of reusing existing materials in an effort to lower the cost.

CRITERIA DOT&PF USES TO PRIORITIZE PROJECTS:

-Service Life

-Need to Continue Development of Previously Funded Project

-Post Construction Economic Benefits

-Impact on State M&O Costs

-Impact on Alaska Job Market

-Safety Improvements

-Functional Classification

-Type of Improvement

-Perception of Public Support

-Regional Importance

-Capacity

-Standards

THE DESIGN COST FOR THE RED DOG MINE ROAD PROJECT WAS A LITTLE OVER 1 MILLION DOLLARS. PROJECT DESIGN CONSISTED OF:

9 BRIDGES
500 CULVERTS
14 BARROW PITS (DIRT FOR ROAD USE)
60 ROAD MILES

THE OVERALL PROJECT COST FOR THE RED DOG MINE ROAD WAS $50 TO $60 MILLION.

THE BETHEL AIRPORT ROAD RECONSTRUCTION PROJECT CONSISTING OF 4.3 ROAD MILES WAS GIVEN A DESIGN COST OF $500,000 BY THE DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES.

THE DESIGN AND PROJECT COST COMPARISONS BETWEEN THE RED DOG PROJECT AND THE BETHEL ROAD PROJECT ARE WIDELY DIFFERENT. USUALLY THE DESIGN COSTS ARE +/- 5% OF THE TOTAL PROJECT COST. IN DOT/PF'S FISCAL NOTE FOR RECONSTRUCTION OF THE BETHEL ROAD, THE PROJECT DESIGN COST WAS STATED TO BE $500,000, HOWEVER WITH THE +/- 5% CALCULATION FOR DESIGN COSTS THE FIGURE SHOULD BE $350,000.

THE RED DOG PROJECT IS LOCATED IN A HARD PERMAFROST REGION AND THE BETHEL ROAD IS LOCATED IN A SALINE PERMAFROST REGION, THE DISCREPANCY IN PROJECT COSTS EXCEEDS REASONABLE EXPLANATION BY SITE DIFFERENTIALS. IF THE BETHEL ROAD WAS TOTALLY RECONSTRUCTED NOT USING ANY OF THE MATERIALS (I.E. SAND AND GRAVEL) THAT ARE ALREADY AVAILABLE FROM THE OLD ROAD THE COST STILL SHOULD NOT EXCEED $1 MILLION PER ROAD MILE. A REALISTIC PROJECT COST FIGURE FOR THE AIRPORT BETHEL ROAD WOULD BE APPROXIMATELY +/- $4.3 MILLION, WITH A DESIGN COST OF APPROXIMATELY +/- $215,000.

AS FOR PRIORITY RANKING - THE BETHEL AIRPORT ROAD HAS NOT RECEIVED FEDERAL AID FUNDS SINCE 1972. POPULATION SHOULD NOT BE THE UNDERLYING CRITERIA IN PROJECT RANKING WHEN DETERMINING THE WORTH OF A PROJECT, BUT THE IMPORTANCE OF THE ROAD TO THE PEOPLE IN THE REGION AS WELL AS THEIR SAFETY IN USING THE ROAD.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HCR 13
Publish Date:

REQUEST:

Revision Date: March 10, 1987
Title: Reconstruction of Bethel Airport Road
Sponsor: Hoffman
Requestor:

Agency Affected: DOT/PF
BRU: Design & Construction, Maintenance & Operations
Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	-0-	-0-	-0-	17.5	17.5	17.5
TRAVEL						
CONTRACTUAL	-0-	-0-	-0-	25.0	25.0	25.0
SUPPLIES	-0-	-0-	-0-	7.5	7.5	7.5
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	50.0	50.0	50.0
CAPITAL	-0-	510.0	4,490.0	-0-	-0-	-0-
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	50.0	50.0	50.0
FEDERAL FUNDS	-0-	510.0	4,490.0	-0-	-0-	-0-
OTHER						
TOTAL	-0-	510.0	4,490.0	50.0	50.0	50.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

See attached analysis.

Prepared by: William R. Snell (signed) Phone: 266-1440
Division: Deputy Commissioner, Central Region Date: March 10, 1987

Approved by Commissioner: Mark S. Hickey MSH Date: March 10, 1987
Agency: Department of Transportation & Public Facilities

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

Fiscal Note
HCR 13

1. Background

The 4.3 mile long Bethel Airport Road has been on the Federal aid system since 1969 when the original construction took place. That project replaced a 4-wheel drive road and provided for the alignment and a gravel surface.

In 1970-1971 the road was paved. In 1972 the bridge at Brown's Slough was replaced. The last project in 1981-1982 was funded in Chapter 118 SLA 1980 for $2.5 million. This project consisted of replacing culverts in thaw settlement areas, insulating underneath to protect the permafrost, and an asphalt overlay of the road to a 24' surface width.

In 1986 the City completed a $287,000 shoulder widening project with the funding coming from a Transfer of Responsibility Agreement (TORA) with the Department.

2. Current Status

There are many pavement cracks and sections of the road are very uneven due to thawing and consolidation of the underlying silt permafrost. These problems are beyond Maintenance and Operation's ability to correct.

3. Reconstruction costs

The DOT&PF's earlier cost estimate to reconstruct this road was $7,000,000 which would provide two 12 foot wide paved driving lanes as well as 8 foot wide shoulders. $500,000 was estimated to design this project.

A close review of this project indicates that a lower cost federally funded project might be possible. This would be through the federal 3R (resurfacing, restoration, and rehabilitation) program; however, the department would have to receive a Federal Highway Administration (FHWA) waiver to reduce the roadway shoulders and pave the surface to two 12 foot driving lanes with 2 foot wide paved shoulders. A waiver might be justified by the presence of permafrost because the permafrost may thaw faster and in a larger area if shoulders were added.

Assuming the department developed a 3R project, the following would be provided:

- new pavement, 28 feet wide
- erosion control along the most critical slopes
- leveling with gravel as needed
- minor replacement of culverts

The total cost with a 3R project is estimated at $5.0 million with $510,000 of this being for preliminary engineering (PE). The PE money will allow the department to better define the geotechnical problems and propose a long term solution. With this information, we can then discuss with the FHWA the scope of the project and whether or not a 3R project is appropriate. It may be that a 3R project should be done on a periodic basic until the roadway stabilizes. Use of existing materials will be looked at during P.E. Depending on the condition, it may or may not be economical.

4. Maintenance Costs

The annual maintenance cost for this 4.3 mile section of road is approximately $50,000. This is computed by multiplying the 8.6 lane miles by the estimated maintenance cost of $5,800 per lane mile for this road.

MEMORANDUM

State of Alaska
Department of Transportation & Public Facilities

TO: All Deputy Commissioner

DATE: August 29, 1986

FILE NO:

TELEPHONE NO: 465-3900

SUBJECT: FY88 Capital Budget Instructions

FROM: Warren S. Sparks
Deputy Commissioner
Headquarters

Attached are instructions for development of the FY88 Capital Improvement Program. OMB instructions are the basic instructions for our FY88 capital budget. The remaining instructions in this package are the finalization of drafts previously distributed to your staff.

Completed CP-1 forms (or the computerized equivalent), scoring summaries and worksheets, and the appropriate data diskettes are expected here at Headquarters by September 19, 1986. We have an agreement with OMB that the FY88 capital budget will be due there on October 13.

Attachment

Distribution:

Joe Camp, Deputy Commissioner, Marine Highways
H. Glenzer, Deputy Commissioner, Northern Region
Jon Scribner, Deputy Commisioner, Southeast Region
William Snell, Deputy Commissioner, Central Region

cc: Ron Lind, Director, Plans, Programs & Budget, Headquarters
John Martin, Chief, Planning, Northern Region
Stan McAlister, Planning Supervisor, Marine Highways
Ray Meketa, Chief, Planning, Southeast Region
John S. Tolley, Chief, Planning, Central Region

Instructions for Development of FY 88 Capital Budget

This year the capital budget process incorporates an obligation plan for both federal highways and federal aviation projects. The object of this exercise is to produce a list of expected plus alternate project phases which will be obligating federal funds between July 1, 1987 and September 30, 1988. The FY88 capital budget should include no requests for federal authorization which are not in the Obligation Plan for FFY88.

The match amount for FY87 was developed using the estimated federal apportionment for FFY87. This means that, because of overprogramming, not all federal projects were necessarily provided general fund match. The intention was to match those projects which would obligate federal funds during this year. For FY88 we intend to request federal authorization for only those project phases requiring authorization or supplemental authorization to obligate FFY87 or FFY88 federal funds (in the expected plus alternate project list). The match request for 1988 will be sufficient to provide match required to obligate the federal funds through FFY88. Requests for match will be prepared by Headquarters.

Due Date

Materials required in these instructions are due at Headquarters by September 19, 1986.

Fiscal Guidelines

PROPOSED GENERAL FUND MATRIX FY 88
(Dollars in millions)

	CE	NO	SE	MHS	HQ	TOTAL
Minimum Programming Levels						
Advance Project Definition	$0.4	$0.2	$0.1	$0.05	$ —	$0.75
Aviation	0.5	0.4	0.1	—	—	1.0
Erosion Control	1.0	1.0	—	—	—	2.0
Marine (Ports and Harbors)	1.0	0.3	1.0	—	—	2.3
Facilities*	1.0	1.5	1.0	0.5	—	4.0
Barrier Free Access	0.5	0.5	0.5	0.2	—	1.7
State-Maintained Roads (Non-federally eligible work)	0.5	0.5	0.15	—	—	1.15
LSR&T	—	—	—	—	4.0	4.0
Research	—	—	—	—	0.5	0.5
Regional Discretion	6.0	4.5	1.5	2.5	0.75	15.2
TOTAL GF ALLOCATION	$10.9	$8.9	$4.35	$3.25	$5.25	$32.65

* DOT&PF M&O camp facilities, repairs of multiple occupancy buildings, and correction of construction errors even on single use facilities if DOT&PF was in charge of the facility. Does not include Water and Sewer at airports.

Format

The Office of Management and Budget has forwarded CP-1 forms (copy attached) and requested that our budget submission adhere to that basic format. CABDR is no longer being used. The following numbers represent the fields on the attached CP-1 form. The fields should be formatted as specified, and the resulting report pages to be submitted should resemble the CP-1 as closely as possible, ie the information should reside in the same relative position as on the CP-1. Those CP-1 items not addressed below should follow the general guidelines provided in the OMB instructions (copy of capital sections attached).

"Region:" Insert a line after "Location" to identify the region

4. "Election District:" 2 characters of numeric, districts as specified in the OMB instructions or in the case of region-wide projects use:

DOT Region	Regional Election District
Central	92
Northern	94
Southeast	91
Statewide	99

6. "Program:" use these terms:

AVIATION INTERNATIONAL
International Airports, Fairbanks and Anchorage.

AVIATION
All aviation except Fairbanks and Anchorage International Airports. Aviation is considered all work at airports (including water and sewer, buildings and roads).

MARINE
Ports and harbors.

MARINE HIGHWAYS SYSTEM

PUBLIC FACILITIES

LOCAL ROADS
Local Service Roads and Trails, Road Maintenance Service Areas, RS 2477.

EROSION CONTROL

TRANSIT
UMTA grants and urban systems funded transit projects.

STATE EQUIPMENT FLEET

SUPPORT
Intermodal projects, administrative projects, computerization.

HIGHWAYS
Major roads and especially those funded through FHWA including Forest Highways and Public Lands.

8. "Capital Request:" in thousands with commas and one decimal place.

9. "Operating Costs:" in thousands with commas and one decimal place.

11. "Project Description and Justification:" 50 lines of 72 characters for a total of 3600 characters are allowed.

    Follow the OMB instructions for the description and justification including a discussion on alternatives considered. The description should be extensive enough to allow verification of scoring.

12. The priority field should be left blank. This will be a department-wide priority.

Criteria Application and Ranking

The ranking criteria should be strictly and conservatively applied. Please provide worksheets (and data diskettes) of the question scores for each project. This includes a summary of all projects (title, funding amount and total score) and a detail worksheet (with title, individual question scores and total project score).

Q1. Does the project extend the service life of the facility?

Service life = design life of facility.

$$\text{Yes} = \frac{\text{Extended service life in years}}{\text{Original design life in years}} \times 25 = \text{points}$$

Note: No more than 25 points can be awarded for this question.

No = 0

Assumptions: Any work to be done to an existing facility potentially qualifies. This item is intended to reward projects which protect the State's investment in the existing system.

Q2. Is the project needed to continue the development and construction of previously funded projects in the program?

1. Supplemental funding for work that is under contract.

75 points

2. Supplemental funding for a project that is ready to go to bid in the first quarter of the budget year.

55 points

3. Construction phase funding where project will be ready for bid in the budget year and pre-construction phases were funded in prior years.

35 points

4. Funding for completion of pre-construction phases (applies only if funding need was identified in last year's six year capital improvement program).

15 points

5. All other projects.

0 points

Q3. Will the completion of this project have direct and identifiable post-construction benefits to the local, regional or statewide economy?

1. Highway resurfacing, public facilities repairs and improvements, harbor float replacement or runway resurfacing would have little or no economic effect, since these projects repair or replace existing facilities.

3 points

2. Additional harbor floats, expansion of airport aprons or widening existing roadways would have a moderate impact on the economy since these projects expand existing facilities. It is assumed that a certain amount of infrastructure and economic activity already exists and these projects would support the expansion of this existing activity.

5 points

3. New roads or airports built to support community growth and development.

7 points

4. New or expanded capacity for roads, airports or harbors built specifically to support industrial, commercial or resource development.

$$\frac{\text{Number of Jobs}}{\text{Project Cost}} \times 2{,}000{,}000 = \text{points}$$

Note: Most projects will not be scored using item 4. The project must support new industrial, commercial, resource or other development specifically identified as part of an organized and recognized review of the development (only projects meeting these criteria can be awarded any points under item 4).

Q4. Will state maintenance and/or operations costs change as a result of this project?

Reduction in State M&O costs (i.e. facility upgraded, transfer of responsibility to local government)	20 points
No additional State M&O costs/positions	15 points
One new State M&O position	10 points
Two new State M&O positions	5 points
Three or more new State M&O positions	0 points

Q5. Impact on Alaskan job market.

1. Majority of project jobs can be filled by Alaskans	10 points
2. All other projects	0 points

Assumptions: Apply this item to all projects, design, right of way, construction or combinations of those. Judge each project on its own merits. This item is intended to reward projects that are likely to result in Alaskan hire.

Q6. Will the project provide low-cost solutions to safety problems at high-hazard locations?

1. Specific safety projects for facilities operated and maintained by the State of Alaska.

$$\frac{\text{Dollars directly addressing safety}}{\text{Project Cost}} \times 100 = \text{points}$$

- Illumination, signalization and/or channelization of intersections with high accident rates
- Guardrails
- Dangerous surface condition on runway or runway safety area
- Repair of specific hazardous conditions

2. Safety-related projects

$$\frac{\text{Dollars directly addressing safety}}{\text{Project Cost}} \times 65 = \text{points}$$

- Accident history of facility indicates need for upgrade
- Runway length is deficient by more than 1000 feet or width by more than 15 feet
- Lane widths of 10 feet or less
- No shoulders

3. Other safety projects

$$\frac{\text{Dollars directly addressing safety}}{\text{Project Cost}} \times 30 = \text{points}$$

- Unsafe operating environment
- Lane width, shoulders or runway substandard
- Required CFR, fencing, etc.

4. All other projects 0 points

Q7. What is the functional classification of the facility?

(1) International airports, Interstate highways

60 points

(2) Regional center airports, Major arterial highways

50 points

(3) District and Transport airports, Minor arterial highways, Regional ports, Buildings (Statewide purpose, M&O facilities)

40 points

(4) Community airports, Reliever airports, Major collectors, Urban collectors, Sub-regional harbors, Buildings (Regional purpose)

30 points

(5) Local airports, Other state-maintained routes, Local harbors, Buildings (Local purpose)

20 points

Q8. What type of improvement is proposed?

(1) Project is aimed at preventing an imminent failure of the facility.

60 points

(2) Restoration, preservation, structural maintenance or safety improvement to an existing facility.

50 points

(3) Reconstruction for the purposes of bringing the facility up to modern standards.

40 points

(4) Improvement or expansion of a facility for the purposes of economic development, improved safety or improved levels of service.

30 points

(5) New facility development to relieve congestion of an existing facility, improve efficiency of the transportation system or generate economic development.

20 points

Q9. What is the regional perception of the public's support for this project relative to other projects being ranked?

(1) The project is in the top third of public priorities.

25 points

(2) The project is in the middle third of public priorities.

15 points

(3) The project is in the lower third of public priorities.

5 points

Note: The average of scores for this question cannot exceed 15.

Q10. What importance does the region give to factors not addressed by the other ranking items?

Score this item 0 to 200 for each project; however, the average of the points given to all projects cannot exceed 100.

Note: Regions may be asked to provide back-up information on what these factors were and their importance in evaluating the proposed project.

Q11. Is this project prompted by capacity concerns?

For apron projects, harbor expansions and marine highway system improvements, estimate a volume to capacity ratio based on the demand for the limited space and the capacity of the respective tiedown, parking, mooring areas, transfer facilities and/or vessels. Multiply this ratio by 25 to determine point score; however, no project with an estimated ratio can score more than 75 points.

Roadways - Less than two lanes

$$\frac{\text{Current year ADT} \times 25}{(.5)(\text{Capacity at LOS C for terrain type})} = \text{points}$$

Two lane roadways

Adequate shoulders[A]

$$\frac{\text{Current year ADT} \times 25}{(\text{Capacity at LOS C for terrain type and area})^{A}} = \text{points}$$

Note: [A] If shoulders are inadequate, multiply by (.8)

Multi-lane roadway

Single-direction ADT

$$\frac{(.10)\ (\text{Current year ADT})\ (25)}{(\text{Capacity for terrain type})^{A}(\#\text{ of lanes in that direction})} = \text{points}$$

Q12. Does the facility related to the project meet identified standards for such a facility?

For facilities that do not meet minimum standards, rate the severity of deficiency on a scale of 1 to 100.

Assumptions: This item is intended to reward projects which address substandard facilities.

MEMORANDUM

State of Alaska
Department of Transportation & Public Facilities

TO: Keith R. Morberg, P.E.
Chief of Design
Central Region

DATE: March 9, 1987

FILE NO: 201C- (mar0901)

TELEPHONE NO: 266-1504

FROM: John J. Burkholder, P.E.
Reconnaissance & Locations Engineer
Central Region

SUBJECT: Bethel Airport Road

I have reviewed the proposed Bethel Airport Road project to identify a means of reducing the estimated $7.8 million cost for reconstruction and still use Federal funds.

It appears the only way is a resurfacing, restoration and rehabilitation (3R) project. The attached page from CFR 23 Sec. 625.2 is the 3R guideline.

The biggest hurdle I anticipate may be getting a waiver to leave roadway shoulders off. The projected traffic would require a 40-foot roadway instead of the existing 28 feet. A waiver might be justified by the presence of permafrost. The permafrost may thaw faster and in a larger area if shoulders were added.

A check with the Traffic Section indicates a low accident rate. This being so, substantial geometric changes are not indicated.

Assuming we develop this as a 3R project, we would do the following:

1. new pavement, 28 feet wide
2. erosion control along slopes where most critical
3. leveling with HAP and/or gravel as required
4. minor replacement of culverts

Construction, construction engineering and design are estimated to cost $5.0 million.

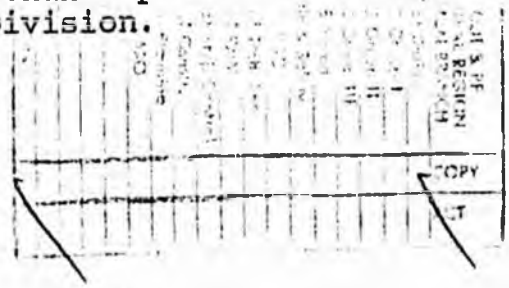
If we pursue this idea, we should program $510,000 for preliminary engineering through Plans, Specifications and Estimate.

The preliminary engineering money will allow us to better define the geotechnical problems and propose a long term solution. With this information, we can then discuss with the Federal Highways Administration (FHWA), the scope of the project and whether or not a 3R project is appropriate. It may be that a 3R project should be done on a periodic basis until the roadway stabilizes.

Hopefully the FHWA will agree with our scope of work and not consider the road a maintenance problem to be handled by the Maintenance & Operations Division.

attachments: (5)

JB/ds



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MAR 9 '87

MEMORANDUM

State of Alaska
Department of Transportation & Public Facilities
Central Region

TO: John Burkholder
Reconnaissance & Locations Engineer
Central Region

DATE: March 9, 1987

FILE NO: 242C

TELEPHONE NO: 266-1525

FROM: Steven R. Horn, P.E.
Regional Traffic & Safety Engineer
Central Region

SUBJECT: Accident Analysis on Bethel Highway

In response to your request, the Traffic & Safety Section has compiled accident rates on the Bethel Highway (CDS Route No. 080000) for the years 1983-1986.

The following table summarizes the number of accidents, average daily traffic (ADT) volumes and resulting accident rates for the subject route:

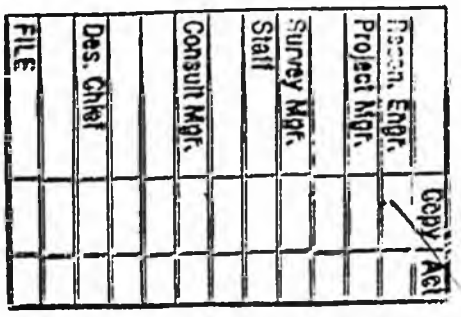
Year	No. of Accidents	ADT	Accident Rate **
1983	7	2950	1.51
1984	10	3100	2.06
1985	5	3340	0.95
1986*	7	3500	1.27
Total	29		

* Accident data for 1986 is thru the middle of November, 1986 ADT is estimated.

** Accicents per million vehicle miles travelled.

The types of accidents occurring on this route can be summarized as follows:

Right Angle	-	10
Rear End	-	5
Pedestrian & Bicycle	-	4
Single Vehicle Overturn	-	3
Fixed Object	-	3
Other	-	4
TOTAL	=	29



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RECONNAISSANCE & LOCATION
MAR 09 '87

An accident cluster analysis was also performed. For the purpose of this report, a cluster was defined as a one-tenth of a mile segment of roadway with at least one accident per year or a total of four accidents in the four year study period. Locations meeting this criteria are summarized below:

Location	CDS Milepoint	No. of Accidents
Tundra Street Intersection	0.33-0.42	5
Main Street Intersection	0.66-0.75	4
Willow Street/Watson's Corner	0.86-0.95	5

If you have any questions or need additional information contact Ron Martindale at extension 528.

RM:bt

cc: Keith R. Morberg, Chief of Design, Central Region

MEMORANDUM State of Alaska

TO: John Burkholder
Reconaissance Engineer
Central Region

DATE: March 5, 1987

FILE NO.:

THRU:

TELEPHONE NO.: 338-2121

SUBJECT: Bethel Airport to Brown's Slough

FROM: Eric G. Johnson, P.E.
Geotechnical Engineer
Engineering & Operations Standards

As you requested, I have analyzed the available information to determine the cause of the continued differential settlements of the existing embankment and to make preliminary recommendations on the best course of action from a geotechnical point of view.

The road was originally paved in 1972. Since that time it has experienced settlement due to the thawing of the underlying silty sand and sandy-silt permafrost. This thawing is caused by the increased heat input into the ground because of the black pavement surface.

Because the average annual temperature in Bethel (29.2° F) is so warm (close to 32° F) there is no cost effective method of repair that will stop these settlements from occuring. Insulating the embankment will only slow the inevitable thaw and prolong the settlements. Other alternatives such as thermo-syphons are too expensive to install along the entire project.

The thaw of the permafrost will continue, but at an ever reducing rate until the road stabilizes. Experience in the Copper River Basin with the Richardson and Glenn Higways over similar warm permafrost, indicates that this could take as much as 30 years from initial paving. My recommendation for this project is to continue re-leveling and repaving the road as needed until it stabilizes.

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& LOCATION
MAR 06 '87

	Copy	Act
Recon. Engr.		✓
Project Mgr.		
Survey Mgr.		
Staff		
Consult Mgr.		
Des. Chief		
FILE		

§ 625.2 Policy.

(a) Plans and specifications for proposed Federal-aid highway projects shall provide for a facility that will (1) adequately meet the existing and probable future traffic needs and conditions in a manner conducive to safety, durability, and economy of maintenance; and (2) be designed and constructed in accordance with standards best suited to accomplish the foregoing objectives and to conform to the particular needs of each locality.

(b) The development and overall management of highway facilities must be considered as a continuing program. This process of highway management commences with planning and extends through design, construction, maintenance, and operation To assure a continuing acceptable level of safe traffic service, it is essential to provide for adequate maintenance and periodic resurfacing, restoration, and rehabilitation (RRR) throughout the life of the highway. The RRR work is defined as work undertaken to extend the service life of an existing highway and enhance highway safety. This includes placement of additional surface material and/or other work necessary to return an existing roadway, including shoulders or bridges, the roadside, and appurtenances to a condition of structural or functional adequacy. The RRR work may include upgrading of geometric features, such as minor roadway widening, flattening curves, or improving sight distances. The RRR work is an essential part of any highway program, and each State and local agency should provide for these types of improvements in each annual highway program.

(c) An important goal of the FHWA is to provide the highest practical and feasible level of safety for people and property associated with the Nation's highway transportation systems and to reduce highway hazards and the resulting number and severity of accidents on all the Nation's highways. Accordingly, the only constraint on the application of Federal-aid funds to RRR work is that they must be used to provide a facility that adequately meets existing and probable future traffic needs and conditions in a manner conducive to safety, durability, and economy of maintenance, and acceptable levels of community and environmental impact. The RRR projects shall be designed and constructed in a manner that will enhance highway safety and accomplish the foregoing objectives according to the particular needs of each State and locality.

(23 U.S.C. 101(e), 109, 315, and 49 CFR 1.48(b); sec. 110(a), Pub. L. 97-424, 96 Stat. 2097 (23 U.S.C. 109(o)); 23 U.S.C. 315; 49 CFR 1.48)

[47 FR 25274, June 10, 1982, as amended at 48 FR 13412, Mar. 31, 1983]

§ 625.3 Standards, specifications, policies, guides, and references.

The following[1] are approved by the FHWA for application on Federal-aid projects. This regulation does not establish Federal standards for work that is not federally funded; however, the safety related criteria of the referenced documents are established as goals for developing State and local safety programs for all public highways as required by Highway Safety Program Standards 1.2, 23 CFR Part 1204.4. The following design standards are incorporated by reference and are on file at the Office of the Federal Register in Washington, D.C. They are available for inspection and copying from the FHWA Washington Headquarters and all FHWA Division and Regional offices as prescribed in 49 CFR Part 7, Appendix D. Copies of current AASHTO publications are also available for purchase from the American Association of State Highway and Transportation Officials, Suite 225, 444 North Capitol Street NW., Washington, D.C. 20001.

(a) *Roadway and appurtenances.* (1) A policy on Geometric Design of Highways and Streets, AASHTO, 1984.[2]

(2) Geometric Design Standards for the National System of Interstate and Defense Highways, AASHO 1967.[2]

(3) The geometric design standards for resurfacing, restoration, and rehabilitation (RRR) projects on highways other than freeways shall be the pro-

For footnotes to this part, see Appendix A.

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

CENTRAL REGION PROJECT DEVELOPMENT

4111 AVIATION AVENUE
POUCH 6900
ANCHORAGE, ALASKA 99502
(TELEX 25-1851)

Date: 3-5-87

Prepared By: RON TAN

This estimate is based on using the Highway Preconstruction Manual, Part II:

Functional Classification

☐ Section 11-5-1 ☐ Section 11-15-10 ☐ Section 11-20-10
☐ Section 11-15-5 ☐ Section 11-20-5 ☐ Section 11-20-15

☐ None of the Above (Reason): _____

PRELIMINARY CONSTRUCTION COST ESTIMATE FOR:

Project Name: BETHEL AIRPORT ROAD

Project Number: _____

From: 6+00 (MP) _____ To: 233+00 (MP) _____

Total Length: 22,700 L.F

Location and Description: Resurface the Bethel Airport RD. with 28-ft H.A.P. Use H.A.P for levelling and Borrow for levelling when affected are sink more than one-foot.

Current ADT: 1985 3300 Design ADT/Date 1995 4435

Actual Width: 28 Required Width: 28

Assumed Structural Section H.A.P.: 2" in.

Proj. Est Amount: $5.0 million C.A.B.: 6" in.

Subbase: _____ in.

Borrow: 24" (min) in.

Sheet 1 of ____

BETHEL AIRPORT ROAD
RESURFACING WITH MINOR RECONSTRUCTION
ESTIMATE OF COST
BY: RON TAN - MAR. 5, 1987

ITEM NO & DESCRIPTION	UNIT	UNIT PRICE	QUANTITY	AMOUNT
110(1) Mobilization	* L.S.	20% of Const	All Req'd	$545,945.35
111(1) Erosion/Pollution Control	* C.S.	.5% of Const	All Req'd	$13,648.63
112(1) Training Program	C.S.	Cont. Sum	All Req'd	
114(1) Const. Engineering	* L.S.	3% of Const	All Req'd	$81,891.80
114(2) Three Person Survey Party	Hour	$150.00	100	$15,000.00
115(1) Traffic Maintenance	* L.S.	1% of Const	All Req'd	$27,297.27
115(2) Construction Signs	L.S.	Lump Sum	All Req'd	
115(4) Temp Pavement Markings	Sta.	Lump Sum	All Req'd	$15,000.00
115(5) Concrete Median Barrier	L.F.			
116(1) Furn./Maint. Engr. Facility	L.S.	(1,500/Mth)	All Req'd	$15,000.00
116(2) Furn./Maint. Laboratory	L.S.	(1,500/Mth)	All Req'd	$15,000.00
201(2A) Clearing and Grubbing	Acre			
202(2) Removal of Pavement	S.Y.	$5.00	35,310	$176,550.00
202(10) Multiple Mailbox Installati	L.F.			
202(9) Single Mailbox Installation	Each			
203(1) Common Excavation	C.Y.			
203(2) Rock Excavation	C.Y.			
203(4) Muck Excavation	C.Y.			
203(5B) Borrow, Type A	Ton	$37.50	18,830	$706,125.00
301(1) Crushed Aggr. Base Course	Ton	$56.00	4,710	$263,760.00
301(4) Subbase, Grading 'A'	Ton			
303(1) Reconditioning	STA.	$120.00	115	$13,800.00
401(1) Asphalt Concrete. Type II	Ton	$100.00	9,120	$912,000.00
401(2) Asphalt Cement, AC-5	Ton	$600.00	565	$338,791.74
401(7) Asphalt Median Paving	Ton			
402(1) CSS-1 Asphalt Tack Coat	Ton	$600.00	59	$35,400.00
403(1) Prime Coat	Ton	$600.00	59	$35,400.00
501(6) Class A Concrete (Headwall)	C.Y.			
501(8) Retaining Wall (Crib)	S.F.			
501(8) Retaining Wall (Block)	S.F.			
603(22-18) 18-inch Pipe	L.F.			
603(22-24) 24-inch Pipe	L.F.			
603(22-30) 30-inch Pipe	L.F.			
603(22-36) 36-inch Pipe	L.F.	$75.00	500	$37,500.00
603(22-54) 54-inch Pipe	L.F.			
603(22-XX) XX-inch Pipe	L.F.			
603(22-96) 96-inch Pipe	L.F.			
603(30) Culvert Adjustment	L.F.			
604(1C) Storm Manhole, Large	Each			
604(1D) Storm Manhole, Small	Each			
604(3) Reconstruct Existing Manhole	Each			
604(4) Adjust Existing Manhole	Each			
604(5A) Curb Inlet	Each			
604(5E) Inlet, Field	Each			
604(8) Culvert End Section	Each			
606(1) Guard Rail, Type I	L.F.			
606(5) Removal of Guard Rail	L.F.			
606(6) End Anchorage	Each			
607(7) Noise Barrier Fence	S.F.			
608(1) Concrete Sidewalk	S.Y.			
608(2) Asphalt Sidewalk	Ton			
609(2) Curb and Gutter	L.F.			
610(1) Ditch Lining	Sta.			

611(1) Riprap	C.Y.			
614(1) Survey Monuments	Each			
614(2) Monument Cases	Each			
615(1) Standard Signs	S.F.	$75.00	200	$15,000.00
616(2) 1/2-Inch Culvert Thaw Pipe	L.F.			
616(4) Culvert Thaw Wire Install	L.F.			
618(1) Seeding	POUND	$12.00	1,000	$12,000.00
618(4) Water for Maintenance	M.Gal	$10.00	540	$5,400.00
619(1) Soil Stabilization Matting	M.S.F.	$100.00	500	$50,000.00
620(1) Topsoil	M.S.F.			
627(1) Watering	M.GAL			
639(1) Approaches	Each	$400.00	20	$8,000.00
640(1) Retaining Walls	S.F.			
660(1) Traffic Signal System Compl	L.S.	Lump Sum	All Req'd	
660(3) Hwy Lighting System Complete	L.S.	Lump Sum	All Req'd	
660(7) Temp Signal System Complete	L.S.	Lump Sum	All Req'd	
670(6) Thermoplastic Markings	L.S.	Lump Sum	All Req'd	$75,000.00

SUBTOTAL AMOUNT	$2,729,726.74
* OVERHEAD (ITEM 110(1) TO 115(1)	$668,783.05
CONSTRUCTION ESTIMATE	$3,398,509.80

CONSTRUCTION ADMINISTRATION	15	% OF CONST.	$509,776.47
CONTINGENCIES	15	% OF CONST.	$509,776.47
TOTAL CONSTRUCTION COST			$4,418,062.74
PRELIMINARY ENGINEERING	15	% OF CONST.	$509,776.47
RIGHT-OF-WAY			
UTILITIES RELOCATION			
PROJECT TOTAL			$4,927,839.21

Project Length = Lane =
Pavement Width = Thickness =

Basic Assumption:

1. Resurface the entire Road with 2" H.A.P for 28' wide.
2. Use H.A.P for levelling where it is less than one-foot depth.
3. In area where levelling more than 2-ft, proposal will remove the Asphalt and replace with Borrow, Subbase, and pavement. It will add a Culvert - if it help to reduce the problem.
4. Place matting along slope, where erosion most critical.
5. Price based on project D03151 (6-22-83) and Bethel Rd (6-26-81), plus 25% Adjustment to 1981's Bid price.

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

JAY S. HAMMOND, GOVERNOR

4111 AVIATION AVENUE
POUCH 6900
ANCHORAGE, ALASKA 99502
(TELEX 25-185)

Date: MAR 4, 1980
Prepared By: J. BARSTAD
Project Number: _____

PRELIMINARY CONSTRUCTION COST ESTIMATE FOR:

Project Name: BETHEL AIRPORT ROAD

From: 6+00 (MP) To: 233+00 (MP)

Total Length: 22,900 L.F. = 4.30 MILE

Location and Description: _____

Current ADT: _____ Design ADT: 4,000

Required Width: 40' Actual Width: 27'

Assumed Structural Section H.A.P.: 1½" in.

C.A.B.: _____ in.

~~Borrow~~ SAND: 24" in.

Estimated Costs (Dollars) Based Upon Above Assumptions:

1.	Construction Estimate:	$ 5,835,073 ⁼
2.	Construction Administration (15 % of 1):	$ 875,261
3.	Subtotal:	$ 6,710,334
4.	Contingencies (10 % of 1):	$ 583,507
5.	Construction Total:	$ 7,293,841
6.	Preliminary Engineering (9 % of 1):	$ 525,156
7.	Right of Way ($_____/Acre):	$ ——
8.	Utilities:	$ 20,000
9.	Project Total:	$ 7,838,997 ⁰⁰

Sheet ____ of ____

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES

Sheet 3 of 5
Project BETHEL AIRPORT ROAD
Project No.
Prepared By J. BARSTAD
Date MAR 4, 1987

ESTIMATE OF COST

ITEM NO.	ITEM	UNIT	UNIT PRICE	QUANTITY	AMOUNT
109(1)	Petroleum Escalation *	C.S.	1% of Const)	All Req'd	$
110(1)	Mobilization *	L.S.	10% of Const	All Req'd	
111(1)	Temporary Erosion and Pollution Control *	C.S.	(0.5% of Const)	All Req'd	5000—
112(1)	Training Program	C.S.	Cont. Sum	All Req'd	1600.00
114(1)	Construction Surveying by the Contractor *	L.S.	3% of Const)	All Req'd	
114(2)	Three Person Survey Party	Hour			
115(1)	Traffic Maintenance *	L.S.	3% of Const)	All Req'd	50,000
115(2)	Construction Signs	L.S.	Lump Sum	All Req'd	
115(4)	Temporary Pavement Markings	Sta.			
116(1)	Furnishing and Maintaining Field Office	L.S.	(1500/MO)	All Req'd	15,000
116(2)	Furnishing and Maintaining Field Laboratory	L.S.	(1500/MO)	All Req'd	15,000
201(2A)	Clearing and Grubbing	Acre			
202(1)	Removal of Structures and Obstructions	L.S.			
202(4)	Removal of Culvert Pipe	L.F.	6	2,725	16,350
202(9)	Single Mail Box Installation	Each			
203(1)	Common Excavation	C.Y.	13	18,500	240,500
203(2)	Rock Excavation	C.Y.			
203(4)	Muck Excavation	C.Y.			
203(5C) ~~(5B)~~	GRANULAR SAND ~~Borrow~~	CYVM ~~Ton~~	20	45,400	908,000
301(1)	Crushed Aggregate Base Course	Ton			
304(1)	Subbase, Grading A	CYVM ~~Ton~~	100	7,237	723,700
401(1)	Asphalt Concrete, Type II	Ton	100	9,100	910,000
401(2)	Asphalt Cement AC-5	Ton	500	515	257,500
401(4)	Anti-Stripping Additive	C.S.			
402(1)	CSS-1 Asphalt for Tack Coat	Ton			
403(1)	Prime Coat	Ton	400	5	2,000
207(3)	FILTER FABRIC	S.Y.	3—	60,534	181,602
207(3A)	FILTER CLOTH	S.Y.	5—	35,311	176,555

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES

Sheet 4 of 5
Project BETHEL AIRPORT
Project No. _____
Prepared By _____
Date MAR 4, 1982

ESTIMATE OF COST

ITEM NO.	ITEM	UNIT	UNIT PRICE	QUANTITY	AMOUNT
501(6)	Class W Concrete	C.Y.			
506(1)	Treated Timber	L.S.	Lump Sum	All Req'd.	
602(1)	Structural Plate Pile	L.F.			
602(2A)	Structural Plate Ripe Arch	L.F.			
603(22-18)	18-inch Pipe	L.F.	60	2461	147,660
603(22-24)	24-inch Pipe	L.F.	75	464	34,800
603(22-30)	30-inch Pipe	L.F.			
603(22-36)	36-inch Pipe	L.F.	100	300	30,000
603(22-60)	60-inch Pipe	L.F.			
603(22-96)	96-inch Pipe	L.F.			
604(1C)	Storm Sewer Manhole, Large	Each			
604(1D)	Storm Sewer Manhole, Small	Each			
604(3)	Reconstruct Existing Manhole	Each			
604(4)	Adjust Existing Manhole	Each			
604(5A)	Curb Inlet	Each			
604(5E)	Inler, Field	Each			
604(8)	Culvert End Section	Each			
606(1)	Beam Type Guard Rail, Type 1 Post	L.F.	55	600	33,000
606(5)	Removal and Disposal of Guard Rail	L.F.			
606(6)	End Anchorages	Each	1500	4	6,000
607(7)	Fence	L.F.			
608(1)	Concrete Sidewalk	S.Y.			
608(2)	Asphalt Sidewalk	Ton			
609(2)	Curb and Gutter Type	L.F.			
610(1)	Ditch Lining	C.Y.			

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES

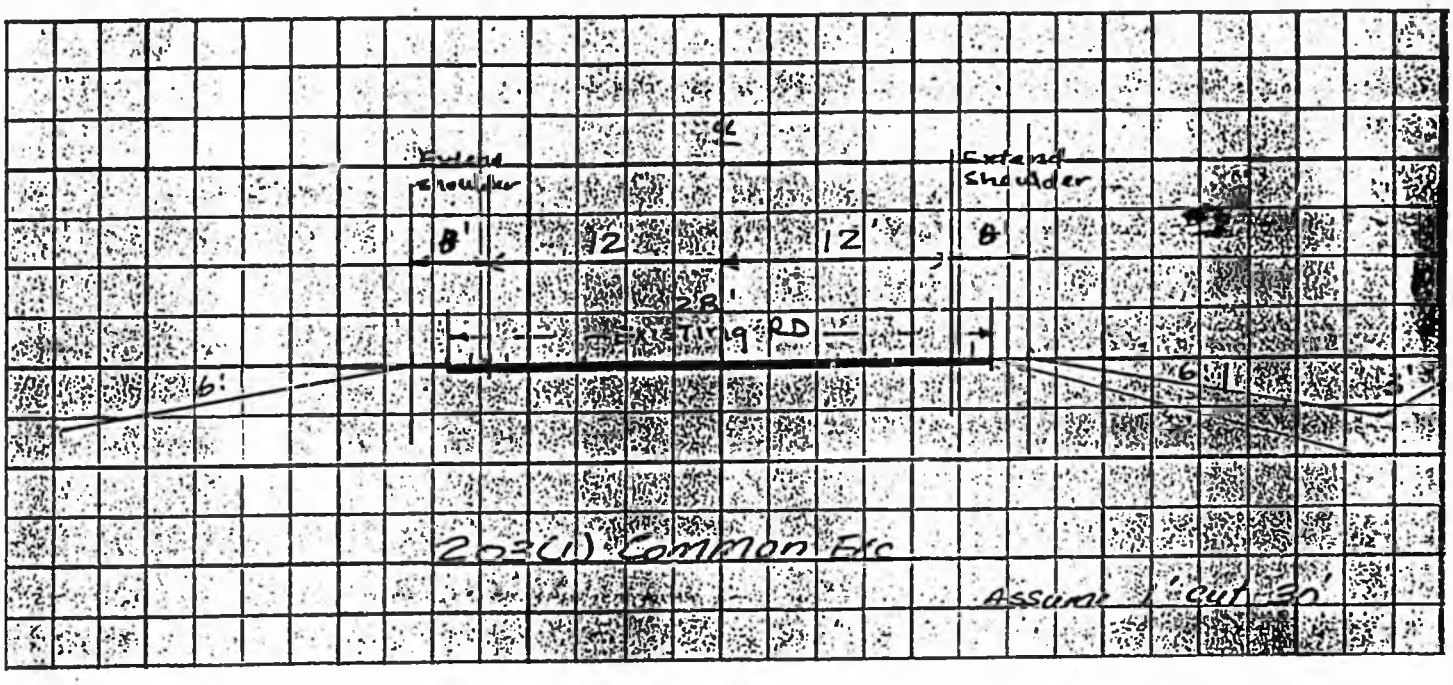
ESTIMATE OF COST

Sheet 5 of 5
Project BETHEL AIRPORT ROAD
Project No.
Prepared By
Date MAR 4, 1987

ITEM NO.	ITEM	UNIT	UNIT PRICE	QUANTITY	AMOUNT
611 (1)	Riprap	C.Y.			
614(1)	Survey Monuments ADJUSTMENT	Each	75	19	1426
614(2)	Monument Cases	Each			
615(1)	Standard Signs	S.F.	60	150	9000
615(5)	Guide Marker Posts	Each			
617(1)	Railroad Crossing	L.S.	Lump Sum	All Req'd.	
618(1)	Seeding	M.S.F.	150	545	81.750
618(4)	Water for Maintenance	M.Gal.	20	200	4,000
619(1)	Soil Stabilization Matting	M.S.F.	2,000	545	1,090,000
620(1)	Topsoil	M.S.F.			
527(1)	Watering	M.Gal.			
639(1)	Approaches	Each	400	117	46,800
660(1)	Traffic Signal System Complete	L.S.	Lump Sum	All Req'd.	
660(3)	Highway Lighting System Complete	L.S.	Lump Sum	All Req'd.	
660(7)	Temporary Signal System Complete	L.S.	Lump Sum	All Req'd.	
670(6)	Thermoplastic Placement Markings	L.S.	Lump Sum	All Req'd.	
	($1.50/ft. of 4-inch stripe)				
	Bridge	S.F.			
	Retaining Wall	S.F.			
	SUBTOTAL				4,987.24
	OVERHEAD ITEMS +17.0%				847,83
	CONSTRUCTION EST.				5,835,07
	CONST. ADMIN. +15%				
	CONTINGENIES +10%				
	PRE-ENGINEERING				
	~~SUBTOTAL~~ UTILITIES				
	*(Before items 109(1), 110(1), 111(1), 114(1), 115(1))				
	CONSTRUCTION ESTIMATE				5,835.07

Sheet 2 of 5
Project Name BETHEL AIR PORT ROAD
Project Number
Prepared By
Date MAR 4, 1987

TYPICAL SECTION



GENERAL NOTES

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS.	3-2-87	1:30 p.m.
" "	3-9-87	1:30 p.m.
" "	3-11-87	1:30 p.m.

(7)

HOUSE COMMITTEE REPORT

Date referred: 2/25/87 FURTHER REFERRALS: Finance

DATE: March 11, 1987

The Transportation Committee has considered HCR 13

Relating to the expeditious redesign and reconstruction of the airport road in Bethel.

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[ ] do pass

[ ] do not pass

[X] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[X] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Bette Cato

SIGNING OTHER RECOMMENDATIONS:

Mike Miller No. Rec

Hull Hyder No Rec

Ivan Ivanoff - Do Not Pass - handle in CIP process

Heinrich Springer No. Rec

Bette Cato

Chairman's signature

Official Business

COMMITTEE:

House Transportation

DATE: March 2, 1987

SIGN-IN

Subject of meeting:

HCR 13: Relating to the expeditious redesign and reconstruction of the airport road in Bethel.

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
JOHN BATES	Box 1822 Juneau AK 99802	586 2302	REP Hoffman	Yes
Lynn Hoffman	112 Capitol	465-4530		
Susan Fleischhauer		465-3900	DOT&PF	answer questions

Official Business

COMMITTEE:

House Transportation Committee

DATE: March 9, 1987

SIGN-IN

Subject of meeting:

HB 94: "An Act relating to boat numbering, accidents, and safety; and providing for an effective date."

HCR 13 Relating to the expeditious redesign and reconstruction of the airport road in Bethel.

NAME Please include title	ADDRESS Please include zip	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
CDR GARY HARIBEN	USCG FED BUILDING	586-7474	USCG	IF NEEDED No
Cdr DM WALDRON	USCG MSO JUNEAU	5867349	USCG	If Needed *
CDR M.A. CONWAY	USCG DISTRICT 17	586-7197	USCG	
GRETCHEN DERR SPECIAL ASST	P.O. Box N, Juneau, Ak 99811	465-4520	Public Safety	Answer Questions if necessary
MARK S. JOHNSON	Dept. of Health & Social Services EMS Section P.O. BOX H-06C JUNEAU	465-3027	AHSS	SUPPORT HB 94 if Amended
SUSAN FLEISCHHACKER	DEPT. OF TRANSPORTATION	465-3900	DOT&PF	ANSWER QUESTIONS IF NECESSARY *

Official Business

COMMITTEE: House Transportation Committee

DATE: March 11, 1987

SIGN-IN

Subject of meeting:

HB 115: "An Act relating to public use of the Dalton Highway."

HCR 13: Relating to the expeditious redesign and reconstruction of the airport road in Bethel.

	NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?	
7	William "Bill" Snell	Anchorage	266-1440	Alaska DOT/PF	HCR 13	
2	Ron Somerville	Juneau 3780 McGinnis Juneau 99801	789-2399	Ak. Outdoor Council	Yes	115 1
4	Bob Lance	BKS 204 N. Franklin #3 Juneau 99801	586-2345	AEL		115 3
5	Dan Savage	Cap Rm 501	3732	Rep. Kay Walker	Yes	115 4
3	Mark Hickey			DOT/PF		
6	Rep. Lyman Hoffman	ASL	4453	Sponsor HCR 13		HCR 13
1	Rep Steve Frank	ASL	3709	" HB 115		115

HCR

18

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

May 13, 1987

COMMITTEE CALENDAR:

HCR 18: Relating to a special report on long-term operations of the Alaska Railroad.

HJR 32: Relating to the completion of the Mackenzie Highway between Fort Simpson and Inuvik, Northwest Territories, Canada.

CSSJR 36(Trsp): Relating to passenger and air cargo service to Anchorage by Korean Air Lines.

CSSB 146(Trsp): "An Act relating to weights and measures; citation authority of employees enforcing weights and measures limitations; and providing for an effective date."

FOR THIS MEETING YOU HAVE:

A folder on HCR 18 that includes:
* a copy of HCR 18
* a fiscal note from the Dept. of Commerce & Econ. Dev.
* a position paper from the Alaska Railroad Corporation

A folder on HJR 32 that includes:
* a copy of HJR 32
* a fiscal note from DOT/PF
* a copy of the resolution issued by the Northwest Territories Legislative Assembly

A folder on CSSJR 36 that includes:
* a copy of CSSJR 36(Trsp)
* a fiscal note from DOT/PF
* memorandums from Sen. Fahrenkamp to the House and Senate Transportation Committees
* written testimony from Korean Air Lines
* an unratified memorandum of understanding between the U.S. State Dept. and the Gov't. of the Republic of Korea
* written testimony from Sen. Fahrenkamp

A folder on CSSB 146 that includes:

* a copy of CSSB 146(Trsp)
* two fiscal notes: one from Dept. of Pub. Safety & one from Dept. of Commerce & Econ. Dev.
* a sectional analysis
* a position paper from DOT/PF

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST:

Bill Version : HCR 18
Publish Date :

Revision Date:
Title : Railroad Operations Report

Agency Affected : Comm. & Econ. Dev.
BRU : Alaska Railroad

Sponsor : Cato
Requestor :

Components :

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by : Jim Blasingame, Exec. Vice. President
Division : Alaska Railroad
Phone : 264-2425
Date : May 1, 1987

Approved by Commissioner : J. Arthur Smith, Commissioner
Agency : Department of Commerce and Economic Development
Date : May 1, 1987

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

0003k5187a

ALASKA RAILROAD CORPORATION

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

MAY 4 1987

VIA TELECOPIER

April 30, 1987

Honorable Bette Cato, Chairman
House Transportation Committee
House of Representatives
P.O. Box V
Juneau, Alaska 99711

Re: HCR No. 18, Relating to a Special Report on Long-term Operations of the Alaska Railroad

Dear Chairman Cato,

Thank you for this opportunity to express our support for House Concurrent Resolution No. 18. As you know, the resolution will be considered before the House Transportation Committee on Friday, May 1.

The basis for our support is explained in an attached position paper.

Sincerely yours,

F. G. Turpin
President & CEO

cc: Mr. James O. Campbell, Chairman

4292L

POSITION PAPER / Alaska Railroad Corporation

HOUSE CONCURRENT RESOLUTION NO. 18

RELATING TO A SPECIAL REPORT ON LONG-TERM OPERATIONS OF THE ALASKA RAILROAD

I. Introduction

HCR No. 18 requests the Governor to direct the Department of Commerce and Economic Development to contract for a special report on the long-term operations of the Alaska Railroad. The report is required by Sec. 3(a), Ch. 153, SLA 1984.

The Alaska Railroad Corporation ("ARRC") strongly supports this legislation.

II. Discussion

The text of this resolution best expresses the need for an independent study of the long-term operations of the Alaska Railroad. The special Governor's report is required by a temporary law passed with the Alaska Railroad Corporation Act ("ARCA") in 1984. Although the report was due on February 1, 1987, the consultant's contract was never let and funding lapsed. HCR 18 requests that the report be completed by February 1, 1988.

In adopting ARCA, the legislature found that the railroad was an essential part of the state transportation network and that the State should own the railroad pending eventual transfer to the private sector. The State of Alaska has now begun a third year of ownership of the railroad. A comprehensive study of future railroad operations will provide timely and meaningful direction as the State considers how operational alternatives and the potential transfer of all or part of the Alaska Railroad to the private sector will best serve the State's interests.

If the report strongly recommends that the Alaska Railroad remain publicly owned, its conclusions may ultimately lead to repeal of pertinent ARCA directions that attempts be made to sell the line. The report might also evaluate various alternatives for future operation of the railroad under continued State ownership.

If transfer of the railroad from State to private ownership is to be considered, the report should significantly reduce costs related to preparation and negotiation of railroad sale or lease terms. Within the realm of opportunities for transfer of the railroad, either by sale, lease or lease with a purchase option, there are infinite possibilities. The breakdown of large railroads into much smaller short lines has recently lead to the pooling of a great deal of expertise and experience in these disposals. The options do seem endless and, without a

consultant's assistance in measuring these as operational alternatives, State leaders may become muddled in an explosion of information as they consider future sale proposals.

Finally, we agree that the report should be financed by general fund appropriations. As noted in the resolution, railroad operating revenues are best committed to funding current obligations. Although it may possibly recommend new and alternative relationships between the State and the Alaska Railroad, the report is not expected to provide information of particular value to current or ongoing rail operations. Additionally, to successfully complete its assignment of providing a report on how State interests will best be served by the Alaska Railroad, the consultant's analysis should be independent. State funding and contract administration therefore appears most appropriate.

III. Conclusion

The information provided by a private consultant concerning the long-term operations of the Alaska Railroad, operational alternatives, and the transfer of all or part of the railroad operation to the private sector will be immensely important to the governor and legislature as they determine how the State's interests are best served by future rail operations. Because HCR No. 18 may be instrumental in initiating the report, ARRC urges that it be favorably considered.

4295L

HCR 18

CS HCR 18 - RELATES TO A SPECIAL REPORT ON LONG TERM OPERATIONS OF THE ALASKA RAILROAD.

Chapter 153, SLA 1984 Sec 3 (a) REQUIRED THE GOVERNOR TO CONTRACT FOR THE PREPARATION OF A SPECIAL REPORT ON THE LONG TERM OPERATIONS OF THE ALASKA RAILROAD, OPERATIONAL ALTERNATIVES, AND THE TRANSFER OF ALL OR PART OF THE RAILROAD OPERATION TO THE PRIVATE SECTOR.

THE REPORT WAS DUE FEBRUARY 1, 1987. THE FUNDS WERE AVAILABLE IN THE DEPARTMENT OF COMMERCE HOWEVER, WITH THE BUDGET REDUCTIONS MADE IN FY 87 THESE FUNDS WERE CUT.

THIS RESOLUTION RESPECTFULLY REQUESTS THE GOVERNOR TO DIRECT THE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT TO CONTRACT FOR THE SPECIAL REPORT ON THE LONG TERM OPERATIONS OF THE ALASKA RAILROAD CORPORATION. THIS REPORT IS TO BE COMPLETE BY FEBRUARY 1, 1989.

I FEEL THIS REPORT IS IMPERATIVE TO ENABLE THE LEGISLATURE TO MAKE THE IMPORTANT DECISIONS ON THE FUTURE OF THE ALASKA RAILROAD. AS YOU ARE ALL WELL AWARE IN THE UPCOMING YEARS WE WILL BE FACED WITH THE DECISION OF SELLING THE RAILROAD TO PRIVATE INDUSTRY, MAINTAINING THE RAILROAD AS A STATE OWNED AND OPERATED RAILROAD OR LEASING OR SELLING A PORTION OF THE ASSETS OF THE CORPORATION. THIS REPORT WILL BE A VALUABLE TOOL TO HELP US DETERMINE THE BEST INTERESTS OF THE STATE WHEN MAKING THESE DECISIONS.

I URGE YOUR SUPPORT OF HCR 18

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS 5-13-87 1:30 p.m.

HOUSE COMMITTEE REPORT

(7)

Date referred: 3/27/87 FURTHER REFERRALS: Finance

DATE: May 13, 1987

The Transportation Committee has considered HCR 18

Relating to a special report on long-term operations of the Alaska Railroad.

RECOMMENDS:

[X] replace with CSHCR 18(Trsp) [X] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[X] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Bill Hudson

Bette Cook

Jennifer Springer

Mike Cooper

SIGNING OTHER RECOMMENDATIONS:

Bette Cook
Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: May 13, 1987

Subject of meeting:

* HCR 18: Railroad Operations Report
* HJR 32: Completion of the Mackenzie HWY, Canada
CSSJR 36: KAL Boarding Rights/Anchorage
CSSB 146: Weights & Measures

SIGN-IN

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?	
Terry Hanson Spec Assistant	BXN Juneau 99811	465-4322	Dept of Public Safety	upon Request.	146
John Williams	Box D Juneau AK 99811	465-2502	DCED Re SB 146	Yes	146
+Nancy Petersen	staff, Sen. Fahrenkamp	465-3878	Sen. Fahrenkamp SJR 36 —	yes	SJR3
MARK HICKEY	—	3960	DOT/PF	QUESTIONS 146	146
ART SNOWDEN	———	264-0547	COURTS	146	146
T. J. Thrasher	Juneau	463-3279	AK Truckinglines	yes 146	146
Rosa Jones	134 No. Franklin	586-1740	U.F.C. of Alaska	yes 146	146
Reed Stoops					

* indicates first public hearing

HCR

34

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

February 8, 1988

****

COMMITTEE CALENDAR:

HCR 34: Relating to tourist-oriented directional signs.

HB 401: "An Act establishing rebates for motor fuel taxes for fuel used in watercraft outside the state; and limiting the authority of the attorney general and the Department of Revenue to recover refunds paid before the effective date of this Act; and providing for an effective date."

HCR 35: Commending the Alaska Marine Highway System for 25 years of service.

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

* A folder on HCR 34

* A folder on HB 401 that includes:
  Item #1: HB 401
  #2: fiscal notes: Depart. of Revenue
  Depart. of Comm. & Eco. Dev.
  position paper: Depart. of Revenue
  #3: Senate companion bill SB 366
  #4: Sectional Analysis
  #5: Statutes
  #6: background information

* a folder on HCR 35

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HCR034A
PUBLISH DATE:

REQUEST: **FISCAL NOTE**

Revision Date:
Title: House Concurrent Resolution No. 34

Agency Affected: DOT&PF
BRU: Engineering & Operations Standards

Sponsor: Larson, Menard, Ellis, Brown, Gruenberg and Donley
Requestor: Cato

Components:

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	0	24.0	24.0	24.0	24.0
TRAVEL	0	12.0	0	0	0	0
CONTRACTURAL	0	7.0	0	0	0	0
SUPPLIES	0	2.0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	6.0	0	0	0	0
TOTAL OPERATING	0	27.0	24.0	24.0	24.0	24.0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	24.0	24.0	24.0	24.0

FUNDING: (THOUSANDS OF DOLLARS)

GENERAL FUND	0	27.0*	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	24.0	24.0	24.0	24.0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0.5	0.5	0.5	0.5
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

* The department has prepared a detailed position paper which identifies a number of policy options and sub-options. In brief, this fiscal note identifies an initial cost of $49.0 to establish the TODS signing program of which $27.0 can not be covered by existing budgets. The $22.0 not shown above is covered by existing budgeted staff (personal services).

Continued on page 2.

Prepared by: Jeffery C. Ottesen, Director
Division: Engineering and Operations Standards

Phone: 465-2951
Date: February 5, 1988

Approved by Commissioner:
Agency: Department of Transportation and Public Facilities

Date: 2/5/88

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

continued from page 1:

Thereafter, the fiscal impact to the state would reflect the policy option selected. Depicted in this fiscal note is the minimum state investment option wherein the cost of establishing the program would be borne by the state but businesses interested in having signs erected would bear all direct and indirect costs of the program. At minimum, this would be a 1/2 time position to monitor and keep records on the program which is reflected in the above analysis.

Higher fiscal impacts and staffing may be required if other policy options are adopted. For example, if the department were to perform all sign erection, removal and maintenance, staffing additions and associated costs would raise the fiscal impact. In principal, we envision a program that utilizes the private sector to the greatest extent possible, and that policy alternative is reflected in this fiscal note.

For additional detail, pp. 9–13 of the department's position paper is attached which describes the fiscal implications of three policy alternatives.

Phase II - Start Up and Continuation (Indefinite)

This phase involves the physical placement of sign standards and business informational signs following the process and methods selected in the regulations and from legislative intent. It is likely that minor adjustments to the program would be pursued based upon the feedback of field experience. The cost to the state during this phase would vary according the policy option selected regarding the degree to which business enterprises should pay for the program. Following is a range of policy options that better define the possible cost ramifications of various policy options.

State Investment Policy	Description
Minimum	State develops program; businesses pay all other costs including staff support for application processing, sign manufacturing, installation, liability insurance, repairs, replacement and removal, as necessary. This approach would require both an application fee and annual administrative fee to support state costs.
Shared	State develops program; businesses pay application cost, and pay for sign manufacturing, installation and on-going maintenance. State covers personal services cost associated with program administration.
Maximum	State develops program; state supplies signs, sign supports, and pays for installation, repair, replacement and removal, as necessary. Businesses pay a portion of these costs through fixed application and annual maintenance fees. (Estimated at $500 for installation and $250 for annual M&O and administrative costs).

The total cost of this phase will be affected by the number of participating businesses. The number of participating businesses, will, in part, be determined by the cost burden they must assume. It is likely that with greater state participation in program costs the more businesses that will participate.

Sign Cost

The signs will cost about $150 to $200 per panel, plus $150 to $200 for breakaway bases and supports (installed). There can be 1 or 2 sign panels per location for an average cost of $350 per location if one panel is installed and $525 per location if two sign panels are installed ($262 per business). In a typical application each business would have two signs installed, one facing each traffic direction prior to the intersection leading to the business establishment.

We have assumed that the number of one-sign panel and two-sign panel installations will be about equal, thus the average cost per business will be:

$$\frac{\frac{(\$350 + \$525)}{2} * 2 \text{ signs per business}}{\text{Number of Businesses}} = \$875 \text{ per business average}$$

For the purpose of an estimate the following assumptions have been made concerning the number of participating businesses: 1) The number of businesses which elect to participate will vary with the degree of state investment. 2) The ultimate number will not be realized in the first 1 or 2 years, but will gradually increase over a 5 year period; thereafter growth will generally follow state economic trends.

Table 1 indicates the estimated number of participating businesses over a 5 year period, for each of the three policy options previously described.

M&O Cost for Signs

Upkeep, repair, replacement and insurance are estimated to cost 25% of the signs installed value annually. While this may appear as a high figure considering that the signs should have a life of 10 to 12 years from the effects of weathering, it is anticipated they will actually experience a much shorter life due to accidents and vandalism (average life of 4 to 6 years is estimated). Some form of insurance coverage is considered a probable requirement.

DOT&PF Administrative Costs

The department will be required to maintain an inventory and status of the business signing program. While this workload will in fact vary in part with the overall size of the program, for the purposes of this estimate it is considered a fixed cost. It is estimated it will require a 1/2 time position to coordinate the program, serve as center for statewide data collection, and remain current with the progress of the program so that policy adjustments, if necessary, may be pursued.

The administrative staff position would require funding in the range of $24,000 per year (6 mo. @$4,000). Funding for this cost is covered by participating businesses in the *minimum* policy option; it is covered by the state in the other policy options.

This position is over and above the staff support required to process individual applications for signs at the regional level. The regional utility staffs are considered adequate to undertake this role (with necessary coordination with traffic safety staff), though a fee is proposed, as these staffs are funded entirely from program receipts. A $200 application fee is contemplated under all of the policy options. This is the cost for evaluating each sign request and processing it through decision (approve or deny) and is estimated to be $200 (8 hours @ $25/hr.).

State and Business Costs

From the above data it is possible to derive some general estimates of what costs would be incurred to either the state or an individual business relative to the three policy options.

The *minimum* state investment policy option results in the fewest number of businesses participating with the highest cost per business served. An average initial sign installation cost is estimated at $1,075, with an annual cost of $819 in FY 90 (M&O and administrative fee) and a general lowering of the annual cost to $379 in FY 94 as the total number of businesses increases providing a larger base of firms to share the fixed administrative cost. This option results in a one-time expense to the

state of $49,000 for program start-up with all other costs borne by participating businesses.

The *shared* state investment policy option would again cost each business the $1,075 for sign installation. The annual M&O cost to each business is estimated at $219 with the state assuming the fixed administrative cost. This would result in an on-going expense to the state of $24,000 annually, with a total state investment of $169,000.

The *maximum* state investment policy option results in the greatest number of participating businesses as the cost to each is the lowest. Each business is assumed to pay a $500 initial installation fee which partially covers the cost of the sign and application processing. Thereafter, there would be an annual fee of $250 covering administration and sign M&O costs. This option results in a very large investment by the state over the 6 year projection; estimated at $322,000.

Tables 2 - 6 depict the costs for the three policy options and are broken down for the 6 year horizon - FY 89 through FY 94. To reiterate key assumptions used in the analysis they are repeated below:

Number of Businesses per Year:	Varies by option and year, estimated in Table 1
Sign Installation Cost:	$875 average - 2 signs per business
Application Cost:	$200
Annual Sign M&O Cost	$219 average (25% of sign cost)
DOT&PF Administration Cost	$24,000 annually
Business fees under Maximum Policy	$500 for sign installation, and $250 for annual renewal

It is acknowledged that the estimates described herein are just that -- estimates. They are only as good as the assumptions they are built on. The estimates assist in understanding the implications of various policy options and they provide approximate representations of state and private costs that would be associated with the program. The number of participating businesses and the annual sign M&O cost are probably the weakest "links" in the estimates as there are few data upon which to base them. The M&O cost is an average and, unless "pooled" in some fashion, could cost individual businesses much more than this if their signs are vandalized repeatedly. Likewise installation costs may vary greatly by distance from service centers. In summary, while these estimates are quite useful at this stage of investigation, they must be used with caution given the many judgements incorporated into them.

Private Sector Participation

Though mentioned earlier is this paper, the means by which the private sector could assist in program implementation has not been described during the previous discussion on costs. It has been intentionally omitted because there are myriad methods by which the private sector could be involved, and analysis of each, given the many variables already involved, would make the estimates far more complex.

Sign Cost Calculation

Table 1 - Estimated Number of Businesses Participating							Total Business		
Policy Option	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	Years Served		
Minimum	0	40	100	125	140	150	555		
Shared	0	60	120	150	175	200	705		
Maximum	0	75	150	225	300	325	1075		
Table 2 - Estimated State Startup and M&O Costs							Aggregrate		
Policy Option	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	Cost To State		
Minimum	$49,000	$0	$0	$0	$0	$0	$49,000		
Shared	$49,000	$24,000	$24,000	$24,000	$24,000	$24,000	$169,000		
Maximum	$49,000	$21,675	$19,350	$17,025	$14,700	$13,925	$135,675		
Table 3 - Estimated Cost To Business for Annual M&O									
Policy Option	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94			
Minimum	$0	$819	$459	$411	$390	$379			
Shared	$0	$219	$219	$219	$219	$219			
Maximum	$0	$250	$250	$250	$250	$250			
Table 4 - Estimated Cost to State for Sign Installation							Aggregrate		
Policy Option	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	Cost To State		
Minimum	$0	$0	$0	$0	$0	$0	$0		
Shared	$0	$0	$0	$0	$0	$0	$0		
Maximum	$0	$43,125	$43,125	$43,125	$43,125	$14,375	$196,875		
Table 5 - Estimated State Funding Requirements - Annual M&O and Sign Installation							Aggregrate	Cost per Business/	
Policy Option	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	Cost To State	Year Served	
Minimum	$49,000	$0	$0	$0	$0	$0	$49,000	$88	
Shared	$49,000	$24,000	$24,000	$24,000	$24,000	$24,000	$169,000	$240	
Maximum	$49,000	$64,800	$62,475	$60,150	$57,825	$28,300	$322,550	$300	
Table 6 - Estimated Cost To Business for Sign Pair Installed in FY 90							Aggregate Cost	Average	
Policy Option	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	To Business	Cost per Year	
Minimum	$0	$1,894	$459	$411	$390	$379	$3,533	$707	
Shared	$0	$1,294	$219	$219	$219	$219	$2,170	$434	
Maximum	$0	$750	$250	$250	$250	$250	$1,750	$350	

This should not suggest the department is disinterested in this approach. Three general options are presented below for consideration. Detailed evaluation is suggested for the task force in analyzing the merits of each option and better defining a course of action.

1. Franchise - Under this concept the program would be almost entirely run by a private firm or firms in franchise fashion. Final decision concerning sign installation and program policies would remain in departmental hands; otherwise individual businesses would make application to the firm(s). The firms would be sanctioned by the department to perform this service and would be responsible for all steps including application processing, sign manufacturing, installation, maintenance, and inventory and status reporting.

2. Installation and M&O Only - Under this concept the state would process each application through decision. The business applicant would have the signs manufactured, installed and maintained to state standards by a firm of their choice.

3. Manufacturing Only -Similar to Option #2, except state highway maintenance crews would install and maintain the signs after they were manufactured for the business and delivered to the appropriate maintenance station. This option allows for greater control of exactly how and where the signs are installed within the ROW and may be less costly to the business when the signs are installed in remote locations.

Technical Issues to be Resolved:

As part of the developmental phase (and with an adjustment period as experience is gained) some technical issues will need to be resolved in more detail than is possible here. Some of these are:

User fee structure	- subsidy from state, equal to cost, or revenue generating.
Insurance requirements or liability potential	- individual policy or pooled coverage.
Conditions of eligibility	- types of businesses, minimum services necessary to qualify, minimum hours of operation, distance from highway.
Allowable number and locations	- sight distance, spacing, etc.
Physical specifications	- size, shape, materials, colors, logos, supports, locations, etc.
Prioritization where demand exceeds available space	- first come, first served? - lottery on a periodic basis? - public necessity?

Alaska State Legislature

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Representative Ronald L. Larson
District 16B

November 2, 1987

Mark Hickey, Commissioner
Department of Transportation
and Public Facilities
P.O. Box Z
Juneau, Alaska 99811

Dear Commissioner Hickey:

Last week I conducted a meeting on increased visitor signage. Members of your staff attended this meeting in Palmer either by teleconference hook-up from Juneau or in person. I would like to extend my thanks for their participation.

Jeff Ottesen specifically contributed greatly during this teleconference and meeting. I found it refreshing to conduct a meeting with agency professionals who were ready and willing to discuss all the issues in a very calm and informative manner. Jeff, along with all others, were not reluctant to discuss creative approaches to old and frustrating problems.

The results from the meeting are heartening. Mr. Ottesen will be preparing a work plan to address many of the problems we discussed. I am more than willing to sponsor necessary legislation and I will be contacting Representative Cato for her committee's help in this matter. In addition, if the Tourist Oriented Directional Signing system (TODS) approach seems to suit both the urban and rural needs, I will be pleased to offer my help to acquire the necessary state funding for this program.

Once again, I extend my thanks to you and your staff. I look forward to more positive communication on this subject in the near future.

Sincerely,

Ronald L. Larson

Ronald Larson

cc. Jeff Ottesen
Representative Cato

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

P.O. BOX Z
JUNEAU, ALASKA 99811-2500
PHONE: (907) 465-3900

January 15, 1988

The Honorable Ron Larson
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Larson:

Enclosed is a draft policy paper concerning options for providing for signing of commercial interests within state rights-of-way (R-O-W). In brief, this proposal advocates adoption of a new option that we believe will soon be allowed by the Federal Highway Administration. This new option, termed TODS, provides for tourist-oriented directional signs within the ROW.

The TODS option, while beneficial to many categories of businesses, does not open the door to advertising of all forms within state rights-of-way. The signs are relatively small, allow little more than business name identification, and would not be available to businesses not generally used by tourists. Hopefully, this limitation will negate any concern from those interested in preserving scenic resources. In fact, like most good solutions, TODS is a compromise. It would address the need for provision of information to visitors about various businesses not readily visible from the roadside. We believe it would go a long way toward assisting a large number of businesses that rely upon tourists in whole or in part at a cost acceptable to state government.

In the October teleconference, Jeff Ottesen mentioned a budget of $15 to $20 thousand to prepare the regulations associated with a program of this sort. Our current proposal is for more than this ($27,000), and I believe it deserves clarification. Upon review, I felt it desirable to use a "task force" to establish the rules by which the TODS program would be governed and to increase the number of public hearing locations (see p. 7 of the position paper). We could lower this cost by $10,000 by eliminating the task force approach and reducing the number of public hearing locations from 5 to 3 . However, I think that because of the many complicated questions posed by the adoption of a TODS program for Alaska, and the need for businesses and the public throughout the state to participate in the drafting of the related regulations, the additional money is an appropriate expenditure.

25A-T1LH

Your patience in awaiting this draft policy is appreciated. We are circulating this policy within the department concurrent with your review. If you would like more information or clarification please let me know.

Sincerely,

Mark S. Hickey
Commissioner

enclosure

cc: Susan Fleischhauer, Legislative Liaison
Barry F. Morehead, Division Administrator, FHWA
Jeff Ottesen, Director, E&OS
Ray Price, Jr., Special Staff Assistant, Office of the Governor

DRAFT

POSITION PAPER:

INFORMATIONAL AND DIRECTIONAL SIGNING FOR COMMERCIAL ESTABLISHMENTS

Introduction

The Highway Beautification Act of 1965 severely restricted advertising signs apart from on-premises signs. Many States were even more restrictive to protect the aesthetics of their roadways. In 1969, to provide directional information to motorists on limited-access roadways (Interstates and similar), a system of Specific Service Signs ("Logos") in the right-of-way (ROW) at interchanges was allowed for food, gas, lodging and camping when such enterprises were not visible from the limited-access routes. This program was extended in late 1986 to be eligible on conventional roads[1] with federal approval.

However, the Logo sign program leaves many desirable if not necessary businesses with little or no means to inform motorists of their service and location.

Most states have resisted efforts to institute other signing programs because the demonstrated need from the motorist standpoint was not equal to the costs and public safety consequences. (It is generally held that proliferation of roadside signs causes motorists to tend to ignore them, including necessary traffic control devices, dilutes their attention from the vital driving task, and presents another series of roadside obstacles in collisions.)

However, with the rise in tourism and a lagging economy in some areas, the need for better directional signing for business enterprises was perceived. The Federal Highway Administration is proposing to add a section to the federal Manual on Uniform Traffic Control Devices (MUTCD) to provide for an official system of Tourist Oriented Directional Signs ("TODS") to meet this need. (Attachment 1)

There has been a growing demand for such directional signing in Alaska. During a recent teleconference including representatives from the Federal Highway Administration (FHWA), the Department of Transportation and Public Facilities (DOT&PF), the Legislature, other State departments, local agencies and the public, it was agreed that Alaska needs to systematically and cooperatively address this growing need.

Purpose:

The purpose of this discussion is to provide information on pertinent aspects of programs to enhance motorist directional signing such as the various public policy issues involved (business enhancement, public safety, cost to public agencies, and

---

[1] Including all federally funded highways, not just controlled-access expressways and freeways.

roadside beautification), and to recommend a course of action meeting the cooperative needs of all concerned within the limits of our resources.

While aspects related to advertising outside the right-of-way are discussed, the main thrust is what the DOT&PF can do to enhance directional signing within the right-of-way of state-maintained roads, and in this manner meet the needs of more businesses and motorists.

Review of Statutes, Regulations and Policies on Signing:

FHWA has informed the Department that the "Interstate" routes in Alaska, which were so designated for funding purposes, are not considered as "Interstates" for the purposes of federal statutes and regulations on highway signing. This is of little impact because most of the restrictive federal regulations apply to both Interstate and Primary routes, and Alaska's "Interstates" are Federal Aid Primary routes.

The only areas where we have flexibility absent changes in federal statutes and regulations are outdoor advertising adjacent to state and local roads and secondary Federal Aid routes, and Traffic Control Devices on most roads.

Conventional outdoor advertising possibilities (billboards) are generally limited to locations outside the ROW on Federal Aid Secondary roads, and a proposal is being considered to liberalize the State regulations there to be no more restrictive than the federal regulations.

As explained previously, the most promising avenue for widespread private enterprise identification in the right-of-way is an experimental program (TODS), and this paper will be directed at this more feasible alternative of "official" directional and informational signing.

There are at least three relevant regulatory or statutory areas and at least six documentary authorities regarding signs:

Regulatory Areas:

1. Traffic Control Devices (TCD's)

2. Outdoor Advertising

3. Right-of-Way (ROW) Encroachments

Authority References:

A. Code of Federal Regulations (CFR)
(backed by enabling legislation.)

B. Alaska Statutes (AS)

C. Alaska Administrative Code (AAC)

D. DOT & PF Policy and Procedures (P&P)

E. Alaska Traffic Manual (ATM)

F. Local Laws and Ordinances (not treated here)

Attachment 2 shows which authorities pertain to various roadway classes.

1. TCD's

A. 23CFR655-Subpart F establishes the Manual on Uniform Traffic Control Devices (MUTCD) as the standard on streets, highways, and bicycle trails open to public travel. (Attachment 3)

It allows States to have their own manual or supplements in substantial conformance to the national MUTCD and with the FHWA Regional Administrator's approval of the manual or supplements. The Alaska Traffic Manual (ATM) exercises this option by consisting of the MUTCD with a federally approved "Alaska Supplement".

B. AS28.01.010 requires municipalities to conform as close as practicable to the DOT&PF's ATM. (Attachment 4)

AS19.10.040 requires DOT&PF to conform as far as possible to the national MUTCD. (Attachment 5)

D. P&P 70-7000 defines the ATM as the MUTCD with an Alaska Supplement and establishes the policy that it is the official State manual. (Attachment 6)

E. The MUTCD portion of the ATM (section 1A-3.1) requires that no TCD or its support shall bear any advertising or commercial message, or other message not necessary to traffic control. Furthermore, it requires any unofficial and non-essential signs to be removed as a public nuisance. (Attachment 7)

The ATM allows the State to establish a federally approved program of Specific Services ("Logo") Signs for food, gas, lodging and camping.

[NOTE: It is also likely that a system of Tourist Oriented Directional Signs (TODS) will soon be allowed by the national manual, and would likely be approved under the present statutes and regulations based on precedent in other States. See Attachment 8 for details.]

2. Outdoor Advertising (outside of ROW)

A. 23CFR750 generally prohibits advertising within 660 feet of FA Interstate or Primary routes where visible from the roadway, or

beyond that and intended for visibility from the roadway, except for "on-premise" signs advertising activities on the property or advertising the property for sale. Only the 660 foot border applies in urban areas. Signs consistent with the regulations and authorized by state law which are designed to give information in the specific interest of the traveling public may be permitted in protected areas. Also, signs in bonafide "zoned and unzoned commercial areas" are permissible. (Attachment 9)

B. AS19.25.080-180 is parallel to the federal requirements except it includes the Secondary road system. It also authorizes the DOT&PF to enter into agreements with the U. S. Secretary of Transportation as provided in 23 USC relating to outdoor advertising. (Attachment 10. The original state-federal agreement is Attachment 11.)

3. ROW Encroachments

A. 23CFR1.23 prohibits encroachments or property in the ROW of FA routes except those devoted exclusively to public highway purposes. (Attachment 12)

B. AS19.25.200-250 prohibits encroachments except as permitted by DOT&PF regulations. (Attachment 13)

C. 17AAC20.010-.040 prohibits outdoor advertising signs within the ROW of any highway and forbids the permitting of such. (Attachment 14)

D. P&P 10-0020 requires that in the interest of safety, convenience and pleasure of highway users, encroachments will not be allowed except by permit. (Attachment 15)

E. ATM Section 1A-3 1 prohibits signs in the ROW except for official TCD's. (Attachment 7)

Alternative R.O.W. Programs:

Specific Service Signs (LOGO Signs) -

As discussed in the Introduction, Logo signs for the specific categories of food, gas, lodging and camping are allowed on conventional roads under the Alaska Traffic Manual (The National MUTCD with an Alaska Supplement) provided the State develops a program acceptable to FHWA. These are described in Section 2G-5 of the MUTCD.

These signs are usually placed at interchanges, have rather restrictive applications, and the installation is relatively massive and costly.

Tourist Oriented Directional Signs (TODS) -

This program which is currently experimental in selected states excluding Alaska is expected to be included in the Federal Manual in the near future, and precedents have been set which leads us to believe it can be implemented with minimal statutory or regulatory action.

These signs extend the directional information to more types of business to be determined by the State, and allow for more widespread use.

The signs must follow a prescribed format (white letters and borders on a blue background in keeping with the nationally established system for motorist information signs) and cannot convey an advertising message or other information except the business name and/or logo and directions thereto. It does allow businesses some distance from the highway to be identified, subject to state rulemaking.

Encroachments -

This would consist of allowing certain signs meeting established criteria to be erected within the R.O.W. under a formal permit and agreement. They would require Federal approval on Federal Aid routes and would be expected to have to pass stringent tests as to devotion to "public highway purposes". For example, we are currently requesting approval of state park logo signs to use this approach for approval.

This alternative is not felt to be as satisfactory as the other alternatives, and is probably only feasible on secondary routes and local roads which are outside of DOT&PF's jurisdiction. In many of those cases outdoor advertising adjacent to the R.O.W. is permissible or possible.

Required Changes in Statutes, Regulations, and Polices:

Logo Signs - Little or no need for changes except to establish regulations for permits or fees. The State would have to develop a policy in the Alaska Traffic Manual (ATM) acceptable to the FHWA. (Absent significant state funding subsidies this would be very expensive for most businesses.)

TODS - Similarly, no changes expected except regulations establishing fee structure in the AAC and developing program policy in the ATM acceptable to the FHWA.[2]

Encroachments - Most encroachments of this nature would probably be difficult or impossible for business utilization on the FA Primary system. Otherwise a change

[2] While Federal approval of the TODS concept as a nation-wide program rather than experimental has not taken place, we have been informed by the Divisional office of FHWA that Alaska could adopt it as an official addition to the Alaska Traffic Manual.

in the State statute prohibiting outdoor advertising on secondary routes, a change in the AAC which prohibits advertising in the R.O.W., and an AAC revision establishing a fee structure would be required.

Comparison of Pertinent Features:

The following is a subjective comparison of various aspects of the three envisioned alternatives. The most desirable (or least burdensome) alternative is rated 1 with relative rankings of 2 and 3 (except for equals).

Aspect	Alternatives		
	Logos	TODS	Encroachments
Cost of Signs	3	1	2
Cost to Administer	2	1	1
Cost to Businesses	2	1	2
Availability to Business Types	3	2	1
Availability to Businesses remote from the Through Route	2	1	1
Allowable Roadways	2	1	3
Aesthetics	2	1	3
Impact on Safety	2	1	2
TOTALS	19	9	15

Resources Required:

If the Department's recommendations are accepted, the following phases are envisaged. (see estimate details in following section)

1. Program development phase (estimated at 12 months).

2. Start-up and continuation phase (indefinite).

The costs may be broken down into developmental costs (technical personnel, hearings, AG's assistance on regulations), physical costs (signs, supports, installation), and administrative costs (evaluating requests, issuing "permits", record keeping, maintenance activities). These costs, as a policy matter, may be absorbed completely by the State, completely by the users, or anywhere in between. Because the cost of start-up and proper signing is not low, and because Alaskan businesses will receive tangible benefits , it is suggested that the State participate by subsidizing

the setup costs of the program, while the on-going costs be borne by the benefiting businesses.

The total costs after the developmental phase will depend to a great extent on the number of requests for signs and their locations. A subjective estimate is used for planning purposes, but the cost figures for the second phase can be revised later based on the level of response by businesses to the public notices during the developmental phase.

It should be noted that start-up funds alone will not provide the necessary on-going resources in the absence of funding for personnel to conduct this program unless other services are sacrificed (e.g. traffic safety studies, M&O activities).

It is envisaged that sign installation could be done through contractors from the private sector, and this along with the fabrication of signs by Alaskan firms will be a further benefit to the economy. The form of the physical maintenance function, and removal of signs for businesses that close will need further consideration.

Phase I - Developmental (1 Year)

In this phase the Department, through a 7 member Commissioner-appointed task force, would develop proposed policies, procedures and regulations which, after appropriate public hearings, would be implemented to meet the requirements of businesses, motorists, the FHWA, and the department. The task force is proposed to provide a range of opinion, including federal, state, and business toward the job of establishing policy. Task force composition is suggested to include:

DOTPF	1	Commissioner or designee
Legislature	1	To be determined
DOT&PF Regions:	1	Director, Maintenance & Operations
	1	Director, Design & Construction
DC&ED	1	Director, Division of Tourism
AVA	1	Director, Alaska Visitors Association
Business Rep.	1	Appointed by Commissioner, from list of names submitted by State Chamber of Commerce

The task force would meet for a total of three times. Initially to recommend general policy guidelines and help guide draft regulation language. Following the public hearing phase on the regulations the task force would meet again to assist in policy formulation on the final regulation language. Key staff members from the E&OS division would serve as a resource to this task force. A broad brush outline of the task force's involvement in the process is shown as follows:

1. E&OS Staff prepare initial information package and discussion on range of policy options.
2. Commissioner's Task Force Meeting #1: Start-up meeting to assess policy options; output of meeting is a selection of a limited number of policy options to evaluate in more detail.
3. E&OS Staff prepare second information package and discussion of selected policy options.

4. Commissioner's Task Force Meeting #2: Policy definition session. Commissioner's Task Force would be asked to make recommendation to Commissioner on preferred method of providing for outdoor advertising within and along ROW, including basic ground rules, responsibility assignments and means of implementation.
5. E&OS Staff prepare draft regulations from guidance of Commissioner and Task force. Public Notice provided in accordance with AAC requirements.
6. Public Hearings held in five locations: Juneau, Kenai Peninsula Borough, Anchorage, Mat-Su Borough, and Fairbanks.
7. Commissioner's Task Force Meeting #3: Final meeting to evaluate the public hearing testimony and make policy adjustment recommendations.
8. Finalize regulations and publish.
9. Prepare and publish a handbook describing the program and method of securing off-premise advertising along state maintained roads.

Developmental Expenses

Expenses Item	Units	Cost	Funding Needs	Funding Available
E&OS Staff				
Professional Staff	4 mo.	$5,000		$20,000
Clerical Staff	1 mo.	$2,000		$2,000
Legal Staff	60 hrs.	$100	*$6,000*	
Task Force Travel	16	$500	*$8,000*	
Public Hear. Travel	All	$4,000	*$4,000*	
Public Hear. Transcrip.	5	$600	*$3,000*	
Advertising, Commun.	All	$2,000	*$2.000*	
Graphics & Printing	All	$4,000	*$4,000*	
Totals			***$27,000****	$22,000
Total Program Development Cost			**$49,000**	

(* Note: Only $27,000 would require legislative appropriation. The personal services required for this effort would be provided for from existing budgets.)

Timing

The time necessary to accomplish program preparation is estimated at one year. This reflects, in part, a desire to schedule the public hearing phase in the winter months in order to avoid conflicts with the very "public" being served by the proposed program -- tourist oriented businesses.

Phase II - Start Up and Continuation (Indefinite)

This phase involves the physical placement of sign standards and business informational signs following the process and methods selected in the regulations and from legislative intent. It is likely that minor adjustments to the program would be pursued based upon the feedback of field experience. The cost to the state during this phase would vary according the policy option selected regarding the degree to which business enterprises should pay for the program. Following is a range of policy options that better define the possible cost ramifications of various policy options.

State Investment Policy	Description
Minimum	State develops program; businesses pay all other costs including staff support for application processing, sign manufacturing, installation, liability insurance, repairs, replacement and removal, as necessary. This approach would require both an application fee and annual administrative fee to support state costs.
Shared	State develops program; businesses pay application cost, and pay for sign manufacturing, installation and on-going maintenance. State covers personal services cost associated with program administration.
Maximum	State develops program; state supplies signs, sign supports, and pays for installation, repair, replacement and removal, as necessary. Businesses pay a portion of these costs through fixed application and annual maintenance fees. (Estimated at $500 for installation and $250 for annual M&O and administrative costs).

The total cost of this phase will be affected by the number of participating businesses. The number of participating businesses, will, in part, be determined by the cost burden they must assume. It is likely that with greater state participation in program costs the more businesses that will participate.

Sign Cost

The signs will cost about $150 to $200 per panel, plus $150 to $200 for breakaway bases and supports (installed). There can be 1 or 2 sign panels per location for an average cost of $350 per location if one panel is installed and $525 per location if two sign panels are installed ($262 per business). In a typical application each business would have two signs installed, one facing each traffic direction prior to the intersection leading to the business establishment.

We have assumed that the number of one-sign panel and two-sign panel installations will be about equal, thus the average cost per business will be:

$$\frac{(\$350 + \$525)}{2} * 2 \text{ signs per business} = \$875 \text{ per business average}$$

Number of Businesses

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5178 HTRA HCR 34

750

For the purpose of an estimate the following assumptions have been made concerning the number of participating businesses: 1) The number of businesses which elect to participate will vary with the degree of state investment. 2) The ultimate number will not be realized in the first 1 or 2 years, but will gradually increase over a 5 year period; thereafter growth will generally follow state economic trends.

Table 1 indicates the estimated number of participating businesses over a 6 year period, for each of the three policy options previously described.

M&O Cost for Signs

Upkeep, repair, replacement and insurance are estimated to cost 25% of the signs installed value annually. While this may appear as a high figure considering that the signs should have a life of 10 to 12 years from the effects of weathering, it is anticipated they will actually experience a much shorter life due to accidents and vandalism (average life of 4 to 6 years is estimated). Some form of insurance coverage is considered a probable requirement.

DOT&PF Administrative Costs

The department will be required to maintain an inventory and status of the business signing program. While this workload will in fact vary in part with the overall size of the program, for the purposes of this estimate it is considered a fixed cost. It is estimated it will require a 1/2 time position to coordinate the program, serve as center for statewide data collection, and remain current with the progress of the program so that policy adjustments, if necessary, may be pursued.

The administrative staff position would require funding in the range of $24,000 per year (6 mo. @$4,000). Funding for this cost is covered by participating businesses in the *minimum* policy option; it is covered by the state in the other policy options.

This position is over and above the staff support required to process individual applications for signs at the regional level. The regional utility staffs are considered adequate to undertake this role (with necessary coordination with traffic safety staff), though a fee is proposed, as these staffs are funded entirely from program receipts. A $200 application fee is contemplated under all of the policy options. This is the cost for evaluating each sign request and processing it through decision (approve or deny) and is estimated to be $200 (8 hours @ $25/hr.).

State and Business Costs

From the above data it is possible to derive some general estimates of what costs would be incurred to either the state or an individual business relative to the three policy options.

The *minimum* state investment policy option results in the fewest number of businesses participating with the highest cost per business served. An average initial sign installation cost is estimated at $1,075, with an annual cost of $819 in FY 90 (M&O and administrative fee) and a general lowering of the annual cost to $379 in FY 94 as the total number of businesses increases providing a larger base of firms to share the fixed administrative cost. This option results in a one-time expense to the

state of $49,000 for program start-up with all other costs borne by participating businesses.

The *shared* state investment policy option would again cost each business the $1,075 for sign installation. The annual M&O cost to each business is estimated at $219 with the state assuming the fixed administrative cost. This would result in an on-going expense to the state of $24,000 annually, with a total state investment of $169,000.

The *maximum* state investment policy option results in the greatest number of participating businesses as the cost to each is the lowest. Each business is assumed to pay a $500 initial installation fee which partially covers the cost of the sign and application processing. Thereafter, there would be an annual fee of $250 covering administration and sign M&O costs. This option results in a very large investment by the state over the 6 year projection; estimated at $322,000.

Tables 2 - 6 depict the costs for the three policy options and are broken down for the 6 year horizon - FY 89 through FY 94. To reiterate key assumptions used in the analysis they are repeated below:

Number of Businesses per Year:	Varies by option and year, estimated in Table 1
Sign Installation Cost:	$875 average - 2 signs per business
Application Cost:	$200
Annual Sign M&O Cost	$219 average (25% of sign cost)
DOT&PF Administration Cost	$24,000 annually
Business fees under Maximum Policy	$500 for sign installation, and $250 for annual renewal

It is acknowledged that the estimates described herein are just that -- estimates. They are only as good as the assumptions they are built on. The estimates assist in understanding the implications of various policy options and they provide approximate representations of state and private costs that would be associated with the program. The number of participating businesses and the annual sign M&O cost are probably the weakest "links" in the estimates as there are few data upon which to base them. The M&O cost is an average and, unless "pooled" in some fashion, could cost individual businesses much more than this if their signs are vandalized repeatedly. Likewise installation costs may vary greatly by distance from service centers. In summary, while these estimates are quite useful at this stage of investigation, they must be used with caution given the many judgements incorporated into them.

Private Sector Participation

Though mentioned earlier is this paper, the means by which the private sector could assist in program implementation has not been described during the previous discussion on costs. It has been intentionally omitted because there are myriad methods by which the private sector could be involved, and analysis of each, given the many variables already involved, would make the estimates far more complex.

Sign Cost Calculation

Table 1 - Estimated Number of Businesses Participating							Total Business		
Policy Option	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	Years Served		
Minimum	0	40	100	125	140	150	555		
Shared	0	60	120	150	175	200	705		
Maximum	0	75	150	225	300	325	1075		
Table 2 - Estimated State Startup and M&O Costs							Aggregrate		
Policy Option	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	Cost To State		
Minimum	$49,000	$0	$0	$0	$0	$0	$49,000		
Shared	$49,000	$24,000	$24,000	$24,000	$24,000	$24,000	$169,000		
Maximum	$49,000	$21,675	$19,350	$17,025	$14,700	$13,925	$135,675		
Table 3 - Estimated Cost To Business for Annual M&O									
Policy Option	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94			
Minimum	$0	$819	$459	$411	$390	$379			
Shared	$0	$219	$219	$219	$219	$219			
Maximum	$0	$250	$250	$250	$250	$250			
Table 4 - Estimated Cost to State for Sign Installation							Aggregrate		
Policy Option	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	Cost To State		
Minimum	$0	$0	$0	$0	$0	$0	$0		
Shared	$0	$0	$0	$0	$0	$0	$0		
Maximum	$0	$43,125	$43,125	$43,125	$43,125	$14,375	$186,875		
Table 5 - Estimated State Funding Requirements - Annual M&O and Sign Installation							Aggregrate	Cost per Business/	
Policy Option	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	Cost To State	Year Served	
Minimum	$49,000	$0	$0	$0	$0	$0	$49,000	$88	
Shared	$49,000	$24,000	$24,000	$24,000	$24,000	$24,000	$169,000	$240	
Maximum	$49,000	$34,800	$62,475	$60,150	$57,825	$28,300	$322,550	$300	
Table 6 - Estimated Cost To Business for Sign Pair installed in FY 90							Aggregate Cost	Average	
Policy Option	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	To Business	Cost per Year	
Minimum	$0	$1,894	$459	$411	$390	$379	$3,533	$707	
Shared	$0	$1,294	$219	$219	$219	$219	$2,170	$434	
Maximum	$0	$750	$250	$250	$250	$250	$1,750	$350	

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

Sign Cost Calculation

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Shared	$0	$1,294	$219	$219	$219	$219	$2,170	$434	
Maximum	$0	$750	$250	$250	$250	$250	$1,750	$350	

This should not suggest the department is disinterested in this approach. Three general options are presented below for consideration. Detailed evaluation is suggested for the task force in analyzing the merits of each option and better defining a course of action.

1. Franchise - Under this concept the program would be almost entirely run by a private firm or firms in franchise fashion. Final decision concerning sign installation and program policies would remain in departmental hands; otherwise individual businesses would make application to the firm(s). The firms would be sanctioned by the department to perform this service and would be responsible for all steps including application processing, sign manufacturing, installation, maintenance, and inventory and status reporting.

2. Installation and M&O Only - Under this concept the state would process each application through decision. The business applicant would have the signs manufactured, installed and maintained to state standards by a firm of their choice.

3. Manufacturing Only -Similar to Option #2, except state highway maintenance crews would install and maintain the signs after they were manufactured for the business and delivered to the appropriate maintenance station. This option allows for greater control of exactly how and where the signs are installed within the ROW and may be less costly to the business when the signs are installed in remote locations.

Technical Issues to be Resolved:

As part of the developmental phase (and with an adjustment period as experience is gained) some technical issues will need to be resolved in more detail than is possible here. Some of these are:

User fee structure	- subsidy from state, equal to cost, or revenue generating.
Insurance requirements or liability potential	- individual policy or pooled coverage.
Conditions of eligibility	- types of businesses, minimum services necessary to qualify, minimum hours of operation, distance from highway.
Allowable number and locations	- sight distance, spacing, etc.
Physical specifications	- size, shape, materials, colors, logos, supports, locations, etc.
Prioritization where demand exceeds available space	- first come, first served? - lottery on a periodic basis? - public necessity?

Maintenance requirements	- seasonal removal and installation if business costs during part of year. - cost of vandalism and accident repair - whom is responsible? - removal if business becomes ineligible or closes.

Recommendations:

A signing system based on the Tourist Oriented Directional Signing program is recommended for Alaska to meet the identified needs of motorists and businesses catering to motorists for the following reasons:

1. Little or no need for changes to existing Federal and State statutes and regulations is created, and Federal acceptance seems likely for all roadway classes.

2. A broad range of businesses (such as gift shops, gold panning, lodges, guide services, etc.) can be accommodated which cannot with other programs of official highway signing.

3. Costs would be no greater, and sometimes less, than other feasible alternatives.

4. Motorists nationwide expect blue signs with white lettering to contain information in their interest, such signs convey an image of "official signing", and a neat and orderly appearance of our roadside signing can be maintained.

5. The integrity of sound traffic engineering principles can be maintained and the required relationship of the Alaska Traffic Manual to the Federal Manual on Uniform Traffic Control Devices can remain intact.

6. A wealth of solid experience has been gained in other States that we can learn from in developing a program to suit our own particular needs.

It is recommended that signs of other State agencies that seem to be in the best interests of the State (but which do not meet the engineering technical requirements of traffic control devices, and which only extend or replace devices already in official manuals) be accepted on a case by case basis as encroachments in the public interest.[3]

---

[3]The divisional FHWA office has recently informed us of their intent to disallow the Eagle logo sign now being used by the State Division of Parks on some routes. Their decision will require further thought as to how best provide for the special signage requirements of the Alaksa Division of Parks.

Conclusion:

The Department believes that the needs of motorist-oriented businesses can be met through a cooperative program of Tourist Oriented Directional Signing complying with Federal standards for use on all roadways which preserves the integrity of sound traffic engineering principles and has minimal impact on Alaska's renowned roadside aesthetics.

ATTACHMENTS

1. FHWA TOD Proposal
2. Laws and Regs. on Signing
3. 23 CFR655-F
4. AS 28.01.010
5. AS 19.10.040
6. P&P 70-7000
7. MUTCD Section 1A-3.1
8. TODS Report (Iowa)
9. 23CFR750
10. AS19.25.080-.180
11. State-federal agreement on control of outdoor advertising
12. 23CFR 1.23
13. AS19.25.200-.250
14. 17AAC20.010-.040
15. P&P 10-0020

Attachment 1

CIATION OF STATE HIGHWAY PORTATION OFFICIALS

FRANCIS B. FRANCOIS
Executive Director

PC-87-33
May 20, 1987

To the Chief Administrative Officers of the Member Departments of the American Association of State Highway and Transportation Officials

BALLOT ENCLOSED
REPLY REQUESTED BY
JUNE 12, 1987

Dear Members:

Enclosed are recommendations made by the several technical committees of the National Committee on Uniform Traffic Control Devices on thirteen requested changes to the Manual. Also enclosed is a ballot on which it is requested that you indicate your position on each recommendation.

We are unfortunately a little late with this ballot this time and the due date of June 12 allows somewhat less time than usual for your response. The deadline is fixed by the date of the meeting of the National Committee later in June, and your efforts to adhere to the June 12 deadline will be especially appreciated.

Note that one of the options for each recommendation is "concur in part." In such a case, it is requested that you attach a brief explanation as to which of the elements of the recommendation you find acceptable and with which you are not in agreement.

The results of this ballot will be forwarded directly to the National Committee and will also be provided to the AASHTO delegation to that Committee for their guidance in the voting which will take place at their meeting this January.

Very truly yours,

Francis B. Francois
Executive Director

RECEIVED
MAY 26 1987
DOT & PF
Plans, Programs and Budget

RECEIVED
MAY 27 1987
ENGINEERING & OPERATIONS
STANDARDS, DIRECTOR'S OFFICE

FBF:DJH:ah

Enclosure

EXECUTIVE OFFICE: 444 N. Capitol Street, N.W., Suite 225 Washington D.C. 20001 Telephone (202) 624-5800

DRAFT

This recommendation has not been approved by the full National Committee.

TECHNICAL COMMITTEE RECOMMENDATION

TECHNICAL COMMITTEE: Signs

DATE OF ACTION: January 8, 1987

REQUEST NUMBER: II-110(Chng)

TOPIC: Tourist Oriented Directional Signs (TODS)

ORIGIN OF REQUEST: FHWA

DISCUSSION:

This item was published in the Federal Register (50FR51405) on December 17, 1985 as a Notice of Proposed Rulemaking. The Highway Beautification Act of 1965 severely restricted advertising signs limiting the capability of business activities to provide directional guidance to activities not visible from the highway system. Signing for such activities on the Interstate System have been accommodated with the Specific Services "Logo" Program.

The Federal Register Notice solicited comments on this signing concept including several questions on types of business activities and signing alternatives that should be considered. The Sign Subcommittee recommended response to the four questions are attached.

The FHWA is proposing this system of TODS signing for the remaining highway system as an alternative to Specific Services Logo Signs on the primary system. This type of signing is presently being used in Vermont Washington, Maine, New York, Oregon and Idaho. The signing would be optional for the States subject to adoption of a State policy meeting the minimum requirements covered in the MUTCD and addressing other criteria for administration of the TODS signing program in that State. The recommended Section 2I MUTCD wording and figures are attached.

COMMITTEE ACTION:

It is recommended that the attached response to the Federal Register and Section 2I Manual additions be approved.

VOTE:		
	For	- 19
	Opposed	- 1
	Abstentions	- 1

REFERENCE TO AFFECTED PAGE NUMBERS IN MUTCD: New Section 2I

Task Force Report On
Tourist Oriented Directional Signs (TODS)
II-110(Chng) NCUTCD

Task Force members are Jim Pline, Andy Ramisch, Gerald Holmberg, Art Dinitz, Wayne Gruen and Dick Oliver, Chairman.

We recommend the following response to FHWA Docket No. 85-27, in which the FHWA proposed to add a new section 2I to the MUTCD to incorporate standards for tourist oriented directional signs.

We recognize that motorists in rural areas, on highways other than freeways and expressways, may have a need for additional business directional information when the facilities are not visible from the highway and if the installations are voluntary. If a state elects to use TOD signs, the cost should be paid by the business on a permit basis.

The FHWA, in its publication of this request in the Federal Register, solicited answers to four questions.

1. What types of business, service, and activity should be considered or eligible for signing with Tourist Oriented Directional Signs?

2. Should businesses producing or offering certain products be prohibited from eligibility for Tourist Oriented Directional Signs? An example might be those businesses whose principal product is producing promoting, or selling alcoholic beverages which appears contradictory to State and National concerns about alcohol and driving.

3. Should businesses, services, and activities be open to the general public a minimum number of hours a day, and a minimum number of days per week, to qualify for Tourist Oriented Directional Signs?

4. Should Specific Services Information (LOGO) Signing and Tourist Oriented Directional Signs be allowed to be installed at the same intersection? If yes, what is the number of sign panels, and the number of businesses, services, and activities allowed on each panel on a specific intersection approach?

The FHWA's questions are answered as follows:

1. The types of business, service and activity which should be considered eligible for TOD signing, are those whose major portion of income or visitors are derived during the normal business season from motorists not residing in the immediate area of the business or activity.

2. Three categories of business activity should be excluded as eligible from TOD signing.

   a. Those which are illegal under federal, state or local law.

   b. Those which qualify for and have specific services information (logo) signing installed.

   c. Those which are retail or service outlets for goods and services commonly available at a number of locations (as contrasted with goods and/or services targeted to tourists).

3. Facilities should be open a minimum of eight hours per day and six days per week including Saturday and/or Sunday. The facilities shall be open to the general public.

4. Specific services (LOGO) signing and tourist oriented directional signs (TODS) should not be installed at the same intersection. The state should select one type of signing (LOGO or TODS) for a particular highway or system.

The Task Force proposes adding a new section 2I to the MUTCD which reads:

I. Tourist Oriented Directional Signs

2I-1 Purpose and Application

Tourist oriented directional signs (TODS) provide the business identification and directional information for tourist related businesses, services, and activities, the major portion of whose income or visitors are derived during the normal business season from motorists not residing in the immediate area of the business or activity. A TOD sign gives the name, direction and distance to the tourist business. A TOD sign panel is made up of one or more TOD signs.

They are intended for use on rural conventional roads where the facilities are not visible from the highway and shall not be used at interchanges on expressways or freeways. They may be used in conjunction with motorist service signs. A state should select one type of signing (LOGO or TODS) for a particular highway or system.

Each State that elects to use tourist oriented directional signs should have a State policy for use as indicated in Section 2I-7, State Policy.

2I-2 Design

Tourist oriented directional signs shall be rectangular in shape and shall have a white legend and border on a blue background. Standard General Motorist Service signs of Section 2G-6 of the MUTCD and Recreational and Cultural Interest Area signs of Section 2H of the

MUTCD may be used to indicate a general class of business, service, or activity. Logos for specific businesses, services, and activities may also be used. When used, symbols and logos shall be reduced to an appropriate size. Logos resembling official traffic control devices shall not be permitted.

Each sign should have not more than two lines of legend including not more than one symbol or logo, a separate directional arrow, and the distance to the facility shown beneath the arrow. The content of the legend shall be limited to the identification of the business, service, or activity, and the directional information (fig.1). Under special conditions, the hours of operation may be added. Legends shall not include promotional advertising.

Legends, arrows, borders, symbols, and logos shall be reflectorized. Arrows should be as provided in Section 2D-8 of the MUTCD and as provided in the detailed drawings in the "Standard Highway Signs" book.2/ Arrows pointing to the right should be at the extreme right of the sign and arrows pointing to the left should be at the extreme left of the sign. Symbols, when used, should be to the left of the word legend or logo.

2/ Available from GPO, see page 11.

The panel on which these signs are mounted may have the legend TOURIST ACTIVITIES.

2I-3 Style and Size of Lettering

The standard lettering for tourist oriented directional signs should be uppercase letters of the type provided in the "Standard Alphabets for Highway Signs and Pavement Markings" book.3/ The legend on signs used on major routes in rural districts should be in letters and numerals at least 6 inches in height. On less important rural roads the legend should be in letters and numerals at least 4 inches high.

2I-4 Arrangement and Size of Intersection Signs

Signs for right turns and left turns should be arranged vertically on separate sign panels located so that the right turn signs are closer to the intersection. A maximum of four businesses may be signed per intersection approach. When not more than three signs are to be installed on an approach to an intersection, the signs may be combined on the same panel with the left turn signs above the right turn signs. Not more than three signs should be installed on any sign panel and not more than two sign panels (one for left, and one for right) should be installed on an intersection approach. (Fig.2)

The signs should not exceed the size necessary to accommodate two lines of legend without crowding. Symbols and logos should not exceed the height of two lines of word legends. All signs on the same

3/ Available from the Federal Highway Administration, (HTO-20) Washington, D.C. 20590

sign panel should be the same width which should not exceed 6 feet.

2I-5 Advance Signing

Advance signing may be installed in special circumstances if permitted by State policy. However, it should be limited to those situations where sight distance, intersection vehicle maneuvers or other vehicle operating characteristics require advance notification of the service to reduce vehicle conflicts and improve highway safety.

The arrangement of the tourist oriented directional signs on the advance sign panel should be identical to the arrangement on the intersection approach sign panel with a maximum of two sign panels; however, the directional arrows and distances should be omitted. The appropriate legend NEXT RIGHT or NEXT LEFT in letters of the same height as the sign legends, should be placed on the panels above the signs. The legend RIGHT 1/2 MILE or LEFT 1/2 MILE may be used when there are intervening minor streets.

2I-6 Sign Locations

The intersection approach sign panels should be located at least 200 feet from the intersection; and shall not obstruct the driver's critial viewing of other traffic control devices. The sign panels may be located laterally outside the normal longitudinal alignment of other traffic control signs, but within the right-of-way. The location of other traffic control devices shall at all times take precedence over

the location of tourist oriented directional signs. Sign panels should be spaced at least 200 feet apart and at least 200 feet from other traffic control devices.

When used, Advance Sign panels should be located approximately 1/2 mile from the intersection with 800 feet between the panels. In the direction of traffic, the order of advance signing should be for facilities to the left and then the right.

Position, height, and lateral clearance of panels should be governed by Section 2A and 2D of the MUTCD except as permitted above.

2I-7 State Policy

Each State that elects to use tourist oriented directional signs should adopt a policy that complies with the provision contained above. The policy should include:

1. A definition of tdurist oriented businesses, services, and activities. (The inclusion of the wording - the major portion of whose income or visitors are derived during the normal business season from motorists not residing in the immediate area of the activity - is recommended.)

2. Criteria for eligibility for signing.

3. Provision for covering signs during off-seasons for businesses, services, and activities operated on a seasonal basis.

4. Provisions for trailblazing to facilities that are not on the crossroad if the State elects to sign for such facilities.

5. Maximum distances to eligible facilities (A maximum distance of five miles is recommended).

6. Provision for information centers (plazas) when the number of eligible sign applicants exceeds the maximum permissible number of sign panel installations.

7. Provision for limiting the number of signs when there are more applicants than maximum number of signs permitted.

8. Provision for controlling or excluding those businesses which have conforming or non-conforming illegal signs as defined by the Highway Beautification Act of 1965 (23 U.S.C. 131).

9. Provision for states to charge fees to cover the cost of signing through a permit system.

10. A definition of the conditions under which the time of operation is shown.

11. Provisions for determining if advance signing will be permitted.

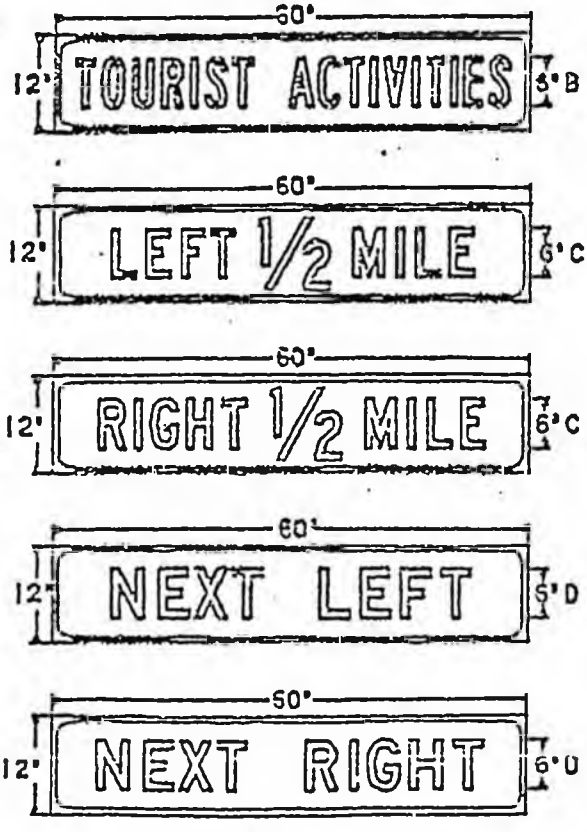
TYPICAL TOURIST ORIENTED DIRECTIONAL SIGNS

FIGURE 1

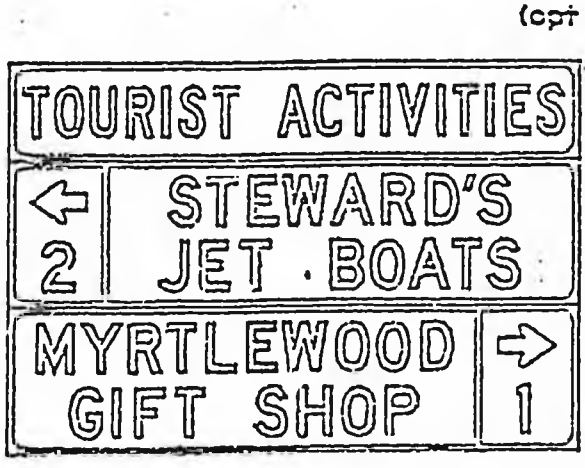
ADVANCE SIGN PANEL

INTERSECTION SIGN PANEL

※ SERIES OF LETTERING DEPENDS UPON LENGTH OF LEGEND. (MAXIMUM LENGTH OF BUSINESS NAME PER LINE IS 54"). REFLECTORIZED WHITE LEGEND ON REFLECTORIZED BLUE BACKGROUND.



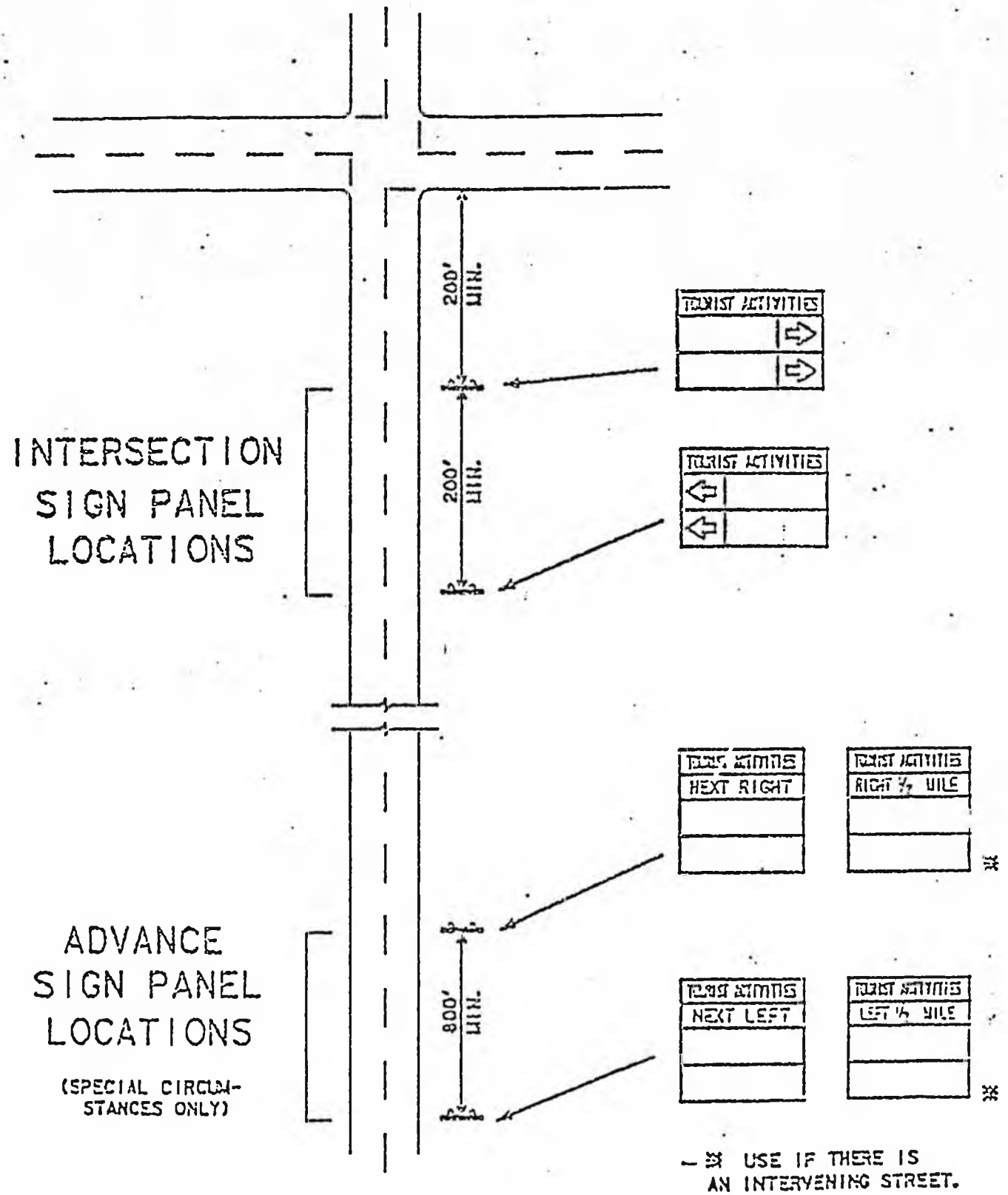
ALTERNATE SIGNS FOR ADVANCE SIGN PANELS



COMBINED SIGN PANEL

TYPICAL SIGNING FOR TOURIST ORIENTED SERVICES

FIGURE 2



COMMENT BY EXECUTIVE BOARD MEMBER FRED RANCK

Concur with request. Strongly suggest that Figure 1 be revised to incorporate a "logo" into one of the typicals shown for a Tourist Oriented sign panel as logos are cited on pages 3 and 4, as well as the word version TOD's shown.

COMMENT BY EXECUTIVE BOARD MEMBER PAUL FOWLER

My present reaction is in opposition to this proposal as both unnecessary and undesirable on primary and secondary highways. In addition, as a general comment, I am increasingly concerned over the amount of detail and space in the MUTCD being devoted to very low priority issues.

	CFR	A.S.	AAC	P&P	ATM
FAI	X	X		X	X
FAP	X	X		X	X
FAS	X	X		X	X
FAU	X	X		X	X
STATE		X		X	X
LOCAL		X			

Traffic Control Devices In R.O.W.

	CFR	A.S.	AAC	P&P	ATM
FAI	X	X			
FAP	X	X			
FAS		X			
FAU					
STATE					
LOCAL					

Outdoor Advertising Outside R.O.W.

	CFR	A.S.	AAC	P&P	ATM
FAI	X	X	X	X	X
FAP	X	X	X	X	X
FAS	X	X	X	X	X
FAU	X	X	X	X	X
STATE		X	X	X	X
LOCAL					

Encroachments in R.O.W.

ABBREVIATIONS

Authorities

CFR = Code of Federal Regulations (backed by federal statutes)

A.S.= Alaska Statutes

AAC = Alaska Administrative Code

P&P = Policy & Procedures (DOT&PF)

ATM = Alaska Traffic Manual

Routes

F.A.I. = Federal Aid Interstate

F.A.P. = Federal Aid Primary

F.A.S. = Federal Aid Secondary

F.A.U. = Federal Aid Urban

State = State Non-F.A.

Local = Non-state, Non-F.A.

Other

R.O.W. = Right-of-way

F.A. = Federal Aid

Authorities (Laws, Regulations, Policies) Pertaining to Signs
(excluding local laws and ordinances)

(e) *Analysis of laws and ordinances.* Existing traffic laws, ordinances, and regulations relevant to the effective operation of the proposed system shall be reviewed to ensure compatibility.

(f) *Operations plan.* The final element in the traffic engineering analysis shall be an operations plan. It shall include needed legislation, systems design, procurement methods, construction management procedures including acceptance testing, system start-up plan, operation and maintenance plan. It shall include necessary institutional arrangements and the dedication of needed personnel and budget resources required for the proposed system.

(Approved by the Office of Management and Budget under control number 2125-0513)

§ 655.411 Project administration.

(a) Prior to authorization of Federal-aid highway funds for construction, there should be a commitment to the operations plan (see § 655.409 (f)).

(b) The plans, specifications and estimates submittal shall include a total system acceptance plan.

(c) Project approval actions are delegated to the Division Administrator. Approval actions for traffic surveillance and control system projects costing over $1,000,000 are subject to review by the Regional Administrator prior to approval of plans, specifications, and estimates.

(d) System start-up is an integral part of a surveillance and control project. (1) Costs for system start-up, over and above those attributable to routine maintenance and operation, are eligible for Federal-aid funding.

(2) Final project acceptance should not occur until after completion of the start-up phase.

Subpart E—[Reserved]

Subpart F—Traffic Control Devices on Federal-Aid and Other Streets and Highways

AUTHORITY: 23 U.S.C. 109(d), 114(a), 217, 315, 402(a), 23 CFR 1204.4, and 49 CFR 1.48(b).

SOURCE: 48 FR 46776, Oct. 14, 1983, unless otherwise noted.

§ 655.601 Purpose.

To prescribe the policies and procedures of Federal Highway Administration (FHWA) to obtain basic uniformity of traffic control devices on all streets and highways in accordance with the Manual on Uniform Traffic Control Devices (MUTCD).[1]

§ 655.602 Definitions.

The terms used herein are defined in accordance with definitions and usages contained in the MUTCD and 23 U.S.C. 101(a).

§ 655.603 Standards.

(a) *National MUTCD.* The MUTCD approved by the Federal Highway Administrator is the national standard for all traffic control devices installed on any street, highway, or bicycle trail open to public travel in accordance with 23 U.S.C 109(d) and 402(a). The national MUTCD is specifically approved by the FHWA for application on any highway project in which Federal highway funds participate and on projects in federally administered areas where a Federal department or agency controls the highway or supervises the traffic operations.

(b) *State or other Federal MUTCD.* (1) Where State or other Federal agency MUTCDs or supplements are required, they shall be in substantial conformance with the national MUTCD. Changes to the national MUTCD issued by the FHWA shall be adopted by the States or other Federal agencies within 2 years of issuance. The FHWA Regional Administrator has been delegated the authority to approve State MUTCDs and supplements.

(2) The Direct Federal Program Administrator has been delegated the authority to approve other Federal

[1] The MUTCD, which is incorporated by reference at 23 CFR 625.3, may be purchased from the Superintendent of Documents, U.S. Government Printing Office (GPO), Washington, D.C. 20402 (GPO Stock No. 050-001-81001-8). It is available for inspection and copying as prescribed in 49 CFR Part 7, Appendix D.

agency MUTCDs with the concurrence of the Office of Traffic Operations. States and other Federal agencies are encouraged to adopt the national MUTCD as their official Manual on Uniform Traffic Control Devices.

(c) *Color specifications.* Color determinations and specifications of sign and pavement marking materials shall conform to requirements of the FHWA Color Tolerance Charts.[2] An alternate method of determining the color of retroreflective sign material is provided in the Appendix.

(d) *Compliance*—(1) *Existing highways.* Each State, in cooperation with its political subdivisions, and Federal agencies shall have a program as required by Highway Safety Program Standard Number 13, Traffic Engineering Services (23 CFR 1204.4) which shall include provisions for the systematic upgrading of substandard traffic control devices and for the installation of needed devices to achieve conformity with the MUTCD.

(2) *New or reconstructed highways.* Federal-aid projects for the construction, reconstruction, resurfacing, restoration, or rehabilitation of streets and highways shall not be opened to the public for unrestricted use until all appropriate traffic control devices, either temporary or permanent, are installed and functioning properly. Both temporary and permanent devices shall conform to the MUTCD.

(3) *Construction area activities.* All traffic control devices installed in construction areas using Federal-aid funds shall conform to the MUTCD. Traffic control plans for handling traffic and pedestrians in construction zones and for protection of workers shall conform to the requirements of 23 CFR Part 630, Subpart J, Traffic Safety in Highway and Street Work Zones.

(4) *MUTCD changes.* The FHWA may establish target dates for achieving compliance with changes to specific devices in the MUTCD.

(e) *Specific information signs.* Standards for specific information signs are contained in 23 CFR Part 655, Subpart C, National Standards for Specific Information Signs.

[2] Available for inspection from the Office of Traffic Operations, Federal Highway Administration, 400 Seventh Street, SW., Washington, D.C. 20590.

§ 655.604 Achieving basic uniformity.

(a) *Programs.* Programs for the orderly and systematic upgrading of existing traffic control devices or the installation of needed traffic control devices on or off the Federal-aid system should be based on inventories made in accordance with 23 CFR 1204.4, Highway Safety Program Standards. These inventories provide the information necessary for programming traffic control device upgrading projects.

(b) *Inventory.* An inventory of all traffic control devices is required by Highway Safety Program Standard Number 13, Traffic Engineering Services (23 CFR 1204.4). Highway planning and research funds and highway related safety grant program funds may be used in statewide or systemwide studies or inventories. Also, metropolitan planning (PL) funds may be used in urbanized areas provided the activity is included in an approved unified work program.

§ 655.605 Project procedures.

(a) *Federal-aid highways.* Federal-aid projects involving the installation of traffic control devices shall follow procedures as established in 23 CFR Part 630, Subpart A, Federal-Aid Programs Approval and Project Authorization. Simplified and timesaving procedures are to be used to the extent permitted by existing policy.

(b) *Off-system highways.* Certain federally funded programs are available for installation of traffic control devices on streets and highways that are not on the Federal-aid system. The procedures used in these programs may vary from project to project but, essentially, the guidelines set forth herein should be used.

§ 655.606 Higher cost materials.

The use of signing, pavement marking, and signal materials (or equipment) having distinctive performance characteristics, but costing more than other materials (or equipment) commonly used may be approved by the FHWA Division Administrator when the specific use proposed is cor to be in the public interest.

§ 655.607 Funding.

(a) *Federal-aid highways.* (1) apportioned or allocated un U.S.C. 104(b) are eligible to par in projects to install traffic con vices in accordance with the M on newly constructed, reconst resurfaced, restored, or rehabi highways, or on existing hig when this work is classified s struction in accordance with 23 101(a). Federal-aid highway fur eligible pavement markings and control signalization may amo 100 percent of the constructio Federal-aid highway funds tioned or allocated under othe tions of 23 U.S.C. are eligible fo ticipation in improvements cor ing to the MUTCD in accordanc the provisions of applicable pr regulations and directives.

(2) Traffic control devices are ble, in keeping with paragraph of this section, provided that the is classified as construction in a ance with 23 U.S.C. 101(a) an State or local agency has a poli ceptable to the FHWA Divisio ministrator for selecting traffic trol devices material or equip based on items such as cost, traffi umes, safety, and expected servic The State's policy should provid cost-effective selection of mat which will provide for substantial ice life taking into account exp and necessary routine maintena For these purposes, effective would normally be measured in t of durability, service life and/or formance of the material. Spe projects including material or eq ment selection shall be develope accordance with this policy. Prop work may be approved on a project project basis when the work is clearly warranted, (ii) on a Federal system, (iii) clearly identified by (iv) substantial in nature, and (v sufficient magnitude at any given l tion to warrant Federal-aid partic tion as a construction item.

(3) The method of accomplish the work will be in accordance with

the specific use proposed is considered to be in the public interest.

§ 655.607 Funding.

(a) *Federal-aid highways.* (1) Funds apportioned or allocated under 23 U.S.C. 104(b) are eligible to participate in projects to install traffic control devices in accordance with the MUTCD on newly constructed, reconstructed, resurfaced, restored, or rehabilitated highways, or on existing highways when this work is classified as construction in accordance with 23 U.S.C. 101(a). Federal-aid highway funds for eligible pavement markings and traffic control signalization may amount to 100 percent of the construction cost. Federal-aid highway funds apportioned or allocated under other sections of 23 U.S.C. are eligible for participation in improvements conforming to the MUTCD in accordance with the provisions of applicable program regulations and directives.

(2) Traffic control devices are eligible, in keeping with paragraph (a)(1) of this section, provided that the work is classified as construction in accordance with 23 U.S.C. 101(a) and the State or local agency has a policy acceptable to the FHWA Division Administrator for selecting traffic control devices material or equipment based on items such as cost, traffic volumes, safety, and expected service life. The State's policy should provide for cost-effective selection of materials which will provide for substantial service life taking into account expected and necessary routine maintenance. For these purposes, effectiveness would normally be measured in terms of durability, service life and/or performance of the material. Specific projects including material or equipment selection shall be developed in accordance with this policy. Proposed work may be approved on a project-by-project basis when the work is (i) clearly warranted, (ii) on a Federal-aid system, (iii) clearly identified by site, (iv) substantial in nature, and (v) of sufficient magnitude at any given location to warrant Federal-aid participation as a construction item.

(3) The method of accomplishing the work will be in accordance with 23 CFR Part 635 Subpart A, Contract Procedures.

(b) *Off-system highways.* Certain Federal-aid highway funds are eligible to participate in traffic control device improvement projects on off-system highways. In addition, Federal-aid highway funds apportioned or allocated in 23 U.S.C. are eligible for the installation of traffic control devices on any public road not on the Federal-aid system when the installation is directly related to a traffic improvement project on a Federal-aid system route.

Appendix—Alternate Method of Determining the Color of Retroreflective Sign Materials

1. The FHWA Color Tolerance Charts provide that conventional color measuring instruments such as spectrophotometers and tristimulus photoelectric colorimeters should not be used for measurement of retroreflective material colors and that such materials should be evaluated visually using the Color Tolerance Charts and paying strict attention to prescribed illumination and viewing conditions.

2. As an alternate to visual testing, the diffuse day color of retroreflective sign material may be determined in accordance with ASTM E 97, "Standard Method of Test for 45-Degree, 0-Degree Directional Reflectance of Opaque Specimens by Filter Photometry." Geometric characteristics must be confined to illumination incident within 10 degrees of, and centered about, a direction of 45 degrees from the perpendicular to the test surface; viewing is within 15 degrees of, and centered about, the perpendicular to the test surface. Conditions of illumination and observation must not be interchanged.

3. Standards to be used for reference are the Munsell Papers designated in Table I or Table II, attached. The papers must be recently calibrated on a spectrophotometer. Acceptable test instruments are:

a. Gardner Multipurpose Reflectometer or Model XL 20 Color Difference Meter,

b. Gardner Model Ac-2a or XL 30 Color Difference Meter,

c. Meeco Model V Colormaster,

d. Hunter lab D25 Color Difference Meter, or

e. Approved equal.

4. Average performance sheeting is identified as Types I and II sheeting and high performance sheeting is identified as Types III and IV sheeting in Standard Specifications for Construction of Roads and Bridges

Alaska Statutes

Title 28. Motor Vehicles.

Chapter
01. Scope and Interpretation of Title (§§ 28.01.010 — 28.01.020)
05. Administration (§§ 28.05.011 — 28.05.151)
10. Vehicle Registration and Title (§§ 28.10.011 — 28.10.661)
11. Abandoned Vehicles (§§ 28.11.010 — 28.11.110)
15. Drivers' Licenses (§§ 28.15.011 — 28.15.291)
17. Commercial Driver Training Schools (§§ 28.17.011 — 28.17.071)
20. Motor Vehicle Safety Responsibility Act (§§ 28.20.010 — 28.20.640)
22. Motor Vehicle Liability Insurance (§§ 28.22.010 — 28.22.600)
35. Miscellaneous Provisions (§§ 28.35.015 — 28.35.245)
40. General Provisions (§§ 28.40.050, 28.40.100, 28.40.110)

Revisor's notes. — The provisions of this title were redrafted in 1984 to remove personal pronouns pursuant to § 4, ch. 53, SLA 1982, and to make other minor word changes.

NOTES TO DECISIONS

Stated in Buckalew v. Holloway, Sup. Ct. Op. No. 1988 (File No. 4059), 604 P.2d 240 (1979).

Chapter 01. Scope and Interpretation of Title.

Section
10. Provisions uniform throughout state
20. Short title

Sec. 28.01.010. Provisions uniform throughout state. (a) The provisions of this title and the regulations adopted under this title are applicable within all municipalities of the state. A municipality may not enact an ordinance which is inconsistent with the provisions of this title or the regulations adopted under this title. A municipality may not incorporate into a publication of traffic ordinances a provision of this title or the regulations adopted under this title without specifically identifying the provision or regulation as a state statute or regulation.

(b) A municipality may adopt by reference all or a part of this title and regulations adopted under this title, and may request and shall

receive from the Departments of Public Safety and Community and Regional Affairs assistance in the drafting of model ordinances for adoption by reference. Notwithstanding (a) of this section, a municipality may enact necessary ordinances to meet specific local requirements.

(c) A copy of all traffic ordinances enacted by a municipality shall be forwarded to the commissioner and specific notice of any inconsistent ordinances shall be given by the municipality when the copy of the ordinances is forwarded. So far as practicable, the section number identifying a particular municipal traffic ordinance shall be the same as the section number identifying a corresponding provision of this title or regulations adopted under this title.

(d) A municipality shall erect necessary official traffic control devices on streets and highways within its jurisdiction which as far as practicable conform to the current edition of the Alaska Traffic Manual prepared by the Department of Transportation and Public Facilities.

(e) Copies of all traffic ordinances enacted by a municipality shall be incorporated in a manual and made available to the general public.

(f) Regulations adopted pertaining to a matter partially or wholly governed by this title shall be mutually consistent and compatible, and shall complement each other, as far as practicable. For the purpose of uniformity, the department shall offer and receive reasonable assistance in the coordination and adoption of these regulations.

(g) Regulations adopted under this title shall, as far as practicable, conform to the recommendations of the current edition of the Uniform Vehicle Code adopted by the National Committee on Uniform Traffic Laws and Ordinances. (§ 1 ch 91 SLA 1974; am §§ 1, 2 ch 241 SLA 1976; am §§ 1 — 5 ch 178 SLA 1978)

Revisor's notes. — Pursuant to E.O. No. 39, sec. 11, a reference to Department of Transportation and Public Facilities was substituted for Department of Highways in (d) of this section in 1977.

NOTES TO DECISIONS

A city ordinance, to the extent it is in conflict with the state traffic regulations, constitutes an exercise of home-rule power expressly prohibited by the legislature. Adkins v. Lester, Sup. Ct. Op. No. 1107 (File No. 2078), 530 P.2d 11 (1974).

The word "inconsistent" describes that which reveals lack of uniformity in over-all purpose or design. Cremer v. Anchorage, Sup. Ct. Op. No. 1579 (File No. 3397), 575 P.2d 306 (1978).

Similarity to Uniform Vehicle Code. — Subsection (a) is similar in substance and purpose to the provisions of § 15-101 of the Uniform Vehicle Code Annotated adopted by the National Committee on Uniform Traffic Laws and Ordinances in 1962. Simpson v. Municipality of Anchorage, Ct. App. Op. No. 57 (File Nos. 4945, 4946, 5289), 635 P.2d 1197 (1981).

Under the express terms of subsection (a) it is clear that inconsistency is the standard that governs the validity of a local ordinance regulating the operation of a motor vehicle. Simpson v. Municipality of Anchorage, Ct. App. Op. No. 57 (File Nos. 4945, 4946, 5288), 635 P.2d 1197 (1981).

Nature of inconsistency. — When the question of inconsistency between a local ordinance and state law under subsection

ways and all other duties and powers of the Department of Highways, and specifically including powers and duties formerly held by the Department of Highways under AS 19, AS 23.01, AS 28.05, and AS 44.57 [repealed]."

Chapter 10. State Highway System.

Article
1. Designation, Marking and Use (§§ 19.10.020 — 19.10.100)

Article 1. Designation, Marking and Use.

Section
20. Designation of state highway system
30. Responsibility for system
40. Uniform system of marking and posting
50. Traffic control signals
52. [Renumbered]
60. Regulation of weight and load of vehicles and use of highways during certain seasons
70. Determination of safe speed limits
80. Designation of through highways
85. Naming of a highway
90. Erection and maintenance of guard rails
100. Closing highways

Sec. 19.10.020. Designation of state highway system. The department may designate, locate, create, and determine what highways constitute the state highway system. In designating, locating, creating and determining the several routes of the state highway system, the department shall strive to attain the purposes and objectives set out in AS 19.05.125. (§ 1 art III title II ch 152 SLA 1957)

Sec. 19.10.030. Responsibility for system. The department is responsible for the construction and maintenance of the state highway system. (§ 2 art III title II ch 152 SLA 1957)

Sec. 19.10.040. Uniform system of marking and posting. The department shall classify, designate and mark highways under its jurisdiction and shall provide a uniform system of marking and posting these highways The system of marking and posting shall correlate with and shall, as far as possible, conform to the recommendations of the Manual on Traffic Control Devices as adopted by the American Association of State Highway Officials. (§ 3 art III title II ch 152 SLA 1957)

Sec. 19.10.050. Traffic control signals. The department shall prescribe types of traffic control signals to regulate traffic on highways. These signals shall correlate with and, as far as possible, conform to the recommendations of the Manual on Uniform Traffic Control Devices as adopted by the American Association of State Highway Officials. The department shall prescribe uniform rules for the placing and installation of traffic control signals. (§ 4 art III title II ch 152 SLA 1957)

Attachment 5

Quoted in Sta
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(1974).

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Attachment 6

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
POLICY AND PROCEDURES

P & P No. 70-7000 | Page 1 OF 2
Effective Date March 1, 1982

SUBJECT: TRAFFIC CONTROL DEVICES

Supersedes P & P No. 70-7000 | Dated 1/24/80
APPROVED BY [signature]

DIVISION: Standards and Technical Services | SECTION: Traffic & Safety | CHAPTER TITLE: Alaska Traffic Manual

PURPOSE:

To establish policy and procedures for the installation of all traffic control devices on State highways and procedures for the addition, deletion, or clarification of that policy.

POLICY:

It shall be the policy of the Department to implement Sec. 19.10.040 (Uniform System of Marking & Posting) and Sec. 19.10.050 (Traffic Control Signals) of Alaska Statutes by issuing the Alaska Traffic Manual which will include the Manual of Uniform Traffic Control Devices and an Alaska Supplement and this shall be the State policy concerning all traffic control devices. This policy shall be applied uniformly statewide as required in Sec. 28.01.010 (d) Alaska Statute. It shall include such procedures as may be necessary to issue the deliberate and warranted posting of official traffic control devices, description of the proper installation of these devices. All affected employees of the Department shall adhere to the policy and assist in providing a uniform system of marking and posting.

DISTRIBUTION:

All holders of the Administrative, Construction and Design and Maintenance and Operations Manuals and Traffic And Safety personnel.

PROCEDURE:

The State Traffic and Safety Engineer shall be delegated the responsibility to maintain a standard of traffic control devices for Alaska which shall conform as closely as possible with the Manual on Uniform Traffic Control Devices adopted by the American Association of State Highway and Transportation Officials. It shall include a description and policy for the use of service, recreational, and directional signs and such other devices which are specifically reserved for establishment by state policy and clarification or specification of other sections as he may require. This standard shall be the Alaska Traffic Manual and shall incorporate by reference a complete description of all official traffic control devices such as those illustrated in the Alaska Sign Design Specification.

All traffic control devices installed or maintained in Alaska shall conform with this standard. Suitable time will be allowed for the orderly removal and disposal of out-of-date devices and the effective implementation of the standards.

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
POLICY AND PROCEDURES

P & P No.	Page
70-7000	2 OF 2
Effective Date: March 1, 1982	
Supersedes P & P No.	Dated
70-7000	1/24/80

SUBJECT: TRAFFIC CONTROL DEVICES

APPROVED BY: Robert Ward

DIVISION	SECTION	CHAPTER TITLE
Standards and Technical Services	Traffic & Safety	Alaska Traffic Manual

Periodically, the State Traffic and Safety Engineer or his staff will inspect the State highway system for conformance with the system. He may request that the Regional Design and Construction Engineer, in the case of current construction projects, or the Maintenance and Operations Manager to make those changes that may be necessary to obtain conformance with this standard. If they cannot make the required modifications within a reasonable time, they shall indicate what progress has been made, where the remaining problems lie, and what is their proposed schedule for implementation. If either party does not judge the action of the other to be appropriate, he shall refer the matter through the Division Director to the respective Deputy Commissioner for resolution of the problem.

The State Traffic and Safety Engineer will consider and respond to all requests for additions, deletions, and modification to the standards. He shall hold an annual traffic control device conference to entertain suggestions for development of the standard, to instruct in the appropriate application of traffic control devices, and to confer with the various city, borough, state and federal officials concerning these standards. He shall establish an agenda for such a conference, chair the proceedings, and keep adequate records of the discussions.

The Regional Maintenance and Operation's staff shall assist the State Traffic and Safety Engineer in maintaining a current inventory of traffic control devices. The inventory shall include the location, description and legends of all traffic control devices. Copies of this inventory shall be available at all times.

Simply stated, uniformity means treating similar situations in the same way. The use of uniform traffic control devices does not, in itself, constitute uniformity. A standard device used where it is not appropriate is as objectionable as a nonstandard device; in fact, this may be worse, in that such misuse may result in disrespect at those locations where the device is needed.

1A-3 Responsibility for Traffic Control Devices

The responsibility for traffic control devices rests with a multitude of governmental jurisdictions. In virtually all States, traffic control devices placed and maintained by State and local officials are required by statute to conform to a State Manual which shall be in substantial conformance with this Manual. Many Federal agencies have regulations requiring standards in conformance with this Manual for their control device applications.

The Uniform Vehicle Code has the following provision in Section 15-104 for the adoption of a uniform manual:

> "The (State Highway Agency) shall adopt a manual and specifications for a uniform system of traffic-control devices consistent with the provisions of this act for use upon highways within this State. Such uniform system shall correlate with and so far as possible conform to the system set forth in the most recent edition of the Manual on Uniform Traffic Control Devices for Streets and Highways, and other standards issued or endorsed by the Federal Highway Administrator."

Under authority granted by Congress in 1966, the Secretary of Transportation has decreed that traffic control devices on all streets and highways in each State shall be in substantial conformance with standards issued or endorsed by the Federal Highway Administrator.

1A-3.1 Placement Authority

Traffic control devices shall be palced only by the authority of a public body or official having jurisdiction, for the purpose of regulating, warning, or guiding traffic. No traffic control device or its support shall bear any advertizing or commercial message, or any other message that is not essential to traffic control.

Any unauthorized sign placed on the highway right-of-way by a private organization or individual constitutes a public nuisance. All unofficial and nonessential signs should be removed.

With proper authority being given, construction contractors and public utility companies are permitted to erect construction and maintenance signs at work sites to protect the public, equipment, and workmen, provided that such signs conform to the standards of this Manual.

Attachment 8

Tourist Oriented Directional Signing

(TODS)

By
Dwight L. Stevens
State Traffic Engineer
Iowa DOT

Presented at the Annual Meeting
AASHTO Subcommittee on Traffic Engineering
Charleston, South Carolina
June 22-24, 1987

Iowa Department
of Transportation

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TOURIST ORIENTED DIRECTIONAL SIGNS (TODS)

Introduction

Following passage of the Highway Beautification Act of 1965, many outdoor advertising billboards adjacent to State Primary Highways were removed. As a result, the traditional system for providing motorists with business identification and directional information on goods and services of interest to the traveling public was severely restricted. To resolve this problem, the FHWA proposed adding to the MUTCD, provisions for a system of Tourist Oriented Directional Signing (TODS). This paper summarizes action taken by FHWA, outlines the results of a questionnaire survey of the states on TODS and describes the TODS Program being developed in the State of Iowa.

FHWA Action

In the late 70s and early 80s, authorization was given by FHWA for six states to experiment with Tourist Oriented Directional Signing. They were Maine, New York, New Hampshire, Oregon, Vermont and Washington. Approximately 3000 TODS have been installed in these states and evaluated for a minimum of two years. Evaluation reports from these experimental projects were generally favorable and formed the basis for the FHWA proposal.

The FHWA proposal was published as a Notice of Proposed Amendments to the MUTCD (FHWA Docket 85-27) in the December 17, 1985 issue of the Federal Register. It specified that comments be received by July 19, 1986. Subsequently, this date has been extended to July 24, 1987 to allow more time for interested parties to respond.

Details on the FHWA proposal can be obtained by referring to Docket 85-27 along with the actual text to be included as Section 2I of the MUTCD. Basically, it provides for three panels (left, right and straight ahead) on each intersection approach. Each panel can have up to four tourist oriented signs. Also, a similar number and arrangement of advance signs is allowed. Arrows and mileages are to be shown on each sign. Colors are blue background with white legend. A state policy is encouraged listing definitions, criteria, provisions and limitations of the program.

Response to the FHWA proposal to date has been mixed. Those states who now use TODS are very supportive of the concept; those who do not are strongly opposed to putting TODS in the MUTCD. Similarly, commercial businesses have spoken in favor of the proposal, while those in the outdooor advertising business oppose TODS. Input is yet to be received from the National Committee on Uniform Traffic Control Devices (NCUTCD), a major contributor. After the Docket closes, FHWA will make changes which reflect comments received and expects to proceed to a Final Rule in late 1987.

Action by the National Committee on Uniform Traffic Control Devices

The FHWA proposal had been considered by the Signs Technical Committee of the NCUTCD. A Task Force has drafted a modified version of the FHWA proposal. Their recommendations are more restrictive allowing only two panels (left and right) on each approach. Each panel can have two TODS. Sign fabrication details remain essentially as proposed by the FHWA. The Signs Technical Committee proposal will be voted on by the National Committee at their June 1987 meeting and the results forwarded to FHWA.

Results of TODS Questionnaire Survey

A nationwide survey was conducted to determine how many states have implemented a TODS program in some form or other. A questionnaire containing several items on criteria and details on TODS was distributed. Forty-eight of the 50 states (96%) responded. Of the 48 questionnaires returned, 17 states have or are in the final stages of implementing a TODS program. Another three states are developing plans to adopt TODS. Ten states may consider TODS at some time in the future and 18 states have no plans to use TODS.

All states were asked if they favor placing standards for use and application of Tourist Oriented Directional Signing in the MUTCD. Of the 48 returned questionnaires, 24 answered yes, 17 answered no, four gave no opinion and three states did not answer the question. These results show that a slight majority favor standards in the Manual. A summary on the above information is provided in Table 1.

A more detailed summary of information from the 17 states who have or will shortly implement a TODS Program was developed. This information is shown in Table 2 which was prepared in such a way to make it easy to compare programs between states.

All states had a policy with criteria, requirements and details on their program. Historical sites, recreation areas and cultural/scientific facilities were listed by most states. Motorist services were eligible in 12 of the 17 states. Of less interest were agricultural related businesses (6 of 17) and commercial businesses (9 of 17). Other miscellaneous facilities

TODS QUESTIONNAIRE SUMMARY
Table 1

Do you have a program for installing TODS?
A. Yes, signs are in place
B. Plans are being developed
C. May consider in future
D. No plans to use TODS
E. No reply received

Favor standards for TODS in MUTCD?

State	A*	B	C	D	E	Yes	No
Alabama	X					X	
Alaska			X				X
Arizona				X			X
Arkansas					X		
California				X		N/A**	
Colorado			X			X	
Connecticut				X		X	
Delaware	X					X	
Florida			X			X	
Georgia				X			X
Hawaii		X				X	
Idaho	X					X	
Illinois				X			X
Indiana			X			X	
Iowa	X					X	
Kansas				X			X
Kentucky				X		No opinion	
Louisiana				X		X	
Maine	X					X	
Maryland	X						X
Massachusetts	X					X	
Michigan		X				X	
Minnesota	X					X	
Mississippi	X						X
Missouri			X			X	
Montana				X			X
Nebraska			X				X
Nevada			X			X	
New Hampshire	X						X
New Jersey				X			X
New Mexico				X			X
New York	X					X	
North Carolina				X			X
North Dakota			X			X	
Ohio	X					X	
Oklahoma	X						X
Oregon	X					X	
Pennsylvania	X					No opinion	
Rhode Island					X		
South Carolina				X			X
South Dakota				X		X	
Tennessee				X		N/A**	
Texas			X			X	
Utah				X		N/A**	
Vermont	X						X
Virginia				X		No opinion	
Washington	X					X	
West Virginia			X			X	
Wisconsin		X					X
Wyoming				X		No opinion	

* For details of TODS Program, see Table 2 page 5 .
** No answer.

Table 2 - Details of TODS Program

1. If TODS are used or planned do you have a policy, instruction or specification on their use?
   (a) Yes (b) No
2. What types of facilities are eligible for TODS?
   (a) Motorist Services (Gas, Food, Lodging, Camping)
   (b) Historical Sites or Buildings
   (c) Recreational Areas
   (d) Cultural/Scientific Facilities
   (e) Educational Facilities
   (f) Agricultural Related Business
   (g) Commercial Business
   (h) Other
3. What are the minimum hours/day, days/week and months/year of operation for the above facilities?
   (a) hours/day (b) days/week (c) months/year

State	Policy Yes (1a)	Policy No (1b)	Facilities eligible: (2a)	(2b)	(2c)	(2d)	(2e)	(2f)	(2g)	(2h)	Minimum hours for facilities:	(2a)	(2b)	(2c)	(2d)	(2e)	(2f)	(2g)	(2h)
											(3a)								
											(3b)								
											(3c)								
Alabama	X	-	X	X	X	X	X	-	-	-		16	-	-	-	-	-	-	-
												7	-	-	-	-	-	-	-
												12	-	-	-	-	-	-	-
Delaware	X	-	-	X	X	X	X	-	-	-		(No minimum hours required)							
Idaho	X	-	X	-	X	-	-	-	X	-		16	-	8	-	-	-	-	-
												7	-	6	-	-	-	-	-
												12	-	3	-	-	-	-	-
Iowa	X	-	X	X	X	X	X	X	X	-		8	4	4	4	4	8	8	-
												6	5	5	5	5	6	5	-
												12	8	8	8	8	12	12	-
Maine	X	-	X	-	-	-	-	X	X	-		(No minimum hours required)							
Maryland	X	-	-	X	X	X	X	-	-	-		-	(Normal hours)				-	-	-
Massachusetts	X	-	X	X	X	X	-	X	X	-		(No minimum hours required)							
Minnesota	X	-	X	X	X	X	X	-	-	-		(V	a	r	i)		-	-	-
												7	5	7	5		-	-	-
												(V	a	r	i)		-	-	-
Mississippi	X	-	X	X	X	X	X	X	X	-		-	-	-	-	-	-	-	-
												-	6	6	-	-	-	-	-
												-	12	3	-	-	-	-	-
New Hampshire	X	-	X	X	X	X	X	-	-	X		10	-	-	-	-	-	-	8
												6	-	-	-	-	-	-	5
												3	3	3	3	3	-	-	3
New York	X	-	X	X	X	X	X	X	X	-		(No minimum hours required)							
Ohio	X	-	X	X	X	X	X	-	-	X		(V	a	r	i)		-	-	-
Oklahoma	X	-	-	X	X	X	X	-	-	-		-	(Normal hrs.)				-	-	-
Oregon	X	-	-	X	X	X	X	-	X			-	6	6	6	6	-	6	-
												-	6	6	6	6	-	6	-
												-	-	-	-	-	-	-	-
Pennsylvania	X	-	X	X	X	X	X	-	-	-		(8-24)	8	8	8	8	-	-	-
													7	6	6	6	5	-	-
												(6-12)	3	3	3	3	-	-	-
Vermont	X	-	X	X	X	X	X	X	X	X		(No minimum hours required)							
Washington	X	-	-	X	X	X	X	-	X	-		-	8	8	8	8	-	8	-
												-	5	5	5	5	-	5	-
												-	(V	a	r	i)			-

4. What are the minimum attendence numbers for the listed attractions to qualify for TODS? (Multiply figures by 100)
   (a) Historical Sites (c) Cultural/Scientific (e) Other
   (b) Recreational Areas (d) Educational Facilities (f) No requirements
5. What limitations are there on areas where TODS can be installed?
   (a) Rural areas (c) Other
   (b) Urban areas (specify population maximum) (d) No limitations
6. Are signs installed when the attraction or facility is within view of the highway?
   (a) Yes (b) No

Minimum attendance numbers:						Limitations				In view? Yes		
(4a)	(4b)	(4c)	(4d)	(4e)	(4f)	(5a)	(5b)	(5c)	(5d)	(6a)	(6b)	State
500	500	500	500	-	-	-	-	-	X	-	X	Alabama
-	-	-	-	-	X	-	-	-	X	X	-	Delaware
-	-	-	-	-	X	X	-	-	-	-	X	Idaho
25	25	25	25	-	-	X	X (1500)	-	-	-	X	Iowa
-	-	-	-	-	X	-	-	-	X	-	X	Maine
350	350	350	10	-	-	-	-	-	X	X	-	Maryland
-	-	-	-	-	X	-	-	-	X	-	X	Massachusetts
500	500	500	4	-	-	-	-	-	X	-	X	Minnesota
-	-	-	-	-	X	-	-	-	X	X	-	Mississippi
-	50	-	-	-	-	-	-	-	X	-	X	New Hampshire
-	-	-	-	-	X	X	-	-	-	-	X	New York
1000	1000	1000	5	-	-	-	-	-	X	X	-	Ohio
250	-	250	-	-	-	-	-	-	X	X	-	Oklahoma
-	-	-	-	-	X	-	-	-	X	-	X	Oregon
150	150	150	150	-	-	X	X (5000)	-	-	X	-	Pennsylvania
-	-	-	-	-	X	-	-	-	X	-	X	Vermont
-	-	-	-	-	X	-	-	-	X	X	-	Washington

Table 2 (con't) - Details of TODS Program

7. The maximum distance an attraction can be located from the highway and still be eligible for TODS is:
   (a) Motorist Services (e) Educational
   (b) Historical Sites (f) Agricultural
   (c) Recreational Areas (g) Commercial
   (d) Cultural/Scientific (h) Other
8. The following are installation details for TODS:
   (a) Maximum number of destination panels per sign is _____.
   (b) The maximum number of signs per approach to an intersection is _____.
   (c) The longitudinal spacing of signs on an approach is _____ feet.
9. Are advance signs provided where there are sight distance or operational problems?
   (a) Yes (b) No

	Maximum distance from highway								Installation			Yes	No	
State	(7a)	(7b)	(7c)	(7d)	(7e)	(7f)	(7g)	(7h)	(8a)	(8b)	(8c)	(9a)	(9b)	(10a)
Alabama	(5 mi. urban, 2 mi. rural)								2	1	800	X	-	vari x 36
Delaware	(No distance requirements)								(as per MUTCD)			X	-	(N o s t a
Idaho	5	-	5	-	-	-	5	-	3	2	(vari)	-	X	60 x (12-24)
Iowa	3	5	5	5	5	10	5	-	3	2	200	X	-	72 x 18
Maine	10	-	-	-	-	10	10	-	3	-	200	-	X	(48-84) x (12-20)
Maryland	-	10	10	10	5	-	-	-	3	1	300	-	X	96 x 16
Massachusetts	10	10	10	10	-	10	10	-	3	2	300	-	X	60 x 15
Minnesota	2	10	10	10	10	-	-	-	2	1	800	X	-	(vari)
Mississippi	15	10	10	10	10	10	10	-	2	2	MUTCD	X	-	(v a r
New Hampshire	5	10	10	10	10	-	-	5	3	3	300	X	-	(36-96) x (9-20)
New York	5	5	5	5	5	5	5	-	4	3	200	X	-	24 x 15
Ohio	-	-	-	-	5	-	-	-	(as per MUTCD)			X	-	(a l l
Oklahoma	-	5	5	5	-	-	-	-	-	4	-	-	-	48 x 36
Oregon	-	15	15	15	15	-	15	-	1	4	300	X	-	69 x 18
Pennsylvania	(1-5)	(variable)			-	-	-		3	2	200	-	X	(48-72) x (8-24)
Vermont	(No distance requirements)								3	1	200	X	-	72 x 16
Washington	-	15	15	15	15	-	15	-	4	1	(var)	-	X	(36-48) x 18

10. The following are specific design details for TODS:
    (a) The size of a sign panel for each destination is _____ (w" x h").
    (b) The number of lines of copy used on each panel is _____.
    (c) The copy size is _____ inches in height.
    (d) The copy type is all caps (AC) or upper/lower case (UL).
    (e) The color of the sign panel is: (backround, copy).
11. Is mileage to the destination specified?
    (a) Yes (b) No
12. Are Logos permitted on destination panels?
    (a) Yes (b) No
13. Is reflectorization of TODS panels required?
    (a) Yes (b) No
14. The cost of material, installation and maintenance of TODS is paid for by which of the following?
    (a) Applicant (b) State Highway Agency (c) Others

TODS design details:				Mileage		Logos		Reflect.		Who pays?			
(10b)	(10c)	(10d)	(10e)	Yes (11a)	No (11b)	Yes (12a)	No (12b)	Yes (13a)	No (13b)	(14a)	(14b)	(14c)	State
2	8	AC	brown,white	X	-	X	-	X	-	-	X	-	Alabama
n d a r d)		AC	vari	-	X	X	-	X	-	X	X	-	Delaware
1-2	4-6	AC	bl. or br.,white	X	-	X	-	X	-	X	-	-	Idaho
2	6	AC	blue,white	X	-	-	X	X	-	X	X	-	Iowa
2	6/4.5	UL	blue,white	X	-	X	-	-	X	X	-	-	Maine
3	8/6	UL	brown,white	-	X	-	X	X	-	-	X	-	Maryland
2	5	AC	blue,white	X	-	-	X	X	-	X	X	-	Massachusetts
3	(vari)	UL	gr. or br.,white	X	-	X	-	X	-	X	-	-	Minnesota
i)	4 min.	AC	brown,white	-	X	-	X	X	-	-	X	-	Mississippi
2	6/4.5	UL	black,white	X	-	X	-	X	-	X	-	-	New Hamoshire
2	4	AC	blue,white	X	-	X	-	X	-	X	-	-	New York
v a r i)			brown,white	X	-	-	X	X	-	-	X	-	Ohio
-	6	AC	brown,white	X	-	-	X	X	-	X	-	-	Oklahoma
2	5	AC	blue,white	X	-	-	X	X	-	-	X*	-	Oregon
2	4-6	AC	green,white	-	X	-	X	X	-	X	-	-	Pennsylvania
2	5	UL	black,white	X	-	X	-	X	-	X	-	-	Vermont
2	6	ACorUL	variable	X	-	X	-	X	-	X	-	-	Washington

included small animal veterinary clinics, transportation facilities and military installations.

Regarding minimum hours of operation, five states had no minimum requirements. Three other states require "normal" or "variable" hours. The remaining nine states listed minimum hours and/or days of operation. As would be expected, motorist services require the longest hours. Other facilities require less hours of operation to qualify.

To qualify for TODS, facilities and attractions in many cases are required to have an established minimum number of visitors per year. The minimum attendance numbers ranged from 100,000 tourists annually at historic sites, recreation areas or cultural/scientific facilities in the State of Ohio to a minimum student enrollment of 400 at an educational facility in a rural area in the State of Minnesota. Other attractions ranged in an area from 15,000 to 50,000. Nine states had no minimum attendance figures at all.

All 17 states indicated that TODS could be installed in rural areas. Fifteen states allowed TODS to be installed in urban areas. Of these, two had population requirements of 1500 or less and 5000 or less. They were Iowa and Pennsylvania respectively.

Seven states indicated that signs could be installed when the facility is within view of the highway being traveled on. The remaining 10 states said no, signs could not be installed when the facility or attraction was in view.

The maximum distance a facility could be located from the highway and qualify

for TODS ranged from a minimum of one mile to a maximum of 15 miles. The majority fell in the 5-10 mile range. Two states, Delaware and Vermont, had no distance requirements.

The installation and design details varied greatly from state to state. Generally no more than three TODS are permitted in one assembly with one to four assemblies permitted on an intersection approach. Sign spacing was 200-300 ft. or in accordance with the MUTCD.

In some cases, advance signs may be desirable to avoid sight distance or operational problems. When asked if they would provide this signing, 10 states said they would and six said they would not. One state did rot reply to the question.

Sign size, copy specifications and colors were extremely variable. Please refer to Item 10 in Table 2 for more details on sign construction.

Thirteen states indicated that mileage to the destination is specified on TODS. The remaining four states do not specify mileage.

Nine states allow the use of Logos on their TODS. The remaining eight states responded no to the use of Logos.

Sixteen of the 17 states responded that reflectorization is required on TODS. One state, Maine, allows some smaller nonreflectorized signs, but most of the larger more important signs are reflectorized. States were more unanimous on this question than any other.

The final question of the survey deals with the cost of materials, installation and maintenance of TODS. Nine states responded that the applicant pays these costs, while five states said the state highway agency pays for the signing costs. Three states marked both the applicant and the state highway agency. In one case, the state has the applicant pay for the design, materials and fabrication while the state pays for maintenance of the signs. In another case, the applicant pays for the signing if it is a for-profit activity or site while the state pays for signing directing to nonprofit facilities or attractions.

TODS in Iowa

In the early to mid 1980s, a mild recession at the national level combined with a downturn in agricultural prices had a profound effect on the economy of Iowa. Sagging land prices caused serious problems with the finance of farm operations. As a result, many farmers were forced out of business. The downturn in agricultural related businesses affected the entire economy of the State appreciably reducing commercial incomes. To compensate for this loss, it was thought by many that promoting tourism would help restore the economy. While Iowa is not perceived to be a tourist state, there are many sites, facilities and activities that could be of interest to travelers from other parts of the country. To identify tourist attractions, the Iowa TODS Program was initiated.

The 1986 Legislature added a section to the Iowa Code providing the basis for a tourism promotion program. It reads as follows:

> The Department of Transportation shall in cooperation with the Department of Economic Development establish criteria for guiding traffic to eligible tourist attractions along Interstate and Primary highways. The Department shall annually review the list of attractions for which signing is in place. All tourist attraction signing shall conform to the Manual on Uniform Traffic Control Devices. Except as otherwise provided, tourist attraction signing shall be purchased, installed and maintained by the Department of Transportation.

Prior to passage of this section of the Code, the DOT administered a LOGO Program on the Interstate System and provided signing for selected "tourist attractions of regional or national significance" on all Primary and Interstate routes. Criteria was moderately restrictive requiring attractions to be within 15 miles of the route and have at least 50,000 visitors annually. The new tourist promotion program was much more liberal allowing attractions to be as much as 30 miles from the route and have only 15,000 visitors annually. Also, the scope of the program was expanded beyond the traditional tourist attractions in the historic, cultural, scientific, religious, educational and natural categories to motorist services, seasonal agricultural sales and other commercial businesses.

To implement this section of the Code, an Administrative Rule was developed. It is now in the review process and will become effective on July 8, 1987 unless problems develop making revisions necessary. Following the effective date of the rule, applications will begin to be processed for adding TODS to the system. FHWA approval has been given to go ahead with a two year experimental program on this new category of signs. At the end of the two

years, an evaluation will be made to determine the future disposition of this program. To provide more detail, the entire rule is included herein and is as follows:

TOURIST ORIENTED SIGNING

761---119.1(321) Definitions.

"Primary highway", for the purpose of this chapter, does not include an interstate highway or a freeway primary highway as defined in Iowa Code section 306C.10, subsections 2 and 5.

"Tourist oriented signing" is official signing that is located within the right of way of a primary highway and that gives specific information regarding activities or sites of significant interest to the traveling public. However, official signing for campgrounds and ski area facilities is not included in this definition. This signing is addressed elsewhere.

761--119.2(321) Activities or sites of significant interest. The activity or site must be of significant interest to the traveling public to qualify for tourist oriented signing. Any one of the following may qualify the activity or site.

119.2(1) Motorist service. It offers a motorist service, such as gas, food, lodging, or motor vehicle service or repair.

119.2(2) Tourist attraction. It is of reasonable interest to tourists

as a historic, cultural, scientific, educational or religious site, or as a site of natural scenic beauty or naturally suited for outdoor recreation.

119.2(3) Commercial interest. It is of reasonable commercial interest to the traveling public.

761--119.3(321) General requirements. An individual activity or site of significant interest must meet the following general requirements to qualify for tourist oriented signing.

119.3(1) The activity or site shall be open to the general public during regular and reasonable hours and not by appointment or reservation only.

119.3(2) The activity shall be conducted in an appropriate building or area. It shall not be conducted in a building principally used as a residence unless there is a convenient, separate and well-marked entrance.

119.3(3) The activity or site shall be located:

a. In a rural area or inside the corporate limits of a city with a population of less than one thousand five hundred (1,500).

b. Outside the corporate limits of a city with a population between one thousand five hundred (1,500) and five thousand (5,000).

c. Outside the urban area of a city with a population of five thousand (5,000) or greater.

119.3(4) Neither the activity or site nor any on premise sign advertising the activity or site shall be located adjacent to or visible from the primary highway.

119.3(5) An activity or site will not qualify for a tourist oriented sign if the activity or site is identified by an off right of way directional sign, as authorized in 761--chapter 120, that is within one mile, is on the same route, and is facing the same direction as the proposed tourist oriented sign.

119.3(6) The activity or site shall comply with all applicable laws concerning public accommodations without regard to race, religion, color, age, sex, or national origin.

761--119.4(321) Special requirements. In addition to rule 119.3(321), an individual activity or site of significant interest must meet the following requirements to qualify for tourist oriented signing.

119.4(1) Motorist service. An activity or a site providing a motorist service, as described in subrule 119.2(1), must:

a. Be open a minimum of eight hours a day, six days a week, and twelve months a year.

b. Be located within three miles of the primary highway.

119.4(2) Tourist attraction. A tourist attraction, as described in

subrule 119.2(2), must:

a. Have a minimum of two thousand five hundred visitors annually.

b. Be open a minimum of four hours a day, five days a week, and eight months a year.

c. Be located within five miles of the primary highway.

119.4(3) Agricultural business activity. An agricultural business activity must:

a. Be open a minimum of eight hours a day, six days a week, and twelve months a year. However, seasonal activities may qualify if they are open eight hours a day and six days a week during the normal seasonal period.

b. Be located within ten miles of the primary highway.

119.4(4) Other commercial activity. A commercial activity not covered by subrule 119.4(3) must:

a. Be open a minimum of eight hours a day, five days a week, and twelve months a year.

b. Be located within five miles of the primary highway.

761--119.5(321) Procedures.

119.5(1) Requests for tourist oriented signing shall be submitted to: Office of Right of Way, Iowa Department of Transportation, 800 Lincoln Way, Ames, Iowa 50010.

119.5(2) The department of transportation shall forward requests to the department of economic development.

119.5(3) The department of economic development, in cooperation with representatives from the department of transportation, the department of agriculture and land stewardship, and the tourism council, will approve or deny requests.

119.5(4) If a request is approved, the department of transportation shall:

a. Design the tourist oriented sign and furnish a scaled drawing of it to the applicant.

b. Collect from the applicant the cost of sign fabrication, installation and maintenance if the sign identifies a for-pro.it activity or site.

c. Secure and install the sign and provide normal maintenance.

761--119.6(321) Conditions.

119.6(1) A tourist oriented sign shall not be erected until the activity

or site has been approved in accordance with this chapter and the department of transportation has received prepayment of the cost of sign fabrication and installation for a sign identifying a for-profit activity or site.

119.6(2) A tourist oriented sign shall be removed if the activity or site no longer qualifies for tourist oriented signing.

119.6(3) The department of transportation shall remove or mask a tourist oriented sign for a seasonal activity when the activity is closed during the off-season period.

119.6(4) If needed, adequate trailblazing signs shall be provided on local roads and streets to guide motorists from the primary route to the activity or site. Trailblazing shall conform to requirements in the "Manual on Uniform Traffic Control Devices for Streets and Highways", as adopted in rule 761--130.1(321). The department of transportation shall not pay for trailblazing signs. Tourist oriented signs shall not be installed until necessary trailblazing signs are in place.

This rule is intended to implement Iowa Code section 321.252.

--------End of Rule--------

The provisions in this rule are rather liberal and could result in a multitude of new signs to be installed. It will be up to the committee mentioned in Section 119.5(3) to use some discretion on what is approved to avoid signing for questionable attractions. Unjustified signing would erode the credibility

of the program which would diminish the objective of promoting tourism. It may be necessary to adjust the approval criteria after some experience is gained in the early stages of the program.

Tourist Oriented Directional Signs are to be rectangular in shape and have white legend and border on a blue background. Each sign is to have no more than two lines of legend and is to have a directional arrow with the distance to the facility shown below the arrow. The content of the legend is to be limited to identification of the business, service or activity and directional information. Legends are not to include promotional advertising. The applicant may choose the name of the business or activity, but it must be appropriate and approved by the Department of Transportation. Legends, arrows and borders are to be reflectorized.

Each Tourist Oriented Directional Sign is to be 72" wide and 18" in height. Copy is to be upper case letters of the type provided in the Standard Alphabets for Highway Signs and Pavement Markings book. All letters and numbers are to be 6" in height. Arrows are to conform with provisions in the MUTCD and detailed drawings in the Standard Highway Signs book.

Not more than three TODS signs are to be installed to make up a sign panel. Not more than two sign panels are to be installed on an approach to an intersection. If three or fewer attractions or sites are to be signed, a combination panel is to be used. If four to six attractions are to be signed, individual left and right panels with a maximum of three TODS each are to be used. The sign for attractions to the left is to precede the sign for attractions to the right. No signing will be provided for facilities in the

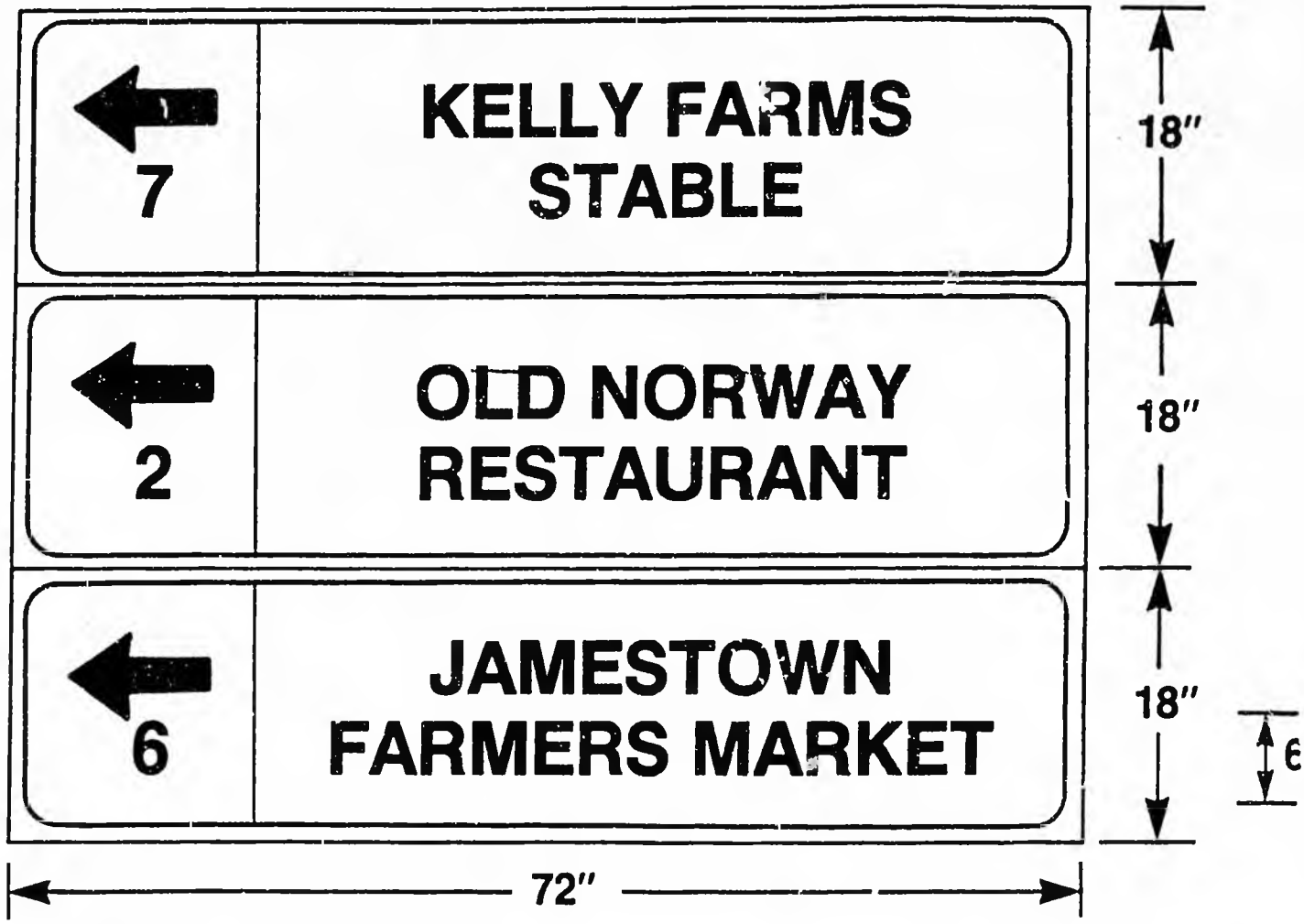
straight ahead direction. Illustrations of the sign panel assemblies are shown in Figures 1, 2 and 3.

Advance panels will not be used except to avoid potential unsafe lane changes or erratic maneuvers. Sign panels are to be located at least 200 ft. from the intersection and spaced 200 ft. from additional sign panels or other traffic control devices. The location of other essential traffic control devices shall at all times take precedence over the location of tourist oriented signing.

The estimated cost of a panel composed of three TODS is approximately $400. Attractions or facilities which operate for profit will be required to pay their proportionate share of the panel cost. For nonprofit attractions, the Department of Transportation will pay for the signs as specified in the Code.

Applications for TODS will be received and handled by the Department of Transportation Outdoor Advertising Section which is part of the Office of Right of Way. Personnel assigned to this office will review the application and perform a field check to verify information provided and collect additional data on existing site conditions. The file will then be forwarded to the Department of Economic Development for committee action. If approved, the applicant will then be asked to submit the installation fee if signing is for a profit making facility. TODS will then be designed by the Traffic Engineering Section and fabricated in the State Sign Shop. The Resident Engineer will then check for necessary trailblazing signs off the Primary system. If they are in place and in satisfactory condition, the TODS will be installed. If the facility or business fails to meet qualifications or ceases

Tourist Oriented Directional Signing

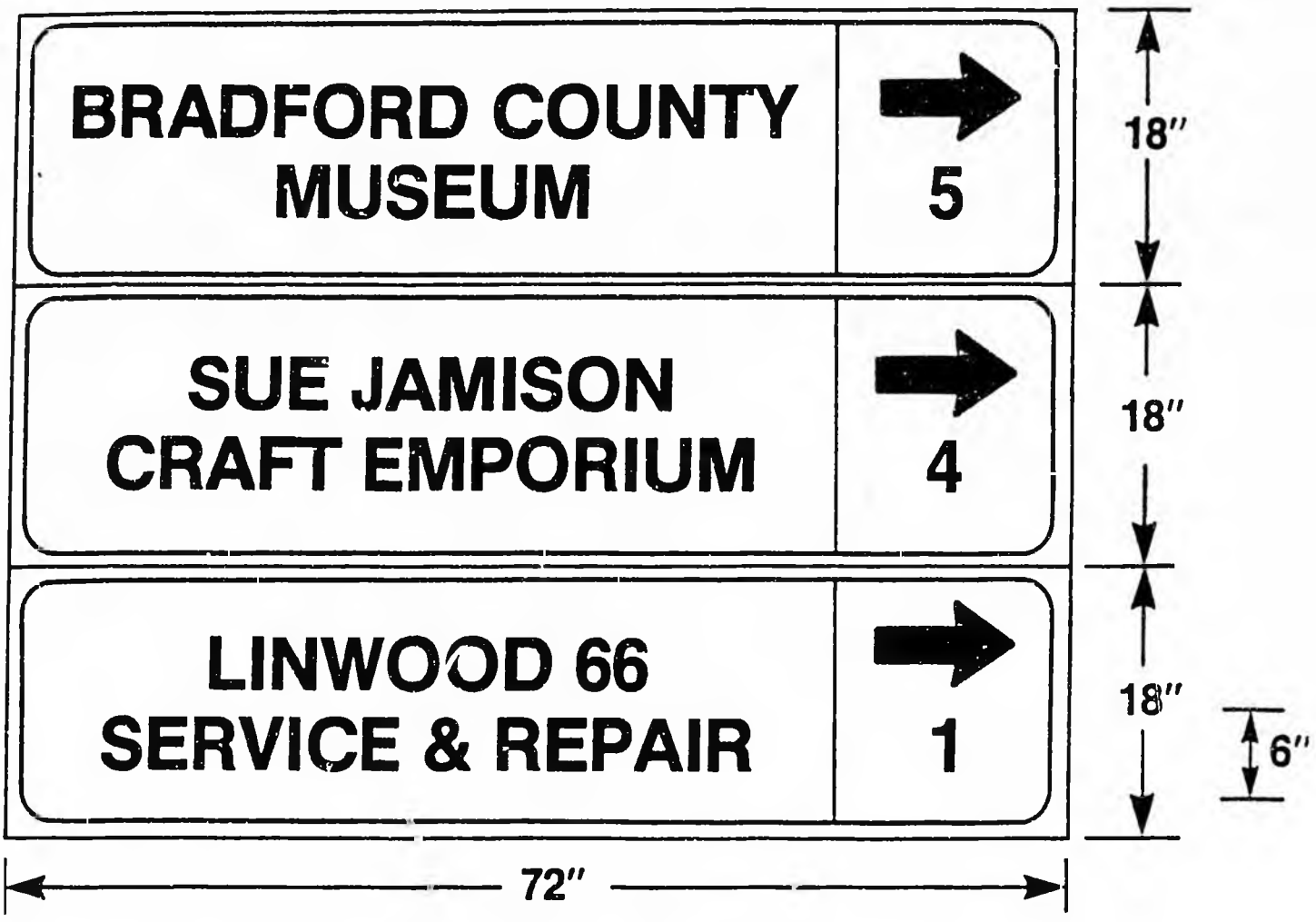


Reflectorized Panels & Legend
Colors Blue Background
White Legend

INDIVIDUAL SIGN PANEL (LEFT)

Figure No. 1

Tourist Oriented Directional Signing

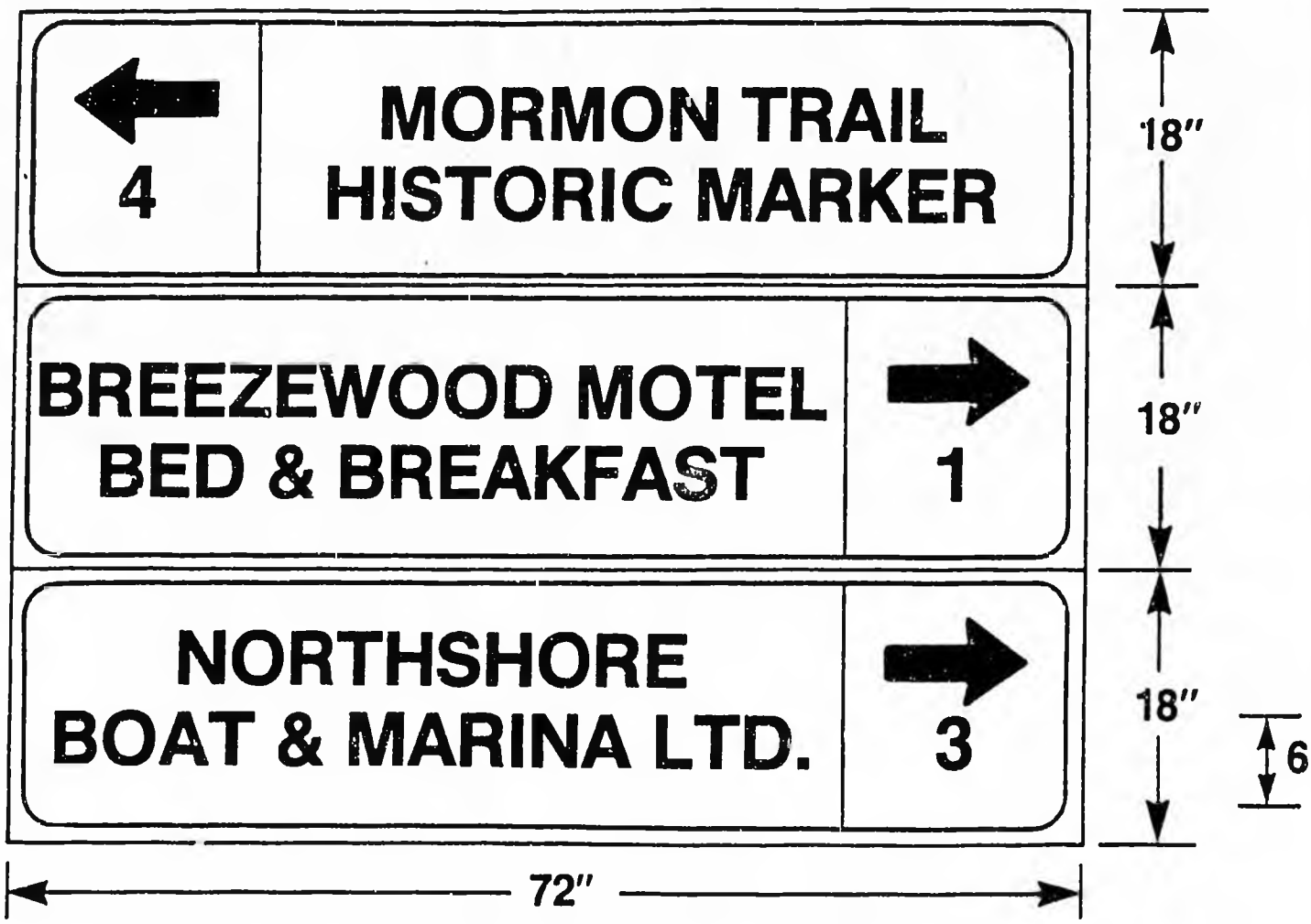


Reflectorized Panels & Legend
Colors Blue Background
White Legend

INDIVIDUAL SIGN PANEL (RIGHT)

Figure No. 2

Tourist Oriented Directional Signing



Reflectorized Panels & Legend
Colors Blue Background
White Legend

COMBINATION SIGN PANEL

Figure No. 3

to exist, their signs will be removed. The Resident Engineer will also have the responsibility to mask or remove tourist oriented signs for seasonal activities.

funds may participate in the costs of such project activity.

(d) *Land acquired in connection with other Federal or Federally-assisted programs*—(1) *Land acquired and displacements made prior to location of highway.* Where land is acquired and all displacements made for a program or projects, other than one in which Federal funds administered by the FHWA are or will be utilized, prior to receipt of written advice from the State highway agency concerning the location of a proposed highway or project or a request for reservation or conveyance for such purposes,

(i) The provisions of this part will not apply, and

(ii) There shall be no FHWA participation in relocation costs.

(2) *Land acquired and/or displacements made subsequent to location of highway.* Where land is acquired and/or displacements are made subsequent to written advice from the State highway agency giving the location of a proposed highway or other project in which Federal funds administered by the FHWA will be utilized or a request is made for reservation or conveyance for such purposes,

(i) The applicable provisions of this part will apply, and

(ii) The costs to the State highway agency of the relocation payments and services required by 49 CFR Part 25 will be eligible for the FHWA participation in the same manner and to the same extent as other project costs.

(A) The State highway agency and the displacing agency shall enter into an agreement or memorandum of understanding setting forth the responsibilities of each in the relocations involved and the basis for the sharing of costs. Such agreements should be executed during the early stages of project development and will not jeopardize future Federal participation in costs to the State highway agency of the relocation payments and services if the agreement does not constitute a binding obligation for payment of such costs on specified lands.

(B) The agreement should be in effect when a request for authorization to acquire is submitted to the FHWA and should be coordinated with any agreement to be executed under the provisions of § 710.304(o).

(e) *Surveillance.* The State highway agency shall monitor relocation assistance activities conducted by any State agency, individual, firm, association, or corporation to the extent necessary.

[41 FR 48682, Nov. 4, 1976. Redesignated and amended at 50 FR 34093, Aug. 23, 1985]

PART 750—HIGHWAY BEAUTIFICATION

Subpart A—National Standards for Regulation by States of Outdoor Advertising Adjacent to the Interstate System Under the 1958 Bonus Program

Sec.
750.101 Purpose.
750.102 Definitions.
750.103 Measurements of distance.
750.104 Signs that may not be permitted in protected areas.
750.105 Signs that may be permitted in protected areas.
750.106 Class 3 and 4 signs within informational sites.
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750.712 Reclassification of sign
750.713 Bonus provisions.

Source: 38 FR 18044, June 20, otherwise noted.

Subpart A—National Stan Regulation by States o Advertising Adjacent to State System Under the I Program

Authority: Sec. 12, Pub. L. Stat. 95, as amended; 23 U.S.C. tion of authority in 49 CFR 1.48(

§ 750.101 Purpose.

(a) In section 12 of the F Highway Act of 1958, Pub. 72 Stat. 95, hereinafter c "act," the Congress declared

(1) To promote the safety lence, and enjoyment of put and the free flow of inters merce and to protect the pub ment in the National System state and Defense Highways after called the "Interstate S is in the public interest to e and assist the States to contr of and to improve areas ad such system by controlling tion and maintenance of ou vertising signs, displays, an adjacent to that system.

(2) It is a national policy erection and maintenance o advertising signs, displays, o within 660 feet of the edg right-of-way and visible f main-traveled way of all pu

Sec.
750.503 Exemptions.

Subpart F—[Reserved]

Subpart G—Outdoor Advertising Control

750.701 Purpose.
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750.708 Acceptance of state zoning.
750.709 On-property or on-premise advertising.
750.710 Landmark signs.
750.711 Structures which have never displayed advertising material.
750.712 Reclassification of signs.
750.713 Bonus provisions.

Source: 38 FR 16044, June 20, 1973, unless otherwise noted.

Subpart A—National Standards for Regulation by States of Outdoor Advertising Adjacent to the Interstate System Under the 1958 Bonus Program

Authority: Sec. 12, Pub. L. 85-381, 72 Stat. 95, as amended; 23 U.S.C. 131; delegation of authority in 49 CFR 1.48(b).

§ 750.101 Purpose.

(a) In section 12 of the Federal-Aid Highway Act of 1958, Pub. L. 85-381, 72 Stat. 95, hereinafter called the "act," the Congress declared that:

(1) To promote the safety, convenience, and enjoyment of public travel and the free flow of interstate commerce and to protect the public investment in the National System of Interstate and Defense Highways, hereinafter called the "Interstate System," it is in the public interest to encourage and assist the States to control the use of and to improve areas adjacent to such system by controlling the erection and maintenance of outdoor advertising signs, displays, and devices adjacent to that system.

(2) It is a national policy that the erection and maintenance of outdoor advertising signs, displays, or devices within 660 feet of the edge of the right-of-way and visible from the main-traveled way of all portions of the Interstate System constructed upon any part of right-of-way, the entire width of which is acquired subsequent to July 1, 1956, should be regulated, consistent with national standards to be prepared and promulgated by the Secretary of Transportation.

(b) The standards in this part are hereby promulgated as provided in the act.

[38 FR 16044, June 20, 1973, as amended at 39 FR 23029, Aug. 9, 1974]

§ 750.102 Definitions.

The following terms when used in the standards in this part have the following meanings:

(a) Acquired for right-of-way means acquired for right-of-way for any public road by the Federal Government, a State, or a county, city, or other political subdivision of a State, by donation, dedication, purchase, condemnation, use, or otherwise. The date of acquisition shall be the date upon which title (whether fee title or a lesser interest) vested in the public for right-of-way purposes under applicable Federal or State law.

(b) Centerline of the highway means a line equidistant from the edges of the median separating the main-traveled ways of a divided Interstate Highway, or the centerline of the main-traveled way of a nondivided Interstate Highway.

(c) Controlled portion of the Interstate System means any portion which:

(1) Is constructed upon any part of right-of-way, the entire width of which is acquired for right-of-way subsequent to July 1, 1956 (a portion shall be deemed so constructed if, within such portion, no line normal or perpendicular to the centerline of the highway and extending to bot edges of the right-of-way will intersect any right-of-way acquired for right-of-way on or before July 1, 1956);

(2) Lies within a State, the highway department of which has entered into an agreement with the Secretary of Transportation as provided in the act; and

(3) Is not excluded under the terms of the act which provide that agreements entered into between the Secre-

rary of Transportation and the State highway department shall not apply to those segments of the Interstate System which traverse commercial or industrial zones within the boundaries of incorporated municipalities, as such boundaries existed on September 21, 1959, wherein the use of real property adjacent to the Interstate System is subject to municipal regulation or control, or which traverse other areas where the land use as of September 21, 1959, was clearly established by State law as industrial or commercial.

(d) Entrance roadway means any public road or turning roadway, including acceleration lanes, by which traffic may enter the main-traveled way of an Interstate Highway from the general road system within a State, irrespective of whether traffic may also leave the main-traveled way by such road or turning roadway.

(e) Erect means to construct, build, raise, assemble, place, affix, attach, create, paint, draw, or in any other way bring into being or establish.

(f) Exit roadway means any public road or turning roadway including deceleration lanes, by which traffic may leave the main-traveled way of an Interstate Highway to reach the general road system within a State, irrespective of whether traffic may also enter the main-traveled way by such road or turning roadway.

(g) Informational site means an area or site established and maintained within or adjacent to the right-of-way of a highway on the Interstate System by or under the supervision or control of a State highway department, wherein panels for the display of advertising and informational signs may be erected and maintained.

(h) Legible means capable of being read without visual aid by a person of normal visual acuity.

(i) Maintain means to allow to exist.

(j) Main-traveled way means the traveled way of an Interstate Highway on which through traffic is carried. In the case of a divided highway, the traveled way of each of the separated roadways for traffic in opposite directions is a main-traveled way. It does not include such facilities as frontage roads, turning roadways, or parking areas.

(k) Protected areas means all areas inside the boundaries of a State which are adjacent to and within 660 feet of the edge of the right-of-way of all controlled portions of the Interstate System within that State. Where a controlled portion of the Interstate System terminates at a State boundary which is not perpendicular or normal to the centerline of the highway, protected areas also means all areas inside the boundary of such State which are within 660 feet of the edge of the right-of-way of the Interstate Highway in the adjoining State.

(l) Scenic area means any public park or area of particular scenic beauty or historical significance designated by or pursuant to State law as a scenic area.

(m) Sign means any outdoor sign, display, device, figure, painting, drawing, message, placard, poster, billboard, or other thing which is designed, intended, or used to advertise or inform, any part of the advertising or informative contents of which is visible from any place on the main-traveled way of a controlled portion of the Interstate System.

(n) State means the District of Columbia and any State of the United States within the boundaries of which a portion of the Interstate System is located.

(o) State law means a State constitutional provision or statute, or an ordinance, rule, or regulation enacted or adopted by a State agency or political subdivision of a State pursuant to State constitution or statute.

(p) Trade name shall include brand name, trademark, distinctive symbol, or other similar device or thing used to identify particular products or services.

(q) Traveled way means the portion of a roadway for the movement of vehicles, exclusive of shoulders.

(r) Turning roadway means a connecting roadway for traffic turning between two intersection legs of an interchange.

(s) Visible means capable of being seen (whether or not legible) without visual aid by a person of normal visual acuity.

§ 750.103 Measurements of dist

(a) Distance from the r right-of-way shall be meas zontally along a line normal dicular to the centerline of way.

(b) All distances under (a)(2) and (b) shall be measu the centerline of the highwa two vertical planes which a or perpendicular to and inte centerline of the highway, a pass through the termini of ured distance.

[38 FR 16044, June 20, 1973, as a 41 FR 9321, Mar. 4, 1976]

§ 750.104 Signs that may not be in protected areas.

Erection or maintenance o lowing signs may not be per protected areas:

(a) Signs advertising activi are illegal under State or Fed or regulations in effect at the of such signs or at the locatio activities.

(b) Obsolete signs.

(c) Signs that are not clear good repair.

(d) Signs that are not secu fixed to a substantial structure

(e) Signs that are not co with the standards in this part.

§ 750.105 Signs that may be per protected areas.

(a) Erection or maintenance following signs may be perm protected areas:

Class 1—Official signs. Direct other official signs or notices ere maintained by public officers or pursuant to and in accordance wi tion or authorization contained in Federal law, for the purpose of carr an official duty or responsibility.

Class 2—On-premise signs. Signs hibited by State law which are co with the applicable provisions of tion and § 750.103 and which adver sale or lease of, or activities being co upon, the real property where the s located.

Not more than one such sign ad the sale or lease of the same prope be permitted under this class manner as to be visible to traffic pro in any one direction on any one In Highway.

§ 750.103 Measurements of distance.

(a) Distance from the edge of a right-of-way shall be measured horizontally along a line normal or perpendicular to the centerline of the highway.

(b) All distances under § 750.107 (a)(2) and (b) shall be measured along the centerline of the highway between two vertical planes which are normal or perpendicular to and intersect the centerline of the highway, and which pass through the termini of the measured distance.

[38 FR 16044, June 20, 1973, as amended at 41 FR 9321, Mar. 4, 1976]

§ 750.104 Signs that may not be permitted in protected areas.

Erection or maintenance of the following signs may not be permitted in protected areas:

(a) Signs advertising activities that are illegal under State or Federal laws or regulations in effect at the location of such signs or at the location of such activities.

(b) Obsolete signs.

(c) Signs that are not clean and in good repair.

(d) Signs that are not securely affixed to a substantial structure, and

(e) Signs that are not consistent with the standards in this part.

§ 750.105 Signs that may be permitted in protected areas.

(a) Erection or maintenance of the following signs may be permitted in protected areas:

Class 1—Official signs. Directional or other official signs or notices erected and maintained by public officers or agencies pursuant to and in accordance with direction or authorization contained in State or Federal law, for the purpose of carrying out an official duty or responsibility.

Class 2—On-premise signs. Signs not prohibited by State law which are consistent with the applicable provisions of this section and § 750.108 and which advertise the sale or lease of, or activities being conducted upon, the real property where the signs are located.

Not more than one such sign advertising the sale or lease of the same property may be permitted under this class in such manner as to be visible to traffic proceeding in any one direction on any one Interstate Highway.

Not more than one such sign, visible to traffic proceeding in any one direction on any one Interstate Highway and advertising activities being conducted upon the real property where the sign is located, may be permitted under this class more than 50 feet from the advertised activity.

Class 3—Signs within 12 miles of advertised activities. Signs not prohibited by State law which are consistent with the applicable provisions of this section and §§ 750.108, 750.107, and 750.108 and which advertise activities being conducted within 12 air miles of such signs.

Class 4—Signs in the specific interest of the traveling public. Signs authorized to be erected or maintained by State law which are consistent with the applicable provisions of this section and §§ 750.108, 750.107, and 750.108 and which are designed to give information in the specific interest of the traveling public.

(b) A Class 2 or 3 sign, except a Class 2 sign not more than 50 feet from the advertised activity, that displays any trade name which refers to or identifies any service rendered or product sold, used, or otherwise handled more than 12 air miles from such sign may not be permitted unless the name of the advertised activity which is within 12 air miles of such sign is displayed as conspicuously as such trade name.

(c) Only information about public places operated by Federal, State, or local governments, natural phenomena, historic sites, areas of natural scenic beauty or naturally suited for outdoor recreation and places for camping, lodging, eating, and vehicle service and repair is deemed to be in the specific interest of the traveling public. For the purposes of the standards in this part, a trade name is deemed to be information in the specific interest of the traveling public only if it identifies or characterizes such a place or identifies vehicle service, equipment, parts, accessories, fuels, oils, or lubricants being offered for sale at such a place. Signs displaying any other trade name may not be permitted under Class 4.

(d) Notwithstanding the provisions of paragraph (b) of this section, Class 2 or Class 3 signs which also qualify as Class 4 signs may display trade names in accordance with the provisions of paragraph (c) of this section.

§ 750.105 Class 3 and 4 signs within informational sites.

(a) Informational sites for the erection and maintenance of Class 3 and 4 advertising and informational signs may be established in accordance with § 1.35 of this chapter. The location and frequency of such sites shall be as determined by agreements between the Secretary of Transportation and the State highway departments.

(b) Class 3 and 4 signs may be permitted within such informational sites in protected areas in a manner consistent with the following provisions:

(1) No sign may be permitted which is not placed upon a panel.

(2) No panel may be permitted to exceed 13 feet in height or 25 feet in length, including border and trim, but excluding supports.

(3) No sign may be permitted to exceed 12 square feet in area, and nothing on such sign may be permitted to be legible from any place on the main-traveled way or a turning roadway.

(4) Not more than one sign concerning a single activity or place may be permitted within any one informational site.

(5) Signs concerning a single activity or place may be permitted within more than one informational site, but no Class 3 sign which does not also qualify as a Class 4 sign may be permitted within any informational site more than 12 air miles from the advertised activity.

(6) No sign may be permitted which moves or has any animated or moving parts.

(7) Illumination of panels by other than white lights may not be permitted, and no sign placed on any panel may be permitted to contain, include, or be illuminated by any other lights, or any flashing, intermittent, or moving lights.

(8) No lighting may be permitted to be used in any way in connection with any panel unless it is so effectively shielded as to prevent beams or rays of light from being directed at any portion of the main-traveled way of the Interstate System, or is of such low intensity or brilliance as not to cause glare or to impair the vision of the driver of any motor vehicle, or to otherwise interfere with any driver's operation of a motor vehicle.

[23 FR 8793, Nov. 13, 1958, as amended at 35 FR 18719, Dec. 10, 1970; 41 FR 9321, Mar. 4, 1976]

§ 750.107 Class 3 and 4 signs outside informational sites.

(a) The erection or maintenance of the following signs may be permitted within protected areas, outside informational sites:

(1) Class 3 signs which are visible only to Interstate highway traffic not served by an informational site within 12 air miles of the advertised activity;

(2) Class 4 signs which are more than 12 miles from the nearest panel within an informational site serving Interstate highway traffic to which such signs are visible.

(3) Signs that qualify both as Class 3 and 4 signs may be permitted in accordance with either paragraph (a)(1) or (2) of this section.

(b) The erection or maintenance of signs permitted under paragraph (a) of this section may not be permitted in any manner inconsistent with the following:

(1) In protected areas in advance of an intersection of the main-traveled way of an Interstate highway and an exit roadway, such signs visible to Interstate highway traffic approaching such intersection may not be permitted to exceed the following number:

Distance from intersection	Number of signs
0-2 miles	0.
2-5 miles	6.
More than 5 miles	Average of one sign per mile.

The specified distances shall be measured to the nearest point of the intersection of the traveled way of the exit roadway and the main-traveled way of the Interstate highway.

(2) Subject to the other provisions of this paragraph, not more than two such signs may be permitted within any mile distance measured from any point, and no such signs may be permitted to be less than 1,000 feet apart.

(3) Such signs may not b in protected areas adjac Interstate highway right-o any part of the width of w structed an entrance or ex

(4) Such signs visible to highway traffic which is a or has passed an entranc may not be permitted in areas for 1,000 feet beyor thest point of the intersecti the traveled way of such roadway and the main-trav the Interstate highway.

(5) No such signs may be in scenic areas.

(6) Not more than one su vertising activities being co a single enterprise or givin tion about a single place m mitted to be erected or mai such manner as to be visibl moving in any one directi one Interstate highway.

(c) No Class 3 or 4 signs those permitted by this secti permitted to be erected or n within protected areas, out mational sites.

§ 750.108 General provisions.

No Class 3 or 4 signs may ted to be erected or maintai ant to § 750.107, and no Cl may be permitted to be e maintained, in any manner ent with the following:

(a) No sign may be permitt attempts or appears to at direct the movement of t which interferes with, imita sembles any official traffic si or device.

(b) No sign may be permitt prevents the driver of a veh having a clear and unobstru of official signs and approa merging traffic.

(c) No sign may be permitt contains, includes, or is illum any flashing, intermittent o light or lights.

(d) No lighting may be per be used in any way in connec any sign unless it is so e shielded as to prevent beams c light from being directed at tion of the main-traveled wa Interstate System, or is of suc

(3) Such signs may not be permitted in protected areas adjacent to any Interstate highway right-of-way upon any part of the width of which is constructed an entrance or exit roadway.

(4) Such signs visible to Interstate highway traffic which is approaching or has passed an entrance roadway may not be permitted in protected areas for 1,000 feet beyond the furthest point of the intersection between the traveled way of such entrance roadway and the main-traveled way of the Interstate highway.

(5) No such signs may be permitted in scenic areas.

(6) Not more than one such sign advertising activities being conducted as a single enterprise or giving information about a single place may be permitted to be erected or maintained in such manner as to be visible to traffic moving in any one direction on any one Interstate highway.

(c) No Class 3 or 4 signs other than those permitted by this section may be permitted to be erected or maintained within protected areas, outside informational sites.

§ 750.103 General provisions.

No Class 3 or 4 signs may be permitted to be erected or maintained pursuant to § 750.107, and no Class 2 sign may be permitted to be erected or maintained, in any manner inconsistent with the following:

(a) No sign may be permitted which attempts or appears to attempt to direct the movement of traffic or which interferes with, imitates or resembles any official traffic sign, signal or device.

(b) No sign may be permitted which prevents the driver of a vehicle from having a clear and unobstructed view of official signs and approaching or merging traffic.

(c) No sign may be permitted which contains, includes, or is illuminated by any flashing, intermittent or moving light or lights.

(d) No lighting may be permitted to be used in any way in connection with any sign unless it is so effectively shielded as to prevent beams or rays of light from being directed at any portion of the main-traveled way of the Interstate System, or is of such low intensity or brilliance as not to cause glare or to impair the vision of the driver of any motor vehicle, or to otherwise interfere with any driver's operation of a motor vehicle.

(e) No sign may be permitted which moves or has any animated or moving parts.

(f) No sign may be permitted to be erected or maintained upon trees or painted or drawn upon rocks or other natural features.

(g) No sign may be permitted to exceed 20 feet in length, width or height, or 150 square feet in area, including border and trim but excluding supports, except Class 2 signs not more than 50 feet from, and advertising activities being conducted upon, the real property where the sign is located.

§ 750.109 Exclusions.

The standards in this part shall not apply to markers, signs and plaques in appreciation of sites of historical significance for the erection of which provisions are made in an agreement between a State and the Secretary of Transportation, as provided in the Act, unless such agreement expressly makes all or any part of the standards applicable.

§ 750.110 State regulations.

A State may elect to prohibit signs permissible under the standards in this part without forfeiting its rights to any benefits provided for in the act.

Subpart B—National Standards for Directional and Official Signs

AUTHORITY: 23 U.S.C. 131, 315, 49 U.S.C. 1651; 49 CFR 1.48(b).

§ 750.151 Purpose.

(a) In section 131 of title 23, United States Code, Congress has declared that:

(1) The erection and maintenance of outdoor advertising signs, displays, and devices in areas adjacent to the Interstate System and the primary system should be controlled in order to protect the public investment in such highways, to promote safety and

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recreational value of public travel, and to preserve natural beauty.

(2) Directional and official signs and notices, which signs and notices shall include, but not be limited to, signs and notices pertaining to natural wonders, scenic and historical attractions, which are required or authorized by law, shall conform to national standards authorized to be promulgated by the Secretary, which standards shall contain provisions concerning the lighting, size, number and spacing of signs, and such other requirements as may be appropriate to implement the section.

(b) The standards in this part are issued as provided in Section 131 of title 23, United States Code.

[38 FR 16044, June 30, 1973, as amended at 40 FR 21934, May 20, 1975]

§ 750.152 Application.

The following standards apply to directional and official signs and notices located within six hundred and sixty (660) feet of the right-of-way of the Interstate and Federal-aid primary systems and to those located beyond six hundred and sixty (660) feet of the right-of-way of such systems, outside of urban areas, visible from the main traveled way of such systems and erected with the purpose of their message being read from such main traveled way. These standards do not apply to directional and official signs erected on the highway right-of-way.

[40 FR 21934, May 20, 1975]

§ 750.153 Definitions.

For the purpose of this part:

(a) Sign means an outdoor sign, light, display, device, figure, painting, drawing, message, placard, poster, billboard, or other thing which is designed, intended, or used to advertise or inform, any part of the advertising or informative contents of which is visible from any place on the main traveled way of the Interstate or Federal-aid primary highway.

(b) Main traveled way means the through traffic lanes of the highway, exclusive of frontage roads, auxiliary lanes, and ramps.

(c) Interstate System means the National System of Interstate and Defence Highways described in Section 103(d) of title 23, United States Code.

(d) Primary system means the Federal-aid highway system described in Section 103(b) of title 23, United States Code.

(e) Erect means to construct, build, raise, assemble, place, affix, attach, create, paint, draw, or in any other way bring into being or establish.

(f) Maintain means to allow to exist.

(g) Scenic area means any area of particular scenic beauty or historical significance as determined by the Federal, State, or local officials having jurisdiction thereof, and includes interests in land which have been acquired for the restoration, preservation, and enhancement of scenic beauty.

(h) Parkland means any publicly owned land which is designated or used as a public park, recreation area, wildlife or waterfowl refuge or historic site.

(i) Federal or State law means a Federal or State constitutional provision or statute, or an ordinance, rule, or regulation enacted or adopted by a State or Federal agency or a political subdivision of a State pursuant to a Federal or State constitution or statute.

(j) Visible means capable of being seen (whether or not legible) without visual aid by a person of normal visual acuity.

(k) Freeway means a divided arterial highway for through traffic with full control of access.

(l) Rest area means an area or site established and maintained within or adjacent to the highway right-of-way by or under public supervision or control for the convenience of the traveling public.

(m) Directional and official signs and notices includes only official signs and notices, public utility signs, service club and religious notices, public service signs, and directional signs.

(n) Official signs and notices means signs and notices erected and maintained by public officers or public agencies within their territorial or zoning jurisdiction and pursuant to and in accordance with direction or authorization contained in Federal, State, or local law for the purposes of carrying out an official duty or re-

sponsibility. Historical m
thorized by State law and
State or local government
nonprofit historical societi
considered official signs.

(o) Public utility signs m
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or markers which are c
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privately owned public utili
sential to their operations.

(p) Service club and religio
means signs and notices, w
tion is authorized by law,
meetings of nonprofit servic
charitable associations, or
services, which signs do not
square feet in area.

(q) Public service signs m
located on school bus stop
which signs:

(1) Identify the donor, sp
contributor of said shelters;

(2) Contain public service
which shall occupy not less
percent of the area of the sig

(3) Contain no other messag

(4) Are located on schoolbu
which are authorized or app
city, county, or State law, re
or ordinance, and at places
by the city, county, or Stat
controlling the highway invol

(5) May not exceed 32 squar
area. Not more than one sign
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(r) Directional signs mea
containing directional inf
about public places owned or
by Federal, State, or local
ments or their agencies; pub
privately owned natural phe
historic, cultural, scientific, ed
al, and religious sites; and area
ural scenic beauty or naturall
for outdoor recreation, deeme
in the interest of the travelin

(s) State means any one of
States, the District of Colun
Puerto Rico.

(t) Urban area means an ur
area or, in the case of an ur
area encompassing more th
State, that part of the urbaniz
in each such State, or an urba
as designated by the Bureau
Census having a population
thousand or more and not wit
urbanized area, within bound

sponsibility. Historical markers authorized by State law and erected by State or local government agencies or nonprofit historical societies may be considered official signs.

(o) Public utility signs means warning signs, informational signs, notices, or markers which are customarily erected and maintained by publicly or privately owned public utilities, as essential to their operations.

(p) Service club and religious notices means signs and notices, whose erection is authorized by law, relating to meetings of nonprofit service clubs or charitable associations, or religious services, which signs do not exceed 8 square feet in area.

(q) Public service signs means signs located on school bus stop shelters, which signs:

(1) Identify the donor, sponsor, or contributor of said shelters;

(2) Contain public service messages, which shall occupy not less than 50 percent of the area of the sign;

(3) Contain no other message;

(4) Are located on schoolbus shelters which are authorized or approved by city, county, or State law, regulation, or ordinance, and at places approved by the city, county, or State agency controlling the highway involved; and

(5) May not exceed 32 square feet in area. Not more than one sign on each shelter shall face in any one direction.

(r) Directional signs means signs containing directional information about public places owned or operated by Federal, State, or local governments or their agencies; publicly or privately owned natural phenomena, historic, cultural, scientific, educational, and religious sites; and areas of natural scenic beauty or naturally suited for outdoor recreation, deemed to be in the interest of the traveling public.

(s) State means any one of the 50 States, the District of Columbia, or Puerto Rico.

(t) Urban area means an urbanized area or, in the case of an urbanized area encompassing more than one State, that part of the urbanized areas in each such State, or an urban place as designated by the Bureau of the Census having a population of five thousand or more and not within any urbanized area, within boundaries to be fixed by responsible State and local officials in cooperation with each other, subject to approval by the Secretary. Such boundaries shall, as a minimum, encompass the entire urban place designated by the Bureau of the Census.

[38 FR 16044, June 30, 1973, as amended at 40 FR 21934, May 20, 1975]

§ 750.154 Standards for directional signs.

The following apply only to directional signs:

(a) *General.* The following signs are prohibited:

(1) Signs advertising activities that are illegal under Federal or State laws or regulations in effect at the location of those signs or at the location of those activities.

(2) Signs located in such a manner as to obscure or otherwise interfere with the effectiveness of an official traffic sign, signal, or device, or obstruct or interfere with the driver's view of approaching, merging, or intersecting traffic.

(3) Signs which are erected or maintained upon trees or painted or drawn upon rocks or other natural features.

(4) Obsolete signs.

(5) Signs which are structurally unsafe or in disrepair.

(6) Signs which move or have any animated or moving parts.

(7) Signs located in rest areas, parklands or scenic areas.

(b) *Size.* (1) No sign shall exceed the following limits:

(i) Maximum area—150 square feet.

(ii) Maximum height—20 feet.

(iii) Maximum length—20 feet.

(2) All dimensions include border and trim, but exclude supports.

(c) *Lighting.* Signs may be illuminated, subject to the following:

(1) Signs which contain, include, or are illuminated by any flashing, intermittent, or moving light or lights are prohibited.

(2) Signs which are not effectively shielded so as to prevent beams or rays of light from being directed at any portion of the traveled way of an Interstate or primary highway or which are of such intensity or brilliance as to cause glare or to impair the vision of the driver of any motor

vehicle, or which otherwise interfere with any driver's operation of a motor vehicle are prohibited.

(3) No sign may be so illuminated as to interfere with the effectiveness of or obscure an official traffic sign, device, or signal.

(d) *Spacing.* (1) Each location of a directional sign must be approved by the State highway department.

(2) No directional sign may be located within 2,000 feet of an interchange, or intersection at grade along the Interstate System or other freeways (measured along the Interstate or freeway from the nearest point of the beginning or ending of pavement widening at the exit from or entrance to the main traveled way).

(3) No directional sign may be located within 2,000 feet of a rest area, parkland, or scenic area.

(4)(i) No two directional signs facing the same direction of travel shall be spaced less than 1 mile apart;

(ii) Not more than three directional signs pertaining to the same activity and facing the same direction of travel may be erected along a single route approaching the activity;

(iii) Signs located adjacent to the Interstate System shall be within 75 air miles of the activity; and

(iv) Signs located adjacent to the primary system shall be within 50 air miles of the activity.

(e) *Message content.* The message on directional signs shall be limited to the identification of the attraction or activity and directional information useful to the traveler in locating the attraction, such as mileage, route numbers, or exit numbers. Descriptive words or phrases, and pictorial or photographic representations of the activity or its environs are prohibited.

(f) *Selection method and criteria.* (1) Privately owned activities or attractions eligible for directional signing are limited to the following: natural phenomena; scenic attractions; historic, educational, cultural, scientific, and religious sites; and outdoor recreational areas.

(2) To be eligible, privately owned attractions or activities must be nationally or regionally known, and of outstanding interest to the traveling public.

(3) Each State shall develop specific selection methods and criteria to be used in determining whether or not an activity qualifies for this type of signing. A statement as to selection methods and criteria shall be furnished to the Secretary of Transportation before the State permits the erection of any such signs under section 131(c) of title 23, United States Code, and this part.

§ 750.155 State standards.

This part does not prohibit a State from establishing and maintaining standards which are more restrictive with respect to directional and official signs and notices along the Federal-aid highway systems than these national standards.

[33 FR 18044, June 20, 1973, as amended at 40 FR 21934, May 20, 1975]

Subpart C—[Reserved]

Subpart D—Outdoor Advertising (Acquisition of Rights of Sign and Sign Site Owners)

AUTHORITY: 23 U.S.C. 131 and 315; 23 CFR 1.32 and 1.48(b).

SOURCE: 39 FR 27438, July 29, 1974, unless otherwise noted.

§ 750.301 Purpose.

To prescribe the Federal Highway Administration (FHWA) policies relating to Federal participation in the costs of acquiring the property interests necessary for removal of nonconforming advertising signs, displays and devices on the Federal-aid Primary and Interstate Systems, including toll sections on such systems, regardless of whether Federal funds participated in the construction thereof. This regulation should not be construed to authorize any additional rights in eminent domain not already existing under State law or under 23 U.S.C. 131(g).

§ 750.302 Policy.

(a) Just compensation shall be paid for the rights and interests of the sign and site owner in those outdoor advertising signs, displays, or devices which are lawfully existing under St in conformance with the term U.S.C. 131.

(b)(1) Federal reimbursement made on the basis of 75 percen acquisition, removal and in costs legally incurred or oblig the State.

(2) Federal funds will partic 100 percent of the costs of rem those signs which were remove to January 4, 1975, by relocati suant to the provisions of 2 § 750.305(a)(2), and which are r to be removed as a result amendments made to 23 U.S.C. the Federal-Aid Highway ments of 1974, P.L. 93-643, sect January 4, 1975. Such signs mu been relocated to a legal sit have been legally maintained sl relocation, and must not hav substantially changed, as defi the State maintenance sta issued pursuant to 23 § 750.707(b).

(c) Title III of the Uniform tion Assistance and Real Prope quisition Policies Act of 19 U.S.C. 4651, et seq.) applies where complete conformity defeat the purposes set forth U.S.C. 4651, would impede the tious implementation the s moval program or woul increa ministrative costs out of propor the cost of the interests be quired or extinguished.

(d) Projects for the removal door advertising signs includin ship acquisitions should be pro and authorized in accordanc normal program procedures fo of-way projects.

[39 FR 27438, July 29, 1974; 39 FR Aug. 22, 1974, as amended at 41 FR July 27, 1976]

§ 750.303 Definitions.

(a) *Sign.* An outdoor sign, lig play, device, figure, painting, d message, placard, poster, billbo other thing which is designed, ed of the advertising or infor contents of which is visible fr place on the main-traveled way Interstate or Primary Systems, er the same be permanent or p installation.

are lawfully existing under State law, in conformance with the terms of 23 U.S.C. 131.

(b)(1) Federal reimbursement will be made on the basis of 75 percent of the acquisition, removal and incidental costs legally incurred or obligated by the State.

(2) Federal funds will participate in 100 percent of the costs of removal of those signs which were removed prior to January 4, 1975, by relocation, pursuant to the provisions of 23 CFR § 750.305(a)(2), and which are required to be removed as a result of the amendments made to 23 U.S.C. 131 by the Federal-Aid Highway Amendments of 1974, P.L. 93-643, section 109, January 4, 1975. Such signs must have been relocated to a legal site, must have been legally maintained since the relocation, and must not have been substantially changed, as defined by the State maintenance standards, issued pursuant to 23 CFR § 750.707(b).

(c) Title III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4651, et seq.) applies except where complete conformity would defeat the purposes set forth in 42 U.S.C. 4651, would impede the expeditious implementation of the sign removal program or would increase administrative costs out of proportion to the cost of the interests being acquired or extinguished.

(d) Projects for the removal of outdoor advertising signs including hardship acquisitions should be programed and authorized in accordance with normal program procedures for right-of-way projects.

[39 FR 27438, July 29, 1974; 39 FR 30349, Aug. 22, 1974, as amended at 41 FR 31193, July 27, 1976]

§ 750.303 Definitions.

(a) *Sign.* An outdoor sign, light, display, device, figure, painting, drawing, message, placard, poster, billboard or other thing which is designed, intended of the advertising or informative contents of which is visible from any place on the main-traveled way of the Interstate or Primary Systems, whether the same be permanent or portable installation.

(b) *Lease (license, permit, agreement, contract or easement).* An agreement, oral or in writing, by which possession or use of land or interests therein is given by the owner or other person to another person for a specified purpose.

(c) *Leasehold value.* The leasehold value is the present worth of the difference between the contractual rent and the current market rent at the time of the appraisal.

(d) *Illegal sign.* One which was erected and/or maintained in violation of State law.

(e) *Nonconforming sign.* One which was lawfully erected, but which does not comply with the provisions of State law or State regulations passed at a later date or which later fails to comply with State law or State regulations due to changed conditions. Illegally erected or maintained signs are not nonconforming signs.

(f) *1966 inventory.* The record of the survey of advertising signs and junkyards compiled by the State highway department.

(g) *Abandoned sign.* One in which no one has an interest, or as defined by State law.

§ 750.304 State policies and procedures.

The State's written policies and operating procedures for implementing its sign removal program under State law and complying with 23 U.S.C. 131 and its proposed time schedule for sign removal and procedure for reporting its accomplishments shall be submitted to the FHWA for approval within 90 days of the date of this regulation. This statement should be supported by the State's regulations implementing its program. Revisions to the State's policies and procedures shall be submitted to the FHWA for approval. The statement should contain provisions for the review of its policies and procedure to meet changing conditions, adoption of improved procedures, and for internal review to assure compliance. The statement shall include as a minimum the following:

(a) *Project priorities.* The following order of priorities is recommended.

(1) Illegal and abandoned signs.

(2) Hardship situations.
(3) Nominal value signs.
(4) Signs in areas which have been designated as scenic under authority of State law.
(5) Product advertising on:
(i) Rural interstate highway.
(ii) Rural primary highway.
(iii) Urban areas.
(6) Nontourist-oriented directional advertising.
(7) Tourist-oriented directional advertising.

(b) *Programing.* (1) A sign removal project may consist of any group of proposed sign removals. The signs may be those belonging to one company or those located along a single route, all of the signs in a single county or other locality, hardship situations, individually or grouped, such as those involving vandalized signs, or all of a sign owner's signs in a given State or area, or any similar grouping.

(2) A project for sign removal on other than a Federal-aid primary route basis e.g., a countywide project or a project involving only signs owned by one company, should be identified as CAP-000B( ), continuing the numbering sequence which began with the sign inventory project in 1963.

(3) Where it would not interfere with the State's operations, the State should program sign removal projects to minimize disruption of business.

(c) *Valuation and review methods—*(1) *Schedules—formulas.* Schedules, formulas or other methods to simplify valuation of signs and sites are recommended for the purpose of minimizing administrative and legal expenses necessarily involved in determining just compensation by individual appraisals and litigation. They do not purport to be a basis for the determination of just compensation under eminent domain.

(2) *Appraisals.* Where appropriate, the State may use its approved appraisal report forms including those for abbreviated or short form appraisals. Where a sign or site owner does not accept the amount computed under an approved schedule, formula, or other simplified method, an appraisal shall be utilized.

(3) *Leaseholds.* When outdoor advertising signs and sign sites involve a leasehold value, the State's procedures should provide for determining value in the same manner as any other real estate leasehold that has value to the lessee.

(4) *Severance dan..ges.* The State has the responsibility of justifying the recognition of severance damages pursuant to 23 CFR 710.304(h), and the law of the State before Federal participation will be allowed. Generally, Federal participation will not be allowed in the payment of severance damages to remaining signs, or other property of a sign company alleged to be due to the taking of certain of the company's signs. Unity of use of the separate properties, as required by applicable principles of eminent domain law, must be shown to exist before participation in severance damages will be allowed. Moreover, the value of the remaining signs or other real property must be diminished by virtue of the taking of such signs. Payments for severance damages to economic plants or loss of business profits are not compensable. Severance damage cases must be submitted to the FHWA for prior concurrence, together with complete legal and appraisal justification for payment of these damages. To assist the FHWA in its evaluation, the following data will accompany any submission regarding severance:

(i) One copy of each appraisal in which this was analyzed. One copy of the State's review appraiser analysis and determination of market value.

(ii) A plan or map showing the location of each sign.

(iii) An opinion by the State highway department's chief legal officer that severance is appropriate in accordance with State law together with a legal opinion that, in the instant case, the damages constitute severance as opposed to consequential damage as a matter of law. The opinion shall include a determination, and the basis therefor, that the specific taking of some of an outdoor advertiser's signs constitutes a distinct economic unit, and that unity of use of the separate properties in conformity with applicable principles of eminent domain law had been satisfactorily established. A legal memorandum must be furnished citing and discussing cases and other authorities supporting the S sition.

(5) *Review of value estimat* timates of value shall be revi person other than the one v the estimate. Appraisal rep be reviewed and approved pr tiation of negotiations. All o mates shall be reviewed be agreement becomes final.

(d) *Nominal value plan.* plan may provide for the costs of eligible nominal va and for payments up to $250 nonconforming sign, and up for each nonconforming sign

(2) The State's procedures vide for negotiations for sign sign removals to be accomp multaneously without prior r

(3) Releases or agreements by the sign and/or site own include the identification of statement of ownership, pri paid, interest acquired, and rights.

(4) It is not expected tha value will be a consideration acquisitions; however, the St cedures may provide that the be turned over to the sign ov owner, contractor, or individ or a part of the consideratic removal, without any project

(5) Programing and authc will be in accord with § 750.3C regulation. A detailed esti value of each individual sig necessary. The project may gramed and authorized as one

(e) *Sign removal.* The State dural statement should inclu sion for:

(1) Owner retention.
(2) Salvage value.
(3) State removal.

[39 FR 27436, July 29, 1974; 42 June 17, 1977, as amended at 50 Aug. 23, 1985]

§ 750.305 Federal participation.

(a) Federal funds may parti

(1) Payments made to a sig for his right, title and inte sign, and where applicable, l hold value in a sign site, and owner for his right and inte site, which is his right to e

authorities supporting the State's position.

(5) *Review of value estimates.* All estimates of value shall be reviewed by a person other than the one who made the estimate. Appraisal reports shall be reviewed and approved prior to initiation of negotiations. All other estimates shall be reviewed before the agreement becomes final.

(d) *Nominal value plan.* (1) This plan may provide for the removal costs of eligible nominal value signs and for payments up to $250 for each nonconforming sign, and up to $100 for each nonconforming sign site.

(2) The State's procedures may provide for negotiations for sign sites and sign removals to be accomplished simultaneously without prior review.

(3) Releases or agreements executed by the sign and/or site owner should include the identification of the sign, statement of ownership, price to be paid, interest acquired, and removal rights.

(4) It is not expected that salvage value will be a consideration in most acquisitions; however, the State's procedures may provide that the sign may be turned over to the sign owner, site owner, contractor, or individual as all or a part of the consideration for its removal, without any project credits.

(5) Programing and authorizations will be in accord with § 750.308 of this regulation. A detailed estimate of value of each individual sign is not necessary. The project may be programmed and authorized as one project.

(e) *Sign removal.* The State's procedural statement should include provision for:

(1) Owner retention.

(2) Salvage value.

(3) State removal.

[39 FR 27435, July 29, 1974; 42 FR 30835, June 17, 1977, as amended at 50 FR 34093, Aug. 23, 1985]

§ 750.305 Federal participation.

(a) Federal funds may participate in:

(1) Payments made to a sign owner for his right, title and interest in a sign, and where applicable his leasehold value in a sign site, and to a site owner for his right and interest in a site, which is his right to erect and maintain the existing nonconforming sign on such site.

(2) The cost of relocating a sign to the extent of the cost to acquire the sign, less salvage value if any.

(3) A duplicate payment for the site owner's interest of $2,500 or less because of a bona fide error in ownership, provided the State has followed its title search procedures as set forth in its policy and procedure submission.

(4) The cost of removal of signs, partially completed sign structures, supporting poles, abandoned signs and those which are illegal under State law within the controlled areas, provided such costs are incurred in accordance with State law. Removal may be by State personnel on a force account basis or by contract. Documentation for Federal participation in such removal projects should be in accord with the State's normal force account and contractual reimbursement procedures. The State should maintain a record of the number of signs removed. These data should be retained in project records and reported on the periodic report required under § 750.308 of this regulation.

(5) Signs materially damaged by vandals. Federal funds shall be limited to the Federal pro-rata share of the fair market value of the sign immediately before the vandalism occurred minus the estimated cost of repairing and reerecting the sign. If the State chooses, it may use its FHWA approved nominal value plan procedure to acquire these signs.

(6) The cost of acquiring and removing completed sign structures which have been blank or painted out beyond the period of time established by the State for normal maintenance and change of message, provided the sign owner can establish that his nonconforming use was not abandoned or discontinued, and provided such costs are incurred in accordance with State law, or regulation. The evidence considered by the State as acceptable for establishing or showing that the nonconforming use has not been abandoned or voluntarily discontinued shall be set forth in the State's policy and procedures.

(7) In the event a sign was omitted in the 1968 inventory, and the State

supports a determination that the sign was in existence prior to October 22, 1965, the costs are eligible for Federal participation.

(b) Federal funds may not participate in:

(1) Cost of title certificates, title insurance, title opinion or similar evidence or proof of title in connection with the acquisition of a landowner's right to erect and maintain a sign or signs when the amount of payment to the landowner for his interest is $2,500 or less, unless required by State law. However, Federal funds may participate in the costs of securing some lesser evidence or proof of title such as searches and investigations by State highway department personnel to the extent necessary to determine ownership, affidavit of ownership by the owner, bill of sale, etc. The State's procedure for determining evidence of title should be set forth in the State's policy and procedure submission.

(2) Payments to a sign owner where the sign was erected without permission of the property owner unless the sign owner can establish his legal right to erect and maintain the sign. However, such signs may be removed by State personnel on a force account basis or by contract with Federal participation except where the sign owner reimburses the State for removal.

(3) Acquisition costs paid for abandoned or illegal signs, potential sign sites, or signs which were built during a period of time which makes them ineligible for compensation under 23 U.S.C. 131, or for rights in sites on which signs have been abandoned or illegally erected by a sign owner.

(4) The acquisition cost of supporting poles or partially completed sign structures in nonconforming areas which do not have advertising or informative content thereon unless the owner can show to the State's satisfacti he has not abandoned the structure. When the State has determined the sign structure has not been abandoned, Federal funds will participate in the acquisition of the structure, provided the cost are incurred in accordance with State law.

§ 750.306 Documentation for Federal participation.

The following information concerning each sign must be available in the State's files to be eligible for Federal participation.

(a) *Payment to sign owner.* (1) A photograph of the sign in place. Exceptions may be made in cases where in one transaction the State has acquired a number of a company's nominal value signs similar in size, condition and shape. In such cases, only a sample of representative photographs need be provided to document the type and condition of the signs.

(2) Evidence showing the sign was nonconforming as of the date of taking.

(3) Value documentation and proof of obligation of funds.

(4) Satisfactory indication of ownership of the sign and compensable interest therein (e.g., lease or other agreement with the property owner, or an affidavit, certification, or other such evidence of ownership).

(5) Evidence that the sign falls within one of the three categories shown in § 750.302 of this regulation. The specific category should be identified.

(6) Evidence that the right, title, or interest pertaining to the sign has passed to the State, or that the sign has been removed.

(b) *Payment to the site owner.* (1) Evidence that an agreement has been reached between the State and owner.

(2) Value documentation and proof of obligation of funds.

(3) Satisfactory indication of ownership or compensable interest.

(c) In those cases where Federal funds participate in 100 percent of the cost of removal, the State file shall contain the records of the relocation made prior to January 4, 1975.

[39 FR 27436, July 29, 1974, as amended at 41 FR 31193, July 27, 1976]

§ 750.307 FHWA project approva

Authorization to proceed with acquisitions on a sign removal project shall not be issued until such time as the State has submitted to FHWA the following:

(a) A general description of t. ect.

(b) The total number of sig acquired.

(c) The total estimated cost sign removal project, inclu breakdown of incidental, acq and removal costs.

§ 750.308 Reports.

Periodic reports on site acqu and actual sign removals shall mitted on FHWA Form 1424 prescribed.[1]

[39 FR 27436, July 29, 1974, as ame 41 FR 9321, Mar. 4, 1976]

Subpart E—Signs Exempt Fr Removal in Defined Area

AUTHORITY: 23 U.S.C. 131 and 315, 1.48, 23 CFR 1.32.

SOURCE: 41 FR 45827, Oct. 18, 1976 otherwise noted.

§ 750.501 Purpose.

This subpart sets forth the dures pursuant to which a Stat if it desires, seek an exemption the acquisition requirements U.S.C. 131 for signs giving direc information about goods and se in the interest of the traveling in defined areas which would substantial economic hardship i signs were removed. This exem may be granted pursuant to the sions of 23 U.S.C. 131(o).

§ 750.502 Applicability.

The provisions of this subpart to signs adjacent to the Interstat primary systems which are requi be controlled under 23 U.S.C. 131.

§ 750.503 Exemptions.

(a) The Federal Highway Adr tration (FHWA) may approve a S request to exempt certain no forming signs, displays, and d (hereinafter called signs) within fined area from being acquired u the provisions of 23 U.S.C. 131 u showing that removal would re substantial economic har

[1] Forms are available at FHWA Di Offices located in each State.

(a) A general description of the project.

(b) The total number of signs to be acquired.

(c) The total estimated cost of the sign removal project, including a breakdown of incidental, acquisition and removal costs.

§ 750.108 Reports.

Periodic reports on site acquisitions and actual sign removals shall be submitted on FHWA Form 1425 and as prescribed.[1]

[39 FR 27438, July 29, 1974, as amended at 41 FR 9321, Mar. 4, 1976]

Subpart E—Signs Exempt From Removal in Defined Areas

AUTHORITY: 23 U.S.C. 131 and 315, 49 CFR 1.48, 23 CFR 1.32.

SOURCE: 41 FR 45827, Oct. 18, 1976, unless otherwise noted.

§ 750.501 Purpose.

This subpart sets forth the procedures pursuant to which a State may, if it desires, seek an exemption from the acquisition requirements of 23 U.S.C. 131 for signs giving directional information about goods and services in the interest of the traveling public in defined areas which would suffer substantial economic hardship if such signs were removed. This exemption may be granted pursuant to the provisions of 23 U.S.C. 131(o).

§ 750.502 Applicability.

The provisions of this subpart apply to signs adjacent to the Interstate and primary systems which are required to be controlled under 23 U.S.C. 131.

§ 750.503 Exemptions.

(a) The Federal Highway Administration (FHWA) may approve a State's request to exempt certain nonconforming signs, displays, and devices (hereinafter called signs) within a defined area from being acquired under the provisions of 23 U.S.C. 131 upon a showing that removal would work a substantial economic hardship throughout that area. A defined area is an area with clearly established geographical boundaries defined by the State which the State can evaluate as an economic entity. Neither the States nor FHWA shall rely on individual claims of economic hardship. Exempted signs must:

(1) Have been lawfully erected prior to May 5, 1976, and must continue to be lawfully maintained.

(2) Continue to provide the directional information to goods and services offered at the same enterprise in the defined area in the interest of the traveling public that was provided on May 5, 1976. Repair and maintenance of these signs shall conform with the State's approved maintenance standards as required by Subpart G of this part.

(b) To obtain the exemption permitted by 23 U.S.C. 131(o), the State shall establish:

(1) Its requirements for the directional content of signs to qualify the signs as directional signs to goods and services in the defined area.

(2) A method of economic analysis clearly showing that the removal of signs would work a substantial economic hardship throughout the defined area.

(c) In support of its request for exemption, the State shall submit to the FHWA:

(1) Its requirements and method (see § 750.503(b)).

(2) The limits of the defined area(s) requested for exemption, a listing of signs to be exempted, their location, and the name of the enterprise advertised on May 5, 1976.

(3) The application of the requirements and method to the defined areas, demonstrating that the signs provide directional information to goods and services of interest to the traveling public in the defined area, and that removal would work a substantial economic hardship in the defined area(s).

(4) A statement that signs in the defined area(s) not meeting the exemption requirements will be removed in accordance with State law.

(5) A statement that the defined area will be reviewed and evaluated at least every three (3) years to deter-

[1] Forms are available at FHWA Division Offices located in each State.

SEC. 4 (f)

mine if an exemption is still warranted.

(d) The FHWA, upon receipt of a State's request for exemption, shall prior to approval:

(1) Review the State's requirements and methods for compliance with the provisions of 23 U.S.C. 131 and this subpart.

(2) Review the State's request and the proposed exempted area for compliance with State requirements and methods.

(e) Nothing herein shall prohibit the State from acquiring signs in the defined area at the request of the sign owner.

(f) Nothing herein shall prohibit the State from imposing or maintaining stricter requirements.

Subpart F—[Reserved]

Subpart G—Outdoor Advertising Control

AUTHORITY: 23 U.S.C. 131 and 315; 49 CFR 1.48.

SOURCE: 40 FR 42844, Sept. 16, 1975, unless otherwise noted.

§ 750.701 Purpose.

This subpart prescribes the Federal Highway Administration (FHWA) policies and requirements relating to the effective control of outdoor advertising under 23 U.S.C. 131. The purpose of these policies and requirements is to assure that there is effective State control of outdoor advertising in areas adjacent to Interstate and Federal-aid primary highways. Nothing in this subpart shall be construed to prevent a State from establishing more stringent outdoor advertising control requirements along Interstate and Primary Systems than provided herein.

§ 750.702 Applicability.

The provisions of this subpart are applicable to all areas adjacent to the Federal-aid Interstate and Primary Systems, including toll sections thereof, except that within urban areas, these provisions apply only within 660 feet of the nearest edge of the right-of-way. These provisions apply regardless of whether Federal funds participated in the costs of such highways. The provisions of this subpart do not apply to the Federal-aid Secondary or Urban Highway System.

§ 750.703 Definitions.

The terms as used in this subpart are defined as follows:

(a) Commercial and industrial zones are those districts established by the zoning authorities as being most appropriate for commerce, industry, or trade, regardless of how labeled. They are commonly categorized as commercial, industrial, business, manufacturing, highway service or highway business (when these latter are intended for highway-oriented business), retail, trade, warehouse, and similar classifications.

(b) Erect means to construct, build, raise, assemble, place, affix, attach, create, paint, draw, or in any other way bring into being or establish.

(c) Federal-aid Primary Highway means any highway on the system designated pursuant to 23 U.S.C. 103(b).

(d) Interstate Highway means any highway on the system defined in and designated, pursuant to 23 U.S.C. 103(e).

(e) Illegal sign means one which was erected or maintained in violation of State law or local law or ordinance.

(f) Lease means an agreement, license, permit, or easement, oral or in writing, by which possession or use of land or interests therein is given for a specified purpose, and which is a valid contract under the laws of a State.

(g) Maintain means to allow to exist.

(h) Main-traveled way means the traveled way of a highway on which through traffic is carried. In the case of a divided highway, the traveled way of each of the separate roadways for traffic in opposite directions is a main-traveled way. It does not include such facilities as frontage roads, turning roadways, or parking areas.

(i) Sign, display or device, hereinafter referred to as "sign," means an outdoor advertising sign, light, display, device, figure, painting, drawing, message, placard, poster, billboard, or other thing which is designed, intended, or used to advertise or inform, any part of the advertising or in contents of which is visible place on the main-traveled w Interstate or Primary System er the same be permanent or installation.

(j) State law means a State tional provision or statute, or nance, rule or regulation, er adopted by a State.

(k) Unzoned area means where there is no zoning in does not include areas whic rural zoning classification or established by zoning variance cial exceptions.

(l) Unzoned commercial or i areas are unzoned areas actu for commercial or industrial as defined in the agreements tween the Secretary, U.S. Dep of Transportation (Secretar each State pursuant to 23 131(d).

(m) Urban area is as defin U.S.C. 101(a).

(n) Visible means capable seen, wether or not readable, visual aid by a person of norm acuity.

§ 750.704 Statutory requirements.

(a) 23 U.S.C. 131 provides th adjacent to the Interstate and al-aid Primary Systems which ble from the main-traveled w within 660 feet of the nearest the right-of-way, and those ad signs beyond 660 feet outside o areas which are visible from th traveled way and erected with t pose of their message being rea such main-traveled way, shall b ed to the following:

(1) Directional and official sig notice which shall conform to n standards promulgated by the tary in Subpart B, Part 750, Cha 23 CFR, National Standards for tional and Official Signs;

(2) Signs advertising the sale o of property upon which they are ed;

(3) Signs advertising activitie ducted on the property on whic are located;

(4) Signs within 660 feet of the est edge of the right-of-way areas adjacent to the Interstat

part of the advertising or informative contents of which is visible from any place on the main-traveled way of the Interstate or Primary Systems, whether the same be permanent or portable installation.

(j) State law means a State constitutional provision or statute, or an ordinance, rule or regulation, enacted or adopted by a State.

(k) Unzoned area means an area where there is no zoning in effect. It does not include areas which have a rural zoning classification or land uses established by zoning variances or special exceptions.

(l) Unzoned commercial or industrial areas are unzoned areas actually used for commercial or industrial purposes as defined in the agreements made between the Secretary, U.S. Department of Transportation (Secretary), and each State pursuant to 23 U.S.C. 131(d).

(m) Urban area is as defined in 23 U.S.C. 101(a).

(n) Visible means capable of being seen, whether or not readable, without visual aid by a person of normal visual acuity.

§ 750.704 Statutory requirements.

(a) 23 U.S.C. 131 provides that signs adjacent to the Interstate and Federal-aid Primary Systems which are visible from the main-traveled way and within 660 feet of the nearest edge of the right-of-way, and those additional signs beyond 660 feet outside of urban areas which are visible from the main-traveled way and erected with the purpose of their message being read from such main-traveled way, shall be limited to the following:

(1) Directional and official signs and notice which shall conform to national standards promulgated by the Secretary in Subpart B, Part 750, Chapter I, 23 CFR, National Standards for Directional and Official Signs;

(2) Signs advertising the sale or lease of property upon which they are located;

(3) Signs advertising activities conducted on the property on which they are located;

(4) Signs within 660 feet of the nearest edge of the right-of-way within areas adjacent to the Interstate and Federal-aid Primary Systems which are zoned industrial or commercial under the authority of State law;

(5) Signs within 660 feet of the nearest edge of the right-of-way within areas adjacent to the Interstate and Federal-aid Primary Systems which are unzoned commercial or industrial areas, which areas are determined by agreement between the State and the Secretary; and

(6) Signs lawfully in existence on October 22, 1965, which are determined to be landmark signs.

(b) 23 U.S.C. 131(d) provides that signs in § 750.704(a) (4) and (5) must comply with size, lighting, and spacing requirements, to be determined by agreement between the State and the Secretary.

(c) 23 U.S.C. 131 does not permit signs to be located within zoned or unzoned commercial or industrial areas beyond 660 feet of the right-of-way adjacent to the Interstate or Federal-aid Primary System, outside of urban areas.

(d) 23 U.S.C. 131 provides that signs not permitted under § 750.704 of this regulation must be removed by the State.

§ 750.705 Effective control.

In order to provide effective control of outdoor advertising, the State must:

(a) Prohibit the erection of new signs other than those which fall under § 750.704(a)(1) through (6);

(b) Assure that signs erected under § 750.704(a)(4) and (5) comply, at a minimum, with size, lighting, and spacing criteria contained in the agreement between the Secretary and the State;

(c) Assure that signs erected under § 750.704(a)(1) comply with the national standards contained in Subpart B, Part 750, Chapter I, 23 CFR;

(d) Remove illegal signs expeditiously;

(e) Remove nonconforming signs with just compensation within the time period set by 23 U.S.C. 131 (Subpart D, Part 750, Chapter I, 23 CFR, sets forth policies for the acquisition and compensation for such signs);

(f) Assure that signs erected under § 750.704(a)(6) comply with § 750.710,

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Landmark Signs, if landmark signs are allowed;

(g) Establish criteria for determining which signs have been erected with the purpose of their message being read from the main-traveled way of an Interstate or primary highway, except where State law makes such criteria unnecessary. Where a sign is erected with the purpose of its message being read from two or more highways, one or more of which is a controlled highway, the more stringent of applicable control requirements will apply;

(h) Develop laws, regulations, and procedures to accomplish the requirements of this subpart;

(i) Establish enforcement procedures sufficient to discover illegally erected or maintained signs shortly after such occurrence and cause their prompt removal; and

(j) Submit regulations and enforcement procedures to FHWA for approval.

[40 FR 42344, Sept. 16, 1975; 40 FR 49777, Oct. 24, 1975]

§ 750.705 Sign control in zoned and unzoned commercial and industrial areas.

The following requirements apply to signs located in zoned and unzoned commercial and industrial areas within 660 feet of the nearest edge of the right-of-way adjacent to the Interstate and Federal-aid primary highways.

(a) The State by law or regulation shall, in conformity with its agreement with the Secretary, set criteria for size, lighting, and spacing of outdoor advertising signs located in commercial or industrial zoned or unzoned areas, as defined in the agreement, adjacent to Interstate and Federal-aid primary highways. If the agreement between the Secretary and the State includes a grandfather clause, the criteria for size, lighting, and spacing will govern only those signs erected subsequent to the date specified in the agreement. The States may adopt more restrictive criteria than are presently contained in agreements with the Secretary.

(b) Agreement criteria which permit multiple sign structures to be considered as one sign for spacing purposes must limit multiple sign structures to signs which are physically contiguous, or connected by the same structure or cross-bracing, or located not more than 15 feet apart at their nearest point in the case of back-to-back or "V" type signs.

(c) Where the agreement and State law permits control by local zoning authorities, these controls may govern in lieu of the size, lighting, and spacing controls set forth in the agreement, subject to the following:

(1) The local zoning authority's controls must include the regulation of size, of lighting and of spacing of outdoor advertising signs, in all commercial and industrial zones.

(2) The regulations established by local zoning authority may be either more restrictive or less restrictive than the criteria contained in the agreement, unless State law or regulations require equivalent or more restrictive local controls.

(3) If the zoning authority has been delegated, extraterritorial, jurisdiction under State law, and exercises control of outdoor advertising in commercial and industrial zones within this extraterritorial jurisdiction, control by the zoning authority may be accepted in lieu of agreement controls in such areas.

(4) The State shall notify the FHWA in writing of those zoning jurisdictions wherein local control applies. It will not be necessary to furnish a copy of the zoning ordinance. The State shall periodically assure itself that the size, lighting, and spacing control provisions of zoning ordinances accepted under this section are actually being enforced by the local authorities.

(5) Nothing contained herein shall relieve the State of the responsibility of limiting signs within controlled areas to commercial and industrial zones.

§ 750.707 Nonconforming signs.

(a) *General.* The provisions of § 750.707 apply to nonconforming signs which must be removed under State laws and regulations implementing 23 U.S.C. 131. These provisions also apply to nonconforming signs located in commercial and industrial areas within 660 feet of the nearest edge of the right-of-way whic under the so-called grandfather contained in State-Federal ments. These provisions do not to conforming signs regardl when or where they are erected.

(b) *Nonconforming signs.* A n forming sign is a sign which w fully erected but does not compl the provisions of State law or regulations passed at a later d later fails to comply with State State regulations due to change ditions. Changed conditions i for example, signs lawfully in ence in commercial areas whic later date become noncommerc signs lawfully erected on a sec highway later classified as a p. highway.

(c) *Grandfather clause.* A option of the State, the agre may contain a grandfather under which criteria relative t lighting, and spacing of signs in and unzoned commercial and in al areas within 660 feet of the n edge of the right-of-way apply o new signs to be erected after th specified in the agreement. An lawfully in existence in a comm or industrial area on such dat remain even though it may not c with the size, lighting, or spacing ria. This clause only allows an i ual sign at its particular locati the duration of its normal life s to customary maintenance. Pr ing signs covered by a grandf clause, which do not comply wit agreement criteria have the sta nonconforming signs.

(d) *Maintenance and contin* In order to maintain and conti nonconforming sign, the foll conditions apply:

(1) The sign must have been ac in existence at the time the appl State law or regulations became tive as distinguished from a co plated use such as a lease or ment with the property owner. are two exceptions to actual exi as follows:

(i) Where a permit or similar s State governmental action was ed for the construction of a sign to the effective date of the Stat or regulations and the sign

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edge of the right-of-way which come under the so-called grandfather clause contained in State-Federal agreements. These provisions do not apply to conforming signs regardless of when or where they are erected.

(b) *Nonconforming signs.* A nonconforming sign is a sign which was lawfully erected but does not comply with the provisions of State law or State regulations passed at a later date or later fails to comply with State law or State regulations due to changed conditions. Changed conditions include, for example, signs lawfully in existence in commercial areas which at a later date become noncommercial, or signs lawfully erected on a secondary highway later classified as a primary highway.

(c) *Grandfather clause.* At the option of the State, the agreement may contain a grandfather clause under which criteria relative to size, lighting, and spacing of signs in zoned and unzoned commercial and industrial areas within 660 feet of the nearest edge of the right-of-way apply only to new signs to be erected after the date specified in the agreement. Any sign lawfully in existence in a commercial or industrial area on such date may remain even though it may not comply with the size, lighting, or spacing criteria. This clause only allows an individual sign at its particular location for the duration of its normal life subject to customary maintenance. Preexisting signs covered by a grandfather clause, which do not comply with the agreement criteria have the status of nonconforming signs.

(d) *Maintenance and continuance.* In order to maintain and continue a nonconforming sign, the following conditions apply:

(1) The sign must have been actually in existence at the time the applicable State law or regulations became effective as distinguished from a contemplated use such as a lease or agreement with the property owner. There are two exceptions to actual existence as follows:

(i) Where a permit or similar specific State governmental action was granted for the construction of a sign prior to the effective date of the State law or regulations and the sign owner acted in good faith and expended sums in reliance thereon. This exception shall not apply in instances where large numbers of permits were applied for and issued to a single sign owner, obviously in anticipation of the passage of a State control law.

(ii) Where the State outdoor advertising control law or the Federal-State agreement provides that signs in commercial and industrial areas may be erected within six (6) months after the effective date of the law or agreement provided a lease dated prior to such effective date was filed with the State and recorded within thirty (30) days following such effective date.

(2) There must be existing property rights in the sign affected by the State law or regulations. For example, paper signs nailed to trees, abandoned signs and the like are not protected.

(3) The sign may be sold, leased, or otherwise transferred without affecting its status, but its location may not be changed. A nonconforming sign removed as a result of a right-of-way taking or for any other reason may be relocated to a conforming area but cannot be reestablished at a new location as a nonconforming use.

(4) The sign must have been lawful on the effective date of the State law or regulations, and must continue to be lawfully maintained.

(5) The sign must remain substantially the same as it was on the effective date of the State law or regulations. Reasonable repair and maintenance of the sign, including a change of advertising message, is not a change which would terminate nonconforming rights. Each State shall develop its own criteria to determine when customary maintenance ceases and a substantial change has occurred which would terminate nonconforming rights.

(6) The sign may continue as long as it is not destroyed, abandoned, or discontinued. If permitted by State law and reerected in kind, exception may be made for signs destroyed due to vandalism and other criminal or tortious acts.

(i) Each state shall develop criteria to define destruction, abandonment and discontinuance. These criteria may provide that a sign which for a

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designated period of time has obsolete advertising matter or is without advertising matter or is in need of substantial repair may constitute abandonment or discontinuance. Similarly, a sign damaged in excess of a certain percentage of its replacement cost may be considered destroyed.

(ii) Where an existing nonconforming sign ceases to display advertising matter, a reasonable period of time to replace advertising content must be established by each State. Where new content is not put on a structure within the established period, the use of the structure as a nonconforming outdoor advertising sign is terminated and shall constitute an abandonment or discontinuance. Where a State establishes a period of more than one (1) year as a reasonable period for change of message, it shall justify that period as a customary enforcement practice within the State. This established period may be waived for an involuntary discontinuance such as the closing of a highway for repair in front of the sign.

(e) *Just compensation.* The States are required to pay just compensation for the removal of nonconforming lawfully existing signs in accordance with the terms of 23 U.S.C. 131 and the provisions of Subpart D, Part 750, Chapter I, 23 CFR. The conditions which establish a right to maintain a nonconforming sign and therefore the right to compensation must pertain at the time it is acquired or removed.

§ 750.703 Acceptance of state zoning.

(a) 23 U.S.C. 131(d) provide that signs "may be erected and maintained within 660 feet of the nearest edge of the right-of-way within areas . . . which are zoned industrial or commercial under authority of State law." Section 131(d) further provides, "The States shall have full authority under their own zoning laws to zone areas for commercial or industrial purposes, and the actions of the States in this regard will be accepted for the purposes of this Act."

(b) State and local zoning actions must be taken pursuant to the State's zoning enabling statute or constitutional authority and in accordance therewith. Action which is not a part of comprehensive zoning and is created primarily to permit outdoor advertising structures, is not recognized as zoning for outdoor advertising control purposes.

(c) Where a unit of government has not zoned in accordance with statutory authority or is not authorized to zone, the definition of an unzoned commercial or industrial area in the State-Federal agreement will apply within that political subdivision or area.

(d) A zone in which limited commercial or industrial activities are permitted as an incident to other primary land uses is not considered to be a commercial or industrial zone for outdoor advertising control purposes.

§ 750.709 On-property or on-premise advertising.

(a) A sign which consists solely of the name of the establishment or which identifies the establishment's principal or accessory products or services offered on the property is an on-property sign.

(b) When a sign consists principally of brand name or trade name advertising and the product or service advertised is only incidental to the principal activity, or if it brings rental income to the property owner, it shall be considered the business of outdoor advertising and not an on-property sign.

(c) A sale or lease sign which also advertises any product or service not conducted upon and unrelated to the business or selling or leasing the land on which the sign is located is not an on-property sign.

(d) Signs are exempt from control under 23 U.S.C. 131 if they solely advertise the sale or lease of property on which they are located or advertise activities conducted on the property on which they are located. These signs are subject to regulation (Subpart A, Part 750, Chapter I, 23 CFR) in those States which have executed a bonus agreement, 23 U.S.C. 131(j). State laws or regulations shall contain criteria for determining exemptions. These criteria may include:

(1) A property test for determining whether a sign is located on the same property as the activity or pr advertised; and

(2) A purpose test for deter whether a sign has as its sole p the identification of the activity ed on the property or its prod services, or the sale or lease property on which the sign is lc

(3) The criteria must be suffic specific to curb attempts to imp ly qualify outdoor advertising a property" signs, such as sig narrow strips of land contiguc the advertised activity when th pose is clearly to circumvent 23 131.

§ 750.710 Landmark signs.

(a) 23 U.S.C. 131(c) permits th istence of signs lawfully in exis on October 22, 1965, determin the State, subject to the appro the Secretary, to be landmark including signs on farm structur natural surfaces, of historic or a significance, the preservation of v is consistent with the purpose U.S.C. 131.

(b) States electing to permit mark signs under 23 U.S.C. 1 shall submit a one-time list to the e. l Highway Administration fo proval. The list should identify sign as being in the original 19 ventory. In the event a sign was ted in the 1968 inventory, the S may submit other evidence to sup a determination that the sign wa existence on October 22, 1965.

(c) Reasonable maintenance, re and restoration of a landmark sig permitted. Substantial change in lighting, or message content will minate its exempt status.

§ 750.711 Structures which have never played advertising material.

Structures, including poles, w have never displayed advertising o formative content are subject to trol or removal when advertising tent visible from the main-trav way is added or affixed. When th done, an "outdoor advertising s has then been erected which n comply with the State law in effec that date.

property as the activity or property advertised; and

(2) A purpose test for determining whether a sign has as its sole purpose the identification of the activity located on the property or its products or services, or the sale or lease of the property on which the sign is located.

(3) The criteria must be sufficiently specific to curb attempts to improperly qualify outdoor advertising as "on-property" signs, such as signs on narrow strips of land contiguous to the advertised activity when the purpose is clearly to circumvent 23 U.S.C. 131.

§ 750.710 Landmark signs.

(a) 23 U.S.C. 131(c) permits the existence of signs lawfully in existence on October 22, 1965, determined by the State, subject to the approval of the Secretary, to be landmark signs, including signs on farm structures or natural surfaces, of historic or artistic significance, the preservation of which is consistent with the purpose of 23 U.S.C. 131.

(b) States electing to permit landmark signs under 23 U.S.C. 131(c) shall submit a one-time list to the Federal Highway Administration for approval. The list should identify each sign as being in the original 1966 inventory. In the event a sign was omitted in the 1966 inventory, the State may submit other evidence to support a determination that the sign was in existence on October 22, 1965.

(c) Reasonable maintenance, repair, and restoration of a landmark sign is permitted. Substantial change in size, lighting, or message content will terminate its exempt status.

§ 750.711 Structures which have never displayed advertising material.

Structures, including poles, which have never displayed advertising or informative content are subject to control or removal when advertising content visible from the main-traveled way is added or affixed. When this is done, an "outdoor advertising sign" has then been erected which must comply with the State law in effect on that date.

§ 750.712 Reclassification of signs.

Any sign lawfully erected after the effective date of a State outdoor advertising control law which is reclassified from legal-conforming to nonconforming and subject to removal under revised State statutes or regulations and policy pursuant to this regulation is eligible for Federal participation in just compensation payments and other eligible costs.

§ 750.713 Bonus provisions.

23 U.S.C. 131(j) specifically provides that any State which had entered into a bonus agreement before June 30, 1965, will be entitled to remain eligible to receive bonus payments provided it continues to carry out its bonus agreement. Bonus States are not exempt from the other provisions of 23 U.S.C. 131. If a State elects to comply with both programs, it must extend controls to the Primary System, and continue to carry out its bonus agreement along the Interstate System except where 23 U.S.C. 131, as amended, imposes more stringent requirements.

PART 751—JUNKYARD CONTROL AND ACQUISITION

Sec.

751.1 Purpose.
751.3 Applicability.
751.5 Policy.
751.7 Definitions.
751.9 Effective control.
751.11 Nonconforming junkyards
751.13 Control measures.
751.15 Just compensation.
751.17 Federal participation.
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pation.
751.21 Relocation assistance.
751.23 Concurrent junkyard cc
right-of-way projects.
751.25 Programming and author

AUTHORITY: 23 U.S.C. 136 and 315, 42 U.S.C. 4321-4347 and 4601-4655, 23 CFR 1.32, 49 CFR 1.48, unless otherwise noted.

SOURCE: 40 FR 8551, Feb. 28, 1975, unless otherwise noted.

§ 751.1 Purpose.

Pursuant to 23 U.S.C. 136, this part prescribes Federal Highway Administration [FHWA] policies and procedures relating to the exercise of effec-

Article 3. Outdoor Advertising.

Section	Section
80. Purpose	140. Compensation for removal of advertising
90. Outdoor advertising prohibited	150. Unlawful advertising
100. [Repealed]	160. Definitions
105. Limitations of outdoor advertising signs, displays and devices	170. Agreements with the United States; regulations
110. [Obsolete]	180. Interpretation
120. [Obsolete]	
130. Penalty for violation	

Sec. 19.25.080. Purpose. The purposes of AS 19.25.080 — 19.25.180 are

(1) to protect the public safety and the welfare of persons using the highways of the state by having outdoor advertising signs, displays and devices along the highways controlled;

(2) to prevent unreasonable distraction of operators of motor vehicles; to prevent confusion with regard to traffic lights, signs or signals or otherwise interfere with the effectiveness of traffic regulations, and to promote the safety, convenience and enjoyment of travel on, and protection of the public investment in highways in this state; to preserve and enhance the natural scenic beauty or aesthetic features of the highways and adjacent areas; and to attract tourists;

(3) to regulate outdoor advertising signs, displays and devices in areas adjacent to the rights-of-way of the interstate, primary and secondary systems within this state in accordance with this chapter and the regulations adopted under this chapter;

(4) to provide that outdoor advertising signs, displays and devices which are not in conformity with the requirements of this chapter are a public nuisance;

(5) to provide a statutory basis for regulation of outdoor advertising signs, displays and devices consistent with the public policy relating to areas adjacent to a highway of the interstate or primary systems declared by Congress in Title 23, United States Code, "Highways." (§ 1 ch 59 SLA 1949; am § 1 ch 86 SLA 1953; am § 2 ch 233 SLA 1968; am § 1 ch 155 SLA 1970)

Legislative history reports. — For report on ch. 233, SLA 1968 (HCSCSSB 144 am FCC), see 1968 House Journal, p. 815.

Collateral references. — 40 Am. Jur. 2d, Highways, Streets and Bridges, §§ 273-336.

40 C.J.S., Highways, §§ 217, 232.

Billboards and other outdoor advertising signs as civil nuisance. 38 ALR3d 647.

Sec. 19.25.090. Outdoor advertising prohibited. Except as provided in AS 19.25.105, all outdoor advertising is prohibited. (§ 3 ch 59 SLA 1949; am § 1 ch 86 SLA 1953; am § 2 ch 155 SLA 1970)

Sec. 19.25.100. Rural signs.

Repealed by § 14 ch 155 SLA 1970.

Editor's notes. — The repealed section derived from § 4, ch. 59, SLA 1949; § 1, ch. 86, SLA 1953; § 9, art. VII, title II, ch. 152, SLA 1957.

Sec. 19.25.105. Limitations of outdoor advertising signs, displays and devices. (a) No outdoor advertising may be erected or maintained within 660 feet of the nearest edge of the right-of-way and visible from the main-traveled way of the interstate, primary, or secondary highways in this state except the following:

(1) directional and other official signs and notices which include, but are not limited to, signs and notices pertaining to natural wonders, scenic and historic attractions, which are required or authorized by law, and which shall conform to federal standards for interstate and primary systems;

(2) signs, displays and devices advertising the sale or lease of property upon which they are located or advertising activities conducted on the property;

(3) signs determined by the state, subject to concurrence of the United States Department of Transportation, to be landmark signs, including signs on farm structures, or natural surfaces, of historic or artistic significance, the preservation of which would be consistent with the provisions of this chapter;

(4) directional signs and notices pertaining to schools.

(b) Repealed by § 21 ch 94 SLA 1980.

(c) No outdoor advertising may be erected or maintained beyond 660 feet of the nearest edge of the right-of-way of the main traveled way of the interstate primary or secondary highways in this state with the purpose of their message being read from that travel way except those outdoor advertising signs, displays or devices allowed under (a) of this section. (§ 3 ch 155 SLA 1970; am §§ 1, 2 ch 195 SLA 1975; am § 1 ch 30 SLA 1980; am § 21 ch 94 SLA 1980)

Effect of amendments. — The first 1980 amendment added paragraph (4) of subsection (a).

The second 1980 amendment repealed subsection (b).

Sec. 19.25.110. Removal of nonconforming advertising.

Obsolete.

Revisor's notes. — This section is obsolete. It reads as follows: "A sign, display or device which is lawfully in existence along the interstate system or the primary system on August 6, 1968 and which is not in conformity with AS 19.25.080 — 19.25.180 may not be required to be removed until July 1, 1970. A sign, display or device which is lawfully in existence along the secondary system on July 1, 1970 and which is not in conformity with AS 19.25.080 — 19.25.180 shall be removed by July 1, 1971."

Editor's notes. — The obsolete section derived from § 5, ch. 59, SLA 1949; § 1, ch. 86, SLA 1953; § 1, ch. 112, SLA 1955; § 3, ch. 233, SLA 1968; § 44, ch. 69, SLA 1970; § 4, ch. 155, SLA 1970; § 3, ch. 195, SLA 1975.

Sec. 19.25.120. Neglect or refusal to obey removal order.

Obsolete.

Revisor's notes. — This section is obsolete. It reads as follows: "A person who fails to obey an order issued under AS 19.25.110 is subject to the penalty provided in AS 19.25.130. Each day the person neglects or refuses to obey the order is a separate offense."

Editor's notes. — The obsolete section derived from § 6, ch. 59, SLA 1949; § 1, ch. 86, SLA 1953; § 2, ch. 112, SLA 1955.

Sec. 19.25.130. Penalty for violation. A person who violates AS 19.25.080 — 19.25.180, or a regulation adopted under them, is guilty of a misdemeanor and upon conviction is punishable by a fine of not less than $50 nor more than $1,000. (§ 7 ch 59 SLA 1949; added by § 1 ch 86 SLA 1953; am § 4 ch 233 SLA 1968)

Sec. 19.25.140. Compensation for removal of advertising. (a) The department is authorized to acquire by purchase, gift or condemnation, all advertising devices and any property rights pertaining to them, when the advertising devices are required to be removed under AS 19.25.150.

(b) Damages resulting from a taking in eminent domain shall be ascertained in the manner provided by law. (§ 5 ch 233 SLA 1968; am § 45 ch 69 SLA 1970)

Legislative history reports. — For report on ch. 69, SLA 1970 (HB 564), see 1970 House Journal Supplement No. 2, p. 7.

Sec. 19.25.150. Unlawful advertising. An advertising sign, display or device which violates the provisions of this chapter is a public nuisance. The department shall give 30 days' notice, by certified mail, to the owner of the land on which the advertising sign, display or device is located, ordering its removal if it is prohibited by this chapter or ordering the owner to cause it to conform to regulations if it is authorized by this chapter. If the owner of the property fails to comply within 30 days as required in the notice, the department shall remove

the outdoor advertising sign, display or device at the expense of the owner of the land or the person who erected it. (§ 5 ch 233 SLA 1968)

Sec. 19.25.160. Definitions. In AS 19.25.080 — 19.25.180

(1) "outdoor advertising" includes any outdoor sign, display or device used to advertise, attract attention or inform and which is visible to a person on the main-traveled way of a highway of the interstate, primary, or secondary systems in this state, whether by printing, writing, painting, picture, light, drawing, or whether by the use of figures or objects, or a combination of these, or any other thing designed, intended or used to advertise, inform or attract attention;

(2) "interstate system" means that portion of the National System of Interstate and Defense Highways located in this state, as officially designated, or as may hereafter be so designated, by the commissioner, and approved by the secretary of transportation (or by the secretary of commerce before the effective date of the transfer of functions under Public Law 89-670 [80 Stat. 931]), under the provisions of Title 23, United States Code, "Highways";

(3) "primary system" or "secondary system" means that portion of connected main highways, as officially designated, or as may hereafter be so designated, by the commissioner, and approved by the secretary of transportation (or by the secretary of commerce before the effective date of the transfer of functions under Public Law 89-670 [80 Stat. 931]), under the provisions of Title 23, United States Code, "Highways";

(4) "department" means the Department of Transportation and Public Facilities. (§ 5 ch 233 SLA 1968; am §§ 46, 47 ch 69 SLA 1970; am §§ 5, 6 ch 155 SLA 1970; am Executive Order No. 39, § 11 (1977))

Revisor's notes. — Pursuant to AS 01.05.031, the revisor of statutes has deleted "of transportation and public facilities" following "commissioner" in paragraphs (2) and (3).

Effect of amendments. — The 1977 amendment substituted references to the commissioner of transportation and public facilities for references to the commissioner of highways in paragraphs (2) and (3) and a reference to the Department of Transportation and Public Facilities for a reference to the Department of Highways in paragraph (4).

Legislative history reports. — For report on ch. 69, SLA 1970 (HB 564), see 1970 House Journal Supplement No. 2, p. 7.

Sec. 19.25.170. Agreements with the United States; regulations. The department is authorized to enter into agreements in conformity with the provisions of this title with the United States Secretary of Transportation as provided by Title 23, United States Code, relating to the control of outdoor advertising signs, displays and devices in areas adjacent to interstate and primary systems and to take action in the name of the state to comply with the terms of the agreements, and to promulgate required regulations. (§ 5 ch 233 SLA 1968)

Sec. 19.25.180. Interpretation. Nothing in AS 19.25.060 — 19.25.180 shall be construed to abrogate or affect any law, ordinance, regulation or resolution which is more restrictive than the provisions of AS 19.25.080 — 19.25.180. (§ 5 ch 233 SLA 1968)

Article 4. Encroachments In Highways.

Section	Section
200. Encroachment permits	230. Notice of removal
210. Relocation or removal of encroachment	240. Summary removal
220. Unauthorized encroachments	250. Removal after noncompliance; removal expense

Sec. 19.25.200. Encroachment permits. An encroachment may be constructed, placed, changed or maintained across or along a highway but only in accordance with regulations adopted by the department. No encroachment may be constructed, placed, maintained or changed until it is duly authorized by a written permit issued by the department. (§ 2 ch 64 SLA 1971)

Collateral references.—3 Am. Jur. 2d, Advertising, §§ 5, 13, 14. 40 Am. Jur. 2d, Highways, Streets and Bridges, § 238. 40 C.J.S., Highways, §§ 217-231.

Sec. 19.25.210. Relocation or removal of encroachment. If, incidental to the construction or maintenance of a state highway, the department determines and orders that an encroachment previously authorized by written permit must be changed, relocated, or removed, the owner of the encroachment shall change, relocate or remove it at no expense to the state (except as provided in AS 19.25.020), within a reasonable time set by the department. If the owner does not change, relocate or remove an encroachment within the time set by the department, the encroachment shall be considered an unauthorized encroachment and subject to the provisions of AS 19.25.220 — 19.25.250. (§ 2 ch 64 SLA 1971)

Sec. 19.25.220. Unauthorized encroachments. If an unauthorized encroachment exists in, on, under or over a state highway, the department may require the removal of the encroachment in the manner provided in AS 19.25.230 — 19.25.250. (§ 2 ch 64 SLA 1971)

Sec. 19.25.230. Notice of removal. Except as otherwise provided in AS 19.25.200, 19.25.210 and 19.25.240, notice shall be given the owner, occupant or person in possession of the encroachment, or to any other person causing or permitting the encroachment to exist, by serving upon any of them a notice demanding the removal of the encroachment. The notice shall describe the encroachment complained of with reasonable certainty as to its character and location. Service of the notice may be made by certified mail. (§ 2 ch 64 SLA 1971)

AGREEMENT

Attachment 11

FOR CARRYING OUT NATIONAL POLICY RELATIVE TO CONTROL OF OUTDOOR ADVERTISING IN AREAS ADJACENT TO THE FEDERAL-AID PRIMARY SYSTEM.

THIS AGREEMENT made and entered into this 29th day of March 1968, by and between the United States of America represented by the Secretary of Transportation acting by and through the Federal Highway Administrator, hereinafter referred to as the "Administrator" and the State of Alaska, represented by the Department of Highways acting by and through its Commissioner hereinafter referred to as the "State." Witnesseth:

WHEREAS, Congress has declared that Outdoor Advertising in areas adjacent to the Federal-aid Primary System should be controlled in order to protect the public investment in such highways, to promote the safety and recreational value of public travel and to preserve natural beauty; and

WHEREAS, Section 131(d) of Title 23, United States Code authorizes the Secretary of Transportation to enter into agreements with the several States to determine the size, lighting, and spacing of signs, displays, and devices, consistent with customary use, which may be erected and maintained within 660 feet of the nearest edge of the right of way within areas adjacent to the Federal-aid Primary System which are zoned industrial or commercial under authority of State law or in unzoned commercial or industrial areas, also to be determined by agreement; and

WHEREAS, the purpose of said agreement is to promote the reasonable, orderly, and effective display of outdoor advertising while remaining consistant with the National policy to protect the public investment in the Federal-aid primary highways, to promote the safety and recreational value of public travel and to preserve natural beauty; and

WHEREAS, Title 19 of the Alaska State Statutes authorizes the Commissioner of Highways to perform and do such other and further acts not specifically provided in Title 19 of the Alaska Statutes as may be necessary to comply with the Federal-aid Highway Acts and the rules and regulations promulgated thereunder; and

WHEREAS, Section 131(b) of Title 23, United States Code provides that Federal-aid highway funds apportioned on or after January 1, 1968, to any State which the Secretary determines has not made provision for effective control of the erection and maintenance along the primary system of outdoor advertising signs, displays and devices which are within six hundred and sixty feet of the nearest edge of the right of way and visible from the main traveled way of the system, shall be reduced by amounts equal to 10 per centum of the amounts which would otherwise be apportioned to such state under Section 104 of Title 23, United States Code until such time as such State shall provide for such effective control; and

WHEREAS, the State of Alaska desires to implement and carry out the provisions of Section 131 of Title 23, United States Code, and the National policy in order to remain eligible to receive the full amount of all Federal-aid highway funds to be apportioned to such state on or after January 1, 1968, under Section 104 of Title 23, United States Code;

NOW, THEREFORE, the parties hereto do mutually agree as follows:

I. Definitions

A. The term "Act" means Section 131 of Title 23, United States Code (1965) commonly referred to as Title I of the Highway Beautification Act of 1965.

B. Commercial or industrial activities for purposes of unzoned industrial and commercial areas mean those activities generally recognized as commercial or industrial by zoning authorities in this State, except that none of the following activities shall be considered commercial or industrial:

1. Outdoor advertising structures.

2. Agriculture, forestry, ranching, grazing, farming, and related activities, including, but not limited to, wayside fresh produce stands.

3. Activities normally or regularly in operation less than three months of the year.

4. Transient or temporary activities.

5. Activities not visible from the main traveled way.

6. Activities more than 300 feet from the nearest edge of the right of way.

7. Activities conducted in a building principally used as a residence

8. Railroad tracks and minor sidings.

C. Zoned commercial or industrial areas mean those areas which are reserved for business, commerce, or trade purusant to a comprehensive State or local zoning ordinance or regulation.

D. Unzoned commercial or industrial areas mean those areas on which there is located one or more permanent structures devoted to a business or industrial activity or on which a commercial or industrial activity is actually conducted, whether or not a permanent structure is located thereon, and the area along the highway extending outward 500 feet from and beyond the edge of such activity. Each side of the highway will be considered separately in applying this definiti

All measurements shall be from the outer edges of the regularly used buildin parking lots, storage or processing areas of the commercial or industrial activi not from the property lines of the activities, and shall be along or parallel to the edge or pavement of the highway.

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
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E. Federal-aid primary highway means any highway within that portion of the State Highway System as designated, or as many hereafter be so designated by the State, which has been approved by the Secretary of Transportation pursuant to subsection (b) of Section 103 of Title 23, United States Code.

F. Traveled way means the portion of a roadway for the movement of vehicles exclusive of shoulders.

G. Main-traveled way means the traveled way of a highway on which through traffic is carried. In the case of a divided highway, the traveled way of each of the separated roadways for traffic in opposite directions is a main-traveled way. It does not include such facilities as frontage roads, turning roadways, or parking areas.

H. Sign means any outdoor sign, display, device, figure, painting, drawing message, placard, poster, billboard, or other thing which is designed, intended or used to advertise or inform, any part of the advertising or informative contents of which is visible from any highway.

I. Erect means to construct, build, raise, assemble, place, affix, attach, create, paint, draw, or in any other way bring into being or establish.

J. Safety rest area means an area or site established and maintained withi or adjacent to the highway right of way by or under public supervision or contr for the convenience of the travelling public.

K. Information center means an area or site established and maintained at a safety rest area for the purpose of informing the public of places of intere within the State and providing such other information as the State may conside desirable.

II. Scope of Agreement

This agreement shall apply to the following area.

All zoned and unzoned commercial and industrial areas within 660 feet of the nearest edge of the right of way of all portions of the Federal-aid primary system within the State of Alaska in which outdoor advertising signs, displays, and devices may be visible from the main traveled way of said system.

III. State Control

The State hereby agrees that, in all areas within the scope of this agreement, the State shall effectively control, or cause to be controlled, the erection and maintenance of outdoor advertising signs, displays, and devices erected subsequent to the effective date of this agreement other than those advertising the sale or lease of the property on which they are located, or activities conducted thereon, in accordance with the following criteria:

A. In all zoned and unzoned commercial and industrial areas, the criteri set forth below shall apply.

SIZE OF SIGNS

1. The maximum area for any one sign shall be 650 square feet with a maximum height of 20 feet and maximum length of 50 feet, inclusive of any border and trim but excluding ornamental base or apron support and other structural members.

2. The area shall be measured by the smallest square, rectangle, triangl circle or combination thereof which will encompass the entire sign.

3. A sign structure may contain one or two signs per facing and may be placed double-faced, back to back or V-Type, but the total area of any facing may not exceed 650 square feet.

4. Signs which exceed 325 square feet in area may not be double faced (abutting and facing the same direction).

SPACING OF SIGNS

1. Federal-aid Primary Highways
   a. Signs may not be located in such a manner as to obscure, or otherwise interfere with the effectiveness of an official traffic sign, signal, or device, obstruct or interfere with the driver's view of approaching, merging, or intersection traffic.

2. Controlled Access Highways on the Federal-aid Primary System
   a. No two structures shall be spaced less than 500 feet apart.
   b. No structure may be located within 2000 feet of an interchange, or intersection at grade, safety rest area or information center (measured along the freeway from the sign to the nearest point of the beginning or ending of pavement widening at the exit from or entrance to the main traveled way.)

3. Non-Controlled Access Federal-aid Primary Highways
   a. Outside of Villages and Cities - no two structures shall be spaced less than 300 feet apart.
   b. Within Villages and Cities - no two structures shall be spaced less than 100 feet apart.

4. Explanatory Notes
   a. Official and "on premise" signs, as defined in Section 131(c) of Title 23, United States Code, shall not be counted nor shall measurements be made from them for purposes of determining compliance with spacing requirements.
   b. The minimum distance between signs shall be measured along the nearest edge of the pavement between points directly opposite the signs along each side of the highway.

LIGHTING

Signs may be illuminated, subject to the following restrictions:

1. Signs which contain, include, or are illuminated by any flashing, intermittent, or moving light or lights are prohibited, except those giving public service information such as time, date, temperature, weather, or similar information.

2. Signs which are not effectively shielded as to prevent beams or rays of light from being directed at any portion of the traveled ways of the Federal-aid primary highway and which are of such intensity or brilliance as to cause glare or to impair the vision of the driver of any motor vehicle, or which otherwise interfere with any driver's operation of a motor vehicle are prohibited.

3. No sign shall be so illuminated that it interferes with the effectiveness of, or obscures an official traffic sign, device, or signal.

4. All such lighting shall be subject to any other provisions relating to lighting of signs presently applicable to all highways under the jurisdiction of the State.

B. The State and local political subdivisions shall have full authority under their own zoning laws to zone areas for commercial or industrial purposes and the action of the State and local political subdivisions in this regard will be accepted for the purposes of this agreement.

IV. Interpretation

The provisions contained herein shall constitute the minimum acceptable standards for effective control of signs, displays, and devices within the scope of this agreement.

Nothing contained herein shall be construed to abrogate or prohibit the State from exercising a greater degree of control of outdoor advertising than that required or contemplated by the Act or from adopting standards which are more restrictive in controlling outdoor advertising than the provisions of this agreement if so authorized by the State Legislature.

In controlling outdoor advertising adjacent to Federal-aid primary highways pursuant to the Highway Beautification Act of 1965 and this agreement, the State shall not be required to remove or cause to be removed any sign advertising any natural wonders or scenic or historical attractions until a reasonable length of time subsequent to the promulgation of national standards for such signs pursuant to Section 131(c) of Title 23, United States Code.

In the event the provisions of the Highway Beautification Act of 1965 are amended by subsequent action of Congress, the parties reserve the right to renegotiate this agreement or to modify it to conform with any amendment.

V. Effective Date

This Agreement shall have an effective date of March 29, 1968, and shall become binding on both parties hereto when the Agreement has been ratified by an appropriate Act of the Alaska State Legislature at the Legislative Session of 1968

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of March 29, 1968

STATE OF ALASKA
Department of Highways

Cosby Steen, Acting Commissioner

UNITED STATES OF AMERICA

Federal Highway Administrator

ganizations of the affected railroad companies for railway-highway crossing projects and of the affected utility companies for projects involving utility installations.

(d) *Private engineering organizations.* Private engineering organizations may be utilized on projects in accordance with requirements prescribed by the Administrator.

(e) *Responsibility of the State highway department.* The State highway department is not relieved of its responsibilities under Federal law and the regulations in this part in the event it utilizes the services of any engineering organization under paragraphs (b), (c) or (d) of this section.

§ 1.23 Rights-of-way.

(a) *Interest to be acquired.* The State shall acquire rights-of-way of such nature and extent as are adequate for the construction, operation and maintenance of a project.

(b) *Use for highway purposes.* Except as provided under paragraph (c) of this section, all real property, including air space, within the right-of-way boundaries of a project shall be devoted exclusively to public highway purposes. No project shall be accepted as complete until this requirement has been satisfied. The State highway department shall be responsible for preserving such right-of-way free of all public and private installations, facilities or encroachments, except (1) those approved under paragraph (c) of this section; (2) those which the Administrator approves as constituting a part of a highway or as necessary for its operation, use or maintenance for public highway purposes and (3) informational sites established and maintained in accordance with § 1.35 of the regulations in this part.

(c) *Other use or occupancy.* Subject to 23 U.S.C. 111, the temporary or permanent occupancy or use of right-of-way, including air space, for nonhighway purposes and the reservation of subsurface mineral rights within the boundaries of the rights-of-way of Federal-aid highways, may be approved by the Administrator, if he determines that such occupancy, use or reservation is in the public interest and will not impair the highway or interfere with the free and safe flow of traffic thereon.

§ 1.27 Maintenance.

The responsibility imposed upon the State highway department, pursuant to 23 U.S.C. 116, for the maintenance of projects shall be carried out in accordance with policies and procedures issued by the Administrator. The State highway department may provide for such maintenance by formal agreement with any adequately equipped county, municipality or other governmental instrumentality, but such an agreement shall not relieve the State highway department of its responsibility for such maintenance.

§ 1.28 Diversion of highway revenues.

(a) *Reduction in apportionment.* If the Secretary shall find that any State has diverted funds contrary to 23 U.S.C. 126, he shall take such action as he may deem necessary to compiy with said provision of law by reducing the first Federal-aid apportionment of primary, secondary and urban funds made to the State after the date of such finding. In any such reduction, each of these funds shall be reduced in the same proportion.

(b) *Furnishing of information.* The Administrator may require any State to submit to him such information as he may deem necessary to assist the Secretary in carrying out the provisions of 23 U.S.C. 126 and paragraph (a) of this section.

§ 1.31 Payments.

States may submit requests for payments of Federal funds claimed to be due on account of a project. Such requests shall be in the form of vouchers as prescribed by the Administrator, and shall be certified and accompanied with such supporting data as the Administrator may require. Such vouchers may be submitted from time to time as the work progresses and shall be submitted promptly after completion of the project to which the voucher pertains.

§ 1.32 Issuance of directives.

(a) The Administrator shal
gate and require the obser
policies and procedures, and
other action as he deems ap
or necessary for carrying out
visions and purposes of Fed
the policies of the Federal
Administration, and the regu
this part.

(b) The Administrator or
gated representative, as appro
authorized to issue the follov
of directives:

(1) Federal Highway Admir
Regulations are issued by th
istrator or his delegate, as n
to implement and carry out t
sions of title 23, United Stat
relating to the administratior
eral aid for highways, direct
programs and State and co
safety programs; and title 49
States Code, relating to moto
safety; and other applicable l
programs under his jurisdictio

(2) Notices are temporary i
transmitting one-time or sh
instructions or information
expected to remain in effect
than 90 days or for a predet
period of time normally not t
one year.

(3) Orders are directives lir
volume and contain perma
longlasting policy, instructio
procedures. FHWA Orders ar
used primarily as internal
directives.

(4) Joint Interagency Orders
tices are used by FHWA and
tional Highway Traffic Safety
istration (NHTSA) to issue joi
cies, procedures, and informati
taining to the joint administra
the State and Community H
Safety Program. Where ne
other joint directives may be
with other modal adminis
within the Department of Tran
tion.

(5) Manuals are generally d
for use in issuing permanent o
lasting detailed policy and pro
Some of the major manuals rec
by the FHWA Directives
follow:

(i) The Federal-Aid Highwa
gram Manual has been establis

Sec. 19.25.180. Interpretation. Nothing in AS 19.25.080 — 19.25.180 shall be construed to abrogate or affect any law, ordinance, regulation or resolution which is more restrictive than the provisions of AS 19.25.080 — 19.25.180. (§ 5 ch 233 SLA 1968)

Article 4. Encroachments In Highways.

Section		Section	
200.	Encroachment permits	230.	Notice of removal
210.	Relocation or removal of encroachment	240.	Summary removal
220.	Unauthorized encroachments	250.	Removal after noncompliance; removal expense

Sec. 19.25.200. Encroachment permits. An encroachment may be constructed, placed, changed or maintained across or along a highway but only in accordance with regulations adopted by the department. No encroachment may be constructed, placed, maintained or changed until it is duly authorized by a written permit issued by the department. (§ 2 ch 64 SLA 1971)

Collateral references.—3 Am. Jur. 2d, Highways, Streets and Bridges, § 283. Advertising, §§ 5, 13, 14. 40 Am. Jur. 2d, 40 C.J.S., Highways, §§ 217-231.

Sec. 19.25.210. Relocation or removal of encroachment. If, incidental to the construction or maintenance of a state highway, the department determines and orders that an encroachment previously authorized by written permit must be changed, relocated, or removed, the owner of the encroachment shall change, relocate or remove it at no expense to the state (except as provided in AS 19.25.020), within a reasonable time set by the department. If the owner does not change, relocate or remove an encroachment within the time set by the department, the encroachment shall be considered an unauthorized encroachment and subject to the provisions of AS 19.25.220 — 19.25.250. (§ 2 ch 64 SLA 1971)

Sec. 19.25.220. Unauthorized encroachments. If an unauthorized encroachment exists in, on, under or over a state highway, the department may require the removal of the encroachment in the manner provided in AS 19.25.230 — 19.25.250. (§ 2 ch 64 SLA 1971)

Sec. 19.25.230. Notice of removal. Except as otherwise provided in AS 19.25.200, 19.25.210 and 19.25.240, notice shall be given the owner, occupant or person in possession of the encroachment, or to any other person causing or permitting the encroachment to exist, by serving upon any of them a notice demanding the removal of the encroachment. The notice shall describe the encroachment complained of with reasonable certainty as to its character and location. Service of the notice may be made by certified mail. (§ 2 ch 64 SLA 1971)

a segment of the public; "utility" also includes any corporation, company, individual, or association of individuals, or any lessee, trustee, or court-appointed receiver that owns, operates, manages, or controls any system for furnishing transportation of goods or persons by means of a railway, tramway, cableway, conveyer, flume, canal, tunnel, pipeline, or any other similar means;

(55) "utility locate service" means a service provided by a utility to locate its buried utility facilities;

(56) "utility service connection" means the cable, wire, or pipe that connects the utility distribution line to the premises served;

(57) "wet-boring" means the method or process of boring with the use of jets of water or liquid slurry. (Eff. 5/23/82, Reg. 82)

Authority: AS 19.05.020 AS 19.30.121
AS 19.05.040 AS 19.40.065
AS 19.30.051

CHAPTER 20. MAINTENANCE

Section
10. Outdoor advertising
20. Closure and restriction
30. Transfer of excess equipment
40. General

17 AAC 20.010. OUTDOOR ADVERTISING. It shall be unlawful to place, erect, or maintain any outdoor advertising sign within the right-of-way of any highway or highway lands, nor shall any permit be issued for the placement or erection of the sign. (Eff. 6/25/69, Reg. 30)

Authority: AS 19.05.020

Historical Note: Former 14 AAC 2.391.2.

17 AAC 20.020. CLOSURE AND RESTRICTION. (a) The department may restrict the use of, or close, any highway whenever the department considers such closing or restriction of use necessary

(1) for the protection of the public; or

(2) for the protection of such highway from damage during storms, floods, thawing conditions or during construction or maintenance operations.

(b) The department will provide traffic guidance in case of restriction or provide suitable detour as soon as possible to minimize traffic delay.

(c) To notify the public that a highway is closed, or its use has been restricted, the department may

(1) erect suitable barriers or obstructions at such locations upon the highway as will best serve the purpose;

(2) post warnings or notices of the condition of any such highway;

(3) post signs for the direction of traffic upon it, or to or upon other highway or detour open to public travel;

(4) place warning devices upon such highways;

(5) assign a flagman to warn, detour or direct traffic on such highway.

(d) Nothing within the above shall be construed to create any liability upon the state or any officer, employee, agent, or contractor of the state for failure to provide any or all of the above notices; however, willful failure or neglect to provide the notice shall be the subject of disciplinary action.

(e) Except in sudden emergencies, the department shall notify the nearest state police unit before closing or restricting the use of any highway, or before diverting traffic to any other highway or detour, in the manner provided in the preceding sections; whenever possible, such notice shall be in writing.

(f) Whenever required by sudden emergency, to protect the traveling public or to prevent or mitigate damage to public property, or to prevent or mitigate damage to private property for which the department might be held responsible, the department may, acting by or through its senior officer, or employee actually at the vicinity of the emergency, enter into contracts for the leasing or renting of tools or equipment needed for such highway emergency purposes. Such contracts shall be in writing, but shall be preceded by a memorandum of intent with a brief explanation of the nature of the sudden emergency, labor and equipment required, estimate of time required and the purpose for which labor, tools and equipment are needed. (Eff. 6/25/69, Reg. 30; am 11/16/83, Reg. 88)

Authority: AS 19.05.020
AS 19.10.100

Historical Note: 1. Source of (a) is former 14 AAC 2.399. 2. Source of (c) – (d) is former 14 AAC 2.400. 3. Source of (e) – (f) is former 14 AAC 2.401 – 2.402.

17 AAC 20.030. TRANSFER OF EXCESS EQUIPMENT. (a) The department is responsible for the transfer of excess automotive and construction equipment to political subdivisions of the state for use in maintenance and construction of roads and airports.

(b) The department will circulate a list of such equipment periodically to all political subdivisions requesting to receive such lists.

(c) Political subdivisions must make requests for any desired equipment from the list within 30 days of mailing of the list.

(d) Political subdivisions must state in any request for excess equipment

(1) the need and contemplated use;

(2) ability to provide transportation; and

(3) ability to perform necessary repairs.

(e) The state maintenance engineer will evaluate all requests made for equipment from the excess list and make recommendations to the commissioner as to which items should be transferred and to which requesting political subdivision.

(f) Repealed 11/16/83.
(Eff. 6/25/69, Reg. 30; am 11/16/83, Reg. 88)

Authority: AS 19.05.020
AS 19.05.060

17 AAC 20.040. GENERAL. No road maintenance of any nature shall be performed by the state on a highway which is not part of the Alaska Highway System, except by reimburseable agreement. (Eff. 6/25/69, Reg. 30)

Authority: AS 19.05.020
AS 19.10.030

Historical Note: Former 14 AAC 2.390(c).

Sec. 19.25.240. Summary removal. The department may at any time remove from a state highway or road an encroachment which obstructs or prevents the use of the highway or road by the public. (§ 2 ch 64 SLA 1971)

Sec. 19.25.250. Removal after noncompliance; removal expense. After a failure of the owner of an encroachment to comply with a notice or demand of the department under the provisions of AS 19.25.200, 19.25.210 and 19.25.230, the department may remove, or cause to be removed, the encroachment, and the owner of the encroachment shall pay to the department:

(1) the expenses of the removal of the encroachment;

(2) all costs and expenses paid by the state as a result of a claim or claims filed against the state by third parties for damages due to delays because the encroachment was not changed, removed, or relocated according to the order of the department; and

(3) costs and expenses of suit. (§ 2 ch 64 SLA 1971)

STATE OF ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES POLICY AND PROCEDURES	P & P No. 10-0020	Page 1 OF 2
	Effective Date April 1, 1984	
SUBJECT Encroachment Control	Superseded P & P No. None	Dated
	APPROVED BY	

DIVISION	SECTION	CHAPTER TITLE
Departmental	Commissioner's Office	Policies

Purpose:
In the interest of safety, convenience and pleasure for highway users, all encroachments on rights of way must be effectively controlled. These procedures are established to provide guidelines for discovery and either removal or placing under agreement all of the encroachments on the right of way of the Alaska highway system.

Policy:
It is the policy of this Department to maintain highway rights of way free and clear of encroachments. Two major purposes of this policy are (1) to protect the best interest of the public when considering non-highway use of right of way, and (2) to maintain a safe driving environment for the highway user.

Distribution:
Policy and Procedure manual holders and Division and Section Supervisors.

Procedure:
For purposes of this procedure Utility Facilities are excluded.

The following procedures will be used to implement this policy:

1. Discovery. It is the responsibility of the Regional Director of Maintenance and Operation to maintain encroachment surveillance. During routine maintenance patrol, road and weather condition inspection, or at regular intervals deemed necessary, maintenance personnel shall inspect the right of way for encroachments. When an encroachment is found, a determination will be made as to whether the encroachment is a safety hazard due to physical or visual obstruction of the highway. If the encroachment is considered a safety hazard, it will be summarily removed. Those encroachments judged not to present an immediate safety hazard will be reported to the Regional Chief Right of Way Agent by copy of Encroachment Report Form No. 24 (Revised 6/82) with recommendations as to whether the encroachment should be permitted or removed.

2. Removal or Permitted. When an encroachment report is received, the Regional Chief R/W Agent will make a recommendation to the Regional Director, Design and Construction, as to whether the encroachment should be permitted or removed.

   A. Removal. When it is determined by the Regional Director of Design and Construction that the encroachment should be removed, the Regional Chief R/W Agent or representative should personally contact the owner, if possible, to explain the written notice which is concurrently sent demanding the removal of the encroachment within a reasonable time. The notice shall describe the encroachment complained of with reasonable certainty as to its character and location. Service of the notice may be made by certified mail, return receipt requested, and will state that the removal will be at the owner's expense which includes (1) the expenses of removal of the encroachment plus storage, and (2) all costs and expenses paid by the State as a result of a claim or claims filed against the State by third parties for damages due to delays because the encroachment was not changed, removed or relocated, and (3) costs and expenses of suit. A schedule may be adopted to cover these expenses. Such a schedule should reflect hours of labor, storage and transportation costs incurred and should approximate them as closely as possible.

   The removed encroachment may be stored in the nearest maintenance yard for thirty days and then destroyed. At any time during the thirty-day period an owner may reclaim his property by paying the amount stated in the notice.

When the encroachment is summarily removed, the owner should be notified, if possible, where the Department has the property stored and that a redemption fee will be charged if not reclaimed within ten days. The redemption fee should reflect storage and protection costs which are separate from those of removal.

On encroachments such as major structures, where it is impractical to haul and store, other means of removal shall be worked out, taking care not to trespass on private property.

A follow up system is to be established which provides for automatic contact with the resident maintenance foreman to determine whether or not removal has been accomplished within the specified time.

B. Permitted. When it is determined by the Regional Director of Design and Construction and the Regional Director of Maintenance and Operations that an encroachment will not interfere with the construction, maintenance, free flow of traffic or aesthetics of the highway and will not decrease the safety, convenience or pleasure of the highway user, the encroachment may be permitted with the Federal Highway Administration's concurrence, when required.

The encroachment permit will be processed according to the Right of Way Manual.

In the event the encroachment owner refuses to sign the permit, removal procedures as outlined above will be commenced.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 2-8-88 1:30 p.m.

(7)

HOUSE COMMITTEE REPORT

Date referred: 1/22/88 FURTHER REFERRALS: Finance

DATE: February 8, 1988

The Transportation Committee has considered HCR 34

Relating to tourist-oriented directional signs.

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[X] fiscal impact [ ] same as previous fiscal note published _____

[ ] zero fiscal note

[ ] zero with analysis [ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Bette Cuts

Bill Hudson

SIGNING OTHER RECOMMENDATIONS:

Bette Cuts

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: February 8, 1988

SIGN-IN

Subject of meeting:

*HCR 34: Relating to tourist-oriented signs
*HB 401: Rebates for Motor Fuel Taxes
*HCR 35: Commending the Alaska Marine Highway

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Carl Meyer	P.O. Box SA Juneau	465-2343	Dept. of Revenue	Yes HB 401
Dale Lindsay	P.O. Box 389 Seward	224-3190	Harbor Enterprises Inc	HB 401 Yes
DAVID MCCLUNE	2033 SIXTH AVE. #770 SEATTLE WA 98121 ?	(206) 448-7588	DEPT. OF REVENUE.	NO -
KEITH GERKEN	Box Z JUNEAU	465-3900	DOT & PF	YES
Rep. Ron Larson	Box V Juneau		~~will be here at 1000 as finance has a question~~	HJR 34 Yes
Greg Robin	Here for 3 more MCS			HCR 35

* indicates first public hearing

HCR

35

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

February 8, 1988

****

COMMITTEE CALENDAR:

HCR 34: Relating to tourist-oriented directional signs.

HB 401: "An Act establishing rebates for motor fuel taxes for fuel used in watercraft outside the state; and limiting the authority of the attorney general and the Department of Revenue to recover refunds paid before the effective date of this Act; and providing for an effective date."

HCR 35: Commending the Alaska Marine Highway System for 25 years of service.

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

* A folder on HCR 34

* A folder on HB 401 that includes:
  Item #1: HB 401
  #2: fiscal notes: Depart. of Revenue
  Depart. of Comm. & Eco. Dev.
  position paper: Depart. of Revenue
  #3: Senate companion bill SB 366
  #4: Sectional Analysis
  #5: Statutes
  #6: background information

* a folder on HCR 35

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HCR 35
PUBLISH DATE: _____

FISCAL NOTE

REQUEST: _____

Revision Date: _____
Title: Commending the Alaska Marine Highway System for 25 years of service.
Sponsor: Rep. Taylor
Requestor: Chairman Bette Cato

Agency Affected: DOT/PF
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Rep. Bette Cato, Chairman
Division: House Transportation Committee
Phone: 465-4858
Date: 2/8/88

Approved by Commissioner: Bette Cato
Agency: Chairman, House Transportation Committee
Date: 2/8/88

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

page ____ of ____

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

NEWS RELEASE

INFORMATION CONTACT: GINGER JOHNSON, INFORMATION OFFICER (907) 465-3900

FOR IMMEDIATE RELEASE

#481/ALASKA MARINE HIGHWAY SYSTEM MARKS 25TH YEAR OF SERVICE

January 22, 1988

Juneau--The Alaska Marine Highway System begins capping off a quarter century of operation this month. The first state ferry, the M/V Malaspina, sailed its maiden voyage 25 years ago on January 23, 1963.

To mark the occasion, Governor Steve Cowper is proclaiming a mid-year observance with May as Alaska Marine Highway Month.

In addition, there will be special observances through the year affording Alaskans statewide the opportunity to participate, said Commissioner Mark Hickey of the Department of Transportation and Public Facilities, which operates the Alaska Marine Highway System.

It really is a milestone of solid service by a vital public agency when you look back at it," Hickey said. "Along with providing basic transportation, the Marine Highway system is a boon to tourism and a definite plus for other areas of commerce as well.

"And, then, there's the very human side of this. Ferry personnel over the years have assisted in search and rescue efforts,

(More)

medical emergencies, and on-board contingencies large and small, including the delivery of babies and collecting donations for passengers in emergency situations. It all adds up to much more than just operating a ferry system."

Alaska Marine Highway System Director George Davidson said the special year "serves to keep us on our toes. We naturally look back with pride at the record of service behind us, but also with recharged determination to the challenges ahead."

Following the M/V Malaspina's maiden voyage in 1963, the M/V Taku and the M/V Matanuska were added to the fleet that same year. The ferry system opened to Alaskans and visitors a means of regularly scheduled public transportation connecting the highway system at Prince Rupert, B.C. and Haines, to southeast communities not reachable by land routes.

The system before long, added a lower 48 link to Seattle. It now operates nine vessels, serving southeast, Prince William Sound, Aleutian Chain communities, and southcental Alaska as well. The system serves 3,500 route miles and carries more than 360,000 passengers and 90,000 vehicles annually, along with freight and other goods of Alaskan commerce.

In total, the system has carried six million passengers and one-and one-half million vehicles since 1963.

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News

293-940), 62 Pages Ketchikan, Alaska, Saturday-Sunday, January 23-24, 1988

25 years

Ferries sail by silver anniversary

By JUNE ALLEN
Daily News Staff Writer

The inaugural sailing of the Alaska state ferry Malaspina was front page news in Ketchikan long before the new vessel sailed north from the Seattle yards for Alaska.

The date of her first call in Ketchikan was Jan. 23, 1963 — a quarter century ago this weekend.

The Malaspina's prow cut the ribbon on the Alaska Marine Highway System as the first of three sister ships to be built at a cost of $10,445,000, designed by naval architect Philip F. Spaulding and built by Puget Sound Bridge and Dry Dock Co.

Alaska Gov. William A. Egan headed a list of dignitaries aboard the vessel as it awaited a Seattle departure after a series of short shakedown cruises in Puget Sound. A delay in sailing north was caused by repairs to a crack which developed on an engine supercharger casing.

Capt. Reuben Jacobsen ran what he called his "little luxury liner" at speeds above the 18-knot cruising range to make up time, but the Malaspina sailed into Ketchikan almost 10 hours late.

She was greeted with what Daily News headlines called a "New York-Type Welcome."

Scheduled events included performances by both the Metlakatla and Kayhi bands, a fly-over of small planes (probably canceled since the ferry arrived at night), and a boat parade led by the city's fireboat H.V. Newell, skippered by Bud Beck, crewed by Roy Selfridge, Clare Stigan and Walter Fitzgibbon with engineer Mike Kouni.

Ketchikan Daily News editor Albro Gregory was along for the inaugural sailing, doing a series of stories for the Associated Press in Seattle and taking scores of pictures which were featured on page one well into February.

Richard Downing, commissioner of public works, was photographed barefoot, pant legs rolled up as he scrubbed decks — not enough stewards had yet been hired. Fairbanks entrepreneur Chris Palzer had the contract for food service aboard the Malaspina and was attired in a uniform which an eyewitness said looked like it had been borrowed from a South American Navy.

The whole concept of being the first Alaska stop on Southeastern's marine highway was being addressed by the Greater Ketchikan Chamber of Commerce. The chamber's banker president, Jack Reekie Jr., was requesting weekly reports from ferry committees. One was investigating ferry refueling stops in the First City; another was encouraging crews to live in Ketchikan; and still another was called the Ferry Arch committee. It was charged with designing and funding a grand, if rustic, laminated arch to rival the downtown All Alaska City arch on Mission Street. The ferry arch would be supported by logs, later to be replaced with totem poles.

The Matanuska and Taku were due to be finished the end of April 1963 and already the Chamber was studying future ferry extensions, supporting a terminal at Tolstoi Bay on Thorne Arm. However, district Sen., W.O. (Bo) Smith said he supported a future terminal at Hollis.

The entire community was caught up in the excitement of the Malaspina's arrival and significance. When she was tied up here, an agent sold tickets for the continuing voyage north from a cigar box in a borrowed trailer.

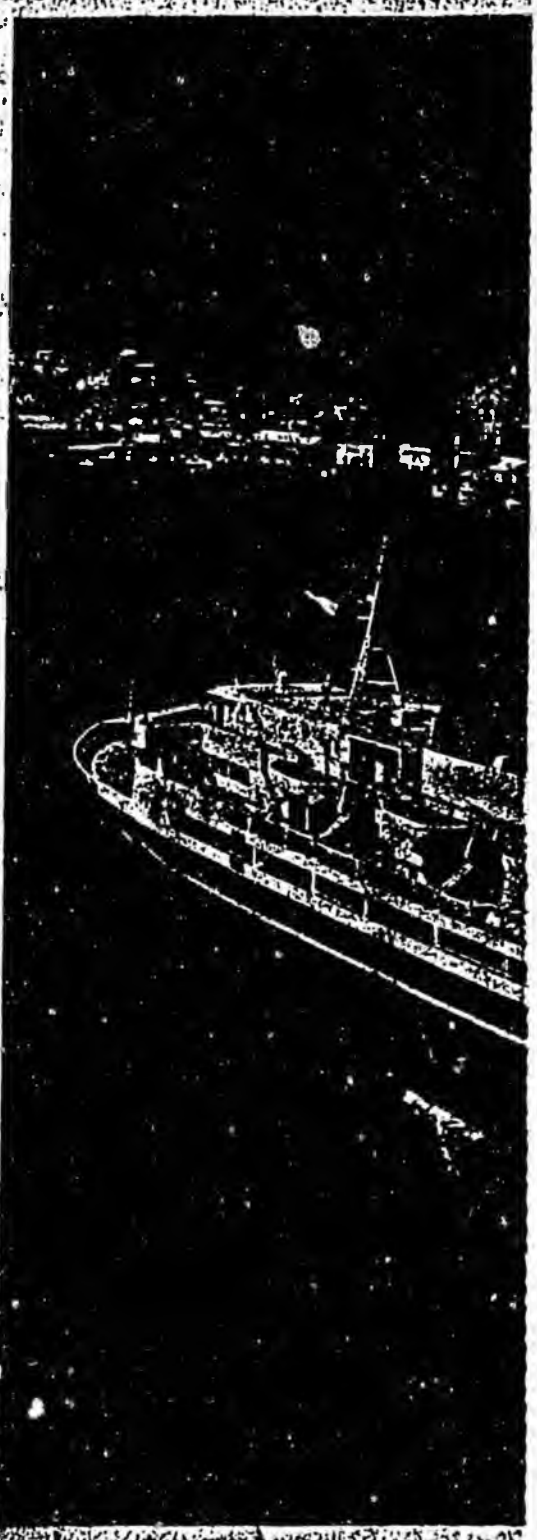
Then the Malaspina sailed north to carry Gov. Egan to his inaugural ceremonies. Along the route each passing fishing boat tooted a greeting which the Malaspina returned with a blast from her whistle.

It was an important event in 1963, the year that was the last for President John F. Kennedy, the year in which people were doing the Twist and Thistle Dew was plotting the death of Dick Tracy's sidekick Junior.

The opening of the marine highway was the culmination of many, many years of planning and preparation.

On the front page of the Jan. 23, 1963, edition of the Ketchikan Daily News was an old 1919 photo of a Fourth of July parade float, built to resemble a ferry. On its side was a sign which said, "Car Ferry No. 1."

It had finally arrived.



This photo was taken 20 years ago Matanuska and Taku had joined the M to create the state's mainland ferry Photographer Steve McCutcheon ca

Familiar infant se

[Editor's note: Many present and former Ketchikan residents remember the years during which the idea of a marine highway for Southeastern Alaska finally became reality.]

Oral Freeman

Oral Freeman was one of Ketchikan's representatives in the first Alaska State Legislature after Statehood in 1959. He says he has no idea who first came up with the concept of a marine highway. It was an old and cherished idea, but during his years in that first Legislature the ferry concept was mostly a dream — there was no money to implement it.

But somehow along the line a study was begun and the idea of

On the bridge

The Malaspina captains:

Capt. Harold Payne has been of 1963. He was among the throng

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 2-8-88 1:30 p.m.

(7)

HOUSE COMMITTEE REPORT

Date referred: 1/25/88 FURTHER REFERRALS:

DATE: Febraury 8, 1988

The Transportation Committee has considered HCR 35

Commending the Alaska marine highway system for 25 years of service.

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[X] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: February 8, 1988

SIGN-IN

Subject of meeting:

*HCR 34: Relating to tourist-oriented signs
*HB 401: Rebates for Motor Fuel Taxes
*HCR 35: Commending the Alaska Marine Highway

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Carl Meyer	P.O. Box SA Juneau	465-2343	Dept. of Revenue	Yes HB 401
Dale Anderson	P.O. Box 389 Seward	224-3190	Harbor Enterprises Inc	HB 401 Yes
DAVID MCCLUNE	2033 SIXTH AVE. #770 SEATTLE WA 98121 ?	(206) 448-7588	DEPT. OF REVENUE.	NO -
KEITH GERKEN	Box Z. JUNEAU	465-3900	DOT & PF	YES
Rep. Ron Larson	Box V Juneau		~~Will be here at 10:00 as Finance was delayed~~	HJR 34 yes
Greg Robin	Here for 3 more	MCS		HCR 35

* indicates first public hearing

HCR

46

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

February 26, 1988

****

COMMITTEE CALENDAR:

HCR 46: Relating to the Copper River Toll Road.

Confirmation Hearings on Capt. Howard K. Elsensohn and
Mr. Mark Foster to the Board of Marine Pilots, and
Ms. Marlene Johnson to the Railroad Labor Relations Agency

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

a folder on HCR 46 that includes
item #1: HCR 46
#2: background information from an engineering firm
#3: letters - pro & con

a folder for the confirmation hearings that includes:

item #1: a letter from Captain Howard K. Elsensohn
#2: a resume from Mr. Mark A. Foster
#3: a resume from Ms. Marlene Johnson

Introduced: 2/15/88
Referred: Transportation
and Finance

5-1930A

IN THE HOUSE BY CATO

HOUSE CONCURRENT RESOLUTION NO. 46

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

Relating to a Copper River toll road.

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

WHEREAS there is currently no road to Cordova; and

WHEREAS the residents of Cordova very much want to be connected by road to other points in the state; and

WHEREAS a road to Cordova would stimulate economic development and encourage tourism in the area; and

WHEREAS the availability of both state and federal funding for road construction has decreased; and

WHEREAS the state has authority under AS 37.15.720 to construct and maintain toll roads;

BE IT RESOLVED by the Alaska State Legislature that the Governor is respectfully requested to direct the Department of Transportation and Public Facilities to construct a toll road under AS along the Copper River via Chitina to Cordova.

Peratrovich, Nottingham & Drage, Inc.
Engineering Consultants
Telex 090 26436
Telefax (907) 563-4220
1506 West 36th Avenue • Suite 101 • Anchorage, Alaska 99503 • 907-561-1011

2

January 20, 1988

PN&D K-514

FEB 11 1988

Margy Johnson
Reluctant Fisherman
Box 150
Cordova, Alaska 99574

Re: Copper River Highway

Dear Margy:

As I promised, we are continuing to gather information about the Copper River Highway. Both Roy Peratrovich and I have always thought that this project is of great economic importance to Chitna, Cordova, Valdez and Alaska.

In earlier days, we both worked on route reconnaissance and designed many of the bridges including the large ones at Flag Point.

When work was stopped in the mid 1970's only about 4 miles was left to complete the initial pioneer road stretching from Chitna to the Million Dollar Bridge, according to Bruce Campbell, then Commissioner of Highways. Apparently work crews on both sides of the Tasnuna River were within sight of each other.

The pioneer road was begun at two ends, one near Chitna and the other near the Million Dollar Bridge. Crews pressed forward to around the Tasnuna River.

Photos taken by the late Charles Matlock are enclosed to show typical views of the road along the route. The pioneer road was about 14 feet wide and in condition to allow car passage.

The route crosses a few rivers that need substantial bridges. The Million Dollar Bridge could be repaired, Allen River needs a bridge, Abercrombie Creek, the large Tasnuna crossing would be the most expensive and there could be some lessor crossings of creeks.

Bruce Campbell says that a 14 foot wide gravel road with turnouts every 1/4 mile or so could be readily built in a fairly short time.

The State apparently owns the entire route right-of-way so that should not be a problem.

Modern technology involving modular bridges, heavy lift techniques and fast track road construction methods could all be employed on this project.

We will continue to support your efforts and should you have any questions please call.

Sincerely,

PERATROVICH, NOTTINGHAM & DRAGE, INC.

Dennis Nottingham, P.E.
President

DN/dt/L5

xc: Rep. Bette Cato
Don Moore, Cordova City Manager
w/attachments

THE EYAK CORPORATION

February 16, 1988

Office of The Governor
ATTN: Governor Cowper
Pouch A
Juneau, AK 99811

RE:COPPER RIVER HIGHWAY SUPPORT BY EYAK

Dear Governor Cowper,

The Eyak Corporation strongly supports the building of the Copper River Highway, and has supported it for a number of years. Any method that would expedite the building of the Copper River Highway, including a pioneer road, we feel would be a benefit to our people and all the people of Cordova. A highway would be a more economical way for people and freight to flow in and out of this community.

We feel that the question of whether or not the people of Cordova want a road, has been answered, and that answer was yes. We also would hope that you would be in favor of tying the state together via a highway system especially one that connects Cordova to the rest of the state. It is our understanding that since the Hickel Administration, no new state highways have been built.

The Eyak Corporation passed a resolution that endorsed the Woods Canyon Route otherwise known as the Chitna Route. This resolution is attached.

We also feel that this road would not only benefit the Cordova area, but it would also benefit the entire state. With the increase in tourism, especially in the area of Mckinley Park, The Copper River Highway could go a long way to diversifying the areas visited by tourists by opening up the Wrangell St Elias area during the tourist season. Additional attractions that would be opened up and visited, are the Childs Glacier, Copper River Delta, and Sheridan Glacier, all of which are currently enjoyed by only a few people. Another fact that should be considered is the potential stabilization of Cordova's economy with the additional flow of persons and commerce that would travel to Cordova via the Copper River Highway. Many of these persons and businesses might not come without the highway.

Again we ask for your support and hope that the Highway can become a reality soon.

Sincerely,

Lucas Borer
Chief Executive Officer
The Eyak Corporation

P.O. BOX 340 CORDOVA, ALASKA 99574 (907)424-7161

Bettye Cato
Juneau Alaska
99811

FEB 23 1988

The Copper River Highway has long been a dream to most Cordovans. The business community has always supported the completion of our Highway. As you know, we were within 10 miles of completion when the Good Friday earthquake hit. Since then, the project has been a political football.

We ask you to support our legislators in the efforts to secure funding for the Copper River Highway. We are not asking for a deluxe or even paved highway, simply a pioneer acess so that our community can be linked to Alaska's road system.

Supporting the development of Alaska's infrastructure through construction of necessary roads is vital to the economic well being of the State of Alaska.

We would be most apprecitive of your support.

Sincerely,

David Henry
General Delivery
Cordova Alaska

Governor's Office
Box A, Juneau,99811-0101
February 19, 1988

FEB 23 1988

Dear Governor Cowper,

I want you to know I am in complete support of completion of the Copper River Highway to Chitna. I was born, raised, and have lived all my life in Cordova. The road would be a real asset to help with all aspects of life here. The ferry is essential and would remain so, but the way things are now the ferry is nearly impossible for the average guy. When I need service on my new truck I have to take a week to go to Anchorage to get the work done. The ferry schedule has always worked this way, and it seems like just by it's very nature it can not provide all our transportation needs. I believe if we had a highway connection with the rest of the state I probably would not have to go to Anchorage for vehicle service, in the long run.

In addition I do not think a road would ruin our town. We who were born and raised here have always had the history of the Copper River and Northwestern Railroad and regular land transportation to the Interior as part of our being and desires. It is very frustrating to have had a bunch of short timers and summer only users telling us a road would ruin our community. Land transportation made this City. It won't ruin anything to have what we grew up expecting to finally be a reality.

Thanks for listening and please help end this very frustrating situation for my community.

Sincerely,

Roger Behymer

Roger Behymer
Box 614
Cordova

cc.
Bette Cato
Mike Szymanski
Jay Kertulla

Thank you for your help

FEB 2 3 1988

Feb 13 1988

Dear Rep. Cato.

Having recently read of the renewed interest in the Copper River Highway, I would like to express my approval and hope you will give your full support.

Sincerely

J.D. Coats
Box 74
Chitina AK 99566

FEB 23 1988

Office of the Governor
Box A
Juneau, Alaska, 99811

February 15, 1988

Dear Governor Cowper,

This letter is to show my support for the Copper River Highway which would connect Cordova, Alaska to the rest of the State by means of a road. Not only would the road encourage other Alaskan to visit Cordova, it would make it possible for Cordovans to visit and shop outside of Cordova at less expense.

The local merchants use the "high cost of shipping" excuse to inflate local prices to a ridiculous high and then virtually laugh at their customers because we pay these prices. Example: a gallon of milk cost almost $5.00; a loaf of bread costs $2.50, chicken sells for $2.99 a pound. As there is no competition the merchants can set any price they so desire. If Cordovans were able to drive Anchorage without the need to take a ferry to Valdez, they could afford to bring back a truckload of groceries and still save money.

Please lend your support to the Copper River Highway to connect Cordova to the rest of the State.

Sincerely,

Dixie Lambert

Dixie Lambert
PO Box 614
Cordova, AK 99574

cc: Rep. Betty Cato — I'd appreciate your support also Betty!
Sen. Mike Syzmanski
Sen. Jay Kertulla

Govenor Steve Cowper
Juneau, 99811-0101
February 15, 1988

FEB 23 1988

Dear Govenor Cowper,

I would like to see the Copper River ROAD COMPLETED. This would be a very strong unifying point for Cordova. You see the people who oppose the road all admit that sooner or later there will be a road. Once the road is finally completed we will be able to start having a city of agreement and purpose. As it is now many people who want the road keep queit. They are afraid to lose some of the little business there is. Some such as our newspaper editor have very negative feelings about the road for selfish reasons. They do not want TO SHARE THE COUNTRY with others. They want to have rafting business or tour business all to themselves. Some of these few can make life uncomfortable for any of the many who want the roaddue to their community position. Many collect a salary from government in some form or another. These few have made life hard on some of our most energetic community members and they have left the community. Far too many of our young adults have to leave also creating a brain drain , and further erode our ability to have any sense of community except the small group of elite who managed to cheat Cordova out of the road. I know this is somewhat hard to believe, but for instance one might wonder why there is never anything in the newspaper about positive aspects of the Copper River Road. The editor makes it appear ridiculous. She will edit for space or run contradictory information .

None of these type of things is good for a community. We need to have our history back.The railroad went to Chitna and let people move freely into the interior and be Alaskans. We must regain our identity and take our place amongst other Alaskan cities. We need your help.

Respectfully,

Dennis A Marchant
P.O. BOX 1625
CORDOVA

cc.
Jay Kerttula
Bette Cato
Mike Szymanski

PLEASE Be our FAIRY GODMOTHER
Make Our hopes come True

State Legislature
ch V
eau Ak 99811

FEB 23 1988

2-16-88

- Rep Cato.

would appreciate it very much if you could call attention to the other legislature the importance state funding for this year for a pioneer road Chitina to Coldova. This would greatly help our unployment crises.
is an existing road - no environmental study should to be done to this existing route. The state owns the ft road right of way.
Thk for your support

Sincerly
Adeline B Kantner

FEB 2 3 1988

Govenor Steve Cowper
Juneau, Alaska
Feb. 16, 1988

Dagmar Davis
Box 192
Cordova, 99574

Dear Govenor Cowper,

I have been a resident of Cordova for forty-three years and have always supported the completion of the Copper River Highway. The town has always been in favor of the road except in the very unfair 1982 vote. They said that it was just another unofficial vote but very unfairly doomed the Million Dollar Bridge on the basis of the vote. To many voters it was just another ho-hum vote for something we all knew was desperately needed and long sought. Advertisemennts in the newspaper made it appear like a yes vote would ruin the hunting and fishing and leave us buried in litter. I don't believe any of these things would happen. I know from living at a turn around spot on Eyak Lake that TOURISTS DON'T LITTER,LOCALS DO.

The ferry system is good but it can not run every day. A road would give us the added dimension of freedom to travel to other Alaskan cities when we need to go. I would be happy to pay a tollto travel at my own convenience and would continue to use the Marine Highway as it fit into my own schedule. I know that the road has been made to appear vey controversial in the past but I do not think this is true. I believe that the '82 vote was generated by a young element who were relatively new to Cordova and wanted it all to themselves. As it is now many of our young people have to move away, and this is not good for our sense of our community.

I hope you will give us strong support in finally finishing the road. Thank you.

Sincerely,

Dagmar J Davis

Dagmar Davis

cc.
Bette Cato Thank you for your help
Mike Szymanski
Jalmar Kerttula

T-20 #8

FEB 23 1980

Dear Betty:

Copper River Highway #10 finally has come this far with the help of many of you--Cato, City of Cordova, etc. we now have HCR-46 attached.

I don't need to tell you or stress that NOW IS THE TIME. After 50 years, after 29 years in statehood, and only one highway being built, Cordova's economy, future tourism, and the North Gulf Coast should be opened to some development

I only have two words LET'S BUILD.

Under the toll road option we are not asking for handouts, there can be no more legitimate obsticles. For all Alaska, not just this area, build the highway; let's work together. There can be no other alternative but to support HCR 46.

Marla Jean

Marla J. Adkins
An Alaskan
P.O. Box 461
Cordova, AK 99574

This will go out to every leg - & altrs. with some personal notes
Hope helps! Good Jo & Lady
Lets Pushspray
Mja

Best to auntie

Govenor Steve Cowper
Juneau, 99811-0101
February 15, 1988

Dear Govenor Cowper,

Cordova deserves to be re-connected with the rest of Alaska. The Copper River Route is the easiest way into the interior, and its construction is the history of Cordova. All Americans deserve the chance to travel through the old rail-belt area and see some of the most spectacular scenery on earth. This road has always been a political football. They say copper is the metal people fight the most over. This must be true and have rubbed of on the railroad grade. I hope you can help us rejoin the rest of Alaska.

Sincerely,

P.O. Box 1254
Cordova AK
99574
424-3955

cc.
Betto Cato
Jay Kerttula
Mike Szymanski

Govenor Steve Cowper
Juneau, 99811-0101
February 15, 1988

FEB 19 1988

Dear Govenor Cowper,

Please give your approval to finishing the road up the Copper River to Chitna. It will be important to protect the salmon stock spawning areas that might be adjacent to the road so fish and game can study any effect additional use might have. perhaps some kind of moratorium could be made so as to do no harm. We need the road very badly right now. If you would help us, may be we would not have to wait another fifty years. It seems similar to the question of ANWR, Only it really is not new business, just a return to what we had historically and something that could be managed with very low impact on the enviorment. The Southeastern tourism people have shown quite plainly that the best return from tourism is the independant traveler. I think we can easily double the amount of business the Bartlett Does here, and that would decrease the overall subsidy to the Marine Highway system.

It seems like the kind of proposition where no one can lose. I sincerely hope you can help make the completion of the road a reality in the very near future. Thank you.

Very Truly Yours,
Brian Lehman
PO 172

cc.
Jay Kerttula
Mike Szymanski
Bette Cato

Copy

Govenor Steve Cowper
Juneau, 99811-0101
February 15, 1988

FEB 19 1988

Dear Govenor Cowper,

Since our only real builder in Cordova has moved over to Valdez to begin a new fish processing plant where there is a road, and the Coast Guard which is ten percent of our winter population will probably be moving out in the fall we need aroad into Cordova more than ever.. Please if you can help, help now. Some people say that the army has a plan to put a road into Cordova that would only take one month tocomplete. Have you ever heard this about a defense road which the Corps of Engineers supposedly has.? This would really be great if it were true. It really doesn't seem like we should have to wait anymore for permits or any of that stuff. After all this road is not new. It was there 75 years ago. It operated as a railroad for 30 years. We have always wanted to still be a part of Alaska, but it isn't easy being isolated without normal transportation.

I have also heard that a toll road might be possible. If this was true then the road could maintain itself and no one could object due to high costs. Then we here in Cordova could share in the beauty that is in the rest of the state, and the rest of the state could come over here to see the Gulf of Alaska. It would be the only place where Alaskans could see the ocean. Amazing, we have more coast than the entire US and this would be the only place to see the Pacific from that you could drive to! I hope you can help all Alaskans share the beauty we have to offer.

Thanks for reading,

Donnita K. Burch

cc.
Mike Szymanski
Jay Kerttula
Bette Cato

STATE OF ALASKA 1988 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HCR 46
REQUEST
Publish Date:

Revision Date:
Agency Affected: DOT&PF
Title: House Concurrent Resolution 44
Relating to a Copper River Toll Road
BRU:
Sponsor: Cato
Components:
Requestor: Cato

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		*	*	*	*	*

POSITIONS:

FULL-TIME		*	*	*	*	*
PART-TIME		*	*	*	*	*
TEMPORARY						

ANALYSIS: The use of a toll authority is not established procedure in the department. The assumptions expressed in this analysis represent the department's initial reactions to this concept and may need modification to more accurately reflect the opportunity costs of money, the pay back terms and other financial assumptions. In addition, federal aid funds for construction may have to be re-paid prior to establishing a toll.

* See attached page, typewritten analysis dated 2-26-88.

Prepared by: David W. Truax/Lynn J. Harnisch
Phone: 474-2431/451-2210
Division: DOT&PF Regional Director, Northern Region
Date: 2-25-88

Approved by Commissioner: Mark S. Hickey
Date: 2-29-88
Agency: DOT&PF

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

ASSUMPTIONS

A) Toll Checkpoint

1) One toll checkpoint would be needed to collect tolls.

2) Checkpoint costs were based on similar costs for a checkpoint on the Dalton Highway.

3) A checkpoint for year round occupancy would be more expensive as it would require additional insulation, permanent utilities systems, larger living quarters, etc.

B) Pioneer Road

1) Would be 18ft. wide, screened gravel surface and have trestle type bridges. The cost for this work assumes that 18ft. wide road could be constructed so that it was safe and maintainable and that only minimal reconstruction on the existing railbed would be necessary. Should any of these parameters be forced to change, during the course of actual design, the cost could increase substantially. Cost increases would depend on the type of changes that were necessary.

C) Federal Aid Secondary

1) Would be 28ft. wide, crushed gravel surface and have standard bridges. The cost is based on current construction costs for typical gravel surface Federal Aid secondary roads. Assumes construction of access road from the Million Dollar Bridge, Mile Post 49, to Chitina.

D) Copper River Bridge

1) To keep per vehicle tolls to a minimum, it was assumed that the estimated $7,500,000 to construct a bridge across the Copper River, adjacent to the Million Dollar Bridge, would be done with Federal discretionary bridge funds. Therefore, this particular cost does not appear in the overall capital costs. If discretionary funding cannot be obtained the $7,500,000 construction cost would have to be added to the total capital costs of the project. This would increase the per vehicle toll for capital costs payoff by $7.00 for seasonal and $4.00 for year-round.

E) Maintenance Station

1) In order to distribute the added mileage evenly, one additional station would be needed in the Tasnuna River area and additional equipment would be needed at the Chitina Station.

2) Facilities requirements to meet seasonal needs.
2,400 sq. ft. shop
Generator Bldg. w/two generators
4 each trailer pads for 14X70 trailers.
Utilities and water/well system.

3) Facilities requirements to meet year round needs (in addition to above building needs).
2 Trailer pads for 14X70 trailers.
Utilities and water system.
Sand shed 2,000 sq. ft.

2,000 sq. ft. work store building.

F) Maintenance Equipment

1) Seasonal (either type road)

a) New Tasnuna Station
Motor graders CAT 14 Type (2)
Dump Truck 8 Yd.
Loader 4 yd. type (1)
Dozer D-8 type
2 4WD 3/4 ton pickups
Low tractor trailer

b) The mileage this road would add to the existing system would be slightly more than a new station should handle. Therefore, some additional equipment would be needed at the existing Chitina Station to cover the extra northernmost portion of the additional mileage. This additional equipment would also be used on other state-maintained roads in the Chitina area.

c) Chitina Station (additional equipment)
Motor grader CAT 14 type (1)
Loader 4yd. type (1)
Dump Truck 8 yd. type (1)

2) Year-round (in addtion to season equipment needs) [either type road]

a) Tasnuna Station
Truck type Rotary snowblower 2 each 2200 tph
4x4 Oshkosh with V-nose plow, belly blade and wing, 2 each
Sander

G) Building and equipment needs are based on:

1) Historical information from old railroad records, which show that a substantial maintenance effort was required to keep the alignment open and in good repair at all times of the year.

2) Personal on-site observations of substantial slide and erosion activity by DOT&PF maintenance staff and other individuals at various times of the year.

3) If the Pioneer Road is built, it will be heavily used. The one-lane road will not be able to handle the volume of traffic very long. By building and staffing an adequate camp, maintenance forces can make many of the upgrades that will be required by the traffic volume.

H) Maintenance Costs - Manpower Needs

1) Seasonal
   a) Tasnuna Station (New Positions)
      i) 1 WG 52 Foreman
      ii) 2 WG 53 Operations
      iii) 1 WG 53 Operator/Mechanic

   b) Chitina Station
      i) 2 WG 53 Operators

2) Year Round
   a) Tasnuna Station
      i) above 4 Positions @ Full-time
      ii) Plus 1 additional WG 53 Operator and 1 additional WG 54 Operator

I) Toll Program Administration

1) Based on estimates of manpower needs for similar checkpoint program on Dalton Highway at $7,000 per month for a staff of 3.

2) Accounting support assumes accounting clerk, range 9, part-time.

J) Average Annual Traffic

1) Based on historical traffic generating data for similar sized communities, future growth patterns as demonstrated in the draft Cordova Comprehensive Plan and the area's location relative to major population centers and recreational/resource opportunities. This resulted in an average daily traffic count forecast of 375 vehicles a day, or 11,250 a month based on a 30-day month.

2) The average monthly traffic count for a year round rate will be less than a seasonal route. This is because the year round average takes in a 7-month period where historic traffic declines by approximately 60% from the five-month summer period.

K) Capital Costs

1) Capital costs for check point construction, maintenance equipment, maintenance station construction, and Pioneer Road would all have to be funded initially from General Funds.

2) Capital costs for constructing the Federal Aid Secondary Road would be split 91.35% Federal and 8.65% State General Fund match.

3) Costs for Pioneer Road construction could be recovered from the FHWA upon upgrade of this road to Federal Highway Secondary standards. However this recovered cost would come from federal obligation authority which could otherwise be used on other projects.

L) Toll charges for private vehicles may be able to be lessened by charging on the basis of vehicle gross weight. This would increase the cost to truck traffic, but assumably increase shipping costs as well. Because we have no way to determine gross weight at this time, such a charge schedule would have to wait until traffic data could be collected on the road, so that a determination could be made as to whether or not actual truck traffic was substantial enough to invoke such a schedule. An annual reassessment of toll charges could be done if changes in traffic level, maintenance costs, and/or toll program costs change.

M) Analysis does not include "cost of money."

FISCAL NOTE ANALYSIS OF

HCR 46-COPPER RIVER HIGHWAY TOLL ROAD

COSTS	SEASONAL		YEAR-ROUND	
	PIONEER RD	FED. AID RD.	PIONEER RD.	FED. AID RD
Capital (Total)	$16,925,000	$92,255,000	$18,405,000	$93,405.000
Toll Check Pt.	50,000	50,000	150,000	150,000
Rd. Construction	15,000,000	90,000,000	15,000,000	90,000,000
Maint. Station	730,000	730,000	1,120,000	1,120,000
Maint. Equipment	1,145,000	1,475,000	2,135,000	2,135,000
Maintenance (Total)	600,000	800,000	1,200,000	1,600,000
Toll Prog. Admin. (Total)	50,000	50,000	120,000	120,000

REVENUES	CAPITAL COSTS		MAINTENANCE COSTS		TOLL PROG. COSTS	
	SEASONAL	YEAR-ROUND	SEASONAL	YEAR-ROUND	SEASONAL	YEAR-ROUND
Pioneer Road	$16,925,000	$18,405,000	$ 600,000	$ 1,200,000	$50,000	$120,000
Pay Back Basis	20 yrs.	20 yrs.	Annually	Annually	Annually	Annually
Annual Pay Back	846,250	920,250	600,000	1,200,000	50,000	120,000
Average Annual Traffic	56,250	135,000	56,250	135,000	56,250	135,000
Per Vehicle Toll	$15.00	$7.00	$11.00	$9.00	$.90	$.90
Federal Aid Road	$92,255,000	$93,405,000	$ 800,000	$ 1,600,000	$50,000	$120,000
Pay Back Basis	20 yrs.	20 yrs.	Annually	Annually	Annually	Annually
Annual Pay Back	4,612,750	4,670,250	800,000	1,600,000	50,000	120,000
Average Annual Traffic	56,250	135,000	56,250	135,000	56,250	135,000
Per Vehicle Toll	$82.00	$35.00	$14.00	$12.00	$.90	$.90

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HCR 46
PUBLISH DATE: 2/15/88

FISCAL NOTE

REQUEST

Revision Date:
Title: "Relating to a Copper River Toll Road"

Sponsor: Rep. Cato
Requestor: House Finance

Agency Affected: Public Safety
BRU: Alaska State Troopers

Components: Detachments

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY88	FY89	FY90	FY91	FY92	FY93
PERSONAL SERVICES					72.6	72.6
TRAVEL					2.0	2.0
CONTRACTUAL					8.5	8.5
SUPPLIES					3.3	3.3
EQUIPMENT					22.3	
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	108.7	86.4
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUNDS					108.7	86.4
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	108.7	86.4

POSITIONS:

FULL-TIME	0	0	0	0	1	1
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

See attached page.

Prepared by: Francis C. Allan
Division: Alaska State Troopers

Phone: 269-5691
Date: 3/9/88

Approved by Commissioner:
Agency: Public Safety

Date: 3-9-88

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

HCR 46
Fiscal Analysis

In order to provide emergency response and regular road patrol, one commissioned State Trooper position would be required. The current Alaska State Trooper staffing level does not allow for the picking up of these additional responsibilities. Presumptions made in preparing this fiscal note are that actual construction would not begin until July 1, 1991. No inflation is accounted for and the equipment requirement will exist in the first year only.

	POSITION TITLE				RANGE/STEP	BARG. UNIT	PAGE/LINE	GOV.	APPROV.	DISAPP
1.	State Trooper				76 / A	PSEA				
	TYPE OF POSITION	STAFF MONTHS	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION	ELECTION DISTRICT	LEG.		
2.	PFT	12				Cordova (DWA)	6			

3.	CONTINUATION LEVEL		ADDITION
4.	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
	PERSONAL SERVICES		
5.	Salary	48,517	
6.	Benefits	19,568	
7.	Supplemental Benefits	4,478	
8.	Fixed Benefits		
9.	TOTAL PERSONAL SERVICES	01	72.6
10.	Travel	02	2.0
11.	Contractual	03	8.5
12.	Commodities	04	3.3
13.	Equipment	05	22.3
14.	Other		
15.	TOTAL COST		108.7

	RECEIPT CODE	FUNDING SOURCE		
16.		Federal Receipts	1002	
17.		G.F. Match	1003	
18.		General Funds	1004	108.7
19.		I-A Receipts	1005	
20.		Program Receipts	1028	
21.		Other		

FOR B&M USE ONLY
KEY NUMBER - - - - -

JUSTIFICATION:

A fully trained and experienced law enforcement officer is needed to provide accident response, patrol, investigation, and Search and Rescue along the Copper River Toll Road. This Trooper position would require a 4x4 vehicle (A152P) in order to be able to patrol the road during wet conditions. All other costs are average Trooper costs and are based upon experience.

REQUEST FOR
NEW POSITION

AGENCY Department of Public Safety

BRU Alaska State Troopers

COMPONENT Detachments

Revised Date

FY92

01-1137(7/82)-13

GOOD MORNING - I AM THE SPONSOR OF HCR 46. I AM VERY PROUD OF THIS RESOLUTION AS I FEEL IT IS A STEP IN THE RIGHT DIRECTION. WITH DECLINNING FEDERAL HIGHWAY DOLLARS AND, REDUCED STATE MONIES WE NEED TO BE MORE INNOVATIVE. WE CAN NO LONGER LOOK TO THE STATE AND FEDERAL GOVERNMENTS TO CONTINUE TO PROVIDE US WITH OUR HIGHWAYS AND ROADS. THE AMOUNT OF FEDERAL MONIES FOR THE UPCOMING FISCAL YEAR HAS BEEN REDUCED FROM 148 MILLION TO AN EXPECTED $128 MILLION FOR THE FY 89. IN ORDER TO CONTINUE TO EXPAND AND DIVERSIFY IN THIS STATE, WE NEED TO LOOK TO NEW AND CREATIVE METHODS OF FINANCING THE INFRASTRUCTURE WITHIN THE STATE.

INITIALLY, I WAS VERY FRUSTRATED AT THE LACK OF FUNDING FOR CONSTRUCTION OF THIS ROAD. AFTER SEVERAL MEETINGS WITH THE DEPARTMENT OF TRANSPORTATION, IT BECAME VERY CLEAR TO ME THAT WE HAD BECOME VERY ACUSTOMED TO ASKING FOR FEDERAL AND STATE DOLLARS AND RECEIVING THEM. I REALIZED THEN, WE NEED TO CHANGE OUR WAY OF THINKING, OTHER AREAS THROUGHOUT THE COUNTRY HAVE BEEN VERY SUCCESSFUL IN THIS AREA, WE MUST ALSO BEGIN TO LOOK IN OTHER DIRECTIONS. I CONTACTED NUMEROUS OTHER STATES AND SPOKE WITH MANY TRANSPORTATION REPRESENTATIVES, THIS RESOLUTION OFFERS WHAT I CONSIDER TO BE THE BEST CREATIVE FINANCING METHOD AVAILABLE TO US.

IT IS A STAND ALONG PROJECT, NO CAPITAL ON MAINTENANCE COSTS WILL BE INCURRED BY THE STATE. NO FEDERAL DOLLARS WILL BE ASSOCIATION INITIALLY WITH THIS PROJECT. THIS IS CERTAINLY A CHANGE FROM THE METHODS WE ARE ACUSTOMED TO FOR FINANCING ROAD

HCR 46

I HAVE INTRODUCED HCR 46 - A RESOLUTION RELATING TO THE COPPER RIVER TOLL ROAD. THIS RESOLUTION RESPECTFULLY REQUESTS THE GOVERNOR TO DIRECT THE DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES TO CONSTRUCT A TOLL ROAD ALONG THE COPPER RIVER VIA CHITINA TO CORDOVA.

THIS TOLL ROAD WOULD BE CONSTRUCTED UNDER AUTHORITY GRANTED UNDER AS.73.15.720. THIS PROVIDES THE STATE WITH THE AUTHORITY TO ACQUIRE, CONSTRUCT, EQUIP AND MAINTAIN TOLL BRIDGES, HIGHWAYS, ROADS, CROSSINGS, AND CAUSEWAYS FOUND TO BE NECESSARY BY THE COMMISSIONER OF TRANSPORTATION AND PUBLIC FACILITIES.

AS. 37.15.730 SETS DOWN CRITERIA TO BE MET IN ORDER FOR THE TOLL FACILITY TO BE FINANCED. THIS CRITERIA INCLUDES:

1. THE DEPARTMENT SUBMITS TO THE GOVERNOR AND THE LEGISLATURE A FEASIBILITY STUDY THAT FINDS THAT THE PROJECT IS FINANCIALLY FEASIBLE AND ABLE TO PRODUCE REVENUE ADEQUATE TO REPAY THE BONDS WITH WHICH IT IS FINANCED.

2. IF FINANCING IN ADDITION TO REVENUE BONDS IS ANTICIPATED, THE DEPARTMENT SUBMITS TO THE GOVERNOR AND LEGISLATURE A FINANCE PLAN TO INCLUDED AN ESTIMATE OF THE TOTOAL COST OF THE PROJECT AND A DESCRIPTION OF THE SOURCES OF MONEY THAT WILL BE USED TO FINANCE THE TOTAL COST OF THE PROJECT.

THE DEPARTMENT OF TRANSPORTATION HAS PROVIDED A FISCAL NOT WHICH SHOWS THE COST TO CONSTRUCT A PIONEER ACCESS ROAD AND A FEDERAL AIDE HIGHWAY. THE INFORMATION ALSO SHOWS THE COST TO MAINTAIN AND OPERATE THIS ROAD ON A YEAR ROUND BASIS. WITH DECLINING FEDERAL AND STATE DOLLARS WE NEED TO FIND NEW AND INNOVATE WAYS TO FINANCE VITAL PROJECTS IN OUR STATE. I FEEL THIS METHOD OFFERS A VERY GOOD ALTERNATE FOR THE STATE TO FINANCE CONSTRUCTION OF ROADS AND HIGHWAYS WITHOUT THE USE OF STATE AND FEDERAL FUNDS.

IN THE CASE OF CORDOVA, THE PIONEER ACCESS ROAD WOULD BE CONSTRUCTED AT A COST OF $18,405,000, THIS AMOUNT WOULD BE REPAID OVER 20 YEARS. THE YEARLY M & O COSTS ARE ESTIMATED TO BE $1,200,000 AND THE TOLL PROGRAM COSTS TOTAL $120,000 YEARLY. THE TOTAL PER VEHICLE TOLL CHARGE TO REPAY THE CONSTRUCTION COST AND OFFSET THE EXPENSES INCURRED WOULD BE $16.90. THIS AMOUNT IS CONSIDERABLY LESS THAN LOCAL RESIDENTS CURRENTLY PAY TO TRAVEL TO OR FROM CORDOVA, AND THE ROAD PROVIDES THEM WITH THE FREEDOM TO TRAVEL AT THEIR OWN CONVENIENCE.

I ASK YOUR SUPPORT FOR HCR46 - I FEEL THIS IS AN EXCELLENT RESOLUTION AND PROVIDES THE STATE WITH A NEW AND INNOVATIVE FINANCING CONCEPT THAT WILL NO IMPACT THE GENERAL FUND BUT STILL ALLOW THE STATE TO CONTINUE TO GROW AND DIVERSIFY.

3. THE OFFICE OF MANAGEMENT AND BUDGET REVIEWS THE FEASIBILITY STUDY AND THE FINANCE PLAN, IF REQUIRED, AND REPORTS ITS FINDINGS AND RECOMMENDATIONS TO THE GOVERNOR AND LEGISLATURE NOT LATER THAN 90 DAYS AFTER THE STUDY AND PLAN ARE RECEIVED BY THE OFFICE.

I FEEL THE ABOVE CRITERIA PROVIDE ADEQUATE OVERSIGHT AND REVIEW TO ENSURE THAT ANY PROJECTS FINANCED UNDER AS.37.15.720 DO NOT PLACE THE STATE AT RISK.

I WOULD LIKE TO INFORM YOU ABOUT THE PROJECT ITSELF. THERE IS CURRENTLY NO ACCESS TO CORDOVA OTHER THAN PLANE OR FERRY. CORDOVA RESIDENTS AND LOCAL CITY OFFICIALS WOULD LIKE TO SEE THEIR COMMUNITY DIVERSIFY AND GROW HOWEVER, WITHOUT ROAD ACCESSIBILITY IT IS VERY DIFFICULT TO ATTRACT NEW INDUSTRY TO THE COMMUNITY AS MANY OF THE EVERYDAY TRANSPORTATION COSTS ARE VERY HIGH. CORDOVA HAS A LOT TO OFFER, A LARGE PORT AND DOCKING FACILITY, BEAUTIFUL SCENERY, TREMENDOUS FISHING WATERS, AN ABUNDANCE OF BUILDABLE LAND AND A COMMUNITY ATTITUDE THAT IS VERY SUPPORTIVE OF NEW INDUSTRY. REGARDLESS, WITHOUT ROAD ACCESS MANY OF THE PROJECTS LOOKED INTO ARE NOT FEASIBLE WITHOUT ROAD TRANSPORTATION.

THE ROAD PROPOSED IS VIA THE COMMUNITY OF CHITNA 130 MILES TOTAL SOME OF THE ROAD BED ALREADY EXISTS, IN FACT THE COPPER RIVER ROAD CURRENTLY EXISTS TO THE MILLION DOLLARS BRIDGE, 49 MILES FROM CORDOVA. THIS SECTION OF THE ROAD IS IN GOOD REPAIR AND IS USED TODAY. FROM 49 MILE TO 72 MILE IS DRIVABLE WITH A TWO OR FOUR WHEEEL DRIVE. 72 MILE TO MILE 105 WOULD NEED TO BE CONSTRUCTED WITH THE REMAINING 25 MILES IN NEED OF OVERLAY OF EXISTING ROADWAY.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 2-26-88 1:30 p.m.

(7)

HOUSE COMMITTEE REPORT

Date referred: 2/15/88 FURTHER REFERRALS: Finance

DATE: February 26, 1988

The Transportation Committee has considered HCR 46

Relating to a Copper River toll road.

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[X] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Mike Miller

SIGNING OTHER RECOMMENDATIONS:

Bette Cato

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: February 26, 1988

SIGN-IN

Subject of meeting:

*HCR 46: Relating to a Copper River Toll Road.

Confirmation HEarings on Capt. Harold K. Elsensohn and Mr. Mark Foster to the Board of Marine Pilots, and Ms. Marlene Johnson to the Railroad Labor Relations Agency

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?

* indicates first public hearing

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

OFFICE OF THE COMMISSIONER

P.O. BOX Z
JUNEAU, ALASKA 99811-2500
PHONE: (907) 465-3900

February 12, 1988

The Honorable Ted Stevens
United States Senate
522 Hart Building
Washington, D.C. 20510-6025

Dear Senator Stevens:

Thank you for your letter of January 19, 1988 and Marla Jean Adkins' letter of November 21, 1987 concerning the Copper River Highway. A copy of my November 12, 1987 letter to Ms. Adkins is enclosed. I believe it will give you our perspective of the past and present problems facing the Copper River Highway. Following are some comments on Ms. Adkins' letter and an update on our Copper River Highway work.

In Ms. Adkins' November 21 letter she states that the department's estimated cost of $177 to $200 million to construct the highway to federal secondary standards is too high compared to the $50 to $60 million quoted by private engineering firms.

We advised Ms. Adkins some time ago that the information base for these estimates is over 14 years old and that these costs were updated to reflect a more inflationary period in time (1984). We agree that these estimates do need to be re-evaluated and they will be as part of our current reconnaissance study.

Ms. Adkins' November 21 letter also refers to an FHWA comparison data sheet which shows FHWA recommending $3.6 million for 1988 urban projects and State DOT allotting $51.4 million. I am not aware of the existence of such a comparison data sheet, nor do I know how the figures were derived.

We are currently preparing a scope of work and cost estimate for the option of a pioneer access type road as one element of our reconnaissance study for the Copper River Highway. Our preliminary estimate includes $1 million for permits and preconstruction work, plus at least $9.5 million for actual construction. We have included various trestle bridges along the route, but no additional costs for reconstruction of the "Million Dollar Bridge" near Cordova. A pioneer access approach assumes that a road would be constructed along the old rail bed from Cordova to Chitina. A state-owned right-of-way exists along that route.

If a pioneer access road were constructed, it would be a very basic road similar to the present road from Chitina to McCarthy. The road would be 18-20 feet wide and would have, at best, a screened gravel surface. Minimal summer only maintenance would cost approximately $600,000 each year.

Before proceeding with any funding for any route for the Copper River Highway, a systematic analysis must be made to support a decision as to whether or not a highway between Cordova and the existing highway system should be built. We are proceeding with the reconnaissance study for the Copper River Highway in order to make this decision and to preserve the option of a federally funded route.

If we can be of any further assistance regarding this issue, please contact me.

Sincerely,

Mark S. Hickey
Commissioner

cc: The Honorable Frank Murkowski, U.S. Senator
720 Hart Bldg., Washington, D.C., 20510
The Honorable Don Young, U.S. Congress
2331 Rayburn House Office Bldg., Wash. D.C., 20515
Lynn J. Harnisch, P.E., Regional Director, Northern Region
Marla Jean Adkins, Box 461, Cordova, Alaska 99574
Don Moore, Cordova City Manager, Cordova, Alaska 99574
Representative Bette Cato, P.O. Box V, Juneau, Alaska 99811
Senator Jalmar Kerttula, P.O. Box V, Juneau, Alaska 99811
Senator Mike Szymanski, P.O. Box V, Juneau, Alaska 99811

November 12, 1987

Ms. Marla Jean Adkins
Box 461
Cordova, AK 99574

Dear Ms. Adkins:

I am in receipt of your letter dated October 23, which supports completing the Copper River Highway through Chitina to the Interior highway system.

In your letter you point out that other small communities have road access, and that Department of Transportation and Public Facilities construction funds are going to other road projects while the community of Cordova has been waiting for a road for many years.

Your frustrations with all this are understandable, but a few things might help to put this into proper context. Unlike the other roads you mentioned, the road to Cordova is a victim of history. One only needs to look at the many obstacles that have delayed this road over the years: (1) the 1964 earthquake; (2) a stop-work court injunction in 1972; (3) the resolution of land ownership through the Alaska Native Claims Settlement Act and Alaska National Interest Land Conservation Act, which did not occur until 1980; and (4) the need to complete the Prince William Sound Transportation Study to satisfy DOT&PF's out-of-court settlement of the 1972 stop-work injunction, which was not completed until 1982. If not for these problems, it is likely there would now be a road to Cordova.

By the time all these problems had been settled, the state was facing a downturn in revenues, while needs on the existing road system and in the fast-growing urban areas were increasing. This led to yet another obstacle to working on the road to Cordova: the lack of state financial resources. This has put us into the current position of being able to only program major projects that could qualify for federal funds. Because the road to Cordova is eligible for federal funds, the decision was made to seek funding from the Federal Highway Administration (FHWA). The FHWA in turn has required that we, update our reconnaissance study work before any more federal funds can be forthcoming.

If state funds were made available for construction of a road to Cordova, some non-construction work would still need to be done in order to satisfy mandatory permit requirements, such as Army Corps of Engineers wetland permits. Although 100% state funded construction would allow the road to be built with less total

funding because federal standards would not apply, it would still need to be built to safe standards, which means that construction would still be many millions of dollars.

In your October 23 letter you also requested the amount of construction contracts let over the last 2-3 years, per area. We are working on this now and will have these figures to you shortly. I did not want to hold up this response to wait for the data to be collected.

How completion of the Copper River Highway using federal funds will compete with the ever increasing demand for our every decreasing amount of federal funds is another matter. To complete this road under federal standards will cost a considerable sum of money. Additionally, without funding support for maintenance, DOT&PF would be hard pressed to assume the additional responsibility. We are barely able to keep up with current duties. This is the reality I face in trying to manage the department and will influence the advice I give the Governor and Legislature regarding this project.

The one assurance I will give you is to deal with the issue on the merits and make myself as knowledgeable as I can be about the trade-offs and the desires of the people of Cordova. In that regard, I intend to visit Cordova at some point between now and next summer, and would like to meet you to discuss this further.

Sincerely,

Mark S. Hickey
Commissioner

cc: Lynn J. Harnisch, P.E., Regional Director, Northern Region
W. Keith Gerken, Deputy Commissioner, Operations
Ray Price, Special Staff Assistant, Office of the Governor
Bob Evans, Legislative Liaison, Office of the Governor
Don Moore, Cordova City Manager, Cordova, Alaska 99574
Frank Murkowski, United States Senate, 720 Hart Bldg., Wash. D.C.,20510
Ted Stevens, United States Senate, 522 Hart Bldg., Wash. D.C., 20510

THE CITY OF HAINES, ALASKA
P.O. BOX 1049
HAINES, ALASKA 99827
(907) 766-2231

FEB 24 1988

In Repl:
Refer To:

February 22, 1988

Senator Bette Cato
Alaska State Legislature
Pouch V (MS 3100)
Juneau, AK 99811

Re: House Concurrent Resolution #46

Dear Ms. Cato:

The repair of the bridge and the extension of the road to Cordova would create a much needed link in the State highway system. Please support HCR #46.

A toll bridge would set a dangerous precedent and I would recommend instead that general fund monies or other general tax funds be used.

Sincerely,

Walter Wilcox
City Administrator
CITY OF HAINES

WW/svj

P.O. Box 516
CORDOVA, ALASKA 99574
Phone: (907) 424-3562

February 20, 1988

FEB 24 1988

Governor Steve Cowper
Governor's Office
Box A
Juneau, Ak. 99811

Dear Governor,

In less than a year - Jan. 1989- We Alaskans will be celebrating 30 years of Statehood.
We are once again reminded that one of the main reasons for gaining statehood was to share in Federal Funds for the building of roads. And to put an end to isolationism.
THIRTY YEARS! WHERE ARE OUR ROADS?
An Alaskan road map today looks much the same as it did 22 years ago when I arrived in Cordova to work on the building of the Copper River Highway.

Frankly we are stunned at the lack of progress on this worthy project that would benefit the entire state.

We would urge you and the legislature to make highway transportation the priority as it was set forth in the statehood act.

We request your full support of Resultion No. 46 (By Bette Cato) relating to a Copper River Toll Road.

Sincerely,

Glenn C. Criner

cc:
B. Cato
J. Kerttula
M. Szymanski
J. Faiks

HJR

6

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Pette Cato, Chairman

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

February 4, 1987

FOR TODAY'S MEETING YOU HAVE:

A fILE ON HJR 8 WHICH INCLUDES:
- a copy of HJR 8
- a current status report on HJR 8
- a fiscal note on HJR 8

A FILE ON HJR 6 WHICH INCLUDES:
- a copy of HJR 6
- ~~a current status report on HJR 6~~
- a fiscal note on HJR 6
- an excerpt from the Jones Act
- a report by Alaska Marine Lines to the Canadian Minister of Revenue
- a letter from the Governor of Alaska to the Canadian Minister of Revenue
- misc letters supporting an extension of a waiver to the Canadian Shipping Act
- a resolution from the City of Skagway supporting an extension of the waiver

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: 1-30-87

Bill Version : HJR 6
Publish Date :

Revision Date:
Title : Reciprocal Competition in Marine Transportation Services
Sponsor : Cato
Requestor : Cato

Agency Affected : DOT&PF
BRU :

Components :

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

There is no fiscal impact to the Department of Transportation and Public Facilities

MSH

Prepared by : Mark S. Hickey, Deputy Commissioner, Phone : 465-3900
Division : Office of the Commissioner Date : 1-30-87

Approved by Commissioner : Ronald O. Skoog Jr. Date : 2/4/87
Agency :

Distribution (by preparer) :
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

TITLE 46

SHIPPING
("JONES ACT")

§ 883. Transportation of merchandise between points in United States in other than domestic-built or rebuilt and documented vessels

No merchandise shall be transported by water, or by land and water, on penalty of forfeiture of the merchandise (or a monetary amount up to the value thereof as determined by the Secretary of the Treasury to be recovered from any consignor, seller, owner, importer, consignee, agent, or other person or persons so transporting or causing said merchandise to be transported), between points in the United States, including Districts, Territories, and possessions thereof embraced within the coastwise laws, either directly or via a foreign port, or for any part of the transportation, in any other vessel than a vessel built in and documented under the laws of the United States and owned by persons who are citizens of the United States, or vessels to which the privilege of engaging in the coastwise trade is extended by section 13 or 808 of this title: *Provided*, That no vessel having at any time acquired the lawful right to engage in the coastwise trade, either by virtue of having been built in, or documented under the laws of the United States, and later sold foreign in whole or in part, or placed under foreign registry, shall hereafter acquire the right to engage in the coastwise trade: *Provided further*, That no vessel of more than five hundred gross tons which has acquired the lawful right to engage in the coastwise trade, by virtue of having been built in or documented under the laws of the United States, and which has later been rebuilt, shall have the right thereafter to engage in the coastwise trade, unless the entire rebuilding, including the construction of any major components of the hull or superstructure of the vessel, is effected within the United States, its Territories (not including trust territories), or its possessions: *Provided further*, That this section shall not apply to merchandise transported between points within the continental United States, including Alaska, over through routes heretofore or hereafter recognized by the Interstate Commerce Commission for which routes rate tariffs have been or shall hereafter be filed with said Commission when such routes are in part over Canadian rail lines and their own or other connecting water facilities: *Provided further*, That this section shall not become effective upon the Yukon River until the Alaska Railroad shall be completed and the Secretary of Transportation shall find that proper facilities will be furnished for transportation by persons citizens of the United States for properly handling the traffic: *Provided further*, That this section shall not apply to the transportation of merchandise loaded on railroad cars or to motor vehicles with or without trailers, and with their passengers or contents when accompanied by the operator thereof, when such railroad cars or motor vehicles are transported in any railroad car ferry operated between fixed termini on the Great Lakes as a part of a rail route, if such car ferry is owned by a common carrier by water and operated as part of a rail route with the approval of the Interstate Commerce Commission, and if the stock of such common carrier by water, or its predecessor, was owned or controlled by a common carrier by rail prior to June 5, 1920, and if the stock of the common carrier owning such car ferry is, with the approval of the Interstate Commerce Commission, now owned or controlled by any common carrier by rail and if such car ferry is built in and documented under the laws of the United States: *Provided further*, That upon such terms and conditions as the Secretary of the Treasury by regulation may prescribe, and, if the transporting vessel is of foreign registry, upon a finding by the Secretary of the Treasury, pursuant to information obtained and furnished by the Secretary of State, that the government of the nation of registry extends reciprocal privileges to vessels of the United States, this section shall not apply to the transportation by vessels of the United States not qualified to engage in the coastwise trade, or by vessels of foreign registry, of (a) empty cargo vans, empty lift vans, and empty shipping tanks, (b) equipment for use with cargo vans, lift vans, or shipping tanks, (c) empty barges specifically designed for carriage aboard a vessel and equipment, excluding propulsion equipment, for use with such barges, and (d) any empty instrument for international traffic exempted from application of the customs laws by the Secretary of the Treasury pursuant to the provisions of section 1322(a) of Title 19, if the articles described in clauses (a) through (d) are owned or leased by the owner or operator of the transporting vessel and are transported for his use in handling his cargo in foreign trade; and (e) stevedoring equipment and material, if such equipment and material is owned or leased by the owner or operator of the transporting vessel, or is owned or leased by the stevedoring company contracting for the lading or unlading of that vessel, and is transported without charge for use in the handling of cargo in foreign trade: *Provided further*, That upon such terms and conditions as the Secretary of the Treasury by regulation may prescribe, and, if the transporting vessel is of foreign registry, upon his finding, pursuant to information furnished by the Secretary of State, that the government of the nation of registry extends reciprocal privileges to vessels of the United States, the Secretary of the Treasury may suspend the application of this section to the transportation of merchandise between points in the United States (excluding transportation between the continental United States and noncontiguous states, districts, territories, and possessions embraced within the coastwise laws) which, while moving in the foreign trade of the United States, is transferred from a non-self-propelled barge certified by the owner or operator to be specifically designed for carriage aboard a vessel and regularly carried aboard a vessel in foreign trade to another such barge owned or leased by the same owner or operator, without regard to whether any such barge is under foreign registry or qualified to engage in the coastwise trade: *Provided further*, That until April 1, 1984, and notwithstanding any other provisions of this

INTRODUCTION

1. On April 2, 1986, Alaska Marine Lines, Inc. (A.M.L.) applied to the Minister of Revenue and the Water Transport Committee for a renewal of the one-year waiver granted to it commencing May 3, 1985, to enable it to continue to move Canadian goods between British Columbia and the Yukon Territory on its weekly water-bridge service between Seattle, Washington and Haines and Skagway, Alaska. (Attachment 1).

2. Three Canadian operators have objected to the application by A.M.L. on grounds that they have suitable Canadian vessels available for the proposed service. The Canadian operators who have objected to the A.M.L. application are Rivtow Straits Ltd., Seaspan International Limited, and Whitepass and Yukon Transportation Company. A.M.L. responded to the offer of vessels by these operators in its Reply to Vessel Offers, submitted to the Water Transport Committee on April 22, 1986. (Attachment 2).

3. A.M.L. wishes to make the following additional submissions to the Minister of Revenue in support of its application to renew its waiver.

REQUIREMENT FOR THE ALASKA MARINE LINES SERVICE

4. Over the past year, Alaska Marine Lines (A.M.L.) has provided a dependable weekly scheduled service to the Yukon. The flexibility that the A.M.L. water-bridge service offers to Canadian shippers and truckers operating in British Columbia and the Yukon has earned the A.M.L. service public acceptance among northern shippers in the Yukon over the past year. A.M.L. wishes to confirm its commitment of service to Yukoners on a continuing basis.

5. The benefits provided by the A.M.L. service to Canadian shippers are confirmed by the acceptance of the water-bridge service by the Yukon Liquor Corporation. After a year of using the A.M.L. waterbridge for its shipments, the Yukon Liquor Corporation has made it a requirement in its call for trucking tenders on the contract for deliveries of liquor that a rate be quoted based on a water-bridge route via either Skagway or Haines, Alaska. Use of the water-bridge service offered by A.M.L. has thus resulted in lower shipping costs for Yukoners, along with the flexibility offered by a guarantee of weekly scheduled deliveries.

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CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

MINISTER OF NATIONAL REVENUE

IN THE MATTER OF PART XV OF THE CANADA SHIPPING ACT R.S.C. 1970, c.S-9, AS AMENDED, AND IN THE MATTER OF THE COASTING TRADE EXEMPTION ORDER (1986-87)

SUBMISSIONS TO THE MINISTER
OF NATIONAL REVENUE BY
ALASKA MARINE LINES

OSLER, HOSKIN & HARCOURT
Barristers & Solicitors
50 O'Connor Street
Suite 1400
Ottawa, Ontario
K1P 6L2

Ronald G. Belfoi
Patricia J. Wilson

INTRODUCTION

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6. It is respectfully submitted that the continuation of the weekly service offered by A.M.L. will provide benefits to Yukon shippers in the form of a flexible, lower-cost shipping alternative suitable to their needs.

ECONOMIC VIABILITY OF THE ALASKA MARINE LINES SERVICE

7. Alaska Marine Lines has sufficient American base traffic on its weekly scheduled service to ensure the commercial viability of its offer of service to Canadian shippers. The existance of this base traffic is crucial to the ability of any operator to offer shipping services to the Yukon at a reasonable cost to the shipper. This is because the expected volumes of traffic destined for the Yukon, including Canadian traffic expected to be generated as a result of the re-opening of the mine at Faro, do not justify the higher cost to the shipper of chartering a barge. For this reason, it is respectfully submitted that the "offer" of barges by two Canadian operators, Rivtow Straits Ltd. and Seaspan International Limited, to move Canadian goods to the Yukon on a weekly basis, is not commercially feasible.

BENEFITS TO YUKON SHIPPERS FROM COMPETITION

8. Whitepass and Yukon Corporation has objected to the application for a renewal of its waiver by Alaska Marine Lines on the grounds that it is planning to start a scheduled service from Vancouver to Skagway, using one of the ships it kept in drydock after it withdrew its previous service in January, 1983.

9. A.M.L. responded to the objection to its waiver application by Whitepass in paragraph 10 of its Reply (pp.7 et seq., Attachment 2). After reviewing the submissions by Whitepass to the Water Transport Committee dated April 24, 1986, it is further noted that Whitepass is confident it has sufficient base traffic to justify the operation of a scheduled service to the Yukon. This base traffic consists of existing fuel deliveries, for which Whitepass currently uses a barge provided by Seaspan, and an export program consisting of traffic bound for Southeast Alaska. It is therefore submitted that the continuation of the A.M.L. offer of service to Canadian shippers will not result in the withdrawal by Whitepass of its proposed scheduled service.

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10. It is respectfully submitted that the existence of two shipping services into the Yukon will result in competition in the market which will benefit Yukon shippers and businesses. Competition between two operators will ensure that cost competitive rates are maintained and that service remains dependable on a year round basis.

11. It is submitted that the existence of competitive shipping services are crucial for Yukon shippers, particularly as the Yukon economy recovers from its recent severe recession. In this context, it is respectfully submitted that the interests of Yukon shippers should be the primary consideration in determining whether a waiver should be granted to Alaska Marine Lines.

12. At the same time, there has been no indication by Whitepass to the Water Transport Committee as to what its rates will be, other than the broad assertion that they will be competitive. Whitepass has also been asked by Curragh Resources to quote a rate to them for movement of their general freight in and out of the mine at Faro, and to date has not provided such a quotation.

13. It is respectfully submitted that Whitepass is avoiding the requirements and intent of the Coasting Trade Exemption Order by failing to provide its rates and other terms on which it is willing to offer its service. It is submitted that the intent of the coasting trade protection in the Canada Shipping Act and the Exemption Order is to reserve the coastal trade to Canadian traffic where Canadian ships are available to perform the requested shipping movement in a competitive fashion. It is respectfully submitted that in these circumstances, Whitepass cannot be allowed to circumvent the regulatory process designed to administer this policy by failing to respond to shippers in the Yukon until and in the hope that potential competition by A.M.L. will be eliminated by denial of the waiver application.

14. The denial of the A.M.L. waiver application will leave Yukon shippers with only one shipping alternative over water, with the concommitant risks to shippers of higher rates unrestrained by competitive pressures and loss of service. It is respectfully submitted that granting the application by A.M.L. for a renewal of its waiver, on the other hand, will ensure that needed shipping alternatives will be provided to Yukoners.

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15. Alaska Marine Lines wishes to emphasize that it has no desire to prevent or preclude Canadians from operating ship or barge water-bridge service to the Yukon. The interest of Alaska Marine Lines in this application is to be allowed an opportunity to continue the service it has offered to Yukon shippers over the past year in a competitive market environment. Alaska Marine Lines submits that, in its anticipation, the continued availability of its service in the Yukon, in competition with Canadian operators, can only be to the benefit of Yukon shippers.

SUPPORT BY YUKON TERRITORIAL GOVERNMENT

16. The Yukon Territorial Government has recognized the necessity of ensuring the continuation of dependable scheduled year round service at competitive rates for shippers and businesses in the Territory. For this reason, the Minister of Community Services and Transportation in the Yukon Territorial Government has supported the A.M.L. application. In the Minister's letter to the Water Transport Committee, a copy of which is attached to these submissions, the interest of the Yukon Government in ensuring the lowest possible transportation costs in order to encourage recovery of the Yukon economy are set out:

> As you are no doubt aware, Yukon's economy is an extremely fragile one and is presently getting back on its feet after a devastating downturn in the mining industry over the last three or four years. It is apparent from this experience that the economy is extremely dependant upon the ability of businesses to obtain goods and to ship goods to market at the lowest transportation costs possible. In the view of the Yukon Government, the Yukon economy requires access to frequent, reliable year around and cost competitive marine shipping service. Alaska Marine Lines has demonstrated the ability to provide such service on a weekly basis since last May.
>
> I appreciate that the Committee must examine the potential for Canadian ships and companies to carry out shipping operations between Canadian points. However, the existence of a dependable and cost effective transportation alternative to highway trucking routes is so critical to Yukon's efforts

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for increased economic development that unless the Whitepass and Yukon Corporation Ltd. can guarantee frequent, reliable, year around service on a long term basis at rates similar to those currently available, we would feel compelled to support Alaska Marine Lines' request for a further one year waiver under the Canada Shipping Act. I would impress upon you that we must hold this view because of the importance of such service to the Yukon ecomomy as a whole.

17. It is therefore respectfully submitted that granting the A.M.L. application would be in the public interest in the Yukon and would be consistent with the objectives of encouraging the recovery and development of Yukon's economy.

RECIPROCITY WITH THE UNITED STATES - JONES ACT

18. Canadian ship operators now enjoy an exemption from the provisions of the United States Jones Act, under what is known as the "Third Proviso", whereby Canadian vessel operators may ship U.S. goods to Alaska without the need for a waiver from U.S. authorities if the goods involved are delivered, in part, over Canadian rail lines. A copy of the Jones Act with the "Third Proviso" underlined, is attached to these submissions. To our knowledge, Canadian operators now ship U.S. goods to Whittier, Alaska under this provision via Prince Rupert, British Columbia (Canadian National); and to Kaktovik and Prudoe Bay, on the north slope of Alaska via Hay River and the MacKenzie River in the Northwest Territories (Northern Transportation). The volumes involved in these movements are significantly greater than those contemplated by Alaska Marine Lines to be moved to the Yukon Territory under a Canadian waiver.

19. The movement proposed by Alaska Marine Lines parallels Canadian-Alaska operations such as those described above in that Canadian goods transported by Alaska Marine Lines are trucked, by Canadian truckers, to and from U.S. points serviced by the waterbridge portion of the movement. Similarly, other Canadian operators wishing to ship U.S. traffic to southeast Alaska via the Canadian west coast waterway could do so, for example, by transporting U.S. goods to Vancouver by rail. The "Third Proviso" in the Jones Act

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was enacted, and has resulted, in increased competition among all operators in Alaska, to the benefit of Alaskan shippers. It is submitted that similar benefits will arise for Yukon shippers should Alaska Marine Lines be afforded a reciprocal opportunity to carry Canadian goods on its scheduled tug and barge service.

20. It is respectfully submitted that a decision to grant the application by A.M.L. for a renewal of its waiver would be consistent, from the standpoint of reciprocity, with the administration by the United States of its coasting trade legislation.

CONCLUSION

21. It is respectfully requested that, for all of the reasons submitted above, the application by Alaska Marine Lines for a waiver of Part XV of the Canada Shipping Act in respect of Canadian goods carried on its weekly scheduled tug and barge service be granted.

OSLER, HOSKIN & HARCOURT
Barristers & Solicitors
50 O'Connor Street
Suite 1400
Ottawa, Ontario
K1P 6L2

Solicitors for Alaska Marine Lines.

BILL SHEFFIELD
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 17, 1986

The Honorable Elmer MacKay
Minister, Revenue Canada
House of Commons
707 Confederation Building
Ottawa K1A 0A6
CANADA

Dear Mr. Minister:

I am writing in support of the recent application from Alaska Marine Lines, Inc., for a one-year continuance of their waiver of the Canadian Shipping Act. This will allow continued movement of Canadian products through Haines and Skagway, Alaska, at a cost savings for the citizens of Yukon.

Alaska Marine Lines' regular barge service for Yukon has been in operation for one year, with favorable results for Whitehorse merchants and Yukon citizens. A continuation of these arrangements will benefit Yukon and southeast Alaska, since the additional volume from Canadian products means lower overall unit costs.

As you may know, the State of Alaska and the Government of Yukon have recently agreed to provide year-round maintenance of the Klondike Highway between Skagway and Whitehorse, Yukon. This decision should enhance the transportation system serving both regions and improve the delivery of services by Alaska Marine Lines.

Additionally, an important component of the road agreement is our desire to foster a free trade environment, whereby U.S. and Canadian firms alike can compete side by side for transportation business. Favorable action on the waiver request would be viewed as an affirmation of your government's support for that aspect of the agreement.

Your support and approval of the waiver application by Alaska Marine Lines would be greatly appreciated.

Sincerely,

Bill Sheffield
Governor

cc: Senator Ted Stevens
Senator Frank Murkowski
Representative Don Young

The Honorable Tony Penikett
Government Leader, Yukon

R. J. Knapp, Commissioner
Department of Transportation
and Public Facilities

Loren L. Lounsbury, Commissioner
Department of Commerce and
Economic Development

John Katz, Special Counsel
State/Federal Relations,
Office of the Governor

Jim Jansen, President and
Chief Executive Officer
Lynden Incorporated

Yukon

Office of the Minister
Box 2703, Whitehorse, Yukon Y1A 2C6
(403) 667-5811 Telex 036-8-260

Our File CTS 4615-2
Your File

1986 04 24

Anne-Marie Trahan, Q.C.
Chairman
Water Transport Committee
Canadian Transport Commission
Jules Leger Building
15 Eddy Street
Ottawa, Ontario
K1A 0N

Dear Ms Trahan:

Re: Alaska Marine Lines Application for Renewal of Waiver under the Canada Shipping Act

As you are no doubt aware, Yukon's economy is an extremely fragile one and is presently getting back on its feet after a devastating downturn in the mining industry over the last three or four years. It is apparent from this experience that the economy is extremely dependant upon the ability of businesses to obtain goods and to ship goods to market at the lowest transportation costs possible. In the view of the Yukon Government, the Yukon economy requires access to frequent, reliable, year around and cost competitive marine shipping service. Alaska Marine Lines has demonstrated the ability to provide such service on a weekly basis since last May.

I appreciate that the Committee must examine the potential for Canadian ships and companies to carry out shipping operations between Canadian points. However, the existance of a dependable and cost effective transportation alternative to highway trucking routes is so critical to Yukon's efforts for increased economic development that unless the White Pass and Yukon Corporation Ltd. can guarantee frequent, reliable, year around service on a long term basis at rates similar to those currently available, we would feel compelled to support Alaska Marine Lines' request for

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ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5180 HTRA HJR 6 - HJR 11

752

a further one year waiver under the Canada Shipping Act. I would impress upon you that we must hold this view because of the importance of such service to the Yukon economy as a whole. I would ask that the Water Transport Committee keep this in mind in considering the application by Alaska Marine Lines.

Yours truly

Piers McDonald
Minister of Community and
Transportation Services

cc: Elmer McKay
Federal Minister of Revenue

Erik Neilsen
Deputy Prime Minister

David Crombie
Minister of DIAND

Elvins Equipment Sales Ltd.

A DIVISION OF WAJAX LTD.
DISTRIBUTORS & DEALERS FOR

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CUMMINS DIESEL | DETROIT DIESEL | COLUMBIA TRAILERS

Neil Cross General Manager • Phone 668-2127 • Telex 036-8-214 • 917.5 Alaska Hwy. • Whitehorse, Yukon • Y1A 3E5

March 26, 1986

Mr. Antoine Cote
Director Merchants Branch
Water Transport Committee
Terasses De Les Chaudieres
OTTAWA, Ontario
K1A 0N9

Dear Sir:

With this letter we would like to inform you that the "Water Bridge" concept by Alaska Marine Lines has allowed us to obtain quantities of merchandise, also heavy equipment haulage rates far below those presently obtainable by the all road method.

Alaska Marine Lines, along with the road haulage companies involved, have been punctual and without damage to equipment or merchandise.

We feel in these hard economic times, that a water route from the south to the northern gateway to Yukon, ie Skagway or Haines, Alaska, should be maintained, especially if the rates are consistently below the road route.

We have no hesitation thanking Alaska Marine Lines for the "Water Bridge" concept - it certainly has helped us secure a reasonable commodity rate.

Yours truly

ELVINS EQUIPMENT SALES LIMITED

Neil Cross.

Neil Cross
General Manager

/pb

YUKON LIQUOR CORPORATION, BUILDING 278 9031 QUARTZ ROAD, WHITEHORSE, YUKON . CANADA Y1A 4P9

TELEPHONE [403] 667-5245
TELEX 036-8-336

March 27, 1986

Mr. Antoine Cote
Director Merchants Branch
Water Transport Committee
Terasses de les Chaudieres
Ottawa, Ontario
K1A 0N9

Dear Mr. Cote,

RE: Alaska Marine Lines Transportation
Yukon Freight Lines

This is a letter of information regarding the transportation system used by the Yukon Liquor Corporation to ship liquor from Vancouver, B.C. to Whitehorse, Yukon.

The Corporation has a contract with Yukon Freight Lines Ltd., a Canadian Motor Carrier to transport goods to Whitehorse via a truck/barge route. The contractor has subcontracted with Alaska Marine Lines to provide the water portion of this route being Seattle, Washington to Haines, Alaska.

The marine route for transportation that has been used for the last eight months is a weekly service.

The Yukon Liquor Corporation has found the road/marine route of transportation to be both reliable and cost effective.

Yours truly,

R. Thibault
General Manager

c.c. Alaska Marine Lines

FRONTIER FREIGHTLINES LTD.
105 GOLD ROAD - WHITEHORSE, YUKON Y1A 2W2 - (403) 668-2441

March 27, 1986.

Water Transport Committee,
Terasses De Les Chaudieres,
Ottawa, Ontario
Canada K1A ON9

Attn: Mr. Antoine Cote
Director Merchants Board

Dear Mr. Cote:

This letter is in support of Alaska Marine Lines application to continue their scheduled service moving Canadian freight to the Port of Haines or Skagway, Alaska.

There are a number of reasons for our support.

The major one is Alaska Marine Lines is not in competition with Yukon Trucking Companies.

Alaska Marine Lines provides a service that all Trucking Companies can use and not be bothered with back soliciting.

Our Company has had great success with movement of heavy equipment for customers in the Yukon by reducing the cost by 20 to 30 percent.

Alaska Marine Lines is a very fine Company to do business with and their weekly service makes our Company look very good to our customers.

Yours truly,

Lloyd Bjork

Lloyd Bjork
Frontier Freightlines Ltd.

FINNING TRACTOR & EQUIPMENT COMPANY LIMITED
BOX 4038, 143 INDUSTRIAL ROAD, • WHITEHORSE, YUKON Y1A 3S9 • PHONE 668-4800

FINNING
YOUR CATERPILLAR DEALER

March 27, 1986

To Whom it May Concern:

Alaska Marine Lines provides us with an excellent service. The "Water Bridge" has allowed customers North of '60 to choose a viable economic alternative to normal freight systems.

Our recommendation is that Alaska Marine continues with this consistent weekly schedule, non-interupted, so that Northern business may continue to offer competitive merchandising to concerned consumers.

Thank you for your co-operation.

I remain,

Yours truly,

FINNING TRACTOR & EQUIPMENT CO. LTD.

Ken Clasby
Branch Manager
Whitehorse

Whitehorse Chamber of Commerce

SUITE 101, 302 STEELE ST., WHITEHORSE, YUKON Y1A 2C5 (403) 667-7545

1986 03 27

Mr. Antoine Cote
Director, Merchants Branch
Water Transport Committee
Terasses des Chaudieres
OTTAWA, ON K1A ON9

Dear Mr. Cote:

Last year about this time, the Whitehorse Chamber of Commerce supported Alaska Marine Lines in its bid to obtain a Waiver of the Canadian Coastal Trade Regulations in order to provide a "water bridge" for the movement of freight from the greater Vancouver area to Yukon.

The bid, of course, was successful, and this community has enjoyed and appreciated Alaska Marine Lines alternative freight service over the past twelve months.

The Whitehorse Chamber of Commerce is interested in seeing that an efficient barge service is maintained. We hope that in your deliberations on the licensing of barge services you will take into consideration these points:

First, that the availability of an alternate method of transporting general cargo (by water) has become, and will likely remain, a very attractive and cost effective means of moving freight to the Territory.

Second, that the offering of a regular year round schedule without any interruption of service is important.

Yours truly,

April Neave
Manager

AN/cp

cc: Erik Nielsen, Deputy Prime Minister
Piers MacDonald, Minister of Transport
Willard Phelps, Leader of Official Opposition

The City of Whitehorse

2121 SECOND AVENUE • WHITEHORSE, YUKON Y1A 1C2 • TELEPHONE: (403) 667-6401
TELEX: 036-8418

1950 - 1985
35th ANNIVERSARY

March 25, 1986

Mr. Antoine Cote
Director Merchants Branch
Water Transport Committee
Terasses De Les Chaudieres
Ottawa, Ontario
K1A ON9

Dear Mr. Cote:

Please accept this as a letter of support for the continuation of Alaska Marine Lines which is presently bringing freight up the west coast to Haines, and possibly Skagway, for distribution in Whitehorse and the Yukon.

This carrier has provided a reliable service at a competitive price and provide a very viable option to bring freight into the Yukon. They are competitive both in delivery time and cost.

As you know, we are an isolated and distant centre from the rest of Canada and very vulnerable to freight costs. We believe healthy competition is the best way to keep a good service coming to our doors at a reasonable price. For these reasons, we would ask you to extend the present waiver to the Canadian Coastal Trade Regulations to accommodate Alaska Marine Lines.

Yours truly,

D. W. Branigan
Mayor

CITY OF SKAGWAY, ALASKA

RESOLUTION 86-6R

A RESOLUTION URGING THE CANADIAN GOVERNMENT TO ACT FAVORABLY ON THE WAIVER EXTENSION REQUEST OF ALASKA MARINE LINES FOR EXEMPTION TO THE CANADIAN SHIPPING ACT.

WHEREAS: The year round maintenance of the South Klondike Highway has been agreed upon by the Government of the State of Alaska and the Government of the Yukon Territory, and

WHEREAS: The citizens of Skagway strongly desire that the transportation of freight to and through Skagway to Northwestern Canada becomes more frequent, reliable, and economical, and

WHEREAS: A strong and competetive freight system is deemed to be in the best interest of, and of highest priority to, both the citizens of Skagway and Northwestern Canada, and

WHEREAS: Such a system encourages economic development and well being through more competetive freight rate and employment opportunities, and

WHEREAS: Alaska Marine Lines desires to continue to operate its presently established weekly freight service to Northwestern Canada utilizing its scheduled year round barge service.

NOW, THEREFORE, BE IT RESOLVED, that the Skagway City Council urges the Canadian Government to act favorably on Alaska Marine Line's request for an extension of waiver to the Canadian Shipping Act.

PASSED AND APPROVED THIS 19th DAY OF MARCH, 1986.

WILLIAM E. FEERO, MAYOR

ATTEST:

Lorene S. Gordon, City Clerk

Upon reapplication in 1986, the Canadian Whitepass and Yukon Corporation objected to Alaska Marine Lines' service, as it desired to offer its own service. Even though the proposed Whitepass service was less frequent and more expensive, Alaska Marine Lines was denied the right to continue its service from Vancouver to Skagway and Whitehorse. Enclosed for your information is a copy of our submission to the Canadian Minister of National Revenue and numerous letters of support from the Yukon, Skagway, and the Governor which accompanied it.

HCR 6 basically says that it is unfair for Canada to preclude such marine transportation service when Canadian service is noncompetitive. The resolution urges Congress to take what steps it deems necessary, including modification of the third proviso of the Jones Act, if Canada does not reciprocate in its treatment of U.S. marine transportation companies.

While Alaska Marine Lines is most impacted by this particular Canadian decision, it has ramifications for all U.S. and Alaskan marine transportation companies.

Thank you for the opportunity to testify, and I strongly encourage you to support this resolution.

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02–576(2/77)

TESTIMONY REGARDING HCR 6
PRESENTED BY JIM JANSEN, PRESIDENT
OF LYNDEN, INC. TO THE
HOUSE TRANSPORTATION COMMITTEE
FEBRUARY 4, 1987

Chairman Cato and members of the House Transportation Committee, my name is Jim Jansen and I am president of Lynden, Inc., which is an Alaskan transportation and construction company.

I would like to thank Madam Chairman for introducing this resolution, as we feel it involves a fundamental issue of fairness between the U.S. and Canada in trade relations.

As you are aware, the U.S. Jones Act generally precludes foreign vessels from transporting American goods between American ports. One exception to this requirement contained in the third proviso of the Jones Act allows Canadian vessels to haul American goods between the Continental U.S. and Alaska if the route includes a segment on Canadian rail lines.

The Canadian equivalent of the Jones Act is the Canada Shipping Act. As in the U.S. legislation, there are provisions for exemptions to the Act under limited circumstances. Through regulation, it is possible to obtain a "Coasting Trade Exemption Order", which for a period of one year, waives the Act where no suitable Canadian vessel is available to provide service at a reasonable rate.

Alaska Marine Lines, a subsidiary of Lynden, received such an exemption in 1985 to haul goods from Vancouver to Whitehorse, via Skagway on a weekly basis. This resulted in lower freight costs for both Skagway and the Yukon by virtue of the greater volume of goods transported on this Southeast Alaska route.

Upon reapplication in 1986, the Canadian Whitepass and Yukon Corporation objected to Alaska Marine Lines' service, as it desired to offer its own service. Even though the proposed Whitepass service was less frequent and more expensive, Alaska Marine Lines was denied the right to continue its service from Vancouver to Skagway and Whitehorse. Enclosed for your information is a copy of our submission to the Canadian Minister of National Revenue and numerous letters of support from the Yukon, Skagway, and the Governor which accompanied it.

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While Alaska Marine Lines is most impacted by this particular Canadian decision, it has ramifications for all U.S. and Alaskan marine transportation companies.

Thank you for the opportunity to testify, and I strongly encourage you to support this resolution.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 2-4-87 1:30p.m.

H. TRANS. 2-23-87 (INCLUDES SOME DISCUSSION ON HJR6)

HOUSE COMMITTEE REPORT

(5)

Date referred: 1/22/87

FURTHER REFERRALS:

DATE: February 4, 1987

The Transportation Committee has considered HJR 6

Relating to reciprocal competition in marine transportation services between United States and Canadian companies operating in Alaska and Yukon Territory.

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[X] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Bette Cuts

Heinrich Springer

Mike Miller

Willie Foster

Bob Hudson

O.V.A. Parker

SIGNING OTHER RECOMMENDATIONS:

Bette Cuts

Chairman's signature

Official Business

COMMITTEE:

House Transportation

DATE: February 4, 1987

SIGN-IN

Subject of meeting:

* HJR 8: Relating to reauthorization of the Surface Transportation Assistance Act

* HJR 6: Relating to reciprocal competition in marine transportation services between U.S. & Canadian companies operating in Alaska & Yukon Territory.

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Jim Jansen	3027 Bampert Anchorage	279-7501	Lynden	Yes
CLIFF FRAME	95A Roxborough St - Toronto Canada	416-259(office) -6311	Currach Resources	Yes
Bill Troy	5015 W Marginal Seattle	763-4244	Alaska Marine Lines	Yes

* indicates first public hearing

House Floor Speech on HJR 6

Mr. Speaker,

This resolution, directed to Congress and the Reagan Administration, urges appropriate action to insure that the Canadian Government allows United States maritime transportation companies equitable treatment in applications for waivers from the Canadian Shipping Act, just as the U. S. Government allows Canadian companies waivers from the Jones Act.

A recent specific case illustrates the problem. Alaska Marine Lines had a waiver from Canada to ship Canadian goods to Whitehorse and Faro, Yukon Territories, on its weekly barge run to Haines and Skagway. Its waiver was revoked due to political pressure from a Canadian firm that wanted to displace Alaska Marine Lines service with its own more expensive but less frequent service.

While American firms are prevented from competing with Canadian companies, the U.S. allows the Canadian National Railroad and Canadian vessels the right to ship American goods to American ports under the Third Proviso of the Jones Act.

This resolution will help our Congressional delegation to protest such trade inequities.

Thank you.

Witnesses

Jim Jansen, President
Lynden, INC - Anchorage

Clifford Frame, President
Curragh Resources,
Yukon, Canada

Guests

Bob Strong - AK West Express
Bill Troy } AK Marine Lines
Bud Hansen }
Dave Hansen - Lynden - V.P.
Anchorage
Robert Grant - Curragh - Whitehorse
Res.

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

P.O. BOX Z
JUNEAU, ALASKA 99811-2500
PHONE: (907) 465-3900

OFFICE OF THE COMMISSIONER

February 27, 1987

MAR 04 1987

The Honorable Bette Cato
Alaska State Representative
P.O. Box V
Juneau, AK 99811

Dear Representative Cato:

I am writing to express some concerns regarding HJR 6, which recommends certain actions by Congress regarding the third proviso of the Jones Act.

As you know, Initiative 83-02, approved by the voters in November 1984, expresses the will of the people of the State of Alaska that they wish Congress to repeal fully the Jones Act. While I realize the intent of HJR 6 is certainly consistent with that notion, and merely a response to Canadian Shipping Act restrictions that preclude Alaskan transportation firms from competing freely in this case in the Southeast market for movements of Canadian origin goods destined for the Yukon Territory, I feel obliged to point out that HJR 6 can also be interpreted as being inconsistent with Initiative 83-02.

The third proviso of the Jones Act is a provision which basically exempts certain types of movements (i.e., those goods originating in the U.S. that move through Canada by rail under a tariff regulated by the Interstate Commerce Commission) from the basic requirement to move to and from Alaska in a U.S. bottom vessel. As you probably know, Canadian National currently provides such a service with a rail-car barge that is Korean-built operating between Prince Rupert, British Columbia and Whittier, Alaska. I believe any effort to recommend repeal of this provision could easily be interpreted as an act contrary to the intent of the initiative, since this provision is the one section of the Jones Act which at least provides some relief from the onerous provisions of that law.

It is also worth noting that there may be other Alaskan interests greater than the one addressed in HJR 6 that would warrant support for repeal of a third proviso. A few years ago when this topic was discussed and draft legislation introduced in Congress, the state considered trading repeal of the third proviso for a blanket exemption for the Alaska Marine Highway System to use foreign bottoms that would otherwise be U.S.-owned and U.S.-crewed. My point in mentioning this is merely to stress there may be a more important "quid pro quo" to request if the third proviso is to be offered up in an overall strategy to lessen the anti-competitive effects of both the Jones Act and the Canadian Shipping Act.

I wanted to bring these issues to your attention as your proceed with your deliberations. Please realize that the mentioning of these concerns should not be construed as lack of support for the basic intent of your resolution, nor lack of support for Alaskan transportation firms having an equal opportunity to compete in the movement of goods to and from the Yukon Territory.

If you wish to discuss this further, please give me or Mark Hickey a call.

Sincerely,

Rocky Gutierrez
Commissioner

cc: Pete Jeans, Chief of Staff, Office of the Governor
George Sullivan, Legislative Lobbyist,
Office of the Governor
Mark S. Hickey, Deputy Commissioner, Operations
John Katz, Special Counsel, State/Federal Relations,
Office of the Governor
Jim Jansen, President, Lynden Incorporated

U.S. Department of Transportation
Office of the Secretary of Transportation

Assistant Secretary

400 Seventh St., S.W.
Washington, D.C. 20590

APR 20 1987

APR 27 1987

LIEUTENANT GOVERNOR

The Honorable Stephen McAlpine
Lieutenant Governor
State of Alaska
P.O. Box AA
Juneau, Alaska 99811

Dear Lt. Governor McAlpine:

Thank you for your letters to President Reagan and Secretary Dole on the subject of marine transportation services in the United States by Canadian companies.

I have asked my staff to look into the issue that prompted the resolution of the Alaska Legislature, which is the loss of a Canadian government waiver granted to an American company to carry cargo in the Canadian coastal trade. We have discussed the matter with a representative of the company, Alaska Marine Lines, and obtained up-to-date information on the status of the situation. The Department of State had made previous representations before the Canadian government on the refusal of this waiver petition, but was unsuccessful in reversing the decision.

On April 13 several DOT representatives met in Ottawa with Canadian officials from the Department of External Affairs to express our continued concern over the waiver refusal. We provided to the Canadians new information on the present carriage of the cargo, and we communicated the fact that the United States Congress had taken heed of your resolution and was considering the development of a legislative proposal mandating reciprocity.

The Canadian officials promised to look into the situation. We will keep you informed of any developments.

Sincerely,

Matthew V. Scocozza
Assistant Secretary for Policy
and International Affairs

Marine Trans. Services (reciprocal competition)

HOUSE JOINT RESOLUTION NO. 6, by Rep. Cato. Requests the President, Secretaries of State, Transportation, and Commerce to pursue equitable and reciprocal treatment from the Canadian government for U.S. marine transportation companies seeking to provide services to the Yukon Territory and to take action limiting the authority of Canadian marine transportation companies to operate in Alaska until the Canadian government grants rights to U.S. companies to operate in the Yukon Territory.

Requests Congress to amend the Jones Act to require that the authority for Canadian marine transportation companies to operate between ports in Alaska is contingent upon a reciprocal grant of authority for U.S. marine transportation companies to provide service to communities of the Yukon Territory.

Requests the Alaska delegation in Congress to initiate legislation and to seek administrative action to ensure that U.S. marine transportation companies are accorded the same treatment in Alaska and Yukon Territory markets as are Canadian marine transportation companies.

Introduced January 22 and referred to Transportation.

RELATIONSHIP BETWEEN SJR 11 AND HJR 6 AM

SJR 11 urges Congress to repeal those portions of the Jones Act which prohibit the use of foreign built vessels in the American coast wise trade, so long as they are owned by Americans, meet American safety standards, and are crewed by Americans.

HJR 6 AM urges Congress to expand the benefits to Alaska of the Third Proviso of the Jones Act, which is an exception to the Jones Act which does currently allow the use of foreign vessels to transport American goods within the U.S. if a portion of the route includes Canadian rail service. Specifically, the resolution urges Congress to take action to ensure that Canada allows U.S. companies the same treatment under its Shipping Act as the U.S. permits Canadian Companies (i.e., the Canadian Pacific Railroad) under an exception to the Jones Act.

There is nothing inconsistent with the resolutions, although they do deal with separate issues: SJR 11 seeks to change one adverse provision of the Jones Act and HJR 6 seeks pressure on Canada to broaden the opportunity for U.S. companies to engage in coastal commerce.

sd/9.25

STEVE COWPER
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

JAN 27 1987

January 23, 1987

Dear Reviewer:

A copy of the Jones Act Report is attached for your information and consideration. The report satisfies the requirements of Initiative 83-02, which mandates the Governor to report annually to the Legislature any actions taken during the preceeding year toward repeal of the Jones Act or mitigation of its effects.

This report to the 1987 Legislature covers the calendar year of 1986. It is the product of a team effort by the Governor's Office in Washington, D.C., the Office of Management and Budget, the Department of Revenue, the Department of Commerce and Economic Development, and the Department of Transportation and Public Facilities. If you have any questions about the report, please call Elliot Lipson at 465-2171.

Sincerely,

Steve Cowper
Governor

Attachment

A REPORT TO THE ALASKA LEGISLATURE

JONES ACT RELATED ACTIVITIES
AND EFFORTS DURING 1986

JANUARY 1987

The purpose of this report is to satisfy the requirements of Initiative 83-02, adopted by Alaskan voters on November 6, 1984. The initiative requires the Governor to lobby Congress for the repeal of the Jones Act and to report annually to the legislature any actions taken in this regard and their effects. This report is an update and expansion of the initial report submitted to the Legislature on January 13, 1986.

In developing the legislative issues list for the second session of the 99th Congress, the Washington, D.C. Office staff identified Jones Act modification as a state priority. In a February 21, 1986, report, it also identified Cook Inlet and North Slope Oil Exports as priorities for the second session. These items are related to the Jones Act initiative because their purposes are to stimulate the international trade activity of Alaskan industries, and to remove the barriers that exist to achieving that goal.

In a series of meetings with key staff from each of the Congressional delegation offices, and in subsequent meetings with delegation principals, the Washington Office discussed the requirement of the initiative to work for the repeal of the Jones Act. In each instance, reference was made to the repeal of the Jones Act as a priority of the state. Discussion of this item with the respective staffs produced a consensus that the climate in Congress was not favorable for major modification or repeal of the Jones Act, but that we would be alert to any possibilities for making minor amendments to, or any waivers of, the Act that might benefit Alaskan commerce. Consensus was also evident in meetings with delegation members that the mood of the Congress had not changed and that any meaningful modification to the Jones Act was very unlikely. These conclusions were corroborated in discussions and meetings with other Congressional staff and with knowledgeable outside observers.

In other actions involving the Jones Act, Senator Stevens introduced S.1935 in December, 1985, to direct the Secretary of Transportation to document certain foreign built vessels as vessels of the United States so as to be entitled to engage in domestic coastwise trade. This bill, as amended by the House, would have authorized an unlimited number of vessels to operate in the coastwise trade. The intention was to allow these vessels to function as cruise ships in the tourist industry. The bill would have constituted a waiver of the Jones Act. Governor Sheffield submitted testimony in support of this measure. However, differences in the Senate and House versions were never resolved, so this legislation was not enacted. A commentary on S. 1935 which discusses Alaska's interests is attached as Appendix A.

Another bill, S.2662, was introduced by Senators Stevens and Inouye to develop and deregulate the United States flag liner fleet. This bill would have provided operating differential subsidy contracts to qualified vessels (using U.S. crewmen) entering into international trade. The Washington Office monitored the bill's Congressional hearing, discussed its possible Alaska implications with Commerce Committee staff, and discussed the legislation with private counsel representing the Alaska Railroad. The opinion of all parties was that the bill would have little or no impact on Alaska. Primarily because of the Administration's objection to the cost of implementing the bill, it was never brought before the full Senate for a vote.

Finally, it should be noted that ADOT&PF has notified the Washington Office that at least one private carrier has contacted Senator Stevens about using the threat of eliminating the third proviso of the Jones Act as leverage in trade discussions with Canada. The third proviso allows American goods shipped between two U.S. ports to travel by Canadian rail as part of their routing. The carrier wants the government to use the threat of ending the third proviso in order to receive similar, but not identical concessions from Canada.

ADOT&PF staff has indicated its concern that this proposal would have a negative impact on the Alaska Railroad's current barge service. Also, the elimination of the third proviso runs against the purpose of the initiative which is to eliminate the Jones Act. The Washington Office contacted Senator Stevens' staff about those concerns and was told that no effort would be made by the Senator in this area without state participation. Furthermore, any strategy involving the third proviso does not seem very promising in view of the prior history of Congressional consideration of this subsection -- a matter dealt with in past communications from the Washington Office.

Even though Congress is presently reluctant to consider changes to the Jones Act, significant elements of national transportation, national defense and national economy interests recognize the need for changes from the status quo. In recent years and months there have been numerous articles by qualified experts and statements by affected organizations which recognize that:

(1) The Jones Act and related statutes have been unsuccessful in preserving, maintaining and protecting U.S. Merchant Marine and shipbuilding capabilities;

(2) The present and projected situation is technologically, economically, politically and socially different from that which existed when the present maritime statutes were enacted; and,

(3) The present deficiencies in merchant marine and shipbuilding capacities have reached critical levels in regard to the several legitimate interests of the United States and the various states.

A July 1985 Special Report to the President and the Congress by the National Advisory Committee on Oceans and Atmosphere concludes that:

(1) National efforts should emphasize development of a viable commercial fleet during peacetime in order to satisfy potential defense needs;

(2) Requirements for U.S. build have contributed to the decline of the U.S. merchant fleet and have not created substantial work for U.S. shipyards.

The report recommends:

(1) Eliminate all requirements for U.S. operators who receive government subsidies to build vessels in U.S. shipyards;

(2) Amendment of current maritime statutes that impair the competitiveness of U.S. vessels in foreign trade;

(3) Amendment of the Jones Act to allow foreign building of new vessels for the Jones Act domestic trade.

A copy of the executive summary of this report is attached as Appendix B.

A recent article by L. Edgar Prina made the following significant points:

(1) In 1950, the U.S. ranked first in the world in numbers of merchant ships and carrying capacity (dwt). Today it is 10th in ships and 8th in dwt.

(2) In 1950, U.S. flag vessels carried 21 percent of U.S. foreign trade tonnage. In 1983 they carried only 5.8 percent.

(3) As of August 1985, only 8 U.S. flag merchant vessels were under construction or on order in U.S. shipyards.

The article goes on to identify the national defense implications of these facts and to indicate that the present maritime statutes are clearly not accomplishing their intended purposes. A copy of this article is attached as Appendix C.

The Standing Committee on Water Transportation (SCOWT) of the American Association of State Highway and Transportation Officials (AASHTO), chaired by Richard J. Knapp, then Alaska's Commissioner of Transportation and Public Facilities, developed a policy position statement on National Maritime Policy. The statement recognizes the same kinds of deficiencies in the present situation and calls for the creation of a presidential task force to review present national maritime policy and to recommend changes. A copy of the AASHTO policy position statement and its transmittal to President Reagan are attached as Appendix D.

The heart of Alaska's concerns over Jones Act restrictions, oil export limitations and related federal laws is clearly identified in a September 10, 1986 memorandum from Gregg Erickson, Division of Strategic Planning, to State Senator Frank Ferguson. The memo indicates that the state treasury suffers approximately $433 million per year in reduced oil revenues alone because of the effects of these laws. A copy of this memo is attached as Appendix E.

To date, we have essentially "tinkered" with the Jones Act and related laws to eliminate or mitigate those restrictions most onerous to Alaskans. Clearly, these laws are not achieving their originally intended purposes and are no longer relevant to the present situation. We feel it will be more effective and will more effectively serve Alaska's interests if a broader perspective is adopted. National interests which coincide with or complement Alaskan interests should be identified and pursued. This approach would offer an alternative program which would better serve the U.S. and Alaskan interests.

Such an alternative program might contain the following kinds of provisions:

(1) Construction of vessels anywhere in the world, but to U.S. standards, would be allowed for U.S. registered vessels, provided other requirements are met.

(2) To be U.S. registered, a vessel would have to be:

(a) Built to U.S. standards;

(b) At least 51 percent U.S. owned;

(c) Manned by U.S. crews;

(d) Have all major repairs performed in U.S. shipyards.

The beneficial effects of such a program would:

(1) Eliminate the need for vessel construction subsidies;

(2) Offset higher operating costs due to U.S. crews and standards with lower amortization costs;

(3) Create a basis to reestablish and maintain U.S. shipyard capabilities with vessel repairs;

(4) Provide and maintain the sealift capabilities necessary for national defense purposes and favorable balance of trade.

As indicated, recognition of the need for and value of such a program is growing nationally. The state of Alaska should take advantage of this situation to spearhead an effort to consolidate the interests of other states. All sympathetic states should coordinate their actions to concentrate attention at the national level on reviewing and changing national maritime policy to reflect today's needs rather than outmoded and obsolete impressions of such needs.

In conclusion, various political constraints, particularly the opposition of the maritime industry, blunted the effort to obtain repeal or significant modification of the Jones Act during the 99th Congress. In the absence of major allocations of state resources -- allocations which are far beyond the capacity of existing state agencies -- there is little likelihood that the Jones Act can be significantly modified in the 100th Congress. Even a major dedication of resources does not assure Jones Act repeal given the strength of the forces arrayed against the state on this issue. In these circumstances, the result which is most likely of achievement is the piecemeal modification or waiver of the Jones Act in well-defined factual contexts, such as the cruise ship example described above, according to the Washington Office.

APPENDICES

APPENDIX A

MEMORANDUM

State of Alaska
Department of Transportation & Public Facilities

TO: John Katz
Special Counsel
State/Federal Relations
Office of the Governor

DATE: June 23, 1986

FILE NO:

TELEPHONE NO: 465-3900

FROM: R. J. Knapp
Commissioner

SUBJECT: S. 1935

The Alaska Department of Transportation and Public Facilities has the following comments on S. 1935, a bill directing the Secretary of Transportation to document up to five foreign-built passenger vessels. The effect of documentation would be to allow these five vessels to carry passengers between U. S. ports, in spite of the restrictions of the Jones Act and similar type legislation. S. 1935 is sponsored by Senator Stevens; Senator Murkowski is a co-sponsor.

The provisions of S. 1935 would apply only if -

(1) Transportation is limited solely to passengers and their personal luggage.

(2) The vessel was originally delivered for passenger cruise service.

(3) The vessel is <u>less than</u> twelve years old <u>but at least</u> two years old.

(4) The vessel has a minimum of 400 passenger cabins with modern facilities and can be converted to a troop ship.

(5) Current and future improvements to each vessel will be done in U. S. shipyards.

S. 1935 proposes an exception to the prohibitions of Jones Act type legislation for the purposes of developing a domestic cruise ship industry, according to a recent article in the Alaska Journal of Commerce. The Governor's approach to the prohibitions of the Jones Act is similar in approach, although much broader in application. Under the Governor's approach foreign-built ships could enter all segments of the coastwise trade, as long as are were staffed by U. S. crews and meet U. S. safety and environmental requirements. Both the Governor's position and S. 1935 are in response to a domestic shipbuilding industry that is seen as a high-cost producer. Increasingly, domestic shipyards are losing the ability to produce certain types of vessels at any cost.

The provisions of S. 1935 could be broadened to provide more benefits to the State of Alaska, although most such changes would eliminate any chances of passage that the current proposal may have. For example, the exceptions proposed in S. 1935 do not apply to the Alaska Marine Highway System (AMHS). Among the differences between large cruise ships and AMHS vessels are the smaller number of cabins and the dedication of a full deck to the transportation of private vehicles and some cargo-carrying vans. The State of Alaska should consider some way to broaden the provisions of S. 1935 so it applies to more types and sizes of vessels.

Attachments

cc: Joe Camp, Deputy Commissioner, Alaska Marine Highways
Warren Sparks, Deputy Commissioner, Headquarters
Pete Spivey, Special Staff Assistant, Office of the Governor

99TH CONGRESS
1ST SESSION

S. 1935

To direct the secretary of the department in which the Coast Guard is operating to cause certain vessels to be documented as vessels of the United States so as to be entitled to engage in the domestic coastwise trade, and for other purposes.

IN THE SENATE OF THE UNITED STATES

DECEMBER 12 (legislative day, DECEMBER 9), 1985

Mr. STEVENS (for himself, Mr. GOLDWATER, Mr. PRESSLER, and Mr. MURKOWSKI) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

---

A BILL

To direct the secretary of the department in which the Coast Guard is operating to cause certain vessels to be documented as vessels of the United States so as to be entitled to engage in the domestic coastwise trade, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) notwithstanding section 12106 or 12107 of title 46, United States Code, section 27 of the Merchant Marine Act, 1920 (46 App. U.S.C. 883), or any other provision of law, the Secretary of the department in which the Coast Guard is operating shall cause, upon application made in accordance

with this Act, not more than five vessels under foreign ownership, registry and flag on the date of enactment of this Act to be documented permanently as vessels of the United States with the privilege of engaging in the coastwise trade, if—

(1) each such vessel is in compliance with all other requirements of law applicable to vessels engaging in the coastwise trade;

(2) any alterations, repairs, or rebuilding of each such vessel that is necessary to bring the vessel into compliance with the requirements of part B of subtitle II of title 46, United States Code (relating to inspection and regulation of vessels) and regulations issued under that part, or any conversion to eliminate cargo space necessary to bring the vessel into compliance with paragraph (5) of this subsection, are done in the United States.

(3) all future nonemergency alterations, repairs, or rebuilding of each such vessel after it is documented under this subsection are effected in the United States pursuant to the then applicable laws, so long as the vessel remains documented as a United States vessel;

(4) on the date of such documentation, each such vessel is owned by a citizen or citizens of the United States, as defined in the applicable laws prescribing the

qualifications for vessels to engage in the coastwise trade;

(5) transportation in each such vessel is limited solely to passengers and their personal luggage; and

(6) each such vessel also—

(A) has a minimum of four hundred passenger cabins with modern facilities;

(B) is capable of being converted to a troopship; and

(C) has been originally delivered solely for passenger cruise service within twelve years before the date of enactment of this Act, except that any vessel constructed in a foreign shipyard and delivered solely for passenger cruise service within two years before the date of enactment of this Act shall be deemed constructed solely for the purpose of entering the coastwise trade pursuant to this Act, and such vessel shall not be eligible for documentation pursuant to this Act.

(b) For purposes of this Act, the Secretary of the department in which the Coast Guard is operating shall, with respect to vessels subject to this Act, determine the eligibility of each vessel to engage in the coastwise trade in chronological order of application, made after the date of enactment of this Act, to the Secretary for documentation as a United

States vessel under this Act. Any such application shall be filed not later than twelve months after the date of enactment of this Act. Any rebuilding of a vessel or repair work necessary to bring each such vessel into compliance with the requirements of part B of subtitle II of title 46, United States Code (relating to inspection and regulation of vessels) and the regulations issued under that part shall be completed within twenty-four months after the date of enactment of this Act.

O

State News

Cruise ship promotion bill is introduced

A bill which would promote the development of a domestic cruise ship industry has been introduced in the Senate by Sen. Ted Stevens.

The measure, which would permit five foreign-built passenger ships to be documented under U.S. law, would require American crews, and would also require that all repairs and modifications to meet Coast Guard inspection standards would be done in U.S. shipyards.

"Our domestic cruise ship industry is non-existent," Stevens said in a statement on the Senate floor, "and it will remain so without the utilization of foreign-built vessels."

Noting the development of a domestic cruise ship industry could benefit many U.S. ports which might not be included in the routes traveled by foreign cruise ships, Stevens said, "My state is a prime example of the impact a cruise industry can have on ports. Foreign cruises make periodic stops in towns in Southeast Alaska, and the tourism generated through these cruises is rapidly becoming a mainstay of Southeast Alaska's economy."

Any U.S. citizen would be allowed to file an application for documentation under the measure, Stevens said. The bill contains three criteria designed to bring modern and militarily useful vessels into the cruise ship trade.

The first criterion would require that each vessel have a minimum of 400 passenger cabins with modern facilities. This would ensure that in times of emergency the vessel would be large enough to make a significant contribution to the Navy's ability to move people, or could be used as a hospital ship.

The second criterion would require that each vessel would be capable of being converted into a troop ship.

The third requirement would be an age limitation on each vessel to ensure modernity. It would also prohibit potential applicants from contracting for the construction of new passenger vessels in foreign shipyards.

"The purpose behind the bill is to revitalize a U.S. industry," Stevens said, "not to encourage the growth of foreign industries."

Kodiak Fish Tech Center wins Board of Regents OK

The University of Alaska Board of Regents has given the go-ahead on planning a facility for the Kodiak-based Fishery Industrial Technology Center (FITC).

"Forty-four of the 50 states," President Donald O'Dowd said, "and Alaska is not one of those 44, have universities with technology development centers. Since fishing is Alaska's num-

processing and new products development.

The staff of the center has been sharing research facilities with other Kodiak fisheries related agencies and providing about 40 workshops each year in fishing communities throughout the state.

The new facility will provide about 18,000 square feet of cryogenic laboratories, con-

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APPENDIX B

A Special Report to
The President and
The Congress

Shipping, Shipyards and Sealift:

Issues of National Security and Federal Support 1985

National
Advisory
Committee on
Oceans and
Atmosphere

July 1985

NATIONAL ADVISORY COMMITTEE
ON
OCEANS AND ATMOSPHERE
3300 Whitehaven Street, N.W.
Washington, D.C. 20235

SEP 08 1986

To the President and the Members of the Congress:

As Chairman of the National Advisory Committee on Oceans and Atmosphere (NACOA), I am pleased to forward to you a copy of our report, "Shipping, Shipyards and Sealift: Issues of National Security and Federal Support." The conclusions reached and the recommendations made support current trends unlinking shipping from shipbuilding and advance several approaches for strengthening our Nation's sealift capability in the interests of national security.

Respectfully,

John E. Flipse

John E. Flipse
Chairman

EXECUTIVE SUMMARY

Defining the Problem

The Nation's maritime policy, embodied in the Merchant Marine Acts of 1920 and 1936, as amended, has for over half a century provided Federal supports to the maritime industries to preserve in peacetime sufficient capacity to respond to a national defense emergency. It is increasingly clear that our maritime policy, and the package of protections derived from it—tax credits, loan guarantees, ship construction and operating subsidies, limited cargo preference, protected domestic trade (cabotage) and build-U.S. requirements—have had limited success in preserving a viable U.S.-flag fleet and merchant marine. The decline in the shipping and shipbuilding industries despite substantial government supports suggests the need to examine and define the national security requirements for each.

The United States has for some time been the world's largest trading nation with a dramatic increase from 130 million long tons of foreign trade in 1950 to 630 million in 1983. Carriage of foreign trade in U.S.-flag vessels has fallen from over half (by weight) at the end of World War II to less than 6 percent in 1983, but the declining role of U.S. shipping has not impeded the overall growth of the U.S. economy or our foreign trade. Indeed it can be argued that the decline of the high-cost, U.S.-flag fleet, and its supporting shipbuilding base, has had a net beneficial effect on the overall national economy. The economic arguments for Federal support of the maritime industries are thus less than conclusive, and the arguments have focussed increasingly on the national defense needs for U.S. shipping and shipyards.

The primary national requirements for the U.S. maritime industries are the national defense needs, during a conflict, for naval combatant ships to wage war at sea; adequate merchant sealift capacity to project military equipment and supplies overseas and concurrently provide critical shipping to support our economy; and sufficient shipyard capacity to support both. Sealift needs fall into three categories: floating prepositioned storage of supplies; rapid initial overseas deployment of forces, their equipment and supplies (surge sealift); and long-term resupply of overseas forces (sustaining sealift). In addition, shipping assets would be needed for import of critical materials and some ordinary trade and for domestic waterborne transport of critical materials, such as transport of strategic petroleum reserve oil to refineries.

Many experts are concerned that, in time of conflict, the Nation will need many more ships for combat and sealift—and more shipyards to activate, repair and replace them—than present natural economic forces will maintain in peacetime. NACOA has therefore defined the issues, for the purposes of this study on shipbuilding and sealift in the national defense context, as follows:

- What is the most effective and least costly way to ensure that adequate sealift capacity will be available in the timeframe required for a major modern conflict?
- What level of shipbuilding capacity would ensure an adequate base for mobilization and new ship construction and repair in a major conflict?
- To the extent that shipping and shipbuilding capacity is required, what level and type of Federal support are needed or appropriate?

The Scenario

Until recently, national sealift requirements were based on the scenario of a NATO/Warsaw Pact conflict requiring movement of U.S. troops and supplies across the North Atlantic to Europe. The changing balance of world economic and political forces resulting from the late 1960s discovery of massive oil reserves in the Middle East prompted U.S. military planners to begin focusing more attention on the Indian Ocean and the Southwest Asia region (the Middle East and Persian Gulf area). The current defense planning scenario, established by the Joint Chiefs of Staff, assumes that a major global conflict could begin in Southwest Asia, and spread to Europe, Northeast Asia (especially Korea) and three oceans. It is a worst-case scenario in terms of the requirements it generates—a prolonged (3-year), non-nuclear, global conflict, waged in three theatres, with two major periods of sea battle.

Military strategists conclude that a modern global conflict would have to be fought with Naval and sealift vessels already built during peacetime; NACOA concurs with this conclusion. Unlike the beginnings of World War II, where the United Kingdom held off the aggressor for several years while the United States prepared for war, a modern global conflict would almost

certainly mean immediate U.S. involvement, and the increased distance required for sealift of supplies adds severe time constraints. These considerations have prompted serious reappraisal of the status of, and requirements for, the Nation's sealift assets.

Maritime Industry Status

The continued decline in both the shipping and shipbuilding industries in this country has raised increasing national defense concerns.

Although the United States has one of the largest shipbuilding industries in the world, devoted almost solely to naval programs at this time, it ranks only 10th among commercial shipbuilding nations worldwide with less than two percent of the world's commercial ship orderbook. Largely because of differences in national standards of living, the world shipbuilding market, as with other heavy industry, is moving generally from the United States and Europe to the Orient, and from developed to developing nations. The U.S. shipbuilding industry has long been unable to compete with foreign yards. Virtually all of the merchant vessels built in U.S. yards in the past decade have been built either with Federal subsidy or for protected domestic trades, but recent changes in Federal maritime support programs and depressed economic conditions have all but halted this commercial ship construction. Three major shipyards have closed since 1982, and General Dynamics Corporation recently announced that its Quincy Shipbuilding Division, a major shipyard that has been in business for 101 years, will close in the spring or summer of 1986.

There are currently only 6 major U.S. shipping lines, carrying container cargo, down from 19 in 1970, and they are heavily dependent on government cargo reserved for U.S. ships. Almost all U.S.-flag bulk vessels operate in the domestic trades that are reserved for U.S. ships. In the domestic trades, however, trucks, railroads, pipelines, and tug/barges are replacing oceangoing, self-propelled cargo vessels. These developments threaten the viability of the domestic fleet, an important source of militarily useful tonnage and trained U.S. crews for meeting sealift demands in a national emergency.

There are currently less than 500 oceangoing vessels greater than 1,000 gross tons in the U.S.-flag fleet, and 105 U.S. shipyards capable of building or repairing vessels of this size. Except for the tremendous World War II peak, the U.S. shipyard employment base has risen fairly steadily over six decades despite the continued decline in the U.S.-flag fleet. Our longstanding national maritime policy appears to have done a better job of preserving our shipyard base than our U.S.-flag fleet.

Defense Requirements for Ships

The primary national defense requirement for the U.S. shipping and shipbuilding industries, beyond the peacetime carriage of government cargos and peacetime building and repair of military vessels, is to provide increased sealift and Naval combatant capacity in case of national emergency. Sealift requirements would be similar for a global conflict and for a major U.S. action in Southwest Asia, because lift requirements for other areas would be provided by our allies. Sealift and shipyard requirements to support a major deployment to Southwest Asia have thus received great attention in recent years.

Since 1981, the Department of Defense has completed a comprehensive series of studies quantifying requirements for: prepositioning of supplies, airlift and sealift, delivery of liquid products, shipping needs at home during a global conflict, shipyard capacity for early mobilization (e.g., activating reserve ships) and shipyard capacity for wartime shipbuilding. These studies are all classified either "Secret" or "For Official Use Only;" NACOA has reviewed the entire series.

The 1981 "Congressionally Mandated Mobility Study" (CMMS) concludes that the United States requires an additional airlift capacity of about 20 million ton-miles per day, and recommends that this be supplemented by additional prepositioned supplies and more and faster sealift. The "DOD Sealift Study," completed in March 1984, concludes that the sealift capacity necessary to meet dry-bulk lift requirements for Southwest Asia is about 4.6 million deadweight tons of shipping capacity during the initial surge and about 3.3 million deadwight tons for sustaining resupply. Every militarily useful U.S.-flag private cargo vessel would be needed for sealift in a major overseas deployment, and projections of the future size of the fleet indicate a growing shortfall in U.S.-flag, dry-bulk sealift tonnage. Most of the U.S.-owned vessels under foreign flag are not now considered militarily useful. A companion study, called the "DOD Sealift Tanker Study," now nearing completion, will document a shortfall in militarily useful wet-bulk tonnage for sealift under U.S. ownership (U.S. and foreign flag).

The "Economic Security Shipping Study," recently completed by the Maritime Administration, addresses the shipping requirements for import and domestic transport of critical materials during wartime. The study concludes that there is no shortfall in container or breakbulk ship capacity, because most scheduled general cargo is nonessential in wartime. No shortfall in dry-bulk capacity is expected, since most critical bulk materials are required in small enough quantities to be taken from strategic stockpiles or imported by air. A shortfall is projected, however, in tanker capacity for domestic carriage of refined petroleum prod-

ucts, because the U.S.-flag tanker fleet would be required to support U.S. forces overseas.

Responding to the rapid decline of the U.S.-flag fleet, and increased readiness requirements imposed by the long-distance sealift routes in the new scenario, the Navy is rapidly improving the Nation's sealift capacity. More than $1 billion a year for 5 years is planned for strategic sealift expenditures, more each year than was spent during all the years since World War II combined. The shortfall in dry cargo sealift is being addressed by increases in government-owned sealift vessels and increased funding for modifying commercial cargo vessels. The shortfall in wet-bulk sealift will probably be addressed by purchase of tankers for the Ready Reserve Force and further examination of alternatives such as foreign petroleum supply. The only projected shortfall in domestic shipping needs during a conflict is in tanker capacity for domestic petroleum carriage, but this could be alleviated by allowing foreign tank vessels (owned by U.S. citizens) to enter the protected Jones Act trade during a conflict. The cumulative effect of these approaches is greatly enhanced sealift capacity that is substantially more "ready."

Defense Requirements for Shipyards

The U.S. shipbuilding base must have sufficient "surge capacity" during early mobilization to activate the reserve combatant and sealift vessels and to convert active merchant vessels for sealift, and must expand quickly for battle damage repair of merchant and combatant ships and for new construction to replace vessels lost during a prolonged conflict.

Two joint studies by the Department of Defense and the Maritime Administration examine the shipyard capacity requirements. The "Shipyard Mobilization Base Study" (SYMBA) reviews the adequacy of the October 1982 shipbuilding base for a 3-year global conflict. The "National Defense Shipyard Study" (NADES) examines the adequacy, for the early mobilization stage of a conflict, of a much smaller shipyard base that is expected to survive the current decline and remain available in 1988-1990. The SYMBA Study concludes that an absolute minimum of facilities needed for the first year of conflict is 51 building positions, 41 graving docks and 56 floating drydocks; that shipyard facilities existing in October 1982 were more than adequate for a major mobilization; and that there might be temporary shortfalls in the number of skilled shipyard workers during early mobilization and later during wartime ship construction. The NADES Study uses different, and NACOA believes more realistic, assumptions about early mobilization and reflects the increased sealift readiness now planned by the Department of Defense. The NADES Study found that early mobilization would require initial availibility of 142,000 skilled shipyard workers, peaking to 157,000 in the eighth month. The Department of the Navy concludes that peacetime employment, even in the smaller shipyard base projected for 1990, would be roughly adequate for early mobilization and facilities would be more than adequate for mobilization tasks.

An independent NACOA survey of shipyard surge capacity in the major defense contract yards suggests they are currently operating at only about half their full peacetime capacity in workers and steel fabrication, and only about a third of their capacity to finish new vessels. Our estimate of their wartime maximum capacity suggests a possible increase in ship production of 4 to 6 times greater than in today's underutilized shipbuilding base, without expansion of facilities.

Surge requirements for U.S. shipyards for a major mobilization have been lowered through several government initiatives: by increasing the amount of prepositioned military supplies, thus reducing the number of sealift ships needed; by building and converting a number of vessels under government control for sealift; by increasing the readiness of our reserve fleets, and thus reducing the shipyard work needed for activation; by relying more on conversion of existing commercial vessels than on wartime newbuilding of sealift vessels; and by planning more pre-mobilization work on commercial vessels in the active U.S.-flag fleet. NACOA concurs with the Department of Defense that a substantially reduced private U.S. shipbuilding base would be adequate to meet early mobilization needs required by the present scenario.

Alternatives

The range of solutions offered by public and private interests for solving the Nation's sealift problems fall into three broad categories:

- Preserving excess shipbuilding capacity through increased support for U.S. shipyards in peacetime, so that warships and sealift vessels can be activated, repaired and built during a major conflict.
- Increasing the government-controlled merchant fleet to have immediate and direct control of needed sealift assets during a major mobilization.
- Increasing the number and military readiness of privately owned sealift assets through measures to aid U.S. ship operators.

Our positions on several major proposals are as follows. We oppose a Federal shipbuilding program for new merchant vessels to be chartered or laid up in reserve fleets. We oppose a cargo preference scheme that would reserve a percentage of commercial cargos in U.S. foreign trade to U.S.-flag, U.S.-built vessels. We oppose a federally supported "Maritime Redevelopment Bank," that would use Federal funds to encourage financing for ship construction. We oppose any increased Federal supports to the U.S. shipbuilding industry, because the industry has overcapacity for the commercial market it serves, and the present

shipyard base is substantially in excess of the capacity needed for defense mobilization. We support more concerted efforts to increase the military usefulness of private merchant vessels and to increase the shipping tonnage in the active commercial U.S.-flag fleet. We favor increased use of private vessels as sealift assets rather than preserving excess shipbuilding capacity or increasing government control of sealift assets.

For the most part, NACOA opposes the range of proposals initiated largely in the Congress to preserve excess shipbuilding capacity; opposes further growth in the government-controlled active and reserve sealift fleets without fully exploring other alternatives; and supports a range of proposals from various sources, including our own deliberations, to increase the number and military usefulness of private vessels under U.S. control.

Conclusions and Recommendations

NACOA concludes the following:

- Sealift requirements for the initial stages of a modern major conflict depend more on the sufficiency of existing U.S.-controlled shipping and trained U.S. crews than on shipbuilding capacity. National efforts should therefore emphasize developing a viable Federal and commercial sealift fleet in peacetime.
- The United States now has a very large shipbuilding capacity, and the yards expected to survive the current decline will still have sufficient surge capacity to satisfy wartime needs as defined by current defense scenarios.
- Requirements to build in U.S. shipyards have impaired the competitiveness of U.S. operators of oceangoing, self-propelled cargo vessels, have contributed to the decline in the U.S.-flag fleet, and have failed in recent years to create substantial commercial work in U.S. shipyards.
- Most recent proposals to aid the U.S. shipbuilding industry—such as a federally funded merchant shipbuilding program, renewed construction subsidies, a federally backed maritime bank, and expanded cargo preference—are too small in scope to be of significant impact or would create larger problems.

NACOA recommends the following:

1. OPPOSITION TO PROPOSALS FOR A FEDERAL SHIPBUILDING PROGRAM FOR COMMERCIAL SEALIFT VESSELS—OR ANY OTHER PROGRAM REQUIRING MAJOR FEDERAL FUNDING—DESIGNED TO PRESERVE THE PRESENT EXCESS CAPACITY IN THE SHIPBUILDING BASE.

NACOA believes that all additional surge capacity required for mobilization currently exists within the yards doing Navy peacetime construction, and Navy and commercial repair work, and that this work will preserve an "irreducible minimum" shipbuilding base that will be adequate in future mobilization. This smaller shipbuilding base might initially be inadequate for wartime construction, but shipyard expansion would begin immediately and would continue as needed throughout the conflict. The Department of Defense studies allow virtually no geographic movement of skilled shipyard workers during mobilization, and we believe this is an unrealistic constraint. The major constraint on expansion of wartime shipbuilding would not be shipyard capacity, but delayed availability of major components, e.g., propulsion plants for Navy and merchant vessels, and complex weapons systems for combatant vessels; increases or decreases in the shipbuilding base would not affect this problem.

2. DECREASED DEPENDENCE ON A GOVERNMENT-OWNED AND MAINTAINED READY RESERVE FORCE, AND REDUCED SIZE AND INCREASED READINESS OF THE RESERVE SEALIFT FLEETS.

NACOA supports the approach of adapting modern, active commercial vessels to military purposes, because maintenance costs are borne by the operator in trade, the vessel provides training for U.S. crew, and the ship would have a ready crew if it were called up for service. In the long run, we believe this is a more efficient and less costly alternative than Federal building, acquiring or serving of an outmoded reserve fleet.

3. CONTINUED EMPHASIS ON METHODS OF ADAPTING COMMERCIALLY EFFICIENT VESSELS FOR MILITARY PURPOSES.

Continued research is needed to develop cost-effective ways of adapting modern commercial vessels to military sealift needs. In addition, funding should be provided to do such conversion and activation work on U.S.-flag commercial ships during peacetime to enhance their readiness, reduce the shipyard conversion time required at mobilization, decrease the shipyard base required and decrease the need for expanded government-controlled sealift fleets.

4. INCREASED EMPHASIS ON ENSURING THE AVAILABILITY, TRAINING AND READINESS OF U.S. CREWS NEEDED FOR MOBILIZATION OF RESERVE AND FOREIGN-FLAG SEALIFT VESSELS.

Requirements for increased numbers of ready crews are being generated by the expanding size of the Ready Reserve Force, and increased reliance on U.S.-owned, foreign-flagged vessels. In addition, the greater readiness requirements for sealift vessels require better training and more rapid availability of crews to staff them.

5. CONTINUED UNLINKING OF NATIONAL SHIPPING AND SHIPBUILDING POLICIES BY ELIMINATING ALL REQUIREMENTS FOR U.S.-FLAG OPERATORS RECEIVING GOVERNMENT SUPPORTS TO BUILD VESSELS IN U.S. SHIPYARDS.

Specifically, we recommend that operators be allowed to use foreign-built vessels in the U.S. foreign trades and still be eligible for Capital Construction Fund tax deferral, Title XI Federal Ship Loan Guarantees, immediate access to government-impelled cargos and operating subsidy, preferably a new form of operating incentives we propose. (See recommendation #6.)

We believe the half century of requirements to build new vessels in high-cost U.S. shipyards has increased the capital and operating costs of the U.S. shipping industry; has discouraged modernization and expansion of the U.S.-flag fleet; and has contributed to the long-term decline of domestic and foreign waterborne trading opportunities for the U.S. fleet. We support permanent authority for U.S. shipowners to operate foreign-built vessels in the foreign trades while receiving Federal supports, to improve the competitive position, and thus the size and sealift capacity, of the U.S.-flag fleet.

6. AMENDMENT OF CURRENT MARITIME STATUTES THAT IMPAIR THE COMPETITIVENESS OF U.S. VESSELS IN FOREIGN TRADE.

Specifically, we recommend establishment of a new form of operating incentives linked to reductions in crew size and related operating costs; amendment of shipboard manning laws and regulations that prevent reductions in U.S. vessel crew size; and exemption of oceangoing cargo ships from paying duty on foreign shipyard repairs. Federal supports must be designed to encourage decreases in U.S. operating costs. Crew size and other operating costs must be reduced if the U.S. fleet is to become competitive in the world market and grow to provide increased sealift assets under private control.

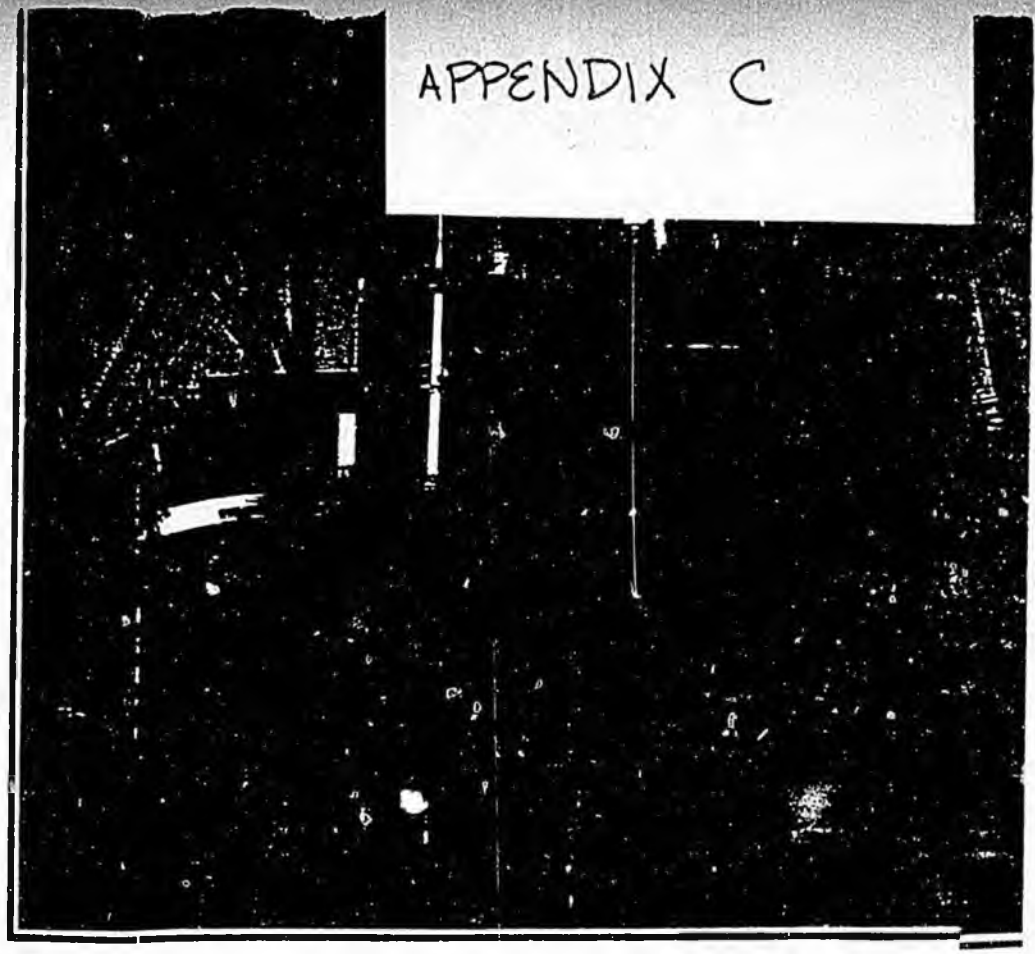
7. INCREASED EMPHASIS ON INCENTIVES TO ATTRACT FOREIGN-REGISTERED VESSELS—UNDER U.S. OR FOREIGN OWNERSHIP—TO THE U.S. FLAG.

We propose a number of measures to encourage reflagging to the U.S. registry of vessels now under foreign registry. Even a small-scale reflagging would be desirable from a national defense standpoint, because these ships would provide work and training for U.S. crews, would be available for pre-mobilization installation of Sealift Enhancement Features, and would thus increase the sealift readiness of the U.S.-flag fleet.

8. AMENDMENT OF THE JONES ACT TO ALLOW SOME FOREIGN BUILDING OF NEW COMMERCIAL CARGO SHIPS FOR THE JONES ACT DOMESTIC TRADE.

We recommend a 10-year "coproduction" period, requiring building in U.S. shipyards in order to earn transferable credits for building in foreign yards. We suggest that these provisions be applicable only to large, oceangoing self-propelled, cargo-carrying ships that are capable of contributing to the Nation's sealift needs in case of a national emergency. This approach might stimulate a limited increase in commercial shipbuilding orders in U.S. yards, without Federal funding, and would expand and modernize the U.S.-flag, sealift capable cargo fleet.

APPENDIX C



CONTROL OF THE SEAS IS VITAL DURING WARTIME, BUT CAN OUR U.S. MERCHANT FLEET STILL MEET ITS COMMITMENTS?

OUR AILING MARITIME INDUSTRY

By L. Edgar Prina

NAVAL experts from Mahan to Gorshkov have agreed unanimously that a nation's sea power is made up not of warships alone, but also of its blue-water commercial fleet and shipbuilding assets.

The current administration has done an outstanding job of strengthening the combat potential and readiness of the U.S. Navy in the last four years. It has done little, however, to halt the increasing deterioration of the mari time industry. The 1980 campaign promises to revitalize the merchant marine, which President Eisenhower called "our fourth arm of defense," remain unfulfilled.

America's maritime industry has been ailing for a number of years. It is sicker today than it was yesterday and it will be sicker tomorrow than it is today.

The Pentagon is deeply concerned that in the event of war it will not have sufficient shipping available to support and sustain U.S. ground and air forces overseas, to say nothing of simultaneously meeting the needs of the economy at home.

The dramatic decline of the U.S. maritime industrial base is told in these stark statistics:

- In 1950, the U.S. ranked first in the world in numbers of ships and in carrying capacity or deadweight tonnage (dwt). Today, it stands 10th in ships and eighth in dwt.

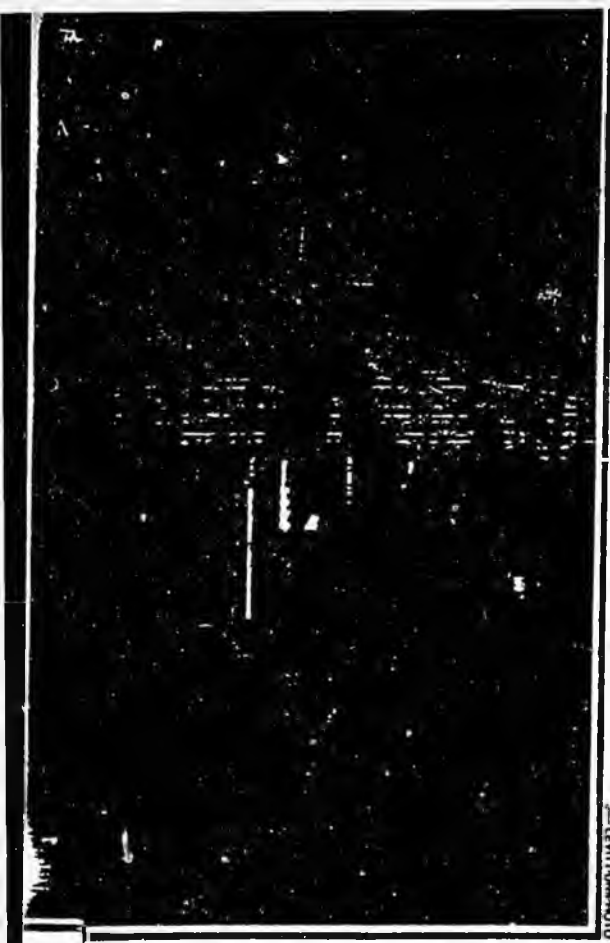
The Soviet Union, which was virtually off the charts in 1950, ranked 26th in ships in 1960 and is now number two. It ranks seventh in carrying capacity.

- As of Aug. 15, 1985, only eight U.S.-flag commercial vessels were under construction or on order in American yards.
- U.S.-flag ships carried only 5.8 percent of the total tonnage of our foreign trade—the world's largest—in 1983. It carried 21 percent in 1950.

That's not all the bad news. Thirty private U.S. shipyards have gone out of business in the past eight years. Currently, 24 major and 8 smaller yards remain in operation.

With the global glut of commercial ships not expected to ease before 1992, and non-subsidized U.S. yards unable to compete with the lower labor costs enjoyed by foreign builders, some experts believe that as many as seven

L. Edgar Prina, a Washington editor and author, is a retired Navy Reserve captain who specializes in naval affairs.



SEATTLE/MARKOTO

A SHRINKING FLEET—*American ports such as Seattle always seem busy, but the ships are mostly foreign.*

other major and 35 smaller yards could be forced to shut down by 1990.

Ship operators have done somewhat better than the builders. Construction differential subsidies (CDS) were halted by the administration in 1981, but operating differential subsidies (ODS) are still being paid. The subsidies were designed to help operators and builders meet foreign competition.

With a few exceptions, however, things have not been rosy for the operators either. Of 19 American liner companies in business in 1965, only seven remain and one of them has filed for bankruptcy.

The number of U.S.-flag ships in the active, privately owned ocean-going commercial fleet today totals 383. It could easily drop to 300 or fewer by 1990, if no remedial action is taken by the government.

Several major factors have caused this erosion of the U.S. maritime industry.

More and more countries have adopted cargo preference programs to aid their commercial fleets, something the United States has declined to do because it would violate the principle of free trade.

U.S. competitiveness was limited by the high salary structure labor unions negotiated for seamen, mates and masters, as well as for shipyard workers.

There also is the Kremlin factor. The Soviet Union began expanding its merchant marine by cutting rates far below the profit line. It was thus able to penetrate and then dominate a number of trade routes. This had led to shrinking Western merchant fleets, bankruptcies and disinvestment in the shipping industry.

Extremely close coordination exists between the Soviet merchant marine and the Soviet navy. Acting as a naval auxiliary, the merchant marine exercises regularly with the fleet. Naval officers command and staff the merchantmen, most of which are readily adaptable for military use.

The Soviet Union, in short, knows the importance of a large and versatile merchant marine. It has learned well the lessons of Admiral Alfred Thayer Mahan, even if the United States appears to have forgotten them.

The decline of the U.S. merchant marine has had a grave impact upon our capability for reinforcing and supporting American military units overseas. Many officials have been reluctant to concede this. The true situation is masked by optimistic calculations of potential losses to enemy attack or to the number of bottoms that would be available from allies and the fleet of American-owned ships that sail under Liberian, Honduran, Panamanian and other flags.

Admiral James D. Watkins, Chief of Naval Operations, was one who did speak out. In a little-noticed speech last April, he said:

"Can we allow this vital arm of sea power (merchant marine) to atrophy by default any further? I say, no. If we do, our nation could easily be crippled by determined foes and they know it."

Pointing out that the British barely prevailed in the Falklands War with a merchant fleet twice as large as ours, the admiral said:

"Today, our sealift studies show that it would essentially take every single U.S.-flag merchant ship and most of those of our allies just to support our forward deployed forces in a large-scale conflict. And that doesn't even include any additional ships for attrition."

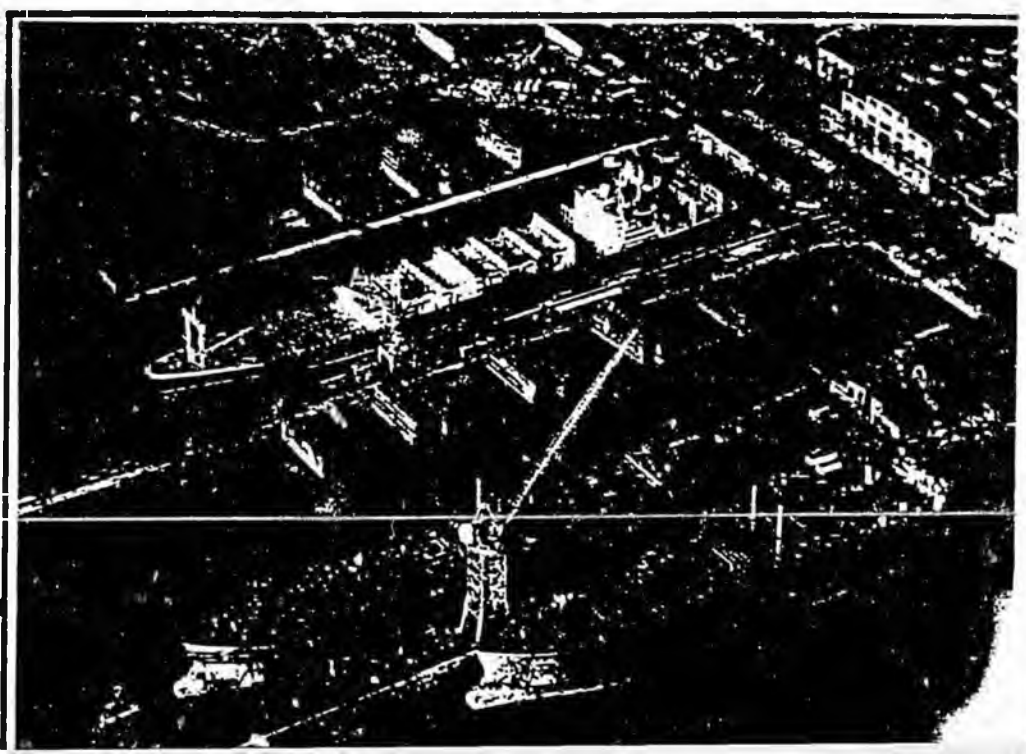
Losses very likely would be staggering, particularly in the early weeks, given the large and powerful fleet of Soviet nuclear submarines armed with missiles and torpedoes.

IT HAS been widely assumed that great numbers of allied merchant ships would be made available to the United States in the event of a NATO war. But allied commercial fleets have been shrinking for years and the end is not in sight. The British merchant navy numbered 1,592 ships in 1975. It is now down to 685. Norway, France and Italy have 600 fewer ships today than they had 10 years ago.

Despite the atmosphere of gloom and doom that pervades much of the maritime industry today, the situation is not hopeless. If the American people and their representatives in Congress could be alerted, a number of reasonable, logical and legal actions could be taken to protect and preserve the maritime base.

First, the President could order the strict enforcement of the cargo preference laws already on the books. A new report by the Congressional Office of Technology Assessment quoted liner operators who said that the requirement for 50 percent of U.S. government

Continued on page 52



ALLAN SEEGER/UNIPHOTO

SHAKY TIMES—*Unable to compete with the cheap labor of foreign shipbuilders, U.S. shipyards face an uncertain future.*

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MARITIME INDUSTRY

Continued from page 25

cargoes to be shipped in American-flag bottoms is "not being met in a single U.S. preference program."

Indeed, of 55 Postal Service contracts issued in fiscal year 1984 to carry U.S. mail overseas by ship, 43 were awarded to foreign-owned, foreign-flag vessels. Four of the contracts went to Poland's state-controlled line and one to communist Yugoslavia.

Senator Daniel K. Inouye of Hawaii and Rep. Helen Delich Bentley of Maryland introduced bills earlier this year to require the Postal Service to use American ships.

Another popular assumption is that the Navy, in time of war, could draft U.S.-owned ships flying foreign flags and crewed by non-Americans. Unfortunately, many of the 400 vessels in this fleet are huge tankers having little military usefulness.

Given these circumstances, the U.S. Navy recognized it had to do something to guarantee that at least a minimum number of merchant ships would be immediately available if war should come. Accordingly, it has been buying surplus commercial ships for its Ready Reserve force. Current plans are for a total of 116 ships to be ready for sea within five, 10 and 20 days of the outbreak of a national emergency.

The Navy's new construction and ship repair programs have been a godsend to the U.S. shipbuilding industry, accounting for more than 80 percent of its current workforce. Since 1981, the number of yards involved in Navy work has increased from nine to 21. But as large as these programs are—the Navy has obligated more than $50 billion for them over the past five years—they cannot, by themselves, sustain the present maritime industrial base.

Outraged by what she asserted was a violation of the Merchant Marine Act of 1936, Bentley made this point on the House floor in July:

"It is bad enough that foreign-flag ships of friendly nations are allowed to carry U.S. mail, but I think it is a national disgrace that the privilege to carry this important cargo is now enjoyed by Soviet-bloc vessels."

The current administration, with an assist from Congress, could restore construction subsidies to encourage the building of 20 merchant ships a year in U.S. yards, as suggested in a recent

Continued on page 54

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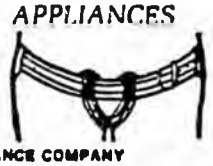

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822 Michigan Ave., Marshall, Mich. 49068

MARITIME INDUSTRY

Continued from page 52

Congressional Budget Office report. This would be enough, the CBO said, along with projected naval programs, to maintain the current industrial base.

The Navy could provide additional help if it withdrew its objections to the building of foreign warships in American yards.

Commercial shipping and shipbuilding depend upon cargo availability. The administration could aid both by entering into bilateral agreements with its allies to share the carriage between their countries.

U.S.-flag ships would benefit also if the United States would approve the U.N. Conference on Trade and Development Code of Conduct for Liner Conferences, as many West European countries and Japan have done.

Some students of maritime affairs, such as Dr. Harlan K. Ullman of the Georgetown Center for Strategic and International Studies, believe the present industrial base could be preserved at an annual cost of $2 billion.

The United States needs to develop a comprehensive, coordinated maritime policy at the earliest moment. Critical to this policy is a determination of the minimum number of commercial ships and shipyards needed for the mobilization base.

As Vice Admiral William H. Rowden, then-commander of the Military Sealift Command, said last May:

"The U.S.-flag merchant marine and shipbuilding industry is the cornerstone of our wartime sealift capability. It's clearly in the best interests of the United States that the American maritime industry survive and prosper." □

THE LEGION'S POSITION

The American Legion has long been aware of the urgency to rebuild and modernize the U.S. Merchant Marine Fleet. The resolving clause of Res. 302 reads:

RESOLVED, by The American Legion in National Convention assembled in Salt Lake City, Utah, Sept. 3, 4, and 5, 1984, that we urge the U.S. Government, in cooperation with labor and management, to revitalize the U.S. Merchant Marine to its former position as second to none in the world, under the Merchant Marine Act of 1970."

APPENDIX D

AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS

RICHARD P. BRAUN, President
Commissioner
Minnesota Department
of Transportation

FRANCIS B. FRANCOIS
Executive Director

October 10, 1985

President Ronald Reagan
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear President Reagan:

We are writing to you to express our concerns about the maritime industry in the United States, and the importance of establishing a cohesive and comprehensive national maritime policy.

Founded in 1914, the American Association of State Highway and Transportation Officials (AASHTO) represents the departments concerned with highways and transportation in the fifty states, the District of Columbia, and Puerto Rico, to foster the development, operation and maintenance of an integrated national transportation system. The active members of AASHTO are the duly constituted heads and other chief directing officials of the member highway and transportation agencies. As state officials involved with all modes of transportation, we have become increasingly concerned over the problems facing the maritime industry in our country.

As evidenced by trends observed in a number of reports published in recent years, the United States imports and exports significant levels of tonnage every year, but the percentage of foreign trade which is transported in U.S. flag ships has steadily declined. Additionally, the number of vessels in the U.S. overseas fleet has declined from 1,100 ships in 1950 to fewer than 400 today, while construction of ships in U.S. shipyards has virtually ceased. At the same time, the U.S.S.R. has over 2,500 vessels in its merchant fleet. It appears that our defense posture and our ability to respond to overseas conflicts may well be diminished by the lack of a merchant marine fleet to call into military service. The import and export industries are also important to the U.S. in other ways. For example, millions of people are employed in manufacturing, agricultural, mining and other jobs related to exports, alone.

AASHTO believes that the significant changes taking place in this most important industry are occurring, to the detriment of our country, without the benefit of the clear direction that a comprehensive national-level policy could provide.

In the past, several programs have been initiated or proposed to promote our exports and development of the U.S. merchant marine. These have included the following:

- A proposed promotional program to allow for overseas construction of U.S. vessels without loss of operating subsidies, authorize U.S. vessel operators to use certain tax-deferred funds to purchase foreign built ships, make vessels newly transferred from foreign to U.S. registry immediately eligible to carry government preference cargoes, and allow an increase in the percent foreign investment in U.S. flag vessels.

- Streamlining of the operating differential subsidy program.

- Proposed reduction in regulations to minimize government intervention in the shipping industry.

- A proposal to reorganize U.S. trade policy by the creation of a Department of International Trade and Industry.

While these programs to stimulate exports and to restructure our maritime assistance programs might be helpful to the maritime industry, they do not constitute a national maritime policy, even when taken collectively. For example, they do not address such critical policy issues as the desired size and composition of the U.S. flag merchant marine fleet; the need for federal subsidies for construction and operation of U.S. flag vessels; whether U.S. cargoes should be reserved for U.S. flag vessels; the role of the merchant marine in national defense and military mobilizations; and the need for domestic shipyard capability.

A recent study by the U.S. Office of Technology Assessment, An Assessment of Maritime Trade and Technology, states that "Existing Maritime policies are a patchwork of measures adopted at various times to address specific needs. They do not add up to a comprehensive and coherent policy with clearly defined purposes," and "it is clear that major new or revised Federal policies are needed if the U.S. maritime industries are to remain healthy in the decades to come". We agree with these findings.

AASHTO believes that a Presidential directive creating a special maritime task force could be the right catalyst for developing a comprehensive national maritime policy. We thus recently adopted, by a vote of our member departments of 50 affirmative, none opposed, a "Policy Position Statement on Development of National Maritime Policy." A copy of this position statement is enclosed. In that statement we urge that you "create a special task force to study the problems facing our maritime industry, both the government and the private sector, and prepare a final report which recommends a national maritime policy. The composition of this task force should include representatives of all levels of government and the maritime and port industries, both coastal and inland." We would greatly appreciate your giving this recommendation your serious consideration.

Very truly yours,

Francis B. Francois
Executive Director

FBF:djt
enclosure

AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS

POLICY POSITION STATEMENT ON DEVELOPMENT OF NATIONAL MARITIME POLICY

The presence of a strong U.S. merchant marine fleet is vital to the economy and national defense, to our domestic and international transportation systems and to maintaining the shipment of exports from and imports to all states -- those located inland as well as those having ports on the oceans and Great Lakes. Despite the vitality of the national economy and the growth of exports and imports since 1950, the U.S. merchant marine fleet has been declining in size and capacity, which is threatening our capability to maintain a competitive fleet of vessels for waterborne commerce and defense purposes. The health of the American maritime/port industry is dependent upon the resolution of a wide range of complex issues. These issues encompass diverse areas such as the huge task of maintaining and improving the inland and deep water port complexes, user charges, intermodalism and related issues, shipbuilding and repair, subsidy for construction and operation of the U.S. merchant fleet, cargo reservation policies, federal regulation of oceanborne commerce, commercial trading relationships with other countries, implementation of international trade agreements, the UNCTAD Code, and cross-border movements.

Contributing to the decline of the U.S. position in world trade has been the lack of a comprehensive and consistent national maritime policy.

AASHTO urges the Administration to direct immediate attention to the development of a national maritime policy. The President has addressed other critical national issues by creating special task forces to define the problems and recommend solutions. Because of the acceptance of this approach, AASHTO recommends that the President create a special task force to study the problems facing our maritime industry, both the government and the private sector, and prepare a final report which recommends a national maritime policy. The composition of this task force should include representatives of all levels of government and the maritime and port industries, both coastal and inland.

Adopted by mail ballot by the
AASHTO Policy Committee,
August 8, 1985

APPENDIX E

MEMORANDUM State of Alaska

TO: Senator Frank Ferguson
Co-chair, Joint Special Committee

DATE: September 10, 1986

FILE NO: 87-592

THROUGH: Gordon S. Harrison, Associate Director
Office of Management and Budget

TELEPHONE NO: 465-3568

FROM: Gregg Erickson, Senior Economist
Division of Strategic Planning
Office of Management and Budget

SUBJECT: The Jones Act and the Price of Alaska Oil

GE

Introduction

At the July 21 meeting of the Joint Special Committee on Tax Policy you requested that OMB provide you with background information and material regarding the Jones Act and the price of Alaska oil.

Background

Shipyard inefficiencies, lack of competition, and high labor costs, make American ships two to three times as expensive to build and operate as their foreign counterparts. Despite these higher costs, virtually all waterborne commerce between Alaska and the rest of the United States moves in U.S. rather than foreign ships. The reason is the Jones Act (Sec. 27 of the federal Merchant Marine Act of 1920), which requires that maritime trade between U.S. ports be carried in ships built in the U.S., documented under U.S. law, owned by U.S. citizens, and crewed by Americans.

Trade goods shipped between the Alaska and American ports must bear this burden, either as lower return to the seller or a higher price to the buyer. As a practical matter, Alaska usually bears the burden regardless of which way the commerce moves. In the case of Alaska crude oil, the burden is reflected in reduced wellhead values; over $100 million per year may be lost to the State treasury due to lower severance taxes and royalties.

A related burden on the value of Alaska oil comes from the Export Administration Act of 1979 and other U.S. laws that prohibit the foreign export of Alaska oil. The prohibitions deny Alaska oil its most profitable markets in the Far East, and thus make the oil less valuable at the wellhead. A recent study by the federal Department of Commerce estimated the loss to the State treasury at $333 million per year.

Some oil companies have opposed any relaxation of the export limitations, noting that much of their investment in U.S. flag tankers could be lost if exports were allowed. Oil companies'

production revenues would be enhanced if exports were allowed, however, and this would marginally encourage additional development of existing fields and further exploration.

Recent Studies

Several recent studies have addressed these issues. An annotated listing of those that appear most interesting in terms of the State revenue implications is attached. Copies of the studies themselves are attached with the original of this memorandum.

GKE/dmc

Attachments

cc: Committee Members

Office of Management and Budget
September 1986

Annotated Listing of Selected Studies On The Jones Act, Oil Export Limitations, and Alaska Oil Revenue

U.S. Department of Commerce, *Report To Congress on Alaskan Oil*, June 1986. In 1985 Alaska made an unsuccessful effort in Congress to amend the Export Administration Act to allow some exports of Alaska oil. As a consolation prize for Alaska, Congress authorized and directed the administration to conduct the study that led to this Report. According to the study, the export limitations will cost Alaska $1,330 million in the 1987-90 period ($333 million per year), $1,510 million in 1991-95, and $1,116 million in 1996-2000. The study's findings generally support Alaska's position, though the authors make some factual errors and incorporate a number of unusual assumptions. For example, the federal study's "low" oil production scenario shows about twice as much annual production as the state's current "mean" production forecast.

Samuel A. Van Vactor and Arlon Tussing, "The Export of Alaska Crude Oil: Its Significance for Pacific Basin petroleum Trade," prepared for the International Association of Energy Economists annual meeting, June 1986. The authors believe that "[o]ver the coming year...the distortions and waste entailed by [the export limitations] will become more apparent, and as they come to light, the policy is likely to change. Once the inhibition on exports of Alaska oil is removed, there will likely be a cascade of reactions that will substantially increase crude-oil and petroleum product trade throughout the Pacific Basin."

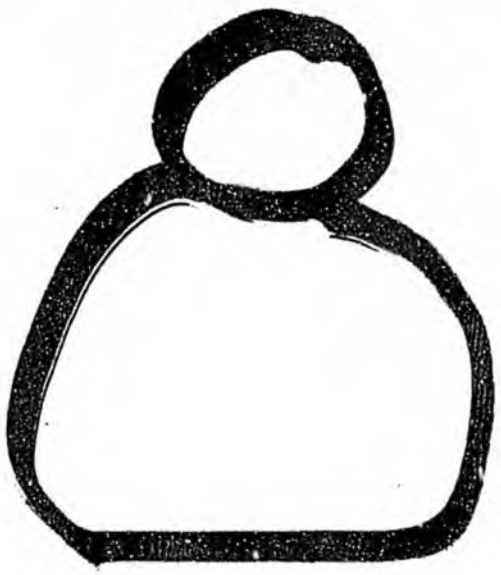
State of Alaska, *Report to the Legislature on Implementation of Initiative 83-02*, January 1986. The initiative was adopted by the voters in 1982. It directs the governor to work for repeal of the Jones Act, and to annually report on those efforts. This was the first of these annual reports, and was largly prepared by John Katz and his staff in the governor's Washington, D.C. office. the report uses data from the Alaska Statehood Commission studies (cited below) to estimate that the Jones Act costs Alaska consumers $40 million per year, and the state treasury $225 million. The report is not optimistic about the prospects for near-term fundamental change in the trade restrictions.

National Advisory Committee on Oceans and Atmosphere, *Shipping, Shipyards and Sealift*, July 1985. The report focus on the national security implications of the Jones Act. It concludes that the nation's defense capabilities would be improved if foreign built ships were allowed to be used in the domestic maritime trade. The authors say they had access to "secret" and "official use only" Department of Defense materials on sealift capacity, etc.

Alaska Department of Revenue, "The Export of Oil to Japan - State Revenue Impacts," by Dr. Charles Logsdon in *Petroleum Production Revenue Forecast Quarterly Report, March 1983*. "Under a wide range of assumptions the State of Alaska would enjoy revenue increases should the current ban on exports [of Alaska North Slope crude oil] be removed. Though the impact illustrated ranges between $10 and $500 million per year..., the best guess revenue impact would probably be about $50-$100 million per year."

Simat, Hellieson, & Eichner, Inc., for The Alaska Statehood Commission, *The Jones Act and Its Impact on the State of Alaska*, July 1982; and Arlon R. Tussing and Associates, Inc., for The Alaska Statehood Commission, *Alaska's Economy and the Merchant Marine Act of 1920 (the Jones Act)*, September 1982. Though now somewhat out of date, these two studies still remain the best starting point for anyone wishing a good understanding of the effects of the Jones Act (and the export limitations) on Alaska.

HJR



Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

February 4, 1987

FOR TODAY'S MEETING YOU HAVE:

A fILE ON HJR 8 WHICH INCLUDES:
- a copy of HJR 8
- ~~a current status report on HJR 8~~
- a fiscal note on HJR 8

A FILE ON HJR 6 WHICH INCLUDES:
- a copy of HJR 6
- a current status report on HJR 6
- a fiscal note on HJR 6
- an excerpt from the Jones Act
- a report by Alaska Marine Lines to the Canadian Minister of Revenue
- a letter from the Governor of Alaska to the Canadian Minister of Revenue
- misc letters supporting an extension of a waiver to the Canadian Shipping Act
- a resolution from the City of Skagway supporting an extension of the waiver

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version : HJR 8
Publish Date :

REQUEST: 1-30-87

Revision Date:
Title : Reauthorization of the Surface
Sponsor : Davis, etal.
Requestor : Cato

Agency Affected : DOT&PF
BRU :

Components :

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

There is no fiscal impact to the Department of Transportation and Public Facilities.

MSH

Prepared by : Mark S. Hickey, Deputy Commissioner
Division : Office of the Commissioner
Phone : 465-3900
Date : 1/30/87

Approved by Commissioner : Rachel Lapkoff
Agency :
Date :

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STATE OF ALASKA
THE LEGISLATURE

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May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 2-4-87 1:30 p.m.

(5)

HOUSE COMMITTEE REPORT

Date referred: 1/23/87

FURTHER REFERRALS: [redacted]

DATE: February 4, 1987

The Transportation Committee has considered HJR 8

Relating to reauthorization of the Surface Tranportation Assistance Act.

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[X] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Bill Hudson

SIGNING OTHER RECOMMENDATIONS:

Bill Hudson
Chairman's signature

Official Business

COMMITTEE:

House Transportation

DATE: February 4, 1987

SIGN-IN

Subject of meeting:

* HJR 8: Relating to reauthorization of the Surface Transportation Assistance Act

* HJR 6: Relating to reciprocal competition in marine transportation services between U.S. & Canadian companies operating in Alaska & Yukon Territory.

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Jim Towsen	3027 Belmont Anchorage	279-7501	Lynden	Yes
CLIFF FRAME	95A Roxborough St - Toronto Canada	416-259 (office) -6311	Currach Resources	Yes
Bill Troy	5015 W Marginal Seattle	763-4244	Alaska Marine Lines	Yes

* indicates first public hearing

HB 93, (cont'd)

designation of the recreation river unless the commissioner determines that the activity threatens the water quality or an essential habitat within the river.

Provides for adoption of a management plan and addresses management of municipal land, acquisition of additional land, application of public land laws, and cooperative management agreements. Lists rivers to be included in the system. Provides Act takes effect immediately.

Introduced January 30 and referred to Resources; Finance.

Boat Numbering, Accidents & Safety

HOUSE BILL NO. 94, by Rep. Taylor. Adds new sections to AS 05.25 (Amusements & Sports. Watercraft) prohibiting a person from operating a boat on state water unless the owner of the boat holds a current, valid state or federal certificate of number issued in the owner's name. The owner of the boat is prohibited from allowing another person to operate the boat unless he holds a current, valid certificate, also. The certificate of number must be carried on the boat and be available for inspection by a peace officer.

Prohibits operation of a boat on state waters unless a number is painted or permanently attached to each side of the forward half of the boat. Lists method for applying for number; application by owner having a number given by the federal government or another state; application by dealers or manufacturers; fees; etc.

Adds another section that outlines the duties of boat operators and witnesses at the scene of a boating accident. Requires an accident report be filed with the Dept. of Public Safety. Requires notification of department when a passenger dies or disappears from a boat. States that a boat owner is liable for injury or damage caused by the negligent operation of the boat, whether the negligence consists of a violation of state law or failure to observe ordinary care in the operation of the boat.

Would require the Dept. of Public Safety, in cooperation with the Dept. of Education, to offer public education programs designed to reduce boating accidents. Requires boats operating on inland water to carry and exhibit between sunset and sunrise at least one white light to show all around the horizon. Also requires boat operated on inland water to carry at least one readily accessible life preserver. Motor-driven boats operated for hire would be required to carry a fire extinguisher. Divers would be required to display a diver's flag. Lists requirements for boats towing water skiers and surfboards.

Provides Act takes effect January 1, 1968.

Introduced January 30 and referred to Transportation; Judiciary; Finance.

INTRODUCTION OF BILLS (House)

Limited Gambling (historic)

HOUSE BILL NO. 95, by Rep. Taylor. Would authorize certain municipalities to conduct limited historic gambling enterprises. The municipality would be allowed to do so if it adopts an ordinance permitting the limited gambling; if the economy depends substantially on tourism; if the municipality has a substantial history of gambling during the gold rush; and if the gambling enterprise enhances the historic character of the municipality.

Would limit gambling to locations that are in historic districts or parks established to preserve or recreate the historic character of the municipality and that are approved by a majority of the voters of the municipality. Prohibits gambling by minors under the age of 18. Limits gambling to those types of games occurring in the municipality during the period of 1890 - 1910. The municipality would be required to establish by ordinance the maximum amount of a bet. Proceeds would go to the municipality. Provides Act takes effect immediately.

Introduced January 30 and referred to State Affairs; Community & Regional Affairs; Finance.

Kindergarten (compulsory/ age minimum)

HOUSE BILL NO. 96, by Rep. Miller. Note: Also see HB 76, this report, similar). Would require each school district to offer a kindergarten program. Sets time requirement for kindergarten programs at three hours, exclusive of intermission. A child who is five or who will become five before June 2 preceding the beginning of the school year, and who is under the age of 20 and who has not completed the 12th grade, is of school age (current law sets the minimum school age child as one who is six or who will become six before November 2 following the beginning of the school year). A child who is five before June 2 preceding the beginning of the school year may enter a public school kindergarten (currently the child must be five or become five before November 2 following the beginning of the school year).

Would allow a school board to require that a child attend kindergarten before entering first grade. Changes age of child who must attend public school to six (currently seven). Provides Act takes effect July 1, 1987.

Introduced January 30 and referred to Health, Education & Social Services; Finance.

INTRODUCTION OF RESOLUTIONS (House)

Surface Transportation Act

HOUSE JOINT RESOLUTION NO. 8, by Reps. Davis, Koponen, Boyer, Frank, Miller, Cato. Requests the Congress to expeditiously enact legislation reauthorizing the Surface Transportation Assistance Act and to maintain the present formulas for allocation of federal-aid highway funds among the states. Note: Also see SJR 9, Senate introductions and committee action, this week, same subject.

Introduced January 26 and referred to Transportation.

HJR

11

Box 362
Nome, Alaska 99762-0362

February 16, 1987

FEB 2 4 1987

Representative Bette Cato
Fifteenth Alaska State Legislature
First Session, 1987
Alaska State House of Representatives
P. O. Box V
Juneau, AK 99811

Dear Representative Cato:

This letter expresses my support for House Joint Resolution No. 11.

Current U. S. Postal Service mail distribution methods are encouraging all-cargo aircraft and all-cargo companies to provide infrequent flights into rural Alaskan communities. This practice reduces federal funding of the Alaskan multi-service air transportation system. Eventually, the practice will result in higher passenger fares, lower passenger service levels, and fewer jobs in rural Alaskan communities.

I hope that the Alaska Legislature will see the adverse impact of this practice and help to nip it in the bud before the rural Alaskan communities suffer damage to their air services and economies.

Thank you.

Yours truly,
Richard Stern
Richard Stern

cc: Representative A. P. Adams
Representative Henry Springer

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United States Senate
COMMITTEE ON APPROPRIATIONS
WASHINGTON, DC 20510

February 6, 1987

The Honorable Elizabeth Dole
The Secretary of Transportation
400 Seventh Street, S.W.
Washington, D.C. 20590

Dear Elizabeth:

As you are aware, Section 6(b) of the Civil Aeronautics Board Sunset Act of 1984 (P.L. 98-443) requires reports to Congress by July 1, 1987, from the Department of Transportation and the Postmaster General recommending "whether the authority to establish rates for the transportation of mail between points within the State of Alaska should continue to be carried out by the Secretary by regulatory ratemaking or by the Postal Service through negotiations for competitive bidding."

As the author of the provisions in the Sunset Act which retained the status quo regarding both the fair and equitable distribution of mail within Alaska to the various air carriers, and the establishment of rates for the carriage of that mail, I wanted you to know that I continue to support the current system. With minor modifications, it will continue to adequately serve the interests of Alaskans and the Postal Service.

The vast majority of the communities in Alaska rely on air service for the delivery of the mail, and the revenue from mail carriage to rural air carriers represents a major portion of their total revenues. Due to the impact that these mail revenues have on the rural air carriers' schedules and overall service to the smaller Alaskan communities, a competitive bidding allocation system for the mail which distributed this mail to a single carrier would effectively eliminate competitive service into many of the rural communities. Without mail, no carrier can afford to provide scheduled service to rural Alaska. Accordingly, in order to ensure a competitive air transportation system, the current mail allocation system and rate making procedures should be maintained, with only minor modifications.

While the current system provides an excellent framework -- I believe it should be modified by requiring the Department and the Postal Service to factor into the allocation methodology the needs of the traveling public. Under the present Postal Service policy, any air carrier is entitled to an equal share of the non-priority mail if that air carrier provides at least three trips per week to a given community. This policy does not account for the level of service or the type of aircraft serving the community. Furthermore, this policy may encourage a one-dimensional approach to rural Alaska air transportation.

One-dimensional service to rural Alaska, in turn, may force up the costs of the Essential Air Service (EAS) program in Alaska. If mail, pasenger, and cargo, revenues are not adequate to support service, EAS costs will rise. Simply put, mail acts as a supplement to the entire rural air transportation system -- and if it is not fully integrated into the spectrum of services, the shortfall will be borne by the EAS program. Consequently, I encourage you to examine methods of maximizing service to rural communities by coordinating the carriage of mail with the objectives of the EAS program.

In these tight budgetary times, it is imperative that we carefully consider how these programs can best use available Federal resources to encourage the optimal air service within the State. Factoring the quality or range of services provided by a carrier into the allocation methodology would enhance the overall service to rural Alaska, and might also result in a reduction of EAS payments within Alaska.

Please don't hesitate to contact me if I can be of any assistance in this matter. I look forward to your July 1, 1987 report.

With best wishes,

Cordially,

TED STEVENS

FEB 2 4 1987

February 16, 1987

Representative Bette Cato
Fifteenth Alaska State Legislature
First Session, 1987
House of Representatives
P. O. Box V
Juneau, AK 99811

Dear Representative Cato:

This letter is to express MarkAir's support of House Joint Resolution #11.

Current U.S.P.S. mail distribution methods encourage all-cargo aircraft providing infrequent flights into communities. This practice reduces federal funding of the Alaskan transportation system and will result in higher passenger fares and fewer jobs at community passenger airlines.

I am confident that MarkAir is one airline among many who feel that mail revenues are the backbone of the Alaskan passenger transportation system.

Very truly yours,

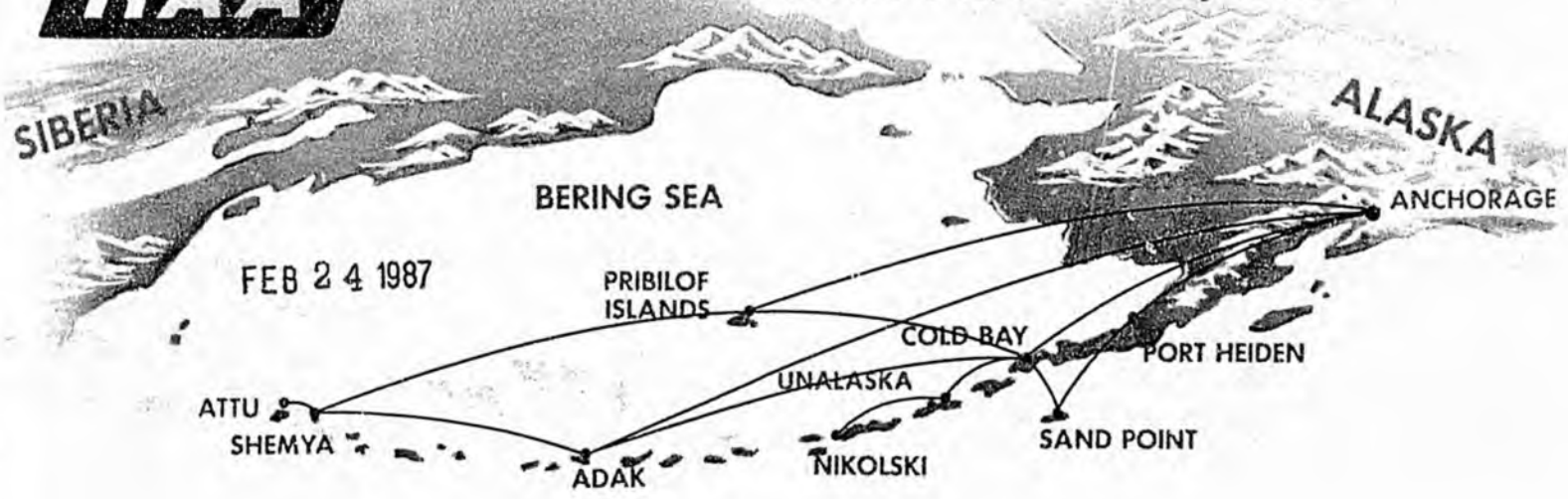
Robert Ensminger
Vice President Postal Affairs

RE:avn
(0241T-6)

cc: Representative A. P. Adams
Representative H. A. "Red" Boucher
Representative Adelheid Herrmann
Representative Drue Pearce
Representative F. Kay Wallis
Reed Stoops

(907) 243-1414 • 800-544-0181 • Telex: 090-25274 MARKAIR AHG
P.O. Box 190769 • 4100 W. International Airport Road • Anchorage, Alaska 99519-0769

RAA REEVE ALEUTIAN AIRWAYS, INC.



FEB 2 4 1987

February 18, 1987

Honorable Betty Cato
House of Representatives
P.O. Box V
Juneau, AK 99811

Dear Representative Cato:

Reeve Aleutian Airways respectfully requests your support of HJR11.

Involvment by the U.S. Dept. of Transportation in this issue would seem appropriate. With the sunset of EAS subsidies in the near future it seems that now is the time to consider to what extent U.S. Postal Service revenues may offset the loss of the EAS subsidies.

It is our belief that HJR11 will initiate a process in the U.S. Postal Service to consider methods and alternatives for distribution of mail to air carriers which recognizes an air carrier's overall level of service and financial committments to a community.

Sincerely,

David D. Jensen

David A. Jensen
Administrative Vice President

DAJ/kd

4700 W. INTERNATIONAL AIRPORT RD. • ANCHORAGE, ALASKA 99502-1091

THE FOLLOWING DOCUMENT HAS NOT BEEN FILMED BUT IS AVAILABLE IN THE ORIGINAL FILE

RITA N. SHOLTON
President

NORTHERN AIR CARGO

3900 W. INTERNATIONAL AIRPORT ROAD
ANCHORAGE, ALASKA 99502
(907) 243-3331

Don Brugman
Vice President & General Manager

NORTHERN AIR CARGO
Alaska's First and Only All-Cargo Airline

3900 W. INTERNATIONAL AIRPORT ROAD
ANCHORAGE, ALASKA 99502
(907) 243-3331

All-Cargo Services Schedule & Tariff

Fall/Winter-1986

(907) 243-3331

NORTHERN AIR CARGO

NORTHERN AIR CARGO, INC.
3900 W. INTERNATIONAL AIRPORT ROAD
ANCHORAGE, ALASKA 99502
(907) 243-3331

NORTHERN AIR CARGO

MAIL DISTRIBUTION IN RURAL ALASKA

U.S. MAIL DESTINED FOR RURAL ALASKA FROM THE ORIGIN POINTS OF ANCHORAGE AND FAIRBANKS IS CURRENTLY TENDERED TO THE MAINLINE CARRIERS (ALASKA AIRLINES, MARKAIR AND NORTHERN AIR CARGO) ON THE BASIS OF A USPS POLICY KNOWN AS "EQUITABLE TENDER".

EQUITABLE TENDER SIMPLY MEANS THAT THE USPS DISTRIBUTES THE VOLUME OF MAIL AS EQUALLY AS POSSIBLE AMONG THE AIRLINES FLYING ON A PARTICULAR ROUTE. AN EXAMPLE OF THIS IS THE ANCHORAGE TO BETHEL WHERE THE MAIL IS SPLIT AMONG TH. 3 CARRIERS, THE CARRIER WITH THE MOST FREQUENCY OF SERVICE IN THAT MARKET RECEIVING A PROPORTIONATELY LARGER SHARE.

FOR THE PAST 3 YEARS THERE HAS BEEN A LOBBYING EFFORT OF THE ALASKA CONGRESSIONAL DELEGATION TO PRESSURE THE USPS TO CHANGE THEIR EQUITABLE TENDER POLICY TO A FORMULA WHICH MARKAIR HAS DEVELOPED AND WHICH EFFECTIVELY ELIMINATES NORTHERN AIR CARGO FROM CARRYING U. S. MAIL.

THE RATIONAL BEHIND THIS LOBBYING EFFORT ALLEGES THAT PASSENGER SERVICE IS BEING HAMPERED BY NORTHERN AIR CARGO, AN "ALL CARGO" AIRLINE, CARRYING THE U.S. MAIL AND THEREBY DEPRIVING THE PASSENGER CARRIERS OF THE ADDITIONAL REVENUE TO OFF SET THE COST OF PROVIDING PASSENGER SERVICE.

THIS ALLEGATION HAS NOT BEEN BORNE OUT BY THE FACTS. PASSENGER SERVICE IN RURAL ALASKA IS AT AN ALL TIME HIGH IN BOTH THE MAINLINE AND THE BUSH. THE LEVEL OF SERVICE HAS CONTINUED TO INCREASE AS WITNESSED BY TWO NEW PASSENGER CARRIERS RECENTLY ENTERING THE ANCHORAGE TO DILLINGHAM, KING SALMON, AND KODIAK MARKETS. THE SAME TREND IS OCCURRING IN THE SMALLER BUSH COMMUNITIES.

IT MAY BE TRUE THAT THERE IS TOO MUCH PASSENGER SERVICE AND SOME AIR CARRIERS MAY NEED TO ADJUST THEIR STRATEGIES. WHAT IS MORE IMPORTANT TO RURAL ALASKANS IS THAT THEIR QUALITY OF LIFE HAS IMPROVED DRAMATICALLY WITH THE ADVENT OF RELIABLE SCHEDULED ALL CARGO AIRLINE MAIL AND AIR FREIGHT SERVICE. EVIDENCE OF RURAL ALASKANS FEELINGS ON THIS ISSUE IS OBVIOUS BY THE MANY RESOLUTIONS, PETITIONS, AND LETTERS OF SUPPORT FOR ALL CARGO SERVICE THAT THE ALASKAN CONGRESSIONAL DELEGATION HAS RECEIVED ON THIS ISSUE.

ATTACHED IS A COPY OF A NEWSPAPER ARTICLE WHICH APPEARED IN THE ANCHORAGE DAILY NEWS ON APRIL 27, 1986 AND GIVES A FACTUAL ACCOUNT OF BOTH SIDES OF THE ISSUE.

Today, freight and mail fly on Douglas DC-6 air freighters. The airline owns ten DC-6 aircraft, and each plane can lift nearly 30,000 pounds. The planes are economical to operate, reliable, and ideally suited to the varied Alaskan flying conditions. The planes are able to land on improved and unimproved airstrips 4,000 feet in length, and the Company has upgraded the aircraft to include sophisticated electronics including LORAN nagivation and Color Radar. Eight of the ten aircraft in the fleet are of the standard configuaration; the ninth freighter is dedicated exclusively as a tanker, and can haul up to 4,500 gallons of fuel; the tenth freighter is one of only two in the world with a "Swingtail" which swings completely open from the tail allowing rear loading of cargo as long as 65 feet. The aircraft is ideally suited for the special transportation needs of rural Alaska.

Northern Air Cargo's philosophy is one of service to the customer, and providing this service as quickly, effeciently, and safely as possible. The airline has had over 30 years of accident free operations.

Northern Air Cargo employees 150 people in Anchorage and sub-contracts with local business enterprises in the 20 rural Alaskan communities that it serves. In all these areas, Northern Air Cargo has made a significant economical contribution.

NORTHERN AIR CARGO

Northern Air Cargo was founded in 1956 as a partnership between Robert "Bobby" Sholton and Maurice Carlson. The airline was established as a charter air freight service, utilizing two C-82 "Flying Boxcars." As the airline founders, Sholton and Carlson were both considered Alaskan aviation pioneers; since the late 1940's, Sholton had flown extensively all over Alaska delivering freight, passengers, and mail; Carlson had flown for the military.

With a fleet of C-82's, Northern Air Cargo established an impressive record of service to many areas of the State. The airline pioneered delivery of special-outsized cargo to some 192 different air strips within the State. Areas served were mining settlements, construction and DEW Line sites as well as delivering freight to rural communities on a charter basis. In 1969, the first DC-6 aircraft was added to the operation. These aircraft gave the Company additional lift and capacity and opened up even more expanded rural market. Since the early 1970's, Northern Air Cargo has been on a controlled rate of growth adding DC-6 all-cargo aircraft periodically up to its present fleet of ten aircraft. Northern Air Cargo was co-owned by Sholton and Carlson until Sholton purchased his partner's interest in the airline in 1981.

The widow of Robert Sholton, Mrs. Rita Sholton is the airline's President and Chief Executive Officer. Mrs. Sholton has steered Northern Air Cargo on a course of steady growth since Robert Sholton's death in 1982. Mrs. Sholton moved the airline from almost 100% charter operations prior to 1982, to a scheduled airline that serves 20 communities within Alaska on a regularly scheduled basis with freight and mail delivery. The airline flies approximately two and one-half million miles per year within the State of Alaska.

MAIL FLIGHTS: Airlines fight for bigger share of Bush cargo

Continued from Page J-1

age mail and oversized freight in a low-cost fleet of vintage DC-6s to 25 Bush destinations.

Northern Air's schedule includes the only direct mail service from Anchorage to about a half dozen villages. Passenger airlines shuttle mail for these villages through regional hubs, such as Nome or Bethel. The mail is then unloaded to await delivery on smaller commuter airlines.

MarkAir officials say their reform proposal is not aimed at Northern Air.

"It's a philosphical issue as to whether or not the mail should, in any way, shape or form, be a factor in providing safe and reliable and passenger service," said Jim Berg, a MarkAir vice president for finance.

Passenger airlines deserve more mail freight because they offer far more flights than cargo competitors, said Larry Anderson, another MarkAir official. The passenger airlines also have much larger investments in terminal buildings, salaries and equipment than the cargo carriers.

"We're not after Northern Air Cargo, we're after a more equitable distribution of the mail," Anderson said.

But Northern Air Cargo officials disagree.

"The MarkAir proposal must be viewed for what it is: a blatant effort to put a competitor out of business," wrote Theodore Seamens, a Washington, D.C. attorney for Northern Air, in a memo to the Postal Service.

Dennis Gladwin, a Northern Air vice president, said MarkAir is trying to fix a system that isn't broken. He has launched a vigorous public relations counteroffensive to kill the MarkAir proposal. He carries around a binder full of petitions and testimonials from villagers and shippers who like his cargo airline's mail service and don't want to see it hurt.

Postal Service officials also have problems with the MarkAir proposal. Their attorney said it's probably illegal.

Congress told the agency to develop an air delivery system that provides customers with the best possible system, wrote Michael J. Vandamm, the Postal Service's assistant general counsel, in an internal agency memorandum.

That means subsidizing the cost of mail delivery in Alaska so it's the same as in the Lower 48. But Vandamm doesn't think it means skewing the system to help bail out passenger airlines.

"There is no statutory basis for establishing a policy of distributing the mail business so as to favor passenger carriers at the expense of all-cargo and small aircraft operators," he stated.

Despite Postal Service skepticism, MarkAir's postal proposal is very much alive.

The proposal has been promoted by Stevens, chairman of the Senate Postal Subcommittee. Stevens helped arrange a meeting in Anchorage last February at which Bergt unveiled the formula to a crowded room of Postal Service and airline officials.

In a recent interview, Stevens said he's talked with both Northern Air and MarkAir officials. But he appeared to support MarkAir's proposal.

Northern Air Cargo plans to add new routes and Stevens that expansion threatens the stability of the state's air passenger system.

Mail makes up at least one-third of the revenue for most passenger airlines. Without this revenue, the passenger airlines will reduce service and raise their rates, Stevens predicted.

Today, federal Transportation Department records show Alaska passenger service levels, despite all-cargo competition, are at an all-time high. And most airfares have stabilized.

But if passenger carriers keep losing mail to cargo lines, Stevens said the state transportation system will begin to disintegrate.

"We will rue the day that happens because there is no alternative. You can't take a bus . . . ," Stevens said.

Postal Service officials are well aware of Stevens views.

In recent weeks, the Postal Service has had "a lot of correspondence" with Stevens' office about the MarkAir proposal, said Rex Maytam, a Postal Service program manager based in Washington, D.C.

Maytam, of the Postal Service, said his agency is reviewing the MarkAir proposal and may hold hearings on it later this year.

□

The mail distribution formula that Bergt is seeking to reform was written three years ago in a sweeping Postal Service policy change that broke up mail-route monopolies held by the old Wien Airlines and a handful of subcontractors.

Under the old system, the Postal Service heavily subsidized shippers who chose to mail merchandise to the Bush. In some instances, the Postal Service paid more than 90 percent of the $50 cost of shipping a 50 pound box to a Bush village.

Wien and its subcontractors loaded the groceries, merchandise and other mail in the cargo holds of passenger planes and took it to regional hubs. Village-bound mail — including perishable meat, dairy products and vegetables — then was unloaded and stored in warehouses. It often sat there for days until a smaller passenger airline, under subcontract to Wien, found room to deliver it to the villages.

The present postal distribution system retains the old system's heavy freight subsidies. But it attempts to divide up the postal money more evenly among the dozens of Alaska carriers spawned by the 1978 federal deregulation of the airline industry.

Most of the mail travels fourth class. And the formula offers roughly equivalent amounts of mail to all carriers who maintain at least once-a-day service levels to Alaska towns, said Daniel Benton, an Anchorage-based Postal Service official.

And it offers some mail to cargo planes that bypass regional hubs and fly direct from Anchorage to more than eight Bush villages. Most of these flights are offered by Northern Air; one by MarkAir.

The cargo planes fly only to villages with enough people to support once-weekly cargo trips and airstrips long enough to handle big planes.

The direct flights have been embraced by villagers and Anchorage shippers. Produce no longer rots in hub warehouses and merchandise arrives in better shape because it is handled less.

"The whole community has been behind Northern Air Cargo," said H. Vernon Slwooko, mayor of the St. Lawrence Island village of Gambell.

In St. Paul in the Pribilof Islands, Northern Air's direct flights have drastically reduced food prices by allowing frozen products to be shipped through the subsidized mail system, said Carol Melovidov, manager of the village's Aleut Community Store. The cargo service has also reduced monthly damage bills from mishandled mail by $1,000, she said.

The direct flights also save the Postal Service money. The subsidy formula often requires the Postal Service to pay much higher freight costs to passenger airlines that carry freight via the indirect flights that pass through the hub system.

For example, mailing a package from Anchorage to Gambell on a direct cargo flight costs the Postal Service 43 cents a pound. The same freight flying to Gambell via Nome on a passenger jet costs the Postal Service $1.22, according to federal Department of Transportation statistics.

Last year, Postal Service statistics showed a saving of more than $1 million from direct cargo flights to the villages.

But officials of some commuter airlines say they need those mail revenues to help finance passenger service. They don't think they get a fair share of the mail; one that fully reflects their high service levels to rural Alaska.

"You get someone coming in and sharpshooting a certain type of (air) traffic," said Richard Reeve of Reeve Aleutian Airways. "You know that the other types of traffic are going to suffer."

"They (Northern Air) carry no passengers, and they do not face the high insurance premiums," said Grant Thompson, vice president of Barrow-based Cape Smythe Airlines.

"Bypassing the hub with the mail will eventually cause a collapse of the (passenger) system," said Jim Rowe, president of Bering Air.

But commuter airlines aren't entirely united in their opposition to the direct cargo flights.

Wilfred Ryan, president of Ryan Air — Western Alaska's largest passenger airline — said his company has lost mail to Northern Air, but he doesn't favor changing the formula. Instead, he favors free-market competition between the cargo carriers and the passenger airlines.

"The ultimate benefactor is the village consumer," he said. "The cost of living is declining."

In Unalakleet, which receives direct all-cargo service, Ryan Air has responded to the competition by operating small aircraft that can be filled up with passengers alone.

Ryan hasn't supported changing the postal formula. But a half dozen other commuter airlines have joined with MarkAir to lobby for changes in the Postal Service formula.

MarkAir's proposal would help the small passenger airlines by requiring all village mail carriers to provide service at least three times a week. Northern Air officials say that level of service isn't profitable for an all-cargo airline, so they would have to end village service.

The proposal helps the large passenger airlines flying from Anchorage by heavily weighing a carrier's weekly flights and plane size. The more flights and the bigger the planes, the more mail a carrier would receive.

MarkAir, for example, flies 20 times a week to Bethel; Northern Air flies seven. The new formula would raise MarkAir's share of the mail market to Bethel from 37 to 59 percent, earning the carrier more than $500,000 in new revenue.

But according to Berg of MarkAir, the statewide effect of the MarkAir proposal would not have much effect on the carrier's revenue.

"It seems like everyone thinks this is a fight between a couple of different carriers," Berg said. "But we're not really that big of winners in this thing. We won't gain that much."

According to Berg, other passenger airlines would benefit as much, if not more, than MarkAir.

Northern Air's calculations of the MarkAir formula — using the last quarter of 1984 as a base — indicate Northern Air's state-wide mail share would drop from 20 percent to 8 percent. Meanwhile MarkAir's share would increase from 39 to 45 percent.

With only 8 percent of the mail, Northern Air couldn't afford to operate postal or freight service, said Gladwin, the company's vice president.

Stevens, when asked about Northern Air's claims that the formula would put them out of business, showed little sympathy.

"We must take whatever steps we have to assure the viability of passenger air transportation system," Stevens said.

Stevens believes the greater danger lies in allowing cargo carriers to keep grabbing more mail.

As passenger traffic softens in a faltering economy, he fears the rise of "monopoly carriers who are interested in freight delivery only."

Melovidov, of the St. Paul's Aleut Community store, said she understands the problems of the passenger airlines who are losing mail. But in a recent letter to Stevens, she urged to the senator to also consider her community's villagers who want to see Northern Air survive.

"My feelings are that the United States Postal system was initiated to benefit the people — not those private corporations that are presently backing those proposed revisions."

NORTHERN AIR CARGO INC.
3900 W INTERNATIONAL AIRPORT ROAD
ANCHORAGE, ALASKA 99502
(907) 243-3331

NORTHERN AIR CARGO

February 11, 1987

Representative Betty Cato
House of Representatives
P.O. Box V
Juneau, Alaska 99811

Dear Representative Cato:

Northern Air Cargo has been notified that House Joint Resolution #11 has been scheduled for a hearing on February 25, 1987. We have also been notified this hearing will not be teleconferenced.

During our meeting with you last week, we indicated we would be Outside at a seafood industry convention during the 25th, 26th and 27th of February. This convention is critical to our business.

We have also been informed by many of our customers who live in rural Alaska that they will not be able to travel to Juneau to testify because of conflicting business already committed to on February 25th. Further, some have indicated that the financial burden is a hardship they don't wish to incur in view of the current economic situation. We also have had requests from numerous seafood industry executives who are desirous of testifying and wish to have access to some sort of teleconference arrangement so that they may inform the committee of the seriousness of this resolution to their industry.

Because this resolution has a severe impact on Northern Air Cargo and our customers who are principally residents of rural Alaska, we respectfully request that this hearing be scheduled for a later date which will accomodate our schedule and teleconferencing.

Thank you for your consideration of this request on behalf of rural Alaskans.

Sincerely,

Don Brugman
Vice-President/General Manager

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02-576(2/77)

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5181 HTRA HJR 11 - HJR 46

363

BUSH MAIL SERVICE MEANS BIG BUCKS FOR AIRLINES

Anchorage Daily News/Bob Hallinen

Dan Demott and Tom Bourdakovsky load cargo for a flight to the Bush aboard a Northern Air Cargo DC-6 at the Anchorage International Airport.

Cargo carrier faces fight to keep Bush mail routes

By HAL BERNTON
Daily News business reporter

Stacked on pallets in an Anchorage hangar sits some of Alaska's most lucrative air cargo: boxes of candy and tobacco, six-packs of pop, crates of vine-ripened tomatoes and bananas, and sacks of potatoes.

This is the Bush-bound U.S. mail, the financial backbone of Alaska's far-flung air transportation system. Last year, the U.S. Postal Service paid nearly $56 million to Alaska carriers to fly mail around the state.

Neil Bergt, chairman of MarkAir Inc., doesn't think his airline — or other passenger airlines — got their fair share.

Bergt and MarkAir officials, aided by Alaska Sen. Ted Stevens, have led a group of passenger airlines in a quiet but powerful lobbying campaign to change the way the Postal Service divvies up the mail.

His postal proposal would give MarkAir and other passenger airlines more mail to carry — largely at the expense of Northern Air Cargo, the state's only all-freight airline.

The campaign pits Bergt's MarkAir against its longtime rival, Northern Air, in a high stakes battle for multi-million dollar mail revenues.

As passenger and freight traffic decline in the post oil-boom Alaska air economy, Bergt needs more mail to fill up the cargo holds of MarkAir's costly fleet of Boeing 737 jets.

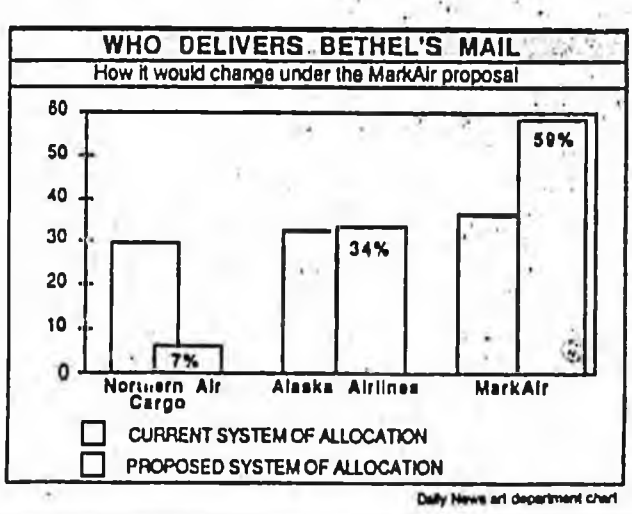
Bergt is molding the fleet into one of the state's dominant passenger carriers. But the company is losing a lot of money. In the last quarter of 1985, MarkAir lost $1.8 million, according to a financial statement filed with the federal Department of Transportation. A financial statement put previous losses at $18.8 million.

Northern Air Cargo likes the present mail distribution system just fine. The carrier is prospering by shuttling Anchor-

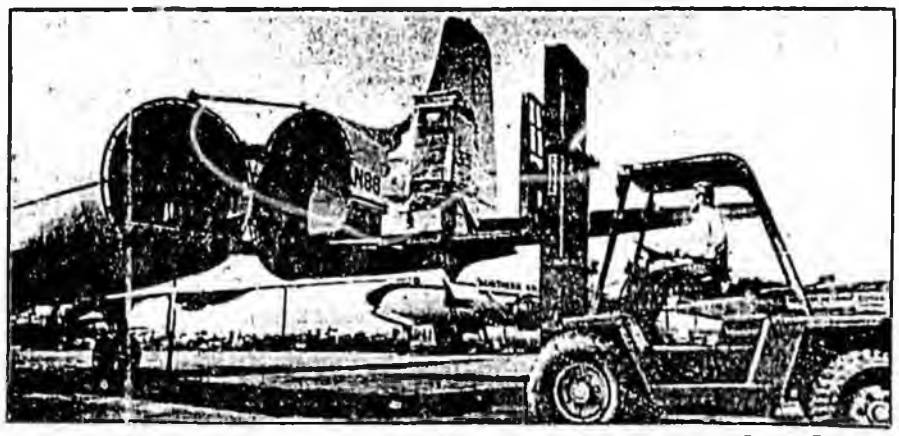
See Page J-2, MAIL FLIGHTS

HOW GAMBELL'S MAIL IS DELIVERED
How it might change under the MarkAir proposal

Daily News art department map



Daily News art department chart



Anchorage Daily News/Bob Hallinen

The "swing-tail" design of this DC-6 makes for easy loading at the Northern Air terminal.

MAIL FLIGHTS: Airlines fight for bigger share of Bush cargo

Continued from Page J-1

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The direct flights have been embraced by villagers and Anchorage shippers. Produce no longer rots in hub warehouses and merchandise arrives in better shape because it is handled less.

"The whole community has been behind Northern Air Cargo," said H. Vernon Slwooko, mayor of the St. Lawrence Island village of Gambell.

In St. Paul in the Pribilof Islands, Northern Air's direct flights have drastically reduced food prices by allowing frozen products to be shipped through the subsidized mail system, said Carol Melovidov, manager of the village's Aleut Community Store. The cargo service has also reduced monthly damage bills from mishandled mail by $1,000, she said.

The direct flights also save the Postal Service money. The subsidy formula often requires the Postal Service to pay much higher freight costs to passenger airlines that carry freight via the indirect flights that pass through the hub system.

For example, mailing a package from Anchorage to Gambell on a direct cargo flight costs the Postal Service 43 cents a pound. The same freight flying to Gambell via Nome on a passenger jet costs the Postal Service $1.22, according to federal Department of Transportation statistics.

Last year, Postal Service statistics showed a saving of more than $1 million from direct cargo flights to the villages.

But officials of some commuter airlines say they need those mail revenues to help finance passenger service. They don't think they get a fair share of the mail; one that fully reflects their high service levels to rural Alaska.

"You get someone coming in and sharpshooting a certain type of (air) traffic," said Richard Reeve of Reeve Aleutian Airways. "You know that the other types of traffic are going to suffer."

"They (Northern Air) carry no passengers, and they do not face the high insurance premiums," said Grant Thompson, vice president of Barrow-based Cape Smythe Airlines.

"Bypassing the hub with the mail will eventually cause a collapse of the (passenger) system," said Jim Rowe, president of Bering Air.

But commuter airlines aren't entirely united in their opposition to the direct cargo flights.

Wilfred Ryan, president of Ryan Air — Western Alaska's largest passenger airline — said his company has lost mail to Northern Air, but he doesn't favor changing the formula. Instead, he favors free-market competition between the cargo carriers and the passenger airlines.

"The ultimate benefactor is the village consumer," he said. "The cost of living is declining."

In Unalakleet, which receives direct all-cargo service, Ryan Air has responded to the competition by operating small aircraft that can be filled up with passengers alone.

Ryan hasn't supported changing the postal formula. But a half dozen other commuter airlines have joined with MarkAir to lobby for changes in the Postal Service formula.

MarkAir's proposal would help the small passenger airlines by requiring all village mail carriers to provide service at least three times a week. Northern Air officials say that level of service isn't profitable for an all-cargo airline, so they would have to end village service.

The proposal helps the large passenger airlines flying from Anchorage by heavily weighing a carrier's weekly flights and plane size. The more flights and the bigger the planes, the more mail a carrier would receive.

MarkAir, for example, flies 20 times a week to Bethel; Northern Air flies seven. The new formula would raise MarkAir's share of the mail market to Bethel from 37 to 59 percent, earning the carrier more than $500,000 in new revenue.

But according to Berg of MarkAir, the statewide effect of the MarkAir proposal would not have much effect on the carrier's revenue.

"It seems like everyone thinks this is a fight between a couple of different carriers," Berg said. "But we're not really that big of winners in this thing. We won't gain that much."

According to Berg, other passenger airlines would benefit as much, if not more, than MarkAir.

Northern Air's calculations of the MarkAir formula — using the last quarter of 1984 as a base — indicate Northern Air's state-wide mail share would drop from 20 percent to 8 percent. Meanwhile MarkAir's share would increase from 39 to 45 percent.

With only 8 percent of the mail, Northern Air couldn't afford to operate postal or freight service, said Gladwin, the company's vice president.

Stevens, when asked about Northern Air's claims that the formula would put them out of business, showed little sympathy.

"We must take whatever steps we have to assure the viability of passenger air transportation system," Stevens said.

Stevens believes the greater danger lies in allowing cargo carriers to keep grabbing more mail.

As passenger traffic softens in a faltering economy, he fears the rise of "monopoly carriers who are interested in freight delivery only."

Melovidov, of the St. Paul's Aleut Community store, said she understands the problems of the passenger airlines who are losing mail. But in a recent letter to Stevens, she urged to the senator to also consider her community's villagers who want to see Northern Air survive.

"My feelings are that the United States Postal system was initiated to benefit the people — not those private corporations that are presently backing those proposed revisions."

NORTHERN AIR CARGO INC.
3900 W INTERNATIONAL AIRPORT ROAD
ANCHORAGE ALASKA 99502
(907) 243 3311

NORTHERN AIR CARGO

February 11, 1987

Representative Betty Cato
House of Representatives
P.O. Box V
Juneau, Alaska 99811

Dear Representative Cato:

Northern Air Cargo has been notified that House Joint Resolution #11 has been scheduled for a hearing on February 25, 1987. We have also been notified this hearing will not be teleconferenced.

During our meeting with you last week, we indicated we would be Outside at a seafood industry convention during the 25th, 26th and 27th of February. This convention is critical to our business.

We have also been informed by many of our oustomers who live in rural Alaska that they will not be able to travel to Juneau to testify because of conflicting business already committed to on February 25th. Further, some have indicated that the financial burden is a hardship they don't wish to incur in view of the current economic situation. We also have had requests from numerous seafood industry executives who are desirous of testifying and wish to have access to some sort of teleconference arrangement so that they may inform the committee of the seriousness of this resolution to their industry.

Because this resolution has a severe impact on Northern Air Cargo and our customers who are principally residents of rural Alaska, we respectfully request that this hearing be scheduled for a later date which will accomodato our schedule and teleconferencing.

Thank you for your consideration of this request on behalf of rural Alaskans.

Sincerely,

Don Brugman
Vice-President/General Manager

NORTHERN AIR CARGO, INC.
3900 W. INTERNATIONAL AIRPORT ROAD
ANCHORAGE, ALASKA 99502
(907) 243-3331

NORTHERN AIR CARGO

FEB 4 1987

February 6, 1987

Representative Bette Cato
House of Representatives
P.O. Box V
Juneau, Alaska 99811

Dear Representative Cato:

I would like to personally thank you for the time you spent with Don Brugman, "Jorgie" Jorgensen and myself during our recent visit to Juneau.

I hope you have had the opportunity to read the position paper we supplied regarding House Joint Resolution No. 11.

As we discussed, House Joint Resolution No. 11 is not a resolution without significant consequences. Because of the impact this resolution would have on the Bush communities, we would appreciate as much time as possible before your committee schedules the hearing.

Again, thank you for your time.

Sincerely,

Rita N. Sholton

Rita N. Sholton
President

RNS/kkk

HERMENS AIR, INC.

Box 1778 • Bethel, Alaska 99559 • (907) 543-4220

Feb. 11, 1987

The Honorable Bette Cato
Chairman House Transportation Committee
P.O. Box V
Juneau, AK 99811

FEB 17 1987

Dear Ms. Cato:

I would like to voice my support for JR-11.

Hermens Air, Inc. serves 52 villages with daily schedules from 4 hubs; Bethel, St. Mary's, Aniak, and Unalakleet. In these 4 hubs we employ 75 full time personnel.

Allowing mainline airplanes to over fly the bush hubs with mail will seriously impact the well established hub and spoke system that allows rural Alaskans a reliable and affordable system of transportation. The bush mail has allowed us to provide passenger service and comfortable facilities for the people traveling to and from the bush villages. Without the mail to these villages, passenger fares would have to be doubled putting an unnecessary financial burden on rural Alaskans. Without the mail we would not be able to operate our present facilities, and we would be forced to decrease our personnel.

Hermens Air has made a financial commitment of over a million dollars in rural Alaska in terminal facilities and large ground handling equipment to turn the mainline aircraft at the bush hubs. Hermens Air has provided a stable work environment with many benefits such as health, dental, and pension plans to rural Alaskans and we feel a strong commitment to continue to do so. That is why it is so important for you to understand the importance of JR-11 passing to support the established transportation system in rural Alaska.

If I can be of any further help in answering questions about this important subject please feel free to contact me at 543-4220 Ext. 30.

Thank you for your time and consideration.

Sincerely,

Tan Hermens

Tan Hermens, Vice President

cc Al Adams
Johne Binkeley
Reed Stoops
Lyman Hoffman

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

P.O. BOX 196900
ANCHORAGE, ALASKA 99519-6900
(TELEX 25-185) (907) 266-1488

STATEWIDE AVIATION

-NOTICE-

November 10, 1986

The Federal Department of Transportation is preparing a study of the impact of discontinuation of the Essential Air Service (EAS) Program, which is scheduled to expire in 1988. As part of the study, they have sent each eligible EAS community a survey and have scheduled a public meeting in Anchorage on November 17, 1986 at 10:00 a.m. in room C122 in the Federal Building. We anticipate participation by EAS communities, air carriers, possibly representatives of the Congressional delegation is anticipated and your participation would be welcome.

Attached for your information is a copy of the survey and list of EAS communities that currently receive subsidized air service. If you have any questions about the meeting, please contact Dick Steinman of the *ederal DOT at 271-5147 or Gina Lindsey of DOT&PF at 266-1460.

SUBSIDIZED COMMUNITIES IN ALASKA

Subsidized Carrier	Communities Covered by Rate	Subsidy Rate
Alaska Airlines	Cordova Gustavus Petersburg Wrangell Yakutat	$1,973,534
Chitina	Boswell Bay Cape Yakutaga Chitina Icy Bay	127,888 1/
40-Mile	Chisana	13,582 1/
Frontier Flying Service	Wiseman	10,800
Harbor	Seward	53,331
Harold's (four rates)	Central Circle	32,136 1/
	Cape Romanzoff	12,679
	Cape Newenham	65,662
	Nyak	4,800 1/
Peninsula (three rates)	Kodiak Island (19 communities)	214,071
	Atka	366,678
	St. George	108,370
Ryan	Council	3,600
Sportsman	May Creek McCarthy	17,801

1/ Rates are subject to adjustment for revenues received by the carrier.

U.S. Department of
Transportation

Office of the Secretary
of Transportation

400 Seventh St., S.W.
Washington, D.C. 20590

Ms. Gina Lindsey
Department of Transportation
Statewide Aviation Section
P.O. Box 196900
Anchorage, AK 99519-6800

24 OCT 1986

Dear Ms. Lindsey:

As part of the Airline Deregulation Act of 1978, Congress established the Essential Air Service Program guaranteeing air service for all communities listed on air carrier operating certificates as of the date of enactment and authorized the payment of operating subsidies to air carriers, when necessary, to meet the service guarantees. Congress took this action to ensure that small communities receiving air service under the regulated system then in effect would not lose all service as a result of the deregulation provisions allowing incumbent carriers to terminate their operations.

The guaranteed service program was enacted for a ten-year period to afford communities time to adjust to a totally deregulated environment. It was envisioned that at the end of the ten-year period all communities would have to rely on the marketplace for service, without Federal assistance. The ten-year period ends on October 23, 1988.

In light of the scheduled end of the current authorization, Congress has directed us to undertake a study of the impact to small and remote communities of the discontinuation of essential air service subsidies in 1988. We are required to identify those communities that are likely to realize transportation dislocations without some level of air service support and to identify various methods and options for continued air transportation support. We must submit the report to Congress by February 1, 1987.

As an initial step in this study, we are contacting all eligible communities and the aviation agencies of the states for their views on the air service needs of these communities, the possible alternatives for meeting those air service needs after 1988 and options for funding the service, where subsidies are necessary. We have sent a questionnaire to the mayor or corresponding public offical of each community with an essential air service determination and requested that they complete the questionnaire and return it to us by November 24, 1986. We would appreciate your submitting views for your state in response to these questions and issues included in the questionnaire and have enclosed a copy of the questionnaire for you.

In addition, in order to afford affected communities and states an opportunity to explore any ideas and alternatives for consideration with us in an open forum, we are planning to hold several meetings around the country to enable us to discuss with community and state officials the service and funding alternatives and their costs and benefits so that we can provide Congress with a complete discussion and evaluation of the options. We are currently planning on holding a meeting in Anchorage in mid-November to meet with community and state officials from Alaska. We will advise you of the date, time and location of the meeting as soon as the final arrangements are made.

tentative
11/17

It is important that the communities participate fully in this process so that the record and the report adequately reflect their views and afford Congress a thorough array of options. Given the deadline for our submission and the timeframe that we must impose for responses to the questionnaire and the public meetings, it is critical that the communities begin addressing these questions immediately and preparing their responses, and we would greatly appreciate any assistance you could give us in this regard by contacting the communities in your state and coordinating their responses and forum presentations.

I would also like to provide you some general background information on the current numbers of communities receiving service under the program, the levels of traffic at those communities and the current subsidy costs, so that you can consider these facts in developing your comments and recommendations.

As noted above, all communities that were certificated as of October 24, 1978, are eligible under the program. 480 communities in the 48 states, 237 in Alaska, 9 in Hawaii and 20 in the territories are therefore eligible. Not all of these communities have been directly affected by the program, however. Within this group, only those communities that have been served by one or no certificated carrier at some time since passage of the Act are required to have an essential air service determination made by us which establishes the level of service that is guaranteed. (The transportation needs of communities that have continuously received service from two or more certificated carriers — that is the larger transportation centers such as New York, Knoxville, Tulsa, etc. — are being met by the marketplace, and therefore do not require the protection of the program.) In addition, under section 419(b) of the Act, we have added a limited number of points that were deleted from certificates during the 10-year period prior to deregulation and have issued essential air service determinations for them. As of this date, we have issued essential air service determinations for a total of 328 communities in the 48 states, 225 communities in Alaska, 3 communities in Hawaii and 7 communities in the territories. Most of these communities are presently receiving air service in the marketplace on their own without our intervention; we are only subsidizing service at 99 communities in the 48 states, 41 communities in Alaska and one community in the territories.

The enclosure with this letter lists the points in Alaska that are currently being subsidized, the carriers being subsidized and the amount of subsidy. We hope this information will be helpful to you in developing your responses regarding how the air transportation needs of subsidized communities should continue to be met.

We appreciate your cooperation and assistance in this effort and look forward to receiving your input. If you have any questions please contact Bill Boyd of my staff at (202) 366-1052.

Sincerely,

John V. Coleman

John V. Coleman
Director, Office of
Essential Air Service

Enclosures

ESSENTIAL AIR SERVICE SURVEY (Alaska)

I. Demographic Information

1. Most recent community data:

Population _____

Year _____

2. Total population of actual airport service area — all surrounding area served by the local air center:

_____

II. Service Needs

3. What is the current overall annual level of traffic at your community in terms of:

(a) passenger enplanements _____

(b) cargo (pounds) _____

(c) mail (pounds) _____

4. List the major travel destinations, i.e. final destinations, for existing passengers at your community and the percentage of your community's overall traffic to each destination. Also, if direct service to the final destination is not available, indicate what connecting center(s) are used by travelers to the destination.

	Destination	Percentage of Total Traffic	Connecting Point(s)
(1)	_____	_____	_____
(2)	_____	_____	_____
(3)	_____	_____	_____
(4)	_____	_____	_____
(5)	_____	_____	_____

5. Describe the current traffic at your community. What is the frequency that most travelers use the air transportation at your community — once a year, twice a year, monthly, etc.? For all three categories — passengers, cargo and mail — indicate if there is a seasonality to traffic levels. Estimate what percentage of traffic for passengers, cargo and mail to/from your community originates at the community and what percentage originates at other areas of the state/country (directional traffic imbalance). _____

_____

_____

_____

_____

6. Does current traffic reflect total potential demand for air transportation at your community? If not, indicate the amount of additional traffic potential, the nature of that traffic and what alternative transportation those potential travelers are currently using, if any. Please indicate the basis for your conclusions, such as travel surveys or economic/community planning studies.

7. What changes in your current service would be required to realize the potential traffic? How long would it take to realize this traffic potential? Estimate the additional costs entailed for these changes in service?

8. What alternative air transportation is available to travelers at your community — such as air taxi service at the local community or air service that is accessible at nearby communities? What is the nearest (or most convenient) airport currently receiving scheduled service, other than the airport which directly serves your community? What is the distance to that airport and are there roads between your community and that airport?

9. Given the current levels of traffic at your community, what is the most efficient way of meeting the transportation needs of your community? Please explain the basis for your position.

10. If air transportation subsidies are discontinued in 1988, how would that affect air service at your community? How would it affect the community overall? Please detail the basis for your position.

11. What alternative options (relying on alternative air or ground service), new program (Federal, state or local), or changes to the existing Essential Air Service Program would you favor to meet the transportation needs of your community? Please detail proposals.

12. If the program is modified, should there be eligibility requirements such as isolation and minimum traffic standards, or any other standard that would be appropriate for communities in Alaska? If so, what standards should be established for eligibility? Please explain the basis of your position on this issue.

SUBSIDY FUNDING

13. If continued operating subsidy is required to maintain air service to your community and you support the continuation of air service, how should the subsidy be funded?

14. If subsidy is needed, would your community be willing to share in the cost? If so, to what extent and under what conditions? Are there any legal obstacles to the community's providing operating subsidy under a subsidy-sharing arrangement? Are there state funds available for air transportation subsidy?

15. Are there any other options for funding subsidy requirements that you would prefer, such as a user's tax -- federal, state or local -- use of federal transportation trust funds, general tax revenues? Please support your position on this issue. _____

_____

_____

_____

_____

_____

16. Please submit any other information, views and ideas on service requirements, subsidy programs and funding alternatives.

If more space is required for any of your responses, please use additional pages, making sure that you label your responses by the corresponding number of the question.

The completed questionnaire and any other submissions should be sent to the following address:

Office of Essential Air Service, P-60
Department of Transportation
Room 5100
400 7th Street, S.W.
Washington, D.C. 20590

SUBSIDIZED COMMUNITIES IN ALASKA

Subsidized Carrier	Communities Covered by Rate	Subsidy Rate
Alaska Airlines	Cordova Gustavus Petersburg Wrangell Yakutat	$1,973,534
Chitina	Boswell Bay Cape Yakutaga Chitina Icy Bay	127,888 1/
40-Mile	Chisana	13,582 1/
Frontier Flying Service	Wiseman	10,800
Harbor	Seward	53,331
Harold's (four rates)	Central Circle	32,136 1/
	Cape Romanzoff	12,679
	Cape Newenham	65,662
	Nyak	4,800 1/
Peninsula (three rates)	Kodiak Island (19 communities)	214,071
	Atka	366,678
	St. George	108,370
Ryan	Council	3,600
Sportsman	May Creek McCarthy	17,801

1/ Rates are subject to adjustment for revenues received by the carrier.

LEGISLATIVE SPONSOR: H. Trans. Committee

pub hear work ses inv hear

T/C DATE/DAY: Wed - 2/2

TIME: 1:30-3:00

LEGISLATIVE REFERENCE: HJR 11

JUNEAU ROOM: C-17

SUBJECT: (Rep Adams Bill)

Mail Service to ~~Communities~~ mainline and bush communities.

BRIDGE: 258-1808

OF PORTS: 10

CONTACT: Wen L. PHONE: [illegible] DATE TAKEN/BY: 2/13 WL

****

SITES PARTICIPATING:

LIO'S	LTC'S	VTS'S
~~Anchorage~~		See List on
Barrow	Fort Yukon	Reverse Side
~~Bethel~~	Galena	
Delta Junction	Homer	
~~Dillingham~~	Naknek	
~~Fairbanks~~	Newhalen	ALL LIO'S
Glennallen	St. Paul	
~~Juneau~~	Sand Point	ALL LIO's/LTC'S
Ketchikan	Togiak	
Kodiak	Unalaska	OTHER SITES WELCOME
~~Kotzebue~~	Wrangell	WITH PRIOR NOTIFICAT
Mat-Su		
~~Nome~~		
Petersburg		
Sitka		
Soldotna		
Valdez		

OFFNETS: _____

CHAIRING SITE: JNU

CHAIRPERSON: Rep. Cato

[✓] CONFORMS TO LEGISLATIVE COUNCIL POLICY 4/85

Janet I. Trott 2/13/87

SIGNATURE OF SPONSOR/CONTACT PERSON DATE

****

SPECIAL INSTRUCTIONS

CEDC SALES, INC. D/B/A

ALASKA COMMERCIAL COMPANY

ALASKA PIONEER MERCHANTS

EXECUTIVE OFFICES

8051 S. 198th
KENT, WA. 98031
(206) 872-7300

1011 E. TUDOR RD.
SUITE 120
ANCHORAGE, AK 99503
(907) 279-7467

FEB 27 1987

February 23, 1987

The Honorable Bette Cato
Chairwoman, Transportation Committee
Alaska State House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Chairwoman Cato:

We have recently become aware of House Joint Resolution No. 11 which recommends the revision of the existing mail system to take into account the frequency and capacity of passenger service offered by each carrier serving a community. As one of the largest users of non-priority mail in the state, approximately 13 million pounds a year, we feel it appropriate and necessary for us to comment on any potential change to that system.

The special features of the mail system in rural Alaska were designed to accomplish social and economic objectives that are related to delivery of freight to lower the cost of goods. This efficient, cost effective system has enabled us to increase the selection of products available to our customers while allowing us to maintain low prices. ACC prides itself on being able to deliver a broad selection of goods at the lowest prices and the bypass mail system has helped make this possible. By confusing the issue of mail with passenger service it becomes more complex than it was meant to be. While passenger service in rural Alaska is important and perhaps warrants additional financial support, it should be separate from the mail revenues. It would be counterproductive should mail service suffer in an attempt to maintain a high level of passenger service. Mail revenues should continue to be used to lower the cost of bringing goods to rural communities.

From the perspective of a user of this system, it works smoothly and efficiently. While we are not against change if there is something to be gained, we believe it would be wrong to change a system that is working to one which is tied to an unrelated commodity. We would suggest that extensive hearings be conducted by the legislature prior to the passage of any resolution relating to the mail system in Alaska to better determine the impact such a change would have on the communities and people the system was established to serve. These hearings should be conducted not only by the Department of Transportation but also by the Department of Community and

CEDC SALES, INC. D/B/A

ALASKA COMMERCIAL COMPANY

ALASKA PIONEER MERCHANTS

EXECUTIVE OFFICES

8051 S. 198th
KENT, WA. 98031
(206) 872-7300

1011 E. TUDOR RD.
SUITE 120
ANCHORAGE, AK 99503
(907) 279-7467

Regional Affairs and should be held in communities throughout the state. In this way information can be gathered from those users of the mail system which will be affected by any change. By discussing the proposed changes with the customers who will be affected, the impact can better be determined.

It is our understanding that the US Postal Service is planning on conducting hearings throughout the state this spring in an effort to evaluate the existing system and discuss any improvements which could be made. Perhaps it would be possible to conduct legislative hearings at the same time. This could accomplish both the objective of the Post Office while providing more definitive information on which for the Legislature to base their decision. We would respectfully request that we be notified of any hearings scheduled on this resolution so that we have an opportunity to further explain the potential impact of the implementation of this resolution on the communities in which we live.

While the Alaska Commercial Company does not want to interfere with the legislative process, we do believe it imperative that additional research be conducted before a decision of such magnitude is made.

Sincerely,

Samuel J. Salkin

SAMUEL J. SALKIN
President
ALASKA COMMERCIAL COMPANY

LARRY'S
FLYING SERVICE, INC.

LARRY CHENAILLE, President
P.O. Box 2348
Fairbanks, Alaska 99707
Business: 907-452-5169/456-5556

February 20, 1987

Bette Cato, Chair
House Transportation Committee
P.O. Box V
Juneau, Alaska

FEB 2 5 1987

Dear Representative Cato:

It is absolutely essential that the House pass Joint resolution 11 for the benefit of the State and most of all the poeple of Alaska.

If mail is allotted to cargo only airlines, passenger service to the villages will become virtually non-existent. Cargo only airlines have the advantage of much lower insurance rates because of the lack of passenger liability. (These insurance premiums are charged on a per-seat basis--cargo airlines are not required to carry it). They would also have the benefit of the mail revenues. This would produce a "double jeopardy" situation for the airlines which do carry the passengers--increased liability AND lower revenues. The only alternative would be either to eliminate service completely or raise fares to exhorbitant levels.

The State too would severely be affected. Many of our passengers travel under State funded programs (such as medical programs). Virtually every State agency--State Troopers, Fish and Game, Dep't of Natural Resources, Dep't of Transportation to name a few--purchases tickets on our airline. We also serve

school districts such as Yukon Flats and companies which serve the needs of these schools. Tanana Chiefs, the FAA, the list goes on...! If all these organizations are forced to CHARTER in order to accomplish their business the cost to ALL government agencies and in turn to the people of the state would be astronomical. We are already experiencing requests from organizations which serve the villages to DISCOUNT fares due to budget crunches. The rise in fares which would be necessitated by this proposal would make essential travel virtually impossible.

It is absolutely imperative that the legislature THINK ABOUT WHAT IT IS DOING before allowing a situation like this to occur. The future of budgets, departments and most of all the people of the State is at stake!

Thank you.

Yours truly,

Larry Chenaille

Larry Chenaille, President

NORTH SLOPE BOROUGH

OFFICE OF THE MAYOR

P.O. Box 69
Barrow, Alaska 99723

Phone: 907-852-2611

George N. Ahmaogak, Sr., Mayor

FEB 24 1987

February 19, 1987

Ms. Betty Cato, Chairperson
House Transportation Committee
P.O. Pouch V
Juneau, Alaska 99811

Dear Ms. Cato:

As all rural leaders, I am concerned with the cost of transportation for both freight and passengers in bush Alaska. The small carriers who provide these services in rural Alaska need adequate revenues to provide their services.

At the present time there are moves at the federal level to allow freight aircraft to deliver mail to communities. Such overflight of hubs will take revenue needed by small carriers to enable them to provide both freight and passenger services to rural Alaska at the present rate.

The proposed changes at the federal level will result in increased passenger fares to rural Alaskans and may impact the safety of such transportation. In addition the reliability and the frequency of services now provided by 401 carriers may be undermined. I recognize your understanding of this issue and give my full support to your resolution concerning air transportation in rural Alaska.

Sincerely,

Edward Itta
Acting Mayor

cc: Representative Al Adams
Senator Willie Hensley
Dennis Roper, NSB Liaison
Grant Thompson, Cape Smythe Air

FEB 2 4 1987

Susie T. Akootchook
P.O. Box 56
Kaktovik, Alaska 99747

February 17, 1987

Ms. Bette Cato
Chairperson of House
Transportation Committee
Pouch V
Juneau, Alaska 99811

Dear Bette,

I am a resident of Kaktovik, have been since the day I was born.

I was approach by an agent of an airline in Kaktovik. I was told how Northern Air Cargo would like to start making runs in the slope which would limit the other airlines we have coming into our village here in Kaktovik. These Air lines we have coming in are doing just fine and they take care of the passengers just as will as they take care of the cargo.

If Northern Air Cargo is going take over the cargo the airfare of the other airlines we have coming into our village may go so many dollars higher and cut their travel here which I sure don't want to see happen especially since our village is so far away from the nearest Hospital.

Please keep in mind that we cannot afford to pay such high airfares as it is now. Also keep in mind our Senior Citizens who cannot afford anymore high airfare to go see Doctors out of our village.This can happen should Northern Air Cargo decide to take over the Cargo leaving the other Airlines with much higher airfare and this would limit the regular schedule flights that we have now.

It would be good if the Northern Air Cargo would reconsider their proposal not to take over the whole cargo route.

Sincerely,

Susie T. Akootchook

Susie T. Akootchook
Concerned Citizen

cc; file

ANICA, INC.

ALASKA NATIVE INDUSTRIES CO-OPERATIVE ASSOCIATION INC.

Since 1948

February 20, 1987

FEB 27 1987

The Honorable Bette Cato
Chairwoman, Transportation Committee
Alaska State House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Chairwoman Cato:

We are opposed to the adoption of House Joint Resolution No. 11 relating to transportation of mail to Mainline and Bush communitites in Alaska.

The intent of the resolution is to have the U.S. Postal Service subsidize the passenger air service. What the resolution fails to recognize is that the majority of all people living in rural Alaska, have benefited from the deregulation of the airlines, which in fact has brought more frequent passenger service, along with competitive air freight service to Alaska villages for the first time in many years of airline monopoly of mail service.

It is a known fact that just a few airlines in the State of Alaska who want to control mail servie object to competition and favor this House Bill No. 11.

As an Alaska Native owned cooperative which has been in business for over 40 years, serving over 40 different rural Alaska villages, we urge that House Joint Resolution No. 11 be defeated.

Sincerely,

Hyrum W. Jepsen
Anchorage Branch Manager
ANICA, INC./Anchorage

cc: Rep Adelheid Herrmann
Rep Al Adams
Rep Peter Goll
Rep Lyman Hoffman
Rep Kay Wallis
Rep Heinrich Springer
Sen Jack Coghill
Sen Willie Hensley
Sen Fred Zharoff
Sen Johne Binkley

cc: Sen Ted Stevens, U.S. Congress
Sen Frank Murkowski, U.S. Congress
Rep Don Young, U.S. Congress
Hon Preston R. Tisch, Postmaster Gen., USPS
Clifford Weyiouanna, Pres., ANICA, INC.
Paul Peck, Gen. Mgr., ANICA, INC.

Bristol Bay
Native Corporation
800 CORDOVA / P.O. BOX 100220 / ANCHORAGE, ALASKA 99510 / (907) 278-3602
TELECOPY (907) 276-3924

FEB 2 1 1987

February 18, 1987

The Honorable Bette Cato
Chairwoman, Transportation Committee
Alaska State House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Chairwoman Cato:

We are opposed to the adoption of House Joint Resolution No. 11 relating to transportation of mail to Mainline and Bush communities in Alaska.

The intent of the resolution is to have the U.S. Postal Service subsidize the passenger air service. What the resolution failed to address is that the majority of people in the Bush and Mainline communities in Alaska depend more heavily upon cheaper freight rates, for the delivery of food and supplies that only cargo carriers can provide, than for cheaper passenger air fare. Presently, air fare into the Bristol Bay is one half of what it was last year and very adequate. This is due to increased competition. Therefore, we urge that House Joint Resolution No. 11 be defeated.

Sincerely,

Donald F. Nielsen
Senior Vice President

cc: Rep Adelheid Herrmann
Sen Ted Stevens
Sen Frank Murkowski
Rep Don Young
Hon Preston R. Tisch
Postmaster General, U.S. Postal Service

FEB 20 1987

February 16, 1987

Representative Bette Cato
Fifteenth Alaska State Legislature
First Session, 1987
House of Representatives
P. O. Box V
Juneau, AK 99811

Dear Representative Cato:

This letter is to express MarkAir's support of House Joint Resolution #11.

Current U.S.P.S. mail distribution methods encourage all-cargo aircraft providing infrequent flights into communities. This practice reduces federal funding of the Alaskan transportation system and will result in higher passenger fares and fewer jobs at community passenger airlines.

I am confident that MarkAir is one airline among many who feel that mail revenues are the backbone of the Alaskan passenger transportation system.

Very truly yours,

Robert Ensminger

Robert Ensminger
Vice President Postal Affairs

RE:avn
(0241T-6)

cc: Representative A. P. Adams
Representative H. A. "Red" Boucher
Reed Stoops

(907) 243-1414 • 800-544-0181 • Telex: 090-25274 MARKAIR AHG
P.O. Box 196769 • 4100 W. International Airport Road • Anchorage, Alaska 99519-6769

Serving Alaska's North Slope
Post Office Box 549
Barrow, Alaska 99723
Telephone (907) 852-8333

FEB 20 1987

Cape Smythe Air

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

Dear Ms. Cato:

I am writing this letter in support of HJR - 11. I feel it is very important that our state understand the problems that are about to occur in rural Alaska if the larger all cargo aircrafts are allowed to continue to haul the mail past the hubs.

If the all cargo aircrafts are allowed to continue to do this, we will see a great deterioration of the system now in place that has evolved over many years.

The communities of rural Alaska deserve to have good and reliable scheduled services at reasonable rates as other parts of the state. The mail that goes to these communities helps provide revenues that enable carriers such as Cape Smythe Air to provide this service. If the mail is taken away and given to the all cargo carriers then service will have to decline and fares will have to rise.

Cape Smythe Air is a 401 Federally Certified carrier that operates in the Arctic and Northwestern Alaska. We operate from three hubs: Barrow, Kotzebue, and Nome with a total of 73 employees. We are owned by a life long native resident of Alaska, Thomas P. Brower, who has hauled mail in Alaska since back in the days when mail was transported by sailing vessels and dog teams. We have spent lots of money in trying to provide a service that is greatly needed in rural Alaska.

At present we are finding it hard to maintain services due to the cut backs and the declining of revenues that all businesses and the state are experiencing. This makes HJR - 11 even more important because if the US Postal service saves money by giving the mail to the all cargo carriers, then that in turn translates down to less dollars in rural Alaska, the area that will hurt first with declining revenues.

I thank you for your consideration in this matter and appreciate your having this hearing on the 25th. If I can be of any further assistance in this, I may be contacted at 852-8333.

Sincerely,

Grant B. Thompson
General Manager, Vice President

cc. Al Adams, Representative
Henry Springer, Representative

A ALASCOM Telegram

FEB 1 4 1987

08013 NL TDA EMMONAK AK 50 02-12 215P AST

PMS

REP BETTE CATO

0213

JUNEAU AK

1987 FEB 12 14 25

THE CITY OF EMMONAK AND THEIR CITIZENS ARE OPPOSED TO JOINT HOUSE BILL 11 WHICH IS IN YOUR COMMITTEE. THIS WILL HAVE A DETRIMENTAL EFFECT ON OUR LIFESTYLE. PLEASE VOTE AGAINST THIS LEGISLATION.

STAN PETER, MAYOR

CITY OF EMMONAK

Peninsula Airways, Inc.

BRISTOL BAY — KODIAK ISLAND — ALEUTIAN & PRIBILOF ISLANDS

6231 COLLINS WAY
ANCHORAGE, ALASKA 99502
TELEPHONE: (907) 243-7701

Mar. 4, 1987

MAR 1 0 1987

Rep. Adelheid Herrmann
Pouch V
Juneau, Ak. 99811

Dear Adelheid:

Enclosed are copies of letters to Senator Stevens and the Alaska Air Carriers Association, explaining our resignation from the AACA.

The AACA now has only 28 members and I feel it has become controlled by a small segment of the industry which is trying to force the Postal Service to favor a few particular carriers to the detriment of the general public.

In particular I feel you should be very careful in supporting HJR 11, as it may affect your constituents for instance in Togiak and St. George.

What has happened in those small communities now receiving direct large aircraft mail and freight service is what I would call progress, as their runways have been upgraded to support large aircraft operations it has become economically possible.

If Federal help is necessary to maintain good passenger transportation for some communities and situations (and I agree that Federal help is necessary), there is already exists the perfect program, the Essential Air Service Act, to improve transportation without forcing the Postal Service to operate ineffectively and expensively.

The real effort needed in the coming year is to get the Congress to extend the EAS indefinitely, and possibly expand it to more better cover these situations.

So please don't listen to a few carriers that tell you that if the system isn't changed they are going to hurt passenger service, because whenever I see points not being served properly, I can tell you my company will be there to provide service.

Very truly yours

Orin D Seybert
President

CC: Sen Zharoff
Rep Adams
Rep Cato

Peninsula Airways, Inc.

BRISTOL BAY — KODIAK ISLAND — ALEUTIAN & PRIBILOF ISLANDS

6231 COLLINS WAY
ANCHORAGE, ALASKA 99502
TELEPHONE: (907) 243-7701

Feb. 18, 1987

Alaska Air Carriers Ass'n
4134 Ingra St. Suite 201
Anchorage, Ak. 99503

Dear Cindy:

This letter is to inform you of the resignation of Peninsula Airways from the AACA.

While I firmly believe in the concept and the need of an organization to represent the industry as a whole, I am concerned that the membership has dwindled so badly that the Association no longer has a true representation of the industry as a whole.

I truly appreciate the time and effort you have put into the association, we all know it is far over and above what your compensation is, and I certainly hope you can continue your efforts to regain membership and make the AACA a united and state-wide voice of the industry as a whole.

When it is apparent that a majority of the operators see the need and are willing to participate in such an association, I would very much like to have the opportunity to rejoin.

Very truly yours

Orin D Seybert
President

Peninsula Airways, Inc.

BRISTOL BAY — KODIAK ISLAND — ALEUTIAN & PRIBILOF ISLANDS

6231 COLLINS WAY
ANCHORAGE, ALASKA 99502
TELEPHONE: (907) 243-7701

March 3, 1987

Senator Ted Stevens
522 Hart Senate Office Bldg
Washington, D. C. 20510

Dear Ted:

Enclosed is a copy of my letter to The Alaska Air Carriers Association, resigning our membership from that organization.

Out of some two hundred Commercial Operators throughout the State, only 28 now belong to AACA. Of the more than 45 mail carriers on the DOT service list, fewer than 20 belong to AACA.

Since the AACA no longer represents a true cross-section of the industry, I don't feel our name should be used in support of programs we don't agree with, the mail issue being one.

While I do sympathize with the large passenger carriers need to operate profitably while providing convenient service, I don't think the Postal Service should be used to operate inefficiently for its patrons.

If the Federal Government is to help guarantee jet service to Alaskan communities, the proper program to use is the Essential Air Service Act.

My strong feeling is that we should all be working together to prevent termination of the EAS, as the Administration seems to want, as well as extending the program for another ten years.

The EAS funds have been very efficiently used to cover deficiencies in service at specific communities. This program helps guarantee the right of every U. S. citizen to reasonable access to the National Transportation System at much lower cost to the taxpayer than the old regulated subsidy system.

Very truly yours

Orin D Seybert
President

Holy Cross Mercantile

R.A. & A.E. Prestegard
P.O. Box 75
Holy Cross, Alaska 99602
(907) 476-7122

MAR 10 1987

February 25, 1987

The Honorable Bette Cato
Cairwoman, Transportation Committee
Alaska State House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Chairwoman Cato:

We are opposed to the adoption of House Joint Resolution No. 11, relating to the transportation of mail, by passenger air carriers, only.

The reason we oppose this resolution, is, if it is passed, the United States Postal Service would be subsidizing the passenger air lines.

These air passenger carriers are concerned with service to their "Main Line" communities only, and not to the bush communities like Holy Cross, who are served by small bush air taxi companies. An example, several years ago, befor the all cargo air service we enjoy now, We, Holy Cross Mercantile, ordered several snow-machines. They were promply delivered to Aniak, by the Main Line Passenger Carrier, then they sat there for 6 weeks waiting for the air passenger carrier to bring in a plane large enough to carry them the rest of the way to Holy Cross. Another example, By-Pass Mail: This is how we order our groceries for the store. By-pass mail is handled by the passenger air line much in the same manner. They drop it off in Aniak and then the bush air taxi people transport it on to Holy Cross, in small planes, 600 to 700 pounds at a time. This takes them anywhere from 3 days to 2 weeks to accomplish. In the process, there was always some loss, damage, spoilage, and pilferage. With the service we now have, an all cargo air carrier, we have no damage, no loss, no pilferage, and its a one day service. Freight costs are down by at least 15¢ a pound, if not more. I could go on and on, but enough is enough.

Mark us down as being opposed to the House Joint Resolution No. 11.

Thank you very kindly for your interest in this matter.

Sincerely,

Roy A. Prestegard
Amy E. Prestegard

Roy A. and Amy E. Prestegard

cc: Rep. Kay Wallis
U.S. Sen. Ted Stevens
U.S. Sen. Frank Murkowski
U.S. Rep. Don Young
Hon. Preston R. Tisch
Postmaster General, U.S. Postal Service

February 25, 1987

The Honorable Bette Cato
Chairwoman, Transportation Committee
Alaska State House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Chairwoman Cato:

We, the people living in Holy Cross, are opposed to the adoption of House Joint Resolution No. 11, relating to the transportation of mail to 'Hub' and 'Bush" communities in Alaska.

We feel that the intent, of the resolution, is to have the United States Postal Service subsidize the passenger air carriers.

Living in Holy Cross, we are more concerned about costs and timely delivery of food and other supplies. Freight cost, which effect everyone of us, is lower now than it ever has been, thanks to an all cargo freight carrier serving Holy Cross. Passenger air fares are also reasonable. We have 3 passenger air carriers now serving Holy Cross. Just recently all of them lowered their fares between Holy Cross and Anchorage...which to us indicates that their revenue is adequate. They don't need to be subsidized by the United States Postal Service, or anyone else.

Therefore we urge that, House Joint Resolution #11 be defeated.

Sincerely,

Residents of Holy Cross, on the Yukon

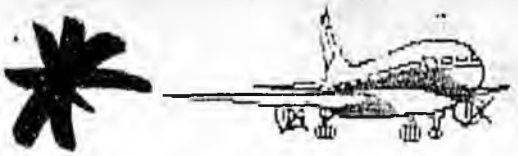
Roy A Restegard
Amy E. Restegard
Sandra E. Gardner
Wayne C. Walker
Kenneth B. Tyler
Alden S. Walker
LaVerne Turner
Pete Turner
Kathy M. Chase
Calvin B. Chase
James Anthony Sr.
Mary Ann Anthony
Edward Richards Jr.
Mitzi Wemientieff
Wayne C Walker
William Sims
Daisy Turner
Angela J Demientieff
Mary Sims
Gredy A. Demientieff
Franklin P. Richards
Mary H Demientieff
Cheryl M. Walker
Elizabeth M Johnson
Leonard L. Demientieff Sr
Ronald A. Demientieff
Dwayne A. Demientieff
John C. Hillemeier

February 25, 1987

Residents of Holy Cross, opposed to House Joint Resolution #11.

Alfred Demientieff Jr
Robert Edwards Sr
Evans A. Newman
Bruce Gregory
Bessie Savage
David W. Whitley
Tamera Turner
John Linn D
Agnes Gregory
Paul Bednarz
Anita Spradlin
Lorien Brown
Lenore Demientieff
Leldon D Lyle
James S. Johnson
Margaret L. Aloysius
Ronnie Turner
Linda Frank
John A Aloysius
Sharon Turner
Wendy Crombie
John L Deck
James F. Walker
Irene R. Walker
Neal R King Sr.

Herman Gregory
Irene Gregory
Ignatius Gregory Sr.
Linda A. Gregory
Carol Gregory
Barbara Richards
Gerald H. Walker
Rita A. Sam
Teddy Edwards
Evelyn J. Edwards
Clyde Edwards
Constance M. Walker
David P Walker
Julie Demientieff
Ann F. Edwards
Joseph A Paul
Diane L Richards
Daniel P. Buyck
Richard Peters



HOLY CROSS LOOSES NORTHERN AIR SERVICE

According to House Joint Resolution Number 11, dated January 30, 1987; we are in possible trouble.

Marc Air is trying to get legislation passed - that would eliminate Northern Air Cargo from visiting our community.

"Whereas it is critical to the provision of adequate passenger service in Alaska that the U.S. Postal Service equitably apportion contracts for the carriage of mail among carriers and that the U. S. Postal service seriously consider the level of passenger service offered by carriers to each affected community in awarding contracts for carriage of mail".

Can yu imagine a return to very few fresh vegitables, meat, or other items in our stores ? Can you imagine a small air carrier bringing in your large piece of equipment or furnature ?

I believe that our cost of shipping large items will increase quite a bit, compared to what it is now.

We have grown accustomed to the finer things of life - does someone wise have the right to change things for us ?

The Northern Air agent has been contacted - and will have a petition to sign - if you want to keep things the way they are now.

If you are the person that likes to write letters (50 words or less) - here are a few names of people who should "listen" to you.

Representative Al Adams
Representative Kay Wallis
Representative Adelheid Herrmann
Representative Heinrich Springer

If you are the person that likes to talk on the phone - here is a number.

Legislative Affairs Office
Anchorage, AK
Phone: 278-3688

This matter goes to hearing in Juneau on Wednesday February 25, 1987.

This article does not represent the IASD School District views or policy. I am writing this because - I live in Holy Cross and consider this my home.

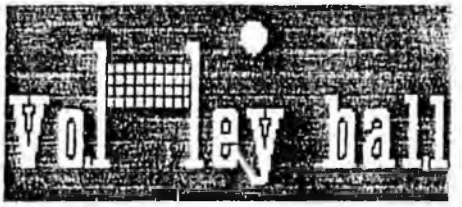
ATV Contest

During the month of March - we will have a person from the Health Corporation - on site to talk about three and four wheel safety. I understand that we will have contests for the students and community There is a possibility that trophies will be awarded to the best participants.

--Watch for further information--

HOLY CROSS vs McGRATH

HOLY CROSS	62
McGRATH	45



HOLY CROSS vs McGRATH

HOLY CROSS	2 SETS
McGRATH	1 SET

SPECTACULAR BIG EVENT!

Some of our students will be attending the SWABB meet in McGrath this coming week. The meet will be February 26-28.

Those eligible will be notified this friday February 20, 1987.

The letters stand for (S)skiing; (W) writing; (A) art and (BB) battle of the books.

The students are expected to participate in two of the events.

This is a tough competition and we send our best wishes with our team.

We are winners !!

COMING SOON!

The next printing of the newspaper will feature the Kindergarden and First grade.

The students will be writing stories and drawing pictures for you.

At present the staff plans to have students help with the collection, editing, and printing of the INJUN BULL.

The staff of the school wishes to thank you for your support.

We are the PRIDE OF THE YUKON

INJUN BULL

HOLY CROSS SCHOOL NEWSPAPER

VOL.87
NO. 1

CREATED BY THE STUDENTS AND STAFF

ART IN SCHOOL

This week we have Bev Shupp visiting us from McGrath.

She is an art teacher, and will be teaching our students many different types of art.

You will see many projects done by our children by the end of the week.

Bev will be leaving us this Friday or Saturday.

Many thanks to Bev !!

Tutor Program

During the week of February 16-21 the school will begin a new program.

The tutor program will help some of the students in subjects they are having trouble with.

The skills to be taught are reading comprehension, main idea, basic skills, problem solving and study skills.

The tutors will be Mary (Sims), Judi (Walker) and LeeAnn (Tyree).

Congradulations to the lucky students.

Community Education

James Anthony Jr. is our new Community Education person.

He started the job February 10, 1987.

Willie is responsible for many duties. Some of which are: directing events for the Elders, young children, care of the gym and setting up local contest events.

The students will notice that one of the school policies will now be enforced.

If students are reported to the office for -- excessive tardies; homework not turned in; discipline problems or truancy -- they will not be allowed to participate in activities for a period of one week.

This policy goes hand-in-hand with the eligibility code of our school.

THE STOPS HERE

ELIGIBILITY

The recent policy code adopted by the ASB concerns the eligibility rules for the students wishing to attend a school sponsored trip.

In a nut-shell the policy states -- students are responsible for their conduct in school, grades, attendance and homework.

Students and parents/guardians will be notified by the school 5 (five) school days before an event, whether a student is eligible to go on a trip.

This policy is in accordance with the INSD School Board policy.

MID-TERM GRADES

This week marks the middle of the third nine weeks of the school year.

As usual, the teachers will be contacting you with student grades and recommendations for improvement.

The mid-term reports are necessary tools. They let you know where your child needs help and lets the students know exactly what they have to work on.

NOORVIK IRA COUNCIL
P.O. Box 71
Noorvik, Alaska 99763

MAR 15 1987

March 13, 1987

The Honorable Bette Cato
Chairwoman, Transportation Committee
Alaska State House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Chairwoman Cato:

The Noorvik IRA Council, on their March 9, 1987 meeting, opposed the adoption of House Joint Resolution No. 11 relating to transportation of mail to mainline and bush communities in Alaska.

The resolutions main concern is for the provision of scheduled passenger air service, without and reference to what might occur to freight rate costs if the formula proposed by the resolution is adopted. The IRA Council's concern is that, under the proposed formula, freight costs would go up and delays in mail/freight services to the villages would occur.

Presently, with the air carrier competition, Northwest Area villages including Noorvik, have greatly benefited through cheaper freight rates and air fares and more flights for mail delivery. The people of Noorvik are more dependant on cheaper freight rate costs, then they are on cheaper air fares, because of the impact it has on the cost of living. For that reason, we urge that House Joint Resolution No. 11 be defeated.

Sincerely,

NOORVIK IRA COUNCIL

Donald G. Sheldon
Donald G. Sheldon
General Manager

/ds
cc: Rep. Al Adams
Sen. Ted Stevens
Sen. Frank Murkowski
Rep. Don Young
Hon. Preston R. Tisch,
Postmaster General
Noorvik City Council

HJR

32

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

May 13, 1987

COMMITTEE CALENDAR:

HCR 18: Relating to a special report on long-term operations of the Alaska Railroad.

HJR 32: Relating to the completion of the Mackenzie Highway between Fort Simpson and Inuvik, Northwest Territories, Canada.

CSSJR 36(Trsp): Relating to passenger and air cargo service to Anchorage by Korean Air Lines.

CSSB 146(Trsp): "An Act relating to weights and measures; citation authority of employees enforcing weights and measures limitations; and providing for an effective date."

FOR THIS MEETING YOU HAVE:

A folder on HCR 18 that includes:
* a copy of HCR 18
* a fiscal note from the Dept. of Commerce & Econ. Dev.
* a position paper from the Alaska Railroad Corporation

A folder on HJR 32 that includes:
* a copy of HJR 32
* a fiscal note from DOT/PF
* a copy of the resolution issued by the Northwest Territories Legislative Assembly

A folder on CSSJR 36 that includes:
* a copy of CSSJR 36(Trsp)
* a fiscal note from DOT/PF
* memorandums from Sen. Fahrenkamp to the House and Senate Transportation Committees
* written testimony from Korean Air Lines
* an unratified memorandum of understanding between the U.S. State Dept. and the Gov't. of the Republic of Korea
* written testimony from Sen. Fahrenkamp

A folder on CSSB 146 that includes:

* a copy of CSSB 146(Trsp)
* two fiscal notes: one from Dept. of Pub. Safety & one from Dept. of Commerce & Econ. Dev.
* a sectional analysis
* a position paper from DOT/PF

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version : HJR 32
Publish Date :

REQUEST: 5-1-87

Revision Date:
Title : Complete Mackenzie Hwy, Northwest Territories, Canada
Sponsor : House Transportation
Requestor : Cato

Agency Affected :
BRU :
Components :

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

There is no effect, nor fiscal impact to the Department of Transportation and Public Facilities.

Prepared by : Ronald B. Lind, Director
Phone : 465-2171
Division : Plans, Programs & Budget
Date : 5-1-87

Approved by Commissioner : M. L. Hl
Date : 5/1/87
Agency : DOT&PF

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

Northwest Territories Legislative Assembly

Motion

Mackenzie Highway Completion

WHEREAS this Assembly has expressed its support for development of an improved tourist industry;

AND WHEREAS this Assembly supports the development of a long-term economic strategy;

AND WHEREAS the construction of the Mackenzie Highway would be an important development in any long-term economic strategy;

AND WHEREAS many communities have expressed their support for the construction of the Mackenzie Highway;

NOW, THEREFORE, I MOVE, seconded by the Member for Sahtu, that this Legislative Assembly express its support of the continued construction and completion of the Mackenzie Highway to Inuvik;

AND FURTHER that this House express its support for the efforts of the Government of the N.W.T. in negotiating the construction of the Mackenzie Highway;

AND FURTHER that this House recommend that the Speaker communicate this support for the construction of the Mackenzie Highway to the Speaker of the House of Commons; the Prime Minister of Canada, Rt. Hon. Brian Mulroney; and the Minister of Indian Affairs, Hon. Bill McKnight.

Date of Motion: February 17, 1987
Date of Introduction: February 19, 1987
Disposition:
Carried

Moved by: Mr. Nerysoo
Seconded by: Mr. T'Seleie

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 5-13-87 1:30 p.m.

(7)

HOUSE COMMITTEE REPORT

Date referred: 4/17/87

FURTHER REFERRALS:

DATE: May 13, 1987

The Transportation Committee has considered HJR 32

Relating to the completion of the Mackenzie Highway between Fort Simpson and Inuvik, Northwest Territories, Canada.

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[X] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Bill Huds

Bette Cato

Dennis Springer

Mike Ramsay

SIGNING OTHER RECOMMENDATIONS:

Bette Cato

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: May 13, 1987

Subject of meeting:

* HCR 18: Railroad Operations Report
* HJR 32: Completion of the Mackenzie HWY, Canada
CSSJR 36: KAL Boarding Rights/Anchorage
CSSB 146: Weights & Measures

SIGN-IN

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?	
Terry Hanson Spec Assistant	BXN Juneau 99811	465-4322	Dept of Public Safety	upon Request.	146
John Williams	Box D Juneau AK 9981	465-2502	DCED Re SB146	Yes	146
+ Nancy Petersen	staff, Sen. Fahrenkamp	465-3872	Sen. Fahrenkamp SJR36 —	yes	STR3.
MARK HIKEY	—	3900	DOT/PF	QUESTIONS 146	146
ART SNOWDEN	———	264-0547	COURTS	146	146 ✓
T. J. Thrasher	Juneau	463-3279	ak Truckinghouse	yes 146	146
Rosa Jarvel	134 No. Franklin	586-1740	H.C.C. of Alaska	yes 146	146
Reed Stoops					

* indicates first public hearing

HJR

33

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

May 4
~~April 24~~, 1987

COMMITTEE CALENDAR:

HJR 33: Relating to the shipping of Alaska oil.

SCR 5: Relating to promotion and marketing of the state-operated international airports.

HB 213: "An Act relating to allocation of federal-aid highway funds; and providing for an effective date."

FOR THIS MEETING YOU HAVE:

A folder on HJR 33 that includes:
* a copy of HJR 33
* a memorandum from Rep. Pourchot
* a history and discussion of the resolution
* a letter from the Governor
* a fiscal note from the Dept. of Revenue

A folder on SCR 5 that includes:
* a copy of SCR 5
* a fiscal note from DOT/PF
* a memorandum from Sen. Sturgulewski
* 1986 & '87 financial statements from the international airports
* a letter of support from the municipality of Anchorage
* a marketing report from the Anchorage Convention & Visitors Bureau
* four magazine or newspaper articles
* the House Labor & Commerce Committee Report Form

A folder on HB 213 that includes:
* a copy of HB 213
* a copy of the committee substitute for HB 213
* a sectional analysis
* a fiscal note & position paper on HB 213 from DOT/PF
* information from the six-year capital plan
* a classification of road miles within Alaska
* a letter from the Ass't. Division Administrator of the Federal Highway Administration
* a report on HB 213 from Rep. Hoffman
* minutes from the 4/13 & 4/15 public hearings of HB 213

Alaska State Legislature

REPRESENTATIVE
PAT POURCHOT

HOUSE FINANCE COMMITTEE,
VICE CHAIR

HOUSE ETHICS COMMITTEE, CHAIR

LEGISLATIVE BUDGET & AUDIT
COMMITTEE

House of Representatives

ANCHORAGE
P.O. BOX 104836
ANCHORAGE, AK 99510
(W) (907) 276-6818
(H) (907) 338-2425

JUNEAU
P.O. BOX V
STATE CAPITOL
JUNEAU, AK 99811
(907) 465-3712

MEMORANDUM

DATE: May 4, 1987

TO: House Transportation Committee Members
Rep. Bette Cato, Chairman
Rep. Henry Springer, Vice-Chairman
Rep. "Red" Boucher
Rep. Ben Grussendorf
Rep. Mike Miller
Rep. Bill Hudson
Rep. Drue Pearce

FROM: Rep. Pat Pourchot

SUBJECT: HJR 33 - Relating to the Shipping of Oil

House Joint Resolution 33, relating to the shipping of Alaska oil, has been scheduled for a hearing in the House Transportation Committee on Monday, May 4th.

This resolution urges the Secretary of the United States Department of Transportation to adopt before July 16, 1987, a rule that would enable four very large crude oil carrier ships to continue to operate in the United States domestic shipping market without interruption.

Attached is a brief background and summary of the reason for this resolution. It is important that we act expeditiously on the resolution because if the U.S. Department of Transportation fails to adopt a rule by July 16, 1987, the transportation of Alaska oil may be disrupted. In addition, the transportation costs will increase substantially, and the state government could stand to lose a significant amount of money.

I appreciate your consideration on this resolution. Thank you.

HOUSE JOINT RESOLUTION 33

HISTORY

On January 16, 1987, the U.S. Court of Appeals decision (First Attransco Tanker Corp. vs. Dole) vacated a Department of Transportation ruling. The DOT ruling permitted three very large crude carrier ships to repay the remainder of their construction subsidies in 1985/6. In doing so, they became Jones Act ships rather than just U.S. flag ships.

The Court ruled that the Secretary of Transportation was well within her authority to permit this repayment. However, the Court also ruled there were procedural defects in that she did not adequately explain the effect of this action on other Jones Act ships. Thus the ruling was unjustified. The decision requires all three ships to cease Alaskan service on July 16, 1987, unless the Department of Transportation explains the effect on other Jones Act ships to the Court's satisfaction.

Prior to repaying the subsidy, these three large, efficient U.S. flag ships were not allowed to carry Alaskan oil unless there were no suitable Jones Act ships available. Even under those circumstances these ships could only be used part time (no more than six months out of the year). A fourth ship which entered Jones Act trade under generally similar circumstances in 1983 is also vulnerable to the ruling.

In total these four ships are currently moving 200,000 barrels of Alaskan oil to market every day. If they are taken out of the fleet, then a large number of much smaller, less efficient and more expensive ships must take their place if the Alaskan oil is to get to market. This would raise the market price for all Jones shipping by an estimated 25 cents to $1.00 per barrel.

An increase in the cost of transportation not only reduces oil company income and incentive in Alaska but also reduces the netback value of all Alaskan production. For example, each 50 cent increase in per barrel transportation cost would reduce state income by roughly $75 million per year.

Given this situation, Alaska should support the DOT's intention to issue a new rule confirming that these vessels should remain Jones Act vessels as soon as possible because of the July 16, 1987 deadline.

Attached is further information regarding this "Repayment of Construction Differential Subsidies (CDS)".

Repayment of Construction Differential Subsidies (CDS) (also called "CDS Sanitization")

DISCUSSION ISSUES:

The following information should be noted in discussion of CDS Sanitization:

- This is a significant economic issue for Alaska. Removal of the four large efficient ships will require using nearly all the smaller ships available, driving the market price for all shipping up by $.25 to $1 per barrel. Netback values on the crude oil will decline accordingly. Each $.50 per barrel reduction in netback represents roughly $75 MM per year in lost state revenues.

- Alaskan oil production has increased significantly in the last year, highlighting the need for efficient transportation. The Lisburne field (40-50 MBD) began commercial production in early 1986, Prudhoe Bay production increased with natural gas liquid (NGL) recovery in early 1987 (50 MBD). Kuparuk has reached peak production, and Endicott field is expected to begin production in the fourth quarter of 1987 (up to 100 MBD).

- Largely because of the increased Alaskan production the four large, efficient VLCC vessels in question have been in continuous service since repayment of their remaining subsidy: the BROOKLYN and the BAYRIDGE under charter to EXXON, and the ARCO INDEPENDENCE and the ARCO SPIRIT under long term charter to Standard Oil.

- Larger vessels make the transport of crude oil to the West Coast and Gulf Coast more economically efficient than smaller vessels. This is especially true to the Gulf Coast, which accounts for a substantial portion of the Alaskan oil delivered.

SENT AS MAILGRAM

RECEIVED
APR 14 1987
DOT/PF
COMMISSIONER'S OFFICE

April 7, 1987

RECEIVED
APR 15 1987
DOT & PF
Plans, Programs and Budget

The Honorable Elizabeth H. Dole
Secretary
Department of Transportation
400 Seventh Street, S.W.
Room 10200
Washington, D.C. 20590

Dear Secretary Dole:

The State of Alaska is concerned about a recent court decision and possible action by Congress that could seriously affect the Alaska North Slope oil trade.

As you know, the decision in Independent U.S. Tanker Owners Committee v. Dole, vacating a Department of Transportation ruling which allowed three VLCC class CDS ships to enter the Alaskan trade, would cause higher transportation costs for Alaska oil. The court decision would force the use of smaller, less efficient tankers, assuming alternative transportation is even available. The added expense of using smaller tankers would cause the State to lose millions of dollars in severance taxes and royalties. Significant revenue losses would also be incurred by the Federal government.

As you are probably aware, the Maritime Administration (Marad), in a notice of intended action in the March 11, 1987 Federal Register, promised to address the CDS issue through new rule making. However, to date proposed rules have not been published. The Court vacating the rule stayed its order until July 16, 1987. We are concerned that any delay in promulgating a new rule could allow the July court deadline to take effect, given the stringent requirements of the Administrative Procedure Act and the various regulatory approvals which must be obtained before final rule making. To safeguard Alaska and the nation from large scale disruption in the North Slope oil trade, and to protect all the parties that have relied on the previous Department of Transportation ruling struck down by the Court, we urge that you expeditiously issue the necessary regulations.

Regarding a parallel issue, we appreciate your efforts, including your letter to Chairman Whitten of the House

Appropriations Committee, to reject an amendment, which would block Marad from proceeding in any manner to act on the CDS repayment. Although the Committee adopted the amendment, the State of Alaska looks forward to working with you to ensure that this measure will eventually be rejected by Congress. Toward this end, my Washington, D.C., staff has already been in touch with Rebecca Range of your department.

Thank you for your consideration of these matters.

Sincerely,

Steve Cowper
Governor

cc: Senator Ted Stevens
Senator Frank Murkowski
Congressman Don Young
Rebecca Range

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HJR 33
REQUEST — Publish Date:

Revision Date: 5/4/87 — Agency Affected: Revenue
Title: Shipping State Oil — BRU: Audit

Sponsor: Pourchot — Components:
Requestor: House Transportation

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	(Revenue Impact $17.7 mil to $52.9 Mil Per Year)					

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: See attached.

Prepared By: Steven E. Kettel — Phone: 465-2320
Division: Audit — Date: 5/4/87

Approved by Commissioner: Hugh Malone — Date: 5/4/87
Agency: Revenue

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

MEMORANDUM
STATE OF ALASKA DEPARTMENT OF REVENUE
PETROLEUM RESEARCH SECTION

TO: Eric Ostrovsky, Governor's Office, Washington, D.C.
FROM: Roger Marks, Petroleum Economist
SUBJECT: CDS Tankers
DATE: April 2, 1987

Our June 1985 analysis showed that CDS tankers could save 45% on average shipping costs over non-CDS tankers. This amounted to $1.25/bbl for Gulf Coast shipments and $0.57/bbl for West Coast shipments. Since repayment we have seen average tanker rates to destinations east of Panama drop 75 cents.

The three CDS tankers now engaged in ANS trade are moving oil to the U.S. Gulf Coast, and can carry 60 million barrels of ANS per year.

The losses to the State from removal of these tankers would accrue from lower wellhead values due to higher transportation costs. We estimate these losses to be a minimum of $18 million and as much as $50 million annually:

Royalty Effect

60 X 1.25 X .125 = $9.4

Severance Tax Effect

60 X 1.25 X (1 - .125) X .15 X .84 = $8.3

TOTAL $17.7 million

(The severance tax is levied on non-royalty oil. The severance tax rate is 15 percent. The economic limit factor (ELF), which reduces the effective severance tax rate as well productivity declines, is estimated to be 0.84 over the near term.)

This can be considered a conservative estimate. The reduced competition from removal of the tankers (the tanker market is tight now) could raise transportation cost for all ANS, in which case the State could stand to lose over $50 million annually if tanker rates on all shipments to the Gulf Coast returned to the previous level:

Royalty Effect

300 X 0.75 X .125 = 28.1

Severance Tax Effect

300 X 0.75 X (1 - .125) X .15 X .84 = 24.8

TOTAL $52.9 million

TESTIMONY OF STANDARD OIL ON HJR 33

THE JONES ACT REQUIRES THAT ALL CARGO TRANSPORTED IN THE DOMESTIC TRADE BE CARRIED ON VESSELS BUILT IN THE UNITED STATES, DOCUMENTED UNDER UNITED STATES LAW, CREWED BY U.S. SEAMEN AND OWNED BY U.S. CITIZENS. UNDER THE MERCHANT MARINE ACT, JONES ACT TANKERS MUST BE BUILT WITHOUT CONSTRUCTION SUBSIDIES AND MUST OPERATE WITHOUT DIRECT FEDERAL OPERATING ASSISTANCE. TANKERS BUILT WITH CONSTRUCTION DIFFERENTIAL SUBSIDY (CDS) ARE ALSO U.S. BUILT, MANNED AND OWNED BUT THESE VESSELS ARE NOT PERMITTED PERMANENT TRADING PRIVILEGES IN THE DOMESTIC TRADE BECAUSE OF THE SUBSIDY THEY RECEIVED.

IN 1977, DEMAND FOR LARGE U.S. FLAG CRUDE TANKERS TO CARRY ANS CRUDE FROM VALDEZ TO PANAMA WAS GREATER THAN THE JONES ACT FLEET COULD SATISFY. IN ORDER TO ALLEVIATE THE SHORTAGE OF LARGE, JONES ACT CRUDE TANKER CAPACITY, VERY LARGE CARGO CARRIERS (VLCC) BUILT WITH CDS WERE GIVEN PERMISSION TO ENTER THE ANS TRADE ON A TEMPORARY BASIS. THESE VESSELS WERE ORIGINALLY BUILT FOR FOREIGN TRADE BUT REDUCED WORLD PETROLEUM DEMAND AND THE HIGHER COST OF US FLAG VESSELS MADE THESE VESSELS UNSUITABLE FOR IMPORT TRADES.

IN ADDITION TO THE SECRETARY'S AUTHORITY TO TEMPORARILY WAIVE JONES ACT SHIP REQUIREMENTS, THE SECRETARY HAS UNDER THE MERCHANT MARINE ACT, THE AUTHORITY TO ELIMINATE ALL DOMESTIC TRADE RESTRICTIONS ON A VESSEL CONSTRUCTED WITH CDS IN EXCHANGE FOR FULL REPAYMENT WITH INTEREST OF THE CDS OBLIGATION. FIVE SHIPS HAVE BEEN ALLOWED TO REPAY THEIR CDS OBLIGATIONS, THE STUYVESANT, BAY RIDGE, BROOKLYN, ARCO SPIRIT AND ARCO INDEPENDENCE. ALL OF THESE SHIPS ARE IN THE ALASKA TRADE.

ON MAY 7, 1985 THE DEPARTMENT OF TRANSPORTATION PUBLISHED A FINAL RULE WHICH

WAIVER ON THE

ALLOWED THESE VESSELS TO OBTAIN A PERMANENT BAN ON DOMESTIC TRADING PRIVILEGES. ON JANUARY 16, 1987, THE COURT OF APPEALS RULES THAT THE SECRETARY VIOLATED THE ADMINISTRATIVE PROCEDURE ACT IN ADOPTING THIS RULE. THE COURT VACATED ITS ORDER, HOWEVER, UNTIL JULY 16, 1987 TO"ALLOW THE SECRETARY TO UNDERTAKE FURTHER PROCEEDINGS TO ADDRESS THE PROBLEMS OF THE MERCHANT MARINE."

SINCE

THE DEPARTMENT HAS PROPOSED A RULE WHICH WOULD REAFFIRM ALLOWING THESE VESSELS IN THE ANS TRADE.

THE FINANCIAL EFFECT ON STANDARD IF WE ARE NOT ALLOWED TO CONTINUE UTILIZING THESE SHIPS IS IN THE MILLIONS OF DOLLARS.

THE FINANCIAL EFFECT ON THE STATE OF ALASKA FROM REDUCED ROYALTIES AND SEVERANCE TAXES ARE ESTIMATED TO RANGE FROM$18-150 ANNUALLY. IF THE PROPOSED RULE IS NOT ALLOWED TO TAKE EFFECT.

STANDARD STRONGLY SUPPORTS THE RESOLUTION BEFORE YOU. ALLOWING THESE SHIPS IN THE ANS TRADE IS IN THE BEST INTEREST OF BOTH THE ALASKAN OIL INDUSTRY AND THE STATE OF ALASKA.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 5-4-87 1:30 p.m.

(7)

HOUSE COMMITTEE REPORT

Date referred: 4/22/87 FURTHER REFERRALS:

DATE: May 4, 1987

The Transportation Committee has considered HJR 33

Relating to the shipping of Alaska oil.

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[X] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Betty Cato

Bill Hudson

Ed Bunker

Dennis Springer

SIGNING OTHER RECOMMENDATIONS:

Betty Cato

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: May 4, 1987

SIGN-IN

Subject of meeting:

*HJR 33: Relating to the shipping of Alaska oil.

SCR 5: Marketing of International Airports.

HB 213: Allocation of Federal Highway Funds

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Jim Palmer Mgr Govn't Affairs	STANDARD Alaska Production Co. Box 196612 Anch 99519	564-5403		HJR 33
Chief Vincent Wright	Research & Taxation	465-2173	Dept of Revenue	HJR 33
MARK HICKEY	DOT/PF		DOT/PF	HB213
Sen. Sturgulewski	The Alaska State Leg. Pouch V Juneau 99811	465-4989	Sponsor of SCR 5	
Rep. Hoffman	"	465-4453	Sponsor of HB 213	

* indicates first public hearing

HJR

46

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

January 27, 1988

****

COMMITTEE CALENDAR:

HJR 46: Requesting the Federal Aviation Administration to exempt aircraft in Alaska from regulations on the size of aircraft registration numbers and on supplemental identification plates.

This is a first public hearing

FOR THIS MEETING, YOUR PACKET INCLUDES:

item #1: HJR 46
#2: SJR 56
#3: the new regs
#4: the old regs
#5: press release
#6: misc. backup
#7: info on the proposed zone changes

5-1596B
Utermohle
1/27/88

BY FRANK, ADAMS, MILLER, BOYER, KOPONEN, ULMER, PEARCE AND DAVIS

IN THE HOUSE

SPONSOR SUBSTITUTE FOR HOUSE JOINT RESOLUTION NO. 46

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

Requesting the Federal Aviation Administration to exempt aircraft in Alaska from regulations on the size of aircraft registration numbers and on supplemental identification plates.

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

WHEREAS agencies of the federal government sometimes adopt regulations that have detrimental effects on the Alaskan economy and that cause inconvenience to Alaskans; and

WHEREAS federal regulations are sometimes not relevant to Alaska and serve no useful purpose; and

WHEREAS the Federal Aviation Administration has adopted regulations that require 12-inch registration numbers on aircraft entering or leaving an Air Defense Identification Zone (ADIZ) or a Distant Early Warning Identification Zone (DEWIZ) and a supplemental identification plate on the exterior of aircraft; and

WHEREAS some parts of Alaska are included within an ADIZ or DEWIZ and other parts are not, and thus those aircraft that fly in and out of these zones must display 12-inch registration numbers, but those aircraft that never enter or leave one of these zones may continue to display three-inch registration numbers; and

WHEREAS it is nearly impossible to predict whether an aircraft in Alaska will ever need to enter or leave an ADIZ or DEWIZ; and

WHEREAS compliance with these regulations imposes an estimated cost of up to $215 per aircraft; and

WHEREAS these regulations were adopted to assist the U.S. Customs Service in identifying aircraft suspected of carrying illegal drugs across these zones; and

WHEREAS there has been no documented case in Alaska involving a small aircraft entering an ADIZ or DEWIZ transporting illegal drugs; and

WHEREAS these regulations apply to tourists who visit Alaska by private plane; and

WHEREAS the International Cessna 170 Association has chosen to hold a convention in Fairbanks during July 1988 with an expected attendance of 100 aircraft, most of which will be Cessna 170's ranging from 32 to 40 years old; and

WHEREAS these regulations will have a negative effect on the number of visitors coming to the state by private aircraft for the International Cessna 170 Association convention and for business and tourism purposes; and

WHEREAS the Federal Aviation Administration is presently considering proposals to redefine the Alaska ADIZ;

BE IT RESOLVED that the Alaska State Legislature respectfully requests the Federal Aviation Administration to either exempt aircraft flying within Alaska and between Alaska and the other states from 14 CFR 45.11(a) and (d) and 14 CFR 45.29(h) or grant an exemption from these regulations to participants in the International Cessna 170 Association convention; and be it

FURTHER RESOLVED that the Alaska State Legislature respectfully requests the Federal Aviation Administration to exempt aircraft flying between points in Alaska from these regulations when the boundaries of the Alaska Air Defense Identification Zone are redefined.

COPIES of this resolution shall be sent to the Honorable James H. Burnley IV, Secretary of Transportation; the Honorable T. Allan McArtor, Administrator of the Federal Aviation Administration; and to the Honorable

Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

Steve, we might do include this

FURTHER RESOLVED that the Alaska State Legislature respectfully requests the Federal Aviation Administration to authorize the Alaska Region of the Federal Aviation Administration to grant temporary relief from the regulation requiring 12-inch registration numbers to those pilots who penetrate the current Alaska Air Defense Identification Zone until the new description of the Alaska Air Defense Identification Zone is adopted.

COPIES of this resolution shall be sent to the Honorable James H. Burnley IV, Secretary of Transportation; to the Honorable T. Allan McArtor, Administrator of the Federal Aviation Administration; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

Original sponsors: Frank, Adams,
Miller, et al.

IN THE HOUSE BY THE TRANSPORTATION COMMITTEE

CS FOR HOUSE JOINT RESOLUTION NO. 46 (Transportation)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

Requesting the Federal Aviation Administration to exempt aircraft in Alaska from regulations on the size of aircraft registration numbers and on supplemental identification plates.

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

WHEREAS agencies of the federal government sometimes adopt regulations that have detrimental effects on the Alaskan economy and that cause inconvenience to Alaskans; and

WHEREAS federal regulations are sometimes not relevant to Alaska and serve no useful purpose; and

WHEREAS the Federal Aviation Administration has adopted regulations that require 12-inch registration numbers on aircraft entering or leaving an Air Defense Identification Zone (ADIZ) or a Distant Early Warning Identification Zone (DEWIZ) and a supplemental identification plate on the exterior of aircraft; and

WHEREAS some parts of Alaska are included within an ADIZ or DEWIZ and other parts are not, and thus those aircraft that fly in and out of these zones must display 12-inch registration numbers, but those aircraft that never enter or leave one of these zones may continue to display three-inch registration numbers; and

WHEREAS it is nearly impossible to predict whether an aircraft in Alaska will ever need to enter or leave an ADIZ or DEWIZ; and

WHEREAS compliance with these regulations imposes an estimated cost of up to $215 per aircraft; and

WHEREAS these regulations were adopted to assist the U.S. Customs Service in identifying aircraft suspected of carrying illegal drugs across these zones; and

WHEREAS there has been no documented case in Alaska involving a small aircraft entering an ADIZ or DEWIZ transporting illegal drugs; and

WHEREAS these regulations apply to tourists who visit Alaska by private plane; and

WHEREAS the International Cessna 170 Association has chosen to hold a convention in Fairbanks during July 1988 with an expected attendance of 100 aircraft, most of which will be Cessna 170's ranging from 32 to 40 years old; and

WHEREAS these regulations will have a negative effect on the number of visitors coming to the state by private aircraft for the International Cessna 170 Association convention and for business and tourism purposes; and

WHEREAS the Federal Aviation Administration is presently considering proposals to redefine the Alaska ADIZ;

BE IT RESOLVED that the Alaska State Legislature respectfully requests the Federal Aviation Administration to authorize the Alaska Region of the Federal Aviation Administration to grant temporary relief from the regulation requiring 12-inch registration numbers to those pilots who penetrate the current Alaska Air Defense Identification Zone until the new description of the Alaska Air Defense Identification Zone is adopted; and be it

FURTHER RESOLVED that the Alaska State Legislature respectfully requests the Federal Aviation Administration to exempt aircraft flying within Alaska and between Alaska and the other states from 14 CFR 45.11(a) and (d) and 14 CFR 45.29(h) and grant an exemption from these regulations to participants in the International Cessna 170 Association convention; and be it

FURTHER RESOLVED that the Alaska State Legislature respectfully requests the Federal Aviation Administration to exempt aircraft flying between points in Alaska from these regulations when the boundaries of the Alaska Air Defense Identification Zone are redefined.

COPIES of this resolution shall be sent to the Honorable James H. Burnley IV, Secretary of Transportation; the Honorable T. Allan McArtor, Administrator of the Federal Aviation Administration; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

Introduced: 1/26/88
Referred: State Affairs and Transportation

5-1708A

2

BY HALFORD, BINKLEY, FAIKS, ABOOD, FANNING, COGHILL, FAHRENKAMP, STURGULEWSKI, FISCHER, JOSEPHSON, DUNCAN AND HENSLEY

IN THE SENATE

SENATE JOINT RESOLUTION NO. 56

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

Requesting the Federal Aviation Administration to redescribe the Air Defense Identification Zones north of the contiguous 48 states of the United States.

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

WHEREAS the Federal Aviation Administration has adopted regulations that require 12-inch registration numbers on aircraft penetrating an Air Defense Identification Zone (ADIZ) or a Distant Early Warning Identification Zone (DEWIZ); and

WHEREAS these regulations were adopted to assist the U.S. Customs Service in identifying aircraft suspected of carrying illegal drugs across these zones; and

WHEREAS there has been no documented case in Alaska involving a small aircraft entering an ADIZ or DEWIZ transporting illegal drugs; and

WHEREAS these regulations will have a negative effect on the number of individuals coming to Alaska by private aircraft for business and tourism purposes, for example, the International Cessna 170 Association convention in Fairbanks;

BE IT RESOLVED that the Alaska State Legislature respectfully requests the Federal Aviation Administration to proceed in the most expeditious manner with the redescription of the Alaska Air Defense Identification Zone and other Air Defense Identification Zones north of the contiguous 48 states of the United States in order to eliminate the requirement that aircraft flying in Alaska and between Alaska and the other states penetrate these zones; and be it

FURTHER RESOLVED that the Alaska State Legislature respectfully requests the Federal Aviation Administration to authorize the Alaska Region of the Federal Aviation Administration to grant temporary relief from the regulation requiring 12-inch registration numbers to those pilots who penetrate the current Alaska Air Defense Identification Zone until the new description of the Alaska Air Defense Identification Zone is adopted.

COPIES of this resolution shall be sent to the Honorable James H. Burnley IV, Secretary of Transportation; to the Honorable T. Allan McArtor, Administrator of the Federal Aviation Administration; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

New Regs

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Parts 43, 45, and 91

[Docket No. 25033; Amendment Nos. 43-29, 45-17, and 91-206]

Aircraft Identification and Retention of Fuel System Modification Records

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This final rule amends the Federal Aviation Regulations to require: (1) that 12-inch high nationality and registration marks be displayed on all aircraft that penetrate an Air Defense Identification Zone or a Defense Early Warning Identification Zone; (2) that a civil aircraft identification data plate be displayed on the exterior surface of each U.S.-registered aircraft; and (3) that a copy of the form which authorizes the alteration of an aircraft with fuel tanks within the passenger or a baggage compartment be kept on board the modified aircraft.

These amendments are necessary because of the increased dangers to civil aviation resulting from the major increase in illegal drug importations into the United States by air. They are intended to expand the effectiveness of narcotic interdiction and, thereby, provide for improvement in safety of civil aviation operations, while at the same time reducing the flow of drugs by air into the United States.

EFFECTIVE DATE: December 8, 1987.

FOR FURTHER INFORMATION CONTACT: Joseph J. Gwiazdowski, Aircraft Manufacturing Division (AWS-200), Office of Airworthiness, Federal Aviation Administration, 800 Independence Avenue SW., Washington, DC 20591, telephone (202) 267-9541.

SUPPLEMENTARY INFORMATION:

Background

Although the Federal Aviation Airworthiness (FAA) does not enforce the anti-drug smuggling and related criminal statutes, it is concerned with the hazards to air commerce in the United States arising from the use of aircraft to escape detection while importing illegal, contraband substances (narcotic drugs, marijuana, and depressant or stimulant drugs) into the United States. The hazards to air commerce have increased consistent with the growing number of pilots who are willing to risk the carriage of these illegal goods despite escalating law enforcement activities. The U.S. Customs Service (Customs) reports that the vast majority of illegal drug trafficking by air into the United States passes through an Air Defense Identification Zone (ADIZ) or Defense Early Warning Identification Zone (DEWIZ). The means for detection of these aircraft include low altitude radar, law enforcement pursuit aircraft, and advanced police techniques. Those pilots committed to evading detection by pursuit aircraft may engage in extremely dangerous flight techniques, such as very low flight to avoid radar; landing and taking off from unprepared landing areas; operation without lights; and operation in weather conditions beyond the capability and/or qualifications of the aircraft or pilot. These flight techniques create a safety hazard for all other aircraft in the area and for persons and property on the ground. Additionally, many of the aircraft used for such operations have been equipped with extended-range fuel tanks which are not installed in accordance with the Federal Aviation Regulations (FAR), posing an additional safety hazard. Thus, while other agencies are responsible for criminal law enforcement concerning illegal substances (narcotic drugs, marijuana, and depressant or stimulant drugs), the hazardous aeronautical activities of pilots engaged in smuggling and the potential increase in volume of these substances into the United States pose a direct threat to air commerce. This threat was a basis for the FAA adopting § 91.12 of the FAR, which provides that no person may operate a civil aircraft within the United States with knowledge that narcotic drugs, marijuana, and depressant or stimulant drugs are carried in the aircraft, unless authorized under Federal or State law. During several meetings, the FAA and Customs representatives focused on actions required to develop more effective means to reconcile specific drug enforcement problems involving aircraft. In a July 11, 1985, letter to the FAA, the Assistant Secretary of the Department of Treasury outlined and proposed the specific regulatory amendments which Customs considered to be necessary to assist it in curbing use of aircraft carrying illegal substances and to identify those aircraft which may be used for drug smuggling. Customs believes that their proposed amendments represent a significant step toward curbing the use of aircraft for drug smuggling. The proposed amendments are based on the increase of illegal drug importation by aircraft and on the value to law enforcement officials of positive identification of all aircraft including those aircraft which may be involved in such activities. The problems identified by Customs include:

1. Positive air-to-air identification of aircraft penetrating an ADIZ or DEWIZ is hindered by the difficult-to-read 3-inch identification marks displayed on some of these aircraft;

2. Aircraft with identification (I.D.) plates which cannot readily be seen hamper the prompt identification of stolen or falsely numbered aircraft; and

3. Inability to readily verify unapproved aircraft modifications involving unauthorized fuel tanks in the passenger compartment or a baggage compartment because the records for approved aircraft modifications are not required to be kept aboard the aircraft.

On July 3, 1986, the FAA issued Notice of Proposed Rulemaking (NPRM) No. 86-9 (51 FR 25174; July 10, 1986) proposing responses to these three problems raised by Customs.

Registration Numbers

As discussed in the notice, Customs and other law enforcement groups, in combating drug trafficking by air, frequently must attempt to identify, from a high-performance aircraft, a small low-performance aircraft including aircraft suspected of being used in the illegal activity. Often these operations must be performed at night using special devices and capabilities to enhance identification and to apprehend smugglers. Many of the suspected aircraft have small, 3-inch nationality and registration marks (N-numbers) which are difficult to see or detect when attempting air-to-air identification. This requires maneuvering relatively close to these aircraft so that positive identification can be made. The use of larger registration marks makes identification easier and results in safer operation by maintaining a larger (up to six times greater) separation between the aircraft.

Customs has found that many aircraft flying into the United States display the small, 3-inch marks, making it difficult to identify aircraft, including suspect aircraft. The vast majority of the suspected aircraft, which are not limited to a particular type of aircraft, pass through an ADIZ or DEWIZ prior to entering the United States. It is these aircraft for which Customs, or other law enforcement or military organizations, are likely to attempt air-to-air identification.

Identification Plates

The FAA has adopted several related amendments concerning I.D. plates based on the needs and comments of the aviation community. Section 45.11 of the

FAR was changed by Amendment 45–3 (52 FR 187; January 10, 1967) to require the I.D. plate to be in an accessible location "near an entrance," not necessarily an *external* location, to allow for maximum I.D. plate protection and to facilitate normal aircraft inspection. Based on information presented by small aircraft manufacturers, the FAA again changed § 45.11 of the FAR by adopting Amendment 45–7 (33 FR 14402; September 25, 1968) to provide an optional location for an aircraft I.D. plate. Under this option, the I.D. plate may be affixed permanently on the exterior of the fuselage near the tail surfaces, if it is legible to an observer on the ground. Additionally, FAA Advisory Circular AC 45–2, Identification and Registration Markings, which provides guidance and information concerning the identification and marking requirements for aircraft, includes a provision that, if under certain conditions the I.D. plate had to be covered or enclosed in any manner, its accessibility is considered acceptable if it can be revealed without the use of tools.

The Customs Service indicates that when investigating aircraft, including those suspected of being used for smuggling, it is difficult to determine quickly whether the FAA assigned N-number is displayed appropriately on the aircarft. Furthermore, false numbers may be used on stolen aircraft, which frequently are used for smuggling. Cross-checking the N-number with the I.D. plate data, which is an integral part of identification for the aircraft, assists in determining whether the N-number is false. The I.D. plates for many aircraft, however, are located in the aircraft interior so that they cannot be read from outside the aircraft, making it difficult for investigators to make an on-the-spot check of a suspected aircraft. Customs contends that the repositioning of existing I.D. plates, or placement of another I.D. plate on the exterior of the aircraft near the main entrance, would enable investigators to compare quickly the serial number with the N-number to help determine whether suspect aircraft have been stolen or the N-numbers falsified.

Additional Fuel Tank Installation

The FARs prescribe requirements for the approval of major alterations to aircraft type designs, which include such installations as additional fuel tanks in an aircraft. The FARs also prescribe recordkeeping requirements for such approvals. Most fuel tank installations performed on aircraft operating under Part 91 require an appropriate approval for the type design change and recording of the completion of the modification on FAA Form 337. Those aircraft operated under Part 121, 127, and 135 of the FARs may have additional fuel tanks installed in accordance with applicable requirements, of the particular continuous airworthiness program and prepare the documentation for the alteration other than an FAA Form 337, in accordance with the continuous airworthiness program.

Customs reports that aircraft used to smuggle drugs are often modified with fuel tanks which are installed in the passenger or a baggage compartment and which are not authorized by the FAA. These fuel tanks are installed to permit the aircraft to make long unrefueled flights, such as from the United States to South America. This long-range unrefueled capability adds to the difficulty in pursuing suspected aircraft. These unauthorized, usually haphazard, fuel tank installations create a safety hazard because there is no assurance that they meet the safety standards established by the FAA.

One problem with attempting to identify the unauthorized extended-range fuel tank installation is that it is difficult to check, on the spot, whether the tanks have been installed in accordance with FAA requirements. The FAR type certification procedures require FAA approval for any changes to type design of a U.S. civil aircraft, such as modifications to install extended-range fuel tanks. Documentation evidencing such approval may vary depending upon the nature of the change to the aircraft's type design.

One way that approval can be evidenced is for an authorized person performing the work to execute an FAA Form 337 in accordance with Appendix B of Part 43 of the FAR. However, there is currently no requirement for records of such authorization to be on board the aircraft. Customs contends that a regulation requiring an FAA Form 337 to be aboard the aircraft when extended-range fuel tanks are installed within the passenger or a baggage compartment would assist Customs in concentrating interdiction efforts on suspicious aircraft not authorized to have such installations. Customs investigators can make an on-the-spot check of the suspected aircraft's FAA Form 337. In addition, this action would assist the FAA in identifying aircraft with unauthorized fuel tanks, and thus avoid a potential hazard to the aviation community and the public.

Participation in Rulemaking

Notice No. 86–9 gave interested persons an opportunity to participate in amending these rules. Due consideration was given to all information submitted by the commenters. Except as discussed in this preamble, the revisions adopted by these amendments and the reasons for them are the same as those in Notice No. 86–9.

Discussion of Amendments

The FAA has determined that the amendments proposed in Notice No. 86–9 should be adopted. The comments received in response to the notice are discussed below.

A. Improve Indentification of Aircraft Penetrating the ADIZ and DEWIZ—§§ 45.21 and 45.29

This amendment requires that all aircraft penetrating the ADIZ or DEWIZ display 12-inch markings. However, if any surface authorized to be marked is not large enough for full-size marks, marks as large as practicable shall be placed on the largest of the authorized surfaces in accordance with § 45.29(f).

To ease the burden on owners of affected aircraft which penetrate the defense zones, under the provision of § 45.21(d), this amendment permits the 12-inch markings to be temporary on those "grandfathered" aircraft and certain aircraft which are currently authorized to operate with small markings as specified in § 45.29(b). Moroever, to avoid any burden due to downtime, ferrying, or loss of revenue associated with marking the affected aircraft, a 90-day period is allowed for compliance.

Adoption of this amendment provides for the improvement in safety associated with air-to-air identification of *all aircraft* which penetrate the ADIZ or DEWIZ. It has no impact on the majority of other aircraft operators since most aircraft currently displaying marks less than 12 inches high under Part 45 do not penetrate these zones and thus pose no problem at this time. Those aircraft with smaller marks operating solely within one of these zones, e.g., the Alaska DEWIZ or ADIZ, also will not be affected if they do not depart and reenter (penetrate) the zone.

B. Change I.D. Plate Location—§ 45.11

This amendment requires that all aircraft display an I.D. plate, as specified by § 45.11(a), on the aircraft fuselage exterior surface, in a location legible to an observer on the ground. It must be located adjacent to and aft of the rear-most entrance door or on the exterior surface near the tail. An aircraft

I.D. plate affixed in an easily accessible area, legible to an observer on the ground, facilitates verification of aircraft identification by FAA inspectors, Customs investigators, and other law enforcement officials. The amendment provides for ready access to the I.D. plate data without having to enter the aircraft. It makes the I.D. plate information and N-number available simultaneously to provide a cross reference to help determine whether the aircraft may have been stolen or to determine if the registration number has been falsified. It also facilitates FAA inspectors' identification of aircraft for verification of maintenance, modification, and other airworthiness requirements to assure safe aircraft operation.

This amendment is not retroactive since this could result in a major change which would pose an undue burden on many aircraft owners. For example, if the I.D. plates currently affixed to aircraft, as required, were to be removed (i.e., repositioned) from the existing locations, this could result in damage to the aircraft and I.D. plate, and might require burdensome engineering and manufacturing changes such as structural, interior or exterior repair, or repainting.

As a cost-saving alternative for aircraft manufactured prior to 90 days after the effective date of this amendment, this final rule allows the display of just the model designation and builder's serial number on the fuselage exterior, adjacent to and aft of the rear-most entrance. This may be done if the identification plate is secured at an accessible exterior or interior location near an entrance. The model designation and serial number are required to be affixed in such a manner that they are not likely to be defaced or removed during normal service. Unlike the required fireproof I.D. plate, this "supplemental" identification does not have to be affixed in a manner such that it is not likely to be lost or destroyed in an accident. Thus, the data may be affixed in a relatively low-cost manner, such as by painting or decal.

C. Illegal Fuel Tank Installation—Part 43, Appendix B(a) and (d); § 91.27(c); and § 91.173(a) and (d)

This amendment requires that all affected aircraft modified with additional fuel tanks in the passenger or a baggage compartment, under Part 43 of the FAR, physically have on board the aircraft a copy of the required FAA Form 337. This includes aircraft previously not required to have an FAA Form 337 for fuel tank installations when operating with a special flight permit for the purpose of delivery or export. This amendment also requires that the owner or operator of an aircraft with such fuel tanks present the FAA Form 337 for inspection by any law enforcement officer.

This amendment provides one means for FAA, Customs, and other investigators to quickly obtain evidence as to whether the additional tanks in the aircraft are authorized or possibly illegally installed. Enforcement action can then be taken by the FAA and the appropriate agency against persons operating such aircraft. Action can also be taken to prevent the aircraft from being flown. This rule makes it possible for Customs to concentrate interdiction efforts on those aircraft modified with unathorized fuel tank installations and which are possibly being used for illegal drug trafficking. By limiting this rule to aircraft modified with fuel tanks in the passenger or baggage compartments, which requires an FAA Form 337 under Part 43, operators of aircraft with FAA-approved extended-range fuel tanks located elsewhere in the aircraft (e.g., wing tip tanks) would not be required to keep that authorization on board the aircraft.

Discussion of Comments

General

Eighty commenters, representing the views of the aviation community, participated in this rulemaking. Comments were submitted by individual pilots and owners and operators of aircraft including representatives of some aviation and aircraft manufacturers associations. Generally, the commenters support Customs' objective to stop the flow of illegal drugs into the United States by air. However, most commenters disagree as to what amendments should be adopted and who should comply with them. Some commenters disagree with all the amendments or recommend proposals which are outside the scope of the NPRM. The majority of the commenters address the proposed amendments separately and give reasons which oppose a particular issue and either concur in or withhold comments on the other issues.

The comments from aviation association representatives on the amendments also range from full support as noted by the Airline Pilots Association (ALPA) to "no merit" as the Aircraft Owners and Pilots Association (AOPA) contends. Many commenters contend that the FAA action will not stop drug trafficking and question the value of these amendments. They contend that there are more effective ways to stop drug smugglers such as direct legislation against smugglers. The commenters, however, fail to recognize or acknowledge that the FAA action proposed in Notice No. 86-9 is only a part of the total U.S. Government on-going effort to actively suppress drug smuggling, which includes law enforcement agencies efforts of other Departments such as the Treasury, Justice, and Defense. These initiatives carry out the mandates of Congress, such as the Anti-Drug Abuse Act (Pub. L. 99-570, October 27, 1986).

The pertinent comments and commenters' recommendations concerning each amendment are discussed in the following paragraphs. In addition, comments concerning the time and cost of compliance are discussed separately.

Registration Numbers

The majority of commenters object to the requirement for displaying 12-inch N-numbers on certain aircraft that penetrate an ADIZ or DEWIZ. The commenters contend that the amendment imposes unnecessary costs on owners and operators of aircraft allowed to display smaller N-numbers under § 45.29(b), with no benefit to legitimate operators who must pay for an ineffective law which drug smugglers can easily circumvent with temporary and false markings. Also, operators of some aircraft such as experimental amateur-built, rotorcraft, gliders, airships, and balloons feel that this amendment should be limited to twin-engine, fixed-wing aircraft.

The FAA disagrees because, as stated in the notice, there is an urgent need for positive identification of *all aircraft* that penetrate the defense zones, regardless of size and configuration. However, it should be noted that this amendment only affects those aircraft that display the ineffective small N-numbers and penetrate the ADIZ or DEWIZ. Additionally, to avoid unnecessary costs to operators of the affected aircraft, a 90-day time period is provided for compliance. This provides for sufficient time in which the temporary or permanent 12-inch N-numbers can be affixed to aircraft affected.

A few commenters questioned why all aircraft operating in Alaska must display 12-inch marks since Alaska lies entirely within an ADIZ while aircraft in the contiguous United States may display small N-numbers. However, the rule applies to those aircraft that *penetrate* the ADIZ or DEWIZ. Accordingly, aircraft allowed to display small N-numbers in accordance with

regulations, whether in the United States or elsewhere, must affix 12-inch N-numbers only if they are going to penetrate an ADIZ or DEWIZ. Thus, aircraft operating solely within the State of Alaska will not be required to display 12 inch N-numbers unless they depart on and reenter the ADIZ.

Some commenters contend that the amendment penalizes legitimate aircraft operators while drug smugglers can easily circumvent or violate the regulation. The FAA disagrees because most aircraft operators are required to display 12-inch N-numbers under Part 45. Further, the FAA, in conjunction with other law enforcement agencies, aggressively investigates and takes appropriate action on incidents involving violations of the FAR. Furthermore, under the new Anti-Drug Abuse Act, increased civil and criminal penalties may be imposed on aircraft operators involved in drug smuggling. These penalties range up to $250,000 and 20 years in prison and include the seizure and forfeiture of the aircraft. The amendments to §§ 45.21 and 45.29 have been adopted as proposed.

Identification Data Plates

With regard to the exterior location of I.D. plates and/or data, most commenters contend generally that this amendment is ineffective, impractical, or redundant. A majority of the commenters contend that the amendments would be ineffective because the rule can be easily circumvented by falsifying the data on the exterior surface of the aircraft. The FAA does not agree since the FAA penalties and the more recent legislation, cited previously, are expected to deter such violations.

Some commenters maintain that the rule is impractical because repositioning the existing I.D. plates or affixing a second I.D. plate could damage the aircraft, especially those covered with fabric. The FAA does not agree since the rule does not require repositioning of the original I.D. plates, which conceivably could result in damage to the aircraft. Also, both old and new aircraft can have I.D. plates affixed on the exterior surface, as required, without damaging even fabric-covered aircraft.

Some commenters claim that I.D. plates affixed to the exterior surface of large aircraft would be too high to read by an observer on the ground. Others argue that there is no need to change the I.D. plate location on some rotor-craft, open cockpit aircraft, and balloons where the required I.D. plate can be viewed by an observer outside the aircraft.

However, although I.D. plates can be viewed from the outside of some aircraft, the FAA has determined that I.D. plates in a *standard* location on the exterior surface adjacent to and aft of the rear-most entrance door of an aircraft provides for quick access to the I.D. information, in addition to precluding the need to gain access to the inside of an aircraft.

With regard to the redundant data, commenters contend that there is no need to affix the same data in two places on the same aircraft, therefore, the status quo should be maintained or the NPRM withdrawn.

The FAA disagrees because the I.D. information which is secured inside an aircraft cannot be obtained readily, as some contend, without gaining access to the aircraft. The FAA has determined that the standard exterior location is the most effective location for I.D. plates and/or data. A standard location provides quick access to the identification data with the least impact on the aviation community since most aircraft owners and operators already comply with that requirement, while others can mark their aircraft inexpensively as discussed in Notice No. 86-9.

Additional Fuel Tank Installations

The majority of commenters responding to this amendment agreed with the requirement to have the completed FAA Form 337 aboard an aircraft modified in accordance with Part 43 with fuel tanks in the passenger or baggage compartments. Those opposed contend that the amendment imposes an unnecessary burden on operators of aircraft that may be modified with fuel tanks in accordance with regulations which do not require the use of an FAA Form 337 for documenting major alternations. Accordingly, they maintain that the rule should exempt operators under Parts 121, 127, or 135, as applicable.

The FAA considered the regulations governing aircraft modified under other applicable provisions. However, approved documentation under a continuous airworthiness maintenance program may not be as suitable for carriage on an aircraft as the FAA Form 337. For that reason, the proposed amendment applied only to aircraft modified pursuant to part 43 with fuel tanks installed in the passenger or baggage compartments. This amendment adopts that proposal. The new rule does not require documentation for aircraft modified under other provisions of the FAR.

Some commenters state that the FAA Form 337 can be easily falsified or that an approved installation could be used by a smuggler and that, either way, the amendment has little value. The FAA does not agree since violations of the applicable regulations, such as unapproved equipment installations, are vigorously pursued and enforced by the FAA to maintain safety in air operations. In addition, Customs considers this amendment to be a significant step toward curbing the use of aircraft for drug smuggling.

Time for Compliance

Some commenters object that the proposal does not provide sufficient time for compliance and that this creates an undue burden on owners and operators because of the requirements for ferrying and downtime. The FAA agrees with these commenters. It was planned to allow a period of 90 days after the effective date for compliance with the requirements for the display of 12-inch N-numbers and for the affixing of I.D. plate and/or data. In the NPRM, however, the "October 8, 1986" date was published in error apparently by using the published date of July 10, 1986, as the start of the 90-day period. A correction is made to allow sufficient time for compliance.

To preclude an undue burden on aircraft owners and operators, the 90-day period provides time for appropriate N-numbers and the I.D. plate and/or data to be affixed. The delayed compliance time only applies to the requirements for the display of 12-inch N-numbers and the I.D. plate and/or data. The display of temporary 12-inch markings is permitted for N-numbers, as appropriate, and the method for affixing data plate information on the exterior surface of an aircraft is purposely undefined to allow for economic alternatives, such as painting or decals.

Cost of Compliance

The majority of commenters object to the cost that would be imposed by the proposed 12-inch N-numbers and I.D. plate amendments. They contend that the cost of compliance estimates are too low. In addition, the commenters indicate that the FAA cost estimates do not reflect a loss of revenue caused by ferrying and downtime.

The FAA disagrees with the commenters that its cost estimates are too low. The FAA believes its cost estimates to be a good indicator of what aircraft operators/owners impacted would, on the average, incur. Moreover, after careful examination of the comments received on NPRM No. 86-9, it has become apparent to the FAA that the majority of the commenters

apparently failed to consider the FAA assumptions noted in the NPRM or as detailed in the draft regulatory evaluation in the docket. This evaluation fully explains how the cost of compliance estimates, which range between $100 and $215, were derived and contains a number of assumptions on which these cost estimates are based. Briefly, some of these assumptions are based on the fact that only those aircraft displaying small N-numbers under § 45.29, which includes aircraft "grandfathered" by Amendments 45–13 and 45–15, would be impacted by the 12-inch N-numbers requirement when penetrating the ADIZ or DEWIZ. It is further assumed that all operators of those "grandfathered" aircraft will be required to display 12-inch N-numbers only 1 or 2 years sooner than they otherwise would be required because of repainting, restoring, or changing the marks. Therefore, the FAA evaluation accurately reflects only that small portion of the estimated $550 cost of displaying 12-inch N-numbers. The net result is that this rule will impact very few aircraft since most aircraft would switch to permanent 12-inch N-numbers in that period.

The cost of compliance for the I.D. plate amendment assumes that this data information would be painted on the designated exterior of all existing impacted aircraft for about $100 based on conversations between FAA and fixed base operators.

With regard to downtime and ferrying, the FAA allows impacted aircraft operators and owners a period of 90 days after the effective date of the final rule to come into compliance. This period of 90 days provides sufficient time for impacted operators and owners to comply with the rule without incurring additional costs attributed to downtime and ferrying. The intent of the FAA has always been to allow a reasonable period of time for impacted parties to comply with the rule. It has always been the policy of the FAA *not* to impose undue cost burdens on parties impacted by its regulatory efforts.

Summary of Comments

Most commenters oppose the adoption of the amendments; however, they have neither provided sufficient justification for their positions nor shown that withdrawing Notice No. 86–9 is in the public interest. It appears that many commenters failed to consider the reasons for adopting the amendments provided in the NPRM. Many comments objected that they must comply with the amendments when, in fact, they are not affected. For example, their aircraft will not penetrate an ADIZ or DEWIZ, or the I.D. plates are already affixed as required. The new requirement for the appropriate FAA Form 337 to be aboard aircraft modified with certain fuel tanks under Part 43 is favored by the majority of the commenters and poses no problem.

The FAA agrees with comments requesting that it clarify and correct errors. Therefore, the comments that the FAA is accepting, and which the final rule reflects, include an appropriate compliance date and editorial changes suggested to clarify the amendments as proposed. Also, in response to comments, the FAA has also reevaluated and clarified the cost impact where necessary.

Regulatory Evaluation Summary

The regulatory evaluation prepared for this rule examines the benefit and cost aspects of the establishment of identification, registration marking and recording of major repair requirements that impact general aviation aircraft. The rule includes amendments to Parts 43, 45, and 91 of the FAR, which respond to the Department or Treasury's request for the following:

1. That, 90 days after the effective date of this rule, 12-inch high nationality and registration marks (N-numbers) must be displayed on aircraft that penetrate an ADIZ or a DEWIZ;
2. That, 90 days after the effective date of this rule, a civil aircraft identification (I.D.) plate or its information must be displayed in a legible area on the fuselage exterior of an aircraft either adjacent to and aft of the rear-most entrance, or on the fuselage near the tail surfaces; and
3. That, after the effective date of this rule, a copy of the FAA Form 337 completed upon installation of fuel tanks installed within the passenger compartment or a baggage compartment under Part 43 of the FAR be kept in the aircraft by the owner or operator.

Costs

Estimates of the cost of compliance with the amendments to Parts 43, 45, and 91 have been developed by the FAA. Cost estimates were obtained primarily from civil aircraft manufacturers and fixed based operators.

This evaluation estimates that the one-time cost of compliance associated with the amendments to § 45.11 (I.D. plate amendment) and § 45.29 (12-inch N-number amendment) are expected to range between $7 million and $8 million (present discounted value of cost at 10 percent, 1987). The amendment to § 45.11 will impact an estimated 79,300 to 82,000 fixed-wing aircraft, rotorcraft, and other types of affected civil aircraft (blimps, balloons, and gliders) at a cost of $100 each. Moreover, the amendment to § 45.29 will affect an estimated 3,900 to 13,500 fixed-wing aircraft and rotorcraft at a cost of $55 to $115 each, respectively. Collectively, the cost of compliance will range between $100 and $215 per aircraft (1985 dollars). Conversely, the amendments to Appendix B of Part 43 (Recording of Major Repairs and Major Alterations), § 91.27 (Civil Aircraft: Certifications Required), and § 91.173 (Maintenance Records) are estimated to impose no additional cost. Under this amendment, this form is filled out in triplicate, rather than duplicate, to provide for a copy to be kept on board an aircraft modified with a fuel tank in the passenger compartment or a baggage compartment. In addition, the amendment to § 45.21 (General) is estimated to impose no additional cost to owners and operators of aircraft which may penetrate a defense zone because it merely provides for the option of using temporary or permanent 12-inch markings rather than an additional requirement.

Benefits

The anticipated benefits of the amendments include the following: (1) improved positive identification of those aircraft previously allowed to display small N-numbers when penetrating the ADIZ or DEWIZ; (2) improved verification of aircraft identification and enhanced ability of inspectors to determine noncompliance, such as whether a suspect aircraft had been stolen or the N-numbers falsified; and (3) increased effectiveness of Customs in concentrating interdiction efforts on suspicious aircraft not authorized to operate with fuel tanks installed in the passenger compartment or a baggage compartment. The FAA has been unable to quantitatively determine the extent to which Customs' drug interdiction efforts will be enhanced by this rule and resulting benefits. This difficulty is largely attributed to the fact that benefits of Customs' drug enforcement efforts represent a public good. This good does not subject itself to market evaluation. Thus, it is extremely difficult to evaluate these benefits in monetary terms. An indication of the potential benefits that could accrue from reduced drug abuse activity, due to enhanced drug interdiction, is shown in a 1984 report by the Research Triangle Institute. The report revealed that the economic cost to society of drug abuse amounts to approximately $64 billion annually.

Safety benefits are also expected to accrue from this rule. These benefits are related to the lowering of fatalities and serious injuries associated with operation of civil aircraft in active drug trafficking areas. A review of the National Transportation Safety Board's data base for drug-related accidents revealed that 127 fatalities and 33 serious injuries occurred between 1975 and 1984. During this period, these statistics equated to an annual average of 13 fatalities and 3 serious injuries related to drug trafficking activity. The rule is expected to have a positive impact on these grim statistics, though to what extent is not known by the FAA.

The regulatory evaluation that has been placed in the docket contains information in more detail related to costs and benefits that are expected to accrue from the implementation of this rule.

Regulatory Flexibility Determination

The FAA has determined that, under the criteria of the Regulatory Flexibility Act of 1980, the amendments contained in this rule are not expected to have a significant economic impact on a substantial number of small entities. The responsibility for marking or providing I.D. plate information on existing aircraft is placed directly on the owner or operator of the aircraft. However, for new aircraft, the I.D. plate responsibility is placed on the applicant for airworthiness certificate, usually the manufacturer. This amendment will impose no additional cost on manufacturers since it only requires that the I.D. plate be located on the exterior rather than interior of the aircraft. The majority of small entities impacted by this rule represent operators of unscheduled aircraft for hire. These operators are expected to incur a one-time compliance cost ranging between $155 and $215. These costs are far below the annualized threshold of significant regulatory cost of $3,540. Therefore, this rule will not have a significant economic impact on a substantial number of small entities.

International Trade Impact Statement

All foreign and domestic manufactured aircraft sold in the United States need to be identified in accordance with the provisions of this rule. The cost of marking the aircraft is borne by individual domestic owners or operators only. This rule will not have an impact on trade opportunities for U.S. firms doing business overseas or for foreign firms doing business in the United States.

Conclusion

The amendments contained in this FAA document involve only the cost of affixing N-numbers or data to aircraft belonging to a minor part of the aviation community. The benefits are unquantifiable in that the amendment will enhance safety as well as assist Customs in its drug interdiction efforts as requested. The cost imposed on small entities are below the annualized threshold of significant regulatory costs. Therefore, I certify that under the criteria of the Regulatory Flexibility Act, these amendments do not have a significant economic impact, positive or negative, on a substantial number of small entities, and a regulatory flexibility analysis is not required. In addition, for the same reasons, the amendments do not involve a major rule under Executive Order 12291. Because it involves important DOT policy, the rule is considered significant under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979). A copy of the regulatory evaluation for this action is contained in the regulatory docket. A copy of it may be obtained by contacting the person identified under the caption "FOR FURTHER INFORMATION CONTACT."

List of Subjects

14 CFR Part 43

Aircraft.

14 CFR Part 45

Nationality.

14 CFR Part 91

Aircraft, Airworthiness directives and standards.

Adoption of the Amendments

In consideration of the foregoing, Parts 43, 45, and 91 of the Federal Aviation Regulations (14 CFR Parts 43, 45, and 91) are amended as follows:

PART 43—MAINTENANCE, PREVENTIVE MAINTENANCE, REBUILDING, AND ALTERATION

1. The authority citation for Part 43 continues to read as follows:

Authority: 49 U.S.C. 1354, 1421 through 1430; 49 U.S.C. 106(g) (Revised Pub. L. 97-449, January 12, 1983).

2. Appendix B is amended by revising the introductory text of paragraph (a) and adding a new paragraph (d) to read as follows:

Appendix B—Recording of Major Repairs and Major Alterations

(a) Except as provided in paragraphs (b), (c), and (d) of this appendix, each person performing a major repair or major alteration shall—

* * * * *

(d) For extended-range fuel tanks installed within the passenger compartment or a baggage compartment, the person who performs the work and the person authorized to approve the work by § 43.7 of this part shall execute an FAA Form 337 in at least triplicate. One (1) copy of the FAA Form 337 shall be placed on board the aircraft as specified in § 91.173 of this chapter. The remaining forms shall be distributed as required by paragraph (a) (2) and (3) or (c) (1) and (2) of this paragraph as appropriate.

PART 45—IDENTIFICATION AND REGISTRATION MARKING

3. The authority citation for Part 45 continues to read as follows:

Authority: 49 U.S.C. 1348, 1354, 1401, 1402, 1421, 1423, and 1522; 49 U.S.C. 106(g) (Revised, Pub. L. 97-449, January 12, 1983).

4. Section 45.11 is amended by revising paragraph (a) and adding a new paragraph (d) to read as follows:

§ 45.11 General.

(a) *Aircraft and aircraft engines.* Aircraft covered under § 21.182 of this chapter must be identified, and each person who manufacturers an aircraft engine under a type or production certificate shall identify that engine, by means of a fireproof plate that has the information specified in § 45.13 of this part marked on it by etching, stamping, engraving, or other approved method of fireproof marking. The identification plate for aircraft must be secured in such a manner that it will not likely be defaced or removed during normal service, or lost or destroyed in an accident. Except as provided in paragraphs (c) and (d) of this section, the aircraft identification plate must be secured to the aircraft fuselage exterior so that it is legible to a person on the ground, and must be either adjacent to and aft of the rear-most entrance door or on the fuselage surface near the tail surfaces. For aircraft engines, the identification plate must be affixed to the engine at an accessible location in such a manner that it will not likely be defaced or removed during normal service, or lost or destroyed in an accident.

* * * * *

(d) On aircraft manufactured before December 6, 1987, the identification plate required by paragraph (a) of this section may be secured at an accessible exterior or interior location near an entrance, if the model designation and builder's serial number are also displayed on the aircraft fuselage exterior. The model designation and

builder's serial number must be legible to a person on the ground and must be located either adjacent to and aft of the rear-most entrance door or on the fuselage near the tail surfaces. The model designation and builder's serial number must be displayed in such a manner that they are not likely to be defaced or removed during normal service.

5. Section 45.21 is amended by revising paragraph (d)(3) to read as follows:

§ 45.21 General.

* * * * *

(d) * * *

(3) It is marked temporarily to meet the requirements of § 45.22(c)(1) or § 45.29(h) of this part, or both.

6. Section 45.29 is amended by revising the introductory text of paragraph (b) and adding a new paragraph (h) to read as follows:

§ 45.29 Size of Marks.

* * * * *

(b) *Height.* Except as provided in paragraph (h) of this part, the nationality and registration marks must be of equal height and on—

* * * * *

(h) After December 8, 1987, each operator of an aircraft penetrating an ADIZ or DEWIZ shall display on that aircraft temporary or permanent nationality and registration marks at least 12 inches high.

PART 91—GENERAL OPERATING AND FLIGHT RULES

7. The authority citation for Part 91 continues to read as follows:

Authority: 49 U.S.C. 1301(7), 1303, 1344, 1348, 1352 through 1355, 1401, 1421 through 1431, 1471, 1472, 1502, 1510, 1522, and 2121 through 2125; Articles 12, 29, 31, and 32(a) of the Convention on International Civil Aviation (61 S A . 1180); 42 U.S.C. 4321 *et seq.*; E.O. 11514; 49 U.S.C. 106(g) (Revised Pub. L. 97-449, January 12, 1983).

8. Section 91.27 is amended by adding a new paragraph (c) to read as follows:

§ 91.27 Civil aircraft: Certifications required.

* * * * *

(c) No person may operate an aircraft with a fuel tank installed within the passenger compartment or a baggage compartment unless the installation was accomplished pursuant to Part 43 of this chapter, and a copy of FAA Form 337 authorizing that installation is on board the aircraft.

9. Section 91.173 is amended by revising paragraph (c) and adding a new paragraph (d) to read as follows:

§ 91.173 Maintenance records.

* * * * *

(c) The owner or operator shall make all maintenance records required to be kept by this section available for inspection by the Administrator or any authorized representative of the National Transportation Safety Board (NTSB). In addition, the owner or operator shall present the Form 337 described in paragraph (d) of this section for inspection upon request of any law enforcement officer.

(d) When a fuel tank is installed within the passenger compartment or a baggage compartment pursuant to Part 43, a copy of the FAA Form 337 shall be kept on board the modified aircraft by the owner or operator.

Issued in Washington, D.C., on September 1, 1987.

T. Allan McArtor,

Administrator.

[FR Doc. 87-20606 Filed 9-8-87; 8:45 am]

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TABLE III—FRICTION

Altitude (feet)	Tolerance (feet)
0	±70
0	70
0	70
0	70
00	80
00	90
00	100
00	120
00	140
00	160
00	180
00	250

TABLE IV—PRESSURE-ALTITUDE DIFFERENCE

Pressure (inches of Hg)	Altitude difference (feet)
.10	−1,727
.50	−1,340
.00	−863
.50	−392
.92	0
.50	+531
.90	+893
.98	+974

Secs. 313, 314, and 601 through 610 of the Federal Aviation Act of 1958 (49 U.S.C. 354, 1355, and 1421 through 1430) and sec. 6(c), Dept. of Transportation Act (49 U.S.C. 1655(c)))

Amdt. 43-2, 30 FR 8262, June 29, 1965, as amended by Amdt. 43-7, 32 FR 7587, May 24, 1967; Amdt. 43-19, 43 FR 22639, May 25, 1978; Amdt. 43-23, 47 FR 41086, Sept. 16, 1982]

APPENDIX F—ATC TRANSPONDER TESTS AND INSPECTIONS

The ATC transponder tests required by § 91.177 of this chapter may be conducted using a bench check or portable test equipment and must meet the requirements prescribed in paragraphs (a) through (d) of this appendix. If portable test equipment with appropriate coupling to the aircraft antenna system is used, operate the test equipment at a nominal rate of 235 interrogations per second to avoid possible ATCRBS interference. An additional 3bd loss is allowed to compensate for antenna coupling errors during receiver sensitivity measurements conducted in accordance with paragraph (c)(1) when using portable test equipment.

(a) For reply radio frequency, interrogate the transponder and verify that the reply frequency of the system is 1090±3 MHZ.

(b) Suppression: When the transponder is interrogated on mode 3/A at an interrogation rate between 230 and 1000 interrogations per second for class 1B and 2B transponders or between 230 and 1200 interrogations per second for class 1A and 2A transponders:

(1) Verify that the transponder does not respond to more than 1 percent of the interrogations when the amplitude of P_2 pulse is equal to the P_1 pulse.

(2) Verify that the transponder replies to at least 90 percent of the interrogations when the amplitude of the P_2 pulse is 9db less than the P_1 pulse.

If the test is conducted with a radiated test signal, the interrogation rate shall be 235 ±5 interrogations per second unless a higher rate has been approved for the test equipment used at that location.

(c) Receiver sensitivity:

(1) Verify that receiver sensitivity of the system is −73±4dbm by use of a test set—

(i) Connected to the antenna end of the transmission line;

(ii) Connected to the antenna terminal of the transponder with a correction for transmission line loss; or

(iii) Utilizing a radiated signal.

(2) Verify that the difference in mode 3/A and mode C receiver sensitivity does not exceed 1db.

(d) Records:

Comply with the provisions of § 43.9 of this chapter as to content, form, and disposition of the records.

(Secs. 313, 314, and 601 through 610 of the Federal Aviation Act of 1958 (49 U.S.C. 1354, 1355, and 1421 through 1430) and sec. 6(c), Dept. of Transportation Act (49 U.S.C. 1655(c)))

[Amdt. No. 43-18, 38 FR 35442, Dec. 28, 1973, as amended by Amdt. 43-19, 43 FR 22639, May 25, 1978]

PART 45—IDENTIFICATION AND REGISTRATION MARKING

SPECIAL FEDERAL AVIATION REGULATION NO. 27 [NOTE]

Subpart A—General

Sec.
45.1 Applicability.

Subpart B—Identification of Aircraft and Related Products

45.11 General.
45.13 Identification data.
45.14 Identification of critical components.
45.15 Replacement and modification parts.

Subpart C—Nationality and Registration Marks

45.21 General.
45.22 Exhibition, antique, and other aircraft: special rules.
45.23 Display of marks; general.
45.25 Location of marks; fixed-wing aircraft.
45.27 Location of marks; nonfixed-wing aircraft.
45.29 Size of marks.
45.31 Marking of export aircraft.
45.33 Sale of aircraft; removal of marks.

AUTHORITY: 49 U.S.C. 1348, 1354, 1401, 1402, 1421, 1423, 1522, 1655(c); (Revised Pub. L. 97-449, January 12, 1983).

SOURCE: Docket No. 2047, 29 FR 3223, Mar. 11, 1964, unless otherwise noted.

SPECIAL FEDERAL AVIATION REGULATION NO. 27—FUEL VENTING AND EXHAUST EMISSION REQUIREMENTS FOR TURBINE ENGINE POWERED AIRPLANES

EDITORIAL NOTE: For the text of SFAR No. 27, see Part 11 of this chapter.

Subpart A—General

§ 45.1 Applicability.

This part prescribes the requirements for—

(a) Identification of aircraft, and identification of aircraft engines and propellers that are manufactured under the terms of a type or production certificate;

(b) Identification of certain replacement and modified parts produced for installation on type certificated products; and

(c) Nationality and registration marking of U.S. registered aircraft.

[Doc. No. 2047, 29 FR 3223, Mar. 11, 1964, as amended by Amdt. 45-3, 32 FR 188, Jan. 10, 1967]

Subpart B—Identification of Aircraft and Related Products

§ 45.11 General.

(a) *Aircraft and aircraft engines.* Aircraft covered under § 21.182 of this chapter must be identified, and each person who manufactures an aircraft engine under a type or production certificate shall identify that engine by means of a fireproof plate that has the

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information specified in § 45.13 marked on it by etching, stamping, engraving, or other approved method of fireproof marking. The identification plate for aircraft must be secured in such a manner that it will not likely be defaced or removed during normal service, or lost or destroyed in an accident. Except as provided in paragraph (c) of this section, the aircraft identification plate must be secured to the aircraft at an accessible location near an entrance, except that if it is legible to a person on the ground it may be located externally on the fuselage near the tail surfaces. For aircraft engines, the identification plate must be affixed to the engine at an accessible location, in such a manner that it will not likely be defaced or removed during normal service, or lost or destroyed in an accident.

(b) *Propellers and propeller blades and hubs.* Each person who manufactures a propeller, propeller blade, or propeller hub under the terms of a type or production certificate shall identify his product by means of a plate, stamping, engraving, etching, or other approved method of fireproof identification that is placed on it on a noncritical surface, contains the information specified in § 45.13, and will not be likely to be defaced or removed during normal service or lost or destroyed in an accident.

(c) For manned free balloons, the identification plate prescribed in paragraph (a) of this section must be secured to the balloon envelope and must be located, if practicable, where it is legible to the operator when the balloon is inflated. In addition, the basket and heater assembly must be permanently and legibly marked with the manufacturer's name, part number (or equivalent) and serial number (or equivalent).

[Amdt. 45-3, 32 FR 188, Jan. 10, 1967 as amended by Amdt. 45-7, 33 FR 14402, Sept. 25, 1968; Amdt. 45-12, 45 FR 60183, Sept. 11, 1980; 45 FR 85597, Dec. 29, 1980]

§ 45.13 Identification data.

(a) The identification required by § 45.11 (a) and (b) shall include the following information:

(1) Builder's name.

(2) Model designation.

(3) Builder's serial number.

(4) Type certificate number, if any.

(5) Production certificate number, if any.

(6) For aircraft engines, the established rating.

(7) Any other information the Administrator finds appropriate.

(b) Except as provided in paragraph (d)(1) of this section, no person may remove, change, or place identification information required by paragraph (a) of this section, on any aircraft, aircraft engine, propeller, propeller blade, or propeller hub, without the approval of the Administrator.

(c) Except as provided in paragraph (d)(2) of this section, no person may remove or install any identification plate required by § 45.11 of this part, without the approval of the Administrator.

(d) Persons performing work under the provisions of Part 43 of this chapter may, in accordance with methods, techniques, and practices acceptable to the Administrator—

(1) Remove, change, or place the identification information required by paragraph (a) of this section on any aircraft, aircraft engine, propeller, propeller blade, or propeller hub; or

(2) Remove an identification plate required by § 45.11 when necessary during maintenance operations.

(e) No person may install an identification plate removed in accordance with paragraph (d)(2) of this section on any aircraft, aircraft engine, propeller, propeller blade, or propeller hub other than the one from which it was removed.

[Amdt. 45-3, 32 FR 188, Jan. 10, 1967, as amended by Amdt. 45-10, 44 FR 45379, Aug. 2, 1979; Amdt. 45-12, 45 FR 60183, Sept. 11, 1980]

§ 45.14 Identification of critical components.

Each person who produces a part for which a replacement time, inspection interval, or related procedure is specified in the Airworthiness Limitations section of a manufacturer's maintenance manual or Instructions for Continued Airworthiness shall permanently and legibly mark that component

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e certificate number, if any.
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r aircraft engines, the estab-
ting.
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or finds appropriate.
cept as provided in paragraph
this section, no person may
change, or place identification
ion required by paragraph (a)
section, on any aircraft, air-
ngine, propeller, propeller
propeller hub, without the
of the Administrator.
cept as provided in paragraph
this section, no person may
or install any identification
uired by § 45.11 of this part,
the approval of the Adminis-

sons performing work under
sions of Part 43 of this chap-
in accordance with methods,
es, and practices acceptable to
inistrator—
move, change, or place the
ation information required by
h (a) of this section on any
aircraft engine, propeller,
blade, or propeller hub; or
move an identification plate
by § 45.11 when necessary
aintenance operations.
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with a part number (or equivalent) and a serial number (or equivalent).

[Amdt. 45-16, 51 FR 40703, Nov. 7, 1986]

EFFECTIVE DATE NOTE: Section 45.14 was revised at 51 FR 40703, Nov. 7, 1986, effective January 6, 1987. For the convenience of the reader, the superseded text is set forth below.

§ 45.14 Identification of critical components.

Each person who produces a part for which a replacement time, inspection interval, or related procedure is specified in the Airworthiness Limitations section of a Manufacturer's Maintenance Manual or Instructions for Continued Airworthiness shall mark that component with a part number (or equivalent) and serial number (or equivalent).

[Amdt. 45-12, 45 FR 60183, Sept. 11, 1980]

§ 45.15 Replacement and modification parts.

(a) Except as provided in paragraph (b) of this section, each person who produces a replacement or modification part under a Parts Manufacturer Approval issued under § 21.303 of this chapter shall permanently and legibly mark the part with—

(1) The letters "FAA-PMA";

(2) The name, trademark, or symbol of the holder of the Parts Manufacturer Approval;

(3) The part number; and

(4) The name and model designation of each type certificated product on which the part is eligible for installation.

(b) If the Administrator finds that a part is too small or that it is otherwise impractical to mark a part with any of the information required by paragraph (a) of this section, a tag attached to the part or its container must include the information that could not be marked on the part. If the marking required by paragraph (a)(4) of this section is so extensive that to mark it on a tag is impractical, the tag attached to the part or the container may refer to a specific readily available manual or catalog for part eligibility information.

[Amdt. 45-8, 37 FR 10660, May 26, 1972, as amended by Amdt. 45-14, 47 FR 13315, Mar. 29, 1982]

Subpart C—Nationality and Registration Marks

§ 45.21 General.

(a) Except as provided in § 45.22, no person may operate a U.S.-registered aircraft unless that aircraft displays nationality and registration marks in accordance with the requirements of this section and §§ 45.23 through 45.33.

(b) Unless otherwise authorized by the Administrator, no person may place on any aircraft a design, mark, or symbol that modifies or confuses the nationality and registration marks.

(c) Aircraft nationality and registration marks must—

(1) Except as provided in paragraph (d) of this section, be painted on the aircraft or affixed by any other means insuring a similar degree of permanence;

(2) Have no ornamentation;

(3) Contrast in color with the background; and

(4) Be legible.

(d) The aircraft nationality and registration marks may be affixed to an aircraft with readily removable material if—

(1) It is intended for immediate delivery to a foreign purchaser;

(2) It is bearing a temporary registration number; or

(3) It is marked temporarily to meet the requirements of § 45.22(c)(1).

[Doc. No. 8093, Amdt. 45-5, 33 FR 450, Jan 12, 1968]

§ 45.22 Exhibition, antique, and other aircraft: Special rules.

(a) When display of aircraft nationality and registration marks in accordance with §§ 45.21 and 45.23 through 45.33 would be inconsistent with exhibition of that aircraft, a U.S.-registered aircraft may be operated without displaying those marks anywhere on the aircraft if:

(1) It is operated for the purpose of exhibition, including a motion picture or television production, or an airshow;

(2) Except for practice and test flights necessary for exhibition purposes, it is operated only at the loca-

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tion of the exhibition, between the exhibition locations, and between those locations and the base of operations of the aircraft; and

(3) For each flight in the United States:

(i) It is operated with the prior approval of the General Aviation District Office, in the case of a flight within the designated airport control zone of the takeoff airport, or within 5 miles of that airport if it has no designated control zone; or

(ii) It is operated under a flight plan filed under § 91.83 of this chapter describing the marks it displays, in the case of any other flight.

(b) A small U.S.-registered aircraft built at least 30 years ago or a U.S.-registered aircraft for which an experimental certificate has been issued under § 21.191(d) or 21.191(g) for operation as an exhibition aircraft or as an amateur-built aircraft and which has the same external configuration as an aircraft built at least 30 years ago may be operated without displaying marks in accordance with §§ 45.21 and 45.23 through 45.33 if:

(1) It displays in accordance with § 45.21(c) marks at least 2 inches high on each side of the fuselage or vertical tail surface consisting of the Roman capital letter "N" followed by:

(i) The U.S. registration number of the aircraft; or

(ii) The symbol appropriate to the airworthiness certificate of the aircraft ("C", standard; "R", restricted; "L", limited; or "X", experimental) followed by the U.S. registration number of the aircraft; and

(2) It displays no other mark that begins with the letter "N" anywhere on the aircraft, unless it is the same mark that is displayed under paragraph (b)(1) of this section.

(c) No person may operate an aircraft under paragraph (a) or (b) of this section—

(1) In an ADIZ or DEWIZ described in Part 99 of this chapter unless it temporarily bears marks in accordance with §§ 45.21 and 45.23 through 45.33;

(2) In a foreign country unless that country consents to that operation; or

(3) In any operation conducted under Part 121, 127, 133, 135, or 137 of this chapter.

(d) If, due to the configuration of an aircraft, it is impossible for a person to mark it in accordance with §§ 45.21 and 45.23 through 45.33, he may apply to the Administrator for a different marking procedure.

[Doc. No. 8093, Amdt. 45-5, 33 FR 450, Jan. 12, 1968, as amended by Amdt. 45-13, 46 FR 48603, Oct. 1, 1981]

§ 45.23 Display of marks; general.

(a) Each operator of an aircraft shall display on that aircraft marks consisting of the Roman capital letter "N" (denoting United States registration) followed by the registration number of the aircraft. Each suffix letter used in the marks displayed must also be a Roman capital letter.

(b) When marks that include only the Roman capital letter "N" and the registration number are displayed on limited or restricted category aircraft or experimental or provisionally certificated aircraft, the operator shall also display on that aircraft near each entrance to the cabin or cockpit, in letters not less than 2 inches nor more than 6 inches in height, the words "limited," "restricted," "experimental," or "provisional airworthiness," as the case may be.

[Doc. No. 8093, Amdt. 45-5, 33 FR 450, Jan. 12, 1968, as amended by Amdt. 45-9, 42 FR 41102, Aug. 15, 1977]

§ 45.25 Location of marks on fixed-wing aircraft.

(a) The operator of a fixed-wing aircraft shall display the required marks on either the vertical tail surfaces or the sides of the fuselage, except as provided in § 45.29(f).

(b) The marks required by paragraph (a) of this section shall be displayed as follows:

(1) If displayed on the vertical tail surfaces, horizontally on both surfaces, horizontally on both surfaces of a single vertical tail or on the outer surfaces of a multivertical tail. However, on aircraft on which marks at least 3 inches high may be displayed in accordance with § 45.29(b)(1), the marks may be displayed vertically on the vertical tail surfaces.

(2) If displayed on the fuselage surfaces, horizontally on both sides of the

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due to the configuration of an it is impossible for a person to in accordance with §§ 45.21 3 through 45.33, he may apply Administrator for a different procedure.

8093, Amdt. 45-5, 33 FR 450, Jan. as amended by Amdt. 45-13, 46 FR 1, 1981)

Display of marks; general.

ch operator of an aircraft shall on that aircraft marks consist- he Roman capital letter "N" g United States registration) by the registration number of aft. Each suffix letter used in ks displayed must also be a capital letter.

hen marks that include only an capital letter "N" and the ion number are displayed on or restricted category aircraft imental or provisionally certif- rcraft, the operator shall also on that aircraft near each en- o the cabin or cockpit, in let- less than 2 inches nor more inches in height, the words " "restricted," "experimen- 'provisional airworthiness," as may be.

8093, Amdt. 45-5, 33 FR 450, Jan. as amended by Amdt. 45-9, 42 FR g. 15, 1977)

Location of marks on fixed-wing aft.

e operator of a fixed-wing air- all display the required marks r the vertical tail surfaces or s of the fuselage, except as in § 45.29(f).

ne marks required by para-) of this section shall be dis- s follows:

displayed on the vertical tail , horizontally on both sur- orizontally on both surfaces of vertical tail or on the outer of a multivertical tail. Howev- rcraft on which marks at least high may be displayed in ac- with § 45.29(b)(1), the marks displayed vertically on the ver- surfaces.

displayed on the fuselage sur- rizontally on both sides of the

fuselage between the trailing edge of the wing and the leading edge of the horizontal stabilizer. However, if engine pods or other appurtenances are located in this area and are an integral part of the fuselage side surfaces, the operator may place the marks on those pods or appurtenances.

(Amdt. 45-9, 42 FR 41102, Aug. 15, 1977)

§ 45.27 Location of marks; nonfixed-wing aircraft.

(a) *Rotorcraft.* Each operator of a rotorcraft shall display on that rotorcraft horizontally on both surfaces of the cabin, fuselage, boom, or tail the marks required by § 45.23.

(b) *Airships.* Each operator of an airship shall display on that airship the marks required by § 45.23, horizontally on—

(1) The upper surface of the right horizontal stabilizer and on the under surface of the left horizontal stabilizer with the top of the marks toward the leading edge of each stabilizer; and

(2) Each side of the bottom half of the vertical stabilizer.

(c) *Spherical balloons.* Each operator of a spherical balloon shall display the marks required by § 45.23 in two places diametrically opposite and near the maximum horizontal circumference of that balloon.

(d) *Nonspherical balloons.* Each operator of a nonspherical balloon shall display the marks required by § 45.23 on each side of the balloon near its maximum cross section and immediately above either the rigging band or the points of attachment of the basket or cabin suspension cables.

(Docket No. 2047, 29 FR 3223, Mar. 11, 1964, as amended by Amdt. 45-15, 48 FR 11392, Mar. 17, 1983)

§ 45.29 Size of marks.

(a) Except as provided in paragraph (f) of this section, each operator of an aircraft shall display marks on the aircraft meeting the size requirements of this section.

(b) *Height.* The character marks must be of equal height and on—

(1) Fixed-wing aircraft, must be at least 12 inches high, except that:

(i) An aircraft displaying marks at least 2 inches high before November 1, 1981 and an aircraft manufactured after November 2, 1981, but before January 1, 1983, may display those marks until the aircraft is repainted or the marks are repainted, restored, or changed;

(ii) Marks at least 3 inches high may be displayed on a glider;

(iii) Marks at least 3 inches high may be displayed on an aircraft for which an experimental certificate has been issued under § 21.191(d) or 21.191(g) for operating as an exhibition aircraft or as an amateur-built aircraft when the maximum cruising speed of the aircraft does not exceed 180 knots CAS; and

(iv) Marks may be displayed on an exhibition, antique, or other aircraft in accordance with § 45.22.

(2) Airships, spherical balloons, and nonspherical balloons, must be at least 3 inches high; and

(3) Rotorcraft, must be at least 12 inches high, except that rotorcraft displaying before April 18, 1983, marks required by § 45.29(b)(3) in effect on April 17, 1983, and rotorcraft manufactured on or after April 18, 1983, but before December 31, 1983, may display those marks until the aircraft is repainted or the marks are repainted, restored, or changed.

(c) *Width.* Characters must be two-thirds as wide as they are high, except the number "1", which must be one-sixth as wide as it is high, and the letters "M" and "W" which may be as wide as they are high.

(d) *Thickness.* Characters must be formed by solid lines one-sixth as thick as the character is high.

(e) *Spacing.* The space between each character may not be less than one-fourth of the character width.

(f) If either one of the surfaces authorized for displaying required marks under § 45.25 is large enough for display of marks meeting the size requirements of this section and the other is not, full-size marks shall be placed on the larger surface. If neither surface is large enough for full-size marks, marks as large as practicable shall be displayed on the larger of the two surfaces. If any surface authorized to be marked by § 45.27 is not large

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enough for full-size marks, marks as large as practicable shall be placed on the largest of the authorized surfaces.

(g) *Uniformity.* The marks required by this part for fixed-wing aircraft must have the same height, width, thickness, and spacing on both sides of the aircraft.

[Doc. No. 2047, 29 FR 3223, Mar. 11, 1964, as amended by Amdt. 45-2, 31 FR 9663, July 21, 1966; Amdt. 45-9, 42 FR 41102, Aug. 15, 1977; Amdt. 45-13, 46 FR 48604, Oct. 1, 1981; Amdt. 45-16, 48 FR 11392, Mar. 17, 1983]

§ 45.31 Marking of export aircraft.

A person who manufactures an aircraft in the United States for delivery outside thereof may display on that aircraft any marks required by the State of registry of the aircraft. However, no person may operate an aircraft so marked within the United States, except for test and demonstration flights for a limited period of time, or while in necessary transit to the purchaser.

§ 45.33 Sale of aircraft; removal of marks.

When an aircraft that is registered in the United States is sold, the holder of the Certificate of Aircraft Registration shall remove, before its delivery to the purchaser, all United States marks from the aircraft, unless the purchaser is—

(a) A citizen of the United States;

(b) An individual citizen of a foreign country who is lawfully admitted for permanent residence in the United States; or

(c) When the aircraft is to be based and primarily used in the United States, a corporation (other than a corporation which is a citizen of the United States) lawfully organized and doing business under the laws of the United States or any State thereof.

[Amdt. 45-11, 44 FR 61938, Oct. 29, 1979]

PART 47—AIRCRAFT REGISTRATION

Subpart A—General

Sec.
47.1 Applicability.
47.2 Definitions.
47.3 Registration required.
47.5 Applicants.
47.7 United States citizens and resident aliens.
47.8 Voting trusts.
47.9 Corporations not U.S. citizens.
47.11 Evidence of ownership.
47.13 Signatures and instruments made by representatives.
47.16 Identification number.
47.18 Temporary registration numbers.
47.17 Fees.
47.19 FAA Aircraft Registry.

Subpart B—Certificates of Aircraft Registration

47.31 Application.
47.33 Aircraft not previously registered anywhere.
47.35 Aircraft last previously registered in the United States.
47.37 Aircraft last previously registered in a foreign country.
47.39 Effective date of registration.
47.41 Duration and return of Certificate.
47.43 Invalid registration.
47.45 Change of address.
47.47 Cancellation of Certificate for export purpose.
47.49 Replacement of Certificate.
47.51 Triennial aircraft registration report.

Subpart C—Dealer's Aircraft Registration Certificate

47.61 Dealers' Aircraft Registration Certificate.
47.63 Application.
47.65 Eligibility.
47.67 Evidence of ownership.
47.69 Limitations.
47.71 Duration of Certificate; change of status.

AUTHORITY: Secs. 307, 313, 501, 503, 505, 506, and 1102, 72 Stat. 749, 752, 771, 772, 774, 797; 49 U.S.C. 1348, 1354, 1401, 1403, 1405, 1406, and 1502, and the Convention of the International Recognition of Rights in Aircraft; 4 U.S.C. 1830.

SOURCE: Docket No. 7190, 31 FR 4495, Mar. 17, 1966, unless otherwise noted.

Subpart A—General

§ 47.1 Applicability.

This part prescribes the requirements for registering aircraft under section 501 of the Federal Aviation Act of 1958 (49 U.S.C. 1401). Subpart B applies to each applicant for, and holder of, a Certificate of Aircraft Registration. Subpart C applies to each applicant for, and holder of, a

FAA guidelines from 12" HIS 12/8

U.S. Department
of Transportation

**Federal Aviation
Administration**

News:

Office of Public Affairs
Alaskan Region
701 C Street, Box 14
Anchorage, Alaska 99513
(907) 271-5296

FOR IMMEDIATE RELEASE
September 30, 1987
#87-35

contact: Paul Steucke

LARGER AIRCRAFT NUMBERS REQUIRED

Effective December 8, 1987, all aircraft entering into the Alaskan ADIZ or DEWIZ (Alaskan Air Defense Identification Zones) north of Yakutat, will be required to have 12 inch high identifying registration numbers and letters on the outside of the aircraft (map attached). Previous regulations required the letters and numbers to be at least 3 inches high. The major purpose of the larger numbers is to allow law enforcement officers patrolling coastal areas to identify suspect aircraft which might be carrying drugs into the country. For example, aircraft flying to Anchorage from Juneau will require the larger numbers because they are penetrating the zones. This also includes flights from Canada into central and northern Alaska.

5

Secretary of Transportation Elizabeth Dole announced the new rule which contains three major provisions, on September 17, 1987.

The first new requirement is that all aircraft flying through off-shore air defense identification zones display 12 inch high nationality and registration marks ("N numbers"). The second requires aircraft to have an externally mounted identification plates. The third requires that aircraft modified with supplemental fuel tanks, which were installed in compliance with FAA regulations, carry authorization for the modification aboard the aircraft.

Dole said, "The larger markings will make it easier for law enforcement officers to identify suspect aircraft, and the external identification plates will help authorities to identify aircraft that have been stolen and possibly used to smuggle drugs into the U.S.".

more...

Current FAA regulations allow some aircraft to display N-numbers only three inches high, which makes them difficult to read at a distance. Although the FAA rules were changed in Nov. 1981 to require the display of at least 12 inch high marks, the smaller markings were allowed to continue until the airplane was repainted or the numbers changed.

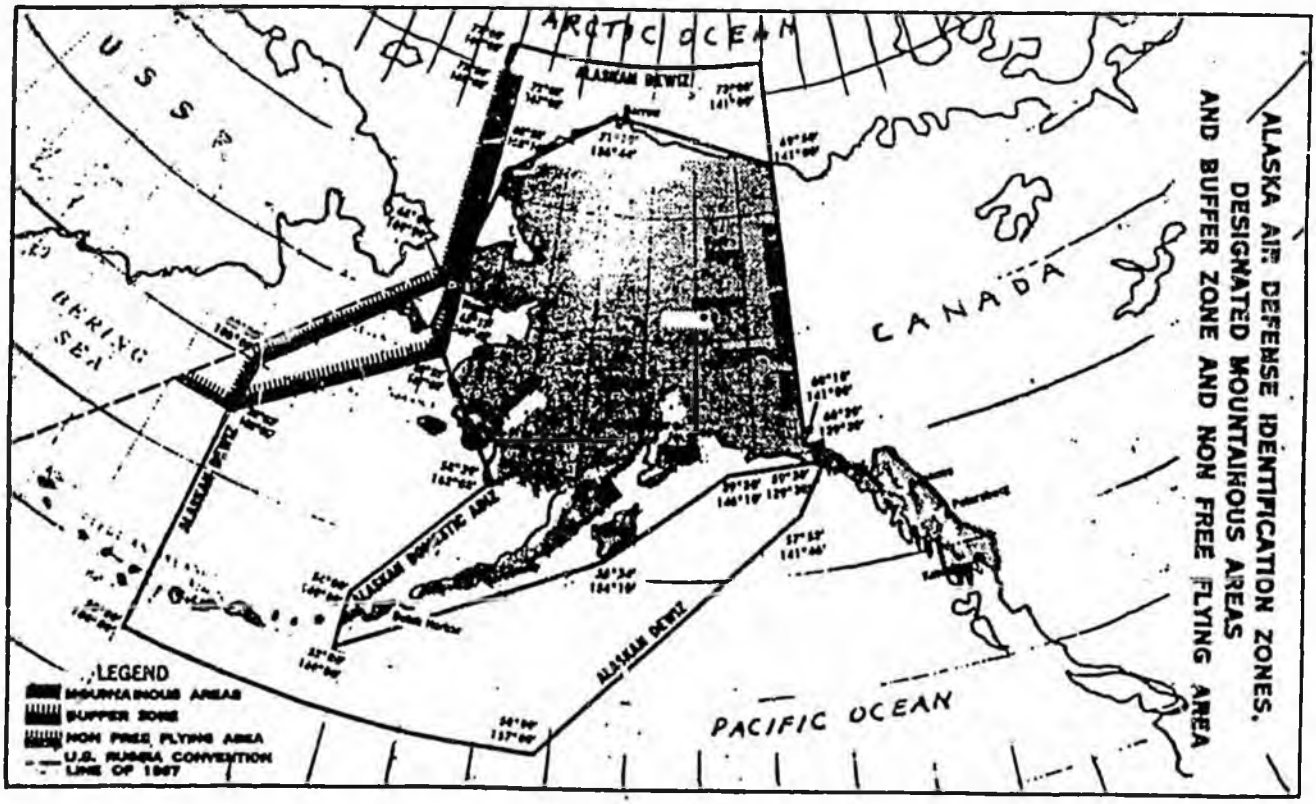
The new rule overrides this past exception and requires display of the 12 inch numbers when an aircraft is penetrating an Air Defense Identification Zone or Defense Early Warning Identification Zone where U.S. Customs agents, the Coast Guard or other law enforcement aircraft are most likely to attempt air-to-air identification. These zones cover all of Alaska north of Yakutat, including the Alaska-Canada border.

Maps of these zones are in the Alaska Airmen Supplement. Pilots seeking additional information should contact their local FAA Flight Standards District Office.

The identification data plates must be readable to a person standing outside the aircraft when it is on the ground. this will allow law enforcement officers to cross check the serial number of an aircraft with FAA records to determine if the N numbers had been changed in order to conceal the ownership of the aircraft or hide the fact that it had been stolen. This now can be done only by gaining access to the interior of some aircraft.

The new requirement that aircraft operators carry documentation covering the installation of extra fuel tanks also will help identify suspect aircraft used in smuggling operations.

// // //



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(907) 456-1566
ANDREW S. WARWICK
RICK J. SCHIKORA

December 10, 1987

State House Representative Steve Frank
1125 Sunset Drive
Fairbanks, AK 99701

Dear Representative:

Please note the attached article from Air Alaska, November 1987 issue. I understand the date for implementation has been moved to March 7, 1988. I don't believe the provisions for 12" numbers or for an outside data plate are necessary for Alaska. The requirement for the form 337 to be aboard the aircraft for fuel tanks installed according to FAA regulations is a matter of paperwork and not of significant concern. The main purpose of the first two provisions is to make it easier for Customs to identify aircraft suspected of running drugs across the Air Defense Identification Zones. The pertinent FAA regulations are FAR 45.29(h) for the 12" numbers, FAR 45.11(d) for the data plate information, and FAR 91.27(c) for the fuel tank requirements.

I am concerned because my wife and I invited the International Cessna 170 Association to convention in Alaska for a week during July 1988. We expect close to 100 airplanes to come to Fairbanks. Many of the aircraft have small numbers. All Cessna 170's are between 32 and 40 years old. The amount of money that we expect to be spent by the occupants of each Cessna 170 is substantial, and will be spread throughout the communities of Alaska. Gas sales, hotel rooms, meals, sightseeing, and tourist purchases will result in a boost to the businesses in the area, while taxes or direct fees will generate revenue for the local governments and the State of Alaska. We don't want to miss the opportunity for the revenue.

More importantly, however, is the fact that we do not want to have the inconvenience for our visitors and fellow Alaskans. Whenever one of us flies across the border to visit our neighbors in Canada, we will have to comply with the new law. Contrary to what the FAA says in their comments on the regulations, my maps show that flights conducted entirely within Alaska can be subject to the rules. Look at the fact that Tin City, Wales Point Hope, Icy Cape, Wainwright and Point Barrow Dew Station are outside the Alaskan ADIZ. Anytime the ADIZ or DEWIZ is penetrated, the law comes into effect.

The regulations mentioned above were designed for the coastal areas of the lower 48, where drug running is a real problem. Here, over-regulation, by virtue of including Alaska in regulations that do not fit the situation is a problem. This happens in more instances than just this one. Please provide your support by getting Congress to make an exception for Alaska.

I would be happy to discuss this with you further. I certainly appreciate your help.

Sincerely,

Rick Schikora

Larger aircraft numbers required

Effective Dec. 8, 1987, all aircraft entering into the Alaska ADIZ or DEWIZ (Alaskan Air Defense Identification Zones) north of Yakutat will be required to have 12-inch high identifying registration numbers and letters on the outside of the aircraft, says the Federal Aviation Administration.

The major purpose of the larger numbers is to allow law enforcement officials patrolling coastal areas to identify suspect aircraft which might be carrying drugs into the country, FAA said. For example, aircraft flying from Anchorage to Juneau will require the larger numbers because they are penetrating the zones. This also includes flights from Canada into central and northern Alaska.

The rule, announced Sept. 17, contains three provisions: 12-inch numbers, aircraft must have externally mounted identification plates, and aircraft modified with supplemental fuel tanks installed to FAA regulations must carry authorization for the modification aboard the aircraft.

Maps of the zones are in the Alaska Airmen Supplement. Pilots seeking more information should contact their local FAA Flight Standards District Office.

ADIZ problem is fixing itself

By Kent Lee Woodman

As recently reported in these pages, the FAA has adopted three changes to the FARs which affect certain general aviation aircraft. In addition to the change in documentation for internal Auxilliary fuel tanks and the requirement for all aircraft to have certain data plates, there was a rule requiring all aircraft "penetrating" the ADIZ (Alaska Defense Identification Zone) or the DEWIZ (Distant Early Warning Identification Zone) to have 12" identification within a 90 day compliance period following Dec. 8 or early March 1988.

The Alaska Airmen's Association tried valiently to prevent this rule from taking effect for Alaskan bound aircraft, because it prevented flights from Anchorage and Juneau or to and from Canada without the expensive alteration, they felt, interfering with their rights of interstate travel.

Suddenly, from an unlikely and completely unsuspected corner, comes help: clearly the easiest solution (except revocation of the rule) would be to simply change the boundaries of the ADIZ and this is precisely what has been proposed! The ADIZ and DEWIZ have been in place for many years with no changes. Within these zones the U.S.Air Force had been intercepting increased numbers of Russian aircraft, so it is a vital area. The surprise suggested change, however, is to delete the DEWIZ and shrink the ADIZ down to an offshore area surrounding the land mass of Alaska, and thus prevent all the difficulties the Airmen perceived they faced.

The accompanying map shows the newly proposed area for the ADIZ. It is obvious that "penetrations" of the ADIZ will be greatly reduced by this change, and that there will be no unwarranted intrusions on the privacy of visitors to Alaska, folks going to Whitehorse for the weekend or Alaskans trying to fly to their capitol.

The Airmen have enthusiastically embraced the proposed change as a masterful, if surprising solution to a complex bureaucratic problem. At press time the notice of proposed rule making was in final draft and should appear in the Federal Register within about 30 days. Assuming there are no major objections, it could be in place within 180 days. As seen in the diagram, the present boundaries place Nome and portions of the Seward Peninsula in the ADIZ. The Airmen are petitioning to move it to at least the shoreline.

Finally, that leaves the question of

See ADIZ, Page 24

tals. Preliminary NTSB statistics for the first half of 1987 show general aviation has continued to improve its safety record this year, with significant declines in numbers of accidents, fatal accidents and fatalities.

The National Safety Council's 1987 edition of Accident Facts shows more Americans were killed in bicycle or boating accidents during 1986 than in general aviation accidents, which represented only 1 percent of the total number of accidental deaths in the U.S.

In 1986, there were 958 general aviation accidents compared to 1,229 marine transportation fatalities. The Council estimates 1,200 people lost their lives in collisions between bicycles and motor vehicles.

The NSC also estimated that in 1986, 47,900 people died in motor vehicle accidents; 11,000 died in falls; 5,600 drowned; 4,800 died as a result of fires or burns, and 4,000 more were accidentally poisoned.

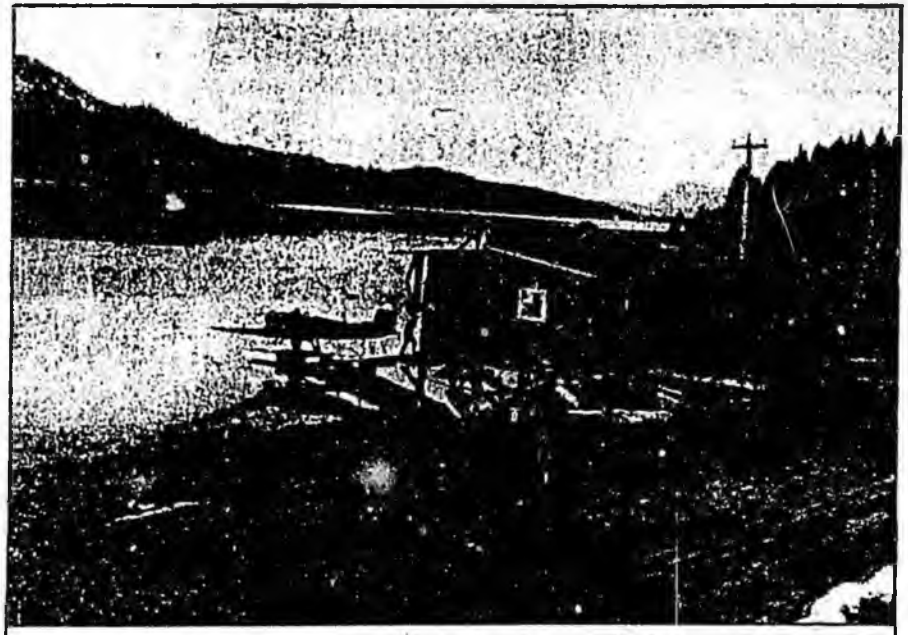
Meteorologist Evangelista will write column on Alaska flying and weather

Meteorologist and pilot Mark Evangelista will be writing columns, Eye on the Sky, for Air Alaska concerning weather and Alaska flying. His first column appears in this issue on Page 20.

Evangelista, who works for the National Weather Service, can also

In the aviation meteorology business for five years, Evangelista came to Alaska with the U.S. Air Force. "I was one of the few that asked to come up here," he says.

A ground instructor as well as a meteorologist, Evangelista flies with the Elmendorf AFB Aero Club, preferring light singles.



Here we go again with another edition of "name that mystery plane." Last month's mystery plane (see letters to the editor page) was a replica of the

Air Alaska January 1988 page 1

ment prototypes may be on display, and plans include video taping presentations from industry experts for later programs

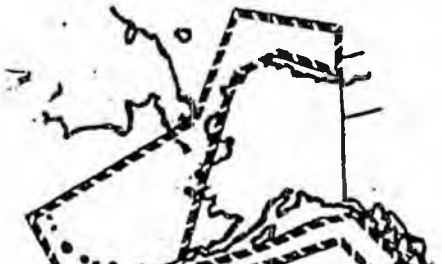
Initial thinking is to use the ACC Aviation Complex hangar and have booths, show area, tables for swap meet and perhaps classrooms for special presentations.

Manufacturers, dealers and individuals who are interested in participating in the program should contact Kent Lee Woodman, c/o the Alaska Airmen's Association Inc., c/o ACC Aviation Complex, 2811 Merrill Field Drive, Anchorage 99501. Details will be presented in the February and March issues of Air Alaska.

• ADIZ

Continued from Page 1

compliance with the present new rule and enforcement between March 8 and the change in the ADIZ. How foolish it would be to make the major expenditure to comply for two months, or to be involved in an enforcement action for an area we know in advance is about to change. To his credit, Frank A. Cunningham, the FAA Alaskan Region Director, has initiated action to either exempt Alaska, or obtain permission to stay enforcement pending the newest rule. NORAD and the USAF are to be commended for their proposal, and the FAA for its logical help in the interim.



The sketch shows the preliminary proposed new boundaries for the Alaskan ADIZ. The DEWIZ would disappear entirely. The move is sponsored by NORAD, which is realligning all of its defense identification zones to match the current, state of the art radar systems and perceived threat to North America. Sketch courtesy FAA.

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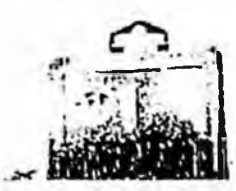


#1 - #60

½" thru 1/16" by 64ths

A th

Greater Fairbanks Chamber of Commerce

First National Center | P.O. Box 74446
100 Cushman Street | (907) 452-1105 | Fairbanks, Alaska 99707

RESOLUTION 1 - 0188

WHEREAS, the Greater Fairbanks Chamber of Commerce is concerned about the economy in Fairbanks, and

WHEREAS, the federal government frequently institutes regulations and laws which have detrimental effects on the economy, and

WHEREAS, the International Cessna 170 Association has chosen to convention in Fairbanks during July 1988, with an expected attendance of 100 airplanes most of which will be Cessna 170s ranging in age from 32 to 40 years old, and

WHEREAS, the Federal Aviation Administration has recently instituted a regulation requiring 12 inch registration numbers on aircraft penetrating the Alaska Domestic Air Defense Identification Zone or the Distant Early Warning Indentification Zone, and

WHEREAS, the reason for requiring 12 inch numbers is to assist Customs in identifying aircraft suspected of running drugs across ADIZs or DEWIZs, and

WHEREAS, these regulations will likely have a negative impact on the number of tourists coming to Alaska by aircraft, for the Cessna 170 Convention and other purposes,

THEREFORE BE IT RESOLVED, that the Greater Fairbanks Chamber of Commerce supports the repeal of regulation FAR 45.21 (h) requiring 12 inch numbers for Alaska, and its companion regulation FAR 45.11 (a) and (d), and

BE IT FURTHER RESOLVED, that if the regulations cannot be repealed for Alaska then a special blanket exemption be granted for the International Cessna 170 conventioneers.

DATED THIS 4th DAY OF August 1988.

BY Mike Kelly
Mike Kelly, Chairman

BY W.R. Cox
W.R. Cox, President & C.E.O.

Introduced by: City Council Members
Date: January 11, 1988

RESOLUTION NO. 2921

A RESOLUTION IN SUPPORT OF THE REPEAL OF FEDERAL AVIATION REGULATION (FAR) 45.21 (h) AND 45.11 (a) and (d).

WHEREAS, the Greater Fairbanks Chamber of Commerce is concerned about the economy in Fairbanks, and

WHEREAS, the federal government frequently institutes regulations and laws which have detrimental effects on the economy, and

WHEREAS, the International Cessna 170 Association has chosen to convention in Fairbanks during July 1988, with an expected attendance of 100 airplanes most of which will be Cessna 170s ranging in age from 32 to 40 years old, and

WHEREAS, the Federal Aviation Administration has recently instituted a regulation requiring 12 inch registration numbers on aircraft penetrating the Alaska Domestic Air Defense Identification Zone or the Distant Early Warning Indentification Zone, and

WHEREAS, the reason for requiring 12 inch numbers is to assist Customs in identifying aircraft suspected of running drugs across ADIZs or DEWIZs, and

WHEREAS, these regulations will likely have a negative impact on the number of tourists coming to Alaska by aircraft, for the Cessna 170 Convention and other purposes,

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF FAIRBANKS, ALASKA supports the repeal of regulation FAR 45.21 (h) requiring 12 inch numbers for Alaska, and its companion regulation FAR 45.11 (a) and (d), and

BE IT FURTHER RESOLVED, that if the regulations cannot be repealed for Alaska then a special blanket exemption be granted for the International Cessna 170 conventioneers.

PASSED and APPROVED this 11th day of January, 1988.

Bill Walley

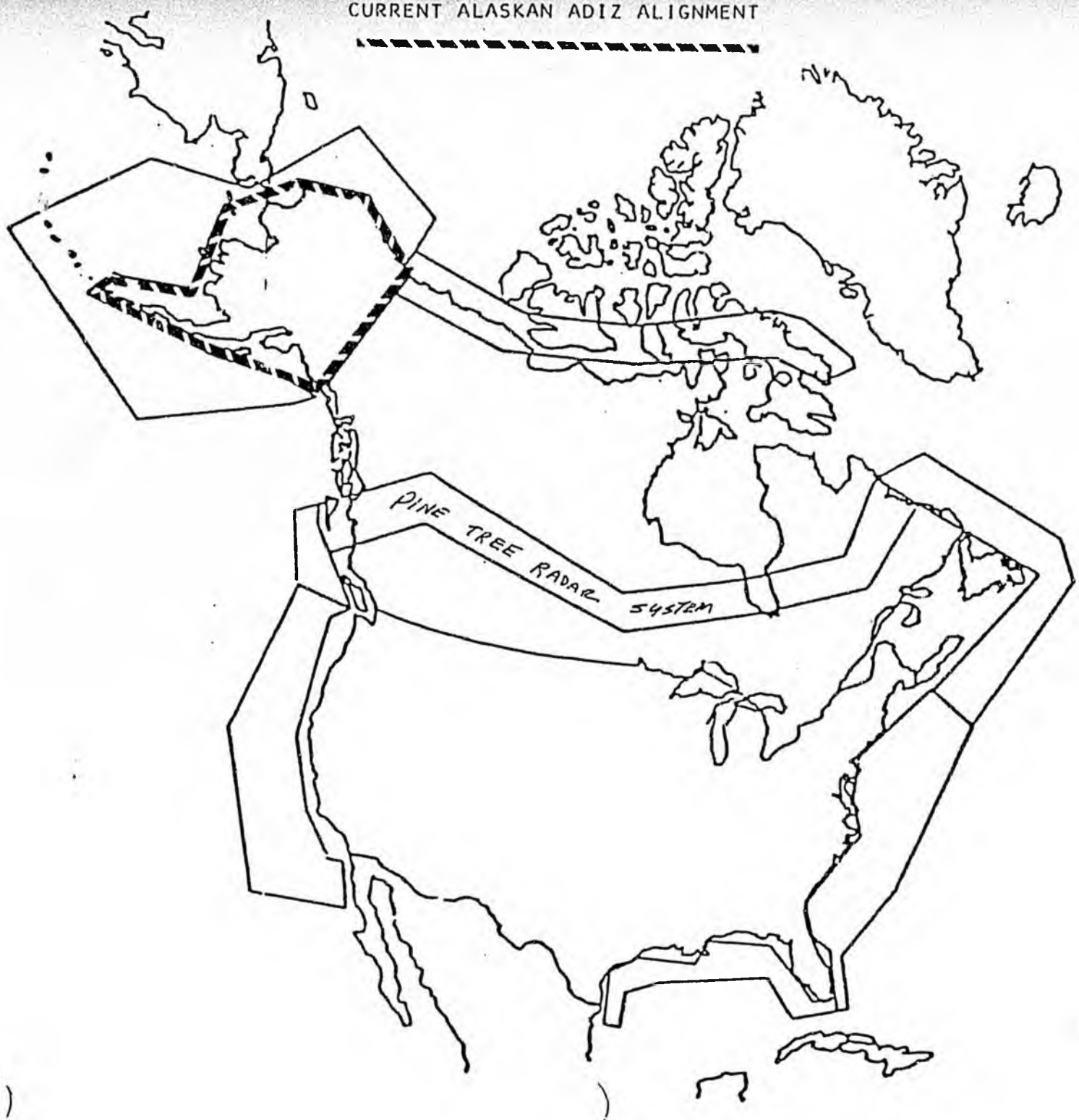
BILL WALLEY, Mayor

ATTEST:

Norma J. Marks

NORMA J. MARKS, Acting City Clerk

MIS:RESO 2921:njm


CURRENT ALASKAN ADIZ ALIGNMENT
PINE TREE RADAR SYSTEM

PROPOSED ALASKAN ADIZ ALIGNMENT

BRIEFING ITEM FOR AVIATION FORUM

SUBJECT: AIR DEFENSE IDENTIFICATION ZONE (ADIZ) REALIGNMENT

Proposed effective date: May 5, 1988.

BACKGROUND

The military has decided that the ADIZ realignment is necessitated by the various North American Aerospace Defense Modernization initiatives and HQ NORAD direction to simplify identification zones for North America.

CHANGES

The terms "Coastal ADIZ," "Domestic ADIZ," and "Distant Early Warning Identification Zone (DEWIZ)" will be eliminated. Henceforth, "ADIZ" will be the only term used regarding identification zones.

Significant Alaskan NORAD Region changes.

1. The Alaskan ADIZ will include all of the Aleutian Islands (current DEWIZ does not).
2. Off the Alaska north coast, the ADIZ line will extend northward an additional 120 nautical miles.
3. A portion of the existing ADIZ line between Alaska and Canada will be eliminated (see marking on proposed realignment chart).
4. Establish ADIZ along southeast coast of Alaska to cover gap which presently exists between the Canadian Coastal ADIZ and the Alaskan DEWIZ.

Other changes.

1. Institute a new ADIZ off both the Canadian and U.S. coastal areas to provide for integral perimeter coverage for the continent.
2. The ADIZ across central Canada is no longer required due to the closure of the Pinetree line radars.

Attached is depiction of current alignment and the proposed realignment. FAA Washington Headquarters is preparing a notice of proposed change to FAR 99, "Security Control of Air Traffic," for publication in the Federal Register.

AAL-500 HE
12/1/87

2 Attachments

Alaska State Legislature

STEVE FRANK
DISTRICT 20A
Finance Committee

1125 Sunset Drive
Fairbanks, Alaska 99701

While in Juneau
P.O. Box V
Juneau, Alaska 99811
(907) 465-3709

House of Representatives

TO: The House Transportation Committee

FROM: Rep. Steve Frank

RE: HJR 46 - "Size of Aircraft Numbers"

DATE: January 27, 1988

House Joint Resolution 46 requests that the FAA grant an exemption from their new regulations for Alaskan pilots flying intrastate.

The Federal Aviation Administration (FAA) has implemented new regulations requiring planes that penetrate an Air Defense Identification Zone (ADIZ) or a Distant Early Warning Identification Zone (DEWIZ) to display larger registration numbers and exterior identification plates. Currently the majority of Alaska is surrounded by an ADIZ with the exception of Southeastern and some parts of Western Alaska.

Recently the Air Force announced its plans to revise the ADIZ which will solve the problem in most of Alaska. However, the proposed ADIZ will encompass significant parts of Western Alaska such as St. Mary's, Nome, Pt. Hope, and Icy Cape. As a consequence, aircraft flying from anywhere in Alaska to these places would still have to comply with the 12 inch lettering requirement.

For that reason we are requesting that the FAA grant this exemption for Alaskan planes flying intrastate. In addition, since the proposed ADIZ will not become effective until May, we are requesting a waiver from the new regulations until the new ADIZ is implemented.

Thank you for your consideration.

STATE OF ALASKA 1988 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HCR 46
REQUEST
Publish Date:

Revision Date:
Agency Affected: DOT&PF
Title: House Concurrent Resolution 44
Relating to a Copper River Toll Road
BRU:
Sponsor: Cato
Components:
Requestor: Cato

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		*	*	*	*	*

POSITIONS:

FULL-TIME		*	*	*	*	*
PART-TIME		*	*	*	*	*
TEMPORARY						

ANALYSIS: The use of a toll authority is not established procedure in the department. The assumptions expressed in this analysis represent the department's initial reactions to this concept and may need modification to more accurately reflect the opportunity costs of money, the pay back terms and other financial assumptions. In addition, federal aid funds for construction may have to be re-paid prior to establishing a toll.

* See attached page, typewritten analysis dated 2-26-88.

Prepared by: David W. Truax/Lynn J. Harnisch
Phone: 474-2431/451-2210
Division: DOT&PF Regional Director, Northern Region
Date: 2-25-88

Approved by Commissioner: Mark S. Hickey
Date: 2-29-88
Agency: DOT&PF

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

ASSUMPTIONS

A) Toll Checkpoint

1) One toll checkpoint would be needed to collect tolls.

2) Checkpoint costs were based on similar costs for a checkpoint on the Dalton Highway.

3) A checkpoint for year round occupancy would be more expensive as it would require additional insulation, permanent utilities systems, larger living quarters, etc.

B) Pioneer Road

1) Would be 18ft. wide, screened gravel surface and have trestle type bridges. The cost for this work assumes that 18ft. wide road could be constructed so that it was safe and maintainable and that only minimal reconstruction on the existing railbed would be necessary. Should any of these parameters be forced to change, during the course of actual design, the cost could increase substantially. Cost increases would depend on the type of changes that were necessary.

C) Federal Aid Secondary

1) Would be 28ft. wide, crushed gravel surface and have standard bridges. The cost is based on current construction costs for typical gravel surface Federal Aid secondary roads. Assumes construction of access road from the Million Dollar Bridge, Mile Post 49, to Chitina.

D) Copper River Bridge

1) To keep per vehicle tolls to a minimum, it was assumed that the estimated $7,500,000 to construct a bridge across the Copper River, adjacent to the Million Dollar Bridge, would be done with Federal discretionary bridge funds. Therefore, this particular cost does not appear in the overall capital costs. If discretionary funding cannot be obtained the $7,500,000 construction cost would have to be added to the total capital costs of the project. This would increase the per vehicle toll for capital costs payoff by $7.00 for seasonal and $4.00 for year-round.

E) Maintenance Station

1) In order to distribute the added mileage evenly, one additional station would be needed in the Tasnuna River area and additional equipment would be needed at the Chitina Station.

2) Facilities requirements to meet seasonal needs.
2,400 sq. ft. shop
Generator Bldg. w/two generators
4 each trailer pads for 14X70 trailers.
Utilities and water/well system.

3) Facilities requirements to meet year round needs (in addition to above building needs).
2 Trailer pads for 14X70 trailers.
Utilities and water system.
Sand shed 2,000 sq. ft.

2,000 sq. ft. work store building.

F) Maintenance Equipment

1) Seasonal (either type road)
   a) New Tasnuna Station
      Motor graders CAT 14 Type (2)
      Dump Truck 8 Yd.
      Loader 4 yd. type (1)
      Dozer D-8 type
      2 4WD 3/4 ton pickups
      Low tractor trailer

   b) The mileage this road would add to the existing system would be slightly more than a new station should handle. Therefore, some additional equipment would be needed at the existing Chitina Station to cover the extra northernmost portion of the additional mileage. This additional equipment would also be used on other state-maintained roads in the Chitina area.

   c) Chitina Station (additional equipment)
      Motor grader CAT 14 type (1)
      Loader 4yd. type (1)
      Dump Truck 8 yd. type (1)

2) Year-round (in addtion to season equipment needs) [either type road]
   a) Tasnuna Station
      Truck type Rotary snowblower 2 each 1200 tph
      4x4 Oshkosh with V-nose plow, belly blade and wing, 2 each
      Sander

G) Building and equipment needs are based on:

1) Historical information from old railroad records, which show that a substantial maintenance effort was required to keep the alignment open and in good repair at all times of the year.

2) Personal on-site observations of substantial slide and erosion activity by DOT&P. maintenance staff and other individuals at various times of the year.

3) If the Pioneer Road is built, it will be heavily used. The one-lane road will not be able to handle the volume of traffic very long. By building and staffing an adequate camp, maintenance forces can make many of the upgrades that will be required by the traffic volume.

H) Maintenance Costs - Manpower Needs

1) Seasonal
   a) Tasnuna Station (New Positions)
      i) 1 WG 52 Foreman
      ii) 2 WG 53 Operations
      iii) 1 WG 53 Operator/Mechanic

   b) Chitina Station
      i) 2 WG 53 Operators

2) Year Round
   a) Tasnuna Station
      i) above 4 Positions @ Full-time
      ii) Plus 1 additional WG 53 Operator and 1 additional WG 54 Operator

I) Toll Program Administration

1) Based on estimates of manpower needs for similar checkpoint program on Dalton Highway at $7,000 per month for a staff of 3.

2) Accounting support assumes accounting clerk, range 9, part-time.

J) Average Annual Traffic

1) Based on historical traffic generating data for similar sized communities, future growth patterns as demonstrated in the draft Cordova Comprehensive Plan and the area's location relative to major population centers and recreational/resource opportunities. This resulted in an average daily traffic count forecast of 375 vehicles a day, or 11,250 a month based on a 30-day month.

2) The average monthly traffic count for a year round rate will be less than a seasonal route. This is because the year round average takes in a 7-month period where historic traffic declines by approximately 60% from the five-month summer period.

K) Capital Costs

1) Capital costs for check point construction, maintenance equipment, maintenance station construction, and Pioneer Road would all have to be funded initially from General Funds.

2) Capital costs for constructing the Federal Aid Secondary Road would be split 91.35% Federal and 8.65% State General Fund match.

3) Costs for Pioneer Road construction could be recovered from the FHWA upon upgrade of this road to Federal Highway Secondary standards. However this recovered cost would come from federal obligation authority which could otherwise be used on other projects.

L) Toll charges for private vehicles may be able to be lessened by charging on the basis of vehicle gross weight. This would increase the cost to truck traffic, but assumably increase shipping costs as well. Because we have no way to determine gross weight at this time, such a charge schedule would have to wait until traffic data could be collected on the road, so that a determination could be made as to whether or not actual truck traffic was substantial enough to invoke such a schedule. An annual reassessment of toll charges could be done if changes in traffic level, maintenance costs, and/or toll program costs change.

M) Analysis does not include "cost of money."

FISCAL NOTE ANALYSIS OF

HCR 46-COPPER RIVER HIGHWAY TOLL ROAD

COSTS	SEASONAL		YEAR-ROUND	
	PIONEER RD	FED. AID RD.	PIONEER RD.	FED. AID RD
Capital (Total)	$16,925,000	$92,255,000	$18,405,000	$93,405.000
Toll Check Pt.	50,000	50,000	150,000	150,000
Rd. Construction	15,000,000	90,000,000	15,000,000	90,000,000
Maint. Station	730,000	730,000	1,120,000	1,120,000
Maint. Equipment	1,145,000	1,475,000	2,135,000	2,135,000
Maintenance (Total)	600,000	800,000	1,200,000	1,600,000
Toll Prog. Admin. (Total)	50,000	50,000	120,000	120,000

REVENUES	CAPITAL COSTS		MAINTENANCE COSTS		TOLL PROG. COSTS	
	SEASONAL	YEAR-ROUND	SEASONAL	YEAR-ROUND	SEASONAL	YEAR-ROUND
Pioneer Road	$16,925,000	$18,405,000	$ 600,000	$ 1,200,000	$50,000	$120,000
Pay Back Basis	20 yrs.	20 yrs.	Annually	Annually	Annually	Annually
Annual Pay Back	846,250	920,250	600,000	1,200,000	50,000	120,000
Average Annual Traffic	56,250	135,000	56,250	135,000	56,250	135,000
Per Vehicle Toll	$15.00	$7.00	$11.00	$9.00	$.90	$.90
Federal Aid Road	$92,255,000	$93,405,000	$ 800,000	$ 1,600,000	$50,000	$120,000
Pay Back Basis	20 yrs.	20 yrs.	Annually	Annually	Annually	Annually
Annual Pay Back	4,612,750	4,670,250	800,000	1,600,000	50,000	120,000
Average Annual Traffic	56,250	135,000	56,250	135,000	56,250	135,000
Per Vehicle Toll	$82.00	$35.00	$14.00	$12.00	$.90	$.90

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSHJR 46
PUBLISH DATE: _____

FISCAL NOTE

REQUEST: _____

Revision Date: _____
Title: Exempt aircraft from regulations on size of registration numbers
Sponsor: Rep. Frank
Requestor: _____

Agency Affected: _____
BRU: _____
_____
Components: _____
_____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Rep. Bette Cato, Chairman
Division: House Transportation Committee
Phone: 465-4858
Date: 1/27/88

Approved by Commissioner: Rep. Bette Cato, Chairman BC
Agency: House Transportation Committee
Date: 1/27/88

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

page 1 of 1

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 1-27-88 1:30 p.m.

HOUSE COMMITTEE REPORT

(7)

Date referred: 1/20/88

FURTHER REFERRALS:

DATE: January 27, 1988

The Transportation Committee has considered HJR 46

Requesting the Federal Aviation Administration to exempt aircraft in Alaska from regulations on the size of aircraft registration numbers and on supplemental identification plates.

RECOMMENDS:

[X] replace with CS HJR 46(TRSP) [X] the same title

[ ] attached amendment(s) [ ] a new title

- [X] do pass
- [ ] do not pass
- [ ] no recommendation
- [ ] individual recommendations
- [ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

- [ ] fiscal impact
- [X] zero fiscal note
- [ ] zero with analysis
- [ ] same as previous fiscal note published _____
- [ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Mike Kelly

Dave Rearick

Bill Hudson

Betty Ann

Al Bunker

SIGNING OTHER RECOMMENDATIONS:

Betty Ann

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: January 27, 1988

SIGN-IN

Subject of meeting:

* HJR 46: Requesting the Federal Aviation Administration to exempt aircraft in Alaska from regulations on the size of aircraft registration numbers and on supplemental identification plates.

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Reed Staggs	Box 1211 Juneau	586-3340	AIACA	Yes
Stu Frank	Box V Juneau			

* indicates first public hearing

HJR 50

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

February 10, 1988

****

COMMITTEE CALENDAR:

HB 305: "An Act relating to transportation of pupils; and providing for an effective date."

HJR 50: Requesting the Congress to remove the Highway Trust Fund and the Airport and Airway Trust Fund from the Unified Federal Budget.

(This is a first public hearing on HJR 50)

FOR THIS MEETING, YOUR PACKET INCLUDE:

a folder on HB 305:
- item #1: HB 305
- #2: fiscal notes: Depart. of Labor
  Depart. of Education
  Depart. of Public Safety
- #3: a statement from Rep. Donley, Chairperson of House Labor & Commerce
- #4: sectional analysis
- #5: letter re wages and safety record
- #6: committee substitute for HB 305
- #7: testimony - 2/3/88 minutes and other
- #8: statutes

a folder on HJR 50:
- item #1: HJR 50
- #2: statement from Rep. Davis
- #3: fiscal note: DOT/PF

Alaska State Legislature

Representative Mike Davis

P.O. Box V
Juneau, Alaska 99811
(907) 465-4930/4941

Interim Office:
P.O. Box 81435
Fairbanks, Alaska 99708

2

TO: House Transportation Committee
FROM: Rep. Mike Davis
DATE: February 9, 1988
RE: HJR 50

HJR 50 asks the Congress to remove the Highway Trust Fund and the Airport and Airway Trust Fund from the Unified Federal Budget.

The highway and airport trust funds receive their revenue from user fees and are dedicated to highway and airport improvement programs. The funds are the source of most federal matching money in the Alaska Department of Transportation budget.

Inclusion of these two funds in the Unified Federal Budget has subjected them to federal budget reduction acts. However, monies in the funds cannot be spent on other areas of the budget because they are dedicated. Therefore, the highway and airport/airway funds accumulate a balance while the critical transportation needs of the states may go unmet.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HJR 50
PUBLISH DATE: _____

FISCAL NOTE

REQUEST: _____

Revision Date: _____
Title: Remove Highway Trust Fund from Unified Federal Budget
Sponsor: Davis
Requestor: Cato

Agency Affected: DOT/PF
BRU: _____
Components: _____

3

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The Department supports the concept of removing the Highway Trust Fund and the Airway Trust from the Unified Federal Budget. There is no fiscal impact to the Department of Transportation and Public Facilities.

Prepared by: Ron Lind, Director
Phone: 465-2171
Division: Plans, Programs and Budget
Date: 2-5-88

Approved by Commissioner: Mark S. Hickey
Date: 2/8/88
Agency: DOT&PF

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

FHWA FUNDING ($'s in millions)

FISCAL YEAR		APPORTIONMENT	INITIAL OBLIGATON LEVEL	TOTAL OBLIGATED
1984	1	$153.4	$142.9	$153.8
1985	1	$164.1	$151.9	$159.4
1986		$165.3	$147.5	$151.1
1987		$152.7	$145.8	$152.4
1988		$153.5	$128.8	?

1. Amounts adjusted to reflect level program even though approximately $8.8 million of 1985 apportionment not received until 1986.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 2-10-88 1:30 p.m.

(7)

HOUSE COMMITTEE REPORT

Date referred: 1/25/88 FURTHER REFERRALS: Finance

DATE: 2/10/88

The Transportation Committee has considered HJR 50

Requesting the Congress to remove the Highway Trust Fund and the Airport and Airway Trust Fund from the Unified Federal Budget.

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[X] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Bruce Cate

Dennis Iverson

Mike Miller

Russell Lovell

SIGNING OTHER RECOMMENDATIONS:

Bill Glaser - No Rec.

Bruce Cate

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: February 10, 1988

SIGN-IN

Subject of meeting:

HB 305: "An Act relating to the transportation of pupils; and providing for an effective date."

*HJR 50: Requesting the Congress to remove the Highway Trust Fund and the Airport and Airway Trust Fund from the Unified Federal Budget.

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Ron Linn	P.O. Box Z Juneau	465-4070	DOT&PF	HCR 50
Rosa Jerrel	134 N. Franklin Juneau 99801	586-1740	H.C.C.	50
Ginger Baim	Rep. Dave Donley	465-4954	H. L+C Committee	IF ~~NEED~~ ✓
J.R. Carr	3301 Eagle ST ANCH	264-2435	Dept of Labor	305
Tommy Kaleak	Box F Juneau	465-2890	Dept. of Educ	yes
Valerie Therrien	779 8th Avenue Fairbanks	456-8113	Suscomm. on local govt. powers Ak Municipal League	yes - 305
Michael Gatti	Box 1608 Palmer, Ak 99567	745-4801	ANC suscomm. on local govt. powers attorney - mat su Boro	yes - HB 305

* indicates first public hearing

HJR

52

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HJR 52
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Opposing reductions in the budget of the United States Coast Guard
Sponsor: Rep. Davidson
Requestor: _____

Agency Affected: DOT/PF
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

There will be no fiscal impact to the state of Alaska as a result of this resolution.

Prepared by: Rep. Bette Cato, Chairman
Division: House Transportation Committee
Phone: 465-4858
Date: 02/15/88

Approved by Commissioner: _____
Agency: Chairman, House Transportation Committee
Date: 02/15/88

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

page 1 of 1

Factory ships caught with nets down in Bering Sea

SEATTLE (AP) – Tough penalties and increased Coast Guard surveillance are being sought after seven Japanese factory ships reportedly were seen fishing illegally in U.S. waters.

Ted Evans, director of the Alaska Factory Trawlers Association, and Sam Hjelle, president of Glacier Fish Co., said they made videotapes of the ships they saw Wednesday from a privately charted jet about 38 miles inside the 200-mile fishery zone and northwest of Adak in the Aleutian Islands.

"This simply confirms what we have suspected all along," Evans said, "that there is massive, calculated foreign fishing within the U.S. zone."

Hjelle, whose Seattle company operates a factory trawler, said overall Japanese fleet sizes in the area and shipments of processed seafood lead him to believe as much as five million metric tons of unreported fish worth as much as $2 billion may have been caught in the north Pacific Ocean last year – more than twice what U.S. scientists say would be a biologically acceptable harvest.

The Seattle-based trawlers group will report the findings at a meeting of the North Pacific Fisheries Management Council this week in Anchorage, Alaska, along with requests for tough penalties and increased Coast Guard surveillance, Evans said.

A State Department official in Washington D.C. told The Seattle Times that Japanese diplomats were asked for an explanation Friday, with further action unlikely until the unofficial report is confirmed.

Last year Japanese, Korean and other foreign fishing representatives reported catching more than a million metric tons, or 2.2 billion pounds, of bottomfish in the "doughnut hole," an expanse of international waters covering 4,500 square miles in the Bering Sea where the water is more than two miles deep.

"No way they're catching all that fish in the doughnut hole," Hjelle said. "Fish don't like the deep water. They school up on the edge (of the continental shelf, inside the zone) where there's lots of upwelling."

He and others say it is far more likely those fish were taken by boats that slipped inside the fishery zone under cover of darkness or low clouds.

A Coast Guard official in Washington D.C. said the agency has similar suspicions and has often heard unconfirmed reports of illegal fishing, but despite air and sea patrols the foreign fleets have never been caught with their nets down.

Last year the Coast Guard report spotting as many as 200 foreign fishing vessels in the Bering Sea.

Evans said he, Hjelle and the charter pilots had been flying for several hours when they saw some radar blips and dipped beneath the 200-foot cloud cover in an area the plane's Loran gear indicated was 38 miles inside the zone.

In three passes they said they videotaped seven factory trawlers, each more than 200 feet long, fishing on Ulm's Plateau, an area of shallow water known as a productive fishing area. Moments later, just outside the U.S. zone, they spotted about 20 scattered Japanese vessels that appeared to have just pulled in their nets and seemed to be processing, Evans said.

The Times described the tapes as grainy in quality but clearly showing nets in the water. Evans said he recorded the identification numbers of at least three ships, but the hull numbers of two others were covered by canvas tarpaulins.

Hjelle said the size of the boats indicated they were fishing for halibut, turbot or black cod, also known as sablefish, rather than pollock or other less lucrative fish.

Occasional snow tonight with northwest winds at 20 mph and a low near 30. Snow showers tomorrow with a high near 34. Record high for this date is 46, set in 1962; record low is -1, set in 1947. Sunset tonight at 5:04; sunrise tomorrow at 9:36. Daylight: 7 hours, 26 minutes.

the Kodiak daily mirror

VOL. 48 NO. 011 MONDAY, JANUARY 18, 1988 KODIAK, ALASKA 12 PAGES 35 CENTS

6 men overboard off crabber

By KAREN DURR
Staff Writer

Six crewmen abandoned the sinking FV Wayward Wind early this morning as a Coast Guard Cutter, aircraft, and commercial fishing vessels raced to the rescue.

Two survivors and four bodies have been picked up and returned to Kodiak. Officials were not releasing any identities at press time.

The men were reportedly in 10-foot seas south of Tugidak Island.

The Coast Guard received the Wayward Wind's mayday call at 1:15 a.m. Monday, according to a Kodiak Air Station spokesman. She was taking on water and the crew were putting on survival suits.

The Coast Guard launched a C-130 which pinpointed the vessel's Emergency Locator Transmitter signal and guided an H-3 helicopter to the area, 10 miles south of Tugidak off Kodiak's southernmost tip.

Two other fishing vessels were on scene this morning and others were on the way. The Coast Guard Cutter Boutwell also was to join the search.

The steel-hulled 86-foot Wayward Wind is homeported in Kodiak and is owned by Irish Lady Inc. of Port Williams on Shuyak Island. Her operator, is William "Red" Nietupski, according to City Harbormaster records. A multi-use vessel, she was geared for Tanner crabbing.

The search was being conducted in 25 knot winds and 10-foot seas with blowing snow, the AirSta spokesman said.

In an unrelated case, the Coast Guard also medevaced a crewman off the FV Yardarm Knot Friday afternoon.

Craig Davies, 19, was taken off the vessel.

Boat hull, 2 bodies found from FV Cape Karluk

By NELL WAAGE
Staff Writer

Two bodies from the FV Cape Karluk and the wrecked hull of the boat were found by searchers over the weekend.

Authorities have discontinued the search for a third crewman said to be aboard when the boat disappeared between Jan. 12 and 13.

The body of Merle P. Ashouwak, 24, was spotted by the Coast Guard search helicopter Saturday in Geese Channel and later recovered by crewmen aboard the Alaska Fish and Wildlife Patrol Vessel Vigilant. Ashouwak's body was clad in a Mustang "skiff suit" or "deck suit," according to LL Tom Schwantes of the FWP. Later in the day the body of Jerry D. Christiansen, 30, was located and recovered. Schwantes said that to his knowledge Christiansen was not wearing a survival or deck suit.

Still missing is Eugene Naumoff, 34.

The Coast Guard initially located the wreckage of the 32-foot Cape Karluk Friday in Geese Channel and was able to relocate it Saturday and direct the Vigilant to it. The entire cabin and wheel house were gone, LL Schwantes said, and the port side from the fish hold forward was torn away, making it possible to verify that no bodies were in the wreckage.

The search was discontinued late Saturday.

Jeff Peterson, Village Public Safety Officer of Old Harbor, said the men, all Old Harbor residents, had set off from the village for Moser Bay to pick up some crab pots. The boat left Moser Bay around noon on Jan. 12, according to information furnished to the FWP. Tuesday evening those aboard the boat radioed Old Harbor they were seeking shelter from severe weather in Russian Harbor at the southernmost tip of Kodiak Island and expected to reach the village the next morning. The VPSO reported the Cape Karluk overdue at around noon the next day.

The Vigilant happened to be in Geese Channel at 1 p.m. that day when they heard the missing boat report and began searching, Schwantes said, continuing on into Alitak and Moser Bay. The Coast guard also began a search. Seas were rough in the area, Schwantes said. A steady wind had buffeted the area at 40 miles per hour with gusts to 60 the two previous days.

Christiansen was owner of the Cape Karluk.

Admiral says fish patrol cuts likely

By KAREN DURR
Staff Writer

Depending on decisions being made in Washington D.C. soon, the Coast Guard is facing some drastic changes. Nationwide the service may sustain a $100 million cut – about 10 percent of last year's total – in this year's budget, and that cut must be worked into a fiscal year that's already more than a quarter past.

In Alaska's 17th Coast Guard District those changes could be felt immediately: a 30 percent cut in cutter operations, 10-15 percent cuts in flight time, moving the buoy tender Sweetbriar from its homeport in Cordova to Ketchikan and decommissioning another buoy tender, the Planetree.

The Commander of the 17th Coast Guard District, Rear Adm. Edward Nelson Jr., discussed some of those impending changes during an interview with *The Kodiak Daily Mirror*.

Mirror: We understand you were given some direction on cuts to be made to the Coast Guard in Alaska.

Nelson: That's something that was imposed last week, to make up the shortfall between what we need and what we don't have.

Mirror: But we also understand the Coast Guard has been authorized $100 million to come from the Department of Defense. Won't that offset this year's cut?

Nelson: We always do get some support from the Navy--what we would need in the event of a mobilization. But all I know is that additional DOD $100 million is in kind, not in dollars. Two examples would be C-130 parts or fuel. Specifically what kind other kinds of support I could not tell you. We're still in the process of working out what kind of support that could be.

If it wasn't for that $100 million, it would be a $200 million deficit.

Mirror: What restrictions would be placed on that DOD funding?

Nelson: It would be restricted in the same sense as using coupons in a company store. You can get fuel or parts, but it isn't dollars coming across the counter.

Mirror: It seems that every year the Coast Guard goes through a similar process of being cut drastically and at the last minute things work out.

Nelson: It's different this year with the Gramm-Rudman cuts. I don't know where the help is going to come from since it's gotten past the Congressional stage here. But you're right, every year we spend a lot of time finding relief and we have had some help before. It's very frustrating to face this every year. But we belong to Department of Transportation. If they take something out of the Department's budget that is high priority, like mass transit, it had to come out of that same piece of pie and we have a small piece.

Mirror: So what losses does Alaska face?

Nelson: We were asked what we were going to do to deal with this kind of reduction. We knew we're going to lose a buoy tender for some time. The Planetree hasn't gone through the extensive rehabilitation the others have. The need hasn't changed, but we were asked where would you make that up.

Another target might have been the Firebush. You can't get into personalities, but operations only. We feel like we can cover the needs of Aids to Navigation with the Homer-based Sedge or the Firebush out of Kodiak. If we have to take a loss somewhere it'll have to be the Sweetbrier.

We're basing this decision on operational needs, not on the way it's received in the community or who has what facilities.

Mirror: How are you going to handle other cuts?

Nelson: We'll probably close the MSDs (Marine Safety Detachments) in Kodiak and Sitka – that's two men in Kodiak, one in Sitka – and phase down the one in Valdez. We might make that a MSD and not a MSO (Marine Safety Office).

Kenai and Ketchikan both have a much heavier load. It would be

(See "Admiral," Page 12)

Admiral discusses cuts

(Continued from Page 1)

more expensive to cover them with transportation costs than, say, Kodiak or Sitka.

Mirror: How about the reported 10-15 percent reduction in aircraft operations?

Nelson: We knew we were going to have some reduction. Kodiak was supposed to be getting another C-130, but there was no place to hangar it so it's just as well we won't now.

Other than that, augmentation of airframe support on patrols is to be reduced. Already a bunch of the folks out of the (fishing) associations in Seattle – the larger catcher processors, the factory trawlers – have written Sen. Stevens and the North Pacific Fishery Management Council because they've been concerned we don't have enough information on fishing in the doughnut hole.

We weren't doing enough before and we'll be doing even less with less flight time. Beyond that, we didn't get any mandated cuts.

Mirror: What vessel operations may be affected by these 30 percent cuts?

Nelson: High-endurance cutters out of Seattle, Hawaii or San Francisco and enforcement of laws and treaties, readiness exercises, fisheries patrols, the Alaska Patrol, special operations, refresher training with the Navy.

Mirror: Specifically the Alaska Fisheries Patrol?

Nelson: We like to have two (patrol vessels) on the (fishing) grounds all the time. We'll flat not be able to do that. We'll have to compensate with the Storis out of Kodiak when we don't have the high-endurance cutters up here. The Storis does a fine job, but it isn't a high-endurance cutter.

We usually try to get the Boutwell on the grounds for 60 days, but with search and rescue cases and so on, they'll have less time on patrol.

Mirror: And your other training cutbacks?

Nelson: We canceled the Sedge out of Homer going on spring refresher training. But we rescheduled her for the fall and that turned out better anyways with the extensive turnover of officers due this summer. It'll be better in the fall with the new command.

Two other training excercises are coming up and the plan is to send them. It's pretty important. It's not just fighting war, but damage control training--how to hande a hole in the side. It's pretty important for the survival of a ship.

Training supposedly sticks, but with new people coming along all the time it has to be a constant thing.

We're looking across all expenses, down to the cost of having a phone sitting on a desk in someone's office and to a large part we can stall off somethings we can do without. But in the last few years, we've learned we can't do without training too long or it's going to turn around and bite you. So we're doing the best we can to maintain that training.

Mirror: What's the next step in the decision making process?

Nelson: The Department of Transportation is trying to work with the White House and we're getting pretty good support from the Department.

Mirror: When's the final decision due?

Nelson: Last week we thought Friday would have the answer. But we still haven't heard the word.

Weekend spor

By The Associated Press

PRO FOOTBALL

NEW YORK – The Denver Broncos will face the Washington Redskins in Super Bowl XXII on Jan. 31 in San Diego as both teams wons Conference Championships Sunday. Denver stopped Cleveland, 38-33, in the AFC title game for the second straight season as quarterback John Elway threw three touchdown passes. Washington ended the impressive playoff run of the Minnesota Vikings, 17-10, behind two touchdown passes by quarterback Doug Williams.

NEW YORK – Jimmy "The Greek" Snyder, a self-styled oddsmaker and expert on sports, was fired as a CBS Sports commentator Saturday, a day after making controversial remarks about blacks.

Snyder, 70, who had been with CBS for 12 years, said in a television interview that black athletes were superior to whites because during the Civil War "the slave owner would breed his big black with his big woman so that he would have a bi kid. That's where started."

GOLF

CARLSBAD, Steve Pate was decl winner of golf's Tou of Champions Sunda series of rain squalls out the fourth round duced play to 54 hole

Dave Hill, wl through three round seniors' competition event that brings only the winners PGA Tour titles, a named the winner of 50 section of the tour

Play had been dela times, once by hail, Mike Shea of the P Allard Roen, tour chairman for host L canceled the final rou

Only 12 men in field of 50 had comple when the round was out. All Sunday scor erased.

SKIING

DOBBIACO, I Swedish team w women's 20-kilomet Cup cross-country Saturday.

The team of Karin stedt, Annalena Magdalena Wallin a Elena Westin had a time of 53 minut seconds.

An East German second in 53:42.7 Norwegian squad too 54:05.5.

SKATING

PRAGUE, Cz vakia – K tarin emerged from the

Basketball

EASTERN CONFERENCE

Atlantic Division	W	L	Pct	GB
Boston	25	10	.714	
Philadelphia	18	17	.514	7
Washington	12	20	.375	11 1/2
New York	12	23	.343	13
New Jersey	7	27	.206	17 1/2
Central Division				
Atlanta	26	9	.743	
Detroit	20	11	.645	4
Chicago	20	14	.588	5 1/2
Milwaukee	19	14	.576	6
Indiana	17	17	.500	8 1/2
Cleveland	17	19	.472	9 1/2

WESTERN CONFERENCE

Midwest Division	W	L	Pct	GB
Dallas	21	11	.656	
Houston	20	14	.588	2

Top 20 col

How the Assoc teams fared this w

1. Arizona (16 70-54.

2. North Carol ginia 87-62.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 2-17-88 1:30 p.m.

(7)

HOUSE COMMITTEE REPORT

Date referred: 2/5/88 FURTHER REFERRALS:

DATE: February 17, 1988

The Transportation Committee has considered HJR 52

Opposing reductions in the budget of the United States Coast Guard.

RECOMMENDS:

[ ] replace with _____ [ ] the same title
[ ] a new title

[ ] attached amendment(s)

[X] do pass
[ ] do not pass
[ ] no recommendation
[ ] individual recommendations
[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact
[X] zero fiscal note
[ ] zero with analysis
[ ] same as previous fiscal note published _____
[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Mike Mull
Doug Kogica
Richard Simpson
Bill Glaser
Bette Cate

SIGNING OTHER RECOMMENDATIONS:

Bette Cate
Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: February 17, 1988

SIGN-IN

Subject of meeting:

* HB 437: "An Act relating to naming the Robert J. Mitchell Expressway."
* HJR 52: Opposing reductions in the budget of the United States Coast Guard.
* SJR 54: Expressing support for the Alaska Airlines application for approval to fly to Siberia.

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY? on what?
Rep. Steve Frank	The Alaska State Legislature Juneau	465-3709	[redacted] Fairbanks area	HB 437
Rep. Cliff Davidson	" " "	465-2487		HJR 52
Chief of Operations for The 17th Coast Guard Capt. Ware Monarief	District	Box 3-5000 Juneau, Ak. 99802	586-7354 Coast Guard	"
Sen. Arliss Sturgulewski	Alaska State Legislature Juneau	465-4989		SJR 54
Jim Stimple	Box 729 Nome, Alaska 99762	443-2022	Nome Chamber of Commerce, CCCP	SJR 54

* indicates first public hearing

```
**********************************************************
*                                                        *
* DELIVER TO: LHSCTRA                                    *
*                                                        *
*                                                        *
* ORIGINAL                                               *
* SENT:          02/17/88  TIME: 15:18                   *
* FROM:          LIOCFBX                                 *
* SUBJECT:       HTRA,FS,MITCHELL EXPY-2-17-88           *
* PRINT DATE:    02/17/88  TIME: 16:26                   *
*                                                        *
**********************************************************
```

FINAL STATS

DATE: FEBRUARY 17, 1988

SITE: FAIRBANKS

SPONSOR: HOUSE TRANSPORTATION

SUBJECT: HB 437: ROBERT J. MITCHELL EXPRESSWAY

MODERATOR: BARB

****

TESTIFY:

NAME\REPRESENTING	ADDRESS	PHONE:
1.)	ROGER BURNS, 2557 DALE ROAD, FAIRBANKS 99709	479-2724
2.)	GARY WILKEN, 2600 RIVERVIEW DR., FAIRBANKS 99709	474-0341
3.)	CELIA M. HUNTER, 1819 MUSKOX TR., FAIRBANKS 99709	479-2754
4.)	GINNY HILL WOOD, 1819 MUSKOX TR., FAIRBANKS 99709	479-2754
5.)	ALASKA LINCK, 666 TENTH AVE., FAIRBANKS 99701	456-5107
6.)	NANCY BAKER, 49 TIMBERLAND, FAIRBANKS 99701	452-2624
7.)	JOE TREMARELLO, BOX 80574, COLLEGE 99708	476-6051
8.)	EVOLYN MELVILLE, 2526 OUTSIDE BLVD., N POLE 99705	488-2679
9.)	PETE EAGAN, BOX 1170 FAIRBANKS 99707	456-4793
10.)	ANGIE KRUCKENBERG, BOX 10449, FAIRBANKS 99710	457-6270
11.)	MARK RINGSTAD, 502 MONROE ST., FAIRBANKS 99701	456-5734
12.)	GEORGIANNE FRANK, BOX 81109 FAIRBANKS 99708	479-4394
13.)	HAROLD HERNING, BOX 1797, FAIRBANKS 99707	488-2291

****

OBSERVE:

NAME\REPRESENTING	ADDRESS	PHONE
1.)	JAN WEAVER, 304 EIGHTEENTH AVE., FAIRBANKS 99701	456-4866
2.)	JO SWARNER, SEN. FAHRENKAMP'S OFFICE	

****

TESTIFY: __13__

OBSERVE: __ 2__

TOTAL: __15__

START TIME: 1:30 P.M.

END TIME: 2:30 P.M.

HJR 56

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

April 11, 1988

****

COMMITTEE CALENDAR:

HJR 56: Requesting the U. S. Forest Service to upgrade Resurrection Creek Road in the Chugach National Forest.

SCR 55: Suspending Uniform Rules 41(b), 24(c), and 35 of the Alaska State Legislature concerning Senate Bill No. 298.

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

a folder on HJR 56 that includes:

item #1: HJR 56
#2: fiscal notes - Office of the Governor
Dept. of Natural Resources
#3: statement - Office of the Governor, Div. of Governmental Coordination, OMB
#4: letter requesting the resolution

a folder on SCR 55 that includes:

item #1: SCR 55
#2: fiscal note - Senate Transportation Committee
#3: uniform rules
#4: SB 298
#5: statement from Sen. Coghill

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HJR # 56
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: USFS to upgrade Resurrection Creek Road in the Chugach NF
Sponsor: Representative Cato
Requestor: Representative Cato

Agency Affected: None
BRU: _____

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		0	0	0	0	0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Zero fiscal impact

Craig J. Lindh for

Prepared by: Robert P. Grogan, Director
Division: Governmental Coordination
Phone: 465-3562
Date: 4/8/88

Approved by Commissioner: _____
Agency: Office of the Governor
Date: 4/8/88

Distribution (by preparer):
- Legislative Finance
- ✓ Legislative Sponsor
- ✓ Requestor
- Office of Management and Budget
- Impacted Agency(ies)

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION : HJR 56
PUBLISH DATE : _____

FISCAL NOTE

REQUEST:

Revision Date: 4/5/88
Title : Requesting USFS to upgrade Resurrection Creek Road
Sponsor : Rep. Cato
Requestor : Cato / House Transp. Comm.

Agency Affected : Natural Resources
BRU : Forest Management
Components : Forest Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This res. does not affect the Department of Natural Resources. It concerns United States Forest Service land, and will not result in additional costs to the Department of Natural Resources.

Prepared by : John Galea
Division : Division of Forestry
Phone : 465-2491
Date : 3/31/88

Approved by Commissioner : Judith M. Brady
Agency : Natural Resources
Date : 3/31/88

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

HOUSE RESOLUTION NO. 56-Requesting the U. S. Forest Service to upgrade Resurrection Creek Road in the Chugach National Forest

STATEMENT OF ROBERT L. GROGAN, DIRECTOR, DIVISION OF GOVERNMENTAL COORDINATION, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR APRIL 11, 1988

State agencies have reviewed House Resolution No. 56 regarding the Resurrection Creek Road. The Department of Transportation and Public Facilities anticipates no fiscal impact from implementation of this resolution because the road is maintained by the U. S. Forest Service. The Department of Natural Resources believes that an upgraded road could enhance the value of state-owned land and potential land selections in the area.

We understand that the community of Hope is currently participating in a Forest Service planning process which will address overall land management concerns in the Resurrection Creek Valley. Among the public concerns is road access to Resurrection Pass Trail and impacts associated with increased visitor use. The Forest Service has informed us that, in the interim, it intends to schedule some road improvement work this summer, including the addition of a few turn-outs and widening of some narrow sections to enhance public safety. Completion of the Forest Service planning process will help ensure that improvement of road access to the Resurrection Trailhead is appropriate to the public needs that are identified.

vh88040801clj

FEB 0 1 1988

January 21, 1988

The Honorable Betty Cato
P.O. Box V
Juneau, AK 99811

Dear Representative Cato:

I talked with you in December. Our conversation was concerning the efforts of the citizens of Hope, Alaska, to have the Forest Service upgrade the Resurrection Creek Road.

The Forest Service said they were willing to upgrade the road, if they had the necessary funding to do so. We are requesting the Alaska Delegation to obtain the necessary Federal funding.

The citizens of Hope would appreciate a joint resolution signed by the House, Senate and Governor. Enclosed is a copy of the Resolution unanimously enacted by the Kenai Peninsula Borough.

Your consideration to this matter will be greatly appreciated.

Sincerely,

Tom Williams

TOM WILLIAMS

TW/pv

Tom Williams
4600 DeArmoun Road
Anchorage, AK 99516

LRS. 87 121

Introduced by: Skogstad
Date: December 15, 1987
Action: Adopted
Vote: Unanimous

KENAI PENINSULA BOROUGH

RESOLUTION 87-121

SUPPORTING THE ALASKA CONGRESSIONAL DELEGATION EFFORTS TO OBTAIN NECESSARY FUNDS FOR THE UPGRADING OF RESURRECTION CREEK ROAD IN HOPE, ALASKA

WHEREAS, Resurrection Creek Road is receiving larger volumes of traffic yearly to the trailhead of Resurrection Trail; and

WHEREAS, the last portion of Resurrection Creek Road is passible by one lane traffic only; and

WHEREAS, due to the increase in tourism a need exists to upgrade the necessary portions of Resurrection Creek Road to insure suitable safety standards;

NOW THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

Section 1. That the Kenai Peninsula Borough Assembly supports all efforts by the Alaska Congressional Delegation to obtain the funds necessary into the Dept. of Agriculture's budget for the upgrading of a portion of Resurrection Creek Road.

Section 2. That this resolution be sent to Senators Ted Stevens and Frank Murkowski, Representative Don Young, Senator Robert Bird, Chairman of the Senate Appropriations Committee, Subcommittee on the Interior and related agencies and Representative Sydney Yates, Chairman of the House Appropriations Committee, Subcommittee on the Interior and related agencies.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH ON THIS 15th DAY OF December, 1987.

Jonathan W. Sewall, Assembly President

ATTEST:

Borough Clerk

Official Business

COMMITTEE:

House Transportation Committee

DATE: April 11, 1988

SIGN-IN

Subject of meeting:

*HJR 56: Requesting the U.S. Forest Service to upgrade Resurrection Creek Road in the Chugach National Forest.

SCR 55: Suspending Uniform Rules 41(b), 24(c), and 35 of the Alaska State Legislature concerning Senate Bill No. 298.

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Admin. Assist Marla Iduss	144 N. Binkley Soldotna, AK 99669	463-3529	Kenai Pen. Borough	Yes HJR 56
BOB CRAMER		465-4797	SEN. COGHILL	YES

* indicates first public hearing

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 4-11-88 1:30 p.m.

Official Business

COMMITTEE:

House Transportation Committee

DATE: April 11, 1988

SIGN-IN

Subject of meeting:

*HJR 56: Requesting the U.S. Forest Service to upgrade Resurrection Creek Road in the Chugach National Forest.

SCR 55: Suspending Uniform Rules 41(b), 24(c), and 35 of the Alaska State Legislature concerning Senate Bill No. 298.

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Admin. Assist Marla Iruss	144 N. Binkley Soldotna, AK 99669	463-3529	Kenai Pen. Borough	Yes HJR 56
BOB CRAMER		465-4797	Sen. COGHILL	YES

* indicates first public hearing

HJR

68

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

March 9, 1988

****

COMMITTEE CALENDAR:

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

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

An Overview by the Commonwealth North Railroad Committee

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

a folder on HB 448 that includes:

item #1: HB 448
#2: a statement from Rep. Frank
#3: a sectional analysis
#4: a proposed amendment
#5: information re political signs
#6: required form for filing candidacy
#7: statutes
#8: position paper - Division of Elections
#9: fiscal note & position paper - DOT/PF

a folder on HJR 68 that includes:

item #1: HJR 68
#2: fiscal note - Depart. of Comm. & Economic Dev.
#3: statement from Rep. Davidson
#4: tax alert from National Fisheries Institute
#5: Omnibus Reconciliation Act - an excerpt
#6: House Congressional Record - an excerpt
#7: letters of support
#8: newspaper articles
#9: press release from Rep. Don Young

Offered: 3/9/88
Referred: Transportation

Original sponsor: Resources Committee

IN THE HOUSE BY THE RESOURCES COMMITTEE

CS FOR HOUSE JOINT RESOLUTION NO. 68 (Resources)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

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

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

WHEREAS the State of Alaska has an extensive coastline, an economy dependent on resource extraction and development, and long transportation lines between principal commercial centers; and

WHEREAS transportation, commerce, and economic development in the state are greatly dependent on the use of tax exempt fuels, especially diesel fuel, by marine fuel consumers and by other fuel users engaged in resource development and transportation; and

WHEREAS the federal government has long exempted from the excise tax diesel fuel sold by a wholesale dealer to the ultimate consumer of the fuel; and

WHEREAS, under the provision that allowed tax-free sales for certain exempt sales purposes, most Alaskans who purchased diesel fuels for off-road use involving, among other activities, commercial fishing, timber, mining, farming, ranching, and marine transportation operations, did not pay the federal excise tax; and

WHEREAS the Omnibus Budget Reconciliation Act (P.L. 100-203) requires the collection of diesel fuel taxes at the wholesale level and repeals the provision allowing tax-free sales of diesel and other fuels for certain exempt purposes; and

WHEREAS, under that Act, effective April 1, 1988, except for sales of fuel destined for use as heating oil, all sales involving diesel fuel

HJR0683

beyond the wholesale level are subject to the excise; and

WHEREAS, to implement authority given to the United States Treasury to make exemptions from the tax, regulations proposed by the Internal Revenue Service establish a system by which persons who qualify for exemption from the federal excise tax and who claim the benefit of exemption may, with documentation of the fuel's nontaxable use, apply for a refund of the amount of the excise tax that the person has paid, either quarterly, if the person pays more than $1,000 per calendar quarter, or annually, as an adjustment to the person's individual income tax; and

WHEREAS the tax collection procedure imposed by this Act requires each purchaser of diesel fuel in the marketing chain to remit the tax, adding to the heavy cash flow burden of each party; and

WHEREAS the repeal of the exemption and substitution of the refund system will have a generally negative effect on the state's domestic economy by reducing the profit margins of many small ventures engaged in commercial fishing, timber, mining, farming, ranching, and marine transportation operations, and other resource extraction and development activities; and

WHEREAS, in a highly competitive seafood industry that is undercapitalized and often economically uncertain, repeal of the exemption and imposition of the federal excise tax, even with a refund provision, will have an extraordinarily detrimental effect by making it more difficult for domestic marine fuel suppliers and consumers who use the fuel in fishery activities to compete against foreign flag operators;

BE IT RESOLVED by the Alaska State Legislature that the Alaska Congressional delegation is urged to introduce and support passage of legislation restoring the exemption from payment of the federal excise tax on sales of diesel fuel in place of the amendments made by the Omnibus Budget Reconciliation Act.

COPIES of this resolution shall be sent to the Honorable Ted Stevens

COMMITTEE COPY

and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

COMMITTEE COPY

Original sponsor: Resources Committee

IN THE HOUSE BY THE TRANSPORTATION COMMITTEE

CS FOR HOUSE JOINT RESOLUTION NO. 68 (Transportation)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

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

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

WHEREAS the State of Alaska has an extensive coastline, an economy dependent on resource extraction and development, and long transportation lines between principal commercial centers; and

WHEREAS transportation, commerce, and economic development in the state are greatly dependent on the use of tax exempt fuels, especially diesel fuel, by marine fuel consumers and by other fuel users engaged in resource development and transportation; and

WHEREAS the federal government has long exempted from the excise tax diesel fuel sold by a wholesale dealer to the ultimate consumer of the fuel; and

WHEREAS, under the provision that allowed tax-free sales for certain exempt sales purposes, most Alaskans who purchased diesel fuels for off-road use involving, among other activities, commercial fishing, timber, mining, farming, ranching, and marine transportation operations, did not pay the federal excise tax; and

WHEREAS the Omnibus Budget Reconciliation Act (P.L. 100-203) requires the collection of diesel fuel taxes at the wholesale level and repeals the provision allowing tax-free sales of diesel and other fuels for certain exempt purposes; and

WHEREAS, under that Act, effective April 1, 1988, except for sales of fuel destined for use as heating oil, all sales involving diesel fuel

beyond the wholesale level are subject to the excise; and

WHEREAS, to implement authority given to the United States Treasury to make exemptions from the tax, regulations proposed by the Internal Revenue Service establish a system by which persons who qualify for exemption from the federal excise tax and who claim the benefit of exemption may, with documentation of the fuel's nontaxable use, apply for a refund of the amount of the excise tax that the person has paid, either quarterly, if the person pays more than $1,000 per calendar quarter, or annually, as an adjustment to the person's individual income tax; and

WHEREAS the tax collection procedure imposed by this Act requires each purchaser of diesel fuel in the marketing chain to remit the tax, adding to the heavy cash flow burden of each party; and

WHEREAS the repeal of the exemption and substitution of the refund system will have a generally negative effect on the state's domestic economy by reducing the profit margins of many small ventures engaged in commercial fishing, timber, mining, farming, ranching, and marine transportation operations, and other resource extraction and development activities; and

WHEREAS, in a highly competitive seafood industry that is undercapitalized and often economically uncertain, repeal of the exemption and imposition of the federal excise tax, even with a refund provision, will have an extraordinarily detrimental effect by making it more difficult for domestic marine fuel suppliers and consumers who use the fuel in fishery activities to compete against foreign flag operators;

BE IT RESOLVED by the Alaska State Legislature that the Alaska Congressional delegation is urged to introduce and support passage of legislation restoring the exemption from payment of the federal excise tax on sales of diesel fuel in place of the amendments made by the Omnibus Budget Reconciliation Act.

COPIES of this resolution shall be sent to the Honorable Lloyd

Bentsen, Chairman of the Senate Committee on Finance; the Honorable Dan Rostenkowski, Chairman of the House Committee on Ways and Means; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HJR 68
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Agency Affected: Commerce & Econ. Dev.
Title: Urging Congress to restore the exemption from federal excise tax/certain diesel fuel users
BRU: Division of Business Development
Sponsor: House Resource Committee
Components: _____
Requester: House Resource Committee

EXPENDITURES / REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Larry Merculieff, Director
Phone: 465-2017
Division: Business Development
Date: March 8, 1988

Approved by Commissioner: J. Anthony Smith
Date: March 8, 1988
Agency: Department of Commerce and Economic Development

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

0985D-4/030888a

STATE OF ALASKA
HOUSE OF REPRESENTATIVES
Box V, Juneau, Alaska 99811
(907) 465-2487 • 465-2498

REPRESENTATIVE CLIFF DAVIDSON District 27 Box 746, Kodiak, Alaska 99615

M E M O R A N D U M

TO: Representative Bette Cato, Chair
House Transportation Committee

FROM: Representative Cliff Davidson

DATE: March 2, 1988

SUBJECT: House Joint Resolution 68 by the Resources Committee

Enclosed is a copy of House Joint Resolution 68, which was introduced today and assigned the Resources and Transportation Committees.

It will be heard on Wednesday, March 9 in the Resources Committee. May I request a hearing on this piece of legislation as soon as possible pending referral? There is a rush on getting HJR 68 to Congress before April 1, 1988.

This resolution requests Congress to preserve the way they collect the fifteen cent per gallon federal excise tax on diesel fuel.

Under legislation passed last December, tax-exempt categories must first pay the tax and then apply for a refund later. Under current practice, these tax exempt categories do not pay the tax at all.

While still technically exempt, the way the federal government will collect this tax unnecessarily raises the cost of doir business for many Alaskans. It will restrict their cash flow, increase paperwork and is essentially an interest free loan to the government.

This resolution asks Congress to reinstate the current practice and repeal the proposed changes, which take effect April 1, 1988.

Thank you for your support.

NATIONAL FISHERIES INSTITUTE, IN

2000 M STREET, N.W., STE. 580 ■ WASHINGTON, D.C. 20036 ■ (202) 296-5

February 12, 1988

TAX ALERT

ACTION REQUESTED

NFI VESSEL OPERATORS

Vessel operators should be aware that as of April 1, 1988:

- The up-front exemption from federal excise taxes will be repealed for diesel fuel purchased by fishery vessels.
- Diesel fuel used for vessels will continue to be nontaxable, but operators will be required to pay a 15.1 cents per gallon tax when purchasing fuel, then apply to the Treasury Department on a quarterly basis for a refund.

NFI is asking Congress to restore the up-front exemption for our industry. You are urged to contact your Senators and Representatives and urge them to sponsor legislation to permit tax-free sales of diesel fuel for fishery vessels.

BACKGROUND

A provision in the 1987 Budget Reconciliation Act passed in December requires federal excise taxes on diesel fuel to be collected at the wholesale level and repeals exempt sales beyond the wholesale level, except in four circumstances:

- diesel fuel sold for use as a fuel in a diesel-powered train;
- commercial aviation fuel;
- taxable fuel sold for industrial use other than as a motor fuel; and
- taxable fuel sold for use by a state or a political subdivision of a state.

These exemptions are not across-the-board; rather, they will have to be obtained on a case-by-case basis by each company.

(3)

All other current exemptions from the diesel fuels tax, including those for farmers, fishermen and other off-highway business use, have been eliminated. Instead, non-taxable uses will be taxed at time of purchase and refunds made pursuant to applications filed to document the non-taxable use. Although the regulations implementing this change have not been finalized, the Treasury Department indicates that they expect to use a quarterly refund process for amounts in excess of $1,000 which is similar to the existing refund process for non-taxable gasoline and diesel fuel uses. All refunds less than $1,000 per quarter will be handled annually.

The changes that were enacted had the objective of deterring tax-evasion schemes which are estimated to cost the Highway Trust Fund several hundred million dollars in lost revenues annually. However, the repeal of the exemption will place a heavy cash-flow burden on the seafood industry, which has legitimate tax exempt uses.

IMPACT

This law becomes effective April 1. The impact on fishery companies includes:

- o added cost for fuel;
- o additional recordkeeping and paperwork to enable recovery of funds through a yet-to-be established refund procedure; and
- o loss of the time value of the funds paid for fuel tax (which may be substantial as federal officials are swamped in an avalanche of refund requests).

LEGISLATIVE ACTIVITY

Several bills have been introduced. Four would restore the exemption for farmers only. These are:

- o H.R. 3850 sponsored by Congressman Jontz (D-IN)
- o H.R. 3844 sponsored by Congressman Daub (R-NE)
- o H.R. 3881 sponsored by Congresswoman Smith (R-NE)
- o S. 2003 sponsored by Senator Gramm (R-TX)

Two bills would restore exemptions for all off-highway uses including vessel operations. Those are:

- o H.R. 3865 sponsored by Congressman Combest (R-TX)
- o H.R. 3866 sponsored by Congressman De la Garza (D-TX)

The key committees which will consider this matter are:

SENATE FINANCE COMMITTEE

Lloyd Bentsen, Tex.,
Chairman
Spark M. Matsunaga, HI
Daniel P. Moynihan, N.Y.
Max Baucus, Mont.
David L. Boren, Okla.
Bill Bradley, N.J.
George J. Mitchell, ME
David Pryor, Ark.
Donald W. Riegle, Jr., Mich.
John D. Rockefeller IV, W.Va.
Thomas A. Daschle, S.D.

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100TH CONGRESS *1st Session*	HOUSE OF REPRESENTATIVES	REPORT 100-495

FUEL TAX Report Language.

OMNIBUS BUDGET RECONCILIATION ACT OF 1987

CONFERENCE REPORT

TO ACCOMPANY

H.R. 3545

DECEMBER 21, 1987.—Ordered to be printed

maximum reduction in estate taxes to $750,000, (5) imposes holding period requirements for the decedent and the ESOP, (6) prohibits the deduction in the case of securities acquired with assets transferred from another plan of the employer, and (7) imposes certain excise taxes on an ESOP or worker-owned cooperative for a failure to satisfy the allocation and holding period requirements.

The confirmation of the IRS Notice is effective as if included in the Tax Reform Act of 1986. The other provisions are effective with respect to sales of securities to ESOPs after February 26, 1987, except that the ESOP holding period requirement generally applies to dispositions of securities by the ESOP after February 26, 1987. Securities subject to the ESOP holding period requirement are qualified employer securities, which for this purpose includes employer securities sold before February 27, 1987, for which a deduction was allowed.

Senate amendment

The Senate amendment is the same as the House bill, except that the provisions (other than the confirmation of the IRS Notice) are effective with respect to sales of securities to ESOPs after February 27, 1987, and that the ESOP holding period requirement generally applies to dispositions of securities by the ESOP after February 27, 1987. Securities subject to the ESOP holding period requirement are qualified employer securities, which for this purpose includes employer securities sold before February 27, 1987, for which a deduction was allowed.

Conference agreement

The conference agreement follows the House bill.

V. Excise Taxes; User Fees

A. EXCISE TAXES

1. Telephone excise tax: 3-year extension

Present law

A 3-percent excise tax is imposed on amounts paid for local telephone service, toll (long-distance) telephone service, and teletypewriter exchange service. This tax is scheduled to expire after December 31, 1987.

House bill

The House bill extends the present 3-percent telephone excise tax for 3 years, through December 31, 1990.

Senate amendment

The Senate amendment is the same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

2. Collection of diesel fuel and sales t

Present law

The excise taxes on diesel fue line aviation fuel generally are fuel by a retail dealer to the 4041). Under an exception, reta sale distributors collect and pay sold to the retailer.

House bill

The excise tax on taxable fue taxable special fuels, and nong posed on sale of the fuels to any

Taxable special fuels include oline or diesel fuel) that are (ol cle or motorboat. Nongasoline which tax would be imposed if commercial aviation.

Collection of the excise tax wholesale dealers is made man of present law permitting tax- poses are repealed.

Any taxable fuel that is held sale is subject to a floor stocks t section to that fuel.

The provision is effective on J

Senate amendment

The Senate amendment gene with the following differences.

The Treasury Department is for purposes of making refunds line fuels excise taxes. In add quire information reporting an the distribution chain of these vent evasion of the tax.

The Senate amendment also revenues raised by the floor Highway Trust Fund or the L (LUST) Trust Fund.

The provision is effective on

Conference agreement

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'AXES; USER FEES

CISE TAXES

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2. Collection of diesel fuel and certain other motor fuels taxes on sales to retailers

Present law

The excise taxes on diesel fuel, special motor fuels, and nongasoline aviation fuel generally are imposed on the sale of the taxable fuel by a retail dealer to the ultimate consumer of the fuel (sec. 4041). Under an exception, retail dealers may elect to have wholesale distributors collect and pay the diesel fuel tax when the fuel is sold to the retailer.

House bill

The excise tax on taxable fuels, which are defined as diesel fuel, taxable special fuels, and nongasoline aviation fuels, is to be imposed on sale of the fuels to any taxable fuel retailer.

Taxable special fuels include special motor fuels (other than gasoline or diesel fuel) that are sold for use as a fuel in a motor vehicle or motorboat. Nongasoline aviation fuels means any liquid on which tax would be imposed if sold for use in an aircraft in noncommercial aviation.

Collection of the excise tax on the sale of any taxable fuel by wholesale dealers is made mandatory for all sales. The provisions of present law permitting tax-free sales for certain exempt purposes are repealed.

Any taxable fuel that is held on January 1, 1988, by a dealer for sale is subject to a floor stocks tax at the rate applicable under this section to that fuel.

The provision is effective on January 1, 1988.

Senate amendment

The Senate amendment generally is the same as the House bill, with the following differences.

The Treasury Department is authorized to prescribe regulations for purposes of making refunds or allowing credits of the non-gasoline fuels excise taxes. In addition, Treasury is authorized to require information reporting and registration from such persons in the distribution chain of these fuels as is deemed necessary to prevent evasion of the tax.

The Senate amendment also requires that amounts equivalent to revenues raised by the floor stocks taxes be transferred to the Highway Trust Fund or the Leaking Underground Storage Tank (LUST) Trust Fund.

The provision is effective on January 1, 1988.

Conference agreement

The conference agreement generally follows the House bill and the Senate amendment, but includes several modifications. First, the tax on special motor fuels continues to be imposed at the retail level. In the case of the taxes on diesel fuel and nongasoline aviation fuels, tax technically is imposed on the sale (or earlier use) of a taxable fuel by the producer thereof. The term producer is defined, however, to include wholesale distributors and other intermediate persons in the chain of distribution of the taxable fuel. All persons who are producers of a taxable fuel must register with the

Treasury Department and satisfy such bonding requirements as Treasury may prescribe. Therefore, a wholesale distributor may buy fuels without payment of tax only upon satisfaction of these requirements.

In general, like the House bill and Senate amendment, all provisions permitting exempt sales beyond the wholesale level are repealed. Treasury is, however, given discretionary authority to exempt from tax certain sales where the purchaser demonstrates to the satisfaction of Treasury that the fuel will be used in a nontaxable use and also registers and posts such bond as Treasury may require. This authority is to be exercised on a case-by-case basis. Sales that may be exempted include (1) diesel fuel sold for use as a fuel in a diesel-powered train, (2) aviation fuel sold for use as a fuel in an aircraft in commercial aviation, (3) taxable fuels sold for industrial use other than as a motor fuel, and (4) taxable fuel sold for exclusive use of any State, a political subdivision of a State, or the District of Columbia.[2] As under the House bill and the Senate amendment, sales of fuel that Treasury determines is destined for use as heating oil may be made without payment of tax. All other exemptions from these taxes must be realized through refund procedures following purchase of the fuels tax-paid.

The conference agreement grants Treasury broad authority to ensure compliance generally with the provisions of the agreement. Specifically, Treasury may, in its discretion, require information reporting by and registration of any person in the distribution chain of any taxable fuel (including, e.g., any distributor of fuel destined for use as heating oil).

These provisions of the conference agreement are effective on and after April 1, 1988, with a floor stocks tax being imposed as was provided under the House bill and the Senate amendment on all persons holding non-tax-paid fuels on April 1, 1988.

3. Extension of termination date for coal excise tax rate

Present law

A manufacturer's excise tax is imposed on the sale or use of domestically mined coal by the producer (sec. 4121). Effective April 1, 1986, the tax rate was increased (by .) percent) to $1.10 per ton of coal from underground mines, and 55 cents per ton of coal from surface mines, but not to exceed 4.4 percent of the sales price.

Under present law, the tax rate is scheduled to revert to the pre-1982 rate of 50 cents per ton on underground coal and 25 cents per ton on surface coal (but not to exceed two percent of price) on the earlier of January 1, 1996 or the first January 1 as of which there is (1) no balance of repayable advances from the general fund to

[2] States and local governmental units eligible to apply to the Treasury for approval to buy fuels without payment of tax generally include those governmental units that are permitted to buy tax-free under present law (sec. 4221(a)(4)). The conferees are aware that repeal of automatic tax-free sales of these fuels to States and local governments may, in certain cases, result in a temporary additional cost on certain of these entities, but determined that general concerns about compliance with these taxes outweigh that possibility. The discretionary exemption included in the agreement reconciles these compliance concerns with any potential burden on States and local governments. The conferees intend that in determining which governmental units may purchase taxable fuels without payment of tax under the agreement, the Treasury Department is to attempt to minimize any such costs to the extent consistent with the increased compliance objectives of the conference agreement.

the Black Lung Disability Trust I
on such advances.

Amounts equal to the revenues
are appropriated automatically to
authorizes repayable advances fro
Fund. The Trust Fund pays certa
cases where no coal mine operato
for the individual miner's disease.

House bill

No provision.

Senate amendment

The Senate amendment extenc
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The extension of the terminatio
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Conference agreement

The conference agreement follov

4. Highway excise tax exe

Present law

Receipts from excise taxes on m
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buses and certain private school
501(c)(3) organizations.

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House bill

The House bill repeals the mo
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tions. This repeal does not affect t
owned and operated mass transit

This provision is effective on Ja

used to acquire employer securities from transferred assets (within the meaning of section 2057(c)(2)(B)).

"(d) ORDERING RULES.—For purposes of this section and section 4978, any disposition of employer securities shall be treated as having been made in the following order:

"(1) First, from qualified employer securities acquired during the 3-year period ending on the date of such disposition, beginning with the securities first so acquired.

"(2) Second, from qualified employer securities acquired before such 3-year period unless such securities (or the proceeds from such disposition) have been allocated to accounts of participants or their beneficiaries.

"(3) Third, from qualified securities (within the meaning of section 4978(e)(2)) to which section 1042 applied acquired during the 3-year period ending on the date of such disposition, beginning with the securities first so acquired.

"(4) Finally, from any other employer securities. In the case of a disposition to which section 4978(d) or subsection (e) applies, the disposition of employer securities shall be treated as having been made in the opposite order of the preceding sentence.[133]

"(e) SECTION NOT TO APPLY TO CERTAIN DISPOSITIONS.—

"(1) IN GENERAL.—This section shall not apply to any disposition described in paragraph (1) or (3) of section 4978(d).

"(2) CERTAIN REORGANIZATIONS.—For purposes of this section, any exchange of qualified employer securities for employer securities of another corporation in any reorganization described in section 368(a)(1) shall not be treated as a disposition, but the employer securities which were received shall be treated—

"(A) as qualified employer securities of the plan or cooperative, and

"(B) as having been held by the plan or cooperative during the period the qualified employer securities were held.

"(3) DISPOSITION TO MEET DIVERSIFICATION REQUIREMENTS.—Any disposition which is made to meet the requirements of section 401(a)(28) shall not be treated as a disposition.

"(f) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) TERMS USED IN SECTION 2057.—Any term used in this section which is used in section 2057 shall have the meaning given such term by section 2057.

"(2) QUALIFIED EMPLOYER SECURITIES.—The term 'qualified employer securities' has the meaning given such term by section 2057, except that such term shall include employer securities sold before February 27, 1987, for which a deduction was allowed under section 2057.

"(3) DISPOSITION.—The term 'disposition' includes any distribution.

"(4) LIABILITY FOR PAYMENT OF TAXES.—The tax imposed by this section shall be paid by—

"(A) the employer, or

"(B) the eligible worker-owned cooperative,

which made the written statement described in section 2057(e)."

(b) CONFORMING AMENDMENTS.—

(1) Section 4978(b)(2) is amended by striking out the parenthetical and inserting in lieu thereof "(determined as if such securities were disposed of in the order described in section 4978A(e))".

(2) The table of sections for chapter 43 is amended by inserting after the item relating to section 4978 the following new item:

"Sec. 4978A. Tax on certain dispositions of employer securities to which section 2057 applied."

[133] Indention wrong in copy on this sentence.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable events (within the meaning of section 4978A(c) of the Internal Revenue Code of 1986) occurring after February 26, 1987.

Subtitle E—Provisions Relating to Excise Taxes and User Fees

PART I—EXCISE TAXES

SEC. 10501. EXTENSION OF TELEPHONE EXCISE TAX.

Paragraph (2) of section 4251(b) (relating to applicable percentage) is amended to read as follows:

"(2) APPLICABLE PERCENTAGE.—The term 'applicable percentage' means 3 percent; except that, with respect to amounts paid pursuant to bills first rendered after 1990, the applicable percentage shall be zero."

SEC. 10502. DIESEL FUEL AND AVIATION FUEL TAXES IMPOSED AT WHOLESALE LEVEL.

(a) IN GENERAL.—Part III of subchapter A of chapter 32 is amended by inserting after subpart A the following new subpart:

"Subpart B—Diesel Fuel and Aviation Fuel

"Sec. 4091. Imposition of tax.
"Sec. 4092. Definitions.
"Sec. 4093. Exemptions; special rule.

"SEC. 4091. IMPOSITION OF TAX.

"(a) IN GENERAL.—There is hereby imposed a tax on the sale of any taxable fuel by the producer or the importer thereof or by any producer of a taxable fuel.

"(b) RATE OF TAX.—

"(1) IN GENERAL.—The rate of the tax imposed by subsection (a) shall be the sum of—

"(A)(i) the Highway Trust Fund financing rate in the case of diesel fuel, and

"(ii) the Airport and Airway Trust Fund financing rate in the case of aviation fuel, and

"(B) the Leaking Underground Storage Tank Trust Fund financing rate in the case of any taxable fuel.

"(2) HIGHWAY TRUST FUND FINANCING RATE.—For purposes of paragraph (1), except as provided in subsection (c), the Highway Trust Fund financing rate is 15 cents per gallon.

"(3) AIRPORT AND AIRWAY TRUST FUND FINANCING RATE.—For purposes of paragraph (1), the Airport and Airway Trust Fund financing rate is 14 cents per gallon.

"(4) LEAKING UNDERGROUND STORAGE TANK TRUST FUND FINANCING RATE.—For purposes of paragraph (1), the Leaking Underground Storage Tank Trust Fund financing rate is 0.1 cent per gallon.

"(5) TERMINATION OF RATES.—

"(A) The Highway Trust Fund financing rate shall not apply on and after October 1, 1993.

"(B) The Airport and Airway Trust Fund financing rate shall not apply on and after January 1, 1988.

"(C) The Leaking Underground Storage Tank Trust Fund financing rate shall not apply during any period during which the Leaking Underground Storage Tank Trust Fund financing rate under section 4081 does not apply.

"(c) REDUCED RATE OF TAX FOR DIESEL FUEL IN ALCOHOL MIXTURE, ETC.—Under regulations prescribed by the Secretary—

"(1) IN GENERAL.—The Highway Trust Fund financing rate shall be—

"(A) 9 cents per gallon in the case of the sale of any mixture of diesel fuel if—

"(i) at least 10 percent of such mixture consists of alcohol (as defined in section 4081(c)(3)), and

"(ii) the diesel fuel in such mixture was not taxed under subparagraph (B), and

"(B) 10 cents per gallon in the case of the sale of diesel fuel for use (at the time of such sale) in producing a mixture described in subparagraph (A).

"(2) LATER SEPARATION.—If any person separates the diesel fuel from a mixture of the diesel fuel and alcohol on which tax was imposed under subsection (a) at a Highway Trust Fund financing rate equivalent to 9 cents a gallon by reason of this subsection (or with respect to which a credit or payment was allowed or made by reason of section 6427(f)(1)), such person shall be treated as the producer of such diesel fuel. The amount of tax imposed on any sale of such diesel fuel by such person shall be 5 cents per gallon.

"(3) TERMINATION.—Paragraph (1) shall not apply to any sale after September 30, 1993.

"(d) EXEMPTION FROM TAX FOR AVIATION FUEL IN ALCOHOL MIXTURE, ETC.—

"(1) IN GENERAL.—The Airport and Airway Trust Fund financing rate shall not apply to the sale of—

"(A) any mixture of aviation fuel at least 10 percent of which consists of alcohol (as defined in section 4081(c)(3)), or

"(B) any aviation fuel for use (at the time of such sale) in producing a mixture described in subparagraph (A).

"(2) LATER SEPARATION.—If any person separates the aviation fuel from a mixture of the aviation fuel and alcohol on which the Airport and Airway Trust Fund financing rate did not apply by reason of this subsection (or with respect to which a credit or payment was allowed or made by reason of section 6427(f)(2)), such person shall be treated as the producer of such aviation fuel.

"(3) TERMINATION.—Paragraph (1) shall not apply to any sale after September 30, 1993.

"SEC. 4092. DEFINITIONS.

"(a) TAXABLE FUEL.—For purposes of this subpart—

"(1) IN GENERAL.—The term 'taxable fuel' means—

"(A) diesel fuel, and

"(B) aviation fuel.

"(2) DIESEL FUEL.—The term 'diesel fuel' means any liquid (other than any product taxable under section 4081) which is suitable for use as a fuel in a diesel-powered highway vehicle or a diesel-powered train.

"(3) AVIATION FUEL.—The term 'aviation fuel' means any liquid (other than any product taxable under section 4081) which is suitable for use as a fuel in an aircraft.

"(b) PRODUCER.—For purposes of this subpart—

"(1) CERTAIN PERSONS TREATED AS PRODUCERS.—

"(A) IN GENERAL.—The term 'producer' includes any person described in subparagraph (B) who elects to register under section 4101 with respect to the tax imposed by section 4091.

"(B) PERSONS DESCRIBED.—A person is described in this subparagraph if such person is—

"(i) a refiner, compounder, blender, or wholesale distributor of a taxable fuel, or

"(ii) a dealer selling any taxable fuel exclusively to producers of such taxable fuel.

"(C) TAX-FREE PURCHASERS TREATED AS PRODUCERS.—Any person to whom any taxable fuel is sold tax-free under this subpart shall be treated as the producer of such fuel.

"(2) WHOLESALE DISTRIBUTOR.—For purposes of paragraph (1), the term 'wholesale distributor' includes any person who sells a taxable fuel to producers, retailers, or to users who purchase in bulk quantities and deliver into bulk storage tanks. Such term does not include any person who (excluding

the term 'wholesale distributor' from paragraph (1)) is a producer or importer.

"SEC. 4093. EXEMPTIONS; SPECIAL RULE.

"(a) HEATING OIL.—The tax imposed by section 4091 shall not apply in the case of sales of any taxable fuel which the Secretary determines is destined for use as heating oil.

"(b) SALES TO PRODUCER.—Under regulations prescribed by the Secretary, the tax imposed by section 4091 shall not apply in the case of sales of a taxable fuel to a producer of such fuel.

"(c) AUTHORITY TO EXEMPT CERTAIN OTHER USES.—Subject to such terms and conditions as the Secretary may provide (including the application of section 4101), the Secretary may by regulation provide that—

"(1) the Highway Trust Fund financing rate under section 4091 shall not apply to diesel fuel sold for use by any purchaser as a fuel in a diesel-powered train,

"(2) the Airport and Airway Trust Fund financing rate under section 4091 shall not apply to aviation fuel sold for use by any purchaser as a fuel in an aircraft not in noncommercial aviation (as defined in section 4041(c)(4)),

"(3) the tax imposed by section 4091 shall not apply to taxable fuel sold for use by any purchaser other than as a motor fuel, and

"(4) the tax imposed by section 4091 shall not apply to taxable fuel sold for the exclusive use of any State, any political subdivision of a State, or the District of Columbia.

"(d) SPECIAL ADMINISTRATIVE RULES.—The Secretary may require—

"(1) information reporting by each remitter of the tax imposed by section 4091, and

"(2) information reporting by, and registration of, such other persons as the Secretary deems necessary to carry out this subpart.

"(e) CROSS REFERENCES.—

"(1) For imposition of tax where certain uses of diesel fuel or aviation fuel occur before imposition of tax by section 4091, see subsections (a)(1) and (c)(1) of section 4041.

"(2) For provisions allowing a credit or refund for fuel not used for certain taxable purposes, see section 6427."

(b) RETAIL DIESEL FUEL AND AVIATION FUEL TAXES TO BE RESIDUAL TAXES.—

(1) Paragraph (1) of section 4041(a) is amended—

(A) by striking out "DIESEL FUEL" in the heading and inserting in lieu thereof "TAX ON DIESEL FUEL WHERE NO TAX IMPOSED ON FUEL UNDER SECTION 4091", and

(B) by adding at the end thereof the following new sentence:

"No tax shall be imposed by this paragraph on the sale or use of any liquid if there was a taxable sale of such liquid under section 4091."

(2) Paragraph (1) of section 4041(c) is amended—

(A) by striking out "IN GENERAL" in the heading and inserting in lieu thereof "TAX ON NONGASOLINE FUELS WHERE NO TAX IMPOSED ON FUEL UNDER SECTION 4091", and

(B) by adding at the end thereof the following new sentence:

"No tax shall be imposed by this paragraph on the sale or use of any liquid if there was a taxable sale of such liquid under section 4091."

(3) Subsection (d) of section 4041 is amended by redesignating paragraph (3) as paragraph (4) and by striking out paragraphs (1) and (2) and inserting in lieu thereof the following:

"(1) TAX ON SALES AND USES SUBJECT TO TAX UNDER SUBSECTION (a).—In addition to the taxes imposed by subsection (a), there is hereby imposed a tax of 0.1 cent a gallon on the sale or use of any liquid (other than liquefied petroleum gas) if tax is imposed by subsection (a) on such sale or use.

"(2) TAX ON DIESEL FUEL USED IN TRAINS.—There is hereby imposed a tax of 0.1 cent a gallon on any liquid (other than a product taxable under section 4081)—

"(A) sold by any person to an owner, lessee, or other operator of a diesel-powered train for use as a fuel in such train, or

"(B) used by any person as a fuel in a diesel-powered train unless there was a taxable sale of such liquid under subparagraph (A).

No tax shall be imposed by this paragraph on the sale or use of any liquid if there was a taxable sale of such liquid under section 4091.

"(3) LIQUIDS USED IN AVIATION.—In addition to the taxes imposed by subsection (c), there is hereby imposed a tax of 0.1 cent a gallon on any liquid (other than any product taxable under section 4081)—

"(A) sold by any person to an owner, lessee, or other operator of an aircraft for use as a fuel in such aircraft, or

"(B) used by any person as a fuel in an aircraft unless there was a taxable sale of such liquid under subparagraph (A).

No tax shall be imposed by this paragraph on the sale or use of any liquid if there was a taxable sale of such liquid under section 4091."

(4) Subsection (n) of section 4041 is hereby repealed.

(c) AMENDMENTS RELATING TO CREDITS AND REFUNDS.—

(1) Section 6427 is amended by redesignating subsections (i) through (p) as subsections (m) through (q), respectively, and by inserting after subsection (k) the following new subsection:

"(i) NONTAXABLE USES OF DIESEL FUEL AND AVIATION FUEL TAXED UNDER SECTION 4091.—

"(1) IN GENERAL.—Except as provided in subsection (k) and in paragraph (3) of this subsection, if any fuel on which tax has been imposed by section 4091 is used by any person in a nontaxable use, the Secretary shall pay (without interest) to the ultimate purchaser of such fuel an amount equal to the aggregate amount of tax imposed on such fuel under section 4091.

"(2) NONTAXABLE USE.—For purposes of this subsection, the term 'nontaxable use' means, with respect to any fuel, any use of such fuel if such use is exempt from the taxes imposed by subsections (a)(1) and (c)(1) of section 4041 (other than by reason of the imposition of tax on any sale thereof).

"(3) NO REFUND OF LEAKING UNDERGROUND STORAGE TANK TRUST FUND FINANCING TAX.—Paragraph (1) shall not apply to so much of the tax imposed by section 4091 as is attributable to the Leaking Underground Storage Tank Trust Fund financing rate imposed by such section in the case of—

"(A) fuel used in a diesel-powered train, and

"(B) fuel used in any aircraft."

(2) Paragraph (1) of section 6427(b) is amended—

(A) by striking out "subsection (a) of section 4041" the first place it appears and inserting in lieu thereof "section 4041(a) or 4091", and

(B) by striking out "subsection (a) of section 4041" the second place it appears and inserting in lieu thereof "section 4041(a) or 4091, as the case may be".

(3) Subparagraph (B) of section 6427(e)(1) is amended by inserting "or 4091" after "section 4041".

(4) Subsection (f) of section 6427 is amended to read as follows:

"(f) GASOLINE, DIESEL FUEL, AND AVIATION FUEL USED TO [sic] PRODUCE CERTAIN ALCOHOL FUELS.—Except as provided in subsection (k)—

"(1) GASOLINE AND DIESEL FUELS.—

"(A) IN GENERAL.—If any gasoline or diesel fuel on which tax was imposed by section 4081 or 4091 at the regular Highway Trust Fund financing rate is used by any person in producing a mixture described in section 4081(c) or in section 4091(c)(1)(A) (as the case may be) which is sold or used in such person's trade or business, the Secretary shall pay (without interest) to such person an amount equal to the excess of the regular Highway Trust Fund financing rate over the incentive Highway Trust Fund Financing rate with respect to such fuel.

"(B) DEFINITIONS.—For purposes of subparagraph (A)—

"(i) REGULAR HIGHWAY TRUST FUND FINANCING RATE.—The term 'regular Highway Trust Fund financing rate' means—

"(I) 9 cents per gallon in the case of gasoline, and

"(II) 15 cents per gallon in the case of diesel fuel.

"(ii) INCENTIVE HIGHWAY TRUST FUND FINANCING RATE.—The term 'incentive Highway Trust Fund Financing rate' means—

"(I) 3½ cents per gallon in the case of gasoline, and

"(II) 10 cents per gallon in the case of diesel fuel.

"(C) COORDINATION WITH OTHER REPAYMENT PROVISIONS.—No amount shall be payable under subparagraph (A) with respect to any gasoline or diesel fuel with respect to which an amount is payable under subsection (d), (e), or (i) of this section or under section 6420 or 6421.

"(2) AVIATION FUEL.—If any aviation fuel on which tax was imposed by section 4091 is used by any person in producing a mixture at least 10 percent of which is alcohol (as defined in section 4081(c)(3)) which is sold or used in such person's trade or business, the Secretary shall pay (without interest) to such person an amount equal to the aggregate amount of tax (attributable to the Airport and Airway Trust Fund financing rate) imposed on such fuel under section 4091.

"(3) TERMINATION.—Paragraphs (1) and (2) shall not apply with respect to any mixture sold or used after September 30, 1993."

(5)(A) Paragraph (1) of section 6427(i) is amended by striking out "or (h)" and inserting in lieu thereof "(h), or (i)".

(B) Clause (i) of section 6427(i)(2)(A) is amended by striking out "and (h)" and inserting in lieu thereof "(h), and (i)".

(6) Subsection (o) of section 6427 (as redesignated by paragraph (1)) is amended to read as follows:

"(o) TERMINATION OF CERTAIN PROVISIONS.—Except with respect to taxes imposed by section 4041(d) and sections 4081 and 4091 at the Leaking Underground Storage Tank Trust Fund financing rate, subsections (a), (b), (c), (d), (g), (h), and (i) shall only apply with respect to fuels purchased before October 1, 1993."

(d) OTHER CONFORMING AMENDMENTS.—

(1) Subsection (c) of section 40 is amended by striking out "or section 4081(c)" and inserting in lieu thereof ", section 4081(c), or section 4091(c)".

(2) Subparagraph (B) of section 4081(c)(2), as amended by section 1703 of the Tax Reform Act of 1986, is amended by striking out "net revenues" and all that follows and inserting in lieu thereof the following: "net revenues are at least $500,000,000 from taxes imposed by section 4041(d) and

[sic] Copy read "to".

taxes attributable to Leaking Underground Storage Tank Trust Fund financing rate imposed under this section and sections 4042 and 4091."

(3) Subsection (a) of section 4101, as amended by section 1703 of the Tax Reform Act of 1986, is amended by inserting "or 4091" after "section 4081".

(4) Subsection (a) of section 4221 is amended by striking out "(other than" and all that follows through "sale by the manufacturer" and inserting in lieu thereof "(other than under section 4121, 4081, or 4091) on the sale by the manufacturer".

(5) Section 6206 is amended by striking out "or 4041" and inserting in lieu thereof "or 4041 or 4091".

(6) Paragraph (2) of section 6416(b) is amended—

(A) by striking out "(other than coal taxable under section 4121)", and

(B) by adding at the end thereof the following new sentence: "This paragraph shall not apply in the case of any tax paid under section 4091 or 4121."

(7) Subparagraph (A) of section 6416(b)(3) is amended by inserting "and other than any fuel taxable under section 4091" after "section 4081".

(8) Subparagraph (B) of section 6416(b)(3) is amended by striking out ", such gasoline" and inserting in lieu thereof "or any fuel taxable under section 4091, such gasoline or fuel".

(9) Subparagraph (C) of section 6421(e)(2) is hereby repealed.

(10) The subsection (j) of section 6421 relating to cross references is amended by striking out paragraph (1) and by redesignating paragraphs (2), (3), and (4), as paragraphs (1), (2), and (3), respectively.

(11) Section 6652 is amended by striking out the subsection (j) added by section 1702(b) of the Tax Reform Act of 1986 and by redesignating subsections (l) and (m) as subsections (k) and (l), respectively.

(12) Subsection (b) of section 9502 is amended by striking out "and" at the end of paragraph (2), by redesignating paragraph (3) as paragraph (4), and by inserting after paragraph (2) the following new paragraph:

"(3) amounts determined by the Secretary to be equivalent to the taxes received in the Treasury before January 1, 1988, under section 4091 (to the extent attributable to the Airport and Airway Trust Fund financing rate), and".

(13) Paragraph (1) of section 9503(b) is amended by striking out subparagraph (F) and inserting in lieu thereof the following:

"(F) section 4091 (relating to tax on diesel fuel), and".

(14) Paragraph (4) of section 9503(b) is amended to read as follows:

"(4) CERTAIN ADDITIONAL TAXES NOT TRANSFERRED TO HIGHWAY TRUST FUND.—For purposes of paragraphs (1) and (2)—

"(A) there shall not be taken into account the taxes imposed by sections 4041(d), and

"(B) there shall be taken into account the taxes imposed by sections 4081 and 4091 only to the extent attributable to the Highway Trust Fund financing rates under such sections."

(15) Paragraph (2) of section 9503(e) is amended—

(A) by striking out "sections 4041 and 4081" and inserting in lieu thereof "sections 4041, 4081, and 4091", and

(B) by striking out "section 4041 or 4081" and inserting in lieu thereof "section 4041, 4081, or 4091".

(16) Subsection (b) of section 9508 is amended by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively, and by inserting after paragraph (2) the following new paragraph:

"(3) taxes received in the Treasury under section 4091 (relating to tax on diesel fuel and aviation fuel) to the extent attributable to the Leaking Underground Storage Trust Fund financing rate under such section,".

(17) Subparagraph (A) of section 9508(c)(2) is amended by striking out clause (ii) and all that follows and inserting in lieu thereof the following:

"(ii) credits allowed under section 34,

with respect to the taxes imposed by section 4041(d) or by sections 4081 and 4091 (to the extent attributable to the Leaking Underground Storage Trust Fund financing rate under such sections)."

(18) The table of subparts for part III of subchapter A of chapter 32 is amended by inserting after the item relating to subpart A the following new item:

"Subpart B. Diesel fuel and aviation fuel."

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to sales after March 31, 1988.

(f) FLOOR STOCKS TAX.—

(1) IMPOSITION OF TAX.—On any taxable fuel which on April 1, 1988, is held by a taxable person, there is hereby imposed a floor stocks tax at the rate of tax which would be imposed if such fuel were sold on such date in a sale subject to tax under section 4091 of the Internal Revenue Code of 1986 (as added by this section).

(2) OVERPAYMENT OF FLOOR STOCKS TAXES, ETC.—Sections 6416 and 6427 of such Code shall apply in respect of the floor stocks taxes imposed by this subsection so as to entitle, subject to all provisions of such sections, any person paying such floor stocks taxes to a credit or refund thereof for any reason specified in such sections. All provisions of law, including penalties, applicable with respect to the taxes imposed by section 4091 of such Code (as so added) shall apply to the floor stocks taxes imposed by this subsection.

(3) DUE DATE OF TAX.—The taxes imposed by this subsection shall be paid before June 16, 1988.

(4) DEFINITIONS.—For purposes of this subsection—

(A) TAXABLE FUEL.—

(i) IN GENERAL.—The term "taxable fuel" means any taxable fuel (as defined in section 4092 of such Code, as added by this section) on which no tax has been imposed under section 4041 of such Code.

(ii) EXCEPTION FOR FUEL HELD FOR NONTAXABLE USES.—The term "taxable fuel" [125] shall not include fuel held exclusively for any use which is a nontaxable use (as defined in section 6427(l) of such Code, as added by this section).

(B) TAXABLE PERSON.—The term "taxable person" means any person other than a producer (as defined in section 4092 of such Code, as so added) or importer of taxable fuel.

(C) HELD BY A TAXABLE PERSON.—An article shall be treated as held by a person if title thereto has passed to such person (whether or not delivery to such person has been made).

(5) SPECIAL RULE FOR FUEL HELD FOR USE IN TRAINS AND COMMERCIAL AIRCRAFT.—Only the Leaking Underground Storage Tank Trust Fund financing rate under section 4091 of such Code shall apply for purposes of this subsection with respect to—

(A) diesel fuel held exclusively for use as a fuel in a diesel-powered train, and

(B) aviation fuel held exclusively for use as a fuel in an aircraft not in noncommercial aviation (as defined in section 4041(c)(4) of such Code).

(6) TRANSFER OF FLOOR STOCK REVENUES TO TRUST FUNDS.—For purposes of determining the amount transferred to any trust fund, the tax imposed by this subsection shall be treated as imposed by section 4091 of such Code (as so added).

(g) COORDINATION WITH AIRPORT AND AIRWAY SAFETY AND CAPACITY EXPANSION ACT OF 1987.—If the Airport and Airway Safety and Capacity Expansion Act of 1987 is enacted, effective on December 31, 1987, sections 4091(b)(5)(B) and 9502(b)(3) of such Code (as added by this section) are each amended by striking out "January 1, 1988" and inserting in lieu thereof "January 1, 1991".[126]

SEC. 10503. EXTENSION OF TEMPORARY INCREASE IN AMOUNT OF TAX IMPOSED ON COAL PRODUCERS.

Subparagraph (A) of section 4121(e)(2) (relating to temporary increase termination date) is amended by striking out "January 1, 1996" and inserting in lieu thereof "January 1, 2014".

PART II—TAX-RELATED USER FEES

SEC. 10511. FEES FOR REQUESTS FOR RULING, DETERMINATION, AND SIMILAR LETTERS.

(a) GENERAL RULE.—The Secretary of the Treasury or his delegate (hereinafter in this section referred to as the "Secretary") shall establish a program requiring the payment of user fees for requests to the Internal Revenue Service for ruling letters, opinion letters, and determination letters and for similar requests.

(b) PROGRAM CRITERIA.—

(1) IN GENERAL.—The fees charged under the program required by subsection (a)—

(A) shall vary according to categories (or subcategories) established by the Secretary,

(B) shall be determined after taking into account the average time for (and difficulty of) complying with requests in each category (and subcategory), and

(C) shall be payable in advance.

(2) EXEMPTIONS, ETC.—The Secretary shall provide for such exemptions (and reduced fees) under such program as he determines to be appropriate.

(3) AVERAGE FEE REQUIREMENT.—The average fee charged under the program required by subsection (a) shall not be less than the amount determined under the following table:

Category	Average Fee
Employee plan ruling and opinion	$250
Exempt organization ruling	$350
Employee plan determination	$300
Exempt organization determination	$275
Chief counsel ruling	$200.

(c) APPLICATION OF SECTION.—Subsection (a) shall apply with respect to requests made on or after the 1st day of the second calendar month beginning after the date of the enactment of this Act and before September 30, 1990.

SEC. 10512. OCCUPATIONAL TAXES RELATING TO ALCOHOL, TOBACCO, AND FIREARMS.

(a) OCCUPATIONAL TAXES ON DISTILLED SPIRITS PLANTS, BONDED WINE CELLARS, BREWERIES, ETC.—

(1) DISTILLED SPIRITS PLANTS, BONDED WINE CELLARS, ETC.—

(A) IN GENERAL.—Part II of subchapter A of chapter 51 (relating to distilled spirits, wines, and beer) is amended by inserting before subpart B the following new subpart:

[125] Copy read "'taxable fuel'".

[126] Copy read "1991', and.".

PETRO MARINE SERVICES

A HARBOR ENTERPRISES COMPANY

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Anchorage (907) 278-7586

Nikiski (907) 776-8000

Kodiak (907) 486-3421

Dutch Harbor (907) 581-1350

February 04, 1988

Senator Frank H. Murkowski
United States Senate
709 Hart Building
Washington, D.C.

Dear Senator Frank:

It has come to my attention that Congress passed a Mid-Distillates Fuel Tax Bill in the chaotic and waning hours of December 22, 1987 as a part of the overall U.S. Tax Reduction Act. A close examination of the provisions of the Act have raised serious concerns and accordingly I wish to bring them to your attention.

The Act states that a diesel fuel tax of $.151 per gallon is to be levied on "any liquid suitable for use as a fuel in a diesel highway vehicle or a diesel powered train (does not apply to fuel for home heating use)". The key word here is "suitable"--whether the product is used as such or not. The collection of the excise tax on the sale of any taxable fuel by wholesale dealers is made mandatory on all sales. All tax free sales for certain exempt sales purposes are repealed. Wholesalers can buy diesel fuel for resale provided they are registered and have posted bonds as required by the Treasury.

Petro Marine Services is a marine-oriented fuel distributorship with a majority of our customers being fishing industry related. A recent review of our sales volumes reflect that less than one-percent of our total diesel fuel gallons are taxable highway and off-highway use fuel. Fronting this tax to the Treasury will significantly increase the cost of doing business for our customers by adversely affecting their cash flow and, of consequence, we dealers will be affected likewise. End-use consumers will not be able to apply for a refund of these taxes unless the amount of the tax withheld is over $1,000 in a quarter. Furthermore, consumers must wait until year end and apply the overpayment to their income tax return as stipulated in the Bill. The Treasury is not obligated to pay interest on the refunds; thus, the collected amounts are, in essence, interest-free loans to the government from marine fuel consumers, many of whom are struggling to derive a living from an uncertain and undercapitalized fishing industry.

In addition this tax will have a negative impact on domestic marine fuel suppliers as opposed to foreign bunkerers and processors many of whom import their fuel and sell to U.S. flag vessels on the high-seas and within our Exclusive Economic Zone (EEZ). With the $.151 per gallon Federal Excise Tax plus the $.05 per gallon State of Alaska Marine Fuel Tax, it will be economically impossible to compete against foreign flag operators. I am certain this was not the intent of Congress.

One of the provisions in the law states that "the Treasury has been given discretionary authority to exempt certain sales from tax where the purchaser satisfactorily demonstrates to the Treasury that the fuel will be consumed for use deemed non-taxable in nature, that these parties must also register and post bonds as required by the Treasury". Let me assure you bonding requirements will only impose a further financial hardship on fuel distributorships some of whom are already faced with problems securing basic insurance needs. If indeed, the end-user is included in this Clause, we alone have several hundred customers who would be required to register and post bond with the Treasury in order to be deemed tax-exempt. This stipulation will be very cumbersome and difficult for all affected to comply with. The law further reads that the Treasury is expected to exercise the authority on a "case by case" basis. Inasmuch as our taxable highway use diesel fuel customer base is miniscule as compared to our predominate marine base, it seems reasonable to assume that an overwhelming amount of time and effort will be consumed by the Treasury in rendering these assessments. Under the aforementioned circumstances it would seem that a blanket waiver would be a viable alternative for marine oriented fuel distributors such as ourselves.

Without question the Mid-Distillate Fuel Tax Bill in its present form represents ill-conceived legislation. As a company, Petro Marine Services has consistently supported reasonable regulation at all levels of government; however, this particular Bill serves only to finance and broaden Federal bureaucracy at the expense of fuel dealers and end-use consumers. In view of this fact I respectfully urge that immediate consideration be given to amending those provisions in the Bill which are not applicable to highway diesel fuel use.

Sincerely,

Dale R. Lindsey, President
HARBOR ENTERPRISES, INC.

DRL:tc

ALASKA FACTORY TRAWLER ASSOCIATION

4039 21ST AVE. WEST, SUITE 400
SEATTLE, WASHINGTON 98199
(206) 285-5139

TELEFAX 206-285-1841
TELEX 5106012568, ALASKA TRAWL SEA

The Honorable John Warner
United States Senator
421 Senate Russell Office Building
Washington, D.C. 20510

February 22, 1988

Dear Senator Warner:

The Alaska Factory Trawler Association (AFTA), the trade association which represents the factory trawler fleet operating in the North Pacific groundfish fishery, seeks your assistance in a matter of significant economic importance to us and to other segments of the fishing industry - establishing an up-front exemption for fishing vessels from the 15.1 cent per gallon federal highway excise tax on diesel fuels.

This federal excise tax, passed December 22, 1987, was designed to tax highway users. However, current exemptions from diesel fuel taxes for off-highway users, including fishing vessels, has been eliminated. Loss of this up-front exemption means that fishermen will be required to pay the tax up front, then apply for a refund on a quarterly basis. This needlessly increases the recordkeeping and paperwork for both the fishermen and the government, and costs the fishermen signifiicantly due to the loss of the time value of the money deposited with the government.

While this is a problem for all fishermen, the problem becomes particularly acute for the factory trawler operators. These large American owned and operated vessels participate in high volume, low margin fisheries and must compete in the world market against foreign producers who enjoy lower operating costs. As illustrated in the attached fact sheet, factory trawler operators can expect to have between $22,500 and $67,950 awaiting rebate at any time. This amount increases if rebates aren't made in a prompt manner.

At a time when prices for our products have declined and other operating costs have increased, many operators cannot afford this additional drain to their cash flow.

One of the objectives of doing away with the exemption was to deter tax-evasion schemes, in which fuel which is ostensibly purchased for off-highway use is diverted to use in a highway vehicle. Such a scheme is only a remote possibility for an operator of a vessel fishing in the Gulf of Alaska or the Bering Sea, and a burden of the magnitude imposed by this law is unjustified. If deterring such schemes is the goal of Congress, a provision applying the exemption only to fuel pumped directly into the fishing vessel would be appropriate.

You can help with this issue by supporting a bill, such as the one enclosed, which amends the Internal Revenue Code by providing fishing vessels, fish processing vessels, and tender vessels an up-front exemption from this highway tax.

The members of AFTA would like to thank you for the assistance you have given us in the past, and hope that you will work with us to resolve the problem we are facing today.

Sincerely,

William R. Orr

William R. Orr
Director, Government Affairs

ALASKA FACTORY TRAWLER ASSOCIATION

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2/88

FACTORY TRAWLER FUEL CONSUMPTION

An informal survey was conducted among factory trawler operators to determine fuel consumption patterns. The results, which are rough averages, are categorized into three categories: vessels less than 200 feet, vessels 200 - 250 feet, and vessels greater than 250 feet. The number of vessels include vessels which will enter the fishery this year.

Factory Trawlers less than 200 feet

Number of vessels:	16
Fuel carrying capacity:	75,000 - 100,000 gallons
Daily fuel consumption:	2000 gallons/day
Quarterly fuel consumption:	150,000 gallons
Quarterly tax @ $.151/gal :	$22,500

Factory Trawlers between 200 and 250 feet

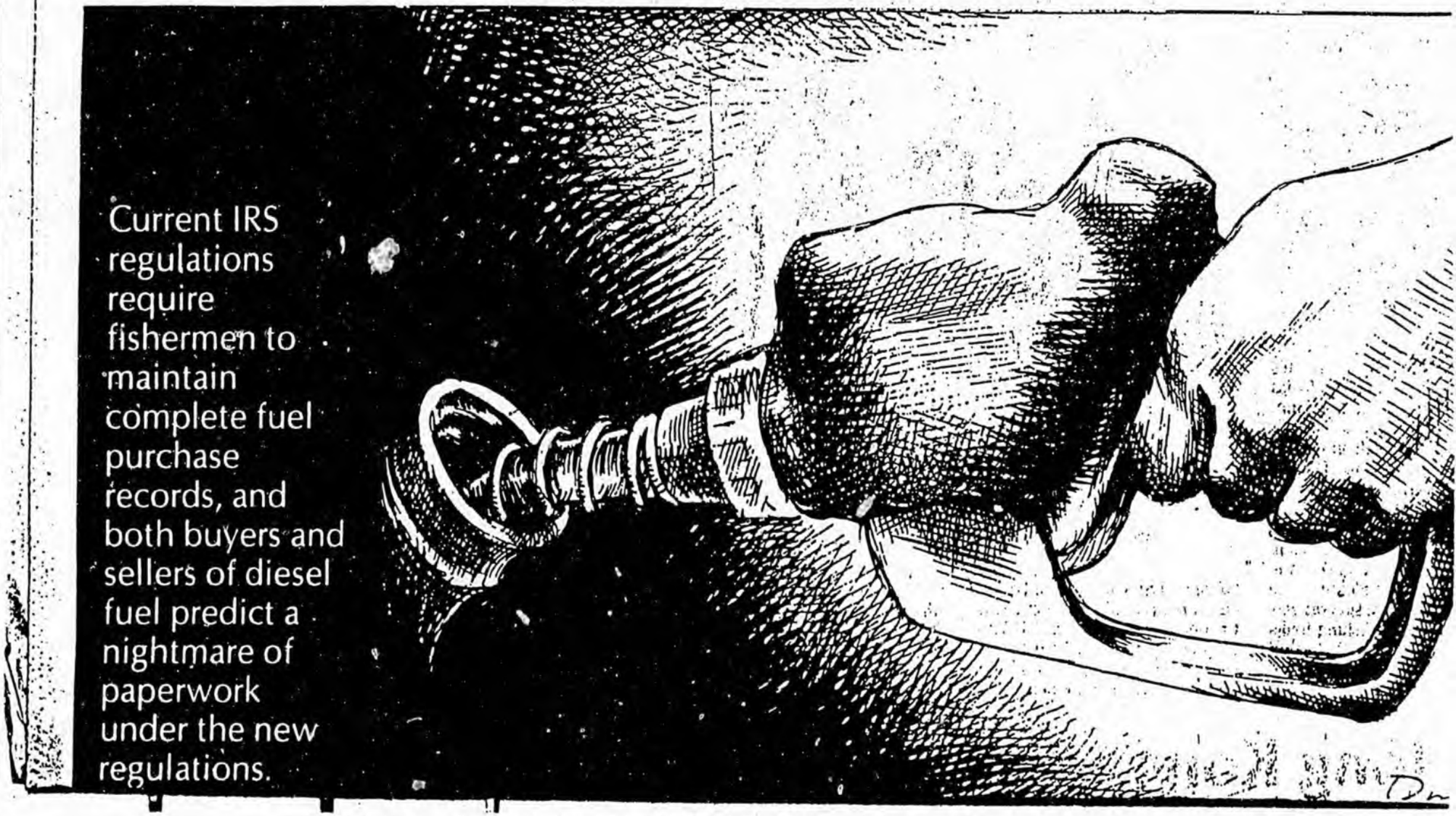
Number of vessels:	14
Fuel carrying capacity:	150,000 gallons
Daily fuel consumption:	2600 gallons/day
Quarterly fuel consumption:	200,000 gallons
Quarterly tax @ $.151/gal :	$30,200

Factory Trawlers larger than 250 feet

Number of vessels:	10
Fuel carrying capacity:	200,000 to 325,000 gallons
Daily fuel consumption:	6000 gallons/day
Quarterly fuel consumption:	450,000 gallons
Quarterly tax @ $.151/gal :	$67,950

Nearly all of the fuel is taken at Alaskan ports. The average price of fuel (#2 diesel) purchased in Alaska is $.75/gallon. (A quarter is figured as 75 days of operation.)

Business



Current IRS regulations require fishermen to maintain complete fuel purchase records, and both buyers and sellers of diesel fuel predict a nightmare of paperwork under the new regulations.

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5183 HTRA HJR 68 - SB 3

755

Diesel fuel users sputter over tax changes

By Daniel R. Saddler
Times Business Writer

Changes in 1988 federal tax law will force users of tax-exempt diesel fuel to wait up to a year for refunds of federal excise taxes, a delay some fishermen say will eat into already-thin operating margins.

Under the change, brought on by the Budget Reconciliation Act of 1987, fishermen, farmers, state and local governments and other tax-exempt users will no longer be able to buy their diesel fuel tax-free at the pump as of April 1.

Instead, they must pay a 15.1 cents-per-gallon excise tax on diesel fuel, then apply for tax credits or refunds. Tax-exempt users of gasoline already began paying a 9.1-cents-per-gallon tax at the pump Jan. 1.

"Coastal Alaska, not to mention the whole state, runs on diesel fuel, and much of it is tax-free," said Jim Ramaglia, vice president of Kodiak Oil Sales.

"It doesn't take a lot of imagination to see what this expense is going to do to farmers, fishermen, loggers, miners, and ranchers," Ramaglia said.

Under current tax law, these users do not currently pay the 15.1-cent federal excise tax, which raises the cost of a gallon of diesel to about $1 per gallon. They can either register to buy tax-free fuel at a dealer registered to sell it, or must display an exemption certificate at other dealers.

If fishermen do buy tax-paid fuel, they may claim credit on their tax returns for the tax paid, or file for refunds, according to IRS Publication 378, "Fuel Tax Credits."

The refund or credit process is similar for off-road users of fuels, such as farmers, loggers, state and local governments and schools. Those paying less than $1,000 in tax per quarter may file for annual refunds, while those who paid more can seek quarterly refunds.

The need to tie up an extra 15 percent of annual fuel bills could force the commercial fishermen who are his customers to cut back on maintenance, pay, or safety equipment, said Ramaglia.

"Long-lining for cod is a high-volume, low-margin operation, and a lot of these guys are operating on trip-to-trip basis," Ramaglia said.

"Every fisherman goes through a point either in his career or annually, when every penny counts, and the government adding this expense is going to put a real hardship on them," he said.

IRS officials in Anchorage and Washington said shifting the burden of tax payment from wholesalers to retailers will make it easier to track payment of fuel taxes.

"Before, we had hundreds of thousands, maybe millions of taxpayers," said Don Fidlow, an IRS attorney in Washington, D.C. "But by moving the tax to wholesalers we are limiting it to a handful of taxpayers. In effect it's saving a lot of paperwork and headaches for both taxpayers and the service."

But fishermen say the changes will add paperwork and headaches, and quietly speculate the tax office hopes paperwork will discourage fishermen from filing for refunds.

Sonja Corazza, president of the North Pacific Fisheries Association, operates a 40-foot fishing boat in the Bering Sea with her husband six months a year.

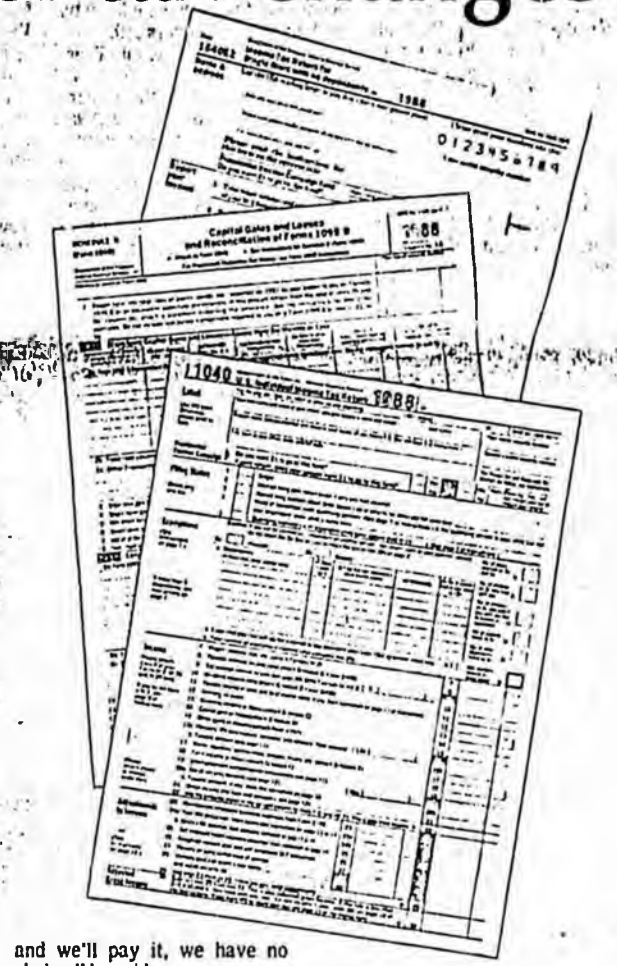
"We try to plan ahead in our year, and usually we know how much a trip will cost us," she said. "And if we have to add that extra cost for fuel, it may have an impact on other equipment.

"A dollar is a dollar, you can only stretch it so far," she said.

Al Burch, director of the Alaska Draggers Association and owner of two Bering Sea draggers, agrees.

"Fishing is a real marginal business, and a fisherman in slow times needs every penny he can get," he said. "There may be only a very short time when he may be making money, but he has to stretch the short good times over bad months."

"The price of fuel will go up and we'll pay it, we have no choice," he said.



Ramaglia said he expects the tax law change will force him to charge an extra cent or two per gallon of fuel to cover his paperwork and interest costs. He also anticipates being forced, along with other dealers, into giving the government free use of his money while waiting to collect the taxes from customers.

"The fuel companies are required to pay that 15.1 cents (per gallon) to the feds within two weeks of the sale, whether they have collected the tax or not," he said. "But we usually only collect bills every 30 or 60 days, so we'll be serving as banker for the government."

Current IRS regulations require fishermen to maintain complete fuel purchase records in case of IRS inquiry or audit, and both buyers and sellers of diesel fuel predict a nightmare of paperwork under the new regulations.

"It is going to work a real hardship on small businesses of

See Fuel, page D-5

Tips for property owners

Once you've stopped worrying about the 1987 tax return due April 15, you can start worrying about how to get through 1988 so you won't have so much to worry about at this time next year.

Changes in the law are bringing twists to some familiar features of your federal income tax return.

• Home mortgages. Just when you thought this year's home mortgage rules were complicated enough, Congress came along just before Christmas and changed the rules, retroactive to Oct. 13, 1987. It could affect your deductions on your 1988 return.

Under the new law, you can still get a tax break when you borrow up to $1 million to buy and/or improve a first and second home. And you can still take out a home equity loan and still get a mortgage deduction.

But under the 1988 regulations, the interest on any equity borrowings over $100,000 will be treated as consumer interest unless it is clearly earmarked for the home.

• Property sales. If you plan to sell property this year, weigh the benefits of taking the total payment in cash up front, versus an installment sale, in which you are paid over a period of years.

Alan Weiner, of Holtz Rubenstein, notes that if you sell a piece of property at $1 million, a good chunk of the price, maybe $200,000, will go to the IRS, but you will still have $800,000 to invest. Using the installment plan may cut your taxes, but your return on the investment may be less.

• Individual Retirement Account. If you're no longer eligible to make a tax-reducing contribution to an IRA, don't make one, suggests Michael Corsuk, of accounting firm Coopers & Lybrand. Although some investment experts might disagree, he figures making the extra contributions will complicate your life when it comes to making withdrawals and filing tax returns at that time.

• Capital gains. Since there is no longer a separate tax on capital gains, you might want to wait until October or November to sell a stock or other security that has risen in price. By then, you'll be able to make a projection of your income and tax situation for the rest of the year.

• Rental income. If you rent your vacation home for less then 15 days a year, you don't have to report the income, according to the H&R Block Tax Guide. There is a catch, however: You can't claim any upkeep expenses or depreciation. Mortgage interest and property taxes remain deductible.

Fuel: Frustrations

Continued from page D-4

all types, all around the nation, like farmers and fishermen," said Al Cobb, director of legal and political affairs for the Petroleum Marketers Association of America."The IRS is likely to be overwhelmed by paperwork for these refunds."

"Since we're eligible for the rebates, we don't think it's wise to put the tax on the first place. We've always been exempt in the past," Corazza said.

At least one fishing industry expert, however, said the tax credit change is a bit of a red herring.

"It isn't going to make that much difference," said Craig Wiese, business management specialist at the Marine Advisory Program at University of Alaska Anchorage.

Wiese estimated that an average 42-or 48-foot seining ship operating in Prince William Sound would spend about $5,000 on fuel a year, only five percent of annual revenue of $100,000

Wiese acknowledged that paying the fuel tax up front could make a significant difference in the finances of a family trying to live off a seiner's earnings.

The fuel tax law changes began as an IRS effort to get a better handle on the fuel taxes, said local and national IRS officials.

"The government is trying to force users to leave a paper trail so when we do future audits we can follow where the fuel got sold," the tax attorney Fidlow said.

Marilyn Steen, spokeswoman for the IRS office in Anchorage, said some fuel dealers in U.S. cities were taking advantage of lax IRS auditing and enforcement to dodge fuel taxes.

But the pressure on Congress to raise revenues without raising taxes during the Budget Reconciliation Act may result in placing an extra burden on fishermen, especially smaller operators, Burch said.

"One thing that will happen is a lot of excellent fishermen will not file for a refund," he said.

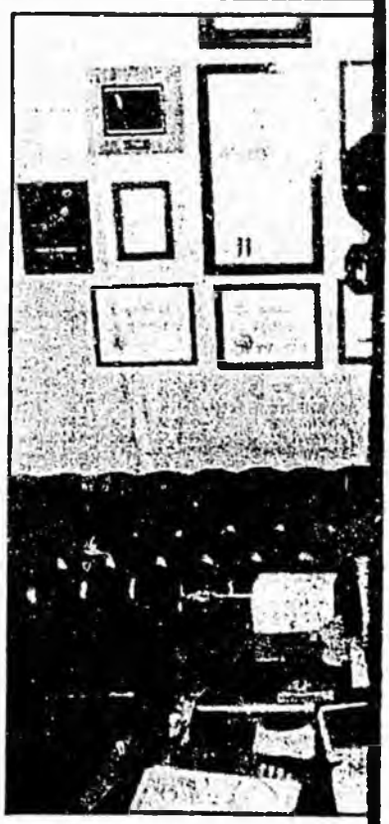
Burch, who spends $100,000 per year on diesel fuel for his two boats, said accountants will make sure he and other large operators file for tax refunds. "Fishermen, like a lot of businessmen, are undercapitalized, and they'll be caught by having to pay for it up front," Ramaglia said. "They'll have to decide whether to put off maintenance on the engine, or put new cable on the winch, or to maintain their EPIRBs (emergency locator transmitters)."

The new tax laws give the IRS the discretion to allow state and local governments, airplanes, diesel trains, and industrial users of fuel to continue to buy diesel fuel tax-free, Cobb said.

Steen said the tax service would probably preserve the exemptions for diesel fuel, as they do for gasoline.

But until the actual announcement of the regulations, which Steen expects in three weeks, there is no way of knowing for sure which users other than fishermen and farmers will have to pay their taxes up front.

In Alaska, Burch is encouraging members of his draggers' association to write protest letters to the state's congressmen, and Ramaglia said he is encouraging his customers to do the same.



Security measures

Philip W. Little, president of
infrared spotting scope. The
tries to do for private compa
Service does for the president.

UAW sues

KENOSHA, Wis. (AP) — U
workers Union Local 72 filed a la
against Chrysler Corp., alleging t
is breaking federal laws by pulli
duction from Kenosha and puttin
ple out of work.

In reponse, Chrysler said a
review of the suit indicated it w
merit."

The suit, which also names as
the city of Detroit and the U.S. D
of Housing and Urban Develop
Chrysler obtained about $50 millio
grants to modernize its Jeffers
plant in Detroit, said James Eggle
torney for the union.

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neers from across the country with the same problem.

Now Peratrovich holds a position on the board of directors of a new insurance firm set up to exclusively cater to his industry. The move has sliced his insurance bill by two-thirds.

The new firm, Architects and Engineers Insurance Company (AEIC), was made possible by the Risk Retention Act of 1986, which allowed self-insurance. Peratrovich said, that as far as he knew, AEIC is one of the first of its kind.

Bar associations are another working to get their own insurance firm, banking reportedly already has its own company and the Alaska Municipal League is also looking into the prospect.

Just eight months after an informal organizational meeting last May, the company obtained its conditional license Jan. 2. AEIC operates under

try. The corporate office in Chicago fields 20 to 30 calls a day on the average, he says.

"We're in it together to solve a problem," Peratrovich said. "Even the thousands we've spent (to develop the company) are still a savings."

Peratrovich said most A/E firms that have had an insurance problem have heard of the new company.

The firm, with a man by the name of Roy Vince at the helm, intends to capture one-tenth of the market. To succeed, the company institutes a thorough screening process before allowing a firm to join and buy its products.

It sells professional liability insurance which could be termed the malpractice insurance of engineering and architecture.

Peratrovich's association with the

See SELF, Page 24

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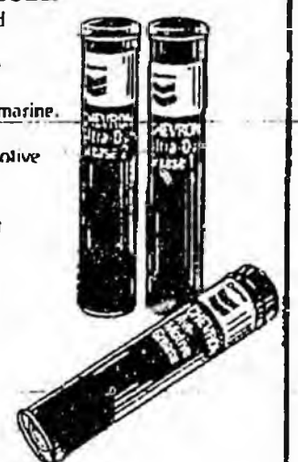

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boats caught some wind in a local race last Saturday. AJC PHOTO BY IMRE NEMETH

Withdrawal of non-roadway users fuel tax exemption would hurt fish, timber and ag

BY IMRE NEMETH (mike)

The probable intent of legislation stuck in 1987's year-end budget reconcilliation bill agreed to by the White House and Congress was probably to save the country money by enforcing greater control over fuel taxes.

Jim Ramaglia calls the actual result a free loan to the government that could put many in the fishing, timber and agricultural industries out of business.

The dispute concerns a measure that would disallow current exemption of the 18-cent-per-gallon tax by industries not using the roadways. If instituted, wholesalers would have to charge their patrons the added tax after April 15.

Under the new law, those businesses holding an exemption in the past would be able to apply for a refund at the end of the year.

"When people have to pay this tax, that means they are going to have to extend maintenance schedules, put off replacement of parts and worn out equipment," Ramaglia said. "In the commercial fishing industry, this might mean delaying the purchase or repair of life-saving equipment such as survival suits or life rafts. I'm sure a similar situation exists in other industries such as farming and logging."

Ramaglia has reason to be concerned. As vice president and man-

See EXEMPTION, Page 24

Journal increases its tax lien coverage

The Alaska Journal of Commerce has made a major addition to its "On The Record" coverage with state and federal tax lien and lien release filings from Alaska's First Judicial District (Southeast).

"We've carried tax lien and lien release coverage for many years from the Second (Fairbanks and Interior) and Third (Anchorage, MatSu, Kenai Peninsula, Kodiak Island and Aleutian Chain) Judicial Districts and we just recently began carrying the filings for the Fourth Judicial District (Barrow, Northwest Alaska, Nome)," said AJC Publisher Jim Martin. "Now our coverage of state and federal tax liens is statewide."

"Following the liens" has always been an important tool for creditwise companies, even in the best of economic times, Martin said, "and in a tough economic environment, it can be crucial."

"Should the IRS or state departments of Revenue or Labor place a tax lien against one of your customers, you should definitely reassess your relationship with that customer," Martin said. "In fact, some CPAs suggest putting that customer on a cash-up-front basis until you can be assured of the economic viability of that business."

A lien is one of the first pieces of hard evidence that a company may be in serious financial trouble. "Catching early signs early will increase your chances of either collecting an outstanding debt or protecting yourself on new orders from an possibly insolvent customer."

For Heather Bradner

• Exemption loss "throws wrench at the little guy"

Continued from Page 1

ager of Kodiak Oil Sales, Inc., in Kodiak, he's the one who must levy the tax. It's a job he doesn't really care for.

Since learning of the measure in an industry weekly review two months ago, the fuel distributor has organized fishermen on his island and made waves in Washington D.C.

"A bill has come about in the last couple of weeks to address the issue," said Steve Bolderjack, staff attorney at Rep. Don Young's Washington D.C. office. "It was introduced by a Congressman from Texas and already has 60 cosponsors."

Bolderjack said the change in the exemption process would affect a lot of people. The bill countering the erradication of the exemption (HR 3865) would preserve the prior practice, he said.

"If we can get any action before (April 15), I don't know," said the Congressional attorney. "It would be nice if we could get it through but they're going to have to come up with a lot more support" to get it resolved in that short of time.

Bolderjack said Young himself had supported initial versions of the reconcilliation package but refrained from voting yes on the final version because of amendments, like the tax issue, added right before passage.

Ramaglia said fuel costs for his fishermen (many of whom are already strapped for cash for whatever reason) will be pushed from 72 cents to 90 cents.

"Fuel is one of the single most expensive costs on a fishing boat," Ramaglia said. "And bottomfishing is very fuel intensive."

With more and more Alaska fishermen dragging large nets across the bottom of the ocean floor, their fuel costs have exceeded past usages. It could throw a wrench in a developing industry for the little guy, Ramaglia warns.

"For the fishing industry to put that money up front considering how much fuel they already buy could be a disaster," said Chris Blackburn, executive director of the Alaska Groundfish Data Bank.

Industry watcher Blackburn pointed out that none of the paperwork necessary for such an undertaking by the federal government appears to exist, nor do the forms for getting reimbursed toward year's end. She said Kodiak has been mobilized and many fishermen have contacted their associations spreading the word ever farther down the political channels.

One Anchorage petroleum distributor said that for the government to send that money back a whole new department would have to be set up to handle the auditory processes necessary to keep everybody honest. It would cost more than they would save, he said.

The Kodiak distributor called everybody in his business in the state to warn them of the upcoming change in procedure. Of 10 he got ahold of, only three knew of the tax implementation, he said.

"I see it as having a real devastating effect on Alaska industry in general," he said.

• Self insurance

Continued from Page 1

venture began in April of last year when he received a letter in the mail. It informed him of a movement within his industry to start an insurance company run by and for engineers. As it turned out, Peratrovich knew the man responsible and decided to give him a call.

Together with a number of other senior partners of their own firms, some $600,000 has been invested to get the new company going.

"Even the thousands we've spent are still a savings," Peratrovich said

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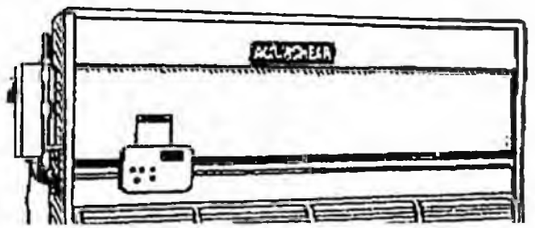

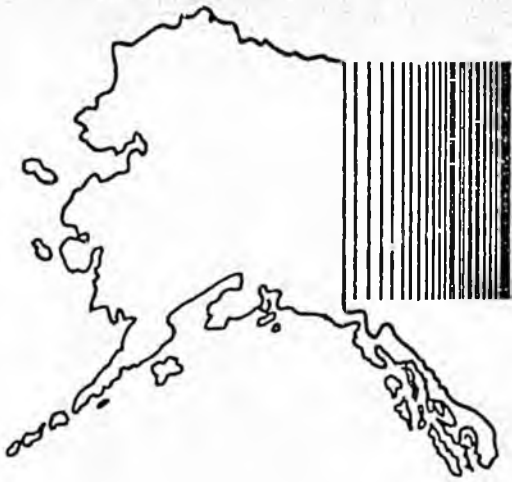

NEWS

DON YOUNG CONGRESSMAN FOR ALL ALASKA

March 3, 1988
FOR IMMEDIATE RELEASE
CONTACT: Steve Hansen (202) 225-5765

CONGRESSMAN YOUNG CO-SPONSORS BILL TO STOP UP-FRONT DIESEL FUEL EXCISE TAX PAYMENTS

WASHINGTON, D.C. - Alaska Congressman Don Young is supporting legislation to put a stop to "the needless up-front diesel tax payments now required by the federal government."

Young is a co-sponsor of H.R. 3865, which will reverse the up-front payments required under last year's budget reconciliation act.

"The current law requires that wholesalers rather than retailers collect the excise tax on off-highway diesel users," Young said. "Because of this, the off-road diesel users have to pay the excise tax up-front and then apply for a refund at the end of the year. This is wrong and adds an unnecessary financial burden on Alaska's diesel users.

"By rescinding this law, we'll get rid of the needless bureaucratic red tape and paperwork now required of Alaska's industries and small businessmen."

Young added that the new bill would restore the exemption that off-highway users presently have without any ultimate reduction in the amount of diesel fuel excise tax collected by the government.

"This new legislation will help solve the problem for Alaska's agricultural, timber, maritime and fishing industries and all other users of diesel fuel. In addition, oil field refineries and their suppliers will benefit," Young added.

"This is good legislation for Alaska and I'm confident that we'll be successful in getting this passed by Congress and signed by the President."

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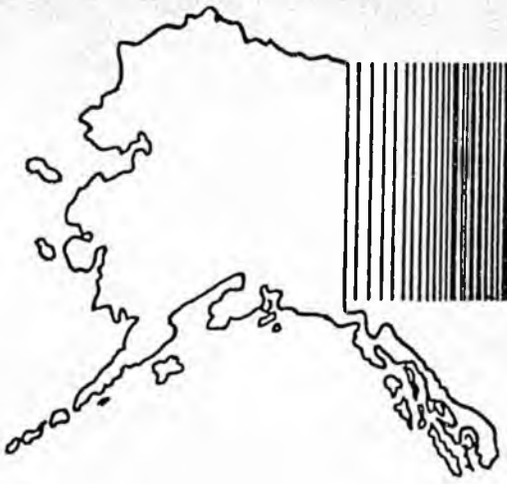

NEWS

DON YOUNG CONGRESSMAN FOR ALL ALASKA

March 3, 1988
FOR IMMEDIATE RELEASE
CONTACT: Steve Hansen (202) 225-5765

CONGRESSMAN YOUNG INTRODUCES SPORT FISHING, BOAT SAFETY BILL

WASHINGTON, D.C. - Alaska Congressman Don Young and four other members of the Merchant Marine and Fisheries Committee have introduced legislation to provide funds for recreational boat safety programs and sport fishing restoration.

Young also serves as Vice Chairman of the Subcommittee on Fisheries and Wildlife Conservation and the Environment, which will consider the reauthorization bill.

"For the past several years, our nation's boaters and anglers have contributed to programs through excise taxes imposed on motorboat fuel and sport fishing equipment," Young said. "This bill will ensure that those funds continue to be used for the purposes intended by Congress - to provide for the enhancement of sport fishing programs and boating safety programs.

"Alaska has been a major beneficiary of the sport fish restoration funds, having received over $7 million in Fiscal Year 1987 - the most of all 50 states," Young added. "Alaska would receive additional funding if the state were to participate in the boating safety program, as is now being considered by the state legislature."

The other sponsors of H.R. 3918 are Congressmen Walter Jones (D-N.C.), Robert Davis (R-Mich.), Earl Hutto (D-Fla.), and Mario Biaggi (D-N.Y.).

# # # #

K (9)

HOUSE COMMITTEE REPORT

3/9

Date referred: 3/2/88

FURTHER REFERRALS: Transportation

DATE: 3/9/88

The Resources Committee has considered HJR 68
Urging Congress to restore the exemption from the federal excise tax on taxable fuels for certain diesel fuel users.

RECOMMENDS:

[X] replace with CS HJR 68 (New) [X] the same title
[ ] attached amendment(s) [ ] a new title

- [X] do pass
- [ ] do not pass
- [ ] no recommendation
- [ ] individual recommendations
- [ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

- [ ] fiscal impact
- [X] zero fiscal note
- [ ] zero with analysis
- [ ] same as previous fiscal note published _____
- [ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Adelheid Herrmann
Sen Cate
Dick Shultz
Orin Davidson

SIGNING OTHER RECOMMENDATIONS:

Adelheid Herrmann
Chairman's signature

Co-

STATE OF ALASKA
THE LEGISLATURE

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May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 3-9-88 1:30p.m.

(9)

HOUSE COMMITTEE REPORT

3/9

Date referred: 3/2/88

FURTHER REFERRALS: Transportation

DATE: 3/9/88

The Resources Committee has considered HJR 68
Urging Congress to restore the exemption from the federal excise tax on taxable fuels for certain diesel fuel users.

RECOMMENDS:

[✓] replace with CS HJR 68 (New) [✓] the same title
[ ] attached amendment(s) [ ] a new title

- [X] do pass
- [ ] do not pass
- [ ] no recommendation
- [ ] individual recommendations
- [ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

- [ ] fiscal impact
- [X] zero fiscal note
- [ ] zero with analysis
- [ ] same as previous fiscal note published _____
- [ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Adelheid Herrmann
Sen Gates
Dick Shultz
Cliff Davidson

SIGNING OTHER RECOMMENDATIONS:

Adelheid Herrmann
Chairman's signature

CC

(7)

HOUSE COMMITTEE REPORT

Date referred: 3/9/88

FURTHER REFERRALS:

DATE: March 9, 1988

The Transportation Committee has considered CSHJR 68(Res)

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

RECOMMENDS:

[X] replace with CS HJR 68 (TRSP) [X] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[X] same as previous zero fiscal note published ~~03/09/88~~

SIGNING DO PASS:

Mike Miller

Howard Lesser

Bette Cate

SIGNING OTHER RECOMMENDATIONS:

Bette Cate

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE:

SIGN-IN

Subject of meeting:

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

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

An Overview by the Commonwealth North Railroad Committee

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY? which bill
	Loren G. Lounsbury	276-1414	Commonwealth North	
Rep. of R/D ~~Reg. Comm.~~	Milton H. Lentz	465-2985	DOT & PF	If requested H.B. 448
	Stan Frank			
Malcolm B. Roberts	2001 Churchill Rd 99517	276-1414	Commonwealth North	yes

* indicates first public hearing

HR

13

4-24-87

Dear Senator Hanley,

I don't usually complain much but this recent article in the Anchorage paper really gauled me; so much so that I cancelled a trip to Seattle next month.

Several years ago it seems our legislature in Juneau complained to the airlines about singling out Alaskans for higher fares to the states and they lowered them for awhile but it didn't last long.

Also, why do I have to pay a full month in advance to get any break at all?

Hope you can help us out.

Sincerely,

Gordon Halkett
3103 Brookside Dr.
Apt. 5
Anchorage, Ak 99517

Air fare wars to continue this summer

But won't apply to Alaska

By BILL MENEZES
The Associated Press

NEW YORK — Several major airlines said Monday they would extend their lowest discount fares through the end of summer, but the tickets would be more expensive and carry more restrictions than the cut-rate fares unveiled earlier this year.

The lower fares will not apply to travel between Alaska and the Lower 48, a local travel agency spokesman said.

"It's fair to say that in the current pricing environment that the relatively high fares between Anchorage and the Lower 48 help offset losses from fare wars in the Lower 48," said Scott McMurren of Easy Travel.

Also Monday, Continental Airlines said it had asked the Department of Transportation to require U.S. airlines to routinely disclose service information such as on-time performance, complaints about lost luggage, and the time it takes for answers on telephone reservation lines.

Continental and Eastern Airlines, both units of Texas Air Corp., said they would continue offering the special "Maxsaver" fares previously slated to end May 20.

Those non-refundable fares, which were matched by other major airlines when introduced in late January, are discounted as much as 80 percent from regular fares and are less than the supersaver fares that previously were the industry's lowest.

Northwest Airlines said it would match the discount fare extension. United and Delta and American representatives said their companies were studying the fare announcements.

Industry analysts said they expected the major airlines to follow the move, noting the summer fares would be higher to reflect the peak travel season and the advance purchase requirements would be slightly greater.

"Those are two positives," said Louis Marckesano, of Janney Montgomery Scott Inc. in Pittsburgh. "We were hoping they would modify pricing upward and or increase the minimum stay involved."

Thomas G. Plaskett, Continental's president, told a news conference the Maxsaver fares had proven "extremely popular," and some 3 million passengers had bought the fares since Feb.1.

The fares good through May 20 — intended to fill seats that otherwise would go empty on many flights — could be purchased at any time up until two days before the flight. Passengers changing or canceling their reservations forfeited the entire ticket price.

The summer fares will cost more than the earlier Maxsavers and the advance purchase requirement was stretched to seven days. They also require a Saturday night stayover and a roundtrip purchase.

The summer Maxsavers are priced from $38 to $278 roundtrip, compared with a range of $38 to $198 roundtrip before May 20. A Maxsaver flight from New York to Los Angeles, for example, would be $129 one-way this summer, compared with $89 each way before May 20.

Continental also said it was trimming the advance purchase restriction on its regular supersavers to seven days from 30 days, while reducing the cancellation penalty to 25 percent from 50 percent.

Juneau Empire 1/21/88

Lower fares would create happy faces

Dear Editor:

I think concerns are being misplaced about Alaska Airlines' advertising symbol. While this issue has been capturing headlines and legislators' attention, Juneauites continue paying air fares that are among the highest in the country.

I'm currently planning a trip to Boston. The round-trip air fare for the approximately 900 miles from Juneau to Seattle is $340.60. The round-trip fare for the approximately 3,000 miles from Seattle to Boston is $238. I've lived in Juneau for 14 years and I've yet to talk to anyone who hasn't shared my ill feelings about air fares from Juneau. I really cannot believe that costs here justify fares two or three times greater per mile than typical Lower 48 fares. I'd at least feel a lot better about paying higher air fares from Juneau if those fares could be justified and that justification be publicized with the same vigor as the recent logo switch.

I do have empathy for the airline business here in that I don't think it's reasonable to expect healthy competition in such a confined market. I believe it would be good for the public and the airline industry if an appropriately sanctioned monopoly could be granted to one airline to serve all of Southeast Alaska. I'm thinking of this in similar terms of the monopolies that utility companies now operate under. In the case of air service we would have the opportunity to nationally solicit bids to obtain the best service for the best price over a specified time.

In this manner, the public would benefit from expanded competition and the winning airline would be assured the highest possible volume to allow the lowest possible cost per passenger mile. This would bring air fares down and I suspect Juneau would see more tourists while the state and private sector would save on travel costs.

I appreciate having the opportunity to share my views and I encourage others to share their opinions about this. I think we need everyone to work honestly together on this so we will all be winners and fly with a happy face.

Sincerely,
Mark J. Miller
Douglas

New logo suggested for Alaska Airlines

Juneau Empire 2/12/88

Dear Editor:

While watching television last night I saw a commercial on one of the Seattle TV stations for Alaska Airlines. This ad was for roundtrip airfare to San Diego – 2,100 air miles, plus two nights' hotel accommodations for a total of $267. The cheapest roundtrip airfare from Juneau to Seattle, 1,818 air miles, is $340 and includes nothing extra.

Seeing this commercial brought to mind the Great Logo Crisis of Alaska Airlines that has been in the news so much during the past few weeks. My suggestion is to get rid of the Eskimo and replace him with a picture of Jesse James – gun, mask and all. This would better represent the highway robbery we all face buying an airline ticket in Southeast Alaska.

Thank you,
Dean Nordenson
Auke Bay

Alaska State Legislature

House of Representatives

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ANCHORAGE, ALASKA 99502
(907) 243-7574

REPRESENTATIVE
ALYCE HANLEY
DISTRICT 9, SEAT B

WHILE IN JUNEAU
BOX V
JUNEAU, ALASKA 99811
(907) 465-4939

MEMBER
HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE
REGULATION REVIEW COMMITTEE

February 16, 1988

MEMORANDUM

TO: All House Members

FROM: Representative Alyce Hanley

SUBJECT: Resolution relating to the cost of air travel and to competition in the airline industry; and a bill relating to unfair trade practices of air carriers and ticket agents.

I have prepared for introduction this morning the attached House Resolution and Bill concerning the high cost of airline travel not only within the State of Alaska but to and from Alaska. A similar resolution was introduced during the 14th Legislature and the cost of commercial passenger fares continues to increase. In addition I have also introduced a bill to add a new section to Title 2 called Unfair Trade Practices. This section outlines who can file complaints and adds penalties for participating in restriction of competition in air commerce.

I would welcome your co-sponsorship of this resolution. If you have any questions please do not hesitate to contact my office.

Attachments 2

5-1972A

IN THE HOUSE BY HANLEY

HOUSE RESOLUTION NO. 12

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

Relating to the cost of air travel and to competition in the airline industry.

BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES:

WHEREAS airline travel is an essential means of transportation for the people of the state; and

WHEREAS the competitive market forces in many other states have caused a decline in commercial passenger air fares; and

WHEREAS there are no competitive forces in the state to cause a significant decline in commercial air fares; and

WHEREAS commercial passenger air fares are higher today and continue to escalate upward; and

WHEREAS the cost of air travel in the state has become prohibitively expensive in many rural areas; and

WHEREAS passengers traveling to and from Alaska pay a significantly higher fare per air mile than passengers traveling between other states; and

WHEREAS the commercial air carriers appear to be engaging in setting mutually beneficial fare rates that restrict a free and open competitive market;

BE IT RESOLVED that the House of Representatives urges the Governor, the Attorney General, and the commissioner of transportation and public facilities to investigate and report to the legislature any barriers to an open and competitive airline industry and pursue every avenue that will reduce the cost of airline travel for passengers traveling to and from the State of Alaska.

5-1971A

IN THE HOUSE BY HANLEY

HOUSE BILL NO. 525

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to unfair trade practices of air carriers and ticket agents."

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

* Section 1. AS 02 is amended by adding a new chapter to read:

CHAPTER 07. AIR COMMERCE TRADE PRACTICES.

Sec. 02.07.010. UNFAIR TRADE PRACTICES. (a) The department, upon its own initiative or upon complaint by an air carrier, ticket agent, or a member of the public, shall investigate and determine whether an air carrier or ticket agent has been or is engaged in unfair or deceptive practices or unfair methods of competition in air commerce or the sale of air commerce.

(b) If the department finds, after notice and opportunity for hearing, that the air carrier or ticket agent is engaged in unfair or deceptive practices or unfair methods of competition, it shall order the air carrier or ticket agent to cease and desist from those practices or methods of competition.

(c) The department may enforce this section and adopt procedural regulations necessary to implement this section.

(d) In addition to other penalties and remedies provided by law, a person who violates a provision of this section is subject to a civil penalty not to exceed $100,000 for each violation.

(e) In this section

(1) "air carrier" means a person engaged in air commerce, directly or indirectly, by lease, contract, or other arrangement, and

Dept. of Transportation & Public Facilities

Position Paper

BILL NO: CSHCR 36 TRANS

TITLE: Intrastate Air Travel

APPROVED: [signature] J. Knapp
Commissioner

DATE: 2/12/86

The Department supports the goals of this bill which we assume to be a concern for reducing, insofar as practicable, the costs for air travel within the State of Alaska. However, there is some question as to how involved the State should get in private industry decisions in a deregulated environment.

The DOT&PF has undertaken a cursory review of air fares for one airline only. This paper (attached) indicates that for one air carrier serving in and out of Alaska, the per mile fare is higher for routes within the State. In evaluating this information, however, it is crucial to consider the different characteristics of the individual routes involved (traffic loads, staging length, competition, etc.)

Part of this analysis also compared costs for in-State routes with costs for routes of comparable length in the lower 48 states. In general, it appeared that the in-State routes were quite comparable and, in some cases, lower than the lower 48 routes of comparable length.

This information is very cursory and cannot be viewed as conclusive, but it does indicate that if there is unfair pricing within the State, it will likely be very difficult to prove.

The DOT&PF will administer the study suggested in HCR 36 if the Legislature deems it advisable. A description of the study is shown on the accompanying fiscal note.

For further information call Susan Fleischhauer at 465-3900.

- D R A F T -

ALASKA/LOWER 48 STATES AIR FARES

DOT&PF - STATEWIDE AVIATION

December 2, 1985

I. INTRODUCTION

This paper conducts two analyses of air fares. The first is a comparison of Alaska Airlines' (ASA's) air fares over three types of routes:

(1) routes between points in Alaska,
(2) routes between points in Alaska and points in the Lower 48 States, and
(3) routes between points in the Lower 48 States.

The intent is to determine how ASA's air fares in Alaska compare to their air fares in the Lower 48 States. For ease of comparison and data collection, only coach and SuperSaver fares of ASA have been used.

The second analysis is a comparision of several of ASA's air fares and air fares of other airlines for trips of comparable length in the Lower 48 States. The intent of this analysis is to determine how ASA's air fares compare to fares of other airlines. Only coach fares have been compared, again for ease of comparison and data collection.

II. ALASKA AIRLINES' FARES; Within Alaska, Alaska to Lower 48 States, and Within the Lower 48 States

Table I compares average ASA fares for three types of routes in Alaska and the Lower 48 States.

TABLE 1
ASA's
AVERAGE COACH AND SUPERSAVER
FARES/MILE

ASA's Routes	ASA's Coach Fares/Mile	ASA's SuperSaver Fares/Mile
Within Alaska	$.30	$.22
Alaska to Lower 48	.21	.15
Within the Lower 48	.22	.15

The Table shows that fares for travel within Alaska far exceed other fares. There may be a variety of explanations for this. Higher labor and operation costs and shorter stage lengths (flight distances) for ASA routes within Alaska compared to the Lower 48 States could be one cause of the differential. In addition, traffic densities and load factors are likely to be lower in Alaska. The low traffic in Alaska also results in fewer carriers competing with ASA compared to the relatively stiff competition for heavier traveled routes between Alaska and the Lower 48 States and between points in the Lower 48 States.

Table 1 also shows that ASA's fares for travel between Alaska and the Lower 48 States are comparable to their fares for travel within the Lower 48 States. Some fares are higher than others, but on the average, they are comparable.

Actual fares for travel between points in Alaska are shown in Table A-I in the Appendix. Only fares from Anchorage to outlying communities were used because ASA routes to the outlying communities originate in Anchorage. For example, to fly Fairbanks to Deadhorse would require a flight from Fairbanks to Anchorage and another flight from Anchorage to Deadhorse.

Fares range from the highest fare/mile for service to Cordova which has low traffic, a short stage length and only air taxi competition, to the lowest fare in the Anchorage to Fairbanks market which has higher traffic, heavier loads, and greater competition. It should be noted that fares to points in Southeast Alaska are as much as three cents/mile less than the average fares for other routes within Alaska. These fares may be slightly artificially low due to subsidies provided through the Essential Air Service (EAS) program.

Actual fares for travel between Alaska and the Lower 48 States are shown in Table A-II in the Appendix. Fares have been shown from Anchorage, Fairbanks, and Juneau because most routes originate from these points. Coach and SuperSaver fares from Anchorage average about one cent/mile less than fares from Fairbanks and Juneau. The highest fares/mile are for routes to Seattle and Portland while the lowest fares/mile are for the longer routes to Phoenix and Tucson.

Actual fares for travel between points in the Lower 48 States are shown in Table A-III. Fares have been shown for travel from Seattle and Portland since most of the ASA routes in the Lower 48 States arrive or depart from these cities.

III. AIR FARES; ALASKA AIRLINES - OTHER AIRLINES

This analysis compares air fares for several of ASA's routes to fares of other airlines for routes of comparable length in the Lower 48 States. Only coach fares are compared and none of ASA's routes entirely within the Lower 48 States were examined.

Table II summarizes the results of this comparison. This table shows that, except for routes from Fairbanks to Seattle and Anchorage to Deadhorse, ASA's flights were consistently cheaper per mile than routes of comparable length by other airlines.

This data has limitations in that only 5 or 6 Lower 48 routes were used for each comparison. In addition, in the case of comparisons of routes within Alaska to routes in the Lower 48 States, in some instances the aircraft flown in the Lower 48 are different from aircraft flown in Alaska. Furthermore, many routes within Alaska utilize 737 aircraft equipped for cargo and passenger loads. In general, however, it appears that ASA's fares are generally lower than fares of other airlines in the Lower 48 for routes of comparable length.

TABLE II
COMPARISON OF ASA's FARES TO OTHER AIRLINES' FARES

ASA's Route	Approximate Stage Length	ASA's Coach Fare/Mile	Other Airlines' Average Coach Fare/Mile for Lower 48 Routes of Comparable Length
Anchorage-Seattle	1450 miles	$.22	$.24
Fairbanks-Seattle	1550 miles	.25	.23
Juneau-Seattle	900	.25	.29
Ketchikan-Seattle	650	.27	.36
Anchorage-Deadhorse	627	.38	.36
Anchorage-Petersburg	677	.29	.36
Anchorage-Sitka	592	.29	.36
Anchorage-Wrangell	709	.27	.36
Anchorage-Bethel	500	.25	.42
Anchorage-Fairbanks	500	.21	.42
Anchorage-Nome	539	.37	.42
Anchorage-Kotzebue	540	.36	.42

The Lower 48 States routes used to compare to Alaska Airlines fares are shown in Tables A-IV-AIX.

IV. CONCLUSIONS

The data presented in this paper suggests three conclusions, based on a fare per mile comparison.

(1) ASA's air fares for travel within Alaska are substantially higher than its fares for travel to and within the Lower 48 States. Higher labor and operations costs in Alaska and lower stage lengths and load factors may be the primary reasons for the higher fares for travel in Alaska.

(2) ASA's air fares for travel from Alaska to the Lower 48 States are, on the average, comparable to ASA's fares for travel within the Lower 48 States.

(3) ASA's fares for travel within Alaska and from Alaska to the Lower 48 States are usually lower than fares of other airlines for routes of comparable length in the Lower 48 States.

TM/sg

STATEMENT

OF

LARRY MERCULIEFF

CS FOR HOUSE CONCURRENT RESOLUTION 36

HOUSE FINANCE COMMITTEE

March 27, 1986

Mr. Chairman, Members of the Committee, my name is Larry Merculieff, representing the City of St. Paul and the St. Paul Trust. My primary task, as an economic development advisor for the City and the Trust, is to seek means by which the community of St. Paul can be economically self-sufficient before Trust funds (which support critical island services) are depleted. I also serve as chairman of the Western Alaska Fishery Loan Board of CEDC which administers a million dollars of revolving loan funds to support developing small boat fisheries in western Alaska.

I wish to speak in support of the committee substitute for HCR 36. As you all know, marine and air transportation to rural Alaska is extremely important for good economic development. In the west coast of Alaska, the primary means by which the communities can develop meaningful entre into the Bering Sea fisheries is by transporting product by air to the markets. In developing coastal fisheries, we have a chicken or egg syndrome. Efficient, low-cost marine transportation cannot financially justify stop-over in a community with low volumes of fish product

to transport. By the same token, developing fisheries communities cannot develop their full potential until low-cost and efficient marine transportation is available and local cold storage facilities are available. This requires, initially, that such communities transport product by air. Obviously, the more cost-efficient the air transportation, the more competitive such communities will be in the various fish markets, and thus, the more likely the developing fisheries will expand.

Needless to say, air transportation costs for passengers and cargo to and from rural communities is costly, affecting every aspect of community economic development. I believe the State of Alaska needs to obtain a clear picture of these costs and the factors which affect them in order to begin addressing the development of integrated and comprehensive plans which achieve the goal of lowering air and marine transport costs in rural Alaska. For example, one factor affecting air transport cost is the method of tendering the mail to the airlines by the U.S. Post Office. Should the U.S. Post Office consider changing their present policies (of what is called <u>equitable tender of mail</u>) to eliminate certain categories of air carriers or somehow make such categories less competitive in their tendering policies, many rural communities may receive less service or experience higher costs, or both, due to a lessening of competition. We understand that at least one special interest group is seeking just such policy changes within the U.S. Post

Office. The point is, the more aware we are of major factors affecting air transport costs, the more able we are to direct efforts to control such factors - and/or to develop plans to lower costs. Certainly we cannot make any impacts on costs without reliable information. We believe that the studies and analyses proposed by CS for HCR 36 is a good step in the right direction.

Thank you.

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*

TO: HOUSE TRANSPORTATION COMMITTEE

REPS. CATO, DAVIS, SHULTZ, HERRMANN, FURNACE, PIGNALBERI, MARROU

AND REP. HERRMANN

FROM: LAMAR COTTEN/CITY OF SAND POINT, BOX 177, SAND POINT, AK, 99661, 383-2696

SUBJECT: HCR 36, INTRASTATE AIRLINE INDUSTRY

CITY OF SAND POINT SUPPORT THE EFFORTS OF REP. HERRMANN AND OTHERS TO ANALYZE AND DETERMINE THE HIGH COST OF INTRA STATE TRANSPORTATION AND RECOMMEND THAT THE TRANSPORTATION COMMITTEE INVESTIGATE THIS MATTER.

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TO: HOUSE TRANSPORTATION COMMITTEE

REPS. CATO, DAVIS, SHULTZ, HERRMANN, FURNACE, PIGNALBERI, MARROU

AND REP. HERRMANN

FROM: LAMAR COTTEN/CITY OF KING COVE, KING COVE, AK 99612

SUBJECT: HCR 36, INTRASTATE AIRLINE INDUSTRY

CITY OF KING COVE SUPPORT THE EFFORTS OF REP. HERRMANN AND OTHERS TO ANALYZE AND DETERMINE THE HIGH COST OF INTRA STATE TRANSPORTATION AND RECOMMEND THAT THE TRANSPORTATION COMMITTEE INVESTIGATE THIS MATTER.

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* DELIVER TO: JPOM
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* ORIGINAL
* SENT: 01/28/86 TIME: 15:46
* FROM: DOROTHY LARSON
* SUBJECT: HCR36 POM
* PRINT DATE: 01/28/86 TIME: 15:47
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TO: HOUSE TRANSPORTATION COMMITTEE
REPRESENTATIVE CATO, CHAIR
REPRESENTATIVES DAVIS, FURNACE, HERRMANN, MARROU, PIGNALBERI AND SHULTZ

REPRESENTATIVES WALLIS AND THOMPSON

SENATOR ZHAROFF, ALASKA STATE SENATE

FROM: CARLOS TENIENTE, BOX 34, ADAK, ALASKA, FPO SEATTLE 89791

RE: HCR36, RELATING TO AIRLINE TRAVEL

:GE YOUR POSITIVE CONSIDERATION AND PASSAGE OF HCR36. AIRLINE .RAVEL IS AN AREA OF GREAT CONCERN TO THOSE OF US IN THE RURAL AREAS AND THOSE WHOSE PRIAMRY MODE OF TRAVEL IS BY AIR CARRIER AND QUITE COSTLY. THANK YOU.

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* DELIVER TO: JPOM
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*
* ORIGINAL
* SENT: 01/28/86 TIME: 15:01
* FROM: DOROTHY LARSON
* SUBJECT: POM - HCR 36
* PRINT DATE: 01/28/86 TIME: 15:02
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TO: HOUSE TRANSPORTATION COMMITTEE
REPRESENTATIVES CATO, DAVIS, FURNACE, HERRMANN, MARROU, PIGNALBERI, SHULTZ

FROM: IDA APOKEDAK, PRESIDENT, EXECUTIVE COMMITTEE, BRISTOL BAY AREA HEALTH CORPORATION, DILLINGHAM, ALASKA 99576
PHONE - 842-5201

RE: HCR 36, RELATING TO INTRASTATE AIRLINE TRAVEL

THE EXECUTIVE COMMITTEE OF THE BRISTOL BAY AREA HEALTH CORPORATION MET TODAY AND VOTED BY RESOLUTION TO SUPPORT HCR 36 RELATING TO THE HIGH COST OF AIRLINE TRAVEL IN RURAL AREAS. WE HOPE THAT SOMETHING CAN BE DONE TO LOWER AIRFARES. PLEASE PASS HCR 36. OTHER MEMBERS OF THE EXECUTIVE BOARD ARE JOHN MARK, ANDREW WASSILLIE AND ALVIN BOSKOFSKY.

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* DELIVER TO: JPOM
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* ORIGINAL
* SENT: 01/28/86 TIME: 16:30
* FROM: JEAN MILLER
* SUBJECT: POM
* PRINT DATE: 01/28/86 TIME: 16:53
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TO: HOUSE TRANSPORTATION COMMITTEE

REPRESENTATIVES CATO, DAVIS, SHULTZ, HERRMANN, FURNACE PIGNALBERI AND MARROU

FROM: DR. LEROY OWENS
SUPERINTENDENT, ALEUTIAN REGION SCHOOL DISTRICT
640 WEST 36TH, SUITE 3
ANCHORAGE, AK 99503 PHONE: 562-2924

SUBJECT: HCR 36 - INTRASTATE TRAVEL

THE ALEUTIAN REGION SCHOOL DISTRICT SUPPORTS THE ATTENTION OF HCR 36 TO INVESTIGATE THE RATE CHARGE FOR INTRASTATE TRAVEL. RATE INCREASES HAVE RESTRICTED THE ABILITY OF RURAL DISTRICT TO OPERATE EFFECTIVELY. SEVERAL RURAL DISTRICTS ARE INVOLVED IN AN ATTEMPT TO NEGOTIATE THEIR RATES FOR REQUIRED DISTRICT TRAVEL. THIS EFFORT COULD BE GREATLY AIDED BY PASSAGE OF HCR 36.

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* DELIVER TO: JPOM
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* ORIGINAL
* SENT: 01/28/86 TIME: 16:32
* FROM: DOROTHY LARSON
* SUBJECT: HCR 36 - POM
* PRINT DATE: 01/28/86 TIME: 16:54
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TO: HOUSE TRANSPORTATION COMMITTEE

REPRESENTATIVE CATO, CHAIR, REPRESENTATIVES DAVIS, FURNACE, HERRMANN, MARROU, PIGNALBERI, AND SHULTZ

REPRESENTATIVES WALLIS AND THOMPSON

FROM: SOUTHWEST REGION SCHOOLS, DILLINGHAM, AK. 842-5287

RE: HCR 36 - RELATING TO AIRLINE TRAVEL

THE SOUTHWEST REGION BOARD OF EDUCATION SUPPORTS HCR 36 AND FURTHER REQUESTS THAT THE LEGISLATURE INVESTIGATE SOME FORM OF SUBSIDY AS CURRENTLY PRACTICAL WITH STUDENT TRAVEL ON THE STATE FERRY SYSTEM.

AIR TRAVEL IS THE ONLY FORM OF TRANSPORTATION BETWEEN OUR SITES OR MAJOR COMMUNITIES OUTSIDE OF OUR DISTRICT.

IT MAY BE OF INTEREST TO KNOW THAT THE COST OF A ROUND TRIP TICKET TO ANCHORAGE, 300 MILES FROM DILLINGHAM APPROXIMATES THE COST OF A ROUND TRIP TICKET FROM ANCHORAGE TO SAN FRANCISCO, 2,018 AIR MILES.

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* DELIVER TO: JPOM                                             *
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* ORIGINAL                                                     *
* SENT:          01/28/86  TIME: 16:42                         *
* FROM:          DOROTHY LARSON                                *
* SUBJECT:       HCR 36 - POM                                  *
* PRINT DATE:    01/28/86  TIME: 16:54                         *
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TO: HOUSE TRANSPORTATION COMMITTEE MEMBERS
REPRESENTATIVES CATO, CHAIR, REPRESENTATIVES DAVIS, FURNACE, HERRMANN,
MARROU, PIGNALBERI, AND SHULTZ
REPRESENTATIVES WALLIS AND THOMPSON

FROM: NORMAN ANDERSON, BOX 112 NAKNEK, AK. 99633

RE: HCR 36, RELATING TO AIR TRAVEL INTRASTATE

I WISH TO EXPRESS MY VIEWS ON HCR36. TRANSPORTATION COSTS IN THE BRISTOL BAY AREA ARE AT AN ALL TIME HIGH. ALTHOUGH WE ARE ENJOYING A REDUCED FARE PRESENTLY, THIS IS A TEMPORARY AND TIMELY FIXED RATE. IN A COUPLE OF WEEKS, WE AGAIN, WILL HAVE TO PAY THE INFLATED SCHEDULED RATES WHICH, FIRSTLY MAKES TRAVEL BY SMALL CHARTER AIRLINES MORE ATTRACTIVE WHICH IS PLACING MORE OF A RISK TO TRAVELERS. SMALL PLANES ARE MORE SUSCEPTIBLE TO THE HARSH WEATHER AND TERRAIN CONDITIONS BETWEEN THE ANCHORAGE AND BRISTOL BAY AREA.

SECONDLY, TRAVEL BETWEEN ANCHORAGE AND OUR AREAS IS COMPARED TO TRAVEL COAST TO COAST OUTSIDE. MANY PEOPLE ARE LIMITED TO TRAVEL OUTSIDE THE METROPOLITAN AREA BECAUSE OF THE HIGH COST OF AIRFARE LIMITING THE AVAILABILITY AND ACCESS TO LESS EXPENSIVE PRODUCTS FORCING US TO PAY THE HIGH COST LOCALLY. WE ARE A CAPTIVE AUDIENCE AND AT THE MERCY OF THESE AIR PIRATES.

TO: HOUSE TRANSPORTATION COMMITTEE
REPRESENTATIVE CATO, CHAIR, REPRESENTATIVES DAVIS, FURNACE, HERRMANN, MARROU
PIGNALBERI, SHULTZ

REPRESENTATIVES WALLIS AND THOMPSON

FROM: BILLIE BENEDICT, BOX 10019, DILLINGHAM, AK.

RE:

I WOULD LIKE TO FULLY SUPPORT REPRESENTATIVE HERRMANN'S, THOMPSON'S AND WALLIS' LEGISLATION FOR LOOKING INTO AIR FARES TO RURAL ALASKA AREAS. IN CHOOSING TO LIVE IN ISOLATION, WE WERE AWARE OF THE SACRIFICES. HOWEVER, THE HIGH AIR FARES ARE NOT ONLY AN INCONVENIENCE WHICH PREVENTS US FROM TAKING VACATION OUTSIDE OUR AREA, BUT MOST OF US LEFT FAMILIES BEHIND FROM WHOM WE ARE CUT OFF. ALSO, CONSIDER THE COST TO THE STATE FOR THESE AIR FARES WHEN STATE WORKERS AND WORKERS FROM STATE FUNDED ORGANIZATIONS TRAVEL. THE COST IN OUR COMMUNITY ALONE IS INCREDIBLE. I WOULD LIKE TO SEE SOMETHING POSITIVE DONE TO INCLUDE US IN THE REST OF THE WORLD.

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* DELIVER TO: JPOM
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* ORIGINAL
* SENT: 01/28/86 TIME: 16:14
* FROM: DOROTHY LARSON
* SUBJECT: HCR 36 POM
* PRINT DATE: 01/28/86 TIME: 16:40
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TO: HOUSE TRANSPORTATION COMMITTEE MEMBERS
REPRESENTATIVES CATO, CHAIR, REPRESENTATIVES DAVIS, FURNACE, HERRMANN, AND MARROU,
FIGNALBERI AND SHULTZ

REPRESENTATIVES WALLIS AND THOMPSON

SENATOR FRED ZHAROFF, ALASKA STATE SENATE

FROM: SUE FLENSBURGER, BOX 174, DILLINGHAM, AK., 842-2666

RE: HCR36-RELATING TO AIRLINE TRAVEL

BRISTOL BAY REGION IS ACCESSIBLE TO THE REST OF ALASKA BY AIR AND WATER ONLY. THE COMMERCIAL AIRLINES SERVING OUR REGION HAVE EXCESSIVE FARES CREATING AN ECONOMIC HARDSHIP. AN AUTHORIZED INVESTIGATION INTO THIS SITUATION IS WARRANTED. A MEANS OF ALLEVIATING INSURANCE PROBLEMS FOR AIR TAXIS ALSO DESERVES CONSIDERATION AND ATTENTION.

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* DELIVER TO: JPOM
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* ORIGINAL
* SENT: 01/28/86 TIME: 16:06
* FROM: LIOKOD
* SUBJECT: KODIAK POM
* PRINT DATE: 01/28/86 TIME: 16:32
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TO: REPRESENTATIVES CATO, DAVIS, FURNACE, HERRMANN, MARROU, PI NALBERI, SHULTZ

FR: NANCY GROSS, MANAGER
CITY OF UNALASKA
P.O. BOX 89
UNALASKA, ALASKA 99685
PH: 581-1251

RE: HCR 36 - INTRASTATE AIRLINE TRAVEL

UNALASKA SUPPORTS HCR 36. THREE CARRIERS NOW SERVE US AND THE TICKETS HAVE GONE UP. WE WOULD LIKE TO KNOW WHY.

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* DELIVER TO: JPOM
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* ORIGINAL
* SENT: 01/29/86 TIME: 09:38
* FROM: DOROTHY LARSON
* SUBJECT: HCR36-POM
* PRINT DATE: 01/29/86 TIME: 09:39
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TO: HOUSE TRANSPORTATION COMMITTEE MEMBERS

REPRESENTATIVES CATO, CHAIR; DAVIS, FURNACE, HERRMANN, MARROU, PIGNALBERI, AND SHULTZ

REPRESENTATIVES WALLIS AND THOMPSON

SENATOR FRED ZHAROFF, ALASKA STATE SENATE

FROM: SHELLEY FARLER, BOX 10018, DILLINGHAM, AK. 99576

RE: HCR36, AIRLINE TRAVEL

PLEASE PASS HCR36 OUT OF YOUR COMMITTEE, AIR FARES ARE EXTREMELY HIGH WHEN TRAVELING FROM RURAL ALASKA TO THE LARGER CITIES. STUDY SHOULD BE CONDUCTED TO DETERMINE WHY THIS IS SO.

TO: HOUSE TRANSPORTATION COMMITTEE MEMBERS,
REPRESENTATIVES CATO - CHAIR, DAVIS, FURNACE, HERRMANN, MARROU, PIGNALBERI, SHULTZ

REPRESENTATIVES WALLIS AND THOMPSON

SENATOR FRED ZHAROFF, ALASKA STATE SENATE

FROM: KEN HARPER, DILLINGHAM, AK. 99576

RE: HCR36 - AIRLINE TRAVEL

URGE PASSAGE OF HCR36 TO STUDY THE TARIFFS THAT ARE CHARGED RURAL ALASKANS TO TRAVEL. WE PAY HIGH PRICES TO TRAVEL WITHIN THE STATE. WHY IS IT CHEAPER TO TRAVEL TO THE LOWER 48 THAN TO TRAVEL INTRASTATE?

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* DELIVER TO: JPOM
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* ORIGINAL
* SENT: 01/29/86 TIME: 09:05
* FROM: DOROTHY LARSON
* SUBJECT: HCR36-POM
* PRINT DATE: 01/29/86 TIME: 09:08
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TO: HOUSE TRANSPORTATION COMMITTEE
REPRESENTATIVES CATO, CHAIR, DAVIS, FURNACE
HERRMANN, MARROU, PIGNALBERI, SHULTZ
REPRESENTATIVES WALLIS AND THOMPSON

SENATOR ZHAROFF, ALASKA STATE SENATE

FROM: DAVE FISHER, BOX 10201, DILLINGHAM, 99576

RE: HCR36, AIRLINE TRAVEL

URGE SUPPORT OF HCR 36 CONCERNING INTRASTATE AIRLINE TRAVEL. COST OF TRANSPORTATION TO RURAL AREAS IS PROHIBITIVE COMPARED TO TRAVEL OUT OF THE STATE. URGE CONSIDERATION THAT THESE AIR FARES BE STUDIED.

TO: HOUSE TRANSPORTATION COMMITTEE MEMBERS
REPRESENTATIVES CATO, CHAIR, DAVIS, FURNACE, HERRMANN, MARROU,
PIGNALBERI AND SHULTZ

REPRESENTATIVES WALLIS AND THOMPSON

SENATOR ZHAROFF, ALASKA STATE SENATE

FROM: JOHANNA BOUKER, BOX 241, DILLINGHAM, ALASKA 99576 - PH 842-5433

RE: HCR36-RELATING TO AIRLINE TRAVEL

IT APPEARS MAJOR STRUCTURAL CHANGES WILL TAKE PLACE AMONG RURAL CARRIERS DUE TO DEREGULATION. INSURANCE RATES ARE AT A PREMIUM-ONE OF THE CAUSES FOR HIGH FARES. (LOWERING FARES MIGHT CONSTITUTE HAZARD TO RURAL TRAVELERS IN CARRIERS ATTEMPT TO SAVE ON MAINTENANCE COSTS, ETC..) MAJOR CARRIERS RATES BETWEEN CITIES AND BUSH SHOULD BE STUDIED.

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DELIVER TO: JPOM

ORIGINAL
SENT: 01/29/86 TIME: 09:14
FROM: DOROTHY LARSON
SUBJECT: HCR36-POM
PRINT DATE: 01/29/86 TIME: 09:14

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TO: HOUSE TRANSPORTATION COMMITTEE
REPRESENTATIVES CATO,CHAIR, DAVIS, FURNACE
HERRMANN, MARROU, PIGNALBERI, SHULTZ

REPRESENTATIVES WALLIS AND THOMPSON

SENATOR ZHAROFF, ALASKA STATE SENATE

FROM: LEE HOTCHKISS, BOX 10201, DILLINGHAM, AK. 99576

RE: HCR36-RELATING TO AIRLINE TRAVEL

PLEASE CONSIDER PASSAGE OF HCR36 TO UNDERTAKE A STUDY OF AIR FARES TO RURAL ALASKA, WE LIVING OUT HERE KNOW THE AIR FARES CHARGED ARE EXTREMELY HIGH. WHY IS IT CHEAPER TO GO FROM ANCHORAGE TO THE LOWER 48 THAN IT IS FOR US TO GET TO ANCHORAGE?

****

TO: HOUSE TRANSPORTATION COMMITTEE MEMBERS
REPRESENTATIVES CATO, CHAIR, DAVIS, FURNACE,
HERRMANN, MARROU, PIGNALBERI, SHULTZ

REPRESENTATIVES WALLIS AND THOMPSON

SENATOR FRED ZHAROFF, ALASKA STATE SENATE

FROM: MARK LISAC, BOX 2818, DILLINGHAM, AK. 99576

RE: HCR36-AIRLINE TRAVEL

HOPE THAT YOU WILL CONSIDER HCR36 FAVORABLY. AIRLINE TRAVEL TO RURAL AREAS NEEDS TO BE STUDIED AND REASONS GIVEN FOR THE DISCREPANCY AND DIFFERENCES IN AIR TRAVEL FROM URBAN TO RURAL AREAS VERSUS THE COST OF TRAVEL FROM OUR URBAN CENTERS TO LOWER 48 AND HAWAII.

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* DELIVER TO: JPOM

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* ORIGINAL

* SENT: 02/11/86 TIME: 15:57

* FROM: LIODLG

* SUBJECT: PUBLIC OPINION MESSAGE

* PRINT DATE: 02/11/86 TIME: 15:57

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TO: HOUSE TRANSPORTATION COMMITTEE MEMBER:
REPRESENTATIVE CATO, CHAIR, REPRESENTATIVES DAVIS
FURNACE, HERRMANN
MARROU, PIGNALBERI, AND SHULTZ

SENATOR ZHAROFF

FROM: SHIRLEY CHAPMAN, P.O.BOX 442, KING SALMON,AK.99613
PH 246-4442

RE: HCR 36: AIRLINE TRAVEL

AIRLINE RATES ARE SO HIGH MOST PEOPLE IN THE BUSH AREAS CAN'T AFFORD THEM.

EOM

Febrary 11, 1986

Adelheid Herrmann
Pouch V
Juneau, AK 99811

Dear Representative Herrmann:

I have lived in Naknek for the past 11 years and have seen airline prices and air freight rates go up steadily.

We now have two "competing" airlines and three freight haulers all charging to the penny the same rate. For the price of a round trip ticket to Anchorage I could go to Seattle from Anchorage, five times the distance.

Southeast Alaska gets subsidized transportation via the Marine Highway. Most people of the state can at least drive to major shopping areas. We only have the choice air transportation.

This means that all food, household goods and the like needed for living have to come by air and transportation of a family to Anchorage is not a matter of jumping into a car but buying seat fare for each.

Hopefully you can look into this matter.

Kurt Jaehning
Naknek AK 99633

Low air fares extended to Anchorage

11/13/85 Anch. Daily News

Daily News staff and wire services

The low Thanksgiving air fares being offered in the Lower 48 were extended Tuesday to travelers from Anchorage.

Western Airlines announced Tuesday it will offer $158 round-trip "Turkey fares" from Anchorage to anywhere Western flies in the continental United States.

Travel must take place on Nov. 28, 29 and 30, and the return flight must begin by noon on Nov. 30, according to Rachel Cavitt, sales manager for Western Airlines in Alaska.

Tickets also must be purchased within three days of reserving the seat and they are nonrefundable. The last day to purchase tickets is Nov. 26, Cavitt said.

"This is definitely just for the impulse traveler," said one Anchorage travel agent. "But it's just about the cost for two people to go out and have a fancy dinner and drinks."

The Turkey fare offers up to 85 percent savings on some of Western's tickets, Cavitt said.

Western flies to numerous West Coast cities and other destinations across the country including Salt Lake City, Boston, New York, Washington D.C. and Texas.

The Turkey fare is less than half the cost of an ultimate supersaver fare to Los Angeles, which now is about $398.

Two more airlines joined in the Thanksgiving fare war Tuesday, and the carriers reported a surge of telephone queries and bookings for the steep discounts that are designed to fill empty holiday flights.

"It's been very heavy. There are some markets selling out rapidly," said Linda Johnson, spokeswoman for American Airlines. She said Florida routes were practically booked for the 60-hour period covered by American's offer.

United Airlines spokesman Chuck Novak said the number of phone calls to its reservation centers was up 50 percent. Jim Ewing, a spokesman for Delta Air Lines, said: "The volume of calls has increased drastically, I'd say by 15, 20 percent. We've got to put supervisors on the phones."

American was the first to offer the sharply reduced fares in a Monday announcement aimed at luring travelers who otherwise would stay home during Thanksgiving. United and Delta quickly followed with their own plans, and Northwest Airlines and Eastern Airlines announced sales 24 hours later.

American and Eastern are offering discounts of up to 85 percent on round-trips in the 48 continental states from Thanksgiving Day, Nov. 28, through noon Nov. 30, when passenger traffic traditionally is very light. Thanksgiving eve and the following Sunday have been heavily booked for months.

United matched American's offer on routes they both fly. United, American and Eastern require round-trip bookings and payment within three days of making reservations. Their sale deadline is Nov. 26 and tickets

Tuesday, December 3, 1985, The Anchorage Times

For a New Stuyahok pair, it wasn't good day to fly

by Mitch Lipka
Times writer

After visiting her sick son in an Anchorage hospital, all Annie Gumlickpuk wanted to do was go home to the Bristol Bay village of New Stuyahok.

It all seemed simple enough and it had been done time and time before. All they had to do was get on a plane to Dillingham, catch a Bush plane up the Nushagak River and they would be home.

She and about 10 others boarded a SeAir flight Monday afternoon knowing there was good weather in Anchorage and good weather in Dillingham.

Bad weather is the bane of Bush flying — the major variable people there must learn to cope with.

Off went the SeAir flight and back it came. Mechanical difficulties, the passengers were told.

After a plane switch and more than a hour more on the ground, a second SeAir flight speeded down the runway for the 300-mile trip. Back it came.

Mechanical difficulties, they say.

That's when things began to get bad. Gumlickpuk and her elderly father-in-law, Johnuk Gumlickpuk were informed by the carrier with the next flight out, AirPac, that their tickets would not be honored.

To make the situation still worse, Johnuk Gumlickpuk speaks only Yupik, and had to sit off to the side not understanding what was happening.

It seems that the $163 weekender fare tickets the Gumlickpuks had purchased may only be used on the airline that issued them, even if that airline can't get them where they are going. The Gumlickpuks did not have the money on hand to buy $160 one-way tickets for other carriers.

All things considered it's probably just as well the Gumlickpuks didn't get on the AirPac flight because it too returned to Anchorage and was cancelled. The problem — mechancial difficulties, the passengers were told.

"I don't like being stuck here," Annie Gumlickpuk said. "If they had been courteous and at least put us up for our meals it would have at least made us feel better."

"We don't have to take somebody's room and board and all of that," said Irene Bonner, director of customer services for SeAir. An airline flying a plane with fewer than 60 seats is not required to put up stranded passengers, she said.

"Most people who fly in Alaska understand the hassles with the weather conditions flying to these places," Bonner said. "We do accommodate them any way we can."

Bonner said ticket agents were not able to reach her Monday night, and if they would have, she would have given the Gumlickpuks a ticket on another airline.

"I've been flying all my life but this is the worst it has been," Annie Gumlickpuk said.

"We're so unlucky today," Johnuk Gumlickpuk said with Annie translating. "And it's not our fault."

Janet Schichnes and her family managed to be aboard both SeAir planes and the AirPac plane that were brought back to Anchorage.

"We got on every plane but MarkAir got us here," she said for her Dillingham home this morning. "It's absolutely insane.

"It took us about seven hours to get from Anchorage to Dillingham (normally a one hour flight) and we don't even have our bags."

Repeated calls to AirPac were not returned.

Alaska State Legislature

Senate

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

January 25, 1985

The Honorable Norman Gorsuch
Attorney General
State of Alaska
Pouch K
Juneau, Alaska 99811

Dear Mr. Attorney General:

As you know, Alaska Airlines has announced substantial fare increases for coach class passengers.

Advertising has indicated that each of the other interstate carriers (United Airlines, Northwest Airlines and Western Airlines) has followed the new Alaska Airlines fare schedule with virtual exactitude.

Before the new increases took effect, the one-way coach class fare between Anchorage and Seattle, on each of the carriers, amounted to a cost of 22 cents per mile. Alaska Airlines charged a one-way fare of $324.90. Two other carriers (Northwest Airlines and Western Airlines) were three cents cheaper, at $324.87. United Airlines charged $5.90 less than Alaska Airlines, or $319.00. This is an obviously miniscule "spread", and, as noted, each of the carriers is charging 22 cents per mile in fact.

The route between Anchorage and Juneau is extremely important to State government, inasmuch as many passengers are flying either on state business, at state expense, or because they are exercising their right or duty of citizenship to visit and speak with officials of the government. The fare over this route, where no competition exists, is 33 cents per mile.

For the purpose of this inquiry, however, I will not concern myself with the Anchorage-Juneau route, because only one carrier serves the route. Instead, I will confine my comparisons to the interstate route between Anchorage and Seattle, and other destinations in the continental United

States, on the one hand, and other American routes, not involving an Alaska airport, on the other. The comparisons are based upon the old fares before this month's increases took effect.

Between Anchorage and Seattle, passengers in coach class (disregarding "super saver" passengers) paid 22 cents per mile, as noted. This cost per mile is twice the cost per mile between Salt Lake City, Utah, and Washington, D.C. The distance between Salt Lake City and the nation's capital is 413 miles greater than the distance between Anchorage and Seattle. The fare is $109.00 less than the Anchorage-Seattle fare before the new increase!

If Alaskans were able to travel for 11 cents per mile, they would pay a one way fare to Seattle of $162.45, not $319.00 to $324.90, or the higher fares now in effect.

Another example -- and the examples are endless, obviously -- is the flight between Kansas City and Seattle, a distance of 1,851 miles (slightly farther than the distance from Anchorage to Seattle). Western Airlines offers a one-way fare of $185.00, or 12 cents per mile, between Kansas City and Seattle.

Because "super saver" fares are offered virtually everywhere, and have many restrictions, including a requirement for round trip purchases, I have not attempted to calculate their effect. Our research is particularly interesting, I think, in its showing that the four carriers in the Alaska trade follow virtually equivalent coach class fares, as well as super-saver fares, and are also identical in their failure to offer any type of other discount fares (except senior citizens' discounts offered by Alaska Airlines and United Airlines).

Many Alaskans expected that deregulation of the industry would result in lower fares. Many Alaskans expected that the entry into the Alaska trade of United Airlines would enhance competition and result in savings to the consumer. As shown by the two newspaper clippings I enclose (article from the Anchorage Daily News of January 17, 1985 and editorial from the Anchorage Times of January 18, 1985), the fare increases are of interest and concern to Alaska residents.

The problem of the cost of travel is exacerbated for Alaskans because of the absence of rail or other surface travel modes that can be reasonable alternatives for many, given the distances to be covered and the climate that prevails during most of the year.

The inability of Alaskans to travel out-of-state means diminished opportunities for contact with family and friends in "the lower 48", and diminished opportunities for education, professional seminars, and other activities important to the development and fulfillment of the individual Alaskan in his or her personal life and career.

With all of these considerations in mind, I would be grateful for any reflections you and your Department may have, and would like to know particularly:

1. The elements of proof that would normally be required to show an unlawful "contract, combination or conspiracy" in restraint of trade, or other violation of the state anti-trust law. (AS 45.50.562 et. seq.)

2. Whether there may be a possible application of state anti-trust laws, for restraint of trade or price fixing by agreement or conscious parallelism, in this context.

3. Whether state anti-trust laws apply to interstate air carriers.

4. If not, whether state anti-trust statutes could be changed in a constitutional manner to provide such applicability and to establish state court jurisdiction.

5. Whether there is any precedent for anti-trust suits against air carriers in interstate commerce, either under federal or state anti-trust statutes, brought by attorneys general on behalf of state governments or their people, for alleged price-fixing and restraint of trade.

6. Whether there are any other statutory remedies that can be considered or developed to deal at the state level with the problem.

7. Whether the state has been given any data from the carriers which might justify either the apparent coincidence in their respective fare structures or the recent round of fare increases.

Because the matter I have raised is of great importance to the Alaska tourism industry and Alaska business in general, I am sending a copy of this letter to the Honorable Loren H. Lounsbury and I am inviting him and the Department

of Commerce and Economic Development, which he heads, to share with me any comments or ideas that they may have. At a minimum, it would be my hope that state officials in the executive branch will express to the carriers some of the concerns I have voiced here, and encourage fare competition and lower fares.

One of the puzzling factors in all of this is that it would appear to me to be evident that if fares were lower, more passengers would fill the airlines' seats. I am wondering whether the government or the industry has any information or studies, such as studies for the Division of Tourism of the Department of Commerce and Economic Development, which could help us (and the carriers) estimate what the passenger load factor would be if fares were lower.

Today, Alaskans pay more than 100 percent above what coach class travelers pay, on a per mile basis, elsewhere in the nation. Alaskan travelers appear to be subsidizing travelers on other routes.

All of this occurs at a time when the rate of inflation in Alaska is less than the rate of inflation across the nation. In the past several years, the federal government has noted on many occasions that the cost-of-living differential between Alaska and the rest of the country is narrowing, not growing. And airline fuel costs are reportedly stabilizing, too. Some airlines, as we know, have renegotiated union agreements to reduce labor costs. Finally, as I have noted above, we are in a deregulation environment that is a supposed benefit to the consumer.

Your assistance and advice would be very welcome, so that all of us in state government, working together, can help bring down the cost of airplane travel, absent compelling justifications from the carriers showing good reasons why prior rates and recent increases have been necessary and good reasons why all the carriers are charging essentially the same fares.

Sincerely,

Joe P. Josephson.

Joe P. Josephson
State Senator

JPJ:rak
Enclosures

cc: The Honorable Loren H. Lounsbury

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K – STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

RECEIVED
FEB
Josephson,

February 5, 1985

The Honorable Joe P. Josephson
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Re: Airline Ticket Prices
A.G. File 166-312-85

Dear Senator Josephson:

Your recent inquiry concerning the high prices Alaskans are forced to pay for airline tickets has been reviewed in detail by my department. This is a matter of substantial public concern, as air travel costs impact Alaskans in many different ways.

My office has been monitoring the situation for sometime. In particular, the nearly identical prices charged by the carriers for travel between Anchorage and Seattle caught our attention. We did initiate an inquiry to find out how and why Alaska Airlines, United, Western, and Northwest all charge essentially the same prices on this heavily travelled route.

Our investigation revealed that the airlines are able to keep track of each others prices and proposed price increases, through several computerized information networks. The main network is the Airline Travel Publishing Company's computer service (ATPCO). The ATPCO system publishes routes, schedules, fares, and proposed fare changes nationwide, and is apparently updated daily. This system is used by travel agents as well as by the airlines, and allows its subscribers to know -- to the penny -- what any given airline is charging on its routes.

We are informed that airlines generally "move in packs" when it comes to prices. That is to say, as a general rule, no one airline wants to offer a fare that is much higher than any other airline, for fear of losing business. Air travel is a particularly price-sensitive industry. Consumers will fly the airline that offers the best price, with other factors (schedule, quality of in-flight service, etc.) running far behind price as a factor in selecting which airline to choose. If one airline lowers its prices, its competitors follow suit quickly.

We are informed that when an airline decides to raise its prices, it will publish the planned increase through the ATPCO system with an effective date of one to two months after the initial announcement. Thus, its competitors are given notice of any up-coming price rise. The competitors are in a position to follow the leader and file corresponding price increases. Unless one airline does not go along, we are told, the upward change is likely to happen. By closely following the proposals of their competitors, and responding to the changes as they occur, airlines are able to keep their prices within a few percentage points of each other. This process is what is known as "conscious parallelism" in antitrust law. It is not illegal, under either the Alaska Restraint of Trade Act or the Federal Sherman Act, to closely follow and to respond to a competitor's prices.

Your letter asks for my thoughts on how the state antitrust laws apply, and whether they ought to be changed, in this situation. The problem is not one of jurisdiction, nor is it, in my opinion, one which can be remedied easily by changes to the law. If it could be shown by direct evidence that the airlines actually met, and agreed to charge any particular fare on Alaska routes, this office would be able to intervene and seek redress on behalf of consumers. But to prove pricefixing, we need evidence which we do not have, and which our initial inquiry does not indicate we would find. Nor would it be wise policy to seek a change in the law making it illegal for a business to watch a competitor's prices and respond to them -- consumers benefit when businesses cut prices in response to competition.

I join with you in expressing concern for the high prices Alaskans have to pay for airfare, in a time when the cost of air travel elsewhere in the country has declined dramatically. I certainly hope that consumers will express their concerns to the airlines. Perhaps one or more of the air carriers serving Alaska may respond by reducing its fares.

Sincerely yours,

Norman C. Gorsuch
Attorney General

NCG:jf

ALASKA STATE SENATE

JOE P. JOSEPHSON
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1526 F STREET
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OFFICE OF MINORITY WHIP

COMMITTEES

BUDGET & AUDIT
HEALTH, EDUCATION & SOCIAL SERVICES
RULES
TRANSPORTATION

SENATE CHAIR, ANCHORAGE CAUCUS

February 6, 1985

Mr. Bruce Kennedy
President
Alaska Airlines
P.O. Box 68900
Seattle, Washington 98188

Dear Mr. Kennedy:

As a state senator from Anchorage, I have asked why air fares have increased in Alaska this year, at the same time that significant new discount fares are offered elsewhere. My inquiries have resonated in the Alaska community, because Alaskans know that fares charged for flights to and from Alaska were high, both in relative and absolute terms, even before the latest increases took effect.

I am enclosing a copy of my letter to the Attorney General of Alaska dated January 25 and a copy of the press release which I issued at that time. I am also enclosing three other newspaper clippings on this subject, including a recent editorial and a recent travel column, which show the existence of widespread community concern.

This office has received many messages from constituents, and there has been a proliferation of letters to the editor on this subject. For example, I also enclose some letters to the editor of the Anchorage Daily News which appeared in that paper recently.

Alaskans who travel know that the fares now available between points in the continental United States tend to be far lower than the fares available between Anchorage and Seattle, on a cost-per-mile basis. From a traveler's standpoint, as the enclosed newspaper clippings make manifest, there does not appear to be an obvious rationale for the existing fare structures, and there is certainly no discernible relationship between distance and cost.

I need not detail here the very serious consequences to us Alaskans of the high airplane fares. We have no rail alternative. Buses and cars do travel over the Alaska

Highway, but considerations of climate, distance and time make these modes all but useless for most business and vacation travelers.

On the other hand, there is an alternative to the high fares now charged Alaskans on the Anchorage-Seattle route: Alaskans can stay home. Their relatives and friends in the "lower 48", and potential tourists, can stay home, too, rather than visit the 49th State.

That alternative is bad for the airlines. It is bad for Alaskans. It is bad for family relationships. It is bad for tourism. It is bad for commerce. It is bad for those who want to pursue educational curricula and professional seminars in other states. It is bad for community morale. It is bad for the relationship between the airlines and their customers. It is bad for the taxpayers of Anchorage who have invested in a new convention center, a sports arena, and other amenities designed to enhance tourism.

Alaskans are educated and sophisticated. They ask me:

1. Why are airline fares going up here while fares in other places are going down?

2. Why do all airlines consider the high fares to be more profitable, even though they compel many would-be travelers to stay put?

3. What are the justifications for the higher Alaska route fares? Are Alaska state airport landing fees higher than elsewhere? Is jet fuel bought for travel to and from Alaska more expensive? Is there a wage differential paid to employees working in Alaska? Are load factors so low that the costs of operation per seat, relative to revenues, are very high? If so, why do four carriers compete over the market, and why wouldn't lower fares build profits, at least on certain flights, or at least on designated flights off-season? Or, conversely, are load factors so high that it matters not to the carriers whether some Alaskans choose to be price-resistant?

4. Why has deregulation not led to price competitiveness here?

I am considering introducing legislation on this subject, and as a member of the Senate Transportation Committee, I have requested public hearings on this question. The Chairman of the Transportation Committee, I am informed, has scheduled such hearings.

I have also received a response from the Attorney General of the State of Alaska to my inquiry about possible anti-trust violations. The reply of the Attorney General indicates that an element in any anti-trust litigation would be evidence of actual consultations among the carriers to set prices; it does appear that such evidence is difficult to obtain, if it exists at all. The Airline Travel Publishing Company computer service gives every carrier access to detailed fare schedules from every competitor, and so a consciously-parallel fare policy can be set without direct communication among competitors on the subject.

The remedies for Alaskans in this environment would appear to be limited to a spontaneous or concerted abstinence or boycott from air travel; consultations with the Alaska delegation in Congress to explore inducements or sanctions at the federal level; utilization of the state's bargaining position as a major customer to bring about price concessions benefiting all Alaska travelers; encouragement of a new entrant in the Alaska market; and public relations rewards and honors to that carrier which is imaginative enough to be the first to give Alaska travelers some overdue relief.

I solicit your comments and suggestions so that Alaskans can begin to get some of the price benefits deregulation was supposed to bring. I have written in an identical vein to your three counterparts at the other interstate air carriers. In my judgment, imaginative leadership in this regard will inure to the short-range and long-range benefit of the company displaying it, and will certainly earn the recognition and gratitude of the legislature and the people of Alaska.

Sincerely,

Joe P. Josephson
State Senator

JPJ:rak
Enclosures

JJ's copy Mike Air Fares

RECEIVED

FEB 22

Josephson,

M E M O R A N D U M

TO: Vince O'Reilly, Deputy Commissioner

DATE: February 12, 1985

FROM: Orhan M.Yildiz
Economic Analysis Section

SUBJECT: Airline Industry

THROUGH: Committee of Directors, Economic Analysis Section

In response to your request concerning determinants of airline travel demand we performed a literature search on the subject. Not surpisingly, there is no relevant information specifically for the Alaska market. However, from the limited literature that is available locally I have put together the following discussion, which may shed some light on the questions raised by Senator Josephson.

The 1978 Airline Deregulation Act has increased competition in most of the U.S. airline markets. Consequently, consumers have, in general, benefited from lower fares. In the Alaska market, however, steady price increases in recent years above the inflation rate indicate that Alaskans might not have benefited from the industry deregulation equally. Finding the reasons behind this would require an analysis of the local market characteristics and the airline industry structure in Alaska.

In spite of the increase in competition in the U.S. air travel market, the industry earnings in the post deregulation years have been good, except around the 1980 recession period, and were exceptionally good in 1984. Earnings are expected to increase in 1985. (This information was given by Albert Khan, the man responsible for the deregulation of the airline industry, on the KTOO TV show "Firing Line" on Feb. 9, 1985.) This may imply a price elastic (or price responsive) demand for air travel -- i.e., a decrease in fares is more than offset by an increase in demand so that the industry revenues in fact increase. Why, then, is this experience in the lower 48 not transferable to Alaska?

First, the Alaska market has little competition compared to markets elsewhere in the U.S. Even the national market is not entirely competitive, since it is still dominated by the large Trunks, although their market share decreased considerably after the deregulation. In Alaska not only are the alternative modes of travel practically absent, but few airlines operate within the state boundaries. The existence of a small number of operators with similar cost structures and nearly identical products makes

the disadvantage of rivalry clear. This does not necessarily imply collusion. When the market is dominated by one large airline that airline could act as the leader and set the market price, which would be adapted immediately by the smaller airlines. Thus, it is likely that the Alaska market gravitates toward a monopolistic structure or toward an oligopoly with joint profit-maximizing behavior.

Where the air fares are set depends on how easy it is for other airlines to enter the market and the elasticity of demand for air travel. If barriers to entry were low, fares would not be much above those found in a "competitive market," for otherwise new airlines would enter the market to share profits. Thus, one question to be answered is how difficult it is to open the Alaska market to further competition.

If demand for air travel is not responsive to price changes the industry can pass most of the general operating cost increases on to the customers. The existence of monopoly conditions would further exacerbate the situation, because costs due to inefficiencies would be added to the overall costs -- while in a competitive market the inefficient airline would be forced to drop from the market. If the demand responds elastically to price changes cost increases would be born mostly by the industry. Hence, any price increase due to increasing costs would cut revenues drastically. Conversely, a decrease in price would increase revenues but not necessarily the profits of a monopolist. Therefore, the second question that would need to be answered is whether the demand for airline travel in Alaska is responsive to changes in prices.

Whether the Alaska market can become more competitive depends on several factors. Entering into the Trunk business involves economies of scale. Literature indicates that "... a carrier would have to supply at least two billion available ton miles ... in order to achieve unit costs comparable to those of the typical Trunk;" beyond this level of operation economies of scale disappear.1/ In this situation the economical alternative would be the entry of an existing airline company, not a new carrier, to the Alaska market. This way the airline would pick the revenue

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1/ Paul Biederman, "The U.S. Airline Industry: End of an Era," Praeger Special Studies, 1982.

Ton miles is the available tons multiplied by mileage flown.

passenger miles of travelers destined to other locations within the U.S. The market share of a carrier also depends on the frequency of service (number of flights per day), although as length of trip increases this becomes less of a factor.2/ In Alaska, trip lengths between Anchorage and Seattle, Southeast and Seattle, and Southeast and Anchorage would make it feasible to capture a reasonable share of the market with few flights per day.

Obviously, each carrier does not have the same cost structure, since there are other determinants of cost than size. One indicator of carrier efficiency is employee productivity, which could be measured as revenue ton miles per employee.3/ Total operating expenses of a carrier depends on total employment, age of aircraft fleet (affects maintenance), type of aircraft (technology) and cargo revenue. Since the two major airlines operating in Alaska are lower 48 based their employee costs in routes between Alaska and Seattle are probably not much higher than an average U.S. carrier. Of course, airlines have to maintain ground crews (for maintenance and service) at every airport. In addition, the cost of providing service within Alaska would be higher. One factor of great importance for the Alaska market is the cargo revenues of carriers. These work to reduce operating costs considerably. In all likelihood airlines in Alaska receive considerable cargo revenues, which lower operating costs and increase total revenues. Consequently, it is not clear whether operating cost of air carrier service to Alaskans is overall costlier than elsewhere. If further work in the airline cost area is sought, financial data for Alaska carriers could be obtained from the Federal Aviation Administration (FAA). Such reporting is a requirement of FAA.

In addition to operating costs, a major obstacle to entry into the Alaska market would be fixed depreciation and amortizations costs of investment. Airlines with the monopoly power could easily undercut the prices, even below the level of a competitive market, to drive out a new entrant to the market. A carrier with high financing costs might not survive such rivalry unless it is protected by a parent corporation.

2/ Geaorge C. Eads, "The Local Service Airline Experiment," The Brookings Institute.

3/ A revenue ton mile is the revenue generated from carrying one ton a distance of one mile.

passenger. For a new carrier to enter the Alaska market it is important to know whether Alaska travelers are sensitive to price reductions. If they are not, utilization of additional carrier capacity offered by the new carrier may require deep price cuts, which would also reduce the total revenue earrings of the industry. On the other hand, if there are barriers to entry into a market, companies with the monopoly advantage benefit from inelastic demand. When demand is not responsive to price the reduction in demand would be proportionately less than the price increase, resulting in an increase in revenues.

The results of demand elasticity analysis in the U.S. carrier market has mixed results. In general, demand for business travel is relatively insensitive to price, whereas the reverse is true for vacation travel. Nevertheless, it is not clear that these conclusions apply to the Alaska market. It is possible that even the vacation travel might be inelastic, considering that few substitutes for air travel exist. Besides, demand for travel is derived from demand for other things, such as business, vacation, visiting family or friends. It is generally acknowledged that the geographical conditions here necessitate occasional vacations to outside. Also few Alaskans may spend their annual leaves at a touristic location of Alaska. There is also the fact that most people here have relatives in the lower 48, whom they may need to visit occasionally. Without specific analysis of the market we can not draw definitive conclusions, although these arguments point to a market with low price responsiveness to air travel. However, acknowledging the price sensitivity of vacation travelers, air carriers offer price discounts. Thus, the existence of different fare categories in Alaska indicate that nonbusiness travelers still have a more price elastic demand curve, but this is likely to be a matter of degrees.

A study for the airline travel in the North Atlantic market seems to give some, albeit shaky, evidence to the hypothesis of inelastic demand in Alaska. Cigliano has analyzed the effect of price and income elasticity of airline travel between the U.S. and Europe, and also between Canada and Europe.4/ The total demand (aggregate of different fare classes) was responsive to personal income in both markets, responsive to price in the U.S. market but unresponsive to price in the Canada market. The author attributes

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4/ J. M. Cigliano, "price and Income Elasticities for Airline Travel; The North Atlantic Market," Business Economics, 1980.

the price inelastic demand in Canada to a different mix of travelers — e.g., more first class or business travelers. It is also possible that the special relationship of Canada to England requires a level of governmental and business interaction which is less sensitive to price. Alaska's remote geographical location to the mainland U.S. could easily be likened to the Canadian situation Cherington, who did the first comprehensive, but subjective, review of airline pricing concluded that price changes of less than 10 percent produced an inelastic response.5/ This study is now out dated, but for a new entrant to the market this figure gives an idea of the type of strategy required in order to be competitive.

In conclusion, the position of the State of Alaska should be the encouragement of competition in the Airline industry by making entry to the market easier. This can take the form of low interest business loans, tax legislation, or contract bidding. By opening the fiscal year air travel to a bidding process the government would be acting as a monopsonist (a monopolist of the user of services). If the size of government related travel is large the bidding process may prove to be very effective and may even lure a new carrier to enter the Alaska market.

5/ Paul Biederman, op. cit.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

SEN. TRANS	2-25-85	3:30 p.m.
H. C+RA	3-18-85	3:00 p.m.
H. TRANS	2-13-86	7:00 a.m.
H. TRANS	1-29-86	7:00 a.m.
SEN. TRANS	4-30-86	
SEN. TRANS	2-19-86	3:30 p.m.
H. TRANS	1-30-86	7:00 p.m.

SEARCH - QUERY
00006 AIRLINE

CH059 DOCUMENT= 4 OF 4

BILL = CSHB196(FIN)AMS
CHAPTER = CH059
ROOT = HB0196
YEAR = 87
SPECIAL INFO
CHAPTER: CH059
SOURCE: CSHB196(FIN)AMS
APPROVED DATE
JUNE 12, 1987
EFFECTIVE DATE
SECTION 6 EFFECT JANUARY 1, 1989;
REMAINDER TAKES EFFECT SEPTEMBER 18,1987
TEXT

AN ACT

RELATING TO ENPLANEMENTS, ENFORCEMENT OF COMPLIANCE WITH FINANCIAL RESPONSIBILITY AND CERTIFICATE OF COMPLIANCE REQUIREMENTS FOR AIR CARRIERS, PENALTIES, ISSUANCE AND DISPLAY OF CERTIFICATES OF COMPLIANCE, AND THE DEFINITION OF AIRCRAFT; AND PROVIDING FOR AN EFFECTIVE DATE.

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

* SECTION 1. AS 02.15.050 IS AMENDED BY ADDING A NEW SUBSECTION TO READ:

(G) THE DEPARTMENT MAY ACQUIRE DATA ON PASSENGER ENPLANEMENTS FROM AIR CARRIERS; HOWEVER, THE DEPARTMENT MAY NOT OBTAIN PASSENGER MANIFESTS FROM AIR CARRIERS EXCEPT FOR MATTERS CONCERNING PUBLIC SAFETY.

* SEC. 2. AS 42.30.200(C) IS AMENDED TO READ:

(C) THE DEPARTMENT MAY AUTHORIZE DEPARTMENT PERSONNEL TO ENFORCE THIS SECTION AND MAY ADOPT PROCEDURAL REGULATIONS NECESSARY TO IMPLEMENT THIS SECTION. UPON FINDING A VIOLATION THE DEPARTMENT MAY ISSUE A STOP USE ORDER.

* SEC. 3. AS 42.30.200(E) IS AMENDED TO READ:

(E) A PERSON WHO VIOLATES (A) OF THIS SECTION IS GUILTY OF A CLASS A B MISDEMEANOR AND IS PUNISHABLE BY A FINE OF NOT LESS THAN $1,000 $500 OR MORE THAN $5,000 FOR EACH DAY OF VIOLATION BUT NOT TO EXCEED $10,000 FOR EACH VIOLATION $1,000 .

* SEC. 4. AS 42.30.225(A) IS AMENDED TO READ:

(A) A PERSON MAY NOT USE AN AIRCRAFT IN AIR COMMERCE BEFORE OBTAINING AN ANNUAL CERTIFICATE OF COMPLIANCE FOR THAT AIRCRAFT FROM THE DEPARTMENT. THE DEPARTMENT MAY ISSUE A CERTIFICATE OF COMPLIANCE FOR ONE AIRCRAFT OR A FLEET OF TWO OR MORE AIRCRAFT. THE DEPARTMENT SHALL ISSUE OR RENEW A CERTIFICATE OF COMPLIANCE UPON APPLICATION AND PRESENTATION OF

(1) PROOF OF FINANCIAL RESPONSIBILITY REQUIRED UNDER AS 42.30.200;

(2) PROOF OF COMPLIANCE WITH FEDERAL AVIATION ADMINISTRATION REQUIREMENTS, AND, WHERE APPLICABLE, FEDERAL CERTIFICATION FOR SCHEDULED AIRLINE SERVICE.

* SEC. 5. AS 42.30.225(B) IS AMENDED TO READ:

(B) THE ANNUAL FEE FOR A CERTIFICATE OF COMPLIANCE IS $50

PER CALENDAR YEAR FOR ONE AIRCRAFT AND $100 PER CALENDAR YEAR FOR A FLEET OF TWO OR MORE AIRCRAFT . THE CERTIFICATE IS VALID FOR A PERIOD OF 12 MONTHS FOLLOWING THE DATE OF CERTIFICATION . THE CERTIFICATE SHALL BE DISPLAYED ON THE AIRCRAFT SO THAT IT IS VISIBLE TO BOARDING PASSENGERS.

* SEC. 6. AS 42.30.225(B) IS REPEALED AND REENACTED TO READ:

(B) THE ANNUAL FEE FOR A CERTIFICATE OF COMPLIANCE FOR ONE AIRCRAFT AND FOR A FLEET OF TWO OR MORE AIRCRAFT SHALL BE SET BY THE DEPARTMENT BY REGULATION. THE CERTIFICATE IS VALID FOR A CALENDAR YEAR. THE CERTIFICATE SHALL BE VISIBLE TO BOARDING PASSENGERS.

* SEC. 7. AS 42.30.225(E) IS AMENDED TO READ:

(E) THE DEPARTMENT MAY AUTHORIZE DEPARTMENT PERSONNEL TO ENFORCE THIS SECTION AND MAY ADOPT PROCEDURAL REGULATIONS NECESSARY TO IMPLEMENT THIS SECTION. UPON FINDING A VIOLATION THE DEPARTMENT MAY ISSUE A STOP USE ORDER.

* SEC. 8. AS 42.30.225 IS AMENDED BY ADDING A NEW SUBSECTION TO READ:

(G) A PERSON WHO VIOLATES THIS SECTION IS GUILTY OF A CLASS B MISDEMEANOR AND IS PUNISHABLE BY A FINE OF NOT LESS THAN $500 OR MORE THAN $1,000.

* SEC. 9. AS 42.30.380(3) IS AMENDED TO READ:

(3) "AIRCRAFT" MEANS A PROPELLER, ROTOR, OR JET-POWERED DEVICE USED OR DESIGNED FOR FLIGHT IN THE AIR;

* SEC. 10. NOTWITHSTANDING AS 42.30.225(B), AS AMENDED BY SEC. 5 OF THIS ACT, A CERTIFICATE OF COMPLIANCE ISSUED BY THE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT AND IN EFFECT ON THE DAY BEFORE THE EFFECTIVE DATE OF SEC. 5 OF THIS ACT IS VALID FOR THE PERIOD ISSUED.

* SEC. 11. AS 42.30.225(C) AND 42.30.225(D) ARE REPEALED.

* SEC. 12. SECTION 6 OF THIS ACT TAKES EFFECT JANUARY 1, 1989.

R0601 * END OF DOCUMENTS IN LIST - ENTER RETURN OR ANOTHER COMMAND.

SEARCH - QUERY
00002 AIRLINE AND FARES

HB258 DOCUMENT= 1 OF 5

BILL = HB258
ROOT = HB0258
BILL ROOT:
HB0258
BILL NUMBER:
HB258
INTRODUCED:
3/4/85
REFERRED: COMMUNITY & REGIONAL
AFFAIRS, TRANSPORTATION AND FINANCE
ORIG SPONSOR:
BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE
BILL HEADING:
IN THE HOUSE

HOUSE BILL NO. 258
IN THE LEGISLATURE OF THE STATE OF ALASKA
FOURTEENTH LEGISLATURE - FIRST SESSION
A BILL

TITLE: FOR AN ACT ENTITLED:
"AN ACT RELATING TO THE REDUCTION OF AIRLINE PASSENGER FARES; AND PROVIDING FOR AN EFFECTIVE DATE."

TEXT: BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
* SECTION 1. AS 02.15.090 IS AMENDED BY ADDING A NEW SUBSECTION TO READ:
(C) CHARGES, RENTALS AND FEES ESTABLISHED UNDER (A) OF THIS SECTION MAY BE BASED ON THE FARES CHARGED BY AN AIR CARRIER FOR PASSENGER TRAVEL ORIGINATING AT THE AIRPORT. TO PROMOTE LOWER PASSENGER FARES, THE DEPARTMENT OR A MUNICIPALITY MAY PROVIDE FOR A CREDIT AGAINST FEES CHARGED UNDER THIS SECTION TO AN AIR CARRIER THAT QUALIFIES UNDER UNIFORM TERMS AND CONDITIONS ESTABLISHED BY THE DEPARTMENT. * SEC. 2. THIS ACT TAKES EFFECT IMMEDIATELY IN ACCORDANCE WITH AS 01.10.070(C).

END OF DOCUMENT

SB

3

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS.	3-21-88	1:30p.m.
S. FINANCE	2-18-88	8:40a.m.
S. TRANS.	4-9-87	2:03p.m.
S. SA	4-1-87	1:30p.m.
	3-25-87	1:30p.m.

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

March 21, 1988

****

COMMITTEE CALENDAR:

SB 3: "An Act relating to motor vehicle registration and registration plates; and providing for an effective date."

SJR 58: Relating to Cordova, Alaska, as the home port of the United States Coast Guard Cutter "Sweetbrier."

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

a notebook on SB 3 that includes:

inside cover: two letters, opposed
item #1: memo from Senator Abood
#2: CS SB 3 (Finance)
#3: fiscal note and position papaer - Department of Public Safety
#4: sectional analysis
#5: statutes
#6: history of CS SB 3

a folder on SJR 58 that includes:

item #1: SJR 58
#2: memo from Senator Kerttula
#3: fiscal note - DOT/PF
#4: resolution of support - city of Cordova

CITY OF SEWARD

P.O. BOX 167
SEWARD, ALASKA 99664

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

MAR 18 1988

March 14, 1988

The Honorable Bette M. Cato
P.O. Box V
Juneau, Alaska 99811

Dear Bette:

I am writing to express my concern with Senate Bill 3, currently in Committee. As you are probably aware, this bill will change vehicle licensing requirements from two vehicle identification plates, to one.

My reservations arise from the obvious impact that this would have upon law enforcement. Having just one plate on a vehicle, in the rear, would make identification of the vehicle very difficult. There are so many models of cars out today, that without two plates, it is very difficult to tell one from another. As an example, the typical armed robber does not back into a convenience store to attack. He pulls in with the front of the vehicle facing the store. He usually backs away. With two plates, there is a chance that witnesses may be able to identify the car. With the above scenario, and one plate in the rear, there is no chance.

Officers searching for a stolen car would be unable to check any oncoming vehicle. A vehicle would have to be parked before a check could be made.

As things are made more difficult for law enforcement, so too does public safety suffer. As your opportunity to express your opinion or vote on this bill arises, please take the above factors into consideration. I believe that the loss of this asset to law enforcement would have a strong impact upon our ability to protect the public safety.

Sincerely,

Louis A. Bencardino
Chief of Police
Seward Police Department

LAB/dra

INDEX

I. MEMORANDUM TO REPRESENTATIVE CATO REQUESTING A HEARING ON CSSB 3(FINANCE)

II. COPY OF CSSB 3(FINANCE)

III. FISCAL NOTE/POSITION PAPER FROM THE DEPARTMENT OF PUBLIC SAFETY

IV. SECTIONAL ANALYSIS

V. STATUTES AFFECTED BY CSSB 3(FINANCE)

VI. HISTORY OF CSSB 3(FINANCE)
- a. Senate Journals showing committee reports and Senate vote
- b. Summary of changes to SB 3
- c. Committee Minutes
  - Senate Finance
  - Senate Transportation
  - Senate State Affairs
- d. Copy of memorandum to Senate Finance briefly explaining requested changes for new committee substitute with attachment of letter from the Division of Motor Vehicles

Soldotna Police Department

P.O.Box 2499
Soldotna - Alaska 99669

MAR 1 8 1988

Duane Udland
Chief of Police

March 16, 1988

Representative Bette Cato
Alaska State Legislature
P. O. Box V (MS 3100)
Juneau, AK 99811

Dear Representative Cato,

I am writing to address CS for Senate Bill No. 3, which has to do with motor vehicle license plates. Under this bill, motor vehicles would be issued only one license plate instead of two.

I can appreciate the need for cutting costs wherever possible and from that point of view the bill is good. However, I would like for you and the Transportation Committee to consider that single license plates will make it more difficult for law enforcement and citizens to identify motor vehicles. With only one license plate, you reduce your chances of seeing the license numbers of vehicles that may have been involved in crimes.

Thank you for any consideration you and the Transportation Committee may give this.

Sincerely,

Duane S. Udland

Duane S. Udland
Chief of Police

HOUSE COMMITTEE REPORT

(7)

Date referred: 2/26/88 FURTHER REFERRALS: Finance

DATE: March 21, 1988

The Transportation Committee has considered CSSB 3(Fin)

"An Act relating to motor vehicle registration and registration plates; providing for an effective date."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[X] same as previous fiscal note published 2-18-88

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Ike Harris

Bill Hudson

Steve Springer

Bette Cate

SIGNING OTHER RECOMMENDATIONS:

Mike Miller DO NOT PASS

R.A. Barnhart (NO REC)

Bette Cate

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: March 21, 1988

SIGN-IN

Subject of meeting:

SB 3: "An Act relating to motor vehicle registration and registration plates; and providing for an effective date."

SJR 58: Relating to Cordova, Alaska, as the home port of the United States Coast Guard Cutter "Sweetbrier".

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY? which bill?
Bill Brown	P.O. Box N Juneau 99811	5-4335	DMV	SB3
Beth Kerttula	C/o Box V Juneau	3771	Sen Kerttula	SJR 58
Senator Abood	Juneau, Ak 99811	465-	Senator Abood	SB 3 ✓

Alaska State Legislature

INTERIM OFFICE
1024 WEST SIXTH AVENUE
ANCHORAGE, ALASKA 99501
(907) 274-2843

WHILE IN SESSION
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4747

CHAIRMAN
STATE AFFAIRS
MEMBER
BUDGET & AUDIT
TRANSPORTATION

Senator Mitch Abood
SENATE DISTRICT G-A

DATE: 08 MARCH 1988

TO: REPRESENTATIVE BETTE CATO, CHAIRMAN
HOUSE TRANSPORTATION COMMITTEE

FROM: SENATOR MITCH ABOOD

RE: SB 3 "AN ACT RELATING TO MOTOR VEHICLE REGISTRATION AND REGISTRATION PLATES; AND PROVIDING FOR AN EFFECTIVE DATE."

I respectfully request a hearing on SB 3 at your earliest possible convenience.

SB 3 requires the Department of Public Safety to issue one registration plate, instead of the existing requirement of two plates. This bill also requires the plate to be attached to the rear of the vehicle.

The bill tends to be rather lengthy due to the housekeeping measures of changing the plural language to singular in reference to the registration plates.

Committee Substitute for SB 3(Finance) has strong support from the Department of Public Safety and they had indicated a cost saving of approximately $60,000.

Thank you for your consideration in hearing SB 3 and moving it on to the next committee of referral.

Should you have any questions, please contact me or Rhonda Cargill of my staff at 465-4714.

Alaska State Legislature
House of Representatives

REPRESENTATIVE DRUE PEARCE
DISTRICT 9, SEAT A
MINORITY WHIP

MEMBER
RESOURCES COMMITTEE
TRANSPORTATION COMMITTEE
COMMERCE AND ECONOMIC DEVELOPMENT
BUDGET SUBCOMMITTEE

3111 C STREET, SUITE 150
ANCHORAGE, ALASKA 99503
(907) 561-2038

WHILE IN JUNEAU:
POST OFFICE BOX V
JUNEAU, ALASKA 99811
(907) 465-4993

MAR 1 1 1988

MEMORANDUM

TO: Representative Bette Cato
Chair, House Transportation Committee

FROM: Representative Drue Pearce

DATE: March 9, 1988

SUBJECT: Senate Bill 3 "An Act relating to motor vehicle registration plates; and providing for an effective date."

Today I talked with Jay Dulany, a constituent and President of the Sand Lake Community Council in my district. He is very concerned that SB 3 move through the House since it influences the budgetary process in the department for which he works.

I would appreciate it if you would considering calendaring SB 3 for hearing before House Transportation at your earliest convenience.

Alaska State Legislature

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WHILE IN SESSION
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4747

CHAIRMAN
STATE AFFAIRS

MEMBER
BUDGET & AUDIT
TRANSPORTATION

Senator Mitch Abood
SENATE DISTRICT G-A

DATE: 08 MARCH 1988

TO: REPRESENTATIVE BETTE CATO, CHAIRMAN
HOUSE TRANSPORTATION COMMITTEE

FROM: SENATOR MITCH ABOOD

RE: SB 3 "AN ACT RELATING TO MOTOR VEHICLE REGISTRATION AND REGISTRATION PLATES; AND PROVIDING FOR AN EFFECTIVE DATE."

I respectfully request a hearing on SB 3 at your earliest possible convenience.

SB 3 requires the Department of Public Safety to issue one registration plate, instead of the existing requirement of two plates. This bill also requires the plate to be attached to the rear of the vehicle.

The bill tends to be rather lengthy due to the housekeeping measures of changing the plural language to singular in reference to the registration plates.

Committee Substitute for SB-3(Finance) has strong support from the Department of Public Safety and they had indicated a cost saving of approximately $60,000.

Thank you for your consideration in hearing SB 3 and moving it on to the next committee of referral.

Should you have any questions, please contact me or Rhonda Cargill of my staff at 465-4714.

120

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSSB 3(Fin)
PUBLISH DATE: (SENATE) 2/18/88

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to motor vehicle registration and registration plates...
Sponsor: Abood
Requestor: Senate Finance

Agency Affected: Public Safety
BRU: Motor Vehicles
Components: Field Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		(4.9)	(10.1)	(10.4)	(10.7)	(11.0)
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	(4.9)	(10.1)	(10.4)	(10.7)	(11.0)
CAPITAL	-0-	(25.0)	(51.5)	(53.1)	(54.7)	(56.3)
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	(4.9)	(10.1)	(10.4)	(10.7)	(11.0)
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	(4.9)	(10.1)	(10.4)	(10.7)	(11.0)

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

See page 2.

JMC 2/4/88

Prepared by: Bill Brown — Phone: 465-4335
Division: Motor Vehicles — Date: 2-4-88

Approved by Commissioner: Frank H. Peters, Dep. Comm. — Date: 2-4-88
Agency: Public Safety

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

CONTINUATION OF FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSSB 3(Fin) (Work Draft)

This bill reduces the number of license plates required on a motor vehicle from two to one. 50,000 sets of new license plates are issued annually. The cost savings would be $1.00 per vehicle (Capital). 650,000 sets of tabs are issued annually. The cost savings would be $.015 per vehicle (Operating). Effective date is January 1, 1989, thus one-half year savings is reflected in FY 90 and subsequent years.

At present, the FY 89 Capital request for the Department of Public Safety does not include any funding for the purchase of new license plates. The reduction shown in the Capital Budget category reflects only the amount of decrease in future requests.

BILL NO: WORK DRAFT
CS SB 3(FIN)

DATE: February 4, 1988

TITLE: An Act relating to motor vehicle registration...

CONTACT: Bill Brown
465-4335

DEPARTMENT OF PUBLIC SAFETY

This bill reduces the number of license plates required to be displayed on a motor vehicle from two to one.

The one license will be displayed on the rear of the vehicle. At least twenty states currently issue only one plate, and others have introduced legistation to change to one plate. This is a cost savings measure with a total annual savings of over $60,000.00.

The department supports this bill.

Arthur English
Commisssioner

Alaska State Legislature

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(907) 274-2843

WHILE IN SESSION
POUCH V
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(907) 465-4747

Senator Mitch Abood
SENATE DISTRICT G-A

CHAIRMAN
STATE AFFAIRS
MEMBER
BUDGET & AUDIT
TRANSPORTATION

SECTIONAL ANALYSIS FOR CS FOR SB 3 (Finance)

"An Act relating to motor vehicle registration and registration plates; and providing for an effective date."

HOUSEKEEPING CHANGES (such as changing "plates" to "plate"; "are" to "is", etc.)

Section 1 AS 28.10 051
Section 2 AS 28.10.091
Section 3 AS 28.10.108(g)
Section 4 AS 28.10 108(h)
Section 5 AS 28.10.111(b)

Section 6. AS 28.10.161(a)

Requires the department to issue one registration plate, instead of the existing requirement of two plates.

According to the Department of Public Safety's position paper of February 8, 1988, this reduction will save the state over $60,000.

Section 7. AS 28.10.171(b)
Requires the plate to be attached to the rear of the vehicle.

HOUSEKEEPING CHANGES

Sections 8 - 24

Section 25
Repeals AS 28.10.171(a) "Display of registration plates. (a) When two registration plates are issued for a vehicle, they shall be attached to the vehicle for which issued, one in front and the other in the rear. When one registration plate is issued, it shall be attached to the rear of the vehicle for which issued."

Section 26
Effective date

Effect of amendments. — The first 1985 amendment in paragraph (7) of subsection (a) deleted ", motor freight carrier fees or bus transportation fees" following "taxes" and made a related stylistic change.

The second 1985 amendment added paragraph (10) of subsection (a).

The third 1985 amendment added subsection (c).

The fourth 1985 amendment added paragraph (9) of subsection (a).

Sec. 28.10.051. Department may suspend or revoke registration. The department may suspend or revoke the registration of a vehicle, the certificate of registration or registration plates for a vehicle, or a special permit when

(1) the department determines that the registration or certificate, plate or permit was fraudulently procured or erroneously issued;

(2) the department determines that a registered vehicle is mechanically unsafe to be driven or moved on a highway, vehicular way or area, or other public property in this state and the vehicle has been seized or impounded under AS 28.05.091;

(3) a registered vehicle has been scrapped, dismantled or destroyed beyond repair;

(4) the department determines that a required fee or tax has not been paid and the fee or tax is not paid upon reasonable notice and demand;

(5) a registration plate, permit, or certificate is knowingly displayed upon a vehicle other than the vehicle for which issued;

(6) the department determines that the owner of a vehicle has committed an offense under this chapter involving the registration or the certificate, plate, or permit to be suspended or revoked;

(7) the vehicle has been reported to the department as stolen or unlawfully converted; or

(8) the department is otherwise required to do so under the laws of this state. (§ 7 ch 178 SLA 1978; am § 4 ch 60 SLA 1986)

Effect of amendments. — The 1986 amendment in paragraph (1) substituted "determines" for "is satisfied" and inserted "procured."

Sec. 28.10.081. Issuance of certificate of registration; certificate to be signed, carried and displayed.

NOTES TO DECISIONS

Cited in Resecker v. State, Ct. App. Op. No. 636 (File No. A-1248), P.2d (1986).

Sec. 28.10.080. False statements. [Repealed, § 20 ch 241 SLA 1976.]

Sec. 28.10.081. Issuance of certificate of registration; certificate to be signed, carried and displayed. (a) The department shall mail or deliver the certificate of registration to the owner. The certificate of registration shall contain the assigned registration number, the name, the residence and mailing addresses of the owner, the vehicle identification number, the fees paid and as much of the vehicle description appearing on the title as the commissioner considers necessary.

(b) Every certificate of registration shall, except when used to apply for renewal of registration or to transfer the registration, be carried in the vehicle to which it refers. The driver of a vehicle shall display the original certificate of registration or a legible photocopy if the original is on file at the address shown on the certificate of registration to a peace officer or an officer or employee of the department acting in an official capacity upon the request of that officer or employee. (§ 7 ch 178 SLA 1978)

Collateral references. — 60 C.J.S., Motor Vehicles, § 106.

Validity and construction of statute making it a criminal offense for the operator of a motor vehicle not to carry or display his vehicle registration certificate, 6 ALR3d 506.

Sec. 28.10.090. New vehicles. [Repealed, § 7 ch 178 SLA 1978.]

Sec. 28.10.091. Lost or mutilated certificates of registration or registration plates. If a certificate of registration or a registration plate is lost, stolen, mutilated or becomes illegible, the owner or legal representative or successor in interest of the owner of the vehicle for which the certificate or plate was issued as shown by the records of the department shall, immediately upon discovering the fact, apply for a duplicate or substitute certificate of registration or registration plate and shall return to the department all parts of the original certificate of registration or registration plates that the applicant possesses. (§ 7 ch 178 SLA 1978)

Sec. 28.10.100. Grounds for refusal. [Repealed, § 7 ch 178 SLA 1978.]

Sec. 28.10.101. Expiration of registration. After October 15, 1978 vehicles required to be registered under this chapter shall be registered as follows:

(1) Until December 31, 1978, every vehicle registered and every registration plate issued under this chapter expires at midnight on December 31 of each year. The owner of a registered vehicle may drive the vehicle under the registration for the preceding year until May 31 of the year for which the registration is required.

Sec. 28.10.101. Expiration of registration. [Repealed, § 37 ch 21 SLA 1985. For current law see AS 28.10.108.]

Sec. 28.10.105. Staggered registration. [Repealed, § 37 ch 21 SLA 1985. For current law see AS 28.10.108.]

Sec. 28.10.107. Staggered registration implementation. [Repealed, § 37 ch 21 SLA 1985. For current law see AS 28.10.108.]

Sec. 28.10.108. Registration procedures. (a) A vehicle required to be registered under this chapter shall be registered under the procedures set out in this section.

(b) Subject to the provisions of (f) of this section, a vehicle subject to registration

(1) under AS 28.10.011 and 28.10.421(b)(3) and (4) and (c)(1)-(4) shall have its initial registration, and may have its annual registration, renewed during the month of December;

(2) under AS 28.10.181, 28.10.411 and 28.10.421(d)(3), (6) and (9) shall have its initial registration, and may have its annual registration, renewed during the month of January.

(c) A vehicle subject to registration and not described in (b) of this section shall have its initial registration, and may have its annual registration, renewed in the month of initial registration in the state, subject to the provisions of (f) of this section.

(d) A registered vehicle retains the same annual expiration date regardless of the ownership of the vehicle.

(e) The registration of a vehicle expires on the last day of the month to which the vehicle is assigned.

(f) Upon request of the owner and payment of the proportionate prorated applicable fees, a vehicle registered under this section shall have its registration period extended in monthly increments to allow annual registration to occur in the month of the owner's choice.

(g) The department shall issue to the registered owner, upon receipt of the proper application and fees, registration plates, tabs and registration form displaying the month and year in which the registration expires.

(h) The department shall mail notice of registration expiration to the registered owner of record at the owner's mailing address as shown in the records of the department. An owner of a vehicle subject to registration who has received notice under this subsection may renew registration of the vehicle by returning the notice form, together with appropriate fees, to the department by mail postmarked no later than the fifth day of the registration renewal period shown upon the vehicle's current registration or notice form. Upon receipt of a timely postmarked registration renewal and the appropriate fees and taxes, the department shall renew the registration and mail the

current registration card and registration plates or tabs to the owner at the owner's mailing address as shown in the department's records.

(i) If a vehicle is held for sale by a dealer, the requirement of registration and payment of fees and taxes does not apply until the vehicle is sold to a party other than another dealer. The exemption from payment of fees and taxes under this subsection applies only if

(1) the dealer is registered with the state; and

(2) the vehicle for which the exemption is sought can be shown to be part of the dealer's inventory at the time of exemption.

(j) The purchaser of a vehicle for which registration and taxes have been held in abeyance under (i) of this section shall register the vehicle within five working days of purchase and pay the prorated fees and taxes required by the department.

(k) The department shall prorate fees in monthly increments to allow for registration of vehicles in more or less than one-year periods when required by any provision of this section. (§ 38 ch 21 SLA 1985)

Sec. 28.10.111. Renewal of registration. (a) Application for the renewal of vehicle registration shall be made by completing the proper form and paying any required fee and tax.

(b) The department may receive an application for the renewal of vehicle registration and issue a new certificate of registration at any time before the expiration of the annual registration as prescribed in regulations adopted by the commissioner. Nothing in this section prevents the commissioner from providing for multi-year registration; however, a person may not display the new registration plates on a vehicle before a date which may be set by the commissioner. (§ 7 ch 178 SLA 1978; am § 39 ch 21 SLA 1985)

Effect of amendments. — The 1985 amendment deleted ", and any motor freight carrier fee or bus transportation fee required under AS 42" at the end of subsection (a).

Sec. 28.10.121. Vehicles of nonresidents. (a) A nonresident owner of a noncommercial vehicle registered outside the state is exempt from the registration provisions of this chapter for 60 days after entry into the state if the vehicle at all times when driven in this state is registered in and has displayed upon it a currently valid registration plate issued for it by another jurisdiction. However, if the person becomes gainfully employed in the state or takes action that indicates an intention to acquire residence in the state, the person shall comply with the licensing and registration provisions of this chapter within 10 days of commencement of employment or of taking action that indicates the person's intention to acquire residence. If the vehicle is a commercial vehicle, the vehicle must be registered when its commercial use begins except as provided in AS 28.10.011 and 28.10.131(c).

(2) a vehicle while being moved from one place to another for the purpose of inspection, weighing, or meeting other requirements of the department; or

(3) a vehicle while being moved or driven from one location to another for the purpose of rebuilding, dismantling, or permanently removing the vehicle from the highways and vehicular ways and areas of the state. (§ 7 ch 178 SLA 1978)

Sec. 28.10.160. Transfers. [Repealed, § 7 ch 178 SLA 1978.]

Sec. 28.10.161. Registration plates to be furnished by department. (a) Except as provided in AS 28.10.181(i), the department, upon registering a vehicle, shall issue the owner one fully reflectorized registration plate for a trailer or a motorcycle and two fully reflectorized registration plates for every other vehicle. Except as specifically provided in AS 28.10.181, the plate or plates shall remain with the vehicle as long as the vehicle is subject to registration under this chapter.

(b) After January 1, 1979, every passenger vehicle registration plate, except as specifically provided in AS 28.10.181, shall have displayed upon it

(1) the Alaska flag;

(2) the traditional colors of yellow-gold and blue;

(3) the slogan "The Last Frontier";

(4) the registration number assigned to the vehicle for which it is issued;

(5) the name of this state which may be abbreviated; and

(6) the registration year number or expiration date for which time it is validated; the registration year number or expiration date may be part of the license plate or contained on a suitable sticker or tab device issued by the department.

(c) The department may not adopt a new or altered passenger vehicle registration plate unless it substantially embodies the specifications of this section. (§ 7 ch 178 SLA 1978)

Sec. 28.10.170. Expiration. [Repealed, § 7 ch 178 SLA 1978.]

Sec. 28.10.171. Display of registration plates. (a) When two registration plates are issued for a vehicle, they shall be attached to the vehicle for which issued, one in front and the other in the rear. When one registration plate is issued, it shall be attached to the rear of the vehicle for which issued.

(b) Every registration plate issued under this chapter shall be securely fastened to the vehicle to which it is assigned, with the upper edge of the plate horizontal, at a height of not less than 12 inches from the ground measuring from the bottom of the plate, and maintained in a location and condition so as to be clearly legible. However, when considered necessary to insure legibility, the commissioner may provide by regulation for another method of installation. (§ 7 ch 178 SLA 1978)

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5184 HTRA SB 3 - SB 118

Effect of amendments. — The 1987 amendment, effective June 9, 1987, added subsections (a)(4) and (b).

Sec. 28.10.181. Registration of unique and special vehicles and vehicles used for special purposes. (a) The department shall register unique and special vehicles and vehicles used for special purposes and issue registration plates as provided in this section. Notwithstanding other provisions of this chapter, registration plates issued under this section remain with the person or organization to whom they are issued when vehicle ownership is transferred or title or interest in the vehicle is assigned, except for plates issued under (b), (h) and (i) of this section. Registration plates issued under this section may not be used on, or transferred to, a vehicle other than the vehicle for which the plates are issued without the approval of the department and payment of any required fees and taxes prescribed in AS 28.10.421(d), 28.10.431 and 28.10.441; however, if the plates issued under (c), (f) and (j) of this section are transferred to a vehicle for which the registration fee is more than the fee for the vehicle from which the plates are transferred, the owner shall pay the difference between the two fees. Registration plates issued under this section to which a person is no longer entitled or the transfer of the plates to another vehicle which the department does not approve shall be returned immediately to the department by the person or organization to whom the plates were originally issued.

(b) Historic vehicles. The owner of an historic vehicle may make application for special registration under this subsection. The department, when satisfied that the vehicle meets the requirements for historic vehicle registration under regulations adopted by the commissioner, shall register the vehicle and issue two permanent registration plates of distinctive design and color bearing no date. These plates remain with the vehicle as long as it is registered under this subsection. Vehicles qualifying for registration under this subsection shall be issued registration plates numbered in a separate numerical series beginning with "Historic Vehicle No. 1."

(c) Special request plates. Upon application by the owner of a passenger vehicle, noncommercial van or pick-up truck, or motor home, the department may design and issue registration plates containing a series of not more than six letters or numbers or combination of letters and numbers as requested by the owner. The department may, in its discretion, disapprove the issuance of registration plates under this subsection when the requested symbols are a duplication of an existing registration or when the symbols are considered unacceptable by the department.

(d) Vehicles owned by disabled veterans and handicapped persons. A person who presents to the department written proof that the per-

son is at least 70 per cent disabled or medically handicapped and should be given special consideration by the public with respect to the parking or standing of the person's vehicle in designated spaces, may register one passenger vehicle without charge. The proof required under this subsection may consist of evidence that the person receives at least 70 per cent disability compensation from a government agency at the time of registration or an affidavit signed by a physician licensed to practice medicine in this state. Upon the request of the applicant the department shall issue a specially designed registration plate which displays

(1) recognition of the disabled veteran if the applicant's disability originated from the applicant's service with the armed forces of the United States; or

(2) the standard handicap symbol (the wheelchair logo).

(e) Vehicles owned by the state, municipalities, and charitable organizations of the state. Every certificate of registration and registration plate issued to the state, a municipality or charitable organization of the state is in effect until the vehicle for which the registration certificate and plate were issued is no longer owned and operated by the state, the municipality or the charitable organization of the state or until the department, in its discretion, declares its expiration. The state, municipality or charitable organization of the state shall maintain a current listing of all vehicles registered to it in the order of the registration number assigned to each vehicle, and shall provide a copy of the listing to the department upon request. The listing shall include a description of each vehicle and other identifying information required by the department. Registration plates issued under this subsection shall be of a distinctive design and numbering system. For the purposes of this subsection, "charitable organization" means a nonprofit association, corporation, society or other entity organized, incorporated or headquartered in the state for educational, cultural, scientific or other charitable purposes, as prescribed in regulations of the department.

(f) Vehicles owned by elected state officials. The department shall issue special registration plates to each incumbent elected state official for display on noncommercial motor vehicles owned and driven by the official. The department shall number or design the plates so that registration by an elected state official is indicated upon the plates. The registration plates issued under this subsection remain with the owner of the vehicle only during the official's term of office.

(g) Vehicles owned by consular officers of foreign governments. A vehicle owned by a consular officer of a foreign government shall be issued registration plates displaying the title "consular corps" or "cc." However, the commissioner may waive the registration of consular vehicles and the payment of fees and taxes when consistent with international treaties or agreements.

(h) Vehicles owned by ranchers, farmers, and dairymen. A vehicle not exceeding an unladen total gross weight of 16,000 pounds, owned by a person deriving the person's primary source of livelihood from the operation of a ranch, farm, or dairy where the person resides full-time, and which vehicle is used exclusively to transport the person's own ranch, farm, or dairy products to and from the market or to transport supplies, commodities or equipment to be used on the person's ranch, farm or dairy, may be registered under this subsection and may be issued registration plates of a distinctive design or system of numbering.

(i) Amateur mobile radio station vehicles. A validly licensed amateur radio operator who presents satisfactory proof that the owner holds an unexpired Federal Communications Commission amateur radio operator's license of any renewable class, and who presents satisfactory proof that the vehicle contains or carries an amateur radio transmitter and receiving unit of a type applicable to the license class applied for, and who is permitted by law to operate a fixed station, may register one amateur mobile radio station vehicle for each radio license issued by the federal government and may receive for the vehicle distinctive registration plates instead of regular registration plates. The number on the plates shall be the radio call sign of the owner.

(j) Vehicles owned by dealers. A state-registered and bonded vehicle dealer may apply for dealer registration plates. A plate issued under this subsection may be used only on dealer-owned vehicles during the routine and normal course of the dealer's business, excluding service vehicles, or for transporting an unregistered vehicle from a port of entry to the dealer's facilities or from one dealer to another or, in the case of a house trailer, from the retail facility to a trailer space. If the dealer sells or transfers the vehicle, the dealer plates may be used on the vehicle by the new owner or transferee for a period of not more than five days after the sale or transfer. The department may seize the dealer plates if it has reason to believe that the plates are being used to defeat the purposes of, or are in violation of, this chapter.

(k) Occasional users of highways. The department may issue a license to the owner of a vehicle which is only occasionally used on a highway. The applicant must show to the satisfaction of the department that the vehicle to be licensed under this subsection will travel upon state highways less than five per cent of its total hours of operation. The department may not issue more than two licenses under this subsection to a single person.

(l) Vehicles owned by former prisoners of war. The department, upon receipt of written proof, may issue without charge special registration plates for one noncommercial motor vehicle to a person who has been a prisoner of war during a declared war or other conflict, as determined by the Department of Defense under federal regulations.

The design and color of the prisoner of war plates shall be solely within the discretion of the commissioner.

(m) Special request plates for Alaska National Guard personnel. Upon application by the owner of a passenger vehicle, noncommercial van or pick-up truck, or motor home who presents satisfactory proof of current membership in the Alaska National Guard, the department may design and issue registration plates that identify the vehicle as registered to a member of the Alaska National Guard. The owner shall return the registration plates to the department within 10 days following discharge from the Alaska National Guard. (§ 7 ch 178 SLA 1978; am § 2 ch 54 SLA 1979; am § 1 ch 151 SLA 1984; am § 5 ch 60 SLA 1986)

Effect of amendments. — The 1986 amendment added subsection (m).

Article 2. Title.

Section
201. Title required; exceptions

Sec. 28.10.201. Title required; exceptions. (a) Except as otherwise provided in (b) of this section or in AS 28.10.131 and 28.10.141, every owner of a vehicle subject to registration in this state shall apply for a certificate of title under this chapter.

(b) The owner of a vehicle described in AS 28.10.011 as being exempt from registration and the owner of a snowmobile or off-highway vehicle may not apply for, nor may the department issue, a certificate of title for such a vehicle. However, the department may issue a certificate of title to the owner of a vehicle exempt from registration under AS 28.10.011(3), (6), (7), (11), or (12) only upon application by that owner.

(c) The certificate of title issued may, when there is more than one owner, state the name of each owner in the conjunctive or in the disjunctive in order to indicate that the owners own the vehicle together or in the alternative.

(d) Except for vehicles registered under AS 28.10.131(b) or (c) and 28.10.141, the department may not register a vehicle unless the applicant for registration at the same time applies for and obtains a certificate of title under this chapter, or presents satisfactory evidence that a certificate of title was previously issued to the applicant. The department may not accept the application for the original certificate of registration or title to a vehicle unless the vehicle is in the state at the time of application. However, the department may accept an application for registration and certificate of title for a vehicle which is not in the state when the application is made by a registered and bonded dealer or by a resident of the state when the application is accompa-

Collateral references. — 7A Am. Jur. 2d, Automobiles and Highway Traffic, §§ 30 to 48.
60 C.J.S., Motor Vehicles, §§ 39 to 41.

Sec. 28.10.271. Transfer of vehicle by owner. (a) When the owner of a registered vehicle transfers or assigns the owner's title or interest in the vehicle, the registration of the vehicle expires; however, the registration plates remain on the vehicle except as otherwise provided in AS 28.10.181.

(b) The owner shall, at the time of delivery of the vehicle, endorse an assignment and warranty of title to the transferee in the space provided on the certificate of title. The owner shall deliver the certificates of title and registration to the transferee at the time of delivery of the vehicle, except as otherwise provided in AS 28.10.291.

(c) The owner shall notify the department of the transfer or assignment of the owner's title or interest in the vehicle within 10 days following transfer or assignment. This notification shall constitute a valid transfer under AS 28.10.321 and 28.10.361. The notice form to be provided by the department shall include the following information:

(1) name and address of owner;
(2) name and address of transferee;
(3) date of transfer or assignment; and
(4) description and license number of vehicle. (§ 7 ch 178 SLA 1978)

NOTES TO DECISIONS

Former law construed. — See Harbor Ins. Co. v. United States Fid. & Guar. Co., 350 F. Supp. 723 (D. Alaska. 1972); State Farm Mut. Auto. Ins. Co. v. Clark, 397 F. Supp. 745 (D. Alaska. 1975); Graham v. North River Ins. Co., Sup. Ct. Op. No. 1130 (File No. 1945), 533 P.2d 20 (1975).

Sec. 28.10.280. Title for vehicles of other state. [Repealed, § 7 ch 178 SLA 1978.]

Sec. 28.10.281. Transfer to dealer. (a) When the owner of a registered vehicle transfers or assigns the owner's title or interest to a vehicle dealer under AS 28.10.271, the dealer is not required to present the certificates of registration and title to the department as provided in AS 28.10.321 and 28.10.361 until the vehicle is transferred by the dealer.

(b) A vehicle transferred to a dealer may not be driven unless it is re-registered under this chapter or is driven under dealer registration plates issued under AS 28.10.181(j). (§ 7 ch 178 SLA 1978)

(b) A person holding a certificate of title to a vehicle whose interest in the vehicle has been extinguished or transferred other than by voluntary transfer shall mail or deliver the certificates of title and registration to the department upon request of the department. The delivery of the certificates of title and registration to the department upon its request does not affect the rights of the person surrendering the certificate of title, and the action of the department in issuing a new certificate of title or registration as provided in this chapter is not conclusive upon the rights of an owner or lienholder named in the surrendered certificate of title. (§ 7 ch 178 SLA 1978)

Sec. 28.10.320. Issuance. [Repealed, § 7 ch 178 SLA 1978.]

Sec. 28.10.321. New owner to secure transfer of registration and new title. (a) Except as provided under AS 28.10.281 and 28.10.291, the new owner shall, within 30 days, present the certificates of title and registration properly endorsed to the department, apply for a new title, and register the vehicle as upon an original registration.

(b) An application for certificates of title and registration shall be accompanied by any required registration fees and taxes, transfer of title and lien fees, and motor freight carrier or bus transportation fees, if any, and by the previous certificates of title and registration, if any. (§ 7 ch 178 SLA 1978)

NOTES TO DECISIONS

Former law construed. — See State Farm Mut. Auto. Ins. Co. v. Clark, 397 F. Supp. 745 (D. Alaska 1975).

Sec. 28.10.330. Delivery. [Repealed, § 7 ch 178 SLA 1978.]

Sec. 28.10.331. Department to issue new certificates of title and registration. The department, upon receipt of the certificate of title properly endorsed, the certificate of registration, the registration plates, if any, the application for new title and registration and all required fees and taxes, shall issue a certificate of title and a certificate of registration to the transferee or the lienholder lawfully entitled to the certificates. (§ 7 ch 178 SLA 1978)

NOTES TO DECISIONS

Former law construed. — See Harbor Ins. Co. v. United States Fid. & Guar. Co., 350 F. Supp. 723 (D. Alaska 1972); Christian v. State, Sup. Ct. Op. No. 921 (File No. 1626), 513 P.2d 664 (1973); Graham v. Black, Superior Court, 3rd Jud. Dist., C.A. No. 71-3441 (1973); State Farm Mut. Auto. Ins. Co. v. Clark, 397 F. Supp. 745 (D. Alaska 1975); Graham v. North River Ins. Co., Sup. Ct. Op. No. 1130 (File No. 1945), 533 P.2d 20 (1975).

Sec. 28.10.340. Duplicates. [Repealed, § 7 ch 178 SLA 1978.]

Sec. 28.10.341. Duty of lienholder in possession of title to transferred vehicle. Upon request of an owner or transferee, a lienholder in possession of the certificate of title to a transferred vehicle shall, unless the transfer is in breach of a security agreement, deliver the certificate to the transferee. The delivery of the certificate of title does not affect the rights of the lienholder under the lienholder's security agreement. (§ 7 ch 178 SLA 1978)

Sec. 28.10.350. Transfer. [Repealed, § 7 ch 178 SLA 1978.]

Sec. 28.10.351. Dismantling or wrecking vehicle. A person who dismantles, scraps or destroys a registered vehicle shall immediately forward to the department the certificates of title and registration and the registration plates for the vehicle. (§ 7 ch 178 SLA 1978)

Secs. 28.10.355, 28.10.360. Purchase by minor; duty of new owner. [Repealed, § 7 ch 178 SLA 1978.]

Sec. 28.10.361. When transfer effective. A transfer by an owner or dealer is not effective until all applicable provisions of this chapter have been complied with. However, an owner or dealer who has delivered possession of a vehicle to the transferee and has endorsed an assignment and warranty of title on the certificate of title and delivered the certificates of title and registration to the transferee or, in the case of a transfer from a dealer, delivered proof of the sale to the transferee, is not liable as the owner for any liabilities resulting from the driving or movement of the vehicle after the transfer. (§ 7 ch 178 SLA 1978)

Sec. 28.10.370. Issuance. [Repealed, § 7 ch 178 SLA 1978.]

Article 4. Filing Documents Evidencing Liens or Encumbrances.

Section	Section
371. Filing documents evidencing liens or encumbrances	391. Filing and date of notice
381. Provisions for filing and issuance of title	401. Assignment or release by lienholder

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Collateral references. — 7A Am. Jur. 2d, Automobiles and Highway Traffic, §§ 31, 39, 46, 48.
60 C.J.S., Motor Vehicles, § 42.

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use, including, but not limited to, a boat trailer, baggage trailer, box trailer, utility trailer or house trailer .....$ 5.

(c) The annual registration fees under this subsection are imposed and are based upon the actual unladen weight as established by the manufacturer's advertised weight or upon the actual weight which the owner shall furnish, subject to the approval of the commissioner or the commissioner's representative, for a vehicle, including a motor vehicle pulling a trailer or semi-trailer, used or maintained for the transportation of passengers for hire, excepting taxicabs and buses under (b) of this section, or for the transportation of property for hire or for other commercial use, including a commercial vehicle such as a trailer, semi-trailer, truck, wrecker, tow car, hearse, ambulance, and tractor, as follows:

(1) up to and including 5,000 pounds $50;

(2) more than 5,000 pounds to and including 12,000 pounds $85;

(3) more than 12,000 pounds to and including 18,000 pounds ..$155;

(4) more than 18,000 pounds .....$220.

(d) The special registration fees under this subsection are imposed annually, unless otherwise specified, for:

(1) an historic vehicle (one time only upon initial registration under AS 28.10.181) $10;

(2) special request plates including those authorized for use by Alaska National Guard personnel only .....$30; plus the fee required for that vehicle under (b)(1) or (2) of this section; the fee required by this paragraph shall be collected only on the first issuance and on the replacement of special request plates;

(3) a vehicle owned by a disabled veteran or other handicapped person, and registered under AS 28.10.181 or a resident 65 years of age or older who files a written application for an exemption on a form prescribed by the department .....none;

(4) a vehicle owned by the state .....none;

(5) a vehicle owned by an elected state official ..... the fee required for that vehicle under (b) of this section;

(6) a vehicle owned by a consular officer, unless waived under AS 28.10.181 .....$35;

(7) a vehicle owned by a rancher, farmer, or dairyman and registered under AS 28.10.181 .....$35;

(8) a snowmobile or off-highway vehicle .....$ 5;

(9) an amateur mobile radio station vehicle,

(A) with a transceiver capable of less than 5-band operation ..... the fee required for that vehicle under (b) or (c) of this section;

(B) in recognition of service to the public: a mobile amateur radio station owned by an amateur with general class or higher license, provided the station must be satisfactorily proved capable of operating on at least five bands from 160 through 10 meters, must have an antenna, and must have a power supply and wiring as a permanent

part of the vehicle; the transmitting unit may be removed from the car for service or dry storage .....none
for a mobile amateur radio station vehicle included in (b)(1) or (2) of this section;

(10) dealer registration plates,

(A) the initial set of plates $45;

(B) each subsequent set of plates $25;

(11) a vehicle owned by a municipality or charitable organization meeting the requirements of AS 28.10.181(e) .....$ 5;

(12) an occasional use vehicle under AS 28.10.181(k) $15;

(13) a vehicle owned by a former prisoner of war .....none.

(e) A vehicle registered under this section which, by the removal of seats, a camper unit, a canopy or other equipment, may be converted into a vehicle on which the registration fee is computed on a different basis or in a different amount may not be driven or moved with seats, camper unit, canopy or other equipment removed unless the other applicable registration fee is paid. (§ 7 ch 178 SLA 1978; am §§ 4, 5 ch 54 SLA 1979; am § 2 ch 151 SLA 1984; am § 41 ch 21 SLA 1985; am §§ 7 — 9 ch 60 SLA 1986; am § 1 ch 70 SLA 1986)

Effect of amendments. — The 1985 amendment substituted "AS 28.10.108 and 28.10.111" for "AS 28.10.101 — 28.10.111" at the end of subsection (a).

The first 1986 amendment increased the fees in paragraphs (1) through (5) of subsection (b), increased the fees in subsection (c), and in subsection (d) in paragraph (2) added "including those authorized for use by Alaska National Guard personnel only" and increased the fee, in paragraph (3) subsituted "files a written application for an exemption on a form prescribed by the department" for "complies with AS 28.10.411(c)," and increased the fees in paragraphs (6), (7) and (10).

The second 1986 amendment of paragraph (3) of subsection (d) made by § 1, ch. 70, SLA 1986 was identical to the amendment made by § 9, ch. 60, SLA 1986, which is already in effect.

Sec. 28.10.423. Emission control inspection program fees. In addition to the annual registration fee specified in AS 28.10.421, a $1 fee is imposed upon every vehicle required to be inspected under an emission control program established under AS 46.03.210. This fee shall be collected at the same time and in the same manner as the registration fee. (§ 2 ch 56 SLA 1985)

Sec. 28.10.431. Annual motor vehicle registration tax. (a) There is levied a motor vehicle registration tax within each municipality which elects, by passage of an appropriate ordinance, to come under this section. A municipality shall file a written notice of election with the department and may not rescind the notice for a subsequent fiscal year. The notice must be filed on or before January 1 of the year preceding the year election under this section is to become effective. If a municipality has, before October 15, 1978, levied a motor vehicle registration or ad valorem tax which has been repealed by a vote of the people at any regular or special municipal election, then

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(e) The department shall refund money collected under this section, less five per cent as collection costs, to a municipality for which the money was collected, as determined by (1) the address of residence of an individual required to pay the tax, or (2) the situs of the vehicle if the vehicle is not owned by an individual; the tax situs is the location at which the motor vehicle is usually, normally, or regularly kept or used. For the first year in which the tax is levied within a municipality, the department may retain actual costs of collection of the tax within the municipality as determined by the department.

(f) Money received by an organized borough under this section shall be allocated by the borough by ordinance for city, area outside city, and service area purposes within the borough.

(g) Payment of the registration t x is in lieu of all local use taxes and ad valorem taxes on motor vehicles subject to the tax. A municipality which elects to come under the provisions of this section may not levy use or ad valorem taxes on motor vehicles subject to the registration tax during a fiscal year in which the election is in effect.

(h) A vehicle owned by a former prisoner of war exempted from registration fees under AS 28.10.421(d)(13) is subject to a motor vehicle registration tax under this section. (§ 7 ch 178 SLA 1978; am § 3 ch 151 SLA 1984)

Effect of amendments. — The 1984 amendment added subsection (h).

Collateral references. — Validity of statutes imposing license tax on automobiles as affected by constitutional provisions in relation to taxation, 5 ALR 759, 126 ALR 1419.

Sec. 28.10.440. Dismantled vehicle. [Repealed, § 7 ch 178 SLA 1978.]

Sec. 28.10.441. Schedule of other fees and charges. The following fees and charges are imposed by the department for the stated services which it provides:

(1) title fee (including transfer of title) . . . . . $ 5;
(2) lien filing fee . . . . . $ 5;
(3) replacement of any registration plate set, including special request plates . . . . . $ 5;
(4) duplicate of original certificate of title . . . . . $ 5;
(5) duplicate of certificate of registration . . . . . $ 2;
(6) temporary preregistration permit issued under AS 28.10.031 . . . . . none;
(7) special transport permit issued under AS 28.10.151 . . $ 5;
(8) special permit for vehicle used for transport of disabled or handicapped person as provided in AS 28.10.21[illegible] . . . . . none.
(§ 7 ch 178 SLA 1978)

Revisor's notes. — AS 28.10-215, referred to in (8) of this section, was repealed in 1978. Present similar provisions may be found in AS 28.10.495.

the department to carry out the purposes of this section. (§ 7 ch 178 SLA 1978; am § 3 ch 151 SLA 1984; am § 48 ch 138 SLA 1986)

Effect of amendments. — The 1986 amendment added subsection (i).

Sec. 28.10.441. Schedule of other fees and charges.

Revisor's notes. — AS 28.10.215, referred to in (8) of this section, was repealed in 1978. Present similar provisions may be found in AS 28.10.495.

Article 7. General Provisions.

Section
495. Parking permit for vehicle transporting disabled person
Section
502. Towing and storage lien

Sec. 28.10.495. Parking permit for vehicle transporting disabled person. (a) Upon application by a disabled or medically handicapped person; the department shall issue to the applicant, without charge, a special permit bearing the control number of the applicant. The permit issued under this section, when displayed in the front windshield of a parked or standing vehicle, shall provide for special consideration by the public with respect to the parking or standing in designated spaces of a vehicle which is being used for the transportation of the disabled or medically handicapped person.

(b) A person is not entitled to use the special permit provided for in (a) of this section except when providing transportation for the disabled or handicapped person with respect to whom the permit was issued. Upon the death of the disabled or handicapped person, the special permit shall be returned to the department.

(c) Proof of disablement or medical handicap, for the purpose of this section, shall be provided as specified in AS 28.10.181(d). (§ 24 ch 178 SLA 1978; am § 1 ch 11 SLA 1980; am § 1 ch 11 SLA 1987)

Effect of amendments. — The 1987 amendment added the last sentence of subsection (b).

Sec. 28.10.502. Towing and storage lien. (a) A person engaged in the business of towing motor vehicles, who tows, transports or stores a motor vehicle, has a possessory lien on the vehicle. This lien attaches when the person acts under a contract with the owner or at the direction of a public officer acting lawfully or a person entitled to possession of the property upon which the motor vehicle is parked without consent. The lien remains in effect while the motor vehicle is in the possession of the person, and the vehicle may be sold, as pro-

Article 6. Registration and Title Violations.

Section
451. Unlawful to violate provisions requiring registration and title
461. Driving vehicle without evidence of registration
471. Driving vehicle when registration suspended or revoked or permit expired
481. Improper use of evidence of registration or certificate of title
491. Felonies relating to title, registration, identification number, and removal and representation of vehicles
493. Misdemeanors relating to transfers

Collateral references. — 7A Am. Jur. 2d, Automobiles and Highway Traffic, §§ 92 to 95.

60 C.J.S., Motor Vehicles, §§ 133 to 135; 61A C.J.S. Motor Vehicles, § 714(4).

Civil rights and liabilities as affected by failure to comply with regulations as to registration of automobile, 16 ALR 1108, 35 ALR 62, 38 ALR 1038, 43 ALR 1153, 54 ALR 374, 58 ALR 532, 61 ALR 1190, 78 ALR 1028, 87 ALR 1469, 111 ALR 1258, 163 ALR 1375.

Sec. 28.10.450. Failure to endorse and deliver. [Repealed, § 7 ch 178 SLA 1978.]

Sec. 28.10.451. Unlawful to violate provisions requiring registration and title. A person may not wilfully attempt to defeat the provisions of this chapter or wilfully fail to title or register a vehicle as required by this chapter, or otherwise wilfully fail to comply with the requirements of this chapter. (§ 7 ch 178 SLA 1978)

Sec. 28.10.460. Required insurance. [Repealed, § 7 ch 178 SLA 1978.]

Sec. 28.10.461. Driving vehicle without evidence of registration. Except as otherwise expressly permitted in this chapter, a person may not drive or move, nor may an owner knowingly permit to be driven or moved, on a highway or vehicular way or area, a vehicle required to be registered under this chapter unless valid registration plates, decals or permits for the current registration period are attached to and displayed on the vehicle in the manner required by this chapter, and unless a valid certificate of registration for the current registration period is carried, as required by this chapter, in the vehicle and is available for inspection by a peace officer or an authorized representative of the department. (§ 7 ch 178 SLA 1978)

Collateral references. — Lack of proper automobile registration as evidence of operator's negligence, 73 ALR 162, 29 ALR2d 963.

Validity and construction of statute making it a criminal offense for the operator of a motor vehicle not to carry or display his vehicle registration certificate, 6 ALR3d 506.

Sec. 28.10.470. Filing liens. [Repealed, § 7 ch 178 SLA 1978.]

Sec. 28.10.471. Driving vehicle when registration suspended or revoked or permit expired. A person may not drive or move, nor may an owner knowingly permit to be driven or moved, on a highway

SB 410 cont'd

Senator Duncan moved for the adoption of Amendment No. 1 and asked unanimous consent. Senator Coghill objected.

Senator Halford moved and asked unanimous consent that CS FOR SENATE BILL NO. 410(Resources) and pending Amendment No. 1 be held in second reading for tomorrow's calendar. Without objection, CS FOR SENATE BILL NO. 410(Resources) will be on the February 25 calendar.

SB 3

SENATE BILL NO. 3 "An Act relating to motor vehicle registration and registration plates" was read the second time.

Senator Halford moved and asked unanimous consent for the adoption of the Finance Committee Substitute offered on page 2327. Without objection, CS FOR SENATE BILL NO. 3(Finance) "An Act relating to motor vehicle registration and registration plates; and providing for an effective date" was adopted.

CS FOR SENATE BILL NO. 3(Finance) was read the second time.

Senator Halford moved and asked unanimous consent that CS FOR SENATE BILL NO. 3(Finance) be considered engrossed, advanced to third reading and placed on final passage. Without objection, it was so ordered.

CS FOR SENATE BILL NO. 3(Finance) was read the third time.

The question being: Shall CS FOR SENATE BILL NO. 3(Finance) "An Act relating to motor vehicle registration and registration plates; and providing for an effective date" pass the Senate? The roll was taken with the following result:

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Yeas:	18	Abood, Binkley, Coghill, Duncan, Faiks, Fanning, Fischer, Halford, Hensley, Jones, Josephson, Kelly, Kerttula, Rodey, Sturgulewski, Szymanski, Uehling, Zharoff
Nays:	0	
Excused:	2	Eliason, Fahrenkamp

SB 3 cont'd

and so, CS FOR SENATE BILL NO. 3(Finance) passed the Senate.

Senator Halford moved and asked unanimous consent that the vote on the passage of the bill be considered the vote on the effective date clause. Without objection, it was so ordered.

CS FOR SENATE BILL NO. 3(Finance) was referred to the Secretary for engrossment.

SECOND READING OF SENATE RESOLUTIONS

SJR 61

SENATE JOINT RESOLUTION NO. 61 "Requesting the Government of the United States to reassert jurisdiction over Wrangel Island, Herald Island, Henrietta Island, Jeannette Island, and Bennett Island together with the surrounding outer continental shelf within the American waters of the Chukchi Sea and the East Siberian Seas and to pay the State of Alaska compensation for damages from their loss" was read the second time.

Senator Halford moved and asked unanimous consent that SENATE JOINT RESOLUTION NO. 61 be considered engrossed, advanced to third reading and placed on final passage. Without objection, it was so ordered.

SENATE JOINT RESOLUTION NO. 61 was read the third time.

The question being: Shall SENATE JOINT RESOLUTION NO. 61 "Requesting the Government of the United States to reassert jurisdiction over Wrangel Island, Herald Island, Henrietta Island, Jeannette Island, and Bennett Island together with the surrounding outer continental shelf within the American waters of the Chukchi Sea and the East Siberian Seas and to pay the State of Alaska compensation for damages from their loss" pass the Senate? The roll was taken with the following result:

SCR 40

The Finance Committee considered SENATE CONCURRENT RESOLUTION NO. 40 "Relating to the revision of Title 2 of the Alaska Statutes" and a majority of the committee recommended the Transportation Committee Substitute offered on page 2205 be adopted and do pass. The report was signed by Senator Halford, Co-chairman and concurred in by Senators Duncan, Zharoff, Uehling and Binkley.

Zero fiscal note published today from Senate Finance Committee.

SENATE CONCURRENT RESOLUTION NO. 40 was referred to the Rules Committee.

SJR 64

The Labor and Commerce Committee considered SENATE JOINT RESOLUTION NO. 64 "Relating to resident hire on United States Department of Defense projects at Amchitka Island, Shemya Island, and Adak" and a majority of the committee recommended do pass. The report was signed by Senator Kelly, Chairman and concurred in by Senators Szymanski and Fahrenkamp.

Zero fiscal note published today from Senate Labor and Commerce Committee.

SENATE JOINT RESOLUTION NO. 64 was referred to the Rules Committee.

SB 3

The Finance Committee considered SENATE BILL NO. 3 "An Act relating to motor vehicle registration and registration plates" and a majority of the committee recommended it be replaced with

CS FOR SENATE BILL NO. 3(Finance), entitled:

"An Act relating to motor vehicle registration and registration plates; and providing for an effective date."

and do pass. The report was signed by Senator Halford, Co-chairman and concurred in by Senators Duncan, Zharoff, Binkley and Uehling.

SB 3 cont'd

Fiscal note published today from Department of Public Safety.

SENATE BILL NO. 3 was referred to the Rules Committee.

HCR 33

The Community and Regional Affairs Committee considered HOUSE CONCURRENT RESOLUTION NO. 33 "Relating to annexations recommended by the Local Boundary Commission" and recommended it be replaced with

SENATE CS FOR HOUSE CONCURRENT RESOLUTION NO. 33(C&RA)

Senator Sturgulewski, Chairman and Senator Halford signed "do pass." Senators Zharoff and Szymanski signed "no recommendation."

Zero fiscal note published today from Department of Community and Regional Affairs.

HOUSE CONCURRENT RESOLUTION NO. 33 was referred to the Rules Committee.

HCR 38

The Resources Committee considered CS FOR HOUSE CONCURRENT RESOLUTION NO. 38(Resources) "Requesting the Pacific Salmon Commission to increase Alaska's chinook salmon quota" and a majority of the committee recommended do pass. The report was signed by Senator Coghill, Chairman and concurred in by Senators Sturgulewski, Zharoff, Duncan and Fischer.

HOUSE CONCURRENT RESOLUTION NO. 38 was referred to the Rules Committee.

HB 93

The Community and Regional Affairs Committee considered CS FOR HOUSE BILL NO. 93(Finance) am "An Act establishing six recreation rivers; and providing for an effective date" and recommended it be replaced with

SJR 36 cont'd

and do pass. The report was signed by Senator Jones, Chairman and concurred in by Senators Abood, Coghill Fahrenkamp and Kelly.

Zero fiscal note with analysis published today from Department of Transportation and Public Facilities.

SENATE JOINT RESOLUTION NO. 36 was referred to the Rules Committee.

SB 3

The Transportation Committee considered SENATE BILL NO. 3 (motor vehicle registration and registration plates) and recommended it be replaced with

> CS FOR SENATE BILL NO. 3 (TRSP), entitled:
> "...ct relating to motor vehicle registration an... egistration plates; increasing fees for driver's licenses, permits, and identification cards; and providing for an effective date."

and do pass. Th... report was signed by Senator Jones, Chairman and concurred in by Senators Coghill, Abood, Kelly and Fahrenkamp.

Revised fiscal note published today from Department of Public Safety.

SENATE BILL NO. 3 was referred to the Finance Committee.

SB 51

The Finance Committee considered SENATE BILL NO. 51 (alcohol) and a majority of the committee recommended do pass. The report was signed by Senator Binkley, Co-chairman and concurred in by Senators Duncan, Bennett, Uehling and Fischer.

SENATE BILL NO. 51 was referred to the Rules Committee.

SB 155

The Community and Regional Affairs Committee considered SENATE BILL NO. 155 (change, relocation, or removal of utility facilities incident to the construction of road or other projects by a municipality) and recommended it be replaced with

SCR 24 cont'd

CS FOR SENATE CONCURRENT RESOLUTION NO. 24 (L&C)

Senator Kelly, Chairman and Senator Eliason signed "do pass". Senator Szymanski signed "no recommendation".

Zero fiscal note published today from the Senate Labor and Commerce Committee.

SENATE CONCURRENT RESOLUTION NO. 24 was referred to the Rules Committee.

SJR 32

The Labor and Commerce Committee considered SENATE JOINT RESOLUTION NO. 32 (importation and sale of salmon reared in TBT-treated aquaculture pens). Senator Kelly, Chairman and Senator Eliason signed "do pass". Senator Szymanski signed "no recommendation".

Zero fiscal note published today from the Senate Labor and Commerce Committee.

SENATE JOINT RESOLUTION NO. 32 was referred to the Rules Committee.

SB 3

The State Affairs Committee considered SENATE BILL NO. 3 (motor vehicle registration and registration plates) and recommended it be replaced with

CS FOR SENATE BILL NO. 3 (SA), entitled:
"An Act relating to forfeiture of motor vehicle registration and registration plates."

and do pass. The report was signed by Senator Abood, Chairman and concurred in by Senators Faiks, Josephson, Uehling and Hensley.

Fiscal note published today from the Department of Public Safety.

SENATE BILL NO. 3 was referred to the Transportation Committee.

Alaska State Legislature

INTERIM OFFICE
1024 WEST SIXTH AVENUE
ANCHORAGE, ALASKA 99501
(907) 274-2843

WHILE IN SESSION
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4747

CHAIRMAN
STATE AFFAIRS
MEMBER
BUDGET & AUDIT
TRANSPORTATION

Senator Mitch Abood
SENATE DISTRICT G-A

DATE: 17 MARCH 1988

TO: MEMBERS OF THE HOUSE TRANSPORTATION COMMITTEE

FROM: Senator Mitch Abood

RE: Summary of changes to CSSB 3(Finance)

The following is a summary of the various versions of Senate Bill 3 and the reasons for those changes:

SB 3 "An Act relating to motor vehicle registration and registration plates."

- Authorizes the Department of Public Safety to design and issue special registration plates.

- Requires surrendering, to the court, registration and registration plates of a motor vehicle for:
  a. a second conviction within a five year period or a third conviction within a ten year period, for driving while intoxicated or refusal to submit to a chemical test of breath.
  b. driving a motor vehicle when that person's driver's license has been revoked and the revocation was imposed under AS 28.15.181(a)(5)

- Requires a person who has surrendered his plates to identify to the court all persons of his household who are 17 years of age or older to be included in the record of conviction.

- Requires the Department to provide each named person notification that the described persons driver's license has been revoked and the consequences of letting him drive without a valid driver's license.

- Allow transfer of ownership of the vehicle with the permission of the court.

In Senate Bill 3, I was attempting to reach the drunk drivers who have a problem with alcohol. Those that continue to drink and drive even after their driver's license has been revoked for DWI or for any other reason.

Senate Bill 3 would allow the State to, in some cases, forfeit the motor vehicle registration and license plates of a drunk driver in cases where that driver had a record of prior DWI's or refusing the breath test.

CSSB 3(State Affairs) "An Act relating to motor vehicle registration and registration plates."

==========

- Authorizes the Department of Public Safety to design and issue special registration plates (no change from Senate Bill 3)

- Requires surrendering registration and registration plates to the court for the above offenses. The plates will be transmitted to the department. (Instead of leaving them with the court)

- Requires a person who has surrendered his plates to identify to the court all persons of his household who are 17 (instead of 16) years of age or older. (This bill also takes the names of persons in the household out of the conviction record).

- Requires the department to provide each named person notification that the described persons driver's license has been revoked and the consequences of letting him drive without a valid driver's license. (No Change)

- Allows transfer of ownership of the vehicle with the permission of the department (instead of the court).

The above amendments were made as a result of suggestions and discussions by -

Mothers Against Drunk Drivers, the Department of Public Safety and further discussions by the committee.

CSSB 3 (Transportation)

In addition to existing language:

- Increases by $2 the fee for acquiring a driver's license, motorcycle license, instruction permit, school bus driver's permit, or state identification card.

- Requires the department to issue one registration plate, instead of the existing requirement of two plates.

- When one registration plate is issued, it shall be attached to the rear of the vehicle for which issued.

- Adds effective dates.

CSSB 3 (Finance)

- All sections are deleted except those dealing with requiring the Department of Public Safety to issue one registration plated, instead of the existing requirement of two plates.

After several discussions with the Department of Public Safety, we learned that information gathered form Minnesota, which has a similar program contained overstatements about the success rate of the program and the evidence of the program's effectiveness.

As you can see from the attached correspondence from Mr. Dulany of the Division of Motor Vehicles, I felt it best to follow the Department's suggestions on this program.

I have been assured by the Department of Public Safety, that no fee increase is necessary to run their existing program nor for the issuance of one license plates. With that, I chose not to increase the fee for driver's licenses or permits at a time of economic hardship our State is battling.

Alaska State Legislature

INTERIM OFFICE
3111 'C' STREET, SUITE 535
ANCHORAGE, ALASKA 99503
(907) 561-7614

WHILE IN SESSION
P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-4747

Senator Mitch Abood
SENATE DISTRICT G-A

CHAIRMAN
STATE AFFAIRS
MAJORITY WHIP
MEMBER
TRANSPORTATION
COMMITTEE ON COMMITTEES
LEGISLATIVE COUNCIL
INTERNATIONAL TRADE

DATE: 04 FEBRUARY 1988

TO: THE HONORABLE RICK HALFORD
CO-CHAIRMAN, SENATE FINANCE COMMITTEE

FROM: Senator Mitch Abood

RE: CS SB 3 ( )

Please find attached a draft of a committee substitute for SB 3 which I would like the Senate Finance Committee to consider.

CS SB 3 ( ) deletes all sections of CS SB 3 (Transportation) except those dealing with requiring the Department of Public Safety to issue one registration plate, instead of the existing requirement of two plates.

After several discussions with the Department of Public Safety, we learned that information gathered from Minnesota, which has a similar program, contained overstatements about the success rate of the program. Also, I understand the evidence of that program's effectiveness was misleading.

As you can see from the attached correspondence from Mr. Dulany of the Division of Motor Vehicles, I felt it best to follow the Department's suggestion on this program.

I have been assured by the Department of Public Safety, that no fee increase is necessary to run their existing program, nor for the issuance of one license plate. With that, I chose not to increase the fee for driver's licenses or permits at a time when our State is experiencing economic hardship.

Should you have any questions or concerns, please contact me at 4714 or 4747. If for some reason I am not available,

please speak with Rhonda Cargill on my staff who has been working with me on this proposed legislation.

Thank you for your consideration of this matter.

MA/rmc

attachments

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF PUBLIC SAFETY

DIVISION OF MOTOR VEHICLES

5700 EAST TUDOR ROAD
ANCHORAGE, ALASKA 99507-1225
PHONE: (907) 269-5551

December 10, 1987

The Honorable Mitch Abood
Alaska State Legislature
3111 C Street, Suite 535
Anchorage, Alaska 99503

Dear Senator Abood:

As we discussed, I am very interested in insuring passage of those sections of Senate Bill 3 that allow for the issuance and use of a single rear license plate on motor vehicles. The resultant savings are critical to the viability of our 1989 capitol budget request.

There are technical problems in the sections requiring forfeiture of registrations and license plates, but I am more concerned about the effectiveness of a program of this type. I have had several telephone conversations with contacts in Minnesota and feel that the Minnesota representatives testifying before your committee on a similar program in their state rather overstated the success of the Minnesota program. There is no evidence of the program's effectiveness.

Ray Lewis, Research Consultant with the Minnesota Criminal Justice System DWI Task Force, has attempted to evaluate the Minnesota program on the basis of four or five years worth of data provided by the judicial practices in two counties. Mr. Lewis stated that the forfeiture of registrations and plates was only marginally effective with "...not a whole lot of deterrence in recidivism, but some lower frequency of driving during the license action..." for those in the study group. One judge indicated to Mr. Lewis that the forfeitures caught the attention of everyone the first year with some effectiveness, but DWI's went back up to previous levels in the second and subsequent years.

With 15,000 repeat offenders eligible for registration/plate forfeiture in 1986, from a total of 42,000 DWI convictions, only 123 special license plates were issued according to the Minnesota Violations Section. Nearly 4 million vehicles were registered in Minnesota during that year.

According to some testimony in the committee hearing on SB-3 the special license plate alone is sufficient probable cause for a police officer to stop the vehicle for further investigation. A Special Assistant Attorney General in Minnesota's Office of the Attorney General says that is untrue. There must be evidence of wrongdoing. According to several Alaska District Court judges the license plate alone is certainly insufficient to justify an investigatory stop.

The Alaska judges with whom I spoke were also uniformly opposed to provisions of the bill that required the surrender of the registration/plates to the court. If indeed at all enforceable, the provision would likely require additional appearances in court by defendants and subsequent additional warrants for those not appearing. One judge was concerned with the names of innocent family members becoming a part of the public record in a criminal proceeding. Another indicated that a significant portion of third offenders are driving vehicles belonging to others. While the court administration had little comment on the bill, had judges been asked to comment you would have been given a much clearer picture of the problems.

As I stated when we met on this issue, the passage of the one license plate provision is imperative. I wish it were in a separate bill. I would like to discuss this with you again at your convenience.

If you still want to pursue the registration/plate forfeiture I will insure that the appropriate people from this division work closely with you to iron out the technical problems.

Sincerely,

Jay N. Dulany

Jay N. Dulany
Director

cc: Commissioner English

SB

4

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

March 25, 1987

FOR TODAY'S MEETING YOU HAVE:

A FOLDER ON CS SB 4 THAT INCLUDES:

* a copy of the committee substitute for SB 4 from State Affairs
* a copy of the House Committee Substitute for CS SB 4 from State Affairs
* a zero fiscal note from DOT/PF
* an excerpt from the statutes impacted by CS SB 4
* background information and a sectional analysis from Sen. Fahrenkamp's office
* a copy of the House Committee Report from House State Affairs
* a letter from the Fairbanks North Star Borough Mayor
* a letter from Mr. Lawrence G. Wilson

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

A

REQUEST: February 2, 1987

Revision Date: February 13, 1987

Title: An Act relating to Outdoor Advertising

Sponsor:

Requestor: Fahrenkamp

Bill Version: CS for Senate Bill No.

Publish Date:

Agency Affected: Transportation & Public Facilities

BRU:

Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

There is no fiscal impact to the Department.

2/13/87

Prepared by: Milton M. Lentz

Phone: 465-2985

Division: Engineering & Operations Standards

Date: 2/13/87

Approved by Commissioner:

Date: 2/17/87

Agency: Transportation & Public Facilities

Distribution (by preparer):

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

M88

Alaska Statutes

Title 19. Highways and Ferries.

Editor's notes. — Section 9, Executive Order No. 39 (1977) provides: "(a) The Department of Transportation and Public Facilities is vested with the duties and powers formerly held by the Department of Public Works relating to planning, construction, maintenance and operation of transportation facilities, including state ferries, airports and water and harbor facilities, and for design and construction of buildings and appurtenant structures, and specifically including all powers and duties formerly held by the Department of Public Works under AS 02, AS 30.05, AS 30.15, AS 35, AS 41.20 and AS 44.65.

"(b) The Department of Transportation and Public Facilities is vested with the duties and powers formerly held by the Department of Highways relating to planning, construction, maintenance and operation of state transportation facilities including state highways, roads, bridges, traffic signs and signals, the supervision and maintenance of state automotive and mechanical equipment, the control of outdoor advertising visible from state highways and all other duties and powers of the Department of Highways, and specifically including powers and duties formerly held by the Department of Highways under AS 19, AS 28.01, AS 28.05, and AS 44.57 [repealed]."

Chapter

05. Administration (§§ 19.05.010 — 19.05.140)
10. State Highway System (§§ 19.10.010 — 19.10.260)
15. Financial Provisions (§§ 19.15.010 — 19.15.040)
17. Littering (Repealed)
20. Cooperation by and with the State (§§ 19.20.010 — 19.20.090)
22. Landscaping and Scenic Enhancement (§§ 19.22.010 — 19.22.030)
25. Protection and Use of State Highways and Roads (§§ 19.25.010 — 19.25.250)
27. Junk Yards (§§ 19.27.010 — 19.27.140)
30. Access Roads (§§ 19.30.010 — 19.30.251)
35. Relocation Assistance (Repealed)
40. James Dalton Highway (§§ 19.40.010 — 19.40.210)
45. Miscellaneous Provisions (§§ 19.45.001 — 19.45.015)
60. Ferry Terminal Facilities (§§ 19.60.010 — 19.60.070)
65. Alaska Marine Highway System (§§ 19.65.010, 19.65.020)

Chapter 05. Administration.

Article

1. Department of Transportation and Public Facilities (§§ 19.05.010 — 19.05.070)
2. Acquisition of Property (§§ 19.05.080 — 19.05.122)
3. General Provisions (§§ 19.05.125 — 19.05.150)

Legislative history reports. — For report on ch. 233, SLA 1968 (HCSCSSB 144 am FCC), see 1968 House Journal, p. 815.

Collateral references. — 40 Am. Jur. 2d, Highways, Streets and Bridges, §§ 273-336.

40 C.J.S., Highways, §§ 217, 232.

Billboards and other outdoor advertising signs as civil nuisance. 38 ALR3d 647.

Sec. 19.25.090. Outdoor advertising prohibited. Except as provided in AS 19.25.105, all outdoor advertising is prohibited. (§ 3 ch 59 SLA 1949; am § 1 ch 86 SLA 1953; am § 2 ch 155 SLA 1970)

Sec. 19.25.100. Rural signs.

Repealed by § 14 ch 155 SLA 1970.

Editor's notes. — The repealed section derived from § 4, ch. 59, SLA 1949; § 1, ch. 86, SLA 1953; § 9, art. VII, title II, ch. 152, SLA 1957.

Sec. 19.25.105. Limitations of outdoor advertising signs, displays and devices. (a) No outdoor advertising may be erected or maintained within 660 feet of the nearest edge of the right-of-way and visible from the main-traveled way of the interstate, primary, or secondary highways in this state except the following:

(1) directional and other official signs and notices which include, but are not limited to, signs and notices pertaining to natural wonders, scenic and historic attractions, which are required or authorized by law, and which shall conform to federal standards for interstate and primary systems;

(2) signs, displays and devices advertising the sale or lease of property upon which they are located or advertising activities conducted on the property;

(3) signs determined by the state, subject to concurrence of the United States Department of Transportation, to be landmark signs, including signs on farm structures, or natural surfaces, of historic or artistic significance, the preservation of which would be consistent with the provisions of this chapter;

(4) directional signs and notices pertaining to schools.

(b) Repealed by § 21 ch 94 SLA 1980.

(c) No outdoor advertising may be erected or maintained beyond 660 feet of the nearest edge of the right-of-way of the main traveled way of the interstate primary or secondary highways in this state with the purpose of their message being read from that travel way except those outdoor advertising signs, displays or devices allowed under (a) of this section. (§ 3 ch 155 SLA 1970; am §§ 1, 2 ch 195 SLA 1975; am § 1 ch 30 SLA 1980; am § 21 ch 94 SLA 1980)

Effect of amendments. — The first 1980 amendment added paragraph (4) of subsection (a).

The second 1980 amendment repealed subsection (b).

CSSB 4 An Act relating to outdoor advertising by Senator Fahrenkamp

Background

Commercial advertising is commonly found on the sides of buses and on bus shelters and bus benches along bus routes within municipal right of ways. Typically, an advertising firm will supply the benches and shelters at no cost to the municipality in return for the privilege of placing them at bus stops and along bus routes and selling advertising space on them. In this manner a public need and convenience is fulfilled at no cost to government.

However, under existing state law, DOT/PF cannot allow such transit related advertisement to be placed near state right of ways along interstate, primary, and secondary highways. There are strict state and federal restrictions on advertising along roadways, dating back to the federal Beautification Act and the Federal Aid Highway Act. The Federal Highway Administration is responsible for enforcing the laws and regulations pertaining to outdoor advertising. The Highway Administration has approved bench and shelter advertising along federal aid highways in those states that authorize it. FHWA recognized that this form of advertising is an attractive fiscal proposition for local governments and in the interest of promoting mass transit as a way of making it more convenient and thus more appealing.

Purpose

CSSB 4 amends AS 19.25.105 LIMITATIONS ON OUTDOOR ADVERTISING to include a new exception to allow advertising along state right-of-ways on bus benches and bus shelters. Current law does not make an exception for this form of advertising.

Sectional Analysis

Section 19.25.105 LIMITATIONS ON OUTDOOR ADVERTISING
Subsection (a) is reworded to state the limitation in a more clear manner.

Subsection (a)(5) is added to allow "advertising on bus benches or bus shelters if the state determines that the advertising conforms to state and federal standards for interstate and highway systems." Standards will be set by DOT/PF to insure conformity with federal requirements so no federal funding would be in jeopardy.

Provided by Senator Fahrenkamp's Office 3/11/87

HOUSE COMMITTEE REPORT

(7)

Date referred: 3/2/87

FURTHER REFERRALS: Transportation

DATE: 3-13-87

The State Affairs Committee has considered CSSB 4(SA)

"An Act relating to outdoor advertising."

RECOMMENDS:

[X] replace with HCS CS SB 4 (SA) [X] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[X] same as previous zero fiscal note published _____

SIGNING DO PASS:

Clyde Wilson

Cliff Davidson

Terry Mountjoy

R.C. Bowles

Curt McCormick

SIGNING OTHER RECOMMENDATIONS:

Clyde Wilson
Chairman's signature

2

Fairbanks North Star Borough

Mayor: Juanita Helms

February 3, 1987

Senator Mitch Abood
Chairman
Senate State Affairs Committee
Room 423, Capitol Building
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

Dear Senator Abood:

I support and urge the Alaska State Legislature to pass SB4, "An Act Relating to Outdoor Advertising".

A private enterprise is presently providing bus benches and bus shelters to the residents of the borough who use public transportation. This is a service used and appreciated by bus riders borough-wide. It is also a service that the borough government would not be able to provide.

I whole-heartedly support the concept of the public and private sectors collaborating to provide additional services to the public and additional opportunities for private enterprise to be successful. Passage of SB4 will allow this collaboration to continue.

Sincerely,

Juanita Helms

Juanita Helms
Borough Mayor

P.O. Box 1267 Fairbanks, Alaska 99707 (907) 452-4761

1

4

Lawrence G. Wilson
P.O. Box 876485
Wasilla, AK 99687

To: House State Affairs Committee Re: Senate Bill #4

In reference to Senate Bill No. 4 relating to outdoor advertising, it seems very ironic to me that we hear from our Governor and legislators how important it is for us to develop alaskan owned and operated businesses, especially tourism related businesses, and then we hear of a bill which appears to be designed to stifle the single most important source of revenue producing advertising for these businesses.

There are numerous, off the road, attractions, recreational opportunities, and services that the highway traveler can take advantage of, if they are aware of their existence.

This bill will seriously damage existing lodges, campgrounds, RV parks, restaurants, recreational areas, guides, charter operators, resorts, gas stations etc. that are a little off the beaten path and rely in large part on highway advertising.

The expansion, development, and survival of alaskan owned businesses, particularly in tourism, which brings in outside revenue to the state should be promoted and supported by the state government.

In this light, a bill making state right of ways and highway easments available to alaskan businesses for the purpose of advertising would be more logical, appropriate, and consistent with state policy.

I don't think that the full implications of this bill have been considered. In my opinion, the passage of this bill would be a direct attack on the small alaskan business person.

Sincerely,

Lawrence G. Wilson

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 3-25-87 1:30p.m.

HOUSE COMMITTEE REPORT

(7)

Date referred: 3/16/87 **FURTHER REFERRALS:**

DATE: March 25, 1987

The Transportation **Committee has considered** CSSB 4(SA)

"An Act relating to outdoor advertising."

RECOMMENDS:

[X] replace with HCS CSSB 4(SA) [✓] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Mike Miller

SIGNING OTHER RECOMMENDATIONS:

Bette Cats

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: March 25, 1987

Subject of meeting:

CS SB 4 (SA): "An Act relating to outdoor advertising."

SIGN-IN

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Milton H. Wentz Chief Right of Way	P.O. Box Z. Juneau, AK 99802	465-2985	DOT&PF	If Requested

SB

17

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

May 8, 1987

COMMITTEE CALENDAR:

HB 213: "An Act relating to allocation of federal-aid highway funds; and providing for an effective date."

HB 280: "An Act relating to taxation of watercraft motor fuel."

CSSB 17: "An Act relating to unlawful possession and vandalism of official traffic control devices, disregard of a highway obstruction, and damages to highway."

FOR THIS MEETING YOU HAVE:

A folder on HB 213 that includes:
* a copy of the committee substitute for HB 213
* a sectional analysis
* a letter of intent
* a fiscal note on CSHB 213 from DOT/PF
* a copy of HB 213
* a fiscal note & position paper on HB 213 from DOT/PF
* information from the six-year capital plan
* a classification of road miles within Alaska
* a letter from the Ass't. Division Administrator of the Federal Highway Administration
* a report on HB 213 from Rep. Hoffman
* minutes from the 4/13, 4/15 & 5/4 public hearings of HB 213

A folder on HB 280 that includes:
* a copy of HB 280
* a fiscal note from the Dept. of Revenue
* a position paper on the Senate companion bill
* a discussion on the watercraft motor fuel tax
* a resolution from the Anchorage Chamber of Commerce
* written testimony from two witnesses

A folder on CSSB 17 that includes:
* a copy of CSSB 17
* a fiscal note and position paper from the Dept. of Public Safety
* a memorandum and sectional analysis from Sen. Faiks
* a copy of the statutes impacted by CSSB 17

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: CSSB 17 (Trsp)
Publish Date:

REQUEST
Revision Date:
Title: "An Act relating to vandalism of official traffic control devices.."
Sponsor: Sen. Faiks
Requestor: House Transportation

Agency Affected: Public Safety
BRU: Alaska State Troopers
Components: Detachments & CIB

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0	0	0	0	0
CAPITAL		0	0	0	0	0
REVENUE						

FUNDING:: (Thousands of Dollars)

GENERAL FUNDS		0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact is anticipated.

JAK 4/8/87

Prepared by: Francis C. Allan
Division: Alaska State Troopers
Phone: 269-5691
Date: 4/08/87

Approved by Commissioner: William R. Nix
Agency: Public Safety
Date: 4/8/87

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

page ____ of ____

BILL NO: CSSB 17 (Trsp)

DATE: 4/08/87

TITLE: "An Act relating to unlawful possession and vandalism of official traffic control devices, disregard of a highway obstruction, and damage to highways."

CONTACT: James Vaden
Deputy Commissioner

APR 14 1987

DEPARTMENT OF PUBLIC SAFETY

This bill groups these types of offenses in one area of statutes, clarifies penalties, and provides a mechanism for forfeiture of firearms and other personal property, except a motor vehicle, used in aid of a violation.

Provides penalties and/or forfeiture of property relating to unlawful possession and vandalism of official traffic control devices, disregard of erected highway obstructions, and damages to highways.

Sec. 11.46.460 provides authority to arrest or charge an individual who disregards traffic control devices and/or detours through construction zones, closed roadways, and barricaded traffic lanes.

Sec. 11.46.462 appears to be redundant to AS 11.46.190 "Theft by Receiving." However, this may be necessary to clarify forfeitures under Sec. 11.46.487 - 489 of this bill.

Sec. 11.46.484(a)(7) provides penalties for theft or vandalism of traffic control devices, etc.

Sec. 11.46.487 would allow for stiff penalties to be applied to individuals who knowingly violate the law. This would provide the Court with a mechanism to forfeit the instrumentalities of the offense to the State.

The Department of Public Safety supports this legislation.

William R. Nix /Gd
William R. Nix
Acting Commissioner

Alaska State Legislature

PRESIDENT
907-465-3755

JAN FAIKS
POST OFFICE BOX V
JUNEAU, ALASKA 99811

Senate

April 10, 1987

MEMORANDUM

TO: Representative Bette Cato, Chairman
House Transportation Committee

FROM: Senator Jan Faiks
President of the Senate

SUBJECT: Background to Senate Bill 17
An Act relating to vandalism of official traffic control devices and damages to highways and roads.

Senate Bill 17 has been referred to the House Transportation Committee for consideration. This bill expands the current statutes relating to vandalism of official traffic control devices and damages to highways and roads.

Safety on our highways and roads has long been of prime concern to all Alaskans. In recent years, the increase in the number of vehicles on our roads, along with an increase in major highway construction projects has lead to an alarming rate of accidents.

Vandalism to traffic signs, barricades, warning lights, and other safety devices contributes greatly to the deaths, personal injuries, and property damages suffered each year on our highways, roads, waterways, and other public and private property. The intent of this legislation is to provide criminal sanctions for vandalism to and theft of traffic control devices which have been utilized to protect or warn of dangers to real or personal property.

Senate Bill 17 strengthens the current provisions found in AS 19.25.30-40 by incorporating language of the Model Statute on Vandalism as developed by the American Traffic Safety Services Association. The criminal sanctions specified by this bill

OUT OF SESSION
6060 YUKON DRIVE ANCHORAGE, ALASKA 99516 907-274-6611

conform with those currently provided under the Alaska Statutes.

Since filing, and upon further review of this bill, various concerns were raised, which the CS from the Senate Transportation Committee effectively answers. The particular provisions of that CS are as follows:

Section 1. DISREGARD OF A HIGHWAY OBSTRUCTION/UNLAWFUL POSSESSION OF OFFICIAL TRAFFIC CONTROL DEVICE. AS 11.46 is amended by adding new sections (11.46 460 - 11.46.462) which provide criminal sanctions for the disregard of a highway obstruction or the unlawful possession of official traffic control devices by any person who neither has the right to do so nor a reasonable ground to believe that he does. Disregard of a highway obstruction is a class A misdemeanor (up to one year in prison and $5,000 fine). Unlawful possession of official traffic control is punishable by not less than $100 for the first offense, and not less than $300 for subsequent offenses.

Section 2. CRIMINAL MISCHIEF IN THE 3RD DEGREE. AS 11.46.484(a) is amended by adding a new section (7) which creates the crime of criminal mischief in the third degree for a person who knowingly removes, destroys, or otherwise tampers with an official traffic control device or damages work upon a highway under construction. Section (1) of this statute as presently enacted would cover those situations in which damage is done to the traffic control devices utilized by private persons to protect their property or warn others of possible dangers.

Section 3. FORFEITURE OF PROPERTY UPON CONVICTION. Amends AS 11.46 by adding a new section, 11.46.489, which provides for forfeiture to the state, upon conviction, of firearms and other personal property, excluding motor vehicles, which are used to aid the commission of these acts.

Section 4. DEFINITIONS. Adds new definitions to AS 11.46.490, including "highway","motor vehicle", "official traffic control device", and "traffic control device".

Section 5. DAMAGES TO STATE HIGHWAYS AND ROADS. AS 19.25.040 presently requires the commissioner of administration to separately account for money deposited in the general fund that is derived from damages to property related to state-owned highways and roads that are recovered from vehicle owners, drivers, or insurance companies. Such related property includes bridges, overpasses, signal poles, street lights and poles, traffic signals, guardrails, or fences.

SB 17 expands AS 19.25.040 to include "other person" in the class of persons from whom damages to property may be recovered. Additionally, it replaces the phrase "traffic signals" with the broader term "traffic control devices". The purpose of these amendments is to increase the amount of money deposited in the general fund for damages to state highways and roads.

Section 6. Repeals AS 19.25.030, which is provided for in Section 1 and Section 2 of this bill. This is the language which makes it a crime to disregard a highway obstruction or to unlawfully possess an official traffic control device.

I would appreciate the committee's consideration of this legislation at its earliest convenience. Should you need any additional information, please let me know.

Thank you.

Alaska Statutes

Title 11. Criminal Law.

Chapter

41. Offenses Against the Person (§§ 11.41.443, 11.41.445)
46. Offenses Against Property (§§ 11.46.200, 11.46.480, 11.46.484, 11.46.630, 11.46.740, 11.46.985, 11.46.990)
51. Offenses Against the Family (§§ 11.51.125, 11.51.130)
56. Offenses Against Public Administration (§§ 11.56.340, 11.56.350, 11.56.805, 11.56.810, 11.56.815, 11.56.820)
61. Offenses Against Public Order (§ 11.61.125)
71. Controlled Substances (§§ 11.71.030 — 11.71.070, 11.71.120, 11.71.305, 11.71.900)
81. General Provisions (§§ 11.81.250, 11.81.410, 11.81.900)

Chapter 16. Parties to Crime.

Sec. 11.16.100. Legal accountability based upon conduct.

NOTES TO DECISIONS

Cited in Dailey v. State, Ct. App. Op. No. 329 (File No. 7128), 675 P.2d 657 (1984).

Sec. 11.16.110. Legal accountability based upon the conduct of another: Complicity.

NOTES TO DECISIONS

Cited in Dailey v. State, Ct. App. Op. No. 329 (File No. 7128), 675 P.2d 657 (1984).

Sec. 11.16.120. Exemptions to legal accountability for conduct of another.

NOTES TO DECISIONS

Quoted in Kott v. State, Sup. Ct. Op. No. 2774 (File No. 5570), 678 P.2d 386 (1984).

Revisor's notes. — Minor word changes were made in the section in 1984.

Effect of amendments. — The 1984 amendment added paragraph (4) to subsection (a) and added subsection (c).

Sec. 11.46.482. Criminal mischief in the second degree.

NOTES TO DECISIONS

Conviction and sentence upheld. — See Andrejko v. State, Ct. App. Op. No. 444 (File No. A-205), 695 P.2d 246 (1985).

Sec. 11.46.484. Criminal mischief in the third degree. (a) A person commits the crime of criminal mischief in the third degree if, having no right to do so or any reasonable ground to believe the person has such a right

(1) with intent to damage property of another, the person damages property of another in an amount of $50 or more but less than $500;

(2) the person drives, tows away, or takes the propelled vehicle of another;

(3) having custody of a propelled vehicle under a written agreement with the owner of the vehicle that includes an agreement to return the vehicle to the owner at a specified time, the person knowingly retains or withholds possession of the vehicle without the consent of the owner for so long a period beyond the time specified as to render the retention or possession of the vehicle an unreasonable deviation from the agreement;

(4) the person tampers with a fire protection device in a building that is a public place;

(5) the person knowingly accesses a computer, computer system, computer program, computer network, or any part of a computer system or network; or

(6) the person uses a device to descramble an electronic signal that has been scrambled to prevent unauthorized receipt or viewing of the signal unless the device is used only to descramble signals received directly from a satellite or unless the person owned the device before September 18, 1984.

(b) Except as provided in (c) of this section, criminal mischief in the third degree is a class A misdemeanor.

(c) A person convicted under (a)(2) of this section is guilty of a class C felony if, within the preceding seven years, the person was convicted under

(1) the provisions of (a)(2) of this section;

(2) former AS 28.35.010;

(3) the provisions of AS 11.46.482(a)(4);

(4) an offense involving the theft of a propelled vehicle under AS 11.46.120 — 11.46.140; or

7.30.900

defined

Alaska Statutes

Title 19. Highways and Ferries.

Chapter

05. Administration (§§ 19.05.020, 19.05.040, 19.05.046, 19.05.080)
10. State Highway System (§§ 19.10.060, 19.10.070, 19.10.072, 19.10.160 — 19.10.210)
20. Cooperation by and with the State (§ 19.20.015)
25. Protection and Use of State Highways and Roads (§§ 19.25.020, 19.25.040, 19.25.200)
30. Access Roads (§§ 19.30.070, 19.30.080, 19.30.127, 19.30.131, 19.30.141, 19.30.161, 19.30.241, 19.30.260 — 19.30.320)
40. James Dalton Highway (§§ 19.40.020, 19.40.100, 19.40.200, 19.40.210)
45. Miscellaneous Provisions (§ 19.45.001)
60. Ferry Terminal Facilities (§ 19.60.010, 19.60.070)
65. Alaska Marine Highway System (§ 19.65.010)

Chapter 05. Administration.

Article

1. Department of Transportation and Public Facilities (§§ 19.05.020, 19.05.040, 19.05.046)
2. Acquisition of Property (§ 19.05.080)

Article 1. Department of Transportation and Public Facilities.

Section

20. Regulations
40. Powers of department
46. Accounting and disposition of receipts from nonstate entities

Sec. 19.05.020. Regulations [Effective July 1, 1987]. The department shall adopt regulations necessary to carry out the purpose of AS 19.05 — AS 19.25. The regulations may not conflict with AS 36.30 (State Procurement Code) or regulations adopted by the Department of Administration to implement that chapter. (§ 1 art III title I ch 152 SLA 1957; am § 10 ch 106 SLA 1986)

Effect of amendments. — The 1986 amendment, effective July 1, 1987, added the second sentence.

(1) by the department as a cost of highway construction, if the utility facility is installed or authorized under a utility permit or a regulation after the effective date of this Act and is installed in the location specified in the permit;

(2) by the department as a cost of highway construction, if the facility was installed before the effective date of this Act under a utility permit issued on or after July 1, 1960, and is in the location specified in the permit;

(3) by the department as a cost of highway construction, if the utility facility was installed before July 1, 1960, or before the road became part of the state highway system;

(4) by the department as a cost of highway construction, if the utility permit that requires the utility to pay the relocation cost was issued more than five years before the contract for the highway construction project was first advertised;

(5) by the utility in all other cases, unless the commissioner finds it is in the public interest for the cost to be paid by the department.

(d) If requested by a municipality, the department shall implement this chapter by requiring to the maximum extent possible location underground of electric power transmission lines within the municipality. (§§ 2, 3 ch 57 SLA 1961; am § 4 ch 106 SLA 1977; am § 3 ch 142 SLA 1986)

Effect of amendments. — The 1986 amendment, effective June 11, 1986, in subsection (c) deleted "by the state" following "construction to be paid" and substituted the language beginning "as follows:" for "notwithstanding the terms or provisions of any existing permit, agreement, regulation or statute to the contrary."

Article 2. Damages and Obstructions.

Section
40. Damages to state highways and roads

Sec. 19.25.040. Damages to state highways and roads. The commissioner of administration shall separately account for money deposited in the general fund that is derived from damages that are recovered from vehicle owners, drivers, or insurance companies for damage to property related to state-owned roads and highways, including bridges, overpasses, signal poles, street lights and poles, traffic signals, guardrails, or fences. The annual estimated balance in the account may be used by the legislature to make appropriations to the department for the purpose of repairing the damage. (§ 40 ch 138 SLA 1986)

lations prescribed by the department and if authorized by a written permit issued by the department. (§ 8 art VII title II ch 152 SLA 1957; am § 3 ch 106 SLA 1977)

Effect of amendments. — The 1977 amendment rewrote this section.

Collateral references. — 39 Am. Jur. 2d, Highways, Streets and Bridges, §§ 218-234.

40 C.J.S., Highways, §§ 232, 233.

Sec. 19.25.020. Relocation of utilities incident to highway projects. (a) If, incident to the construction of a highway project, the department determines and orders that a utility facility located across, along, over, under, or within a state right-of-way must be changed, relocated or removed, the utility owning or maintaining the facility shall change, relocate or remove it in accordance with the order. The order shall provide a reasonable time period for compliance.

(b) If the utility facility is not changed, relocated or removed in accordance with the order, the facility becomes an unauthorized encroachment and may be disposed of in accordance with AS 19.25.240 — 19.25.250. In addition, the owner of the facility shall indemnify the state for any amount for which the state may be liable to a contractor by reason of the encroachment.

(c) The cost of change, relocation, or removal necessitated by highway construction is a cost of highway construction to be paid by the state in accordance with AS 19.45.001(4), notwithstanding the terms or provisions of any existing permit, agreement, regulation or statute to the contrary.

(d) If requested by a municipality, the department shall implement this chapter by requiring to the maximum extent possible location underground of electric power transmission lines within the municipality. (§§ 2, 3 ch 57 SLA 1961; am § 4 ch 106 SLA 1977)

Revisor's notes. — A reference to AS 19.45.001(4) was substituted for a reference to AS 19.05.130(4) in subsection (c) to conform to the renumbering of that section by the revisor of statutes under AS 01.05.031.

Effect of amendments. — The 1977 amendment rewrote this section.

Opinions of attorney general. — This section is constitutional. 1961 Op. Att'y Gen., No. 12.

Article 2. Damages and Obstructions.

Section

30. Damages to obstructions, signs, and construction

Sec. 19.25.030. Damages to obstructions, signs, and construction. The driver or owner, or both, of a vehicle, self-propelling or otherwise, which passes through, over or around an obstruction placed under authority of AS 19.10.100, or a person who opens, removes or defaces an obstruction or warning sign without written permission

from the engineer in charge of the highway or the work on the highway, or a person who wilfully, knowingly, or maliciously damages the work under construction, is guilty of a misdemeanor. (§ 8 art IV title II ch 152 SLA 1957)

Collateral references. — 40 Am. Jur. 2d, Highways, Streets and Bridges, §§ 604-610.

40 C.J.S., Highways, §§ 248-282.

60 C.J.S., Motor Vehicles, §§ 655, 714.

Liability for damaging highway or bridge by nature or weight of vehicles or loads transported over it. 5 ALR 768.

Construction and application of statute or ordinance designed to prevent the use of vehicles or equipment thereof injurious to the highway. 135 ALR 550.

Article 3. Outdoor Advertising.

Section

80. Purpose
90. Outdoor advertising prohibited
100. [Repealed]
105. Limitations of outdoor advertising signs, displays and devices
110. [Obsolete]
120. [Obsolete]
130. Penalty for violation
140. Compensation for removal of advertising
150. Unlawful advertising
160. Definitions
170. Agreements with the United States; regulations
180. Interpretation

Sec. 19.25.080. Purpose. The purposes of AS 19.25.080 — 19.25.180 are

(1) to protect the public safety and the welfare of persons using the highways of the state by having outdoor advertising signs, displays and devices along the highways controlled;

(2) to prevent unreasonable distraction of operators of motor vehicles; to prevent confusion with regard to traffic lights, signs or signals or otherwise interfere with the effectiveness of traffic regulations, and to promote the safety, convenience and enjoyment of travel on, and protection of the public investment in highways in this state; to preserve and enhance the natural scenic beauty or aesthetic features of the highways and adjacent areas; and to attract tourists;

(3) to regulate outdoor advertising signs, displays and devices in areas adjacent to the rights-of-way of the interstate, primary and secondary systems within this state in accordance with this chapter and the regulations adopted under this chapter;

(4) to provide that outdoor advertising signs, displays and devices which are not in conformity with the requirements of this chapter are a public nuisance;

(5) to provide a statutory basis for regulation of outdoor advertising signs, displays and devices consistent with the public policy relating to areas adjacent to a highway of the interstate or primary systems declared by Congress in Title 23, United States Code, "Highways." (§ 1 ch 59 SLA 1949; am § 1 ch 86 SLA 1953; am § 2 ch 233 SLA 1968; am § 1 ch 155 SLA 1970)

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 5-8-87 1:30p.m.

(7)

HOUSE COMMITTEE REPORT

Date referred: 4/8/87 FURTHER REFERRALS: Judiciary

DATE: May 8, 1987

The Transportation Committee has considered CSSB 17(Trsp)

"An Act relating to unlawful possession and vandalism of official traffic control devices, disregard of a highway obstruction, and damages to highways."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Mike M. Moore

Heinrich Springer

Bill Hudson

Bette Ortó

SIGNING OTHER RECOMMENDATIONS:

Bette Ortó

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: May 8,1987

Subject of meeting:

HB 213: Allocation of Feferal Highway Funds

*HB 280: Taxation of Watercraft Motor Fuel

CSSB 17: Vandalism of Traffic Control Devices

SIGN-IN

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Carl A. Meyer Chief of Audit Appeals	Dept. of Revenue P.O. Box SA	465-2343	DOR	Available for HB 280 Questions
Alexis Gabay Staff Attorney-Sen. Faiks	— CSSB 17	465-4523	Senator Faiks	Yes SB 17
Jon Scribner	DOT&PF Pouch Z JNU	465-3900	DOT&PF	If questions, yes HB 213

*indicates first public hearing

SB

25

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

May 11, 1987

COMMITTEE CALENDAR:

HB 213: "An Act relating to allocation of federal-aid highway funds; and providing for an effective date."

SB 25am: "An Act providing a special assessment for private airports open for public use; and providing for an effective date."

CSSB 125am: "An Act relating to the Alaska Marine Transportation Advisory Board."

FOR THIS MEETING YOU HAVE:

A folder on HB 213 that includes:
* a copy of the committee substitute for HB 213
* a sectional analysis
* a letter of intent
* a fiscal note on CSHB 213 from DOT/PF
* a copy of HB 213
* a fiscal note & position paper on HB 213 from DOT/PF
* information from the six-year capital plan
* a classification of road miles within Alaska
* a letter from the Ass't. Division Administrator of the Federal Highway Administration
* a report on HB 213 from Rep. Hoffman
* minutes from the 4/13, 4/15 & 5/4 public hearings of HB 213

A folder on SB 25am that includes.
* a copy of SB 25 am
* a fiscal note from the DOT/PF
* minutes from the House Comm & Regional Affairs public hearing on SB 25am
* two letters of support
* an editorial from the Daily News Miner

A folder on CSSB 125am that includes:
* a copy of CSSB 125am
* a memorandum from Sen. Duncan
* a fiscal note & position paper from DOT/PF
* two newspaper articles
* an excerpt from the statutes effected by CSSB 125 am

No 25

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: SB 25
Publish Date: 2-4

REQUEST:

Revision Date: Original
Title: Special Assessment for private airports open for public use...
Sponsor: Bennett
Requestor: Senator Jones

Agency Affected: DOT&PF
BRU:

Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This Bill will not impact DOT&PF. All duties, authorities and responsibilities rest with the municipality and the owner of the airport.

Prepared by: Ron B. Lind
Phone: 465-2171
Division: Plans, Programs and Budget
Date:

Approved by Commissioner: [signature]
Date: 1/30/87
Agency: Department of Transportation and Public Facilities

Distribution (by preparer):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

METRO COMPANY

Box 257

FAIRBANKS, ALASKA 99701

April 28, 1987

MAY 1 1987

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

Dear Representative Cato:

As you are no doubt aware, SB 25 for Airport Tax Relief has passed the Senate.

From our experience, there is no money to be made in the smaller, private air strips. On the surface some may look quite active and prosperous, but rarely is it real. We may seem to be coming from a selfish position, but in truth it is because we appreciate the fact that private airstrips are available, and that we have been able to enjoy their facilities. Our road system will take some time yet to serve where air travel now must.

Please, if you would, incorporate SB 25 for early consideration.

Respectfully yours,

Harvey W. Marlin
Partner

jan

ALASKA ATC TRANSFORMER CO.
210 Northward Bldg. Fairbanks, Alaska 99701

Clyde Sherman, *President*
Charles Parliment, *Vice-President*

Office: (907) 456-4446
Plant: (907) 488-3001

APR 27 1987

April 24, 1987

The Honorable Bette Cato
Chairman
House Transportation Committee
Post Office Box V
Juneau, Alaska 99811

Dear Bette:

I have received a communication from Charles L. Gray, President and General Manager of the Daily News Miner; and am glad to have a report on the progress on SB 25.

I would like to ask you to schedule this bill for quick action. Alaskans need this bill. We air field owners have land tied up in air parks--land with runways which are, and will continue to be, very valuable to the community in future years. This land is now classified as residential, and is being assessed at residential tax rates--valuations of $10,000 and over per acre. Taxes are so high every air field owner is tempted to sell the ground off in building lots.

With this type of pressure, there will be fewer and fewer small airstrips left in the ~~urban~~ Rural areas.

Would you please give whatever relief is possible by having this bill scheduled for action as quickly as is possible?

Sincerely,

Clyde G. Sherman
President, ATC and
Sherman Land Development, Inc.

CGS:lr

Editorial Opinion and Comment of

FAIRBANKS
Daily News-Miner

"Independent in All Things . . . Neutral in None"

Other opinions expressed on this page do not necessarily reflect those of the Daily News-Miner.

Airfield options

Private airports face an uncertain future in urbanizing areas such as Fairbanks.

Because these airports require lots of land in comparison to the income they can earn, property taxes can threaten their very existence.

A bill being introduced in the legislature by Sen. Don Bennett (R-Fairbanks) would allow local governments to give a property tax break to private airports that are open to the public. Rather than a break, it would be more of a just tax considering their value to the communities they serve. At present, state law prohibits municipalities like the Fairbanks North Star Borough from offering such tax breaks except to farmland.

Private airports make an important contribution to Alaska aviation. Among other things, they help draw light planes away from major government-run airports that serve airliners and other heavy aircraft. Anything that separates small planes from their bigger brothers increases the safety and convenience of all air travelers.

In addition, they reduce the need to expand government-run airports, reducing the demands on the public purse.

Bennett's bill would not *require* tax relief for private airports; it would only allow such relief. The choice would be up to the local government, just as it should be. And the tax break could be extended only to private airports open to the public.

This bill would cost the state nothing while providing an important and useful option to local government in Alaska. We hope it passes.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

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May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

HC+RA	3-23-87	3:00p.m.
H. TRANS	5-11-87	1:30p.m.

(7)

HOUSE COMMITTEE REPORT

Date referred: 3/25/87

FURTHER REFERRALS:

DATE: May 11, 1987

The Transportation Committee has considered SB 25 am

"An Act providing a special assessment for private airports open for public use; and providing for an effective date."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[X] same as previous fiscal note published 2/4/87

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

O.V.D. Bruske

M. Miller

Harriet Springer

Bill Hudson

Bette Cate

SIGNING OTHER RECOMMENDATIONS:

Tom Pearce - DoRec

Bette Cate

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: May 11, 1987

Subject of meeting:

HB 213: Allocation of Federal-aid Highway Funds

SB 25am: Tax Assessment of Private Airports

CSSB 125am: Creating Marine Highway Advisory Board

SIGN-IN

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
DALE STALEY	SB 125 Cap. 1i9 465-4766	4766	Senator Duncan	YES
MARK HICKEY	SB 125/ HB 213	3900	DOT/PF	QUESTIONS ONLY HB 213

SB
118

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Transportation:

5/15/87

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

May 15, 1987

COMMITTEE CALENDAR:

HCR 9: Relating to the expeditious redesign and reconstruction of Hyer Road in the Matanuska-Susitna Borough.

SB 118: "An Act relating to access to public buildings and facilities by the physically handicapped, aged, and infirm."

FOR THIS MEETING YOU HAVE:

A folder on HCR 9 that includes:
* a copy of HCR 9
* a fiscal note from DOT/PF
* letters of support
* a resolution from the Mat-Su Borough
* letters from DOT/PF
* a petition concerning Hyer Road

A folder on SB 118 that includes:
* copy of SB 118
* a fiscal note and position paper from DOT/PF
* a letter from Gov. Cowper to Sen. Faiks

Statutes

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date : _____

REQUEST

Bill/Resolution No. : SB 118
Title : An Act Relating to Access to Public Buildings and Facilities by the Physically Handicapped, Aged, and Infirm.
Sponsor : Governor's Office
Requestor : Dept. of Transportation
Date of Request : September 5, 1986

FISCAL DETAIL

Agency Affected : DOT&PF
BRU : _____
Components : Design, Construction, and Technical Services Units

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE						

FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS :

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

ANALYSIS : Attach a separate page if necessary

Requested changes only clarify present language and do not add to or delete from existing statutory requirements.

Prepared by: John J. Simpson, Director — Phone : 465-2951
Division : Engineering & Operations Standards — Date : _____

Approved by Commissioner : R. J. Knapp — Date : 11/19/86
Agency : Dept. of Transportation & Public Facilities

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

9/16/86

Dept. of Transportation & Public Facilities

Position Paper

BILL NO: SB 118

APPROVED: R. J. Knapp
Commissioner

TITLE: An Act Relating to Access to Public Buildings and Facilities by the Physically Handicapped, Aged and Infirm.

DATE: 11-18-86

The Department requests that the proposed language modifications be supported for the following reasons.

1. Modifications to AS 35.10.015(a) would allow the use of the "Uniform Federal Accessibility Standards" (UFAS) on all projects. Currently we administer "state" projects under the "American Standard Specifications" (ANSI) document and "federal" projects under UFAS.

2. Additional language to AS 35.10.015(e) would allow the Department to establish design parameters for specific facilities not identified in either the UFAS or ANSI codes. Presently designers working on these types of facilities have no guidelines other than applying the "inappropriate" requirements presented in the adopted codes.

All parties involved will benefit from the changes in that (1) the Department will only have to administer a single code, (2) designers will consistently know the "code" which is applicable to their project, (3) the handicapped community will receive uniformity in their built environment, and (4) the public at large will benefit from a more effective administration of accessibility requirements. These changes will not increase or diminish the already existing requirements for handicapped access to public buildings or facilities.

For further information call Susan Fleischhauer at 465-3900.

STEVE COWPER
GOVERNOR

sb 118

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 9, 1987

The Honorable Jan Faiks
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Faiks:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to access to public buildings and facilities by the physically handicapped, aged, and infirm. This bill will give the Department of Transportation and Public Facilities greater flexibility in developing standards for particular facilities for which there currently are no standards.

Federal law and regulations, and the publication entitled "American Standard Specifications for Making Buildings and Facilities Accessible to and Usable by the Physically Handicapped" are presently used to determine standards for many public buildings and facilities. Section 1 of the bill will provide the department with greater flexibility in this area by allowing it to choose the best and most applicable standards from the several now in existence. For example, the federal government in 49 Federal Register 31528 (August 7, 1984) has published standards which are comparable to and in many ways more comprehensive than those found in the "American Standard Specifications for Making Buildings and Facilities Accessible to and Usable by the Physically Handicapped."

In addition, there are public facilities for which standards have not been developed. It is the intent of sec. 2 of this bill to direct the Department of Transportation and Public Facilities to develop standards for unique public facilities in the State of Alaska for which there currently are no standards, e.g. for ski lifts, hiking trails, and boat harbors.

SB 118

In short, this bill will clarify and broaden the authority of the Department of Transportation and Public Facilities to provide access to and use of public buildings and facilities by the physically handicapped, aged, and infirm. I urge your favorable action on this measure.

Sincerely,

Steve Cowper
Governor

Alaska Statutes

Title 35. Public Buildings, Works, and Improvements.

Chapter

05. Administration (§§ 35.05.010, 35.05.020, 35.05.040)
10. Public Works (§§ 35.10.015, 35.10.135, 35.10.195, 35.10.210 — 35.10.270)
15. Construction Procedures (§§ 35.15.010 — 35.15.050, 35.15.080, 35.15.090, 35.15.120)
20. Acquisition and Disposition of Property (§ 35.20.010)
25. General Provisions (§ 35.25.020)
40. Names of Public Works (§§ 35.40.001, 35.40.005, 35.40.010, 35.40.015, 35.40.020, 35.40.025)

Chapter 05. Administration.

Section

10. Planning and construction
20. Regulations
40. Powers of department

Sec. 35.05.010. Planning and construction [Effective July 1, 1987]. The department is responsible for the planning and construction of public works except as provided for court facilities in AS 22.05.025. Contracts for planning and construction of public works are governed by AS 36.30 (State Procurement Code). (§ 1 art III title I ch 152 SLA 1957; am § 2 ch 160 SLA 1980; am § 31 ch 106 SLA 1986)

Effect of amendments. — The 1986 amendment, effective July 1, 1987, added the last sentence.

Editor's notes. — Section 3, ch. 160, SLA 1980, as amended by § 2, ch. 70, SLA 1982, provided that the amendment made by § 2, ch. 160, SLA 1980 terminated June 30, 1984. Section 3, ch. 160, SLA 1980, as amended by § 2, ch. 70, SLA 1982, was repealed by § 3, ch. 78, SLA 1984.

Sec. 35.05.020. Regulations [Effective July 1, 1987]. The department shall adopt regulations that it considers necessary to carry out the purpose of this title. The regulations may not conflict with AS 36.30 (State Procurement Code) or the regulations adopted by the Department of Administration under that chapter. (§ 1 art III title I ch 152 SLA 1957; am § 32 ch 106 SLA 1986)

Chapter 10. Public Works.

Article
1. Public Works Planning and Construction (§ 35.10.015)
3. Financial Provisions (§ 35.10.135)
5. Public Facility Procurement Policy (§ 35.10.195)
6. Utilities and Encroachments in Public Facilities (§§ 35.10.210 — 35.10.270)

Article 1. Public Works Planning and Construction.

Section
15. Architectural barrier regulations; enforcement

Sec. 35.10.015. Architectural barrier regulations; enforcement. (a) The department shall prepare, promulgate and enforce regulations governing the construction of public buildings and facilities by or for the state, including the University of Alaska, and its political subdivisions, whether financed in whole or in part by federal funds, to ensure that the public buildings and facilities are accessible to, and usable by, the physically handicapped, aged or infirm. The regulations of the department shall conform to a standard comparable to the applicable provisions of federal law or regulation and to the publication entitled "American Standard Specifications for Making Buildings and Facilities Accessible to and Usable by the Physically Handicapped" and any amendments to this publication as approved by the American Standards Association, Incorporated, under the sponsorship of the National Society for Crippled Children and Adults and the President's Committee on Employment of the Physically Handicapped.

(b) The department shall develop and maintain an inventory of all public buildings and facilities with respect to their compliance with the regulations adopted under (a) of this section. The department shall make an annual report to the governor and the legislature describing work performed in the preceding calendar year to upgrade public buildings and facilities to conform with the regulations. In addition, the department shall develop cost estimates and recommended priorities for the upgrading of public buildings and facilities that do not conform with the regulations adopted under (a) of this section and shall include these estimates and the recommended priorities in the annual report to the governor and the legislature.

(c) In this section, "public facilities" includes vessels owned by the state and operated by the division of marine transportation of the department as a part of the Alaska marine highway system. All ferries owned or operated by the state shall be equipped with elevators or other passenger lifting equipment, ramps, or other facilities and devices to ensure that these vessels are accessible to and usable by physically handicapped, aged or infirm passengers. In this subsection, "accessible to and usable by" means that a physically handicapped,

aged or infirm passenger can board, disembark and move between decks and about the public areas aboard a state ferry with personal comfort and with safety to himself, other passengers and members of the crew.

(d) After June 25, 1976, no ferry may be constructed, lengthened, completely renovated, or purchased for use or entered into service by the division of marine transportation of the Department of Transportation and Public Facilities as a part of the Alaska marine highway system that does not include adequate facilities and devices to ensure that the vessel is accessible to and usable by physically handicapped, aged or infirm passengers. Some staterooms and all restrooms, indoor passageways, outdoor weather decks, and other public areas aboard the vessel shall be so designed and constructed as to permit access and use by physically handicapped, aged or infirm passengers, including but not limited to those persons occupying a wheelchair.

(e) After June 25, 1976, no public building or facility in the state may be planned, designed, financed, constructed, opened to public use, or otherwise placed in operation unless it meets the standards established under this section. (§ 1 ch 119 SLA 1966; am § 1 ch 48 SLA 1972; am §§ 1 — 4 ch 249 SLA 1976; am E.O. No. 39, § 11 (1977))

Article 3. Financial Provisions.

Section
135. Public facility planning fund

Sec. 35.10.135. Public facility planning fund. There is established within the Office of the Governor, office of management and budget a public facility planning fund. The fund is a capital fund and consists of (1) money appropriated by the legislature, (2) money reimbursed to it from the proceeds of the sales of general obligation bonds and revenue bonds issued for projects and (3) money reimbursed to it from appropriations for any projects for which money from the fund has been spent. The fund is available for expenditure, on a reimbursable basis, only for the purposes of providing working capital for facility program planning and for facility procurement planning as specified in this chapter. All expenditures from the fund are subject to an independent audit which shall be made annually and reported to the governor and the legislature. (§ 1 ch 57 SLA 1973; am § 1 ch 58 SLA 1976; am § 28 ch 63 SLA 1983)

Effect of amendments. — The 1983 amendment substituted "office of management and budget" for "division of budget and management."

May 15, 1987

SENATE BILL 118

LETTER OF INTENT - HOUSE TRANSPORTATION COMMITTEE

It is the intent of the House Transportation Committee in passing SB 118 out of committee that the construction standards established by the state of Alaska for facilities not covered by federal standards will in no way diminish the Legislature's intent to provide accessibility for the handicapped, aged and infirm to all state facilities.

A state facility is defined as any structure constructed or operated with state or federal funds.

Chairman
House Transportation Committee

HOUSE COMMITTEE REPORT

(7)

Date referred: 5/13/87

FURTHER REFERRALS:

DATE: May 15, 1987

The Transportation Committee has considered SB 118

"An Act relating to access to public buildings and facilities by the physicially handicapped, aged, and infirm."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [X] Trsp letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[X] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Bette Cats

SIGNING OTHER RECOMMENDATIONS:

Bette Cats

Chairman's signature

May 15, 1987

SENATE BILL 118

LETTER OF INTENT - HOUSE TRANSPORTATION COMMITTEE

It is the intent of the House Transportation Committee in passing SB 118 out of committee that the construction standards established by the state of Alaska for facilities not covered by federal standards will in no way diminish the Legislature's intent to provide accessibility for the handicapped, aged and infirm to all state facilities.

A state facility is defined as any structure constructed or operated with state or federal funds.

Chairman
House Transportation Committee

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5185 HTRA SB 118 - SB 347

758

Official Business

COMMITTEE:

House Transportation Committee

DATE: May 15, 1987

SIGN-IN

Subject of meeting:

*HCR 9: Relating to the expeditious redesign and reconstruction of Hyer Road in the Matanuska-Susitna Borough.

SB 118: "An Act relating to access to public buildings and facilities by the physically handicapped, aged, and infirm."

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Rod Wilson Design Engr. II		465-2960	DOT/PF	Answer Questions on SB 118
Chair elect d Legislature Chair for the Gov's Council Robert Franken	16510 Centerfield, Eagle R 99577	694-5986	for Handicapped & Gifted	

* indicates first public hearing

5/16/87

Mr. Speaker,

The Department of Transportation and Public Facilities currently operates under two sets of regulations regarding setting standards for accessibility to public buildings by the handicapped, aged and infirm. Those standards are the "Uniform Federal Accessibility Standards" which are currently used to administer federal projects, and the "American Standard Specifications" which are used to administer state projects. SB 118 would change current statutes such that it would allow the department to use the "Uniform Federal Accessibility Standards" for all projects. The bill would also give DOT/PF the authority to write standards for any project that was not covered by current federal regulations.

Thank you, Mr. Speaker

SB
125

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

May 11, 1987

COMMITTEE CALENDAR:

HB 213: "An Act relating to allocation of federal-aid highway funds; and providing for an effective date."

SB 25am: "An Act providing a special assessment for private airports open for public use; and providing for an effective date."

CSSB 125am: "An Act relating to the Alaska Marine Transportation Advisory Board."

FOR THIS MEETING YOU HAVE:

A folder on HB 213 that includes:
* a copy of the committee substitute for HB 213
* a sectional analysis
* a letter of intent
* a fiscal note on CSHB 213 from DOT/PF
* a copy of HB 213
* a fiscal note & position paper on HB 213 from DOT/PF
* information from the six-year capital plan
* a classification of road miles within Alaska
* a letter from the Ass't. Division Administrator of the Federal Highway Administration
* a report on HB 213 from Rep. Hoffman
* minutes from the 4/13, 4/15 & 5/4 public hearings of HB 213

A folder on SB 25am that includes:
* a copy of SB 25 am
* a fiscal note from the DOT/PF
* minutes from the House Comm & Regional Affairs public hearing on SB 25am
* two letters of support
* an editorial from the Daily News Miner

A folder on CSSB 125am that includes:
* a copy of CSSB 125am
* a memorandum from Sen. Duncan
* a fiscal note & position paper from DOT/PF
* two newspaper articles
* an excerpt from the statutes effected by CSSB 125 am

Alaska State Legislature

SENATOR JIM DUNCAN

P.O. BOX V JUNEAU, ALASKA 99811

(907) 465-4766

COMMITTEES:
FINANCE
RESOURCES
BUDGET AND AUDIT

M E M O R A N D U M

DATE: April 6, 1987

TO: Representative Bette Cato
Chairman
House Committee on Transportation

FROM: Senator Jim Duncan

SUBJECT: SB 125, Marine Transportation Advisory Board

I respectfully request a hearing for this bill at your earliest convenience. I am forwarding information to be used as backup for this legislation.

The creation of the Marine Transportation Advisory Board will guarantee that passengers who use the Marine Highway System, along with merchants who depend on the system for freight, will have a voice in the systems level of service.

Because the Alaska Marine Highway System is used by so many people, both in South Central Alaska and in Southeast, it is imperative they have a mechanism in which their concerns are considered. As has been the case in many private sector transportation organizations, an advisory board has proven to be an entity the public can focus on that takes into consideration their real needs. It is important that a formal citizens' group review budget-induced schedule changes in the system and make recommendations on potential changes that might have less of an effect on the public. More over, citizen advisory boards tend to bring out many good ideas that will enhance an organization's ability to operate effeciently.

The Marine Transportation Advisory Board will consist of five members from which at least three come from communities served by the Alaska Marine Highway System.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST:

Bill Version: SB 125
Publish Date:

Revision Date: 03/19/87
Title: "An Act relating to the Alaska Marine Transportation Advisory Board."
Sponsor: Duncan et al
Requestor: Uehling

Agency Affected: DOT/PF - AMHS
BRU: Marine Administration
Components: Advisory Board

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL		16.0	15.8	16.6	17.4	18.3
CONTRACTUAL		2.5	2.1	2.2	2.3	2.4
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		18.5	17.9	18.8	19.7	20.7
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		18.5	17.9	18.8	19.7	20.7
FEDERAL FUNDS						
OTHER						
TOTAL		18.5	17.9	18.8	19.7	20.7

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

See Attached

Prepared by: George W. Davidson, Systems Director
Phone: 465-3950
Division: Alaska Marine Highway System
Date: 03/19/87

Approved by Commissioner: Mike Barton
Date: 3/22/87
Agency: Dept. of Transportation and Public Facilities

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. SB 125

The proposed legislation creates an Advisory Board for the Alaska Marine Highway System, with five members to serve without compensation. Necessary costs, therefore, are limited to those of conducting the Board's meetings. After two familiarization meetings to be held in Juneau during the first three months, regular meetings will be held on a quarterly basis. The effective date is assumed to be July 1, 1987.

FY 88 COSTS

Travel		$ 16.0
Transportation and per diem for five Board members	$ 13.5	
Transportation and per diem for AMHS staff to attend Board meetings (locations other than Juneau)	2.5	
Contractual Services		2.5
Public Notice Advertising		
Total		$ 18.5

An annual inflation factor of 5% has been included beginning in FY 89. Costs have been reduced for FY 89 to reflect a total of four quarterly meetings, three to be held in Southeast Alaska and one in Southcentral.

Dept. of Transportation & Public Facilities

Position Paper

BILL NO: SB 125

TITLE: Alaska Marine Highway System Advisory Board

APPROVED: Mark S. Hickey MSH
Commissioner

DATE: 3/17/87

The Department of Transportation and Public Facilities has reviewed the subject bill. We endorse the concept and will welcome the input from the Advisory Board.

The bill does contain some language which we feel would imply a role for the Advisory Board which is contrary to our desires.

On page 3, Section 19.65.150 Duties (1) directs the Board to coordinate with the Governor and Legislature. We feel a more productive approach would be to coordinate with the Governor and Commissioner through a direct contact with the Director of Alaska Marine Highway System.

Other than this one change that which we feel will provide a more useful role for the Board we support its existence and encourage support for the passage of the Bill and funding of the program.

For further information call Susan Fleischhauer at 465-3900.

Front Page Juneau Empire 2/12/87

Duncan proposes ferry advisory board

By CHUCK KLEESCHULTE
THE JUNEAU EMPIRE

In an effort to guarantee that freight and passenger users get some voice in future schedule reductions facing the Alaska Marine Highway System, Juneau Sen. Jim Duncan this morning introduced legislation setting up a citizens' advisory board.

The Democrat said he believes it is important that a formal citizens' group review budget-induced schedule changes in the ferry system and make recommendations on potential changes that might have less of an effect on the public.

"What I see coming is a reduced level of service, but it is important that we evaluate plans from a user's perspective so that freight and passengers get a level of service that takes their real needs into consideration," said Duncan this morning.

He said under his plan five public members – at least three from communities served by the ferry system – would be appointed by the governor. While not paid, the advisory board, which would serve five-year terms, would get per diem and be empowered by the governor to hold hearings and make recommendations on changes in the operation of the nine-vessel ferry fleet.

"It's really important given the changes coming that we make sure freight user needs are protected, plus the true needs of passengers. We need to maximize the frequency of service in Southeast and a citizens' board may help to make sure the department does that in coming up with new operating schedules," said Duncan.

On Wednesday, Sen. Lloyd Jones, R-Ketchikan, proposed that Ketchikan be the end of the state's mainline service from Seattle to improve the frequency of runs to the West Coast. Duncan said he's not in a position to support or oppose that suggestion yet, but he said he wants to see it and other suggestions considered as an alternative to once-a-week mainline and once-a-week non-summer feeder ferry service proposed in Gov. Steve Cowper's budget for next year.

Under Cowper's original budget, ferries would sustain a $10 million cut in their operating subsidy. About $2 million of that was added back to pay for higher insurance costs, leaving a cut of over $8 million in the operating subsidy for the $65 million system. Last year, about $30 million of its budget came from the state.

Please turn to Page 8

Ferry...

Continued from Page 1

Duncan said his bill might not pass in time to have the board be functional to help in making suggested changes to the proposed schedule that would go into effect in late September. But he said the advisory board would certainly help to gain public reaction to future schedule shifts.

JUNEAU EMPIRE

WILLIAM S. MORRIS III
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General Manager

CARL T. SAMPSON
Managing Editor

THOMAS BLUMENSHINE
Production Manager

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ROBIN HERDMAN PAUL
Advertising Manager

DONNA GRUNOW
Office Manager

Advisory board a good idea

For years, private companies have been using citizens' advisory boards to great advantage. When they want to test "trial balloons" or when they simply want a reading on how well they are doing, they go to their advisory boards and ask. The answers they get help correct problems, prevent mistakes and improve good ideas. Above all else, the boards prove that the companies *listen* to the people they serve.

Juneau Sen. Jim Duncan has proposed incorporating this valuable private-enterprise tool into the state-run Alaska Marine Highway System. Last week he submitted a bill in the Senate that would establish a citizens' advisory board for the ferry system.

ISSUE: Advisory board proposed for state ferries

The idea is long overdue. For years, most decisions regarding the ferry system reflected the interests of either the management or the employees. The public's needs often seemed to be lost in the shuffle, even though the public pays for the ferries and uses them.

As long as it is composed of citizens who will be "plugged into" the needs and attitudes of their communities, an advisory board will help ferry managers and employees refocus their attention on the people they are serving. The board should not be composed of junior-grade bureaucrats who will have a bunch of meaningless public hearings or take it upon themselves to manipulate their positions to benefit other interests besides those of the public. That's how the ferry system got off track in the first place.

The folks who ride the ferries want friendly service, good food, convenient schedules and reasonable rates. They also want to know about their ferry system and how it works. If you gauge the system on these basics, it's obvious there is room for improvement.

A citizens' advisory board may not be the answer to all of these problems, but it would sure go a long way toward finding the answer.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

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May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 5-11-87 1:30 p.m.

(7)

HOUSE COMMITTEE REPORT

5/12

Date referred: 3/27/87

FURTHER REFERRALS: Finance

DATE: May 11, 1987

The Transportation Committee has considered CSSB 125(Fin)am "An Act relating to the Alaska Marine Transportation Advisory Board."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

- [ ] do pass
- [ ] do not pass
- [ ] no recommendation
- [X] individual recommendations
- [ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[X] same as previous fiscal note published 3/24/87

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

O.A. McBarnes

Bill Hudson

Bettye Cuto

SIGNING OTHER RECOMMENDATIONS:

M. Miller No Rec

Jennie Spurgeon No Rec.

Tom Brice No Rec

Bettye Cuto

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: May 11, 1987

Subject of meeting:

HB 213: Allocation of Federal-aid Highway Funds

SB 25am: Tax Assessment of Private Airports

CSSB 125am: Creating Marine Highway Advisory Board

SIGN-IN

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
DALE STALEY	SB 125 Corp. 114 465-4766	4766	Senator Duncan	YES
MARK HICKEY	SB 125/ HB 213	3900	DOT/PF	QUESTIONS ONLY HB 213

SB

146

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

May 13, 1987

COMMITTEE CALENDAR:

HCR 18: Relating to a special report on long-term operations of the Alaska Railroad.

HJR 32: Relating to the completion of the Mackenzie Highway between Fort Simpson and Inuvik, Northwest Territories, Canada.

CSSJR 36(Trsp): Relating to passenger and air cargo service to Anchorage by Korean Air Lines.

CSSB 146(Trsp): "An Act relating to weights and measures; citation authority of employees enforcing weights and measures limitations; and providing for an effective date."

FOR THIS MEETING YOU HAVE:

A folder on HCR 18 that includes:
* a copy of HCR 18
* a fiscal note from the Dept. of Commerce & Econ. Dev.
* a position paper from the Alaska Railroad Corporation

A folder on HJR 32 that includes:
* a copy of HJR 32
* a fiscal note from DOT/PF
* a copy of the resolution issued by the Northwest Territories Legislative Assembly

A folder on CSSJR 36 that includes:
* a copy of CSSJR 36(Trsp)
* a fiscal note from DOT/PF
* memorandums from Sen. Fahrenkamp to the House and Senate Transportation Committees
* written testimony from Korean Air Lines
* an unratified memorandum of understanding between the U.S. State Dept. and the Gov't. of the Republic of Korea
* written testimony from Sen. Fahrenkamp

A folder on CSSB 146 that includes:

* a copy of CSSB 146(Trsp)
* two fiscal notes: one from Dept. of Pub. Safety & one from Dept. of Commerce & Econ. Dev.
* a sectional analysis
* a position paper from DOT/PF

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE SENATE
BILL VERSION: CSSB 146(L&C) b
PUBLISH DATE: 4/9/87

REQUEST
Revision Date:
Title: "An Act relating to weights and measures."
Sponsor: Transportation Committee
Requestor: Senate Labor & Commerce

Agency Affected: Public Safety
BRU: Alaska State Troopers
Components: Detachments & CIB

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING:: (Thousands of Dollars)

GENERAL FUNDS		0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

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

ANALYSIS:

No fiscal impact is anticipated.

JM 4/16/87

Prepared by: Francis C. Allan
Phone: 269-5691
Division: Alaska State Troopers
Date: 4/15/87

Approved by Commissioner: [signature]
Date: 4/16/87
Agency: Public Safety

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST:

Bill Version : CS SB 146 L&C
Publish Date : 4-2-87

Revision Date:
Title : Act relating to Weights and Measures
Sponsor : Senate Transportation
Requestor :

Agency Affected : Commerce & Econ. Dev.
BRU : Consumer Protection
Components : Measurement Standards

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by : Joe Swanson, Director
Phone : 345-7750
Division : Measurement Standards
Date : March 9, 1987

Approved by Commissioner : J. Anthony Smith, Commissioner
Date : March 9, 1987
Agency : Department of Commerce and Economic Development

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

0190k3987b

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

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

M E M O R A N D U M May 8, 1987

SUBJECT: Sectional analysis - CSSB 146(Transportation)

TO: Senator Lloyd Jones

FROM: Michael F. Ford
Legislative Counsel

The following is a sectional analysis of CSSB 146(Trsp):

Section 1 - Expands the authority of the commissioner of the Department of Commerce and Economic Development to adopt regulations.

Section 2 - Creates authority for the issuance of a citation for a violation of weight, size, or load limits; overweight or oversize permits; and for vehicle equipment violations. Establishes procedures for issuance and for response to a citation. Requires the Supreme Court to establish a bail schedule and a procedure for bail forfeiture for certain violations.

Section 3 - Establishes a penalty for certain offenses. Adds violations established under AS 45.75.050(b)(5) as offenses subject to the penalty established in this section.

Section 4 - Establishes a penalty for overweight vehicles. This penalty presently exists as AS 28.40.050(e) and is being moved to add this penalty as a part of AS 45.75.380.

Section 5 - Definition.

Section 6 - Repealers.

Section 7 - Effective date.

MFF:mkr
m11/131

Dept. of Transportation & Public Facilities

POSITION PAPER

BILL NO: CSSB 146 (Transportation)

TITLE: An Act Relating to Weight and Measures and Providing for an Effective Date

APPROVED: Mark S. Hickey
Commissioner

DATE: 4/29/87

The department supports SB 146.

This legislation provides statutory authority for the Departments of Commerce and Economic Development and Public Safety for enforcement of vehicle size, weight and load limitations. It also provides for penalties for those who violate either the provisions of an oversize or overweight vehicle permit or the legal size, weight and load limitations adopted under Alaska Statutes.

The legislation is needed since without it there is no legal mechanism for enforcement of penalties for violations of existing vehicle size and weight regulations. States that do not provide adequate enforcement for oversize and overweight vehicles may be subject to a reduction of ten percent of the State's federal highway apportionment.

For further information call Susan Fleischhauer at 465-3900

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. John B. "Jack" Coghill, Vice Chairman
Sen. Mitch Abood
Sen. Bettye Fahrenkamp
Sen. Tim Kelly

P.O. Box V
Juneau, AK 99811

907-465-4921

Senate Transportation Committee

MEMORANDUM

TO: Representative Bette Cato, Chairman
House Transportation Committee

FROM: Senator Lloyd Jones, Chairman
Senate Transportation Committee

DATE: May 12, 1987

SUBJECT: CS for SB 146 (Trsp), An Act relating to weights and measures.

The Senate Transportation Committee introduced this measure so the state would have the necessary legal mechanism to protect our highways from damage. In addition, without adequate enforcement standards the state of Alaska is in jeopardy of losing ten percent of the State's federal highway apportionment.

In 1982, when the enforcement of weights and measures was transferred from the Department of Public Safety to the Department of Commerce; the penalty provisions were not transferred to commerce. During the past five years, the Department of Commerce has issued citations. However, the Alaska Supreme Court has dropped the bail forfeiture from the bail schedule because of no statutory authority.

The status quo is not in the state or industry's best interest. In Fairbanks a mandatory court appearance is necessary. This causes needless delays of truckers and overtime problems for the Department of Commerce. In Anchorage the situation is even worse, the courts are not enforcing the citations.

This bill would provide the necessary level of vehicle size, weight, and overload limitation enforcement. It provides penalties for violators of oversized or overweight vehicle permits or the legal weight, and load limitations adopted under Alaska Statutes.

I encourage the House Transportation Committee to approve this measure so there will be adequate protection of our highways in the immediate future, and to ensure we do not place our federal highway funds at risk.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 5-13-87 1:30 p.m.

(7)

HOUSE COMMITTEE REPORT

Date referred: 5/12/87

FURTHER REFERRALS: Labor & Commerce
Judiciary

DATE: May 13, 1987

The Transportation Committee has considered CSSB 146(Trsp)

"An Act relating to weights and measures; citation authority of employees enforcing weights and measures limitations; and providing for an effective date."

RECOMMENDS:

[X] replace with HCS CSSB 146(Trsp) [X] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[X] same as previous fiscal note published 4/9/87 & 4/9/87

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Kevin Ellis

Dave Wilson

Bill Fields

Bette Cato

SIGNING OTHER RECOMMENDATIONS:

Bette Cato
Chairman's signature

Official Business

COMMITTEE: House Transportation Committee

DATE: May 13, 1987

Subject of meeting:

* HCR 18: Railroad Operations Report
* HJR 32: Completion of the Mackenzie HWY, Canada
CSSJR 36: KAL Boarding Rights/Anchorage
CSSB 146: Weights & Measures

SIGN-IN

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?	
Terry P. Hanson Spec. Assistant	BXN Juneau 99811	465-4322	Dept of Public Safety	upon Request.	146
John Williams	Box D Juneau AK 99811	465-2502	DCED Re SB146	Yes	146
*Nancy Petersen	staff, Sen. Fahrenkamp	465-3872	Sen. Fahrenkamp SJR36 —	yes	SJR3.
MARK HICKEY	—	3960	DOT/PF	QUESTIONS 146	146
ART SNOWDEN	——	264-0547	COURTS	146	146
T.J. Thrasher	Juneau	463-3279	ak Truckinglines	yes 146	146
Rosa Jarvi	134 No. Franklin	586-1740	A.C.C. of Alaska	yes 146	146
Reed Stoops					

* indicates first public hearing

SB
298

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

April 13, 1988

****

COMMITTEE CALENDAR:

SB 298: "An Act naming bridge number 1146 at milepost 240 on the George Parks Highway."

HCR 10: Relating to the expeditious reconstruction and realignment of the Lazy Mountain/Wolverine Road in the Matanuska-Susitna Borough.

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

a folder on SB 298 that includes:

item #1: SB 298
#2: fiscal notes - Senate Finance Committee
DOT/PF
#3: statement - Senator Coghill
#4: House Trans. Comm. substitute for SB 298

a folder on HCR 10 that includes:

item #1: HCR 10
#2: fiscal note - DOT/PF

#4: background information - DOT/PF
#5: a map
#6: Lazy Mountain Community Council request for construction

33

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SB 298 b
PUBLISH DATE: 1/25/88

FISCAL NOTE

REQUEST:

Revision Date:
Title: Naming bridge on Parks Hwy. Crabbie's Crossing
Sponsor: Sen. Coghill
Requestor: Senate Finance Committee

Agency Affected: DOT&PF
BRU:

Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Rick Halford
Division: Senator Rick Halford, Co-chairman Senate Finance Committee
Phone: 465-4958
Date: 1/25/88

Approved by Commissioner:
Date:
Agency:

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

page ___ of ___

Kaag OK

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SB 298
PUBLISH DATE: _____

FISCAL NOTE

REQUEST: 5-13-87

Revision Date: _____
Title: Name Bridge on Parks Hwy; "Crabbie's Crossing
Sponsor: Coghill
Requestor Eliason

Agency Affected: DOT&PF
BRU: M&O
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	.1					
TRAVEL						
CONTRACTUAL						
SUPPLIES	.5					
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	.6	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	.6	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Costs above are for two signs at bridge crossing;
Signs - $150.00 each X 2 = 300.00
Posts - 100.00 each X 2 = 200.00
Labor - 50.00 each X 2 = 100.00

Prepared by: Ronald B. Lind, Director
Division: Plans, Programs and Budget
Phone: 465-2171
Date: 1-14-88

Approved by Commissioner: _____
Agency: Transportation & Public Facilities
Date: 1-14-88

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

Senator John B. (Jack) Coghill

Alaska State Legislature

Box V
Juneau, Alaska 99811
(907) 465-4797

Box 55028
North Pole, Alaska 99705
(907) 488-0862

M E M O R A N D U M

TO: House Transportation Committee Members

FROM: Senator Jack Coghill

DATE: April 11, 1988

RE: SB 298

I respectfully request your support of Senate Bill 298. This bill was generated by the community members of McKinley Village and Healy.

Gary Crabb was one of the founding fathers of McKinley Village, dating back to the early 1950's when access was only available via the Denali Highway from Paxon. Gary was a leader in the early development in Alaska's tourism industry. Gary passed away after a long and courageous battle with cancer. I have known Gary for many years. He had lived in the McKinley area for 26 years and worked tirelessly to make McKinley Village succeed.

The bridge crossing the Nenana River at the southern entrance to McKinley Park and proximate to McKinley Village is not named. It is referred to as Bridge #694 at milepost 231.2 on the George Parks Highway. I believe naming this bridge "Crabbie's Crossing" after Gary Crabb, is the least we can do to show our genuine appreciation for Gary's hard work and dedication to making McKinley Village a viable community.

The residents of McKinley Village, Healy, and I would appreciate your support for SB 298.

5-1217B
Utermohle
4/11/88

Original sponsor: Coghill

IN THE SENATE BY THE TRANSPORTATION COMMITTEE

HOUSE CS FOR SENATE BILL NO. 298 (Transportation)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act naming bridge number 694 at milepost 231.2 on the George Parks Highway."

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

* Section 1. AS 35.40 is amended by adding a new section to read:

Sec. 35.40.030. CRABBIE'S CROSSING. Bridge number 694 at milepost 231.2 on the George Parks Highway is named Crabbie's Crossing.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 4-13-88 1:30 P.M.

(7)

HOUSE COMMITTEE REPORT

4/14

Date referred: 2/3/88

FURTHER REFERRALS: Rules

DATE: 4-13-88

The Transportation Committee has considered SB 298

"An Act naming bridge number 1146 at milepost 240 on the George Parks Highway."

RECOMMENDS:

[X] replace with HCS SB 298 (2nd) [ ] the same title

[ ] attached amendment(s) [X] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[X] same as previous fiscal note published 1-15-88

[X] same as previous zero fiscal note published 1-25-88

SIGNING DO PASS:

Bill Hudson

Mike Miller

Heinrich Springer

SIGNING OTHER RECOMMENDATIONS:

Heinrich Springer

Vice Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: April 13, 1988

SIGN-IN

Subject of meeting:

SB 298: "An Act naming bridge number 1146 at mile-post 240 on the George Parks Highway."

*HCR 10: Relating to the expeditious reconstruction and realignment of the Lazy Mountain/ Wolverine Road in the Matanuska-Susitna Borough.

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY? Unless will
Bob Cramer		4797	Sen. Coghill	IF NEEDED
Rep. Curt Menard			Sponsor of HCR-10	HCR-10

*indicates first public hearing

SB
335

File Contents

SB 335 am - Approp: Prior Hear PF Dividend Approp's

No.	Description
1.	Bill - SB 335 am
2.	Fiscal Note - Revenue
3.	Bill Review - Harrison
4.	Sec - Analysis

SB335.FIL
4/7/88

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

File Contents

SB 335 am - Approp: Prior Hear PF Dividend Approp's

No.	Description
1.	Bill - SB 335 am
2.	Fiscal Note - Revenue
3.	Bill Review - Harrison
4.	See - Analysis

SB335.FIL
4/7/88

(2) SB 335 am

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SB 335
PUBLISH DATE: Senate 1/18/88

FISCAL NOTE

REQUEST:

Revision Date:
Title: An Act making, amending, lapsing, and repealing appropriations pertaining to permanent fund dividends.
Sponsor: Senators Fischer and Faiks
Requestor: Senate Finance

Agency Affected: Revenue
BRU: Permanent Fund Dividend

Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

See attachment

Prepared By: Royce B. Weller RW
Division: Commissioner's Office
Phone: 465-2300
Date: January 15, 1988

Approved by Commissioner: Hugh Malone
Agency: Department of Revenue
Date: January 15, 1988

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

Prior Year Permanent Fund Dividend Payment History
as of January 14, 1988

AR #	Appropriation Cite	Dividend Year	Appropriation Amount	Expended to date	Encumbered Balance	Unencumbered Balance	Amount to Reserve for Potential Liabilities	Balance
15720	Ch. 101 SLA 82 General Fund	1982	$421,032,500.00	$416,217,256.53	$4,676,890.61	$ 138,575.89	$408,000.00	$4,407,466.50
15795	Ch.6 SLA 83 PFD Fund	1982 Supplemental	$ 41,000,000.00	$ 34,422,432.80	$6,577,567.20	0.00	0.00	6,577,567.20
15800	Ch. 107 SLA 83 PFD Fund	1983	$175,935,300.00	$174,254,300.19	$ 192,302.70	$1,488,697.11	59,853.25	1,621,146.56
15805	Ch. 44 SLA 84 PFD Fund	1983 Reopening	$ 11,584,500.00	$ 2,354,530.03	0.00	$9,229,969.97	0.00	9,229,969.97
15765	Ch. 122 SLA 84 PFD Fund	1984	160,100,171.00	158,654,315.65	$ 164,319.84	$1,281,535.51	42,405.12	1,403,450.23
15502	Ch. 98, SLA 85 PFD Fund	1985	208,910,043.58	206,790,675.16	$2,119,368.42	0.00	119,988.00	1,999,380.42

(3) SB 335am

Alaska State Legislature

House of Representatives

Committee on
Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4833

April 7, 1988

TO: Henry Springer, Chairman HCRA

FROM: David C. Harrison, P.A., HCRA

SUBJECT: SB 335 am "An Act making, amending, lapsing, and repealing appropriations pertaining to permenant fund dividends; and providing for and effective date." (Fischer, Faiks)

****

REVIEW:

Section 1 lines 10-14 provide the unexpended and unobligated balances of appropriations made in 1982 to lapse into the general fund on June 30, 1988 from the following:

sec. 17, ch 101 SLA 1982 as amended by sec. 122, ch 105 SLA 1985 Also sec. 18, ch 101 SLA 1982 -see attached (2) 335am line funding from Dept of Rev. for 1982 Gen. Fund and 1982 PFD.

Sec. 2, line 15 equal sums of unexpended and unobligated funds as repealed by this section is appropriated from the dividend fund to the Dept. of Rev to pay permenant fund dividends in 1988 are as follows:

sec. 1, ch 6, SLA 1983
sec. 2, ch, 44, SLA 1984
sec. 3 ch, 44, SLA 1984
sec. 26, ch, 98, SLA 1985, page 26, line 5 (PFD)
sec. 26, ch, 98, SLA 1985, page 35, line 7 permenant fund dividend hold harmless. See attached items.

Sec. 3. The unexpended and unobligated balances of the following appropriations are repealed and an equal amount to the sum of the appropriations repealed by this section is appropriated from the earnings reserve account of the permenant fund to the dividend fund.

sec. 32, ch. 107, SLA 1983, page 14, line 11 PFD
sec. 14, ch. 122, SLA 1984
sec. 15, ch. 122, SLA 1984
sec. 14, ch. 98, SLA 1985, as amended by
sec. 763, ch. 105, SLA 1985. See attached items for details.

Sec. 4. The amount equal to the amount appropriated to the dividend fund by sec. 3 of this Act is appropriated from the

(SB 335 9m

SECTIONAL ANALYSIS (Senator Paul Fischer)

SENATE BILL 335 (Making, amending, lapsing, and repealing appropriations pertaining to permanent fund dividends)

This bill provides for the transfer of the unexpended and unobligated balances of permanent fund dividend appropriations for what are known as "prior year dividends" for the years 1982 through 1985.

Section 1 lapses the unexpended and unobligated balances of the 1982 appropriations originally made from the general fund back to the the general fund (approximately $4 million).

Section 2 of the bill repeals the unexpended and unobligated balances of 1983, 1984, and 1985 appropriations from the dividend fund to the Department of Revenue for the payment of dividends.

Section 3 repeals the unexpended and unobligated balances in several appropriations from the permanent fund earnings reserve account to pay permanent fund dividends in the years 1983 through 1985. This would allow the Department of Revenue to "sweep" all their accounts and deposit the balances in one account.

Section 4 appropriates the sum of money appropriated tc the dividend fund by section 3 of this bill out of the dividend fund to the Department of Revenue for payment of permanent fund dividends.

Section 5 is the effective date and is contingent upon passage of Senate Bill 336 or a similar version. However, an amendment will be offered by the sponsor to replace this section.

1-15-88

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

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May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. C+RA 4-8-88 3:00p.m.

5
CR

HOUSE COMMITTEE REPORT

Transportation, S.A., HESS, Resources, L&C, Judiciary, Finance

Date referred: 1/20/88

FURTHER REFERRALS:

DATE: APR -8 1988

The Community and Regional Affairs Committee has considered SB 335 am

"An Act making, amending, lapsing, and repealing appropriations pertaining to permanent fund dividends; and providing for an effective date."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[X] same as previous zero fiscal note published _____

SIGNING DO PASS:

Springer

Collins

Cato

SIGNING OTHER RECOMMENDATIONS:

Herrmann

Springer

Chairman's signature

Official Business

COMMITTEE:

HOUSE COMMUNITY & REGIONAL AFFAIRS

DATE: Fri. April 8, 1988

SIGN-IN

Subject of meeting:

SB 335 am Approp: Prior Year PF Dividend Approp's
SB 336 Computation of Permanent Fund Dividends
*HB 550 C&RA Actions related ro Mortgage Loans
*HB 475 Tax Assessments of Undeveloped Land

NAME (PLS PRINT)	YOUR TITLE & ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
SANDY NUSSBAUM	CAPITOL ROOM 508	4956	SENATOR FISCHER	NEED BE

SB
336

File Contents

SB 336 - Computation of Permanent Fund Dividends

No.	Description
1.	Bill - SB 336
2.	Zero Fiscal Note - Revenue
3.	Bill Review - Harrison
4.	See Analysis

SB336.FIL
4/7/88

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SB 336 (2) SB 336
PUBLISH DATE: Senate 1/18/88

FISCAL NOTE

REQUEST:

Revision Date:
Title: An Act relating to compuatation PFD Dividends and an effective date.
Sponsor: Senators Fischer and Faiks
Requestor: Senate Finance

Agency Affected: Revenue
BRU: Permanent Fund Dividend
Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

RW

Prepared By: Royce B. Weller
Division: Commissioner's Office
Phone: 465-2300
Date: January 15, 1988

Approved by Commissioner: Hugh Malone
Agency: Department of Revenue
Date: January 15, 1988

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

(3) SB336

Alaska State Legislature

House of Representatives

Committee on
Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4833

April 7, 1988

TO: Henry Springer, Chariman HCRA

FROM: David C. Harrison, P. A., HCRA Dch

SUBJECT: SB 336 "An Act relating to computation of permanent fund dividends; and providing for an effective date. (Fischer)

****

REVIEW: The only change in this section of the law is on line 27 through 29: plus any additional amount appropriated to the dividned fund for distribution as dividends during the current year.

There are other requirements of the law that mandate certain information about the permanent fund dividends. This will provide information about any additional amount appropriated to the dividend fund for distribution as dividends during the current year.

Sec. 2. This Act takes effect immediately under AS 01.10. 070(c).

(4) SB 336

SECTIONAL ANALYSIS (Senator Paul Fischer)

SENATE BILL 336 (Relating to computation of permanent fund dividends)

The purpose of this bill is to revise the method of calculation and allow for including the additional unexpended and unobligated balances of past appropriations in this year's dividend formula.

This bill will also allow for future unexpended and unobligated balances of appropriations to lapse into the dividend fund for which the appropriation was made and shall be used in determining the amount of and paying the subsequent year's dividend.

1-15-88

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies f minutes have not been left in the files.

Mary Van Nimwegen

H C+RA 4-8-88 3:00p.m.

5
(7)

HOUSE COMMITTEE REPORT

Transportation, S.A., HESS, Resources, L&C, Judiciary, Finance

Date referred: 1/20/88 **FURTHER REFERRALS:**

DATE: APR -8 1988

The Community and Regional Affairs Committee has considered SB 336

"An Act relating to computation of permanent fund dividends; and providing for an effective date."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[X] same as previous zero fiscal note published _____

SIGNING DO PASS:

Heinrich Springer Springer

Adelheid Herrmann Herrmann

Virgil Collins Collins

Bette Cato Cato

Springer Heinrich Springer

Chairman's signature

SIGNING OTHER RECOMMENDATIONS:

Official Business

COMMITTEE:

HOUSE COMMUNITY & REGIONAL AFFAIRS

DATE: Fri. April 8, 1988

SIGN-IN

Subject of meeting:

SB 335 am Approp: Prior Year PF Dividend Approp's

SB 336 Computation of Permanent Fund Dividends

*HB 550 C&RA Actions related ro Mortgage Loans

*HB 475 Tax Assessments of Undeveloped Land

NAME (PLS PRINT)	YOUR TITLE & ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
SANDY NUSBAUM	CAPITOL ROOM 508	4956	SENATOR FISCHER	WEED BE

SB

347

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

March 11, 1988

****

COMMITTEE CALENDAR:

SB 347: "An Act relating to regulation of motorboat motor repairs."

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

a folder on SB 347 that includes:

item #1: SB 347
#2: fiscal note - Senate State Affairs
#3: a statement from Senator Duncan
#4: statutes
#5: letters - one for, one against

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SB 347
PUBLISH DATE: 1-15-88

FISCAL NOTE

REQUEST:

Revision Date:
Title: An Act relating to the regulation of motorboat repairs
Sponsor: Duncan
Requestor:

Agency Affected:
BRU:
Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Senate State Affairs Committee
Phone: 465-4522
Division:
Date:

Approved by Commissioner: Senator Mitch Abood
Date: 1-28-88
Agency: Senate State Affairs Committee

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

Alaska State Legislature

SENATOR JIM DUNCAN

P. O. BOX V JUNEAU, ALASKA 99811

(907) 465-4766

COMMITTEES:
FINANCE
RESOURCES
BUDGET AND AUDIT

MEMORANDUM

March 10, 1988

TO: Representative Bette Cato, Chairman
House Transportation Committee

FROM: Senator Jim Duncan

SUBJECT: SB 347 am "An act relating to the regulation of motorboat motor repairs".

Thank you for scheduling SB 347 am for a hearing. SB 347 am amends the definition section of the current law relating to the Regulation of Motor Vehicle Repairs to include motorboat motors and defines motorboats and motorboat motors.

Currently under AS 45.45, motor vehicle repair, when a customer takes his motor vehicle to a shop for repair the customer may request a written estimate prior to the commencement of any repairs. Nothing in this section requires a shop to provide a price estimate if the shop does not agree to perfrom the requested repairs. If the shop has given the customer an estimate and the price for the authorized repairs exceeds the estimate, the shop must call the customer before continuing with the repairs and at that time the shop has the opportunity to give the customer a new estimate. Also if the customer requests, at the time the repair order is taken, the customer may elect to receive the parts of their motor vehicle that are replaced.

Essentially 45.45 Regulation of Motor Vehicle Repairs is a consumer protection law. SB 347 am will provide the same protection for boat owners as for motor vehicle owners under AS 45.45.

My office was contacted by an individual who needed to have his boat engine repaired. A verbal estimate by the boat dealership indicated the repairs would cost $4,500.00. When the dealership was finished repairing the engine the total bill was over $7,000.00 There was no indication to the owner at any time prior to the billing that the amount due would be over the original estimate.

With the large number of boat owners in our state and the fact that for many their boat is an important means of transportation, I believe this bill will extend the necessary protection for boat owners that currently exists for car owners.

Alaska Statutes

Title 45. Trade and Commerce.

Chapter

01. General Provisions (§§ 45.01.101 — 45.01.208)
02. Sales (§§ 45.02.101 — 45.02.725)
03. Commercial Paper (§§ 45.03.101 — 45.03.805)
04. Bank Deposits and Collections (§§ 45.04.101 — 45.04.504)
05. Letters of Credit (§§ 45.05.101 — 45.05.117)
06. Bulk Transfers (§§ 45.06.101 — 45.06.111)
07. Warehouse Receipts, Bills of Lading, and Other Documents of Title (§§ 45.07.101 — 45.07.650)
08. Investment Securities (§§ 45.08.101 — 45.08.406)
09. Secured Transactions; Sales of Accounts, Contract Rights, and Chattel Paper (§§ 45.09.101 — 45.09.507)
10. Alaska Retail Installment Sales Act (§§ 45.10.010 — 45.10.230)
20. Purchase of Ore (§§ 45.20.010 — 45.20.050)
30. Sales of Mobile Homes (§§ 45.30.011 — 45.30.100)
45. Trade Practices (§§ 45.45.010 — 45.45.900)
50. Competitive Practices and Regulation of Competition (§§ 45.50.010 — 45.50.900)
55. Alaska Securities Act of 1959 (§§ 45.55.010 — 45.55.270)
57. Takeover Bid Disclosure Act (§§ 45.57.010 — 45.57.120)
60. Alaska Uniform Gifts to Minors Act (§§ 45.60.011 — 45.60.101)
65. Handicrafts (§§ 45.65.010 — 45.65.070)
70. Sureties (§§ 45.70.010 — 45.70.020)
75. Weights and Measures Act (§§ 45.75.010 — 45.75.400)
77. Foreign Trade Zones (§ 45.77.010)
87. Bulk Fuel (§§ 45.87.010 — 45.87.500)
88. Alternative Energy Revolving Loan Fund (§§ 45.88.010 — 45.88.500)
89. Residential Energy Conservation Fund (§§ 45.89.010 — 45.89.500)
90. Tourism Revolving Fund (§§ 45.90.010 — 45.90.050)
92. Fishery Product Revolving Loan Guarantee Fund (§§ 45.92.010 — 45.92.060)
94. Forest Products Business Loan Guarantee Program (§§ 45.94.010 — 45.94.060)
95. Small Business Loans (§§ 45.95.010 — 45.95.080)
98. Historical District Revolving Loan Fund (§§ 45.98.010 — 45.98.070)

Article 5. Regulation of Motor Vehicle Repairs.

Section		Section	
130.	Repair order	180.	Return of parts
140.	Repair price information	190.	Invoice
150.	Notice to customer	200.	Prohibited practices
160.	Charges	210.	Disclosure of regulation
170.	Authorization to proceed with repairs	220.	Records
		240.	Definitions

Sec. 45.45.130. Repair order. Upon request of the customer and before the commencement of repairs, the shop shall provide the customer with a copy of a dated repair order legibly describing the repairs to be performed. The shop shall record the odometer reading of the customer's motor vehicle on the repair order, and shall sign the customer's copy. (§ 1 ch 146 SLA 1976)

NOTES TO DECISIONS

Cited in State v. Grogan, Sup. Ct. Op. No. 2356 (File No. 5199), 628 P.2d 570 (1981).

Sec. 45.45.140. Repair price information. Upon request of the customer and before the commencement of repairs, the shop shall provide the customer with a price estimate for the repairs. The repair price estimate shall be made in good faith by the shop and may not be exceeded except for good cause and additional charges over the price estimate may not be incurred without approval of the customer. Nothing in this section may be construed as requiring a shop to provide a price estimate if the shop does not agree to perform the requested repairs. (§ 1 ch 146 SLA 1976)

Sec. 45.45.150. Notice to customer. The shop shall post a conspicuously located and easily readable sign which states:

"You are entitled to a price estimate for the repairs you authorize if you request the estimate before the repairs are begun. This price estimate will not be exceeded if the motor vehicle is delivered to the shop within five days. After the motor vehicle is delivered to the shop the repair price may be less than the estimate but will not exceed the estimate without your permission. Your signature on the repair order will indicate your authorization of repairs at the price estimated.

You are entitled to the return of any or all replaced parts, except parts which must be returned to a manufacturer because of warranty and/or exchange agreement, if you request the parts at the time your order is taken. Those parts which must be returned to the manufacturer will be made available for inspection to you when you pick up your vehicle if you request the parts at the time your repair order is taken." (§ 1 ch 146 SLA 1976)

Sec. 45.45.160. Charges. A shop may not charge for making a repair price estimate unless, before making the estimate, the shop discloses to the customer the amount of the charge, or, if the amount cannot be determined, the basis on which the charge will be calculated. A shop may not impose, or threaten to impose, a charge which is clearly excessive in relation to the work involved in making the price estimate. (§ 1 ch 146 SLA 1976)

Sec. 45.45.170. Authorization to proceed with repairs. (a) If the shop has given the customer an estimate and the price for the authorized repairs will exceed the estimate, the shop shall call the customer before continuing with the repairs and shall provide the customer with a new, good faith estimate of the repair price. The shop may not then continue with the repairs until it receives the customer's written or oral authorization to do so.

(b) Before undertaking repairs other than those previously authorized by the customer, the shop shall call the customer and describe to the customer the proposed additional repairs, together with a good faith estimate of the price for the repairs. The shop may not then undertake the additional repairs until it receives the customer's written or oral authorization to do so.

(c) If the shop does not receive the customer's authorization to proceed with the repairs under (a) or (b) of this section, the shop shall either agree to perform the repairs at the original estimated price or provide for the customer to retake possession of the vehicle in at least as good condition as it was delivered to the shop and notify the customer accordingly.

(d) A written authorization under (a) or (b) of this section shall be made on the repair order or on the invoice when a repair order is not requested and shall specify newly authorized repairs, as well as the newly authorized repair price estimate. If authorization under (a) or (b) of this section is received orally, the shop shall specify on the repair order or invoice newly authorized repairs, as well as the newly authorized repair price estimate. It shall also specify the date and time of authorization, and the person and telephone number called. (§ 1 ch 146 SLA 1976)

Sec. 45.45.180. Return of parts. Parts from a customer's motor vehicle which are replaced by the shop shall be returned to the customer if they are requested by the customer at the time the repair order is taken. However, parts which must be returned to the manufacturer because of a warranty or exchange agreement need not be returned to the customer upon request but shall instead be made available for the customer's inspection when the customer retakes possession of the motor vehicle. (§ 1 ch 146 SLA 1976)

Sec. 45.45.190. Invoice. The shop shall provide every customer, at the time the customer retakes possession of the motor vehicle, with a copy of a dated invoice detailing the costs of all parts and labor involved in the repair, and identifying all parts replacements as being either new, used, rebuilt or reconditioned. (§ 1 ch 146 SLA 1976)

Sec. 45.45.200. Prohibited practices. (a) A shop may not misrepresent, directly or by implication,

(1) the cost of repairs authorized by the customer;

(2) the terms or conditions of a warranty or service agreement;

(3) that repairs are necessary;

(4) that repairs have been made; or

(5) that the motor vehicle is in a dangerous condition, or that the customer's continued use of the motor vehicle will be hazardous to persons or harmful to the motor vehicle.

(b) A shop may not collect or attempt to collect for

(1) repairs not authorized either orally or in writing by the customer;

(2) repairs which the shop knew or reasonably ought to have known to be unnecessary; or

(3) repairs which have not been made.

(c) A shop which is also a warrantor or a party to a service agreement may not refuse to repair a motor vehicle in accordance with the terms and conditions of the warranty or service agreement.

(d) A shop may not fail to return a customer's motor vehicle because the customer has refused to pay for unauthorized repairs, or because the customer has refused to pay repair charges in excess of the price authorized under AS 45.45.130 — 45.45.140, if the customer pays the authorized price for the authorized repairs.

(e) A shop may not alter a customer's motor vehicle with intent to create a condition requiring repairs. (§ 1 ch 146 SLA 1976)

Sec. 45.45.210. Disclosure of regulation. The following statement shall be conspicuously printed, either on the invoice or on another form given to every customer for whom the shop performs repairs:

"Motor vehicle repair trade practices are regulated by Alaska Statutes 45.45.130 — 45.45.240, administered by the consumer protection section, Alaska Department of Law." (§ 1 ch 146 SLA 1976)

Sec. 45.45.220. Records. A shop shall maintain repair records and invoices for parts purchased by the shop. The records shall be available for reasonable inspection by the attorney general or other persons acting at the request of the attorney general and shall be retained for at least two years. (§ 1 ch 146 SLA 1976)

Sec. 45.45.240. Definitions. In AS 45.45.130 — 45.45.240

(1) "customer" includes a person authorized by the customer to act on the customer's behalf;

(2) "motor vehicle" or "vehicle" means a motor vehicle as defined in AS 28.40.100 which is required to be registered under AS 28.10, or with a governmental agency of another jurisdiction performing a similar function;

(3) "motor vehicle repair shop" or "shop" means an individual, corporation, partnership, or other form of business organization engaged in the motor vehicle repair business and includes owners, officers, directors, agents, employees, and representatives but excludes the following:

(A) a shop engaged solely in the business of repairing the motor vehicles of a single commercial, industrial or governmental establishment, or of two or more of these establishments which are related by common ownership or corporation affiliation;

(B) a person repairing the person's own or a family member's motor vehicle;

(4) "repair" or "repairs" means the improvement, adjustment, replacement, examination, diagnosis, maintenance, servicing, removal or installation of any component or part of a motor vehicle, but does not include towing or the supplying of motor fuel to a motor vehicle. (§ 1 ch 146 SLA 1976; am § 21 ch 144 SLA 1977)

Article 6. Motor Vehicle Warranties.

Section	Section
300. Repairs required	335. Resale without disclosure prohibited
305. Replacement or refund	340. Other rights and remedies
310. Notice by owner	345. Repair facilities
315. Exceptions	350. Reimbursement of shipping costs
320. Presumption	355. Arbitration or mediation
325. Parts availability	360. Definitions
330. Failure to replace or refund	

Opinions of attorney general. — The Better Business Bureau's auto line informal dispute resolution mechanism pursuant to this article is in substantial compliance with 16 C.F.R. § 703, setting forth the standards for informal dispute settlement procedures. 1986 Op. Att'y Gen. No. 01.

NOTES TO DECISIONS

Cited in Universal Motors, Inc. v. Waldock, Sup. Ct. Op. No. 3060 (File No. S-796), P.2d (1986).

Sec. 45.45.300. Repairs required. If a new motor vehicle does not conform to an express warranty that is applicable to it and the owner of the vehicle reports the defect or condition to the manufacturer of the vehicle or to the manufacturer's or distributor's dealer during the term of the warranty, the manufacturer, distributor, dealer, or a repairing agent shall make the necessary repairs to conform the vehicle to the express warranty. (§ 1 ch 101 SLA 1984)

Revisor's notes. — As enacted, this section contained subsections (b)-(m). They were renumbered in 1984 as AS 45.45.305 — 45.45.360.

Sec. 45.45.305. Replacement or refund. If during the term of the express warranty or within one year from the date of delivery of the motor vehicle to the original owner, whichever period terminates first, the manufacturer, distributor, dealer, or repairing agent is unable to conform the motor vehicle to an applicable express warranty after a reasonable number of attempts, the manufacturer or distributor shall accept the return of the nonconforming motor vehicle, and, at the owner's option, shall replace the nonconforming vehicle with a new, comparable vehicle or shall refund the full purchase price to the owner less a reasonable allowance for the use of the motor vehicle from the time it was delivered to the original owner. A refund under this section shall be made to a lienholder of record, if any, and the owner, as their interests may appear. (§ 1 ch 101 SLA 1984)

Revisor's notes. — Enacted as AS 45.45.300(b). Renumbered in 1984.

Sec. 45.45.310. Notice by owner. In order to claim a refund or replacement under AS 45.45.305, the owner shall give written notice by certified mail to the manufacturer and its dealer or repairing agent at any time before 60 days have elapsed after the expiration of the express warranty or the one-year period after the date of delivery of the motor vehicle to the original owner, whichever period terminates first, (1) stating that the vehicle has a nonconformity; (2) providing a reasonable description of the nonconformity; (3) stating that the manufacturer, distributor, dealer, or repairing agent has made a reasonable number of attempts to conform the vehicle; and (4) stating that the owner demands a refund or replacement vehicle to be delivered on the 60th day after the mailing of the written notice. Within 30 days

after receiving the notice required by this section the manufacturer may make a final attempt to conform the vehicle before a refund or replacement is made under AS 45.45.305. (§ 1 ch 101 SLA 1984)

Revisor's notes. — Enacted as AS 45.45.300(c). Renumbered in 1984.

Sec. 45.45.315. Exceptions. An owner may not receive a refund or replacement under AS 45.45.300 — 45.45.360 if the manufacturer or distributor shows that the nonconformity complained of

(1) does not substantially impair either the use or the market value of the motor vehicle; or

(2) is the result of

(A) alteration of the motor vehicle by the owner or a person other than a dealer or repairing agent that is not authorized by the manufacturer or distributor; or

(B) abuse or neglect by the owner or a person other than the dealer or repairing agent. (§ 1 ch 101 SLA 1984)

Revisor's notes. — Enacted as AS 45.45.300(d). Renumbered in 1984.

Sec. 45.45.320. Presumption. A presumption that a reasonable number of attempts have been made to conform a motor vehicle under an applicable express warranty is established if:

(1) the same nonconformity has been subject to repair three or more times by the manufacturer, distributor, dealer, or repairing agent during the term of the express warranty or the one-year period after delivery of the motor vehicle to the original owner, whichever period terminates first, but the nonconformity continues to exist; or

(2) the vehicle is out of service for repair for a total of 30 or more business days during the express warranty term or the one-year period referred to in (1) of this section, whichever period terminates first; any period of time that repairs are not performed for reasons that are beyond the control of the manufacturer, distributor, dealer, or repairing agent is excluded from the 30-day time period referred to in this paragraph. (§ 1 ch 101 SLA 1984)

Revisor's notes. — Enacted as AS 45.45.300(e). Renumbered in 1984.

Sec. 45.45.325. Parts availability. A manufacturer whose vehicles are sold in the state through an authorized dealer shall provide its dealer or repairing agent with any part necessary to make a repair of a nonconformity covered under an express warranty, as soon as possible, without additional charge for freight or handling, if the part is not

in the dealer's or agent's inventory when the nonconforming vehicle is brought to the dealer or repairing agent for repair. (§ 1 ch 101 SLA 1984)

Revisor's notes. — Enacted as AS 45.45.300(f). Renumbered in 1984.

Sec. 45.45.330. Failure to replace or refund. A manufacturer or distributor who fails to refund the full purchase price of a motor vehicle or replace the motor vehicle when there is a requirement to do so under AS 45.45.300 — 45.45.360 is presumed to have committed an unfair trade practice under AS 45.50.471. (§ 1 ch 101 SLA 1984)

Revisor's notes. — Enacted as AS 45.45.300(g). Renumbered in 1984.

Sec. 45.45.335. Resale without disclosure prohibited. A motor vehicle returned under AS 45.45.305 may not be resold by the manufacturer or distributor in the state unless full disclosure of the reason for the return is made to the prospective buyer before the resale is concluded. (§ 1 ch 101 SLA 1984)

Revisor's notes. — Enacted as AS 45.45.300(h). Renumbered in 1984.

Sec. 45.45.340. Other rights and remedies. The provisions of AS 45.45.300 — 45.45.360 do not limit other rights and remedies that may be available to the owner of a motor vehicle under other provisions of law. This section does not create a new cause of action against a dealer or repairing agent who sells or attempts to repair a motor vehicle found to be nonconforming under AS 45.45.300 — 45.45.360. (§ 1 ch 101 SLA 1984)

Revisor's notes. — Enacted as AS 45.45.300(i). Renumbered in 1984.

Sec. 45.45.345. Repair facilities. A manufacturer or distributor or motor vehicles who authorizes the sale of the manufacturer's or distributor's motor vehicles in the state shall maintain authorized dealership facilities within the state that are able to perform the service and make the repairs required by the manufacturer's express warranty and by AS 45.45.300 — 45.45.360. (§ 1 ch 101 SLA 1984)

Revisor's notes. — Enacted as AS 45.45.300(j). Renumbered in 1984.

Sec. 45.45.350. Reimbursement of shipping costs. A manufacturer or distributor who accepts the return of a nonconforming motor vehicle under AS 45.45.305 shall reimburse the owner for any reasonable cost incurred in shipping the vehicle to and from the nearest authorized facility for warranty service and repair of a nonconformity that causes the return of the vehicle. (§ 1 ch 101 SLA 1984)

Revisor's notes. — Enacted as AS 45.45.300(k). Renumbered in 1984.

Sec. 45.45.355. Arbitration or mediation. If a manufacturer or distributor has established an informal dispute settlement procedure that substantially complies with the requirements of 16 C.F.R. 703, as that section may be amended, or if the manufacturer or distributor, after receipt of notice required by AS 45.45.310, offers in writing to participate in an arbitration or mediation process with the owner and the arbitration or mediation decision is binding on the manufacturer or distributor but not on the owner, and if the informal dispute settlement or arbitration or mediation process is approved by the attorney general, the provisions of AS 45.45.305 concerning refund or replacement or AS 45.45.350 concerning shipping costs do not apply to an owner who has not first resorted to the informal dispute settlement procedure or arbitration or mediation process. (§ 1 ch 101 SLA 1984)

Revisor's notes. — Enacted as AS 45.45.300(*l*). Renumbered in 1984.

Opinions of attorney general. — Request for approval of Ford Motor Company's Consumer Appeals Board informal dispute mechanism was denied because it did not substantially comply with 16 C.F.R. § 703, especially that portion requiring that board members be sufficiently insulated from the warrantor so that decisions are not influenced by the warrantor. 1985 Op. Att'y Gen. No. 06.

Sec. 45.45.360. Definitions. In AS 45.45.300 — 45.45.360,

(1) "dealer" means a person who has obtained a franchise from, or is authorized by, a motor vehicle manufacturer to engage in the retail sale and warranty repair of the manufacturer's new motor vehicles in the state;

(2) "distributor" means a person who is authorized by a manufacturer to engage in the wholesale distribution of the manufacturer's new motor vehicles in the state;

(3) "express warranty" or "warranty" means an express written warranty provided by the manufacturer of a new motor vehicle;

(4) "full purchase price" means the total price paid for a motor vehicle by the original owner, including costs added to the retail price, such as original registration fees, transportation fees, dealer preparation, and dealer installed options;

(5) "manufacturer" means a person who by labor transforms raw materials and component parts into motor vehicles for wholesale or retail sale;

(6) "motor vehicle" or "vehicle" means a land vehicle having four or more wheels, that is self-propelled by a motor, is normally used for personal, family, or household purposes, and is required to be registered under AS 28.10; but does not include a tractor, farm vehicle, or a vehicle designed primarily for off-road use;

(7) "nonconformity" means a defect or condition in a motor vehicle caused by a manufacturer, distributor, dealer or repairing agent that substantially impairs the use or market value of a vehicle;

(8) "owner" means a purchaser, other than for resale, of a new motor vehicle, and a person to whom ownership of the motor vehicle is transferred in conformity with AS 28;

(9) "reasonable allowance" means an amount attributable to an owner's use of a motor vehicle; a "reasonable allowance" may not exceed an amount equal to the depreciation in value of the vehicle for the period during which the vehicle is available for use by the owner, calculated by a straight line depreciation method over seven years, plus an amount equal to the depreciation in value of the vehicle that is caused by

(A) any neglect or abuse by the owner; or

(B) body damage not caused by a nonconformity;

(10) "repairing agent" means a person who has been specifically authorized by a motor vehicle manufacturer or distributor to perform warranty repairs in the state on one or more of the manufacturer's or distributor's motor vehicles;

(11) "substantially impairs the market value" means a nonconformity that substantially decreases the dollar value of a vehicle to the owner when compared to the dollar value of a similar vehicle that does not have the nonconformity;

(12) "substantially impairs the use" means a nonconformity that prevents a motor vehicle from being operated or makes the vehicle unsafe to operate. (§ 1 ch 101 SLA 1984)

Revisor's notes. — Enacted as AS 45.45.300(m). Renumbered in 1984.

Article 7. Miscellaneous.

Section

900. Indemnification agreements contra to public policy

Sec. 45.45.900. Indemnification agreements contra to public policy. A provision, clause, covenant, or agreement contained in, collateral to, or affecting a construction contract that purports to indemnify the promisee against liability for damages for (1) death or bodily injury to persons, (2) injury to property, (3) design defects or (4) other

TONGASS MARINE

P. O. BOX 1314 - PETERSBURG, ALASKA 99833 - (907) 772-3905

February 2, 1988

Senator Lloyd Jones
Box V
Juneau, AK 99811

Dear Lloyd:

I just got wind of Senate Bill 347 dealing with the regulation of motorboat repairs.

I read over the proposed legislation, and it's a slap in the face to every marine repair shop in the state. Every shop I'm familiar with already abides by reputable business practices and I see no need to have them legislated. Unethical business practices are already covered under existing statutes.

I think there are more urgent priorities for the Legislature than passing laws telling marine repair shops how to run their business, and urge you to vote no on the above.

Sincerely,

Tongass Marine

John Murgas, Owner

National Marine Manufacturers Association
2560 M St., N.W. · Suite 425
Washington, DC 20037
Ron Stone, Director of Government Relations
(202) 296-4588

March 11, 1988

Representative Bette Cato
Chairperson
House Committee on Transportation
Alaska Legislature
Pouch V
Juneau, Alaska 99811

Dear Chairperson Cato:

The National Marine Manufacturers Association, representing over 1300 boat and boat product manufacturers, wishes to express its support for Senate Bill No. 347, currently under consideration by your committee.

NMMA strongly supports requiring repair shops to provide customers with cost estimates before the repairs are begun. It is only fair and equitable to amend the law that protects consumers of motor vehicle repairs to persons in need of marine engine repairs.

Representative Cato, we urge you and the ~~State Affairs~~ House Transportation Committee to favorably report this legislation in the interests of safe and enjoyable boating in Alaska.

If you have questions or comments about this or any other boating-related matter, please do not hesitate to contact this office.

Sincerely,

Nancy Linden

Nancy Linden
Government Relations

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 3-11-88 1:30p.m.

HOUSE COMMITTEE REPORT

(7)

Date referred: 2/5/88 FURTHER REFERRALS: State Affairs

DATE: March 11, 1988

The Transportation Committee has considered SB 347 am

"An Act relating to the regulation of motorboat motor repairs."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[ ] do pass

[ ] do not pass

[X] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[X] same as previous zero fiscal note published 1/15/88

SIGNING DO PASS:

Heinrich Springer

Bette Cate

SIGNING OTHER RECOMMENDATIONS:

Mike Miller No Rec.

Bill Hudson No Rec.

D.C. Parker (no rec)

Bette Cate

Chairman's signature

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5186 HTRA SB 347 - SCR 5

758

Official Business

COMMITTEE: House Transportation Committee

DATE: March 11, 1988

SIGN-IN

Subject of meeting:

SB 347: "AN Act relating to regulation of motor boat motor repairs."

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
BRUCE WINTON	PO Box 32458 JUNEAU AK 99803-2458	789 2681 H 789 2200 O	MYSELF	YES
Dave Ellis	Box 1008 Dolphshavy	772-3039 Juno 463-5582	Ellis Inc	yes.

DELIVER TO: LHSCTNA

ORIGINAL
SENT: 03/11/88 TIME: 14:29
FROM: LIOCPSG
SUBJECT: H TRSP;SB347-MTRBOAT REPR;3-11
PRINT DATE: 03/15/88 TIME: 17:38

DATE: MARCH 11, 1988
SITE: PETERSBURG
SPONSOR: (H) TRANSPORTATION
SUBJECT: SB 347 - MOTORBOAT MOTOR REPAIR
MODERATOR: DOROTHY PENTTILA

FINAL STATS

TESTIFIED:

NAME/REPRESENTING	ADDRESS	PHONE #
1. CYNTHIA FLORA/PSG SHIPWRIGHTS	BOX 378 PSG	772-3596
2. ROCKY FLINT/ROCKY'S MARINE	BOX 690 PSG	772-3949
3. JOHN MURGAS/TONGASS MARINE	BOX 1314 PSG	772-3905

OBSERVED:

NONE

3 TESTIFIED
0 UNABLE
0 OBSERVED
3 TOTAL

1:30 PM / 2:15 PM START/END TIME

EOM

SB
421

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

April 18, 1988

****

COMMITTEE CALENDAR:

SB 421: "An Act relating to outdoor advertising within highway rights-of-way; and providing for an effective date."

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

a folder on SB 421 that includes:

item #1: SB 421
#2: fiscal notes - Senate Labor & Commerce Comm.
DOT/PF
#3: sectional analysis/questions and answers
#4: memo from DOT/PF
#5: statutes and DOT/PF regulations
#6: a letter of support

184

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SB 421
PUBLISH DATE: (SENATE) 3/10/88

FISCAL NOTE

REQUEST:

Revision Date: 3/9/88
Title: An Act relating to outdoor advertising within highway r-o-w.
Sponsor: Sen. Fahrenkamp
Requestor: Senate L & C

Agency Affected: DOT&PF
BRU: Engineering & operation standards
Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The department has adequate funds in the Governor's budget to cover the cost of implementing regulations.

Prepared by: [signature] Phone:
Division: Senate Labor & Commerce Committee Date: 3/9/88

Approved by Commissioner: Date:
Agency:

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

page ____ of ____

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SB 421
PUBLISH DATE: MAR 17 1988

REQUEST: **FISCAL NOTE**

Revision Date:
Title: An Act relating to outdoor advertising within highway rights-of-way.
Sponsor: Farenkamp
Requestor: KELLY

Agency Affected: DOT&PF
BRU: Engineering & Operations Standards
Components:

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	10.0	20.0	20.0	20.0	20.0
TRAVEL	0	1.5	0	0	0	0
CONTRACTURAL	0	3.1	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	14.6	20.0	20.0	20.0	20.0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (THOUSANDS OF DOLLARS)

GENERAL FUND	0	4.6	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	10.0	20.0	20.0	20.0	20.0
TOTAL	0	14.6	20.0	20.0	20.0	20.0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

See Attached.

Prepared by: Milton H. Lentz
Division: Engineering and Operations Standards
Phone: 465-2951
Date: March 4, 1988

Approved by Commissioner:
Agency: Department of Transportation and Public Facilities
Date: 3-7-88

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

All outdoor advertising has been prohibited within highway rights-of-way by 17 AAC 20.010 since June 25, 1969 (Authority: AS 19.05.020). Recently, the Federal Highway Administration (FHwA) has informed the department that their restrictions under Code of Federal Regulations 23, §1.23 , Right of Way, (e), has been somewhat lessened to allow certain types of outdoor advertising within the rights-of-way of Federal-aid projects.

Consistent with this new federal flexibility this bill would authorize advertising on bus stop benches and bus stop shelters as a public service, properly permitted as an encroachment within the right-of-way, and with FHwA approval. Consistent with other similar encroachments that are now permitted or anticipated, the department would envision a fee to address the initial and on-going administrative costs. Following is an analysis of the resource requirements for implementation and management of the program:

1. Program Development - Changes to the Alaska Administrative Code will be required to both bring it into compliance with this statute change and establish the ground rules for placement of outdoor advertising on bus stop benches and shelters. This requires funds for the contractural legal services, advertising and travel to public hearings required under the Alaska Administrative Procedures Act. Staff provided by the department to write the new regulations would be covered by existing budgets.

Expense Item	Units	Cost	Funds Needed
Legal Staff	25 Hours	$100.	$2,500.
Advertising (Pub. Notices)	All	600.	600.
Public Hearings Travel	All	1,500.	1,500.
Total Development Costs:			$4.600.

2. DOT&PF Administrative Costs and Receipts - The department will be required to process each application for an encroachment permit, maintain an inventory and status of each permit, and provide overall management for the program in each Region. The regional and statewide Right-of-Way staff are adequate to undertake this role (with necessary coordination with Traffic Safety, Maintenance, and FHwA staff) through a fee, as these sections are funded principally from program receipts. A $250 application fee is contemplated under the level of management involved, with a smaller annual renewal fee. This approach is consistent with the TODS signing proposal that is now being proposed to address another outdoor advertising requirement. The number of anticipated permits can not be accurately determined at this time as the department has no experience with the program. An estimate of 40 or fewer applications was made for 1989, and double thereafter. Funding for these on-going costs are shown as program receipts. However, estimates for the cost of the application fee is based on, in part, the time involved in processing encroachment permits for other activities.

Alaska State Legislature

SENATOR BETTYE FAHRENKAMP
CHAIRMAN, LEGISLATIVE COUNCIL
CHAIRMAN, OIL AND GAS COMMITTEE
515 7TH AVENUE, SUITE 130
FAIRBANKS, ALASKA 99701
OFFICE (907) 452-4882
HOME (907) 456-2899

WHILE IN JUNEAU
P.O. BOX V
JUNEAU, ALASKA 99811
CAPITOL ROOM 125
OFFICE (907) 465-3834
HOME (907) 780-6027

Senate

MEMORANDUM

TO: House Transportation Committee Members

FROM: Senator Bettye Fahrenkamp

DATE: April 13, 1988

RE: SB 421 An Act relating to outdoor advertising within highway rights-of-way; and providing for an effective date.

What the bill would do

SB 421 would allow advertising on bus benches and bus shelters within a right-of-way by permit. Last year, SB 4 passed and was signed into law. It authorized advertising on bus benches and shelters along rights-of-way. At that time, it was thought that advertising within rights-of-way would be allowable under existing law by permit. However, as DOT/PF implemented SB 4, it came to our attention that advertising that is visible from the roadway would not be allowable.

If this bill passes, DOT/PF would issue an Encroachment Permit under 17 AAC 10.010 as authorized by AS 19.25.200 to allow such advertising.

The bill has the support of DOT/PF and is allowable under federal law. The bill has a zero fiscal note.

Sectional Analysis

Section 1. AS 19.25.080 Purpose is amended to include outdoor advertising within a right-of-way. Also, it clarifies that outdoor advertising can take place on secondary as well as primary or interstate roads and to conform with new section 2 below.

Section 2. AS 29.25.105 Limitations of outdoor advertising signs, displays and devices. A new section is added to allow outdoor advertising within the right-of-way of an interstate, primary or secondary highway under the authority of a permit issued under the existing encroachment statutes.

Section 3. Provides for an immediate effective date.

Questions and Answers about SB 421

Why is this bill necessary? Wasn't a similar one passed last year?

Last year, SB 4 passed and was signed into law. It authorized advertising on bus benches and shelters along rights-of-way. At that time, it was thought that advertising within rights-of-way would be allowable under existing law by permit. However, as DOT/PF implemented SB 4, it came to our attention that advertising that is visible from the roadway would not be allowable.

How will this program work?

Typically, an advertising firm will supply and maintain the benches and shelters at no cost to a municipality in return for the privilege of placing them at authorized bus stops and selling advertising space on them. In this manner a public need and convenience is fulfilled at no cost to government.

Is this program allowable under federal law?

Yes. State law is currently more restrictive than federal law.

Will this action enhance or jeopardize federal funds?

Neither. Federal funds will not be jeopardized as long as the federal standards mentioned below are met.

What are the federal standards?

Specific federal requirements are that bus benches and shelter franchises be awarded on the basis of public invitations, and that equal access should be provided to all advertisers at reasonable rates. Further federal requirements are only that "adequate controls" be placed, by the jurisdiction, on items such as location, design, amount of advertising space, and advertising content.

Aren't we weakening the Highway Beautification Act?

No, federal policies permit this type of advertising. There are still strong "anti-billboard" provisions in federal and state law.

Is there a way to keep objectionable advertising off the benches and shelters?

As per above, the feds require adequate controls be placed on advertising content. Also, the contract between the advertising firm and the advertiser could address the issue. Finally, an appeal process to the Commissioner could be established by the department.

How does this legislation affect local advertising ordinances?

The bill does not make legal any activities prohibited by municipalities by local ordinances.

What benefit will the public receive?

It's particularly important that in these times of tight revenues, we find ways to provide desirable government services and programs that otherwise would not be available, such as bus benches and shelters. The private sector is able and willing to assist with easing the burden government faces. Enactment of this bill would create and foster new businesses in Alaska.

How will political signs be affected by this bill?

Political advertising on the bus benches and shelters is not prohibited by this bill. Federal standards would allow, however, DOT/PF to regulate advertising content, so it is conceivable that political advertising could be prohibited.

Is there any relationship to the proposal for Tourist Oriented Directional Signs?

No, there is no relationship.

Prepared by Senator Fahrenkamp's Office

UNITED STATES GOVERNMENT

Memorandum

DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION

DATE: JUL 17 1978

In reply refer to: HOA-3

SUBJECT: INFORMATION: Bus Shelters with Advertising

FROM : Executive Director

TO : All Regional Federal Highway Administrators
Regions 1-10 and 15

It has come to our attention that many local jurisdictions are seeking to negotiate agreements with private companies for the free installation and maintenance of bus shelters along highways in urbanized areas, in return for the granting of a franchise to sell advertising space on portions of the shelters. We recognize that this is an attractive proposition for local government, both from an economic and fiscal point of view, and in the interest of promoting public mass transportation.

Since some of the roadways along which these shelters would be installed are covered by Federal-aid highway project agreements, the provisions of 23 CFR 1.23 are applicable. In FHWA Order 1-1, the authority to make determinations under that regulation is delegated to the Regional Administrators (with further authority to redelegate to the Division Administrators). The purpose of this memorandum is to provide you with some guidance for the exercise of your discretion under 23 CFR 1.23.

In determining whether a facility installed on the right-of-way of a previously approved Federal-aid highway project is permissible, the mere presence of advertising, which is understood to be the source of profit for a private enterprise, would not always render impermissible an otherwise permissible use of the right-of-way for a highway or other public purpose. However, there should be satisfactory assurance that such use will not impair the highway or interfere with the free and safe flow of traffic thereon. The same advice would apply to the approval of new Federal-aid highway projects when such facilities are in existence on the right-of-way.

We have conducted an informal review of a bus shelter program which has been in effect in New York City for the last three years, and it is our opinion that the presence of shelters of this design, with their limited use for advertising, is not inconsistent with

the purposes of 23 CFR 1.23 in urbanized areas. Since the various jurisdictions interested in these programs should be allowed enough flexibility to resolve competing interests in light of their own particular local conditions, we see little need at the present to impose specific restrictions on the approval of these programs.

At this time, we only require specifically that State or local jurisdictions award bus shelter franchises on the basis of public invitations, and that equal access should be provided to all qualified advertisers at reasonable rates. Proposed bus shelter franchise agreements should be reviewed, however, to assure that adequate controls are provided over items such as, but not limited to, location (site specific), design, amount of advertising space, and advertising content.

The previous advice on this subject from the Office of Traffic Operations, provided in a memorandum dated April 26, 1978, and in an attachment thereto dealing with a Minnesota request, is rescinded and superseded by this memorandum. We are, however, interested in taking a continuing look at bus shelter programs as they are put into operation. Thus, those programs that are approved should be subject to continuing review and informational reports should be prepared for the Office of Traffic Operations. These reports should provide a basis for evaluating the approaches taken at local, State, and Federal levels to exercise control, and determining what appropriate Federal Highway Administration policy should be in this area.

L. P. Lamm

Federal Highway Administration
HCC-1:PLBrennan:jdb:56545:7-17-78
cc:
Mr. Bowers - 4218
Mr. Lamm - 4218
Mr. Casanova - 4213
Mr. Anders - 4213
Mr. Brennan - 4213
Mr. O'Connor - 3213
Mr. Lindberg - 3212
Mr. Crowley - 3101
Mr. Kussy - 4230
Mr. Rhudy - 4230
File
FHWA
OCC Chron
OCC Subject

from the engineer in charge of the highway or the work on the highway, or a person who wilfully, knowingly, or maliciously damages the work under construction, is guilty of a misdemeanor. (§ 8 art IV title II ch 152 SLA 1957)

Collateral references. — 40 Am. Jur. 2d, Highways, Streets and Bridges, §§ 604-610.

40 C.J.S., Highways, §§ 248-282.

60 C.J.S., Motor Vehicles, §§ 655, 714.

Liability for damaging highway or bridge by nature or weight of vehicles or loads transported over it. 5 ALR 768.

Construction and application of statute or ordinance designed to prevent the use of vehicles or equipment thereof injurious to the highway. 135 ALR 550.

Article 3. Outdoor Advertising.

Section

80. Purpose
90. Outdoor advertising prohibited
100. [Repealed]
105. Limitations of outdoor advertising signs, displays and devices
110. [Obsolete]
120. [Obsolete]
130. Penalty for violation
140. Compensation for removal of advertising
150. Unlawful advertising
160. Definitions
170. Agreements with the United States; regulations
180. Interpretation

Sec. 19.25.080. Purpose. The purposes of AS 19.25.080 — 19.25.180 are

(1) to protect the public safety and the welfare of persons using the highways of the state by having outdoor advertising signs, displays and devices along the highways controlled;

(2) to prevent unreasonable distraction of operators of motor vehicles; to prevent confusion with regard to traffic lights, signs or signals or otherwise interfere with the effectiveness of traffic regulations, and to promote the safety, convenience and enjoyment of travel on, and protection of the public investment in highways in this state; to preserve and enhance the natural scenic beauty or aesthetic features of the highways and adjacent areas; and to attract tourists;

(3) to regulate outdoor advertising signs, displays and devices in areas adjacent to the rights-of-way of the interstate, primary and secondary systems within this state in accordance with this chapter and the regulations adopted under this chapter;

(4) to provide that outdoor advertising signs, displays and devices which are not in conformity with the requirements of this chapter are a public nuisance;

(5) to provide a statutory basis for regulation of outdoor advertising signs, displays and devices consistent with the public policy relating to areas adjacent to a highway of the interstate or primary systems declared by Congress in Title 23, United States Code, "Highways." (§ 1 ch 59 SLA 1949; am § 1 ch 86 SLA 1953; am § 2 ch 233 SLA 1968; am § 1 ch 155 SLA 1970)

Sec. 19.25.105. Limitations of outdoor advertising signs, displays and devices. (a) Outdoor advertising may not be erected or maintained within 660 feet of the nearest edge of the right-of-way and visible from the main-traveled way of the interstate, primary, or secondary highways in this state except the following:

(1) directional and other official signs and notices which include, but are not limited to, signs and notices pertaining to natural wonders, scenic and historic attractions, which are required or authorized by law, and which shall conform to federal standards for interstate and primary systems;

(2) signs, displays, and devices advertising the sale or lease of property upon which they are located or advertising activities conducted on the property;

(3) signs determined by the state, subject to concurrence of the United States Department of Transportation, to be landmark signs, including signs on farm structures, or natural surfaces, of historic or artistic significance, the preservation of which would be consistent with the provisions of this chapter;

(4) directional signs and notices pertaining to schools;

(5) advertising on bus benches or bus shelters if the state determines that the advertising conforms to local, state, and federal standards for interstate and primary highway systems.

(b) *[Repealed by § 21 ch 94 SLA 1980.]*

(c) No outdoor advertising may be erected or maintained beyond 660 feet of the nearest edge of the right-of-way of the main traveled way of the interstate primary or secondary highways in this state with the purpose of their message being read from that travel way except those outdoor advertising signs, displays or devices allowed under (a) of this section. (§ 3 ch 155 SLA 1970; am §§ 1, 2 ch 195 SLA 1975; am § 1 ch 30 SLA 1980; am § 21 ch 94 SLA 1980; am § 1 ch 6 SLA 1987)

Effect of amendments. — The 1987 amendment in subsection (a) substituted "outdoor advertising may not" for "No outdoor may" at the beginning of the subsection and added paragraph (5).

Article 4. Encroachments In Highways.

Section
200. Encroachment permits

Sec. 19.25.200. Encroachment permits. (a) An encroachment may be constructed, placed, changed, or maintained across or along a highway, but only in accordance with regulations adopted by the department. An encroachment may not be constructed, placed, maintained, or changed until it is authorized by a written permit issued by the department, unless the department provides otherwise by regula-

the outdoor advertising sign, display or device at the expense of the owner of the land or the person who erected it. (§ 5 ch 233 SLA 1968)

Sec. 19.25.160. Definitions. In AS 19.25.080 — 19.25.180

(1) "outdoor advertising" includes any outdoor sign, display or device used to advertise, attract attention or inform and which is visible to a person on the main-traveled way of a highway of the interstate, primary, or secondary systems in this state, whether by printing, writing, painting, picture, light, drawing, or whether by the use of figures or objects, or a combination of these, or any other thing designed, intended or used to advertise, inform or attract attention;

(2) "interstate system" means that portion of the National System of Interstate and Defense Highways located in this state, as officially designated, or as may hereafter be so designated, by the commissioner, and approved by the secretary of transportation (or by the secretary of commerce before the effective date of the transfer of functions under Public Law 89-670 [80 Stat. 931]), under the provisions of Title 23, United States Code, "Highways";

(3) "primary system" or "secondary system" means that portion of connected main highways, as officially designated, or as may hereafter be so designated, by the commissioner, and approved by the secretary of transportation (or by the secretary of commerce before the effective date of the transfer of functions under Public Law 89-670 [80 Stat. 931]), under the provisions of Title 23, United States Code, "Highways";

(4) "department" means the Department of Transportation and Public Facilities. (§ 5 ch 233 SLA 1968; am §§ 46, 47 ch 69 SLA 1970; am §§ 5, 6 ch 155 SLA 1970; am Executive Order No. 39, § 11 (1977))

Revisor's notes. — Pursuant to AS 01.05.031, the revisor of statutes has deleted "of transportation and public facilities" following "commissioner" in paragraphs (2) and (3).

Effect of amendments. — The 1977 amendment substituted references to the commissioner of transportation and public facilities for references to the commissioner of highways in paragraphs (2) and (3) and a reference to the Department of Transportation and Public Facilities for a reference to the Department of Highways in paragraph (4).

Legislative history reports. — For report on ch. 69, SLA 1970 (HB 564), see 1970 House Journal Supplement No. 2, p. 7.

Sec. 19.25.170. Agreements with the United States; regulations. The department is authorized to enter into agreements in conformity with the provisions of this title with the United States Secretary of Transportation as provided by Title 23, United States Code, relating to the control of outdoor advertising signs, displays and devices in areas adjacent to interstate and primary systems and to take action in the name of the state to comply with the terms of the agreements, and to promulgate required regulations. (§ 5 ch 233 SLA 1968)

tion. The department may charge a fee for a permit issued under this section. The commissioner of administration shall separately account for encroachment permit fees that the department deposits in the general fund. The annual estimated balance in the account may be used by the legislature to make appropriations to the department to carry out the purposes of this section.

(b) The provisions under (a) of this section do not apply to a mailbox or a newspaper box attached to a mailbox. (§ 2 ch 64 SLA 1971; am § 41 ch 138 SLA 1986; am § 4 ch 142 SLA 1986)

Effect of amendments. — The first 1986 amendment added the third, fourth and fifth sentences and made grammatical changes in the second sentence.

The second 1986 amendment designated the existing language as subsection (a), in the second sentence of subsection (a) deleted "duly" preceding "authorized" and added the language "unless the department provides otherwise by regulation" and added subsection (b).

Chapter 30. Access Roads.

Article
2. Roads to State Lands Programmed for Surface Disposal (§§ 19.30.070, 19.30.080)
3. Local Service Roads and Trails (§§ 19.30.127 — 19.30.141, 19.30.161, 19.30.241)
4. Road Maintenance Service Areas (§§ 19.30.260 — 19.30.320)

Article 2. Roads to State Lands Programmed for Surface Disposal.

Section
70. Contracts for construction of roads
80. Construction standards and maintenance

Sec. 19.30.070. Contracts for construction of roads. The director of the division of lands may contract with private persons for the construction of roads to and on state land programmed for surface disposal that are not more than six miles from existing roads or highways. Contracts under this section are governed by AS 36.30 (State Procurement Code). (§ 1 ch 122 SLA 1961; am § 2 ch 7 SLA 1964; am § 16 ch 106 SLA 1986)

Effect of amendments. — The 1986 amendment, effective January 1, 1988, added the last sentence.

Sec. 19.30.080. Construction standards and maintenance. An access road constructed under AS 19.30.060 — 19.30.100 shall be of low standard, not necessarily suitable for all weather use. The state is not under obligation to maintain an access road constructed under AS 19.30.060 — 19.30.100. If an access road is constructed outside a municipality that has zoning ordinances, the right-of-way width for the road shall be determined by the division of lands and the Department

CHAPTER 10.
ENGINEERING: ENROACHMENTS, DRIVEWAYS, AND ROAD APPROACHES

Section
10. Encroachments
20 Driveways and road approaches
30. Driveway and road approach permits and utilities
40. Facility service roads and trails
50. Definitions

17 AAC 10.010. ENCROACHMENTS. Encroachments may be installed or permitted within highway lands, or rights-of-way, under certain conditions when they have been the subject of a previously secured written authorization issued by the department and, in respect to all highways acquired or constructed in whole, or in part, with federal-aid funds, in accordance with the federal regulations governing the future use and occupation of such highways. (Eff. 6/25/69, Reg. 30)

Authority: AS 19.05.020

17 AAC 10.020. DRIVEWAYS AND ROAD APPROACHES. (a) All driveways or road approaches constructed under permit within any highway lands or rights-of-way shall be the property of the state, but all cost and liability in their connection or in connection with their maintenance shall be at the sole expense of those lands served.

(b) Such facilities shall be constructed and maintained in such a manner that the highway, and all its appurtenances or facilities including, but not limited to, all drainage facilities, pipes, culverts, and ditches, and their safety shall not be impaired or endangered in any way by the construction or maintenance; the permits shall contain express conditions which provide for the enforcement of (a) and (b) of this section.

(c) The permit forms, except the utility permits described in 17 AAC 15, shall contain a clause which provides that the permittee shall adjust or relocate such encroachments without cost or liability to the state if, at any time, or from time to time, the use or safety of the highway within which such encroachment exists requires that the encroachment be adjusted or relocated, and that the permittee shall save and keep harmless the state, its officers, agents, employees, and contractors in any matters pertaining to the encroachment, and that the permittee shall assume all liability or cost in connection with the encroachment.

(d) Permits may be issued for driveways on any highway not converted to, or originally established as, a controlled access facility, if, in the opinion of the department, the driveways are proposed to be located in a manner which is compatible with the public safety and which will not interfere with the use of the highway; provided, however, that if the highway was financed in whole, or in part, with federal-aid funds, a stipulation in the permit shall provide that the driveway is a portion of the public facility; and further provide, that the permittee or his successors and assigns shall assume all cost and liability occasioned by either the construction or maintenance of the driveway.

(e) If a driveway constitutes the replacement of an existing means of access to privately owned lands, the department, at the time of the construction or reconstruction of the highway, shall cause such driveways to be constructed in a manner and location consistent with the engineering standards proper to the highway, in preference to replacing the existing means of access in kind, and any major improvement in the property thus effected shall be considered to be a special benefit to be offset against any severance damages to the land. Upon the completion of the construction of the highway, the owner of said lands shall be issued a standard encroachment permit containing the provisions described in (d) of this section.

(f) If no means of access, as described in (e) of this section, exist to serve any such private parcel of land, and provided that the owner is resident thereon, or has made improvements to the land, the department shall designate and construct such a driveway at a location which best serves the land, or at a location selected and designated by the owner of the land, to the extent that such driveway locations are consistent with good engineering practice and economy, the standards pertaining to such highway, and the full use and safety of such highway. Upon the completion of the construction of the highway, the owner of the

a segment of the public; "utility" also includes any corporation, company, individual, or association of individuals, or any lessee, trustee, or court-appointed receiver that owns, operates, manages, or controls any system for furnishing transportation of goods or persons by means of a railway, tramway, cableway, conveyer, flume, canal, tunnel, pipeline, or any other similar means;

(55) "utility locate service" means a service provided by a utility to locate its buried utility facilities;

(56) "utility service connection" means the cable, wire, or pipe that connects the utility distribution line to the premises served;

(57) "wet-boring" means the method or process of boring with the use of jets of water or liquid slurry;

(58) "airport" has the same meaning as in AS 02.15.260(5);

(59) "public facility" has the same meaning as in AS 35.25.020(7). (Eff. 5/23/82, Reg. 82; am 10/2/87, Reg. 103)

Authority: AS 02.15.020 AS 19.30.051
AS 02.15.102 AS 19.30.121
AS 02.15.106 AS 19.40.065
AS 19.05.020 AS 35.05.020
AS 19.05.040 AS 35.10.230

CHAPTER 20. MAINTENANCE

Section
10. Outdoor advertising
20. Closure and restriction
30. Transfer of excess equipment
40. General

17 AAC 20.010. OUTDOOR ADVERTISING. It shall be unlawful to place, erect, or maintain any outdoor advertising sign within the right-of-way of any highway or highway lands, nor shall any permit be issued for the placement or erection of the sign. (Eff. 6/25/69, Reg. 30)

Authority: AS 19.05.020

Historical Note: Former 14 AAC 2.391.2.

17 AAC 20.020. CLOSURE AND RESTRICTION. (a) The department may restrict the use of, or close, any highway whenever the department considers such closing or restriction of use necessary

(1) for the protection of the public; or

(2) for the protection of such highway from damage during storms, floods, thawing conditions or during construction or maintenance operations.

(b) The department will provide traffic guidance in case of restriction or provide suitable detour as soon as possible to minimize traffic delay.

(c) To notify the public that a highway is closed, or its use has been restricted, the department may

(1) erect suitable barriers or obstructions at such locations upon the highway as will best serve the purpose;

(2) post warnings or notices of the condition of any such highway;

(3) post signs for the direction of traffic upon it, or to or upon other highway or detour open to public travel;

(4) place warning devices upon such highways;

Transit Advertising Group
P.O. Box 84662 • Fairbanks, AK 99708
(907) 479-3281

April 6, 1988

APR 12 1988

Senator Bettye Fahrenkamp
P.O. Box V
Juneau, AK 99811

Dear Senator Fahrenkamp,

Refering to Senate Bill 421 An Act relating to outdoor advertising within highway rights of way, and providing for an effective date, I would like to thank you for the work you have done on this legislation.

After reading all available information regarding SB 421, and having been in the outdoor advertising business for the past three years, and havingbuilt, placed, and maintained over 50 bench/sign units over the past three years, I have a few questions and comments about the proposed SB 421.

The major concern that I have is the "estimated application fee of $250.00" for each permit, as described in the March 7, 1988 fiscal note. I understand that the bill now carries a new zero fiscal note. Does that mean that both the expenditures and revenues are now zero.? That new fiscal note is dated March 10th.

Nonetheless, I have some questions about the $250.00 fee.

How was the $250.00 fee determined in the first place? The estimated expenditures/revenues show a cost of $10,000 for "personal services" listed for FY 89. This $10,000 cost divided by the estimated 40 permit/application fees you expect during FY89 comes out to $250.00. This seems high. This $250.00 fee per unit would really make me think about the feasibility of continuing my business, particularly since it would also put me in a position of having to raise about $12,500. I am the only business that currently has the benches placed. Over a period of time more will come on line. Also, what will be the amount of the "smaller annual renewal fee"? Why is it necessary? How about charging it only if changes are made?

Recently I have discovered that DOT/PF in permiting existing bus shelters in Anchorage, has until this bill, charged significantly less to municipalities for permits for shelters on state right of way. According to the Capital Projects Coordinator for the Municipality of Anchorage Transit Department, they have paid a total of $2000.00 for the permiting of 50 shelters. Why would my benches and shelters require a $250.00 fee? Would it be advisable to amend Senate Bill 421 to direct the state to charge the same permiting fee whether the permitee is a private firm or a government entity?

Could a master application be made for all of my present locations to save me money and the state the effort of reviewing individual application? Could the Borough or the City process the application?

Is there any other way to lower the cost of the fee?

Transit Advertising Group
P.O. Box 84662 • Fairbanks, AK 99708
(907) 479-3281

I know you are aware of the difficulties I have had in dealing with the Northern Region office. I would hope that whatever is decided, that it will be uniformly embraced by all the regions and regulations, policies and procedures be carried out in the same way by each right of way section.

Thank you for your consideration.

Sincerely,

Bill St. Pierre

cc: Representative Cato
Commissioner Hickey

Item #7

Explanation of Proposed Fee
Senate Bill 421
April 18, 1988

The proposed administrative fees for processing permits concerning bus benches and bus shelters has been an issue of concern with the department's fiscal note on this bill. In further explanation of the purpose and need for an administrative fee of the proposed magnitude the following is offered.

Each permit will require a substantial degree of analysis and evaluation in order to fulfill a requirement of the Federal Highway Administration (FHWA). Because of federal-aid funding on most state routes, they have the ability to approve or deny a permit program for these benches and shelters and to individually approve or deny applications therefore.

One required aspect will be a careful analysis of safety issues. Safety in general, and removal of roadside obstacles in particular, is an emerging focus of the FHWA. There is now considerable attention and funding directed at removal or mitigation of existing roadside obstacles, including culvert ends, bridge railings, sign posts, illegal mail box installations and similar obstacles. Given this environment, the FHWA will only approve a bus bench and shelter program if an equal degree of attention is paid to safety for these non-essential obstacles. The time involved in analyzing the design of individual requests (bench or shelter) and the proposed location relative to traffic conditions, accident histories and probability of future accidents is substantial.

The staff required to perform these analyses and process the permits have no general fund component to their salary. As such, they must have a funding source to charge to which is the need for the proposed fees. Without the proper level of analysis, FHWA will disallow these installations and legislative action authorizing bus bench advertising will be effectively moot. For a bus bench and shelter advertising program to succeed, a funding mechanism for implementing regulations and individual permit processing is necessary.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 4-18-88 1:30 p.m.

HOUSE COMMITTEE REPORT

(7)

Date referred: 4/7/88 FURTHER REFERRALS: Judiciary
Finance

DATE: 4-18-88

The Transportation Committee has considered SB 421

"An Act relating to outdoor advertising within highway rights-of-way; and providing for an effective date."

RECOMMENDS:

[ ] replace with _____ [ ] the same title
[ ] attached amendment(s) [ ] a new title

[X] do pass
[ ] do not pass
[ ] no recommendation
[ ] individual recommendations
[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact
[ ] zero fiscal note
[ ] zero with analysis
[ ] same as previous fiscal note published _____
[X] same as previous zero fiscal note published 3-10-88

SIGNING DO PASS:

Mike Miller
Jerrold Springer
Bette Cate

SIGNING OTHER RECOMMENDATIONS:

R. G. Ramsey (or see
Lee Leaver (NO rec

Bette Cate
Chairman's signature

Official Business

COMMITTEE: House Transportation Committee

DATE: April 18, 1988

SIGN-IN

Subject of meeting:

SB 421: "An Act relating to outdoor advertising within highway rights-of-way; and providing for an effective date."

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
JEFF C. OTTESEN DIRECTOR	PO BOX 2 DOT & PF JUNEAU 99811	465-2951	DOT & PF	AS NEEDED
Senator Fahrenkamp (Tom)				

SB

463

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

April 6, 1988

****

COMMITTEE CALENDAR:

HB 150: "An Act relating to taking a propelled vehicle of another."

SB 463: "An Act relating to unused airline tickets."

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

a folder on HB 150 that includes:

item #1: HB 150
#2: fiscal note - Dept. of Public Safety
#3: petition of support
#4: statutes

a folder on SB 463 that includes:

item #1: SB 463
#2: a statement from Sen. Josephson
#3: fiscal note - Department of Revenue
#4: statutes
#5: support statements - Mark Air
Reeve Aleutian Airways
#6: opposition statement - National Association of Unclaimed Property Administrators

Alaska State Legislature
Senate

Official Business

P.O. BOX V
State Capitol
Juneau, Alaska 99811

March 31, 1988

M E M O R A N D U M

To: House Transportation Committee members
From: Sen. Joe Josephson
Re: SB 463

SB 463 would remove airline tickets from Alaska's unclaimed property statute (AS 34.35.). Existing law requires that sums equal to the price of all "unused" airline tickets be paid over by air carriers to the State five years from the date of ticket issuance. (In theory, these sums, when paid, are received by the State in trust for the passengers who bought the tickets. Under AS 34.35.310, the State is supposed to try to locate these people.)

I believe the law's requirements and procedures are illogical and unreasonable as they apply to airline tickets:

1. In some cases, such so-called "unused tickets" were not used on the flights for which they were issued or within the applicable expiration dates, and so the value of such tickets has been eliminated or reduced under the terms of the passenger-carrier contract. In other cases the tickets were used or redeemed, but through data entry mistakes the use or redemption was not properly recorded.

2. When a person purchases a standard-fare ticket but fails to show up for the flight, the current policy of the major carriers is generous. Although the carrier may have been unable to fill the empty seat, a refund is still given for the full ticket value.

3. If small in-state airlines are compelled to comply with the unclaimed property statute, the additional record-keeping burden could require them to purchase new equipment and suffer additional personnel costs. These requirements may cause ticket prices to increase. Air carriers suggest that the additional recordkeeping costs they will bear will be greater than the amount of money that would be produced.

4. Airline marketing techniques -- including the introduction of discount and frequent-flyer programs -- have changed radically since airline tickets were included in the uniform law developed in 1981. As interpreted by the Department of Revenue, the Alaska unclaimed property statute would infringe on the airlines' ability to offer limited-duration and special restriction tickets. If a carrier wishes to offer a discounted fare for a ticket, but require that it will be used by a certain date, or on certain flights, it should be able to do so. After all, that was one of the objectives of airline deregulation.

Conceptually, the issue presented is whether airline tickets should be treated the same as such property as bank accounts, stock certificates, or real estate, which are "unclaimed property" under the law, or whether they should be treated the same as tour packages, season theater or sports tickets, and similar items, which are not considered "unclaimed property".

If you have any questions, please contact me at 465-4525. Thank you for your consideration.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SB 463
PUBLISH DATE: (Senate) 3/5/88

FISCAL NOTE

REQUEST:

Revision Date:
Title: "An Act relating to unused airline tickets."
Sponsor: Senator Josephson
Requestor: Senate Transportation

Agency Affected: Revenue
BRU: Income and Excise Audit

Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	(100)	(100)	(100)	(100)	(100)

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

(see attached analysis)

Prepared By: John Hansen, Audit Supervisor
Phone: 465-2300
Division: Income and Excise Audit Division
Date: 03/02/88

Approved by Commissioner: Hugh Malone
Date: 03/02/88
Agency: Department of Revenue

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

Prepared by: John N. Hansen
Department of Revenue
Income and Excise Audit Division
Senate 3/3/88

SB 463 Fiscal Note Analysis

Alaska adopted the Uniform Unclaimed Property Act (AS.34.45) in 1986. This Act is a strong piece of consumer protection legislation. This legislation goes contrary to that act. No other state has excluded airline tickets from being considered unclaimed property. The National Association of Unclaimed Property Administrators (NAUPA) has been opposed to legislation similar to SB 463. The Department of Revenue is opposed to this legislation.

The Fiscal Note reflects an annual anticipated revenue reduction of $100,000. This is based on an estimate made from our short history with this law. We believe this figure to be quite low, especially as the first report year filed will include all unclaimed tickets to date held by the airlines. To date only one Air Carrier has filed with the department and remitted $26,000. This air carrier is a local one.

Currently there are 22 domestic and 14 international air carriers operating in Alaska. The department believes the major air carriers operating in Alaska have substantial amounts of unclaimed property. This property should be turned over to the state so we may locate the owners.

MARKAIR Express
Operated by Hermens Air
Box 7010 • Bethel, Alaska 99559 • (907) 543-4220

March 3, 1988

The Honorable Lloyd Jones
The State Senate
Alaska State Capitol
Senate Transportation Committee
Juneau, Alaska 99802

Dear Senator Jones:

I am very much in support of Senator Josephson's legislation to delete unused airline tickets from the state's unclaimed property list.

1. Our company writes around 50,000 tickets per year.

2. Four or five tickets per month are unclaimed but are paid for with a travel voucher. Those vouchers are voided by the agency, thus cancelling the ticket value.

3. We have less than one ticket per month that is paid for but not picked up.

4. The average value of our ticket is only $45.00 and the cost of tracking these unused tickets for five years would far exceed the ticket value.

5. Each time a passenger makes a reservation the airline is charged about $1.50. Each ticket cost approximately ten cents plus the cost of the agent writing the ticket.

Therefore, we are not making money on unused tickets.

Sincerely,

Stan Hermens
President

SH/fc

DISCUSSION ON ABANDONED PROPERTY LAW RE: UNUSED AIRLINE TICKETS

MarkAir's position is that unused airline tickets should not be classified as abandoned property. The main reasons for this position are:

I Of all the airline tickets sold, very few of these tickets actually result in unused transportation.

II Of all the tickets sold but not used, most have a de minimus value.

III Accounting for tickets sold over an extended period carries a significant and burdensome cost.

IV Tickets are sold with the understanding they are good for travel anytime within the subsequent year unless restrictions are imposed on their use due to special discounted fares.

MarkAir utilizes a computerized system to account for the sale of tickets and passenger revenue. The system matches each sales document with its related tickets based on the ticket and coupon number.

A simplified description of how MarkAir's sales and Match-Use Accounting System works may be helpful at this point.

A passenger ticket or excess baggage ticket is prepared at a MarkAir ticket counter, city ticket office or any of five hundred plus travel agency locations authorized to issue tickets on MarkAir. An accounting copy of the transaction

is submitted to the Anchorage accounting office for recording its value, taxes, routing and other data by ticket number.

The ticket number, along with its value and issue date becomes the basis of a Match-Use file and general ledger transportation liability account. As a flight coupon is used by the passenger, the coupon is processed into the file using its fourteen digit ticket number. The system will then match the coupon to a sales record and reduce the liability value of the file and the general ledger for the amount of the ticket.

The entire sales record for each ticket will remain in the file until one of two events occur: (1) all coupons are matched off or, (2) the record becomes fifteen months old, at which time the remaining open coupons are removed.

The checks and balances in the system include a computerized file which provides an item by item history of transportation coupon values and is the support to the transportation liability account in the general ledger. On a monthly basis, the general ledger account is reconciled to the computer file, with accepted differences resulting in revenue adjustments.

Since the monthly revenue dollars are entirely controlled within the computer system, tickets which are used but are not processed for whatever reason, are excluded from the match process. This results in an overstatement of the transportation liability and understatement of revenue. Unmatched tickets having on issue date in excess of fourteen months from the current month are recorded as revenue.

The major areas which cause revenue to age-off rather than be matched-off are as follows:

1. Failure to lift flight coupons and excess baggage coupons from passengers makes it impossible to remove them by the match-use process from the sales record.

2. Loss of entire flight envelopes containing the flight coupons lifted from passengers results in used MarkAir flight coupons not being match-used off the sales record.

3. Failure of headquarters accounting personnel and the system to match used flight coupons off the sales record by:

   a) Failure to process coupons/data.

   b) Keypunch error in fourteen digit ticket number.

   c) Unable to read the fourteen digit ticket number.

4. Failure for other airlines to bill MarkAir because of similar mishandling problems as mentioned in 3.

5. Tickets which are refunded but are not removed from the sales record because of the absence of applicable ticket and coupon number.

6. Refunds of "Aged" sales. Refunds of tickets over fourteen months in age are made and accounted for in the current accounting period. No adjustments for these refunds can ever be made to a closed record.

7. Unsupported exchange use tickets not being removed from the sales record because the applicable ticket and coupon numbers were not available.

Adjustments to the transportation liability account are also required to adjust the sales record for fare changes, refund fees and commission expense paid to travel agencies.

An analysis of ticket sales and lift processing has been performed to define what accounts for this failure to achieve matched use removal:

About sixty-three percent of use against MarkAir sales is from LIFT use. Passenger coupons can be lifted by MarkAir personnel in several airport locations. For passenger convenience and to relieve conjestion, some flight coupons may be lifted at the podium in the gate waiting area and some are lifted by the inflight attendants at the doorway to the plane. All coupons for the same flight are consolidated, put into a flight envelope and sent into the Anchorage accounting office.

The flight envelopes are checked against a flight roster. Coupons issued by other airlines are separated from those issued by MarkAir. The other airline sales coupons are input and processed to the billing system. MarkAir lift coupons are input and processed to be matched to the sales record computer file.

Approximately twenty-nine percent of the tickets sold by MarkAir are used for flights on other airlines. The other airlines then bill MarkAir for these used flight coupons. The billed coupon numbers are entered into our system to match-off use from the computer sales record file. A major problem encountered

here is that many times an airline will bill multiple coupons for the same ticket but indicate only one coupon number with the entire billing on the one coupon. This results in a failure to remove used coupons from the sales record file.

Refunds are made at ticket counters, ticket offices, at travel agencies and in the Anchorage accounting office. When refunds are made, the refunded coupons are batched and sent to data input so that the ticket and coupon numbers can be input to relieve the sales records. There have always been a number of difficulties processing refunded coupons to the computer file. The refunds are made but the coupons may go to storage prematurely without the use (refund) being processed against the sales record file. Some refunds made in the field are missing entire or partial coupon and ticket numbers or we are unable to read them. Other refunds are made to passengers who have lost their flight coupons and we are unable to determine the complete ticket or coupon number.

The exchange of one ticket for another ticket creates a new sales record. When flight coupons are exchanged for new transportation, the exchanged flight coupons are normally attached to the new sales records and sent into the accounting office to process both the "use" on the old sale and to establish a new sale record. Whenever new transportation is issued without receiving the old flight coupon, the necessary ticket and coupon number required to clear the old record is absent and the transportation liability is incorrectly overstated.

Approximately ninety-nine percent of use is properly applied in the normal routine manner to the computer sales record file. The other one percent is

taken as aged revenue because we know the problems and errors which exist in the handling of used tickets. MarkAir has always been concerned about use processing errors, but it has never been economically justifiable to seek a hundred percent accuracy from the many employees handling transactions many times.

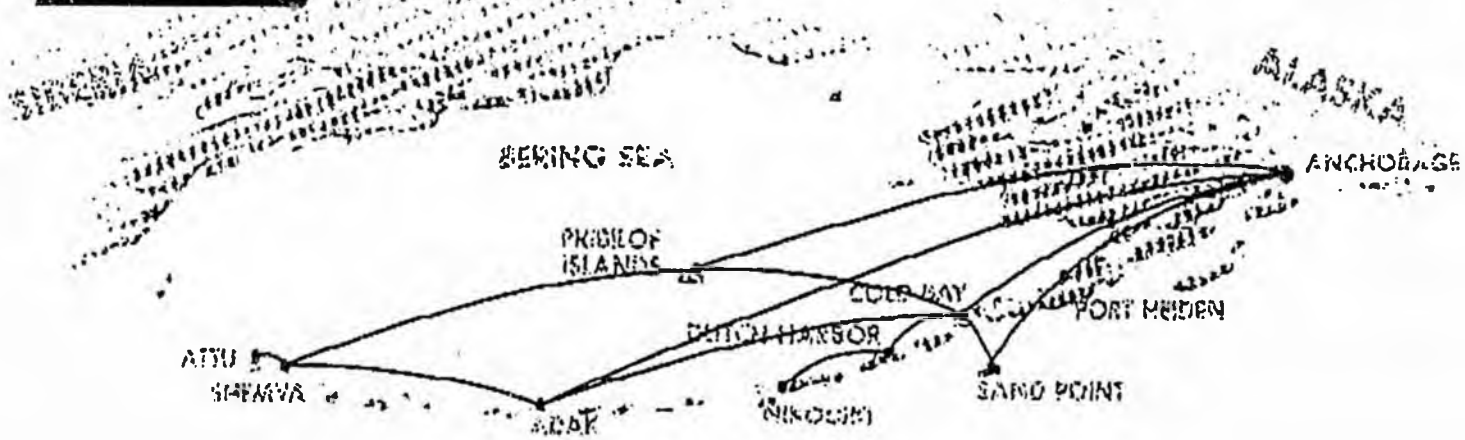
While nearly all tickets sold are used by the passenger, some very small percentage remain unused. Since we refund expired tickets as well as lost tickets, unused and unrefunded tickets are most likely of little value. We have found people generally seek refunds on unused tickets of almost any value, however, refund fees and adjustments for breaking restrictions on discounted tickets e.g., weekender or supersaver fares, make the nuisance of applying for the refund of certain tickets not worth the value of these promotional tickets.

Accounting for sold tickets over an extended period carries significant costs. These costs arise from record keeping, research, auditing and storage. For a carrier like MarkAir, this cost today would involve adding additional personnel, record storage space and computer processing and storage capability. These costs would continue to rise over the years as additional sales records continue to be added to historical files. Small carriers without a computerized match-use system would be forced to add personnel and computer hardware and software to develop a similar capability. The result would be the eventual resolution of most unused tickets as misprocessed or mishandled or unused discounted tickets which through the passage of time may have no refund value.

Finally, since tickets are generally valid for one year after purchase, being forced to refund unused tickets many years after they are sold infringes on the contract made between the airline and the ticket purchaser. The airline will

have provided the availability of transportation for the year after purchase and incurred the costs associated with producing the service and schedule. Whether the tickets are used or not, airlines will have held up their side of the contract and one year later if the ticket has expired they deserve to retain the value of the ticket and not be required to incur the costs to track, audit and research old tickets for years.

RAA REEVE ALEUTIAN AIRWAYS, INC.



March 7, 1988

Honorable Lloyd Jones
Chairman
Senate Transportation Committee

Dear Senator Jones:

Reeve Aleutian Airways would like to comment on the Uniform Unclaimed Property Act (AS 34.45) that your committee is reviewing.

Reeve Aleutian Airways did remit $25,109 in miscellaneous open accounts with credits due pursuant to Uniform Unclaimed Property Act. The accounts varied in dollar value with a vast majority less than $50.00. I also wish to note that the time period Reeve researched and made remittance for exceeded 5 years. Accordingly, any subsequent remittances pursuant to this act would be substantially less.

Reeve did protest and assert to the Dept. of Revenue that AS 34.45 created a conflict with filed tariff rules regarding refunds by individuals or claims by other airlines. Reeve also argued that with respect to tickets, revenues and liabilities were earned. Please note that a credit may be claimed within a time frame of two years for an individual and two and one half years by an airline for unused ticket coupons.

Reeve charges a passenger the appropriate amounts for travel including taxes. Unless the passenger can prove that he did not travel by presenting an unused coupon Reeve does not refund money. Reeve does however set up credits by passenger name/airline until the entire package of ticket coupons is received to debit against credits. Coupons are lost, misplaced, not matched, misfiled, not submitted, etc., etc. Accordingly, there are credits that are not cleared during the tariff time period. That certainly does not mean that Reeve should issue a credit nor consider the credits abandoned property. Until the expiry of the tariff time period all liabilities and revenues are considered earned income.

4700 W. INTERNATIONAL AIRPORT RD. • ANCHORAGE, ALASKA 99502

RAA

Reeve believes that a significant portion of the sum remitted to the State is earned revenue belonging to Reeve. The Dept. of Revenue considers unmatched coupons as miscellaneous intangible property that is abandoned and thus reportable. Reeve disputes that position. The fact that Reeve remitted sums does not mean that Reeve concurs nor agrees with the Department's position.

Please consider the various points and arguments before you carefully. I would like to urge the committee to exempt airline ticket coupons from AS 34.45.

Thank you.

Sincerely,

David D. Jensen

David A. Jensen
Administrative Vice President

DAJ/kd

ANN W. RICHARDS
TREASURER

RECEIVED
ALASKA DEPARTMENT OF REVENUE

MAR 10 1988

OFFICE OF THE COMMISSIONER

TREASURY DEPARTMENT
PO BOX 12608, CAPITOL STATION
AUSTIN, TEXAS 78711

STATE OF TEXAS

LBJ STATE OFFICE BUILDING
CONGRESS AT 17TH ST
(512) 463-6000

March 7, 1988

The Honorable Hugh Malone
Alaska Department of Revenue
P. O. Box SA
Juneau, Alaska 99811-0400

Re: SB 463

Dear Commissioner Malone:

The Unclaimed Property Administrator for the State of Alaska, Patty LaPierre, has brought to my attention a bill now pending in Alaska which could have substantial impact on other states. SB 463 apparently excludes unused airline tickets from the reporting and remitting requirements of the Alaska unclaimed property laws.

No other states exclude unused airline tickets from their laws. In addition, most states have encountered, either through legislation or litigation, attempts to carve out exceptions to the unclaimed property laws. In the southwest, oil and gas companies long resisted unclaimed property requirements. In other states, co-ops have attempted to avoid turning over abandoned property.

Ordinarily, both the State and its citizens suffer as a result of any exceptions to the unclaimed property laws -- the State, because of a diminution in revenue, and its citizens, because they probably will not be notified about their abandoned accounts.

Another impact to the kind of exception the Alaska legislature is considering is that under the United States Supreme Court case of Texas v. New Jersey, 379 U.S. 674 (1965), any property excepted from coverage by Alaska law may then be subject to reporting and remitting under the laws of the state of incorporation of the holder (in this instance, the airline). Thus, if the property (unused airline tickets) is not covered by the law of the state of the passenger's last-known address, it will probably be covered by the law of the state of incorporation of the airline (for example, Delaware).

AN EQUAL OPPORTUNITY EMPLOYER

Moreover, it will be only the citizens of Alaska who suffer from this law, because the laws of the other states will apply when their residents have unused tickets for Alaskan airlines. For example, the unused ticket of a Texas resident travelling on an Alaskan airline would still be subject to Texas unclaimed property laws.

In the past few years, the National Association of Unclaimed Property Administrators has worked closely with corporations required to report in many states. A goal of both the states and corporations has been to make the unclaimed property laws more uniform -- not complicate corporate reporting by state exceptions. On behalf of the Association, we hope you and legislators considering SB 463 will consider carefully the matters set forth above in your deliberations.

Sincerely,

PAULA SMITH
Vice-President (Acting President)
National Association of Unclaimed
Property Administrators
Director
Unclaimed Property Division
Texas State Treasury

PS/na
cc: Ms. Patty LaPierre
Administrator
Alaska Unclaimed Property Division

MALONE
PS

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 4-6-88 1:30 p.m.

(7)

HOUSE COMMITTEE REPORT

Date referred: 3/24/88 FURTHER REFERRALS: Finance

DATE: 4-6-88

The Transportation Committee has considered SB 463

"An Act relating to unused airline tickets."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[X] same as previous zero fiscal note published 3-3-88

SIGNING DO PASS:

Bill Hudson

D. O. Brooks

Bette Cate

SIGNING OTHER RECOMMENDATIONS:

Hilda Miller No Rec

Mike Ward - No Rec

Bette Cate

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: April 6, 1988

SIGN-IN

Subject of meeting:

* HB 150: "An Act relating to taking a propelled vehicle of another."

SB 463: "An Act relating to unused airline tickets."

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY? which bill
Mike Cerkovnik	VP Finance and Controller PO Box 196769 Anchorage AK 99502	243-1484	MarkAir	SB 463
Steve Kittel	DOR P.O Box SA Juneau	465-2320	Dept of Revenue	SB 463
Sen. Josephson				SB 463
Stephanie Joannides	Law - PO Box K	5-3428	Dept of Law	HB 150
Rand Stoops	Box 1211 Juneau	6-3340	AACA	SB 463

* indicates first public hearing

SCR

5

Alaska State Legislature

SENATOR
ARLISS STURGULEWSKI
Chairman, Senate Community and Regional Affairs Committee
Vice-Chairman, Senate Judiciary Committee
Member, Senate Resources Committee

2957 SHELDON JACKSON STREET
ANCHORAGE, ALASKA 99508

While in Juneau
P. O. BOX V
JUNEAU, ALASKA 99811
(907) 465-3818

APR 1 4 1987

Senate

MEMORANDUM

April 13, 1987

TO: Representative Bette Cato, Chairman
House Transportation Committee

FROM: Senator Arliss Sturgulewski
Senate District F

RE: SCR 5 "Relating to promotion and marketing of the state-operated international airports."

The lack of a marketing plan for the state's international airports could well result in reduced revenue for the airports in the future. It is hoped that the administration would be able to address this situation in the FY 88 budget. Since budgets are now in final preparation, I hope you will be able to schedule a hearing soon on SCR 5.

Please let me know if you need additional information. Thank you.

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

May 4
~~April 24~~, 1987

COMMITTEE CALENDAR:

HJR 33: Relating to the shipping of Alaska oil.

SCR 5: Relating to promotion and marketing of the state-operated international airports.

HB 213: "An Act relating to allocation of federal-aid highway funds; and providing for an effective date."

FOR THIS MEETING YOU HAVE:

A folder on HJR 33 that includes:
* a copy of HJR 33
* a memorandum from Rep. Pourchot
* a history and discussion of the resolution
* a letter from the Governor
* a fiscal note from the Dept. of Revenue

A folder on SCR 5 that includes:
* a copy of SCR 5
* a fiscal note from ~~DOT/PF~~ Senate L & C Committee
* a memorandum from Sen. Sturgulewski
* 1986 & '85 financial statements from the international airports
* a letter of support from the municipality of Anchorage
* a marketing report from the Anchorage Convention & Visitors Bureau
* four magazine or newspaper articles
* the House Labor & Commerce Committee Report Form

A folder on HB 213 that includes:
* a copy of HB 213
* a copy of the committee substitute for HB 213
* a sectional analysis
* a fiscal note & position paper on HB 213 from DOT/PF
* information from the six-year capital plan
* a classification of road miles within Alaska
* a letter from the Ass't. Division Administrator of the Federal Highway Administration
* a report on HB 213 from Rep. Hoffman
* minutes from the 4/13 & 4/15 public hearings of HB 213

No. 22

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE SENATE

BILL VERSION: SCR 5
PUBLISH DATE: 2/3/87

REQUEST

Bill/Resolution No. : SCR 5
Title : Re:promotion & marketing of state-operated international airports

Sponsor : Sturgulewski
Requestor : Senate Labor & Commerce
Date of Request :

FISCAL DETAIL

Agency Affected : DOTPF
BRU : International Airports

Components :

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER IARF	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL						

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

Prepared by : Mark K. Johnson, Counsel
Division : Senate Labor & Commerce Committee
Phone : 465-3822
Date : 2-2-87

Approved by Commissioner :
Agency :
Date :

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

Alaska State Legislature

SENATOR
ARLISS STURGULEWSKI
Chairman, Senate Community and Regional Affairs Committee
Vice-Chairman, Senate Judiciary Committee
Member, Senate Resources Committee

2957 SHELDON JACKSON STREET
ANCHORAGE, ALASKA 99508

While in Juneau
P. O. BOX V
JUNEAU, ALASKA 99811
(907) 465-3818

Senate

MAR 23 1987

MEMORANDUM

March 20, 1987

TO: Representative Bette Cato, Chairman
House Transportation Committee

FROM: Senator Arliss Sturgulewski
Senate District F

RE: SCR 5 "Relating to promotion and marketing of the state-operated international airports"

SCR 5 "Relating to promotion and marketing of the state-operated international airports" has been referred to your committee. Timing is very critical as it is hoped that the administration will be able to incorporate this request into the FY 88 budget. The lack of a marketing plan for the state's international airports could have a very serious negative impact on our state and I hope that you can schedule an early hearing.

My concern in sponsoring SCR 5 is that there is no marketing plan for the state-operated international airports at Anchorage and Fairbanks. This resolution merely asks the administration to initiate a marketing plan. It does not try to push any preconceived structure or budget.

There are serious concerns about the future financial health of the international airports. New technology, particularly the new Boeing wide-body 747-400's can fly from Europe to the Orient without refueling in Anchorage. Growing competition from Moscow as well as Pacific Northwest cities could have a negative impact on passenger and freight through Anchorage.

A 1985 study by the Alaska Department of Transportation and Public Facilities showed that the Anchorage International Airport generated more than $1 billion for the Anchorage economy. This included more than 13,000 jobs with annual earnings of $375 million. This, of course, is a major contributor to the state's economy that we cannot afford to lose.

My staff is available to provide backup material. Again, thank you for your consideration.

STATE OF ALASKA
INTERNATIONAL AIRPORTS
(An Enterprise Fund
of the State of Alaska)
FINANCIAL STATEMENTS
JUNE 30, 1986 AND 1985

STATE OF ALASKA INTERNATIONAL AIRPORTS
(An Enterprise Fund of the State of Alaska)
STATEMENT OF INCOME
YEAR ENDED JUNE 30, 1986

	Anchorage	Fairbanks	Total
Operating Revenues:			
Landing fees	$ 6,456,781	$ 487,510	$ 6,944,291
Parking fees	348,139	169,340	517,479
Gas and oil fees	9,699,120	562,193	10,261,313
Vehicle parking fees	1,866,960	168,350	2,035,310
Terminal building rental	5,344,614	1,263,509	6,608,123
Aircraft docking fees	697,800	7,058	704,858
Federal inspection fees	169,627		169,627
Concession fees	18,985,697	264,973	19,250,670
Land rental	734,249	420,912	1,155,161
Electric energy fees	37,408	36,416	73,824
Flight service station rental		31,140	31,140
Other airport charges	45,479	49,711	95,190
Lease of state property		12,000	12,000
Interest	12,928	3,095	16,023
Other	11,567	14,234	25,801
Total operating revenues	44,410,369	3,490,441	47,900,810
Operating Expenses:			
Security	3,626,172	2,612,524	6,238,696
Field maintenance	2,604,442	1,190,360	3,794,802
Administrative	4,916,287	1,588,645	6,504,932
Building and equipment maintenance	4,442,026	1,203,009	5,645,035
Custodial	2,729,622	591,456	3,321,078
Total operating expenses	18,318,549	7,185,994	25,504,543
Operating income (loss) before depreciation	26,091,820	(3,695,553)	22,396,267
Depreciation expense	6,270,761	2,883,512	9,154,273
Income (loss) from operations	19,821,059	(6,579,065)	13,241,994
Non-Operating Income (Expense):			
Interest income	3,438,698	270,793	3,709,491
Interest expense	(2,625,603)	(206,763)	(2,832,366)
	813,095	64,030	877,125
Net income (loss)	$20,634,154	$(6,515,035)	$14,119,119

BASIS OF ALLOCATION

All items above are charged directly to the individual airports except for interest income, interest expense, and administrative expenses as discussed in Note 5. These items are allocated on the basis of gross revenues generated by each airport.

APR 2 7 1987

Alaska State Legislature

SENATOR
ARLISS STURGULEWSKI
Chairman, Senate Community and Regional Affairs Committee
Vice-Chairman, Senate Judiciary Committee
Member, Senate Resources Committee

2957 SHELDON JACKSON STREET
ANCHORAGE, ALASKA 99508

While in Juneau
P. O. BOX V
JUNEAU, ALASKA 99811
(907) 465-3818

Senate

APR 2 7 1987

MEMORANDUM

April 24, 1987

TO: Representative Bette Cato, Chairman
House Transportation Committee

FROM: Senator Arliss Sturgulewski
Senate District F

RE: SCR 5 "Relating to promotion and marketing of the state-operated international airports."

The attached letter from Mayor Tony Knowles points out the significant impact of the international airports. As his letter states, the loss of one overseas flight per week means the loss of more than 1 million dollars per year.

Attachment

Municipality of Anchorage

OFFICE OF THE MAYOR

P.O. BOX 196650
ANCHORAGE, ALASKA 99519-6650
(907) 264-4431

TONY KNOWLES, MAYOR

April 22, 1987

The Honorable Arliss Sturgulewski
Alaska State Legislature
P. O. Box V
Juneau, Alaska 99811

Dear Senator Sturgulewski:

For some time, concern has been expressed for the future viability of Alaska's International Airport System, including the facilities in Anchorage and Fairbanks. In fact, since 1979, Anchorage officials, business leaders and organizations have encouraged marketing programs to protect, develop or improve the crucial overseas revenue streams which make the airport system self-supporting.

Technological change is certainly one of the factors impacting the airports. Marketing won't prevent these changes, but it can re-position the airports to take advantage of the changes rather than be a victim of them. The real threat lies in competing communities and countries effectively using marketing tools and strategies to persuade carriers, passengers and shippers to use alternatives to the traditional Transpolar and Transpacific air routes through Anchorage. Even the Soviet Union is aggressively advertising the Siberian route.

The threat is no longer in the future. Very reliable sources have confirmed plans by some carriers to shift as many as six flights per week by mid-87 from Anchorage to the Siberian route. The average loss of one 747 overseas flight per week will impact Anchorage and Alaska annually with:

$131,273 less in airport fees for customs, fuel, landing, loading, etc.

$205,000 less in hotel revenues for crew rooms

$100,000 less in miscellaneous spending by crews

$608,400 less in duty-free and other concession revenues

Total average loss in a year to the community, the airport and the State from the loss of just one overseas flight per week is more than $1M.

If we stand by and fail to aggressively and effectively reposition Anchorage and the Transpolar route with carriers, passengers and shippers, we face the inevitable shift of the cost of operating the airport to either the taxpayers or to the domestic carriers, and ultimately, to the cost of inter- and intrastate air travel and shipping. We will not only lose economically in the near term - we will also lose the opportunity to develop overseas markets and trade. With higher domestic costs, we will also become less competitive in the effort to expand existing business and attract new business.

The airports are not just a state problem. They are crucial to the economic health of the communities surrounding them. With the participation of local private and public sector leaders and business organizations, we are forming the Anchorage Economic Development Corporation as a vehicle for the Municipality, the airport, and private business to market the economy and the airport cooperatively. We have encouraged a similar consortium to support the Fairbanks airport. We hope to be on the street by June 1, and we need your support and encouragement.

The need for action is clearly established. We have a plan, and now with AEDC we will have a vehicle to pool our resources for action. With hard work and cooperation, there is no reason we can't overcome this threat. We also need your support to continue to bring the importance of this problem and the critical need for action to everyone's attention on a local, state and federal level.

Sincerely,

Tony Knowles
Mayor

Anchorage Convention & Visitors Bureau
Our Community's Way of Attracting and Serving Visitors

Dana Brockway
President

February 6, 1987

Dear Senator Sturgulewski,

Recently, I had an opportunity to talk with you regarding proposals to establish a national and international marketing program for Anchorage International Airport. I am forwarding this packet to provide you with some background information on the issue. While is is incomplete, I hope that you will find it useful.

In it you will find excerpts of several reports that detail the economic impact of airport activity on Anchorage's economy, problems that could erode the airports revenue base, opportunities that exist for market expansion, a proposed solution and copies of some of the articles and resolutions supporting the proposal. The concept of developing a strategic airport marketing program is not a new one, but it surely is an idea whose time has come. The importance of our need to intensify our efforts has never been greater. I hope that following review and discussion you will be able to support it. If I can be of any help or provide any additional information on this important issue, please call me.

Sincerely,

Dana Brockway
President

1987

ACVB LEGISLATIVE & COMMUNITY RELATIONS PRIORITIES

Governmental

1. Cargo and passenger marketing program to protect the future revenue streams of the Anchorage International Airport.

1. $8.2 Million Alaska Division of Tourism Budget.

2. Creation of a Legislative Committee on Tourism.

3. Year-round operation of the Begich Boggs Center At Portage Glacier.

4. Visitor related improvements and enhancements on state highway projects to include but not be limited to pull outs, interpretive displays and signage.

5. Whittier access toll road.

Community

1. Continue joint meetings between the ACVB and AVA Board of Directors at least twice each year to communicate and understand respective legislative goals.

2. Encourage combined monthly membership meetings by the ACVB and the local AVA Chapter.

Programs

Marketing the airport will involve research and target identification, direct sales, advertising, publicity, trade shows, promotions, and tools including brochures, audio visuals etc. Quantitative measurement in the short term will be carrier, passenger, cargo retention and growth and airport land and new businesses development. In the long term, measurement will include self supporting income and overall position in the world market.

Funding

Based on formulas used in private sector marketing, the airports should initially devote a greater percentage of gross sales or margin to marketing and then lower the rate when marketing effort and positioning are well established. Based on the size of the airports and the urgency of the problem, it makes sense to transfer at least $5 Million from "International Airport Fund" reserves to establish an annual marketing line item for the two International Airports.

however," he said, "our estimated arrival time will be about two hours later than scheduled."

"Ye gods!" cried a lady sitting next to me, who happened to be on her first flight, "if that fourth engine goes, we may be up here all night!"

As the story points out, it is one thing to recognize that a challenge exists, but making a correct interpretation of that challenge is another matter.

Today, I will focus on the challenges facing Anchorage International Airport. First, I'll discuss the growth of the airport since it began operating; next, I'll point to opportunities that await international airports willing to market their facilities and services; third, I'll talk about the advance of aviation technology and how it may effect Anchorage's airport; fourth, I will provide recommendations as to how we may market our airport, to which likely targets, and finally, who supports the marketing of Anchorage International.

But first, I'd like to digress for a moment and tell you about a concept some of you may already be familiar with. Back in 1979, the late R. Buckminster Fuller visited Anchorage to speak at the Future Frontiers conference. It was at this three-day symposium, sponsored by the State Legislative Council, that Mr. Fuller spoke of Alaska's prime location in relation to the world.

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02–576(2/77)

Anchorage!
Convention & Visitors
Bureau

INTERNATIONAL AIRPORT MARKETING

1987

ACVB LEGISLATIVE & COMMUNITY RELATIONS PRIORITIES

Governmental

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ANCHORAGE BUSINESS COUNCIL
AIRPORT COMMITTEE
MARKETING PROPOSAL
January 14, 1987

Problem

Alaska's International Airports presently generate enough revenues to be self-supporting. Last year, even after accounting for the deficit at FIA, the airports had an income of $14 Million. However, competitive and technological changes threaten to undermine Alaska's traditional airport revenue streams within five years.

There is clear evidence Alaska is losing its position as a re-fueling stop for Transpolar and Trans Pacific flights. This raises at least two concerns. If the trend continues, eventually domestic carriers and passengers will be required to pick up the slack which will dramatically impact domestic tourism, the cost of shipping and "lower 48" travel. Even more significantly, Alaska will begin to lose undeveloped opportunities for International Trade.

Solution

Since the late 1970s, de-regulation and other developments have increasingly required airports to proactively market themselves in order to remain competitive and hold market position. Newark, Kennedy, LaGuardia, Baltimore/Washington, Atlanta/Harsfield, Miami, and Seattle/Tacoma are good examples.

Following the successful example of these airports, Alaska's International Airports should establish a marketing function as a standard part of their mission and operation. The marketing funds should come from airport operating reserves. The airport marketing effort should protect existing revenue streams and seek to attract and facilitate new ones working in cooperation with economic development partners in each airport location.

Marketing Partners

Airport marketing efforts aimed at passenger development are customarily mounted in conjunction with community convention and visitor bureaus and those aimed at cargo and land development are mounted in conjunction with local economic development coalitions involving communities, utilities, transportation companies, resource development corporations, foreign trade zones, chambers of commerce etc. Partnerships such as these permit airport marketing efforts to stretch and avoid duplication.

Programs

Marketing the airport will involve research and target identification, direct sales, advertising, publicity, trade shows, promotions, and tools including brochures, audio visuals etc. Quantitative measurement in the short term will be carrier, passenger, cargo retention and growth and airport land and new businesses development. In the long term, measurement will include self supporting income and overall position in the world market.

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PROTECTING THE AIRPORT'S FUTURE

Al Parrish, Speaker
President, Sheffield Enterprises, Inc.
Anchorage, Alaska

Speech Prepared for the **ACVB Membership Luncheon**
December 18, 1986

Thank you. It's good to see so many friends in the audience today and to see such a good turn-out of those in our community who share a growing concern over the future of the Anchorage International Airport.

Before I begin, I'd like to tell you an aviation story: Some time ago, I was on a flight into Kennedy Airport, one of a plane's engines died while flying over Pennsylvania. In a reassuring voice, the captain spoke to the passengers, "I'm sorry to say that our outside port engine has stopped functioning. There is no cause for alarm. However, we'll be about twenty minutes late reaching Kennedy Airport."

A little later, the captain spoke over the intercom again, announcing that a second engine had failed, and again he said there was no cause for alarm -- the other two engines were more than sufficient. "However," he said, "we'll now be about an hour late in landing."

A few minutes later, the captain reported a third engine had conked out, but that the remaining engine would get us down safely. "Now,

however," he said, "our estimated arrival time will be about two hours later than scheduled."

"Ye gods!" cried a lady sitting next to me, who happened to be on her first flight, "if that fourth engine goes, we may be up here all night!"

As the story points out, it is one thing to recognize that a challenge exists, but making a correct interpretation of that challenge is another matter.

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But first, I'd like to digress for a moment and tell you about a concept some of you may already be familiar with. Back in 1979, the late R. Buckminster Fuller visited Anchorage to speak at the Future Frontiers conference. It was at this three-day symposium, sponsored by the State Legislative Council, that Mr. Fuller spoke of Alaska's prime location in relation to the world.

During his address, Mr. Fuller presented a map he had developed back in 1930, called the "Dymaxion Sky Ocean World Map". This map was first printed in Life Magazine in 1943 and also published in his book, Critical Path. If you look at this map, you'll see that Alaska is positioned in the center of the map, and that it does absolutely link Asia and America. Alaska anchors the Pacific Rim, around whose circumference clusters 2/3 of the population of the world.

In Anchorage, we have always seen ourselves as the "Air Crossroads of the World". That expression was used for many years as the slogan for the Anchorage Chamber of Commerce. But Mr. Fuller (and several others) have advanced the theory to say that Anchorage and Alaska are not only the crossroads, but the veritable center of the world for trade, commerce and travel. Our markets are not just transpacific, but are, in essence, global.

Bearing that perpective in mind, let's return to our topic today. Anchorage International Airport, as a state-owned facility, began in the early 60's as a principal transfer point for travelers making connections to points within and outside Alska. In addition, the airport was a refueling and an entry and exit point for international flights, principally on routes between Europe and the Far East.

Today, twenty-six years later, Anchorage International still serves those primary funcitons. The plant, however, has grown to include two passenger terminals encompassing 295,000 square feet of total floor area, three runways, extending up to 10,900 feet, 36 aircraft gates, and 6 baggage claim areas. All of this is contained within approximately 2,600 acres. The

airport is serviced by 16 major carriers, 9 of which are international, 5 commuters and approximately 25 non-scheduled airlines.

According to a DOT/PF study conducted in 1983, the airport contributes more than $1.5 billion to the Anchorage economy. Over 13,000 residents counted on the airport's operation for their jobs, earning a total of $375 million dollars.

How would you like your business to have a financial statement like this: In FY '86, the airport took in $45 million dollars, showing a profit of $2 1 million. Let's take it one step further: image having a business that made a profit of $2 1 million a year, and that it achieved this profit without any advertising, any public relations, or any marketing studies whatsoever! In today's competive marketplace, it's nearly impossible to believe, but that is precisely the situation at Anchorage International.

The times, they are a'changin', and more and more, international airports are beginning to be seen by the private sector as trade centers. offering enormous potential for economic development within the communities they serve.

As I pointed out earlier, Anchorage's strategic location could easily enable it to serve as a platform for business between Europe and Asia. The possibilities are limitless. For example, if Anchorage were to become a foreign trade zone, goods from around the world could be stored here, processed, used in manufacturing other items, exhibited, repackaged, sold or handled in numerous ways. Imports could be used with domestic parts to

manufacture new items within the zones -- all without paying any customs duties or excise taxes. It would be a tremendous catalyst for development within our business community.

In addition, by expanding the duty free zone at the airport to allow foreign shoppers a much wider range of retail exposure than just gifts and liquors, we could create, in essense, regional shopping centers for stop-over travelers. They could tour duty free trade complexes and show rooms without the necessity of having to go through customs.

More and more, we're seeing international airports taking an active role in marketing their facilities and services. For example, Seattle Tacoma Airport, together with the Port of Seattle, which owns the airport, has developed an agressive campaign to attract the expanding transpacific market, the international tourist market and the air cargo industry.

They've produced numerous brochures and an audio-visual presentation. They have a staff of marketing representatives which actively call on transpacific clients, touting Sea-Tac's excellent international services on the airport premises, such as banks, customs brokers, freight forwarders, warehouses, foreign consultates, plentiful terminal space, excellent ground access, ample runway capacity and minimum environmental concerns. Sea-Tac representatives are even stationed in Tokyo.

By working closely with planning officials of Boeing's aviation market research company, Sea-Tac is able to track aviation trends and target markets for air travel services. The results of their research indicate that

their marketing approach should include such selling points as, lower landing fees than other airports; lower fuel prices; fewer airport delays; improved custom clearance; and greater amenities. These would include duty free shops, foreign language signs, interpreters, exchange facilities, ground transport access and egress.

Sea-Tac's programs and policies have helped to establish it as one of the top twenty airports in the United States for passenger-traffic volume. In 1982, over 9.2 million passengers and 148,000 metric tons of air freight were handled by Sea-Tac. By 1985, the number of passengers at Sea-Tac increased to 11.5 million passengers, up 25%. Freight went up to 210,000 metric tons, up 42%.

Other airports are following suit. Hartsfield International in Atlanta employs a marketing staff, using funds from both public and private sources, to produce brochures, audiovisuals, and advertisements. Trade shows and trade missions are also a part of the airport's marketing strategy.

We see similar efforts at Baltimore/Washington International Airport, and Miami International. We're seeing more and more examples of international airports using ad agencies, public relations firms, and outside sales representatives to establish and position themselves in the international market.

The need, then, to make our presence known is going to become increasingly important in the years ahead. And not just because others are

doing it. At this time, Anchorage International faces a very critical challenge, that being the advancement of aviation technology.

I'm sure most of you have heard about the new Boeing 747-400 series aircraft. This aircraft is an advanced version of the B-747's which have served Anchorage International Airport for the past fifteen years. However, the new 400-series includes some remarkable advancements in engine performance and aerodynamics.

The 400-series requires only a two-person flight crew, compared with the three crew members required on all other 747's. It will be able to carry between 400 and 600 passengers, depending on configuration, and will be able to fly approximately 8,000 miles non-stop. This will allow the aircraft to fly between Tokyo and Frankfurt, Singapore and Paris, or Hong Kong and London without refueling in Anchorage. Boeing received its first order in late 1985 from Northwest Orient Airlines. The first production model of the aircraft is expected in late 1988.

If foreign carriers depart Anchorage International Airport, the operating expenses at the airport will not decline in proportion. The difference between the shortfall in revenue and the continuing expense of operating the buildings, the facilities and the runways will have to be borne by higher landing fees from airlines such as Western, United, Alaska, MarkAir, Reeve and all the commuter carriers. In addition, there will be higher tie-down charges. Thus, the entire rate structure will go up. Who will ultimately pay the cost? You and I, every time we purchase an airline

ticket or use the airport for whatever reason. The effect on the visitor industry itself could be diasterous.

As you can see, we're in a race against time to develop a plan to protect our existing revenue streams and to create opportunities using the airport as a hub for new business activity.

Our window of opportunity is slowly closing, and we can't afford to wait. We need to sell Anchorage International as a place the airlines will want on their route schedules -- whether it be for passengers, cargo or simply refueling. And the most direct way to go about this task is to mount a marketing campaign, promoting our plant and its services to the world.

Funds for marketing the airport are already available. Revenues from the airport's operation go into a reserve account. The money is there. From those funds, we now need to dedicate a line item in the airport's budget to marketing.

Once a line item dedicated to marketing the airport is budgeted by the State, a cooperative effort can be developed, whereby funds from private and public sources would be combined to develop a generic campaign. This program would be modeled after cooperative efforts which have been highly successful in marketing Alaska seafood and tourism.

Based on past experience with those successful cooperative programs, we believe it will take approximately $3 - 5 million dollars to develop and implement a comprehensive marketing plan for the airport. This seems like

a reasonable amount to launch a program to reach the world's markets. Once the groundwork has been laid, we'll have a better feel for what it will take to maintain an on-going marketing program.

Which revenue streams need to be protected and developed?

Obvious ones are, of course, those passengers who are stopping over in Anchorage, on their way to or from a primary destination. Our research shows that 84% of those on flights stopping over in Anchorage would be interested in a stay of 4 -7 days. One-half of those would have stopped on the trip they were on if they would have known they could. Once we tell them they are able to stopover, we need offer an irresistable incentive for them to do so.

One good example of a stopover program was developed by the Port Authority of New York and New Jersey for passengers transitting through the three major airports: Kennedy International, Newark International and LaGuardia. They call it, "On Your Way Over, Stopover". The package includes one-night hotel at a choice of hotels, sightseeing, VIP shopping service at Macy's or Bloomingdales with language assistance, a choice of Broadway theatre tickets, a welcome kit, etc., all at a low package price, depending on the visitor's selections. They've advertised this program in periodicals all over Europe.

The Anchorage Convention and Visitors Bureau is taking its cue and is moving ahead to develop local stopover programs. But the bigger job before us is to let passengers know ahead of time that stopover opportunties exist.

Other international passengers of great interest to us are those on either end of the transpolar route who could be persuaded to use Alaska as a visitor destination. New research by the State of Alaska shows that the potential for Japanese and German visitors selecting Anchorage as a visitor destination nearly equals the potential for visitors coming from the U.S. If we do our job right in selling our destination, it is possible that we could attract an additional 200,000 visitors a year from Germany and Japan, or a 50% increase in vacation/pleasure travel.

While passengers are important, air freight offers even greater potential for growth. By increasing freight handling at AIA, we would see an increase in landing revenues (which are based on the gross takeoff weight of the aircraft) and fuel revenues for the airport. In the private sector, we would see an increase in business and land development surrrounding the Anchorage International, as well as crew expenditures at hotels, restaurants, car rental, and retail and service businesses.

International air freight is a rapidly growing market. In recent years, international air cargo shipments have increased at twice the rate of passenger travel. The main reason for this growth has been the overall increase in the importance of speed in international transactions. This is particularly true in Alaska when large volumes of perishables, such as fish, are shipped to outside markets.

The most cost-effective freight for air transportation is low-volume, high-value, and relatively low-weight products, such as electronic

components, mini-computers, and precision instruments. Other less obvious air freight products are those with time-sensitivity, such as high-fashion apparel, pharmaceuticals, animals, produce, seeds and flowers. These markets need to be actively developed.

I mentioned fuel fees, and I'd like to stress that fuel is an important revenue stream. The airport operates a fuel storage farm and many operators have underground storage tanks. On an average day, approximately 1.2 million gallons are pumped. This means approximately $24,000 a day, or $9 million annually in fuel flowage fees.

A natural response to growing freight business would be land and business development near the airport. The development of an airport industrial park and/or a foreign trade zone designation would offer Anchorage new jobs and revenues in a wide range of business activities, including freight forwarding, processing and manufacturing, warehousing and distribution, and much more.

Anchorage presently handles over 300 million pounds of freight each year, a 14.5% increase from ten years ago during the pipeline days. The opportunity is there, but we have to knock on some doors.

There is an old saying regarding the value of advertising: a codfish lays thousands of eggs, and this is done silently. A chicken lays one egg and cackles. The result: nobody eats codfish eggs, and nearly everyone eats chicken eggs. Therefore, we need to cackle about our airport. I guess that would fit in with the bureau's "Wild About Anchorage" campaign.

Who is backing the plan to market the International Airport? This idea was further advanced by the Anchorage Business Council's Airport Committee, which I happen to co-chair, and others. The council, by the way, was formed by Mayor Tony Knowles with the mission of spurring economic development in Anchorage. Both the Municipality and the Anchorage Business Council have endorsed our committee's recommendation. The Greater Anchorage Chamber of Commerce has since given the idea its full support, along with the Anchorage Convention and Visitors Bureau.

We'd like to invite your support as well, because as residents of Alaska and users of the airport, you have a stake in its future operation. We presently have the lead time to plan for the decade ahead. But we can't afford to wait. We need to plan for the 21st century now.

I've enjoyed this opportunity to speak to you today about protecting our airport's future. I've discussed how we've grown in the past 26 years, and which opportunities and challenges await us; I've explained how, through innovative marketing, we can keep the airport solvent and help spur economic development, and I've noted who supports that kind of thinking.

Buckminster Fuller, in describing his Dymaxion World Map, said that the map showed two things: 1) that the colder an area gets, the more the annual temperature variation. (I'm sure all of us in Alaska would concur.)

And 2) the more the geographical temperature varies annually, the more inventive the humans who live in those areas have to be to survive. "If you live by Lake Victoria in eastern Africa," he said, "you will invent a wooden boat if you wish to cross it. If you live beside Lake Baikal in central Siberia and you wish to cross that body of water, you will invent a wooden boat in the summer and skates and a sled in the winter."

That "inventiveness" has to be harnessed, along with financial resources, in order to develop Anchorage International Airport's future markets. In addition, we need the utmost cooperation and support of our elected officials and the state bureaucracy to establish Anchorage International as a premiere airport for trade, commerce, and passengers, truly the "center" of the world. Let's work together to put Anchorage on Main Street!

Crosswinds at the Crossroads

Public Domain Photograph

Changing winds aloft are blowing storm clouds toward Anchorage's status as 'Air Crossroads of the World'

BY JUDITH FUERST

AS AIR TRAFFIC PATTERNS evolve, Anchorage risks losing its claim to the title "air crossroads of the world."

Change is in the winds aloft: There's a bypass now, and the intersection's fuel pumps aren't needed by new aircraft capable of flying increased ranges. Anchorage International Airport is no longer the mandatory pit stop it was for traffic between Europe and Asia less than a decade ago.

"We've never had to work for our airport traffic; everything has just fallen into place," says Dan Dixon, director of the Office of International Trade in the state Department of Commerce & Economic Development. He identifies three factors endangering Anchorage International's status as a major airport for international traffic: improvements in air transport technology, relative slowness in marketing the airport and the sluggish development of Alaska as a destination or tourist stopover point for world travelers.

Dixon warns: "Dramatic losses in Anchorage International Airport traffic will have an immediate multimillion-dollar impact on the state's economy in lost revenues. However, the more devastating impact will be on our efforts to sustain and secure growth for our tourist industry and our efforts to provide a foundation for expansion of international trade."

A task force proposed by Dixon began meeting in August to address marketing of the state's major international airport. Its members include representatives of the Division of Tourism, the airport's duty-free shop, the Anchorage Convention & Visitors Bureau (ACVB), the state Department of Transportation & Public Facilities (DOT), the mayor's office and the state legislature.

"It's a baby step in the scheme of things – the first organized step to facing up to what's coming down the road," Dixon says. That specter lurking down the highway is declining revenues for the city, the region and ultimately the state.

It was geography that put Alaska on aviation maps, so to speak. In 1957, Scandinavian Airlines System developed the polar route. Carriers landed at Fairbanks International Airport for refueling in the early years of polar aviation. But as traffic patterns evolved Anchorage became the stopping point for flights traveling from Asia to Europe or the eastern United States.

Sometimes the stops are for refueling only, particularly with cargo flights. Even with planes capable of greater ranges, cargo flights often are routed through a refueling point. By trading payload for fuel weight, the trip becomes more revenue-efficient. Also to be considered in the tradeoff, though, are additional crew and fuel required for landing and takeoff.

Passenger flights, on the other hand, often travel nonstop when able, because most customers prefer direct routing. Typically operational people on carrier staffs argue for stops, while marketing personnel support nonstop routes.

In addition to refueling, many carriers recater planes here, make crew

changes and enter cargo and passengers into the United States to avoid more congested customs clearance in the Lower 48. Each service contributes to airport revenue.

One substantial revenue source for Anchorage International Airport is income from the duty-free concession where international passengers shop during their brief layovers. In 1985 Duty Free Shoppers contributed $14.25 million to airport operations – 30 percent of the system's revenue.

Now, however, what geography giveth, technology threatens to taketh. That's already been the fate of three other major refueling points in international air traffic – Gander, New Foundland; Shannon, Ireland, and Bermuda Island. The introduction of the jet eliminated the need to make fueling stops at these locations. Although each has managed to retain traffic, none sees the magnitude of flights – or the revenue from transit air traffic – previously enjoyed.

Anchorage International Airport's contribution to the municipality was calculated in an October 1985 study conducted for the Alaska DOT by Applied Economics Associates. Total economic input was valued at $1.51 billion in 1983, which generated total employment of 13,472.

Contributing to the airport's economic impacts were air transportation, visitor-related, freight forwarding and travel arrangement operations. Those segments directly employed 8,086, with the remaining 5,386 employed as a result of spending by those directly employed.

Total revenue for the Anchorage portion of the state's international airport system (Anchorage and Fairbanks) for the fiscal year ending June 30, 1985, was $39.5 million. Fairbanks International's contribution was $3 million. Because operating expenses for Anchorage and Fairbanks were $16 million and $6 million, respectively, the income generated at Anchorage International subsidized operations at Fairbanks International, thereby contributing to the Interior's economy as well.

Dixon believes 1990 is a critical year for the future of Alaska's airport system. By then carriers will have made important routing decisions based on the delivery of new Boeing aircraft. The new generation 747-400 has optional crew quarters to eliminate the need for stops to relieve crew and a range of 8,000 miles. It is the increasing range of aircraft that weighs most heavily in carrier decisions on whether to land or bypass Anchorage's crossroads.

Carriers that have ordered the new planes include Northwest Airlines, Cathay Pacific Airways, Lufthansa German Airlines, Korean Air Lines, Singapore Airlines and KLM Dutch Royal Airlines. Deliveries of the planes are scheduled to begin December 1987. Except for Cathay Pacific and Singapore, these carriers now land at Anchorage International Airport.

Craig Campbell of Coffman Associates, an airport consulting firm, reports Singapore was known to be considering flights through Anchorage, but with the larger planes probably won't have to. Also, KLM has noted a lack of growth in its routes via Anchorage and is one of the carriers likely to reduce services when it begins flying the new planes, according to Campbell.

BOB COE, PRESIDENT of the Alaska Division of Duty Free Shoppers Ltd. and a member of the state-organized task force, has a vested interest in international transit traffic and keeps tabs on international carriers using Anchorage. He notes in April KAL pulled three inbound and four outbound flights, JAL added two overflights – nonstop routes between Europe or the eastern United States and Asia – and Air France added one overflight. In September, JAL pulled one flight stopping at Anchorage and began another overflight. JAL pulled yet another flight in October.

Earlier this year, JAL – which claims to account for one-fourth of Anchorage's entire international operations – landed at least six freighters and six passenger flights a day. But the carrier's business travelers increasingly opt for nonstop flights from Tokyo to New York or Europe.

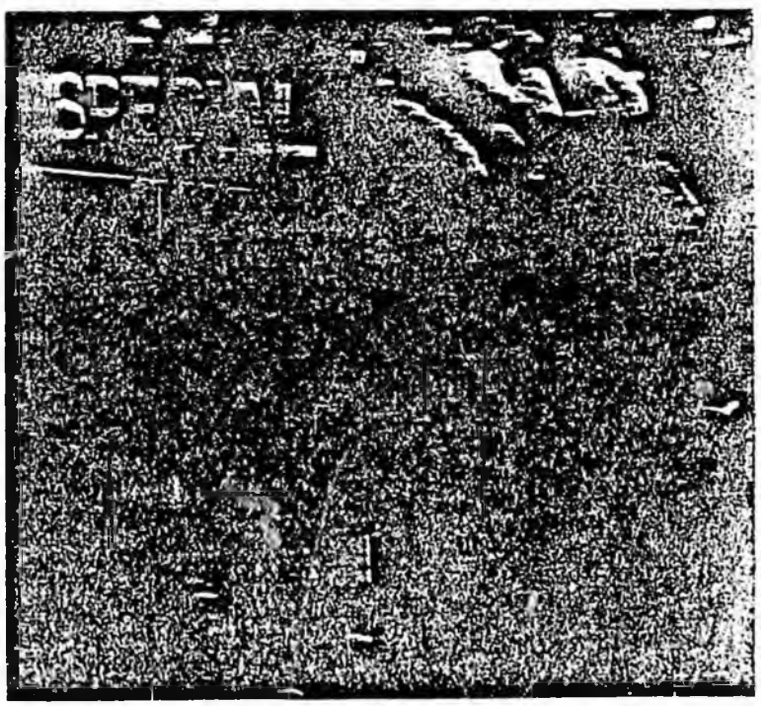
Those flights are traveling 98 percent full, while others stopping in Anchorage have seats available. According to Masao Kinamiti, district manager. Consequently nonstop flights that bypass Anchorage are the area expected to grow.

Another factor changing the relative importance of Anchorage as a refueling center is the ability to travel through Russian air space. JAL is one of a select group of carriers now flying over the Soviet Union in accordance with a bilateral agreement allowing limited use. The route shortens the polar trip, saving three hours in transit time, according to Campbell.

He also points out more foreign carriers are opting for other U.S. landing sites – Seattle, for example, which serves a large population center. "Anchorage is behind the power curve in competition from West Coast airports," Campbell notes. Another region of the country winning new international traffic is the South, particularly Atlanta and Dallas. For example, Delta Airlines recently inaugurated a route from Tokyo to Atlanta.

Airport marketing aimed at attracting international carrier routes has become much more sophisticated in recent years. The stakes are high in terms of airport revenue and regional economic impact. Sandy Daggett, public affairs officer for the Port of Portland, which operates the international airport there, says Delta's Portland service is expected to create an economic impact of $25 million in the State of Oregon.

The carrier will route five flights per week in its new Tokyo-Portland service. The economic impact is based on 1979



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figures and considers tourism generated by the routes as well as airport revenue. To land the new service, Portland spent $300,000, including consulting fees and legal costs.

Daggett says an important factor in securing Portland's position as an international gateway was the more than $4 billion in trade with Japan attributable to the region, which also includes southwest Washington. In the absence of such a trump card, Anchorage must play on other strengths: lack of congestion, facilities, low pricing and a destination for tourism.

"There is a problem developing on the horizon," says Campbell. "Anchorage must go after carriers. It's going to have to be the cheapest if it's goal is to keep airlines here." Other former fuel stops have retained flight operations in various ways: Gander, Newfoundland, has been successful at establishing itself as a service base for charter flights, while Shannon, Ireland, and Bermuda have become destination stops.

Anchorage International Airport currently is not taken seriously as a destination for international travelers. Says Robert Gibbons, spokesman for Northwest, "Alaska is viewed as a domestic tourist market." Although Anchorage once was included in the carrier's international service, "the thrust of operations in Anchorage has shifted to international freighter service and domestic passenger traffic. The international passenger side fell apart with the advent of 747 service," according to Gibbons.

"Nobody knows about Alaska," says JAL's Kitamoto. "Alaska means icy." Canada is much more sophisticated in its marketing, he explains. For example, British Columbia is promoted heavily as a skiing location and attracts many Asian visitors for winter as well as summer travel.

ALTHOUGH ALASKA has the opportunity to sell JAL passengers on tourism in the state when they stop in the international terminal, "the only available display is the duty-free shop" and "bears." Kitamoto suggests one stuffed bear might be enough, but displays currently reinforce misconceptions about a hostile, remote and ice-covered Alaska. Even the stopover tourist booth, which hands out pamphlets, is remembered for its picture of igloos and Eskimos.

"I don't know how the State of Alaska thinks," says Kitamoto. "I would like to say to the state to show more of Alaska—trains, hotels, facilities at Denali. Give the costs and camping information. Let people know how accessible the glaciers are. Other airports all have pictures; only Anchorage has so few in its gate areas."

1986 David Prudeger

In 1985, the Duty Free Shoppers concession contributed $14.25 million in revenue to Anchorage International Airport.

Although Kitamoto expects JAL's freight to increase, he feels the passenger traffic is on uncertain footing: "I don't know what will happen in five years." Once passenger traffic is lost to Anchorage International Airport in nonstop routing, he gives it "no chance to recover."

According to Don Dickey, director of the Alaska Division of Tourism, more than $150,000 has been spent on international tourist promotion in Anchorage International over the last two years. Additionally, the division will be a major funder for the task force to the tune of about $100,000.

Research firms are sampling to obtain a clearer description of passen-

gers passing through Anchorage international and to better understand attitudes of the Japanese and Germans. A continuing problem Dickey notes is carrier preference for selling through tickets rather than ticketing for a layover in Alaska. Hence the Division of Tourism also is meeting with carrier and tour companies to solve those problems and examine incentives.

Reyn Bowman, president and chief executive officer of the ACVB, says the state has been slow to embrace the opportunities of international tourism, but adds, "Now we're making real progress. The Division of Tourism is spending 7-8 percent of its budget on overseas tourists."

According to Rolf Klug, vice president of marketing and sales for ACVB, a 1983 study by Alaska Pacific University showed 84 percent of international transit passengers indicated an interest in visiting Alaska. A further gauge of tourist potential was findings that 62 percent liked winter-oriented travel and 50 percent could have stayed over on that trip.

Says Bowman, "The carriers will keep planes flying in here as long as people want to come. If we don't develop a consumer interest in Alaska as a destination, we stand to lose traffic and see the cost of domestic service increase. If we do develop consumer interest, we've got a win-win situation. But we've got a race with time before carriers receive new aircraft and shift to nonstop flights."

William R. Snell, deputy commissioner of DOT, says, "We've had some flattening off in international passenger service, but it is not a significant decline." Adds Larry Michou, assistant director of administration for Anchorage International, "Our rate base remains solid because as passenger traffic has dropped, cargo, which is heavier and uses more fuel, has increased."

Michou says if the duty-free concession is lost somewhere down the line due to losses of international passenger traffic, the revenue "could be rolled into other fees."

Gina Marie Lindsey, manager of statewide aviation with DOT, points out Anchorage can be cheaper than some of its competitors because of duty-free revenue. Therefore, the loss of Duty Free, which employs about 270 in its Anchorage operations, could mean an increase in airport user rates, both domestic and international.

Snell reports the airport management has initiated four programs aimed at strengthening Anchorage's position in international airport competition. To benefit carriers serving Anchorage and the airport, the airport has promoted the development of a fuel consortium in which member airlines own and control distribution of fuel services. He credits the effort with helping attract new business and stabilizing pricing.

Second, for the first time in Anchorage's history, five-year operating agreements have been signed with the major carriers serving Anchorage and Fairbanks. "Now we know our revenues and commitments for five years, and the airlines get predictability too," he says.

Third, DOT is cooperating in a marketing strategy promoting the airport and increased tourist stopovers. He notes, however, "The airport will market itself if we have competitive facilities for cargo and passengers."

FINALLY, DOT is seeking means to advance Anchorage's use as a hub. It is considering ways to raise capital for facilities. Snell notes any development is expected to involve the private sector. The Alaska Industrial Development Authority and DOT may provide the land, with someone else operating the facilities. Establishment of a foreign trade zone is being considered as well.

Anchorage International Airport would have something to celebrate regarding increased cargo tonnage if a corporation consisting of United Parcel Service and DHL Airways – International Parcel Express (IPX) – is awarded the small package service to Japan. The consortium, which has said it will allow other companies to purchase stock in the venture if it's selected, is one of three applicants.

The final selection will be made by the U.S. Department of Transportation following the recommendation of administrative law judges appointed to weigh the merits of each contender. IPX has stated it would use Anchorage, Cincinnati and Louisville with Tokyo. The two other proposals have been filed by Federal Express, which would use Portland and Memphis with Tokyo, and Orion Air, which has specified Seattle with Tokyo for its service.

IPX traffic through Anchorage would be a welcome addition and perhaps start the airport down the road to becoming a cargo hub. One factor weighing against that happening – or at least one that might limit the size of any hub operation – is the relatively small regional population base. In the past, Anchorage has reaped the benefits of being between major trade and tourist centers of the world. But that position already has been eroded and will not draw international traffic a decade from now unless carriers determine Anchorage International Airport has more than geography to offer.

"We could be facing a grave problem in loss of revenue and jobs. It's later than it should be," says Dixon. □

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The Anchorage Times

Editorials

Unlocking the gates

FOR SEVERAL years Alaskans have been asking for a waiver of visa requirements for international travelers passing through Anchorage International Airport. The waiver, sponsored by Rep. Don Young, became law last week when Congress enacted a new immigration law.

That means it is time for Alaskans to pursue the programs they envisioned as possible if visas were eliminated. The federal government is, more or less, telling us through the waiver action, "Here's what you asked for, now let's see what you can do with it."

More than one million passengers spend an hour or more at the airport while they are traveling between Europe and the Orient. They have been confined to the airport and the airlines faced heavy fines when one failed to re-board the plane he arrived in.

Alaskans have seen those travelers as potential visitors to Anchorage and possible visitors to other areas of the state before going on to their destinations. The visa requirement discouraged efforts to promote stopovers.

A FIRST STEP would be to pursue a concerted program to win support from the airlines. At present they do not want stopovers in Anchorage and it is easy to understand why. When a passenger disembarks here, his seat is usually empty on the second half of a long journey between continents.

From an economic standpoint, the airlines must have the prospect of boarding as many passengers in Anchorage as disembark. The designation of Anchorage as the Olympic City for 1994, when it comes, will serve as a mighty catalyst to this end.

It is critically important that this program be successful. Anchorage must become a destination city instead of only a transit point on the global airways. It's value as a transit point is diminishing as new planes and technology permit overflying.

Both Northwest and Japan Airlines no longer stop here. United Airlines has initiated service over the North Pacific with no stop in Anchorage. There is talk of flying non-stop between Japan and Europe.

SUCCESS in this venture is essential. If one out of four international travelers stopped to visit Anchorage, there would be at least 1,000 a day in town and if they stayed three days there would be 3,000. To accommodate them there would be more hotels, more tour buses, more restaurants, more service establishments of every sort.

Such growth would be the forerunner of additional growth to accommodate the Olympic games in 1994 and the new era of international status and fame.

Editorials

The new tourist season

THERE WERE a lot of happy numbers in a new report from the state's Division of Tourism, which took a statistical look at people who travel to Alaska during the off-season months of fall, winter and spring.

A surprising number — 42 percent — are pleasure visitors. And 24 percent of those come to visit friends and relatives. Business-related trips are the reason for 52 percent of the off-season travel, the state's survey showed — and that's surprising only in that some might have guessed that and even larger percentage of winter-type travel would be of a business nature.

AMONG THE other pleasant findings of the report was the discovery that off-season visitors sightsee and do other touristy things just as much, if not more, than do those who come our way in the summer — and they average 10 years younger in age.

They also tend to come here more than once, and stay longer while they're here.

All of which speaks well for the state's effort to expose more and more visitors to the wonders and beauties of Alaska that can't be seen during June, July and August.

And it's something all of us might keep in mind, when the time comes to invite relatives and friends to visit the 49th State. As a matter of fact, you might want to remember to include an invitation in some of the Christmas cards you'll shortly be addressing to family and friends in far away places Outside.

Opinions . . . Other views, other insights

Alaska's international airports offer economic opportunity

Courtroom to boardroom

by Tony Smith

At a time when the state is struggling with the wrong end of OPEC politics, attempting to be the cornerstone of the international fisheries and hopeful of receiving the nod from the International Olympic Committee, we need to remember the economic opportunities at home. In this writer's view, an important part of the state's economy involves some buildings and some asphalt. That's the Anchorage and Fairbanks airports.

The problem is that technology may doom our airports. If we don't come up with a viable plan, a new generation of aircraft may result in stops at Anchorage and Fairbanks being a vestige of the past. In my estimation, the commercial future of our airports is as important to our economic future as our high profile items.

A 1985 study indicated that Anchorage International Airport contributed $1.5 billion to the Anchorage economy. Indications were that the airport alone generated employment of 13,472 people. The cost for this is only approximately $20 million.

There's nothing that says international flights will continue to call at either the Anchorage or Fairbanks airport. Right now, we are the air crossroads of the world, but new long-range Boeing planes may change that. Already some international passenger carriers are beginning to fly direct.

The state, the municipality, and those involved with the airport, must concentrate on this issue. The airport may not be the sexiest issue, but it is one area where we haven't experienced a downturn.

For example, there are international carriers, like Korea Airlines, who are unable to pick up or discharge passengers because they do not have landing rights. The reason for this seems to stem from events at the Seoul airport, which have nothing to do with Alaska. We can not accept that.

Visas have been a problem in the past, but the Alaska Congressional delegation has started a program which may solve that. From Alaska's vantage, we need to have our international friends have the ability to pass a few days in Alaska. We must market Anchorage and Fairbanks as destination points.

We need Free Trade Zones in order to maximize the opportunities for local businesses to take advantage of our strategic location. Our airports have to provide services competitive with Portland, Seattle, Los Angeles and other gateway locations. We've gone a long way on the services, but we can always do more.

A task force is working on the problem, and that's a start. The downside, however, is such that an all-out effort is called for. It's easy to get people excited about AWWR and the Olympics. We need the same excitement about the continued development and marketing of the Fairbanks and Anchorage airports.

An Alaskan since 1971, Tony Smith is an attorney in private practice in Anchorage.

Municipality of Anchorage

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TONY KNOWLES
MAYOR

October 9, 1986

Governor Bill Sheffield
P.O. Box A
Juneau, AK 99811

Dear Governor:

You are aware that Anchorage International Airport is the linchpin of Anchorage's economy. As such, when potential declines in its revenues come to light, we become concerned. This concern is manifest in the attached resolutions from the Assembly and Chamber of Commerce.

Anchorage is concerned about keeping our airport economically healthy and growing. To accomplish this, we need a hard-hitting marketing and public relations program. We would appreciate your assistance in this endeavor.

Sincerely,

Tony Knowles
Mayor

Dave Walsh
Chairman of the Assembly

2 Enclosures

cc: Commissioner DOT/PF

A:EJG018.TXT

Date: 8-12-86

Submitted by: Economic Dev. Subcommittee, Brockway, Chairman
Prepared by: Assembly Budget Analyst
For Reading: August 12, 1986

ANCHORAGE, ALASKA
AR NO. 86-178

A RESOLUTION SUPPORTING THE DEVELOPMENT OF A MARKETING PROGRAM FOR ANCHORAGE INTERNATIONAL AIRPORT

WHEREAS, the Municipality is in the process of applying for Foreign Trade Zone status, and

WHEREAS, an important aspect of the success of Anchorage's Foreign Trade Zone is Anchorage International Airport, and

WHEREAS, Anchorage International Airport and the marketing thereof has been a recent topic of discussion for several community groups and in the local news media, and

WHEREAS, stopover air traffic economic opportunities at Anchorage International Airport have not been fully realized, and

WHEREAS, a viable and economically productive international airport is in the best interest of the Anchorage economy, and

WHEREAS, there are sufficient monies in the Airport Fund.

NOW, THEREFORE, the Anchorage Municipal Assembly hereby resolves:

Section 1. That acceleration and expansion of the current airport marketing program is warranted and appropriate.

Section 2. That the creation of a strategic planning program for Anchorage International Airport is of utmost importance to Alaska's economic health.

Section 3. That this Assembly welcomes participation in such an effort.

PASSED AND APPROVED by the Anchorage Assembly this 12th day of August, 1986.

Chairman

ATTEST:

Municipal Clerk

ejg/reso 002

Anchorage · Star of the North
Chamber of Commerce

RESOLUTION 86-07

ANCHORAGE INTERNATIONAL AIRPORT

WHEREAS, the Anchorage Chamber of Commerce has, throughout the history of the Airport, been the leading business organization in support thereof; and

WHEREAS, Anchorage is the transportation and marketing center for the State of Alaska; and

WHEREAS, the Chamber recognizes the International Airport has a primary role in the economic growth of Anchorage and Alaska; and

WHEREAS, existing State policies appear to accept a "status quo" insuring only the mutual support and a common maintenance level at major airports in the state; and

WHEREAS, there appears to be neither a near-term nor long-term plan to insure the growth for current and future commercial users, or enhancements for the public and other users at the International Airport,

THEREFORE BE IT RESOLVED that the Anchorage Chamber of Commerce calls upon the Municipal Assembly to move forthwith and:

- strongly urge the State to develop and implement a viable marketing plan with state, national and worldwide impacts, specifically for the Anchorage International Airport;

- take the steps necessary that will result in a formal role for the city in the policy development and the future of the Airport.

APPROVED BY THE Anchorage Chamber of Commerce Board of Directors this 22nd day of August, 1986.

Elaine Atwood
Elaine Atwood
President

Wayne K. Beckwith
Wayne K. Beckwith
Executive Vice President

President: *Elaine Atwood* Executive Committee: *Larry Baker, Ken Calhoon, George Easley, Lee Fisher, Joe Heintz, Harold Heinze, Glenda Rhodes*
Board: *Rod Bradley, Col. Richard Brown, Mike Burns, Dave Dittman, Sen. Jan Faiks, Al Fleetwood, Alice Hartig, Jack Hayes, Duane Heyman, Col. Scott Tippin, Kay Linton, Bill MacKay, Earl Miller, George N. Nelson, John Norman, Al Parrish, Bob Penney, Chief Brian Porter.*

415 F Street, Anchorage, Alaska 99501-2254 (907) 272-2401

APPROVED
Date: 4-8-86

Submitted by: Economic Development Committee/Dana Brockway, Chairman
Prepared by: Assembly Budget Analyst
For Reading: April 8, 1986

ANCHORAGE, ALASKA
AR NO. 86-61

A RESOLUTION REQUESTING IMMEDIATE ACTION TO OBTAIN FOREIGN TRADE ZONE STATUS FOR CERTAIN AREAS OF THE MUNICIPALITY OF ANCHORAGE.

WHEREAS, the future of Anchorage's economy depends on appropriate and timely actions to further growth and opportunities; and

WHEREAS, the Economic Development Committee has studied the foreign trade zone concept and has heard the testimony of experts as well as from the Chamber of Commerce and Economic Development Commission; and

WHEREAS, the Economic Development Committee has found no significant negative aspects of foreign trade zone status; and

WHEREAS, the Port of Anchorage would be influenced by this change in status and thus is an interested agency.

NOW, THEREFORE, the Anchorage Municipal Assembly resolves:

SECTION 1. The Municipality should immediately proceed to assess Anchorage's foreign trade zone potential, and define potential land areas for consideration.

SECTION 2. The Port of Anchorage should function as the action agency for this effort, and shall make application for foreign trade zone status, providing periodic progress reports to the Assembly.

PASSED AND APPROVED by the Anchorage Municipal Assembly this 8th day of April, 1986.

Chairman

ATTEST:

Municipal Clerk

FINAL REPORT

EXCERPTS FROM
THE ECONOMIC IMPACT
OF
THE ANCHORAGE INTERNATIONAL AIRPORT

SUBMITTED TO:

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

SUBMITTED BY:

APPLIED ECONOMICS ASSOCIATES, INC.

WITH
R.E. HANSEN RESEARCH ASSOCIATES
AND
DR. WILLIAM B. BEYERS

OCTOBER, 1985

CHAPTER III

THE DEVELOPMENT AND GROWTH OF THE ANCHORAGE INTERNATIONAL AIRPORT

The Anchorage International Airport had its genesis when, late in 1951, operations began on an 8,400 foot east-west and a 5,000 foot north-south runway. The Airport was constructed under the auspices of and operated by the U.S. Civil Aeronautics Authority.

In 1959 Alaska became the 49th state of the Union and, in the following year, ownership and administration of the Airport was transferred to the State of Alaska. During the first year of State administration, construction began to extend the east-west runway to 16,600 feet, necessitated by the advent of jets which were displacing propeller driven-aircraft. Additionally, construction of new parking aprons and ramps began.

The airport expansion and modernization program was interrupted by the 1964 Good Friday earthquake which severely damaged the runways and destroyed the control tower and part of the terminal building. Necessary repairs to make the Airport operational were made quickly, but it took until 1967 before reconstruction of the east-west runway was resumed. It was completed in 1970, in time to handle the ever increasing international traffic as well as the expanding domestic operations, the latter due in large measure due to increased oil related activities.

In order to make the Airport a facility which would be accessible under all but the most adverse wheather conditions, construction of a new north-south runway began in 1978 and was completed in 1980. Throughout that period, modification and improvements continued to be made to the general facilities and the existing terminal building, and a new dedicated international terminal was completed in 1982.

During the 25 years as a State owned and operated airport, the Anchorage International Airport grew from a small regional facility into an important national and international one which, in 1984, served 40 scheduled and non-scheduled airlines. Domestic and international passenger traffic rose from 274,000 in 1960 to over 4,000,000 persons in 1984, making the Airport one of the largest medium size air traffic hubs in the U.S. In 1983, for example, the Federal Aviation Administration (FAA) reported 1.04 million revenue passenger enplanements in Anchorage, compared to 1.04, 1.04 and 1.2 million at the El Paso, Texas, Jacksonville, Florida, and Syracuse, New York airports, respectively [3]. These airports serve metropolitan areas with population bases which (in 1980) ranged from 480,000 to 722,000 persons [4]. Measured on the basis of the number of trips-per-resident population, for example, the Anchorage Airport ranks second (after Reno, Nevada) among all of the 36 medium size hubs in the US with an enplanement ratio of 6.0, compared with 2.2, 1.4, and 1.6, respectively, for the other three cities named above.

Even more striking, and underlining the pivotal role of the Airport in the state's economy, is the volume of freight traffic that passes through it. According to the same FAA source [3], the Airport handled 224,000 tons of enplaned revenue freight in 1983 (20 percent of which were U.S. mail shipments), fully one-half of the total tonnage of

all of the 36 medium size hubs in the U.S. combined, and only slightly less than the tonnage passing through the Los Angeles International and Kennedy International Airports (267,000 and 253,100 tons, respectively) - large hubs serving metropolitan areas with nearly 50 times the population of Anchorage. (In the same year, 72,200 tons of freight were enplaned at the Seattle-Tacoma International Airport.)

The large fraction of U.S. Mail is noteworthy, since subsidized shipments of parcel post are 60 to 80 percent less expensive than airfreight cargo of identical weight. As a result, outlying communities are able to purchase goods at considerably lower than "market" prices, a benefit we have not measured. (Market prices include necessary payments to all factors of production, including a normal return to capital.)

In the sections that follow, we will briefly discuss and document the extraordinary growth of both the domestic and international passenger and freight traffic at and through the Anchorage International Airport between 1960 and 1984.

Passenger Traffic, 1960-1984

Over the 24 year period between 1960 and 1984, total passenger traffic (arriving, departing and in transit) rose from less than 0.3 to over 4.0 million persons, at an average annual rate of 11.9 percent (Table III.1). In only three years, 1965, 1971 and 1972 did passenger traffic fail to increase (Table III.2). (The decrease in 1965 is explained by the 1964 earthquake; the decreases in the other two years are most likely due to the then uncertain future of the Trans-Alaska Pipeline.) The largest growth rate was registered by the "in transit" category, 15.3 percent. Whereas, in 1960, that class of traffic

accounted for only 16.3 percent of total traffic, by 1984 it represented 36.4 percent (Table III.3). However, as Table III.4 shows, growth rates for the several passsenger groups varied substantially over time. Thus, for example, "in transit" traffic rose at an annual rate of 33.6 percent during the 1960-1970 period, 4.6 percent between 1970 and 1980, and only 2.0 percent between 1980 and 1984 (Table III.4).

Detailed data on international traffic were available for the fiscal years 1976-1984 and, together with domestic data, are shown in Tables III.5-III.7. Over the 8 year period, total traffic increased at an annual rate of 6.2 percent. However, during the last two years, international traffic declined by more than 155,000 persons, or over 5 percent per year. Over the 8 year period, the number of arriving and departing international passengers decreased by about 50 percent. Domestic traffic, on the other hand, continued to increase throughout that period.

It is unclear whether the recent decrease in international traffic portends a developing trend, or whether it is a cyclical phenomenon. However, it is well known that at least two international airlines (JAL and SAS) have exercised transit rights through Soviet airspace, which may have affected the level of international travel at the Airport. Other carriers are also contemplating route changes via the USSR which also may impact international passenger traffic to and through Anchorage.

TABLE III.1

ANCHORAGE INTERNATIONAL AIRPORT
PASSENGER TRAFFIC, FY 1960 - 1984
(NUMBER OF PERSONS)

YEAR	ARRIVING	DEPARTING	TOTAL ARR & DEP	IN TRANSIT	TOTAL
(1)	(2)	(3)	(4)	(5)	(6)
1960	114,557	114,655	229,212	44,564	273,776
1961	119,468	125,955	245,423	71,536	316,959
1962	131,361	137,758	269,119	127,826	396,945
1963	140,049	143,930	283,979	125,501	409,480
1964	164,441	170,448	334,889	205,060	539,949
1965	189,451	195,335	384,786	152,003	536,789
1966	213,380	213,047	432,427	216,646	649,075
1967	268,557	269,459	538,016	414,809	952,825
1968	331,726	357,519	689,242	418,732	1,107,974
1969	391,050	424,314	815,364	648,821	1,464,185
1970	426,248	433,163	859,411	807,722	1,667,133
1971	413,735	420,249	833,984	778,211	1,612,195
1972	451,455	461,777	913,232	654,681	1,567,913
1973	478,895	488,624	967,519	633,111	1,600,630
1974	540,714	551,767	1,092,481	796,045	1,888,526
1975	694,475	706,739	1,401,214	815,116	2,216,330
1976	857,162	870,024	1,727,186	884,762	2,611,948
1977	945,048	962,392	1,907,440	936,032	2,843,472
1978	955,628	979,636	1,935,264	981,315	2,916,579
1979	995,864	1,018,651	2,014,515	1,166,400	3,180,915
1980	990,547	1,007,566	1,998,113	1,267,474	3,265,587
1981	1,059,854	1,073,108	2,132,962	1,456,894	3,589,856
1982	1,165,338	1,177,757	2,343,095	1,503,206	3,846,301
1983	1,283,720	1,295,433	2,579,153	1,425,082	4,004,235
1984	1,328,793	1,335,646	2,664,439	1,372,679	4,037,118
AARG	10.8%	10.8%	10.8%	15.3%	11.9%

SOURCE: Selected Anchorage International Airport documents.
Calculations by Applied Economics Associates, Inc.

NOTE: AARG - Average Annual Rate of Growth

Freight Traffic, 1960-1984

Reference has already been made to the large volume of freight that moves through the Airport. Table III.8 recapitulates freight movements between 1960 and 1984 and Tables III.9 and III.10 show data for annual percentage changes and and the fractions of total freight arriving at and departing from the airport. A major discrepancy is noted between the volume of "departing" freight reported by the Airport in 1983 (92,466 tons) and "enplaned revenue freight" reported by the Federal Aviation Administration for the same year. The FAA data include all freight, originating or transshipped from one aircraft to another. The Airport statistics do not include freight which is transshipped. For purposes of comparing the Anchorage Airport with other US airports, the FAA data [3] were used.

The data show that between 1960 and 1984, total freight movements increased ten-fold, at an average annual rate of 6.1 percent. Growth rates on a year-to-year basis, however, were very uneven. Not surprisingly, and pointing to the Airport's strategic role in the development of the state's economy, are the enormous growth rates (in excess of 23 percent) of freight traffic registered during the pipeline construction period 1973-1977 (Table III.11).

That Anchorage is the Alaskan entrepot and that the Airport is its essential transportation pipeline is manifested by the fact that throughout the 1960-1984 period, "departing" far exceeded "arriving" air freight tonnage. One explanation for these asymmetrical flows is that goods are shipped to the Anchorage maritime port, or arrive over the road, and are then redistributed by air to the rest of the state which has no other transportation links to the "outside"; another is that

large quantities of relatively high value, perishable fish are flown to foreign and domestic markets during peak harvest periods. Rapid access to markets significantly increases the value of these products. At the Seattle-Tacoma International Airport, in comparison, arriving and departing cargo for each of the years during the same period were nearly always in balance. Clearly, many outlying communities could not survive and an array of economic activities would not take place or would be severely curtailed without the cargo services provided through the Airport.

As in the case of passenger traffic, detailed data for international and domestic cargo movements for the fiscal years 1976-1984 are displayed in Tables III.12-III.14. Over the 8 year period, total domestic freight traffic grew at a modest 1.7 percent. Arriving air freight increased at an annual rate of 1.1 percent. Departing traffic, on the other hand, rose nearly twice as fast, at 2.0 percent. In 1984, it accounted for approximately 64 percent of total freight movements.

In contrast, the international components registered extraordinary growth rates. Whereas, in 1976, international air cargo traffic accounted for only 5.8 percent of the total, by 1984 it represented 12.6 percent. That the Airport has become a major point of entry for foreign air cargo is indicated by the fact that in 1984 over 25 percent of total arriving cargo was carried by international airlines, compared to only 12 percent in 1976.

TABLE III.5

ANCHORAGE INTERNATIONAL AIRPORT
INTERNATIONAL AND DOMESTIC
PASSENGER TRAFFIC, FY 1976 - 1984
(NUMBER OF PERSONS)

YEAR	ARRIVING	DEPARTING	TOTAL ARR & DEP	IN TRANSIT	TOTAL
(1)	(2)	(3)	(4)	(5)	(6)
			INTERNATIONAL		
1976	49,975	50,089	100,064	723,068	823,132
1977	54,629	56,906	111,535	816,609	928,144
1978	47,085	49,613	96,698	882,578	979,276
1979	27,736	26,550	54,286	1,076,925	1,131,211
1980	25,414	26,038	51,452	1,166,971	1,218,423
1981	28,447	27,534	55,981	1,349,113	1,405,094
1982	30,906	29,548	60,454	1,428,628	1,489,082
1983	27,118	27,411	54,529	1,339,294	1,393,823
1984	24,807	24,045	48,852	1,285,017	1,333,869
AARG	- 8.4%	- 8.8%	- 8.6%	7.4%	6.2%
			DOMESTIC		
1976	807,187	819,935	1,627,122	161,694	1,788,816
1977	890,419	905,486	1,795,905	119,423	1,915,328
1978	908,543	930,023	1,838,566	98,737	1,937,303
1979	968,128	992,101	1,960,229	89,475	2,049,704
1980	965,133	981,528	1,946,661	100,503	2,047,164
1981	1,031,407	1,045,574	2,076,981	107,781	2,184,762
1982	1,134,432	1,148,209	2,282,641	74,578	2,357,219
1983	1,256,602	1,268,022	2,524,624	85,788	2,610,412
1984	1,303,986	1,311,601	2,615,587	87,662	2,703,249
AARG	6.2%	6.0%	6.1%	- 7.4%	5.3%

SOURCE: Selected Anchorage International Airport documents.
Calculations by Applied Economics Associates, Inc.

NOTE: AARG - Average Annual Rate of Growth

TABLE III.8

ANCHORAGE INTERNATIONAL AIRPORT
AIR FREIGHT TRAFFIC, FY 1960 - 1984
(POUNDS)

YEAR	ARRIVING	DEPARTING	TOTAL ARR & DEP
(1)	(2)	(3)	(4)
1960	12,298,166	20,549,579	32,847,745
1961	13,380,632	24,132,253	37,512,885
1962	14,777,941	24,760,609	39,538,550
1963	21,509,140	39,639,748	61,148,888
1964	19,360,527	32,631,053	51,991,580
1965	20,627,935	32,097,259	52,725,195
1966	20,762,213	37,394,229	58,156,442
1967	22,400,979	49,776,762	72,177,741
1968	25,980,908	75,573,582	101,554,490
1969	30,526,580	50,137,204	80,663,784
1970	32,241,373	60,865,051	93,106,424
1971	36,618,783	60,493,202	97,111,985
1972	44,026,537	65,937,427	109,963,964
1973	39,638,120	70,230,262	109,868,382
1974	60,748,311	83,145,442	143,893,753
1975	90,331,365	111,874,498	202,205,863
1976	106,702,662	155,280,054	261,982,716
1977	94,276,462	162,304,099	256,580,561
1978	99,169,214	162,682,389	261,851,603
1979	103,798,338	156,074,827	259,873,165
1980	96,422,556	157,568,303	253,990,859
1981	119,343,401	186,479,723	305,823,124
1982	118,350,235	181,498,461	299,848,696
1983	130,138,571	191,784,538	321,923,109
1984	137,478,750	184,931,092	322,409,842
AARG	10.6%	9.6%	6.1%

SOURCE: Selected Anchorage International Airport documents.
Calculations by Applied Economics Associates, Inc.

NOTE: AARG - Average Annual Rate of Growth

TABLE IV.2

SUMMARY OF RESPONSES TO AIRLINES INDUSTRY QUESTIONNAIRE
(DATA PERTAIN TO 1984-1985 CALENDAR OR FISCAL YEAR)

EXPENDITURE CATEGORY	NUMBER OF RESPONDENTS	EXPENDITURES (DOLLARS)	PERCENT OF TOTAL
(1)	(2)	(3)	(4)
Fuel	13	$ 245,727,171	68.6
Wages and salaries	16	44,330,809	12.4
Other/Misc.*	5	20,734,600	5.8
Goods and services	12	12,753,753	3.6
Food, lodging, and transp. for flight crews	13	11,941,406	3.3
Benefits	12	8,836,808	2.5
Contracted maintenance	10	8,280,867	2.3
Terminal bldg. rent, landing and parking fees	14	4,666,786	1.3
State and local taxes	7	665,500	0.2
Total expenditures		$ 357,937,700	100.0

QUESTION	NUMBER OF RESPONDENTS	RESPONSE
(5)	(6)	(7)
Number of full-time employees residing in Anchorage	16	1,183
Number of hotel room nights generated by		
airline personnel layover	13	60,780
unsched. passenger layover	10	8,161

SOURCE: Questionnaires distributed to airlines industry by Applied Economics Associates, Inc.

NOTE: * Includes items such as inflight meals, contracted ground handling, utilities, insurance, depreciation and interest, and security among others.

As shown in the first line of Table IV.2, expenditures on fuel constitute nearly 70 percent of the respondents' total expenditures. The Airport's financial statement for fiscal year 1984 shows that fuel and oil fees collected by the Airport amounted to $8.3 million, or 31.4 percent of total operating revenues, the second largest income source for the Airport after concession fees of $9.4 million (or 35.4 percent of operating revenues).

The second largest expenditure of the airlines is for wages and salaries. These disbursements are income to employees who reside in the Greater Anchorage Area, and, as such, will be respent on goods and services in the local economy. For example, an Alaska Airlines ticket agent who resides in Anchorage will spend his/her income on housing, food, clothing, entertainment and other consumption items produced and/or distributed in the local economy. These purchases constitute revenue to local businesses who, out of these receipts, pay their employees, purchase goods and services from other local businesses, and so on. This process is referred to as the "multiplier effect" and when measured quantitatively (see Chapters V and VI) will describe an ultimate level of output, earnings, or employment that is generated throughout a regional economy as a result of an initial, direct economic stimulus - the purchase of a good or service, for example. Employee benefits, representing other labor income, similarly generate multiplier effects. Together, expenditures on wages and salaries and employee benefits accounted for 14.9 percent of the total expenditures indicated by the respondents.

Expenditures for goods and services, including contract maintenance, and food, lodging, and transportation for flight crews, as well as most of the other/miscellaneous expenditures represent purchases

by the airlines from local businesses. These operational purchases, representing 15.0 percent of total air carrier expenditures in Anchorage, also generate multiple output, earnings and employment effects throughout the local economy.

The remaining airline expenditures, terminal building rent, landing and parking fees, and state and local taxes, represent payments to government agencies. These expenditures, accounting for 1.5 percent of total expenditures, are ultimately returned to the private economy, although not necessarily in the region in which the revenues were generated, in the form of wage and salary payments to government employees and purchases from private firms.

Other important data were collected from the commercial air carriers. The respondents indicated that they employed 1,183 Anchorage residents and paid for a total of 68,941 hotel rooms in Anchorage due to flight crew and unscheduled passenger layovers. The hypothetical question included on the questionnaire asked for the most likely alternative routes for passenger and freight traffic in the event that the Airport closed for one year: Five respondents indicated that both passenger and freight traffic would be re-routed through Fairbanks, four indicated that passenger traffic would be re-routed through the USSR, while two indicated that freight traffic would be carried over the Soviet route as well. Vancouver, B.C. was also indicated as a terminus or refueling point. Two carriers indicated that passenger traffic would not be re-routed at all.

Airport Related Services

Airport related services consist mainly of concessionaires doing

business at the Airport itself. Also included in this category are firms providing ground transportation to and from the Airport, such as car rental agencies, and travel agents. In short, this industry classification includes those local firms who provide goods and services to passengers arriving at and departing from the Airport. In contrast to commercial air carriers, not all of the businesses rely entirely on the Airport. In order to gauge the dependence of such firms on the Airport, a hypothetical question asking how current operations would be affected if the Airport did not exist was included on the questionnaire. As a further check, respondents were also asked to provide data on the level of gross receipts from operations in Alaska and the level of gross receipts from operations conducted at the Airport. In addition, the questionnaire requested information on employment and expenditures in the Anchorage area.

Airport related services questionnaires were mailed to 46 firms. Fourteen were completed and returned to AEA, while five of the original 46 were returned as non-deliverable. Taking 41 (the original 46 minus the 5 returned) as the relevant base to compute the response rate, 34.1 percent of the firms surveyed responded, as indicated in Table IV.1. Table IV.3 summarizes the information provided by those respondents who indicated that they were at least partially dependent upon the existence of the Airport. The data from the surveys were adjusted to take into account those firms who indicated less than 100 percent dependence and therefore the figures in Table IV.3 reflect estimates of the respondents' levels of expenditures and employment directly tied to the Airport.

As shown in Table IV.3, expenditures on employee compensation (wages and salaries plus benefits) constitute the largest fraction of

TABLE VI.10

SUMMARY OF THE IMPACT
OF THE ANCHORAGE INTERNATIONAL AIRPORT
ON ANCHORAGE, 1993

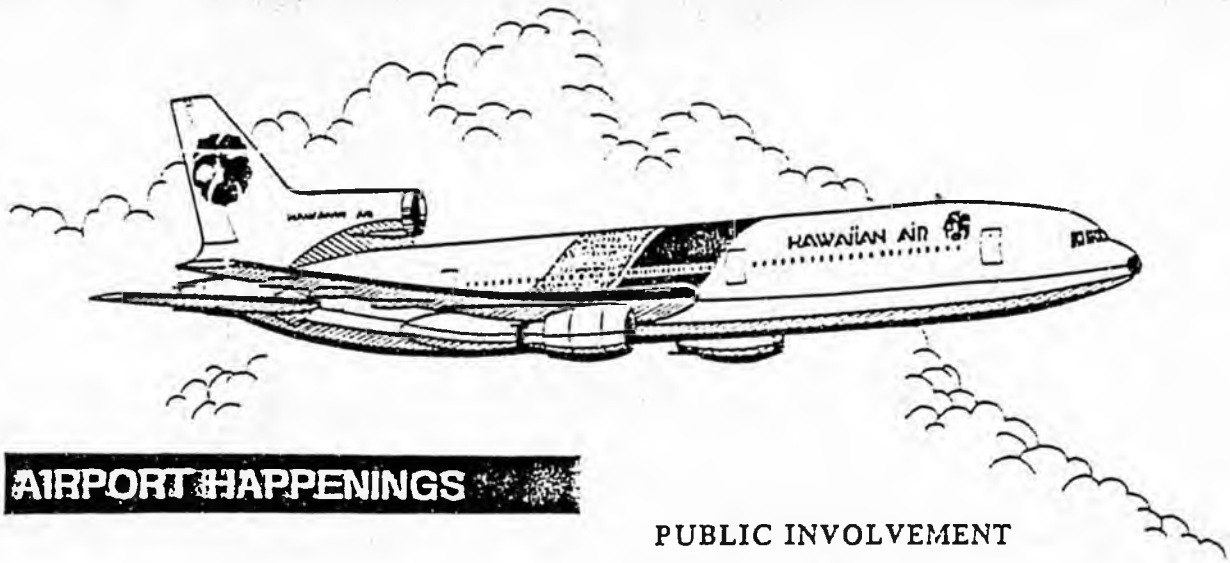
IMPACT MEASURE	DIRECT IMPACT	INDIRECT & INDUCED IMPACT	TOTAL IMPACT
(1)	(2)	(3)	(4)
Output (dollars)	$ 697,600,000	$ 453,500,000	$1,151,100,000
Earnings (dollars)	$ 223,000,000	$ 151,600,000	$ 375,100,000
Employment (number of employees)	8,086	5,386	13,472

SOURCE: US Department of Commerce, Bureau of Economic Analysis, RIMS-II; Applied Economics Associates, Inc. See Table VI.9 of this chapter.

TABLE VII.1
SUMMARY OF AIRPORT-RELATED ECONOMIC IMPACTS ON THE ANCHORAGE ECONOMY
1983
(MILLIONS OF DOLLARS; NUMBER OF EMPLOYEES)

SECTOR	TOTAL OUTPUT	EARNINGS		EMPLOYMENT	
		DIRECT	TOTAL	DIRECT	TOTAL
(1)	(2)	(3)	(4)	(5)	(6)
Air Transportation	$829.2	$152.8	$261.2	4,233	8,052
Visitor-Related	270.6	56.7	92.3	3,306	4,594
Freight Forwarding	26.5	6.3	10.5	220	371
Travel Arrangement	24.8	7.7	11.2	328	456
Total	$1,151.1	$223.5	$375.1	8,086	13,472

SOURCE: Tables VI.5 - VI.9



AIRPORT HAPPENINGS

As announced in October, Hawaiian Airlines is starting non-stop service to Honolulu, Hawaii. The flight, using a Lockheed L-1011 Tri-Jet departs in the morning, arriving in the islands during mid-afternoon.

While it is not new service, Western Airlines has become the wholly owned subsidiary of Delta Airlines. Just this past year Western celebrated its 60th anniversary, making it America's oldest airline. Western has announced that it will continue to operate as Western Airlines until April 1, 1987. Thereafter it will become a part of Delta Airlines and operate under the Delta name and colors. There has been no announced change in service to Anchorage resulting from the acquisition.

As reported in the Anchorage Times on January 4, 1987, British Airways has announced a reduction in service through Anchorage, starting this spring. Most flights between London and Tokyo will be flown non-stop, via Siberia instead of making the traditional refueling stop in Anchorage. This option became available to the international air carrier community in 1985 when the Soviet Union agreed to allow limited access to international air carriers over Siberia in exchange for expanded landing rights at European and Asian cities. British Airways will retain limited weekly scheduled service through Anchorage and has not announced any plans to terminate service at the airport.

PUBLIC INVOLVEMENT

On January 8, 1987, Coffman Associates held a public meeting with members of the Turnagain Community Council to discuss the refined alternatives for the airport. The meeting was well attended and members of the council were extremely interested in the Lake Hood development plan. It was recognized that considerable effort had been conducted by the consultant team to include many suggestions presented during previous meetings which ensure neighborhood compatibility with the airport. Since development recommendations have not yet been finalized, members were advised that comments would be considered in the final program.

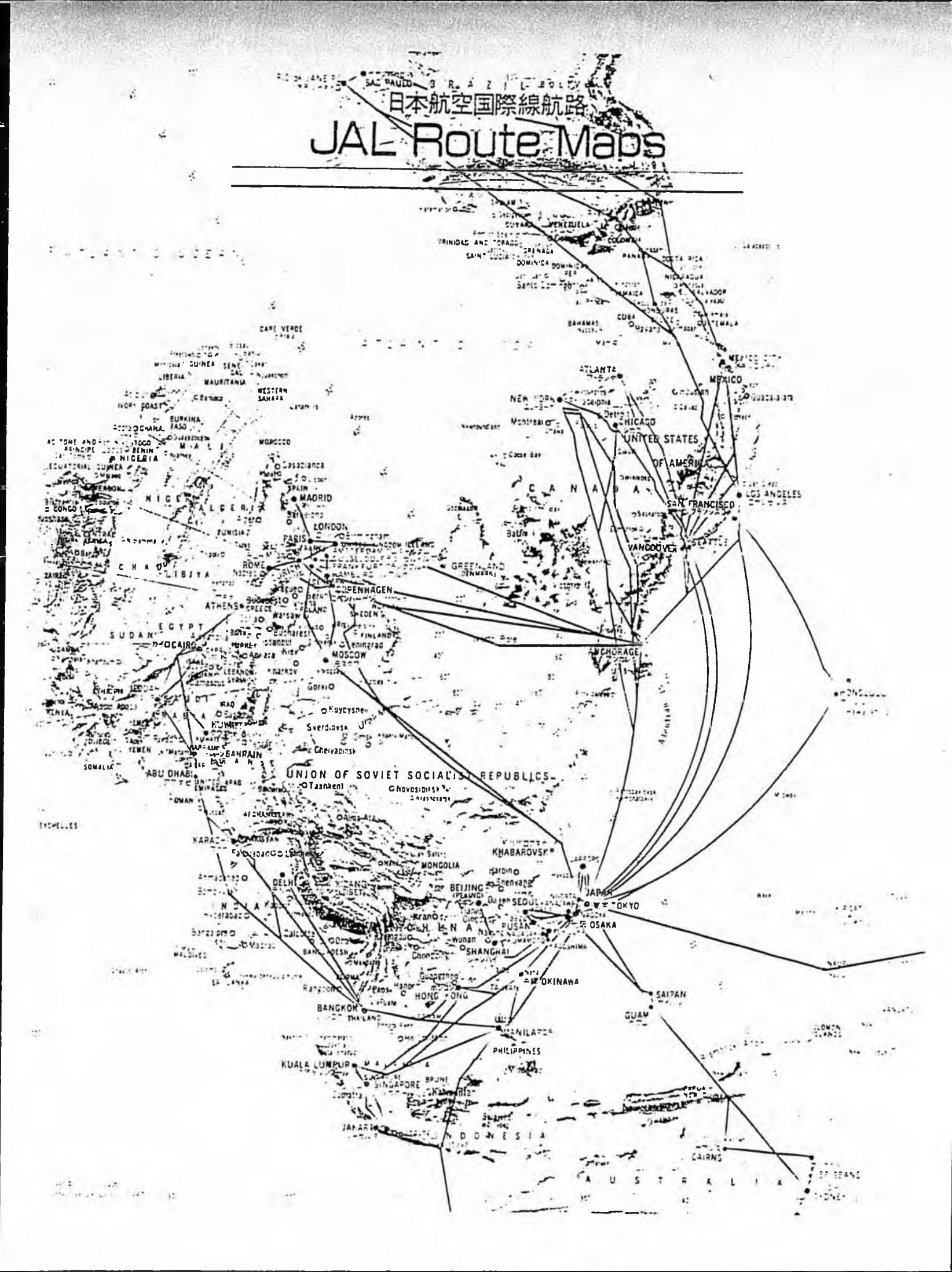
TRIVIA QUIZ

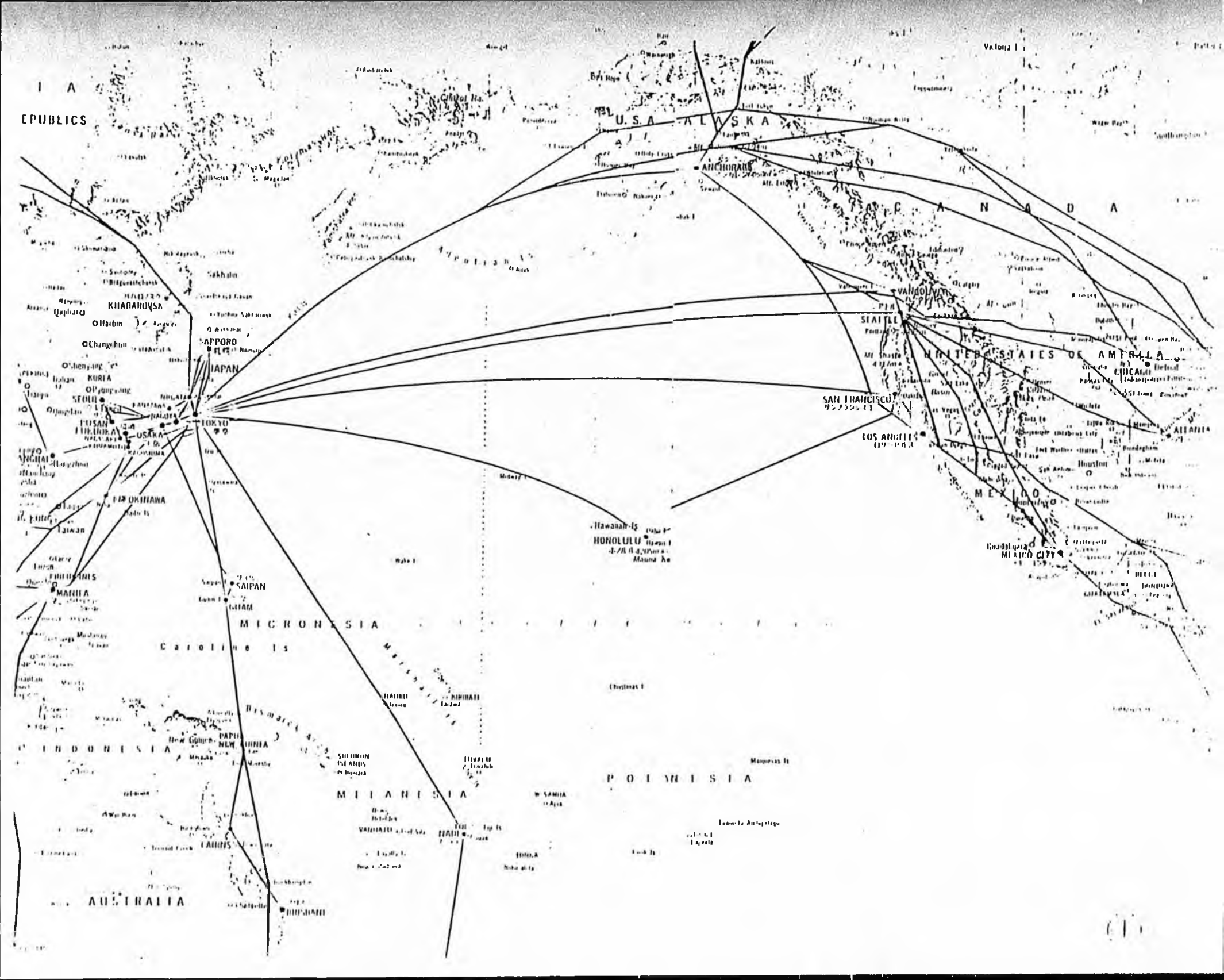
In January, Hawaiian Airlines initiated service between Anchorage and Honolulu, using a Lockheed L-1011 Tri-Jet. The airline has stated that plans are currently being developed to extend the service between Anchorage and Europe, establishing the only through service between Honolulu, Anchorage, and Europe. What is the only other American owned airline to have flown this route?

Answer: Western Airlines (soon to be identified as Delta Airlines through merger action in 1986), but service was discontinued in 1981.

日本航空国際線航路

JAL Route Maps

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SOLOMON ISLANDS
MELANESIA
POLYNESIA
CAIRNS
AUSTRALIA
BRISBANE

(7)

HOUSE COMMITTEE REPORT

3/20

Date referred: 2/13/87

FURTHER REFERRALS: Transportation
Finance

DATE: 3/19/87

The Labor & Commerce Committee has considered SCR 5

Relating to promotion and marketing of the state-operated international airports.

RECOMMENDS:

[ ] replace with _____ [ ] the same title
[ ] attached amendment(s) [ ] a new title

[X] do pass
[ ] do not pass
[ ] no recommendation
[ ] individual recommendations
[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact
[ ] zero fiscal note
[ ] zero with analysis
[ ] same as previous fiscal note published _____
[X] same as previous zero fiscal note published 2/3/87

SIGNING DO PASS:

Dave Dooley
Ellis
Cliff Davidson
Curtis Hannemann
W. Furnace
Al Cooper
Stella Fagerness

SIGNING OTHER RECOMMENDATIONS:

Dave Dooley
Chairman's signature

MEMORANDUM State of Alaska

TO: See Distribution List

DATE: August 25, 1986

FILE NO.:

THRU:

TELEPHONE NO.:

SUBJECT: Anchorage Overflight Issue

FROM: E. John Pearson
Travel Development Specialist
Division of Tourism

Several days ago, I received a copy of a respected airline industry intelligence publication from England which provides an outstanding situational analysis of the overflight issue.

In reading this material (which was published in spring), you should keep in mind my previous memos that reported other airlines as having taken action on future overflights. These actions are not reported in the attached publication. So the situation is much more critical than reported herein.

There should be no question in anyone's mind that we are faced with a grim situation that few understand. It is, therefore, essential that information such as this receives the widest circulation among key opinion formers.

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Attachment

DISTRIBUTION LIST

Loren H. Lounsbury, Commissioner
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SOVIET GOODWILL HELPS OPEN UP AIR ROUTES

After last November's Geneva summit, the USA and Soviet Union agreed to resume flights between their countries. Meanwhile, Moscow is allowing more trans-Siberian non-stop overflights between Europe and the Orient. Trevor French examines the consequences of recent major diplomatic agreements.

Civil air treaty negotiators, who have for years numbered the Soviets among their toughest opponents, must be eyeing the two most recent agreements with the USSR with some surprise. Air services agreements with the Soviet Union have traditionally been heavily restrictive for the non-Communist partners. The commercial bias in favour of Aeroflot has caused raised eyebrows even among negotiators long used to the Soviets' tough bargaining positions, often prompted by Aeroflot's established role as a visible presence around the world and a generator of much-needed foreign currency. But it seems, temporarily at least, that Soviet attitudes towards air service partners have softened significantly.

The agreements which allow Pan Am and Aeroflot to resume services between the United States and the Soviet Union, and which allow direct non-stop flights between Europe and Japan through Soviet airspace, appear to have conceded real commercial advantages to Pan Am and Japan Air Lines without asking too heavy a price in return. Observers who cited the general thaw in East-West relations, which culminated in the Geneva super-power summit late last year, do not believe it was alone responsible for the apparent generosity of the Soviet air authorities. Indeed some have spoken of a new Soviet willingness to allow Aeroflot to operate with less protection, allied to a more realistic assessment of the security dangers posed by foreign aircraft using Soviet airspace, as contributing factors.

The air services accord which opened the way for the resumption of services between the US and USSR was seen by some as the only concrete result of the Geneva summit. In fact negotiations had been under way

since early 1985. Pan Am had suspended its direct Boeing 707 operations to the Soviet Union in 1978 for economic and commercial reasons. Crippling Soviet restrictions meant Aeroflot dominated the market and it became unprofitable for Pan Am. Aeroflot in turn had its US rights suspended in 1981 after the Soviet occupation of Afghanistan.

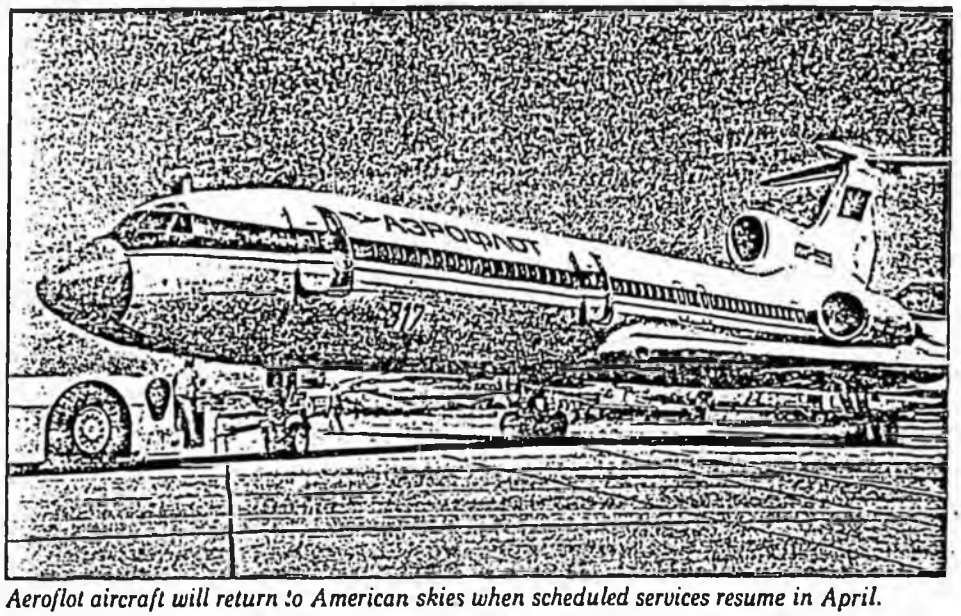
The new agreement means that when services resume on April 28 this year, Pan Am and Aeroflot regain basically the same rights they had before. Pan Am will, however, now be operating a change-of-gauge service by Boeing 747 to Frankfurt and then Boeing 727 on to Moscow four times weekly, with two of the flights continuing to Leningrad. Aeroflot has four weekly flights to New York, with two continuing to Washington.

The crucial difference is that the agreement now includes a revenue balancing mechanism which leaves Pan Am in a much stronger position commercially than before. Each carrier is allowed to retain full revenues for the first 12,000 revenue passengers it carries in either direction. Only after that number will revenue units, fixed at US$175 per passenger, be shared with the other carrier.

Pan Am's senior vice-president of government affairs, Richard Mathias, says this mechanism, plus the change-of-gauge service, means the airline now expects the routes to be profitable. Before 1978 Aeroflot carried far more traffic than Pan Am, principally because Pan Am was prevented from selling tickets in the USSR and from "doing business on a regular basis," says Mathias. Pan Am still cannot sell tickets in the Soviet Union, although Aeroflot can now sell tickets in the US directly without having to sell through Pan Am. Hence the balancing mechanism.

"It's a sort of insurance policy that will allow us to operate with sufficient freedom so we can carry at least half of the market. Either airline will suffer significant financial losses if it is unable to capture a significant share of the traffic," says Mathias. "The real importance is to provide an incentive to Aeroflot and the Soviet Government to allow Pan Am to carry roughly a half share of total traffic. It's something both sides are comfortable with."

The more liberal commercial conditions of the US-USSR services are not the only benefit extracted from the Soviets. Pan Am also gained the right to overfly Soviet territory on seven scheduled services a week between Frankfurt and the Indian sub-continent. Mathias says Pan Am has not yet completed its plans for these routes, but agrees that substantial fuel savings not far short of US$500,000 a year will be made by abandoning the present much more westerly routings. The overflight rights were part of the overall package, and there was no item-by-item trade off in the negotiations.



Aeroflot aircraft will return to American skies when scheduled services resume in April.

Both Mathias and chief spokesman of the US Department of Transportation team at the negotiations, Ed Oppler, noted what they called a "greater receptiveness" on the part of their Soviet counterparts. Oppler is not happy that the US was forced into having the balancing mechanism, and adds that it would not sign such an agreement with any other country. But he agrees that it is a significant concession by the Soviets and Pan Am will benefit substantially from it.

"I think they were willing to take more of a commercial risk in the balancing mechanism because they knew our carrier was guaranteed a certain share. It was very important for them to get this service going again for a combination of reasons – economic, gaining hard currency, and showing the flag," says Oppler.

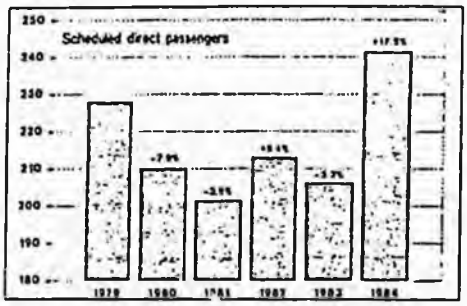
Negotiations between Japan and the Soviets for Japan Air Lines' rights for four non-stop Europe to Tokyo overflights a week took much longer than the US-USSR pact. The agreement was announced in February last year after discussions opened in 1981. But again in the end the agreement reached seems remarkably uncomplicated. JAL's regional manager UK and Eire, Takemi Tamaki, describes it as a simple exchange of traffic rights. "There were no politics involved, no trickery." JAL is starting with two direct trans-Siberia non-stop return flights a week from London and Paris from April 1. The flights will replace services which at present operate from the same destinations via a stop-over at Moscow. In return Tamaki believes Aeroflot gained cargo frequency between Moscow and Tokyo.

While JAL's traffic rights between Europe and Japan remain unchanged in terms of capacity and frequency, the Russian concession gives the airline a sharp commercial edge in a market it already dominates. Fares remain unchanged, but the substantially reduced flight durations compared with the routes via Moscow and Anchorage (see table), plus more attractive arrival and departure times, will help JAL corner the business travel market at which the non-stop services are principally aimed, says Tamaki. JAL is expecting load factors on the non-stop flights to be three or four points higher than those on its existing services, which average between 70 and 75 per cent. Substantial cost benefits include a fuel saving of some US$450,000 a year at the present frequency compared with a Moscow stop, and savings in landing and ground handling fees at Moscow.

Why did the Soviets agree to this concession if they stood to lose foreign currency earned through JAL stopovers at Moscow? Tamaki believes the answer is to be found in Aeroflot's increased penetration and market share on routes from Moscow to Europe and Tokyo. The negotiations which allowed the first Europe-Moscow-Tokyo services in the early 1970s also spawned a pooling formula which meant that money continuously flowed from Western airlines to Aeroflot, then a vastly unpopular airline. That pooling formula still exists, says Tamaki, but under its terms the flow of currency is no longer one-way traffic. The Soviets, it seems, are satisfied with Aeroflot's performance on the route and did not view non-stop overflight rights as a lever to extract large concessions from Japan. And Japan, of course, was in the powerful position of being the single destination not only of Aeroflot's Tokyo flights, but also those from many European countries.

Full development of the non-stop trans-Siberia route is being held back at the ▶

USSR



The strong traffic growth between London and Tokyo in 1984 is likely to have been repeated in 1985. Passengers up to May 1985 were 16.9 per cent up. Source: British Caledonian.

moment by Japan's bilateral partner, Britain, claims JAL. The British at present are only allowing JAL a single non-stop flight a week to London. JAL wants to operate all four services for which the Soviets have granted non-stop overflight rights from the British capital, but is being forced for the moment to fly just two, one of them from Paris.

At press time Britain's future on the non-stop route to Tokyo was awaiting the final outcome of a conflict between British Airways and British Caledonian. BCal has been granted three non-stop services a week from London-Gatwick, two continuing to the South Korean capital of Seoul. BA serves Tokyo six times a week via Anchorage, having added the sixth service in mid-1985 after BCal's application, and has indicated it wants to start a seventh service and to serve Seoul. But the UK-Japan bilateral allows only eight flights a week. BCal failed to have BA restricted to five, all via an intermediate point, and also failed to have London-Seoul deleted from BA's licence. If both airlines are to be satisfied Britain will have to negotiate with Japan for at least two more London-Tokyo flights a week, and may have to allow other Japanese airlines to serve London in return.

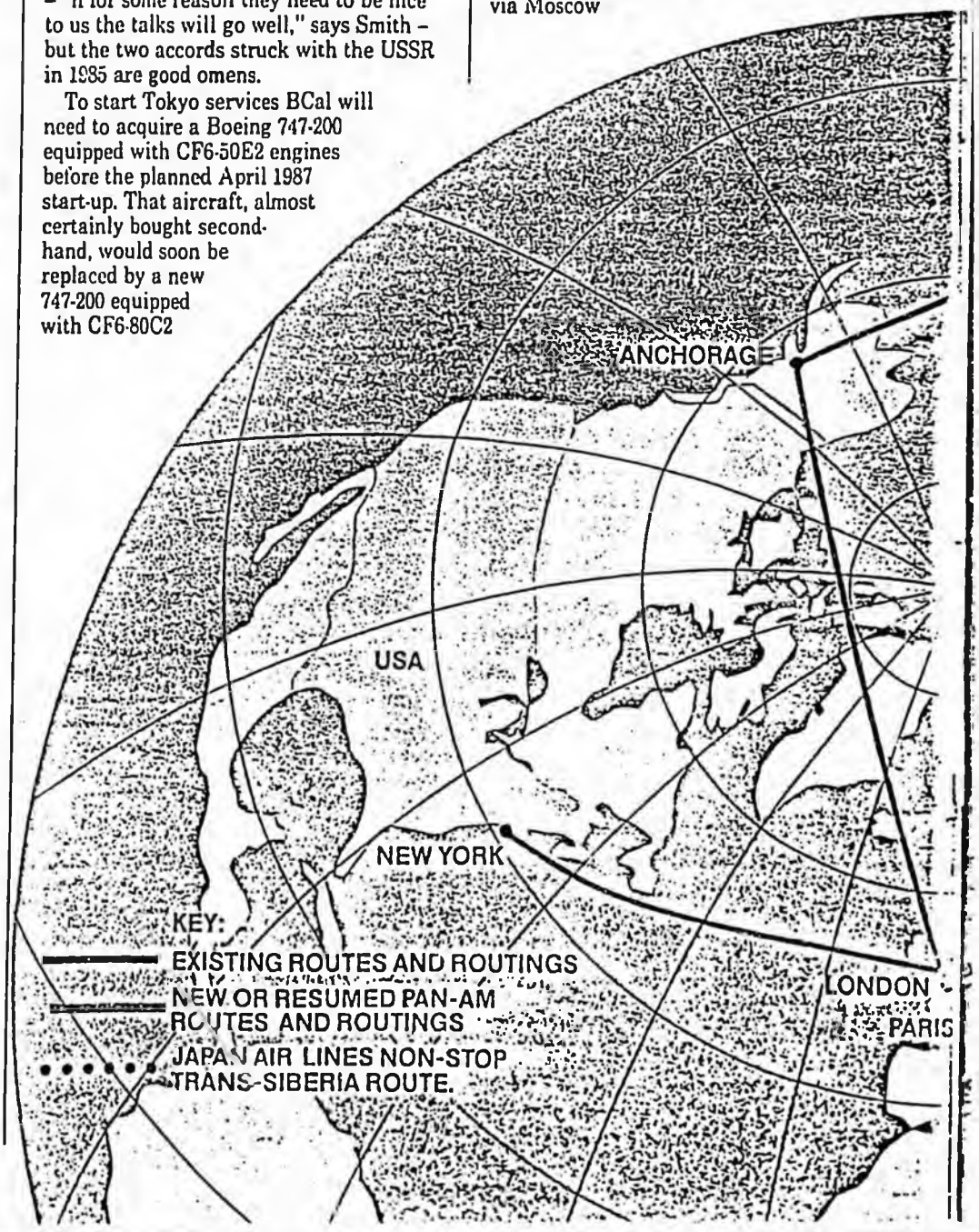
BCal's planning and corporate affairs director, Peter Smith, sees the issue as the first real test of the British Government's resolve to introduce more competition between the two British carriers. "We would expect BA to operate non-stop services, but if there are only a limited number available, BCal would expect to have them all."

Right: The two recent agreements with the Soviets show a new willingness to grant commercial benefits to western airlines through their use of Soviet airspace.

Smith believes there are no insurmountable issues in the way of finalising overflight rights for Britain with the Soviets. "The benefits of securing this for the United Kingdom are very substantial." Britain's position in negotiating with the Japanese is complicated now BCal has approval for the routes, as two British carriers are now involved in the bilateral. But as Aeroflot already overflies Britain between 12 and 16 times a week on flights to Cuba, and needs the rights it presently holds to land through Heathrow, Smith believes Britain is in a powerful bargaining position. As is usual with the Soviets, timing could be important – "if for some reason they need to be nice to us the talks will go well," says Smith – but the two accords struck with the USSR in 1985 are good omens.

To start Tokyo services BCal will need to acquire a Boeing 747-200 equipped with CF6-50E2 engines before the planned April 1987 start-up. That aircraft, almost certainly bought second-hand, would soon be replaced by a new 747-200 equipped with CF6-80C2 engines, says Smith. But in the meantime, all such plans await the outcome of the negotiations with the Japanese, the Soviets, and the Koreans. The Soviets may not be happy about the flights going on to Seoul.

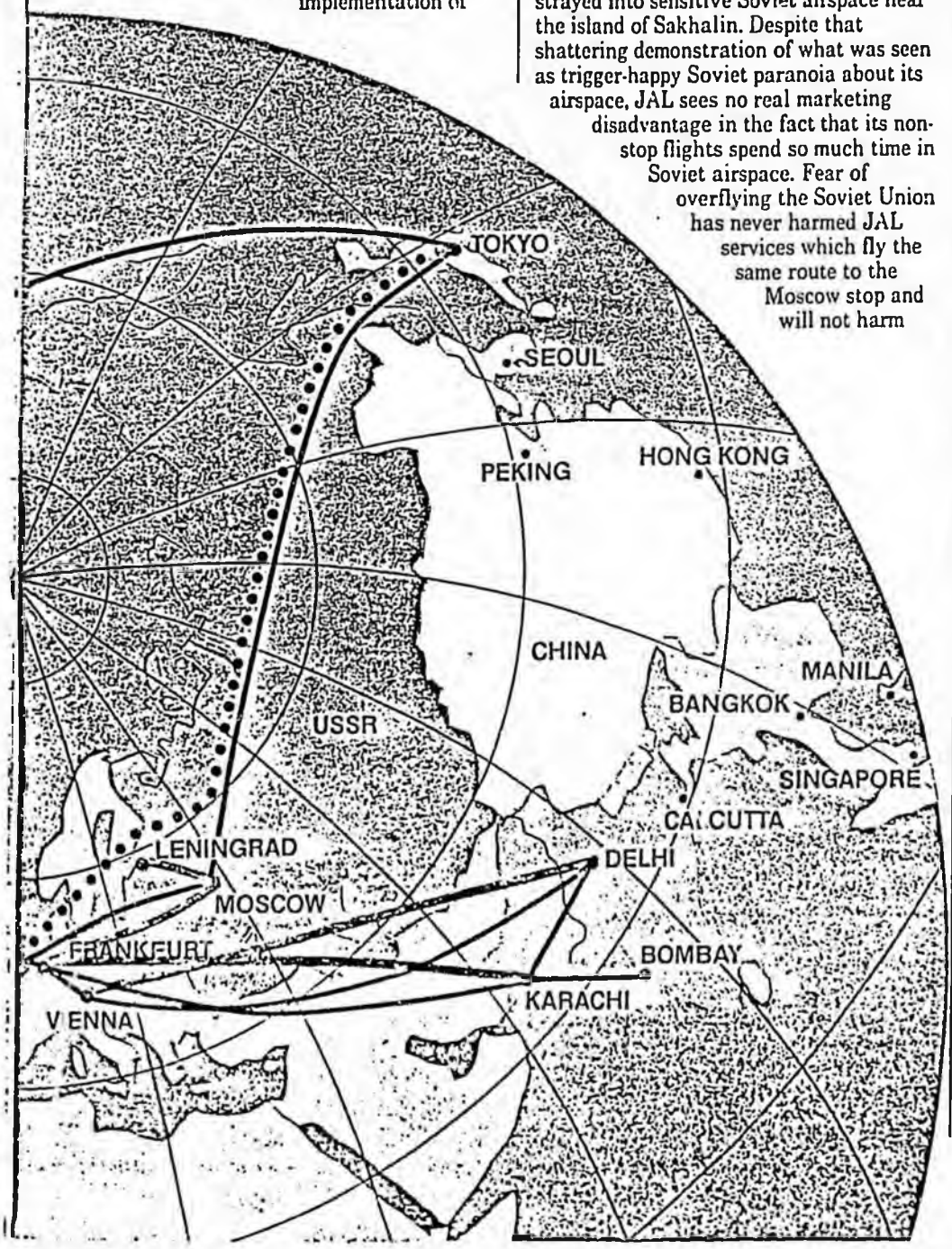
It remains to be seen whether the start of JAL's non-stop flights will generate a queue of European airlines knocking at the Soviets' door asking for similar rights. Air France is expected to begin non-stop services from Paris to Tokyo soon after JAL. But Lufthansa, which has had none too good relations with the Soviet Union and Aeroflot in the past, is biding its time. The West German airline suspended Tokyo flights via Moscow



Route	Time	Distance
London/Heathrow – Tokyo/Narita		
Non stop	11 hr 35 min	10,270 km
via Moscow	14 hr 10 min	10,570 km (1 hr 20 min stopover)
Polar route	17 hr 15 min	12,906 km (1 hr 15 min stopover)
Tokyo/Narita – London/Heathrow		
Non stop	12 hr 20 min	10,270 km
via Moscow	14 hr 55 min	10,570 km (1 hr 10 min stopover)
Polar route	16 hr 20 min	12,906 km (1 hr 15 min stopover)
New York/JFK – Tokyo/Narita		
Non stop	14 hr	11,293 km
Tokyo/Narita – New York/JFK		
Non stop	12 hr 20 min	11,293 km

in April 1983 after Soviet demands in return for permission for Lufthansa to change from Boeing 707s to widebody aircraft proved too expensive. Soviet demands for beyond rights from Frankfurt, and problems with ticketing in Moscow, were also believed to be behind Lufthansa's withdrawal. Lufthansa, and indeed JAL itself, believes JAL's start-up frequencies are too few to have a significant impact on overall market shares between Europe and Tokyo. Until a larger number of non-stop flights are operating it seems to be a case of "wait and see".

Both 1985 agreements with the Soviets were conditional on the implementation of safety measures for aircraft on North Pacific air routes, worked out between US, Soviet and Japanese officials in Washington in November last year. That agreement will have gone a long way towards reassuring those who remember the shooting down by Russian fighters of the Korean Air Lines Boeing 747 on August 31, 1983, after it strayed into sensitive Soviet airspace near the island of Sakhalin. Despite that shattering demonstration of what was seen as trigger-happy Soviet paranoia about its airspace, JAL sees no real marketing disadvantage in the fact that its non-stop flights spend so much time in Soviet airspace. Fear of overflying the Soviet Union has never harmed JAL services which fly the same route to the Moscow stop and will not harm the non-stop service either, says Tamaki.



Some passengers are less happy, but for different reasons. One carrier with routes between Europe and South-East Asia reported that some companies, whose representatives frequently carry "sensitive documents", would only book with airlines whose routes avoided Russian airspace.

BCal's Smith believes there remains one further major prize to be won involving Soviet airspace – a direct route from Europe over the Soviet Union and China to South-East Asia. Cathay Pacific calculates such a route would cut almost two hours off its present non-stop London-Hongkong flight duration of 12 hours, but is unaware of any British initiative to secure such rights. Singapore Airlines, for which the time benefits would be much less, considers the political relationship between the Soviet Union and China makes the route too remote a possibility to be worth considering. "If we thought there was a prospect of being able to operate our Boeing 747-300s to London non-stop on a great circle route we wouldn't be considering the expense of buying a 400 series," says a SIA spokesman.

Smith disagrees. "It may not be possible at the moment, but at some stage I do see the route being established." Britain's withdrawal from Hongkong in 1997 will mean powerful commercial and political pressures from China, he says. "How long can Hongkong afford to be at a disadvantage to, say, Singapore and Tokyo? They are going to want that route to get the best air services between Hongkong and Europe, and there are already signs of a thaw between China and Russia."

In the meantime the new trans-Siberian services and Pan Am's overflight rights to India remain the latest routes to chip away at the vast blank space in the world's air routes that is the Soviet Union. That country's position as an enormous barrier between Europe and the Orient gives it a powerful bargaining position in air treaty negotiations. But the two new agreements do show that the barrier is not impregnable. And the apparent new-found willingness on the part of the Soviets to grant more overflight rights holds out hope that other prizes may be won. ■

Air Transport

Alaska's Economic High Flyer

By MARK HARRIS

Russia never would have sold Alaska to the United States had air transportation been a fact of life in 1867. A vast stretch of wilderness, Alaska has evolved into one of the world's key points in terms of commerce and military defense by air.

Alaska has the distinction of being the most important link in the Orient-North America-Europe air transport chain. It is the vital front line in the United States' northern hemisphere air defense system. Alaska also is the state most dependent on air service for supplying and distributing goods and moving people.

Alaska could not sustain a state capital in Juneau or oil industry operations on the North Slope without aviation services. Small rural communities could not prosper and grow without regular air cargo and passenger service. Mineral and forest development, tourism and even the state's vital fishing industry would be retarded without today's air services network.

Simply put, Alaska would be just another economic backwater — instead of an increasingly important player in national and world trade — without a well-developed domestic and international air-service system.

State and federal governments realize all this, as evidenced by the importance placed on airport construction, upgrades and maintenance funding in Alaska. The Department of Transportation and Public Facilities spent $39 million on airport construction and improvements in fiscal 1986. Since the funding was mainly federal, fiscal 1986 here refers to the October-to-October federal fiscal year. The state spent another $13.7 million on airport operations and maintenance in fiscal 1986 — the state's July-to-July fiscal year, that is.

The above figures pertain to rural airfields only. The state's two international airports, Anchorage and Fairbanks, are administered under a separate arrangement with improvements funded partially through revenues generated by airport operations.

AC&O estimates DOT/PF will spend $30 million to $35 million on airport-related construction and improvements in FY 1987.

The DOT/PF's ongoing six-year capital improvement program for airports is updated annually. Table 1 shows examples of airport construction projects currently planned through the third quarter of 1987. It should be noted that funding levels, priorities and project completion dates are in constant flux. For this reason, it is impossible to provide a full and accurate listing of upcoming projects.

A single airport construction or expansion project in rural Alaska can run between $2 million and $7 million, according to a 1984 DOT/PF study. (See Table 2, p. 11.) This assumes a gravel surface, 5,000-sq.-yd. apron and a 100-ft. by 50-ft. taxiway.

A lighting system could add another $40 to $50 per lin. ft. of runway, depending on lighting requirements and power source, according to the report.

A federal-state appropriation ratio of 96 percent to 4 percent makes the costly Bush airport construction program possible. However, this funding level is far from secure. Like federal highway funding, aviation fund money is apportioned to states on a formula constantly subjected to political attack by heavily populated states.

There are some 1,000 recognized airports and airstrips in Alaska, of which 162 are in the Cook Inlet basin population center. Most are little more than private gravel strips.

The Department of Transportation and Public Facilities controls and maintains 270 airports statewide and 23 in the busy Cook Inlet region. The state's airport/air service classification system places airports in nine categories with four main classifications:

- **International airports** — These are major international and interstate access points to Alaska. Anchorage International and Fairbanks International are the state's only international airports.
- **Regional centers** — These are primary intrastate access points to regional centers with populations above 1,000. The Juneau and Ketchikan airports would be examples.
- **Regional** — These are secondary intrastate access points within a region. Homer and Kenai have such airports.
- **Transport** — These are primary access points to medium-sized communities and, like the first three, are bases for private aviation served by scheduled carriers, air taxi, mail and

TABLE 1
DOT/PF Preliminary Schedule for 1987 Airport Construction-Improvement

Project Description	Estimated Value
Petersburg Airport Runway & Apron Repair	$ 250,000 to 500,000
Angoon Seaplane Basin	1,000,000 to 1,500,000
Haines Airport Improvement	250,000 to 500,000
Ketchikan Seaplane Basin	250,000 to 500,000
Mountain Village Airport Relocation	2,000,000 to 3,000,000
Grayling Airport Improvements	1,000,000 to 1,500,000
Kodiak Airport Lighting	500,000 to 750,000
Anchorage International Airport Ramp	500,000 to 750,000
Bethel Airport South Apron Paving	750,000 to 1,000,000
Birchwood Airport Improvements	750,000 to 1,000,000
Cold Bay Airport Resurfacing	2,000,000 to 3,000,000
Goose Bay Airport Lighting	500,000 to 750,000
Unalaska Runway Extension	1,000,000 to 1,500,000
Kotzebue Airport Improvements	2,000,000 to 3,000,000
Allakaket Airport Lighting	250,000 to 500,000
Golovin Airport Relocation	2,000,000 to 3,000,000
Tok Airport Improvements	750,000 to 1,000,000
Council Airport Improvements	1,500,000 to 2,000,000
Nome Airport N.S Runway Repair	3,000,000 to 4,000,000
Chalkyitsik Airport Improvements	500,000 to 750,000

Source: Alaska Department of Transportation and Public Facilities

air cargo services. The Bethel airport is an example.

The vast majority of airports fall into the community and local categories. These are access points to small rural communities served by non-scheduled service and recreational or emergency airstrips, often privately owned.

Ironically, Merrill Field in Anchorage is classed as a community airport. The municipal airport has about 300,000 operations (take-offs and landings) a year, more than Anchorage International Airport.

A multi-year improvement program will wrap up at Merrill Field this summer. Wilder Construction Co. has nearly completed a $4-million contract for work on aprons, perimeter roads, tiedowns, lighting, storm drains and landscaping. Rogers and Babler, an Anchorage company, will finish this summer a $3.2-million project involving more apron work, tiedowns and storm drains. Both are Anchorage-based construction companies.

The Anchorage and Fairbanks airports are the key hubs for international, interstate and intrastate air travel and commerce. Together they open Alaska to the world and comprise the Alaska Airport System, a fiscal entity all its own.

Anchorage International

Anchorage International Airport is the heart of the state's air circulatory system. It also is of great economic importance to the Anchorage economy.

A 1984 Department of Transportation and Public Facilities study showed that AIA had a direct and indirect economic impact of $1.151 billion on the municipality in 1983. (See Table 3, p. 12.)

The study showed that transportation, visitor-related activities, freight forwarding and travel arrangements were of key importance to the growth of Anchorage. Within these four categories, 13,472 people were employed. Those people, about 12.8 percent of the total Anchorage area workforce, earned $375 million in a year. That comes to more than $1 million per day in payroll and $4.1 million per day in economic benefit to the Anchorage bowl area.

While more current figures are not available, a look at fiscal 1986 airport operations statistics leads us to believe the overall economic impact of AIA has continued to grow.

In fiscal 1986 (ended June 30, 1986) AIA had 4,633,845 passenger boardings, deboardings and transfers. That's equivalent to moving the entire population of Washington state through the airport.

About 150,174 tons of freight entered or left the airport, and 72,034 landings also generated revenue. More than 37,500 commercial jet aircraft made use of the facility.

The airport also supports an Air National Guard base from which C-130 aircraft make about 2,600 takeoffs and landings a year.

TABLE 2
Airport Construction Costs by Runway Dimensions

Runway Length X Width	Aircraft Capacity	Cost Estimate
2,100-2,500 x 50-60 ft.	Single & light twin-engine, some STOL turbo-prop (twin Otter, Skyvan), VFR operations.	$1,900,000 to 2,850,000
2,600-3,400 x 75 ft.	Single and multi-engine, some larger STOL (DASH-7), VFR or non-precision IFR operations.	$2,750,000 to 3,540,000
3,500-4,600 x 100 ft.	Small and medium turbo-prop, VFR or non-precision IFR operations.	$3,353,000 to 4,400,000
4,700-7,500 x 100 ft.	Medium, large turbo-prop (C-130 Hercules, L188 Electra); precision or non-precision IFR and VFR operations.	$4,000,000 to 6,830,000

IFR = Instrument Flight Rules
VFR = Visual Flight Rules
STOL = Short Takeoff and Landing Aircraft
Note: Construction costs include 10-percent design engineering and 15-percent administration and inspection costs.
Source: Cook Inlet Transportation and Resource Development Plan, 1984

The Jet Set

International travel is a mainstay of both the Anchorage and Fairbanks airports, even though Fairbanks serves no international flights. Revenue for both airports is channeled through the International Airports Revenue Fund, created by the Alaska Legislature in 1961. Of the fund's $47.9 million in revenues during fiscal 1986, all but $3.5 million was generated by Anchorage International Airport. About 57 percent of the revenue for both airports is generated by international traffic at AIA. Another 38 percent comes from domestic (interstate and intrastate) traffic at both airports, with the remainder generated by general aviation and other activities.

AIA is served by 36 airlines: 19 international carriers (cargo and passenger), nine interstate and eight intrastate airlines. It is strategically located to serve as a refueling stop for nine international cargo and passenger airlines and for 10 airlines that take on (enplane) and let off (deplane) passengers and freight. All these flights use the polar route between the Far East and Europe or routes linking the Lower 48 states with the Orient.

A flight from Paris to Tokyo, for example, must avoid Soviet airspace. So a dogleg route is used over Greenland to Anchorage then over the Pacific to Japan. Also, Anchorage is in a direct flight pattern for a flight from Tokyo to Chicago.

More than 1.5 million international passengers used AIA in fiscal 1986, and they spent more than $15 million in the duty-free shops and other concessions. Another 27,700 people began their international trips from Anchorage, while 1.5 million more boarded domestic and instate flights.

By June 30 of this year, AIA will have served another 3.2 million domestic and international passengers. That number will grow by some 350,000 by the end of fiscal 1990, according to one consultant's estimate. The same forecast calls for 74,866 domestic, international and all-cargo aircraft departures from the airport by mid 1987 and 82,270 such departures in FY 1990. These figures may be optimistic and certainly don't reflect growth in every sector through the end of the century.

There is increasing concern that new aircraft now being ordered by international carriers will fly over Anchorage. The Boeing 747-400, for example, can carry up to 600 passengers and fly some 8,000 mi. non-stop. This will allow the

aircraft to operate between Tokyo and Frankfurt, Singapore and Paris, or Hong Kong and London without the currently required refueling stop in Anchorage.

The city could lose more than 500,000 stopover passengers by 1990 plus the revenue gain from landing fees and refueling, according to a consultant's estimate. That is cause for alarm considering the millions of dollars in Airport System funding generated by international landing fees, fuel flowage fees and patronage of duty-free concessions by in-transit and Alaska destination passengers.

Concern about the potential loss of visitor revenue has led the Anchorage business community to call for greater airport marketing efforts by the state. The Legislature is under pressure to place $3 million to $5 million in the airport's FY 88 budget just for marketing promotion.

The idea of the Municipality of Anchorage or an independent authority taking over the airport also has gained new interest. Many feel the city could better administer and promote AIA to potential air carrier customers.

Building to Keep Up

The domestic and regional passenger sector is projected to grow as are the general aviation and air cargo sectors. (See Table 4.) This growth in activity calls for a corresponding growth in facilities. In 1986, AIA spent $37.6 million on capital projects and will have spent another $16.4 million by the end of FY 87.

Projects completed or in progress to date include construction and remodeling of a domestic terminal concourse, a 1,200-space parking garage, west apron reconstruction, remote refueling apron construction, installation of concrete hardstands (pads) for remote parking positions, installation of a ground radar system and demolition of the old airport post office building.

Anchorage airport officials have a $28-million wish list for work to be done in FY 1988 en route to the Alaska Legislature. The full capital improvement spending plan for FY 88 through FY 93 calls for $211.8 million in project, maintenance and equipment funding.

Key projects for 1988 include overlay and grove runway 6R/24L, $2 million; structure for consolidating crash/fire/rescue operations, $4 million; Phase III domestic terminal expansion, $11 million; domestic and international terminal repair and rehabilitation, $5 million; reconstruction of five taxiways, $1.4 million; concrete ramp surfacing, $1 million; and general aviation paving, $1 million.

Another $11.6 million would be needed to move private aviation parking away from the congested international terminal area, relocate the gravel airstrip and enlarge Lake Hood to provide more floatplane slips. About 1,200 private aircraft operate out of AIA and Lake Spenard-Lake Hood.

Already under way is a $13.2-million noise monitoring and abatement program. Coffman Associates Inc., an airport consulting firm with offices in Anchorage, is conducting the Airport Noise Compatibility Study in conjunction with an International Airport Master Plan update.

The master plan recommends building consolidated freight handling facilities on vacant land along the north-south runway. Air freight services and cargo handlers would lease airport-owned warehouse, office and apron space.

One 25,000-sq.-ft. apron, capable of accommodating a B-747 aircraft, has been constructed. An estimated 1.7 million sq. ft. of apron area will be needed during the next 20 years, according to Coffman.

A DOT/PF report states, "In 1983, 224,000 tons of enplaned revenue freight passed through the airport, according to FAA statistics. That was fully one-half of the total tonnage of all the 36 medium-size hub airports in the United States combined, and only slightly less than the tonnage passing through the Los Angeles International and Kennedy International airports. By comparison, 72,200 tons of freight were enplaned at the Seattle-Tacoma International Airport that year."

The master plan further recommends moving the current airport maintenance storage area from behind the main post office to an area south of Runway 6R and west of South Air Park.

A new fuel tank farm also is suggested, possibly at the corner of West Northern Lights Boulevard and Post Mark Drive or on the west side of the airport. A Coffman report states, "Ultimately, the fuel system could be connected to the Nikiski Pipeline, thereby eliminating use of the Alaska Railroad for fuel transport from the Port of Anchorage to the airport." About 1.2 million gal. of fuel is pumped on an average day at AIA.

Fairbanks International Airport

The Fairbanks facility was designated an international airport in 1948. It has sinced played a key role in Interior growth and North Slope oil field development.

TABLE 3
Economic Impact of Anchorage International Airport

Impact Measure	Direct Impact	Indirect & Induced Impact	Total Impact
Output ($)	$697,600,000	$453,500,000	$1,151,100,000
Earnings ($)	$223,000,000	$151,600,000	$ 374,600,000
Employees	8,086	5,386	13,472

TABLE 4
AIA Operations Forecast

Activity	1985	1990	1995	2005
Annual Operations:				
Domestic and Regional	92,802	101,200	131,800	165,200
International	26,030	26,000	27,400	33,900
General Aviation	200,340	231,520	267,330	308,570
Military	2,289	3,000	3,000	3,000
Total Operations	**321,461**	**361,720**	**429,530**	**510,670**
Annual Passengers:				
Enplaned	1,391,470	1,775,400	2,189,200	2,632,700
Transit	1,573,905	1,240,000	1,000,000	1,000,000
Air Cargo*:				
Outbound	189	241	281	363
Inbound	139	165	194	253
Total Air Cargo	**328**	**406**	**476**	**652**
Based Aircraft:	1,167	1,447	1,692	1,870

*In millions of lb.
Source: Coffman Associates for DOT/PF, January 1986

Classified as a small hub airport, FIA serves as a weather diversion airport for polar route traffic. It can accommodate 747-type aircraft, refuel them with 30,000 gal. and get them back in the air in less than an hour.

FIA handled about 600,000 passengers in fiscal 1985. About 260,500 of them boarded commercial flights at the airport. This was down from the peak of 301,288 in 1983. The number of people boarding flights in Fairbanks increased by about 10 percent a year between 1980 and 1983, but passenger traffic has been declining since.

About 25,000 tons of freight, of which 19,400 tons was enplaned freight, moved through the airport last year. This compares to 50,580 tons of enplaned freight in fiscal 1980.

With 80,000 takeoffs and landings annually, FIA is the second busiest domestic flight destination in Alaska, according to airport director Doyle C. Ruff. In 1986, there were 14,600 cargo and passenger airline revenue landings. This indicates the vast majority of flight operations are related to private aviation.

FIA operations are largely funded through the International Airports Revenue Fund. After deducting operating expenses, AIA showed $19.8 million in operations income while FIA had a $6.6-million loss. Consequently, Anchorage's larger traffic base was able to subsidize the smaller Fairbanks operation and show an IARF balance of $13.2 million.

Capital projects at FIA, as at AIA, are funded largely through federal appropriations. In fiscal 1986, FIA had $9.4 million in capital projects, $5.1 million funded with federal dollars. About $4.3 million in work is programmed for FY 87. Another $5.1 million of work is on the drawing boards for FY 88.

Construction work over recent years has added a hydrant fuel system capable of handling aircraft serving international as well as domestic routes. Also, a terminal expansion and renovation project doubled the building's capacity to serve the traveling public.

Other work has included a 13-percent increase in apron area, a 41-percent increase in lane miles of road and a 35-percent increase in auto parking spaces. A 1984-85 project upgraded general aviation parking, aprons, runways and taxiways and added new taxiway and aircraft parking facilities.

A float plane pond was expanded to 6,300 ft. and the number of tiedown berths was doubled to 184.

In 1986, the airport's 10,300-ft. main runway was reconditioned and grooved, a parallel taxiway resurfaced and the runway lighting system upgraded.

Fairbanks International is in the enviable position of not needing major capital project financing as it enters a new five-year planning period. However, an airport is never "finished."

New projects on the books include an extension of the main aircraft parking apron, perimeter vehicle road construction and crash/fire/rescue building upgrades.

As noted, DOT/PF operates the two international airports separately from the network of smaller airfields and landing strips around the state. Yet all the state's air travel and commerce facilities are interdependent.

Alaska is the flyingest state in the union and the one most dependent on air service for daily living and economic growth. Continued long-term planning and timely facility repairs and upgrades, coupled with a sustained capital projects program, translate into a healthy air transport industry — something Alaska will need long after all the oil is gone. □

Anchorage International Faces Uncertain Times Ahead

Concerns range from the present domestic traffic drop-off from the oil industry's slump, to the future effects of longer-range aircraft that won't need to refuel at Anchorage. An occasional moose on the runway is just part of the job.

By Bruce Johnson

Anchorage—International flight stopovers, Alaska's dependence on air transportation and the deregulation of the domestic airline industry all are making Anchorage International Airport a much busier place than the area's population of about 250,000 persons would suggest.

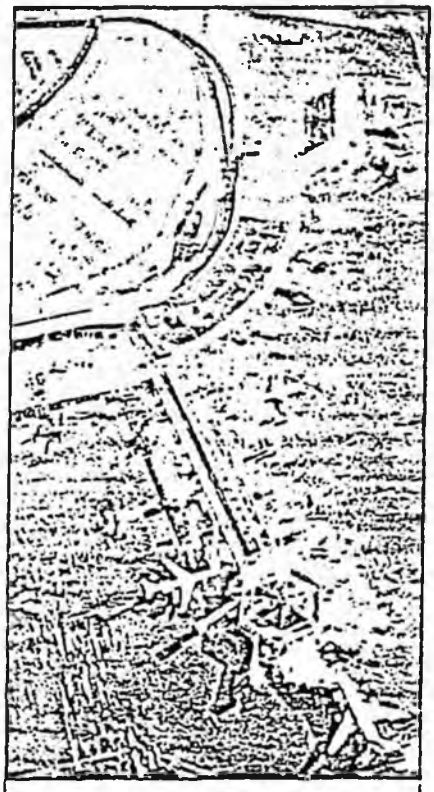
Among the nation's 36 medium-sized air traffic hubs, Anchorage ranks second in number of revenue passengers. Indeed, last year more than 4.6 million passengers were handled at the airport.

But unlike in many communities as large as or even much larger than that of the Anchorage vicinity, there is real meaning behind the "international" portion of the Anchorage airport's name. Of its 4.6 million passenger total last year, more than 1.6 million were classified as through passengers—largely visitors to the airport during refueling/reprovisioning of aircraft flying between the Orient and Europe. No less than ten international carriers have stopover operations at Anchorage International. The latest to join the list is Swissair, operating between Tokyo and Zurich.

Because of Anchorage's central position between Europe and Asia on the polar route, Anchorage International ranks seventh in the United States in terms of international operations. Flights take about nine hours between Anchorage and Europe and about seven hours between Anchorage and Tokyo. The longest nonstop flight between Anchorage and Asia is flown by China Airlines to Taiwan—almost 10 hours.

"We average 40 to 55 widebody aircraft per day here," said Guy Russo, airport director. "Most of those widebody visits involve international stopovers, including freighters."

In order to more effectively accommodate this heavy international side of the business, the airport authority recently added five remote fueling pits. The airport now has eight such parking positions—all dedicated to international stopovers. In addition, three years ago the airport completed construction of an international terminal that serves passengers while their planes are being refueled and reprovisioned. The terminal contains a duty-free shop that Russo unabashedly claims is "one of the nicest in the world."



With prices so low, at least half of the oil industry's Alaska exploration activity has been halted, resulting in a reduction of personnel and freight moving through the Anchorage airport.

The airport's main terminal—dedicated to domestic traffic—accommodates intrastate commuter operations as well as the half-dozen airlines that link Anchorage with the "Lower 48," primarily through Seattle-Tacoma International Airport.

"We run around 6000 seats a day going south from here," Russo said. That capacity includes a daily United Airlines flight direct to Chicago and a Northwest Airlines flight to Minneapolis.

Extremely air-dependent

Deregulation, as well as this giant northern state's extreme dependence on air transportation, is responsible for a marked increase in the number of seats (and decrease in rates—see separate story) being experienced in the Seattle-Anchorage corridor, in particular.

In March, AirCal extended its regional operations to Anchorage and quickly expanded the schedule there to four flights daily. Another newcomer is TWA, with one domestic flight per day out of Seattle.

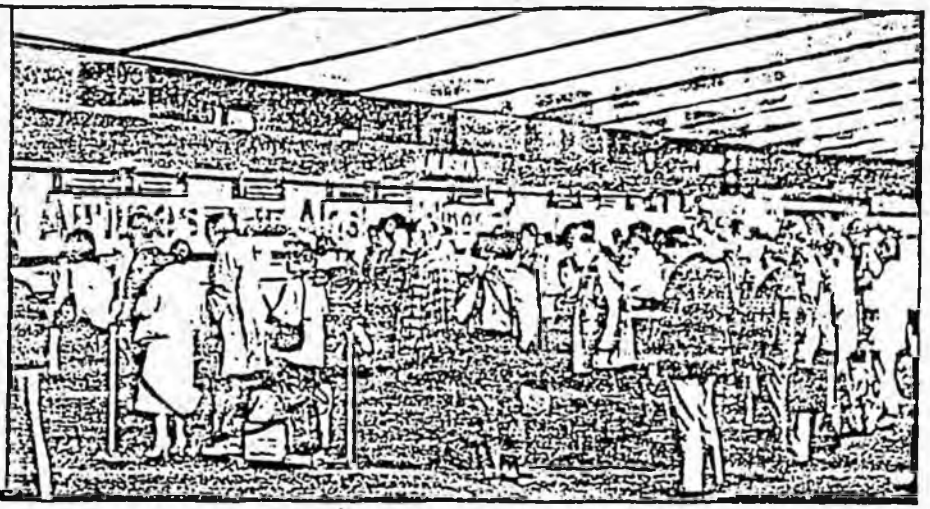
Anchorage International—state-owned and the largest airport in the state—serves as the main hub for persons flying to or from most places in Alaska, which has a total population of little more than twice that of the Anchorage area. In-state destinations include Fairbanks (which has the second largest airport, also state-owned) in the interior, the Prudhoe Bay oil field area on the North Slope, and remote fishing and other communities in the Kenai Peninsula, Gulf of Alaska mainland, Kodiak Island, western Alaska and the Aleutian Islands areas.

The popular tourist region of Southeast Alaska, also containing the state capital of Juneau, is served directly out of Anchorage as well as from Seattle.

Traffic tied to oil

Although Lower 48 domestic and in-state commuter business remains strong this summer at Anchorage International, the airport is likely to see a

An airport economic impact study last year revealed that airlines paid for nearly 69,000 hotel rooms in Anchorage due to crew and unscheduled passenger layovers.



greater-than-normal drop in business this fall and winter following the summer peak season of tourists, fish processors and fishermen. This is due to the dramatic downturn earlier this year in world crude oil prices. With prices so low, at least half of the oil industry's Alaska exploration activity has been halted, resulting in a reduction of personnel and freight moving through the Anchorage airport.

Also beginning to adversely affect air travel, particularly of business people, is a downturn in North Slope oil revenues flowing into the state government coffers, and the adverse spinoff impact that this is starting to have on Alaska business and individuals in general.

The dominant carriers in the highest-volume portions of the intrastate markets are MarkAir, a relatively new carrier that is solely an in-state operator, and Alaska Airlines, which also is the highest-volume scheduled carrier between the Lower 48 and Anchorage. In addition, United, Northwest, AirCal and TWA compete, as does Western Airlines, a veteran, high-volume operator of the Lower 48-Anchorage trade.

Russo is a longtime Western hand. The airport's director, who has been working in Alaska since 1955, retired as Western's Alaska regional director in January 1983. A year later, he was appointed director of Anchorage International.

Weakening stopovers

During his many years at Anchorage, Russo has seen a dramatic increase in international stopover business. In 1973, he recalled, the airport logged little more than 700,000 international passengers. "That segment of the airport's business surpassed the one-million-person mark for the first time in 1978," he noted.

International stopovers are good business for the Anchorage community. Besides refueling (32.5 million gallons last April, for example) and reprovisioning, fresh flight crews are accommodated for two to four days at a time at Anchorage, depending on flight and personnel schedules. Indeed, an airport economic impact study conducted last year by Applied Economics Associates (AEA), revealed that airlines paid for nearly 69,000 hotel rooms in Anchorage due to crew and unscheduled passenger layovers.

Unfortunately, this lucrative international stopover business is showing signs of weakening somewhat.

Because Asians appear to be traveling to Europe as well as other destinations in increasing numbers, the slight slowdown in Anchorage's international business does not appear to be linked to the terrorism-caused falloff in American travel to Europe. Rather, the slight weakening of Anchorage's international activity could be related to a rise in increased competition from the Asia-Europe route via northern Siberia.

In 1983 Anchorage International handled half of total tonnage flowing through all of the nation's medium-sized airports—an air freight volume only slightly less than that passing through LAX or JFK.

The AEA report noted that at least two international carriers—JAL and SAS—have exercised transit rights through Soviet airspace and that some other carriers are contemplating route changes via Russia.

Of longer term concern at Anchorage is the possible adverse effect on international stopovers that Boeing Co.'s development of the longer-range 747-400 will have.

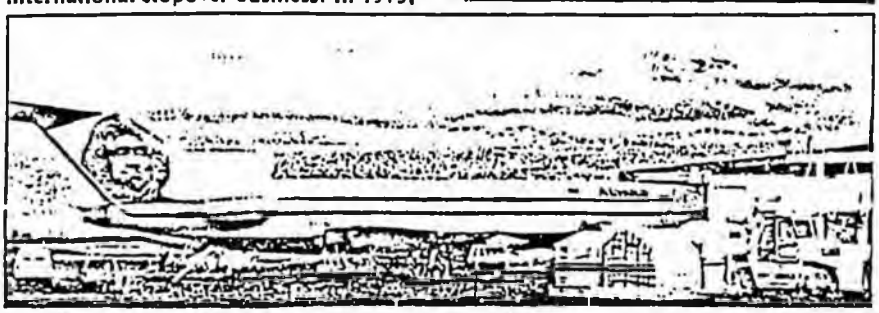
"We're now in a unique position, I guess, similar to what Gander was during the prop aircraft days across the Atlantic; but I suppose we're going to be faced with some loss of business when the Boeing 747-400 comes on line," Russo reflected.

He observed that the 747-400 will be capable of flying 8000 statute miles—enough to fly the plane nonstop between Asia and Europe via the American and Canadian airspace polar route.

"Not all of the airlines of Europe are going to afford the luxury of having a 747-400," Russo reasoned, but he admits that "some" 747-400-caused deterioration of international stopover business is anticipated during the next decade after the new model enters service.

Reacting to the recent downturn in Alaska's economy caused by the collapse of crude oil prices, the state is intensifying its efforts to attract tourists—international as well as domestic visitors. As part of these efforts, it is focusing increased attention on marketing Alaska as a destination—not just a stopover—for Asian and European tourists. Presently, only about 25,000 international passengers disembark each year at Anchorage to spend some time in Alaska.

"We get quite a few (big-game) hunt-



Alaska Airlines carries highest Alaska-Lower 48 volume.

ers from Austria, Germany and other European countries, and the Japanese like to fish," Russo observed. But he said there is considerable untapped potential for attracting international visitors on the basis of Alaska's spectacular scenery of mountains, glaciers and fjords as well as its cultural and other attractions.

"The long-haul seats are what the airlines are going to fill first," Russo acknowledged concerning the superior revenues generated by Asia-Europe traffic as opposed to Asia-Alaska or Europe-Alaska traffic. But because of the state's international promotion efforts, he is optimistic that more international passengers will disembark at Anchorage.

Heavy traffic, plus floats

Anchorage International, which had 36,738 jet aircraft landings last year, has three 11,400-foot runways—two of which are parallel east-west runways that are instrumented. The third, a north-south runway, is not instrumented. Simultaneous landings and takeoffs occur routinely at the airport. Because of prevailing winds, landings usually are from west to east and takeoffs are from south to north.

Air traffic is heavy in the Anchorage area. Not only do the northerly takeoffs encroach on military plane approaches at Elmendorf Air Force Base, but Anchorage International itself has a large general aviation facility for both wheeled and float planes.

The FAA-operated tower at the airport coordinates commercial and general aviation traffic, each of which has separate traffic patterns.

One of the more interesting aspects of the Anchorage International operation is its base for float planes. Two natural lakes—connected through dredging—are located adjacent to the airport and are ideal for float plane operations. In addition, next to one of the lakes is a general aviation dirt strip.

"We have at least a thousand, maybe 1200, general aviation airplanes around the airport here," Russo related. "People jump into their airplanes here on weekends like people in the Lower 48 jump into their cars."

As far as airliner operations are concerned, the only congestion occurs when, as the airport director puts it, the planes are scheduled to "fly out of here in formation."

Anchorage International has the usual morning (7:30 to 9) and late afternoon (4 to 6:30) peaks in traffic. But in a departure from the norm, the airport also has a peak period between midnight and 2 a.m. This is due to the desire of many passengers wanting red eye flights to Seattle for catching early morning Lower 48 flights there.

Because the airport is getting close to

"We're now in a unique position, I guess, similar to what Gander was during the prop aircraft days, but I suppose we're going to be faced with some loss of business when the Boeing 747-400 comes on line."

gate capacity during those three periods, continued redevelopment and expansion of terminal facilities is being planned.

Extensive changes coming

The airport, which went on line in 1953 in part to accommodate international refueling stopovers between Europe and Asia, has been undergoing extensive facility changes in recent years.

Last September, a commuter carrier wing was added at Concourse C, and domestic carrier gates were added and renovations were accomplished at Concourse B—at a total cost of about $25 million. Anchorage International now has eight widebody gates at the international terminal and 20 domestic and five commuter gates at the main terminal. Concourse A has eight gates, but only three are equipped with jetways because of extensive use of combi planes (with freight forward) into Anchorage. Newly renovated Concourse B has 12 gates, all with jetways. Seven of the airport's domestic gates handle widebody aircraft.

In order to keep up with market demand, construction is underway on a $25 million, 1200-vehicle parking garage with an underground connection to the terminal building lobby. In addition, plans are being made for demolishing the original, 1953-vintage section of the terminal and building another concourse that will be designed for eventual development of a wing stretching between the domestic and international terminals.

When this new building—Concourse C—comes on stream several years from now, there will be a major reassignment of gates at the airport. Said Russo, "Operating efficiency will be enhanced significantly. All commuter flights will be consolidated in one area, narrowbody planes are moved into their own area, and widebody domestic flights will be accommodated out of the new and enlarged Concourse C."

"We have at least a thousand, maybe 1200, general aviation airplanes around the airport. People jump into their airplanes here on weekends like people in the Lower 48 jump into their cars."

Although state owned and operated, Anchorage International has not shared in the spending spree for capital improvements and other projects undertaken by the state government, whose coffers became swelled with oil revenues. All of Anchorage International's expenditures have been supported by operational revenues, Russo reported.

"We didn't benefit from the (state government financial) upturn, and we're not getting hurt by the downturn," he observed.

Freight—the airport's ace

Besides being an important hub for passengers, Anchorage International is a major factor in the movement of air freight.

In fact, the facility ranks first (among the nation's 36 medium-sized air traffic hubs) in the amount of revenue freight handled. Last year alone the airport logged nearly 316.8 million pounds of freight. In 1983, the AEA economic impact study noted, Anchorage International handled a half of total tonnage flowing through all of the nation's medium-sized airports and that the air freight volume at Anchorage was only slightly less than that passing through LAX or JFK that year.

Lots of time-sensitive general freight flows into or through Anchorage airport as belly and freighter traffic from the Lower 48. Most of the freight flow is one way, although fresh fish is a strong backhaul during summers.

Interestingly, the Anchorage airport traditionally has more departing air freight than arriving air freight. This is mainly due to certain freight arriving on express steamship services operating between Washington state and the Port of Anchorage, from where the freight is trucked to the airport for fast distribution by air to in-state destinations.

Milder than Minneapolis

To someone on the "outside"—a term commonly used is Alaska to denote the Lower 48—Alaska is seen as a state plagued with heavy snow and intense cold. But Anchorage, adjacent to saltwater at the head of Cook Inlet, usually has milder winter weather than is often experienced by cities in the northern tier of the Midwest and the Northeast, Russo observed.

Two feet of snowfall is about average during the winter at Anchorage. Usually, the snow comes only a few inches

at a time, although snowstorms—including an 18-inch snowfall last March—are not uncommon. Twenty degrees below zero is about the coldest the temperature gets at Anchorage, with zero being the usual low temperature during the winter, according to Russo. Average low temperatures in the winter are 15 to 20 degrees.

With winter weather usually being milder than at Minneapolis, for example, Anchorage International does not experience abnormal snow removal problems. The airport authority has about 100 pieces of equipment that can be used for snow removal, including graders, grader-towed sweepers, blowers and trucks, plus front-end loaders for hauling snow to remote areas of the airport.

Even during heavy snowfalls, "we're able to keep at least one runway open at all times," Russo said. "It takes us 45 minutes to an hour to get a runway totally clean and back in operation."

Visitors: VIPs and moose

Actually, moose—not snowfalls—create the biggest runway operation problem at Anchorage International.

"A big concern is keeping moose off the runways in the fall and spring," Russo said. "They're capable of going *through* the fence or they can jump *over* the fence."

"A big concern is keeping moose off the runways in the fall and spring; they're capable of going through the fence or they can jump over the fence."

The airport perimeter has an eight-foot-high chain link fence topped with barbed wire, but each year eight to 10 moose—which Russo terms "very stubborn animals"—either are detected near the fence or have broken through or jumped over the fence.

"If we can't herd them out, we have permission from (state) Fish and Game to destroy the moose," Russo said. "We give the meat to a charitable organization."

Besides patroling for moose, airport security personnel occasionally have extra work to do because of stopovers by international dignitaries, whose planes are being refueled. Japan's Prime Minister Nakasone is a frequent visitor. Also a familiar personality is Great Britain's Margaret Thatcher.

The international terminal has a VIP lounge to accommodate those and certain other international visitors, but frequently international dignitaries desire a trip to and from downtown Anchorage—little more than four miles from the airport.

Russo noted that the U.S. Secret Service has personnel based at Anchorage and that Secret Service people from West Coast states are flown north when necessary to augment the Alaska contingent.

The eruption last Easter weekend of Mt. St. Augustine, a volcano about 150 miles from Anchorage, also has made life interesting lately for Russo.

"We never closed the airport, but some of the carriers chose not to come in," he said. "They were concerned about volcanic ash in the air and the effect it would have on jet engines."

So, for several days while the wind blew some ash into Anchorage, flight schedules were seriously disrupted. During that time, the airport lost about 75 percent of its overall traffic load. Ironically, that disruption was far greater than the airport has ever experienced from winter weather. ■

Opinions . . . Other views, other insights

Protecting the future of Anchorage'

Editor's note: this column is excerpted from remarks made by Sheffield Enterprises president Al Parrish to the Dec. 18 membership luncheon of the Anchorage Convention and Visitor's Bureau. Mr. Parris is chairman of the Anchorage Business Council's airport subcommittee.

Comments
by Al Parrish

ANCHORAGE International Airport, as a state-owned facility, began in the early 60's as a principal transfer point for travelers making connections to points within and outside Alaska. In addition, the airport was a refueling and an entry and exit point for international flights, principally on routes between Europe and the Far East.

Today, 26 years later, Anchorage International still serves those primary functions. The plant, however, has grown to include two passenger terminals encompassing 295,000 square feet of total floor area, three runways, extending up to 10,900 feet, 36 aircraft gates, and six baggage claim areas. All of this is contained within approximately 2,600 acres. The airport is serviced by 16 major carriers, nine of which are international, five commuters and approximately 25 non-scheduled airlines.

According to a Department of Transportation study conducted in 1983, the airport contributes more than $1.5 billion to the Anchorage economy. Over 13,000 residents counted on the airport's operation for their jobs, earning a total of $375 million dollars.

HOW WOULD you like your business to have a financial statement like this: In FY '86, the airport took in $45 million dollars, showing a profit of $21 million. Let's take it one step further: image having a business that made a profit of $21 million a year, and that it achieved this profit without any advertising, any public relations, or any marketing studies whatsoever!

Anchorage's strategic location could easily enable it to serve as a platform for business between Europe and Asia. The possibilities are limitless. For example, if Anchorage were to become a foreign trade zone, goods from around the world could be stored here, processed, used in manufacturing other items, exhibited, repackaged, sold or handled in numerous ways. Imports could be used with domestic parts to manufacture new items within the zones — all without paying any customs duties or excise taxes. It would be a tremendous catalyst for development within our business community.

In addition, by expanding the duty free zone at the airport to allow foreign shoppers a much wider range of retail exposure than just gifts and liquors, we could create, in essence, regional shopping centers for stop-over travelers. They could tour duty free trade complexes and showrooms without the necessity of having to go through customs.

More and more, we're seeing international airports taking an active role in marketing their facilities and services. For example, Seattle-Tacoma Airport, together with the Port of Seattle, which owns the airport, has developed an aggressive campaign to attract the expanding transpacific market, the international tourist market and the air cargo industry.

They've produced numerous brochures and an audio-visual presentation. They have a staff of marketing representatives which actively calls on transpacific clients, touting Sea-Tac's excellent international services on the airport premises, such as banks, customs brokers, freight forwarders, warehouses, foreign consultates, plentiful terminal space, excellent ground access, ample runway capacity and minimum environmental concerns.

Sea-Tac's programs and policies have helped to establish it as one of the top 20 airports in the United States for passenger-traffic volume. In 1982, over 9.2 million passengers and 148,000 metric tons of air freight were handled by Sea-Tac. By 1985, the number of passengers at Sea-Tac increased to 11.5 million passengers, up 25 percent. Freight went up to 210,000 metric tons, up 42 percent.

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THE NEED, then, to make our presence known is going to become increasingly important in the years ahead. And not just because others are doing it. At this time, Anchorage International faces a very critical challenge, that being the advancement of aviation technology.

I'm sure most of you have heard abou the new Boeing 747-400 series aircraft. This aircraft is an advanced version of the B-747's which have served Anchorage International Airport for the past 15 years. Howevr, the new 400-series requires only a two-person flight crew, compared with the three crew members required on all other 747's. It will be able to carry between 400 and 600 passengers, and will be able to fly approximately 8,000 miles nonstop. This will allow the aircraft to fly between Tokyo and Frankfurt, Singapore and Paris, or Hong Kong and London without refueling in Anchorage.

OUR WINDOW of opportunity is slowly closing, and we can't afford to wait. We need to sell Anchorage International as a place the airlines will want on their route schedules — whether it be for passengers, cargo or simply refueling. And the most direct way to go about this task is to mount a marketing campaign, promoting our plant and its services to the world.

Funds for marketing the airport are already available. Revenues from the airport's operation go into a reserve account. The money is there.

Once a line item dedicated to marketing the airport is budgeted by the state, a cooperative effort can be developed, whereby funds from private and public sources would be combined to develop a generic campaign. We believe it will take approximately $3-$5 million to develop and implement a comprehensive marketing plan for the airport. This seems like a reasonable amount to launch a program to reach the world's markets.

Which revenue streams need to be protected and developed?

Obvious ones are, of course, those passengers who are stopping over in Anchorage, on their way to or from a primary destination. Our research shows that 84 percent of those on flights stopping over in Anchorage would be interested in a stay of four to seven days. One-half of those would have stopped on the trip they were on if they would have known they could.

One good example of a stopover program was developed by the Port Authority of New York and New Jersey for passengers transitting through the three major airports: Kennedy International, Newark International and LaGuardia. They call it, "On Your Way Over, Stopover." The package includes one-night hotel at a choice of hotels, sightseeing, VIP shopping service at Macy's or Bloomingdales with language assistance, a choice of Broadway theatre tickets, a welcome kit, etc., all at a low package price. They've advertised this program in periodicals all over Europe.

Other international passengers of great interest to us are those on either end of the transpolar route who could be persuaded to use Alaska as a visitor destination. New research by the state of Alaska shows that the potential for Japanese and German visitors selecting Anchorage as a visitor destination nearly equals the potential for visitors coming from the U.S. If we do our job right in selling our destination, it is possible that we could attract an additional 200,000 visitors a year from Germany and Japan, or a 50 percent increase in vacation or pleasure travel.

WHILE PASSENGERS are important, air freight offers even greater potential for growth. By increasing freight handling at AIA, we would see an increase in landing revenues (which are based on the gross takepoff weight of the aircraft) and fuel revenues for the airport.

International air freight is a rapidly growing market. In recent years, international air cargo shipments have increased at twice the rate of passenger travel.

The most cost-effective freight for air transportatoin is low-volume, high-value, and relatively low-weight products, such as electronic components, mini-computers, and precision instruments. Other less obvious air freight products are those with time-sensitivity, such as high-fashion apparel, pharmaceuticals, animals, produce, seeds and flowers. These markets need to be actively developed.

I mentioned fuel fees, and I'd like to stress that fuel is an important revenue stream. The airport operates a fuel storage farm and many operators have underground storage tanks. On an average day, approximately 1.2 million gallons are pumped. This means approximately $24,000 a day, or $9 million annually in fuel flowage fees.

Who is backing the plan to market the International Airport? This idea was further advanced by the Anchorage Business Council's Airport Committee, which I happen to co-chair, and others. The council, by the way, was formed by Mayor Tony Knowles with the mission of spurring economic development in Anchorage. Both the municipality and the Anchorage Business Council have endorsed our committee's recommendation. The Greater Anchorage Chamber of Commerce has since given the idea its full support, along with the Anchorage Convention and Visitors Bureau.

We'd like to invite your support as well, because as residents of Alaska and users of the airport, you have a stake in its future operation. We presently have the lead time to plan for the decade ahead. But we can't afford to wait. We need to plan for the 21st Century now.

(7)

HOUSE COMMITTEE REPORT

3/20

Date referred: 2/13/87

FURTHER REFERRALS: Transportation
Finance

DATE: 3/19/87

The Labor & Commerce Committee has considered SCR 5

Relating to promotion and marketing of the state-operated international airports.

RECOMMENDS:

[ ] replace with _____ ___ _____ [ ] the same title
[ ] attached amendment(s) [ ] a new title

[X] do pass
[ ] do not pass
[ ] no recommendation
[ ] individual recommendations
[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact
[ ] zero fiscal note
[ ] zero with analysis
[ ] same as previous fiscal note published _____
[X] same as previous zero fiscal note published 2/3/87

SIGNING DO PASS:

Dave Dawley
Ellis
Cliff Davidson
Curtis Hermanson
W. Furnace
Pat Pawlenty
Tile Kostoryz

SIGNING OTHER RECOMMENDATIONS:

Dave Dawley
Chairman's signature

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 5-4-87 1:30 P.M.

HOUSE COMMITTEE REPORT

(7)

Date referred: 3/20/87 **FURTHER REFERRALS:** Finance

DATE: May 4, 1987

The Transportation **Committee has considered** SCR 5

Relating to promotion and marketing of the state-operated international airports.

RECOMMENDS:

[ ] replace with _____ [ ] the same title
[ ] attached amendment(s) [ ] a new title

[X] do pass
[ ] do not pass
[ ] no recommendation
[ ] individual recommendations
[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact
[ ] zero fiscal note
[ ] zero with analysis
[ ] same as previous fiscal note published _____
[X] same as previous zero fiscal note published 2/3/87

SIGNING DO PASS:

Bette Cato
Bill Hudson
Ed A. Barshop
Kevin Lynch

SIGNING OTHER RECOMMENDATIONS:

Bette Cato
Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: May 4, 1987

SIGN-IN

Subject of meeting:

*HJR 33: Relating to the shipping of Alaska oil.

SCR 5: Marketing of International Airports.

HB 213: Allocation of Federal Highway Funds

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Jim Palmer Mgr Govn't Affairs	STANDARD Alaska Production Co. Box 196612 Anch 99519	6612 564-5403		HJR 33
Chief Vincent Wright	Research & Taxation	465-2173	Dept of Revenue	H/HR 33
Mark Hickey	DOT/PF		DOT/PF	HB213
Sen. Sturgulewski	The Alaskan State Leg. Pouch V Juneau 99811	465-4989	Sponsor of SCR 5	
Rep. Hoffman	"	465-4453	Sponsor of HB 213	

* indicates first public hearing

SCR

q

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. John B. "Jack" Coghill, Vice Chairman
Sen. Mitch Abood
Sen. Bettye Fahrenkamp
Sen. Tim Kelly

P.O. Box V
Juneau, AK 99811

907-465-4921

Senate Transportation Committee

MEMORANDUM

TO: House Transportation Committee Members

FROM: Senator Lloyd Jones, Chairman Senate Transportation Committee

DATE: March 7, 1988

SUBJECT: CS for SCR 9, Relating to levels of service by the Alaska Marine Highway System.

SCR 9 asks the Governor to maintain a consistent level of Alaska Marine Highway service from year to year. In doing so, the Governor would ensure that all Alaskans who rely upon winter "roads" to support their local economies would have continued, reliable service.

All too often the Alaska Marine Highway is considered a special case, a subsidized tourist ship, rather than what it is for many Alaskans, their only highway. By geographic circumstance conventional highways are often cost prohibitive. Alaskans in many areas have foregone conventional roads because of the high costs or the impossibility of building roads. This has been the case in most areas of Southeast Alaska, some areas of Southcentral Alaska, and most areas of Southwest Alaska.

The effect of a reduced winter schedule would cause a ripple effect which would be felt by all Alaskans. The marine highway system is utilized by trucking firms to ship items from Seattle to Southeast, Southcentral, and Interior Alaska. There is also a growing amount of intrastate commerce, as fishmeal from Seward is shipped to Southeast hatcheries, and bait herring is shipped from Southeast to Southcentral Alaska for example. It has also been estimated that 40% of Marine Highway users traveling between Seattle and Haines are destined for the Southcentral, Interior, and other regions of the State.

I would appreciate your support of this resolution.

AMENDMENT

to CS SCR 9

Page two, line one: delete "the proposed further"

5-0601L
Utermohle
3/4/88

Original sponsors: Jones, Coghill,
Duncan and Eliason

IN THE SENATE BY THE TRANSPORTATION COMMITTEE

HOUSE CS FOR CS FOR SENATE CONCURRENT RESOLUTION NO. 9 (Transportation)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

Relating to levels of service by the Alaska Marine Highway System.

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

WHEREAS interstate highways play an integral role in the commerce of the state and the United States; and

WHEREAS the Alaska Marine Highway System is used by residents of the Southeastern, Southcentral, Interior, and Southwestern Regions of the state as an interstate and intrastate highway; and

WHEREAS the residents of Southeastern and Southwestern Alaska have assented to a less convenient manner of transportation due to the high cost of constructing roads and the limitations, imposed by geographic circumstances, upon road construction; and

WHEREAS the Alaska Marine Highway System is used by shippers to transport produce and other essential goods from Seattle to the Southeastern, Southcentral, and Interior Regions of the state, thus providing retailers and consumers with these goods in the most timely manner possible; and

WHEREAS, in the winter months, approximately 40 percent of the users of the Alaska Marine Highway System traveling between Seattle and Haines are destined for the Southcentral, Interior, and other regions of the state; and

WHEREAS the closure of, or reduced service on, a highway during winter jeopardizes the tenuous winter economy of communities in the state; and

WHEREAS the Alaska Marine Highway System already operates at a reduced level of service during the winter when compared to the level of service during the summer; and

WHEREAS reductions in the winter schedule of the Alaska Marine Highway System could severely damage the economy of communities dependent upon the Alaska Marine Highway System for the reliable and continuous supply of produce and other essential goods and for transportation services;

BE IT RESOLVED that the Alaska State Legislature respectfully requests the Governor to direct the Department of Transportation and Public Facilities to maintain the operation of the Alaska Marine Highway System at the same level of service as during the last fiscal year.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CS SCR 9 (Trans)
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: 03/07/88
Title: "Relating to levels of service by the Alaska Marine Highway System"
Sponsor: Senate Trans. Committee
Requestor: Representative Cato

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

Components: Southeast and Southwest Vessel Operations and Overhaul

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		2,481.4	2,481.4	2,481.4	2,481.4	2,481.4
TRAVEL		47.2	49.5	52.0	54.6	57.3
CONTRACTUAL		592.9	622.5	653.7	686.4	720.7
SUPPLIES		675.6	709.4	744.9	782.1	821.2
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		3,797.1	3,862.8	3,932.0	4,004.5	4,080.6
CAPITAL		1,100.0	-0-	-0-	-0-	-0-
REVENUE		1,800.0	1,872.0	1,946.9	2,024.8	2,105.8

FUNDING: (Thousands of Dollars)

GENERAL FUND		3,797.1	3,862.8	3,932.0	4,004.5	4,080.6
FEDERAL FUNDS						
OTHER						
TOTAL		3,797.1	3,862.8	3,932.0	4,004.5	4,080.6

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

(See Attached)

Prepared by: George W. Davidson, System Director
Phone: 465-3950
Division: Alaska Marine Highway System
Date: 03/07/88

Approved by Commissioner: _____
Date: _____
Agency: Department of Transportation & Public Facilities

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

CS FOR SENATE CONCURRENT RESOLUTION NO. 9 (Trans)

FISCAL NOTE ANALYSIS

The proposed legislation would request an increase in the level of direct public service provided by the Alaska Marine Highway System (AMHS) to that provided during FY86. In FY89, the cost of this additional service is estimated to be $3,797.1. On the assumption that this increased level of service would continue beyond FY89, the additional expenditure authorization would be continued, with a 5% annual inflation factor applied to travel, contractual services, and supplies. Personal services costs are assumed to remain at a constant level.

It should be noted that in FY89, FY90, and FY91, the M/V TURTUMENA will be undergoing major refurbishment during her out-of-service periods. This would leave the southwest portion of the AMHS with only the only the M/V BARTLETT on-line for a longer than normal period during the winter. Therefore, the costs of contracting with a private carrier to reduce the period of single ship service to a normal level are included.

The capital costs shown are to construct and modify terminal facilities at Metlakatla and Hollis to accommodate the M/V CHILKAT. The M/V CHILKAT can no longer call at Metlakatla as a result of recent docking facility improvements and was removed from service beginning December, 1987. The Hollis facility is in need of modifications due to its deteriorating condition.

The expanded service will result in $1,800,000 in additional revenues in FY89. Offsetting these revenues against the expenditure appropriation of $3,797,100, the net cost of providing the additional service is $1,997,100. A combination of traffic and tariff increases will result in a 4% annual revenue.

FEBRUARY 25, 1988

THE PRINCE OF WALES ISLAND COMMITTEE FOR IMPROVED FERRY SERVICE REPRESENTING THE COMMUNITIES AND RESIDENTS OF THE THIRD LARGEST ISLAND IN THE UNITED STATES, RESPECTFULLY SUBMIT THIS DOCUMENT FOR YOUR CONSIDERATION AND ACTION.

Waunita Pannell

CHAIRMAN--Waunita Pannell

Percy Frisby

VICE-CHAIRMAN--Percy Frisby

PRINCE OF WALES ISLAND

SOUTHEAST ALASKA

COMMUNITIES ON THE PRINCE OF WALES ISLAND

Cape Pole
Coffman Cove
Edna Bay
Happy Harbor
Hollis
Hydaburg
Kasaan
Klawock
LaBouchere Bay
Long Island
Naukati
Nichen Cove
Point Baker
Port Alice
Port Protection
Smith Cove
Thorne Bay
Twelve Mile Arm
View Cove
Waterfall
Whale Pass
Winter Harbor

POPULATION:

Approximately 6000 year-round residents

Approximately 8000 plus, during seasonal activities

ROAD SYSTEM:

700 plus miles
20 miles (.028%) paved; 80 miles (1%) gravelled; 600 miles (85%) narrow dirt road with little or no maintenance.

VEHICLE POPULATION:

3500 plus vehicles estimated year-round

OVERVIEW

The Prince of Wales Island road system is the most extensive of any in Southeast Alaska. It includes a network of over 700 miles with all the primary routes integrated into the Alaska State Highway Marine System.

The only access to Prince of Wales Island is by airplane or boat. The Alaska Marine Highway System provides a convenient and necessary link to other locations within the state and out of the state.

The recreational opportunities are among the greatest that the State of Alaska enjoys. There is easy access to Historical Sites, Fishing, Hunting, Camping and Wildlife viewing.

Boyer Freight Lines operates as as-needed barge service irregularly to the Island and is used largely to transport large equipment, flammables and large shipments of wood products that cannot be accommodated on the ferries.

Alaska Outport serves the Island approximately once a month with barge service for its members only.

The Island residents depend on the weekly Alaska Ferries from Seattle to Ketchikan to bring their perishables as well as much of their other freight to the Island.

Presently, seafood products are being shipped from the Island via the Alaska Marine Highway System. If there were more regularly scheduled sailings from the Prince of Wales Island, these freight shipments would be increased.

IN CONCLUSION, WE THE PRINCE OF WALES ISLAND COMMITTEE FOR IMPROVED FERRY SERVICE ASK THAT YOU THOUGHTFULLY REVIEW OUR REQUESTS AND PROVIDE THE SAME CONSIDERATIONS ENJOYED BY OTHER AREAS OF THE STATE OF ALASKA.

THANK YOU FOR YOUR TIME AND YOUR CONSIDERATIONS.

Waunita Pannell

CHAIRMAN-Waunita Pannell

Percy Frisby

VICE-CHAIRMAN-Percy Frisby

FACTS

FACT I. We the Prince of Wales Committee for Improved Service to the island. Would like to make the suggestion that there be a meeting of all Captains of the Motor Vessels in usage for the purpose of informing the Department of Transportation, Division of Maintenance in charge of the scheduling, of their input as how to better improve the present mode of scheduling the entire system.

FACT II. Klawock City School's cost in transporting students to school sponsored activities is over five (5) times the cost. Presently it costs $65.00 RT to travel from Hollis to Ketchikan by plane. The cost per student on the ferry RT is only $12.00 The weekend of March 4 and March 5 we will need to send 20 students to Ketchikan. Air cost will be $1300.00. If the ferry were operating the cost would be $240.00 Klawock will be joined by Hydaburg, Craig, and Thorne Bay in paying these higher transportation costs due to lack of ferry service at appropriate times.

FACT III. Revenues now being infused into the Alaska Marine Highway System are in great danger of being placed into the hands of private enterprise. This statement is backed by the facts that there are now private barge services being offered to the container traffic areas that now are trying to make use of the Ferry System, but are unable to do so, because of the present system of scheduling.

FACT IV. The people of Prince of Wales Island are now being forced to use a more expensive mode of travel because of the very poor scheduling of the Ferry System. Many find air travel and/or overnighting in Ketchikan with families too costly for their budgets. The Ferry System is a State Highway connecting Prince of Wales and Ketchikan and should be usable at more convenient times. Air travel during much of the year is uncomfortable, frightening or impossible because of inclement weather, besides being cost prohibitive.

FACT V. Clark Bay is in the process of being improved so as to accommodate the MV Taku and/or her sister ships. This has been a great improvement to the port of Clark Bay terminal, at times, directly ahead of the Aurora, causing a doubling up of the ferries from the same port at about the same time, with the same port of destination.

FACT VI. Legislative bill #HB377 was passed in 1986 requiring that handicapped access be provided on our ferries. It was backed by appropriations in 1986 and 1987. The equipment for chair lifts on the stairs of the LeConte and the Aurora were ordered. When were they ordered, and as both of these vessels have been in dry dock this winter, why were they not installed?

FACT VII. Other highway systems in the State of Alaska are obtaining funding for improvements, maintenance, repair, policing, etc. The areas only serviced by the State's Marine Highway System should have the same access of state funding, to maintain and improve the service.

FACT VIII. The staging area is most unsatisfactory as passengers and vehicles vie for space with the freight services. It is not only dangerous and conducive to accidents, it is difficult especially for the elderly and handicapped to traverse the area to get to the ferry terminal. The previously appropriated funds for the improvement of the facility have not been used.

FACT IX. We appreciate the improved service scheduling for the summer months, however, it still is not adequate for the tremendous traffic during this period.

FACT X. Word has been received that the Seattle ferry may be discontinued in a rescheduling effort to try to make an efforts at a budget-saving plan. We find this solution to the scheduling efforts not an acceptable conclusion to the problems. Transportation of freezer/cooler products to Southeast as well as exports of seafood products to the lower 48 states depend on this scheduled run and would be in serious jeopardy were this to happen.

FACT XI. The Department of Transportation spends $2,500.00 for every mile of land highway, (gaining nothing from passenger revenue) while only $73.00 per mile of actual travel by the Alaska Marine Highway System. (recouping some of the revenue in the form of fares). The Prince of Wales Committee would like to suggest to the Department of Transportation, the possibility of equalizing these expenditures between the land system and the marine system.

PROPOSAL

WHEREAS, The Prince of Wales Committee for improved service to the Island via Alaska Marine Highway System.

WHEREAS, The island population is approximately 4700 to 5200 persons and the embarking - dis-embarking statistics of the Alaska Marine Highway usage for 1986 was above and comparable to larger ports.

WHEREAS, Our present schedule (especially during winter months) does not meet the direct needs of the people of Prince of Wales Island.

WHEREAS, The lack of daily schedules hinder the people from using the services of Physicians, Medical facilities, Attorneys and other professionals without the additional expense of having to make use of the airline services rather than the ferry system.

WHEREAS, The ferry does not allow for travelers who would like to utilize the weekend in Ketchikan to do so without loss of time from work.

WHEREAS, Ketchikan City and Borough and the State of Alaska are losing daily revenue,as money is being spent on mail order services, that would otherwise be directed to the city.

WHEREAS, With a regular daily schedule there would be more participation on the Marine Highway between families of Prince of Wales and Ketchikan. also, the possiblity of added tourism to the island.

WHEREAS, With the daily schedule the school systems of Prince of Wales would be able to participate in more activities to benefit the students and also increase ridership rather than being forced to utilize the airline system, which is sometimes cost prohibitive and impossible due to weather conditions.

WHEREAS, An early haul-out of the M.V. Aurora (during the winter months) causes an extra burden on those leaving for the winter, or taking vacations during the holidays.

WHEREAS, The hendicapped do not have access to special care and handling such as elevators for the ill, aged or wheel chair confined.

WHEREAS, this committtee is aware of the endeavors of the ANB-ANS Grand camp and the city of Hydaburg towards the same effort.

WHEREAS, This committee would like to have this petition draw special attention to their efforts.

THEREFORE, Be it resolved that the Prince of Wales Commitee for Improved Service to the Island via Alaska Marine Highway system urges the Department of Transportation and the Legislature to upgrade and improve the present service to the island in accordance with the above mentioned items to ensure regular guaranteed scheduling that the people of Prince of Wales can rely upon.

SCR

40

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

May 2, 1988

****

COMMITTEE CALENDAR:

SCR 40: Relating to the revision of Title 2 of the Alaska Statutes.

SJR 11: Urging the repeal of certain portions of the Merchant Marine Act of 1920.

8) FOR THIS MEETING, EACH MEMBER HAS BEEN GIVEN:

a folder on SCR 40 that includes:

item #1: CS SCR 40
#2: statement - Senator Halford
#3: fiscal note - Senate Finance Committee
#4: memo from David Dierdorff, Revisor of Statutes
#5: AS 02 table of contents

a folder on SJR 11 that includes:

item #1: SJR 11
#2: statement - Sen. Coghill
#3: background information
#4: fiscal note - Dept. of Revenue
#5: position paper - DOT/PF
#6: impact of Jones Act on Alaska

Senator Rick Halford

Senate District 1
Chugiak, Eagle River, East Anchorage, Fort Richardson

Senate Finance Committee
Co-Chairman

April 29, 1988

MEMORANDUM

TO: House Transportation Committee Members

FROM: Senator Rick Halford, Co-Chairman
Senate Finance Committee

Rick Halford

SUBJECT: SCR 40, Relating to the Revision of Title 2

I introduced Senate Concurrent Resolution 40 at the request of the Revisor of Statutes, David Dierdorff, who informed me that AS 02 (Aeronautics) was scheduled for routine replacement in 1988. It was his belief that many of the provisions in the title are very old and haven't kept up with changes in the field of aviation, avionics and federal regulation.

Legal Services does not believe its staff has the technical expertise to do the job. Since the Code Revision Commission's primary duty is to revise statutes, the Transportation Committee version of the resolution assigns the task to the commission.

It is my understanding that $14,000 will be requested in Legislative Council's budget for Legislative Affairs to cover the costs associated with the assignment. As a result, there is a zero fiscal note.

Post Office Box V, Juneau, Alaska 99811 (907) 465-4958 • Post Office Box 190, Chugiak, Alaska 99567 (907) 694-4958

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CS SCR 40 (Trsp)
PUBLISH DATE: _____

FISCAL NOTE

REQUEST: _____

Revision Date: February 18, 1988
Title: Revision of Title 2 of Alaska Statutes
Sponsor: Senator Halford
Requestor: Senate Finance Committee

Agency Affected: All
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

It is expected that the costs incurred by the Code Revision Commission in the rewrite of Title 2 be incorporated into the Legislature's FY 89 operating budget.

Prepared by: Rick Halford
Division: Senator Rick Halford, Co-chairman Senate Finance Committee
Phone: 465-4958
Date: February 18, 1988

Approved by Commissioner: _____ Date: _____
Agency: _____

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

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

MEMORANDUM January 19, 1988

SUBJECT: AS 02 (Aeronautics)

TO: Senator Rick Halford
Co-chair, Senate Finance Committee

FROM: David R. Dierdorff
Revisor of Statutes

I recently completed routine editorial work on AS 02, which is scheduled for replacement in 1988. In going through the title, it became apparent that many of the provisions (particularly those in AS 02.10, AS 02.15, AS 02.30, and AS 02.35) are very old and that they probably haven't kept up with changes in the field of aviation, avionics, and federal regulation. It also appears that the title could stand some reorganization to make it more readable and useful.

I discussed this matter with Tam Cook, and she agreed with me that the technical nature of many of the provisions requires a level of expertise not available in our office for an adequate substantive review of the title. She suggested that I ask you to consider asking, by resolution or temporary law, the Department of Transportation and Public Facilities, to conduct a review of AS 02 during the upcoming interim, with the goal of bringing it up to date and reorganizing it as necessary. Our office would be happy to work with DOT/PF and draft any legislation that the review might recommend.

If you agree that this would be a worthwhile project, please let Tam or me know, and we will prepare an appropriate resolution or bill draft for your further consideration.

DRD:bb
WKB1/072

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

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May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 5-2-88 1:30p.m.

(7)

HOUSE COMMITTEE REPORT

Date referred: 3/9/88 FURTHER REFERRALS:

DATE: 5-2-88

The Transportation Committee has considered CSSCR 40(Trsp)

Relating to the revision of Title 2 of the Alaska Statutes.

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[X] same as previous zero fiscal note published 2-18-88

SIGNING DO PASS:

Irene Nicholia

Rick Mystrom

Bill Hudson

Heinrich Springer

Brita Cole

SIGNING OTHER RECOMMENDATIONS:

Brita Cole

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: May 2, 1988

SIGN-IN

Subject of meeting:

SCR 40: Relating to the revision of Title 2 of the Alaska Statutes.

SJR 11: Urging the repeal of certain portions of the Marine Merchant Act of 1920.

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY? Which resolution?
J. OTTESEN	PO BOX Z JUNO.	465-2951	DOT & PF	IF ASKED SJR 11
Theresa Mason	Sen. Halford Rm 516	x4958	Sen. Halford	SCR 40

SCR

55

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

April 11, 1988

****

COMMITTEE CALENDAR:

HJR 56: Requesting the U. S. Forest Service to upgrade Resurrection Creek Road in the Chugach National Forest.

SCR 55: Suspending Uniform Rules 41(b), 24(c), and 35 of the Alaska State Legislature concerning Senate Bill No. 298.

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

a folder on HJR 56 that includes:

item #1: HJR 56
#2: fiscal notes - Office of the Governor
Dept. of Natural Resources
#3: statement - Office of the Governor, Div. of Governmental Coordination, OMB
#4: letter requesting the resolution

a folder on SCR 55 that includes:

item #1: SCR 55
#2: fiscal note - Senate Transportation Committee
#3: uniform rules
#4: SB 298
#5: statement from Sen. Coghill

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SCR 55
PUBLISH DATE: ~~3/15/88~~ 3/23/88 Senate

FISCAL NOTE

REQUEST:

Revision Date:
Title: Suspend Uniform Rules, Concerning SB 298
Sponsor: Senate Trans. Committee
Requestor:

Agency Affected:
BRU:
Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Senate Trans. Comm. Staff
Phone: 465-3743
Division: Legislature
Date: 3/21/88

Approved by Commissioner:
Date: 3/21/88
Agency:

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

UNIFORM RULES

ALASKA

STATE LEGISLATURE

ADOPTED 1981

by the

TWELFTH LEGISLATURE - FIRST SESSION

AS AMENDED 1985

BY THE

FOURTEENTH LEGISLATURE - FIRST SESSION

Legislative Affairs Agency

deleted from the bill. The fact that a bill contains a section which changes a court rule shall also be noted in the title of the bill.

(f) If a bill or portion of a bill contains material which has an effective date other than the date which is 90 days after the bill becomes law, the bill must contain a section or sections setting out the proposed effective date or dates. The section or sections relating to the effective dates must be approved by an affirmative vote of two-thirds of the full membership of each house. If a section setting out an effective date fails to receive the required two-thirds vote in either house, the section is void and without effect and is deleted from the bill. The fact that a bill contains a section which sets out an effective date shall also be noted in the title of the bill.

(g) A bill may be recommitted any time before passage.

COURSE OF BILLS

RULE 40. COURSE OF BILLS. When a bill has passed the house in which it originated and has been certified as properly engrossed by the clerk or secretary and photographed for duplication (if changes have been made), it shall be signed by the presiding officer and the clerk or secretary. The clerk or secretary shall transmit the original and committee copies of the bill on receipt to the other house. When the second house receives the message accompanying the engrossed bill and reporting its passage, the bill shall be read by the clerk or secretary for the first time and then referred by the presiding officer to one or more committees for subsequent action by that house.

AMENDMENTS IN OTHER HOUSE

RULE 41. AMENDMENTS IN OTHER HOUSE. (a) When a bill, resolution, or citation passed in one house is amended in the other house, the bill, resolution, or citation with certified amendments is returned to the house of origin requesting concurrence. The vote on concurrence in amendments is taken by the calling of the roll and the recording of the yeas and nays in the journal. Adoption requires a majority vote of the full membership in each house. If concurrence is had the clerk or secretary notes the concurrence in the journal, informs the other house of the concurrence, and proceeds to have the bill or resolution enrolled for certification and transmittal to the governor.

(b) An amendment to a bill introduced in the other house is not in order if the amendment requires a change of the bill title other than a clerical or technical change.

CONFERENCE AND FREE CONFERENCE COMMITTEES

RULE 42. CONFERENCE AND FREE CONFERENCE COMMITTEES. (a) If one house refuses to concur in the amendments of the other it so notifies the amending house and requests that it recede from its amendments. The vote on receding from amendments is taken by the calling of the roll and the recording of the yeas and

request to committee members and the public; committee minutes, tapes and other materials of research value shall be delivered by the committee at the end of each session or each legislature to the legislative reference library for appropriate disposition;

(4) may make available to the Legislative Affairs Agency a copy of all minutes of committee meetings during the session for entry of the minutes as a data base on the legislative computer system.

COMMITTEE REFERRAL AND ACTION

RULE 24. COMMITTEE REFERRAL AND ACTION. (a) A committee acts on all bills referred to it and reports its actions and recommendations to the house as soon as practicable. Committee reports must be in writing and the report must be signed by a majority of the members of the committee. The report will note the recommendation of each member signing the report.

(b) When a bill is reported back by a committee without at least one "Do Pass", unless the bill has a subsequent referral or referrals of record, the presiding officer shall put the question 'Shall the bill be referred to the Rules Committee for placement on the calendar for second reading notwithstanding the report of the committee(s)?" If the bill has a subsequent referral or referrals of record, the question shall not be put until the last committee has reported and unless all reports are without at least one "Do Pass". The question is debatable and if a majority of the membership of the house votes in the negative, the bill is lost.

(c) If a committee has more than one bill on the same subject or if it finds it necessary to revise a bill substantially, it may report out a substitute bill and recommend that the substitute be accepted for second reading in the place of the original bill. A committee of the second house may not report a committee substitute for a bill or an amendment to a bill that requires a change in the title of the bill, other than a clerical or technical change, as the title was enacted in the house of origin. Substitute bills are duplicated and distributed when they are reported out by the committee. Committee substitute bills carry a notation of the source or sponsor of the original bill in the manner prescribed by the drafting manual unless the sponsor objects to the name so appearing.

(d) All bills involving appropriations, revenues or bonding must be referred to the Finance Committee before they can be advanced to second reading.

COMMITTEE OF THE WHOLE

RULE 25. COMMITTEE OF THE WHOLE. When the house forms itself into a Committee of the Whole the presiding officer vacates the chair and calls upon a member to preside. The Uniform Rules are observed in the Committee of the Whole but no member shall be recognized a second time until every member wishing to speak has spoken. When a bill is considered in the Committee of the Whole it shall be read and debated by sections and amendments adopted shall be noted on paper separate

officer shall then direct the clerk to record the vote. The clerk shall then transmit the result to the presiding officer, who shall announce the vote. The result shall be recorded in the daily journal.

(4) Copies of voting records. The clerk or secretary shall retain one copy of the voting record on each question in the file of the house and provide one copy for the press room file and the files of the Legislative Affairs Agency.

(5) Voting stations. A member may vote only when at the member's desk. When a member other than the regular presiding officer is presiding, the presiding officer, if present, and the other member may direct the chief clerk or secretary to indicate their votes.

(6) Misuse of voting station. A member may not vote for another member. A person may not cast a vote for a member except as otherwise provided in these rules. A member who votes for another member may be punished in a manner the house determines. A person voting for a member when not authorized by this rule is barred from the floor of the house and may be further punished as the house considers proper.

AMENDMENT

RULE 35. AMENDMENT. A motion or proposition on a subject may not be admitted under color of amendment if the subject matter is different from that under consideration. A motion or proposition on a subject that requires a change in the title of the bill as enacted in the house of origin, other than a clerical or technical change, is not in order in the second house. An amendment may not be considered by the house unless submitted in writing and read aloud by the clerk or secretary. Amendments offered by a committee shall be included in its written report and attached to the original bill. A bill in second reading is subject to amendment and is treated section by section. An amendment may not be made to a bill in its third reading, but the bill may be returned to second reading by a majority vote of the full membership of the house for the purpose of specific amendment. When action on a specific amendment in second reading is completed, the bill automatically advances to third reading. Except as provided in this rule, a title may be amended or a change of sponsor made in third reading or after passage by a majority vote of the members present, but the title amendment or sponsor change must be accomplished before the measure acted upon has been enrolled. When amendments to the body of a bill affect the numbering of sections, or passage or failure of the effective date clause affects the title, the clerk or secretary may accomplish the necessary changes without formal motion, and the changes shall be noted in the journal. Resolutions may be amended in the same manner as a bill.

PREFILING OF BILLS

RULE 36. PREFILING OF BILLS. (a) Bills or proposals for bills may be prefiled with the executive director of the Legislative Affairs Agency at any time

Senator John B. (Jack) Coghill
Alaska State Legislature

Box V
Juneau, Alaska 99811
(907) 465-4797

Box 55028
North Pole, Alaska 99705
(907) 488-0862

M E M O R A N D U M

TO: Representative Bette Cato, Chair
House Transportation Committee

FROM: Senator Jack Coghill

DATE: April 11, 1988

RE: SCR 55 and SB 298

SB 298 as originally titled, An Act naming bridge number 1146 at milepost 240 on the George Parks Highway, was intended to honor Gary Crabb by naming the bridge (crossing the Nenana River at the south boundary of McKinley Park which is also proximate to Crabb's McKinley Village community) as "Crabbie's Crossing".

SB 298 passed the Senate and went to (H) Transportation. After leaving the Senate, my staff discovered the bridge designated in the bill's title and text was already named and was not the intended bridge; possibly miscommunication with DOT.

I wish to correct this bill's title and text. This requires a Senate Concurrent Resolution requesting that uniform rules be suspended regarding changes to the title of a bill. Affirmative action by the House will be appreciated.

Thank you.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS, 4-11-88 1:30p.m.

HOUSE COMMITTEE REPORT

(7)

Date referred: 3/28/88 FURTHER REFERRALS: -

DATE: 4-11-88

The Transportation Committee has considered SCR 55

Suspending Uniform Rules 41(b), 24(c), and 35 of the Alaska State Legislature concerning Senate Bill No. 298.

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[X] same as previous zero fiscal note published 3-23-88

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Chairman's signature

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5188 HTRA SCR 55 - SJR 27

Official Business

COMMITTEE:

House Transportation Committee

DATE: April 11, 1988

SIGN-IN

Subject of meeting:

*HJR 56: Requesting the U.S. Forest Service to upgrade Resurrection Creek Road in the Chugach National Forest.

SCR 55: Suspending Uniform Rules 41(b), 24(c), and 35 of the Alaska State Legislature concerning Senate Bill No. 298.

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Admin. Assist Marla Iruss	144 N. Binkley Soldotna, AK 99669	463-3529	Kenai Pen. Borough	Yes HJR 56
BOB CRAMER		465-4797	Sen. Coghill	Yes

* indicates first public hearing

SCR

63

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

May 5, 1988

****

COMMITTEE CALENDAR:

SCR 63: Urging the Governor to establish the Alaska Railroad depot at Nenana as the official museum for the Alaska Railroad and a state historical site.

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

item #1: SCR 63
#2: a statement from Senator Jack Coghill
#3: fiscal note - Depart. of Comm. & Econ. Dev.
#4: resolutions of support - AK Railroad Corp.

#2

Senator John B. (Jack) Coghill

Alaska State Legislature

Box V
Juneau, Alaska 99811
(907) 465-4797

Box 55028
North Pole, Alaska 99705
(907) 488-0862

TO: House Transportation Committee Members

FROM: Senator Jack Coghill

DATE: May 5, 1988

RE: SCR 63, URGING THE GOVERNOR TO ESTABLISH THE ALASKA RAILROAD DEPOT AT NENANA AS THE OFFICIAL MUSEUM FOR THE ALASKA RAILROAD AND A STATE HISTORICAL SITE.

THE ORIGINAL ALASKA RAILROAD DEPOT LOCATED IN NENANA, HAS GREAT HISTORICAL SIGNIFICANCE TO THE STATE, TO THE RAILROAD, TO THE CITY OF NENANA, TO THE PUBLIC AND TO TOURISM. LET ME GIVE YOU A VERY BRIEF HISTORY OF THE NENANA DEPOT.

IN 1914, PRES. WILSON SIGNED A BILL AUTHORIZING CONSTRUCTION OF A FEDERALLY OWNED RAILROAD BETWEEN FAIRBANKS AND THE COAST.

NENANA WAS CHOSEN AS THE NORTHERN CONSTRUCTION BASE FOR THE RAILROAD.

ON JULY 15, 1923, PRES. WARREN HARDING DROVE THE "GOLDEN SPIKE" AT NENANA TO SIGNIFY COMPLETION OF THE ALASKA RAILROAD, AND A MONUMENT WAS ERECTED NEARBY TO HONOR THE EVENT.

THE OLD ALASKA RAILROAD DEPOT AT NENANA WAS BUILT IN 1918 AND HAS HISTORICAL SIGNIFICANCE BECAUSE IT IS THE ONLY DEPOT REMAINING FROM THE ORIGINAL RAILROAD SYSTEM.

THE NENANA DEPOT WAS PLACED ON THE FEDERAL REGISTER OF NATIONAL HISTORIC SITES IN AUGUST OF 1977.

THE TRANSFER OF THE ALASKA RAILROAD FROM FEDERAL TO STATE OWNERSHIP WAS SIGNED IN NENANA ON JANUARY 6th, 1985.

THE RAILROAD DONATED THE DEPOT TO THE CITY OF NENANA TO BE PRESERVED FOR HISTORIC PURPOSES AND CONVERSION TO A MUSEUM FOR THE GENERAL PUBLIC IN MARCH OF 1987.

SCR 63 TIES TOGETHER FEDERAL, ARRC, AND STATE RECOGNITION OF THE NENANA DEPOT AS A HISTORIC RAILROAD SITE AND MUSEUM.

THERE IS NO COST TO THE STATE FOR THIS HISTORICAL DESIGNATION, BUT IT WILL ASSIST IN OBTAINING FEDERAL FUNDS FOR HISTORICAL SITES RESTORATION AND DEVELOPMENT WHICH IN TURN WILL BENEFIT TOURISM AND THE GENERAL PUBLIC.

YOUR SUPPORT OF SCR 63 IS ENCOURAGED.

#3

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SCR 63
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Historical railroad site/museum

Agency Affected: Alaska Railroad Corp.
BRU: _____

Sponsor: Senate Resources Committee
Requester: Senate Transportation Committee

Components: _____

EXPENDITURES / REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: James B. Blasingame, Dir. of Administration Phone: 265-2403
Division: Alaska Railroad Corporation Date: April 25, 1988

Approved by Commissioner: J. Anthony Smith, Commissioner Date: 11-21-88
Agency: Department of Commerce & Economic Development

Distribution (by preparer):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

1522D/042588a

ALASKA RAILROAD CORP'S ZERO FISCAL NOTE

#4

ALASKA RAILROAD CORPORATION

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

Resolution 87-5

Relating to the Donation of the Nenana Depot
to the City of Nenana

WHEREAS, the Nenana Depot, located in Nenana, Alaska, was built in 1922 as the northernmost terminus of the Alaska Railroad; and

WHEREAS, the Alaska Railroad Corporation is the owner of the Nenana Depot located in Nenana, Alaska; and

WHERFAS, the Depot was placed on the Federal Register of National Historic Places on August 10, 1977; and

WHEREAS, the Corporation desires to have the building preserved for historic purposes; and

WHEREAS, the City of Nenana is now leasing the building and desires to own the building to preserve its historical significance and convert it to a museum for the general public;

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors of the Alaska Railroad Corporation hereby donates the Nenana Depot to the City of Nenana with the stipulation that its historical significance be preserved. The President and CEO and his designees are authorized to negotiate, execute, and finalize documents necessary to transfer title of this building consistent with the terms of this resolution.

Adopted by the Board of Directors
March 16, 1987

ARRC RESOLUTION 87-5 DONATING NENANA DEPOT

ALASKA RAILROAD CORPORATION

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

Resolution 87-6

Relating to the Donation of a
Locomotive Bell to the City of Nenana

WHEREAS, the Alaska Railroad Corporation has surplused a bell from a steam locomotive that is estimated to be 45 years old; and

WHEREAS, the City of Nenana is developing a historic museum and desires pieces of Railroad equipment which have historic significance to the Railroad and the City of Nenana;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Alaska Railroad Corporation hereby donates one locomotive bell to the City of Nenana with the proviso that it be placed in their museum for the enjoyment of the general public and that it be returned to the Corporation should the City of Nenana have no further use for it.

Adopted by the Board of Directors
March 16, 1987

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 5-5-88 1:30 p.m.

(7)

HOUSE COMMITTEE REPORT

Date referred: 4/30/88 FURTHER REFERRALS:

DATE: May 5th, 1988

The Transportation Committee has considered SCR 63

Urging the Governor to establish the Alaska Railroad depot at Nenana as the official museum for the Alaska Railroad and a state historical site.

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[✓] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[✓] same as previous fiscal note published _____

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Mike Miller

Irene Nicholia

Brett Huntington

D. Parker

SIGNING OTHER RECOMMENDATIONS:

Brett Huntington

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: May 5, 1988

SIGN-IN

Subject of meeting:

SCR 63
Nenana R/Road depot as Historical
railroad site/museum

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?

SJR

11

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

May 2, 1988

****

COMMITTEE CALENDAR:

SCR 40: Relating to the revision of Title 2 of the Alaska Statutes.

SJR 11: Urging the repeal of certain portions of the Merchant Marine Act of 1920.

8) FOR THIS MEETING, EACH MEMBER HAS BEEN GIVEN:

a folder on SCR 40 that includes:

item #1: CS SCR 40
#2: statement - Senator Halford
#3: fiscal note - Senate Finance Committee
#4: memo from David Dierdorff, Revisor of Statutes
#5: AS 02 table of contents

a folder on SJR 11 that includes:

item #1: SJR 11
#2: statement - Sen. Coghill
#3: background information
#4: fiscal note - Dept. of Revenue
#5: position paper - DOT/PF
#6: impact of Jones Act on Alaska

Senator John B. (Jack) Coghill

Alaska State Legislature

Box V
Juneau, Alaska 99811
(907) 465-4797

Box 55028
North Pole, Alaska 99705
(907) 488-0862

MEMORANDUM

TO: House Transportation Committee Members

FROM: Senator Jack Coghill

DATE: May 1, 1988

RE: SJR 11, Urging repeal of certain portions of the Jones Act

---

Alaska is penalized over $200 million each year in higher costs and exported commodities are priced out of the market due to restrictions on ocean shipping by the federal Jones Act.

The Jones Act, as described in the bill text and the supporting information, requires "All-U.S." ships to carry commodities between Alaskan and Lower 48 ports, coming and going. The resulting higher overall shipping cost of "All-U.S." ships makes goods shipped to Alaska higher cost to us...and Alaska-produced goods shipped out of state must be priced less by the local Alaskan manufacturer, to absorb the added ocean freight cost, to make the product price competitive on the Outside.

An example of higher ocean freight cost is the comparison of an "All-U.S." tanker's total cost to a "Foreign-Flagged" tanker on a voyage between Los Angeles and Anchorage. The "All-U.S." tanker is 74 percent higher than a comparable "Foreign-Flagged tanker.

Voyage: L.A. to Anch.	"All-U.S."	"Foreign-Flagged
Total Dollars	$449,000	$258,000
Cost Per Ton	$12.82	$7.36
Higher Cost	74%	

Another example: Please refer to line 15 of the bill: Last month, the ocean freight companies announced another freight rate increase of 7 percent. This is the third increase in 14 months. The ocean freight carriers justified the rate increase by saying, "...because of Alaska's economic downturn and increased competition,we were not making enough money, so we had to increase prices..." In a protected, monopolistic arena, the ocean freight carriers hold Alaska hostage. These higher ocean freight costs increase the cost of goods to us, and make our locally produced commodities less price competitive on the Outside.

Alaska would greatly benefit with repeal of certain portions of the Jones Act. Passage of SJR 11 will send a clear message to the U.S. Congress about the mandate of Alaskans.

Senator John B. (Jack) Coghill
Alaska State Legislature

Box V
Juneau, Alaska 99811
(907) 465-4797

Box 55028
North Pole, Alaska 99705
(907) 488-0862

MEMORANDUM

TO: House Transportation Committee Members

FROM: Senator Jack Coghill

DATE: May 1, 1988

RE: SJR 11, Urging repeal of certain portions of the Jones Act

---

BACKGROUND

The term 'Jones Act' refers to Section 27 of the Merchant Marine Act of 1920, which states:

> "No merchandise shall be transported by water, or by land and water,...between points in the U.S....either directly or via a foreign port or for any part of the transportation, in any other vessel than a vessel built in and documented under the laws of the U.S. and owned by persons who are citizens of the U.S."

The purpose of the Merchant Marine Act of 1920 was:

> "That it is necessary for the national defense and for the proper growth of its foreign and domestic commerce that the U.S. shall have a merchant marine of the best equipped and most suitable types of vessels sufficient to carry the greater portion of its commerce and serve as a naval or military auxiliary in time of war or national emergency, ultimately to be owned and operated privately by citizens of the U.S...."

JONES ACT EFFECT ON ALASKA

The Jones Act Cost Penalty

> The Jones Act restricts the "coastwise" waterborn transportation of the U.S., including transportation between Alaska and the Lower 48 ports and transportation within Alaska, to vessels that are US-built, US owned, US-registered, and US -crewed. Detached and remote from other states, separated by a foreign country, Alaska depends disproportionately on ocean transportation for its economic

BACK GROUND AND EFFECT ON ALASKA

links with the rest of the nation. The Jones Act has long been a point of contention between Alaskans and other Americans --- it was one of the grievances that motivated Alaska's struggle against "colonialism" and the desire to become a State; 24 years after Statehood some Alaskans still regard the law as a symbol of their state's second-class membership in the American union.

Whatever transportation-cost penalty the Jones Act carries is imposed disproportionately on the Alaska economy. In general, the relatively small size of Alaska's economy makes it a "price-taker" in national and international markets. That is, both the prices of goods exported from Alaska and those of goods imported into the state tend to be set in larger markets outside its borders. Higher transportation costs are thus added to the cost of Alaska's imports, and subtracted from the market prices of her exports. Thus, the prices of most consumer goods in Anchorage are composed of a price determined in some outside market, plus the transportation cost from that market to Anchorage. This does not include local distribution markups.

Alaska's position as a price-taker means that its economy tends to suffer a double penalty from any adverse transport-cost differential. In general, the state's exports to Lower 48 markets will have lower prices at their point of origin than would otherwise have been the case. The most obvious impact of this kind is on the state government's natural resource royalties and severence taxes, which are keyed to netback prices.

The biggest cost impacts of the Jones Act will be on crude oil, Alaska's chief export commodity. The estimated reduction in the value of Alaska crude resulting from the Jones Act is $225 million per year.

Alaska North Slope Crude must be shipped pursuant to Jones Act regulations, which provide an exclusive monopoly to U.S. flag ships for all domestic intercity shipborne freight. The transportation of ANS crude accounts for more than half the business conducted by the Jones Act tanker fleet. It is contended that the majority of Jones Act tankers, however, are aging, inefficient, and uncompetitive with foreign flag vessels. The inefficiency stems from; very high labor costs; direct tax subsidies for construction and operating costs; indirect tax subsidies from wellhead-price manipulation by vertically integrated oil-and-tanker companies, allowing greater shipping costs to be offset against reduced wellhead netbacks.

Below is a comparison of transportation differentials between markets:

Valdez to Japan	$0.50
Persian Gulf to Japan	1.00
	$0.50
Valdez to Gulf Coast	$4.00*
Persian Gulf to Gulf Coast	2.00
	$2.00

*With Trans Panama Pipeline ($5.00 without)

As shown from these equations, there is an efficiency loss equaling $2.50 per barrel. Consumers everywhere lose because economic efficiency has been sacrificed resulting in higher delivered costs to both markets. While Valdez to Gulf Coast is just twice the distance from Valdez to Japan, transportation costs are 10 times as high. The bulk of this expense is directly attributable to Jones Act tanker costs, which do not compete with foreign-owned tankers in the U.S. trades.

SUMMARY OF FINDINGS ON THE JONES ACT FOR THE ALASKA STATEHOOD COMMISSION

The Alaska Statehood Commission prepared a report in January of 1982. In this report was the commissions conclusions on the Jones Act. Listed below are some of those conclusions:

> The costs of industry subsidies are not evenly distributed nationwide, but are borne by heavy users of Jones Act protected shipping.
>
> Many Alaskans have called the Jones Act a gross form of discrimination against Alaska.
>
> We (AK Statehood Commission) believe that if national security requires a protected merchant fleet, all the nation - not just the states heavily dependent on shipping - should support the cost.
>
> Transportation is Alaska's lifeline, and Alaska's growth needs may be severely restricted by the Jones Act because of its inflexibility and the unwillingness of interests that benefit from the act to allow even small changes.
>
> We find from our preliminary studies of the Jones Act... (that it) discriminates blatantly against Alaskans, helps drive up the cost of living here, and stifles economic development.

NOT JUST ALASKA

The Jones Act repeal is not just an Alaskan issue. Other states are adversely impacted as well. A recent article in the Seattle Post Intelligencer, (2-22-85) mentions that the Jones Act has failed in many respects:

> The U.S. fleet has diminished over several decades from 1,300 to 400 vessels. Commercial shipbuilding in the country has come to a virtual standstill.

These laws "keep Seattle from becoming a premier destination for cruise ships. Foreign-flag ships, unable to transport passengers between U.S. ports, dock instead in Vancouver, B.C., when cruising to and from Alaska." "A cruise ship exemption could inject millions of dollars into the local economy from passenger traffic through Seattle."

CONCLUSION

The largest adverse effects of the Jones Act for Alaska are likely to be in the future , as transportation costs for crude oil and other minerals can be an important factor determining the economic feasibility of developing specific deposits.

* Information for this committee report was taken from:

More Perfect Union; A Final Report by the Alaska Statehood Commission. January 24, 1983
The Jones Act And Its Impact On The State Of Alaska; Volume I: Executive Summary and Volume II: Final Report. July, 1982.
Alaska's Economy and The Merchant Marine Act of 1920; September, 1982.
The Alaska Oil Export Ban; A briefing paper by the Legislative Budget and Audit Committee, April 23, 1983.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CS SJR 11 (FIN)
PUBLISH DATE: (SENATE) 1/22/88

FISCAL NOTE

REQUEST:

Revision Date: 1/19/88
Title: Repeal the Jones Act

Agency Affected: Revenue
BRU:

Sponsor: Senator Coghill
Requestor:

Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	$35 to $100 million					

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

The above numbers reflect the savings in transportation costs and thus the gain to the state. THE ACTUAL AMOUNT DEPENDS ON VARIATIONS IN THE PROPOSALS AND MARKET RESPONSE

Prepared By: Vincent D. Wright
Division: Commissioner's Office/Research
Phone: 465-2173
Date: January 19, 1988

Approved by Commissioner: Hugh Malone
Agency: Department of Revenue
Date: January 19, 1988

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

DEPT. OF REVENUE FISCAL NOTE

MEMORANDUM

State of Alaska
Department of Transportation & Public Facilities

TO: The Honorable Jack Coghill
Senator
Alaska State Legislature

DATE: March 2, 1987

FILE NO:

TELEPHONE NO: 465-3900

FROM: Mark S. Hickey MSH
Deputy Commissioner
Operations

SUBJECT: SJR 11

The Alaska Department of Transportaiton and Public Facilities (ADOT&PF) has reviewed SJR 11 and is in general agreement with it. The thrust of the resolution to allow the use of foreign built vessels in domestic maritime trade - provided they satisfy the same standards of design, construction, ownership and crewing as US building vessels - is in line with the recommendations in the 1986 Jones Act Report to the Legislature. Inasmuch as ADOT&PF was the lead agency in developing that report, we have no problem in supporting the resolution.

Last year U. S. Senator Stevens introduced S 1935 which would have accomplished the purpose of your resolution for tourships which serve Alaska, allowing them to operate from Seattle rather than Vancouver, B.C. Unfortunately, the bill died in committee last year and no subsequent measure has yet been introduced into the present Congress.

DOT/PF POSITION STATEMENT AND SUPPORT LETTER

THE JONES ACT AND ITS IMPACT ON THE STATE OF ALASKA

VOLUME I: EXECUTIVE SUMMARY

Prepared for the

ALASKA STATEHOOD COMMISSION

by

SIMAT, HELLIESEN & EICHNER, INC.

July 1982

"THE JONES ACT IMPACT ON ALASKA" BY ALASKA STATEHOOD COMM'N.

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BACKGROUND

The purpose of the study is to provide "an expert and objective analysis of the economic effects of the Merchant Marine Act of 1920 (The Jones Act) on the economy of Alaska," considering:

- The costs which the Act adds to the ultimate price of important classes of freight coming to and leaving Alaska;
- The effect of the Act on the cost and standard of living in Alaska;
- The effect the Act has upon further development and expansion of shipping-dependent industries;
- The composition of the U.S.-flag Jones Act fleet;
- The effects higher shipping costs have on state revenues;
- Other important effects the Act may have upon Alaska's economy, resources, and future development.

The Jones Act

The term "Jones Act" refers to Section 27 of the Merchant Marine Act of 1920, which states:

> No merchandise shall be transported by water, or by land and water,....between points in the U.S.....either directly or via a foreign port or for any part of the transportation, in any other vessel than a vessel built in and documented under the laws of the U.S. and owned by persons who are citizens of the U.S.....

Because Section 27 restricts U.S. domestic waterborne trade to vessels of U.S. construction, U.S. registration, and U.S. ownership, the Jones Act has come to be referred to as the U.S. cabotage law. Cabotage refers to the reservation of a nation's domestic cargo to ships of that nation's fleet. It could be described as a form of protectionism applied to transportation services. In fact, the purpose of the Merchant Marine Act of 1920 is stated clearly in the preamble of the Act:

> That it is necessary for the national defense and for the proper growth of its foreign and domestic commerce that the United States shall have a merchant marine of the best equipped and most suitable types of vessels sufficient to carry the greater portion of its commerce and serve as a naval or military auxiliary in time of war or national emergency, ultimately to be owned and operated privately by citizens of the United States....

Factors Leading Up to Passage of the Act

To understand why the Merchant Marine Act of 1920 was enacted, it is first necessary to review the U.S. experience in World War I.

At the beginning of World War I in 1914, the British maintained the world's largest merchant fleet with over 8,500 vessels. The remaining protagonists, together with Britain, accounted for over 14,000 vessels or nearly 60 percent of the world fleet and over 65 percent of the world's tonnage.

As the warring nations recalled their merchant fleets to military service or lost them in action on the high seas, the U.S. began to experience a crippling scarcity of vessels for its on-going commerce. Commodities and goods were left literally rotting on the piers. A major shipbuilding program to provide the country with the ships necessary to carry men and materials to Europe for an extended war was undertaken. However, only a few vessels were delivered before the armistice ending World War I was declared in November of 1918.

The experience of World War I indicated to U.S. lawmakers the dangers of relying on foreign-flag fleets. In the summer of 1919, the Senate Commerce Committee chaired by Wesley L. Jones, Republican from the State of Washington (1909 to 1932), began working on a revision of the national maritime laws. Under Jones' direction the Merchant Marine Act of 1920 was passed into law.

EXCEPTIONS TO THE ACT

A variety of circumstances and conditions have resulted in differing exceptions to the Jones Act for some territories and states. The third and fourth proviso exceptions to Section 27 of the Merchant Marine Act of 1920 are examples of exceptions that apply to Alaska. For practical purposes, the third proviso allows the use of foreign owned, registered, and built ships for carrying cargoes between Alaska and the lower 48 states via Canadian ports so long as rail movement is involved, while the fourth proviso applies to movements on the Yukon River.

There are other exceptions. For instance, trade with the U.S. island possessions of Guam, Tutuila (American Samoa), Wake, Midway and Kingman Reef may be carried on foreign built U.S.-flag vessels.

Of direct interest to Alaska are the conditions that govern trade to the Virgin Islands. For historical reasons, the Virgin Islands are exempt from the Jones Act. As a result, Alaskan crude oil can be shipped out of Alaska on foreign-flag vessels to a refinery in the Virgin Islands. The product can then be shipped foreign-flag to the U.S. mainland. Data compiled by the Maritime Administration indicate that this route accounts for about 5 percent to 15 percent of Alaskan oil shipments.

THE JONES ACT FLEET

The Jones Act fleet consists of those vessels eligible to engage in the coastwise trade. Generally, that includes any vessels built in the U.S., under

U.S. ownership, registered under the laws of the U.S., and not restricted because of subsidy status. Vessels that have received Construction Differential Subsidy (CDS) or are receiving Operating Differential Subsidy (ODS) from the Maritime Administration cannot serve the cabotage or coastwise trade without special waivers.

Currently, the Jones Act fleet accounts for 60.7 percent of U.S.-flag tonnage. Most of these vessels are tankers; in that category, 86.8 percent of all vessels are eligible for coastwise trading. Data appear in Table 1.

The Alaska trade fleet of six[1/] dry cargo freighters and 88 tankers constitutes 28.8 percent of the Jones Act fleet and 16 percent of the active U.S.-flag privately owned fleet.

Alaska trade freighters constitute only 8.6 percent of the total Jones Act eligible freighters. The containerships are smaller than those generally found in the Jones Act fleet and the Ro/Ro ships are larger. Among tankers, the Alaska trade fleet is made up of 34.4 percent of the total Jones Act fleet, but has 54 percent of the carrying capacity. This is because tankers in Alaska service are larger than the fleet average. Data appear in Table 2.

ALASKA WATERBORNE TRADE

Alaska's waterborne commerce is dominated by crude oil shipments from Valdez which accounted for 89.5 percent of Alaska's total port activity in 1979. When crude oil shipments are subtracted from the total, remaining waterborne commerce is 34.5 percent foreign imports and exports, 47.5 percent coastwise receipts and shipments, and 18 percent internal receipts and shipments. Data illustrating the relationship of total foreign, coastwise, and internal movement of the top ten Alaska ports is shown in Figure 1. Excluding crude oil shipments, the activity of the top ten Alaska ports includes approximately 60 percent of the state's total waterborne commerce.

Coastwise dry cargo shipments out of Alaska move primarily to the Pacific Northwest (Seattle and Tacoma). Of the total, 51.2 percent move to the Pacific Northwest, California receives 15.9 percent, and internal shipments within Alaska account for the remaining 32.9 percent.

Tanker movements from Alaska are destined primarily for refineries in California. Panama, the Pacific Northwest, and Hawaii also receive varying amounts of Alaska crude, based on the 1979 data.

Coastwise dry cargo shipments to Alaska originate to a large degree in the Pacific Northwest (77.3 percent). A very high proportion of the cargo moving to and from Alaska's smaller ports is transshipped via the major ports.

1/ Includes Sea-Land and TOTE; excludes barge services.

TABLE 1

PROPORTION OF JONES ACT VESSELS
TO TOTAL U.S.-FLAG VESSELS

		Number of Vessels			DWT (000)		
		Jones Act	Total	%	Jones Act	Total	%
A.	DRY CARGO	70	280	25.0	1,119.0	5,123.7	21.8
B.	TANKERS	256	295	86.8	11,950.3	16,409.2	72.8
C.	TOTAL	326	575	56.7	13,069.3	21,532.9	60.7

TABLE 2

U.S.-FLAG PRIVATELY-OWNED, SELF-PROPELLED VESSELS
OF 1,000 GROSS TONS OR MORE
January 1, 1982

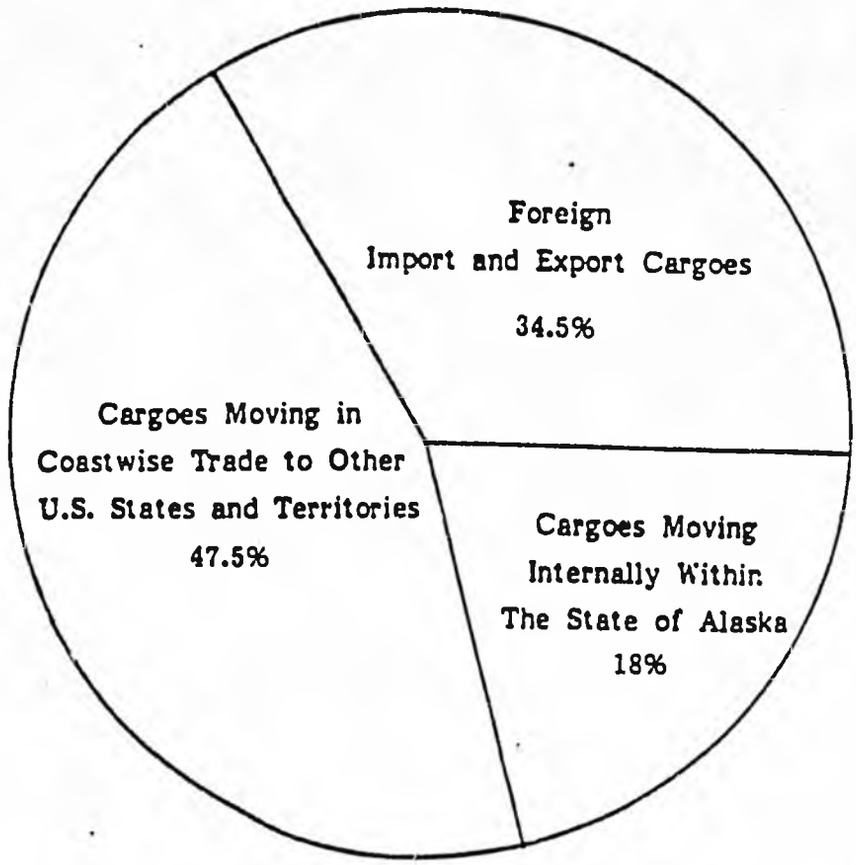
		Serving Alaska	Total Jones Act	% Serving Alaska	Serving Alaska	Total Jones Act	% Serving Alaska
A.	FREIGHTERS	6	70	8.6	64.7	1,119.0	5.8
B.	TANKERS	88	256	34.4	6,513.8	11,950.3	54.5
C.	TOTAL JONES ACT FLEET	94	326	28.8	6,578.5	13,069.3	50.3

1/ Privately-owned, self-propelled vessels of 1,000 gross tons or more - January 1, 1982

Source: U.S. Maritime Administration

FIGURE 1

CARGO ACTIVITY OF CORPS OF ENGINEERS TOP 10 ALASKA PORTS
(EXCLUDING CRUDE OIL AT VALDEZ)
BASED ON TONS OF CARGO SHIPPED AND RECEIVED
1979



Tanker cargo being received in Alaska, consisting of petroleum products for consumption in the state, flows almost exclusively from California; a high percentage is redistributed from larger to smaller Alaska ports.

Anchorage is the primary receiving port for consumer products, building materials, and food. Whittier also serves the Anchorage market with the same categories of cargo. Most of the high volume cargoes (commodities registering annual volumes of 10,000 tons or more) moving into Alaskan ports other than Anchorage and Whittier, consist of petroleum products.

ALASKAN SHIPPING COSTS

The Impact of Costs on Rates

The cost of shipping in the Alaska trade, and the cost premium caused by the Jones Act, were estimated by comparing the cost of present vessel services with the probable cost of those services were they operated with foreign-flag ships. Although it is true that the observed impact on customers is conveyed through shipping rates, not underlying shipping costs, and that competition and value of service, or "what the traffic will bear," establish freight rates for each commodity in the short run, costs set the limits for freight rates in the long term. In other words, although cost and rate may not be the same or even similar for any given commodity at any given time, in the long run (and/or over a mixture of commodities carried in the same service), rates are, in fact, cost determined. Hence, the cost-based method is a valid approach for determining the relative impact of differing governmental policies which affect the long term character of a shipping market.

Shipping Costs

Ocean shipping costs can generally be divided into the following categories:

Capital
Manning and Subsistence
Fuel
Maintenance and Repair (M&R)
Supplies and Equipment
Insurance
Cargo Handling
Other Port Costs
Agency, brokerage, and Commission
Waterway Tolls and Pilot Fees
Corporate Overhead

There are exceptions, however. For example, tanker movements seldom involve meaningful cargo handling costs, because this function is provided by shipboard pumps, the cost of which is already part of other cost categories. Other types of shipping have other costs—e.g., container ownership in the case of container systems.

U.S.-flag Cost Disadvantages

Among the categories listed, not all are areas in which there are cost differences between U.S.- and foreign-flag vessels. The major areas in which U.S.-flag vessels are at a disadvantage are:

- Crew wages — Generally, U.S. manning costs are higher, due in part to higher rates of compensation and in many cases, higher manning levels.

- Insurance — Insurance is usually higher because of higher U.S. vessel repair costs and typically higher levels of medical care, workmen's compensation, etc.

- Vessel acquisition — Vessel acquisition costs are higher because of higher U.S. construction costs. In addition, delivery schedules in the U.S. are said to be much slower, introducing a cost of delay. The requirement for U.S. subsidized operators to purchase U.S.-built vessels has been temporarily waived, allowing U.S.-flag carriers to buy vessels overseas at cheaper prices. This does not apply in the domestic trades, however.

- Vessel Maintenance and Repair — Vessel M&R is higher due to the necessity for making repairs in the U.S.

- Overhead — Overhead is sometimes higher due to higher general levels of salary for U.S. headquarters office staffs, to the extra staff required for government compliance activity, and the fact that foreign lines use agents in the U.S.

- Fuel Costs — In most cases U.S. fuel costs are higher because steam turbine vessels are employed which have higher fuel consumption rates than foreign-flag vessels that traditionally use slow speed diesel engines.

U.S.- vs. Foreign-flag Shipping Comparisons

The SH&E Required Freight Rate model was used to calculate costs of U.S. and hypothetical foreign-flag vessels in a representative sample of Alaskan service, focusing on cost differences in the categories set out above. Summary results from four runs appear in Tables 3-6, as follows:

Table 3	-	Container vessel: Seattle-Anchorage
Table 4	-	Roll on/Roll off vessel; Tacoma-Anchorage
Table 5	-	Crude Oil Tanker; Valdez-Los Angeles
Table 6	-	Petroleum Products Tanker; California to various Alaskan ports.

TABLE 3

SUMMARY OF U.S.- AND FOREIGN-FLAG COSTS FOR CONTAINERSHIP OPERATIONS ANCHORAGE/SEATTLE

U.S.-FLAG

EXPENSE CATEGORY	COST PER VOYAGE	COST PER TEU
MANNING AND SUBSISTENCE	70,637.14	75.95
FUEL	63,448.54	68.22
M&R	10,285.71	11.06
SUPPLIES AND EQUIPMENT	1,182.86	1.27
INSURANCE	8,485.71	9.12
CAPITAL COSTS	30,857.14	33.18
STEVEDORING COSTS	87,750.00	94.35
TERMINAL COSTS	241,800.00	260.00
PORT COSTS	60,000.00	64.52
WATERWAY TOLLS AND PILOT FEES	0.00	0.00
CONTAINER COSTS	76,371.43	82.12
POSITIONING COSTS	143,000.00	153.76
FEEDER TRANSPORTATION COSTS	0.00	0.00
AGENCY, BROKERAGE, AND COMMISSION	18,600.00	20.00
CORPORATE OVERHEAD	169,356.13	182.10
TOTAL	981,774.66	1,055.67

FOREIGN-FLAG

EXPENSE CATEGORY	COST PER VOYAGE	COST PER TEU
MANNING AND SUBSISTENCE	41,040.00	44.13
FUEL	45,215.96	48.62
M&R	9,000.00	9.68
SUPPLIES AND EQUIPMENT	1,182.86	1.27
INSURANCE	4,937.14	5.31
CAPITAL COSTS	15,428.57	16.59
STEVEDORING COSTS	87,750.00	94.35
TERMINAL COSTS	241,800.00	260.00
PORT COSTS	60,000.00	64.52
WATERWAY TOLLS AND PILOT FEES	0.00	0.00
CONTAINER COSTS	76,371.43	82.12
POSITIONING COSTS	143,000.00	153.76
FEEDER TRANSPORTATION COSTS	0.00	0.00
AGENCY, BROKERAGE, AND COMMISSION	18,600.00	20.00
CORPORATE OVERHEAD	106,332.78	114.34
TOTAL	850,658.24	914.69

TABLE 4

SUMMARY OF U.S.- AND FOREIGN-FLAG COSTS FOR RO/RO SHIP OPERATIONS ANCHORAGE/SEATTLE

U.S.-FLAG

EXPENSE CATEGORY	COST PER VOYAGE	COST PER TEU
MANNING AND SUBSISTENCE	54,940.00	49.50
FUEL	80,303.27	72.35
M+R	5,000.00	4.50
SUPPLIES AND EQUIPMENT	900.00	0.81
INSURANCE	11,600.00	10.45
CAPITAL COSTS	72,000.00	64.86
STEVEDORING COSTS	76,500.00	68.92
TERMINAL COSTS	288,600.00	260.00
PORT COSTS	44,000.00	39.64
WATERWAY TOLLS AND PILOT FEES	0.00	0.00
CONTAINER COSTS	36,382.50	32.78
POSITIONING COSTS	176,000.00	158.56
FEEDER TRANSPORTATION COSTS	0.00	0.00
AGENCY, BROKERAGE, AND COMMISSION	24,200.00	21.80
CORPORATE OVERHEAD	153,604.55	138.38
TOTAL	1,024,030.32	922.55

FOREIGN-FLAG

EXPENSE CATEGORY	COST PER VOYAGE	COST PER TEU
MANNING AND SUBSISTENCE	31,920.00	28.76
FUEL	57,906.61	52.17
M+R	4,000.00	3.60
SUPPLIES AND EQUIPMENT	900.00	0.81
INSURANCE	6,240.00	5.62
CAPITAL COSTS	36,000.00	32.43
STEVEDORING COSTS	76,500.00	68.92
TERMINAL COSTS	288,600.00	260.00
PORT COSTS	44,000.00	39.64
WATERWAY TOLLS AND PILOT FEES	0.00	0.00
CONTAINER COSTS	36,382.50	32.78
POSITIONING COSTS	176,000.00	158.56
FEEDER TRANSPORTATION COSTS	0.00	0.00
AGENCY, BROKERAGE, AND COMMISSION	24,200.00	21.80
CORPORATE OVERHEAD	106,724.88	96.15
TOTAL	889,373.98	801.24

TABLE 5

SUMMARY OF U.S.- AND FOREIGN-FLAG COSTS
FOR VLCC OPERATIONS
VALDEZ/LOS ANGELES

U.S.-FLAG

EXPENSE CATEGORY	COST PER VOYAGE	COST PER TON
CAPITAL COSTS	224,588.74	1.87
MANNING AND SUBSISTENCE	86,390.71	0.72
FUEL	227,090.91	1.89
M&R	11,229.44	0.09
SUPPLIES AND EQUIPMENT	3,743.15	0.03
INSURANCE	23,956.13	0.20
CARGO HANDLING	0.00	0.00
OTHER PORT COSTS	140,000.00	1.17
AGENCY, BROKERAGE, AND COMMISSION	0.00	0.00
WATERWAY TOLLS AND PILOT FEES	0.00	0.00
CORPORATE OVERHEAD	0.00	0.00
TOTAL	717,599.08	5.98

FOREIGN-FLAG

EXPENSE CATEGORY	COST PER VOYAGE	COST PER TON
CAPITAL COSTS	112,294.37	0.94
MANNING AND SUBSISTENCE	46,714.46	0.39
FUEL	227,090.91	1.89
M&R	7,486.29	0.06
SUPPLIES AND EQUIPMENT	3,743.15	0.03
INSURANCE	13,924.50	0.12
CARGO HANDLING	0.00	0.00
OTHER PORT COSTS	140,000.00	1.17
AGENCY, BROKERAGE, AND COMMISSION	0.00	0.00
WATERWAY TOLLS AND PILOT FEES	0.00	0.00
CORPORATE OVERHEAD	0.00	0.00
TOTAL	551,253.68	4.59

TABLE 6

SUMMARY OF U.S.- AND FOREIGN-FLAG COSTS
FOR PRODUCT TANKER OPERATIONS
LOS ANGELES/ANCHORAGE

U.S.-FLAG

EXPENSE CATEGORY	COST PER VOYAGE	COST PER TON
CAPITAL COSTS	102,285.71	2.92
MANNING AND SUBSISTENCE	131,266.67	3.75
FUEL	154,833.33	4.42
M+R	4,546.03	0.13
SUPPLIES AND EQUIPMENT	11,365.08	0.32
INSURANCE	22,730.16	0.65
CARGO HANDLING	0.00	0.00
OTHER PORT COSTS	21,600.00	0.62
AGENCY, BROKERAGE, AND COMMISSION	0.00	0.00
WATERWAY TOLLS AND PILOT FEES	0.00	0.00
CORPORATE OVERHEAD	0.00	0.00
TOTAL	448,626.98	12.82

FOREIGN-FLAG

EXPENSE CATEGORY	COST PER VOYAGE	COST PER TON
CAPITAL COSTS	51,142.86	1.46
MANNING AND SUBSISTENCE	66,826.67	1.91
FUEL	98,250.00	2.81
M+R	3,977.78	0.11
SUPPLIES AND EQUIPMENT	11,365.08	0.32
INSURANCE	13,979.05	0.40
CARGO HANDLING	0.00	0.00
OTHER PORT COSTS	12,000.00	0.34
AGENCY, BROKERAGE, AND COMMISSION	0.00	0.00
WATERWAY TOLLS AND PILOT FEES	0.00	0.00
CORPORATE OVERHEAD	0.00	0.00
TOTAL	257,541.43	7.36

These summary runs indicate that the relative impact of the Jones Act on Alaskan commerce varies with specific circumstances. For example, in liner trades[1/] (represented by container and Ro/Ro vessels) a significant part of the total cost relates to containers, cargo handling, and other cargo-related functions. These are not affected by the Jones Act. Hence, the relative cost difference between U.S.- and foreign-flag vessel service is less than, say, the tanker trades, where Jones Act-affected cost categories make up a much larger share of the total cost.

THE IMPACT OF SHIPPING COSTS DUE TO THE JONES ACT

Open Questions About the Jones Act

There are a number of unanswered questions relating to changing or eliminating the Jones Act. They include:

- Is it preferable to remove all provisions of the Act or a selected subset?
- What is the likely response by foreign shipping interests to a relaxation of the coastwise laws? On what terms would foreign owners and operators be interested in providing service?
- What immigration problems, if any, would result from employing foreign seamen in the Alaska coastwise trade?
- If foreign-flag operations can be introduced at great savings, what has impeded foreign-flag vessels from being used more extensively to carry coastwise cargoes via Canadian ports?
- What will be the U.S. labor reaction to the introduction of foreign ships and foreign crews and what secondary effect might this have on Alaska?

The Impact of The Act on Liner Services

The total U.S.-flag premium cost for liner services in the Alaskan trade (i.e., services which transport package cargo such as consumer goods, automobiles, machinery, etc.) is about $41 million per year, as follows:

	Container	Ro/Ro	Tug Barges
Cost per trip - U.S.-flag	$981,774	$1,024,030	$195,217
Cost per trip - foreign-flag	850,658	889,373	158,023
Net	$131,116	$134,657	$37,188
Voyages per year	X 155	X 100	X 200
	$20,322,980	$13,465,700	$7,437,600
		GRAND TOTAL	$41,226,280

1/ "Liner trades" refers to all ocean freighter services which handle packaged and piece goods, in contrast to "bulk trades" which handle petroleum, grain, ore, and other bulk commodities.

The cost penalty applies to commodities as a group. How it may be distributed to any specific commodity or group of commodities is uncertain; if any one item is judged to pay less premium, then something else must automatically be said to pay more, and the net result to the people of Alaska is essentially the same.

With regard to the relative impact of the Act on inbound versus outbound commodities, the analysis indicates it is northbound liner commodities which are most likely absorbing the cost premium, meaning the direct (or initial) impact of the Jones Act is falling more heavily on Alaskan receivers and consumers rather than on Alaskan businesses shipping their products southbound.

The Impact of the Act on the Crude Oil Trades

With regard to crude oil, the RFR analyses indicated the differential between U.S.- and foreign-flag tanker operations in the Valdez to Los Angeles service is $1.39 per long ton. For shipments from Valdez, transshipped at the Panama Canal and sent onward to the U.S. Gulf Coast, the differential would be $5.67.

Assuming an average annual U.S.-flag shipment rate of 80 million tons per year, with two-thirds moving to California and one-third to the Gulf Coast via Panama, the annual cost penalty ultimately being borne by Alaska through the netback mechanism is $225 million. Clearly, the Jones Act's major impact on Alaska is in the sphere of crude oil shipments.

MAJOR CONCLUSIONS

The Jones Act and Alaska's Liner Service

- Commerce of the State of Alaska moving in liner services, mostly consumer goods and business supplies, is absorbing an aggregate annual cost of approximately $41 million because of the restrictions imposed by the Merchant Marine Act of 1920.

- Due to the inherent directional imbalance of Alaska cargoes, the incidence of higher costs and rates is having the greatest impact on northbound cargoes.

- In the high-volume Anchorage-Pacific Northwest trade, the state may have a potential for reducing rates by stimulating backhaul cargoes. The extra cost of transportation for such cargoes would be low.

- In modern containerized-type operations, the bulk of the costs are not flag related. Consequently, the scope for cost and rate reductions as a result of introduction of foreign-flag services is not as great proportionately as in other sectors of the merchant marine.

The Jones Act and Alaska's Crude Oil Transportation Service

- Alaska's net return from its oil sales is being reduced due to the additional costs imposed by the Jones Act, which, based on current conditions, are approximately $225 million per year.

Current Use of Exemptions from the Act

- The State of Alaska has some relief available from the Merchant Marine Act of 1920. This relief is currently not being exploited. Non-use of this loophole does indicate that the cost savings ultimately available from use of foreign-flag vessels may not be as great as has sometimes been supposed.

Changes in U.S. Maritime Policy

- In view of the Administration's apparent position to uphold the Jones Act, efforts to have it rescinded in toto will be difficult in the immediate future.

- Given the recent lifting of prohibitions on overseas-built vessels for U.S. subsidized trades, the State of Alaska may wish to consider an effort to obtain a waiver of the requirement to use vessels built in the U.S. and place less emphasis on changing the remainder of the Jones Act.

- The State of Alaska should develop a coordinated, thoroughly-considered Jones Act strategy that seeks reasonable and politically attainable concessions in areas where the cost impacts are most meaningful. This approach has the potential for success, and can be instrumental in reducing the impact of the Jones Act on the State's economy.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 5-2-88 1:30 p.m.

(7)

HOUSE COMMITTEE REPORT

Date referred: 2/3/88 FURTHER REFERRALS: Finance

DATE: 5-2-88

The Transportation Committee has considered ~~SS~~SJR 11(Fin)

Urging the repeal of certain portions of the Merchant Marine Act of 192

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committe

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal not published _____

[X] same as previous zero fisca note published _____

SIGNING DO PASS:

Ivan Sorkola

Bill Fritts

Dennis Spring

Bette Cate

SIGNING OTHER RECOMMENDATIONS:

D/C Banks (Concur)

Bette Cate
Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: May 2, 1988

SIGN-IN

Subject of meeting:

SCR 40: Relating to the revision of Title 2 of the Alaska Statutes.

SJR 11: Urging the repeal of certain portions of the Marine Merchant Act of 1920.

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY? Which resolution
J. OTTESEN	PO Box Z Juneau.	465-2951	DOT & PF	IF ASKED SJR 11
Theresa Mason	Sen. Halford Rm 516	x4958	Sen. Halford	SCR 40

SJR

18

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

April 13, 1987

COMMITTEE CALENDAR:

CSSJR 18: Commemorating the 50th anniversary of the construction of the Alaska Highway and requesting the issuance of commemorative postal stamps by the United States Postal Service and the Canada Post Corporation.

HB 213: "An Act relating to allocation of federal-aid highway funds; and providing for an effective date."

FOR THIS MEETING YOU HAVE:

A folder on CSSJR 18 that includes:

* a copy of CSSJR 18
* a zero fiscal note
* a memorandum from Sen. Duncan, sponsor of the resolution
* information on the construction of the AlCan Highway
* a history of the Alaska Highway
* letters of support

A folder on HB 213 that includes:

* a copy of HB 213
* a statement by Rep. Hoffman, sponsor of the bill
* a sectional analysis
* availability of sums apportioned
* an excerpt from the Alaska State Statutes
* apportionments: Federal Aid Highway Act '76, '78, and '82
* federal aid highway fund distribution
* Alaska federal aid road miles
* land & marine highway functional classification
* DOT/PF project ranking
* DOT/PF Central Region highway program
* DOT/PF position paper

No. 455

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: March 17, 1987

Bill Version: CS SJR 18 (Trans)
Publish Date: 3-24-87

Revision Date:
Title: SJR 18 Commemorative stamp AK Hwy's 50th year
Sponsor: Sen Duncan
Requestor:

Agency Affected: None
BRU:
Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
CAPITAL		- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
REVENUE		- 0 -	- 0 -	- 0 -	- 0 -	- 0 -

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

- This resolution has no fiscal impact.

Prepared by: Terry Otness Terry Otness Phone: 465-4921
Division: aide to Senate Transportation Committee Date: 3/17/87

Approved by Commissioner: Senator Lloyd Jones Date: 3/17/87
Agency: Lloyd Jones

Distribution (by preparer):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

Alaska State Legislature

SENATOR JIM DUNCAN

P. O. BOX V JUNEAU, ALASKA 99811

(907) 465-4766

COMMITTEES:
FINANCE
RESOURCES
BUDGET AND AUDIT

M E M O R A N D U M

DATE: April 6, 1987

TO: Representative Bette Cato
Chairman
House Committee on Transportation

FROM: Senator Jim Duncan

RE: SJR 18, AlCan Highway Commemorative Stamp

I respectfully request a hearing for this bill at your earliest convenience. I am forwarding information to be used as backup for this legislation.

The 50th Anniversary of the construction of the Alaska Highway, referred to as the Alaska-Canada Highway, or the AlCan Highway, is in the year 1992. It has been requested by Philatelic groups, both in Alaska and Canada, that a commemorative stamp be issued in honor of the event. I have included correspondence as backup to the resolution.

Because of the requirement to submit a special request stamp issuance 36-months in advance, by the U.S Postal Service Citizens Stamp Advisory Committee in Washington, D.C., it is recommended that the process be initiated right away. Through this resolution, the Alaska Legislature will go on record as endorsing this action.

Alaska State Legislature

Senate Advisory Council

P.O. Box V
State Capitol
Juneau, Alaska 99811
Phone: (907) 465-3114

MEMORANDUM

TO: Senator J. Duncan
Alaska State Legislature

ATTN: Ron Whitcraft

FROM: Lee Ann Lucas LTS for
Researcher

DATE: March 20, 1987

RE: Construction of the AlCan Highway
Request #87-001182

Attached is the information you requested on who constructed the AlCan Highway.

Initial construction of the AlCan Highway was completed by the U.S. Army. The units involved are listed below with their current status. If they are still active, I also gave an address to contact them.

ACTIVE

35th Engineer Battalion (originally 35th Combat Engineer Regiment)
Address: Commander
35th Engineer Battalion
Ft. Leonard Wood, Missouri 65473

76th Engineer Battalion (originally 340th General Services Regiment)
Address: Commander
76th Engineer Battalion
Ft. Drum, New York 13602

73rd Engineer Company (originally 73rd Light Ponton Company)
Address: Commander
73rd Engineer Company
Ft. Lewis, Washington 98433

Company D, 29th Engineer Topographic Battalion
Address: Commander
29th Engineer Topographic Battalion
Ft. Shafter, Hawaii 96858

INACTIVE
18th Engineer Battalion (originally 18th Combat Engineer Regiment)
93rd, 95th, and 97th Army Engineer Regiments
77th Engineer Battalion (originally 341st General Services Regiment)
74th Light Ponton Company
133rd and 134th Quartermaster Truck Company
140th and 141st Quartermaster Truck Company
428th Engineer Heavy Dump Truck Company
Company A, 648th Engineer Topographic Battalion

Later the AlCan was improved to a year-round road with wider roadbeds and permanent bridges built by the U.S. Public Roads Administration.

My contact person for the above information was Doris Thomas in Public Affairs at Ft. Richardson in Anchorage. Her phone number is 862-9298.

If you have any further questions, please don't hesitate to call us.

JTS:jts

Attachment

the TRAIL of '42

A Pictorial History of the Alaska Highway

by stan cohen

northwest. Another access point was through Skagway, Alaska.

The road, when completed, traversed over 1400 miles from Dawson Creek to its junction with the Richardson Highway at Delta Junction, Alaska.

INITIAL CONSTRUCTION

The bombing of Pearl Harbor on December 7, 1941 was to produce one of the great engineering feats of the century. The west coast of the United States and Canada and all of Alaska lay open to a possible Japanese invasion and the defense of the area was of paramount importance in the early days of the war.

The attack had prompted President Roosevelt to form the Special Cabinet Committee to study the problems of building a road to Alaska through Canada. Brigadier General C.L. Sturdevant, the Assistant Chief of the United States Army Corps of Engineers was detailed to put together plans for the road's actual construction at the earliest possible time. There was opposition to building the road even after Pearl Harbor. The navy thought it could keep the sea lanes free of enemy intrusions and the army questioned the use of badly needed supplies and soldiers on such a large scale project. But the pressing need for a quick decision to get men and supplies to the area while the ground was still frozen prompted action. After much haggling over which route to follow, a decision was made on February 2, 1942 to follow Route C or the Prairie Route. On February 14 a directive was issued for actual work to begin.

The plan was to start a road from the end of the railroad at Dawson Creek, British Columbia, cutting a pioneer road suitable only for military traffic to Whitehorse and terminating at Fairbanks, Alaska. It was to be built as fast as possible. Later it was to be followed up as a year around road with wider roadbeds and permanent bridges built by the United States Public Roads Administration (PRA).

Arrangements had to be made with the Canadian government, as most of the road would be built through British Columbia and the

Governor Ernest Gruening of Alaska, second from left, visited the Public Roads Administration camp in Whitehorse in October, 1942. On the left is Brigadier General James J. O'Conner, Commanding General of the highway construction. Third from left is Colonel John Wheeler, in charge of the actual construction and to his right is Colonel K. Bush, Chief of Staff. NA

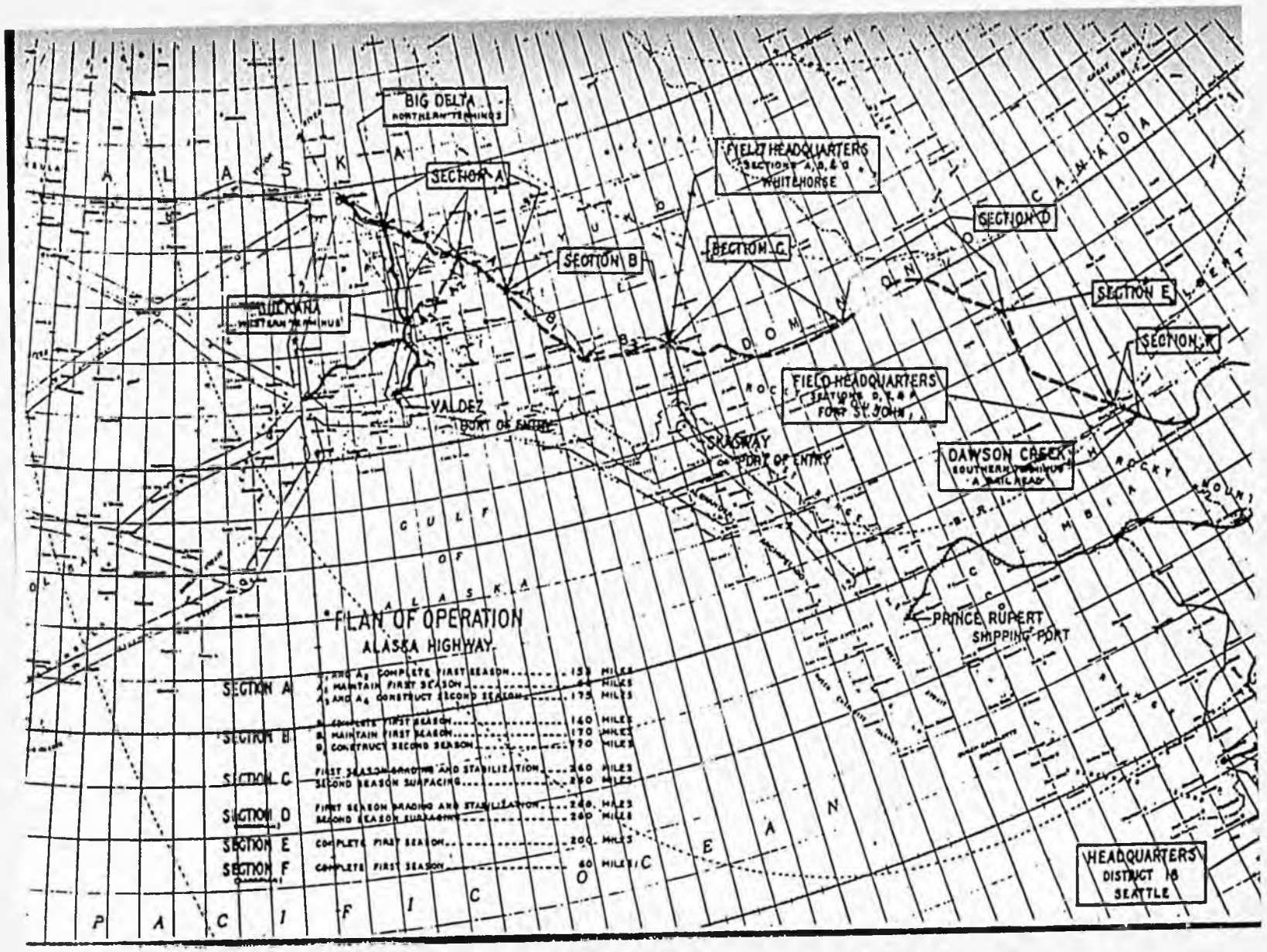
Yukon Territory, using American troops and equipment. The Canadians agreed to furnish the right of way; to waive import duties, sales taxes, income taxes and immigration regulations, and to permit the taking of timber, gravel and rock from crownlands along the route. The Americans agreed to pay for the construction and to turn over the Canadian portion of the road to the Canadian government six months after the war ended.

The initial command of the construction project was in the hands of General William M. Hoge, who tried to control the entire length of the route. He set up a southern sector headquarters at Ft. St. John and a northern sector headquarters at Whitehorse. This arrangement did not work due to the scope of the project and in June General Hoge assumed command of the northern sector. Colonel James A. O'Conner took over the southern sector. O'Conner, a 1907 West Point graduate was the engineer in charge of tunneling Corregidor's fortress in Manila harbor. Due to a lack of control over the entire project and to supply problems, a Northwest Service Command was established in September, 1942 in Whitehorse with O'Conner, now a general, in charge. The Command was in charge of all U.S. Army activities along the highway and in that part of Canada.

By the first week of February, the President had authorized the army to proceed with all haste to begin construction of the road. It was initially named the Alcan Highway. Emergency funds were allocated and orders were issued to army troops to proceed to the end of rail at Dawson Creek. On March 2, 1942 the first train carrying troops arrived at the town.

There were few reliable maps of the proposed route and only a few trails cut by the local trappers and prospectors. There was a winter trail from Dawson Creek to Ft. Nelson and a wagon road from Whitehorse northwest to Kluane Lake, but not much more.

The 35th Combat Engineers were ordered to proceed to Dawson Creek and then to Ft. Nelson to begin location work in the spring. The 340th General Service Regiment went to Whitehorse and was to build the road south. The


BIG DELTA
NORTHERN TERMINUS
SECTION A
FIELD HEADQUARTERS
SECTIONS A, B, & C
WHITEHORSE
SECTION B
SECTION C
SECTION D
SECTION E
SECTION F
FIELD HEADQUARTERS
STATIONS D, E & F
FORT ST. JOHN
VALDEZ
PORT OF ENTRY
SKAGWAY
PORT OF ENTRY
DAWSON CREEK
SOUTHERN TERMINUS
A.B.C. RAILHEAD
PRINCE RUPERT
SHIPPING PORT
HEADQUARTERS
DISTRICT 18
SEATTLE
PLAN OF OPERATION
ALASKA HIGHWAY
SECTION A
A1 AND A2 COMPLETE FIRST SEASON ..... 153 MILES
A3 MAINTAIN FIRST SEASON ..... 44 MILES
A3 AND A4 CONSTRUCT SECOND SEASON ..... 175 MILES
SECTION B
B1 COMPLETE FIRST SEASON ..... 140 MILES
B2 MAINTAIN FIRST SEASON ..... 170 MILES
B3 CONSTRUCT SECOND SEASON ..... 170 MILES
SECTION C
FIRST SEASON GRADING AND STABILIZATION ..... 260 MILES
SECOND SEASON SURFACING ..... 250 MILES
SECTION D
FIRST SEASON GRADING AND STABILIZATION ..... 240 MILES
SECOND SEASON SURFACING ..... 260 MILES
SECTION E
COMPLETE FIRST SEASON ..... 200 MILES
SECTION F
COMPLETE FIRST SEASON ..... 60 MILES

341st General Service Regiment was stationed at Ft. St. John and was to build the road to Ft. Nelson. The 18th Combat Engineer Regiment went to Skagway and traveled the railroad to Whitehorse to build the road northwest toward Alaska.

Those four regiments were thus poised in the spring of 1942 for the great construction job ahead. Twelve hundred miles of road in Canada and over 200 miles in Alaska were to be cut through as quickly as possible. With the addition of three more army regiments, the 93rd, 95th and 97th — all of which were composed of black troops with white officers — the total strength of troops for the construction job in 1942 was over 11,000. The PRA also provided location crews and private contractors during this period.

Dawson Creek in early March was swarming with troops starting up the "road" to Ft. St. John and Ft. Nelson. The road was to follow the winter trail from Ft. St. John past Charlie Lake through thick forests and along ridgetops on the eastern slopes of the Rocky Mountains, crossing several large rivers and continuing to Ft. Nelson.

Local trappers, Indians and prospectors were pressed into service to help locate the way, although their suggestions for possible routes were not always the most appropriate for a motorized highway. Local packers with their mule teams were used to help supply the advanced survey parties.

Six hundred thirty-five miles of wilderness stretched from Ft. Nelson to Watson Lake, the first settlement in the Yukon Territory. The highest point of the road crossed Summit Lake at over 4,000 feet. The road then traversed up mountains and down valleys, crossing large rivers and hundreds of small streams. The road followed a general northwesterly direction to Watson Lake. Names such as Trutch, Steamboat Mountain, Toad River, Muncho Lake and the Liard River were etched forever in the minds of the soldiers who labored on the road.

At Lower Post, just south of the Yukon border, the new road followed an old road to Watson Lake, where the route to the northwest

was very unclear. Several routes to Whitehorse were explored and the one finally chosen followed the Rancheria River Valley across the Mackenzie-Yukon River divide, then along the Swift River to Teslin Lake and Marsh Lake. It followed an old prospector's trail to Whitehorse.

From Whitehorse, the road skirted the north side of the St. Elias Range, around the south shore of Kluane Lake, the largest in the Yukon, and crossed the large glacial rivers of western Yukon — the Sims, the Donjek and the White. At the Alaska border, over 1200 miles from Dawson Creek, the route traversed through the Tanana River Valley connecting Northway and Tok to Delta Junction where the road connected with the Richardson Highway, built in the 1920s. Delta Junction is recognized by some and Fairbanks by others as the official end of the highway.

The soldiers of the army and the civilians of the PRA faced countless days of below zero temperatures, snow, rain, insects and even intense heat coupled with the problems associated with building a road in an unknown environment.

By April, road locaters were working throughout the country with the hum of bulldozers on their heels. Decisions on the route were sometimes made on the spot and if the route was not quite in the right place, the PRA men corrected it later. Workers often climbed trees to figure out the route ahead. Then the bulldozers would cut out a path. Often three to four miles of road were built in a day as the summer daylight hours permitted the men to work 24 hours a day. The big push was to get to Fairbanks as soon as possible with a pioneer road. Local bush pilots were hired to ferry men and supplies along the route. The riverboats along the Yukon's inland rivers and lakes were pressed into service. There was no limit set on

opposite
Surveying to lay out a line for the bulldozers to follow through the dense forest was difficult but necessary. The center line was roughed out on maps but the foot-by-foot line had to be surveyed and investigated on the ground. Members of the 341st Engineers survey between Ft. St. John and Ft. Nelson in May, 1942. USA

the amount of equipment or money to get the job done. To the old-timers of the north, this American explosion of power and wealth was overwhelming.

There was a race against time in the southern sector as spring thaws made travel over the winter trail in the Ft. St. John to Ft. Nelson area impossible. Supplies had to be stockpiled on the route for the spring and summer construction period.

The most pressing problem along the route was the inexperience of the engineers in building a highway on the muskeg and permafrost. The ground is permanently frozen year around just below the muskeg in many areas along the route and if the top layer is stripped off, which was the case along part of the route, the underlying ground thaws out and produces a quagmire which is difficult to deal with. Ditches were installed to drain off the excess thawing water, but were ineffective. Finally the crews left the muskeg intact and built the road on top of it, laying a roadbed of gravel where needed.

The construction methods took a terrific toll in men and machines and there were bound to be accidents along the way. One of the worst tragedies occurred at Charlie Lake near Ft. Nelson on May 14, 1942. Eleven men drowned in the lake when their raft capsized. Other men were killed in road accidents or died from the extremely cold temperatures.

The route between Whitehorse and the Alaska border was extremely difficult to work on. There was no adequate route information and the terrain was very difficult to cut a road through. There were miles of swamps, large glacial rivers to cross and much hard rock construction — especially around Kluane Lake. Ice jams in the rivers during the spring breakup were very dangerous. The temperatures in winter fell to 50 degrees below zero and lower. At this temperature, machinery would not function and it was very dangerous to work outside. But the work continued through the early spring, summer and fall, with the road slowly being inched toward Alaska. The troops were building both north and south of Whitehorse, the major supply point of the northern sector, and toward

Whitehorse from Ft. Nelson. Additional troops of the 97th Engineers proceeded north from Valdez, Alaska and started building the road southeast to the Yukon border. The PRA and the Alaska Road Commission personnel also worked to improve the Richardson Highway into Fairbanks.

Finally on September 24, 1942, bulldozer operators of the 35th and 340th Regiments met at Contact Creek (MP 588.1, Km 946.3) to close the southern sector of the road at Beaver Creek, Yukon (MP 1202, Km 1934) on October 20, 1942, when troops working south from Alaska and north from Whitehorse met. Thus the pioneer road had been completed in record time (eight months and twelve days) and an opening ceremony was held at Soldiers Summit on Kluane Lake on November 20, 1942 to officially celebrate the completion of an overland link to northern Canada and Alaska. General O'Connor represented the United States Army and Minister Ian Mackenzie represented Canada along with a contingent of Royal Canadian Mounted Police and American soldiers. This had been a joint effort of the United States and Canada that probably would have been years off if not sparked by wartime emergencies.

But this was only the beginning as the pioneer road was just that — a partially single lane, very rough road that would have to be upgraded immediately in order to be usable by the increasing military traffic.

Gastineau Philatelic Society

P. O. BOX 641* JUNEAU, ALASKA 99802-0641
020641

OFFICE OF
secretary

January 25, 1987

Jim Duncan
Alaska Senate
Capitol Building
Juneau, Alaska 99811

Dear Jim:

I am enclosing a letter we received from the Fort St. John Junior Stamp Club, in regard to a joint Canada-US stamp commemorating the 50th anniversary of the completion of the Alcan Highway. At our last meeting we resolved to support the issuance of a stamp in honor of the great event. The Anchorage Philatelic Society feels the same way.

We believe this to be a very important event, so we are asking your support at this time, and to do whatever is necessary to get it accomplished. I am also writing Fran Ulmer & Bill Hudson. Thank you.

Sincerely yours,

Mrs Gloria Ahrensfeld

Mrs. Gloria Ahrensfeld
secretary

FORT ST. JOHN JUNIOR STAMP CLUB
c/o 10003-100th Street
Fort St. John, B.C., V1J 3Y5
Canada

September 30, 1986

Dear Sir/Madam:

The Fort St. John Junior Stamp Club, located at Mile 49 of the Alaska Highway is asking the Governments of Canada and the United States to issue a joint commemorative stamp in 1992 honouring the construction of the Alaska Highway.

In its construction, the Alaska Highway helped to ensure that Alaska and the northwest would remain in Allied hands. It helped to tie down enemy forces and to weaken opposition to the Allied war effort in the Pacific. That a 1,500 mile road was built in some of the roughest terrain and weather conditions known, in the short time of nine months in 1942 was itself an engineering miracle.

Since the end of the war, the Alaska Highway region has seen tremendous development. Today, this Highway carries the lifeblood of the economies of Alaska, Yukon and northern British Columbia along its route. In 1992, we will celebrate the Fiftieth Anniversary of the construction of the Alaska Highway. We have received the support of our regional government, the Peace River-Liard Regional District. Letters have been written to the representatives of other governments along the length of the Alaska Highway. Now we ask that you lend your support to this request by sending a letter of support to the addresses noted below and by making your elected representatives aware that you support the issue of commemorative stamps by Canada and the United States to honour the construction of the Alaska Highway. It would be appreciated if you could send a copy of your letter to the undersigned.

Send your letters to:

Mr. Rene Marin, Chairman
Stamp Selection Committee
Canada Post Corporation
Ottawa, Ontario K1A 0V1

and to

Mr. Belmont Farley, Chairman
Stamp Advisory Committee
United States Postal Service
Washington, D.C. 20260-6352

Sincerely yours,

Phil Cove
Advisor
Fort St. John Junior Stamp Club

Sponsored by the Arts Space, Fort St. John Community

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 4-13-87 1:30p.m.

(7)

HOUSE COMMITTEE REPORT

4/15 Rules

Date referred: 3/30/87

FURTHER REFERRALS:

DATE: April 13, 1987

The Transportation Committee has considered CSSJR 18(Trsp)

Commemorating the 50th anniversary of the construction of the Alaska Highway and requesting the issuance of commemorative postal stamps by the United States Postal Service and the Canada Post Corporation.

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[X] same as previous zero fiscal note published 3/24/87

SIGNING DO PASS:

Mike Miller

Bob Hudson

Bette Cato

SIGNING OTHER RECOMMENDATIONS:

Bette Cato

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: April 13, 1987

SIGN-IN

Subject of meeting:

CSSJR 18: Commemorative Stamp; AK HWY's 50th Year

*HB 213: Allocation of Federal Highway F Funds

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
J-W Schryver Acting Dept Commiss.	AKDOT&PF Pouch Z Juneau 99811	465-3900	AK DOT&PF	Y (HB213)
Ron Whitcraft Staff Assistant	to Sen Duncan	5-4766		STM 18 Yes
Lyman Hoffman	112 Capitol	4530		Y (HB 213)

* indicates first public hearing

Mr. Speaker;

The Al-Can Highway has been an inportant lifeline to the development of the economies of Alaska and northwestern CAnada. Construction on the highway began in 1942 in response to the bombing of Pearl Harbor which was thought to have laid the entire west coast of the United State and Canada open to a possible invasion from Japan. President Roosevelt felt that access to the Territory was essential to the country's security and a construction plan was quickly put into action. Construction of the highway at that time was considered to be a great engineering accomplishment given the 1500 miles of rough terrain to be covered and the tecnology that was available at the time.

The 50th anniversary of the construction of the Al-Can Highway is in 1992. In order to recognize this occasion, CS SJR 18 has been introduced to encourage the United States Postal Service and the Canada Post Corporation to coordinate a simultaneous issuance of a United States stamp and a Canadian stamp commemorating the event. Action is required at this time because of the 36 month notice required by the U. S. Postal Service Citizen's Stamp Advisory Committee in Washington, D. C., as it considers requests for the issue of special stamps. I urge your support of CS SJR 18 so that the Alaska State Legislature will go on record as endorsing this action.

SJR

27

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

March 30, 1988

****

COMMITTEE CALENDAR:

SJR 27: Urging the United States Army Corps of Engineers to dredge the shoal developing in St. Paul Harbor, Kodiak.

SJR 68: Relating to radioluminescent runway lights.

HB 544: "An Act relating to civil liability for voluntary aircraft inspection programs."

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

a folder on SJR 27 that includes:

item #1: SJR 27
#2: a statement from Senator Zharoff
#3: fiscal note - DOT/PF
#4: position paper - DOT/PF
#5: map of the shoal
#6: status of the shoal
#7: correspondences to and from the Governor
#8: correspondences to and from the Alaska's congressional delegation
#9: information on the original soundings

a folder on SJR 68 that includes:

item #1: SJR 68
#2: fiscal note - DOT/PF
#3: a statement from Sen. Johne Binkley
#4: letter of support - DOT/PF Commissioner
#5: resolutions and a letter of support

a folder on HB 544 that includes:

item #1: HB 544
#2: fiscal note - Dept. of Public Safety
#3: position paper - Dept. of Public Safety
#4: background information
#5: statutes

SENATOR FRED F. ZHAROFF
ALASKA STATE LEGISLATURE

P.O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259
DURING SESSION:
P.O. BOX V, JUNEAU, ALASKA 99811 • (907) 465-3473 • 465-3474

DISTRICT N
ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

18 March, 1988

MEMORANDUM:

TO: Representative Betty Cato, Chair
House Transportation Committee

FROM: Senator Fred Zharoff FZ/M.T.

I appreciate your scheduling SJR 27 for review by the House Transportation Committee, and attached you will find back up material relating to this measure.

As indicated in the text of the resolution, a shoal is developing at St Paul Harbor which presents a navigational hazard to the shipping industry serving Kodiak. In an effort to avert potential economic disruption to the region, I have introduced this resolution requesting both the Governor and our Congressional Delegation to urge the US Army Corps of Engineers to initiate a dredging operation as soon as possible.

Michael Thill, of my staff, will be availbale to discuss this measure with either yourself or your staff.

Again, I thank you for your consideration of this measure.

STATE OF ALASKA 1988 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST 3/30/88

Bill Version: SJR 27
Publish Date: None

Revision Date:
Title: Kodiak Harbor Shoaling

Agency Affected: DOT&PF
BRU:

Sponsor: Zharoff
Requestor: Cato

Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	0

POSITIONS:

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

ANALYSIS: Assumes no cost to the State if the City of Kodiak acts as Local Sponsor.

Prepared by: Willian R. Snell (signed)
Division: Regional Director, Central Region
Phone: 266-1440
Date: 3/30/88

Approved by Commissioner:
Date: 3/30/88
Agency: Department of Transportation and Public Facilities

Distribution (by preparer):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

FISCAL NOTE ANALYSIS SJR 27

Current information verifies that the shoal in St. Paul Harbor is growing. However, information gathered by NOAA is not adequate to determine what solution will be best for eliminating the shoal as a hazard to navigation. The Corps of Engineers is prepared to proceed with a Reconnaissance Study under the continuing authority of their Section 107 Program to gather more information about the shoal. The Department of Transportation and Public Facilities (DOT&PF) agrees that there is a need to further study the shoal.

1. Background

During the summer of 1986, a request was submitted to the Department of Commerce's National Oceanic and Atmospheric Administration (NOAA), requesting they study a subsurface formation in Kodiak's St. Paul Harbor.

2. Current Status

NOAA has completed their field work by gathering data on the shoal's formation. NOAA has forwarded copies of their preliminary analysis, as well as copies of their advance final review comments, to the U.S. Army Corps of Engineers as well as SeaLand, Inc., and the shipping company's consultant's Peratovich, Nottingham and Drage. There has been a change in the shoal's formation since 1982 when data was previously gathered.

The shoal is presently outside of the Corps existing project limits for dredging in St. Paul Harbor. However, the Corps of Engineers is prepared to initiate a study project under their Section 107 Continuing Authority Program. The study project has three phases: Reconnaissance; Feasibility; and Construction.

3. Costs

Under the Section 107 Program, the Corps will assume all costs for the first phase of the project (Reconnaissance). It is estimated the Reconnaissance Study will cost the Corps approximately $50,000. If the Corps determines that the shoal is a hazard to navigation, they will proceed to conduct a Feasibility Study. The preparation of the Feasibility Study will require a 50/50 cost share with a local sponsor. It is our assumption that the City of Kodiak will act as local sponsor. The cost of the Feasibility Study is estimated to total $150,000. Finally, if it is determined to be in the best interest of navigational safety to proceed with a construction (dredging) project, the local sponsor will be required to share in up to 20 percent of the construction costs. The Corps does not have any cost estimate available for the construction (dredging) phase of the project.

4. Maintenance Costs

The periodic maintenance costs for maintaining the approach channel will be borne by the Corps.

Dept. of Transportation & Public Facilities

POSITION PAPER

BILL NO: SJR 27

TITLE: Dredging of shoal in St. Paul Harbor, Kodiak

APPROVED: Mark S. Hickey
Commissioner

DATE: 3/23/87

Current information verifies that the shoal in St. Paul Harbor is growing. However, information gathered by NOAA is not adequate to determine what solution will be best for eliminating the shoal as a hazard to navigation. The Corps of Engineers is prepared to proceed with a Reconnaissance Study under the continuing authority of their Section 107 Program to gather more information about the shoal. The Department of Transportation and Public Facilities (DOT&PF) agrees that there is a need to further study the shoal.

1. Background

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2. Current Status

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For further information call Susan Fleischhauer at 465-3900

4. Maintenance Costs

The periodic maintenance costs for maintaining the approach channel will be borne by the Corps.

AUL HARBORS

Shoal is Developing 900 yds off Face of Kodiak Dock. Jeopardizing Navigation and restricting the Turning Circle Area to The NE of The Collar Buoy.

45'

THOMS
WATER

datum of soundings (MLLW)		
Mean Tide Level	Mean Lower Low Water	Extreme Low Water
feet	feet	feet
4.3	0.0	-4.0
4.4	0.0	-4.0

ee Chart No. 1

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the National Ocean
Corps of Engineers,
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chart

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e U.S. Coast
nse Mapping
aphic Center

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subject to error
on
thus
remote location)

POLLUTION REPORTS

Report all spills of oil and hazardous substances to the National Response Center via 800-424-8802 (toll free), or to the nearest U.S. Coast Guard facility if telephone communication is impossible (33 CFR 153).

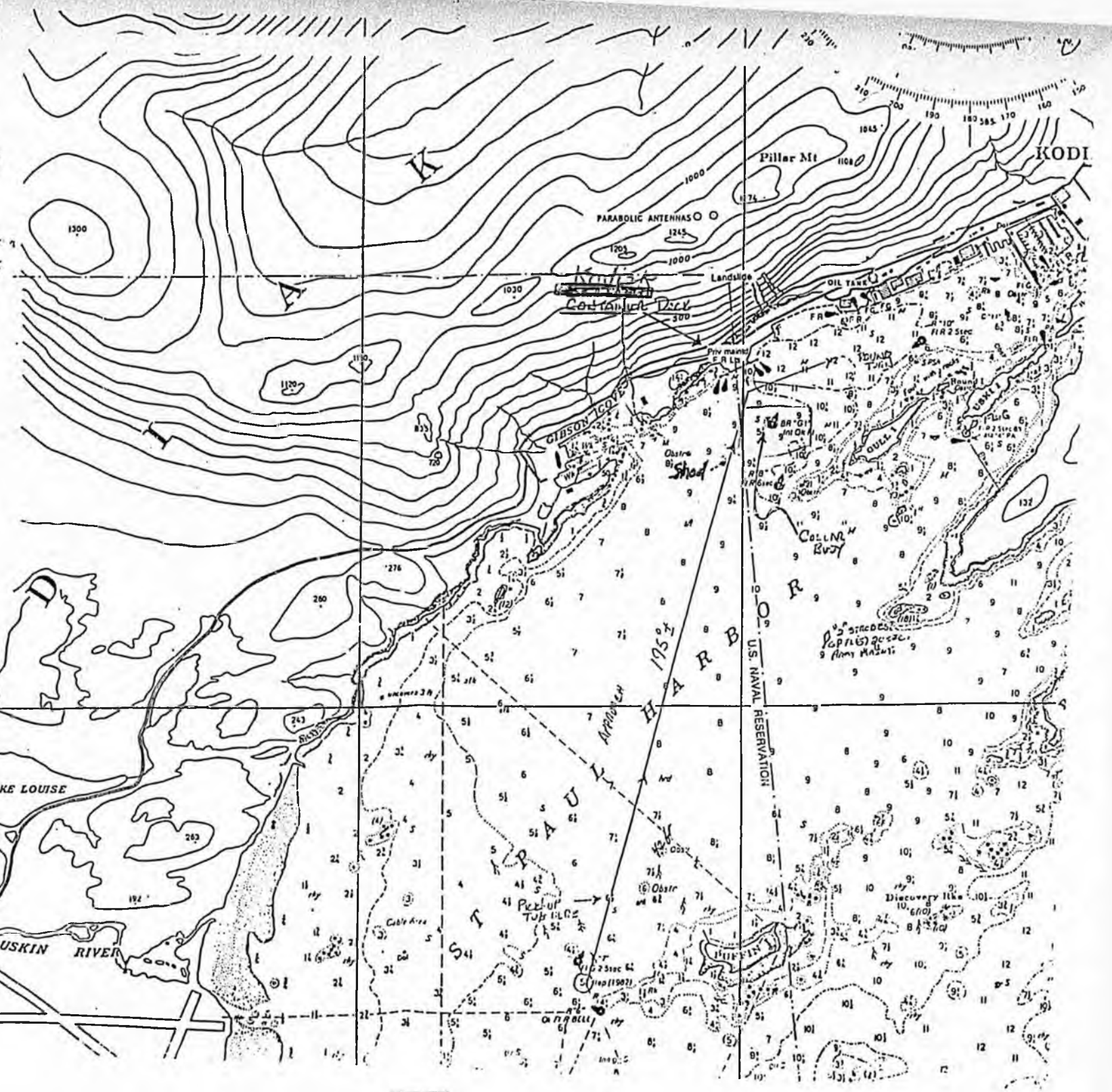
RADAR REFLECTORS

Radar reflectors have been placed on many floating aids to navigation. Individual radar reflector identification on these aids has been omitted from this chart.

CAUTION

Significant changes in depths and shoreline have occurred in the area of this chart as a result of the earthquake of March 27, 1964. Charted hydrography in the vicinity of Kodiak Harbor is from post earthquake surveys. Tidal observations since the earthquake indicate bottom subsidence of −5.6 feet at Womens Bay.

Mariners are urged to use extreme caution when navigating in other areas of this chart.



November 3, 1986

Honorable Fred T. Zharoff
Box 405
Kodiak, AK 99615

Dear Senator Zharoff:

In 1986 we were fortunate enough to obtain soundings of the problem shoal in St. Paul Harbor, as well as soundings in front of Pier 3 and the area off the spit, thanks to your help in getting the ball rolling. We have more work ahead: now we can compare them with the 1983 soundings taken by NOAA, but never published.

This shoal does not seem to go away, and could continue to grow. It is now a hazard to navigation for all vessels entering St. Paul Harbor, because of the narrow range of approach to Pier 3. As you are aware, a vessel must go around the shoal and make a semicircle in approaching Pier 3 in a very small area.

With new ships coming into the Alaska trade, the steamship industry will be further hampered by the confined approach to Pier 3 via St. Paul Harbor. As Kodiak increases its position in the world seafood industry, the larger vessels could be restricted in the use of this vital port. As we all know, the Port of Kodiak will become the "hub" collecting and distributing fish, Alaska's most vital resource, from all of the outports to the domestic and export markets.

Since the U.S. Army Corps of Engineers is responsible for keeping existing waterways open for interstate and foreign commerce, it is essential that we immediately make the following request, through the proper channels.

1. You, as the area's State Senator, should immediately request funds from the Congressional Supplemental Appropriations before February 1987 to determine the content of the shoal, by core drilling, as well as total size and an estimate of removal costs. We would then hope to obtain the funds to remove this hazard to navigation in the immediate future.

2. If you write to the Governor, and he in turn writes the two Alaska Senators and one Congressman in Washington, we do stand a chance of getting action in February 1987.

I know you are are aware of the "tricky" navigational problems in St. Paul Harbor, particularly with larger vessels, the tides, and the various changing cross winds experienced in getting a vessel to the dock in such close waters. It is also possible that a grounded vessel could jeopardize the commerce of the Port of Kodiak during a busy shipping season, preventing further use by large seagoing vessels.

Thank you in advance for your assistance on this very important issue. I will be discussing this further with you by telephone as well as in person.

Sincerely,

Hal Livingston

HLS/lc

SENATOR FRED F. ZHAROFF
ALASKA STATE LEGISLATURE
P. O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259
DURING SESSION:
P. O. BOX V, JUNEAU, ALASKA 99811 • (907) 465-3473 • 465-3474 • 465-3844 (Labor and Commerce Committee)
DISTRICT N
ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

May 6, 1986

Honorable Bill Sheffield
Governor of Alaska
Box A
Juneau, Alaska 99811

Dear Governor Sheffield:

I respectfully request your assistance in contacting Alaska's congressional delegation and in working with the federal government regarding a matter of great importance to Kodiak Island and western Alaska.

A large shoal apparently is forming 900 yards off the face of the Kodiak dock in St. Paul Harbor. This shoal could jeopardize navigation by restricting the turning circle area. Because of various rapidly changing cross-winds and tidal actions, the Port of Kodiak already is a very difficult port to maneuver in and out of. This shoal makes it much worse.

The shoal appears to be 25 feet under the surface at low tide. Container ships now coming into Kodiak draw between 25 feet and 40 feet. Sea-Land Service, Inc., has plans to replace its current fleet with larger ships that all draw 40 feet. If a ship were to strike the shoal, the southwest entrance to Kodiak harbor could be blocked. The shoal is not shown on existing nautical charts.

The formation of this shoal is a very serious matter for Kodiak. The community and the region, like most of Alaska, is heavily dependent on sea transportation for goods and services. If large ships run into underwater barriers while entering and departing the Port of Kodiak, the effect on the local economy could be devastating. Kodiak is the supply center for the region. It is the shipment center for millions of dollars worth of seafood. If goods cannot be shipped in, and our seafood cannot be shipped out, Kodiak's system of commerce would be destroyed.

At this time, the main problem with the shoal is that we do not have much information about it -- size, how fast it is growing, exact location, etc. Enclosed are copies of the letters I wrote to Alaska's congressional delegation requesting them to explore the possibility of obtaining a supplemental appropriation for Army Corps of Engineers to have the National Oceanic and Atmospheric Administration conduct a survey of the shoal during the course of the agency's planned summer

survey work. The cost of the additional survey should be less than $100,000.

I would be most grateful, Governor, if you could also write to our congressional delegation requesting them to seek funding for the survey. Please contact me if you require additional information.

Thank you for your attention to this important matter.

Sincerely,

Fred F. Zharoff
Alaska State Senate

Enclosure

cc: Commissioner William Knapp
John Pugh, Kodiak city mayor
Sam Gesko, Kodiak city manager
H.L. Schuyler, Sea-Land

BILL SHEFFIELD
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

June 17, 1986

The Honorable Fred F. Zharoff
P.O. Box 405
Kodiak, AK 99615

Dear Fred,

Staff from the Department of Transportation and Public Facilities has reviewed the information available on the Kodiak Harbor shoal and has talked to Kodiak residents to obtain more current information. As a result of that review, Commissioner Knapp has written to the National Oceanic and Atmospheric Administration (NOAA) requesting assistance on the project to document the shoal and any changes that may be occurring.

To follow up on your specific request that I ask the Alaska Congressional Delegation to seek funding for the project, my staff in the Washington, D.C., office spoke with Senator Stevens' office. It is our understanding that a request was made to the Corps of Engineers that information on the Kodiak shoal be updated and examined and your specific request to help the community develop a plan to prevent the shoal from becoming a barrier to the use of the harbor be considered. The Corps should be replying to that request with whatever current information is available and with some comments about pursuing the mapping of the shoal to determine if it is changing.

When we receive responses from NOAA and the Corps of Engineers, we will relay that information to you. In addition, our staff will continue to work with the Congressional Delegation to ensure continued attention to this problem. In the interim, if I can be of any further assistance in this matter, please let me know.

Sincerely,

Bill

Bill Sheffield
Governor

MEMORANDUM

State of Alaska
Department of Transportation & Public Facilities

TO: The Honorable Bill Sheffield
Governor

DATE: June 9, 1986

FILE NO:

TELEPHONE NO: 465-3900

SUBJECT: Kodiak/Harbor Shoaling

FROM: R. O. Knapp
Commissioner

The Department of Transportation and Public Facilities has reviewed a copy of Senator Fred Zharoff's May 6, 1986, letter to you regarding a shoaling problem in Kodiak Harbor. We support the Senator's efforts to gather information regarding the underwater formation's origin and development.

The Department will be notifying the U.S. Department of Commerce's National Oceanic and Atmospheric Administration (NOAA) of the community's interest in studying the subsurface formation. NOAA has an active research program within its Bathymetric Mapping Group and is always interested in identifying conditions affecting current nautical charts. It is possible their upcoming program may allow them to include a reconnaissance of the harbor area this summer.

cc: William R. Snell, Deputy Commissioner, Central Region

SENATOR FRED F. ZHAROFF
ALASKA STATE LEGISLATURE
P.O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259
DURING SESSION:
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DISTRICT N
ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

13 March, 1987

The Honorable Steve Cowper
Governor
State of Alaska

Dear Governor Cowper:

This correspondence is a follow up to my letter of November 21st, 1986 concerning the development of a shoal in the St Paul Harbor at Kodiak. As you know, the emergence of this shoal presents an impediment to navigation, with potential for economic disruption to the region. Additionally, harbor navigability is both vital to, and consistent with the policy position taken by the state with respect to development of international export trade.

I respectfully request your assistance in urging support from our Congressional Delegation to request the US Army Corps of Engineers to dredge the shoal at St Paul Harbor. Thank you for your consideration of this matter.

Sincerely,

Senator Fred Zharoff

cc: H.L. Schuyler
Sea-Land Service, Inc.

STEVE COWPER
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 17, 1987

The Honorable Ted Stevens
United States Senate
522 Hart Building
Washington, DC 20510

Dear Senator Stevens:

During the last few months there have been a number of contacts between our offices regarding the development of a hazard to navigation in Kodiak's St. Paul Harbor and the need for the gathering of data on the subsurface formation. We want to thank you for your previous support of our requests to study the shoal.

Since our previous contact, the National Oceanic and Atmospheric Administration (NOAA) has completed a series of soundings on the shoal. It is our understanding that the information has been forwarded to the U.S. Army Corps of Engineers. Preliminary analysis indicates the shoal has changed in formation since sounding studies were conducted in 1983. Since the change in the formation's shape can now be substantiated, we believe it is important to continue to determine the impacts of the shoal on navigation.

We are requesting your support in encouraging the U.S. Army Corps of Engineers to select the project for further study under their Section 107, Continuing Authority Program. Under the Section 107 program, the Corps will be able to conduct a reconnaissance study to determine the shoal's particular characteristics and identify some possible solutions to mitigating its impact on navigation. It is only by proceeding with the reconnaissance study that we eventually may be able to determine the best solution for removing the shoal.

Your support of this request will be appreciated.

Sincerely,

S/S Steve Cowper

Steve Cowper
Governor

cc: Senator Fred Zharoff
Alaska State Legislature

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5189 HTRA SJR 27 - SJR 54

761

STEVE COWPER
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 17, 1987

The Honorable Frank Murkowski
United States Senate
709 Hart Building
Washington, DC 20510

Dear Senator Murkowski:

During the last few months there have been a number of contacts between our offices regarding the development of a hazard to navigation in Kodiak's St. Paul Harbor and the need for the gathering of data on the subsurface formation. We want to thank you for your previous support of our requests to study the shoal.

Since our previous contact, the National Oceanic and Atmospheric Administration (NOAA) has completed a series of soundings on the shoal. It is our understanding that the information has been forwarded to the U.S. Army Corps of Engineers. Preliminary analysis indicates the shoal has changed in formation since sounding studies were conducted in 1983. Since the change in the formation's shape can now be substantiated, we believe it is important to continue to determine the impacts of the shoal on navigation.

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Your support of this request will be appreciated.

Sincerely,

S/S Steve Cowper
Steve Cowper
Governor

cc: Senator Fred Zharoff
Alaska State Legislature

STEVE COWPER
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 17, 1987

The Honorable Don Young
House of Representatives
2331 Rayburn House Office Bldg.
Washington, DC 20515

Dear Congressman Young:

During the last few months there have been a number of contacts between our offices regarding the development of a hazard to navigation in Kodiak's St. Paul Harbor and the need for the gathering of data on the subsurface formation. We want to thank you for your previous support of our requests to study the shoal.

Since our previous contact, the National Oceanic and Atmospheric Administration (NOAA) has completed a series of soundings on the shoal. It is our understanding that the information has been forwarded to the U.S. Army Corps of Engineers. Preliminary analysis indicates the shoal has changed in formation since sounding studies were conducted in 1983. Since the change in the formation's shape can now be substantiated, we believe it is important to continue to determine the impacts of the shoal on navigation.

We are requesting your support in encouraging the U.S. Army Corps of Engineers to select the project for further study under their Section 107, Continuing Authority Program. Under the Section 107 program, the Corps will be able to conduct a reconnaissance study to determine the shoal's particular characteristics and identify some possible solutions to mitigating its impact on navigation. It is only by proceeding with the reconnaissance study that we eventually may be able to determine the best solution for removing the shoal.

Your support of this request will be appreciated.

Sincerely,

S/S Steve Cowper

Steve Cowper
Governor

cc: Senator Fred Zharoff
Alaska State Legislature

SENATOR FRED F. ZHAROFF
ALASKA STATE LEGISLATURE
P. O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259
DURING SESSION:
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DISTRICT N
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May 6, 1986

Honorable Ted Stevens
United States Senate
522 Hart Building
Washington, D.C., 20510

Dear Senator Stevens: Ted

I respectfully request your assistance in solving a problem that poses a potential threat to the economy and commerce of Kodiak Island and, possibly, western Alaska.

It has been brought to my attention that a large shoal apparently is forming 900 yards off the face of the City of Kodiak dock in St. Paul Harbor. The shoal could pose a major threat to navigation by seriously restricting the turning radius in the channel. From unscientific and unofficial surveys, its depth appears to be 25 feet at low tide. With the container ships now coming into Kodiak drawing between 29 feet and 40 feet, you can see how serious the situation has become. If a ship were to strike the shoal, the southwest entrance to Kodiak harbor could be blocked. Combined with the already existing problems of rapidly changing cross-winds and tidal action, this shoal poses a serious threat to the ocean traffic in and out of the Port of Kodiak.

In addition, Sea-Land Service, Inc., is planning to upgrade its fleet to vessels of a larger size, drawing 40 feet. Vessels of this size will truly need the flexibility for proper maneuvering to use Kodiak as one of their ports of call.

Kodiak and the surrounding communities are heavily dependent on sea transportion for the importation of supplies and for the export of millions of dollars worth of seafood products, the mainstay of the region's economy. This navigational hazard could cause a major disruption in the flow of ocean traffic resulting in devastation to the local economy.

We have very little information regarding this shoal. The shoal is not shown on any of the existing, and outdated, nautical charts, which at best are approximately 10 years old. The shoal's size, exact location, and rate at which it is growing are unknown. As a first step to solving this problem, we need to find out exactly how serious the shoal is and how rapidly it is growing.

I respectfully request you to explore the possibility of obtaining supplemental funding for the Army Corps of Engineers with the intent of

having one of the the National Oceanic and Atmospheric Administration's survey vessels, during this year's planned summer field work, stop into St. Paul Harbor and survey the shoal. The unofficial estimated cost of this survey is less than $100,000. Please advise whether this appropriation is a possibility. I feel, as do others, the situation is serious and warrants immediate action.

Thank you for any assistance or advice you can offer.

Sincerely,

Fred F. Zharoff
Alaska State Senate

Enclosure

cc: Governor Bill Sheffield
Col. Gregory, Corps of Engineers
John Pugh, Kodiak city mayor
Sam Gesko, Kodiak city manager
H.L. Schuyler, Sea-Land

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United States Senate
COMMITTEE ON APPROPRIATIONS
WASHINGTON, DC 20510

May 21, 1986

The Honorable Fred F. Zharoff
Alaska State Senate
P.O. Box 405
Kodiak, Alaska 99615

Dear Fred:

Thanks for your letter informing me of a potential problem that is developing in the Kodiak harbor. I have contacted the Corps of Engineers and the National Oceanic and Atmospheric Administration to find out what resources may be available to handle this situation.

I'll be back in touch upon receiving these responses. I appreciate being made aware of this matter, Fred. I'll do what I can.

With best wishes,

Cordially,

TED STEVENS

SENATOR FRED F. ZHAROFF
ALASKA STATE LEGISLATURE
P.O. BOX 485, KODIAK, ALASKA 99615 (907) 486-4959
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DISTRICT N
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November 21, 1986

The Honorable Ted Stevens
United States Senate
522 Hart Building
Washington, D.C. 20510

Dear Senator Stevens:

As you are aware, Kodiak is facing a potential problem due to the formation of a shoal in St. Paul Harbor. This shoal presents a problem to ships attempting to dock at Pier 3 in Kodiak. Sea-Land Services, Inc., the major container ship line that services Kodiak, is planning to deploy new, larger ships in the Alaska market. This further the need to investigate this problem shoal.

Through your help, NOAA made some soundings of this shoal during this past summer. These soundings can now be compared to the soundings of 1983 in order to determine if, in fact, the shoal is growing in size.

Because of the hazard this shoal creates to ships navigating into St. Paul Harbor, I respectfully request you to attempt to obtain funds through the Congressional Supplemental Appropriations to determine the content and size of the shoal by core drilling and accurate cost estimates for removal of the shoal. I request funds through this vehicle in order for work to begin this spring or summer.

I am most appreciative of your past support on this important matter and I thank you in advance for your efforts.

Sincerely,

Fred F. Zharoff
Alaska State Senate

cc: Governor-Elect Steve Cowper

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United States Senate
COMMITTEE ON APPROPRIATIONS
WASHINGTON, DC 20510

December 16, 1986

Senator Fred F. Zharoff
P.O. Box 405
Kodiak, Alaska 99615

Dear Senator Zharoff:

Senator Stevens is away from his Washington office during this Congressional recess. However, I shall bring your request for work on the shoal to his attention upon his return. We have contacted the Corps of Engineers to determine the time frame necessary to conduct such work.

Due to the changes in the budget process resulting from Gramm-Rudman-Hollings, only very limited funds are available through supplemental appropriations. To obtain funds in a supplemental appropriations bill it is now necessary to take those funds out of some other program. Because funds were spread thinly this year there is likely to be strong resistance to removal of funds from any programs during this budget cycle.

I hope you find this is responsive to your request.

With best wishes,

Cordially,

Svend Brandt-Erichsen
Legislative Assistant to
TED STEVENS

MARK O. HATFIELD, OREGON, CHAIRMAN

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United States Senate

COMMITTEE ON APPROPRIATIONS
WASHINGTON, DC 20510

January 13, 1987

Senator Fred F. Zharoff
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Fred:

Enclosed is the response I received from the Corps of Engineers concerning the shoal in St. Paul harbor at Kodiak.

Colonel Gregory indicates that it will take them some time to complete a comparison of the 1983 and 1986 data. I will pass on the results of the Corps' investigation as soon as it is completed.

With best wishes,

Cordially,

TED STEVENS

Enclosure

DEPARTMENT OF THE ARMY
U.S. ARMY ENGINEER DISTRICT, ALASKA
P.O. BOX 898
ANCHORAGE, ALASKA 99506-0898

REPLY TO
ATTENTION OF:

Plan Formulation Section

December 31, 1986

Honorable Ted Stevens
United States Senate
Washington, D.C. 20510

Dear Senator Stevens;

I received your December 16, 1986 letter regarding State Senator Zharoff's inquiry about the formation of a shoal in St. Paul harbor at Kodiak, Alaska.

A comparison of the soundings done by NOAA last summer with previous soundings in 1983 can be accomplished at minimal cost and is within our funding capability. The comparison can be done in a few days, but it will take some time to collect the required data. We will provide a detailed response to you within 60 days.

A copy of this letter is being sent to your Anchorage office.

If you have any questions please feel free to contact Mr. Carl Borash of my Plan Formulation Section at (907) 753-2632.

Sincerely,

Wilbur T. Gregory, Jr.
Colonel, Corps of Engineers
District Engineer

JOHN C. STENNIS, MISSISSIPPI, CHAIRMAN

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United States Senate
COMMITTEE ON APPROPRIATIONS
WASHINGTON, DC 20510-6025

April 9, 1987

The Honorable Fred F. Zharoff
Alaska State Senate
P.O. Box V
State Capitol
Juneau, Alaska 99811

Dear Fred:

I have received a response from Colonel Gregory concerning the Corps of Engineers' study of the shoal in St. Paul Harbor at Kodiak. Enclosed is a copy of his letter for you to review.

The Corps will conduct a more detailed study if a local or State government sponsor will share in the study costs.

With best wishes,

Cordially,

TED STEVENS

Enclosure

DEPARTMENT OF THE ARMY
U.S. ARMY ENGINEER DISTRICT, ALASKA
P.O. BOX 898
ANCHORAGE, ALASKA 99506-0898

REPLY TO
ATTENTION OF:

Plan Formulation Section

Honorable Ted Stevens
United States Senate
Washington, D.C. 20510

Dear Senator Stevens:

This will follow up my December 31, 1986 letter to you regarding the formation of a shoal in St. Paul Harbor at Kodiak, Alaska. We have reviewed soundings done by the National Oceanic and Atmospheric Administration (NOAA) in 1986. The shallowest point on the shoal has an elevation of -30 feet MLLW.

The Corps was authorized to study the deep-draft navigation needs of Southcentral Alaska through resolutions adopted by the Committee on Public Works of the U.S. Senate on April 27, 1970, and by the Committee on Public Works of the U.S. House of Representatives on December 2, 1970. Under this authorization the Corps produced a preliminary interim Deep-Draft Navigation Report for Kodiak in June of 1982 which recommended that further investigations concentrate on breakwater and channel improvements as additional data became available. The study was discontinued in 1984 due to the decline in shipping volumes at Kodiak resulting from the collapse of the king crab resource. The study will resume when the cargo volume increases. Navigation problems from the shoal in question could then be investigated as part of that study.

The Corps could also evaluate this problem through a Section 107 navigation study under our continuing authorities if a local or State government sponsor requests our assistance. A Reconnaissance Report could be prepared at Federal expense. If Federal participation in a project appears to be economically feasible, the non-Federal sponsor would be asked to share the cost of a feasibility study in accordance with the Water Resources Development Act of 1986.

A copy of this letter is being sent to your Anchorage office.

If I can be of further assistance, please do not hesitate to contact me directly. If further details are desired by your staff, contact can be made with Mr. Carl Borash of my Plan Formulation Section at (907) 753-2632.

Sincerely,

Wilbur T. Gregory, Jr.
Colonel, Corps of Engineers
District Engineer

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United States Senate
COMMITTEE ON APPROPRIATIONS
WASHINGTON, DC 20510-6025

May 19, 1987

The Honorable Fred F. Zharoff
Alaska State Senate
P.O. Box V
State Capitol
Juneau, Alaska 99811

Dear Fred:

I want to share with you the latest letter I have received from Colonel Gregory concerning the shoal in Kodiak's harbor.

The Corps of Engineers is apparently willing to go forward with a reconaissance study of the shoal's movement. However, a local sponsor -- or the State -- must request the Corps' assistance before they can go forward. This is due to the requirement that a non-federal sponsor share in the costs of a feasiblity study if the reconaissance study indicates one is warranted.

I hope this information proves useful.

With best wishes,

Cordially,

TED STEVENS

Enclosure

DEPARTMENT OF THE ARMY
U.S. ARMY ENGINEER DISTRICT, ALASKA
P.O. BOX 898
ANCHORAGE, ALASKA 99506-0898

REPLY TO
ATTENTION OF:

Plan Formulation Section

April 29, 1987

Honorable Ted Stevens
United States Senate
Washington, D.C. 20510

Dear Senator Stevens:

This will respond to your letter of April 9, 1987 concerning the formation of a shoal in St. Paul Harbor at Kodiak. This will also supplement my letter to you of March 27, 1987.

The soundings done by the National Oceanic and Atmospheric Administration (NOAA) in 1986 were compared with those done by NOAA in 1982. It appears that the shoal has grown slightly in that time period. To determine the shoal's long-term potential for growth or decline, it would be necessary to conduct a detailed investigation into the physical processes acting on the shoal.

The Corps of Engineers is not authorized to initiate such an investigation on its own motion. However, the Corps could evaluate this problem through a Section 107 navigation study under our continuing authorities if a local or State government sponsor requests our assistance. A Reconnaissance Report could be prepared at Federal expense. If Federal participation in a project appears to be economically feasible, the non-Federal sponsor would be asked to share the cost of a feasibility study in accordance with the Water Resources Development Act of 1986.

A copy of this letter is being sent to your Anchorage office.

If I can be of further assistance, please do not hesitate to contact me directly. If further details are desired by your staff, contact can be made with Carl Borash of my Plan Formulation Section at (907) 753-2632.

Sincerely,

Wilbur T. Gregory, Jr.
Colonel, Corps of Engineers
District Engineer

SENATOR FRED F. ZHAROFF
ALASKA STATE LEGISLATURE
P. O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259
DURING SESSION:
P. O. BOX V, JUNEAU, ALASKA 99811 • (907) 465-3473 • 465-3474 • 465-3844 (Labor and Commerce Committee)
DISTRICT N
ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

May 6, 1986

Honorable Frank H. Murkowski
United States Senate
709 Hart Building
Washington, D.C. 20510

Dear Senator Murkowski:

I respectfully request your assistance in solving a problem that poses a potential threat to the economy and commerce of Kodiak Island and, possibly, western Alaska.

It has been brought to my attention that a large shoal apparently is forming 900 yards off the face of the City of Kodiak dock in St. Paul Harbor. The shoal could pose a major threat to navigation by seriously restricting the turning radius in the channel. From unscientific and unofficial surveys, its depth appears to be 25 feet at low tide. With the container ships now coming into Kodiak drawing between 29 feet and 40 feet, you can see how serious the situation has become. If a ship were to strike the shoal, the southwest entrance to Kodiak harbor could be blocked. Combined with the already existing problems of rapidly changing cross-winds and tidal action, this shoal poses a serious threat to the ocean traffic in and out of the Port of Kodiak.

In addition, Sea-Land Service, Inc., is planning to upgrade its fleet to vessels of a larger size, drawing 40 feet. Vessels of this size will truly need the flexibility for proper maneuvering to use Kodiak as one of their ports of call.

Kodiak and the surrounding communities are heavily dependent on sea transportion for the importation of supplies and for the export of millions of dollars worth of seafood products, the mainstay of the region's economy. This navigational hazard could cause a major disruption in the flow of ocean traffic resulting in devastation to the local economy.

We have very little information regarding this shoal. The shoal is not shown on any of the existing, and outdated, nautical charts, which at best are approximately 10 years old. The shoal's size, exact location, and rate at which it is growing are unknown. As a first step to solving this problem, we need to find out exactly how serious the shoal is and how rapidly it is growing.

I respectfully request you to explore the possibility of obtaining supplemental funding for the Army Corps of Engineers with the intent of

having one of the the National Oceanic and Atmospheric Administration's survey vessels, during this year's planned summer field work, stop into St. Paul Harbor and survey the shoal. The unofficial estimated cost of this survey is less than $100,000. Please advise whether this appropriation is a possibility. I feel, as do others, the situation is serious and warrants immediate action.

Thank you for any assistance or advice you can offer.

Sincerely,

Fred F. Zharoff
Alaska State Senate

Enclosure

cc: Governor Bill Sheffield
Col. Gregory, Corps of Engineers
John Pugh, Kodiak city mayor
Sam Gesko, Kodiak city manager
H.L. Schuyler, Sea-Land

FRANK H. MURKOWSKI
ALASKA

CHAIRMAN, COMMITTEE ON VETERANS' AFFAIRS
COMMITTEE ON ENERGY AND NATURAL RESOURCES
COMMITTEE ON FOREIGN RELATIONS
SELECT COMMITTEE ON INDIAN AFFAIRS
SELECT COMMITTEE ON INTELLIGENCE

United States Senate

WASHINGTON, DC 20510

WASHINGTON OFFICE:
(202) 224-6665

ANCHORAGE OFFICE:
701 C STREET, BOX 1
(907) 271-3735

FAIRBANKS OFFICE:
101 12TH AVENUE, BOX 7
(907) 456-0233

JUNEAU OFFICE:
FEDERAL BUILDING, BOX 1647
(907) 586-7400

June 11, 1986

The Honorable Fred F. Zharoff
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

Dear Fred:

Thank you for contacting me regarding the shoal forming in St. Paul Harbor.

I recognize the threat which this situation poses and have contacted both the U.S. Army Corps of Engineers and the National Oceanic and Atmospheric Association for their assistance. I will let you know when I receive further word from them.

With best wishes,

Sincerely,

Frank H. Murkowski
United States Senator

FRANK H. MURKOWSKI
ALASKA

CHAIRMAN, COMMITTEE ON VETERANS' AFFAIRS
COMMITTEE ON ENERGY AND NATURAL RESOURCES
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(907) 586-7400

August 14, 1986

The Honorable Fred F. Zharoff
P.O. Box 405
Kodiak, Alaska 99615

Dear Fred:

Enclosed are the responses that I received from the U.S. Army Corps of Engineers and the National Oceanic and Atmospheric Administration regarding the shoaling problem in St. Paul Harbor.

I am pleased to learn that NOAA has been working with Kodiak on this matter. I hope that the information they provided is of assistance to you. Please continue to keep me updated on your further discussions with the Corps.

With best wishes,

Sincerely,

Frank H. Murkowski

Frank H. Murkowski
United States Senator

Enclosures

DEPARTMENT OF THE ARMY
U.S. ARMY ENGINEER DISTRICT, ALASKA
P.O. BOX 898
ANCHORAGE, ALASKA 99506-0898

REPLY TO
ATTENTION OF:

Plan Formulation Section

June 26, 1986

Honorable Frank Murkowski
United States Senate
Washington, D.C. 20510

Dear Senator Murkowski:

Based on your request dated June 11, 1986 and Senator Zharoff's letter dated May 6, 1986, my staff has examined the shoaling problem to the west of Gull Island in Kodiak.

Contact with city officials, specifically with the harbormaster and the city engineer, revealed a developing problem near the collar buoy adjacent to Gull Island. Apparently, this problem has recently become more pronounced. Potentially hazardous shoaling was evidently recognized in the 1970's, when the U.S. Coast Guard placed the collar buoy on or near an obstruction.

Surveys and other site-specific data to define the specific geometry or physical character of the obstruction are needed.

The National Oceanic and Atmospheric Administration (NOAA) has a survey vessel operating in the area this summer, and it is our understanding that NOAA has apparently just conducted a survey of the obstruction. We are currently confirming this information and will take appropriate action to evaluate the problem upon receipt of the survey data.

A copy of this letter is being sent to your Anchorage office.

If I can be of further assistance, please do not hesitate to contact me directly. If further details are desired by your staff, contact can be made with Mr. Carl E. Borash of my Plan Formulation Section at (907) 753-2620.

Sincerely,

s/Colonel Wilbur T. Gregory, Jr.

Wilbur T. Gregory, Jr.
Colonel, Corps of Engineers
District Engineer

UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
Washington, D.C. 20230

THE ADMINISTRATOR

JUL 21 1986

Honorable Frank H. Murkowski
United States Senate
Washington, D.C. 20510

Dear Senator Murkowski:

Thank you for your letter regarding reports of a shoal forming in St. Paul Harbor.

The NOAA Ship FAIRWEATHER is presently assigned to a survey project in the Shelikof Strait area with port calls in Kodiak. During a recent in-port period, FAIRWEATHER personnel met with representatives of the city, the pilots, and Sea Land, Inc., to show them a copy of a thorough hydrographic survey of the harbor completed in 1983 and to discuss the reported shoaling problem.

Following the meeting, FAIRWEATHER conducted a very detailed hydrographic survey of the area of reported shoaling. The area in question is in fact a shoal, but this new survey revealed that the least depth and size of the shoal are unchanged since the basic survey of 1983. Copies of both the 1983 survey and the new survey will be available to those concerned in Kodiak.

Sincerely,

Anthony J. Calio

FRANK H. MURKOWSKI
ALASKA

CHAIRMAN, COMMITTEE ON VETERANS' AFFAIRS
COMMITTEE ON ENERGY AND NATURAL RESOURCES
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United States Senate

WASHINGTON, DC 20510

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JUNEAU OFFICE:
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(907) 586-7400

December 15, 1986

The Honorable Fred F. Zharoff
P.O. Box 405
Kodiak, Alaska 99615

Dear Fred:

Thank you for your letter regarding the St. Paul Harbor shoal.

Sea-Land's Washington office has informed me that they have hired a private contractor to perform core sampling to determine the nature of the shoal, as well as to provide an estimate of the cost of shoal removal.

When this information is available and if you feel Corps of Army Engineers's involvement is warranted, please contact me and I will be glad to pursue funding.

Sincerely,

Frank H. Murkowski

Frank H. Murkowski
United States Senator

SENATOR FRED F. ZHAROFF
ALASKA STATE LEGISLATURE
P. O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259
DURING SESSION:
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May 6, 1986

Honorable Donald E. Young
United States House of Representatives
2331 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Young:

I respectfully request your assistance in solving a problem that poses a potential threat to the economy and commerce of Kodiak Island and, possibly, western Alaska.

It has been brought to my attention that a large shoal apparently is forming 900 yards off the face of the City of Kodiak dock in St. Paul Harbor. The shoal could pose a major threat to navigation by seriously restricting the turning radius in the channel. From unscientific and unofficial surveys, its depth appears to be 25 feet at low tide. With the container ships now coming into Kodiak drawing between 29 feet and 40 feet, you can see how serious the situation has become. If a ship were to strike the shoal, the southwest entrance to Kodiak harbor could be blocked. Combined with the already existing problems of rapidly changing cross-winds and tidal action, this shoal poses a serious threat to the ocean traffic in and out of the Port of Kodiak.

In addition, Sea-Land Service, Inc., is planning to upgrade its fleet to vessels of a larger size, drawing 40 feet. Vessels of this size will truly need the flexibility for proper maneuvering to use Kodiak as one of their ports of call.

Kodiak and the surrounding communities are heavily dependent on sea transportion for the importation of supplies and for the export of millions of dollars worth of seafood products, the mainstay of the region's economy. This navigational hazard could cause a major disruption in the flow of ocean traffic resulting in devastation to the local economy.

We have very little information regarding this shoal. The shoal is not shown on any of the existing, and outdated, nautical charts, which at best are approximately 10 years old. The shoal's size, exact location, and rate at which it is growing are unknown. As a first step to solving this problem, we need to find out exactly how serious the shoal is and how rapidly it is growing.

I respectfully request you to explore the possibility of obtaining supplemental funding for the Army Corps of Engineers with the intent of

having one of the the National Oceanic and Atmospheric Administration's survey vessels, during this year's planned summer field work, stop into St. Paul Harbor and survey the shoal. The unofficial estimated cost of this survey is less than $100,000. Please advise whether this appropriation is a possibility. I feel, as do others, the situation is serious and warrants immediate action.

Thank you for any assistance or advice you can offer.

Sincerely,

Fred F. Zharoff
Alaska State Senate

Enclosure

cc: Governor Bill Sheffield
Col. Gregory, Corps of Engineers
John Pugh, Kodiak city mayor
Sam Gesko, Kodiak city manager
H.L. Schuyler, Sea-Land

DON YOUNG
CONGRESSMAN FOR ALL ALASKA

WASHINGTON OFFICE
2331 RAYBURN BUILDING
TELEPHONE 202/225-5765

COMMITTEES:
INTERIOR AND INSULAR AFFAIRS
MERCHANT MARINE AND FISHERIES
POST OFFICE AND CIVIL SERVICE

Congress of the United States

House of Representatives

Washington, D.C. 20515

DISTRICT OFFICES

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KETCHIKAN, ALASKA 99902
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RT. 1, BOX 1605
KENAI, ALASKA 99611

BOX 177
KODIAK, ALASKA 99615

P.O. BOX 1860
NOME, ALASKA 99762

June 13, 1986

The Honorable Fred Zharoff
P.O. Box 405
Kodiak, AK 99615

Dear Fred:

Thank you for your letter regarding the need for additional surveys of Kodiak Harbor. I appreciated hearing from you.

I have been informed by the National Oceanic and Atmospheric Administration (NOAA) that a survey done in 1983 will be updated in the near future. Representatives of NOAA will be visiting Kodiak in June or July to meet with the harbormaster and see what work needs to be done. The work will be accomplished using existing funds and facilities and will not require additional funding support by the Congress.

If I can be of any other assistance in the future, please do not hesitate to let me know.

Sincerely,

DON YOUNG
Congressman for all Alaska

DY:rmm

· DON YOUNG
CONGRESSMAN FOR ALL ALASKA

WASHINGTON OFFICE
2331 RAYBURN BUILDING
TELEPHONE 202/225-5765

COMMITTEES:
INTERIOR AND INSULAR AFFAIRS
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Congress of the United States

House of Representatives

Washington, D.C. 20515

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BOX 10, 101 12TH AVENUE
FAIRBANKS, ALASKA 99701
TELEPHONE 907/456-0210

401 FEDERAL BUILDING
P.O. BOX 1247
JUNEAU, ALASKA 99802
TELEPHONE 907/586-7400

501 FEDERAL BUILDING
KETCHIKAN, ALASKA 99902
TELEPHONE 907/225-6880

RT. 1, BOX 1605
KENAI, ALASKA 99611

BOX 177
KODIAK, ALASKA 99615

P.O. BOX 1860
NOME, ALASKA 99762

November 26, 1986

Honorable Fred Zharoff
Alaska State Senate
Box 405
Kodiak, AK 99615

Dear Senator Zharoff:

Thank you for your letter regarding problems with the shoal in Kodiak harbor. I hope that the following will be of interest to you.

Sea-land Services, Inc., has retained a private contractor to conduct test drilling on the shoal to determine size and composition. After the work is completed, the contractor will provide an estimate to Sea-land as to the cost of removing the shoal. If the cost is not excessive, Sea-land intends to pay for removal itself. Otherwise, some State or federal funding may be necessary.

Because the work has not yet been completed, I suggest that we wait for the cost determinations before attempting to obtain scarce State or federal dollars. If outside funding is needed, however, I can assure you that I will do what I can to assist.

If I can provide any other help in the meantime, please let me know.

Sincerely,

Don Young

DON YOUNG
Congressman for all Alaska

DY:rhm

Sept.12,1983

Mr.D.Venetiou
Vessel Operations
P.O.Box 3045
Seattle,Wash.98114

Dear Mr.Venetiou,

On Sept.9,1983 I took a series of soundings in the harbor at Kodiak,Ak. using the tug Kodiak King. The King has two operable fathometers,both digital readout. The recording fathometer was not operational.Soundings at the dock indicated that there was approximately one more foot of water than indicated on the fathometer. Readings at the survey area were taken from fifteen minutes before to twenty five minutes after a high water of 9.4 feet.We assumed the tide table figure to be correct and constant during this period and that the position of the buoys as indicated on the chart was correct.The chart used for reference was the final computer drafted NOAA Survey chart completed in 1982.

The tug went between the two buoys along the normal ship's course(013-193) ,once directly in the center of the channel and once each on either side of mid channel. Also we steamed along a line between the two buoys and once on each side of such an imaginary line. The final area checked was a 360 degree turn around buoy #7 at a transducer distance of about 25 feet.No exact positions were taken as time and equipment did not allow for such accuracy. The fathometer was observed visually(reading in feet and tenths about once per second),the tug's position was estimated by eye, and the depth and position observed was compared with the NOAA chart directly in front of me.Also the numbers being flashed were mentally averaged and the correction to zero datum applied.There were numerous random numbers flashed whenever we encountered any swirling current or air bubbles from our previously made wake which were discounted.

The purpose of this exercise as I understand it was to investigate the reported existance of a 31.5 foot spot in the middle of the channel.This was investigated briefly by Capt.Collar and myself when it was first reported and we found the charted depth to be correct.. Again,no such depths were found.Were I to draw a chart with depths along our midchannel course and somewhat to each side,it would show that there was 36 feet when abeam buoy seven,37 feet abeam buoy six and 35 feet midway between them along our course. The soundings around Buoy #7 would read 33 feet in the NW quadrant and 34 feet in all other quadrants.The 4½ fathom spot on our navigation chart did not appear and is not indicated on the NOAA chart.

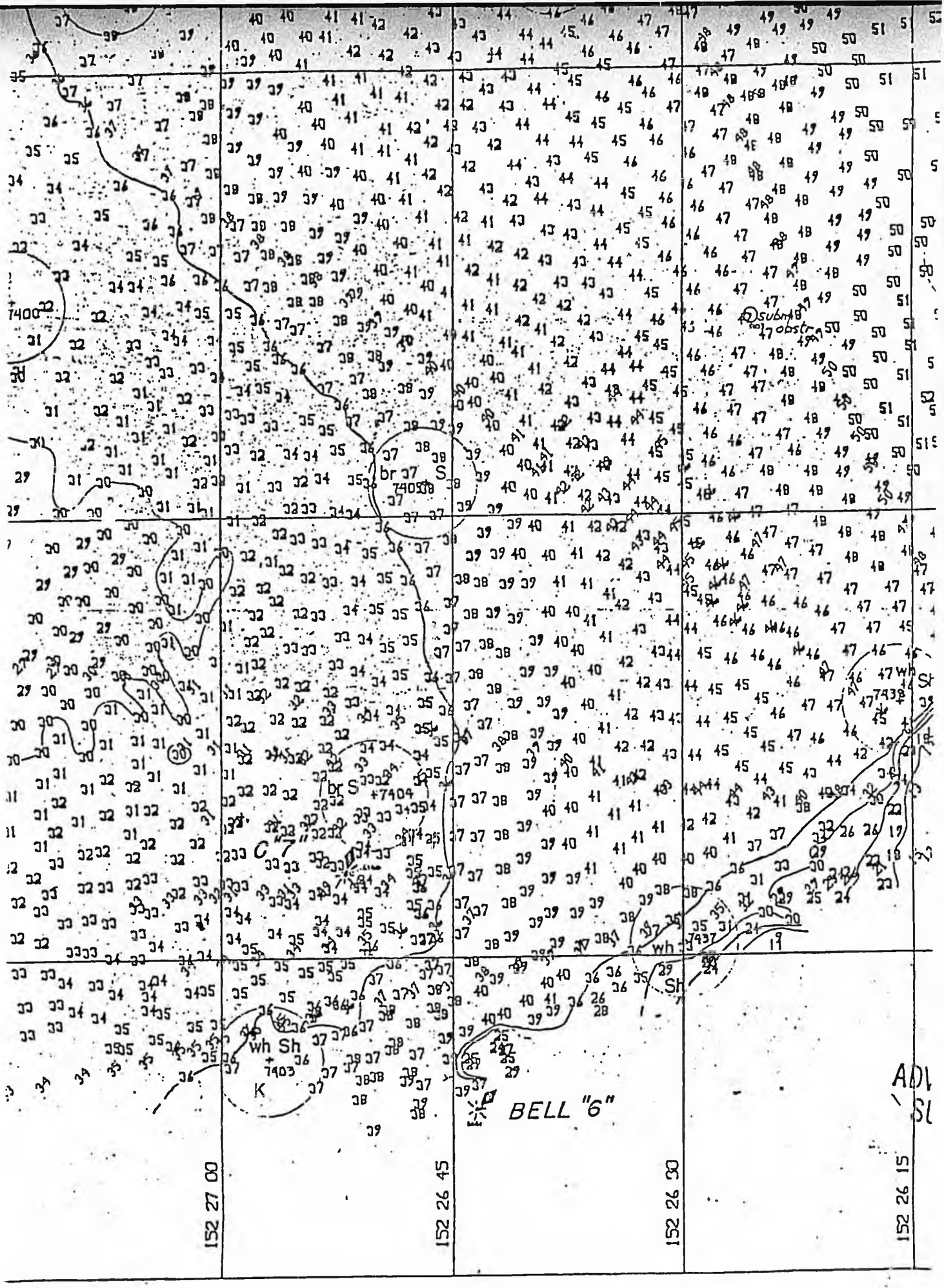
When passing through buoys 6-7 on the Portland arriving and departing,the fathometer was constantly monitored.(The accuracy of this fathometer has not been checked.) A different method of determing actual depth was used in each case but both times, the depth of the water,reduced to chart datum,was 33½ feet.

Finally, as to the accuracy of my survey from the King,I would estimate that an allowance of plus/minus one foot should be applied due to the many instances of rounding off indicated.I am confident that there is no water in the vicinity of mid channel less than 34 feet at chart datum.

The NOAA survey chart is attached to this report. I found no water less than that indicated and no cause to dispute any of their findings. I am in doubt now about the existence of the 4½ fathom spot NW of buoy #7 and whether buoy #6 is really in the best position for the safe navigation of deep water vessels. I hope you find the information contained in this report to be of some use.

D. Partridge
Master
SS Portland

cc:File



UFFEL & ESSER CO. PRINTED IN U.S.A.

Sea-Land Service, Inc.

March 26, 1986

Honorable Fred Zharoff
Alaska State Senator
Room 121, Capitol Building
Juneau, Alaska 99811

Dear Senator:

In July 1985, we wrote a letter to Mr. Boardman, Chief, Army Corps of Engineers, Alaska District with copy to Commissioner Knapp, Transportation and Public Facilities for the State of Alaska, relative to this hazard to navigation. In August 1985, we received an answer back from a Harlan E. Moore, Chief, Engineer Division, Corps of Engineers, Alaska Division.

The answer we received was certainly not pertinent to the problem. His statement referred to the collapse of the crab fishery and to the downtrend in shipping as reasons for discontinuing their study. Of course there are peaks and valleys in commerce in every port in the world, but Kodiak has come back very well and salmon is still a big item, as well as the developing bottom fishery. Sea-Land as well as other vessels are using this port and are working with Kodiak industry in developing more trade, domestic as well as export.

Fred, the Governor should ask for a NOAA survey of the shoal, to be done in the summer or fall of 1986, and thus track the growth as it occurs. The Port of Kodiak is a difficult port to maneuver in and out of with the various cross-winds and tidal actions, which change very rapidly. I think you can relate to this because of your own fishing experiences. We think that with political pressure in Washington D.C., a supplemental appropriation could be granted to the Corps of Engineers to have NOAA survey this shoal at the beginning or end of their summer work.

Kodiak will increase in volume for seafood, since it is the hub for that area in domestic shipments as well as export. Container ships are being built larger these days in order to compete economically and the seafood industry relies on fast, economical transportation.

Please feel free to call on me for any additional needed information. Best regards.

Sincerely,

HLS/lc

Attach.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

POUCH Z
JUNEAU, ALASKA 99811
PHONE: (907) 465-3900

OFFICE OF THE COMMISSIONER

June 9, 1986

Bathymetric Mapping Group
National Ocean Service
National Oceanic and Atmospheric Association
Rockville, Maryland 20852

Dear Sirs:

The State of Alaska Department of Transportation and Public Facilities has received a copy of correspondence from Alaska State Senator Fred Zharoff requesting National Oceanic and Atmospheric Administration (NOAA)assistance in dragging a "shoal" formation in Kodiak's St. Paul Harbor. We are including a copy of the letter and enclosures for your information.

Any assistance that could be offered to the City of Kodiak in the identifying the underwater formation's origin and development would be appreciated.

Sincerely,

R. J. Knapp
Commissioner

cc: The Honorable Bill Sheffield, Governor, State of Alaska
William R. Snell, Deputy Commissioner, Central Region

25A-T1LH

November 26, 1986

Honorable Fred F. Zharoff
Alaska State Senator
P. O. Box 405
Kodiak, Alaska 99615

Dear Senator:

Thank you for getting the process started on the Shoal problem in St. Paul Harbor at Kodiak. Let's hope that they only find silt and no boulders or rocks under the silt; as you can appreciate, it would be faster and less costly to remove.

For your personal information, we asked the contractor who is now doing work in Kodiak to drive three test piles into the Shoal in order to get more information as well as to give an estimate on removal. This figure, of course, will vary somewhat from a Corps figure; however, it will give us a "ball park" approach.

Thanks again.

Sincerely,

HLS/jc

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 3-30-88 1:30 p.m.

HOUSE COMMITTEE REPORT

(7)

Date referred: 3/30/87

FURTHER REFERRALS:

DATE: March 30, 1988

The Transportation Committee has considered SJR 27

Urging the United States Army Corps of Engineers to dredge the shoal developing in St. Paul Harbor, Kodiak.

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[X] same as previous zero fiscal note published 3/24/87

SIGNING DO PASS:

P. G. Taylor

Bill Hudson

Mike Miller

Heinrich Springer

SIGNING OTHER RECOMMENDATIONS:

Heinrich Springer

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: March 30, 1988

SIGN-IN

Subject of meeting:

SJR 27: Urging the U.S. Army Corps of Engineers to dredge the shoal developing in St. Paul Harbor, Kodiak.

SJR 68: Relating to Radioluminescent Runway Lights.

* HB 544: "An Act relating to civil liability for Voluntary Aircraft Inspection Programs."

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Roger McCoy	P.O. Box N Juneau, AK 99811	465-4322	Dept. of Public Safety	AVAILABLE FOR QUESTIONS THAT MAY ARISE.
Michael Thill	CAP Rm 121	4922	Sen Zharoff	SJR 27
James Adair		4985	Binkley	SJR 68

* indicates first public hearing

SJR

36

Alaska State Legislature

House of Representatives

Committee on Transportation

Rep. Bette Cato, Chairman

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

May 13, 1987

COMMITTEE CALENDAR:

HCR 18: Relating to a special report on long-term operations of the Alaska Railroad.

HJR 32: Relating to the completion of the Mackenzie Highway between Fort Simpson and Inuvik, Northwest Territories, Canada.

CSSJR 36(Trsp): Relating to passenger and air cargo service to Anchorage by Korean Air Lines.

CSSB 146(Trsp): "An Act relating to weights and measures; citation authority of employees enforcing weights and measures limitations; and providing for an effective date."

FOR THIS MEETING YOU HAVE:

A folder on HCR 18 that includes:
* a copy of HCR 18
* a fiscal note from the Dept. of Commerce & Econ. Dev.
* a position paper from the Alaska Railroad Corporation

A folder on HJR 32 that includes:
* a copy of HJR 32
* a fiscal note from DOT/PF
* a copy of the resolution issued by the Northwest Territories Legislative Assembly

A folder on CSSJR 36 that includes:
* a copy of CSSJR 36(Trsp)
* a fiscal note from DOT/PF
* memorandums from Sen. Fahrenkamp to the House and Senate Transportation Committees
* written testimony from Korean Air Lines
* an unratified memorandum of understanding between the U.S. State Dept. and the Gov't. of the Republic of Korea
* written testimony from Sen. Fahrenkamp

A folder on CSSB 146 that includes:

* a copy of CSSB 146(Trsp)
* two fiscal notes: one from Dept. of Pub. Safety & one from Dept. of Commerce & Econ. Dev.
* a sectional analysis
* a position paper from DOT/PF

neither direct nor frequent; and

WHEREAS there exists a pressing need for improved air transportation service between Korea and Alaska; and

WHEREAS passenger service between Anchorage and destinations in Asia, Europe, and North America served by Korean Air Lines would be enhanced if the airline was allowed to pick up passengers during stopovers in Anchorage;

BE IT RESOLVED that the Alaska State Legislature supports a mutually agreeable resolution of the issues between the United States and the Republic of Korea that have prevented ratification of the 1980 Memorandum of Understanding, so that Korean Air Lines may commence passenger and air cargo service to Anchorage at the earliest possible date.

COPIES of this resolution shall be sent to the Honorable Ronald Reagan, President of the United States; the Honorable Elizabeth Dole, Secretary of the Department of Transportation; the Honorable George P. Shultz, Secretary of the Department of State; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

02-576(2/77)

Offered: 4/10/87
Referred: Rules

5-0653L

Original sponsors: Fahrenkamp, Uehling,
Kelly, et al.

IN THE SENATE BY THE TRANSPORTATION COMMITTEE

CS FOR SENATE JOINT RESOLUTION NO. 36 (Trsp)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

Relating to passenger and air cargo service to Anchorage by Korean Air Lines.

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

WHEREAS, under the 1978 Memorandum of Understanding between the Republic of Korea and the United States, Korean Air Lines has the right to operate between Korea and Los Angeles or New York with a stopover in Anchorage, but may not pick up passengers in Anchorage; and

WHEREAS the 1980 Memorandum of Understanding between the two countries that would allow Korean Air Lines to pick up passengers in Anchorage has not been ratified; and

WHEREAS Korean Air Lines' request in 1983 to provide passenger service between Anchorage and Korea was rejected because the 1980 Memorandum of Understanding has not been ratified; and

WHEREAS Korean Air Lines operates 17 passenger flights each week between Seoul and the United States and Europe that use Anchorage as a technical stop; and

WHEREAS Korean Air Lines operates 25 to 30 cargo flights each week between Seoul and the United States that use Anchorage as a technical stop; and

WHEREAS no direct passenger service is provided between Korea and Anchorage so that passengers travelling between those points must use connecting passenger service that is inconvenient, time-consuming, and infrequent; and

WHEREAS existing air cargo service between Korea and Anchorage is

neither direct nor frequent; and

WHEREAS there exists a pressing need for improved air transportation service between Korea and Alaska; and

WHEREAS passenger service between Anchorage and destinations in Asia, Europe, and North America served by Korean Air Lines would be enhanced if the airline was allowed to pick up passengers during stopovers in Anchorage;

BE IT RESOLVED that the Alaska State Legislature supports a mutually agreeable resolution of the issues between the United States and the Republic of Korea that have prevented ratification of the 1980 Memorandum of Understanding, so that Korean Air Lines may commence passenger and air cargo service to Anchorage at the earliest possible date.

COPIES of this resolution shall be sent to the Honorable Ronald Reagan, President of the United States; the Honorable Elizabeth Dole, Secretary of the Department of Transportation; the Honorable George P. Shultz, Secretary of the Department of State; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

No. 226

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

SENATE
BILL VERSION: CSSJR 36(Trsp)
PUBLISH DATE: 4/10/87

REQUEST: 4/7/87

Revision Date:
Title: Passenger Service in Anchorage by Korean Airlines
Sponsor: Fahrenkemp
Requestor: Jones

Agency Affected: DOT&PF
BRU: Anchorage Int'l Airport
Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS:

The department supports SJR 36. Additional passenger service by Korean Airlines would increase opportunities to Alaskans by utilization of an additional carrier, and could economically benefit the Anchorage International Airport.

Prepared by: William R. Snell (signed) Phone: 266-1440
Division: Regional Director, Central Region Date: 4-7-87

Approved by Commissioner: Mike D. [illegible] Date: 4/8/87
Agency: DOT&PF

Distribution (by preparer):
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- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

Alaska State Legislature

SENATOR BETTYE FAHRENKAMP
CHAIRMAN, LEGISLATIVE COUNCIL
CHAIRMAN, OIL AND GAS COMMITTEE
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CAPITOL ROOM 125
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HOME (907) 780-6027

Senate

M E M O R A N D U M

TO: Members, House Transportation Committee

FROM: Senator Bettye Fahrenkamp

DATE: May 12, 1987

RE: Background information for SJR 36, relating to Korean Air Lines passenger and air cargo service

SJR 36 is similar to SJR 30 which passed the Alaska State Legislature last session, to become Legislative Resolve #33.

SJR 36 passed the Senate unanimously on 4/21/87.

Background:

Several of my constituents have contacted me regarding a continuing problem for Alaskans wishing to travel from Alaska to Korea, and for goods to be transported from Anchorage to Korea. Korean Air Lines has approximately forty flights from Seoul, Korea which stop in Anchorage. Korean Air Lines currently does not have boarding rights in Anchorage, thus, Anchorage passengers bound for Korea must fly to Seattle to board, or fly with Japan Air Lines to Tokyo, transfer planes and fly to Seoul, Korea. No cargo service is available by KAL in Anchorage. This resolution encourages the United States to seek a mutually agreeable solution to the complex issue of boarding rights and cargo handling rights through negotiations with the Republic of Korea.

Both Senator Murkowski and Senator Stevens support resolving the issues relating to passenger service by Korean Air Lines in Anchorage.

I have attached a copy of the testimony provided by Mr. Jong Kuen Park, KAL Anchorage Manager, before the Senate Transportation Committee on April 10, 1987.

Passage of this resolution shows continued support and interest by the Alaska State Legislature. I would appreciate your support.

Alaska State Legislature

SENATOR BETTYE FAHRENKAMP
CHAIRMAN, LEGISLATIVE COUNCIL
CHAIRMAN, OIL AND GAS COMMITTEE
515 7TH AVENUE, SUITE 130
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Senate

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CAPITOL ROOM 125
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HOME (907) 780-6027

M E M O R A N D U M

TO: Senator Lloyd Jones
Chair, Senate Transportation Committee

FROM: Senator Bettye Fahrenkamp

DATE: April 8, 1987

RE: Background information for SJR 36, relating to Korean Air Lines passenger and air cargo service

SJR 36 is similar to SJR 30 which passed the Alaska State Legislature last session.

Several of my constituents have contacted me regarding a continuing problem for Alaskans wishing to travel from Alaska to Korea, and for goods to be transported from Anchorage to Korea. Korean Air Lines has approximately forty flights from Seoul, Korea which stop in Anchorage. Korean Air Lines does not have boarding rights in Anchorage, thus, Anchorage passengers bound for Korea must fly to Seattle to board, or fly with Japan Air Lines to Tokyo, transfer planes and fly to Seoul, Korea. No cargo service is available by KAL in Anchorage.

In 1978, a Memorandum of Understanding between the Republic of Korea and the United States established, among other provisions, boarding rights for Korean Air Line in New York. In turn, one provision requested by the United States was to receive use of a cargo facility in Seoul, Korea. The United States did not receive use of the cargo facility in Seoul and the 1980 Memorandum, which outlined specific terms was not ratified. Since that time, Korea has met the specified air cargo facility terms, but many changes in foreign relations between the countries have occurred. Since 1978, Korean Air Lines has enjoyed the privilege of passenger service to New York. Negotiations between Korea and the U.S. State Department and U.S. Department of Transportation continued in order to resolve problems associated with passenger and air cargo service, and the related U.S. trade deficit with Korea. The U.S. negotiators continue to seek parity for U.S. passenger airlines and cargo operators within the scope of the United States open skies policy.

Both Senator Murkowski and Senator Stevens support resolving the issues relating to passenger service by Korean Air Lines in Anchorage. Senator Stevens' staff suggested that passage of this resolution shows continued support and interest by the Alaska State Legislature.

Mr. Jong Kuen Park of Korean Airlines will provide testimony for the hearing which will address their interest in obtaining these passenger boarding rights and air cargo service in Anchorage.

April 9, 1987

STATEMENT OF
JONG-KEUN PARK OF KOREAN AIR LINES CO., LTD.
BEFORE THE
SENATE TRANSPORTATION COMMITTEE OF ALASKA

Good afternoon, Chairman Jones and other distinguished members of the Senate Transportation Committee.

My name is Jong-Keun Park, Manager of the Anchorage office of Korean Air Lines. It is an honor and a privilege to testify before the Committee today as it considers Senate Joint Resolution No. 36. That Resolution supports Korean Air's long-standing efforts to establish direct air service between the State of Alaska and the Republic of Korea. Korean Air believes that its proposed service would foster improved trade, commercial and cultural ties between Alaska and Korea, and it believes that the adoption of Senate Joint Resolution No. 36 will help hasten the day when this service becomes a reality.

Mr. Chairman, the last several years have witnessed a phenomenal growth in trade and commerce between the State of Alaska and Korea. Last year, Korea ranked as Alaska's second largest export market. It purchased almost $114 million of Alaskan exports. In addition to traditional exports of timber, fish and ammonia, last year also saw the first major exports of Alaskan coal to Korea. Those exports transited the newly constructed port facility at Seward, a facility which was constructed by an Alaskan affiliate of a Korean shipping firm.

The last several years have also witnessed several important developments in Korean trade and investment in the State of Alaska. One of the significant developments last year was the dedication of Korean Air's new multi-million dollar catering facility at Anchorage International Airport.

Korean Air is proud to play an important role in the development of the Alaskan economy. Korean Air has committed millions of dollars to the construction of modern facilities to support its operations at Anchorage. Approximately, 40 Korean Air flights transit Alaska every week, making the Company the State's second largest international airline. These activities contribute more than $65 million to the Alaskan economy every year.

Tourists and business visitors also are vital to the Alaskan economy. Tourism is Alaska's second largest industry. The influx of visitors generates millions of dollars for Alaska's economy each year. Asia, particularly Japan and Korea, represents an important potential tourist market for Alaska. The development of this market, however, is severely constrained by the relative lack of direct air service linking Alaska and major Asian destinations. This is especially true in the case of Korea. Without direct air service, travel between Seoul and Anchorage is time consuming, infrequent and inconvenient. Passengers frequently are required to stay overnight enroute. According to some estimates, as many as 2-3,000 passengers per month make the trek down to Seattle for connections to the

Orient. The cost to businesses in terms of travel delays and loss of productivity as a result of the lack of direct air service is obvious, and the adverse effect of such a lack of direct air service upon the State's ability to tap the enormous potential tourist markets of Asia can hardly be overstated.

If trade, commerce and tourism between Alaska and Korea are to continue to grow and flourish, then improved air service must become a reality. Over the last 16 months, Korean Air has received scores of requests to provide transportation between Anchorage and Seoul. The requests have come from a variety of groups and organizations, including the Anchorage Organizing Committee for the 1992 Olympics and the Korean Community of Anchorage. More than a dozen of those requests came from government and business leaders who were traveling to Korea as part of official delegations striving to promote improved trade and economic ties between Alaska and Korea. On each of these occasions, Korean Aid had to obtain special authorization from the U.S. Department of Transportation in order to provide the transportation even though its flights transit Anchorage every day. In an effort to remedy this situation, Korean Air in June of 1983 filed an application with the then Civil Aeronautics Board (now the Department of Transportation) requesting authorization to provide direct air service between Anchorage and Seoul as contemplated under the terms of an agreement signed

between the United States and Korea in 1980. Regrettably, due to a series of misunderstandings and disagreements between the two countries, no action has been taken upon that application.

Korean Air looks forward to the day when it can begin providing direct air service between Alaska and Korea. It believes that the adoption of the resolution now being considered by this Committee would send a strong signal to officials in Washington that the time has come for the United States and the Republic of Korea to reach a mutually agreeable resolution of their differences so that Korean Air's direct service between Alaska and Korea can at long last become a reality.

That concludes my remarks, Mr. Chairman. I thank you for allowing me to address the Committee today. I would be happy to answer any questions that you or other members of the Committee may have.

MEMORANDUM OF UNDERSTANDING

1. Delegations representing the Governments of the Republic of Korea and the United States of America met in Washington, D.C. April 8-12, 1980, at the request of the Government of the Republic of Korea to discuss air transport relations between the two countries. During the discussions, the delegations reached the agreements contained herein, with which both delegations expressed their complete satisfaction. Delegation lists are attached as Annexes 1 and 2.

2. During the consultations, views were exchanged on the following items:

A. Implementation of the current Air Transport Services Agreement, as amended, particularly as regards cargo handling, customs and immigration operations, and market access.

B. Airport conditions.

C. Fuel supplies.

D. Storage facilities and procedures.

E. Route schedules.

3. The Korean Delegation expressed its dissatisfaction with the route schedule contained in the existing Agreement. It reaffirmed its desire for an expansion of the route schedule so that it could offer service to additional points in the United States and to initiate service beyond the United States. The delegations agreed to augment the Korean route schedule by adding full traffic rights to/from Anchorage,

Oakland and Chicago; as well as beyond rights from/to one United States point to/from one point in Europe, both to be mutually agreed upon. These rights will become available during the period 1980-1983, under the conditions specified below. The revised route description is contained in Annex 3 of this Memorandum.

4. The Korean delegation noted the delays which its designated airline has encountered at Anchorage because of immigration procedures. It requested that the United States authorities permit the immigration procedures to take place at New York rather than Anchorage. It promised to provide a statement which will detail the delays it has experienced at Anchorage because of immigration requirements and will explain the justification for permitting these procedures to occur at New York. The United States delegation agreed to consider such a detailed statement and to discuss the problem with the United States immigration authorities.

JK

5. The Korean delegation expressed considerable concern about operating conditions at the Los Angeles airport, particularly as regards fuel availability, counter space, baggage handling and passenger access to the terminal. It stated that these conditions, and particularly its impending transfer to a temporary terminal, would seriously impede its operations. The United States delegation stated that it had, this week, been informed by officials of the United States Department of Energy and the Los Angeles

airport that ample fuel supplies are available. It agreed, however, that it would intervene with the appropriate authorities about this matter should a fuel shortage occur. It noted also its intent to study the other difficulties which the Korean delegation raised.

6. The Korean delegation described several operational difficulties at the New York airport, citing particularly the fuel situation and the apparent unavailability of a company that would be willing to provide continuing service for the Korean carrier's cargo. The United States delegation expressed its intention to discuss these issues with the New York airport authorities in order to obtain a solution to these problems.

7. The Korean delegation presented the following proposal concerning surface transportation for consideration by the United Stated delegation:

> "The Korean delegation believes that designated airlines of both countries would have greater operating flexibility and could much better serve the public if they are allowed to directly arrange with surface transportation companies to carry cargo (and passengers) from any point within a country to the gateway or gateways served by the particular airline within that country. This arrangement would allow more efficient operation and improved quality of service."

The United States delegation noted that this issue is a very complicated question, but agreed to study the Korean proposal and to provide a response at a later date.

8. The Delegation of the United States expressed its concern about the progress in the construction of the new cargo facility specified in the March 1979 exchange of diplomatic notes. The Korean delegation agreed that by May 15, 1980, the Korean authorities will present to the U.S. air carriers a specific proposal for the construction of the new cargo facility for the exclusive use of U.S. carriers. This proposal will provide the option for the U.S. air carrier or carriers to construct the building. If by June 15, 1980, the U.S. air carriers do not exercise this option to construct the facility on the terms specified, then the Government of the Republic of Korea will construct the facility. Consultations will be held among all interested parties during the design and construction of the facility. This facility will be as large as space permits; it will be no less than 2,688 square meters; it will be an addition to the existing structure with access, if structurally possible, to the space presently allocated to the U.S. air carriers. Those U.S. air carriers which elect to self-handle will have sole use of the new facility and all allocated space in use by them when the new facility opens. Any U.S. air carrier which does not elect to self-handle may choose to utilize the service of an agent.

9. The United States delegation expressed its concern about construction necessary for the U.S. carriers to

self-handle their transit cargo, as well as to self-handle their in-bound cargo from the aircraft to the customs area. The Korean delegation assured the U.S. delegation that all necessary steps have been taken to initiate construction and that it will be completed no later than June 30, 1980. At that time, the U.S. carriers will be permitted to self-handle in-bound cargo from their aircraft to the customs area and to self-handle their transit cargo.

10. The United States delegation noted that one of its designated airlines has experienced difficulty importing equipment into Korea without paying customs duties. To ensure that the provisions of Article 7 of the 1957 Agreement, as amended, are being fully implemented, the Korean delegation promised to look into the matter and to communicate its findings through diplomatic channels.

11. The United States delegation reported that one of its designated carriers has had difficulties remitting its excess currencies from Korea. The Korean delegation agreed to look into the matter to ensure that prompt and effective remittances of excess currencies can be made.

12. The Korean delegation agreed that fuel will be provided on a non-discriminatory basis among the airlines of the United States, whether they are engaged in scheduled or charter transportation with stops in Korea for either traffic or transit services, when fuel is available. The

United States delegation stated that, by law, fuel must be made available in the United States on a non-discriminatory basis, whether the air carrier is providing scheduled or charter transportation.

13. The United States delegation expressed its concern that U.S. carriers apparently will soon lose their present storage facility without a replacement area being available, and that one U.S. carrier confronts delays because it currently submits its stored material to customs PROCEDURES because of the present location of its storage area. The Korean delegation expressed its intent that the availability and location of storage areas should not constitute an impediment or obstacle to airline operations and assured that the competent authorities will exercise their utmost efforts to seek a solution to this problem. The Korean delegation noted, meanwhile, that because of the physical conditions obtaining at Kimpo Airport all carriers have been subjected to some constraints in space availability.

14. The United States delegation expressed its serious concern that the Government of Korea has not permitted U.S. carriers to provide each other ground handling services. It noted that the Korean designated carrier faces no such constraint in its current operations within the United States. Moreover, the United States delegation noted that foreign corporations are precluded from acting as air

freight forwarders within Korea. In the spirit of liberalization and in view of the substantial route expansion proposed for the Korean designated airline(s), the United States delegation urged the Korean delegation to seek a change in the present legal situation. The Korean delegation responded by stating that the laws and regulations in force in the Republic of Korea do not permit the Government of Korea to grant to foreign carriers the right to provide ground handling services for each other. As regards freight forwarding services, the Korean delegation stated that Korean law does not permit foreigners to perform such services in Korea. The Korean delegation expressed its intention to discuss this issue with its competent authorities, taking due note of the U.S. delegation's concern about this matter.

15. The two delegations agreed that before any of the new traffic rights, specified in Annex 3 to this Memorandum, for the Korean designated airlines will be granted:

A. The Government of the Republic of Korea will, by diplomatic note, advise the Government of the United States that:

1. The limitation on the exercise of beyond rights contained in the exchange of letters dated March 26, 1971, is eliminated.

2. The airlines of the United States have the right to make transit stops in Korea, the right of overflight of Korea and the right to carry traffic to/from Korea from/to any point beyond, without geographical limitation. This provision shall not preclude the application of Article 5 of the Air Transport Services Agreement of 1957 (as amended).

B. The Government of the Republic of Korea will, by diplomatic note, advise the Government of the United States that:

The new cargo facility having been completed, the airlines of the United States may perform all of their own cargo self-handling services in respect of in-bound, out-bound and transit cargo. The Government of the United States will advise of its confirmation by diplomatic note.

16. The two delegations agreed that the designated airlines may serve points behind any homeland gateway point with or without change of aircraft or flight number and may hold out and advertise such services to the public as through services.

Effectiveness:

The two delegations agreed to recommend to their governments that the agreements recorded in this Memorandum of Understanding, signed ad referendum, be confirmed by an exchange of diplomatic notes, which shall then constitute an amendment to the Air Transport Services Agreement of 1957 (as amended).

For the Delegation of the Government of the United States of America

James Ferrer, Jr.
Director, Office of Aviation
Department of State

For the Delegation of the Government of the Republic of Korea

Soo Gil Park
Director-General
Treaty and Legal Affairs Bureau,
Ministry of Foreign Affairs

Washington, D.C.
April 12, 1980

TESTIMONY BEFORE

SENATE TRANSPORTATION COMMITTEE

BY SENATOR BETTYE FAHRENKAMP

MR. CHAIRMAN, MEMBERS OF THE SENATE TRANSPORTATION COMMITTEE, I APPRECIATE THE OPPORTUNITY TO SPEAK BEFORE YOU TODAY ON BEHALF OF SENATE JOINT RESOLUTION 36, RELATING TO PASSENGER AND CARGO SERVICE BY KOREAN AIR LINES IN ANCHORAGE.

LAST YEAR THE ALASKA STATE LEGISLATURE PASSED A SIMILAR RESOLUTION TO ENCOURAGE THE UNITED STATES TO RATIFY THE 1980 MEMORANDUM OF UNDERSTANDING BETWEEN THE REPUBLIC OF KOREA AND THE UNITED STATES. THE RESOLUTION BEFORE YOU REPEATS THAT MESSAGE, BUT EXPANDS THE RESOLVE TO ADDRESS CARGO RIGHTS , UPDATES THE PROVISIONS WHICH ADDRESS THE CURRENT FLIGHTS BETWEEN THE COUNTRIES, AND MODIFIES THE FINAL RESOLVE IN ORDER TO ALLOW OUR NATIONAL LEADERS THE FLEXIBILITY TO RESOLVE THE MATTER THROUGH NEGOTIATIONS.

I'VE BEEN APPROACHED BY SEVERAL CONSTITUENTS AS REGARDS THE ADDITIONAL TIME AND EXPENSE ALASKA PASSENGERS EXPERIENCE IN ORDER TO FLY TO SEOUL, KOREA. THIS CONCERN ENCOMPASSES NOT ONLY VACATIONERS, BUT ALASKANS WISHING TO DO BUSINESS WITH KOREA.

IT TAKES (8 ½) EIGHT AND ONE-HALF HOURS TO TRAVEL DIRECTLY FROM ANCHORAGE TO SEOUL. CURRENTLY, PASSENGERS MUST EITHER TRAVEL ON JAPAN AIR LINES TO TOKYO, TRANSFER PLANES, THEN TO SEOUL, FOR A TOTAL OF ABOUT 10 ½ HOURS , OR FLY TO SEATTLE TO BOARD A FLIGHT TO

SEOUL, WHICH TAKES ABOUT 17 ½ HOURS. OF COURSE, ADDITIONAL EXPENSE IS INCURRED TO TRAVEL THESE INDIRECT ROUTES.

THERE ARE MANY CONSIDERATIONS AND ISSUES TO CONSIDER DURING THE NEGOTIATIONS BETWEEN THE UNITED STATES AND KOREA THAT AFFECT THIS PARTICULAR REQUEST FOR BOARDING RIGHTS AND CARGO HANDLING RIGHTS IN ANCHORAGE BY KOREAN AIRLINES.

THIS RESOLUTION ENCOURAGES THE UNITED STATES TO SEEK A MUTUALLY AGREEABLE SOLUTION TO THOSE ISSUES. I'VE PROVIDED A MEMORANDUM IN YOUR PACKET WHICH OFFERS A BRIEF OVERVIEW OF THE ISSUES WHICH THE UNITED STATES MUST ADDRESS WHEN CONSIDERING THIS REQUEST. THESE ISSUES INCLUDE EXISTING REVENUE TRADE BALANCES, SELF- HANDLING RIGHTS, CURRENT BOARDING RIGHTS, AND OTHER RELATED MATTERS FOCUSING ON IMMIGRATION, TOURISM, COMPETITION BETWEEN OTHER COUNTRIES TOURISM, AND COMPETING FOR U.S. MARKETS.

THIS RESOLUTION SENDS A MESSAGE I BELIEVE WE WISH TO CONVEY: THAT ALASKA IS VERY INTERESTED IN HAVING OUR NATIONAL LEADERS, BOTH IN CONGRESS AND THE ADMINISTRATION, WORK TOGETHER TO QUICKLY RESOLVE ANY DISPUTES AND DIFFERENCES SO AS TO ENABLE ALASKANS DIRECT PASSENGER AND CARGO ACCESS TO KOREA, WHICH WOULD THEREBY ENCOURAGE AND PROMOTE TRAVEL AND ADDITIONAL TRADE BETWEEN ALASKA AND THE REPUBLIC OF KOREA.

I'VE WORKED WITH THE CHAIR, U.S. SENATOR STEVENS' AND MURKOWSKI'S OFFICES, THE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT,

INTERNATIONAL TRADE DIVISION (DAN DIXON), AND KOREAN AIR LINES TO DEVELOP LANGUAGE CHANGES BEFORE YOU IN THE PROPOSED COMMITTEE SUBSTITUTE FOR SJR 36. I WOULD BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE, AND ASK THAT THIS COMMITTEE EXPEDITIOUSLY PASS OUT THIS RESOLUTION.

THANK YOU.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 5-13-87 1:30p.m.

(7)

HOUSE COMMITTEE REPORT

Date referred: 4/22/87

FURTHER REFERRALS:

DATE: May 13, 1987

The Transportation Committee has considered CSSJR 36(Trsp)

Relating to passenger and air cargo service to Anchorage by Korean Air Lines.

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[X] same as previous fiscal note published 4/10/87

[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

Eva Rooker

Bill Hudson

Jeannie Forrer

Bette Cash

SIGNING OTHER RECOMMENDATIONS:

Bette Cash

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: May 13, 1987

Subject of meeting:

* HCR 18: Railroad Operations Report
* HJR 32: Completion of the Mackenzie HWY, Canada
CSSJR 36: KAL Boarding Rights/Anchorage
CSSB 146: Weights & Measures

SIGN-IN

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?	
Terry Hanson Spec Assistant	DXN Juneau 99811	465-4322	Dept of Public Safety	upon Request	146
John Williams	Box D Jun AK 9981	465-2502	DCED Re SB 146	Yes	146
+ Nancy Petersen	staff, Sen. Fahrenkamp	465-3872	Sen. Fahrenkamp SJR 36 —	yes	SJR 36
MARK HICKEY	—	3900	DOT/PF	QUESTIONS 146	146
ART SNOWDEN	———	264-0547	COURTS	146	146 ✓
T. J. Washburn	Juneau	463-3279	ak Trucking Assoc	yes 146	146
Rosa Jones Branch Manager	134 No. Franklin	586-1740	H.C.C. of Alaska	yes 146	146
Reed Staggs					

* indicates first public hearing

Alaska State Legislature

SENATOR BETTYE FAHRENKAMP
CHAIRMAN, LEGISLATIVE COUNCIL
CHAIRMAN, OIL AND GAS COMMITTEE
515 7TH AVENUE, SUITE 130
FAIRBANKS, ALASKA 99701
OFFICE (907) 452-4882
HOME (907) 456-2899

WHILE IN JUNEAU
P.O. BOX V
JUNEAU, ALASKA 99811
CAPITOL ROOM 125
OFFICE (907) 465-3834
HOME (907) 780-6027

Senate

M E M O R A N D U M

TO: All Representatives

FROM: Senator Bettye Fahrenkamp

DATE: May 15, 1987

RE: Background information for SJR 36, relating to Korean Air Lines passenger and air cargo service

SJR 36 is similar to SJR 30 which passed the Alaska State Legislature last session, to become Legislative Resolve #33. This resolution, with the support of the International Trade Office, was expanded to include air cargo service.

Several of my constituents have contacted me regarding a continuing problem for Alaskans wishing to travel from Alaska to Korea, and for goods to be transported from Anchorage to Korea. Korean Air Lines has approximately forty flights from Seoul, Korea which stop in Anchorage. Korean Air Lines does not have boarding rights in Anchorage. Currently, Anchorage passengers bound for Korea must fly to Seattle to board flights, or fly with Japan Air Lines to Tokyo, transfer planes and fly to Seoul, Korea, all of which is more costly in terms of time lost or additional fares. No cargo service is available by KAL in Anchorage. Anchorage is currently considered a technical stop, only catering and crew changes are allowed at present.

Both Senator Murkowski and Senator Stevens support resolving the issues relating to passenger service by Korean Air Lines in Anchorage and suggested that passage of this resolution shows continued support and interest by the Alaska State Legislature.

The Department of Commerce and Economic Development, Office of International Trade supports this resolution.

SJR

54

50

STATE OF ALASKA 1988 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST

Bill Version: SJR54
Publish Date: (SENATE) 1/28/88

Revision Date:
Title: Alaska Airlines Fly to Siberia
Sponsor: Sturgulewski
Requestor: Abood

Agency Affected: DOT&PF
BRU:
Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS:

There is no fiscal impact to the Department of Transportation and Public Facilities.

Prepared by: Robert G. Poe
Phone: 465-3900
Division: Deputy Commissioner Budget & Finance
Date: 1-26-88

Approved by Commissioner: FB Mark S. Hickey
Date: 1-26-88
Agency: DOT&PF

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

Alaska State Legislature

SENATOR
ARLISS STURGULEWSKI
Chairman, Senate Community and Regional Affairs Committee
Vice-Chairman, Senate Judiciary Committee
Member, Senate Resources Committee

2957 SHELDON JACKSON STREET
ANCHORAGE, ALASKA 99508

While in Juneau
P. O. BOX V
JUNEAU, ALASKA 99811
(907) 465-3818

Senate

MEMORANDUM

February 8, 1988

TO: Representative Bette Cato, Chairman
House Transportation Committee

FROM: Senator Arliss Sturgulewski
Senate District F

RE: SJR 54 "Expressing support for the Alaska Airlines application for approval to fly to Siberia."

The recent U.S. and Soviet summit meeting has resulted in the opportunity for the establishment of air links between the U.S. and Russia. Alaska Airlines has submitted an application to begin flights to Provideniya, Siberia from Nome, Alaska. Preliminary discussions have begun between the U.S. Department of Transportation and their Soviet counterpart. This resolution would show support from the State of Alaska for approval of the Alaska - Siberia connection.

There is a zero fiscal note and the resolution received unanimous support in the Senate. I have attached the relevant backup material and hope you will be able to schedule SJR 54 for an early hearing.

Please contact my office if you have any questions.

Attachments

SCHEDULE
(Saturday and Sunday)

	ANC		OME		PROVIDENIYA	
	Arr.	Dep.	Arr.	Dep.	Arr.	Dep.
Flight 001		0700	0830	0910	0955	
Flight 002	1315		1115	1155		1030
Flight 003		1245	1415	1455	1540	
Flight 004	1855		1700	1735		1615

1. The above schedule is illustrative of the B-727/B737 summer season service pattern that Alaska Airlines would operate and all times set forth are expressed in Alaska Daylight Time without modification for crossing the international dateline.

2. Alaska Airlines initially contemplates operating a twice weekly service pattern (two round trip flights on each day) during the ten week summer season and further flights would be added when justified by traffic levels.

Corporate Communications, SEAZP, P.O. Box 68900, Seattle, WA 98168

Alaska Airlines News

Contact:
Lou Cancelmi
206/433-3170

FOR IMMEDIATE RELEASE

January 12, 1988

ALASKA AIRLINES ANNOUNCES FILING TO SERVE SIBERIAN CITY

SEATTLE -- Alaska Airlines announced today that it has filed an application with the U.S. Department of Transportation to provide scheduled air service between Nome, Alaska, and Provideniya, Siberia, U.S.S.R.

Provideniya, a Soviet Far Eastern city of approximately 4,500 persons, is located on the southeastern tip of the Chukchi Peninsula. The city is about 230 nautical miles across the Bering Sea from Nome.

According to Bruce R. Kennedy, chairman and chief executive officer of the airline, the proposed service would establish a new transportation link between the U.S. and the U.S.S.R.

Kennedy said the new service, if approved by the appropriate U.S. and Soviet authorities, would reunite the indigenous Native people of Alaska and Siberia and provide a unique tourist opportunity for travelers interested in the Arctic and the Soviet Far East.

- more -

While acknowledging that diplomatic and technical questions need to be answered before service can begin, Kennedy said, "Alaska Airlines is no stranger in the arena of Soviet/U.S. aviation." During the summers of 1970, 1971 and 1972 Kennedy noted Alaska Airlines operated some thirty round trip charters between Anchorage and the Siberian city of Khabarovsk, as well as to Leningrad.

Alaska Airlines, a wholly-owned subsidiary of Alaska Air Group, Inc., serves 30 cities in six Western states.

# # #

BEFORE THE

DEPARTMENT OF TRANSPORTATION

WASHINGTON, D.C.

In the Matter of The Application of ALASKA AIRLINES, INC. For A Certificate of Public Convenience and Necessity To Serve Provideniya, Siberia, USSR	)	Docket

APPLICATION OF ALASKA AIRLINES, INC.

FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

Communications with respect to this document should be sent to:

Jan D. Blais, Esq.
Staff Vice President -
Legal & General Counsel
Alaska Airlines, Inc.
19300 Pacific Highway South
Seattle, Washington 98188

Marshall S. Sinick
Squire Sanders & Dempsey
1201 Pennsylvania Avenue, N.W.
Suite 500
Washington, D.C. 20044
(202) 626-6651

Alaska Airlines, Inc.
Washington Counsel

January 12, 1987

BEFORE THE

DEPARTMENT OF TRANSPORTATION

WASHINGTON, D.C.

In The Matter Of The Application Of ALASKA AIRLINES, INC. For A Certificate of Public Convenience and Necessity To Serve Provideniya, Siberia, U.S.S.R.	Docket

APPLICATION OF ALASKA AIRLINES INC.

FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

Alaska Airlines, Inc. requests a certificate of public convenience and necessity, pursuant to Section 401 of the Federal Aviation Act of 1958, as amended, to operate scheduled service between Nome, Alaska and Provideniya, Siberia, U.S.S.R. Alaska's proposal is designed to forge a new transportation link to the U.S.S.R. in the aftermath of the summit between President Reagan and General Secretary Gorbachev. Among the many outgrowths of the summit are strong indications of warming relationships between the United States and the U.S.S.R. particularly with respect to enhanced trade and cultural exchanges. Alaska's

application would provide a further opportunity for both the United States and the U.S.S.R. to solidify these relationships.

The Nome Gateway has long been a major Alaskan tourist destination during the winter as well as summer months and the addition of a stopover at Provideniya would likely prove extremely attractive to a number of U.S. tourists. The fact that Provideniya is only approximately 230 nautical miles distant from Nome, Alaska would also mean that the new transportation link would assist in re-establishing the longstanding cultural relationships that exist between many native Alaskans and Siberians.

Alaska Airlines was the last U.S. carrier to have operated regular service to Siberia and is therefore particularly well-suited to provide the proposed service. During the 1970-72 period, Alaska pioneered and operated a weekly B-707 charter program to Khabarovsk in Siberia as well as to Leningrad. In conducting that unique program, Alaska Airlines was required to cooperate extensively with the U.S.S.R. and Aeroflot and it is expected that their familiarity with Alaska would allow for a relatively easy implementation of a tourist and exchange program to Provideniya once the Department issues the requested certificate of public convenience and necessity.

In further support of this application, Alaska states as follows:

1. Alaska Airlines, Inc. has it principal headquarters located at 9300 Pacific Highway South, Seattle, Washington 98188. Alaska Airlines is incorporated under the laws of the State of Alaska and is a wholly owned subsidiary of Alaska Air Group Inc., a corporation organized under the laws of the State of Delaware.

2. Alaska Airlines, Inc. is a citizen of the United States within the meaning of Section 101(13) of the Federal Aviation Act of 1958, as amended. Each of Alaska's officers and directors is a U.S. citizen and the owners of record of at least 75% of Alaska's outstanding voting securities are U.S. citizens.

3. Alaska Airlines has repeatedly been found fit, willing and able to provide interstate and foreign air transportation and the the Department is requested to take official notice of Alaska's continuing fitness. See e.g. Orde 82-6-80, 82-8-69, 81-12-131 and 81-1-30.

4. Alaska Airlines will engage in the carriage of persons, property and mail between Nome, Alaska and Provideniya, Siberia, U.S.S.R. and this service would be operated with either B-727-200 or B-737-200 aircraft. Alaska currently owns and operates a number of such aircraft.

5. Alaska will also shortly provide a map depicting the route beetween Nome, Alaska and Provideniya, Siberia and an illustrative service proposal setting forth the aircraft type, capacity, elapsed trip time and an estimate of the fuel to be consumed during the first year of proposed operations.

CONCLUSION

WHEREFORE, Alaska Airlines, Inc. respectfully requests that the Department issue Alaska Airlines, Inc. a certificate of public convenience and necessity authorizing Alaska to engage in scheduled foreign air transportation between Nome, Alaska and Provideniya, Siberia U.S.S.R. or grant such other relief as the Department may deem appropriate.

ALASKA AIRLINES, INC.

Marshall S. Sinick
Squire Sanders & Dempsey
1201 Pennsylvania Avenue, N.W.
Washington, D.C. 20044

Washington Counsel

January 12, 1988

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing application was served by mail, postage prepaid, upon the persons named below.

Nancy L. Hassan

Honorable Steven Cowper
Governor State of Alaska
P.O. Box A
Juneau, Alaska 99811-0101

Honorable Ted Stevens
United States Senator
522 Hart Senate Office Bldg.
Washington, D.C. 20510

Honorable Frank H. Murkowski
United States Senator
709 Hart Senate Office Bldg.
Washington, D.C. 20510

Honorable Don Young
United States Congressman
2331 Rayburn House Office Bldg.
Washington, D.C. 20575

Honorable George Schultz
Secretary of State
State Department
2201 C Street, N.W.
Washington, D.C. 20520

Honorable Jeffrey N. Shane
Deputy Assistant Secretary
for Transportation Affairs
State Department
2201 C Street, N.W.
Washington, D.C. 20520

Honorable James H. Burnley IV
Secretary of Transportation
Department of Transportation
400 7th Street, S.W.
Washington, D.C. 20590

Honorable Matthew V. Scocozza
Assistant Secretary for
Policy and International
Affairs
Department of Transportation
400 7th Street, S.W.
Washington, D.C. 20590

Honorable Philip W. Haseltine
Deputy Assistant Secretary
Department of Transportation
400 7th Street, S.W.
Washington, D.C. 20590

Honorable John K. Handeland
Mayor, Nome, Alaska
P.O. Box 281
Nome, Alaska 99762

Mr. A. Bufsas, Jr.
Manager
Nome Airport
Nome, Alaska 99762

Mr. Ralph Brumbaugh
President
Markair, Inc.
4100 International Airport
Road
P.O. Box 19769
Anchorage, Alaska 99519

Mrs. Rita Sholton
President
Northern Air Cargo, Inc.
3900 West International
Airport Road
Anchorage, Alaska 99502

His Excellency Yuriy V. Dubinin
Ambassador to the United States
Embassy of the Union of Soviet
Socialist Republic
1125 16th Street, N.W.
Washington, D.C. 20036

Honorable Rozanne L. Ridgeway
Assistant Secretary for
European Affairs
Department of State
Room 6226
2201 C Street, N.W.
Washington, D.C. 20520

Mr. Robert Clarke
Office of Soviet Affairs
Bureau of European &
Canadian Affairs
Room 4223
2201 C Street, N.W.
Washington, D.C. 20520

PUBLIC OPINION MESSAGE

DEAR: SENATOR STURGULEWSKI

NAME: JIM STIMPFLE
TITLE: CHAMBER OF COMMERCE, CCCP
ADDRESS: BOX 729
CITY: NOME ZIP: 99762
PHONE: 443-2002
BILL NO: SJR 54
SUBJECT: SUPPORT AK AIRLINES FLIGHTS TO SIBERIA
MESSAGE: THANK YOU FOR YOUR SUPPORT FROM THE SENATE ENCOURAGING THE DEVELOPMENT OF DIRECT CULTURAL AND COMMERCIAL ACTIVITIES BETWEEN NOME AND PROVIDENIYA BY ALASKA AIRLINES. WE BELIEVE THAT THESE FLIGHTS WILL GREATLY AFFECT ALL ALASKANS, FOCUSING WORLD ATTENTION OF ALASKA'S POSITION TO INFLUENCE FRIENDSHIP, GOODWILL AND TRADE BETWEEN THE UNITED STATES AND U.S.S.R.

POMID: 11112031
DATE: 01/21/88
TIME: 11:20:31
LIONAME: NOME INFORMATION OFFICE

COPIES: REPRESENTATIVES

SPRINGER
KOPONEN

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
5190 HTRA SJR 54 - SJR 68

762

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 2-17-88 1:30 p.m

(7)

HOUSE COMMITTEE REPORT

Date referred: 2/3/88

FURTHER REFERRALS:

DATE: February 17, 1988

The Transportation Committee has considered SJR 54

Expressing support for the Alaska Airlines application for approval to fly to Siberia.

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[X] same as previous zero fiscal note published 1/22/88

SIGNING DO PASS:

Mike Hall

Lyle Kaer

Hamish Harris

Bill Hudson

Bettye Cato

SIGNING OTHER RECOMMENDATIONS:

Bettye Cato

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: February 17, 1988

SIGN-IN

Subject of meeting:

* HB 437: "An Act relating to naming the Robert J. Mitchell Expressway."
* HJR 52: Opposing reductions in the budget of the United States Coast Guard.
* SJR 54: Expressing support for the Alaska Airlines application for approval to fly to Siberia.

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY? on what?
Rep Steve Frank	The Alaska State Legislature Juneau	465-3704	[redacted] Fairbanks, Alaska	HB 434
Rep Cliff Davidson	" " "	465-2487		HJR 52
Chief of Operations for the 17th Coast Guard District Capt. Wade Monfriet	Bay 3-5000 Juneau, Ak. 99802	586-7354	Coast Guard	"
Sen Theo Stevens	Alaska	Alaska Estate Legislature Juneau	465-4954	SJR 54
Jim Stimple	Box 729 Nome, Alaska 99762	443-2002	Nome Chamber of Commerce, CCP	SJR 54

* indicates first public hearing

DELIVER TO: LHSCTRA

ORIGINAL

SENT: 02/17/88 TIME: 15:18
FROM: LIOCFBX
SUBJECT: HTRA,FS,MITCHELL EXPY-2-17-88
PRINT DATE: 02/17/88 TIME: 16:26

FINAL STATS

DATE: FEBRUARY 17, 1988
SITE: FAIRBANKS
SPONSOR: HOUSE TRANSPORTATION
SUBJECT: HB 437: ROBERT J. MITCHELL EXPRESSWAY
MODERATOR: BARB

TESTIFY:

NAME\REPRESENTING	ADDRESS	PHONE:
1.)	ROGER BURNS, 2557 DALE ROAD, FAIRBANKS 99709	479-2724
2.)	GARY WILKEN, 2600 RIVERVIEW DR., FAIRBANKS 99709	474-0341
3.)	CELIA M. HUNTER, 1819 MUSKOX TR., FAIRBANKS 99709	479-2754
4.)	GINNY HILL WOOD, 1819 MUSKOX TR., FAIRBANKS 99709	479-2754
5.)	ALASKA LINCK, 666 TENTH AVE., FAIRBANKS 99701	456-5107
6.)	NANCY BAKER, 49 TIMBERLAND, FAIRBANKS 99701	452-2624
7.)	JOE TREMARELLO, BOX 80574, COLLEGE 99708	476-6051
8.)	EVOLYN MELVILLE, 2526 OUTSIDE BLVD., N POLE 99705	488-2679
9.)	PETE EAGAN, BOX 1170 FAIRBANKS 99707	456-4793
10.)	ANGIE KRUCKENBERG, BOX 10449, FAIRBANKS 99710	457-6270
11.)	MARK RINGSTAD, 502 MONROE ST., FAIRBANKS 99701	456-5734
12.)	GEORGIANNE FRANK, BOX 81109 FAIRBANKS 99708	479-4394
13.)	HAROLD HERNING, BOX 1797, FAIRBANKS 99707	488-2291

OBSERVE:

NAME\REPRESENTING	ADDRESS	PHONE
1.)	JAN WEAVER, 304 EIGHTEENTH AVE., FAIRBANKS 99701	456-4866
2.)	JO SWARNER, SEN. FAHRENKAMP'S OFFICE	

TESTIFY: __13__
OBSERVE: __ 2__
TOTAL: __15__

START TIME: 1:30 P.M.
END TIME: 2:30 P.M.

SJR

58

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

March 21, 1988

****

COMMITTEE CALENDAR:

SB 3: "An Act relating to motor vehicle registration and registration plates; and providing for an effective date."

SJR 58: Relating to Cordova, Alaska, as the home port of the United States Coast Guard Cutter "Sweetbrier."

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

a notebook on SB 3 that includes:

inside cover: two letters, opposed
item #1: memo from Senator Abood
#2: CS SB 3 (Finance)
#3: fiscal note and position papaer - Department of Public Safety
#4: sectional analysis
#5: statutes
#6: history of CS SB 3

a folder on SJR 58 that includes:

item #1: SJR 58
#2: memo from Senator Kerttula
#3: fiscal note - DOT/PF
#4: resolution of support - city of Cordova

STATE OF ALASKA

SENATE JUDICIARY COMMITTEE

SEN. JAY KERTTULA
SEN. ARLISS STURGULEWSKI
SEN. JAN FAIKS
SEN. JOE JOSEPHSON
SEN. PAT RODEY

P.O. BOX V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3717
(907) 465-3771

DATE: MARCH 16, 1988

TO: REPRESENTATIVE BETTE CATO, CHAIRMAN
HOUSE TRANSPORTATION COMMITTEE

FROM: SENATOR JAY KERTTULA

RE: SJR 58, RELATING TO THE COAST GUARD CUTTER SWEETBRIER

SJR 58 requests that the U.S. Coast Guard keep Cordova as the home port of the cutter Sweetbrier. The Coast Guard has had a presence in Cordova for 53 years, and the Sweetbrier has been stationed in Cordova for almost 12 years.

The bill passed the Senate unanimously on March 3. Attached is the City of Cordova's Resolution, which parallels SJR 58.

At the beginning of 1988 it was believed that the Coast Guard might pull out of Cordova, taking one hundred and eleven Cordova residents, approximately four percent of the town's population, with it when it departed.

SJR 58 shows that the Alaska State Legislature is serious about its interest in maintaining Cordova as the home port for the Sweetbrier.

Since 1976, when the Sweetbrier was first brought to Cordova, it has performed 130 to 140 rescues. The Coast Guard's presence in Cordova must be maintained to protect the marine safety of this busy port and that of Prince William Sound.

Prince William Sound is one of the world's prime fisheries. It is critical for the protection of the fishing industry for the Coast Guard to maintain its presence in Cordova.

Thank you for your consideration of SJR 58. If you have any questions please contact either Beth Kerttula or Alexis Miller at 465-3717.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SJR 58
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Cordova as Home Port for Coast Guard Cutter
Sponsor: Kerttula/Szymanski
Requestor: Jones

Agency Affected: DOT&PF
BRU: _____
Components: _____

FEB 19 1988

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This legislation would have no impact to the Department of Transportation and Public Facilities.

Prepared by: W. Keith Gerken
Division: Deputy Commissioner, Operations
Phone: 465-3900
Date: 2-17-88

Approved by Commissioner: W.K. Gerken Mark S. Hickey
Agency: Transportation & Public Facilities
Date: 2-17-88

Distribution (by preparer):
Legislauve Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

CITY of CORDOVA, ALASKA

JAN 15 1988

RESOLUTION 88-3

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CORDOVA, ALASKA, THAT THE UNITED STATES COAST GUARD IS INVITED AND ENCOURAGED TO CONTINUE ITS PRESENCE IN PRINCE WILLIAM SOUND, WITH CORDOVA AS THE HOME PORT OF THE U.S.C.G. CUTTER SWEETBRIER

WHEREAS, the United States Coast Guard has held a respected and necessary presence in the city of Cordova, Alaska, for fifty-three years; and

WHEREAS, the Coast Guard Cutter "Sweetbrier" has proven its critical importance to maritime safety and navigation in Prince William Sound since 1976; and

WHEREAS, commercial fishing, which is the basis of the economy of Cordova, is dependent upon the Coast Guard to protect the safety of the fleet and fishery; and

WHEREAS, the officers and crew of the "Sweetbrier" represent the presence of one hundred eleven Cordova residents, which is approximately 4% of the population of Cordova; and

WHEREAS, the city of Cordova is, and wishes to remain, the Home Port of the Coast Guard Cutter "Sweetbrier";

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of Cordova, Alaska, that the United States Coast Guard is invited and encouraged to continue its presence in Prince William Sound, with Cordova as the Home Port of the U.S.C.G. Cutter "Sweetbrier".

PASSED AND APPROVED THIS 7th DAY of January, 1988.

Mayor Erling T. Johansen

D. Lynda Plant, City Clerk

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 3-21-88 1:30p.m.

(7)

HOUSE COMMITTEE REPORT

Date referred: 3/4/88

FURTHER REFERRALS:

DATE: March 21, 1988

The Transportation Committee has considered SJR 58

Relating to Cordova, Alaska, as the home port of the United States Coast Guard cutter "Sweetbrier."

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[X] same as previous zero fiscal note published 2-22-88

SIGNING DO PASS:

Irene Cooper

Bill Hudson

Hermie Sprenger

Bette Cato

Mike Miller

O.J. Burns

SIGNING OTHER RECOMMENDATIONS:

Bette Cato

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: March 21, 1988

SIGN-IN

Subject of meeting:

SB 3: "An Act relating to motor vehicle registration and registration plates; and providing for an effective date."

SJR 58: Relating to Cordova, Alaska, as the home port of the United States Coast Guard Cutter "Sweetbrier".

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY? which bill?
Bill Brown	P.O. Box N Juneau 99811	5-4335	DMV	SB 3
Beth Kerttula	C/o Box V Juneau	3771	Sen Kerttula	SJR 58
Senator Abood	Juneau, Ak 99811	465-	Senator Abood	SB 3 ✓

SJR

66

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

May 4, 1988

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COMMITTEE CALENDAR:

SJR 66: Proposing an amendment to the Constitution of the State of Alaska creating a dedicated fund for the construction and maintenance of roads and highways.

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

a folder on SJR 66 that includes:

item #1: CS SJR 66
#2: statement - Sen. Jones
#3: fiscal note - Division of Elections
#4: letter of intent
#5: position paper - DOT/PF
#6: position paper - Federal Hwy Administration
#7: Depart. of Rev. report of fuel sold in Alaska
#8: status of HWY user fee protection

ALASKA STATE LEGISLATURE

Home Address
3813 Denali Street
Ketchikan, AK 99901
907-225-9082

While in Juneau
P.O. Box V
Juneau, AK 99811
907-465-3743

Senator Lloyd Jones

MEMORANDUM

TO: Representative Bette Cato, Chairman
Members, House Transportation Committee

FROM: Senator Lloyd Jones

DATE: May 2, 1988

SUBJECT: SJR 66 - Proposed constitutional amendment creating a dedicated fund for highways.

The purpose of this proposed constitutional amendment is to dedicate the proceeds of the motor fuel tax, thus making it a direct user fee. This constitutional amendment would assure, with a diminishing state budget, these fuel tax funds would not be diverted to other uses.

The highways and roads of our state have not been adequately maintained over the past few years. This has been the result of a combination of factors, among them; an expansion of the state's road system during the high growth years and an inflated DOT/PF administrative budget. These factors resulted in less money for maintenance of roads when the DOT/PF budget was reduced.

Twenty-four states[1] presently have constitutional provisions in place which protect highway user revenue through anti-diversion language.

The fund would receive an estimated annual revenue stream of $23,235,888[2] in proceeds from the highway motor fuel tax, from both highway and off-highway uses, after the six cents per gallon off-highway rebate.

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[1]According to the June 1, 1987, STATUS ON HIGHWAY USER FEE PROTECTION, by the Highway users Federation for Safety and Mobility

[2]Source: Department of Revenue FY 87

This resolution would afford the voters of Alaska the option of dedicating proceeds from the highway fuel tax to a highway fund. The fund would be available for appropriation by the legislature for expenditure for construction and maintenance of roads and highways in the state.

In conclusion, I am offering this proposal to ensure all funds received from the fuel tax will continue to be utilized for the construction, and maintenance of roads and highways in the state. I believe dedicating these funds will give the citizens of Alaska confidence that expenditures from these user taxes will be used for roads and highways into the future.

159

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CSSJR 66 (TRSP)
PUBLISH DATE: Senate 3/4/88

FISCAL NOTE

REQUEST:

Revision Date: 2/16/88
Title: Constitutional amendment creating a dedicated fund for construction/maintenance of roads/highways.
Sponsor: JONES
Requestor: Senate Transportation & Finance

Agency Affected: Office of the Governor
BRU: Division of Elections

Components: II - Primary & General Elections

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		2.2*	0	0	0	0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	2.2*	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	2.2*	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

* Costs included cover 2 to 3 additional pages in each Official Election Pamphlet, for printing and typesetting, and costs estimated to cover computer programming requirements for vote

(cont.)

Prepared by: Linda Edgeworth
Phone: 465-4611
Division: Elections
Date: 2/16/88

Approved by Commissioner:
Date: 2/22/88
Agency: Office of the Governor, Division of Elections

Distribution (by preparer): 2/23/88
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSSJR 66 (TRSP)

counting purposes. However, these costs are based on the assumption that all candidates and issues will fit on three ballot cards, which is the norm. It should be noted, however that should the inclusion of this issue require a 4th ballot to be printed, the cost increase would have to be calculated at 16 cents per ballot x approximately 320,000 voters. The total cost of printing the additional ballot card would be $51.2.

Under these circumstances the fiscal note would be:

53.4

Transportation Com.
Letter of Intent

Letter of Intent SJR 66

It is the intent of the Legislature that ongoing research related to roadbuilding materials, products, and equipment is considered a necessary component of construction and maintenance of roads in the State of Alaska.

Senate adopted 4/29/88

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

P.O. BOX Z
JUNEAU, ALASKA 99811-2500
PHONE: (907) 465-3900

OFFICE OF THE COMMISSIONER

March 18, 1988

The Honorable Steve Cowper
Governor, State of Alaska
Post Office Box A
Juneau, AK 99811

Dear Governor Cowper:

In your Administrative Order creating the Task Force on Transportation Facilities, we were charged with, among other things, examining "reasonable and equitable funding sources for maintenance activities, including a review of the motor fuel tax..." Pursuant to this charge, the task force has closely examined issues related to using fuel taxes as a means of providing funding for the maintenance and operations of transportation facilities and has unanimously adopted two interim recommendations which are conveyed by this letter.

There are some underlying assumptions and positions which we feel deserve highlighting. First, in reviewing historical information related to the fuel tax issue in Alaska, it is clear that the tax was meant to be a user fee collected to recoup some of the funds necessary to maintain the particular transportation system from which it was collected. We believe that over the years this purpose has become clouded by legislative action. We are unanimous in our belief that the state should clarify and reaffirm the intended purpose of the fuel tax in Alaska as a user fee for the particular transportation system from which it was collected.

After considerable thought and debate, it is the position of the task force that a fuel tax is one of the reasonable and equitable funding sources for expenses, related to transportation systems, so long as it is treated as a user fee. In this regard, it is our unanimous recommendation that the best method of re-establishing the fuel tax as a user fee is to dedicate the revenues from the tax to the expenses related to the maintenance activities of the transportation system from which the revenue was generated.

In adopting the attached interim recommendations, the task force also debated at length what expenses should be included in maintenance activity costs. It is the unanimous consensus of the task force that all direct costs for improvement, maintenance and operation of the existing transportation systems should be included in the maintenance activity costs. This analysis would include such expenses as the operation of a maintenance station

camp facility as a maintenance expense, but would exclude indirect administrative costs as a maintenance expense. Similarly, reconstruction of an existing highway to comparable standards would be a direct maintenance expense, while construction of a new highway to a higher standard, even on an existing right-of-way, would not be a maintenance expense.

The task force continues to study issues related to the distribution of responsibility and equitable funding sources for transportation facilities as you directed. As this study continues, it is becoming increasingly clear that any realignment of responsibility also involves establishing a mechanism whereby adequate funding to support a transferred facility is consistently available. We have a full schedule during the next four months, and expect to have our final recommendations to you by the June 30th deadline.

Thank you for your consideration of our recommendations. If you have any questions or would like to discuss our recommendations with the members of the task force, please do not hesitate to call upon us.

Sincerely,

Mark S. Hickey
Chairman, Governor's Task Force on Transportation Facilities

cc: Senator Jan Faiks, President, Alaska State Senate
Representative Ben Grussendorf, Speaker, Alaska State House of Representatives
Members of the Governor's Task Force on Transportation Facilities

GOVERNOR'S TASK FORCE ON

TRANSPORTATION FACILITIES

INTERIM TASK FORCE RECOMMENDATION # 2

Whereas: This task force was created by the Governor's Administrative Order #105 and under intent language adopted by the 15th Alaska Legislature.

Whereas: The charge by the Governor and the Legislature to this task force was to evaluate and examine reasonable and equitable funding sources for expenses related to transportation facilities.

Whereas: The charge by the Governor and the Legislature to this task force specifically required a review of motor fuel taxes in Alaska.

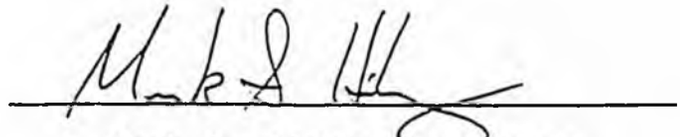
Whereas: The task force, for purposes of this resolution, interpets expenses related to transportation facilities to mean expenses for the Alaska transportation systems excluding indirect costs.

Whereas: This task force has recommended with Interim Task Force Recommendation # 1, that revenue collected and retained by the State of Alaska for fuel taxes should be dedicated for direct costs related to the transportation system from which the revenue was generated.

And Whereas: It is the determination of this task force that the current status of the dedication of fuel taxes for the Alaska transportation systems found in article IX, section 7, of the Alaska Constitution is unclear.

NOW THEREFORE BE IT RESOLVED, that it is the recommendation of this task force that the Governor and the Legislature should seek a constitutional amendment which would unequivocally dedicate all fuel tax revenues collected and retained by the State of Alaska to the direct costs associated with the improvement, maintenance and operation of the existing transportation system from which the revenues were generated.

Adopted this 8th day of March, 1988.



Mark S. Hickey, Chairman

GOVERNOR'S TASK FORCE ON

TRANSPORTATION FACILITIES

INTERIM TASK FORCE RECOMMENDATION # 1

Whereas: This task force was created by the Governor's Administrative Order #105 and under intent language adopted by the 15th Alaska Legislature.

Whereas: The charge by the Governor and the Legislature to this task force was to evaluate and examine reasonable and equitable funding sources for expenses related to transportation facilities.

Whereas: The charge by the Governor and the Legislature to this task force specifically required a review of motor fuel taxes in Alaska.

Whereas: This task force has evaluated and examined historical, constitutional and statutory information regarding fuel taxes as a source of funding for transportation facilities in Alaska.

Whereas: The task force, for the purposes of this resolution, interpets expenses related to transportation facilities to mean expenses for the Alaska transportation systems excluding indirect costs.

Whereas: This task force has determined that fuel taxes are one reasonable source of funding for expenses related to the Alaska transportation systems.

Whereas: This task force has determined that fuel taxes are one equitable method of assessing costs for the use of the Alaska transportation systems.

And Whereas: This task force has further determined that funding for transportation systems is an important function of government; that the Alaska transportation systems are an investment in current and future economic development and stability; that funding for the Alaska transportation systems requires a predictable and stable source of revenue.

NOW THEREFORE BE IT RESOLVED, that it is the recommendation of this task force after careful review of all information put before us, and in response to the charge of the Governor and the Legislature of the State of Alaska, that revenue collected and retained by the State of Alaska for fuel taxes should be dedicated for direct costs related to the transportation system from which the revenue was generated.

Adopted this 8th day of March, 1988.

Mark S. Hickey, Chairman

U.S. Department
of Transportation
**Federal Highway
Administration**

Alaska Division

P.O. Box 21648
Juneau, Alaska 99802-1648

April 19, 1988

HDA-AK

The Honorable Lloyd Jones
Alaska State Senate
P.O. Box V
Juneau, Alaska 99811

Dear Senator Jones:

Senate Joint Resolution No. 66

Your April 15, 1988 letter asked for a position paper from the Federal Highway Administration on a proposed constitutional amendment. This amendment, if passed, would dedicate the proceeds of the tax on motor fuel to a fund for the construction and maintenance of roads and highways.

The mechanism the State utilizes in securing funding for construction and maintenance of roads and highways would not be an issue in which the Federal Highway Administration would have an official position. We do have related concerns that adequate funding is provided to have a state highway department (Title 23, United States Code, Section 302) and to maintain any project constructed with Federal-aid funds (Title 23, Section 116). However, how those funds are derived should remain a State issue.

A review of what other States are doing would offer support for your proposal. Thirty-eight states have highway user fees dedicated for highway purposes and of the remaining twelve states, seven have special funds designated for highway purposes.

Sincerely yours,

Barry F. Morehead

Barry F. Morehead
Division Administrator

For Citmeeon HB 346

ALASKA DEPARTMENT OF REVENUE

REPORT OF FUEL SOLD OR DISTRIBUTED IN ALASKA

During the Month of June 1987

Distribution Items	Aviation Gasoline Gallons	Aviation Jet Fuel Gallons	Marine Gasoline Gallons	Marine Diesel Gallons	Other Gasoline Gallons	Other Diesel Gallons
Exempt Distributions						
Sold for heating use					605	6,290,268
Federal government	27,817	9,660,018	60,194	123,172	247,655	3,720,354
State/local government	14,580	21,954	27,262	772,943	334,515	1,465,069
Charitable institution	566	0	110	0	7,019	3,983
Pub. util./non-profit power assoc.						1,880,156
Exempt power plant					5,283	1,337,035
Jet fuel - foreign flights		14,824,557				
Bonded jet fuel		0				
Consigned to foreign countries	0	0	0	86,594	7,406	11,005
Exported as cargo	8,666	0	0	19,500	830	36,493,830
Gasohol	0	0	0	0	27,257	3,466
Actual losses	0	0	0	0	10,402	10,898
Other	0	0	0	0	0	0
Total exempt distributions		24,506,529	87,566	1,002,209	640,972	51,216,064
Taxable Distributions						
Total taxable distributions	2,206,787	30,752,001	2,360,151	10,876,876	19,244,227	20,401,247
Accumulative total of exempt distributions from 7/1/86 to 6/30/87	708,135	292,306,132	251,391	79,926,742	19,669,241	650,795,97
Accumulative total of taxable distributions from 7/1/86 to 6/30/87	17,485,683	321,430,993	11,321,902	93,647,017	207,332,452	248,005,14
	X .04	X .035	X .05	X .05	X .08	X .08
	$ 699,427	8,035,775.				

566,095 4,682,351 16,586,596 19,840,

Refunds credits (12,873,88

6,247,358 6,744,53

24 547 (4/83)

STATUS OF HIGHWAY USER FEE PROTECTION

June 1, 1987

Prepared by

John W. English
Legal Consultant

7428 Tower Street
Falls Church, VA 22046

For the

Highway Users Federation for Safety and Mobility

1776 Massachusetts Avenue N.W.
Washington, DC 20036

Highway User Fees

Highway user fees are those taxes and fees which are imposed on the owners and operators of motor vehicles for the privilege of using the highways. Although such fees are imposed by the federal, state, and local governments, we are primarily concerned in this project with state highway user fees. State highway user fees include all of the following:

Vehicle registration fees. This is the first structure tax on highway users. It is a tax imposed directly on the owners of the vehicles which use the highways. Typically the fees are collected on an annual basis, and vary according to the weight and use of the vehicle. Heavier vehicles and commercial vehicles generally pay more.

Motor fuel taxes. This is the second structure tax on highway users. It is a tax on the fuel which is used in motor vehicles operated on the highways. The gasoline tax is the most common of this group of taxes, but taxes on diesel fuel and other special fuels are generally included.[1] The tax is typically imposed on a cents per gallon basis. It is generally assessed against distributors of the fuel, and then passed on to highway users in the price of the fuel. Most states also have some form of motor fuel use tax which is assessed directly against certain highway users such as commercial carriers. This is not really a separate tax. It is just a different means of collecting the regular motor fuel taxes. It is intended to prevent avoidance of the motor fuel taxes by out of state purchases.

Weight-distance taxes. This group of taxes, which constitutes a third structure tax on highway users, is the least well defined. Only about one-fifth of the states impose this

---

1. The term "special fuel" typically refers to all combustible gases and liquids suitable for use to generate power in an internal combustion engine, except gasoline.

kind of tax, and it differs from state to state.[2] The tax is imposed only on commercial carriers, and typically only on vehicles which exceed a specified weight limit. In most cases, the tax is based on vehicle weight and the miles operated within the state during the tax year.

Other taxes and fees. There are, of course, myriad other state and local taxes and fees imposed on highway users which are in some way related to the use of their vehicles or the highways. Some of these obviously should be considered highway user fees, and some should not. Some examples:

Sales tax on vehicles, accessories, and fuels
Personal property tax on vehicles
Vehicle title fees
Driver license fees
Overweight permit fees and overweight fines
Traffic law fines
Motor carrier registration or permit fees
Highway tolls

---

2. Examples of such taxes may be found in Arizona, Arkansas, Colorado, Idaho, Kentucky, New Mexico, New York, Ohio (based on number of axles rather than weight), Oregon, Utah (based on months of operation rather than mileage), and Wyoming. Several other states, Illinois and Nevada for example, have taxes which are similar to weight-distance taxes, but which are imposed only in lieu of some other kind of tax.

Not all of these taxes are discussed in the state summaries which make up the bulk of this report. In those states which have a protective constitutional anti-diversion provision, our research did not explore the statutory provisions relative to each highway user tax.

General sales taxes and personal property taxes are based on the value of the vehicle or other object of the tax. Such ad valorem taxes have generally not been considered highway user taxes, although a few states will include revenue from some such taxes as highway user revenue.[3]

Title fees, driver licensing fees, and other service fees charged by the motor vehicle administration are generally not large revenue producers. In most states, these fees are used to pay the administrative cost of providing the service, but there are exceptions.[4] Motor carrier registration and permit fees are also generally used to pay the cost of administering and enforcing the carrier regulations.

Highway tolls, overweight or oversize vehicle permit fees, and size-weight fines or penalties seem clearly to be highway user fees. It is somewhat surprising that few of the constitutional or statutory provisions which protect highway user revenue specifically mention these fees.[5] Revenue from all traffic law fines, often including size-weight violations, is often allocated to traffic safety programs or enforcement, or to the general education fund. Tolls are often collected and expended by a separate entity which owns and operates the toll roads.

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3. See, for example, the state summaries for Alabama (revenue from use tax in lieu of sales tax on vehicle is not highway user revenue), Arizona (constitutional license tax in lieu of ad valorem tax on vehicle is not protected highway user revenue), and Virginia (revenue from sales tax on vehicle is highway user revenue).

4. See, for example, the state summaries for Indiana and Pennsylvania (driver license fees); Kansas (title fees); and Maryland, New York, North Carolina, and Wisconsin (all DMV revenue).

5. See, for example, the state summaries for New Hampshire (tolls), Maryland and Vermont (overweight penalties), and Connecticut (all penalties).

Some states also impose other kinds of taxes on highway users which differ from the taxes imposed in most states.[6] Although they may clearly consitute highway user fees, it is difficult to compare one state with another on the basis of these taxes.

The goal of this project was to assess the overall status of highway user fee protection in the United States, and to identify states where that protection is particularly strong, or weak. In order to accomplish that, we have focused primarily on the first and second structure taxes -- the vehicle registration fees and the motor fuel taxes. Other highway user fees move in and out of the picture, from state to state, but the registration fees and fuel taxes are constants. Every state imposes these taxes on highway users, and they certainly constitute the largest component of state highway user revenue. Evaluation of the protection of revenue from these two user fees affords an excellent assessment of the overall status.

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6. Pennsylvania, for example, imposes an "axle tax" and a "gross receipts tax" on commercial carriers

Legitimate Use and Diversion

The purpose in assessing highway user fees is to create a fund to defray the expense of providing the highways being used, now and in the future. Some uses of highway funds are unquestionably legitimate. Using the funds for construction and maintenance of a highway, for example, is clearly legitimate. Highways cannot be built without right of way, so using the funds to purchase right of way is obviously legitimate. Highways are often funded through the sale of bonds. Where the proceeds of the bond sale are used entirely for highway purposes, highway funds can legitimately be used to pay off those bonds. These are easy conclusions.

There are some other uses of highway funds which are clearly not legitimate. Expending highway funds to build schools or pay teachers, for example, would clearly be a diversion. Spending highway money on a subway system or other forms of nonhighway transportation is also a diversion of the funds from their proper use.

Between these extremes, however, there are many potential uses for highway funds which are less clearly either legitimate or diversionary. This report will not attempt to determine which expenses are legitimate. It will list some of the potential uses for highway funds, along with references to identify the state summaries in which there is some discussion of the manner in which the issue has been addressed by the states. This listing follows in the tables on the next six pages.

NOTE: Keep in mind that the tables <u>do not</u> show whether a particular kind of expenditure is considered legitimate in a particular state. The tables only indicate that more information on that issue will be found in the state summary for the indicated state.

Overview of Highway User Fee Protection

In assessing the overall status of highway user fee protection, it is important to understand that only a clear and comprehensive constitutional anti-diversion provision can provide any real protection. That point cannot be too strongly emphasized.

The kind of constitutional provision needed does not have to be long or complicated. The following language would serve quite well, for example:

> No monies derived from fees, excises, or license taxes relating to registration, operation, or use of vehicles on the public highways, or to fuels used for the propulsion of such vehicles, shall be expended for other than the cost of administering the laws under which such monies are derived, statutory refunds and adjustments provided therein, payment of highway obligations, the cost of construction, reconstruction, maintenance, and repair of public highways and bridges, and the expense of state enforcement of traffic laws.

Seventeen states currently have language in their constitutions which affords that kind of excellent protection for highway user revenue. These states are shown in column A of the table on the next two pages. Another seven states have constitutional provisions which afford some protection for highway user revenue, but the protection is not complete. These states are shown in column B of the table.

ALASKA

Alaska lacks a constitutional anti-diversion provision. Current statutes afford protection for motor fuel tax revenue only. The constitution prohibits any new dedication of tax revenue to any particular purpose.

A statutory provision specifies that revenue from the tax on motor fuels used to propel vehicles on the highways must be deposited in a special highway fuel tax account.[1] These funds may be expended only for highway construction and maintenance, construction of ferries, right of way acquisition, and other highway costs, including surveys, administration, and related matters.[2]

The constitution prohibits dedication of the proceeds of any state tax or license fee to any special purpose except when such dedication is required by the federal government as a condition of participation in federal programs.[3] The provision also specifies that dedications existing at the time the provision was adopted (1956) may be continued. The statutory dedication of motor fuel tax revenue described above was in effect prior to the adoption of the constitution's prohibition of dedications.[4]

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1. Alaska Stat. § 43.40.010 (g) (1985).

2. The law also permits paying valid motor fuel tax refund claims from the highway fuel tax account. Alaska Stat. § 43.40.010 (h) (1985).

3. Alaska Const. art. 9, § 7 (1985).

4. This constitutional provision was ratified on April 24, 1956. This provision has been construed strictly against dedications. The state attorney general has concluded that the only power which the legislature retains with respect to existing dedications is to repeal them. Existing dedications may be continued but may not be revised in any way which would increase or decrease either the percentage or total amount of the proceeds which are dedicated. Op.Atty.Gen. No. 7, No. 14 (1959). If the tax is decreased, the entire dedication falls and all of the tax revenue goes to the general fund; if the tax is increased, all of the increased revenue goes to the general fund. Op.Atty.Gen. No. 14 (1959).

PROTECTION OF HIGHWAY FUNDS

A = Has a constitutional anti-diversion provision which affords excellent protection for highway user revenue.

B = Has a constitutional provision, but protection is incomplete.

C = Has a constitutional provision which specifically permits or requires diversion.

D = Has no relevant constitutional provision but current statutes generally apply highway user revenue to highway purposes.

E = Has no relevant constitutional provision and current statutes afford little or no protection for highway user revenue.

F = Has no relevant constitutional provision and current statutes provide for significant diversion of highway user revenue to nonhighway purposes.

Designated states are marked with an 'O'

	A	B	C	D	E	F
Alabama	-	O	-	-	-	-
Alaska	-	-	-	-	O	-
Arizona	O	-	-	-	-	-
Arkansas	-	O	-	-	-	-
California	-	-	O	-	-	-
Colorado	O	-	-	-	-	-
Connecticut	-	-	-	-	O	-
Delaware	-	-	-	-	O	-
D. of Columbia	-	-	-	-	O	-
Florida	-	-	-	-	-	O
Georgia	-	O	-	-	-	-
Hawaii	-	-	-	-	O	-
Idaho	O	-	-	-	-	-
Illinois	-	-	-	-	O	-
Indiana	-	-	-	O	-	-
Iowa	O	-	-	-	-	-
Kansas	-	O	-	-	-	-
Kentucky	O	-	-	-	-	-
Louisiana	-	-	-	-	-	O
Maine	O	-	-	-	-	-
Maryland	-	-	-	-	-	O

The situation in the remaining states is much worse. Four states are shown in column D as having no constitutional provision but having current statutes which apply highway user revenue to highway purposes. While the current application of the revenue in these states is laudable, that status could change at any time the legislature decided to change it. There is no real protection for highway user revenue in these states.[7] A statutory dedication cannot provide any real protection for highway user revenue.

The 18 states shown in columns E and F of the table have no constitutional provision, and current statutes do not allocate all of the revenue to highway purposes. In some cases, the statutes provide for diversion of the funds. Statutes in the eight column F states provide for significant diversions to nonhighway purposes.

The five states shown in column C have constitutional provisions which specifically permit or require a diversion of some highway user revenue to nonhighway purposes.

It is interesting to compare the status today with the status of constitutional anti-diversion provisions in 1965.[8] Today there are 17 states with excellent protection. In 1965 there were 22. One of the 22 has been repealed (Louisiana). The other four were not repealed but were amended to specifically permit or require some diversion of funds (California, Massachusetts, Michigan, and Montana). The total number of relevant constitutional provisions remains 29 today, just as it was in 1965. The one provision newly adopted since 1965 (New Jersey) affects only a portion of highway user revenue and dedicates it to general transportation purposes rather than specifically to highway purposes. We might conclude that there has not been a significant amount of change since 1965, but all the change has been negative.

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7. The point is well illustrated by the statutory laws of Illinois. One section attempts to dedicate highway user revenue to highway purposes, while other sections provide for extensive diversion. See the Illinois summary.

8. In 1965 the National Highway Users Conference published the text of the then-current constitutional anti-diversion provisions in a paper entitled, "Texts of Good Roads Amendments." That is the basis for this comparison.

COLORADO

Colorado has a constitutional anti-diversion provision which affords excellent protection for highway user revenue.

The constitution provides that revenue from any license, registration fee, or other charge with respect to the operation of a motor vehicle on the highways, and revenue from the imposition of any excise tax on gasoline or other liquid motor fuel, except aviation fuel used for aviation purposes, must be used exclusively for the construction, maintenance, and supervision of the highways.[1]

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1. Colo. Const. art. 10, § 18 (1980). The provision also specifies that the revenue may be used for the cost of administration of the tax law.

Since this section sets aside the whole of the revenues from the specified taxes for highway purposes, no appropriation by the legislature is required. Johnson v. McDonald, 49 P.2d 1017 (Colo. 1935).

IOWA

Iowa has a constitutional anti-diversion provision which affords excellent protection for highway user revenue.

The constitution provides that revenue from motor vehicle registration fees and all taxes and license fees on motor vehicle fuel must be used exclusively for the construction, maintenance, and supervision of the highways, or for the payment of principal and interest on highway construction bonds.[1]

This provision has been interpreted to allow use of the funds to pay for relocation of utilities necessitated by highway construction;[2] to lease land in order to provide barriers to control wind erosion which interferes with highway maintenance and safety;[3] to pay the salaries of the highway patrol, since supervision of the highways is one of their primary duties;[4] to erect a garage to house and maintain highway construction and maintenance equipment;[5] and to provide rest areas along the highways.[6] On the other hand, the provision prohibits use of highway funds to pay for construction of a bridge when part of it would lie in another state;[7] to develop and operate a motor vehicle ferry service;[8] and to purchase billboards, signs, and

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1. Iowa Const. art. 7, § 8 (1949). Motor vehicle certificate of title fees and lien notation fees are not "registration fees" within the meaning of this provision. Op.Att'y.Gen. (Thompson, April 13, 1971. Also, revenue from tax on motor vehicle fuel used for non-highway purposes is not covered by this provision. Op.Att'y.Gen. (Tieden) March 13, 1970.

2. Edge v. Brice, 113 N.W.2d 755 (Iowa 1962).

3. Op.Att'y.Gen. (Scott) April 26, 1979.

4. Op.Att'y.Gen. (Walsh) May 3, 1971.

5. Op.Att'y.Gen. (Fenton) June 2, 1969.

6. Op.Att'y.Gen. Jan. 16, 1968.

7. Frost v. State, 172 N.W.2d 575 (Iowa 1969).

8. Op.Att'y.Gen. (Rigler) Oct. 12, 1977.

KENTUCKY

Kentucky has a constitutional anti-diversion provision which affords excellent protection for highway user revenue.

The constitution provides that money derived from taxes related to gasoline and other motor fuels, and from taxes relating to registration, operation, or use of vehicles on the highways may be expended only for the payment of highway obligations; the costs of construction, reconstruction, maintenance, and repair of the highways and bridges; the cost of highway right-of-way; and the cost of enforcing the state traffic and motor vehicle laws.[1] Several judicial and attorney general's opinions have construed this section.[2]

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1. Ky. Const. § 230 (1973). The section also specifies that such money may be expended for the cost of administration and for refunds and adjustments relating to the tax from which the money is derived.

2. The funds may be used for publication and distribution of highway information which results in increased revenue for use in the highway program. Keck v. Manning, 231 S.W.2d 604 (Ky. 1950). The funds may be used for necessary relocation of utilities belonging to a municipality. Op.Atty.Gen. 74-199. The funds may not be used for a transit authority. Op.Atty.Gen. 78-144. A municipality may not expend the funds for a parking lot. Op.Atty.Gen. 82-492. Where a municipality places road funds in an interest bearing account, the interest earned on the funds is subject to the same restrictions as the road funds. Op.Atty.Gen. 81-143.

MINNESOTA

Minnesota has several constitutional provisions which together afford excellent protection for highway user revenue.

One section creates a highway user tax distribution fund to be used solely for highway purposes.[1] This fund is divided into three other funds, for use on state, county, and municipal highways. The sections which create these funds allow expenditures only to pay the principal or interest on highway bonds or for construction, improvement, and maintenance of highways.[2]

The highway user tax distribution fund consists of revenue from taxes authorized by two other sections. The first of these sections authorizes the legislature to tax motor vehicles using the highways, and specifies that this tax is in lieu of any other tax upon motor vehicles except wheelage taxes imposed by political subdivisions solely for highway purposes.[3] The second of the two sections authorizes an excise tax on any means or substance used for propelling vehicles on the highways, or on the business of selling such a substance.[4]

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1. Minn. Const. art. 14, § 5 (1976).

2. Minn. Const. art. 14, §§ 2, 6, 7, 8 (1976); art. 14, § 11 (Supp. 1985).

3. Minn. Const. art. 14, § 9 (1976).

4. Minn. Const. art. 14, § 10 (1976).

other purposes and contingencies relating and appertaining to the construction and maintenance of highways and bridges as the commission may deem necessary and proper.[3]

Another constitutional provision specifies that one-half the revenue from the state sales tax on vehicles shall be dedicated to "highway and transportation use."[4] Most of this revenue goes to the state road fund described above.[5]

Another section deals with revenue from the motor vehicle fuel tax, and specifies how the portion of that revenue which does not go to the state road fund is to be spent. Ten percent of the fuel tax revenue goes to a county road fund, to be used by counties only for construction, reconstruction, maintenance, and repair or highways and bridges.[6] Fifteen percent of the fuel tax revenue goes to municipalities to be used only for construction, reconstruction, maintenance, repair, policing, signing, lighting, and cleaning highways.[7]

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3. The section specifically allows the payment of fuel tax refunds, and payment of costs of collecting all the taxes before the revenue is credited to the state road fund. Some of the expenses listed in the text are authorized before the revenue is credited to the state road fund; others are authorized from the road fund itself.

4. Mo. Const. art. 4, § 30(b)2 (Supp. 1986).

5. Seventy-four percent goes to the state road fund; twenty-five percent goes to political subdivisions for highway and transportation use; one percent goes to the state transportation fund to be used as provided by law.

6. Mo. Const. art. 4, § 30(a)1(1) (Supp. 1986).

7. Mo. Const. art. 4, § 30(a)1(2) (Supp. 1986). This provision also allows the money to be used for payment of principal and interest on indebtedness incurred prior to January 1, 1980 for highway purposes.

NEW HAMPSHIRE

New Hampshire has a constitutional anti-diversion provision which affords excellent protection for highway user revenue.

The constitutional section provides that revenue from registration fees, operators licenses, motor fuel road tolls, and any other special charges or taxes with respect to the operation of motor vehicles or the sale or consumption of motor vehicle fuels may be used only for the costs of construction, reconstruction, and maintenance of highways; for the payment of principal and interest of highway obligations; and for the costs of supervision of traffic on the highways.[1]

---

1. N.H. Const. part 2, art. 6-a (1970). The section also specifies that such revenue may be expended for the cost of administration and collection of the tax or fee from which the revenue is derived.

OHIO

Ohio has a constitutional anti-diversion provision which affords excellent protection for highway user revenue.

The section provides that revenue derived from fees or taxes relating to the registration, operation, or use of vehicles on the highways, or to fuels used for propelling such vehicles may be used only for the payment of highway obligations; the costs of construction, reconstruction, maintenance, and repair of highways and bridges; other statutory highway purposes; expenses of state enforcement of traffic laws; and expenses authorized for hospitalization of indigent persons injured in motor vehicle accidents on the highways.[1]

This section has been held applicable only to state revenue; it does not restrict the use of revenue from taxes and fees imposed by municipal corporations.[2]

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1. Ohio Const. art. 12, § 5a (1979). The section also specifies that such revenue may be expended for the cost of administration and for refunds and adjustments relating to the tax from which the revenue is derived.

It has been held that the funds may be used for street lighting systems on urban portions of limited access highways. State ex rel. Walter v. Vogel, 159 N.E.2d 892 (Ohio 1959).

2. Garrett v. Cincinnati, 139 N.E.2d 35 (Ohio 1956).

PENNSYLVANIA

Pennsylvania has a constitutional anti-diversion provision which affords excellent protection for highway user revenue.

The provision applies to revenue from gasoline and other motor fuel taxes, motor vehicle registration fees, drivers license fees, and other taxes on products used in motor transportation.[1] It specifies that these funds must be used solely for highway construction, reconstruction, maintenance, and repair; highway safety; expenses incident to those activities; or to pay bond obligations incurred for those purposes.[2] The section also provides for distribution of the funds to political subdivisions to use solely for the same purposes.

The provision also permits the state to borrow from the funds for a period not exceeding eight months. The loan must be repaid within one month after the beginning of a new fiscal year.

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1. Pa. Const. art. 8, § 11(a) (Supp. 1985). A tax on gross receipts of a motor carrier has been held not to be covered by this provision. Shirks Motor Express Corp. v. Messner, 100 A.2d 913 (Pa. 1954), appeal dismissed, 347 U.S. 941 (1954).

2. The language of this provision which would permit use of the funds for construction of a bridge does not permit use of the funds for purchase of an already constructed bridge. Peoples Bridge Co. v. Shroyer, 50 A.2d 499 (Pa. 1947). But see 1973 Op.Att'y.Gen. No. 19. Payment of that portion of a county engineer's salary attributable to the highway purposes specified in the section is a legitimate use of the funds. 1975 Op.Att'y.Gen. No. 10. Payment by the Dept. of Transportation to lease an aircraft for use in highway construction and maintenance is also a legitimate use. 1973 Op.Att'y.Gen. No. 40.

WASHINGTON

Washington has a constitutional anti-diversion provision which affords excellent protection for highway user revenue.

The constitutional provision applies to all fees collected by the state as license fees for motor vehicles; all excise taxes collected by the state on the sale, distribution, or use of motor vehicle fuel; and all other state revenue intended to be used for highway purposes.[1] All such revenue must be placed in a special fund and may be used only for highway purposes.[2]

The section provides that "highway purposes" includes construction, reconstruction, maintenance, repair, and betterment of state, county, and city highways and bridges. More specifically, this includes the cost of right of way acquisition; the cost of installing, maintaining, and operating traffic signs and signal lights; the cost of policing the highways by the state; the cost of operation of movable span bridges; and the cost of operation of ferries which are a part of any highway.[3] The section also provides that "highway purposes" includes the necessary operating, engineering, and legal expenses connected with the administration of the highways.[4]

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1. Washington Const. amend. 18 (1966). The section also specifies that it shall not be construed to apply to revenue from general or special taxes or excises not levied primarily for highway purposes, or to vehicle operator's license fees, any excise tax imposed on motor vehicles or the use thereof in lieu of a property tax thereon, or fees for certificates of ownership of motor vehicles.

2. The section specifically allows use of the revenue for refunds authorized by law on taxes paid on motor vehicle fuels, and for paying the cost of collecting any revenues described in the section.

3. See State ex rel. Toll Bridge v. Yelle, 377 P.2d 466 (Wash. 1962). The funds may not be used for public transportation systems. State ex rel. O'Connell v. Slavin, 452 P.2d 943 (Wash. 1969). The funds may be used for construction and operation of "park and ride" lots. State Highway Commission v. O'Brien, 523 P.2d 190 (Wash. 1974).

4. The section also specifies that "highway purposes" includes the payment or refunding of any obligation of the state or any political subdivision thereof for which any of the described revenues may have been legally pledged prior to the effective date of the section.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 5-4-88 1:30pm.

HOUSE COMMITTEE REPORT

(7)

Date referred: 5/2/88

FURTHER REFERRALS: Judiciary
Finance

DATE: 5-4-88

The Transportation Committee has considered CSSJR 66(Trsp)

Proposing an amendment to the Constitution of the State of Alaska creating a dedicated fund for the construction and maintenance of roads and highways.

RECOMMENDS:

[ ] replace with _____ [ ] the same title
[ ] a new title

[ ] attached amendment(s)
[✓] do pass
[ ] do not pass
[ ] no recommendation
[ ] individual recommendations
[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact
[ ] zero fiscal note
[ ] zero with analysis
[X] same as previous fiscal note published 3-4-88
[ ] same as previous zero fiscal note published _____

SIGNING DO PASS:

True Issac
Mike Miller
Hamish Sprinyer
Betty Sato
Bill Hudson

SIGNING OTHER RECOMMENDATIONS:

Betty Sato
Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: May 4, 1988

SIGN-IN

Subject of meeting:

SJR 66: Proposing an amendment to the Constitution of the State of Alaska creating a dedicated fund for the construction and maintenance of roads and highways.

NAME Please include title	ADDRESS Please use full address. Please include zip.	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Mr Bill Pierce	Anchorage, Ak	561-7317	Alaska	No

SJR

68

Official Business

Alaska State Legislature

House of Representatives

House Transportation Committee

P.O. Box V
Juneau, Alaska
99811

Phone:
(907) 465-4859

March 30, 1988

****

COMMITTEE CALENDAR:

SJR 27: Urging the United States Army Corps of Engineers to dredge the shoal developing in St. Paul Harbor, Kodiak.

SJR 68: Relating to radioluminescent runway lights.

HB 544: "An Act relating to civil liability for voluntary aircraft inspection programs."

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

a folder on SJR 27 that includes:

item #1: SJR 27
#2: a statement from Senator Zharoff
#3: fiscal note - DOT/PF
#4: position paper - DOT/PF
#5: map of the shoal
#6: status of the shoal
#7: correspondences to and from the Governor
#8: correspondences to and from the Alaska's congressional delegation
#9: information on the original soundings

a folder on SJR 68 that includes:

item #1: SJR 68
#2: fiscal note - DOT/PF
#3: a statement from Sen. Johne Binkley
#4: letter of support - DOT/PF Commissioner
#5: resolutions and a letter of support

a folder on HB 544 that includes:

item #1: HB 544
#2: fiscal note - Dept. of Public Safety
#3: position paper - Dept. of Public Safety
#4: background information
#5: statutes

STATE OF ALASKA 1988 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST 2/22/88

Bill Version: SJR 68
Publish Date: 2-24-88

Revision Date:
Title: Radioluminescent Runway Lights

Agency Affected: DOT&PF
BRU:

Sponsor: Binkley
Requestor: Jones

Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: There is no fiscal impact to the Department of Transportation and Public Facilities. However, the certification of RL lights will allow future capital funds for rural runway lighting to go farther due to the avoidance of diesel generation required for conventional lighting systems.

Prepared by: W. Keith Gerken WKG Phone: 465-3900
Division: Deputy Commissioner, Operations Date: 2/22/88

Approved by Commissioner: Mark S. Hickey MSH Date: 2/22/88
Agency: DOT&PF

Distribution (by preparer):
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Senate Secretary

Fiscal Note

Senator Johne Binkley

Senate Finance Committee
P.O. Box V • Juneau, Alaska 99811 • (907) 465-4985

Finance Committee
Co-Chairman

March 24, 1988

The Honorable Bette Cato
Chairman, Transportation Committee
Alaska House of Representatives
Room 15, Capitol Building
Juneau, AK 99801

Dear Representative Cato:

On Friday, March 25, you will have before your committee SJR 68, relating to radioluminescent runway lights. I would like to offer the following on this type of lighting system for the information of the committee.

As you know, most rural airports are community class, requiring a runway of about 3,000 feet. DOT/PF estimates that the cost of purchasing and installing a diesel generator powered medium intensity runway lighting system for a runway of this length is about $250,000 with annual maintenance and operational costs of about $10,000.

The cost of purchasing and installing a radioluminescent (RL) lighting system for the same length runway is approximately $190,000 with no annual maintenance or operational costs. At this time, only one private company has the required Federal Energy Regulatory Commission's permit to manufacture and sell RL lights. However, four other companies have applied for the necessary permits to manufacture RL lights. The Statewide Research Division of DOT/PF in Fairbanks expects the price of this lighting system to drop by 50% as more companies enter the market and the technology becomes established.

Currently, there are twenty-four community class airports statewide without any type of lighting system which would be good candidates for RL lights. However, until the FAA has completed its testing and approved the RL lights, the system cannot be fully implemented. FAA approval is essential to commercial use of RL lights as an alternative to lanterns under FAR 135.229. Your favorable consideration of this Resolution would be greatly appreciated.

Sincerely,

Johne

Senator Johne Binkley
Yukon-Kuskokwim and
Interior Rivers

jka

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

P.O. BOX Z
JUNEAU, ALASKA 99811-2500
PHONE: (907) 465-3900

February 23, 1988

The Honorable Johne Binkley
Alaska State Senate
P.O. Box V
Juneau, Alaska 99811

Dear Senator Binkley:

I am writing to express my support for the resolution that you have introduced that asks the Federal Aviation Administration (FAA) to complete their evaluation of radioluminescent runway edge lighting (RL) systems. Alaska has an immediate need for low maintenance RL systems for our rural airports. RL systems represent a cost effective alternative to electrical powered lights. However, until FAA completes its testing of RL systems and grants some level of approval, their usefulness is greatly diminished.

Thank you for your support of the radioluminescent runway edge lights program.

Sincerely,

Mark S. Hickey
Commissioner

cc: Lynn J. Harnisch, P.E., Regional Director, Northern Region

25A-T1LH

YUKON KUSKOKWIM DELTA MAYOR'S CONFERENCE

BETHEL, ALASKA
OCTOBER 7, 8, and 9, 1987

RESOLUTION 87-18

A RESOLUTION OF THE 1987 YUKON-KUSKOKWIM DELTA MAYOR'S CONFERENCE REQUESTING THE LEGISLATURE AND GOVERNOR TO WORK TOGETHER TO ACCELERATE THE FUNDING AND CONSTRUCTION OF AIRPORT RUNWAY LIGHTING SYSTEMS WHICH ARE NEEDED THROUGHOUT RURAL ALASKA.

WHEREAS, there are many rural airports which remain without any form of adequate runway lighting or navigational aides which would enhance the safety of our people; and

WHEREAS, runway lighting systems at these village locations is an absolutely essential need for purposes of public transportation, freight delivery, public safety and medical services; and

WHEREAS, this is a basic service which many municipalities have been requesting for years and others have enjoyed for years.

NOW THEREFORE BE IT RESOLVED THAT the Yukon-Kuskokwim Delta Mayor's Conference requests the State of Alaska Department of Transportation aggressively pursue the investigation and testing of new technology, where it appears that such technology may facilitate the installation of needed electrically powered runway lighting and that the State provide funds for the installation.

PASSED and APPROVED BY THE NINTH ANNUAL YUKON-KUSKOKWIM DELTA MAYOR'S CONFERENCE this 9th day of October, 1987.

President

Secretary

Janice

AVCP

Association of Village Council Presidents
P. O. Box 219 • Bethel, Alaska 99559 • Phone 543-3521

CONVENTION RESOLUTION NO. 87-10-11

A RESOLUTION CALLING ON THE STATE OF ALASKA TO PROVIDE GRANT FUNDS TO THE CITY OF AKIAK FOR SOME AIRPORT LIGHTS.

WHEREAS, The City of Akiak is a second class city which is a responsible organization to maintain airport lights through the Department of Transportation; and

WHEREAS, The City of Akiak has no airport lights and when there is an emergency during the night and early morning hours, the health aide has to contact 4 to 5 people to light up the airstrip with their trucks and 3-wheelers; and

WHEREAS, The local people of Akiak are affected by this need as well as producing a hazard for the planes without airport lights; and

NOW THEREFORE BE IT RESOLVED that the City of Akiak call upon the Association of Village Council Presidents at its Annual Convention to assist the City of Akiak in their pursuit of grant funds to provide lights at their airport; and

BE IT FURTHER RESOLVED that the AVCP Administration bring this request to the State of Alaska's Department of Transportation.

Adopted by action of unanimous vote of delegates assembled at the 1987 Fall Convention of the Association of Vilalge Council Presidents held in Scammon Bay, Alaska, on October 17, 1987, meeting in a duly constituted meeting of the AVCP Full Board of Directors with a quorum having been present.

Willie Kasayulie, Chairman

Gene Peltola, President

COPY

July 20, 1987

Mr. Lee Leonard, Facilities Research Manager
Alaska Department of Transportation and Public Facilities
2301 Peger Road
Fairbanks, AK, 99709

Dear Mr. Leonard,

At our last meeting, Phyllis Tate told Association members about "radioactive luminescent" runway lights that the state is using at remote locations. We depend on our runway for all passenger and freight traffic in and out of Minchumina, and there are several small planes based here permanently. We have had no runway lights for some years, and this has restricted aviation activities at Minchumina, for both scheduled and unscheduled flights, to daylight hours. With lights, planes can land in darkness, adding greatly to safety, both for us and for transient pilots.

We understand there is a set of these lights available, and we would greatly appreciate it if they could be installed at Lake Minchumina.

Sincerely,

Florence R. Collins

Florence R. Collins, Secretary

cc: Senator John Binkley
Representative Kay Wallis

STATE OF ALASKA
THE LEGISLATURE

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

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May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. TRANS. 3-30-88 1:30 p.m.

HOUSE COMMITTEE REPORT

(7)

Date referred: 3/2/88 FURTHER REFERRALS:

DATE: 3-30-88

The Transportation Committee has considered SJR 68

Relating to radioluminescent runway lights.

RECOMMENDS:

[ ] replace with _____ [ ] the same title

[ ] attached amendment(s) [ ] a new title

[X] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the _____ Committee

ADOPTS: [ ] _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[ ] same as previous fiscal note published _____

[X] same as previous zero fiscal note published 2-24-88

SIGNING DO PASS:

Ed O. Thompson

Bill Hutts

Mike Miller

Heinrich Springer

Howell Ivers

SIGNING OTHER RECOMMENDATIONS:

Heinrich Springer

Chairman's signature

Official Business

COMMITTEE:

House Transportation Committee

DATE: March 30, 1988

SIGN-IN

* **Subject of meeting:**

SJR 27: Urging the U.S. Army Corps of Engineers to dredge the shoal developing in St. Paul Harbor, Kodiak.

SJR 68: Relating to Radioluminescent Runway Lights.

HB 544: "An Act relating to civil liability for Voluntary Aircraft Inspection Programs."

NAME Please include title	**ADDRESS** Please use full address. Please include zip.	**PHONE**	**REPRESENTING**	**DO YOU WANT TO TESTIFY?**
Roger McCoy	P.O. Box N Juneau, AK, 99811	465-4322	Dept. of Public Safety	Available for questions that may arise.
Michael Thill	Cap Rm 121	4922	Sen Zharoff	SJR 27
James Adair		4985	Binkley	SJR 68

* indicates first public hearing